Trinity Public Utilities District

Financial Statements and
Supplementary Information

June 30, 2024 and 2023

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June 30, 2024 and 2023

Independent Auditors' Report

To the Board of Directors of
Trinity Public Utilities District

Opinion

We have audited the accompanying financial statements of the Trinity Public Utilities District (District), as of and for the years ended June 30, 2024 and 2023, and the related notes to the financial statements, which collectively comprise the District'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 financial position of the District as of June 30, 2024 and 2023, and the changes in financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit 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 District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 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, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information, as listed in the table of contents 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 supplementary information is fairly stated in all material respects, in relation to the basic financial statements as a whole.

Baker Tilly US, LLP

Madison, Wisconsin
December 12, 2024

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Trinity Public Utilities District, we offer readers of the District's financial statement this narrative overview and analysis of the District's financial performance during the fiscal year ending June 30, 2024. Please read it in conjunction with the District's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The District's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by $28.572 million (net position). This amount may be used to meet the District's ongoing obligations to citizens and creditors.
- Total assets and deferred outflows of resources decreased $2.155 million over the course of 2024. Total liabilities and deferred inflows of resources decreased $1.683 million for a net decrease to net position of $0.472 million.
- The District's Total operating revenue increased $0.457 million in 2024 primarily due to the rate restructure equalizing rates across all rate categories which was implemented beginning with April 2024 bills.
- The District's total operating expenses increased by $0.258 million mainly due to increases to Customer Accounts $0.238 million, Administrative and General Expenses $0.109 million, and Depreciation & Amortization $0.171 million. These increased expenses were partially offset by decreases to Operations & Maintenance expenses $0.197 million, Power Costs of $0.063 million.
- The District's net non-operating revenue (which consists of revenue and expense) decreased by $2.809 million due primarily to the District abandoning the Lewiston Small Hydro project which was in the research and development stage.
- The District has classified Grant funding received and/or obligated as reimbursement of costs expended in connection with Federally declared disasters as Capital Contributions.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report includes management's discussion and analysis report, the independent auditors' report, the basic financial statements of the District and supplemental information disclosed annually to comply with continuing disclosure requirements of the 2017 Bonds. The financial statements also include notes that explain in more detail some of the information in the financial statements.

REQUIRED FINANCIAL STATEMENTS

The financial statements of the District are designed to provide readers with a broad overview of the District's finances similar to a private-sector business. They have been prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States (GAAP). Under this basis of accounting, revenues are recognized in the period in which they are earned, and expenses are recognized in the period in which they are incurred, regardless of the timing of related cash flows. These statements offer short and long-term financial information about the District's activities.

The *Balance Sheet* includes all of the District's assets and liabilities and provides information about the nature and amounts of investments in resources (assets) and obligations to the District's creditors (liabilities). It also provides a basis for evaluating the capital structure of the District and assessing the liquidity and financial flexibility of the District.

The *Statement of Revenues, Expenses, and Changes in Net Position* accounts for all current year's revenues and expenses. This statement provides information on the District's operations over the past year and could be used to determine whether the District has recovered all costs through rates and other charges.

The *Statement of Cash Flows* reports cash receipts, cash payments, and net changes in cash resulting from operations, investing and financing activities. When used with related disclosures and information in the other financial statements, the statement of cash flows should provide insight into such questions as: Where did the cash come from, what was cash used for, and what the change in the cash balance was during the reporting period.

Notes to the Financial Statements

The notes provide additional information that is essential to fully understand the data provided in the required financial statements. The notes to the financial statements can be found on pages 14 through 33 of this report.

Supplementary information

In addition to the required financial statements and accompanying notes, this report also presents certain supplementary information, which can be found on pages 34 to 36 of this report.

FINANCIAL ANALYSIS OF THE DISTRICT

Over time, increases or decreases in the District's net assets are one indicator of its financial health. However, one will need to consider other non-financial factors such as changes in economic conditions, population growth, changes in state and national energy policy, changes in federal management of water and other new or modified government regulation. A summary of the District's Statement of Net Position is presented in Table I below.

BALANCE SHEET

Table I
Condensed Balance Sheet

	2024	2023	2022
Current and other assets	$ 7,082,124	$ 4,050,635	$ 4,153,301
Non-current assets	50,988,469	56,095,877	56,275,510
Total Assets	58,070,593	60,146,512	60,428,811
Deferred outflows of resources	3,713,919	3,792,604	2,311,941
Total Assets and Deferred Outflows of Resources	$ 61,784,512	$ 63,939,116	$ 62,740,752
Current liabilities	$ 3,973,716	$ 4,134,360	$ 4,058,688
Non-current liabilities	28,463,954	29,704,730	29,304,012
Total Liabilities	32,437,670	33,839,090	33,362,700
Deferred inflows of resources	774,423	1,055,874	1,616,268
Total Liabilities and Deferred Inflows of Resources	33,212,093	34,894,964	34,978,968
Net position:			
Net investment in capital assets	23,855,034	24,987,586	23,977,213
Unrestricted net position	4,717,385	4,056,566	3,784,571
Total Net Position	28,572,419	29,044,152	27,761,784
Total Liabilities and Net Position	$ 61,784,512	$ 63,939,116	$ 62,740,752

Total assets and deferred outflows of resources decreased $2.155 million over the course of fiscal 2024. Total liabilities and deferred inflows of resources decreased $1.683 million for a net decrease to net position of $0.472 million.

Changes in assets included:

- Current assets - increased from $4.051 million to $7.082 million during the current fiscal year. This $3.031 million increase was primarily due to an increase to unrestricted cash, net receivables and grant receivables which were offset by decreases to prepaid expenses and capitalized inventory.
- Noncurrent assets – net decrease of $5.107 million, due primarily to spending the remaining Umpqua Bank loan proceeds to fund capital improvements and replacements projects and placing them in service. The net decrease is also attributable to the abandoning of the Lewiston Small hydro project which was in the research and development stage.

Changes in liabilities included:

- Current liabilities – a net decrease in overall current liabilities of $0.161 million due decreases to accounts payable, compensated absences and accrued interest. These decreases were partially offset by an increase to payroll related payables, customer deposits, construction advances and to current debt payable.
- Noncurrent liabilities – a decrease of $1.241 million primarily due to a decrease to the District's long term debt and Lease Liability which was partially offset by an increase to the net pension liability as well as an increase to the other postemployment benefits liability.

While the Balance Sheet shows the change in financial position of the District, the Statement of Revenues, Expenses and Changes in Net Position shows the nature and source of these changes. A summary of the District's Changes in Net Position is presented in Table II below.

Table II
Condensed Statement of Revenues, Expenses and Changes in Net Position

	2024	2023	2022
Operating revenues	$ 15,393,918	$ 14,937,377	$ 15,183,764
Operating expenses	15,400,599	15,142,588	14,108,093
Operating Income	(6,681)	(205,211)	1,075,671
Non-operating revenues (expenses)	(3,395,793)	(586,076)	(280,637)
Capital Contributions	2,930,741	2,073,655	680,086
Changes in Net Position	**(471,733)**	**1,282,368**	**1,475,120**
Net position, beginning of the year	29,044,152	27,761,784	26,286,664
Net Position, end of the year	**$ 28,572,419**	**$ 29,044,152**	**$ 27,761,784**

CAPITAL ASSETS

As of June 30, 2024, the District had $50.988 million invested in a variety of capital assets, net of accumulated depreciation, as shown in Table III below.

