



TRI-DAM PROJECT

A partnership of the Oakdale and South San
Joaquin Irrigation Districts

Tri-Dam Project

Annual Financial Report

For the Fiscal Years Ended December 31, 2025 and 2024



TRI-DAM PROJECT

A partnership of the Oakdale and South San
Joaquin Irrigation Districts

Board of Directors as of December 31, 2025

Name	Agency	Title	Division	Elected/ Appointed	Current Term
Tom Orvis	Oakdale Irrigation District	President	3	Elected	December 2026
Ed Tobias	Oakdale Irrigation District	Vice-President	1	Elected	December 2028
Brad DeBoer	Oakdale Irrigation District	Director	5	Elected	December 2026
Herman Doornenbal	Oakdale Irrigation District	Director	2	Elected	December 2026
Jacob DeBoer	Oakdale Irrigation District	Director	4	Elected	December 2028
Glenn Spyksma	South San Joaquin Irrigation District	President	2	Elected	December 2026
Mike Weststeyn	South San Joaquin Irrigation District	Vice-President	4	Elected	November 2028
David Roos	South San Joaquin Irrigation District	Director	1	Elected	December 2026
John Holbrook	South San Joaquin Irrigation District	Director	5	Elected	November 2028
Billy Van Ryn	South San Joaquin Irrigation District	Director	3	Elected	November 2028

Tri-Dam Project
Summer Nicotero, General Manager
Sharon Cisneros, CPA, Interim Finance Manager

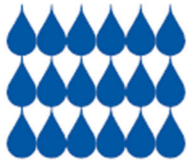
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Financial Section



C.J. Brown & Company CPAs

An Accountancy Corporation

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Independent Auditor's Report

Board of Directors
Tri-Dam Project
Strawberry, California

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the business-type activities of the Tri-Dam Project (Project), as of and for the years ended December 31, 2025 and 2024, and the related notes to the financial statements, which collectively comprise the Project's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, as of December 31, 2025 and 2024, and the respective changes in financial position, and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards (Government Auditing Standards)*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audits of the Financial Statements section of our report. We are required to be independent of the Project and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

Independent Auditor's Report, continued

Auditor's Responsibilities for the Audits of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audits 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 Project's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Project'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 audits, significant audit findings, and certain internal control–related matters that we identified during the audits.

Emphasis of Matter

As discussed in Note 14 to the financial statements, the Project amended amounts related to its prior year adoption of the provisions of GASB Statement No. 101 – *Compensated Absences*. As a result, the Project has restated its net position to reflect the effects of the change in its reported liability. Our opinion is not modified with respect to this matter.

Independent Auditor's Report, continued

Other-Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 10 and required supplementary information on pages 51 through 53 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Project's basic financial statements. The other supplemental information on pages 54 through 58 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 16, 2026, on our consideration of the Project'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 the Project'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 Project's internal control over financial reporting and compliance. This report can be found on pages 59 and 60.

C.J. Brown & Company, CPAs

C.J. Brown & Company, CPAs
Cypress, California
July 16, 2026

Tri-Dam Project
Management's Discussion and Analysis
For the Fiscal Years Ended December 31, 2025 and 2024

The following Management's Discussion and Analysis (MD&A) of activities and financial performance of the Tri-Dam Project (Project) provides an introduction to the financial statements of the Project for the fiscal years ended December 31, 2025 and 2024. We encourage readers to consider the information presented here in conjunction with the basic financial statements and related notes, which follow this section.

Financial Highlights

- In fiscal year 2025, the Project's net position decreased 5.33% or \$5,531,081 to \$98,288,705 as a result of net income of \$30,161,719 from ongoing operations offset by \$35,692,800 in distributions to the Districts. In fiscal year 2024, the Project's net position decreased 0.72% or \$757,843 to \$103,819,786 as a result of net income of \$32,126,157 from ongoing operations offset by \$32,884,000 in distributions to the Districts.
- In fiscal year 2025, the Project's total revenues decreased 10.08% or \$4,613,474 to \$41,148,164. In fiscal year 2024, the Project's total revenues decreased 9.30% or \$4,693,022 to \$45,761,638.
- In fiscal year 2025, the Project's total expenses decreased 19.43% or \$2,649,036 to \$10,986,445. In fiscal year 2024, the Project's total expenses increased 27.11% or \$2,908,205 to \$13,635,481.
- In fiscal year 2025, the Project's distributions to the Districts increased 8.54% or \$2,808,800 to \$35,692,800. In fiscal year 2024, the Project's distributions to the Districts increased 32.92% or \$8,144,000 to \$32,884,000.

Required Financial Statements

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

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

Financial Analysis of the Project

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

Tri-Dam Project
Management's Discussion and Analysis
For the Fiscal Years Ended December 31, 2025 and 2024

Financial Analysis of the Project, continued

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

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the basic financial statements. The notes to the basic financial statements can be found on pages 16 through 50.

Statements of Net Position

Condensed Statements of Net Position					
	2025	As Restated 2024	Change	As Restated 2023	Change
Assets:					
Current assets	\$ 40,393,424	42,206,246	(1,812,822)	39,866,524	2,339,722
Non-current assets	440,720	2,651,429	(2,210,709)	3,549,520	(898,091)
Capital assets, net	61,825,333	63,501,489	(1,676,156)	66,034,504	(2,533,015)
Total assets	102,659,477	108,359,164	(5,699,687)	109,450,548	(115,150,235)
Deferred outflows of resources	1,226,537	1,402,834	(176,297)	1,792,007	(389,173)
Liabilities:					
Current liabilities	746,975	897,099	(150,124)	1,766,647	(869,548)
Non-current liabilities	3,794,915	4,532,016	(737,101)	4,512,483	19,533
Total liabilities	4,541,890	5,429,115	(887,225)	6,279,130	(850,015)
Deferred inflows of resources	1,055,419	513,097	542,322	385,796	127,301
Net position:					
Investment in capital assets	61,825,333	63,501,489	(1,676,156)	66,034,504	(2,533,015)
Unrestricted	36,463,372	40,318,297	(3,854,925)	38,543,125	1,775,172
Total net position	\$ 98,288,705	103,819,786	(5,531,081)	104,577,629	(757,843)

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Project, assets and deferred outflows exceeded liabilities and deferred inflows by \$98,288,705 and \$103,819,786 as of December 31, 2025 and 2024, respectively.

A portion of the Project's net position, 62.90% and 61.17% as of December 31, 2025 and 2024, respectively, reflects the Project's investment in capital assets net of accumulated depreciation. The Project uses these capital assets to provide services to customers within the Project's service area; consequently, these assets are *not* available for future spending.

At the end of the fiscal years 2025 and 2024, the Project showed a positive balance in its unrestricted net position of \$36,463,372 and \$40,318,297, respectively. See note 10 for a detailed analysis.

Tri-Dam Project
Management's Discussion and Analysis
For the Fiscal Years Ended December 31, 2025 and 2024

Statements of Revenues, Expenses, and Changes in Net Position

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

	<u>2025</u>	<u>As Restated 2024</u>	<u>Change</u>	<u>As Restated 2023</u>	<u>Change</u>
Revenues:					
Operating revenues	\$ 39,779,157	43,572,423	(3,793,266)	49,355,377	(5,782,954)
Non-operating revenues	<u>1,369,007</u>	<u>2,189,215</u>	<u>(820,208)</u>	<u>1,099,283</u>	<u>1,089,932</u>
Total revenues	<u>41,148,164</u>	<u>45,761,638</u>	<u>(4,613,474)</u>	<u>50,454,660</u>	<u>(4,693,022)</u>
Expenses:					
Operating expenses	8,399,241	9,572,226	(1,172,985)	7,571,452	2,000,774
Non-operating expenses	218,090	1,689,792	(1,471,702)	869,564	820,228
Depreciation expense	<u>2,369,114</u>	<u>2,373,463</u>	<u>(4,349)</u>	<u>2,286,260</u>	<u>87,203</u>
Total expenses	<u>10,986,445</u>	<u>13,635,481</u>	<u>(2,649,036)</u>	<u>10,727,276</u>	<u>2,908,205</u>
Net income before distributions to districts	30,161,719	32,126,157	(1,964,438)	39,727,384	(7,601,227)
Distributions to Districts	<u>35,692,800</u>	<u>32,884,000</u>	<u>2,808,800</u>	<u>24,740,000</u>	<u>8,144,000</u>
Change in net position	(5,531,081)	(757,843)	(4,773,238)	14,987,384	(15,745,227)
Net position, beginning of year – as restated	<u>103,819,786</u>	<u>104,577,629</u>	<u>(757,843)</u>	<u>89,590,245</u>	<u>14,987,384</u>
Net position, end of year	<u>\$ 98,288,705</u>	<u>103,819,786</u>	<u>(5,531,081)</u>	<u>104,577,629</u>	<u>(757,843)</u>

The Statements of Revenues, Expenses, and Changes in Net Position show how the Project's net position changed during the year. In the case of the Project, net position decreased 5.33% or \$5,531,081 to \$98,288,705 as a result of net income of \$30,161,719 from ongoing operations offset by \$35,692,800 in distributions to the Districts.

In fiscal year 2024, the Project's net position decreased 0.72% or \$757,843 to \$103,819,786 as a result of net income of \$32,126,157 from ongoing operations offset by \$32,884,000 in distributions to the Districts.

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

The Project's total revenues decreased 10.08% or \$4,613,474 to \$41,148,164. In fiscal year 2024, the Project's total revenues decreased 9.30% or \$4,693,022 to \$45,761,638.

The Project's operating revenues decreased 8.71% or \$3,793,266 to \$39,779,157, due primarily to a decrease of \$3,210,343 in power generation revenue due to a decrease in precipitation in 2025 and \$596,314 in operating cost recovery due primarily to no islanding events in the current year as compared to the prior year. In fiscal year 2024, the Project's operating revenues decreased 11.72% or \$5,782,954 to \$43,572,423, due primarily to a decrease of \$5,932,712 in power generation revenue sourcing from a decrease in rainfall precipitation in 2024 offset by an increase of \$136,377 in operating cost recovery sourcing from contract changes resulting in an increase in islanding event revenue in the current year as compared to the prior year.

Tri-Dam Project
Management's Discussion and Analysis
For the Fiscal Years Ended December 31, 2025 and 2024

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

The Project's non-operating revenues decreased 37.47% or \$820,208 to \$1,369,007, due primarily to decreases of \$871,531 in grant revenue due to the availability of grants offset by an increase of \$73,982 in rental revenue due to agreement changes and receipt collections in the current year as compared to the prior year. In fiscal year 2024, the Project's non-operating revenues increased 99.15% or \$1,089,932 to \$2,189,215, due primarily to increases of \$1,055,532 in grant revenue due to grant availability and \$127,111 in investment earnings, offset by a decrease of \$63,087 in rental revenue due to deferred receipt collections as compared to the prior year.

The Project's total expenses decreased 19.43% or \$2,649,036 to \$10,986,445. In fiscal year 2024, the Project's total expenses increased 27.11% or \$2,908,205 to \$13,635,481.

The Project's operating expenses decreased 12.25% or \$1,172,985 to \$8,399,241, due to decreases of \$1,139,477 in maintenance expenses, (primarily due to, prior year road repairs at the Donnell's facility, offset by increases in filled staffing positions in the current year), \$338,921 in general and administrative expenses, (primarily due to, prior year actuarial determined pension expense, offset by increases in filled staffing positions in the current year), offset by an increase of \$305,413 in operations expenses, (due to increases in filled staffing positions in the current year) as compared to the prior year.

In fiscal year 2024, the Project's operating expenses increased 26.43% or \$2,000,774 to \$9,572,226, due to increases of \$1,619,201 in maintenance expenses, (primarily due to road repairs at the Donnell's facility) \$306,288 in operations expenses, (primarily due to increases in labor costs in the current year) and \$72,285 in general and administrative expenses, (primarily due to, contract services, offset by decreases in actuarial determine pension expense and labor costs in the current year) as compared to the prior year.

