

Report of Independent Auditors
and Consolidated Financial Statements
with Supplementary Information

Turlock Irrigation District

December 31, 2025 and 2024



Table of Contents

	Page
Report of Independent Auditors	1
Management's Discussion and Analysis (Unaudited)	5
Consolidated Financial Statements	
Consolidated Statements of Net Position	18
Consolidated Statements of Revenues, Expenses, and Changes in Net Position	20
Consolidated Statements of Cash Flows	21
Statements of Fiduciary Net Position of the Retirement Plan	23
Statements of Changes in Fiduciary Net Position of the Retirement Plan	24
Notes to Consolidated Financial Statements	25
Required Supplementary Information	
Schedule of Changes in Net Pension Liability and Related Ratios (Unaudited)	74
Schedule of Retirement Plan Contributions (Unaudited)	76
Schedule of Changes in Net OPEB Asset and Related Ratios (Unaudited)	77
Schedule of OPEB Plan Contributions (Unaudited)	79

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 Turlock Irrigation District (the District) which comprise the consolidated statements of net position as of December 31, 2025 and 2024, 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, 2025 and 2024, and the related statements of changes in fiduciary net position of the retirement plan for the year 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, 2025 and 2024, the related statements of changes in fiduciary net position of the retirement plan for the 12 months then ended, or Note 14 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 referred to above present fairly, in all material respects, the consolidated financial position of the District as of December 31, 2025 and 2024, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*), 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 the 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.

Baker Tilly Advisory Group, LP and Baker Tilly US, LLP, trading as Baker Tilly, are members of the global network of Baker Tilly International Ltd., the members of which are separate and independent legal entities. Baker Tilly US, LLP is a licensed CPA firm that provides assurance services to its clients. Baker Tilly Advisory Group, LP and its subsidiary entities provide tax and consulting services to their clients and are not licensed CPA firms.

In preparing the consolidated 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 and *Government Auditing Standards*, and the Comptroller General of the United States (*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 Comptroller General of the United States (*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 consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of 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 consolidated 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 74 through 79 to 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 GAAS, 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 29, 2026, on our consideration of the 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.

Baker Tilly US, LLP

Portland, Oregon
April 29, 2026

Management's Discussion and Analysis (Unaudited)

Turlock Irrigation District

Management's Discussion and Analysis (Unaudited)

December 31, 2025 and 2024

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, 2025 and 2024. 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 increased electric rates by an average of 4.7%, 4.9%, and 4.9% effective January 1, 2025, 2026, and 2027, respectively.

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. TID increased the volumetric tiered water rates by an average of 2.1% for each of the years 2025, 2026, and 2027. The volumetric tiers ranged from \$2.70 to \$20.00 in 2025, to \$3.23 to \$20.00 in 2026, and \$3.83 to \$20.00 in 2027.

Turlock Irrigation District

Management's Discussion and Analysis (Unaudited)

December 31, 2025 and 2024

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

Financial reporting

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

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

In accordance with the GASB accounting rules which govern regulatory accounting, the Board has taken various regulatory actions for ratemaking purposes that result in the deferral of revenue or expense recognition. At December 31, 2025 and 2024, TID had total regulatory assets of \$42.5 million and \$39.2 million, respectively, and total regulatory credits of \$149.4 million and \$143.0 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 which are permitted by TID's investment policy. The Bank of New York Mellon Trust Company holds these investments in custody.

Debt management program

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

Turlock Irrigation District

Management's Discussion and Analysis (Unaudited)

December 31, 2025 and 2024

Component units

The District has three component units, two of which are 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. The third component unit is the Central Valley Energy Authority (CVEA), which the primary purpose of CVEA is to prepay for natural gas to sell the natural gas to TID. Although WECA, TWPA, and CVEA are separate legal entities from TID, they are reported as part of TID because of the extent of their operational and financial relationships with TID. Additionally, TID has fiduciary responsibility for a single-employer group pension plan, the Amended and Restated Plan for Employees and Elective Officers of the Turlock Irrigation District, (the Retirement Plan). The Retirement Plan is a component unit which is presented as a fiduciary fund and the activities of the Retirement Plan are recorded in the statements of fiduciary net position of the Retirement Plan and statements of changes in fiduciary net position of the Retirement Plan. Accordingly, all operations of these component units are consolidated into TID's financial statements. The assets of TWPA were sold in April 2025 and TWPA ceased operations (see Note 3).

Using this financial report

This annual financial report consists of management's discussion and analysis and the consolidated financial statements, including notes to the consolidated 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.

Consolidated 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.

Turlock Irrigation District
Management's Discussion and Analysis (Unaudited)
December 31, 2025 and 2024

Summary of Financial Position and Changes in Net Position as of and for the years ended December 31, 2025, 2024, and 2023:

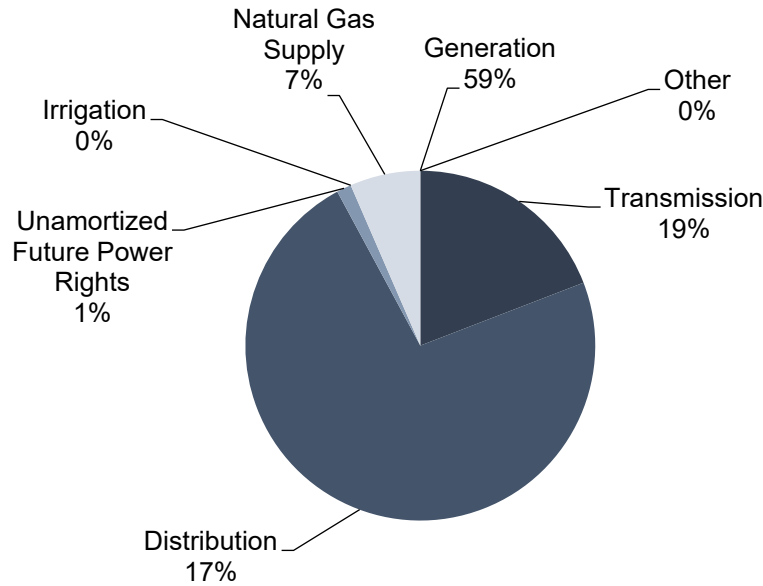
<i>(dollars in thousands)</i>	<u>2025</u>	<u>2024</u>	<u>2023</u>
ASSETS AND DEFERRED OUTFLOWS			
Utility plant, net	\$ 1,168,133	\$ 1,293,658	\$ 1,243,863
Cash, cash equivalents, and investments	367,399	340,666	393,325
Other noncurrent assets	987,533	62,218	65,505
Other current assets	126,811	94,540	82,605
Deferred outflows of resources	32,651	63,623	85,316
	<u>32,651</u>	<u>63,623</u>	<u>85,316</u>
Total assets and deferred outflows	<u>\$ 2,682,527</u>	<u>\$ 1,854,705</u>	<u>\$ 1,870,614</u>
LIABILITIES, DEFERRED INFLOWS, AND NET POSITION			
Long-term debt	\$ 1,565,709	\$ 790,190	\$ 862,318
Other noncurrent liabilities	21,959	65,557	69,490
Other current liabilities	141,729	123,091	130,545
Deferred inflows of resources	205,685	206,821	207,176
	<u>205,685</u>	<u>206,821</u>	<u>207,176</u>
Total liabilities and deferred inflows	<u>1,935,082</u>	<u>1,185,659</u>	<u>1,269,529</u>
NET POSITION			
Net investment in capital assets	635,771	489,004	382,957
Restricted	41,670	42,408	45,263
Unrestricted	70,004	137,634	172,865
	<u>70,004</u>	<u>137,634</u>	<u>172,865</u>
Total net position	<u>747,445</u>	<u>669,046</u>	<u>601,085</u>
Total liabilities, deferred inflows, and net position	<u>\$ 2,682,527</u>	<u>\$ 1,854,705</u>	<u>\$ 1,870,614</u>
REVENUES, EXPENSES, AND CHANGES IN NET POSITION			
Operating revenues	\$ 423,841	\$ 397,346	\$ 454,727
Operating expenses	(376,075)	(345,982)	(387,064)
	<u>(376,075)</u>	<u>(345,982)</u>	<u>(387,064)</u>
Operating income	47,766	51,364	67,663
Nonoperating expense, net	30,633	16,597	(10,600)
	<u>30,633</u>	<u>16,597</u>	<u>(10,600)</u>
Increase in net position	<u>78,399</u>	<u>67,961</u>	<u>57,063</u>
NET POSITION			
Beginning of year	669,046	601,085	544,022
End of year	<u>\$ 747,445</u>	<u>\$ 669,046</u>	<u>\$ 601,085</u>

**Turlock Irrigation District
Management’s Discussion and Analysis (Unaudited)
December 31, 2025 and 2024**

Management’s Discussion and Analysis as of and for the Year Ended December 31, 2025:

Assets

Utility Plant – TID had approximately \$1.168 billion invested in utility plant assets, net of accumulated depreciation at December 31, 2025. TID transferred approximately \$44.7 million of assets from construction in progress to utility plant in service in 2025 and had net disposals of \$151.1 million. Net utility plant makes up 43% and 70% of TID's assets at December 31, 2025 and 2024, respectively.



During 2025, TID capitalized \$93.5 million of additions to utility plant. TID invested \$2.0 million in WECA modifications and inspections, \$1.9 million in Almond Power Plant modifications and inspections, \$3.8 million in relicensing fees related to Don Pedro Dam Hydroelectric facilities, \$27.9 million in Don Pedro Dam Hydroelectric upgrades, \$11.2 million on routine expansion, \$6.9 million on irrigation facilities, \$4.6 million on emission credits, \$5.9 million on T & D lines, \$3.3 million on vehicle and equipment replacement, \$3.3 million on IT related projects, and \$22.7 million on underground lines, transformers, substation upgrades and general capital.

Cash, cash equivalents, and investments

TID's cash, cash equivalents, and investments increased \$26.7 million during 2025. This was primarily due to debt reserves received from CVEA's financing and current year operations offset by cash outflows from current year capital.

Other noncurrent assets

Other noncurrent assets increased \$925.3 million during 2025. This increase is related to a prepaid natural gas agreement of \$931.7 million and a increase in regulatory assets of \$3.3 million, offset by a decrease in other assets of \$6.5 million, a decrease in other post employment benefits (OPEB) asset of \$3.0 million and a decrease in derivative financial instruments of \$0.2 million.

**Turlock Irrigation District
Management’s Discussion and Analysis (Unaudited)
December 31, 2025 and 2024**

Other current assets

Other current assets increased \$32.3 million during 2025. This was primarily due to a increase in prepaid gas to be delivered within one year of \$24.3 million, an increase wholesale accounts receivable of \$1.0 million, an increase in accrued interest and other receivables of \$1.7 million, of which \$4.1 million relates to CVEA interest income, an increase of \$2.4 million in receivable from the Transmission Agency of Northern California, an increase in derivative financial instruments of \$1.1 million, an increase in prepaid expenses and other current assets of \$0.8 million, an increase of \$2.1 million in retail accounts receivable offset by a decrease in materials and supplies of \$1.1 million.

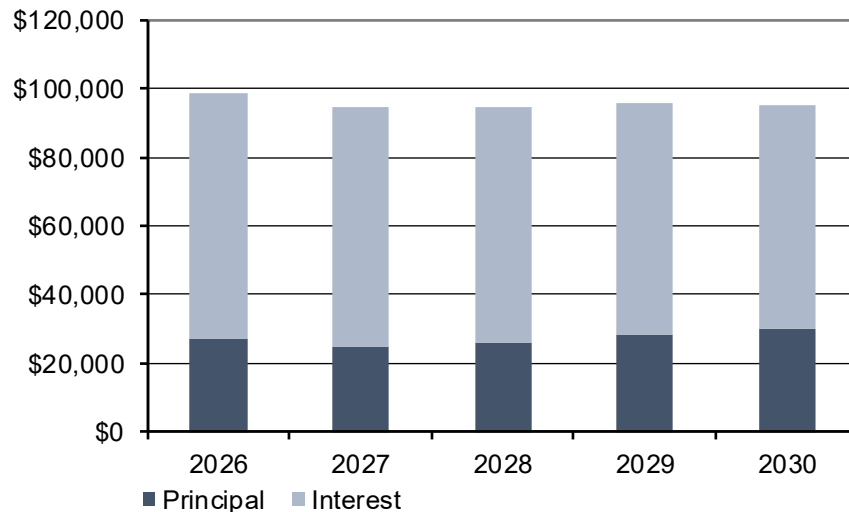
Deferred outflows of resources

Deferred outflows of resources decreased \$31.0 million primarily due to a decrease of deferred pension outflows of \$25.8 million, current year amortization and retirement of \$2.0 million in debt refunding losses, and a net decrease in deferred asset retirement obligation (ARO) of \$6.6 million, offset by an increase in deferred OPEB outflows of \$1.6 million and an increase of \$1.8 million in cash flow hedges

Liabilities and changes in net position

Long-term debt increased \$775.5 million primarily due to a gas prepay financings of \$1,043.6 million offset by scheduled principal payments of \$40.2 million, a debt defeasance of the TWPA debt which resulted in a net long-term debt decrease of \$233.0 million and the amortization of debt premiums of \$17.1 million.