Table III
Capital Assets

	2024	2023	2022
Distribution system	$ 67,254,162	$ 63,702,048	$ 57,744,997
Substations	7,700,877	7,687,013	7,687,013
Buildings & improvements	3,314,500	3,205,366	3,194,701
Vehicles, tools and other equipment	4,970,910	4,647,077	4,148,596
Intangible lease Asset	168,901	168,901	168,901
	83,409,350	79,410,405	72,944,208
Less accumulated depreciation and amortization	(38,380,009)	(35,528,991)	(32,922,581)
Land	1,364,088	1,364,088	1,364,088
Preliminary survey and investigation	4,595,040	6,779,427	6,239,614
Net capital assets	$ 50,988,469	$ 52,024,929	$ 47,625,329

The District invested $3.999 million in capital improvements before depreciation in fiscal 2024.

BUDGETARY HIGHLIGHTS

The District adopts an annual operating budget that includes proposed expenses and the sources of revenue to finance them. The District's operating budget remains in effect the entire year and may be amended if realization of economic data significantly differs from assumptions used to prepare the original budget. The District's budget is prepared on a modified cash basis for cash flow and monitoring purposes and is used throughout the year to monitor the District's monthly activity on a comparative basis.

Fiscal year 2023/2024 ended with a decrease in Net Position of $2.992 million which is $1.858 less than the Budget that reflected a decrease of $4.850 million. The difference between Actual and Budget is mainly due to decreased Capital outlay related to a slow down in the pace of improvements necessary to meet demand.

Additional information on the District's budget comparison for fiscal year 2023/2024 can be found on page 39 of the financial statements, Supplemental Schedule of Revenues and Expenses – Budget and Actual.

LONG TERM DEBT

At the end of fiscal year 2023/2024, the District had total long-term debt outstanding of $23.137 million, including current maturities. $16.394 million is comprised of 2017 Series A Electric Revenue Bonds and $6.740 million bank loan from Umpqua Bank.

Additional information on the District's long-term debt can be found in Note 5 on pages 22 through 24 of the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The economic factor with the largest potential impact to the District remains the uncertainty of power acquisition costs. The largest determinant affecting power costs continues to be tied to the amount of precipitation and could swing between $1 and $3 million per year. Western Area Power Administration (Western) power charges are based on two components: 1) Power Revenue Requirements (PRR), and 2) the District's First Preference Percentage (FPP), which is based on forecasts of the District's load as a percentage of forecasted Western generation. The District pays the result of multiplying these two components. During a dry year, the District's load is not affected, but Western's generation is greatly reduced. Thus, during a dry year the PRR does not change, but the FPP increases. Consecutive dry years compound this problem.

The Federal Government's management of water is also a significant determinant affecting power costs. When water is released down the river instead of being diverted through Carr Power House, less power is generated. When less power is generated, power costs increase.

The District implemented the Drought Relief Surcharge in May 2003. This surcharge was structured to alleviate the constant change in power costs. Following review and analysis, the District determined that a Wholesale Power Charge (WPC) would recoup the District's cost of power in a more timely manner. The WPC was implemented by the District effective with April 2024 bills. This charge is set at the actual rate of power and is charged equally to customers based on kWh usage. The WPC rate is recalculated and if necessary, adjusted every 6 months.

Following a Rate Restructuring in early 2024, the Budget and Five-Year Financial Forecast accelerated the last two years of the rate restructure into 2024. The District equalized rates in each rate category.

Prior to this rate restructuring, the economic factor with the largest potential impact was the large fluctuations in power acquisition costs. Power acquisition costs can still swing between $1 and $3 million annually, but the District now passes through power costs to all customer rate classes so that this budget risk has been eliminated. This Wholesale Power Charge is adjusted whenever the Western Area Power Administration changes the rate it charges the District for power and appears as a separate item on customer bills.

With dramatic wholesale power cost swings eliminated as a budget risk, wildfire is the largest risk to the District. Over the last five years, the District has more than tripled vegetation management expenditures and has made significant improvements in the level of clearance between trees and powerlines. However, California's strict liability standard and the overall poor condition of Trinity County's forests combine to create significant risk to the District's powerline infrastructure form wildfire. The District continues to self-insure for wildfire risk as no insurer will provide coverage.

The District has nearly completed the environmental permitting for a project that will dramatically reduce wildfire risk by allowing an expansion of rights-of-way from the current 20 feet to as much as 130 feet. The District expects a final environmental document by the spring of 2025 that will allow implementation. This project will dramatically reduce risks from wildfire to the District's powerline infrastructure and significantly improve service reliability.

It should be noted, that any number of events, particularly legislative or regulatory mandates, can dramatically alter the financial outlook. Nevertheless, the District continues to improve its favorable rate comparison with other California utilities. Staff expects that the total price the District's customer/owners pay for their electric service will remain the lowest in California for the foreseeable future.

Trinity Public Utilities District

Statements of Net Position
June 30, 2024 and 2023

	2024	2023
Assets and Deferred Outflows of Resources		
Current Assets		
Cash and cash equivalents	$ 1,854,998	$ 1,300,919
Accounts receivable, net	2,272,424	1,641,136
Other receivables	26,983	66,501
Grant receivable	2,312,409	-
Inventories	504,178	728,866
Prepaid expenses	17,085	233,685
Restricted cash and cash equivalents	94,047	79,528
Total current assets	7,082,124	4,050,635
Noncurrent Assets		
Restricted cash and cash equivalents	-	4,070,948
Preliminary survey and investigation	4,595,040	6,779,427
Capital assets:		
Land	1,364,088	1,364,088
Depreciable or amortizable capital assets	83,409,350	79,410,405
Less accumulated depreciation and amortization	(38,380,009)	(35,528,991)
Total noncurrent assets	50,988,469	56,095,877
Total assets	58,070,593	60,146,512
Deferred Outflows of Resources		
Unamortized loss on refunding	744,087	794,532
Deferred outflows related to OPEB	419,147	499,788
Deferred outflows related to pension	2,550,685	2,498,284
Total deferred outflows of resources	3,713,919	3,792,604
Total assets and deferred outflows of resources	$ 61,784,512	$ 63,939,116

See notes to financial statements

	2024	2023
Liabilities, Deferred Inflows of Resources and Net Position		
Current Liabilities		
Accounts payable	$ 305,602	$ 567,445
Wages payable	178,102	152,700
Compensated absences payable	444,984	461,756
Retirement plan payable	17,021	15,846
Customer deposits	637,493	635,145
Construction advances	325,598	296,624
Other accrued liabilities	58,237	34,978
Accrued interest	161,845	176,007
Current portion of lease liability	6,046	5,921
Current portion of revenue bonds	1,055,000	1,020,000
Current portion of note payable	783,788	767,938
Total current liabilities	3,973,716	4,134,360
Noncurrent Liabilities		
Revenue bonds	15,339,088	16,441,143
Note payable	5,958,673	6,742,461
Lease liability	139,887	145,933
Net pension liability	4,990,004	4,379,268
Other postemployment benefits liability	2,036,302	1,995,925
Total noncurrent liabilities	28,463,954	29,704,730
Total liabilities	32,437,670	33,839,090
Deferred Inflows of Resources		
Deferred inflows related to OPEB	662,420	833,937
Deferred inflows related to pension	112,003	221,937
Total deferred inflows of resources	774,423	1,055,874
Net Position		
Net investment in capital assets	23,855,034	24,987,586
Unrestricted net position	4,717,385	4,056,566
Total net position	28,572,419	29,044,152
Total liabilities, deferred inflows of resources and net position	$ 61,784,512	$ 63,939,116

