Report of Independent Auditors and
Financial Statements

**Tuolumne Wind Project Authority
(a Component Unit of the
Turlock Irrigation District)**

December 31, 2024 and 2023

MOSSADAMS

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Report of Independent Auditors

Board of Directors
Tuolumne Wind Project Authority

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Tuolumne Wind Project Authority (the Authority), which comprise the statements of net position as of December 31, 2024 and 2023, and the related statements of revenues, expenses, and changes in net position and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Tuolumne Wind Project Authority 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 Opinion

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

Auditor’s Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and 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 financial statements.

In performing an audit in accordance with GAAS and the California Code of Regulations, Title 2, Section 1121.2, 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 Tuolumne Wind Project Authority’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.

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.

Other Matter

Required Supplementary Information

The accompanying management's discussion and analysis on pages 5 through 9 is required by accounting principles generally accepted in the United States of America to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who consider 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 making inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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 the Tuolumne Wind Project Authority (the Authority) and its financial performance provides an overview of the Authority's financial activities for the years ended December 31, 2024 and 2023. This management's discussion and analysis should be read in conjunction with the Authority's financial statements and accompanying notes, which follow this section.

Background

The Authority is a joint exercise of powers authority formed pursuant to a joint exercise of powers agreement creating the Authority. The Turlock Irrigation District (TID) and the Walnut Energy Center Authority (WECA) formed the Authority by executing the joint powers authority (JPA) in 2008. The purpose of the Authority is to develop, own, and operate the Tuolumne Wind Project (the Project). The Authority is authorized to enter into contracts and issue revenue bonds in support of the Project.

Pursuant to the asset contribution agreement between TID and the Authority, TID provides technical, general, and administrative services to meet the Authority's needs. Neither TID nor WECA has any obligation or liability beyond that specifically provided in the joint powers agreement and the project agreements (the Agreements). Pursuant to the Agreements, TID is responsible for all costs of the Authority, and all of the Project's power generation output is owned by TID.

Project

The Authority issued the 2009 revenue bonds to finance the acquisition of the Project, a 136.6-megawatt (MW) wind farm power-generating facility. A portion of the bonds were used to reimburse TID for costs incurred during the acquisition process. The facility achieved commercial operation and the acquisition was completed in 2009.

Financial reporting

The Authority maintains its accounts in accordance with accounting principles generally accepted in the United States of America for proprietary funds as prescribed by the Governmental Accounting Standards Board (GASB). The Authority is accounted for as an enterprise fund and is financed and operated in a manner similar to that of a private business enterprise. The Authority 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. The Authority's operating expenses are paid by TID and as such are excluded from the statements of cash flows, as are the associated revenues. The Authority's commission is comprised of TID's Board of Directors. The Authority is a separate legal entity; however, due to the extent of its operational and financial relationship with TID, it is included in the consolidated financial statements of TID as a component unit.

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

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

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

	2024	2023	2022
ASSETS AND DEFERRED OUTFLOWS			
Noncurrent receivable from Turlock Irrigation District (TID)	$ 193,845	$ 211,408	$ 227,963
Restricted cash, cash equivalents, and investments	42,713	43,213	41,921
Other noncurrent assets	4,185	4,384	4,368
Other current assets	15,988	15,431	16,895
Deferred outflows of resources	8,580	10,630	12,944
Total assets and deferred outflows	$ 265,311	$ 285,066	$ 304,091
LIABILITIES AND NET POSITION			
Long-term debt	$ 217,596	$ 238,175	$ 258,435
Other noncurrent liabilities	22,293	21,905	21,092
Other current liabilities	25,422	24,986	24,564
Total liabilities	265,311	285,066	304,091
NET POSITION	-	-	-
Total liabilities and net position	$ 265,311	$ 285,066	$ 304,091