The Project's non-operating expenses decreased 87.09% or \$1,471,702 to \$218,090, due to decreases of \$1,350,000 in prior year legal settlement expense, net of insurance recovery proceeds and \$121,702 in river habitat studies as compared to the prior year. In fiscal year 2024, the Project's non-operating expenses increased 94.33% or \$820,228 to \$1,689,792, due to an increase of \$1,350,000 in legal settlement expense, net of insurance recovery proceeds, offset by a decrease of \$529,772 river habitat studies as compared to the prior year.

The Project's depreciation expense decreased 0.18% or \$4,349 to \$2,369,114 due to the maturing of existing capital assets. In fiscal year 2024, the Project's depreciation expense increased 3.81% or \$87,203 to \$2,373,463 due to the prior year's asset additions offset by the maturing of existing capital assets.

The Project's distributions to Districts increased 8.54% or \$2,808,800 to \$35,692,800 as determined by the member Districts at fiscal year-end. In fiscal year 2024, the Project's distributions to the Districts increased 32.92% or \$8,144,000 to \$32,884,000 as determined by the member Districts at fiscal year-end.

Tri-Dam Project
Management's Discussion and Analysis
For the Fiscal Years Ended December 31, 2025 and 2024

Total Project Revenues

	<u>2025</u>	<u>As Restated 2024</u>	<u>Change</u>	<u>As Restated 2023</u>	<u>Change</u>
Revenues:					
Power generation	\$ 39,083,613	42,293,956	(3,210,343)	48,226,668	(5,932,712)
Headwater benefit fees	451,168	437,777	13,391	424,396	13,381
Operating cost recovery – federal and local agency	244,376	840,690	(596,314)	704,313	136,377
Total operating revenues	<u>39,779,157</u>	<u>43,572,423</u>	<u>(3,793,266)</u>	<u>49,355,377</u>	<u>(5,782,954)</u>
Non-operating revenues:					
Investment earnings, net of fair value	882,338	881,237	1,101	754,126	127,111
Water sales	157,643	159,796	(2,153)	153,430	6,366
Rental revenue	97,526	28,831	68,695	91,918	(63,087)
Interest from rental income	10,366	5,079	5,287	5,079	-
Grant revenue	184,001	1,055,532	(871,531)	-	1,055,532
Gain from disposition of cap. assets	22,400	31,150	(8,750)	51,437	(20,287)
Other non-operating revenues	14,733	27,590	(12,857)	43,293	(15,703)
Total non-operating revenues	<u>1,369,007</u>	<u>2,189,215</u>	<u>(820,208)</u>	<u>1,099,283</u>	<u>1,089,932</u>
Total revenues	<u>\$ 41,148,164</u>	<u>45,761,638</u>	<u>(4,613,474)</u>	<u>50,454,660</u>	<u>(4,693,022)</u>

In fiscal year 2025, total Project revenues decreased by \$4,613,475. In fiscal year 2024, total Project revenues decreased by \$4,693,022.

Total Project Expenses

	<u>2025</u>	<u>As Restated 2024</u>	<u>Change</u>	<u>As Restated 2023</u>	<u>Change</u>
Operating expenses:					
Operations	\$ 2,247,862	1,942,449	305,413	1,636,161	306,288
Maintenance	2,037,944	3,177,421	(1,139,477)	1,558,220	1,619,201
General and administrative	4,113,435	4,452,356	(338,921)	4,377,071	75,285
Total operating expenses	<u>8,399,241</u>	<u>9,572,226</u>	<u>(1,172,985)</u>	<u>7,571,452</u>	<u>2,000,774</u>
Depreciation expense:	<u>2,369,114</u>	<u>2,373,463</u>	<u>(4,349)</u>	<u>2,286,260</u>	<u>87,203</u>
Non-operating expenses:					
River habitat studies	218,090	339,792	(121,702)	869,564	(529,772)
Legal settlement	-	1,350,000	(1,350,000)	-	1,350,000
Total non-operating expenses	<u>218,090</u>	<u>1,689,792</u>	<u>(1,471,702)</u>	<u>869,564</u>	<u>820,228</u>
Total expenses	<u>\$ 10,986,445</u>	<u>13,635,481</u>	<u>(2,649,036)</u>	<u>10,727,276</u>	<u>2,908,205</u>

In fiscal year 2025, total Project expenses decreased by \$2,649,036. In fiscal year 2024, total Project expenses increased by \$2,908,205.

Tri-Dam Project
Management's Discussion and Analysis
For the Fiscal Years Ended December 31, 2025 and 2024

Capital Asset Administration

At the end of fiscal years 2025 and 2024, the Project's investment in capital assets amounted to \$61,825,333 and \$63,501,489 (net of accumulated depreciation), respectively. This investment in capital assets includes land, construction-in-process, intangible asset – FERC license, dams and power plants, power plant equipment, telemetry equipment, buildings, other equipment, and leased equipment. See further detailed information in note 5.

Changes in capital and intangible asset amounts for 2025, were as follows:

	Balance 2024	Transfers/ Additions	Transfers/ Deletions	Balance 2025
Capital assets:				
Non-depreciable assets	\$ 3,995,371	707,735	(668,517)	4,034,589
Intangible assets	8,213,938	-	-	8,213,938
Depreciable assets	114,893,521	653,741	(50,548)	115,496,714
Amortizable assets	16,121	-	-	16,121
Accumulated depreciation and amortization	<u>(63,617,462)</u>	<u>(2,369,115)</u>	<u>50,548</u>	<u>(65,936,029)</u>
Total capital assets, net	<u>\$ 63,501,489</u>	<u>(1,007,639)</u>	<u>(668,517)</u>	<u>61,825,333</u>

Changes in capital and intangible asset amounts for 2024, were as follows:

	Balance 2023	Transfers/ Additions	Transfers/ Deletions	Balance 2024
Capital assets:				
Non-depreciable assets	\$ 4,774,400	837,663	(1,616,692)	3,995,371
Intangible assets	8,213,938	-	-	8,213,938
Depreciable assets	114,459,478	632,476	(198,433)	114,893,521
Amortizable assets	16,121	-	-	16,121
Accumulated depreciation and amortization	<u>(61,429,433)</u>	<u>(2,373,672)</u>	<u>185,643</u>	<u>(63,617,462)</u>
Total capital assets, net	<u>\$ 66,034,504</u>	<u>(903,533)</u>	<u>(1,629,482)</u>	<u>63,501,489</u>

Long-term Debt

Changes in long-term debt amounts for 2025, were as follows:

	Balance 2024	Additions	Principal Payments	Balance 2025
Finance lease payable:				
Great America – copier	\$ 9,175	-	(3,246)	5,929
Total finance lease payable	<u>\$ 9,175</u>	<u>-</u>	<u>(3,246)</u>	<u>5,929</u>

Long-term debt decreased \$3,246 to \$5,929 in 2025, due to principal payments. See note 7 for further discussion.

Tri-Dam Project
Management's Discussion and Analysis
For the Fiscal Years Ended December 31, 2025 and 2024

Long-term Debt

Changes in long-term debt amounts for 2024, were as follows:

	<u>Balance 2023</u>	<u>Additions</u>	<u>Principal Payments</u>	<u>Balance 2024</u>
Finance lease payable:				
Great America – copier	\$ 12,322	-	(3,147)	9,175
Total finance lease payable	\$ 12,322	-	(3,147)	9,175

Long-term debt decreased \$3,147 to \$9,175 in 2024, due to principal payments. See note 7 for further discussion.

Conditions Affecting Current Financial Position

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

Requests for Information

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

Basic Financial Statements

Tri-Dam Project
Statements of Net Position
December 31, 2025 and 2024

	2025	As Restated 2024
Current assets:		
Cash and cash equivalents (note 2)	\$ 35,001,469	36,556,049
Investments (note 2)	2,384,208	994,098
Accrued interest receivable	100,840	106,669
Accounts receivable – power generation	1,212,490	1,168,352
Accounts receivable – water sales	157,394	159,796
Accounts receivable – federal grants	76,755	1,055,532
Accounts receivable – other	278,838	1,091,935
Leases receivable (note 3)	49,840	47,894
Due from Tri-Dam Power Authority (note 4)	191,905	49,479
Prepaid expenses	939,685	976,442
Total current assets	40,393,424	42,206,246
Non-current assets:		
Investments (note 2)	288,217	2,580,989
Leases receivable (note 3)	152,503	70,440
Capital assets – not being depreciated (note 5)	4,034,589	3,995,371
Capital assets – being depreciated and amortized, net (note 5)	57,790,744	59,506,118
Total non-current assets	62,266,053	66,152,918
Total assets	102,659,477	108,359,164
Deferred outflows of resources:		
Deferred pension outflows (note 9)	1,226,537	1,402,834
Total deferred outflows of resources	\$ 1,226,537	1,402,834

Continued on next page

See accompanying notes to the basic financial statements

Tri-Dam Project
Statements of Net Position, continued
December 31, 2025 and 2024

	2025	As Restated 2024
Current liabilities:		
Accounts payable and accrued expenses	\$ 216,556	226,851
Accrued salaries and benefits	51,651	223,566
Unearned revenue	47,645	39,519
Deposits	124,427	143,571
Due to Federal Energy Regulatory Commission	87,932	92,500
Long-term liabilities – due in one year:		
Compensated absences (note 6)	215,415	167,846
Finance lease payable (note 7)	3,349	3,246
Total current liabilities	746,975	897,099
Non-current liabilities:		
Long-term liabilities – due in more than one year:		
Compensated absences (note 6)	96,575	139,879
Finance lease payable (note 7)	2,580	5,929
Total other post-employment benefits liability (note 8)	677,145	500,426
Net pension liability (note 9)	3,018,615	3,885,782
Total non-current liabilities	3,794,915	4,532,016
Total liabilities	4,541,890	5,429,115
Deferred inflows of resources:		
Deferred lease inflows (note 3)	192,649	101,805
Deferred pension inflows (note 9)	862,770	411,292
Total deferred inflows of resources	1,055,419	513,097
Net position: (note 10)		
Net investment in capital assets	61,825,333	63,501,489
Unrestricted	36,463,372	40,318,297
Total net position	\$ 98,288,705	103,819,786

See accompanying notes to the basic financial statements.

Tri-Dam Project
Statements of Revenues, Expenses, and Changes in Net Position
For the Fiscal Years Ended December 31, 2025 and 2024

	2025	As Restated 2024
Operating revenues:		
Power generation (note 11)	\$ 39,083,613	42,293,956
Headwater benefit fees	451,168	437,777
Operating cost recovery – federal and local agency	244,376	840,690
Total operating revenues	39,779,157	43,572,423
Operating expenses:		
Operations	2,247,862	1,942,449
Maintenance	2,037,944	3,177,421
General and administrative	4,113,435	4,452,356
Total operating expenses	8,399,241	9,572,226
Operating income before depreciation and amortization expense	31,379,916	34,000,197
Depreciation and amortization expense	(2,369,114)	(2,373,463)
Operating income	29,010,802	31,626,734
Non-operating revenues:		
Investment earnings (unrealized loss)	882,338	881,237
Water sales	157,643	159,796
Rental revenue	97,526	28,831
Interest from rental income	10,366	5,079
Grant revenue (note 18)	184,001	1,055,532
Gain from disposition of capital assets	22,400	31,150
Other non-operating revenues	14,733	27,590
Total non-operating revenues	1,369,007	2,189,215
Non-operating expenses:		
River habitat studies	218,090	339,792
Legal settlement, net of insurance recovery (note 12)	-	1,350,000
Total non-operating expenses	218,090	1,689,792
Total non-operating revenue (expense), net	1,150,917	499,423
Net income before distributions to districts	30,161,719	32,126,157
Distribution to Districts: (note 13)	35,692,800	32,884,000
Change in net position	(5,531,081)	(757,843)
Net position, beginning of the year, as restated (note 14)	103,819,786	104,577,629
Net position, end of year	\$ 98,288,705	103,819,786

See accompanying notes to the basic financial statements.

