

# **Trinity Public Utilities District**

Financial Statements and  
Supplementary Information

June 30, 2025 and 2024

# Trinity Public Utilities District

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June 30, 2025 and 2024

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## **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, 2025 and 2024, 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, 2025 and 2024, 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 11, 2025

## 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, 2025. Please read it in conjunction with the District's financial statements, which follow this section.

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### FINANCIAL HIGHLIGHTS

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- 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 \$29.269 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 \$1.523 million over the course of 2025. Total liabilities and deferred inflows of resources decreased \$2.219 million for a net increase to net position of \$0.696 million.
- The District's Total operating revenue increased \$0.689 million in 2025 primarily due to the rate restructure equalizing rates across all rate categories which was implemented beginning with April 2024 bills. The rate restructuring also included implementation of a Wholesale Power Charge which has allowed the District to recover its actual cost of wholesale power in a more timely manner.
- The District's total operating expenses decreased by \$0.331 million mainly due to decreases to Power Acquisition \$1.262 million, Customer Accounts Expenses \$0.011 million, and Depreciation & Amortization \$0.011 million. These decreased expenses were partially offset by increases to Operations & Maintenance expenses \$0.766 million and Administrative and General Expense \$0.188 million.
- The District's net non-operating revenue (which consists of revenue and expense) increased by \$2.838 million due primarily to the District recognizing a loss in the prior year in connection with 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.

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### OVERVIEW OF THE FINANCIAL STATEMENTS

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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 and 2021 Note Payable. The financial statements also include notes that explain in more detail some of the information in the financial statements.

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## REQUIRED FINANCIAL STATEMENTS

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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 6 through 24 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 25 to 29 of this report.

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**FINANCIAL ANALYSIS OF THE DISTRICT**

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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, forests, and other new or modified government regulation. A summary of the District's Statement of Net Position is presented in Table I below.

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**BALANCE SHEET**

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**Table I**  
**Condensed Balance Sheet**

	<u>2025</u>	<u>2024</u>	<u>2023</u>
Current and other assets	\$ 5,211,967	\$ 7,082,124	\$ 4,050,635
Non-current assets	51,999,911	50,988,469	56,095,877
Total Assets	57,211,878	58,070,593	60,146,512
Deferred outflows of resources	3,049,902	3,713,919	3,792,604
Total Assets and Deferred Outflows of resources	<u>\$ 60,261,780</u>	<u>\$ 61,784,512</u>	<u>\$ 63,939,116</u>
Current liabilities	\$ 3,918,780	\$ 3,973,716	\$ 4,134,360
Non-current liabilities	26,544,195	28,463,954	29,704,730
Total Liabilities	30,463,097	32,437,670	33,839,090
Deferred inflows of resources	529,831	774,423	1,055,874
Total Liabilities and Deferred Inflows of Resources	<u>30,992,928</u>	<u>33,212,093</u>	<u>34,894,964</u>
Net position:			
Net investment in capital assets	26,449,574	23,855,034	24,987,586
Unrestricted net position	2,819,278	4,717,385	4,056,566
Total Net Position	<u>29,268,852</u>	<u>28,572,419</u>	<u>29,044,152</u>
Total Liabilities and Net Position	<u>\$ 60,261,780</u>	<u>\$ 61,784,512</u>	<u>\$ 63,939,116</u>

Total assets and deferred outflows of resources decreased \$1.523 million over the course of fiscal 2025. Total liabilities and deferred inflows of resources decreased \$2.219 million for a net increase to net position of \$0.696 million.

Changes in assets included:

- Current assets - decreased from \$7.082 million to \$5.212 million during the current fiscal year. This \$1.870 million decrease was primarily due to a decrease to grant receivables, net receivables and restricted cash which were offset by increases to unrestricted cash, other receivables, prepaid expenses, and capitalized inventory.
- Noncurrent assets - net increase of \$1.011 million, due primarily to a greater amount capitalized assets placed in service as compared to the amount depreciated.

Changes in liabilities included:

- Current liabilities - a net decrease in overall current liabilities of \$0.055 million due decreases to customer deposits, construction advances, and other accrued liabilities. These decreases were partially offset by an increase to compensated absences and to current debt payable.
- Noncurrent liabilities - a decrease of \$1.920 million primarily due to a decrease to the District's long-term debt and Lease Liability as well as the net pension liability. This decrease was partially offset by an increase 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**

	<u>2025</u>	<u>2024</u>	<u>2023</u>
Operating revenues	\$ 16,083,324	\$ 15,393,918	\$ 14,937,377
Operating expenses	15,069,382	15,400,599	15,142,588
Operating income	1,013,942	(6,681)	(205,211)
Non-operating revenues (expenses)	(557,317)	(3,395,793)	(586,076)
Capital contributions	239,808	2,930,741	2,073,655
<b>Changes in Net Position</b>	<b>696,433</b>	<b>(471,733)</b>	<b>1,282,368</b>
Net position, beginning of the year	28,572,419	29,044,152	27,761,784
Net Position, end of the year	<u><b>\$ 29,268,852</b></u>	<u><b>\$ 28,572,419</b></u>	<u><b>\$ 29,044,152</b></u>

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**CAPITAL ASSETS**

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As of June 30, 2025, the District had \$52.0 million invested in a variety of capital assets, net of accumulated depreciation, as shown in Table III below.

