SOUTH SAN JOAQUIN IRRIGATION DISTRICT

Annual Financial Report 2023

South San Joaquin Irrigation District • 11011 East Highway 120 Manteca CA 95336 • www.ssjid.com
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South San Joaquin Irrigation District

Annual Financial Report

December 31, 2023 and 2022

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Independent Auditor's Report

PRICE PAIGE & COMPANY
Certified Public Accountants

The Place to Be

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
South San Joaquin Irrigation District
Manteca, California

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of South San Joaquin Irrigation District (the District) as of and for the year ended December 31, 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 financial statements referred to above present fairly, in all material respects, the respective financial position of the District, as of December 31, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Change in Accounting Principle

As described in Note 8 to the financial statements, in 2023, the District adopted new accounting guidance, *GASB Statement No. 96, Subscription-Based Information Technology Arrangements*. Our opinion is not modified with respect to this matter.

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.

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Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, 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.

Other Matters

The financial statements for the year ended December 31, 2022 were audited by a predecessor auditor. The auditor's report was issued on September 1, 2023 and received an unmodified opinion.

As part of our audit of the 2023 financial statements, we also audited the adjustments described in Note 15 that were applied to restate the 2022 financial statements. In our opinion, such adjustments are appropriate and have been properly applied. We were not engaged to audit, review, or apply any procedures to the 2022 financial statements of the District other than with respect to the adjustments, and, accordingly, we do not express an opinion or any other form of assurance on the 2022 financial statements as a whole.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 9–25, the schedule of the proportionate share of the miscellaneous risk pool net pension liability and related ratios as of the measurement date on page 89, the schedule of contributions to the miscellaneous risk pool pension plan on page 90, the schedule of changes in the net OPEB liability/(asset) and related ratios on page 91, and the schedule of contributions to the OPEB plan on page 92 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 15, 2024, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering District's internal control over financial reporting and compliance.

Price Paige & Company

Clovis, California
July 15, 2024

Management’s Discussion and Analysis

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Introduction

In this discussion and analysis, management provides an overview of the South San Joaquin Irrigation District's (SSJID, or District) financial position at December 31, 2023 and 2022 and its financial performance for the years then ended. Condensed financial information from 2021 is also presented for comparison only. Limited information is presented about conditions and events that may affect the District's future financial position and performance. The intent is to provide context for understanding the financial statements and the District's prospects. This discussion and analysis presents management's perspective and should be read in conjunction with the District's financial statements and accompanying notes which follow this discussion and analysis.

Financial Highlights

The District's assets and deferred outflows of resources exceed its liabilities and deferred inflows of resources by $319.6 million at December 31, 2023 (net position). The District has $178.9 million in net investment in capital assets, $6.8 million restricted net position, and $134 million in unrestricted net position, which is available to meet the District's ongoing obligations.

Operating revenues were $16.5 million, a decrease of $2.8 million from the prior year.

Net nonoperating revenues were $35.8 million, an increase of $21.6 million from the prior year.

Operating expenses were $46.8 million, an increase of $17.1 million over the prior year.

Financial Statements

The District's financial statements include a statement of net position; a statement of revenues, expenses, and changes in net position; and a statement of cash flows. These financial statements, together with the related notes, are known as the "basic financial statements" and comply with generally accepted accounting principles, which for all state and local governments, including the District, are set forth in Governmental Accounting Standards Board (GASB) Statements. In many, but not all cases, GASB Statements incorporate the provisions of Financial Accounting Standards Board Statements which establish generally accepted accounting principles for nongovernmental entities. The District's activities are business-type activities and are accounted for as an enterprise fund. The accounting principles for an enterprise fund more closely resemble those of a commercial entity than a government.

The financial statements include the South San Joaquin Groundwater Sustainability Agency Joint Powers Authority (SSJ GSA JPA) as a blended component unit according to the requirements of GASB Statement No. 61 and amended by GASB Statement No. 90. Blended component units are legally separate entities which are included in the District's financial statements. This consolidation or blending is used because of the high degree of integration, common control, and responsibility SSJID has for the finances, operations, and governance of the SSJ GSA JPA. There are no component units of the District that meet the criteria for discrete presentation.

Statement of Net Position

The statement of net position provides information about assets, deferred outflows of resources, obligations (liabilities), deferred inflows of resources, and the net position of the District, at a specific point in time. All amounts (except for investments in marketable debt securities) are shown at cost. Therefore, as a consequence of the cost basis reporting principle, the liabilities, deferred inflows of resources, and net position sections of this statement reveal the sources of the District's capital, and the assets and deferred outflows of resources section shows how the capital has been used. The net position section reveals the life-to-date results of operations. Current assets and current liabilities are shown separately from other assets and liabilities to support the reader's evaluation of the adequacy of the District's working capital. Working capital is the excess of current assets over current liabilities, and current assets and current liabilities are those unrestricted amounts which liquidate within one year.

Statement of Revenues, Expenses, and Changes in Net Position

The statement of revenues, expenses, and changes in net position provides information regarding the District's financial performance during the year. The difference between revenues (with capital contributions) and expenses is the change in net position for the period. The total net position in the statement of net position represents the life-to-date accumulation of changes in net position.

Revenues earned and expenses incurred during the year are presented in two categories: operating and nonoperating. This allows the reader to evaluate the financial results of operating activities separately from other sources of income and expense.

Income from the Tri-Dam entities is shown as nonoperating revenue because the District delegates operation of those activities to the joint venture organization (Tri-Dam Project) and the Tri-Dam Power Authority. The statement ends by showing how net income for the year, including capital contributions, accounts for the change in net position that occurred during the year.

Statement of Cash Flows

Because revenues and expenses are not identical to cash flows, generally accepted accounting principles require the statement of cash flows. The statement of cash flows reports sources and uses of cash in four categories: operating activities, noncapital financing activities, capital and related financing activities, and investing activities. The statement also presents a reconciliation of the differences between net loss from operations and net cash used by operating activities.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes provide a narrative description of certain items contained in the financial statements to enhance the understanding of those items. The notes to the financial statements commence on page 35 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the District's progress in funding its pension and other post-employment benefit (OPEB) obligations. Required supplementary information begins on page 93 of this report.

Financial Analysis

Statements of Net Position Discussion

Net Position. Net position may serve over time as a useful indicator of the District's financial position. As noted earlier, in the case of the District, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $319.6 million at the close of the most recent year.

The largest portion of net position consists of its net investment in capital assets (e.g., buildings, equipment, land, and machinery). The District maintains these capital assets to provide excellent services to the citizens of its community.

Condensed Statements of Net Position
As of December 31

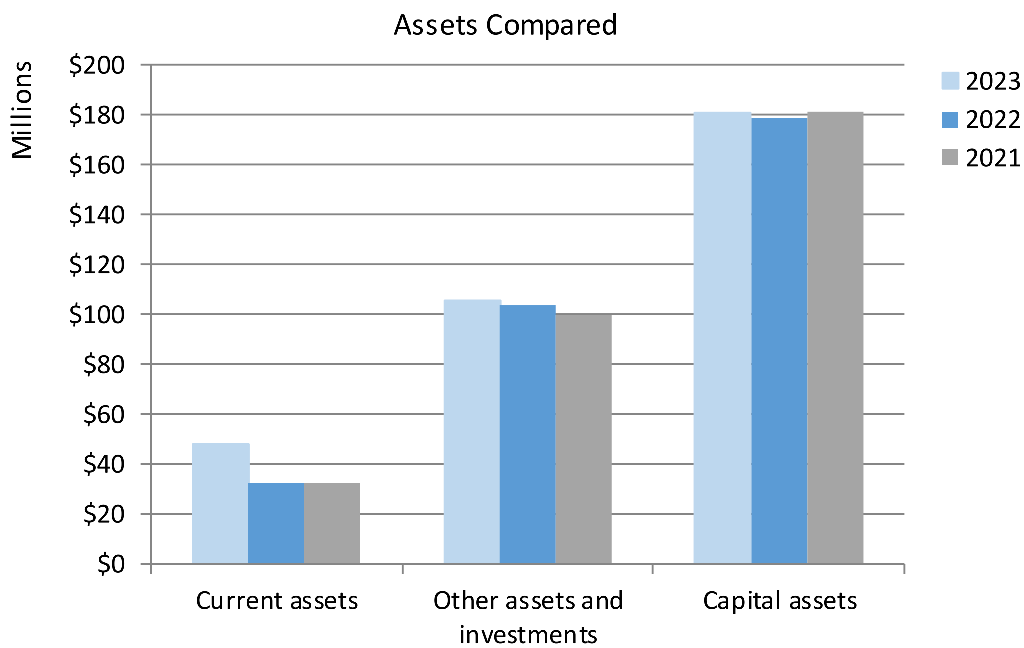
	2023	2022	2021
Current assets	$ 48,486,372	$ 32,984,400	$ 32,702,759
Other assets and investments	105,828,437	103,881,794	99,732,913
Capital assets	180,942,233	178,725,114	181,528,391
Total assets	335,257,042	315,591,308	313,964,063
Deferred outflows of resources	7,747,307	10,699,766	12,702,571
Total assets and deferred outflows of resources	$ 343,004,349	$ 326,291,074	$ 326,666,634
Current liabilities	$ 4,815,783	$ 4,712,639	$ 5,400,373
Long-term liabilities	10,277,397	8,372,146	8,550,003
Total Liabilities	15,093,180	13,084,785	13,950,376
Deferred inflows of resources	8,299,462	2,667,913	8,411,283
Total liabilities and deferred inflows of resources	23,392,642	15,752,698	22,361,659
Net investment in capital assets	178,856,818	178,725,114	181,528,391
Restricted net position	6,822,101	5,920,098	6,516,211
Unrestricted position	133,932,788	125,893,164	116,260,373
Total net position	319,611,707	310,538,376	304,304,975
Total liabilities, deferred inflows of resources, and net position	$ 343,004,349	$ 326,291,074	$ 326,666,634

The District's restricted net position of $6.8 million represents resources that are subject to statutory restrictions. Restricted net position for the years ending December 31 is equal to total restricted assets in the table below:

Restricted Assets	**2023**	**2022**	**2021**
Capital asset fund - water treatment plant	$ 6,276,820	$ 5,334,558	$ 5,274,834
Capital asset fund - pressurized irrigation system	536,294	509,457	431,517
Held in escrow until project completion	-	50,001	-
Deposits held for annexation applications	-	-	796,661
Accrued interest receivable on restricted investments	8,987	26,082	13,199
Total restricted assets	$ 6,822,101	$ 5,920,098	$ 6,516,211

The remaining balance of net position, $134 million, serves to meet all short and long-term annual liabilities.