Tri-Dam Project
Statements of Cash Flows
For the Fiscal Years Ended December 31, 2025 and 2024

	<u>2025</u>	<u>As Restated 2024</u>
Cash flows from operating activities:		
Cash receipts from customers for power generation	\$ 39,088,469	42,350,111
Cash receipts for headwater benefits	451,168	862,173
Cash receipts from operating cost recovery	1,057,473	403,608
Cash paid to vendors and suppliers for materials and services	(5,031,361)	(7,265,284)
Cash paid to employees for salaries and wages	(3,714,167)	(2,281,043)
Net cash provided by operating activities	<u>31,851,582</u>	<u>34,069,565</u>
Cash flows from non-capital financing activities:		
Cash distribution to Oakdale Irrigation District	(17,846,400)	(16,442,000)
Cash distribution to South San Joaquin Irrigation District	(17,846,400)	(16,442,000)
Payment of legal settlement, net of insurance proceeds	-	(1,350,000)
Net cash used in non-capital financing activities	<u>(35,692,800)</u>	<u>(34,234,000)</u>
Cash flows from capital and related financing activities:		
Acquisition and construction of capital assets	(692,959)	(1,013,302)
Proceeds from grant funding	(184,001)	(1,055,532)
Proceeds from the sale of capital assets	22,400	31,150
Net cash used in capital and related financing activities	<u>(854,560)</u>	<u>(2,037,684)</u>
Cash flows from investing activities:		
Purchases of investments	-	(1,404,685)
Proceeds from sale of investments	1,350,369	3,629,924
Interest and investment earnings	1,790,829	1,384,793
Net cash provided by investing activities	<u>3,141,198</u>	<u>3,610,032</u>
Net (decrease)increase in cash and cash equivalents	<u>(1,554,580)</u>	<u>1,407,913</u>
Cash and cash equivalents:		
Beginning of year	<u>36,556,049</u>	<u>35,148,136</u>
End of year	<u>\$ 35,001,469</u>	<u>36,556,049</u>

Continued on next page

See accompanying notes to the basic financial statements.

Tri-Dam Project
Statements of Cash Flows, continued
For the Fiscal Years Ended December 31, 2025 and 2024

	<u>2025</u>	<u>As Restated 2024</u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 29,010,802	31,626,734
Adjustments to reconcile operating loss to net cash provided by operating activities:		
Depreciation and amortization expense	2,369,114	2,373,463
Other non-operating revenues (expenses), net	48,994	45,941
Changes in assets, deferred outflows of resources, liabilities, and deferred inflows of resources:		
(Increase)Decrease in assets:		
Accounts receivable – power generation	(44,138)	10,214
Accounts receivable – headwater benefit fees	-	424,396
Accounts receivable – other	813,097	(437,082)
Due from Tri-Dam Power Authority	(142,426)	395,725
Prepaid expenses	36,757	(24,650)
(Increase)Decrease in deferred outflows of resources:		
Deferred pension outflows	176,297	389,173
Increase(Decrease) in liabilities:		
Accounts payable and accrued expenses	(10,295)	(936,339)
Accrued salaries and benefits	(171,915)	80,256
Compensated absences	4,265	45,007
Total other post-employment benefits liability	176,719	49,531
Net pension liability	(867,167)	(100,105)
Increase(Decrease) in deferred inflows of resources:		
Deferred pension inflows	451,478	127,301
Total adjustments	2,840,780	2,442,831
Net cash provided by operating activities	\$ 31,851,582	34,069,565

See accompanying notes to the basic financial statements.

Tri-Dam Project
Notes to the Basic Financial Statements
For the Fiscal Years Ended December 31, 2025 and 2024

(1) Reporting Entity and Summary of Significant Accounting Policies

A. Organization and Operations of the Reporting Entity

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

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

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

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

B. Basis of Accounting and Measurement Focus

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

Tri-Dam Project
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended December 31, 2025 and 2024

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

B. Basis of Accounting and Measurement Focus, continued

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

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

C. Financial Reporting

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

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

Governmental Accounting Standards Board Statement No. 102

In December 2023, the GASB issued Statement No. 102 – *Certain Risk Disclosures*. The primary objective of this Statement requires a government to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. Additionally, this Statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact to have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued.

The requirements of this Statement are effective for fiscal years beginning after June 15, 2024, and all reporting periods thereafter. Earlier application is encouraged.

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

1. Use of Estimates

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

2. Cash and Cash Equivalents

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

Tri-Dam Project
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended December 31, 2025 and 2024

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

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

3. Investments and Investment Policy

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

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

4. Fair Value Measurements

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

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

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

5. Accounts Receivable

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

6. Lease receivables

The Project uses a capitalization threshold of \$5,000 in annual revenue for its lessor arrangements.

Lease receivables are measured at the present value of payments expected to be received during the lease term.

7. Prepaid Expenses

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

Tri-Dam Project
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended December 31, 2025 and 2024

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

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

8. Capital Assets

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

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

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

Leased right-to-use asset equipment is amortized on straight-line basis over the life of the lease term.

9. Deferred Outflows of Resources

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

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

Pensions

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

Tri-Dam Project
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended December 31, 2025 and 2024

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

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

10. Unearned Revenue

Unearned revenues arise when resources are received in exchange transactions before the Project has a legal claim to them. Unearned revenues at December 31, 2025 and 2024, consisted of miscellaneous receipts for future services.

11. Compensated Absences

The Project follows the provisions of GASB Statement No. 101. This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. The Project has determined that the accrued vested sick liability meets the provisions, as reported above, of GASB Statement No. 101 for reporting. Therefore, a liability for the vested and accrued value of sick leave that will be settled in the future by employees as time off is included in the liability for compensated absences.

The Project's Memorandum of Understanding (MOU) with represented employees allows employees to accumulate unused vacation, subject to policy limits, and sick leave. Unrepresented employees are subject to the same policy as represented employees. Vacation is earned at the rate of 80 to 168 hours per year, depending upon the number of years of service. Sick leave is earned at the rate of 96 hours per year. All unused vacation is paid upon separation. Upon retiring from the Project, unused sick leave may be applied as retirement service credit with the California Public Employees' Retirement System (CalPERS). The liability for these compensated absences is recorded as a liability in the statement of net position. The current portion of this liability is estimated based on historical trends. The cost of compensated absences is recorded in the period it is incurred.

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

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

GASB 75 requires that the reported results must pertain to liability and asset information within certain defined timeframes. At December 31, 2025 and 2024, the following timeframes were used:

- Valuation Dates: December 31, 2025 and 2024
- Measurement Dates: December 31, 2025 and 2024
- Measurement Periods: January 1, 2025 to December 31, 2025 and January 1, 2024 to December 31, 2024

Tri-Dam Project
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended December 31, 2025 and 2024

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

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

13. Pensions

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

GASB 68 requires that the reported results must pertain to liability and asset information within certain defined timeframes. At December 31, 2025 and 2024, the following timeframes were used:

- Valuation dates: June 30, 2023 and June 30, 2022
- Measurement Dates: June 30, 2024 and June 30, 2023
- Measurement Periods: July 1, 2023 to June 30, 2024 and July 1, 2022 to June 30, 2023

14. Deferred Inflows of Resources

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

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

Lease

- Deferred inflow for the Project's lessor arrangements measured at the present value of payments expected to be received during the lease term. Lease inflow revenue is recognized on a straight-line basis over the lease term.

Pensions

- Deferred inflow for the net differences in actual and proportionate share of employer contribution and net changes in proportion which will be amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the Plan.
- Deferred inflow for the net difference in projected and actual earnings on investments of the pension Plans' fiduciary net position. This amount is amortized over a 5-year period.

15. Net Position

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

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

Tri-Dam Project
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended December 31, 2025 and 2024

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

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

16. Related Party Transactions

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

17. Power Generation Revenues

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

18. Capital Contributions

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

19. Budgetary Policies

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

(2) Cash and Investments

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

	<u>2025</u>	<u>2024</u>
Cash and cash equivalents		
Cash on hand	\$ 300	400
Deposits with financial institutions	21,980,522	25,108,718
Money market mutual funds	5,542,114	4,310,622
Local Agency Investment Fund (LAIF)	<u>7,478,533</u>	<u>7,136,309</u>
Total unrestricted cash and cash equivalents	<u>35,001,469</u>	<u>36,556,049</u>
Investments		
Investments held by US Bank – current	2,384,208	994,098
Investments held by US Bank – non-current	<u>288,217</u>	<u>2,580,989</u>
Total investments	<u>2,672,425</u>	<u>3,575,087</u>
Total cash and investments	<u>\$ 37,673,894</u>	<u>40,131,136</u>

Tri-Dam Project
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended December 31, 2025 and 2024

(2) Cash and Investments, continued

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

	<u>2025</u>	<u>2024</u>
Cash on hand	\$ 300	400
Deposits with financial institutions	<u>21,980,522</u>	<u>25,108,718</u>
Total cash and deposits	<u>21,980,822</u>	<u>25,109,118</u>
U.S. agency securities	2,672,425	3,575,087
Money market mutual funds	5,542,114	4,310,622
Local Agency Investment Fund (LAIF)	<u>7,478,533</u>	<u>7,136,309</u>
Total investments	<u>15,693,072</u>	<u>15,022,018</u>
Total cash and investments	<u>\$ 37,673,894</u>	<u>40,131,136</u>

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

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

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

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

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

Tri-Dam Project
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended December 31, 2025 and 2024

(2) Cash and Investments, continued

Investment in State Investment Pool

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

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

Custodial Credit Risk

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

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

Interest Rate Risk

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

Tri-Dam Project
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended December 31, 2025 and 2024

(2) Cash and Investments, continued

Interest Rate Risk, continued

Investment maturities as of December 31, 2025, were as follows:

Investment Type	Amount	Remaining Maturity (in Months)		
		12 Months Or Less	13 to 24 Months	25-60 Months
U.S. agency securities	\$ 2,672,425	2,384,208	288,217	-
Money market mutual funds	5,542,114	5,542,114	-	-
Local Agency Investment Fund (LAIF)	7,478,533	7,478,533	-	-
Total	\$ 15,693,072	15,404,855	288,217	-

Investment maturities as of December 31, 2024, were as follows:

Investment Type	Amount	Remaining Maturity (in Months)		
		12 Months Or Less	13 to 24 Months	25-60 Months
U.S. agency securities	\$ 3,575,087	994,098	2,580,989	-
Money market mutual funds	4,310,622	4,310,622	-	-
Local Agency Investment Fund (LAIF)	7,136,309	7,478,533	-	-
Total	\$ 15,022,018	12,783,253	2,580,989	-

Credit Risk

Generally, credit risk is the risk that the issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the California Government Code, the Project's investment policy, or debt agreements, and the actual rating as of the year ended for each investment type.