**Table III  
Capital Assets**

	<u>2025</u>	<u>2024</u>	<u>2023</u>
Distribution system	\$ 70,795,955	\$ 67,2154,162	\$ 63,702,048
Substations	7,725,496	7,700,877	7,687,013
Buildings and improvements	3,314,499	3,314,500	3,205,366
Vehicles, tools and other equipment	4,945,354	4,970,910	4,647,077
Intangible lease asset	<u>168,901</u>	<u>168,901</u>	<u>168,901</u>
	86,950,205	83,409,350	79,410,405
Less accumulated depreciation and amortization	(41,167,767)	(38,380,009)	(35,528,991)
Land	1,364,088	1,364,088	1,364,088
Preliminary survey and investigation	<u>4,853,385</u>	<u>4,595,040</u>	<u>6,779,427</u>
Net capital assets	<u>\$ 51,999,911</u>	<u>\$ 50,988,469</u>	<u>\$ 52,024,929</u>

The District invested \$3.593 million in capital improvements before depreciation in fiscal 2025.

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**BUDGETARY HIGHLIGHTS**

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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 2024/2025 ended with an increase in Net Position of \$0.179 million which is \$0.283 less than the Budget that reflected an increase of \$0.462 million. The difference between Actual and Budget is mainly due to decreased Capital outlay related to a slowdown in the pace of improvements necessary to meet demand.

Additional information on the District's budget comparison for fiscal year 2024/2025 can be found on page 29 of the financial statements, Supplemental Schedule of Revenues and Expenses - Budget and Actual.

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## **LONG TERM DEBT**

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At the end of fiscal year 2024/2025, the District had total long-term debt outstanding of \$21.251 million, including current maturities. \$15.292 million is comprised of 2017 Series A Electric Revenue Bonds and \$5.959 million bank loan from Umpqua Bank.

Additional information on the District's long-term debt can be found in Note 4 on pages 12 through 14 of the financial statements.

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## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES**

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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 Powerhouse, 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 timelier 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 2025. 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 from 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 summer of 2026. 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, 2025 and 2024

	<u>2025</u>	<u>2024</u>
<b>Assets and Deferred Outflows of Resources</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 2,360,560	\$ 1,854,998
Accounts receivable, net	1,918,522	2,272,424
Other receivables	40,766	26,983
Grant receivable	286,589	2,312,409
Inventories	518,279	504,178
Prepaid expenses	30,920	17,085
Restricted cash and cash equivalents	56,331	94,047
	<u>5,211,967</u>	<u>7,082,124</u>
<b>Noncurrent Assets</b>		
Preliminary survey and investigation	4,853,385	4,595,040
Capital assets:		
Land	1,364,088	1,364,088
Depreciable or amortizable capital assets	86,950,205	83,409,350
Less accumulated depreciation and amortization	<u>(41,167,767)</u>	<u>(38,380,009)</u>
	<u>51,999,911</u>	<u>50,988,469</u>
	<u>57,211,878</u>	<u>58,070,593</u>
<b>Deferred Outflows of Resources</b>		
Unamortized loss on refunding	693,643	744,087
Deferred outflows related to OPEB	359,723	419,147
Deferred outflows related to pension	1,996,536	2,550,685
	<u>3,049,902</u>	<u>3,713,919</u>
	<u>\$ 60,261,780</u>	<u>\$ 61,784,512</u>