	2024	2023	2022
OPERATING REVENUES			
Revenue	$ 23,467	$ 24,049	$ 25,743
OPERATING EXPENSES			
Transmission	3,194	2,356	2,760
Land leases	980	892	714
Operation and maintenance	8,294	9,533	8,315
Administrative and general	2,280	2,101	2,110
Total operating expenses	14,748	14,882	13,899
Operating income	8,719	9,167	11,844
NONOPERATING REVENUES AND EXPENSES			
Other income	4,783	4,882	2,984
Interest and amortization expense, net	(13,502)	(14,049)	(14,828)
Total nonoperating revenues and expenses	(8,719)	(9,167)	(11,844)
Change in net position	-	-	-
NET POSITION			
Beginning of year	-	-	-
End of year	$ -	$ -	$ -

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

Noncurrent receivable

As of December 31, 2024 and 2023, total costs capitalized by the Authority, which are to be recovered in the form of payments from TID, were $193.8 million and $211.4 million, respectively. The receivable comprises 73% and 74% of the Authority's assets and deferred outflows as of December 31, 2024 and 2023, respectively. The decrease in 2024 is primarily due to a reduction in outstanding principal debt of $18.1 million of the Authority's scheduled bond principal payments as set forth in the Agreements. These collections from TID reduce the receivable balance.

Restricted cash, cash equivalents, and investments

The Authority's restricted cash, cash equivalents, and investments decreased $0.5 million to $42.7 million in 2024, compared to $43.2 million in 2023. This change is primarily due to change in the market value of investments when compared to 2023.

Other noncurrent assets

Other noncurrent assets decreased $0.2 million to $4.2 million in 2024, compared to $4.4 million in 2023, due to current-year amortization of leased assets of $0.2 million.

Other current assets

The increase in other current assets of $0.6 million to $16.0 million in 2024, compared to $15.4 million in 2023, is primarily a result of current-year operations.

Deferred outflows of resources

Deferred outflows of resources decreased $2.0 million to $8.6 million in 2024, compared to $10.6 million in 2023, primarily due to scheduled amortization of a deferred loss of $1.2 million and amortization of an asset retirement obligation (ARO) of $0.8 million.

Long-term debt

Long-term debt decreased $20.6 million to $217.6 million in 2024, compared to $238.2 million in 2023. The decrease in 2024 is due to classifying $18.1 million of the current portion of debt as a current liability and current-year amortization of bond premiums of $2.5 million.

Other noncurrent liabilities

Noncurrent liabilities increased $0.4 million to $22.3 million in 2024, compared to $21.9 million in 2023, due to an increase in inflation for the authority's ARO of $0.5 million offset by a decrease of $0.1 million in leases payable.

Other current liabilities

Current liabilities increased $0.4 million to $25.4 million in 2024, compared to $25.0 million in 2023, due to an increase in the current portion of long-term debt payable of $0.9 million offset by a decrease in accrued interest payable of $0.5 million.

Revenue

Revenue decreased $0.6 million to $23.4 million for the year ended December 31, 2024, compared to revenue of $24.0 million for the year ended December 31, 2023, and is a function of total expenses of the operating organization.

Operating expenses
The Authority's transmission and land leases increased $1.0 million to $4.2 million in 2024, compared to $3.2 million in 2023. The Authority's transmission and land leases are based on contracted rates with the providers and are a function of the output of the generating facility. The generating facility produced 399,694 megawatt-hours (MWh) and 372,814 MWh, respectively, for the years ended December 31, 2024 and 2023. The Authority's operations and maintenance expense decreased $1.2 million to $8.3 million in 2024, compared to $9.5 million in 2023, due to decreased maintenance activities performed in 2024. The Authority's administrative and general expenses increased $0.2 million to $2.3 million in 2024 compared to $2.1 million in 2023.

Other income
Other income decreased $0.1 million to $4.8 million in 2024, compared to $4.9 million in 2023, primarily due to investment market conditions.