Credit ratings as of December 31, 2025, were as follows:

Investment Type	Amount	Minimum Legal Rating	Ratings as of year-end		
			AAA/Aaa	AA+/Aaa	Not Rated
U.S. agency securities	\$ 2,672,425	N/A	\$ -	2,672,425	-
Money market mutual funds	5,542,114	N/A	5,542,114	-	-
Local Agency Investment Fund (LAIF)	7,478,533	N/A	-	-	7,478,533
Total	\$ 15,693,072		\$ 5,542,114	2,672,425	7,478,533

Tri-Dam Project
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended December 31, 2025 and 2024

(2) Cash and Investments, continued

Credit Risk, continued

Credit ratings as of December 31, 2024, were as follows:

Investment Type	Amount	Minimum Legal Rating	Ratings as of year-end		
			AAA/Aaa	AA+/Aaa	Not Rated
U.S. agency securities	\$ 3,575,087	N/A	\$ -	3,575,087	-
Money market mutual funds	4,310,622	N/A	4,310,622	-	-
Local Agency Investment Fund (LAIF)	7,136,309	N/A	-	-	7,136,309
Total	\$ 15,022,018		\$ 4,310,622	3,575,087	7,136,309

Concentration of Credit Risk

The Project's investment policy contains various limitations on the amounts that can be invested in any one governmental agency or non-governmental issuer as stipulated by the California Government Code. The Project's deposit portfolio with governmental agencies, LAIF, is 20% and 18% as of December 31, 2025 and 2024, respectively, of the Project's total depository and investment portfolio.

Instruments in any one issuer that represent 5% or more of the Project's investments as of December 31, 2025, are as follows (excluding external investment pools and debt explicitly guaranteed by the U.S. government):

Investment	Issuer Type	Fair Value Holdings	Percentage Holdings
U.S. Treasury Note	Government Sponsored	\$ 2,384,208	15.19%

Instruments in any one issuer that represent 5% or more of the Project's investments as of December 31, 2024 are as follows (excluding external investment pools and debt explicitly guaranteed by the U.S. government):

Investment	Issuer Type	Fair Value Holdings	Percentage Holdings
U.S. Treasury Note	Government Sponsored	\$ 2,894,514	19.27%

Tri-Dam Project
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended December 31, 2025 and 2024

(2) Cash and Investments, continued

Fair Value Measurements

Investments measured at fair value as of December 31, 2025, on a recurring and non-recurring basis, were as follows:

Investment Type	Total	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
U.S. agency securities				
Federal Home Loan Bank	\$ 288,217	-	288,217	-
U.S. Treasury Note	2,384,208	-	2,384,208	-
Money market mutual funds	5,542,114	5,542,114	-	-
Totals		5,542,114	2,672,425	-
Investments at Amortized Cost:				
Local Agency Investment Fund (LAIF)	7,478,533			
Total	\$ 15,693,072			

Investments measured at fair value as of December 31, 2024, on a recurring and non-recurring basis, were as follows:

Investment Type	Total	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
U.S. agency securities				
Federal Farm Credit Bank	\$ 398,400	-	398,400	-
Federal Home Loan Bank	282,173	-	282,173	-
U.S. Treasury Note	2,894,514	-	2,894,514	-
Money market mutual funds	4,310,622	4,310,622	-	-
Totals		4,310,622	3,575,087	-
Investments at Amortized Cost:				
Local Agency Investment Fund (LAIF)	7,136,309			
Total	\$ 15,022,018			

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

Tri-Dam Project
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended December 31, 2025 and 2024

(3) Leases Receivable

Changes in leases receivable for the year ended December 31, were as follows:

	<u>Balance 2024</u>	<u>Additions</u>	<u>Principal Payments</u>	<u>Balance 2025</u>	<u>Current Portion</u>	<u>Long-term Portion</u>	<u>Deferred Inflows</u>
Leases receivable:							
U.S. Dept. of Agriculture – ME	\$ 75,187	36,383	(75,187)	\$ 36,383	6,387	29,996	(36,383)
Verizon – ME	22,647	139,584	(63,402)	98,829	22,443	76,386	(93,056)
Verizon – SP	20,500	105,349	(58,718)	67,131	21,010	46,121	(63,210)
Total leases receivable	\$ <u>118,334</u>	<u>281,316</u>	<u>(197,307)</u>	\$ <u>202,343</u>	<u>49,840</u>	<u>152,503</u>	<u>(192,649)</u>

As of December 31, 2025, the Project entered into new agreements and received lease payments from its lease vendors.

Changes in leases receivable for the year ended December 31, were as follows:

	<u>Balance 2023</u>	<u>Additions</u>	<u>Principal Payments</u>	<u>Balance 2024</u>	<u>Current Portion</u>	<u>Long-term Portion</u>	<u>Deferred Inflows</u>
Leases receivable:							
U.S. Dept. of Agriculture – ME	\$ 75,187	-	-	\$ 75,187	4,747	70,440	(64,685)
Verizon – ME	22,647	-	-	22,647	22,647	-	(19,484)
Verizon – SP	20,500	-	-	20,500	20,500	-	(17,636)
Total leases receivable	\$ <u>118,334</u>	<u>-</u>	<u>-</u>	\$ <u>118,334</u>	<u>47,894</u>	<u>70,440</u>	<u>(101,805)</u>

As of December 31, 2024, the Project did not receive lease payments due to discrepancies with its vendors.

U.S. Department of Agriculture – Forest Service – Mount Elizabeth

On, January 1, 2019, the Project entered into a lease agreement with United States Department of Agriculture – Forest Service Stanislaus National Forest (Forest Service). On May 1, 2025, the Project revised the lease term through March 30, 2030. The Forest Service has agreed to pay the Project for the purpose of communication site space at the Project’s Mount Elizabeth communication site. The terms of the agreement require the Forest Service to pay the Project in annual installments through March 2030 and is adjusted annually by a rate of 3.00%.

Following the provisions set forth by *GASB Statement No. 87*, the Project recorded a lease receivable and a deferred inflow at present value using a discount rate of 3.11%. The deferred inflow is amortized on a straight-line basis over the term of the lease. As of December 31, 2025 and 2024, deferred inflows were reported at \$36,383 and \$64,685, respectively.

Tri-Dam Project
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended December 31, 2025 and 2024

(3) Leases Receivable, continued

U.S. Department of Agriculture – Forest Service – Mount Elizabeth, continued

Future payments to be received and deferred inflows as of December 31, 2025, are as follows:

Fiscal Year		Principal	Interest	Total	Deferred Inflows
2026	\$	6,387	1,132	7,519	(7,277)
2027		6,812	933	7,745	(7,276)
2028		7,256	721	7,977	(7,277)
2029		7,721	495	8,216	(7,276)
2030		8,207	255	8,462	(7,277)
Total		36,383	3,536	39,919	(36,383)
Current		(6,387)			
Non-current	\$	29,996			

Verizon – Mount Elizabeth

On January 16, 2004, the Project entered into a lease agreement with California RSA No. 3 Limited Partnership d/b/a Verizon Wireless (Verizon Wireless). On July 1, 2024 the Project extended the lease term through June 30, 2030. Verizon Wireless has agreed to pay the Project for the purpose of communication site space at the Project's Mount Elizabeth communication site. The terms of the agreement require Verizon Wireless to pay the Project in annual installments through June 2030 and is adjusted annually by a rate of 3.00%.

Following the provisions set forth by *GASB Statement No. 87*, the Project recorded a lease receivable and a deferred inflow at present value using a discount rate of 3.11%. The deferred inflow is amortized on a straight-line basis over the term of the lease. As of December 31, 2025 and 2024, deferred inflows were reported at \$93,056 and \$19,484, respectively.

Future payments to be received and deferred inflows as of December 31, 2025, are as follows:

Fiscal Year		Principal	Interest	Total	Deferred Inflows
2026	\$	22,443	3,074	25,517	(23,264)
2027		23,906	2,376	26,282	(23,264)
2028		25,438	1,632	27,070	(23,264)
2029		27,042	841	27,883	(23,264)
Total		98,829	7,923	106,752	(93,056)
Current		(22,443)			
Non-current	\$	76,386			

Tri-Dam Project
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended December 31, 2025 and 2024

(3) Leases Receivable, continued

Verizon – Strawberry Peak

On January 16, 2004, the Project entered into a lease agreement with Pinnacles Cellular Inc. d/b/a Verizon Wireless (Verizon Wireless). On July 1, 2024, the Project extended the lease term through June 30, 2029. Verizon Wireless has agreed to pay the Project for the purpose of communication site space at the Project's Strawberry Peak communication site. The terms of the agreement require Verizon Wireless to pay the Project in annual installments through June 2029 and is adjusted annually by a rate of 3.00%.

Following the provisions set forth by *GASB Statement No. 87*, the Project recorded a lease receivable and a deferred inflow at present value using a discount rate of 3.11%. The deferred inflow is amortized on a straight-line basis over the term of the lease. As of December 31, 2025 and 2024, deferred inflows were reported at \$63,209 and \$17,636, respectively.

Future payments to be received and deferred inflows as of December 31, 2025, are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Deferred Inflows</u>
2026	\$ 21,010	2,088	23,098	(21,070)
2027	22,356	1,434	23,790	(21,070)
2028	23,765	739	24,504	(21,070)
Total	67,131	4,261	71,392	(63,210)
Current	(21,010)			
Non-current	\$ 46,121			

(4) Due From Tri-Dam Power Authority

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

	<u>2025</u>	<u>2024</u>
Due from Tri-Dam Power Authority		
Payroll fiscal year 2024	\$ -	49,479
Legal fees fiscal year 2025	3,962	-
Sandbar project expenses fiscal year 2025	6,694	-
Payroll fiscal year 2025	181,249	-
Total accounts receivable – other	\$ 191,905	49,479

Tri-Dam Project
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended December 31, 2025 and 2024

(5) Capital Assets

Construction-In-Progress

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

Project Description		2025	2024	2023
Sonora office building	\$	1,394,634	1,377,641	1,295,309
Tulloch spillway		259,162	175,793	121,305
Tulloch 1 and 2 Gateshaft		275,666	-	-
Cyberlock project		-	106,272	106,272
FEMA 4N88 Site 1		-	-	556,656
FEMA 5NO9X Site 5		-	-	51,028
FEMA 5NO9X Site 6		-	-	470,839
SCADA/RTU/RTAC upgrade		-	212,016	170,776
Various small projects < \$50,001		164,327	182,849	61,415
Total construction-in-process	\$	<u>2,093,789</u>	<u>2,054,571</u>	<u>2,833,600</u>

Intangible Asset – FERC License

The Project completed the process in 2005 of applying for license renewals from the FERC for the Project's hydroelectric generating facilities. The former 50-year licenses expired on December 31, 2004, with extensions through 2005. In February 2006, new licenses were issued for all existing facilities. The licenses extend through December 31, 2045.

The relicensing process involved a substantial commitment of staff resources, formal consultation with several federal and state agencies, the acceptance of public input, numerous studies, and the public filing of documents and reports. The process was undertaken cooperatively with PG&E. PG&E has FERC-licensed facilities in the same watershed. Between fiscal years 2000 and 2005, the Project incurred \$3,323,989 in relicensing costs when issued. The Project is amortizing these costs over the 40-year term of the new licenses. Between fiscal years 2009 to 2014, the Project incurred additional recreation costs of \$6,565,949 at Beardsley reservoir as a condition of obtaining the licenses. A grant for \$1,676,000 was received from the State of California to pay for a portion of these recreation costs incurred since 2009, including \$1,472,435 recognized as grant revenue and administrative expenses in 2013. The remaining recreation costs of \$4,889,949 paid for by the Project are being amortized over the remaining term of the licenses. The licenses require minimum water flows on the middle fork of the Stanislaus River that could result in less water available for power generation during dry years.

The FERC license is an intangible asset that is classified as part of capital assets under GASB Statement No. 51.