Trinity Public Utilities District

Statements of Revenues, Expenses and Changes in Net Position
Years Ended June 30, 2024 and 2023

	2024	2023
Operating Revenues		
Retail sales	$ 12,041,936	$ 12,266,109
Fees and charges	90,055	101,552
Other revenue	3,261,927	2,569,716
Total operating revenues	15,393,918	14,937,377
Operating Expenses		
Power acquisition	4,097,464	4,160,750
Operations and maintenance	4,965,113	5,162,447
Customer accounts	1,002,738	764,540
Administrative and general	2,484,266	2,375,124
Depreciation and amortization	2,851,018	2,679,727
Total operating expenses	15,400,599	15,142,588
Operating income	(6,681)	(205,211)
Nonoperating Revenues (Expenses)		
Investment income	70,134	147,953
Loss on abandoned projects	(2,769,594)	-
Gain on sale of assets	-	17,485
Interest expense	(696,333)	(751,514)
Total nonoperating revenues (expenses)	(3,395,793)	(586,076)
Capital Contributions	2,930,741	2,073,655
Change in net position	(471,733)	1,282,368
Net Position, Beginning	29,044,152	27,761,784
Net Position, Ending	$ 28,572,419	$ 29,044,152

See notes to financial statements

Trinity Public Utilities District

Statements of Cash Flows
Years Ended June 30, 2024 and 2023

	2024	2023
Cash Flows From Operating Activities		
Cash received from customers	$ 14,804,496	$ 15,148,766
Cash paid to suppliers	(8,555,399)	(8,743,422)
Cash paid to employees for services	(3,408,009)	(3,782,282)
Net cash flows from operating activities	2,841,088	2,623,062
Cash Flows From Noncapital and Related Financing Activities		
Grant proceeds	-	1,961,480
Payments from other governments	-	97,932
Net cash flows from noncapital and related financing activities	-	2,059,412
Cash Flows From Capital and Related Financing Activities		
Purchases of utility plant	(4,565,835)	(7,796,508)
Contributions received for construction	647,306	616,317
Repayment of long-term debt	(1,787,938)	(1,727,408)
Interest paid	(707,105)	(761,758)
Net cash flows from capital and related financing activities	(6,413,572)	(9,669,357)
Cash Flows From Investing Activities		
Interest income	70,134	147,206
Net change in cash and cash equivalents	(3,502,350)	(4,839,677)
Cash and Cash Equivalents, Beginning	5,451,395	10,291,072
Cash and Cash Equivalents, Ending	$ 1,949,045	$ 5,451,395
Supplemental Disclosure of Noncash Activities		
Amortization of debt premium and gain	$ (3,390)	$ (3,389)
Loss on abandoned projects	$ (2,769,594)	$ -

See notes to financial statements

	2024	2023
Reconciliation of Operating Income to Net Cash Provided by Operating Activities		
Operating income	$ (6,681)	$ (205,211)
Adjustments to reconcile operating income to net cash flows provided by operating activities:		
Depreciation and amortization	2,851,018	2,679,727
Change in operating assets and liabilities:		
Accounts receivable	(631,288)	246,364
Other receivable	39,518	(28,537)
Inventories	224,688	-
Prepaid expenses	216,600	(225,989)
Accounts payable	(286,081)	(54,423)
Accrued wages and related costs	(15,597)	61,557
Customer deposits	2,348	(6,438)
Post employment retirement benefit	40,377	(781,464)
Pension and other post employment benefits related deferrals and liabilities	357,525	931,595
Other liabilities	48,661	5,881
Total adjustments	2,847,769	2,828,273
Net cash provided by operating activities	$ 2,841,088	$ 2,623,062
Reconciliation of Cash and Cash Equivalents to Statement of Net Position		
Cash and cash equivalents	$ 1,854,998	$ 1,300,919
Restricted cash and cash equivalents	94,047	4,150,476
Cash and Cash Equivalents, Ending	$ 1,949,045	$ 5,451,395

1. Summary of Significant Accounting Policies

The basic financial statements of the Trinity Public Utilities District (the District) are prepared in accordance with accounting principles generally accepted in the United States of America as applied to enterprise funds of governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The significant accounting principles and policies utilized by the District are described below.

The District was established by general election in 1981 to provide electrical power to the Trinity County area. The District is managed by a Board of Directors.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The District is presented as an enterprise fund. Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business or where the governing body has decided that the determination of revenues earned, costs incurred and net income is necessary for management accountability.

The financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

The preparation of basic financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

The District distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the District's principal ongoing operations. The principal operating revenues of the District are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Net position is classified into three components - Net investment in capital assets, restricted net position and unrestricted net position. These classifications are defined as follows:

Net Investment in Capital Assets - This component of net position consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of net investment in capital assets. Rather, that portion of the debt is included in the same net asset component as the unspent proceeds.

Restricted Position - This component of net position consists of constraints placed on net position use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Position - This component of net position consists of net position that do not meet the definition of "restricted" or "net investment in capital assets."

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

Cash and Cash Equivalents

For the purpose of the statement of cash flows, the District considers all highly liquid investments with a maturity of three months or less to be cash and cash equivalents.

Restricted Cash and Cash Equivalents

Mandatory segregations of assets are presented as restricted assets. Such segregations are required by bond agreements and other external parties. Current restricted cash includes the Section 125 Plan Fund. The District prefunds the plan annually based on employee elections. The District is reimbursed through biweekly payroll deductions. Current liabilities payable from these restricted assets include $94,047 and $79,528 included in accrued wages on the statements of net position as of June 30, 2024 and 2023, respectively.

Accounts Receivable

The District utilizes the allowance for doubtful accounts method with respect to its accounts receivable. The allowance was $253,640 and $231,842 at June 30, 2024 and 2023, respectively.

Grant Receivable

The District receives grant funds related to disaster relief. As of June 30, 2024 and 2023 the District recorded a grant receivable of $2,312,409 and $0, respectively, related to disaster relief as a result of wildfires.

Inventories

Inventories are generally used for construction, operation and maintenance work, not for resale. The account consist of poles, transformers, wires and other electrical utility supplies. They are valued at the lower of cost or market and utilizing the first-in, first-out (FIFO) method and charged to construction or expense when used.

Prepaid Expenses

This represents amounts paid for future power costs.

Preliminary Survey and Investigation

The balance represents initial project engineering costs related to utility plant construction. The balance will be capitalized upon commencement of the project. Costs related to projects ultimately not considered viable will be written off.

Leases

The District records an intangible right-to-use lease asset included in capital assets on the statement of net position and a lease liability for all leases as defined by GASB Statement No. 87, *Leases,* with total payments over the life of the contract over $25,000. The lease assets are amortized over the term of the lease. See Note 9.

Capital Assets

Capital assets are generally defined by the District as assets with an initial, individual cost of more than $1,000 and an estimated useful life in excess of one year.