The following table shows TID’s future debt service requirements from 2026 through 2030 at December 31, 2025 (dollars in thousands):



At December 31, 2025, TID’s bond ratings are A2 from Moody’s, AA- from Fitch, and AA- from Standard and Poor’s.

Turlock Irrigation District
Management's Discussion and Analysis (Unaudited)
December 31, 2025 and 2024

Other noncurrent liabilities

Other noncurrent liabilities decreased \$43.6 million in 2025. The decrease was primarily due to a decrease of \$20.3 million in the net pension liability, a decrease in lease payable of \$4.5 million, a decrease of \$17.8 million in TID's ARO, and a decrease subscription payable of \$1.7 million offset by an increase of \$0.7 million in derivative financial instruments, net of current portion.

Other current liabilities

Other current liabilities increased \$18.6 million in 2025. The increase was due to an increase in gas and power accounts payable and accrued expenses of \$5.1 million, an increase of \$1.1 million in derivative financial instruments, an increase of interest payable of \$12.7 million, an increase in accrued salaries, wages, and related benefits of \$0.4 million, and a net increase in customer deposits and advances of \$1.6 million offset by a decrease in commercial paper of \$2.3 million.

Deferred inflow of resources

Deferred inflow of resources decreased \$1.1 million due to a decrease of \$3.6 million in deferred pension inflows, a \$1.6 million net decrease in deferred debt refunding gain, a decrease in deferred lease inflows of \$2.1 million, and a decrease in deferred OPEB inflows of \$0.9 million offset by a net increase in regulatory credits of \$6.4 million and an increase in cash flow hedges of \$0.7 million.

Changes in net position

Operating revenues

Operating revenues increased \$26.5 million from \$397.3 million in 2024 to \$423.8 million in 2025. Wholesale electric revenues decreased \$2.5 million to \$56.6 million in 2025 from \$59.1 million in 2024 primarily as a result of an increase in average sales price offset by a decrease in sales volume. Sales price increased slightly from an average of \$58/megawatt hours (MWh) in 2024 to \$60/MWh in 2025. Wholesale gas revenues increased \$0.6 million due to a increase in sales volume and price. Electric retail power revenues increased \$8.7 million in 2025, primarily due to no deferral of revenues as a result of the power supply adjustment in 2025 compared to recognition of \$20.5 million of electric rate stabilization and a deferral of \$16.1 million as a result of the power supply adjustment in 2024. Consumption for 2025 was down approximately 3.0% when compared to 2024 and average rates increased 4.7% in 2025 when compared to 2024. Other operating income increased \$19.8 million from \$0.1 million in 2024 to \$19.9 million in 2025 primarily due to current year gas and settlement sales to CVEA.

Operating expenses

Operating expenses increased \$30.1 million from \$346.0 million in 2024 to \$376.1 million in 2025. Purchased power, generation, and fuel expenses increased \$23.5 million to \$214.0 million in 2025 compared to \$190.5 million in 2024. The increase is primarily due to a net increase in purchased power of \$30.9 million offset by a decrease in fuel and emission related expenses of \$1.9 million, the remaining decrease is due to decreased operating and maintenance costs at the District's generating facilities primarily due to the sale of TWPA in April 2025. Other electric expense increased \$2.9 million due to increased distribution maintenance activities. Irrigation expense increased \$1.5 million primarily due to increased canal maintenance costs. Administrative and general expenses increased \$1.9 million when compared to 2024 primarily due to increased subscription cost in 2025 and increased IT maintenance. Depreciation and amortization expense increased \$0.3 million primarily due to the addition of new assets being put into production.

Turlock Irrigation District
Management's Discussion and Analysis (Unaudited)
December 31, 2025 and 2024

Net investment income

Net investment income in 2025 increased \$2.7 million when compared to 2024, primarily due to an increase in investments as a result of earnings on proceeds from debt issued for the 2025 gas prepay of \$3.0 million offset by a decrease in investments by decrease in debt reserves as a result of the sale of TWPA assets.

Other income

Other income in 2025 decreased \$9.8 million due to an decrease in state and federal grant funds, insurance proceeds, and miscellaneous revenue of \$6.3 million, a decrease in BABS revenue of \$2.4 million, and a decrease in contributions in aid of construction revenue of \$0.8 million, remaining changes consist of immaterial items.

Derivative gain (loss)

For the year ended December 31, 2025, TID had a net gain of \$0.4 million compared to a net loss of \$0.0 million for the year ended December 31, 2024, due to a change in the fair value of derivative instruments.

Gain on sale of TWPA

On April 29, 2025, TID completed the sale of TWPA assets to a third party (the Buyer). As part of the Purchase and Sale agreement, TID utilized proceeds along with debt reserves to defease in full TWPA's outstanding debt. As of the close, the outstanding balance on the TWPA debt was \$213.5 million, including a make-whole repayment premium of \$16.4 million for the Series B bonds outstanding Build America Bonds. This debt, along with all associated security interests in TWPA's assets, was redeemed and extinguished. Upon completion of the sale, all assets and liabilities were eliminated. As a result of the sale of assets, TID recorded a gain of \$53.1 million, as the value of the defeased debt exceeded the net carrying amount of the TWPA asset at the time of sale.

Net interest and amortization expense

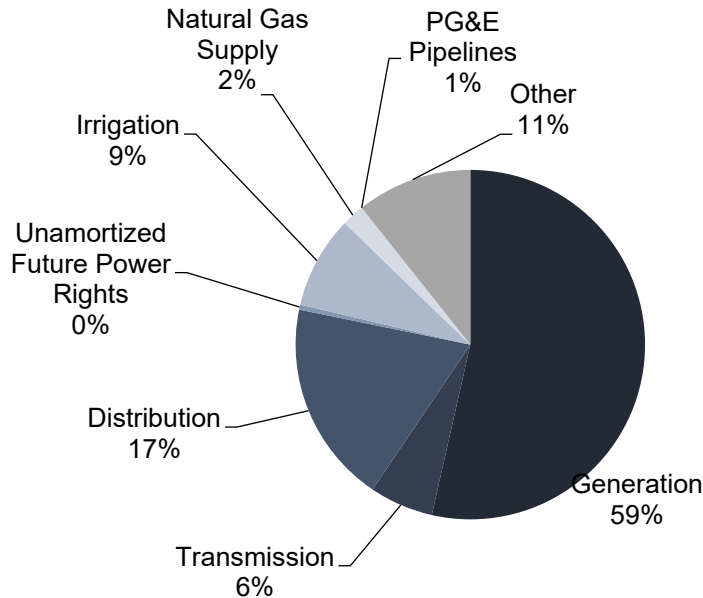
Net interest and amortization expense increased \$32.4 million in 2025 as compared to 2024, primarily due to gas prepay interest incurred during 2025 offset by principal pay down of debt in 2025.

**Turlock Irrigation District
Management’s Discussion and Analysis (Unaudited)
December 31, 2025 and 2024**

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 WECA 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 OPEB asset of \$0.7 million.

Turlock Irrigation District
Management’s Discussion and Analysis (Unaudited)
December 31, 2025 and 2024

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.

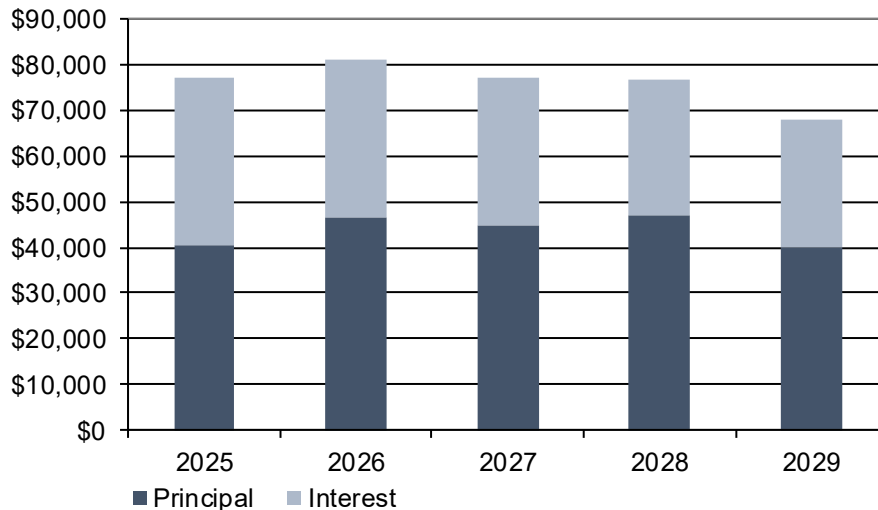
Deferred outflows of resources

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.

Turlock Irrigation District
Management's Discussion and Analysis (Unaudited)
December 31, 2025 and 2024

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.

Turlock Irrigation District
Management's Discussion and Analysis (Unaudited)
December 31, 2025 and 2024

Other income

Other income in 2024 increased \$22.3 million due to an increase in state and federal grant funds, insurance proceeds, and miscellaneous revenue 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.

For more information about Turlock Irrigation District, visit our website at www.TID.org or contact us at customerservices@TID.org.

Consolidated Financial Statements

Turlock Irrigation District
Consolidated Statements of Net Position
December 31, 2025 and 2024

<i>(dollars in thousands)</i>	2025	2024
ASSETS		
Utility plant, net	\$ 1,168,133	\$ 1,293,658
Investments and other long-term assets		
Cash and cash equivalents, restricted for long-term purposes	2,363	13,651
Short-term investments, restricted for long-term purposes	-	3,862
Long-term investments, including restricted amounts	247,310	191,892
Regulatory assets	42,473	39,195
Net OPEB asset	4,412	7,374
Other assets	8,716	15,160
Prepaid gas	931,658	-
Derivative financial instruments, net of current portion	274	489
	1,237,206	271,623
CURRENT ASSETS		
Cash and cash equivalents, including restricted amounts	111,749	128,877
Short-term investments, including restricted amounts	5,977	2,384
Retail accounts receivable, net	26,464	24,402
Wholesale accounts receivable, net	6,842	5,889
Accrued interest and other receivables	31,873	30,213
Materials and supplies, net	9,648	10,701
Prepaid expenses and other current assets	3,758	2,912
Affiliate receivable	19,783	17,414
Prepaid gas to be delivered within one year	24,307	-
Derivative financial instruments	4,136	3,009
	244,537	225,801
Total assets	2,649,876	1,791,082
DEFERRED OUTFLOWS OF RESOURCES		
Deferred refunding loss	-	1,996
Cash flow hedges	6,233	4,461
Deferred OPEB outflows	7,515	5,912
Deferred ARO outflows	-	6,586
Deferred pension outflows	18,903	44,668
	32,651	63,623
Total assets and deferred outflows	\$ 2,682,527	\$ 1,854,705

See accompanying notes.

Turlock Irrigation District
Consolidated Statements of Net Position
December 31, 2025 and 2024

<i>(dollars in thousands)</i>	2025	2024
LIABILITIES		
Liabilities		
Long-term debt, net of current portion	\$ 1,538,259	\$ 749,960
ARO	-	17,827
Net pension liability	18,787	39,116
Lease payable	-	4,467
Subscription payable	2,518	4,147
Derivative financial instruments, net of current portion	654	-
	<u>1,560,218</u>	<u>815,517</u>
Current liabilities		
Commercial paper	19,555	21,891
Current portion of long-term debt	27,450	40,230
Power purchases and gas payables	15,880	11,837
Accounts payable and accrued expenses	32,603	31,548
Accrued salaries, wages, and related benefits	10,900	10,478
Customer deposits and advances	24,937	23,332
Accrued interest payable	32,252	19,530
Derivative financial instruments	5,602	4,475
	<u>169,179</u>	<u>163,321</u>
Total liabilities	<u>1,729,397</u>	<u>978,838</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred refunding gain	8,131	9,722
Cash flow hedges	4,181	3,498
Deferred OPEB inflows	4,317	5,214
Deferred pension inflows	29,149	32,746
Deferred lease inflows	10,524	12,629
Regulatory credits	149,383	143,012
	<u>205,685</u>	<u>206,821</u>
NET POSITION		
Net investment in capital assets	635,771	489,004
Restricted	41,670	42,408
Unrestricted	70,004	137,634
	<u>747,445</u>	<u>669,046</u>
Total net position	<u>747,445</u>	<u>669,046</u>
Total liabilities, deferred inflows, and net position	<u>\$ 2,682,527</u>	<u>\$ 1,854,705</u>

See accompanying notes.