Tri-Dam Project
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended December 31, 2025 and 2024

(5) Capital Assets, continued

Changes in capital assets for December 31 were as follows:

	<u>Balance 2024</u>	<u>Additions/ Transfers</u>	<u>Deletions/ Transfers</u>	<u>Balance 2025</u>
Non-depreciable assets:				
Land	\$ 1,940,800	-	-	1,940,800
Construction-in-process	<u>2,054,571</u>	<u>707,735</u>	<u>(668,517)</u>	<u>2,093,789</u>
Total non-depreciable assets	<u>3,995,371</u>	<u>707,735</u>	<u>(668,517)</u>	<u>4,034,589</u>
Depreciable assets:				
Intangible asset – FERC License	8,213,938	-	-	8,213,938
Dams and power plants	93,664,350	-	-	93,664,350
Power plant equipment	9,123,444	66,562	-	9,190,006
Telemetry equipment	3,317,055	241,132	-	3,558,187
Buildings	3,230,465	-	-	3,230,465
Other equipment	5,558,207	346,047	(50,548)	5,853,706
Leased equipment	<u>16,121</u>	<u>-</u>	<u>-</u>	<u>16,121</u>
Total depreciable and amortizable assets	<u>123,123,580</u>	<u>653,741</u>	<u>(50,548)</u>	<u>123,726,773</u>
Accumulated depreciation and amortization:				
Intangible asset – FERC License	(3,324,853)	(233,532)	-	(3,558,385)
Dams and power plants	(48,685,334)	(1,332,417)	-	(50,017,751)
Power plant equipment	(4,551,589)	(282,155)	-	(4,833,744)
Telemetry equipment	(2,645,572)	(92,900)	-	(2,738,472)
Buildings	(964,909)	(74,684)	-	(1,039,593)
Other equipment	(3,437,951)	(350,203)	50,548	(3,737,606)
Leased equipment	<u>(7,254)</u>	<u>(3,224)</u>	<u>-</u>	<u>(10,478)</u>
Total accumulated depreciation and amortization	<u>(63,617,462)</u>	<u>(2,369,115)</u>	<u>50,548</u>	<u>(65,936,029)</u>
Total depreciable and amortizable assets, net	<u>59,506,118</u>	<u>(1,715,374)</u>	<u>-</u>	<u>57,790,744</u>
Total capital assets, net	\$ <u>63,501,489</u>	<u>(1,007,639)</u>	<u>(668,517)</u>	<u>61,825,333</u>

Tri-Dam Project
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended December 31, 2025 and 2024

(5) Capital Assets, continued

Changes in capital assets for December 31 were as follows:

	<u>Balance 2023</u>	<u>Additions/ Transfers</u>	<u>Deletions/ Transfers</u>	<u>Balance 2024</u>
Non-depreciable assets:				
Land	\$ 1,940,800	-	-	1,940,800
Construction-in-process	2,833,600	837,663	(1,616,692)	2,054,571
Total non-depreciable assets	<u>4,774,400</u>	<u>837,663</u>	<u>(1,616,692)</u>	<u>3,995,371</u>
Depreciable assets:				
Intangible asset – FERC License	8,213,938	-	-	8,213,938
Dams and power plants	93,313,517	350,833	-	93,664,350
Power plant equipment	9,094,342	29,102	-	9,123,444
Telemetry equipment	3,317,055	-	-	3,317,055
Buildings	3,219,769	10,696	-	3,230,465
Other equipment	5,514,795	241,845	(198,433)	5,558,207
Leased equipment	16,121	-	-	16,121
Total depreciable and amortizable assets	<u>122,689,537</u>	<u>632,476</u>	<u>(198,433)</u>	<u>123,123,580</u>
Accumulated depreciation and amortization:				
Intangible asset – FERC License	(3,091,321)	(233,532)	-	(3,324,853)
Dams and power plants	(47,359,725)	(1,325,609)	-	(48,685,334)
Power plant equipment	(4,252,028)	(299,561)	-	(4,551,589)
Telemetry equipment	(2,551,755)	(93,817)	-	(2,645,572)
Buildings	(889,178)	(75,731)	-	(964,909)
Other equipment	(3,281,396)	(342,198)	185,643	(3,437,951)
Leased equipment	(4,030)	(3,224)	-	(7,254)
Total accumulated depreciation and amortization	<u>(61,429,433)</u>	<u>(2,373,672)</u>	<u>185,643</u>	<u>(63,617,462)</u>
Total depreciable and amortizable assets, net	<u>61,260,104</u>	<u>(1,741,196)</u>	<u>(12,790)</u>	<u>59,506,118</u>
Total capital assets, net	<u>\$ 66,034,504</u>	<u>(903,533)</u>	<u>(1,629,482)</u>	<u>63,501,489</u>

Tri-Dam Project
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended December 31, 2025 and 2024

(6) Compensated Absences

The Project recognizes a liability for compensated absences in accordance with GASB Statement No. 101, "Compensated Absences". Compensated absences comprise unpaid vacation leave that accrue when benefits are fully vested and are determined annually. Compensated absences for proprietary fund will generally be liquidated through the Project's general fund.

As of December 31, 2025, the liability for compensated absences was calculated based on employees' pay rates at the fiscal year end and historical usage data, considering employment policies. The liability represents amounts that are more likely than not to be used or paid out. The liability is reported in the Statement of Net Position.

The net change in the compensated absence liability for the fiscal years ended December 31, 2025 and 2024, increased by \$4,265 and \$45,007, respectively.

The change to compensated absences for December 31 was as follows:

<u>Restated 2024</u>	<u>Change</u>	<u>Balance 2025</u>	<u>Current Portion</u>	<u>Long-term Portion</u>
\$ 307,725	4,265 *	311,990	215,415	96,575

*The changes in the compensated absence liabilities are presented as a net change.

The change to compensated absences for December 31 was as follows:

<u>Restated 2023</u>	<u>Change</u>	<u>Restated 2024</u>	<u>Current Portion</u>	<u>Long-term Portion</u>
\$ 262,718	45,007 *	307,725	167,846	139,879

*The changes in the compensated absence liabilities are presented as a net change.

(7) Finance Lease Payable

Changes in finance lease payable for the year ended December 31 were as follows:

	<u>Balance 2024</u>	<u>Additions</u>	<u>Principal Payments</u>	<u>Balance 2025</u>	<u>Current Portion</u>	<u>Long-term Portion</u>
Finance lease payable:						
Great America – copier	\$ 9,175	-	(3,246)	5,929	3,349	2,580
Total lease payable	\$ 9,175	-	(3,246)	5,929	3,349	2,580

Changes in finance lease payable for the year ended December 31 were as follows:

	<u>Balance 2023</u>	<u>Additions</u>	<u>Principal Payments</u>	<u>Balance 2024</u>	<u>Current Portion</u>	<u>Long-term Portion</u>
Finance lease payable:						
Great America – copier	\$ 12,322	-	(3,147)	9,175	3,246	5,929
Total lease payable	\$ 12,322	-	(3,147)	9,175	3,246	5,929

Tri-Dam Project
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended December 31, 2025 and 2024

(7) Finance Lease Payable, continued

Great America - Copier Lease

In October 2022, the Project entered into an agreement with Great America, to lease copier equipment for use in the Project's administrative office. Terms of the agreement commenced on October 4, 2022, for a period of 60 months, with rent due monthly at \$290 per month for the entire lease term.

Following the guidelines set forth by GASB Statement No. 87, the Project has recorded a right-to-use asset and a lease payable at present value with an implicit rate of 3.11%. The right-to-use asset is amortized on a straight-line basis over the term of the lease.

Annual lease principal and interest obligations on the lease as of June 30 are as follows:

<u>Fiscal Year</u>		<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$	3,349	137	7,517
2027		2,580	34	7,742
Total		5,929	171	15,259
Current		(3,349)		
Non-current	\$	2,580		

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

General Information about the OPEB Plan

Plan Description

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

Benefits Provided

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

Tri-Dam Project
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended December 31, 2025 and 2024

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

Employees Covered by Benefit Terms

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

	<u>2025</u>	<u>2024</u>
Active plan members	23	23
Retirees and beneficiaries receiving benefits	2	2
Separated plan members entitled to but not yet receiving benefits	<u>-</u>	<u>-</u>
Total Plan membership	<u>25</u>	<u>25</u>

Contributions

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

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

		<u>2025</u>	<u>2024</u>
Contributions – employer	\$	<u>16,661</u>	<u>14,155</u>
Total employer paid contributions	\$	<u>16,661</u>	<u>14,155</u>

Total OPEB Liability

The Project's total OPEB liability was measured as of December 31, 2025 and 2024, and the total net liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2025 and 2024. Standard actuarial update procedures were used to project/discount from valuation to measurement dates.

Tri-Dam Project
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended December 31, 2025 and 2024

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

Total OPEB Liability, continued

Actuarial Assumptions

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

Average retirement age	62
Employer future premium contribution	Remain a level % of the total cost over time
Actuarial cost method	Entry Age normal
Amortization method	Level percentage of payroll
Assets backing OPEB liability	\$0
Percentage participation	2025 – 90.00 percent 2024 – 90.00 percent
Health premium increases	4.10 to 5.80 percent
Inflation	2025 – 4.430 percent 2024 – 4.280 percent
Discount rate	2025 – 4.430 percent, per annum 2024 – 4.280 percent, per annum
Salary increases	2025 – 4.00 percent, per annum, in aggregate 2024 – 3.00 percent, per annum, in aggregate
NOL and ADC	Calculated using the Alternative Measurement Method in accordance with GASB methodology.
Mortality table	2025 and 2024 – Pub-2010 Public Retirement Plans Mortality Tables, with mortality improvement projected for 10 years.
Turnover assumption	Derived from data maintained by the U.S. Office of Personnel Management regarding the most recent experience of the employee group covered by the Federal Employees Retirement System.

Discount Rate

The discount rate used to measure the total OPEB liability was 4.430 percent. The projection of cash flows used to determine the discount rate assumed that Project contributions will be made at rates equal to the actuarially determined contribution rates.

Tri-Dam Project
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended December 31, 2025 and 2024

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

Changes in the Total OPEB Liability

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

	<u>2025</u>	<u>2024</u>
	<u>Total OPEB</u>	<u>Total OPEB</u>
	<u>Liability</u>	<u>Liability</u>
Balance at beginning of year	\$ 500,426	450,895
Changes for the year:		
Service cost	33,298	33,585
Interest	22,491	22,204
Effect of demographic (gains)/losses	147,313	(13,458)
Changes in assumptions	(9,722)	21,355
Benefit payments, including refunds of member contributions	(16,661)	(14,155)
Net change	176,719	49,531
Balance at end of year	\$ 677,145	500,426

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

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

At the measurement date December 31, 2025, the discount rate comparison was the following:

	<u>1%</u>	<u>Current</u>	<u>1%</u>
	<u>Decrease</u>	<u>Discount</u>	<u>Increase</u>
	<u>(3.430%)</u>	<u>Rate</u>	<u>(5.430%)</u>
	<u>(4.430%)</u>	<u>(4.430%)</u>	<u>(5.430%)</u>
Project's total OPEB liability	\$ 746,595	677,145	614,782

At the measurement date December 31, 2024, the discount rate comparison was the following:

	<u>1%</u>	<u>Current</u>	<u>1%</u>
	<u>Decrease</u>	<u>Discount</u>	<u>Increase</u>
	<u>(3.280%)</u>	<u>Rate</u>	<u>(5.280%)</u>
	<u>(4.280%)</u>	<u>(4.280%)</u>	<u>(5.280%)</u>
Project's total OPEB liability	\$ 565,655	500,426	445,692

Tri-Dam Project
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended December 31, 2025 and 2024

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

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

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

At the measurement date December 31, 2025, the healthcare cost trend rate comparison was the following:

	1% Decrease (3.9% Medical/4.9% Pharmacy increasing/decreasing to 3.3% Medical/3.3% Pharmacy)	Healthcare Cost Trend Rates (4.9% Medical/5.9% Pharmacy increasing/decreasing to 4.3% Medical/4.3% Pharmacy)	1% Increase (5.9% Medical/6.9% Pharmacy increasing/decreasing to 5.3% Medical/5.3% Pharmacy)
Project's total OPEB liability \$	601,420	677,145	768,203

At the measurement date December 31, 2024, the healthcare cost trend rate comparison was the following:

	1% Decrease (3.9% Medical/4.9% Pharmacy increasing/decreasing to 3.3% Medical/3.3% Pharmacy)	Healthcare Cost Trend Rates (4.9% Medical/5.9% Pharmacy increasing/decreasing to 4.3% Medical/4.3% Pharmacy)	1% Increase (5.9% Medical/6.9% Pharmacy increasing/decreasing to 5.3% Medical/5.3% Pharmacy)
Project's total OPEB liability \$	425,768	500,426	592,878

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

For the fiscal year December 31, 2025, and 2024, the Project recognized OPEB expense of \$193,379 and \$63,685, respectively, as determined by the actuarial valuations.