Interest and amortization expense, net
Interest and amortization expense, net of revenue bonds decreased $0.5 million to $13.5 million in 2024, compared to $14.0 million in 2023, primarily due to a principal payment of $17.2 million, which lowered the outstanding principal for the year.

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

Noncurrent receivable
As of December 31, 2023 and 2022, total costs capitalized by the Authority, which are to be recovered in the form of payments from TID, were $211.4 million and $228.0 million, respectively. The receivable comprises 74% and 76% of the Authority's assets and deferred outflows as of December 31, 2023 and 2022, respectively. The decrease in 2023 is primarily due to a reduction in outstanding principal debt of $17.2 million of the Authority's scheduled bond principal payments as set forth in the Agreements. These collections from TID reduce the receivable balance.

Restricted cash, cash equivalents, and investments
The Authority's restricted cash, cash equivalents, and investments increased $1.3 million to $43.2 million in 2023 compared to $41.9 million in 2022. This change is primarily due to changes in the market value of investments when compared to 2022.

Other noncurrent assets
Other noncurrent assets remained flat at $4.4 million for 2023 and 2022; current-year amortization of leased assets was $0.3 million offset by an addition to leased assets of $0.3 million.

Other current assets
The decrease in other current assets of $1.5 million to $15.4 million in 2023, compared to $16.9 million in 2022, is primarily a result of current-year operations.

Deferred outflows of resources
Deferred outflows of resources decreased $2.3 million to $10.6 million in 2023, compared to $12.9 million in 2022, primarily due to scheduled amortization of a deferred loss of $1.5 million and amortization of an asset retirement obligation (ARO) of $0.8 million.

Long-term debt

Long-term debt decreased $20.3 million to $238.2 million in 2023, compared to $258.4 million in 2022. The decrease in 2023 is due to classifying $17.2 million of the current portion of debt as a current liability and current-year amortization of bond premiums of $3.1 million.

Other noncurrent liabilities

Noncurrent liabilities increased $0.8 million to $21.9 million in 2023, compared to $21.1 million in 2022, due to an increase in inflation for the authority's ARO of $0.6 million and an increase of $0.2 million in leases payable.

Other current liabilities

Current liabilities increased $0.4 million to $25.0 million in 2023, compared to $24.6 million in 2022, due to an increase in the current portion of long-term debt payable of $0.8 million offset by a decrease in accrued interest payable of $0.4 million.

Revenue

Revenue decreased $1.7 million to $24.0 million for the year ended December 31, 2023, compared to revenue of $25.7 million for the year ended December 31, 2022, and is a function of total expenses of the operating organization.

Operating expenses

The Authority's transmission and land leases decreased $0.2 million to $3.2 million in 2023, compared to $3.5 million in 2022. The Authority's transmission and land leases are based on contracted rates with the providers and are a function of the output of the generating facility. The generating facility produced 372,814 MWh and 374,110 MWh, respectively, for the years ended December 31, 2023 and 2022. The Authority's operations and maintenance expense increased $1.2 million to $9.5 million in 2023, compared to $8.3 million in 2022, due to increased maintenance activities performed in 2023. The Authority's administrative and general expenses remained flat at $2.1 million in 2023 and 2022.

Other income

Other income increased $1.9 million to $4.9 million in 2023, compared to $3.0 million in 2022, primarily due to investment market conditions.

Interest and amortization expense, net

Interest and amortization expense, net revenue bonds decreased $0.8 million to $14.0 million in 2023, compared to $14.8 million in 2022, primarily due to a principal payment of $16.4 million, which lowered the outstanding principal for the year.