See notes to financial statements

# Trinity Public Utilities District

## Statements of Net Position

June 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
<b>Liabilities, Deferred Inflows of Resources and Net Position</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 310,198	\$ 305,602
Wages payable	166,414	178,102
Compensated absences payable	549,232	444,984
Retirement plan payable	21,581	17,021
Customer deposits	591,286	637,493
Construction advances	200,808	325,598
Other accrued liabilities	32,453	58,237
Accrued interest	149,888	161,845
Current portion of lease liability	7,076	6,046
Current portion of revenue bonds	1,090,000	1,055,000
Current portion of note payable	799,966	783,788
	<u>3,918,902</u>	<u>3,973,716</u>
<b>Noncurrent Liabilities</b>		
Revenue bonds	14,202,034	15,339,088
Note payable	5,158,708	5,958,673
Lease liability	132,811	139,887
Net pension liability	4,934,011	4,990,004
Other postemployment benefits liability	2,116,631	2,036,302
	<u>26,544,195</u>	<u>28,463,954</u>
Total liabilities	<u>30,463,097</u>	<u>32,437,670</u>
<b>Deferred Inflows of Resources</b>		
Deferred inflows related to OPEB	513,186	662,420
Deferred inflows related to pension	16,645	112,003
	<u>529,831</u>	<u>774,423</u>
<b>Net Position</b>		
Net investment in capital assets	26,449,574	23,855,034
Unrestricted net position	2,819,278	4,717,385
	<u>29,268,852</u>	<u>28,572,419</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 60,261,780</u>	<u>\$ 61,784,512</u>

See notes to financial statements

## Trinity Public Utilities District

Statements of Revenues, Expenses and Changes in Net Position  
Years Ended June 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
<b>Operating Revenues</b>		
Retail sales	\$ 11,512,620	\$ 12,041,936
Fees and charges	142,518	90,055
Other revenue	4,428,186	3,261,927
	<u>16,083,324</u>	<u>15,393,918</u>
<b>Operating Expenses</b>		
Power acquisition	2,835,032	4,097,464
Operations and maintenance	5,731,276	4,965,113
Customer accounts	991,443	1,002,738
Administrative and general	2,671,805	2,484,266
Depreciation and amortization	2,839,826	2,851,018
	<u>15,069,382</u>	<u>15,400,599</u>
Total operating expenses	<u>15,069,382</u>	<u>15,400,599</u>
Operating income	<u>1,013,942</u>	<u>(6,681)</u>
<b>Nonoperating Revenues (Expenses)</b>		
Investment income	84,271	70,134
Loss on abandoned projects	-	(2,769,594)
Interest expense	(641,588)	(696,333)
	<u>(557,317)</u>	<u>(3,395,793)</u>
Total nonoperating revenues (expenses)	<u>(557,317)</u>	<u>(3,395,793)</u>
<b>Capital Contributions</b>	<u>239,808</u>	<u>2,930,741</u>
Change in net position	696,433	(471,733)
<b>Net Position, Beginning</b>	<u>28,572,419</u>	<u>29,044,152</u>
<b>Net Position, Ending</b>	<u>\$ 29,268,852</u>	<u>\$ 28,572,419</u>

See notes to financial statements

## Trinity Public Utilities District

### Statements of Cash Flows

Years Ended June 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
<b>Cash Flows From Operating Activities</b>		
Cash received from customers	\$ 16,377,236	\$ 14,804,496
Cash paid to suppliers	(8,163,651)	(8,555,399)
Cash paid to employees for services	(3,735,799)	(3,408,009)
	<u>4,477,786</u>	<u>2,841,088</u>
Net cash flows from operating activities		
<b>Cash Flows From Capital and Related Financing Activities</b>		
Purchases of utility plant	(3,746,107)	(4,565,835)
Contributions received for construction	2,140,838	647,306
Repayment of long-term debt	(1,838,787)	(1,787,938)
Interest paid	(650,155)	(707,105)
	<u>(4,094,211)</u>	<u>(6,413,572)</u>
Net cash flows from capital and related financing activities		
<b>Cash Flows From Investing Activities</b>		
Interest income	84,271	70,134
	<u>84,271</u>	<u>70,134</u>
Net change in cash and cash equivalents	467,846	(3,502,350)
<b>Cash and Cash Equivalents, Beginning</b>	<u>1,949,045</u>	<u>5,451,395</u>
<b>Cash and Cash Equivalents, Ending</b>	<u>\$ 2,416,891</u>	<u>\$ 1,949,045</u>
<b>Supplemental Disclosure of Noncash Activities</b>		
Amortization of debt premium and loss on refunding	<u>\$ (3,390)</u>	<u>\$ (3,390)</u>
Loss on abandoned projects	<u>\$ -</u>	<u>\$ (2,769,594)</u>