The details of the changes in net position for each year are provided in the statement of revenues, expenses, and changes in net position. See Note 10 for more information on net position.



Total assets. At the end of the current year, total assets increased by $19.7 million (6%) after increasing $1.6 million (1%) in 2022. The current year change is mostly attributable to current assets.

Current assets. The increase of $15.5 million (47%) in 2023 is directly related to the $13.0 million increase in current investments in marketable securities and $2.4 million increase in cash and equivalents. Compared to 2022, there was a shift from long-term to current investment holdings as of December 31. In 2022, current assets increased by $282,000 (1%). The small change in 2022 was the result of lower cash and cash equivalents held by the District at year-end as compared to 2021 which were offset by increases in investment holdings, accounts receivable and prepaid expenses.

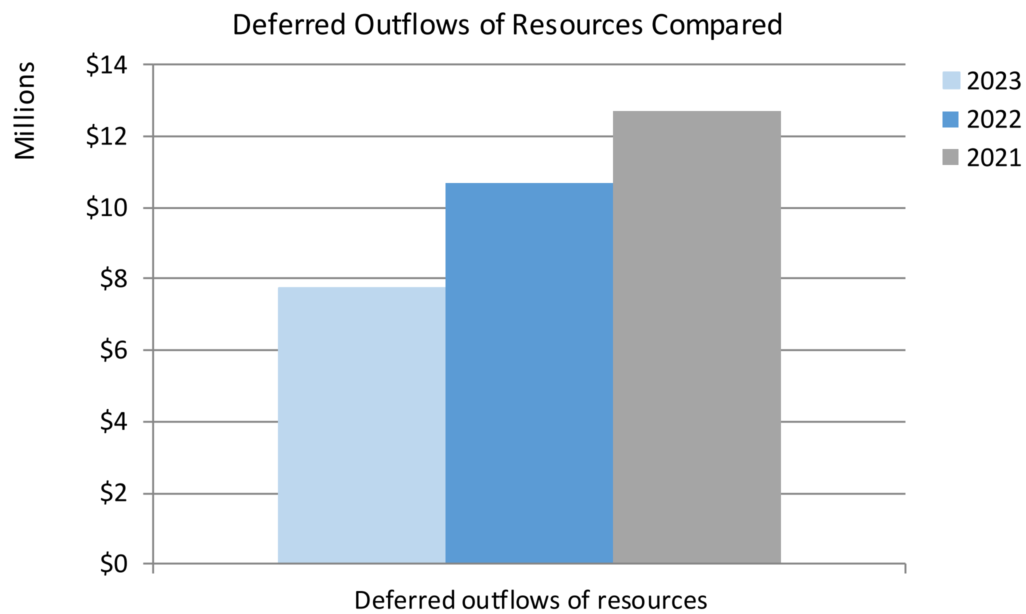
Other assets and investments. In 2023, other assets and investments increased $1.9 million (2%). The increase is due to the $7.8 million change in the District's investment in Tri-Dam and a $5 million change in restricted cash and cash equivalents. The sum of non-current and restricted investments in marketable securities decreased by a total of $9.7 million which is reflective of a shift from investments to uninvested cash and from long-term to short-term.

In 2022, other assets and investments rose $4.1 million (4%) over 2021. The increase in 2022 was primarily driven by changes in investments in marketable securities, which increased $7.8 million over that of the prior year, as well as a $1.7 million increase in the net other post-employment benefits asset. However, these increases were offset by a $4.3 million decrease in restricted cash, mostly attributable to capital spending at the water treatment plant and a shift in restricted holdings from cash to investments, as well a $962,000 decrease in the District's investment in the Tri-Dam Project.

Capital assets. In 2023, net capital assets increased $2.2 million (1%) after falling $2.8 million (2%) in 2022 as the cost of new assets exceeded depreciation. See Note 6 for more information about capital assets.

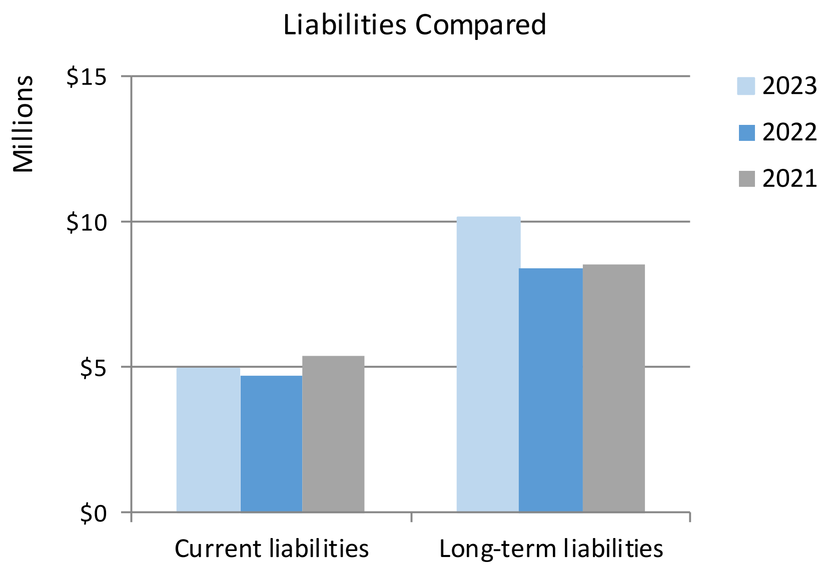
Summary of Capital Assets
For the Years Ended December 31

	2023	2022	2021
Land	$ 7,730,310	$ 7,730,310	$ 7,730,310
Construction in progress	6,535,369	4,263,127	7,076,960
Water treatment plant & transmission line	71,550,524	71,538,662	71,515,282
Other buildings	66,382,704	64,477,453	59,480,842
Solar generating plant	11,999,441	11,999,441	11,975,754
Irrigation system	136,332,024	21,664,794	21,650,228
Vehicles and equipment	10,906,213	121,249,606	119,057,020
Total capital assets	311,436,585	302,923,393	298,486,396
Less: accumulated depreciation & amortization	(130,494,352)	(124,198,279)	(116,958,005)
Net capital assets	$ 180,942,233	$ 178,725,114	$ 181,528,391



Deferred outflows of resources. Deferred outflows of resources fell by $3.0 million (28%) in 2023 after declining $2.0 million (16%) in 2022. The double-year decline has two driving factors; the first being the amortization of the $9.3 million payment the District made to the unfunded pension liability in October 2021 and the second being a $0 unfunded liability payment requirement in 2023. The annual required unfunded liability payment is typically made in July and classified as a deferred outflow in the year the payment is made before it is recognized as pension expense the following year.

As required by GASB Statement No. 68 (GASB 68), the changes in certain components of the net pension liability are added to or subtracted from deferred outflows or inflows of resources and then amortized to pension expense over the estimated average remaining service life of the plan members (or 5 years for differences between projected and actual earnings on plan investments) in order to reduce year-to-year volatility of pension expense. The same method is applied to the net OPEB liability and OPEB expense, per GASB Statement No. 75 (GASB 75).



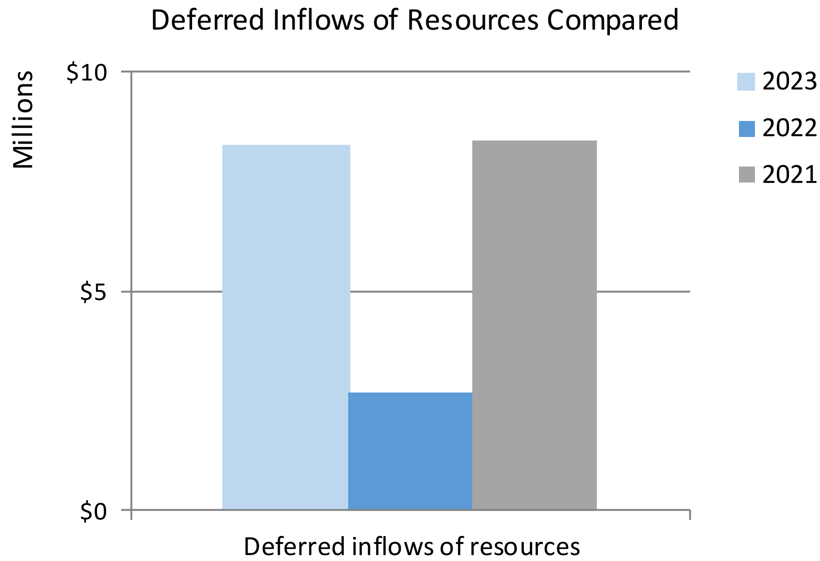
Total liabilities. Total liabilities rose $2.0 million (15%) in 2023 and fell by $866,000 (6%) in 2022 as a result of changes described below.

Current liabilities. Current liabilities increased slightly in 2023, a change of $103,000 (2%), and decreased by $688,000 (13%) in 2022. The 2023 increase stems from a $672,000 increase in accounts payable and a $518,000 increase in notes payable offset by a $1.2 million decrease in accrued expenses. Further contributing to the increase are minor increases in the compensated absences liability, retentions payable and SBITAs liability.

The 2022 decrease is mostly the result of a reclassification from unearned to earned revenue relating to assessments levied with the county tax roll. In 2022, there was an increase of $541,000 in accounts payable and a $303,000 increase in accrued expenses. These increases were offset by a $190,000 decrease in construction contract retentions payable as the project retention that was held at the end of 2021 was released upon project completion in 2022.