Turlock Irrigation District
Consolidated Statements of Revenues, Expenses, and Changes in Net Position
Years Ended December 31, 2025 and 2024

<i>(dollars in thousands)</i>	2025	2024
OPERATING REVENUES		
Electric		
Retail	\$ 329,270	\$ 320,606
Wholesale	56,579	59,121
Irrigation	15,183	15,182
Wholesale gas	2,879	2,311
Other	19,930	126
	423,841	397,346
OPERATING EXPENSES		
Purchased power	85,272	54,366
Generation and fuel	128,758	136,158
Other electric	41,132	38,257
Irrigation	17,822	16,295
Administration and general	35,174	33,278
Depreciation and amortization	67,917	67,628
	376,075	345,982
Total operating expenses		
	47,766	51,364
NONOPERATING REVENUES AND (EXPENSES)		
Net investment income	12,508	9,769
Other income, net	28,865	38,665
Gain on sale of assets	53,058	-
Derivative gain (loss)	435	(14)
Interest and amortization expense, net	(64,233)	(31,823)
	30,633	16,597
Total nonoperating revenues		
	78,399	67,961
NET POSITION		
Beginning of year	669,046	601,085
End of year	\$ 747,445	\$ 669,046

See accompanying notes.

Turlock Irrigation District
Consolidated Statements of Cash Flows
Years Ended December 31, 2025 and 2024

<i>(dollars in thousands)</i>	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from electric customers	\$ 327,768	\$ 323,824
Receipts from wholesale power sales	55,626	57,992
Receipts from irrigation customers	15,147	15,001
Receipts from sales of gas	2,589	2,335
Payments to vendors for purchased power	(84,371)	(53,946)
Payments to employees and vendors for generation and fuel and other electric	(150,184)	(167,049)
Payments to employees and vendors for irrigation	(17,521)	(16,769)
Payments to employees and vendors for administration and general	(30,232)	(26,854)
Other receipts and payments, net	32,366	19,812
Net cash provided by operating activities	151,188	154,346
CASH FLOWS FROM NON-CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds from issuance of long-term debt	1,037,057	-
Interest payments	(23,705)	-
Payments for prepaid gas supply	(971,757)	-
Net cash provided by non-capital and related financing activities	41,595	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition and construction of capital assets	(87,986)	(126,614)
Proceeds from contributions in aid of construction	5,854	6,061
Proceeds from issuance of long-term debt	-	75,436
Repayment of long-term debt	(66,318)	(132,250)
Repayment of commercial paper	(2,335)	(1,690)
Interest payments on debt	(33,651)	(43,455)
Repayment of lease obligation	(1,694)	(1,802)
Cash received from lease	2,601	2,550
Build America Bond receipts	1,142	3,492
Net cash used in capital and related financing activities	(182,387)	(218,272)
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment income	11,466	9,704
Derivative gain (loss)	435	(14)
Purchases of investments	(173,738)	(89,049)
Sales of investments	123,025	98,811
Net cash (used in) provided by investing activities	(38,812)	19,452
Net decrease in cash and cash equivalents	(28,416)	(44,474)
CASH AND CASH EQUIVALENTS		
Beginning of year	142,528	187,002
End of year	\$ 114,112	\$ 142,528
RECONCILIATION OF CASH AND EQUIVALENTS TO STATEMENTS OF NET POSITION		
Cash and cash equivalents restricted for long-term purposes	\$ 2,363	\$ 13,651
Cash and cash equivalents, including restricted amounts	111,749	128,877
	\$ 114,112	\$ 142,528

See accompanying notes.

Turlock Irrigation District
Consolidated Statements of Cash Flows
Years Ended December 31, 2025 and 2024

<i>(dollars in thousands)</i>	2025	2024
ADJUSTMENT TO RECONCILE OPERATING INCOME TO NET CASH PROVIDED BY OPERATIONS		
Operating income	\$ 47,766	\$ 51,364
Adjustments to reconcile operating income to net cash provided by operating activities		
Depreciation and amortization	67,917	67,628
ARO accretion expense	446	1,327
Other income	22,016	29,172
Other changes in operating assets and liabilities		
Accounts receivable	(5,537)	(9,033)
Materials and supplies	1,053	2,053
Prepaid expenses and other current assets	(918)	972
Regulatory assets and credits	2,929	7,950
Deferred OPEB outflows	(1,603)	(836)
Deferred pension inflows	(3,597)	(10,315)
Net OPEB asset	2,962	(682)
Power purchases and gas payables	4,043	522
Prepaid gas supply	15,792	-
Accounts payable and accrued expenses	(4,294)	7,031
Accrued salaries, wages, and related benefits	422	408
Customer deposits and advances	1,726	(3,377)
Affiliate receivable	(2,369)	(2,077)
Deferred OPEB inflows	(897)	(321)
Deferred pension outflows	25,765	19,142
Deferred outflow leases	(2,105)	(2,105)
Net pension asset/liability	(20,329)	(4,477)
Net cash provided by operating activities	\$ 151,188	\$ 154,346
SUPPLEMENTAL NONCASH INVESTING AND FINANCING ACTIVITIES		
Accounts payable and other liabilities related to construction of capital assets	\$ 17,095	\$ 12,004
Non-cash gain on sale	\$ 53,058	\$ -
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, 2025 and 2024

<i>(dollars in thousands)</i>	2025	2024
ASSETS		
Cash and cash equivalents	\$ 8,187	\$ 9,335
Receivables		
Interest	773	736
Dividends	107	854
Total receivables	880	1,590
Investments, at fair value		
U.S. Government and municipal obligations	50,889	41,920
International obligations	21,142	18,506
Domestic stocks and mutual funds	163,874	156,123
International stocks and mutual funds	117,186	101,782
Domestic fixed income securities	68,461	67,696
Other investments	35,303	33,403
Total investments	456,855	419,430
Total assets	\$ 465,922	\$ 430,355
LIABILITIES		
Accrued expenses	\$ 168	\$ 268
Fiduciary net position restricted for pensions	\$ 465,754	\$ 430,087

See accompanying notes.

Turlock Irrigation District
Statements of Changes in Fiduciary Net Position of the Retirement Plan
For the 12 Months Ending June 30, 2025 and 2024

<i>(dollars in thousands)</i>	2025	2024
ADDITIONS		
Contributions		
Employer	\$ 11,587	\$ 13,264
Participants	3,256	2,817
Total contributions	14,843	16,081
Investment income (loss)		
Net appreciation in fair value of investments	35,551	34,231
Interest income	4,162	3,521
Dividend income	7,708	8,313
Other investment income	35	25
Investment expense	(982)	(895)
Net investment income	46,474	45,195
Total additions, net of investment income	61,317	61,276
DEDUCTIONS		
Benefits paid to participants and beneficiaries	25,239	23,331
Administrative expenses	411	525
Total deductions	25,650	23,856
NET INCREASE IN FIDUCIARY NET POSITION	35,667	37,420
FIDUCIARY NET POSITION RESTRICTED FOR PENSIONS		
Beginning of year	430,087	392,667
End of year	\$ 465,754	\$ 430,087

See accompanying notes.

Turlock Irrigation District
(dollars in thousands)
Notes to Consolidated Financial Statements

Note 1 – Organization, Description of Business

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

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

Note 2 – Summary of Significant Accounting Policies

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

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

Component units – The Walnut Energy Center Authority (WECA) owns and operates a 250 MW natural gas fueled generation facility, which commenced commercial operations in 2006. The Tuolumne Wind Project Authority (TWPA) owns a membership interest in a 136.6 MW wind farm, consisting of 62 wind-turbine generators located in Klickitat County, Washington. All of the output from both facilities is sold to TID through power purchase agreements. The Central Valley Energy Authority's (CVEA) primary purpose is to prepay for natural gas to sell the natural gas to TID for a 30-year period.

Although WECA, TWPA, and CVEA 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. WECA, TWPA, and CVEA have no employees. The assets of TWPA were sold in April 2025 and TWPA ceased operations (see Note 3).

Turlock Irrigation District
(dollars in thousands)
Notes to Consolidated Financial Statements

Accordingly, all operations of WECA, TWPA, and CVEA 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 consolidated financial statements in accordance with GAAP. Copies of the WECA, and CVEA stand-alone annual financial reports may be obtained from TID's executive office at 333 East Canal Drive, Turlock, California 95381.

Fiduciary fund – TID has a fiduciary responsibility for a defined benefit pension plan, the Amended and Restated Retirement Plan for Employees and Elective Officer of Turlock Irrigation District (the "Retirement Plan"). The financial activities of the Retirement Plan are included in the consolidated financial statements as the 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, 2025 and 2024, the Retirement Plans fiscal year ends.

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

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

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

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

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, 2025 and 2024, TID had net loss totaling \$151,122 and \$93, respectively, from retirements and disposals that were previously classified as utility plant.

Turlock Irrigation District
(dollars in thousands)
Notes to Consolidated Financial Statements

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 2025 and 2024.

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 Statement No. 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 through the State's auction program. The cost of the emission allowances purchased is included in depreciable utility plant. Entities subject to the cap and trade program surrender allowances and offsets equal to their emissions at the end of each compliance period; therefore, TID is amortizing the purchased emission allowances based on District emissions as incurred for wholesale power sales and the amortization expense is included as a component of depreciation expense on the consolidated statements of revenues, expenses, and changes in net position.

Amortization expense totaled \$5,967 and \$8,050 for the years ended December 31, 2025 and 2024, respectively.

Turlock Irrigation District
(dollars in thousands)
Notes to Consolidated Financial Statements

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 2025 and 2024 totaled \$2,879 and \$2,311, respectively. Depletion expense, which is included as a component of depreciation and amortization expense in the accompanying consolidated statements of revenues, expenses, and changes in net position, totaled \$1,622 and \$665 for the years ended December 31, 2025 and 2024, respectively.

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

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 TID on the consolidated statements of revenue, expenses, and changes in net position (see Note 4).

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

Turlock Irrigation District
(dollars in thousands)
Notes to Consolidated Financial Statements

Investments – Investments are reported at their fair market value, in accordance with GASB issued Statement No. 72, *Fair Value Measurement and Application*, except for guaranteed investment contracts (GICs) which are reported at cost. Premiums and discounts on investments are amortized using the effective interest rate method. TID defers unrealized holding gains and losses on its investments until such investments mature or are sold which is consistent with TID's rate setting process. Realized gains and losses are included in net investment income in the accompanying consolidated 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 United States (U.S.) government securities and related instruments with maturities no later than the expected date of the use of such funds.

Participation in 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 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, 2025 and 2024, the allowance for doubtful accounts totaled \$900 and \$1,000, respectively. TID records bad debt expense as a reduction of revenue in the consolidated statements of revenues, expenses, and changes in net position. During 2025 and 2024, TID had \$451 and \$469 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, 2025 and 2024.

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

For lessor contracts, lease receivables and deferred inflows of resources are reported at present value using TID's incremental borrowing rate on the 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 revenue, expenses, and change in net position (see Note 5).

Turlock Irrigation District
(dollars in thousands)
Notes to Consolidated Financial Statements

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 statement of revenue, expenses, and change in net position (see Note 5).

Regulatory assets and credits – TID's Board has the authority to establish the level of rates charged for all District services. As a regulated entity, TID's consolidated 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 consolidated 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, 2025 and 2024, the total estimated liability for vacation, sick, and other compensated absences was \$7,976 and \$7,768, respectively, and is included in accrued salaries, wages, and related benefits in the accompanying consolidated statements of net position.

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

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

The accompanying consolidated 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, 2025 and 2024, TID's estimated self-insurance liability for its workers' compensation claims totaled \$2,229 and \$1,931, 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.

Turlock Irrigation District
(dollars in thousands)
Notes to Consolidated Financial Statements

Credit and market risk – TID enters into forward purchase and sales commitments for physical delivery of gas and electricity with utilities and power marketers. TID is exposed to credit risk related to nonperformance by its wholesale counterparties under the terms of these contractual agreements. In order to limit the risk of counterparty default, TID has a wholesale counterparty risk policy which includes using the credit agency ratings of TID’s counterparties and other credit services, credit enhancements for counterparties that do not meet an acceptable risk level, and the use of standardized agreements that allow for the netting of positive and negative exposures associated with a single counterparty. TID is also subject to similar requirements for many of its gas and power purchase agreements. TID uses a combination of cash and securities to satisfy its collateral requirements to counterparties. At December 31, 2025 and 2024, TID had \$700 and \$0, 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, 2025 and 2024, 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* (GASB 53), which establishes accounting and financial reporting standards for the recognition, measurement, and disclosure of information regarding derivative instruments entered into by state and local governments (Note 12).

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 consolidated statements of net position. Normal purchases and sales contracts are for the purchase or sale of a commodity, such as natural gas or electricity, to be used in the normal course of operations, provided that it is probable TID will take or make delivery of the commodity specified in the derivative instrument. Changes in the fair value of derivatives that do not meet the requirements of an effective hedge transaction are included in nonoperating revenues and expenses as a derivative gain (loss). Changes in the fair value of derivatives which are effective hedges are deferred on the 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 12 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.

Turlock Irrigation District
(dollars in thousands)
Notes to Consolidated Financial Statements

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. The Retirement Plan has a plan year end of June 30, which differs from TID's fiscal year end of December 31. TID accounts for the Retirement Plan in accordance with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, an amendment to GASB Statement No. 27, as amended by GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date* (GASB 68). This statement establishes standards for measuring and recognizing liabilities, deferred outflows and deferred inflows of resources, and expenses. For defined benefit plans, this statement identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service.