See notes to financial statements

## Trinity Public Utilities District

### Statements of Cash Flows

Years Ended June 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
<b>Reconciliation of Operating Income to Net Cash</b>		
<b>Provided by Operating Activities</b>		
Operating income	\$ 1,013,942	\$ (6,681)
Adjustments to reconcile operating income to net cash flows provided by operating activities:		
Depreciation and amortization	2,839,826	2,851,018
Change in operating assets and liabilities:		
Accounts receivable	353,902	(631,288)
Other receivable	(13,783)	39,518
Inventories	(14,101)	224,688
Prepaid expenses	(13,835)	216,600
Accounts payable	(106,611)	(286,081)
Accrued wages and related costs	108,808	(15,597)
Customer deposits	(46,207)	2,348
Post employment retirement benefit	402,798	40,377
Pension and other post employment benefits related deferrals and liabilities	(9,481)	357,525
Other liabilities	(37,472)	48,661
	<u>3,463,844</u>	<u>2,847,769</u>
Total adjustments		
Net cash provided by operating activities	<u>\$ 4,477,786</u>	<u>\$ 2,841,088</u>
<b>Reconciliation of Cash and Cash Equivalents to Statement of Net Position</b>		
Cash and cash equivalents	\$ 2,360,560	\$ 1,854,998
Restricted cash and cash equivalents	<u>56,331</u>	<u>94,047</u>
<b>Cash and Cash Equivalents, Ending</b>	<u>\$ 2,416,891</u>	<u>\$ 1,949,045</u>

See notes to financial statements

# Trinity Public Utilities District

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Notes to Financial Statements  
June 30, 2025 and 2024

## 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.

In June 2022, the GASB issued Statement No. 101, *Compensated Absences*. This Statement requires that liabilities for compensated absences be recognized in financial statements prepared using the economic resources measurement focus 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. This standard was implemented July 1, 2024. The prior year impact of the standard was not considered material to the financial statements, therefore the prior year balances were not adjusted for the change.

In December 2023, the GASB issued Statement No. 102, *Certain Risk Disclosures*. This Statement requires disclosure of essential information about risks related to the government's vulnerabilities due to certain concentrations and constraints. The District has evaluated this standard and determined there is no material impact to the financial statements.

# Trinity Public Utilities District

Notes to Financial Statements  
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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 \$56,331 and \$94,047 included in accrued wages on the statements of net position as of June 30, 2025 and 2024, respectively.

## Accounts Receivable

The District utilizes the allowance for doubtful accounts method with respect to its accounts receivable. The allowance was \$199,083 and \$253,640 at June 30, 2025 and 2024, respectively.

## Grant Receivable

The District receives grant funds related to disaster relief. As of June 30, 2025 and 2024 the District recorded a grant receivable of \$286,589 and \$2,312,409, 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, 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.

# Trinity Public Utilities District

Notes to Financial Statements  
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## 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:

	<u>Years</u>
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.

## 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.

# Trinity Public Utilities District

Notes to Financial Statements

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## 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 May 10, 2025.

## Effect of New Accounting Standards on Current Period Financial Statements

The GASB has approved the following statements:

- 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.

# Trinity Public Utilities District

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Notes to Financial Statements  
June 30, 2025 and 2024

## 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 non-interest 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, 2025 and 2024, 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 District's 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.

# Trinity Public Utilities District

Notes to Financial Statements  
June 30, 2025 and 2024

## 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, 2025 and 2024, 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, 2025 and 2024, 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, 2025 and 2024 is as follows:

	<u>Balance</u> <u>June 30, 2024</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2025</u>
Capital assets not being depreciated or amortized:				
Land	\$ 1,364,088	\$ -	\$ -	\$ 1,364,088
Total capital assets not being depreciated or amortized	<u>1,364,088</u>	<u>-</u>	<u>-</u>	<u>1,364,088</u>
Capital assets being depreciated or amortized:				
Utility plant	74,955,039	3,566,412	-	78,521,451
Buildings and improvements	3,314,499	-	-	3,314,499
Equipment	4,970,911	122,660	(148,217)	4,945,354
Intangible lease asset	168,901	-	-	168,901
Total capital assets being depreciated or amortized	<u>83,409,350</u>	<u>3,689,072</u>	<u>(148,217)</u>	<u>86,950,205</u>
Less accumulated depreciation and amortization for:				
Utility plant	(32,024,618)	(2,372,344)	-	(34,396,962)
Buildings and improvements	(2,446,622)	(41,174)	-	(2,487,796)
Equipment	(3,885,801)	(420,261)	52,067	(4,253,995)
Lease asset amortization	(22,968)	(6,046)	-	(29,014)
Total accumulated depreciation and amortization	<u>(38,380,009)</u>	<u>(2,839,825)</u>	<u>52,067</u>	<u>(41,167,767)</u>
Total capital assets being depreciated or amortized, net	<u>45,029,341</u>	<u>849,247</u>	<u>(96,150)</u>	<u>45,782,438</u>
Net capital assets	<u>\$ 46,393,429</u>	<u>\$ 849,247</u>	<u>\$ (96,150)</u>	<u>\$ 47,146,526</u>

# Trinity Public Utilities District

Notes to Financial Statements  
June 30, 2025 and 2024

	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

## 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
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	868,084	54,869	922,953
2031-2032	1,790,289	55,616	1,845,905
Total	\$ 5,958,674	\$ 501,996	\$ 6,460,670