Financial Statements

Tuolumne Wind Project Authority
Statements of Net Position
(dollars in thousands)
December 31, 2024 and 2023

	2024	2023
ASSETS		
Noncurrent receivable from TID	$ 193,845	$ 211,408
Investments and other noncurrent assets		
Cash and cash equivalents restricted for long-term purposes	13,543	6,338
Short-term investments restricted for long-term purposes	3,862	-
Investments restricted for long-term purposes	-	11,956
Lease assets	4,185	4,384
Total investments and other noncurrent assets	21,590	22,678
Current assets		
Restricted cash and cash equivalents	25,308	24,919
Due from TID	15,091	14,553
Prepaid assets	897	878
Total current assets	41,296	40,350
Total assets	256,731	274,436
DEFERRED OUTFLOWS OF RESOURCES		
Deferred asset retirement obligation (ARO)	6,587	7,410
Deferred refunding loss	1,993	3,220
	8,580	10,630
Total assets and deferred outflows of resources	$ 265,311	$ 285,066
LIABILITIES AND NET POSITION		
Noncurrent liabilities		
Long-term debt, net of current portion	$ 217,596	$ 238,175
Leases payable	4,467	4,581
ARO	17,826	17,324
Total noncurrent liabilities	239,889	260,080
Current liabilities		
Current portion of long-term debt	18,065	17,205
Accrued interest payable	7,243	7,673
Leases payable	114	108
Total current liabilities	25,422	24,986
COMMITMENTS (Note 9)		
NET POSITION	-	-
Total liabilities and net position	$ 265,311	$ 285,066

See accompanying notes.

Tuolumne Wind Project Authority
Statements of Revenues, Expenses, and Changes in Net Position
(dollars in thousands)
Years Ended December 31, 2024 and 2023

	2024	2023
OPERATING REVENUES		
Revenue	$ 23,467	$ 24,049
OPERATING EXPENSES		
Transmission	3,194	2,356
Land leases	980	892
Operation and maintenance	8,294	9,533
Administrative and general	2,280	2,101
Total operating expenses	14,748	14,882
Operating income	8,719	9,167
NONOPERATING REVENUES AND EXPENSES		
Other income	4,783	4,882
Interest and amortization expense, net	(13,502)	(14,049)
Total nonoperating revenues and expenses	(8,719)	(9,167)
Change in net position	-	-
NET POSITION		
Beginning of year	-	-
End of year	$ -	$ -

See accompanying notes.

Tuolumne Wind Project Authority
Statements of Cash Flows
(dollars in thousands)
Years Ended December 31, 2024 and 2023

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Payments received from TID	$ 9,183	$ 11,723
Net cash provided by operating activities	9,183	11,723
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Interest payments on long-term debt	(14,962)	(15,770)
Repayment of long-term debt	(17,205)	(16,385)
Repayment received on long-term receivable	18,065	17,205
Interest payments on lease payable	(257)	(253)
Repayment of lease payable	(108)	(112)
Build America Bond receipts	3,492	3,478
Net cash used in capital and related financing activities	(10,975)	(11,837)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(4,344)	(5,063)
Sale of investments	12,545	8,939
Investment income	1,185	751
Net cash provided by investing activities	9,386	4,627
Net increase in cash and cash equivalents	7,594	4,513
CASH AND CASH EQUIVALENTS		
Beginning of year	31,257	26,744
End of year	$ 38,851	$ 31,257
ADJUSTMENT TO RECONCILE OPERATING INCOME TO NET CASH PROVIDED BY OPERATIONS		
Operating income	$ 8,719	$ 9,167
Asset retirement obligation expense	823	823
Adjustments to reconcile operating income to net cash provided by operating activities		
Change in prepaids	(20)	(59)
Changes in lease asset	199	271
Change in due to/due from TID	(538)	1,521
Net cash provided by operating activities	$ 9,183	$ 11,723

See accompanying notes.

Note 1 – Organization and Description of the Business

The Tuolumne Wind Project Authority (the Authority) is a joint powers authority (JPA) formed by the Turlock Irrigation District (TID) and Walnut Energy Center Authority pursuant to the California Government Code. The purpose of the Authority is to own and operate the Tuolumne Wind Project (the Project). The Project, which is a 136.6-megawatt wind farm electric power-generating facility, commenced commercial operations and was acquired by the Authority in 2009. The Authority is a component unit of TID.