At December 31, 2025, and 2024, the Project reported no deferred outflows of resources and deferred inflows of resources related to OPEB.

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

See page 51 for the Required Supplementary Schedule.

(9) Defined Benefit Pension Plan

Plan Description

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

Tri-Dam Project
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended December 31, 2025 and 2024

(9) Defined Benefit Pension Plan, continued

Benefits Provided

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

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

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

	Miscellaneous Plan			
	2025		2024	
	Prior to January 1, 2013	On or after January 1, 2013	Prior to January 1, 2013	On or after January 1, 2013
Hire date				
Benefit formula	2.0% @ 60	2.0% @ 62	2.0% @ 60	2.0% @ 62
Benefit vesting schedule	5 years of service	5 years of service	5 years of service	5 years of service
Benefit payments	monthly for life	monthly for life	monthly for life	monthly for life
Retirement age	50 - 63	52 - 67	50 - 63	52 - 67
Monthly benefits, as a % of eligible compensation	2.0% to 2.5%	1.0% to 2.5%	2.0% to 2.5%	1.0% to 2.5%
Required employee contribution rates				
Six months ended June 30	8.000%	7.750%	7.960%	7.750%
Six months ended December 31	8.000%	7.750%	8.000%	7.750%
Required employer contribution rates				
Six months ended June 30	14.130%	7.960%	14.060%	7.680%
Six months ended December 31	14.180%	7.960%	14.130%	7.960%

Tri-Dam Project
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended December 31, 2025 and 2024

(9) Defined Benefit Pension Plan, continued

Contributions

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

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

		Miscellaneous Plan	
		2025	2024
Contributions – employer	\$	604,511	501,396
Contributions – employee (paid by employer)		63,600	56,392
Total employer paid contributions	\$	668,111	557,788

Net Pension Liability

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

		Miscellaneous Plan	
		2025	2024
Proportionate share of net pension liability	\$	3,018,615	3,885,782

The Project's net pension liability for the Plan is measured as the proportionate share of the net pension liability for the miscellaneous risk pool. As of the fiscal years ended December 31, 2025 and 2024, the net pension liability of the Plan is measured as of June 30, 2025 and 2024 (the measurement dates), respectively. The total pension liability for the Plan's miscellaneous risk pool used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2024 and 2023 (the valuation dates), rolled forward to June 30, 2025 and 2024, using standard update procedures, respectively. The Project's proportion of the net pension liability was based on a projection of the Project's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

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

Proportional Share	Miscellaneous Plan
Measurement Date of June 30, 2024	
for the year ended December 31, 2024	0.08034%
Measurement Date of June 30, 2025	
for the year ended December 31, 2025	0.07567%
Change – Increase (Decrease)	-0.00467%

Tri-Dam Project
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended December 31, 2025 and 2024

(9) Defined Benefit Pension Plan, continued

Net Pension Liability, continued

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

<u>Proportional Share</u>	<u>Miscellaneous Plan</u>
Measurement Date of June 30, 2023 for the year ended December 31, 2023	0.07971%
Measurement Date of June 30, 2024 for the year ended December 31, 2024	<u>0.08034%</u>
Change – Increase (Decrease)	<u><u>0.00063%</u></u>

Deferred Outflows/Inflows of Resources Related to Pensions

For the fiscal year ended December 31, 2025 and 2024, the Project recognized pension expense of \$365,118 and \$1,184,387, respectively.

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

<u>Description</u>	<u>2025</u>		<u>2024</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to the measurement date	\$ 604,511	-	501,396	-
Net differences between actual and expected experience	361,703	-	322,852	-
Net changes in assumptions	-	-	99,873	-
Net differences between actual contribution and proportionate share of contribution	-	(454,318)	-	(411,292)
Net adjustment due to differences in proportions of the net pension liability	260,323	-	255,013	-
Net differences between projected and actual earnings on plan investments	<u>-</u>	<u>(408,452)</u>	<u>223,700</u>	<u>-</u>
Total	<u>\$ 1,226,537</u>	<u>(862,770)</u>	<u>1,402,834</u>	<u>(411,292)</u>

As of December 31, 2025 and 2024, the Project reported \$604,511 and \$501,396, as deferred outflows of resources related to pension contributions subsequent to the measurement dates June 30, 2025 and 2024, and were/will be recognized as a reduction of the net pension liability for the fiscal year ended December 31, 2026 and 2025, respectively.

Tri-Dam Project
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended December 31, 2025 and 2024

(9) Defined Benefit Pension Plan, continued

Deferred Outflows/Inflows of Resources Related to Pensions, continued

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

2025	
Fiscal Year Ending December 31,	Deferred Net Outflows/ (Inflows) of Resources
2026	\$ 241,903
2027	(136,296)
2028	(190,428)
2029	(155,923)
2030	-
Thereafter	-

Actuarial Assumptions

The total pension liability in the actuarial valuations dated June 30, 2024 and 2023, was determined using the following actuarial assumptions and methods:

Valuation dates	June 30, 2024 and 2023
Measurement dates	June 30, 2025 and 2024
Actuarial cost method	Entry Age Normal in accordance with the requirements of GASB Statement No. 68
Actuarial assumptions:	
Discount rate	2025 – 6.90% 2024 – 6.90%
Inflation	2025 – 2.30% 2024 – 2.30%
Salary increases	Varies by Entry Age and Service
Investment rate of return	7.50% Net of Pension Plan Investment and Administrative Expenses; includes inflation
Mortality rate table*	Derived using CalPERS' Membership Data for all Funds
Period upon which actuarial Experience survey assumption were based	2025 and 2024 – 2021
Post retirement benefit	2025 and 2024 – Contract COLA up to 2.30% until purchasing power protection allowance floor on purchasing power applies.

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

Tri-Dam Project
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended December 31, 2025 and 2024

(9) Defined Benefit Pension Plan, continued

Discount Rate

At the measurement dates, June 30, 2025 and 2024, the discount rate used to measure the total pension liability was 6.90% for the Plan, respectively. The discount rate reflects the long-term expected rate of return for the Plan net of investment expenses and without reduction for administrative expenses. For the Plan, the crossover test was performed for a miscellaneous agent plan and a safety agent plan selected as being more at risk of failing the crossover test and resulting in a discount rate that would be different from the long-term expected rate of return on pension investments. Based on the testing of the plans, the tests revealed the assets would not run out. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability for PERF C. The crossover test results can be found on CalPERS' website.

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

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

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

As of the measurement dates June 30, 2025 and 2024, the target allocation and the long-term expected real rate of return by asset class were as follows:

Asset Class	Target Allocation	Real Return Years 1-10
Global equity - cap-weighted	30.0%	4.54%
Global equity - non-cap-weighted	12.0	3.84
Private equity	13.0	7.28
Treasury	5.0	0.27
Mortgage-backed securities	5.0	0.50
Investment grade corporates	10.0	1.56
High yield	5.0	2.27
Emerging market debt	5.0	2.48
Private debt	5.0	3.57
Real assets	15.0	3.21
Leverage	-5.0	(0.59)
Total	100.0%	

Tri-Dam Project
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended December 31, 2025 and 2024

(9) Defined Benefit Pension Plan, continued

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

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

As of fiscal year, end December 31, 2025, the Project's net pension liability at the current discount rate, using a discount rate that is one-percentage point lower, and using a discount rate that is one-percentage point higher, is as follows:

	Discount Rate - 1% 5.90%	Current Discount Rate 6.90%	Discount Rate + 1% 7.90%
Project's net pension liability(asset) \$	6,715,542	3,018,615	(23,918)

As of fiscal year, end December 31, 2024, the Project's net pension liability at the current discount rate, using a discount rate that is one-percentage point lower, and using a discount rate that is one-percentage point higher, is as follows:

	Discount Rate - 1% 5.90%	Current Discount Rate 6.90%	Discount Rate + 1% 7.90%
Project's net pension liability \$	7,513,379	3,885,782	899,736

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued CalPERS financial reports. See pages 52 and 53 for the Required Supplementary Information.

Payable to the Pension Plan

At December 31, 2025 and 2024, the Project reported \$0 in payables for the outstanding amount of contribution to the pension plan, respectively.

Tri-Dam Project
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended December 31, 2025 and 2024

(10) Net Position

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

	<u>2025</u>	<u>As Restated 2024</u>
Investment in capital assets:		
Capital assets – not being depreciated	\$ 4,034,589	3,995,371
Capital assets – being depreciated, net	<u>57,790,744</u>	<u>59,506,118</u>
Total investment in capital assets	<u>61,825,333</u>	<u>63,501,489</u>
Unrestricted net position:		
Non-spendable net position:		
Prepaid expenses	<u>939,685</u>	<u>976,442</u>
Total non-spendable net position	<u>939,685</u>	<u>976,442</u>
Spendable net position is designated as follows:		
Operating reserve	8,214,539	7,885,709
Unrestricted	<u>27,309,148</u>	<u>31,456,146</u>
Total spendable net position	<u>35,523,687</u>	<u>39,341,855</u>
Total unrestricted net position	<u>36,463,372</u>	<u>40,318,297</u>
Total net position	<u>\$ 98,288,705</u>	<u>103,819,786</u>

(11) Power Generation Revenues

Effective January 1, 2014, the Project entered into a power purchase and sale agreement with the City of Santa Clara, California through its municipal electric utility, Silicon Valley Power. Under the agreement, the Project agrees to sell the net electrical output and installed capacity of its power generating facilities (the Donnellys Powerhouse, Beardsley Powerhouse and Tulloch Powerhouse) to the City. This agreement was extended through December 31, 2028, including electrical energy, capacity attributes and any renewable energy credits and environmental attributes of the power generating facilities. Under the agreement, the Project will receive an annually adjusted contract price per megawatt hour (MWh) per location as summarized in Exhibit E of the agreement.

(12) Legal Settlement

During 2024, Parties settled litigation that was a dispute around whether the Project was responsible for damages Plaintiff's home suffered because of a landslide on Plaintiff's property. In 2024, the Parties' authorized representatives met during mediation conferences where the Parties agreed to specific terms and conditions to induce settlement of the litigation and the resolution of the claim amounting to \$2,700,000. The Project's insurance company reimbursed the Project for half of the settlement amounting to \$1,350,000. As of December 31, 2024, reported \$1,350,000 as legal settlement expense, net of insurance proceeds as the Project paid the settlement in full and obtained reimbursement from its insurance company.

Tri-Dam Project
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended December 31, 2025 and 2024

(13) Distributions to Districts

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

	<u>2025</u>	<u>2024</u>
Oakdale Irrigation District	\$ 17,846,400	16,442,000
South San Joaquin Irrigation District	<u>17,846,400</u>	<u>16,442,000</u>
Total distributions to Districts	<u>\$ 35,692,800</u>	<u>32,884,000</u>

(14) Adjustments to Net Position

Compensated Absences Alignment Adjustment for GASB Statement No. 101

In fiscal year 2024, the Project implemented GASB Statement No. 101 – *Compensated Absences* to recognize the provisions of the Statement towards its compensated absences liability. In 2025, the Project added further adjustments to align its liability to comply with the provisions of GASB 101. As a result of the implementation, the Project recognized adjustments to its compensated absence liability and recorded prior period adjustments, decreases to net position, of \$100,131 at December 31, 2023 and \$86,842 at December 31, 2024. Please see Note 6 for further information.