Long-term liabilities. In 2023, long-term liabilities increased $1.9 million (23%) due almost entirely to a $1.4 million reclassification from current to long-term liability created by the filter module replacement agreement at the water treatment plant. Additional contributions include a $474,000 swing in net pension liability and the newly recognized SBITAs liability of $24,000.

In 2022, long-term liabilities held constant to that of 2021, only decreasing by $178,000 (2%). The decrease is the result of a decline in the net pension liability of $107,000 and a $80,000 decline in the long-term portion of compensated employee absences.



Deferred inflows of resources.

In 2023, deferred inflows rose $5.6 million (211%) after falling $5.7 million (68%) in 2022. The fluctuation in both years is caused mostly by volatile swings in deferred inflows related to the pension plan. The increase experienced in 2023 was the result of a $6.4 million (6,036%) increase in pension related deferred inflows and an $803,000 (35%) decrease in other post-employment benefit plan related deferred inflows. The decline in 2022 was due to a $6.9 million (98%) decrease in pension related deferred inflows and a $1.2 million (113%) increase in other post-employment benefits related deferred inflows.

As the consequences of certain changes in the net pension liability and net OPEB liabilities (assets) resulting from actuarial information provided by the District's actuary and by the California Public Employees' Retirement System (CalPERS), respectively. Per GASB Statements No. 68 and No. 75, these changes are added to deferred inflows of resources and then amortized to pension or OPEB expense over the estimated average remaining service life of the plan members (or 5 years for differences between projected and actual earnings on plan investments) to reduce year-to-year volatility of pension and OPEB expense.

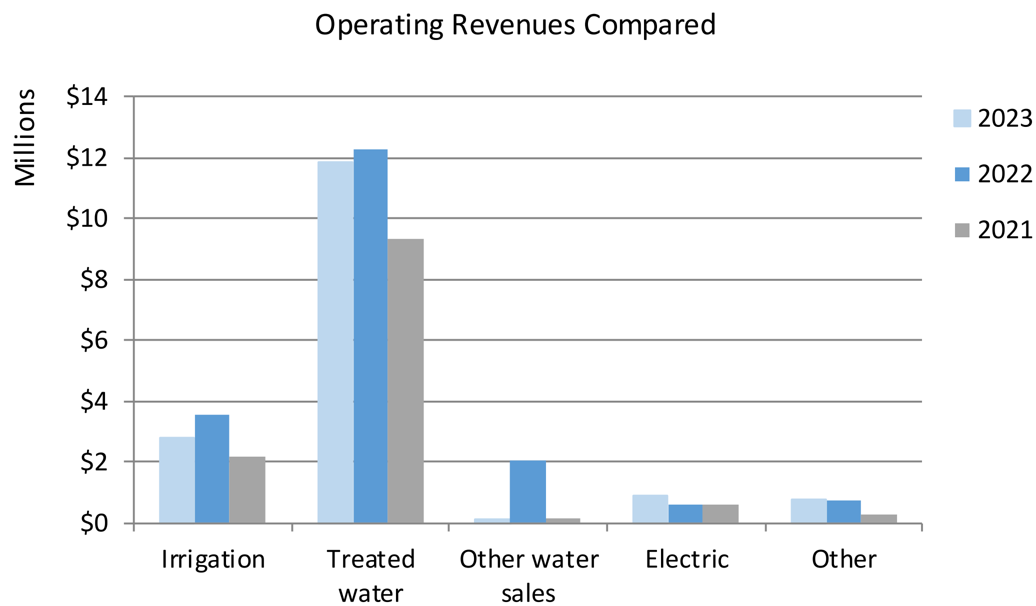
A lessor contributing factor are the deferred outflows related to leases recognized under GASB Statement No. 87 which requires that deferred inflows related to leases be reflected in the statement of net position and recognized as lease revenue over future years as a lease contract progresses.

Revenues and Expenses Discussion

Condensed Statements of Revenues, Expenses, and Changes in Net Position
For the Years Ended December 31

	2023	2022	2021
Operating Revenues			
Irrigation sales	$ 2,790,948	$ 3,568,264	$ 2,160,425
Treated water sales	11,882,608	12,291,764	9,342,866
Other water sales	128,192	2,081,390	164,016
Other income	1,686,626	1,344,302	861,258
Total Operating Revenues	16,488,374	19,285,720	12,528,565
Operating Expenses			
Labor	27,377,702	10,834,168	15,960,667
Other operating and maintenance (O & M)	6,852,996	6,479,393	5,705,729
General and administrative (G & A)	4,143,300	4,525,661	2,944,231
Depreciation	8,425,807	7,906,858	7,720,049
Amortization	49,059	405	-
Total Operating Expenses	46,848,864	29,746,485	32,330,676
Net Loss From Operations	(30,360,490)	(10,460,765)	(19,802,111)
Net nonoperating revenues	35,768,281	14,154,499	18,027,997
Net Income (Loss) Before Contributions	5,407,791	3,693,734	(1,774,114)
Capital contributions	3,665,540	2,539,667	3,065,543
Change in Net Position	9,073,331	6,233,401	1,291,429
Net Position, Beginning of Year	310,538,376	304,304,975	303,013,546
Net Position, End of Year	$ 319,611,707	$ 310,538,376	$ 304,304,975

The statement of revenues, expenses, and changes in net position for the years ended December 31 show how the District's net position changed throughout the years. In 2023, net position increased $9.1 million (2.9%) over 2022, rising from $310.5 million to $319.6 million as a result of ongoing operations. Net position increased by $6.2 million (2.0%) in year 2022, rising from $304.3 million to $310.5 million as a result of ongoing operations.



Total operating revenues. Total operating revenues fell $2.8 million (15%) in 2023 mostly due to a water sale to neighboring agency, Stockton East Water District, that occurred in 2022 but not in 2023. Total operating revenues rose by $6.8 million (54%) in 2022 due largely in part to the water sale to Stockton East Water District, but mostly to increased treated water sales to the member agencies of the water treatment plant.

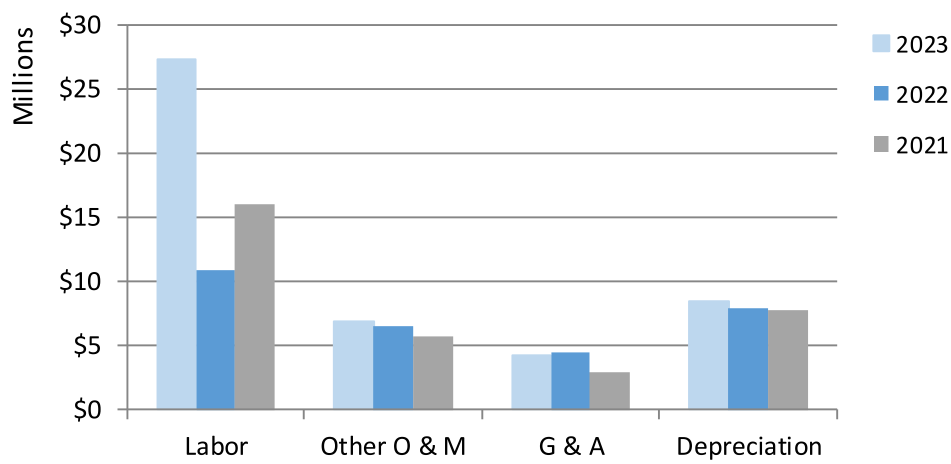
Irrigation sales fell $777,000 (22%) in 2023, attributed to a change in the way property tax revenues are recorded.

Treated water sales to the cities of Manteca, Lathrop, and Tracy in 2022 increased by $2.9 million driven primarily by an increase in operating costs due to inflation as well as a growing demand for SSJID's treated surface water. Treated water sales fell slightly in 2023.

Other water sales decreased $2.0 million (94%) in 2023 after increasing $1.9 million (1,169%) in 2022 due to the water sale agreement with a neighboring agency.

Electric Sales were fundamentally unchanged in 2022, but increased by $272,000 in 2023. The 2023 increase was due to increased production at the solar farm which serves to offset power costs incurred by other District operations.

Operating Expenses Compared



Total operating expenses. Total operating expenses increased $17.1 million (58%) in 2023 after a decrease of $2.6 million (8%) in 2022.

Wages and benefits. Total payroll expense, which includes wages, payroll taxes, and employee benefits, increased $16.5 million (153%) in 2023 and decreased $5.1 million (32%) in 2022.

Wages rose $1.4 million (15%) in 2023 following a $313,000 (4%) rise in 2022. Increases in both years are attributable to wage increases and filling new and open positions.

Total labor expense, and particularly employee benefits expense, has become much more volatile from year to year, starting in 2015, because of the new accounting standards for pension expense, net pension liability, OPEB expense and net OPEB liability (asset) promulgated as GASB Statements No. 68 and No. 75. These GASB statements require the net liabilities (assets) for these benefits to be reported on the statement of net position. The amounts of these liabilities are actuarial estimates, and as such, can fluctuate widely from year to year as actuarial assumptions are changed and as actual experience differs from what is anticipated in actuarial assumptions. Year to year changes in these liabilities (assets) result in annual fluctuations in the amount of the pension and OPEB expenses.

GASB 68 requires an annual adjustment to reflect the annual change in the actuarially estimated amount of the net pension liability and related deferred outflows and inflows of resources. Likewise, GASB 75 requires the same treatment for the net OPEB liability (asset) and related deferred outflows and inflows of resources. These annual adjustments can materially decrease or increase a year's pension and OPEB expenses and are more volatile from year-to-year than over a much longer period.

In 2023, the annual GASB 68 adjustment increased pension expense by $10.5 million, and in 2022, it decreased by $4.4 million. These adjustments to pension expense may increase or reduce the amount reported as pension expense, but they do not represent a change in cash outlay or change in benefits.

GASB 75 has similar effects. The annual GASB 75 adjustment decreased the expense for OPEB by $108,000 in 2023 and $163,000 in 2022.