All capital assets purchased by the District are capitalized at historical cost. Maintenance and repairs are expensed as incurred. Contributed assets are valued at their estimated acquisition value on the date contributed. Capital assets in service are depreciated or amortized using the straight-line method over the following useful lives:

	Years
Electric system assets	30
Buildings	30
Meter equipment	15
Equipment and vehicles	5

Compensated Absences Payable

Accumulated unpaid employee vacation benefits are recognized as liabilities of the District. Vacation, which is based upon the employee's length of service, may be accumulated and carried over up to a maximum of 500 hours of accrued vacation leave.

Accumulated employee compensatory time benefits are recognized as liabilities of the District. In lieu of receiving overtime pay, hourly employees may elect to accrue compensatory time. Compensatory time accrues at the rate of overtime pay foregone - for example, one hour of overtime at the double time rate of pay would be exchanged for two hours of compensatory time at the regular rate of pay. An employee's compensatory time may be accumulated and carried up to a maximum of 160 or 80 hours depending on the employee's union agreement.

Employee sick leave benefits are not recognized as liabilities since benefits do not vest.

Construction Advances

The balance represents fees collected for future capital improvements. The fees may be refundable based on agreements with customers.

Customer Deposits

This account represents amounts deposited with the District by customers as security for payments of bills.

Deferred Outflows / Inflows of Resources

In addition to assets, the statement of net position includes a separate section for deferred outflows of resources which represent a consumption of net position that applies to future period(s), and as such will not be recognized as an outflow of resources (expense) until that future time.

In addition to liabilities, the statement of net position includes a separate section for deferred inflows of resources which represent acquisition of net position that applies to future period(s) and as such will not be recognized as an inflow of resources (revenue) until that future time.

Pension Plan

All full-time District employees are members of a risk pool of the State of California Public Employees' Retirement System (CalPERS), a cost-sharing multiple-employer defined benefits pension plan. For the purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the CalPERS and additions to/deductions from CalPERS' 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.

Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB and OPEB expense, the District OPEB Plan recognizes benefit payments when due and payable in accordance with the benefit terms.

Long-Term Obligations

Long-term debt and other obligations are reported as liabilities. Bond premiums are amortized over the life of the bonds using the straight-line method. Gains or losses on prior refundings are amortized over the remaining life of the old debt or the life of the new debt, whichever is shorter. The balance at year-end for premiums is shown as an increase in the liability section of the statement of net position. The balance at year-end for the loss on refunding is shown as a deferred outflow of resources in the statement of net position.

Charges for Service

Billings are rendered and recorded monthly based on metered usage. The District does accrue revenues beyond billing dates.

Current electric rates are effective February 11, 2024.

Effect of New Accounting Standards on Current Period Financial Statements

The GASB has approved the following statements:

- Statement No. 101, *Compensated Absences*
- Statement No. 102, *Certain Risk Disclosures*
- Statement No. 103, *Financial Reporting Model Improvements*
- Statement No. 104, *Disclosure of Certain Capital Assets*

When they become effective, application of these standards may restate portions of these financial statements.

Comparative Data

Certain amounts presented in the prior year data may have been reclassified in order to be consistent with the current year's presentation.

2. Cash and Investments

Deposits in each local and area bank are insured by the FDIC in the amount of $250,000 for time and savings accounts (including Negotiable Order of Withdrawal (NOW) accounts) and $250,000 for demand deposit accounts (interest bearing and noninterest bearing). In addition, if deposits are held in an institution outside of the state in which the government is located, insured amounts are further limited to a total of $250,000 for the combined amount of all deposit accounts.

The California Government Code sections 53600-53609 authorizes the District to invest in obligations of the United States Treasury in the form of notes, bonds, bills or instruments for which the faith and credit of the United States are pledged for payment. The District may also invest in registered treasury notes, or bonds of the State of California and commercial paper of "prime" quality as defined by California Government Codes Section 53635 and as rated by Standard and Poors Corporation or Moody's Commercial Paper Record.

The District participates in the Local Agency Investment Fund (LAIF), a voluntary program created by statute (California Government Code Section 16429). The Local Investment Advisory Board provides oversight for LAIF. Market valuation is conducted monthly and fund policies, goals and objectives are reviewed annually. All securities are purchased under Government Code Sections 16430 and 16480A and are held by a third-party custodian. The District has the right to withdraw its deposited monies from LAIF upon demand. The fair value of District's investment in the pool is reported in the accompanying financial statements at amounts based upon the District'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. Included in LAIF's investment portfolio are collateralized mortgage obligations, mortgage-backed securities, other asset-backed securities, loans to certain state agencies, floating rate securities issued by federal agencies, government-sponsored enterprises and corporations. As of June 30, 2024 and 2023, less than 5% of LAIF's investment portfolio was invested in structured notes and other asset-backed securities. Due to the portfolio's characteristics, LAIF's exposure and the District's related exposure to credit, market and legal risk is considered minimal.

The District holds a portion of its investment funds in a Local Agency Pool Account (Pool) with Umpqua Bank. Local agency deposits in the account are collateralized with eligible securities pursuant to California Government Code Sections 53630-53686.The securities held as collateral must have a market value level of no less than 110% of the funds held in the Pool. The account funds and collateral are held by a third-party custodian. The District has the right to withdraw its deposited monies from the Pool upon demand.

Pursuant to Government Code Sections 53658 and 53665, the District has an undivided security interest in the pooled securities equal to the percentage the Districts funds and accrued interest is to the total of the local agency funds on deposit in the pool.

The District has adopted an investment policy. That policy follows California Government Code Sections 53600-53609. The policy defines allowable short-term and long-term investments, maximum maturities and limits investments not issued by public agencies to a maximum of 5% per issuer diversification.

Custodial Credit Risk

Deposits

Custodial credit risk is the risk that in the event of a financial institution failure, the District's deposits may not be returned to the District.

As of June 30, 2024 and 2023, the District did not have any deposits exposed to custodial credit risk.

Credit Risk

Credit risk is the risk an issuer or other counterparty to an investment will not fulfill its obligations.

As of June 30, 2024 and 2023, the District held no investments that were rated.

The District also held investments in LAIF which is an external pool that is not rated.

3. Changes in Capital Assets

A summary of changes in capital assets for the years ended June 30, 2023 and 2022 is as follows:

	Balance June 30, 2023	Increases	Decreases	Balance June 30, 2024
Capital assets not being depreciated or amortized:				
Land	$ 1,364,088	$ -	$ -	$ 1,364,088
Total capital assets not being depreciated or amortized	1,364,088	-	-	1,364,088
Capital assets being depreciated or amortized:				
Utility plant	71,389,061	3,565,978	-	74,955,039
Buildings and improvements	3,205,366	109,133	-	3,314,499
Equipment	4,647,077	323,834	-	4,970,911
Intangible lease asset	168,901	-	-	168,901
Total capital assets being depreciated or amortized	79,410,405	3,998,945	-	83,409,350
Less accumulated depreciation and amortization for:				
Utility plant	(29,735,818)	(2,288,800)	-	(32,024,618)
Buildings and improvements	(2,406,822)	(39,800)	-	(2,446,622)
Equipment	(3,369,304)	(516,497)	-	(3,885,801)
Lease asset amortization	(17,047)	(5,921)	-	(22,968)
Total accumulated depreciation and amortization	(35,528,991)	(2,851,018)	-	(38,380,009)
Total capital assets being depreciated or amortized, net	43,881,414	1,147,927	-	45,029,341
Net capital assets	$ 45,245,502	$ 1,147,927	$ -	$ 46,393,429