Pursuant to the asset contribution agreement (AC Agreement) between TID and the Authority, TID provides the Authority with any administrative services the Authority may require. The Authority has no employees. The Authority is exempt from payment of federal and state income taxes. The Authority's operating expenses are comprised of land agreements, certain administrative costs, transmission costs, and operations and maintenance costs in connection with related operation and maintenance agreements. Certain costs are borne directly by TID and are not included in these financial statements.

Pursuant to the power purchase agreement (PPA) (Note 7), TID is obligated to purchase all of the electricity produced by the Project. Accordingly, TID makes capacity and energy payments to the Authority, reflected as revenue in the statements of revenues, expenses, and changes in net position. The Authority is obligated to reimburse TID for the Project's actual operations, transmission, operations and maintenance, and general and administrative costs, as well as for all expenditures necessary to provide capacity and energy from the Project.

Note 2 – Summary of Significant Accounting Policies

Method of accounting – The Authority maintains its accounts in accordance with accounting principles generally accepted in the United States of America for proprietary funds as prescribed by the Governmental Accounting Standards Board (GASB). The Authority is accounted for as an enterprise fund and is financed and operated in a manner similar to that of a private business enterprise. The Authority 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. The Authority's operating expenses are paid by TID and, as such, are excluded from the cash flow statements, as are the associated revenues.

Use of estimates – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect 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. The Authority's most significant estimates relate to its asset retirement obligation (ARO) and fair value estimates for its investments.

Receivable – In accordance with the AC Agreement and the PPA, TID's obligation to repay all costs under those agreements is unconditional. The PPA and AC Agreement together represent, in substance, a capital arrangement wherein TID is obligated to repay all capital and operating costs of the facility and bears all risks of ownership. As such, the Authority records its net investment in utility plant as a receivable in accordance with GASB accounting guidance. The Authority records its unrecovered financing costs associated with this in-substance leasing arrangement as a receivable in the statements of net position, all of which are classified as noncurrent.

The AC Agreement and the PPA provide for recovery of all costs incurred by the Authority in connection with the financing and operation of the Project. As such, revenue is recognized when operating and interest expenses are incurred, offset by net investment income. There is no margin or net position to be retained by the Authority, nor is the Authority expected to sustain any losses under these agreements. As such, the Authority is designed to operate on a break-even basis with no net position through the life of the AC Agreement and the PPA.

Leases – Under GASB Statement No. 87, *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 during which there is a noncancelable right to use the underlying asset (see Note 3).

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

Cash and cash equivalents, and investments – Cash equivalents include all debt instruments with original maturity dates of three months or less from the date of purchase. The debt instruments are reported at amortized cost, which approximates fair value.

All investments are carried at their fair value, generally based on market prices quoted by dealers for those or similar investments. Other income includes both realized gains and losses and unrealized changes in the fair value of investments.

In accordance with provisions of the credit agreements relating to the Authority'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 in instruments with maturities no later than the expected date of the use of such funds. At December 31, 2024 and 2023, all of the Authority's cash and cash equivalents and investments are held in restricted funds.

Long-term debt – Long-term debt is recorded at the principal amount of the obligations, adjusted for original issuance premium. The premium on bonds issued is amortized over the terms of the bonds using the effective interest method.

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.

Debt issuance costs – Costs incurred in connection with the issuance of debt obligations, principally underwriters' and legal fees, are expensed as incurred.

Asset retirement obligations (AROs) – The Authority records 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.

Due from (to) TID – Receivables from and payables to TID are a result of timing differences incurred through the operations of the Project, which will net to $0 at the termination of the PPA. Amounts due from TID relating to these transactions amounted to $15,091 and $14,553 as of December 31, 2024 and 2023, respectively.

Subsequent events – Subsequent events have been assessed through April 15, 2025.