Other operating and maintenance. This category consists of expenses incurred for materials and supplies, maintenance and repairs and utilities. In 2023, these expenses increased $374,000 (6%) after increasing $774,000 (14%) in 2022. The high inflationary environment experienced throughout the country during the post COVID-19 pandemic was the leading contributor to the District's increase in expenses. Materials, supplies and utilities are the leading contributors to the increase in both years while maintenance and repairs expenses decreased in both years.

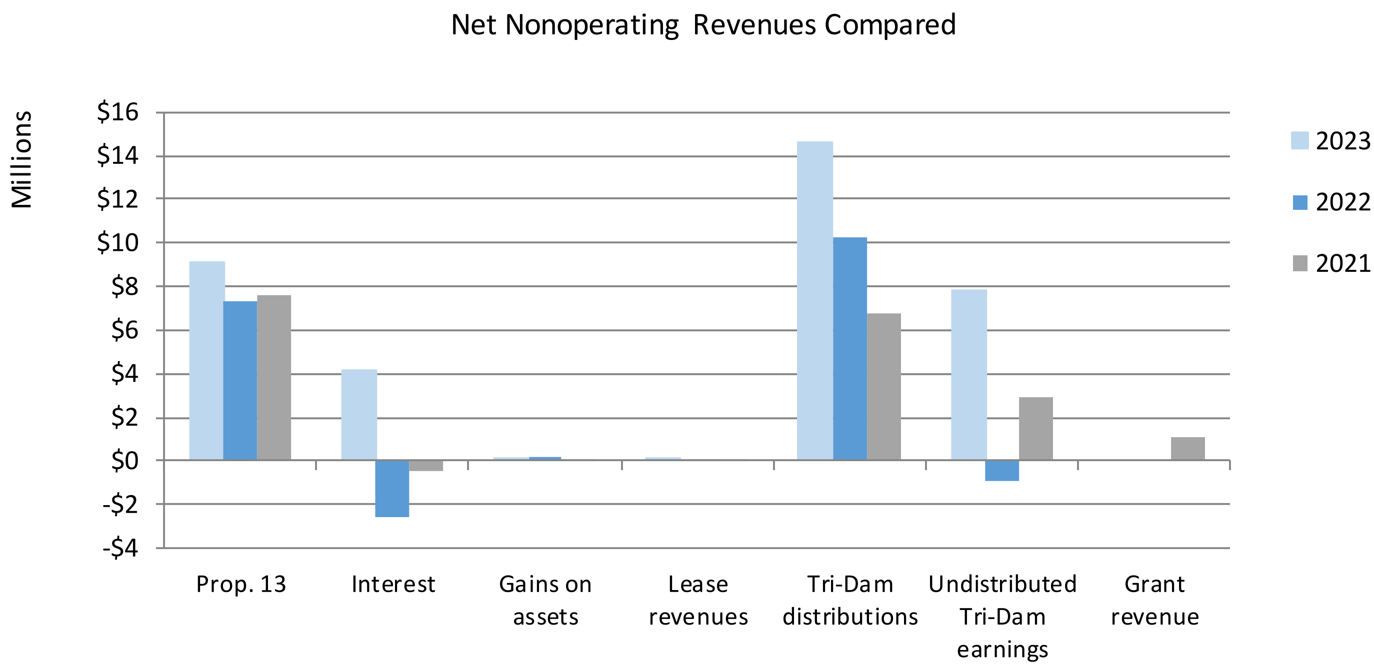
Materials and supplies increased $564,000 (21%) in 2023 and $584,000 (28%) in 2022 which stem mostly from significant increases in chemical expenses as shortages and a high inflationary economic environment made product more expensive.

Also contributing to the increase in other operating and maintenance expenses was utilities expense which rose $117,000 (4%) in 2023 and $523,000 (23%) over the prior year as a result of significant rate increases from the District's main power provider.

Offsetting these increases were decreases of $308,000 (30%) and $333,000 (25%) in maintenance and repairs in years 2023 and 2022, respectively.

General and administrative (G&A). In 2023, general and administrative expense remained relatively unchanged from 2022, declining by $382,000 (8%). In 2022, general and administrative expense increased $1.6 million (54%). The largest component of this increase was an increase in legal expenses due to increased activity in certain ongoing litigation matters. Further contributing to the increase was a rise in consulting fees mostly attributable to a water master planning project.

Depreciation. Depreciation expense increased $519,000 (7%) in 2023 and $187,000 (2%) in 2022 as the total amount of depreciable assets in service increased both years.



Net nonoperating revenues. As detailed below, net nonoperating revenues increased $21.6 million (153%) in 2023 and decreased $3.9 million (22%) in 2022.

Property tax (Proposition 13 subvention). Property tax income increased $1.8 million (25%) in 2023 and decreased $295,000 (4%) in 2022 due to fluctuation in local real estate values.

Interest Income. Interest income, consisting of coupon payments from bond issuers and change in market value of marketable securities, increased $914,000 (62%) in 2023 as the result of high interest rates in the market environment. In 2022, interest income fell $203,000 (12%) as a result of low interest rates in the market environment, the yield on the investment portfolio remained modest.

Tri-Dam earnings and distributions. Distributions from the Tri-Dam Project and Tri-Dam Power Authority rose by $4.3 million (42%) in 2023 and by $3.5 million (52%) in 2022. SSJID's share of the Tri-Dam Project's undistributed earnings increased by $8.8 million (913%) in 2023 due to increased earnings for the Tri-Dam Project. In 2022, undistributed earnings fell by $3.9 million (133%) due to the combination of increased distributions and lower earnings. Tri-Dam distributions accounted for 41% of total nonoperating income in 2023 and 72% in 2022.

Capital contributions. In 2023, capital contributions rose $1.1 million (44%) mainly due to irrigation facility realignment projects performed as part of city development of ag land within the District which accounted for $1.3 million. Also contributing to the increase in 2023 were improvements performed on the joint supply canal in which Oakdale Irrigation District supplies 28% of the required capital which amounted to $348,000.

In 2022, capital contributions decreased $526,000 (17%) due to a $400,000 reduction in contributions from city development as well as a $400,000 reduction from member agencies of the water treatment plant. See Note 11 for further information about capital contributions.

Expectations for 2024

- The District held a successful Proposition 218 proceeding in 2023 which will lead to increased irrigation revenues in year 2024 and thereafter. The 218 process came on the heels of the December 2023 adoption of the District's Water Master Plan that was meticulously developed as a planning tool in which to guide decision-making surrounding the District's future finances and capital improvements to ensure financial and structural vitality for the next 30 years.
- Interest rates in the bond market have declined slightly since the end of 2023 and are anticipated to continue to decline over the coming year which will impact the District's investment valuations. Despite falling yields in the bond market, the District expects to see a favorable change in interest income in 2024, or hold steady with that of 2023, as the result of higher yields available through the California Asset Management Program (CAMP).
- Capital spending is expected to increase in 2024 as the District takes steps to begin work on capital improvement projects identified in the water master plan.
- It is possible that the District will issue debt in 2024 to fund certain planned capital improvement projects.

Requests for Information

This discussion is intended to provide management's perspective on the District's financial position and results of operations. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance & Administration Manager, PO Box 747, Ripon, CA 95366.

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Basic Financial Statements

South San Joaquin Irrigation District
Statement of Net Position
December 31, 2023 and 2022

	2023	Restated 2022
Assets		
Current Assets		
Cash & cash equivalents - unrestricted	$ 3,910,256	$ 1,506,339
Investments in marketable securities - unrestricted	33,790,252	20,742,634
Accounts receivable	8,835,536	9,427,640
Accrued interest receivable - unrestricted	503,744	329,719
Prepaid expenses	1,168,125	897,481
Inventories	236,373	47,254
Lease receivable	42,086	33,333
Total Current Assets	48,486,372	32,984,400
Other Assets and Investments		
Cash & cash equivalents - restricted	5,084,993	131,304
Accrued interest receivable - restricted	8,987	26,082
Investments in marketable securities - unrestricted (net of current amounts)	45,626,459	51,302,555
Investments in marketable securities - restricted	1,728,121	5,762,712
Noncurrent Lease receivable	231,294	247,100
Net other post-employment benefits asset	809,703	1,900,226
Investment in Tri-Dam Project	52,338,880	44,511,815
Total Other Assets and Investments	105,828,437	103,881,794
Capital Assets		
Non-depreciable	14,265,679	11,993,437
Depreciable	297,170,906	290,929,956
Less accumulated depreciation and amortization	(130,494,352)	(124,198,279)
Total Capital Assets, net	180,942,233	178,725,114
Total Assets	335,257,042	315,591,308
Deferred Outflows of Resources		
Pension	6,839,971	10,380,537
Other post-employment benefits	907,336	319,229
Total Deferred Outflows Of Resources	7,747,307	10,699,766
Total Assets and Deferred Outflows of Resources	$ 343,004,349	$ 326,291,074

The notes to the basic financial statements are an integral part of this statement.

South San Joaquin Irrigation District
Statement of Net Position (Continued)
December 31, 2023 and 2022

	2023	Restated 2022
Liabilities		
Current Liabilities		
Accounts payable	$ 1,939,103	$ 1,267,224
Construction contract retentions payable	54,166	-
Accrued expenses	603,687	1,832,227
Unearned revenue	69,642	120,250
Compensated absences	1,566,402	1,488,092
Lease liability	-	4,846
Note Payable	518,059	-
SBITAs liability	64,724	-
Total Current Liabilities	4,815,783	4,712,639
Long-Term Liabilities		
Compensated absences	414,930	422,509
Lease liability	-	9,316
Note Payable	1,424,662	-
SBITAs liability	23,804	-
Net pension liability	8,414,001	7,940,321
Total Long-Term Liabilities	10,277,397	8,372,146
Total Liabilities	15,093,180	13,084,785
Deferred Inflows of Resources		
Pension	6,553,088	106,797
Other post-employment benefits	1,487,285	2,290,147
Leases	259,089	270,969
Total Deferred Inflows Of Resources	8,299,462	2,667,913
Net Position		
Net investment in capital assets	178,856,818	178,725,114
Restricted	6,822,101	5,920,098
Unrestricted	133,932,788	125,893,164
Total Net Position	319,611,707	310,538,376
Total Liabilities, Deferred Inflows of Resources and Net Position	$ 343,004,349	$ 326,291,074

The notes to the basic financial statements are an integral part of this statement.