	Balance June 30, 2022	Increases	Decreases	Balance June 30, 2023
Capital assets not being depreciated or amortized:				
Land	$ 1,364,088	$ -	$ -	$ 1,364,088
Total capital assets not being depreciated or amortized	1,364,088	-	-	1,364,088
Capital assets being depreciated or amortized:				
Utility plant	65,432,010	6,685,917	(728,866)	71,389,061
Buildings and improvements	3,194,702	10,664	-	3,205,366
Equipment	4,148,595	571,799	(73,317)	4,647,077
Intangible lease asset	168,901	-	-	168,901
Total capital assets being depreciated or amortized	72,944,208	7,268,380	(802,183)	79,410,405
Less accumulated depreciation and amortization for:				
Utility plant	(27,581,032)	(2,154,786)	-	(29,735,818)
Buildings and improvements	(2,368,343)	(38,479)	-	(2,406,822)
Equipment	(2,961,959)	(480,662)	73,317	(3,369,304)
Lease asset amortization	(11,247)	(5,800)	-	(17,047)
Total accumulated depreciation and amortization	(32,922,581)	(2,679,727)	73,317	(35,528,991)
Total capital assets being depreciated or amortized, net	40,021,627	4,588,653	(728,866)	43,881,414
Net capital assets	$ 41,385,715	$ 4,588,653	$ (728,866)	$ 45,245,502

4. Long-Term Liabilities

Note Payable

2022 Note Payable

The debt was issued by the Trinity Public Utilities District under a resolution adopted by the Board of Directors of the District in the amount of $9,000,000. The debt was structured as a tax-exempt loan in parity with the 2017 electric revenue bonds. The debt is pledged with net revenues of the District as security. The debt has maturities from 2022 through 2032. The interest rate associated with the debt is 2.064%. The debt is directly placed with a third party.

Note payable debt service requirements to maturity are as follows:

Payable June 30:	Principal	Interest	Total
2025	$ 783,788	$ 139,164	$ 922,952
2026	799,966	122,987	922,953
2027	816,477	106,476	922,953
2028	833,329	89,624	922,953
2029	850,529	72,424	922,953
2030-2032	2,658,372	110,485	2,768,857
Total	$ 6,742,461	$ 641,160	$ 7,383,621

Revenue Debt

2017 Electric Revenue Bonds

The bonds were issued by the Trinity Public Utilities District under a resolution adopted by the Board of Directors of the District in the amount of $20,835,000. The bonds were structured as serial bonds for maturities 2018 through 2039. Series A bonds are tax-exempt and Series B bonds are taxable. Yields on serial bonds range from 0.97% to 3.32%. Interest rates range from 1.58% to 4%. The bonds maturing on or before April 1, 2027 are not subject to optional redemption prior to their respective stated maturity dates.

The certificates were delivered pursuant to a trust agreement, dated as of November 1, 2017, among the Bank of New York.

Revenue bonds debt service requirements to maturity are as follows:

Payable June 30:	Principal	Interest	Total
2025	$ 1,055,000	$ 508,213	$ 1,563,213
2026	1,090,000	476,563	1,566,563
2027	1,135,000	432,963	1,567,963
2028	1,085,000	387,563	1,472,563
2029	1,120,000	355,013	1,475,013
2030-2034	5,340,000	1,204,413	6,544,413
2035-2039	4,875,000	462,581	5,337,581
Total	15,700,000	$ 3,827,309	$ 19,527,309
Add premium	694,088		
Long-term debt, net	$ 16,394,088		

The District's outstanding debt noted above contains provisions that in an event of default, outstanding amounts may become immediately due and payable.

Long-Term Obligation Summary

Long-term obligation activity for the years ended June 30, 2024 and 2023 is as follows:

	June 30, 2023	Additions	Reductions	June 30, 2024	Due Within One Year
2022 note payable	$ 7,510,399	$ -	$ 767,938	$ 6,742,461	$ 783,788
2017 electric revenue bonds	16,720,000	-	1,020,000	15,700,000	1,055,000
Unamortized premiums	741,143	-	47,055	694,088	-
Net pension liability	4,379,268	610,736	-	4,990,004	-
Other postemployment benefits liability	1,995,925	40,377	-	2,036,302	-
Lease liability	151,854	-	5,921	145,933	6,046
Total	$ 31,498,589	$ 651,113	$ 1,840,914	$ 30,308,788	$ 1,844,834

	June 30, 2022	Additions	Reductions	June 30, 2023	Due Within One Year
2022 note payable	$ 8,262,807	$ -	$ 752,408	$ 7,510,399	$ 767,938
2017 electric revenue bonds	17,695,000	-	975,000	16,720,000	1,020,000
Unamortized premiums	788,198	-	47,055	741,143	-
Net pension liability	1,356,172	3,023,096	-	4,379,268	-
Other postemployment benefits liability	2,777,389	-	781,464	1,995,925	-
Lease liability	157,654	-	5,800	151,854	5,921
Total	$ 31,037,220	$ 3,023,096	$ 2,561,727	$ 31,498,589	$ 1,793,859

5. Retirement Plans

Defined Benefit Plan

Plan Description

Effective July 4, 2004, the District elected to become a participant in the California Public Employees Retirement System (CalPERS) and began making contributions into a cost-sharing, multiple-employer public employee defined benefit pension plan (PERF C or the Plan). PERF C provides retirement and retirement disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. CalPERS acts as a common investment and administrative agent for participating entities within the State of California. Benefit provisions and all other requirements are established by state statute. CalPERS funding progress information for the District has been consolidated by CalPERS with other entities in the risk pool. Therefore, this information is not available solely for the District's funding progress and has not been presented in these financial statements. Copies of CalPERS' annual financial report may be obtained from their Executive Office, 400 Q Street, Sacramento, California 95811.

Contributions

The District is required to contribute at an actuarially determined rate for their participants. Required contributions for the Plan are based on a percentage of payroll plus a contribution to the employer unfunded accrued liability (UAL) (paid either monthly or in a lump sum). Total contributions are broken down as follows for the classic members of the Plan:

	2024	2023
Employee Normal Cost Rate[1]	8.00 %	8.00 %
Employee Normal Cost Rate	16.44 %	14.53 %
Plus Annual Unfunded Accrued Liability – Prepayment Option	$ 293,637	$ 304,945

[1] Per agreement with the Employees' Association's, the employee's rate is paid by the employee through payroll deduction. The remaining balance is paid by the District.

Members hired after January 1, 2013, or members who were established as a CalPERS member prior to January 1, 2013 and were rehired by a different CalPERS employer after a break in service greater than six months fall under the California Public Employees' Pension Reform Act (PEPRA). Contribution rates for PEPRA members as of June 30, 2024 and 2023 are:

	2024	2023
Employee payroll deduction	7.75 %	6.75 %
Employer rate	7.68 %	7.47 %
Plus Annual Unfunded Accrued Liability – Prepayment Option	$ -	$ 2,065

The contribution rates for plan members and the District are established, and may be amended by CalPERS. For the years ending June 30, 2024 and 2023, the District's employer contributions were $763,392 and $718,256, respectively, equal to their required contribution for the year.