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

TID's OPEB liability (asset) at December 31, 2025, is based upon a valuation date of June 30, 2025.

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

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

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

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

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

Turlock Irrigation District
(dollars in thousands)
Notes to Consolidated Financial Statements

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

	2025	2024
Rate stabilization	\$ 34,076	\$ 34,076
Capital improvements	7,791	7,791
	\$ 41,867	\$ 41,867

Other operating income – TID classifies CVEA gas sales to members and gas swap settlement revenues as other operating income, with remaining components consisting of various miscellaneous revenue items, which are individually immaterial.

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

Additionally, any changes in the power supply adjustment (Note 11) balance, resulting in a regulatory asset increasing or decreasing are recorded as additions or reductions to purchased power expense and any changes resulting in a regulatory credit increasing or decreasing are recorded as additions or reductions to retail revenues. When the power supply adjustment balance changes from a regulatory credit to a regulatory asset or from a regulatory asset to a regulatory credit from one year to the next, a change to both purchased power expense and a change to retail revenues will be reflected in the consolidated statements of revenues, expenses, and changes in net position. For the year ended December 31, 2025, the power supply adjustment balance decreased resulting in a decrease to purchased power expense of \$1,416, for the year ended December 31, 2024, the power supply adjustment balance increased resulting in a decrease to retail revenues of \$16,051.

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 estimate outlays and whether to remeasure the ARO. The deferred outflows of resources are reduced and recognized as outflows of resources in a systematic and rational matter over the estimated useful life of the tangible capital asset.

Turlock Irrigation District
(dollars in thousands)
Notes to Consolidated Financial Statements

California greenhouse gas legislation – California Assembly Bill 32 (AB 32) was passed by California lawmakers in 2006 and established the requirement for California to reduce greenhouse gas (GHG) emissions to 1990 levels by 2020, as well as provided the legal basis for the California Air Resources Board to create a “market-based mechanism” to reduce GHG. California Senate Bill 32 (SB 32) was passed in 2016, updating the California’s GHG reduction target to 40% below 1990 levels by 2030. And in 2018 California Senate Bill 100 (SB 100) was passed, establishing the policy that California must serve 100% of retail electricity sales with eligible renewable resources and zero-carbon resources by December 31, 2045. The bill also set interim renewable electricity targets, with the culmination of 60% of retail sales being from eligible renewable resources by December 31, 2030, and for every compliance period afterwards. Under the authority of AB 32, the California Air Resources Board also established the Cap & Trade Program (now called Cap & Invest), with the regulation passing in 2011 and the program launching in 2013. Under the Cap & Trade program compliance entities are required to submit allowances to cover their emissions, but various mechanisms allow entities to trade amongst each other as an incentive to reduce emissions. The Cap & Trade program includes an enforceable emissions cap that will decline over time, with entities who lower their emissions free to sell excess allowances to others to generate funds which can be used on projects or initiatives that further reduce emissions. The State distributes free allowances to certain entities under the program (for example electric utilities like TID), 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 Cap & Trade program has been extended to 2045 with the passage of Assembly Bill 1207 (AB 1207) and Senate Bill 840 (SB 840) to align with the 2045 net-zero GHG target established by SB 100. The allowances distributed to the District from the State for the District’s retail customers are used in operations. The District has complied with its obligations under the Cap & Trade program since 2013, and intends to continue doing so.

Recent accounting pronouncements – In December 2023, GASB issued Statement No. 102 *Certain Risk Disclosures* (GASB 102), 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 implemented the standard in 2025 with no significant impact.

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.

Turlock Irrigation District
(dollars in thousands)
Notes to Consolidated Financial Statements

In September 2024, GASB issued Statement No. 104, *Disclosure of Certain Capital Assets* (GASB No. 104), to require certain types of capital assets to be disclosed separately in the capital assets note disclosures. Lease assets and intangible right-to-use assets should be disclosed separately by major class of underlying asset in the capital asset note disclosures. Subscription assets should also be separately disclosed. In addition, this statement requires intangible assets other than those three types to be disclosed separately by major class and requires additional disclosures for capital assets held for sale. This statement is effective for TID in 2026. TID is currently assessing the disclosure impact of adopting this statement.

In December 2025, GASB issued Statement No. 105, *Subsequent Events* (GASB No. 105), to enhance the consistency and quality of financial reporting related to subsequent events. Subsequent events are transactions or other events that occur after the date of the financial statements but before the date the financial statements are available to be issued. The statement defines the "date the financial statements are available to be issued" as the date when the financial statements are complete in accordance with GAAP and all necessary approvals for issuance have been obtained. It also clarifies the distinction between recognized and nonrecognized events and requires disclosure of the date through which subsequent events were evaluated. The requirements of this statement are effective for TID in 2027. TID is currently assessing the disclosure impact of adopting this statement

Note 3 – Sale of Assets and Debt Extinguishment

On April 29, 2025, TID completed the sale of TWPA assets to a third party (the Buyer). As part of the purchase and sale agreement, TID utilized proceeds along with debt reserves to defease in full TWPA's outstanding debt. As of the close, the outstanding balance on the TWPA debt was \$213,510, including a make-whole repayment premium of \$16,369 for the Series B bonds outstanding Build America Bonds. This debt, along with all associated security interests in TWPA's assets, was redeemed and extinguished. Upon completion of the sale of the business, all assets and liabilities were eliminated. As a result of the sale of the assets, TID recorded a gain of \$53,058.

Turlock Irrigation District
(dollars in thousands)
Notes to Consolidated Financial Statements

Note 4 – Utility Plant

The summarized activity of TID’s utility plant during 2025 is presented below:

	December 31, 2024	Additions	Transfers	Disposals	December 31, 2025
NONDEPRECIABLE UTILITY PLANT					
Land	\$ 33,300	\$ -	\$ -	\$ -	\$ 33,300
Emission credits	20,187	-	-	-	20,187
Construction in progress	194,188	88,931	(44,720)	-	238,399
Total nondepreciable utility plant	<u>247,675</u>	<u>88,931</u>	<u>(44,720)</u>	<u>-</u>	<u>291,886</u>
DEPRECIABLE UTILITY PLANT					
Generation	1,006,580	-	2,092	(399,000)	609,672
Distribution	480,001	-	20,699	(3,371)	497,329
Transmission	194,088	-	396	-	194,484
General	152,103	-	-	(1,426)	150,677
Future power rights	27,988	-	21,523	-	49,511
Irrigation	139,959	-	10	(472)	139,497
Investment in gas properties	123,885	-	-	-	123,885
Emission allowances	43,803	4,583	-	(2,415)	45,971
Total depreciable utility plant	<u>2,168,407</u>	<u>4,583</u>	<u>44,720</u>	<u>(406,684)</u>	<u>1,811,026</u>
Subscription assets	9,988	-	-	(406)	9,582
Less accumulated depreciation, amortization, and depletion	<u>(1,132,412)</u>	<u>(67,917)</u>	<u>-</u>	<u>255,968</u>	<u>(944,361)</u>
Depreciable utility plant, net	<u>1,045,983</u>	<u>(63,334)</u>	<u>44,720</u>	<u>(151,122)</u>	<u>876,247</u>
Utility plant, net	<u>\$ 1,293,658</u>	<u>\$ 25,597</u>	<u>\$ -</u>	<u>\$ (151,122)</u>	<u>\$ 1,168,133</u>

Turlock Irrigation District
(dollars in thousands)
Notes to Consolidated Financial Statements

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	<u>215,776</u>	<u>109,999</u>	<u>(78,100)</u>	<u>-</u>	<u>247,675</u>
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	<u>2,112,660</u>	<u>5,265</u>	<u>78,100</u>	<u>(27,618)</u>	<u>2,168,407</u>
Subscription assets	7,736	2,252	-	-	9,988
Less accumulated depreciation, amortization, and depletion	<u>(1,092,309)</u>	<u>(67,628)</u>	<u>-</u>	<u>27,525</u>	<u>(1,132,412)</u>
Depreciable utility plant, net	<u>1,028,087</u>	<u>(60,111)</u>	<u>78,100</u>	<u>(93)</u>	<u>1,045,983</u>
Utility plant, net	<u>\$ 1,243,863</u>	<u>\$ 49,888</u>	<u>\$ -</u>	<u>\$ (93)</u>	<u>\$ 1,293,658</u>

Turlock Irrigation District
(dollars in thousands)
Notes to Consolidated Financial Statements

Subscription assets – An SBITA is a contract that conveys control of the right to use another party’s IT software, alone or in combination with tangible assets, as specified in the contract for a period in an exchange or exchange-like transaction. TID’s SBITAs are primarily subscription software used throughout its operations of the District. These right-to-use assets are reported as SBITAs in the disclosure for utility plant. The present value of the corresponding liabilities for the subscription fees are reported as SBITAs in the disclosure for payables and the disclosure for other liabilities. The discount of each liability is amortized over the life of the SBITA. As of December 31, 2025 and 2024, subscription assets were \$9,582 and \$9,988 and accumulated depreciation and amortization associated with subscription assets was \$5,747 and \$4,256, respectively, which is included in utility plant, net. TID recorded SBITA expense of \$1,807 and \$1,540 for the years ended December 31, 2025 and 2024, respectively. As of December 31, 2025 and 2024, subscription obligations included in accounts payable and accrued expenses totaled \$1,586 and \$1,765, respectively, and subscription obligations included in subscription payable totaled \$2,518 and \$4,147, respectively. The following table summarizes the future annual SBITA principal and interest payments as of December 31, 2025:

	Principal	Interest	Total
2026	\$ 1,586	\$ 57	\$ 1,643
2027	1,410	40	1,450
2028	662	24	686
2029	446	12	458
	\$ 4,104	\$ 133	\$ 4,237

Note 5 – Leases

In June 2017, GASB issued Statement No. 87, *Leases*, (GASB 87), to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. The statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. GASB 87 establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under GASB 87, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources.

Turlock Irrigation District
(dollars in thousands)
Notes to Consolidated Financial Statements

Lessee – TID has agreements with nine land owners, the minimum annual payment component meets the definition of a lease under GASB 87 and the minimum lease obligation over the life of the leases has been recorded as a lease obligation and a lease asset as of December 31, 2025. Each agreement is for 20 years beginning in 2009 with two 10-year renewal options on which its turbines are located. The landowners 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%. The assets of TWPA were sold in April 2025 and TWPA ceased operations (see Note 3). For the years ended 2025 and 2024, total expense incurred under the agreement was \$317 and \$1,238, respectively. At December 31, 2025 and 2024, TID had a lease asset included in other assets of \$0 and \$4,980, respectively, and accumulated amortization of \$0 and \$596, respectively. At December 31, 2025 and 2024, lease payable included in current liabilities, accounts payable, and accrued expenses were \$0 and \$102, respectively, and lease payable included in liabilities was \$0 and \$4,587, respectively.

Lessor – In November 2022, TID signed an agreement with a third party, to lease a land site at a TID substation. Under the lease, the third party has exclusive use and occupancy of the site to develop a new generator. The initial term of the agreement runs through December 31, 2027, with an option to extend the agreement for an additional two and a half years ending on June 30, 2030, by the third party. The initial fee is an annual payment of \$2,500, escalating 2% for each subsequent year. The likelihood that the renewal options will be exercised has been evaluated and it has been determined that Lessees will exercise the renewal options with reasonable certainty. The interest rate is estimated to be 5.5%. As a result, TID has a lease receivable of \$10,668 at December 31, 2025, and of \$12,577 at December 31, 2024. 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 11) and no revenue has been recorded for the year ended December 31, 2025. At December 31, 2025 and 2024, deferred inflows were \$10,524 and \$12,629, respectively. At December 31, 2025 and 2024, lease receivable included in current assets, accrued interest, and other receivables were \$2,066 and \$1,910, 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 receivable.

Note 6 – 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 of the California-Oregon Transmission Project (COTP) and other facilities for electric power transmission. TANC develops, operates, and manages these projects. The COTP provides electric transmission between the Pacific Northwest and California. TID's entitlement share of TANC's portion of the COTP and other facilities is 17.4%, representing approximately 237 megawatts (MW) of transmission capacity. TID also has a 7.4% entitlement share of TANC's transmission under the South of Tesla transmission agreements, which provides TID with 22 MW of transmission during normal operating conditions between Tesla and Midway.

Turlock Irrigation District
(dollars in thousands)
Notes to Consolidated Financial Statements

Under the TANC agreements, TID is responsible for TANC’s development, operating and debt service costs on a take-or-pay basis proportionate to its entitlement share. During 2025 and 2024, TID’s total expenses in connection with its TANC agreements, included in purchased power expense, totaled \$4,835 and \$5,724, respectively. At December 31, 2025 and 2024, TID has an affiliate receivable due from TANC of \$19,783 and \$17,414, 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 \$407,174 at 2025. Should other members of TANC default on their obligations to these JPAs, TID would be required to make “step up” payments, up to 25% of its proportionate share, to cover a portion of the defaulted payments and would be entitled to the same proportion of additional transmission.