## Trinity Public Utilities District

Notes to Financial Statements  
June 30, 2025 and 2024

### 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. 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
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	1,165,000	310,213	1,475,213
2031-2035	5,095,000	1,044,213	6,139,213
2036-2039	3,955,000	312,569	4,267,569
Total	14,645,000	\$ 3,319,097	\$ 17,964,097
Add premium	647,034		
Long-term debt, net	\$ 15,292,034		

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, 2025 and 2024 is as follows:

	June 30, 2024	Additions	Reductions	June 30, 2025	Due Within One Year
2022 note payable	\$ 6,742,461	\$ -	\$ 783,787	\$ 5,958,674	\$ 799,966
2017 electric revenue bonds	15,700,000	-	1,055,000	14,645,000	1,090,000
Unamortized premiums	694,088	-	47,054	647,034	-
Net pension liability	4,990,004	-	55,993	4,934,011	-
Other postemployment benefits liability	2,036,302	80,329	-	2,116,631	-
Lease liability	145,933	-	6,046	139,887	7,076
Total	\$ 30,308,788	\$ 80,329	\$ 1,947,880	\$ 28,441,237	\$ 1,897,042

# Trinity Public Utilities District

Notes to Financial Statements  
June 30, 2025 and 2024

	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	<u>\$ 31,498,589</u>	<u>\$ 651,113</u>	<u>\$ 1,840,914</u>	<u>\$ 30,308,788</u>	<u>\$ 1,844,834</u>

## 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:

	2025	2024
Employee Normal Cost Rate <sup>1</sup>	8.00 %	8.00 %
Employee Normal Cost Rate	16.51 %	16.44 %
Plus Annual Unfunded Accrued Liability	\$ 378,355	\$ 293,637

<sup>1</sup> 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.

## Trinity Public Utilities District

### Notes to Financial Statements

June 30, 2025 and 2024

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, 2025 and 2024 are:

	<u>2025</u>	<u>2024</u>
Employee payroll deduction	7.75 %	7.75 %
Employer rate	7.87 %	7.68 %
Plus Annual Unfunded Accrued Liability	\$ 1,425	\$ -

The contribution rates for plan members and the District are established, and may be amended by CalPERS. For the years ending June 30, 2025 and 2024, the District's employer contributions were \$872,672 and \$763,392, 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, 2025, the District reported a net pension liability of \$4,934,011 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2024 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2023 rolled forward to June 30, 2024 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, 2024, the District's proportion was 0.1020%, which was an increase of 0.0022% from its proportion measured as of June 30, 2023.

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.

For the years ended June 30, 2025 and 2024, the District recognized pension expense of \$1,275,506 and \$1,211,799, respectively.

## Trinity Public Utilities District

Notes to Financial Statements  
June 30, 2025 and 2024

At June 30, 2025 and 2024, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	2025		2024	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in assumptions	\$ 126,815	\$ -	\$ 301,269	\$ -
Differences between expected and actual experience	426,590	(16,645)	254,915	(39,544)
Net difference between projected and actual earnings on pension plan investments	284,049	-	807,933	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	286,410	-	423,176	(72,459)
Employer contributions subsequent to the measurement date	872,672	-	763,392	-
Total	<u>\$ 1,996,536</u>	<u>\$ (16,645)</u>	<u>\$ 2,550,685</u>	<u>\$ (112,003)</u>

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:	
2025	\$ 486,561
2026	691,444
2027	26,546
2028	(97,332)
Total	<u>\$ 1,107,219</u>

## Trinity Public Utilities District

Notes to Financial Statements

June 30, 2025 and 2024

**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:

	2025	2024
Actuarial valuation date	June 30, 2023	June 30, 2022
Measurement date of net pension liability (asset)	June 30, 2024	June 30, 2023
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 <sup>1</sup> Contract COLA up to 2.30% until purchasing power protection allowance floor on purchasing power applies	Derived using CalPERS' membership data for all funds <sup>1</sup> Contract COLA up to 2.30% until purchasing power protection allowance floor on purchasing power applies
Postretirement adjustments		

<sup>1</sup>The mortality table used was developed based on CalPERS-specific data. 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, 2023 and 2022 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.

## Trinity Public Utilities District

Notes to Financial Statements

June 30, 2025 and 2024

The table below reflects long-term expected real rates of return by asset class as of June 30, 2025. The rates of return were calculated using the capital market assumptions applied to determine the discount rate and asset allocation.

Asset Class:	<u>Target Asset Allocation</u>	<u>Real Return Years 1-10<sup>1,2</sup></u>
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)

<sup>1</sup>An expected inflation of 2.30% used for this period.

<sup>2</sup>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, 2024. The rates of return were calculated using the capital market assumptions applied to determine the discount rate and asset allocation.