Recent accounting pronouncements – In June 2022, GASB issued Statement No. 100, *Accounting Changes and Error Corrections—an Amendment of GASB Statement No. 62* (GASB 100), to enhance accounting and financial reporting requirements for accounting changes and error corrections. The statement defines accounting changes and sets forth requirements for reporting changes and error corrections in the financial statements. In addition, the statement contains requirements for disclosure in notes to financial statements of information about accounting changes and error corrections. Furthermore, for periods that are earlier than those included in the financial statements, information presented in required supplementary information and supplementary information should be restated for error corrections, but not for changes in accounting principles. The Authority's adoption of GASB 100 during the year ended December 31, 2024, did not have an impact on the Authority's financial reporting.

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. GASB 102 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 users of the financial statements to understand the nature of the circumstances and the government's vulnerability to the risk of a substantial impact. GASB 102 is effective for the Authority in 2025. The Authority is currently assessing the disclosure impact of adopting this statement.

(dollars in thousands)

In April 2024, GASB issued SGAS 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. GASB 103 is effective for the Authority in 2026. The Authority is currently assessing the impact of adopting this statement.

Note 3 – Leases

Lessee – The Authority has agreements with nine landowners on which its turbines are located. The landowners are paid a fixed price per kilowatt-hour based on the output of the respective turbines, subject to a minimum annual payment under each agreement. 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, 2024 and 2023. Each agreement is for 20 years beginning in 2009 with two 10-year renewal options. The likelihood that the renewal options will be exercised has been evaluated, and it has been determined that the 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 $257 and $253, respectively, has been recorded as interest expense of the leased asset in the statements of revenues, expenses, and changes in net position; $199 and $272 has been recorded as amortization expense of the leased asset for 2024 and 2023, respectively; and the remaining $781 and $621, respectively, relate to variable payments paid under the agreements and have been recorded in land leases within the statements of revenues, expenses, and changes in net position. At December 31, 2024 and 2023, the Authority had a lease asset of $4,980 for each year and accumulated amortization of $795 and $596, respectively. At December 31, 2024 and 2023, lease payable amounts incurred in current liabilities were $114 and $108, respectively, and lease payable amounts included in noncurrent liabilities were $4,467 and $4,581, respectively.

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	146	224	370
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
	$ 4,581	$ 3,298	$ 7,879

Note 4 – Cash, Cash Equivalents, and Investments

The Authority's investment policies are governed by the California Government Codes and its Bond Indenture, which restrict the Authority's investment securities to obligations which are unconditionally guaranteed by the U.S. government or its agencies; direct and general obligations of the State of California (the State) or any local agency within the State; bankers' acceptances; commercial paper; certificates of deposit; supranational securities; asset- and mortgage-backed securities; time certificates of deposit; repurchase agreements; medium-term corporate notes; shares of beneficial interest; and mortgage pass-through securities.

The Authority'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, the Authority 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. At December 31, 2024 and 2023, all funds are deposited either with a bank or the trustee. The credit ratings listed are from Standard and Poor’s as of December 31, 2024. NR means not rated.

	Credit Rating	2024	2023
Restricted cash and cash equivalents			
Deposits	NR	$ 25,308	$ 24,919
Short-term investments restricted for long-term purposes			
Government-sponsored enterprise	AA+	3,862	-
		3,862	-
Investments restricted for long-term purposes			
U.S. Treasury note	AA+	-	8,215
Government-sponsored enterprise	AA+	-	3,741
		-	11,956
Cash and cash equivalents restricted for long-term purposes			
Letter of credit (LOC) deposit	NR	2,227	2,181
Deposits	NR	11,316	4,157
		13,543	6,338
		$ 42,713	$ 43,213
Restricted funds			
LOC deposit		$ 2,227	$ 2,181
Reserve funds		15,178	16,113
Debt service fund		25,308	24,919
		$ 42,713	$ 43,213

In accordance with provisions of the credit agreements relating to certain of the Authority’s long-term debt obligations, restricted funds are maintained at levels set forth in the credit agreements to provide for debt service reserve and project funding requirements. Funds are held by trustees as deposits and investments at December 31, 2024 and 2023. In addition, the Authority has placed $2,227 in a restricted account as collateral related to a letter of credit (LOC) that expires on March 1, 2027.