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

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:

	2025	2024
SUMMARIZED STATEMENTS OF NET POSITION		
Current assets	\$ 37,611	\$ 37,748
Noncurrent assets	136,620	148,127
Total assets	\$ 174,231	\$ 185,875
Current liabilities	\$ 32,458	\$ 31,185
Long-term debt, net of current portion	137,179	149,037
Deferred inflow of resources	4,594	5,653
Total liabilities and deferred inflows	\$ 174,231	\$ 185,875
SUMMARIZED STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION		
Operating revenues	\$ 74,118	\$ 86,984
Operating expenses	(70,380)	(81,611)
Operating income	3,738	5,373
Nonoperating revenues and expenses, net	(3,738)	(5,373)
Changes in net position	\$ -	\$ -

Turlock Irrigation District
(dollars in thousands)
Notes to Consolidated Financial Statements

	2025	2024
SUMMARIZED STATEMENTS OF CASH FLOWS		
Net cash provided by operating activities	\$ 7,483	\$ 11,462
Net cash used in noncapital and related financing activities	(5,859)	(6,704)
Net cash used in capital and related financing activities	(2,870)	(24,546)
Net cash provided by investing activities	4,908	12,478
Net increase (decrease) in cash and cash equivalents	3,662	(7,310)
Beginning of year cash and cash equivalents	9,354	16,664
End of year cash and cash equivalents	\$ 13,016	\$ 9,354

Tuolumne Wind Project Authority – TID and WECA formed TWPA for the principal purpose of acquiring and operating wind farm assets. As discussed in Note 3, TWPA was sold in April 2025; accordingly, the 2025 financial information presented reflects activity through the date of sale. 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:

	2025	2024
SUMMARIZED STATEMENTS OF NET POSITION		
Current assets	\$ -	\$ 41,296
Noncurrent assets	-	215,435
Deferred outflow of resources	-	8,580
Total assets and deferred outflows	\$ -	\$ 265,311
Current liabilities	\$ -	\$ 25,422
Noncurrent liabilities	-	22,293
Long-term debt, net of current portion	-	217,596
Total liabilities	\$ -	\$ 265,311

	2025	2024
SUMMARIZED STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION		
Operating revenues	\$ 7,797	\$ 23,467
Operating expenses	(5,081)	(14,748)
Operating income	2,716	8,719
Nonoperating revenues and expenses, net	(2,716)	(8,719)
Changes in net position	\$ -	\$ -

Turlock Irrigation District
(dollars in thousands)
Notes to Consolidated Financial Statements

	2025	2024
SUMMARIZED STATEMENTS OF CASH FLOWS		
Net cash provided by operating activities	\$ 7,181	\$ 9,183
Net cash used in capital and related financing activities	(50,254)	(10,975)
Net cash provided by investing activities	4,222	9,386
Net (decrease) increase in cash and cash equivalents	(38,851)	7,594
Beginning of year cash and cash equivalents	38,851	31,257
End of year cash and cash equivalents	\$ -	\$ 38,851

Central Valley Energy Authority – TID and WECA formed CVEA for the primary purpose to prepay for natural gas and to sell the natural gas to TID. 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 CVEA commodity supply 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 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. CVEA is reported as a component unit of TID. All operations of CVEA are consolidated into TID’s financial statements. CVEA’s financial information is summarized as follows:

	2025
SUMMARIZED STATEMENT OF NET POSITION	
Current assets	\$ 97,099
Noncurrent assets	931,658
Total assets	\$ 1,028,757
Current liabilities	\$ 20,503
Long-term debt, net of current portion	1,041,191
Net position	(32,937)
Total liabilities and net position	\$ 1,028,757

Turlock Irrigation District
(dollars in thousands)
Notes to Consolidated Financial Statements

	2025
SUMMARIZED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION	
Operating revenues	\$ 30,325
Operating expenses	(15,792)
Operating income	14,533
Nonoperating revenues and expenses, net	(47,470)
Change in net position	\$ (32,937)
	2025
SUMMARIZED STATEMENT OF CASH FLOWS	
Net cash provided by operating activities	\$ 26,225
Net cash provided by noncapital financing activities	39,467
Net cash used in investing activities	(65,514)
Net increase in cash and cash equivalents	178
Beginning of year cash and cash equivalents	-
End of year cash and cash equivalents	\$ 178

Note 7 – Cash, Cash Equivalents, and Investments

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

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

Turlock Irrigation District
(dollars in thousands)
Notes to Consolidated Financial Statements

Credit risk – To mitigate the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment, TID limits investments to those rated, at a minimum, “A1” or equivalent for medium-term notes and “A” for commercial paper by a nationally recognized rating agency, with the exception of the GICs held by CVEA. CVEA’s GICs are rated at the credit rating of the commodity supplier, or, if not rated, the guarantor of the commodity supplier which is currently Goldman Sachs. The following schedule presents the credit risk at December 31, 2025 and 2024. The credit ratings listed are from Standard and Poor’s as of December 31, 2025. NR means not rated.

	Credit Rating	2025	2024
CASH AND CASH EQUIVALENTS			
Deposits	NR	\$ 45,049	\$ 94,698
California Asset Management Program	AAA	43,938	23,342
Money Market Mutual Fund	AAA	22,224	10,317
Local Agency Investment Fund	NR	538	520
		<u>111,749</u>	<u>128,877</u>
SHORT-TERM INVESTMENTS			
Corporate notes	A-, A+	2,163	-
Certificates of deposit	A-1	1,332	-
Asset-backed securities	AAA, NR	-	27
Municipal notes	AA-	1,178	816
U.S. Treasury notes	AA+	1,304	1,541
		<u>5,977</u>	<u>2,384</u>
CASH AND CASH EQUIVALENTS, RESTRICTED FOR LONG-TERM PURPOSES			
Deposits	NR	15	11,401
Time certificate	NR	2,200	2,227
California Asset Management Program	AAA	148	23
		<u>2,363</u>	<u>13,651</u>
SHORT-TERM INVESTMENTS, RESTRICTED FOR LONG-TERM PURPOSES			
Government sponsored enterprises	AA+	-	3,862
		<u>-</u>	<u>3,862</u>
LONG-TERM INVESTMENTS			
Government sponsored enterprises	AA+	39,607	34,270
Certificates of deposit	A+	-	4,161
U.S. Treasury notes	AA+	66,327	79,436
Corporate notes	AA, AA-, A+, A, A-, BBB	45,853	43,576
Asset-backed securities	AAA, NR	24,314	25,662
Municipal notes	AA-, NR	855	1,580
Guaranteed investment contracts	NR	68,111	-
Bank notes	A+	2,243	3,207
		<u>247,310</u>	<u>191,892</u>
		<u>\$ 367,399</u>	<u>\$ 340,666</u>

Turlock Irrigation District
(dollars in thousands)
Notes to Consolidated Financial Statements

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

	2025	2024
GENERAL OPERATING FUNDS		
Operating accounts	\$ 88,375	\$ 94,352
Funds designated for rate stabilization	154,903	154,903
Funds designated for capital improvements	7,791	7,791
	251,069	257,046
RESTRICTED FUNDS		
Reserve funds	24,158	21,288
Debt service funds	89,528	59,711
Water studies	444	394
Letter of credit deposit	2,200	2,227
	116,330	83,620
	\$ 367,399	\$ 340,666

Custodial credit risk – This is the risk that in the event of the failure of a depository financial institution or counterparty to a transaction, TID’s deposits may not be returned or TID will not be able to recover the value of its deposits, investments, or collateral securities that are in the possession of another party. TID does not have a deposit policy for custodial credit risk. At December 31, 2025 and 2024, TID had deposits totaling \$1,441 and \$988, respectively, which are insured by the FDIC. The remaining deposits of \$43,614 and \$107,982 are uncollateralized and uninsured at December 31, 2025 and 2024, respectively. TID’s money market mutual fund is collateralized with shares held by the pledging bank’s trust department, who is acting as TID’s agent. All investments are held in TID’s name. Investments in the LAIF and CAMP at December 31, 2025 and 2024, of \$44,624 and \$23,885, 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 2025 and 2024, the concentrations or risk representing 5% or greater in a single issuer, is 12% and 11% for Freddie Mac Notes, respectively, and 21% in GIC’s at December 31, 2025.

Turlock Irrigation District
(dollars in thousands)
Notes to Consolidated Financial Statements

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, 2025 and 2024, TID has investments with original maturities of greater than 90 days, which are therefore subject to increased interest rate risk. The following schedules indicate the interest rate risk at December 31:

	2025	Weighted Average Maturity (Years)
Investment type		
Corporate notes	\$ 48,016	2.74
Government sponsored enterprises	39,607	3.72
Municipal notes	2,033	1.38
Certificates of deposits	1,332	0.72
Asset-backed securities	24,314	3.72
Bank notes	2,243	2.51
U.S. Treasury notes	67,632	3.14
Total fair value	\$ 185,177	
	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	

At December 31, 2025, the GIC’s had a maturity date of August 1, 2035. 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.

Turlock Irrigation District
(dollars in thousands)
Notes to Consolidated Financial Statements

Note 8 – Prepaid Gas Supply

The prepaid gas supply is presented below for the year ended December 31, 2025:

Prepaid gas supply	\$ 955,965
Less amounts to be recognized within one year	<u>(24,307)</u>
Total prepaid gas supply - noncurrent portion	<u><u>\$ 931,658</u></u>

The following summarizes prepaid gas supply activity for the year ended December 31, 2025:

	January 1, 2025	Additions	Terminations/ Amortization	December 31, 2025
Prepaid gas supply	<u>\$ -</u>	<u>\$ 971,757</u>	<u>\$ (15,792)</u>	<u>\$ 955,965</u>

The prepaid gas supply is the discounted net present value of the fixed monthly natural gas prices per million British Thermal Units (MMBtu) as specified in, and over the remaining term of, the Prepaid Agreement.

Turlock Irrigation District
(dollars in thousands)
Notes to Consolidated Financial Statements

Note 9 – Long-Term Debt

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

	2025	2024
Recourse debt		
Revenue bonds, fixed interest rates of 5.0%, maturing through 2046	\$ 330,070	\$ 346,565
WECA revenue bonds, fixed interest rates of 5.0% to 6.2%, maturing through 2037	132,320	137,990
TWPA revenue bonds, fixed interest rates of 5.0% to 6.9%, maturing through 2034	-	231,575
Total recourse debt	462,390	716,130
Non-recourse debt		
CVEA Commodity Supply revenue bonds, fixed interest rates of 5.0%, maturing through 2055	984,120	-
Total non-recourse debt	984,120	-
Total long-term debt outstanding	1,446,510	716,130
Less		
Current portion	(27,450)	(40,230)
Unamortized premiums and discounts, net	119,199	74,060
Total long-term debt, net	\$ 1,538,259	\$ 749,960

Issuance – CVEA issued \$984,120 of Commodity Supply Revenue Bonds, Series 2025 in January 2025 maturing in December 2055, with mandatory tender purchase in August 2035. The Commodity Supply Revenue Bonds, Series 2025 have fixed interest rates of 5.0%. The proceeds of the offering were used to finance the prepayment of a 30-year commodity contract. As discussed in Note 6, CVEA is obligated to pay the debt service on the bonds. TID’s obligation is limited to the purchase and payment for the commodity tendered for delivery by CVEA. CVEA can terminate the prepaid commodity 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.

Debt defeasance – In April 2025, upon the Sale of TWPA assets (Note 3) as part of the purchase and sale agreement, proceeds from the Buyer along with debt reserves from TID of \$26,088 were placed in a trust to provide redemption in full its outstanding debt. As of the close, the outstanding balance on the debt was \$213,510, including a repayment make whole premium of \$16,369 for the Series B bonds outstanding Build America Bonds. Accordingly, the liability for the defeased bonds has been removed from long-term debt in the consolidated statements of net position.

Turlock Irrigation District
(dollars in thousands)
Notes to Consolidated Financial Statements

Refunding – In July 2024, TID issued revenue refunding bonds, Series 2024 A, 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, 2025 and 2024, TID received \$1,142 and \$3,492 in this federal subsidy, respectively, which is included in other income on the consolidated statements of revenues, expenses, and changes in net position. As noted previously the outstanding Build America Bonds were defeased in April 2025.

The summarized activity of TID's long-term debt during 2025 and 2024 is presented below:

	December 31, 2024	Additions	Payments and Amortization	December 31, 2025	Amounts Due Within One Year
Revenue bonds	\$ 716,130	-	(253,740)	462,390	\$ 27,450
Commodity Supply revenue bonds	-	984,120	-	984,120	-
	716,130	984,120	(253,740)	1,446,510	<u>\$ 27,450</u>
Less					
Unamortized premiums	74,060	59,520	(14,381)	119,199	
Total long-term debt, net	<u>\$ 790,191</u>	<u>\$ 1,043,640</u>	<u>\$ (268,121)</u>	<u>\$ 1,565,709</u>	
	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	<u>\$ 40,230</u>
Less					
Unamortized premiums	83,023	7,225	(16,188)	74,060	
Total long-term debt, net	<u>\$ 862,318</u>	<u>\$ 76,310</u>	<u>\$ (148,438)</u>	<u>\$ 790,190</u>	

Turlock Irrigation District
(dollars in thousands)
Notes to Consolidated Financial Statements

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.