Asset Class:	<u>Target Asset Allocation</u>	<u>Real Return Years 1-10<sup>1,2</sup></u>
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)

<sup>1</sup>An expected inflation of 2.30% used for this period.

<sup>2</sup>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, 2025 and June 30, 2024 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.

# Trinity Public Utilities District

Notes to Financial Statements  
June 30, 2025 and 2024

**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, 2025 and June 30, 2024 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, 2025 and 2024 follows:

	<b>2025</b>		
	<b>1% Decrease (5.90%)</b>	<b>Current Discount Rate (6.90%)</b>	<b>1% Increase (7.90%)</b>
District's proportionate share of the net pension liability (asset)	\$ 8,248,523	\$ 4,934,011	\$ 2,205,679
	<b>2024</b>		
	<b>1% Decrease (5.90%)</b>	<b>Current Discount Rate (6.90%)</b>	<b>1% Increase (7.90%)</b>
District's proportionate share of the net pension liability (asset)	\$ 8,052,787	\$ 4,990,004	\$ 2,469,071

**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/sites/default/files/documents/2025/01/acfr-2024.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.

## Trinity Public Utilities District

Notes to Financial Statements

June 30, 2025 and 2024

**Benefits Provided.** The District provides healthcare and life insurance benefits for retirees and their dependents. The benefit terms provide for payment of \$868.37 per month towards medical, prescription drug, dental and vision care premiums. The dollar amount is effective July 1, 2024 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 dates, June 30, 2024 and June 30, 2022, the following employees were covered by the benefit terms:

	<u>2024</u>	<u>2022</u>
Active plan members	23	22
Inactive plan members electing medical coverage	3	4
Inactive plan members with only non-medical OPEB coverage	8	7
	<u>34</u>	<u>33</u>
Total plan members	<u>34</u>	<u>33</u>

**Actuarial Assumptions and Other Inputs.** The total OPEB liability in the June 30, 2024 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

	<u>2025</u>	<u>2024</u>
Actuarial valuation date	June 30, 2024	June 30, 2022
Measurement date of net pension liability (asset)	June 30, 2024	June 30, 2023
Actuarial cost method	Entry age	Entry age
Discount rate	3.97%	3.86%
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	Not Medicare eligible: 8.60% for 2025, gradually decreasing over several decades to an ultimate rate of 3.90% in 2076 and later years. Medicare eligible: 6.30% for 2025, 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.

# Trinity Public Utilities District

Notes to Financial Statements  
June 30, 2025 and 2024

## Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
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	<u>(108,151)</u>
Net changes	<u>40,377</u>
Balances at June 30, 2024	<u>2,036,302</u>
Changes for the year:	
Service cost	81,038
Interest	79,444
Differences between expected and actual experience	66,167
Changes in assumptions	(27,928)
Benefit payments	<u>(118,392)</u>
Net changes	<u>80,329</u>
Balances at June 30, 2025	<u>\$ 2,116,631</u>

**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:

	<u>2025</u>		
	<u>1% Decrease (2.97%)</u>	<u>Discount Rate (3.97%)</u>	<u>1% Increase (4.97%)</u>
2025 Total OPEB liability	\$ 2,370,264	\$ 2,116,631	\$ 1,902,331
	<u>2024</u>		
	<u>1% Decrease (2.86%)</u>	<u>Discount Rate (3.86%)</u>	<u>1% Increase (4.86%)</u>
2024 Total OPEB liability	\$ 2,285,281	\$ 2,036,302	\$ 1,827,267

## Trinity Public Utilities District

Notes to Financial Statements  
June 30, 2025 and 2024

**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:

	<b>2025</b>		
	<b>1% Decrease (5.3% Decreasing to 2.9%)</b>	<b>Healthcare Cost Trend Rates (6.3% Decreasing to 3.9%)</b>	<b>1% Increase (7.3% Decreasing to 4.9%)</b>
2025 Total OPEB liability	\$ 1,861,313	\$ 2,116,631	\$ 2,425,522
	<b>2024</b>		
	<b>1% Decrease (5.8% Decreasing to 2.9%)</b>	<b>Healthcare Cost Trend Rates (6.8% Decreasing to 3.9%)</b>	<b>1% Increase (7.8% Decreasing to 4.9%)</b>
2024 Total OPEB liability	\$ 1,770,527	\$ 2,036,302	\$ 2,361,111

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

For the years ended June 30, 2025 and 2024, the District recognized OPEB expense of \$(9,481) and \$(50,499), respectively.