The adjustments to net position are as follows:

Net position at December 31, 2022, as restated	\$ <u>89,590,245</u>
Effect of adjustment to compensated absences liability, previously reported in 2023	(100,131)
Change in net position at December 31, 2023, as previously stated	<u>15,087,515</u>
Net position at December 31, 2023, as restated	\$ <u>104,577,629</u>
Effect of the adjustment to reverse compensated absences liability, previously reported in 2023	100,131
Effect of adjustment to compensated absences liability, previously reported in 2024	(86,842)
Change in net position at December 31, 2024, as previously stated	<u>(771,132)</u>
Net position at December 31, 2024, as restated	\$ <u>103,819,786</u>

(15) Deferred Compensation Plan

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

Tri-Dam Project
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended December 31, 2025 and 2024

(15) Deferred Compensation Plan, continued

Federal law requires deferred compensation assets to be held in trust for the exclusive benefit of the participants. Accordingly, the Project is in compliance with this legislation. Therefore, these assets are not the legal property of the Project and are not subject to claims of the Project's general creditors. As of December 31, 2025 and 2024 the market value of all plan assets held in trust by the Projects plans with Nationwide and CalPERS amounted to \$3,079,020 and \$2,609,422, respectively.

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

(16) Risk Management

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

Settled claims have not exceeded any of the coverage amounts in any of the last three fiscal years and there were no reductions in the Project's insurance coverage during the years ending December 31, 2025, 2024, and 2023. Liabilities are recorded when it is probable that a loss has been incurred and the amount of the loss can be reasonably estimated net of the respective insurance coverage. Liabilities include an amount for claims that have been incurred but not reported (IBNR). There were no IBNR claims payable as of December 31, 2025, 2024, and 2023, respectively.

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

The Governmental Accounting Standards Board (GASB) has issued several pronouncements prior to December 31, 2025, that has effective dates that may impact future financial presentations.

Governmental Accounting Standards Board Statement No. 103

In April 2024, the GASB issued Statement No. 103 – *Financial Reporting Model Improvements*. The primary objective of this Statement is to improve key components of the financial reporting model to enhance effectiveness in providing information that is essential for decision making and assessing a government's accountability. Also, this Statement: (1) continues the requirement that the basic financial statements be preceded by management's discussion and analysis (MD&A), which is presented as required supplementary information (RSI); (2) describes unusual or infrequent items as transactions and other events that are either unusual in nature or infrequent in occurrence; (3) requires that the proprietary fund statement of revenues, expenses, and changes in fund net position continue to distinguish between operating and nonoperating revenues and expenses; (4) requires governments to present each major component unit separately in the reporting entity's statement of net position and statement of activities if it does not reduce the readability of the statements; and (5) requires governments to present budgetary comparison information using a single method of communication—RSI.

The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter. Earlier application is encouraged.

Tri-Dam Project
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended December 31, 2025 and 2024

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

Governmental Accounting Standards Board Statement No. 104

In September 2024, the GASB issued Statement No. 104 – Disclosure of Certain Capital Assets. The primary objective of this Statement is to provide users of government financial statements with essential information about certain types of capital assets. This Statement establishes requirements for certain types of capital assets to be disclosed separately in the capital assets note disclosures required by Statement No. 34, Basic Financial Statements and Management Discussion and Analysis for State and Local Governments. Also, this Statement establishes requirements for capital assets held for sale, including additional disclosures for those capital assets. The requirements of this Statement apply to the financial statements of all state and local governments.

The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter. Earlier application is encouraged.

Governmental Accounting Standards Board Statement No. 105

In December 2025, the GASB issued Statement No. 105 – *Subsequent Events*. The primary objective of this Statement is to improve the financial reporting requirements for subsequent events, thereby enhancing consistency in their application and better meeting the information needs of financial statement users. This Statement defines subsequent events as 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. This Statement describes the date the financial statements are available to be issued as the date at which (1) the financial statements are complete in a form and format that complies with generally accepted accounting principles and (2) approvals necessary for issuance have been obtained. That definition modifies the subsequent events time frame throughout the GASB literature. This Statement also requires the date through which subsequent events have been evaluated to be disclosed. This Statement clarifies the subsequent events that constitute recognized and nonrecognized events and establishes specific note disclosure requirements for nonrecognized events.

The requirements of this Statement are effective for fiscal years beginning after June 15, 2026, and all reporting periods thereafter. Earlier application is encouraged.

(18) Commitments and Contingencies

Construction Contracts

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

Grant Awards

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

During 2024, the Project received grant funds from the Federal Emergency Management Agency and the California Office of Emergency Services for the purpose of funding road repairs and rockslide damage due to 2023 storms which were declared an emergency. At December 31, 2024, the Project recognized grant funds amounting to \$1,055,532. The remaining funds were collected in November 2025.

Tri-Dam Project
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended December 31, 2025 and 2024

(18) Commitments and Contingencies, continued

Litigation

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

(19) Subsequent Events

There are no known events occurring after December 31, 2025, which have been evaluated for possible adjustment to the financial statements or disclosure as of July 16, 2026, which is the date the financial statements were available to be issued.

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Required Supplementary Information

Tri-Dam Project
Schedules of Changes in the Project's Total OPEB Liability and Related Ratios
As of December 31, 2025
Last Ten Years*

	<u>December 31, 2025</u>	<u>December 31, 2024</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>	<u>December 31, 2020</u>	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Total OPEB Liability								
Service cost	\$ 33,298	33,585	33,585	99,605	99,991	95,696	90,423	73,331
Interest	22,491	22,204	20,499	27,685	26,505	39,958	52,105	36,966
Changes in benefit terms	-	-	-	-	-	-	-	-
Effect of demographic (gains)/losses	147,313	(13,458)	(45,148)	(757,779)	(21,396)	(406,995)	(94,463)	155,926
Changes in assumptions	(9,722)	21,355	(37,800)	(123,440)	10,671	77,872	152,903	(73,706)
Benefit payments	<u>(16,661)</u>	<u>(14,155)</u>	<u>(11,105)</u>	<u>(12,076)</u>	<u>(18,156)</u>	<u>(19,707)</u>	<u>(17,754)</u>	<u>(9,039)</u>
Net change in total OPEB liability	176,719	49,531	(39,969)	(766,005)	97,615	(213,176)	183,214	183,478
Total OPEB liability – beginning	<u>500,426</u>	<u>450,895</u>	<u>490,864</u>	<u>1,256,869</u>	<u>1,159,254</u>	<u>1,372,430</u>	<u>1,189,216</u>	<u>1,005,738</u>
Total OPEB liability – ending	<u>\$ 677,145</u>	<u>500,426</u>	<u>450,895</u>	<u>490,864</u>	<u>1,256,869</u>	<u>1,159,254</u>	<u>1,372,430</u>	<u>1,189,216</u>
Covered payroll	<u>\$ 2,542,797</u>	<u>2,710,828</u>	<u>2,879,750</u>	<u>2,877,242</u>	<u>2,928,795</u>	<u>2,737,747</u>	<u>1,090,770</u>	<u>1,059,000</u>
Total OPEB liability as a percentage of covered payroll	26.63%	18.46%	15.66%	17.06%	42.91%	42.34%	125.82%	112.30%
Valuation date	<u>December 31, 2025</u>	<u>December 31, 2024</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>	<u>December 31, 2020</u>	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Methods and assumptions used to determine contribution rates:								
Single and agent employers	Entry age	Entry age	Entry age	Entry age	Entry age	Entry age	Entry age	Entry age
Amortization method	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)
Inflation	4.430%	4.280%	4.650%	3.950%	2.050%	2.120%	2.740%	4.100%
Salary Increases	4.000%	3.000%	3.000%	3.000%	3.000%	3.000%	3.000%	3.000%
Investment rate of return	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)
Mortality, retirement, turnover	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)

(1) Level percentage of payroll, closed

(2) The Authority's plan is not funded, therefore, there is no investment rate of return.

(3) Pub-2010 Public Retirement Plans Mortality Tables, with mortality improvement projected for 10 years (2020-2021) RP2000 Mortality Table for Males and Females Projected 18 years; this assumption does not include a margin for future improvements in longevity. (2019-2018)

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

Tri-Dam Project
Schedules of the Project's Proportionate Share of the Net Pension Liability
As of December 31, 2025
Last Ten Years

Description	Fiscal Year									
	June 30, 2025	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016
Project's proportion of the net pension liability	0.07567%	0.08034%	0.03195%	0.03148%	0.00849%	0.03062%	0.02912%	0.05879%	0.05785%	0.05732%
Project's proportionate share of the net pension liability	\$ 3,018,615	3,885,782	3,985,887	3,635,864	459,338	3,331,950	2,983,496	5,665,437	5,736,690	4,959,124
Project's covered payroll	\$ 2,542,797	2,710,828	2,879,750	2,877,242	2,928,795	2,737,747	2,678,414	2,408,356	2,221,912	2,323,849
Project's proportionate share of the net pension liability as a percentage of its covered payroll	118.71%	143.34%	138.41%	126.37%	15.68%	121.70%	111.39%	235.24%	258.19%	213.40%
Project's total pension liability	\$ 27,395,256	26,882,958	26,455,863	25,654,078	23,957,513	23,037,525	22,012,646	21,098,739	20,850,341	18,814,462
Project's fiduciary net position	\$ 24,376,642	22,997,175	22,469,977	22,018,214	23,498,175	19,705,575	19,029,150	15,433,302	15,113,651	13,855,337
Project's fiduciary net position as a percentage of the total pension liability	88.98%	85.55%	84.93%	85.83%	98.08%	85.54%	86.45%	73.15%	72.49%	73.64%

Notes to schedule:

There were no changes in benefits.

Changes in assumptions:

From fiscal year June 30, 2015 to June 30, 2016:

GASB 68, paragraph 68 states that the long-term expected rate of return should be determine net of pension plan investment expense but without reduction for pension plan administrative expense. The discount rate of 7.50% used for the June 30, 2014 measurement date was net of administrative expense.

The discount rate of 7.65% used for the June 30, 2015 measurement date is without reduction of pension plan administrative expense.

From fiscal year June 30, 2016 to June 30, 2017:

There were no changes in assumptions.

From fiscal year June 30, 2017 to June 30, 2018:

The discount rate was reduced from 7.65% to 7.15%

From fiscal year June 30, 2018 to June 30, 2019:

The inflation rate was reduced from 2.75% to 2.50%

From fiscal year June 30, 2019 to June 30, 2020:

There were no changes in assumptions.

From fiscal year June 30, 2020 to June 30, 2021:

There were no changes in assumptions.

From fiscal year June 30, 2021 to June 30, 2022:

There were no changes in assumptions.

From fiscal year June 30, 2022 to June 30, 2023:

The discount rate was reduced from 7.15% to 6.90%

The inflation rate was reduced from 2.50% to 2.30%

From fiscal year June 30, 2023 to June 30, 2024:

There were no changes in assumptions.

From fiscal year June 30, 2024 to June 30, 2025:

There were no changes in assumptions.