The revenue stream to pay CVEA bonds' debt service is provided by a "take-and-pay" purchase agreement. Therefore, principal and interest associated with these bonds are paid solely from the revenues and receipts collected in connection with the operation of the project. Most operating revenues earned by CVEA are collected from TID in connection with the sale of gas or electricity to TID. The ability for CVEA to service debt is dependent on various parties (particularly J. Aron, as gas supplier for CVEA) meeting their contractual obligations.

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 \$118,405, \$194,435, and \$984,120 may be subject to redemption during 2027, 2031, and 2035, respectively, by TID without a premium or discount. Fixed rate revenue bonds totaling \$17,495 may be subject to redemption by TID at any interest date with a make whole premium.

TID's scheduled future annual principal maturities and interest are as follows at December 31, 2025:

	Principal	Interest	Total
2026	\$ 27,450	\$ 71,112	\$ 98,562
2027	24,800	69,813	94,613
2028	26,015	68,449	94,464
2029	28,565	66,984	95,549
2030	29,930	65,488	95,418
2031-2035	171,175	303,470	474,645
2036-2040	275,765	251,017	526,782
2041-2045	255,480	187,366	442,846
2046-2050	268,895	125,571	394,466
2051-2055	338,435	52,436	390,871
	<u>\$ 1,446,510</u>	<u>\$ 1,261,706</u>	<u>\$ 2,708,216</u>

Interest in the preceding table includes interest requirements for the CVEA bonds at current fixed rate coupon of 5.0% until mandatory remarketing date on August 1, 2035, and an assumed 5.0% fixed rate after mandatory remarketing. Principal in the preceding table includes known principal payments until the mandatory remarketing date on the CVEA bonds and the amortization schedule after the mandatory remarketing date.

Turlock Irrigation District
(dollars in thousands)
Notes to Consolidated Financial Statements

Note 10 – Commercial Paper

TID utilizes two commercial paper programs. One is for various financing needs up to \$125,000, primarily for financing capital expenditures. On December 31, 2025, there was no balance outstanding. A letter of credit of \$136,096 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 2028. The counterparty to the letter of credit is a national bank whose credit rating is A+ Stable (Standard & Poor's).

The other commercial paper program, which is 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, 2025 and 2024, the balance outstanding was \$19,555 and \$21,891, respectively, under this commercial paper program, of which \$4,556 and \$4,560 was taxable at December 31, 2025 and 2024, respectively. The effective interest rate for the commercial paper outstanding at December 31, 2025 and 2024, was 2.91% and 3.30%, respectively, and the average term was 42 days and 64 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 2028. 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 2025 and 2024 is presented below:

	<u>2025</u>	<u>2024</u>
BALANCES, beginning of year	\$ 21,891	\$ 23,581
Additions	-	-
Payments	<u>(2,336)</u>	<u>(1,690)</u>
BALANCES, end of year	<u>\$ 19,555</u>	<u>\$ 21,891</u>

Turlock Irrigation District
(dollars in thousands)
Notes to Consolidated Financial Statements

Note 11 – 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:

	2025	2024
Debt issuance costs	\$ 9,419	\$ 4,680
Pension costs	26,900	29,590
Deferred pension expense	4,738	2,900
Power supply adjustment	1,416	-
Unrealized loss on investments	-	2,025
	\$ 42,473	\$ 39,195

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

	2025	2024
Electric rate stabilization	\$ 120,827	\$ 120,827
Deferred OPEB expense	6,864	5,185
Deferred auction sales	11,999	12,000
Deferred lease revenue	7,795	5,000
Unrealized loss on investments	1,898	-
	\$ 149,383	\$ 143,012

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 – 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.

Turlock Irrigation District
(dollars in thousands)
Notes to Consolidated Financial Statements

Power supply adjustment – TID’s rate schedule power supply adjustment (PSA) billing factor provides for an adjustment to the kilowatt-hour (KWh) portion of customer bills to reflect variations in the variable cost of power supply, which comprises purchased power, fuel used for generation of electric energy and gas field costs including related capital costs, reduced by revenue from wholesale sales of gas and energy to other entities. The PSA rate is reset semi-annually in June and December. The Board has limited reset amounts to (\$0.005) to \$0.01 per KWh. A balancing account is maintained in an amount by which the energy revenue 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 2025, \$1,416 was added to the deferred power supply regulatory asset account.

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

Regulatory credits

Electric rate stabilization – These amounts are recognized as increases in income in future periods based on a rate program approved by the Board which releases rate stabilization amounts under identified circumstances. During 2025, the Board elected to transfer \$28,196 from the deferred power supply regulatory account to the electric rate deferred regulatory account. During 2025 and 2024, the Board elected to utilize \$0 and \$13,900 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 semi-annually in June and December. The Board has limited reset amounts to (\$0.005) to \$0.01 per KWh. A balancing account is maintained in an amount by which the energy revenues collected from retail customers are less than (or more than) the actual cost of power supply. Excesses or (deficiencies) in the balancing account are managed by increasing (or decreasing) the PSA billing factor. During 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 2025 and 2024, \$0 and \$16,051 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 at December 31, 2025 and 2024.

Pension/OPEB – 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

Turlock Irrigation District
(dollars in thousands)
Notes to Consolidated Financial Statements

Deferred lease revenue – TID signed an agreement with a third party (see the deferral of lease revenue in Note 5), to lease a land site at a TID substation. 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 \$7,795 and \$5,000 at December 31, 2025 and 2024, respectively.

Unrealized gain 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.

Note 12 – 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:

	2025	2024
Derivative financial instrument assets		
Gas related contracts	\$ 4,410	\$ 3,498
Less current portion	(4,136)	(3,009)
	\$ 274	\$ 489
Derivative financial instrument liabilities		
Gas related contracts	\$ 6,256	\$ 4,475
Less current portion	(5,602)	(4,475)
	\$ 654	\$ -

Turlock Irrigation District
(dollars in thousands)
Notes to Consolidated Financial Statements

Note 13 – Fair Value Measurements

GASB 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). 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 which 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.

Turlock Irrigation District
(dollars in thousands)
Notes to Consolidated Financial Statements

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

The following table identifies the level within the fair value hierarchy that TID’s financial assets and liabilities were accounted for on a recurring basis as of December 31, 2025 and 2024, respectively. As required by GASB 72, financial assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. TID’s assessment of the significance of a particular input to the fair value measurement requires judgment and may affect the valuation of the fair value of liabilities and their placement within the fair value hierarchy levels.

	Fair Value as of December 31, 2024		
	Level 1	Level 2	Total
Investments, including cash and cash equivalents			
CAMP, measured at net asset value	\$ -	\$ -	\$ 23,365
Local Agency Investment Fund	-	520	520
U.S. Treasury Notes	80,226	-	80,226
Government sponsored enterprises	-	38,148	38,148
Corporate notes	-	43,578	43,578
Municipal notes	-	2,396	2,396
Certificates of deposit	-	4,161	4,161
Asset-backed securities	-	25,689	25,689
Bank Note	-	3,207	3,207
	<hr/>	<hr/>	<hr/>
Total investments, including cash equivalents	<u>\$ 80,226</u>	<u>\$ 117,699</u>	<u>\$ 221,290</u>

Turlock Irrigation District
(dollars in thousands)
Notes to Consolidated Financial Statements

	Fair Value as of December 31, 2024		
	Level 1	Level 2	Total
Investments, including cash and cash equivalents			
CAMP, measured at net asset value	\$ -	\$ -	\$ 23,365
Local Agency Investment Fund	-	520	520
U.S. Treasury Notes	80,226	-	80,226
Government sponsored enterprises	-	38,148	38,148
Corporate notes	-	43,578	43,578
Municipal notes	-	2,396	2,396
Certificates of deposit	-	4,161	4,161
Asset-backed securities	-	25,689	25,689
Bank Note	-	3,207	3,207
Total investments, including cash equivalents	\$ 80,226	\$ 117,699	\$ 221,290

Note 14 – Fiduciary Fund Retirement Plan

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

TID, through the action of its Board, may amend or establish Retirement Plan provisions. The Board has appointed third parties to carry out substantially all administrative responsibilities, including custody of the Retirement Plan assets and as a result, excludes the pension trust funds from these consolidated 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.

Turlock Irrigation District
(dollars in thousands)
Notes to Consolidated Financial Statements

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

Funding policy – To participate in the Retirement Plan, employees who are not members of a bargaining unit and are eligible for the Retirement Plan are required to contribute 4.25% of their earnings and employees who are members of a bargaining unit are required to contribute 5.25% of their earnings. Employees hired or that become eligible after January 1, 2013 are required to contribute 50% of the normal cost rate of the plan rounded to the nearest quarter of 1% as actuarially determined annually. However, the contribution rate will only adjust when the normal cost rate of the plan increases or decreases by more than 1% of payroll. For December 31, 2025 and 2024, the contribution rate for employees hired or that became eligible after January 1, 2013, was 6.75% and 6.75%, respectively. Under the Retirement Plan provisions established by the Board, the Retirement Plan is to be funded in amounts equal to the normal costs of the Retirement Plan, plus an amortization of the past service liability. Contributions made by the employees vest immediately. Contributions made by TID are fully vested after five years of participation. For the years ended December 31, 2025 and 2024, TID made contributions of \$15.0 million and \$12.9 million, which includes \$3.1 million and \$2.9 million of employee contributions, respectively.

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

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

Custodial credit risk – This is the risk that, in the event of the failure of a depository financial institution or counterparty to a transaction, the Retirement Plan’s deposits may not be returned or the Retirement Plan will not be able to recover the value of its deposits, investments or collateral securities that are in the possession of another party. The Retirement Plan does not have a deposit policy for custodial credit risk. At the Retirement Plan’s fiscal year-end of June 30, 2025, and June 30, 2024, the Retirement Plan held no cash and cash equivalents collateralized with securities held by the pledging bank’s trust department.

Turlock Irrigation District
(dollars in thousands)
Notes to Consolidated Financial Statements

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, 2025 and 2024, are summarized as follows:

		June 30,	
		2025	2024
Non-participant directed investments greater than 5% of the Plan’s fiduciary net position:			
DFA International Core Equity Portfolio	International stocks and mutual funds	\$ 39,608	\$ 32,633
DFA Emerging Markets Core Equity Portfolio	International stocks and mutual funds	26,953	23,827
DFA US L/C Value Portfolio	Domestic stocks and mutual funds	45,178	43,765
Vanguard Institutional Index Fund	Domestic stocks and mutual funds	51,079	46,784
		162,818	147,009
Aggregate of non-participant directed investments less than five percent of the Plan’s fiduciary net position			
		294,037	272,421
		\$ 456,855	\$ 419,430

Foreign currency risk – The Retirement Plan’s exposure to foreign currency risk derives from its positions in foreign currency–denominated securities. The Retirement Plan’s investment policy permits its investment managers to invest up to 10 percent of the total investments under their management in foreign currency-denominated investments. At the Retirement Plan’s fiscal year-ends June 30, 2025 and 2024, the Retirement Plan held no investments in foreign currency denominations.

Money weighted rate of return – For the fiscal years ended June 30, 2025 and 2024, the annual money-weighted rate of return on retirement plan investments, net of investment expense, was 11.44% and 11.67%, respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Turlock Irrigation District
(dollars in thousands)
Notes to Consolidated Financial Statements

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, 2025 and 2024, the Retirement Plan had the following investments with maturities:

Investment Type	Fair Value	Investment Maturities (in Years) at June 30, 2025			
		Less than 1	1 to 5	6 to 10	More than 10
U.S. Government Treasuries & Agency Securities	\$ 50,345	\$ 1,042	\$ 6,471	\$ 1,975	\$ 40,857
Domestic Fixed Income Securities	68,461	30,983	16,062	6,382	15,034
Municipal Obligations	544	-	-	-	544
Stocks & Mutual Funds	281,059	281,059	-	-	-
Other Investment	35,304	35,304	-	-	-
International Obligations	21,142	20,233	168	-	741
Total	<u>\$ 456,855</u>	<u>\$ 368,621</u>	<u>\$ 22,701</u>	<u>\$ 8,357</u>	<u>\$ 57,176</u>

Investment Type	Fair Value	Investment Maturities (in Years) at June 30, 2024			
		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	<u>\$ 419,430</u>	<u>\$ 334,922</u>	<u>\$ 20,509</u>	<u>\$ 12,591</u>	<u>\$ 51,408</u>

Employees covered by benefit terms – At December 31, 2025, the number of employees covered by the Retirement Plan was:

Inactive employees or beneficiaries currently receiving benefit payments	493
Inactive employees entitled to but not yet receiving benefit payments	111
Active employees	419
	<u>1,023</u>

Net pension liability – TID’s net pension liability was measured as of December 31, 2025, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation date of January 1, 2025, rolled forward on an actuarial basis.