At June 30, 2025 and 2024, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b>2025</b>		<b>2024</b>	
	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Changes in assumptions	\$ 117,661	\$ (353,310)	\$ 185,149	\$ (435,327)
Differences between expected and actual experience	157,107	(159,876)	159,284	(227,093)
Employer contributions subsequent to the measurement date	84,955	-	74,714	-
Total	<u>\$ 359,723</u>	<u>\$ (513,186)</u>	<u>\$ 419,147</u>	<u>\$ (662,420)</u>

## Trinity Public Utilities District

Notes to Financial Statements  
June 30, 2025 and 2024

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:	
2026	\$ (12,300)
2027	(58,909)
2028	(111,601)
2029	(62,294)
2030	6,187
Thereafter	<u>499</u>
Total	<u>\$ (238,418)</u>

### 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 maintains liability and property insurance through Federated Rural Electric Insurance Exchange (Federated), a mutual insurance company serving rural electric cooperatives. Coverage includes general liability, workers' compensation, automobile, cyber liability, and property insurance. Premiums are determined annually based on risk assessments and claims history. As a member of Federated, the District may be eligible for policyholder dividends, which are recognized when declared. No significant changes in coverage terms or limits occurred during the reporting period.

As of July 1, 2021, the District is self-insured related to wildfire. No claims were paid in fiscal year 2024 or 2025. The District has not accrued for an estimated liability as of June 30, 2024 or 2025.

# Trinity Public Utilities District

Notes to Financial Statements

June 30, 2025 and 2024

## 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, 2025, the District recognized a right-to-use lease asset of \$168,901 and a lease liability of \$139,887, of which \$7,076 is current. During the year, the District recorded \$6,046 in amortization expense, \$6,046 in principal and \$2,954 in interest expense for the use of the land.

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.

Principal and interest payments on the loan are as follows:

<u>Fiscal Years Ending</u>	<u>Principal</u>	<u>Interest</u>
2026	\$ 7,076	\$ 2,824
2027	7,230	2,670
2028	7,376	2,524
2029	7,531	2,369
2030	7,689	2,211
2031-2035	46,122	8,328
2036-2040	56,863	3,026
Total	<u>\$ 139,887</u>	<u>\$ 23,952</u>

## 10. Subsequent Events

The District evaluated subsequent events through December 11, 2025, the date that the financial statements were available to be issued, for events requiring recording or disclosure in the financial statements.

### Grant Funds

On July 28, 2025, the District executed an agreement for \$9,516,078 with the United States Department of Agriculture for a Community Wildfire Defense Grant. The District plans to begin spending on this grant during fiscal year 2026.

On November 13, 2025, the District was notified by Representative Jared Huffman's office that legislation was passed allocating \$360,000 for the Non-Expulsion Fuse Equipment Purchase project.

### Rate Adjustment

On May 8, 2025, the District approved a new rate schedule that includes a rate increase effective May 10, 2026.

**REQUIRED SUPPLEMENTARY INFORMATION**

**Trinity Public Utilities District**

Schedule of Proportionate Share of the Net Pension Liability -  
California Public Employees Retirement System - Perf C  
Year Ended June 30, 2025

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

<b>Fiscal Years Ending</b>	<b>Proportion of the Net Pension Liability</b>	<b>Proportionate Share of the Net Pension Liability</b>	<b>Covered Payroll</b>	<b>Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll</b>	<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>
June 30, 2025	0.1020%	\$ 4,934,011	\$ 3,511,539	140.51%	80%
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%

Schedule of Employer Contributions  
Year Ended June 30, 2025

<b>Fiscal Years Ending</b>	<b>Contractually Required Contributions</b>	<b>Contributions in Relation to the Contractually Required Contributions</b>	<b>Contribution Deficiency (Excess)</b>	<b>Covered Payroll</b>	<b>Contributions as a Percentage of Covered Payroll</b>
June 30, 2025	\$ 872,672	872,672	\$ -	\$ 3,646,527	23.93%
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%

See note to required supplementary information

## **Trinity Public Utilities District**

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Note to Required Supplementary Information  
Year Ended June 30, 2025