Pension Liabilities, Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2024, the District reported a net pension liability of $4,990,004 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2022 rolled forward to June 30, 2023 using standard update procedures. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating districts and the state, actuarially determined. At June 30, 2023, the District's proportion was 0.0998%, which was an increase of 0.0062% from its proportion measured as of June 30, 2022.

At June 30, 2023, the District reported a net pension liability of $4,379,268 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2021 rolled forward to June 30, 2022 using standard update procedures. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating districts and the state, actuarially determined. At June 30, 2022, the District's proportion was 0.0936%, which was an increase of 0.0222% from its proportion measured as of June 30, 2021.

For the years ended June 30, 2024 and 2023, the District recognized pension expense of $1,211,799 and $881,073, respectively.

At June 30, 2024 and 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	2024		2023	
	Deferred Outflows of Resources	**Deferred Inflows of Resources**	**Deferred Outflows of Resources**	**Deferred Inflows of Resources**
Changes in assumptions	$ 301,269	$ -	$ 448,747	$ -
Differences between expected and actual experience	254,915	(39,544)	87,943	58,902
Net difference between projected and actual earnings on pension plan investments	807,933	-	802,169	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	423,176	(72,459)	441,169	163,035
Employer contributions subsequent to the measurement date	763,392	-	718,256	-
Total	$ 2,550,685	$ (112,003)	$ 2,498,284	$ 221,937

Deferred outflows related to pension resulting from the employer's contributions subsequent to the measurement date will be recognized as a reduction in the net pension liability in the subsequent year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Years ending June 30:	
2024	$ 549,621
2025	452,512
2026	649,971
2027	23,186
Total	$ 1,675,290

Actuarial Assumptions. The total pension liability in the actuarial valuation used in the current and prior year was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	2024	2023
Actuarial valuation date	June 30, 2022	June 30, 2021
Measurement date of net pension liability (asset)	June 30, 2023	June 30, 2022
Actuarial cost method	Entry age	Entry age
Asset valuation method	Fair market value	Fair market value
Discount rate	6.90%	6.90%
Inflation	2.30%	2.30%
Mortality rate table	Derived using CalPERS' membership data for all funds[1]	Derived using CalPERS' membership data for all funds[1]
Postretirement adjustments	Contract COLA up to 2.30% until purchasing power protection allowance floor on purchasing power applies	Contract COLA up to 2.30% until purchasing power protection allowance floor on purchasing power applies

[1]The mortality table used was developed based on CalPERS-specific date. The rates incorporate Generational Mortality to capture ongoing mortality improvement using 80% of Scale MP 2020 published by the Society of Actuaries. For more details, please refer to the 2021 experience study report that can be found on the CalPERS website.

All other actuarial assumptions used in the June 30, 2022 and 2021 valuations were based on the results of an actuarial experience study for the period from 2000 to 2019, including updates to salary increase, mortality and retirement rates. Further details of the Experience Study can be found on CalPERS' website.

Long-Term Expected Return on Plan Assets. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of 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, the Plan took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical and forecasted 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 for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above adjusted to account for the assumed administrative expenses.

The table below reflects long-term expected real rates of return by asset class as of June 30, 2024. The rates of return were calculated using the capital market assumptions applied to determine the discount rate and asset allocation.

	Target Asset Allocation	Real Return Years 1-10[1,2]
Asset Class:		
Global equity, cap-weighted	30.00 %	4.54 %
Global equity, non-cap-related	12.00	3.84
Private equity	13.00	7.28
Treasury	5.00	0.27
Mortgage-backed securities	5.00	0.50
Investment grade corporates	10.00	1.56
High yield bonds	5.00	2.27
Emerging market sovereign bonds	5.00	2.48
Private debt	5.00	3.57
Real assets	15.00	3.21
Leverage	(5.00)	(0.59)

[1]An expected inflation of 2.30% used for this period.
[2]Figures are based on the 2021-22 Asset Liability Management study.

The table below reflects long-term expected real rates of return by asset class as of June 30, 2023. The rates of return were calculated using the capital market assumptions applied to determine the discount rate and asset allocation.

	Target Asset Allocation	Real Return Years 1-10[1,2]
Asset Class:		
Global equity, cap-weighted	30.00 %	4.45 %
Global equity, non-cap-related	12.00	3.84
Private equity	13.00	7.28
Treasury	5.00	0.27
Mortgage-backed securities	5.00	0.50
Investment grade corporates	10.00	1.56
High yield bonds	5.00	2.27
Emerging market sovereign bonds	5.00	2.48
Private debt	5.00	3.57
Real assets	15.00	3.21
Leverage	(5.00)	(0.59)

[1]An expected inflation of 2.30% used for this period.
[2]Figures are based on the 2021-22 Asset Liability Management study.

Discount Rate. The discount rate used to measure the total pension liability as of June 30, 2024 and June 30, 2023 was 6.90%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at actuarially required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the District's Proportionate Share of the Net Pension Liability. The following presents the District's proportionate share of the net pension liability for June 30, 2024 and June 30, 2023 calculated using the discount rate of 6.90%, as well as what the District's proportionate share of the net pension 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 rate.

The sensitivity analysis as of June 30, 2024 and 2023 follows:

	2024		
	1% Decrease (5.90%)	**Current Discount Rate (6.90%)**	**1% Increase (7.90%)**
District's proportionate share of the net pension liability (asset)	$ 8,052,787	$ 4,990,004	$ 2,469,071

	2023		
	1% Decrease (5.90%)	**Current Discount Rate (6.90%)**	**1% Increase (7.90%)**
District's proportionate share of the net pension liability (asset)	$ 7,115,834	$ 4,379,268	$ 2,127,753

Pension Plan Fiduciary Net Position. Detailed information about the pension plan's fiduciary net positions is available in separately issued financial statements available at https://www.calpers.ca.gov/docs/forms-publications/acfr-2023.pdf

6. Postemployment Benefits Other Than Pensions (OPEB)

General Information about the OPEB Plan

Plan Description. The District provides postemployment healthcare benefits, in accordance with union agreements, to all employees who retire from the District that meet the criteria listed below:

- The sum of an employee's age and number of years of full-time service equals 75 or more, upon retiring the employee may, with carrier approval, continue participation in the District medical insurance program for the employee and the employee's family.
- Employees who are CalPERS members must be receiving benefits from CalPERS.
- The retiree must agree to pay the District any amount of insurance premium that the District does not contribute.
- When an employee who was hired prior to September 12, 2014 terminates employment with the District, is eligible and elects to continue participation in the District's medical insurance program and reaches the age of eligibility for Medicare, the employee may elect to receive a contribution from the District equal to the amount provided in Table 26. Once they have reached the age of eligibility for Medicare, the District's contribution will be available through a qualified Health Reimbursement Account. Employees hired after September 12, 2014 will not be eligible for this contribution.

No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

Benefits Provided. The District provides healthcare and life insurance benefits for retirees and their dependents. The benefit terms provide for payment of $839.93 per month towards medical, prescription drug, dental and vision care premiums. The dollar amount is effective July 1, 2023 and is assumed to increase with the consumer price index. When the retiree reaches Medicare eligibility, the District contribution is reduced to 1/3 of the full amount and payment will be placed in a qualified Health Reimbursement Account.