Turlock Irrigation District
(dollars in thousands)
Notes to Consolidated Financial Statements

Actuarial assumptions – The actuarial methods and assumptions used for the December 31, 2025, 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 2.0% to 3.0%;
- Inflation of 2.25%; and
- Salary increases projected on a sliding schedule based on years of service, ranging from 6.25% down to 2.50%.

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 U.S. population mortality study than the Public Plan Study.

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

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

Turlock Irrigation District
(dollars in thousands)
Notes to Consolidated Financial Statements

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, 2025, are summarized in the following table:

Major asset classes	Target Allocation	Long-term Expected Real Rate of Return
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	<u>100.0%</u>	

Changes in net pension liability – The changes in TID's net pension liability for the year ended December 31, 2025, are as follows:

	Total Pension Liability (a)	Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
BALANCES, January 1, 2025	\$ 472,023	\$ 432,907	\$ 43,593
Changes for the year			
Service cost	8,991	-	8,991
Interest cost	32,769	-	32,769
Difference between expected and actual experience	2,947	-	2,947
Change of assumption	15,660	-	15,660
Contributions – employer	-	11,914	(11,914)
Contributions – employee	-	3,079	(3,079)
Benefit payments	(25,762)	(25,762)	-
Investment income	-	66,200	(66,200)
Administrative expenses	-	(499)	499
Other changes	-	2	(2)
Net changes	<u>34,605</u>	<u>54,934</u>	<u>(20,329)</u>
BALANCES, December 31, 2025	<u>\$ 506,628</u>	<u>\$ 487,841</u>	<u>\$ 18,787</u>

Turlock Irrigation District
(dollars in thousands)
Notes to Consolidated Financial Statements

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

	Total Pension Liability (a)	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	<u>\$ 472,023</u>	<u>\$ 432,907</u>	<u>\$ 39,116</u>

Since the measurement date of December 31, 2024, 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, 2025, calculated using the discount rate of 7.00%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00%) or 1-percentage-point higher (8.00%) than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Net pension liability (asset)	\$ 87,008	\$ 18,787	\$ (37,614)

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.

Turlock Irrigation District
(dollars in thousands)
Notes to Consolidated Financial Statements

Pension expense and deferred outflows of resources and deferred inflows of resources related to pensions – For the years ended December 31, 2025 and 2024, TID recognized pension expense of \$14.6 million and \$12.7 million, respectively.

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

	December 31, 2025	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Summarized statement of net position		
Differences between expected and actual experience	\$ 5,793	\$ (802)
Changes of assumptions	13,110	(526)
Net difference between projected and actual earnings on pension plan investments	-	(27,821)
Total	\$ 18,903	\$ (29,149)

	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)

The balances as of December 31, 2025, of the deferred outflows/(inflows) of resources will be recognized in pension expense for each of the years ending December 31, as follows:

2026	\$ 7,104
2027	(9,588)
2028	(4,279)
2029	(3,483)
2030	-
	\$ (10,246)

Turlock Irrigation District
(dollars in thousands)
Notes to Consolidated Financial Statements

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 15 – Other Post-Employment Benefits

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

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

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

Employees covered by benefit terms – At June 30, 2025, the number of employees covered by the Health Plan was:

Retiree participants	101
Active employees	470
	571

Net OPEB asset – TID’s net OPEB asset as of December 31, 2025, was measured as of June 30, 2025, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation date of June 30, 2025, rolled forward on an actuarial basis.

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

Turlock Irrigation District
(dollars in thousands)
Notes to Consolidated Financial Statements

Employer contributions were \$0 and 621 for the years ended December 31, 2025 and 2024, respectively. Total covered-employee payroll and contributions as a percentage of covered-employee payroll was \$50,471 and 0.0% and \$51,681 and 1.2% for the years ended December 31, 2025 and 2024, 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, payroll growth of 2.25% per year plus merit increases based on the District's 2024 Experience Study, in aggregate. Additionally, actual health premiums were used with an annual healthcare cost trend rate of 8.00% beginning in 2026, reducing annually 0.25% to an ultimate rate of 4.5% for Pre-65 and of 6.50% reducing annually 0.25% to an ultimate rate of 4.5% Post-65. Assets of the Health Plan, as of the latest actuarial report, were valued on a market value basis. Future gains and losses may be averaged over five years subject to certain restrictions.

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 2024, 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%	

Turlock Irrigation District
(dollars in thousands)
Notes to Consolidated Financial Statements

Changes in net OPEB asset – The changes in TID’s net OPEB asset for the year ended December 31, 2025, are as follows:

	Total OPEB Liability (a)	Fiduciary Net Position (b)	Net OPEB Liability (Asset) (a)-(b)
BALANCES, January 1, 2025	\$ 20,741	\$ 28,115	\$ (7,374)
Changes for the year			
Service cost	1,047	-	1,047
Interest cost	1,327	-	1,327
Contributions – employer	-	-	-
Benefit payments	(2,139)	(2,139)	-
Investment income	-	3,459	(3,459)
Administrative expenses	-	(8)	8
Difference between expected and actual experience	2,693	-	2,693
Change of assumption	1,346	-	1,346
Net changes	4,274	1,312	2,962
BALANCES, December 31, 2025	<u>\$ 25,015</u>	<u>\$ 29,427</u>	<u>\$ (4,412)</u>

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

	Total OPEB Liability (a)	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	<u>\$ 20,741</u>	<u>\$ 28,115</u>	<u>\$ (7,374)</u>

Turlock Irrigation District
(dollars in thousands)
Notes to Consolidated Financial Statements

Sensitivity of the net OPEB asset to changes in the discount rate – The following presents the net OPEB asset as of December 31, 2025, 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 1-percentage-point lower (5.40%) or 1-percentage-point higher (7.40%) than the current rate:

	1% Decrease (5.40%)	Current Discount Rate (6.40%)	1% Increase (7.40%)
Net OPEB liability (asset)	\$ (2,536)	\$ (4,411)	\$ (6,146)

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

	Current Healthcare Cost Trend Rates		
	1% Decrease (5.75%HMO/5.75%PPO decreasing to 3.50%HMO/3.50%PPO)	(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	\$ (6,745)	\$ (4,411)	\$ (1,707)

OPEB expense and deferred outflows of resources and deferred inflows of resources related to OPEB – For the years ended December 31, 2025 and 2024, TID recognized OPEB expense of \$0.6 million and \$0.7 million, respectively.

Turlock Irrigation District
(dollars in thousands)
Notes to Consolidated Financial Statements

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

	December 31, 2025	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Summarized statement of net position		
Differences between expected and actual experience	\$ 4,086	\$ (1,081)
Changes of assumptions	2,334	(3,236)
Net difference between projected and actual earnings on OPEB plan investments	99	-
Contribution made subsequent to the measurement date	996	N/A
Total	\$ 7,515	\$ (4,317)

	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)

The balances as of December 31, 2025, of the deferred outflows/(inflows) of resources will be recognized in OPEB expense for each of the years ending December 31, as follows:

2026	\$ 556
2027	(459)
2028	(419)
2029	(138)
2030	213
Thereafter	1,304
	\$ 1,057

Turlock Irrigation District
(dollars in thousands)
Notes to Consolidated Financial Statements

Note 16 – Asset Retirement Obligations

TID previously recognized an asset retirement obligation related to the decommissioning plan approved by Klickitat County, Washington, for TWPA. The obligation was measured using a third-party estimate of current-value decommissioning costs, and the related deferred outflow of resources was amortized over the remaining useful life of the Project. Concurrent with the sale of the assets (see Note 3), TID was relieved of its legal obligation under the decommissioning plan. Accordingly, no related asset retirement obligation liability of deferred outflow of resources remained at December 31, 2025. At December 31, 2024, the related liability and deferred outflow of resources were \$17,827 and \$6,586, respectively. During the years ended December 31, 2025 and 2024, TID recognized \$446 and \$1,326, respectively, of expense related to the asset retirement obligation.

Note 17 – 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 for the provision of certain control room services. Transmission service and ancillary services provided by TID are addressed by a separate Interconnection and Transmission Agreement. Either party may terminate the agreement on two-year's notice effective on an anniversary date not before 2021. Sales and services provided under the agreements totaled \$41,308 and \$33,595 in 2025 and 2024, 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 \$2,045 and \$2,300 in 2025 and 2024, respectively, and has been recorded in purchased power expense within the consolidated statements of revenues, expenses, and changes in net position.

Tuolumne Wind Project PPA – The amended Tuolumne Wind Project PPA between TID and Washington Wind LLC establishes a long-term, fixed-price, physical power purchase arrangement under which TID buys all Net Output, RECs, capacity rights, and ancillary services from the 136.6-MW Tuolumne Wind facility. The PPA was first signed in April 2025 and amended March 2026. Under the First Amendment, the Seller elected to repower the facility, which transitions the Agreement from the 15-year Base Term into a Repower Term that now runs through mid-2042. Pricing remains fixed through 2033, with a new fixed priced beginning in 2034 through the remainder of the contract. Post repower surplus energy is priced at a discounted rate specified in the PPA, and Buyer caused curtailments compensated via Deemed Delivered provisions. The Amendment limits the repower scope to a partial repower with component upgrades and an expected increase in annual energy production, and it restricts the Seller to one revision of repower milestones. All RECs transfer to TID, and the Agreement maintains performance guarantees, availability thresholds, credit support requirements, and delivery-shortfall liquidated damages. Power purchased under the agreement totaled \$31,844 in 2025, and has been recorded in purchased power expense within the consolidated statements of revenues, expenses, and changes in net position.

Turlock Irrigation District
(dollars in thousands)
Notes to Consolidated Financial Statements

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 55,000 MMBtu per day. This contract expires on January 1, 2030.

The second contract obligates the fuel manager to supply all the natural gas required by the Almond 2 power plant up to 50,400 MMBtu per day. 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, 2027. All contracts allow for TID to purchase gas from parties other than the fuel manager and obligate the fuel manager to purchase TID’s excess gas. All contracts provide for pre-determined index-based prices or a mutually agreed upon price. Fuel purchased under these agreements totaled \$26,876 and \$41,022 in 2025 and 2024, 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 \$10,583 and \$10,867 in 2025 and 2024, respectively, and have been recorded in generation and fuel expense within the consolidated statements of revenues, expenses, and changes in net position..

The approximate future minimum obligations for the above described power purchase, gas supply, and gas transportation and storage contracts are as follows at December 31, 2025:

2026	\$ 9,623
2027	3,598
2028	3,684
2029	3,754
2030	3,842
Thereafter	<u>31,060</u>
	<u><u>\$ 55,561</u></u>

Turlock Irrigation District
(dollars in thousands)
Notes to Consolidated Financial Statements

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 environment compliance requirements. TID purchases the output along with the environmental attributes as they are produced, which began in February 2017. Purchases under this agreement totaled \$7,143 and \$7,185 in 2025 and 2024, 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) is estimated to as follows:

2026	\$ 7,610
2027	7,560
2028	7,547
2029	7,535
2030	7,523
Thereafter	<u>45,485</u>
	<u>\$ 83,260</u>

Note 18 – Contingencies & Uncertainties

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

Note 19 – Subsequent Event

Gas Prepay – In February 2026, CVEA entered into a prepaid natural gas and electricity (commodity) contract with Aron Energy Prepay 68 LLC expiring in 2057, which was financed with \$736,375 of CVEA commodity supply revenue bonds. TID has contracted with CVEA to purchase all the commodity delivered by Aron Energy Prepay 68 LLC, based on market prices. CVEA is obligated to pay principal and interest on the bonds. Neither TID nor WECA is obligated to make debt service payments on the bonds. CVEA can terminate the prepaid commodity under certain circumstances, including failure by Aron Energy Prepay 68 LLC to meet its commodity delivery obligation to CVEA. If this occurs Aron Energy Prepay 68 LLC will be required to make a termination payment to CVEA based on the unamortized prepayment proceeds received by Aron Energy Prepay 68 LLC.

Required Supplementary Information

Turlock Irrigation District
Schedule of Changes in Net Pension Liability and Related Ratios (Unaudited)
(dollars in thousands)
December 31, 2025

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 10 years of data.