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South San Joaquin Irrigation District

Statement of Revenues, Expenses, and Changes in Net Position

For the Years Ended December 31, 2023 and 2022

	2023	Restated 2022
Operating Revenues		
Charges for services:		
Irrigation sales	$ 2,790,948	$ 3,568,264
Treated water sales	11,882,608	12,291,764
Other water sales	128,192	2,081,390
Electric sales	897,165	625,461
Other	789,461	718,841
Total Operating Revenues	16,488,374	19,285,720
Operating Expenses		
Wages	10,431,701	9,064,598
Payroll taxes and benefits	16,946,001	1,769,570
Materials and supplies	3,207,667	2,643,656
Maintenance, repairs, and improvements	710,988	1,018,550
Utilities	2,934,341	2,817,187
General and administrative	4,143,300	4,525,661
Depreciation	8,425,807	7,906,858
Amortization	49,059	405
Total Operating Expenses	46,848,864	29,746,485
Net (Loss) From Operations	(30,360,490)	(10,460,765)
Nonoperating Revenues (Expenses)		
Proposition 13 subvention property taxes	9,080,656	7,277,353
Interest income	2,382,873	1,469,344
Changes in fair value of investments	1,739,363	(4,082,573)
Interest expense	(3,467)	(4,577)
Gain on sale of property and equipment	120,861	169,433
Lease revenue	50,929	37,912
Tri-Dam Power Authority distributions	2,200,000	400,000
Tri-Dam Project distributions	12,370,000	9,850,000
Undistributed earnings (losses) of Tri-Dam Project	7,827,066	(962,393)
Total Nonoperating Revenues (Expenses)	35,768,281	14,154,499
Change in Net Position, before capital contributions	5,407,791	3,693,734
Capital contributions	3,665,540	2,539,667
Change in Net Position, after capital contributions	9,073,331	6,233,401
Net Position, beginning	310,538,376	304,304,975
Net Position, ending	$ 319,611,707	$ 310,538,376

The notes to the basic financial statements are an integral part of this statement.

South San Joaquin Irrigation District

Statements of Cash Flows

For the Years Ended December 31, 2023 and 2022

	2023	Restated 2022
Cash Flows From Operating Activities		
Receipts from customers	$ 16,291,017	$ 18,179,630
Other receipts	789,461	30,624
Payments for goods and services	(10,784,180)	(17,390,407)
Payments to employees for services	(18,375,420)	(10,797,386)
Net cash provided by (used in) operating activites	(12,079,122)	(9,977,539)
Cash Flows From Noncapital Financing Activities		
Property tax receipts	9,030,048	7,446,510
Net cash provided by (used in) noncapital financing activities	9,030,048	7,488,361
Cash Flows From Capital And Related Financing Activities		
Proceeds from capital debt	1,942,721	-
Principal paid on long-term liabilities	(14,162)	-
Interest payments on long-term debt	(3,467)	(4,575)
Capital contributions	1,401,772	2,014,745
Proceeds on the sale of capital assets	203,859	(81,367)
Purchase of capital assets	(8,368,520)	(4,449,771)
Net cash provided by (used in) capital and related financing activities	(4,837,797)	(2,520,968)
Cash Flows From Investing Activities		
Interest received (paid)	2,225,943	(2,649,193)
Proceeds from lease	46,102	-
Purchases of investment securities	(49,759,162)	(50,355,681)
Proceeds from sales and maturities of investment securities	48,161,594	36,685,435
Tri-Dam Project cash distributions	12,370,000	9,850,000
Tri-Dam Power Authority cash distributions	2,200,000	400,000
Cash Provided (Used) by Investing Activities	15,244,477	(6,069,439)
Net (Decrease) in Cash & Cash Equivalents	7,357,606	(11,079,585)
Cash & cash equivalents, beginning	1,637,643	12,717,228
Cash & cash equivalents, ending	$ 8,995,249	$ 1,637,643
Reconciliation Of Cash To Balance Sheet		
Cash & cash equivalents - unrestricted	$ 3,910,256	$ 1,506,339
Cash & cash equivalents - restricted	5,084,993	131,304
Cash & cash equivalents - total	$ 8,995,249	$ 1,637,643

The notes to the basic financial statements are an integral part of this statement.

South San Joaquin Irrigation District
Statement of Cash Flows (Continued)
For the Years Ended December 31, 2023 and 2022

	2023	Restated 2022
Reconciliation Of Net Loss From Operations To Cash Provided By Operating Activities		
Net Loss From Operations	$ (30,360,490)	$ (10,460,765)
Depreciation	8,425,807	7,906,858
Amortization	49,059	405
(Increase) Decrease in Operating Assets		
Accounts receivable	592,104	(1,203,043)
Leases receivable	-	33,103
Prepaid expenses	(270,644)	(112,007)
Inventories	(189,119)	3,010
Deferred outflows of resources - pension	3,540,566	1,881,709
Deferred outflows of resources - other post-employment benefits	(588,107)	121,095
Net other post-employment benefits asset	1,090,523	(1,659,955)
Increase (Decrease) in Operating Liabilities		
Accounts payable	671,879	734,342
Lease liability	-	14,162
Accrued expenses	(1,228,540)	54,402
Unearned revenue	-	(1,412,236)
Compensated absences	70,731	(28,185)
Deferred inflows of resources - pension	6,446,291	(6,919,234)
Deferred inflows of resources - other post-employment benefits	(802,862)	1,213,776
Deferred inflows of resources - leases	-	(37,912)
Net pension liability	473,680	(107,064)
Cash Used by Operating Activities	$ (12,079,122)	$ (9,977,539)

Supplemental Disclosure of Noncash Activities		
Assets received as capital contributions	$ 2,263,768	$ 566,125
Change in fair value of investments in marketable securities	1,739,363	(4,082,573)
Change in investment in the Tri-Dam Project, net of cash received	7,827,066	(962,393)

The notes to the basic financial statements are an integral part of this statement.

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Notes to the Financial Statements

NOTE 1 – ORGANIZATION AND DESCRIPTION OF BUSINESS

The South San Joaquin Irrigation District (SSJID, or District) was formed in 1909 and operates as a special district of the State of California under the California Water Code, which authorizes the District to provide water, electricity, drainage, and related recreational facilities. The District provides and distributes irrigation water from the Stanislaus River and from groundwater to a region surrounding the cities of Manteca, Escalon and Ripon. The boundaries encompass about 72,200 acres. The District also owns and operates the Nick C. DeGroot Water Treatment Plant which processes potable water for the cities of Manteca, Escalon, Tracy, and Lathrop. The South San Joaquin Irrigation District also operates three dams and four hydroelectric generating plants on the Stanislaus River jointly with the Oakdale Irrigation District through a joint venture called the Tri-Dam Project and a joint powers authority called the Tri-Dam Power Authority.

The District is governed by an elected five-member Board of Directors. The Board of Directors has the authority to fix rates and charges for the District's commodities and services. The District may also incur indebtedness, including issuing bonds and certificates of participation, and is exempt from federal and state income taxes.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Significant accounting policies are those where generally accepted accounting principles require the District to choose from allowable alternative methods as required by Governmental Accounting Standards Board (GASB) Code Sec. 2300.

A. Reporting Entity

The financial statements include the South San Joaquin Groundwater Sustainability Agency Joint Powers Authority (SSJ GSA JPA) as a blended component unit according to the requirements of GASB Statement Nos. 61 and 90. The SSJ GSA JPA was established in 2020 under the terms of the Sustainable Groundwater Management Act to administer the act within SSJID territory. Besides SSJID, the other members of this joint powers authority are the cities of Ripon and Escalon. Although the City of Manteca is within the geographical boundaries of SSJID, Manteca is not part of the SSJ GSA JPA because Manteca became its own groundwater sustainability agency. SSJID provides 85% of the financial support to the SSJ GSA JPA and 3 of the 5 board members are SSJID directors.

The SSJ GSA JPA succeeds the South San Joaquin Groundwater Sustainability Agency (SSJGSA) as administrator of the Groundwater Sustainability Management Act within the District. The SSJGSA was formed April 5, 2017, by the execution of a memorandum of understanding among SSJID, the City of Ripon, and the City of Escalon.

The Tri-Dam Project is a joint venture formed in 1948 under a joint cooperation agreement between the District and the Oakdale Irrigation District for the purpose of operating the dams, reservoirs, canals, and hydroelectric generating plants jointly and equally owned by the District and the Oakdale Irrigation District. As required by Governmental Accounting Standards Board Statements No. 14 and No. 61, these financial statements present the District as well as the District's one-half share of the Tri-Dam Project because the District has an equity interest in the Tri-Dam Project. The Tri-Dam Project also issues separate financial statements, which may be obtained by emailing clerk@tridamproject.com or on the internet at www.tridamproject.com.

The District is a member, with the Oakdale Irrigation District, in the Tri-Dam Power Authority which owns and operates a hydroelectric generating plant at Sandbar on the Stanislaus River. The Tri-Dam Power Authority is a joint powers authority and issues its own audited financial statements which may be obtained by writing to PO Box 1158, Pinecrest, CA 95364-0158 or by sending an email message to clerk@tridamproject.com or on the internet at http://www.tridamproject.com/reports.aspx. These financial statements do not include the Tri-Dam Power Authority because the District has only a residual interest, not an equity interest, in the assets of the Tri-Dam Power Authority.

The District is a member of the San Joaquin River Group Authority (SJRGA), and also of the San Joaquin Tributaries Authority (SJTA). The SJRGA was created in 1996 as a joint powers authority consisting of the District, Modesto Irrigation District, Oakdale Irrigation District, Turlock Irrigation District, Friant Water Users Authority, and San Joaquin River Exchange Contractors Water Authority in order to represent these organizations in the monitoring and mitigation of regulatory issues involving water rights and supply, including the environmental conditions in the Delta which impact the members. The agreement terminates in December 2036, unless extended by the participants. The SJTA was formed in 2012 for similar purposes with the District, Modesto Irrigation District, Oakdale Irrigation District, Turlock Irrigation District, and the City and County of San Francisco as members. These financial statements do not include the SJRGA or the SJTA because the District has only a residual interest, not an equity interest, in the assets of these entities. Both the SJRGA and the SJTA issue financial statements which can be obtained by contacting the executive director of the SJTA at http://calsmartwater.org/contact/.