(dollars in thousands)

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 Authority's deposits may not be returned or the Authority will not be able to recover the value of its deposits, investments, or collateral securities that are in the possession of another party. The Authority does not have a deposit policy for custodial credit risk. Currently the FDIC offers deposit insurance coverage of $250 for deposit accounts. At December 31, 2024 and 2023 the Authority had deposits totaling $500 that are insured by the FDIC. The remaining deposits, totaling $38,309 and $31,007, are uninsured and uncollateralized at December 31, 2024 and 2023, respectively.

Concentration of credit risk – This is the risk of loss attributed to the magnitude of an entity's investment in a single issuer. The Authority 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 the Authority'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. The following are the concentrations of credit risk representing 5% or greater in a single issuer in either year, all of which are government-sponsored enterprises:

	2024	2023
Freddie Mac Notes	100%	26%

Interest rate risk – Although the Authority has a policy that restricts the maturities of its 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. At December 31, 2024 and 2023, the Authority's investments had a stated maturity of less than one year.

Note 5 – Fair Value Measurement

GASB Statement No. 72, *Fair Value Measurement and Application*, 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). The Authority 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) in active 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 the Authority's own assumptions about factors that market participants would use in pricing the asset or liability.

(dollars in thousands)

The valuation methods of the fair value measurements are disclosed below.

Government-sponsored enterprises – Management 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 – Management uses prices quoted in active markets.

The following table identifies the level of the fair value hierarchy within which the Authority's financial assets and liabilities were accounted for on a recurring basis as of December 31, 2024 and 2023, respectively. As required by GASB 72, financial assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. The Authority'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.

	At Fair Value as of December 31, 2024		
	Level 1	Level 2	Total
Investments			
Government-sponsored enterprises	$ -	$ 3,862	$ -
Total investments	$ -	$ 3,862	$ -

	At Fair Value as of December 31, 2023		
	Level 1	Level 2	Total
Investments			
Government-sponsored enterprises	$ -	$ 3,741	$ 3,741
U.S. Treasury notes	8,215	-	8,215
Total investments	$ 8,215	$ 3,741	$ 11,956

(dollars in thousands)

Note 6 – Long-Term Debt

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

	2024	2023
2009 revenue bonds, Series B, fixed interest rate of 6.92%, maturing through 2034	$ 151,605	$ 151,605
Refunding revenue bonds, 2016 Series A, fixed interest rate of 5.00%, maturing through 2029	79,970	97,175
Total long-term debt outstanding	231,575	248,780
Less		
Current portion	(18,065)	(17,205)
Unamortized premiums	4,086	6,600
Total long-term debt	$ 217,596	$ 238,175

Summarized activity of the Authority's long-term debt for the years ended December 31, 2024 and 2023, is presented below:

	December 31, 2023	Additions	Payments and Amortization	December 31, 2024	Amounts Due Within One Year
Revenue bonds	$ 248,780	$ -	$ (17,205)	$ 231,575	$ 18,065
Unamortized premiums	6,600	-	(2,514)	4,086	
Total long-term debt, net	$ 255,380	$ -	$ (19,719)	$ 235,661	

	December 31, 2022	Additions	Payments and Amortization	December 31, 2023	Amounts Due Within One Year
Revenue bonds	$ 265,165	$ -	$ (16,385)	$ 248,780	$ 17,205
Unamortized premiums	9,655	-	(3,055)	6,600	
Total long-term debt, net	$ 274,820	$ -	$ (19,440)	$ 255,380	

General – The Series B bonds outstanding are Build America Bonds under the American Recovery and Reinvestment Act. The Build America Bonds were sold as a taxable issue, and the Authority 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, the Authority received $3,492 and $3,478, respectively, from this federal subsidy, which is included in other income on the statements of revenues, expenses, and changes in net position.