	2025	2024	2023	2022	2021
Total pension liability					
Service cost	\$ 8,991	\$ 8,976	\$ 8,678	\$ 8,415	\$ 8,396
Interest	32,769	31,412	30,046	29,385	28,172
Difference between expected and actual experience	2,947	3,495	2,616	(4,010)	1,754
Change of assumptions	15,660	286	1,027	(2,632)	-
Benefit payments	(25,762)	(23,827)	(22,480)	(21,470)	(20,544)
Net change in total pension liability	34,605	20,342	19,887	9,688	17,778
Total pension liability – beginning	472,023	451,681	431,794	422,106	404,328
Total pension liability – ending (a)	<u>\$ 506,628</u>	<u>\$ 472,023</u>	<u>\$ 451,681</u>	<u>\$ 431,794</u>	<u>\$ 422,106</u>
Plan fiduciary net position					
Contributions – employer	\$ 11,914	\$ 10,020	\$ 12,562	\$ 9,783	\$ 12,959
Contributions – employee	3,079	2,880	2,719	2,488	2,321
Investment income	66,200	36,158	55,362	(58,595)	55,582
Benefit payments	(25,762)	(23,827)	(22,480)	(21,470)	(20,544)
Administrative expenses	(499)	(457)	(370)	(391)	(382)
Other changes	2	45	20	(6)	-
Net change in fiduciary net position	54,934	24,819	47,813	(68,191)	49,936
Total fiduciary net position – beginning	432,907	408,088	360,275	428,466	378,531
Total fiduciary net position – ending (b)	<u>\$ 487,841</u>	<u>\$ 432,907</u>	<u>\$ 408,088</u>	<u>\$ 360,275</u>	<u>\$ 428,467</u>
TID's net position liability – ending (a)-(b)	<u>\$ 18,787</u>	<u>\$ 39,116</u>	<u>\$ 43,593</u>	<u>\$ 71,519</u>	<u>\$ (6,361)</u>
Plan fiduciary net position as a percentage of the total pension liability	96.29%	91.71%	90.35%	83.44%	101.51%
Covered-employee payroll	\$ 52,883	\$ 49,869	\$ 47,178	\$ 45,101	\$ 44,522
Plan net pension liability as a percentage of covered-employee payroll	35.53%	78.44%	92.40%	158.58%	-14.29%
Annual money-weighted rate of return	15.64%	9.16%	15.67%	-13.52%	14.80%

Turlock Irrigation District
Schedule of Changes in Net Pension Liability and Related Ratios (Unaudited)
(dollars in thousands)
December 31, 2025

	2020	2019	2018	2017	2016
Total pension liability					
Service cost					
Interest	\$ 8,450	\$ 6,152	\$ 6,032	\$ 5,236	\$ 5,168
Difference between expected and actual experience	27,481	26,099	24,841	23,688	22,620
Change of assumptions	1,148	3,390	3,999	3,486	1,846
Benefit payments	19,359	-	-	17,027	-
	<u>(20,154)</u>	<u>(18,865)</u>	<u>(17,554)</u>	<u>(16,426)</u>	<u>(16,110)</u>
Net change in total pension liability	36,284	16,776	17,318	33,011	13,524
Total pension liability – beginning	<u>368,044</u>	<u>351,268</u>	<u>333,950</u>	<u>300,939</u>	<u>287,415</u>
Total pension liability – ending (a)	<u>\$ 404,328</u>	<u>\$ 368,044</u>	<u>\$ 351,268</u>	<u>\$ 333,950</u>	<u>\$ 300,939</u>
Plan fiduciary net position					
Contributions – employer	\$ 13,240	\$ 13,462	\$ 13,746	\$ 48,921	\$ 14,071
Contributions – employee	2,039	1,818	1,534	1,358	1,208
Investment income	42,806	53,993	(21,321)	42,344	21,686
Benefit payments	(20,154)	(18,865)	(17,554)	(16,426)	(16,110)
Administrative expenses	(360)	(392)	(382)	(295)	(274)
Other changes	45	120	8	-	3
Net change in fiduciary net position	37,616	50,136	(23,969)	75,902	20,584
Total fiduciary net position – beginning	<u>340,915</u>	<u>290,779</u>	<u>314,748</u>	<u>238,846</u>	<u>218,262</u>
Total fiduciary net position – ending (b)	<u>\$ 378,531</u>	<u>\$ 340,915</u>	<u>\$ 290,779</u>	<u>\$ 314,748</u>	<u>\$ 238,846</u>
TID's net position liability – ending (a)-(b)	<u>\$ 25,797</u>	<u>\$ 27,129</u>	<u>\$ 60,489</u>	<u>\$ 19,202</u>	<u>\$ 62,093</u>
Plan fiduciary net position as a percentage of the total pension liability	93.62%	92.63%	82.78%	94.25%	79.37%
Covered-employee payroll	\$ 43,756	\$ 39,392	\$ 38,144	\$ 36,366	\$ 35,245
Plan net pension liability as a percentage of covered-employee payroll	58.96%	68.87%	158.58%	52.80%	176.18%
Annual money-weighted rate of return	12.61%	-6.44%	16.86%	9.43%	-1.15%

Turlock Irrigation District
Schedule of Retirement Plan Contributions (Unaudited)
(dollars in thousands)
December 31, 2025

Schedule of retirement plan contributions – The schedule of retirement plan contributions is presented below for 10 years of data.

	2025	2024	2023	2022	2021
Actuarially determined contribution	\$ 14,992	\$ 12,872	\$ 12,036	\$ 11,507	\$ 12,270
Contributions in relation to the actuarially determined contribution	14,992	12,900	15,281	12,270	15,279
Contribution excess	<u>\$ -</u>	<u>\$ (28)</u>	<u>\$ (3,245)</u>	<u>\$ (763)</u>	<u>\$ (3,009)</u>
Covered-employee payroll	52,883	49,869	47,178	45,101	44,522
Contributions as a percentage of covered-employee payroll	28.35%	25.87%	32.39%	27.21%	34.32%
	2020	2018	2017	2016	2019
Actuarially determined contribution	\$ 12,132	\$ 11,413	\$ 13,372	\$ 12,975	\$ 11,859
Contributions in relation to the actuarially determined contribution	15,278	15,278	50,279	15,279	15,278
Contribution excess	<u>\$ (3,146)</u>	<u>\$ (3,865)</u>	<u>\$ (36,907)</u>	<u>\$ (2,304)</u>	<u>\$ (3,419)</u>
Covered-employee payroll	43,756	38,144	36,366	35,245	39,392
Contributions as a percentage of covered-employee payroll	34.92%	40.05%	138.26%	43.35%	38.78%

Notes to schedule – The actuarially determined contributions for 2025 and 2024 were determined by actuarial valuations using the frozen entry age actuarial cost method. The actuarial assumptions utilized for the January 1, 2025 and 2024, actuarial valuations were as follows:

	January 1,	
	2025	2024
Assumption		
Investment rate of return	7.00%	7.00%
Discount rate	7.00%	7.00%
Cost-of-living adjustment	2.00% to 3.00%	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.

Turlock Irrigation District
Schedule of Changes in Net OPEB Asset and Related Ratios (Unaudited)
(dollars in thousands)
December 31, 2025

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.

	2025	2024	2023	2022	2021
Total OPEB liability					
Service cost	\$ 1,047	\$ 1,080	\$ 1,241	\$ 1,067	\$ 1,041
Interest	1,327	1,211	1,366	1,461	1,449
Difference between expected and actual experience	2,693	1,186	1,020	(597)	(810)
Change of assumptions	1,346	(576)	(3,966)	1,537	297
Benefit payments	(2,139)	(2,474)	(1,722)	(1,761)	(1,920)
Net change in total OPEB liability	4,274	427	(2,061)	1,707	57
Total OPEB liability – beginning	20,741	20,314	22,375	20,668	20,611
Total OPEB liability – ending (a)	<u>\$ 25,015</u>	<u>\$ 20,741</u>	<u>\$ 20,314</u>	<u>\$ 22,375</u>	<u>\$ 20,668</u>
Plan fiduciary net position					
Contributions – employer	\$ -	\$ 621	\$ 1,722	\$ -	\$ 1,920
Investment income	3,459	2,972	1,719	(4,179)	6,741
Benefit payments	(2,139)	(2,474)	(1,722)	(1,761)	(1,920)
Administrative expenses	(9)	(10)	(14)	(7)	(13)
Other changes	-	-	-	-	-
Net change in fiduciary net position	1,311	1,109	1,705	(5,947)	6,728
Total fiduciary net position – beginning	28,115	27,006	25,301	31,248	24,520
Total fiduciary net position – ending (b)	<u>\$ 29,426</u>	<u>\$ 28,115</u>	<u>\$ 27,006</u>	<u>\$ 25,301</u>	<u>\$ 31,248</u>
TID's net OPEB liability (asset) – ending (a)-(b)	<u>\$ (4,411)</u>	<u>\$ (7,374)</u>	<u>\$ (6,692)</u>	<u>\$ (2,926)</u>	<u>\$ (10,580)</u>
Plan fiduciary net position as a percentage of the total OPEB liability	117.6%	135.6%	132.9%	113.1%	151.2%
Covered-employee payroll	\$ 50,471	\$ 51,681	\$ 50,544	\$ 49,813	\$ 47,078
Plan net OPEB asset as a percentage of covered-employee payroll	-8.7%	-14.3%	-13.2%	-5.9%	-22.5%

Turlock Irrigation District
Schedule of Changes in Net OPEB Asset and Related Ratios (Unaudited)
(dollars in thousands)
December 31, 2025

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB liability			
Service cost	\$ 1,023	\$ 1,102	\$ 1,072
Interest	1,417	1,514	1,476
Difference between expected and actual experience	(51)	(2,371)	-
Change of assumptions	-	406	-
Benefit payments	<u>(1,969)</u>	<u>(1,969)</u>	<u>(2,100)</u>
Net change in total OPEB liability	420	(1,318)	448
Total OPEB liability – beginning	<u>20,191</u>	<u>21,509</u>	<u>21,061</u>
Total OPEB liability – ending (a)	<u>\$ 20,611</u>	<u>\$ 20,191</u>	<u>\$ 21,509</u>
Plan fiduciary net position			
Contributions – employer	\$ 1,969	\$ 1,969	\$ 8,470
Investment income	837	1,377	1,276
Benefit payments	(1,969)	(1,969)	(2,100)
Administrative expenses	(12)	(4)	(10)
Other changes	<u>-</u>	<u>-</u>	<u>(20)</u>
Net change in fiduciary net position	825	1,373	7,616
Total fiduciary net position – beginning	<u>23,695</u>	<u>22,322</u>	<u>14,706</u>
Total fiduciary net position – ending (b)	<u>\$ 24,520</u>	<u>\$ 23,695</u>	<u>\$ 22,322</u>
TID's net OPEB liability (asset) – ending (a)-(b)	<u>\$ (3,909)</u>	<u>\$ (3,504)</u>	<u>\$ (813)</u>
Plan fiduciary net position as a percentage of the total OPEB liability	119.0%	117.4%	103.8%
Covered-employee payroll	\$ 46,082	\$ 44,740	\$ 41,273
Plan net OPEB asset as a percentage of covered-employee payroll	-8.5%	-7.8%	-2.0%

Turlock Irrigation District
Schedule of OPEB Plan Contributions (Unaudited)
(dollars in thousands)
December 31, 2025

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.

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Actuarially determined contribution	\$ 853	\$ 317	\$ 425	\$ -	\$ 711
Contributions in relation to the actuarially determined contribution	<u>-</u>	<u>621</u>	<u>1,722</u>	<u>-</u>	<u>1,920</u>
Contribution deficiency (excess)	<u>\$ 853</u>	<u>\$ (304)</u>	<u>\$ (1,297)</u>	<u>\$ -</u>	<u>\$ (1,209)</u>
Covered-employee payroll	50,471	51,681	50,544	49,813	47,078
Contributions as a percentage of covered-employee payroll	0.0%	1.2%	3.4%	N/A	4.1%
	<u>2020</u>	<u>2019</u>	<u>2018</u>		
Actuarially determined contribution	\$ 1,943	\$ 1,943	\$ 1,938		
Contributions in relation to the actuarially determined contribution	<u>1,969</u>	<u>1,969</u>	<u>8,470</u>		
Contribution excess	<u>\$ (26)</u>	<u>\$ (26)</u>	<u>\$ (6,532)</u>		
Covered-employee payroll	46,082	44,740	41,273		
Contributions as a percentage of covered-employee payroll	4.3%	4.4%	20.5%		

Notes to schedule – In the most recent actuarial valuation, the entry age actuarial cost method was used. The actuarial assumptions included a 6.40% investment rate of return per year, inflation rate of 2.25% per year, payroll growth of 2.25% per year plus merit increased increases based on the 2017 CALPERS pension plan, in aggregate. Additionally, actual health premiums were used with an annual healthcare cost trend rate of 8.00% beginning in 2026, decreasing 0.25% annually to an ultimate rate of 4.50% for Pre-65 and 6.50% decreasing by 0.25% annually to an ultimate rate of 4.50% for Post-65. Assets of the Health Plan, as of the latest actuarial report, were valued on a market value basis. Future gains and losses may be averaged over five years subject to certain restrictions.

Baker Tilly Advisory Group, LP and Baker Tilly US, LLP, trading as Baker Tilly, are members of the global network of Baker Tilly International Ltd., the members of which are separate and independent legal entities. Baker Tilly US, LLP is a licensed CPA firm that provides assurance services to its clients. Baker Tilly Advisory Group, LP and its subsidiary entities provide tax and consulting services to their clients and are not licensed CPA firms.