### **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 2024. 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.

**Trinity Public Utilities District**
**Schedule of Changes in Net OPEB Liability and Related Ratios**

Year Ended June 30, 2025

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<b>Total OPEB Liability</b>								
Service cost	\$ 81,038	\$ 81,395	\$ 119,085	\$ 103,061	\$ 80,664	\$ 69,781	\$ 78,375	\$ 85,667
Interest	79,444	74,658	54,695	62,786	62,706	66,439	74,747	63,548
Changes of benefit terms	-	-	-	-	-	-	-	-
Differences between expected and actual experience	66,167	31,724	(296,523)	10,720	329,383	-	(215,726)	-
Changes of assumptions	(27,928)	(39,249)	(563,154)	185,905	154,210	101,672	(123,385)	(151,206)
Benefit payments	<u>(118,392)</u>	<u>(108,151)</u>	<u>(95,567)</u>	<u>(89,470)</u>	<u>(90,628)</u>	<u>(70,796)</u>	<u>(68,616)</u>	<u>(66,192)</u>
Net Change in Total OPEB Liability	80,329	40,377	(781,464)	273,002	536,335	167,096	(254,605)	(68,183)
<b>Total OPEB Liability, Beginning</b>	<u>2,036,302</u>	<u>1,995,925</u>	<u>2,777,389</u>	<u>2,504,387</u>	<u>1,968,052</u>	<u>1,800,956</u>	<u>2,055,561</u>	<u>2,123,744</u>
<b>Total OPEB Liability, Ending</b>	<u>\$ 2,116,631</u>	<u>\$ 2,036,302</u>	<u>\$ 1,995,925</u>	<u>\$ 2,777,389</u>	<u>\$ 2,504,387</u>	<u>\$ 1,968,052</u>	<u>\$ 1,800,956</u>	<u>\$ 2,055,561</u>
<b>Covered-Employee Payroll</b>	\$ 4,934,011	\$ 4,990,004	\$ 4,379,268	\$ 1,356,172	\$ 3,487,206	\$ 3,238,242	\$ 2,852,514	\$ 2,715,441
<b>Total OPEB Liability as a Percentage of Covered-Employee Payroll</b>	42.90%	40.81%	45.58%	204.80%	71.82%	60.78%	63.14%	75.70%

See note to required supplementary information

**Trinity Public Utilities District**

Schedule of Changes in Net OPEB Liability and Related Ratios  
Year Ended June 30, 2025

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**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:

2025	3.97%
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:

2024-2019	2.50%
2018	2.75%

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

2024	8.60%
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, 2025

	GAAP Basis	Adjustment to Budgetary Basis	Actual on Budgetary Basis	Budget	Variance Favorable (Unfavorable)
<b>Operating Revenues</b>					
Retail sales	\$ 11,512,620	\$ (9,742)	\$ 11,502,878	\$ 12,035,425	\$ (532,547)
Fees and charges	142,518	(10,502)	132,016	92,788	39,228
Other revenue	4,428,186	2,129,035	6,557,221	5,870,099	687,122
Total operating revenues	<u>16,083,324</u>	<u>2,108,791</u>	<u>18,192,115</u>	<u>17,998,312</u>	<u>193,802</u>
<b>Operating Expenses</b>					
Power acquisition	2,835,032	-	2,835,032	2,238,615	596,417
Operations and maintenance	5,731,276	23,103	5,754,379	5,414,563	339,816
Customer accounts	991,443	6,483	997,926	939,056	58,870
Administrative and general	2,671,805	(490,193)	2,181,612	2,165,811	15,801
Depreciation and amortization	2,839,826	(2,839,826)	-	-	-
Total operating expenses	<u>15,069,382</u>	<u>(3,300,433)</u>	<u>11,768,949</u>	<u>10,758,045</u>	<u>1,010,903</u>
Operating income	<u>1,013,942</u>	<u>5,409,224</u>	<u>6,423,166</u>	<u>7,240,267</u>	<u>(817,101)</u>
<b>Nonoperating Income (Expense)</b>					
Investment income	84,271	10,393	73,878	32,312	41,566
Loss on abandoned projects	-	-	-	-	-
Interest expense / debt service	(641,588)	1,844,401	(2,485,989)	(2,486,165)	176
Capital outlay	-	3,947,415	(3,947,415)	(4,699,147)	751,732
Total nonoperating revenues (expense)	<u>(557,317)</u>	<u>5,802,209</u>	<u>(6,359,526)</u>	<u>(7,153,000)</u>	<u>793,472</u>
<b>Capital Contributions</b>					
	<u>239,808</u>	<u>(124,789)</u>	<u>115,019</u>	<u>374,639</u>	<u>(259,620)</u>
Change in net position	<u>\$ 696,433</u>	<u>\$ (517,774)</u>	<u>\$ 178,659</u>	<u>\$ 461,906</u>	<u>\$ (283,249)</u>

**Notes to Schedule:**

The District maintains its accounting records on a budgetary basis which differs from the basis used for financial statement purposes in the accompanying statement. The financial statements have been prepared using the accrual basis of accounting as prescribed by generally accepted accounting principles. The budget is prepared on a modified cash basis for cash flow and management's monitoring purposes. This budget is used throughout the year and compared with internal accounting reports prepared using the same method of accounting.

The differences relate primarily to the following:

- > Accrual items at year-end, such as interest receivable and payable;
- > Depreciation and amortization expense are not budgeted;
- > Capital outlay is reflected as additions to utility plant in the audited financial statements, but included as expenses for budgeting purposes;
- > Principal retirement of debt is reflected as a reduction in the debt liability in the audited financial statements, but included as expenses for budgeting purposes.