B. Basis of Accounting

These financial statements are prepared in conformity with generally accepted accounting principles (GAAP) in the United States of America. The Governmental Accounting Standards Board (GASB) is the acknowledged standard setting body for accounting standards followed by governmental entities in the United States. The District is presented as a single enterprise fund. Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business where activities are financed in whole or in substantial part by fees charged in exchange for goods and services provided by the District. The financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues, expenses, gains, losses, assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. For example, revenues are recognized when earned rather than when received, and expenses are recorded when incurred rather than when paid.

Internal transactions between operating divisions of the District have been recorded for management purposes. These internal transactions have been eliminated to avoid double counting of revenues and expenses in the consolidated financial statements.

GASB requires a distinction in the financial statements between operating and nonoperating revenues and expenses, but GASB has not established a standard for the distinction. The District classifies as operating revenues those charges for goods and services which constitute the primary business activities of the District. Operating expenses are those required to provide the primary goods and services of the District and to earn the operating revenues.

C. Financial Reporting

The District's basic financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP), as applied to enterprise funds. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The District has adopted the following GASB pronouncements in the current year.

Governmental Accounting Standards Board Statement No. 96

In May 2020, the GASB issued Statement No. 96, *Subscription Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases,* as amended. A SBITA is defined as a contract that conveys control of the right to use another party's (a SBITA vendor's) information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction. The requirements of this statement are effective for reporting periods beginning after June 15, 2022, and all reporting periods thereafter.

D. Cash and Cash Equivalents

GAAP allows a financial statement issuer to choose the focus of the statement of cash flows as either cash or "cash and cash equivalents". The District reports restricted and unrestricted cash, including bank deposits and the District's investments in the State of California Local Agency Investment Fund (LAIF) and California Asset Management Program (CAMP), as well as cash equivalents in the statement of cash flows. The District defines cash equivalents as certain highly liquid investments with an original maturity of three months or less, including only money market mutual funds. Other securities with an original maturity of three months or less not meeting this definition are not reported as cash equivalents.

E. Investment Basis

All investments are carried at their fair value. Fair values may have changed significantly after year-end.

F. Restricted Assets

The use of some assets can be restricted to certain purposes by law, by grantors of the assets, by enforceable legislative acts of the District's Board of Directors, or by contracts to which the District is a party. When the District has a choice to use either restricted or unrestricted funds, the District's policy is normally to use restricted funds first. The capital replacement reserve of the water treatment plant is funded by the municipal wholesale customers under an agreement that limits the use of those funds to the cost of capital assets of the water treatment plant. The capital replacement reserve of the pressurized irrigation system (Division 9 Project) is funded by customers who utilize that system. Deposits received from persons who would like to annex property to the District can be used only for expenses incurred by the District for these annexation efforts.

G. Accounts Receivable

Trade and property tax receivables are not shown net of an allowance for uncollectible amounts because the amounts estimated by management to be uncollectible are deemed immaterial. California statute provides that only county governments may levy property taxes. Counties are responsible for the levying and collection of property taxes and the allocation of tax revenues to eligible jurisdictions, such as cities, schools and special districts. Property taxes are levied, collected and allocated on a fiscal year (July to June) basis. Property taxes are levied in September and are due on November 1 and March 1. The District receives property tax revenues pursuant to an arrangement with San Joaquin County (the County) known as the "Teeter Plan". Under the plan, the County pays the full tax allocation to the District, regardless of tax revenue actually collected, and assumes responsibility for the collection of delinquent taxes. The District recognizes property tax revenues when distributions are received from the County.

H. Inventory

Inventories are valued at cost based upon physical determinations made at the end of each year. Inventories are assumed to be consumed on the "first in, first out" basis.

I. Prepaid Expenses

Certain payments to vendors reflect costs applicable to future accounting periods and are reported as prepaid expenses in the financial statements.

J. Capital Assets

Property, plant, equipment and infrastructure are reported at historical cost. Items costing at least $10,000 with an estimated useful life of more than one year are capitalized. Donated property and assets constructed by developers are recorded at their acquisition value at the date of donation. Depreciation is provided using the straight-line method for capital assets other than land and construction work in progress. Estimated useful lives as are follows:

Assets	Year
Dams, canals and distribution laterals	25-100
Pumping equipment and turbines	10-50
Drainage laterals	40-100
Buildings	19-40
Machinery and equipment	5-20
Office equipment	3-15
Vehicles and trucks	4-10

K. Leases

The District adopted GASB 87, *Leases*, in 2022 (see note 7). For lessor arrangements, the District recognizes lease liabilities with an initial, individual value of $10,000 or more. Lease receivables are measured at the present value of payments expected to be received during the lease term.

Lessee: The District is not a lessee to any lease agreements. The lessee recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the financial statements. The District recognizes lease liabilities with an initial, individual value of $10,000 or more. At the commencement of a lease, the District initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the City determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The District uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the District generally uses its estimated incremental borrowing rate as the discount rate for leases, which it has determined is the prime rate at the inception of the lease.

- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the District is reasonably certain to exercise.

The District monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability. Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the Statement of Net Position.

Lessor: The District is a lessor for noncancellable leases of land and the lease of a communications tower. The District recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental and enterprise fund financial statements.

At the commencement of a lease, the District initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the District determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The District uses the interest rate charged to the lessees as the discount rate. When the interest rate charged to the lessees is not provided, the District generally uses the implied rate of return as the discount rate for leases. When the implied rate of return cannot be determined, the District uses its estimated incremental borrowing rate which it has determined is the prime rate at the inception of the lease.

• The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable are composed of fixed payments from the lessee.

The District monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

L. Subscription-based Information Technology Arrangements (SBITAs)

The District adopted GASB 96, *SBITAs*, in 2023 (see Note 8).

Lessee: The District entered into noncancellable subscription-based information technology arrangements (SBITAs) for the acquisition of various information technology services. SBITAs are accounted for in accordance with GASB Statement No. 96.

Upon commencement of a subscription, the District recognizes a subscription liability and an intangible right-to-use subscription asset (subscription asset) in the financial statements. Subscription liabilities are recognized when their initial individual values are $10,000 or more. The subscription liability is initially measured at the present value of payments expected to be made during the subscription term and is subsequently reduced by the principal portion of subscription payments made. The subscription asset is initially measured as the initial amount of the subscription liability, adjusted for subscription payments made at or before the subscription commencement date, and any directly attributable initial costs. The subscription asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to SBITAs include determining the discount rate used to discount expected subscription payments to present value, the subscription term, and the composition of subscription payments.

• The Distrtict generally uses the interest rate charged by the subscription provider as the discount rate. When the interest rate charged by the provider is not provided, the District generally uses its estimated incremental borrowing rate as the discount rate for SBITAs, which is the prime rate at the inception of the subscription.

• The subscription term includes the noncancellable period of the subscription and subscription payments that the District is reasonably certain to make.

• The measurement of subscription liability excludes any variable payments such as payments based on the number of user seats unless they depend on an index or a rate or are fixed in substance.

The District monitors changes in circumstances that would require a remeasurement of its SBITAs and will remeasure the subscription asset and liability if certain changes occur that are expected to significantly affect the amount of the subscription liability. Subscription assets are reported with other intangible assets, and subscription liabilities are reported as liabilities on the statement of net position.

This disclosure provides information on the accounting policies related to Subscription-Based Information Technology Arrangements (SBITAs) in accordance with GASB Statement No. 96 and should be read in conjunction with the accompanying financial statements.

L. Compensated Absences

The total amount of liability for compensated absences is reflected in the basic financial statements. It is the District's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is liability for all unpaid vacation time and for varying portions of unpaid accumulated sick leave. According to the District's collective bargaining agreements with its employees, upon retirement or other termination of employment, the value of an employee's unused vacation time, and a varying portion of unused sick leave, will be paid to the employee. Instead of receiving cash for unused sick leave upon retirement, qualified employees may elect to exchange some or all their unused sick leave for other post-employment benefits (OPEB). The financial statements report the amount of the liability (asset) for OPEB estimated by a professional actuary as explained in Note 13. The amount of the OPEB liability (asset) depends on an actuarial estimate of how many sick leave hours, attributable to past service as of the statement of net position date, will eventually be exchanged for OPEB. This quantity of sick leave hours is excluded from the estimation of the compensated absences liability.

M. Pensions

For purposes of measuring the net pension liability and deferred outflows and inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the District's California Public Employees' Retirement System (CalPERS) plan and additions to and deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Plan investments are reported at fair value.

N. Other Post-Employment Benefits (OPEB)

For purposes of measuring the net OPEB liability (asset) and deferred outflows and inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the District's OPEB plan and additions to and deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by CalPERS who administers the District's OPEB trust. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Plan investments are reported at fair value.

O. Deferred Inflows and Outflows of Resources

In addition to assets and liabilities, the statement of net position reports separate sections for deferred outflows and deferred inflows of resources. Deferred outflows of resources represent a consumption of net position by the District that is applicable to a future reporting period. Deferred inflows of resources represent an acquisition of net position that is applicable to a future reporting period. These amounts will not be recognized as an outflow of resources (expense) or an inflow of resources (revenue) until the earnings process is complete. Deferred outflows and inflows of resources include amounts deferred related to the District's pension plans under GASB Statement No. 68 as described in Note 12, the District's other post-employment benefits plan under GASB Statement No. 75 as described in Note 13, as well as leases related to GASB Statement No. 87 as described in Note 7.

P. Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE 3 – CASH AND INVESTMENTS

A. Classification

Cash and investments are classified in the financial statements as shown below at December 31:

	2023	2022
Cash and cash equivalents		
Cash and cash equivalents - unrestricted	$ 3,910,256	$ 1,506,339
Cash and cash equivalents - restricted	5,084,993	131,304
Total	8,995,249	1,637,643
Investments in marketable securities		
Investments in marketable securities - current portion, unrestricted	33,790,252	20,742,634
Investments in marketable securities - noncurrent portion, unrestricted	45,626,459	51,302,555
Investments in securities - restricted (reserves for pressurized irrigation system, WTP)	1,728,121	5,762,712
Total	81,144,832	77,807,901
Total cash and investments	$ 90,140,081	$ 79,445,544

B. Investment Policy

Under the provisions of the District's investment policy, and in accordance with the California Government Code, the following investments are authorized:

Authorized Investment Type	Maximum Maturity	Minimum Credit Quality	Maximum Percentage of Portfolio	Maximum Investment in One issuer
Bonds issued by the District	5 years	None	None	N/A
Obligations issued by United States government or its agencies	5 years	None	None	None
Obligations of any state or any local agency within any state in the United States	5 years	None	None	None
Bankers acceptances	180 days	None	40%	30%
Commercial paper	270 days	A*	25%	10%
Negotiable certificates of deposit	5 years	None	30%	None
Medium term corporate notes	5 years	A	30%	None
California Local Agency Investment Fund	N/A	None	None	$ 75,000,000
Collateralized obligations and mortgage backed bonds	5 years	AA	20%	None
Repurchase agreements	1 year	None	None	None
Money market funds	N/A	AAA/Aaa**	20%	10%
Obligations of International Bank for Reconstruction and Development, International Finance Corporation, or Inter-American Development Bank	5 years	AA	30%	None

* Must have highest rating from a nationally recognized statistical rating organization.
** Must have highest rating from no less than 2 nationally recognized statistical rating organizations.

C. Interest Rate Risk and Credit Risk

Interest rate risk is the risk that increases in market interest rates will decrease the fair value of an investment. Normally, the longer the remaining maturity of an investment, the greater is the sensitivity of its fair value to changes in market interest rates. The District's investment policy limits exposure to interest rate risk by requiring that maturities be planned to accommodate the District's operating cash flow forecast so that securities can be held to maturity to avoid realizing losses on premature sales. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations.

Information about the interest rate risk and the credit risk of the District's investments is provided by the following tables that show the District's investments by maturity as of December 31 and the credit ratings assigned:

Investments by Maturity and Credit Rating

2023

Category	**Year of Maturity**					
Rating*	**2024**	**2025**	**2026**	**2027**	**2028**	**Total**
Federal, state and municipal						
A+	$ 147,156	$ 118,406	$ 1,760,224	$ 249,750	$ -	$ 2,275,536
A1	906,354	-	1,017,606	-	-	1,923,960
AA	574,104	318,017	1,510,725	-	-	2,402,846
AA-	379,021	921,935	-	-	-	1,300,956
AA+	3,537,957	15,611,103	-	-	-	19,149,060
Aa1	116,580	70,733	-	-	-	187,313
Aa3	96,477	534,958	197,094	-	-	828,529
Aaa	10,954,856	14,108,861	-	-	-	25,063,717
Baa2	966,810	-	-	-	-	966,810
Pre-refunded	290,843	-	-	-	-	290,843
Total	$ 17,970,158	$ 31,684,013	$ 4,485,649	$ 249,750	$ -	$ 54,389,570
Negotiable certificates of deposit						
FDIC Insured	$ 10,069,673	$ 2,161,737	$ -	$ -	$ -	$ 12,231,410
Total	$ 10,069,673	$ 2,161,737	$ -	$ -	$ -	$ 12,231,410
Corporate debt						
A	$ -	$ -	$ -	$ 492,392	$ -	$ 492,392
A-	6,909,440	498,525	1,905,140	469,370	-	9,782,475
A+	-	-	2,729,892	-	-	2,729,892
AA-	569,101	-	-	-	-	569,101
BBB+	-	949,992	-	-	-	949,992
Total	$ 7,478,541	$ 1,448,517	$ 4,635,032	$ 961,762	$ -	$ 14,523,852
Total	$ 35,518,372	$ 35,294,267	$ 9,120,681	$ 1,211,512	$ -	$ 81,144,832

* Lower of Moody's or S&P ratings

Investments by Maturity and Credit Rating

2022

Category Rating*	2023	2024	2025	2026	2027	Total
Federal, state and municipal						
A1	$ 50,640	$ 559,005	$ -	$ -	$ -	$ 609,645
AA	69,285	-	117,184	-	-	186,469
AA-	3,264,521	-	614,630	-	-	3,879,151
AA+	-	-	21,745,306	-	-	21,745,306
Aa3	99,042	-	423,671	-	-	522,713
Aaa	10,971,677	5,750,877	13,606,489	-	-	30,329,043
A+	-	-	117,638	-	-	117,638
Aa2	137,936	-	-	-	-	137,936
Aa1	-	111,596	-	-	-	111,596
Pre-refunded	1,467,259	236,544	91,373	-	-	1,795,176
Total	$ 16,060,360	$ 6,658,022	$ 36,716,291	$ -	$ -	$ 59,434,673
Negotiable certificates of deposit						
FDIC Insured	$ 249,838	$ 1,953,112	$ -	$ -	$ -	$ 2,202,950
Total	$ 249,838	$ 1,953,112	$ -	$ -	$ -	$ 2,202,950
Corporate debt						
A	$ 608,214	$ -	$ -	$ -	$ -	$ 608,214
A3	-	1,029,930	-	-	-	1,029,930
A-	6,018,678	3,831,316	-	-	-	9,849,994
A+	979,120	-	-	-	-	979,120
Baa1	-	-	473,025	-	-	473,025
BBB+	2,090,130	-	-	-	-	2,090,130
Pre-refunded	-	1,139,865	-	-	-	1,139,865
Total	$ 9,696,142	$ 6,001,111	$ 473,025	$ -	$ -	$ 16,170,278
Total	$ 26,006,340	$ 14,612,245	$ 37,189,316	$ -	$ -	$ 77,807,901

* Lower of Moody's or S&P ratings

The District is a participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429.1 under the oversight of the Treasurer of the State of California. The District reports its investment in LAIF at the fair value amount provided by LAIF, which is the same as the value of the District's pool share. The balance is available for withdrawal on demand and is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. Included in LAIF's investment portfolio are collateralized mortgage obligations, mortgage-backed securities, other asset-backed securities, loans to certain state funds, and floating rate securities issued by federal agencies, government-sponsored enterprises, notes, and bills of the United States Treasury, and of corporations. The maximum investment allowed per the State Treasurer is $75 million.

D. Concentration of Credit Risk

Investments in the securities of any individual issuer, other than U.S. Treasury securities, mutual funds, and external investment funds, which represent 5% or more of total District-wide investments were as follows at December 31:

2023

Issuer	Investment Type	Amount
Federal Home Loan Mortgage Corporation	U. S. Agencies	$ 32,005,527

2022

Issuer	Investment Type	Amount
Federal Home Loan Mortgage Corporation	U. S. Agencies	$ 33,877,486
JP Morgan Chase	Corporate Notes	$ 3,914,389
		$ 37,791,875

At December 31, 2023, cash and investments included $13,146,326 held in commercial banks, and at December 31, 2022, cash and investments included $3,102,206 held in commercial banks, all of which was either insured by the Federal Deposit Insurance Corporation or collateralized as required by State Law (Government Code Section 53630).

E. Fair Value Hierarchy

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure fair value of the assets. Level 1 inputs are quoted prices in an active market for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

The following is a summary of the fair value hierarchy of the fair value of investments of the District as of December 31:

Investments by Fair Value Level

2023

	Exempt	Level 1	Level 2	Total
U. S. agency securities	$ -	$ -	$ 32,005,528	$ 32,005,528
U. S. treasury notes	-	11,215,397	-	11,215,397
State and municipal debt	-	-	11,168,645	11,168,645
Negotiable certificates of deposit	-	-	12,231,410	12,231,410
Medium term corporate notes	-	-	14,523,852	14,523,852
Local Agency Investment Fund	42,310	-	-	42,310
Calif. Asset Management Program	2,523,218	-	-	2,523,218
Money market mutual funds	-	5,514,005	-	5,514,005
Total investments	$ 2,565,528	$ 16,729,402	$ 69,929,435	89,224,365
Cash in banks and on hand				915,716
Total cash & investments				$ 90,140,081

2022

	Exempt	Level 1	Level 2	Total
U. S. agency securities	$ -	$ -	$ 33,877,486	$ 33,877,486
U. S. treasury notes	-	18,196,863	-	18,196,863
State and municipal debt	-	-	7,360,324	7,360,324
Negotiable certificates of deposit	-	-	2,202,950	2,202,950
Medium term corporate notes	-	-	16,170,278	16,170,278
Local Agency Investment Fund	610,664	-	-	610,664
Money market mutual funds	-	126,922	-	126,922
Total investments	$ 610,664	$ 18,323,785	$ 59,611,038	78,545,487
Cash in banks and on hand				900,057
Total cash & investments				$ 79,445,544

U.S. Treasury notes, classified in Level 1 of the fair value hierarchy, are valued using unadjusted qualified prices in an active market for identical assets or liabilities that the District has the ability to access at the measurement date.

Money market funds, classified as Level 1 of the fair value hierarchy, are valued by Cantella & Co., Inc.

U.S. agency securities, state and municipal debt, negotiable certificates of deposit, and medium-term corporate notes, classified in Level 2 of the fair value hierarchy, are valued using one of the following: quoted prices for similar assets in active markets, quoted prices for identical or similar assets in markets that are not active, or significant other observable inputs. These prices are obtained from various pricing sources by the custodian bank.