Employees Covered by Benefit Terms. As of the actuarial valuation date, June 30, 2022, the following employees were covered by the benefit terms:

	2022
Active plan members	22
Inactive plan members electing medical coverage	4
Inactive plan members with only non-medical OPEB coverage	7
Total plan members	33

Actuarial Assumptions and Other Inputs. The total OPEB liability in the June 30, 2022 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

	2024	2023
Actuarial valuation date	June 30, 2022	June 30, 2022
Measurement date of net pension liability (asset)	June 30, 2023	June 30, 2022
Actuarial cost method	Entry age	Entry age
Discount rate	3.86%	3.69%
Inflation	2.50%	2.50%
Mortality rate table	Based on assumptions for Public Agency Miscellaneous members published in the 2021 CalPERS Experience Study.	Based on assumptions for Public Agency Miscellaneous members published in the 2021 CalPERS Experience Study.
Healthcare cost trend rate	6.80% for 2023, gradually decreasing over several decades to an ultimate rate of 3.90% in 2076 and later years.	6.80% for 2023, gradually decreasing over several decades to an ultimate rate of 3.90% in 2076 and later years.
Increases in direct subsidy	Assumed to increase with healthcare trend rates. The flat dollar direct subsidy amount is assumed to increase with general inflation.	Assumed to increase with healthcare trend rates. The flat dollar direct subsidy amount is assumed to increase with general inflation.

The discount rates used were based on the Fidelity 20-Year Municipal GO AA Index.

Changes in the Total OPEB Liability

	Total OPEB Liability
Balances at June 30, 2022	$ 2,777,389
Changes for the year:	
Service cost	119,085
Interest	54,695
Differences between expected and actual experience	(296,523)
Changes in assumptions	(563,154)
Benefit payments	(95,567)
Net changes	(781,464)
Balances at June 30, 2023	1,995,925
Changes for the year:	
Service cost	81,395
Interest	74,658
Differences between expected and actual experience	31,724
Changes in assumptions	(39,249)
Benefit payments	(108,151)
Net changes	40,377
Balances at June 30, 2024	$ 2,036,302

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate. The following presents the total OPEB liability of the District, as well as what the District's total 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:

	2024		
	1% Decrease (2.86%)	Discount Rate (3.86%)	1% Increase (4.86%)
2024 Total OPEB liability	$ 2,285,281	$ 2,036,302	$ 1,827,267

	2023		
	1% Decrease (2.69%)	Discount Rate (3.69%)	1% Increase (4.69%)
2023 Total OPEB liability	$ 2,247,492	$ 1,995,925	$ 1,785,499

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates. The following presents the total OPEB liability of the District, as well as what the District'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:

	2024		
	1% Decrease (5.8% Decreasing to 2.9%)	Healthcare Cost Trend Rates (6.8% Decreasing to 3.9%)	1% Increase (7.8% Decreasing to 4.9%)
2024 Total OPEB liability	$ 1,770,527	$ 2,036,302	$ 2,361,111

	2023		
	1% Decrease (5.8% Decreasing to 2.9%)	Healthcare Cost Trend Rates (6.8% Decreasing to 3.9%)	1% Increase (7.8% Decreasing to 4.9%)
2023 Total OPEB liability	$ 1,744.095	$ 1,995,925	$ 2,304,001

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

For the years ended June 30, 2024 and 2023, the District recognized OPEB expense of $(50,499) and $(12,682), respectively.

At June 30, 2024 and 2023, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	2024		2023	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in assumptions	$ 185,149	$ 435,327	$ 252,637	$ 528,952
Differences between expected and actual experience	159,284	227,093	185,021	304,985
Employer contributions subsequent to the measurement date	74,714	-	62,130	-
Total	$ 419,147	$ 662,420	$ 499,788	$ 833,937

Deferred outflows related to OPEB contributions subsequent to the measurement date reported in the table above will be recognized as a reduction of the total OPEB liability in the subsequent year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Years ending June 30:	
2025	$ (47,620)
2026	(18,590)
2027	(65,199)
2028	(117,891)
2029	(68,584)
Thereafter	(103)

7. Commitments and Contingencies

Long-Term Power Supply

The District purchases all of its power from the Western Area Power Administration at cost based on a first preference right granted by Congress in the 1955 Trinity River Division Act. The 1955 Act provided for the United States Government to build the Trinity Dam and reserves, in perpetuity, the first 25% of the resulting energy generated to be sold at cost for use in, and only within, Trinity County.

Claims and Judgments

From time to time, the District is party to various pending claims and legal proceedings. Although the outcome of such matters cannot be forecasted with certainty, it is the opinion of management and the District's legal counsel that the likelihood is remote that any such claims or proceedings will have a material adverse effect on the District's financial position or results of operations.

Grants

The District has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursements to the grantor agency for expenditures disallowed under terms of the grants. Management believes such disallowances, if any, would be immaterial.

8. Risk Management

The District manages its exposure 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 by participating in risk pools described below.

The District participates in risk pools with the Special District Risk Management Authority (SDRMA) which provides property, liability and workers' compensation insurance to its member districts. The District pays premiums commensurate with the levels of coverage requested. The authority is governed by a board consisting of members elected from the participating districts, which control the operations of the authorities independent of any influence by the District beyond the District's representation on the governing board. The District's share of year-end assets, liabilities or fund equity is not calculated by the Joint Powers Authority.

As of July 1, 2021, the District is self-insured related to wildfire. No claims were paid in fiscal year 2023 or 2024. The District has not accrued for an estimated liability as of June 30, 2023 or 2024.

The District changed Insurance providers effective July 1, 2024, for all of its insurance needs. The new Insurance company is Federated Rural Electric Insurance Exchange. The District is still self-insured related to wildfire.

9. Leases

In 2020, the District entered into an agreement of which they are the lessee to lease land for five years at a cost of $750 per month, with three automatic renewal periods of five years, where the fee will increase by 10%. The discount rate used was 2.06%. An initial lease asset and liability equal to the present value of future lease payments of $168,901 was recorded.

On June 30, 2024, the District recognized a right-to-use lease asset of $168,901 and a lease liability of $145,933, of which $6,046 is current. During the year, the District recorded $5,921 in amortization expense, $5,921 in principal and $3,079 in interest expense for the use of the land.

On June 30, 2023, the District recognized a right-to-use lease asset of $168,901 and a lease liability of $151,854, of which $5,921 is current. During the year, the District recorded $5,800 in amortization expense, $5,800 in principal and $3,200 in interest expense for the use of the land.

Principal and interest payments on the loan are as follows:

Fiscal Years Ending	Principal	Interest
2025	$ 6,046	$ 2,954
2026	7,076	2,824
2027	7,230	2,670
2028	7,376	2,524
2029	7,531	2,369
2030-2034	44,202	9,258
2035-2039	54,624	4,182
2040	11,848	125
Total	$ 145,933	$ 26,906

10. Subsequent Event

On September 18, 2024, the District received $405,164 from the California Office of Emergency Services (CalOES) in connection with 2022-23 snowstorms. On September 23, 2024, the District received $1,620,656 from the Federal Emergency Management Agency (FEMA) in connection with these same storms. The receipts were recorded as grants receivable as of June 30, 2024.

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Proportionate Share of the Net Pension Liability -
California Public Employees Retirement System - Perf C
Year Ended June 30, 2024

Information in the table below is presented as of the measurement date.