Tri-Dam Project
Schedule of Pension Plan Contributions
As of December 31, 2025
Last Ten Years

Description	Fiscal Year									
	June 30, 2025	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016
Actuarially determined contribution	\$ 751,332	676,943	579,085	673,125	605,285	576,667	501,426	553,154	475,900	424,574
Contributions in relation to the actuarially determined contribution	(751,332)	(676,943)	(579,085)	(673,125)	(605,285)	(576,667)	(501,426)	(3,553,154)	(475,900)	(424,574)
Contribution deficiency (excess)	\$ -	-	-	-	-	-	-	(3,000,000)	-	-
District's covered payroll	\$ 2,542,797	2,710,828	2,879,750	2,877,242	2,928,795	2,737,747	2,847,569	2,619,155	2,504,259	2,361,816
Contribution's as a percentage of covered payroll	29.55%	24.97%	20.11%	23.39%	20.67%	21.06%	17.61%	135.66%	19.00%	17.98%
Notes to schedule:										
Valuation date	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
Methods and assumptions used to determine contribution rates:										
Actuarial cost method	Entry Age	Entry Age	Entry Age	Entry Age	Entry Age	Entry Age	Entry Age	Entry Age	Entry Age	Entry Age
Amortization method	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)
Asset valuation method	Market Value	Market Value	Market Value	Market Value	Market Value	Market Value	Market Value	Market Value	Market Value	Market Value
Inflation	2.30%	2.30%	2.30%	2.30%	2.50%	2.63%	2.75%	2.75%	2.75%	2.75%
Salary increases	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)
Investment rate of return	6.90% (3)	6.90% (3)	6.90% (3)	6.90% (3)	7.00% (3)	7.25% (3)	7.375% (3)	7.50% (3)	7.50% (3)	7.50% (3)
Retirement age	(4)	(4)	(4)	(4)	(4)	(4)	(4)	(4)	(4)	(4)
Mortality	(5)	(5)	(5)	(5)	(5)	(5)	(5)	(5)	(5)	(5)

(1) Level of percentage payroll, closed

(2) Depending on age, service, and type of employment

(3) Net of pension plan investment expense, including inflation

(4) 50 for all plans with exception of 52 for Miscellaneous 2% @ 62

(5) Mortality assumptions are based on mortality rates resulting from the most recent CalPERS Experience Study adopted by the CalPERS Board.

Other Supplementary Information

Tri-Dam Project
Supporting Schedules of Expenses
Operations, Maintenance, and General and Administrative
For the Fiscal Years Ended December 31, 2025 and 2024

	<u>2025</u>	<u>As Restated 2024</u>
Tulloch Facility:		
Operations		
Supervision wages and benefits	\$ 146,616	142,601
Hydraulic wages and benefits	17,865	9,989
Electric wages and benefits	348,994	292,235
Supplies and materials	<u>114,377</u>	<u>113,268</u>
Total operations	<u>627,852</u>	<u>558,093</u>
Maintenance		
Structures wages and benefits	46,914	33,767
Reservoirs and dams wages and benefits	50,127	13,173
Electrical plant wages and benefits	237,712	181,175
High voltage wages and benefits	126	-
Communications and security wages and benefits	17,002	16,465
Other wages and benefits	63,139	65,460
Supplies and materials	<u>223,336</u>	<u>123,307</u>
Total maintenance	<u>638,356</u>	<u>433,347</u>
General and administrative		
Outside services – legal	13,934	46,394
Headwater benefit assessment	83,364	92,500
Other	<u>22,575</u>	<u>26,462</u>
Total general and administrative	<u>119,873</u>	<u>165,356</u>
Total Tulloch Facility	\$ <u>1,386,081</u>	<u>1,156,796</u>
Mount Elizabeth Facility:		
Operations		
Supplies and materials	\$ <u>27,063</u>	<u>32,129</u>
Total operations	<u>27,063</u>	<u>32,129</u>
Maintenance		
Structures wages and benefits	739	1,028
Communications and security wages and benefits	171	9,785
Other wages and benefits	126	3,585
Supplies and materials	<u>1,655</u>	<u>6,129</u>
Total maintenance	<u>2,691</u>	<u>20,527</u>
Total Mount Elizabeth Facility	\$ <u>29,754</u>	<u>52,656</u>

Tri-Dam Project
Supporting Schedules of Expenses
Operations, Maintenance, and General and Administrative, continued
For the Fiscal Years Ended December 31, 2025 and 2024

	<u>2025</u>	<u>As Restated 2024</u>
Tulloch Facility:		
Operations		
Supervision wages and benefits	\$ 146,616	142,601
Hydraulic wages and benefits	17,865	9,989
Electric wages and benefits	348,994	292,235
Supplies and materials	<u>114,377</u>	<u>113,268</u>
Total operations	<u>627,852</u>	<u>558,093</u>
Maintenance		
Structures wages and benefits	46,914	33,767
Reservoirs and dams wages and benefits	50,127	13,173
Electrical plant wages and benefits	237,712	181,175
High voltage wages and benefits	126	-
Communications and security wages and benefits	17,002	16,465
Other wages and benefits	63,139	65,460
Supplies and materials	<u>223,336</u>	<u>123,307</u>
Total maintenance	<u>638,356</u>	<u>433,347</u>
General and administrative		
Outside services – legal	13,934	46,394
Headwater benefit assessment	83,364	92,500
Other	<u>22,575</u>	<u>26,462</u>
Total general and administrative	<u>119,873</u>	<u>165,356</u>
Total Tulloch Facility	\$ <u>1,386,081</u>	<u>1,156,796</u>
Mount Elizabeth Facility:		
Operations		
Supplies and materials	\$ <u>27,063</u>	<u>32,129</u>
Total operations	<u>27,063</u>	<u>32,129</u>
Maintenance		
Structures wages and benefits	739	1,028
Communications and security wages and benefits	171	9,785
Other wages and benefits	126	3,585
Supplies and materials	<u>1,655</u>	<u>6,129</u>
Total maintenance	<u>2,691</u>	<u>20,527</u>
Total Mount Elizabeth Facility	\$ <u>29,754</u>	<u>52,656</u>

Tri-Dam Project
Supporting Schedules of Expenses
Operations, Maintenance, and General and Administrative, continued
For the Fiscal Years Ended December 31, 2025 and 2024

	2025	As Restated 2024
Strawberry Peak Facility:		
Operations		
Supplies and materials	\$ 19,720	22,953
Total operations	<u>19,720</u>	<u>22,953</u>
Maintenance		
Structures wages and benefits	1,756	2,616
Communications and security wages and benefits	6,437	6,172
Other wages and benefits	4,592	2,655
Supplies and materials	<u>33,188</u>	<u>32,925</u>
Total maintenance	<u>45,973</u>	<u>44,368</u>
Total Strawberry Peak Facility	\$ <u>65,693</u>	<u>67,321</u>
Operations Center:		
Operations		
Electric wages and benefits	\$ 157,669	204,963
Total operations	<u>157,669</u>	<u>204,963</u>
Maintenance		
Structures wages and benefits	10,046	3,157
Communications and security wages and benefits	37,761	12,472
Other wages and benefits	9,191	11,629
Supplies and materials	<u>6,962</u>	<u>3,134</u>
Total maintenance	<u>63,960</u>	<u>30,392</u>
Total Operations Center	\$ <u>221,629</u>	<u>235,355</u>
Service Center:		
Maintenance		
Structures wages and benefits	50,785	56,977
Other wages and benefits	45,880	32,387
Supplies and materials	<u>250,791</u>	<u>293,060</u>
Total maintenance	<u>347,456</u>	<u>382,424</u>
Total Service Center	\$ <u>347,456</u>	<u>382,424</u>

Tri-Dam Project
Supporting Schedules of Expenses
Operations, Maintenance, and General and Administrative, continued
For the Fiscal Years Ended December 31, 2025 and 2024

	<u>2025</u>	<u>As Restated 2024</u>
Division Point Facility:		
Operations		
Hydraulic wages and benefits	\$ 28,851	13,244
Electric wages and benefits	108,142	97,225
Supplies and materials	4,310	5,054
Total operations	<u>141,303</u>	<u>115,523</u>
Maintenance		
Structures wages and benefits	11,875	1,834
Reservoirs and dams wages and benefits	12,229	2,262
Communications and security wages and benefits	8,936	5,173
Other wages and benefits	2,056	3,013
Supplies and materials	8,523	5,028
Total maintenance	<u>43,619</u>	<u>17,310</u>
Total Division Point Facility	<u>\$ 184,922</u>	<u>132,833</u>
Goodwin Facility:		
Operations		
Supervision wages and benefits	\$ 1,894	2,953
Hydraulic wages and benefits	28,888	11,445
Electric wages and benefits	108,269	92,482
Supplies and materials	51,422	51,971
Total operations	<u>190,473</u>	<u>158,851</u>
Maintenance		
Supervision wages and benefits	8,443	8,588
Hydraulic wages and benefits	1,429	837
Structures wages and benefits	2,064	1,043
Reservoirs and dams wages and benefits	9,689	897
Communications and security wages and benefits	3,586	3,768
Other wages and benefits	15,316	12,184
Supplies and materials	37,010	30,762
Total maintenance	<u>77,537</u>	<u>58,079</u>
General and administrative		
Outside services	3,000	3,000
Administration wages and benefits	10,842	8,781
Professional services	18,256	6,996
Property insurance	19,154	19,721
Supplies and materials	-	14,230
Total general and administrative	<u>51,252</u>	<u>52,728</u>
Total Goodwin Facility	<u>\$ 319,262</u>	<u>269,658</u>

Tri-Dam Project
Supporting Schedules of Expenses
Operations, Maintenance, and General and Administrative, continued
For the Fiscal Years Ended December 31, 2025 and 2024

	<u>2025</u>	<u>As Restated 2024</u>
Overall General and Administrative:		
Operations		
Outside services	\$ 851,034	796,887
Administration wages and benefits	1,556,129	1,334,520
Pension expense (income) GASB 68	-	724,174
Property insurance	815,644	803,622
FERC administrative and land fees	225,558	173,569
Safety fees and expense	43,023	28,157
Other wages and benefits-mobile equipment operation	34,348	53,073
Miscellaneous	30,359	50,184
Utilities	67,161	72,076
Meals allowance and travel expense	22,302	15,898
Telephone, internet, data links	144,701	77,381
Office supplies and expense	45,563	31,254
Computer supplies	7,972	219
County taxes	32,490	36,167
Professional organizations	66,026	37,091
Total overall general and administrative	\$ <u>3,942,310</u>	<u>4,234,272</u>
Depreciation and Amortization:		
Depreciation on capital assets	\$ 2,132,358	2,136,707
FERC relicensing amortization	236,756	236,756
Total depreciation and amortization	\$ <u>2,369,114</u>	<u>2,373,463</u>
Total Operating Expenses	\$ <u>10,768,355</u>	<u>11,945,689</u>
Summary of Expenses by Type		
Operations	\$ 2,247,862	1,942,449
Maintenance	2,037,944	3,177,421
General and Administrative	4,113,435	4,452,356
Depreciation and amortization	2,369,114	2,373,463
Total Operating Expenses	\$ <u>10,768,355</u>	<u>11,945,689</u>

Report on Internal Controls and Compliance



C.J. Brown & Company CPAs
An Accountancy Corporation

Christopher J. Brown, CPA, CGMA
Jonathan Abadesco, CPA
Jeffrey Palmer
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**Independent Auditor's Report on Internal Control Over Financial Reporting
and on Compliance and Other Matters Based on the Audit of Financial
Statements Performed in Accordance with *Government Auditing Standards***

Board of Directors
Tri-Dam Project
Strawberry, California

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the Tri-Dam Project (Project), which comprise the statements of net position as of December 31, 2025 and 2024 and the related statements of revenues, expenses, and changes in net position, and cash flows for the years then ended, and the related notes to the financial statements, which collectively comprise the Project's basic financial statements and have issued our report thereon date July 16, 2026.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

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

Purpose of this Report

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

C.J. Brown & Company, CPAs

C.J. Brown & Company, CPAs
Cypress, California
July 16, 2026