The revenue bonds are payable solely from the unconditional payments made by TID under the PPA 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 the Authority under the PPA, regardless of the output of the Project.

(dollars in thousands)

The Authority's bond resolutions contain covenants that require a stipulated minimum funding of revenue bond reserves and various other requirements.

Fixed-rate revenue bonds totaling $23,020 may be subject to redemption by the Authority in 2027 without premium or discount. Additionally, fixed-rate revenue bonds totaling $151,605 may be subject to redemption at any interest date with a make-whole premium as defined in the Bond Indenture, which is calculated based on differences between prevailing market interest rates and effective interest rates of the bonds to be redeemed.

The Authority's scheduled future annual principal maturities and interest, assuming no redemption as noted above, are as follows at December 31, 2024:

	Principal	Interest	Total
2025	$ 18,065	$ 13,583	$ 31,648
2026	18,970	12,635	31,605
2027	19,915	11,639	31,554
2028	20,915	10,593	31,508
2029	11,550	9,835	21,385
2030–2034	142,160	20,533	162,693
	$ 231,575	$ 78,818	$ 310,393

Interest and amortization expense, net totaled $13,502 and $14,049 for the years ended December 31, 2024 and 2023, respectively.

Note 7 – Power Purchase Agreement

The PPA provides for the sale of all capacity and energy to TID and terminates on the date all bonds have been paid in full. Capacity and energy payments are calculated based upon the operating costs of the Project plus fixed payment amounts as defined in the PPA. TID has an unconditional obligation to make capacity and energy payments to the Authority under the PPA, regardless of the output of the Project. TID has the right to purchase the Project from the Authority during the period one year prior to and one year after the termination of the PPA for $0.1. The PPA will terminate on the date on which all bond commitments outstanding have been paid and discharged in full, which currently is scheduled to occur in 2034.

Note 8 – Asset Retirement Obligations

As described in Note 1, the Authority owns and operates a 136.6-MW wind farm consisting of 62 wind turbine generators located in Klickitat County, Washington. In conjunction with the purchase of the Project, TWPA 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.

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.

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 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 10 years. The deferred outflows recognized were $6,586 and $7,410 as of December 31, 2024 and 2023, respectively, 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 ARO-related expense, respectively.

Note 9 – Commitments

Operations and maintenance agreement – The Project is being operated and maintained pursuant to an operating and maintenance agreement with the operator, which expired in November 2020. After the initial term, the operating and maintenance agreement was renewed for 10 years, expiring in 2029. Total expense under the operations and maintenance agreement amounted to $460 and $418 for the years ended December 31, 2024 and 2023, respectively.

Service agreements – There are two service agreements for each of the two manufacturers of the 62 turbines for TWPA. One service agreement is for 42 turbines and expires in 2029. The other service agreement is for 20 turbines and also expires in 2029. Both service agreements are for standard operations and maintenance on the respective manufacturer’s turbines over the life of the agreement. Both service agreements include warranty provisions, as well as performance and availability guarantees.

The Authority also has a Balancing Services Agreement with a third party. This agreement provides for integration of TWPA schedules and makes the energy scheduled firm in nature.

The Authority also has two interconnection and transmission agreements with local utilities in the Pacific Northwest. The interconnection agreements allow for the delivery of the wind energy output to various delivery points in the northwest United States. One agreement has a one-year automatic renewal thereafter, and the other agreement expires in 2029 and has a 10-year renewal option. Total expenses under the Authority’s service and interconnection and transmission agreements amounted to $7,419 and $8,362 for the years ended December 31, 2024 and 2023, respectively.

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