Fiscal Years Ending	Proportion of the Net Pension Liability	Proportionate Share of the Net Pension Liability	Covered Payroll	Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
June 30, 2024	0.0998%	$ 4,990,004	$ 3,339,891	149.41%	78%
June 30, 2023	0.0936%	4,379,268	3,016,273	145.19%	78%
June 30, 2022	0.0714%	1,356,172	2,851,245	47.56%	90%
June 30, 2021	0.0827%	3,487,206	2,380,688	146.48%	78%
June 30, 2020	0.0819%	3,280,103	2,365,828	138.65%	78%
June 30, 2019	0.0819%	3,086,793	2,317,156	133.21%	78%
June 30, 2018	0.0832%	3,277,827	2,118,031	154.76%	75%
June 30, 2017	0.0829%	2,881,546	2,148,429	134.12%	76%
June 30, 2016	0.0881%	2,415,960	1,993,596	121.19%	80%
June 30, 2015	0.0804%	2,067,193	1,992,151	103.77%	80%

Schedule of Employer Contributions
Year Ended June 30, 2024

Fiscal Years Ending	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
June 30, 2024	$ 763,392	$ 763,392	$ -	$ 3,511,539	21.74%
June 30, 2023	718,256	718,256	-	3,339,891	21.51%
June 30, 2022	671,348	671,348	-	3,016,273	22.26%
June 30, 2021	602,689	602,689	-	2,851,245	21.14%
June 30, 2020	529,563	529,563	-	2,380,688	22.24%
June 30, 2019	614,365	614,365	-	2,365,828	25.97%
June 30, 2018	555,604	555,604	-	2,317,156	23.98%
June 30, 2017	569,927	569,927	-	2,118,031	26.91%
June 30, 2016	605,773	605,773	-	2,148,429	28.20%
June 30, 2015	604,434	604,434	-	1,993,596	30.32%

See note to required supplementary information

1. California Public Employees Retirement System

The District is required to present the last ten fiscal years of data; however, accounting standards allow the presentation of as many years as are available until ten fiscal years are presented.

Changes in Benefit Terms

There were no changes of benefit terms that applied to all members of the Public Agency Pool.

Changes in Assumptions

There were no assumption changes in 2023. Effective with the June 30, 2021 valuation date (2022 measurement date), the accounting discount rate was reduced from 7.15% to 6.90%. In addition, demographic assumptions and the inflation rate assumption were changed in accordance with the 2021 CalPERS Experience Study and Review of Actuarial Assumptions.

In 2018, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Actuarial Assumptions December 2017. There were no changes in the discount rate.

Schedule of Changes in Net OPEB Liability and Related Ratios
Year Ended June 30, 2024

	2024	2023	2022	2021	2020	2019	2018
Total OPEB Liability							
Service cost	$ 81,395	$ 119,085	$ 103,061	$ 80,664	$ 69,781	$ 78,375	$ 85,667
Interest	74,658	54,695	62,786	62,706	66,439	74,747	63,548
Changes of benefit terms	-	-	-	-	-	-	-
Differences between expected and actual experience	31,724	(296,523)	10,720	329,383	-	(215,726)	-
Changes of assumptions	(39,249)	(563,154)	185,905	154,210	101,672	(123,385)	(151,206)
Benefit payments	(108,151)	(95,567)	(89,470)	(90,628)	(70,796)	(68,616)	(66,192)
Net Change in Total OPEB Liability	40,377	(781,464)	273,002	536,335	167,096	(254,605)	(68,183)
Total OPEB Liability, Beginning	1,995,925	2,777,389	2,504,387	1,968,052	1,800,956	2,055,561	2,123,744
Total OPEB Liability, Ending	$ 2,036,302	$ 1,995,925	$ 2,777,389	$ 2,504,387	$ 1,968,052	$ 1,800,956	$ 2,055,561
Covered-Employee Payroll	$ 4,990,004	$ 4,379,268	$ 1,356,172	$ 3,487,206	$ 3,238,242	$ 2,852,514	$ 2,715,441
Total OPEB Liability as a Percentage of Covered-Employee Payroll	40.81%	45.58%	204.80%	71.82%	60.78%	63.14%	75.70%

See note to required supplementary information

Notes to Schedule

Benefit changes. In 2017, benefit terms were modified to increase copayments for prescription drugs. In 2016, benefit terms were modified to add vision benefits.

Changes of assumptions. In 2017, expected retirement ages of general employees were adjusted to more closely reflect actual experience. In 2016, assumed life expectancies were adjusted as a result of adopting the RP-2000 Healthy Annuitant Mortality Table. In prior years, those assumptions were based on the 1994 Group Annuity Mortality Table.

The District implemented GASB Statement No. 75 in fiscal year 2018. Information from 2011 - 2017 is not available and this schedule will be presented on a prospective basis.
Changes in benefit terms. There were no changes of benefit terms.

Changes in Assumptions.
The following discount rates were used in the period presented above:

2024	3.86%
2023	3.69%
2022	1.92%
2021	2.45%
2020	3.13%
2019	3.62%
2018	3.56%

The following inflation rates were used in the period presented above:

2023-2019	2.50%
2018	2.75%

The following healthcare cost trend rates were used in the periods presented above:

2023	6.80%
2021-2022	6.20%
2020-2019	6.90%
2018	6.80%

SUPPLEMENTARY INFORMATION

Trinity Public Utilities District

Schedule of Revenues and Expenses - Budget to Actual
Year Ended June 30, 2024

	GAAP Basis	Adjustment to Budgetary Basis	Actual on Budgetary Basis	Budget	Variance Favorable (Unfavorable)
Operating Revenues					
Retail sales	$ 12,041,936	$ 19,904	$ 12,061,840	$ 13,464,320	$ (1,402,480)
Fees and charges	90,055	983	91,038	80,902	10,136
Other revenue	3,261,927	(202,293)	3,059,634	1,507,958	1,551,676
Total operating revenues	15,393,918	(181,407)	15,212,511	15,053,180	159,330
Operating Expenses					
Power acquisition	4,097,464	(0)	4,097,464	3,547,848	549,616
Operations and maintenance	4,965,113	9,001	4,974,114	5,038,126	(64,012)
Customer accounts	1,002,738	(21,798)	980,940	824,237	156,703
Administrative and general	2,484,266	(432,739)	2,051,527	2,178,244	(126,717)
Depreciation and amortization	2,851,018	(2,851,018)	-	-	-
Total operating expenses	15,400,599	(3,296,554)	12,104,045	11,588,455	515,589
Operating income	(6,681)	3,115,147	3,108,466	3,464,725	(356,259)
Nonoperating Income (Expense)					
Investment income	70,134	(33,338)	103,472	60,549	42,923
Loss on abandoned projects	(2,769,594)	(2,769,594)	-	-	-
Interest expense / debt service	(696,333)	1,795,632	(2,491,965)	(2,491,965)	-
Capital outlay	-	4,359,466	(4,359,466)	(6,470,780)	2,111,314
Total nonoperating revenues (expense)	(3,395,793)	3,352,166	(6,747,959)	(8,902,196)	2,154,235
Capital Contributions	2,930,741	(2,283,436)	647,305	587,479	59,826
Change in net position	$ (471,733)	$ (2,520,455)	$ (2,992,188)	$ (4,849,992)	$ 1,857,802