NOTE 4 – ACCOUNTS RECEIVABLE

Accounts receivable are composed of the following elements at December 31:

	2023	2022
Proposition 13 subvention property taxes	$ 3,692,391	$ 3,425,651
Water treatment plant sales to member cities	2,510,009	3,495,928
Irrigation charges	2,098,177	1,304,446
Canal construction and maintenance costs receivable from OID	491,633	-
Land lease	13,360	13,360
Member contributions to South San Joaquin Groundwater Sustainability Agency	13,157	7,689
Hydro-power generation	7,048	20,430
Labor reimbursement from San Joaquin County Ground Water Authority	6,946	-
Water transfer	-	354,434
Customer annexation in progress	-	796,661
Miscellaneous	2,815	9,041
Total	$ 8,835,536	$ 9,427,640

NOTE 5 – INVESTMENT IN THE TRI-DAM PROJECT

The District has a fifty percent (50%) investment in the Tri-Dam Project. The Tri-Dam Project's condensed audited financial statements are presented below.

Tri-Dam Project
Condensed Statements of Net Position
December 31, 2023 and 2022

	2023	**As Restated 2022**
Current assets	$ 39,866,524	$ 25,596,269
Long-term investments	3,479,080	3,965,440
Leases receivable	70,440	118,334
Capital assets	66,034,504	63,838,327
Deferred outflows of resources	1,792,007	2,064,993
Total assets and deferred outflows of resources	$ 111,242,555	$ 95,583,363
Current liabilities	$ 1,651,749	$ 1,501,120
Noncurrent liabilities	4,527,250	4,219,956
Deferred inflows of resources	385,796	272,042
Total liabilities and deferred inflows of resources	6,564,795	5,993,118
Net investment in capital assets	66,034,504	63,838,327
Unrestricted net position	38,643,256	25,751,918
Total net position	104,677,760	89,590,245
Total liabilities, deferred inflows of resources, and net position	$ 111,242,555	$ 95,583,363

Tri-Dam Project

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

For the Years Ended December 31, 2023 and 2022

	2023	As Restated 2022
Operating revenues	$ 49,355,377	$ 28,392,272
Operating expenses	9,757,581	11,214,991
Net Income from Operations	39,597,796	17,177,281
Nonoperating Revenues (Expenses)		
Water sales	153,430	156,021
Rental of equipment and facilities	91,918	89,355
Investment earnings (losses)	754,126	(229,815)
Legal settlement	-	2,150,000
Interest from rental income	5,079	6,393
Other nonoperating revenue	43,293	38,167
River habitat studies	(869,564)	(1,071,650)
Gain on disposal of capital assets	51,437	26,078
Total Nonoperating Revenues (Expenses)	229,719	1,164,549
Change in Net Position	39,827,515	18,341,830
Net position, beginning of year (restated)	89,590,245	90,948,415
Less: distributions to member districts	(24,740,000)	(19,700,000)
Net Position, End of Year	$ 104,677,760	$ 89,590,245

NOTE 6 – CAPITAL ASSETS

Changes in Capital Assets

2023

	December 31, 2022	Additions	Disposals	Transfers and Adjustments	December 31, 2023
Capital assets not being depreciated:					
Irrigation					
Land	$ 1,382,984	$ -	$ -	$ -	$ 1,382,984
Construction in progress	3,912,623	3,920,928	-	(2,664,849)	5,168,702
Water treatment plant					
Land	5,834,926	-	-	-	5,834,926
Construction in progress	350,504	378,832	-	(661,098)	68,238
Solar plant					
Land	512,400	-	-	-	512,400
Construction in progress	-	1,298,429	-	-	1,298,429
Total	$ 11,993,437	$ 5,598,189	$ -	$ (3,325,947)	$ 14,265,679
Capital assets being depreciated:					
Irrigation					
Facility Improvements	$ 3,414,817	$ 69,341	$ -	$ 804,556	$ 4,288,714
Reservoirs & dams	17,756,823	-	-	-	17,756,823
Right-to-use	14,566	152,409	(14,566)	-	152,409
Canal & lateral	111,354,216	1,915,781	(462,512)	1,721,902	114,529,387
Vehicles	4,051,112	611,511	(30,118)	-	4,632,505
Machinery & equip	3,083,490	177,176	(134,058)	68,792	3,195,400
Office Equip	89,210	-	-	-	89,210
Computer Equip	727,256	-	-	69,599	796,855
Communications	3,893,405	-	-	-	3,893,405
Water treatment plant					
Facility Improvements	61,062,636	1,972,746	(1,488,052)	546,660	62,093,990
Reservoirs & dams	290,895	-	-	-	290,895
Canal & lateral	71,131,539	-	-	11,862	71,143,401
Vehicles	365,432	246,735	(70,004)	-	542,163
Machinery & equip	1,571,908	31,095	(62,481)	102,576	1,643,098
Computer Equip	6,982	-	-	-	6,982
Communications	106,150	-	-	-	106,150
Lab equip	10,078	-	-	-	10,078
Solar plant					
Facility Improvements	11,972,913	-	-	-	11,972,913
Computer Equip	26,528	-	-	-	26,528
Total	$ 290,929,956	$ 5,176,794	$ (2,261,791)	$ 3,325,947	$ 297,170,906

Changes in Capital Assets (Continued)

	December 31, 2022	Additions	Disposals	Transfers and Adjustments	December 31, 2023
Less accumulated depreciation:					
Irrigation					
Facility Improvements	$ (1,500,481)	$ (103,846)	$ -	$ -	$ (1,604,327)
Reservoirs & dams	(7,675,136)	(417,985)	-	-	(8,093,121)
Right-to-use	(405)	(49,059)	405	-	(49,059)
Canal & lateral	(46,300,170)	(2,528,068)	462,512	-	(48,365,726)
Vehicles	(2,164,594)	(406,699)	30,118	-	(2,541,175)
Machinery & equip	(2,573,969)	(85,242)	134,058	-	(2,525,153)
Office Equip	(72,676)	(3,392)	-	-	(76,068)
Computer Equip	(575,157)	(58,555)	-	-	(633,712)
Communications	(1,818,806)	(148,292)	-	-	(1,967,098)
WTP					
Facility Improvements	(23,776,683)	(2,140,578)	1,488,052	-	(24,429,209)
Reservoirs & dams	(205,631)	(19,400)	-	-	(225,031)
Canal & lateral	(29,470,384)	(1,881,202)	-	-	(31,351,586)
Vehicles	(238,908)	(49,346)	1,167	-	(287,087)
Machinery & equip	(650,934)	(96,356)	62,481	-	(684,809)
Computer Equip	(5,470)	(1,396)	-	-	(6,866)
Communications	(57,054)	(12,797)	-	-	(69,851)
Lab equip	(10,078)	-	-	-	(10,078)
Solar					
Facility Improvements	(7,097,939)	(467,347)	-	-	(7,565,286)
Computer Equip	(3,804)	(5,306)	-	-	(9,110)
Total	$(124,198,279)	$ (8,474,866)	$ 2,178,793	$ -	$(130,494,352)
Total capital assets being depreciated, net	$ 166,731,677	$ (3,298,072)	$ (82,998)	$ 3,325,947	$ 166,676,554
Capital Assets, net	$ 178,725,114	$ 2,300,117	$ (82,998)	$ -	$ 180,942,233

Changes in Capital Assets

2022

	December 31, 2021	Additions	Disposals	Transfers and Adjustments	December 31, 2022
Capital assets not being depreciated:					
Irrigation					
Land	$ 1,382,984	$ -	$ -	$ -	$ 1,382,984
Construction in progress	2,576,080	2,081,001	-	(744,458)	3,912,623
Water treatment plant					
Land	5,834,926	-	-	-	5,834,926
Construction in progress	4,477,193	432,842	-	(4,559,531)	350,504
Solar plant					
Land	512,400	-	-	-	512,400
Construction in progress	23,687	-	-	(23,687)	-
Total	$ 14,807,270	$ 2,513,843	$ -	$ (5,327,676)	$ 11,993,437
Capital assets being depreciated:					
Irrigation					
Facility improvements	$ 3,410,603	$ -	$ (4,986)	$ 9,200	$ 3,414,817
Reservoirs & dams	17,756,823	-	-	-	17,756,823
Right-to-use	-	14,566	-	-	14,566
Canal & lateral	110,205,089	552,618	(138,748)	735,257	111,354,216
Vehicles	3,367,919	940,859	(257,666)	-	4,051,112
Machinery & equipment	2,810,745	272,745	-	-	3,083,490
Office equipment	89,210	-	-	-	89,210
Computer equipment	727,256	-	-	-	727,256
Communications	3,893,405	-	-	-	3,893,405
Water treatment plant					
Facility improvements	56,070,239	721,199	(272,454)	4,543,652	61,062,636
Reservoirs & dams	290,895	-	-	-	290,895
Canal & lateral	71,108,159	7,500	-	15,880	71,131,539
Vehicles	365,432	-	-	-	365,432
Machinery & equipment	1,484,387	87,521	-	-	1,571,908
Computer equipment	6,982	-	-	-	6,982
Communications	106,150	-	-	-	106,150
Lab equip	10,078	-	-	-	10,078
Solar plant					
Facility improvements	11,972,913	-	-	-	11,972,913
Computer equipment	2,841	-	-	23,687	26,528
Total	$ 283,679,126	$ 2,597,008	$ (673,854)	$ 5,327,676	$ 290,929,956

Changes in Capital Assets (Continued)

	December 31, 2021	Additions	Disposals	Transfers and Adjustments	December 31, 2022
Less accumulated depreciation:					
Irrigation					
Facility improvements	(1,409,364)	(96,102)	4,985	-	(1,500,481)
Reservoirs & dams	(7,257,152)	(417,984)	-	-	(7,675,136)
Right-to-use	-	(405)	-	-	(405)
Canal & lateral	(43,972,924)	(2,459,128)	131,882	-	(46,300,170)
Vehicles	(2,086,369)	(335,892)	257,667	-	(2,164,594)
Machinery & equipment	(2,484,988)	(88,981)	-	-	(2,573,969)
Office equipment	(69,285)	(3,391)	-	-	(72,676)
Computer equipment	(531,480)	(43,677)	-	-	(575,157)
Communications	(1,670,516)	(148,290)	-	-	(1,818,806)
Water treatment plant					
Facility improvements	(22,245,424)	(1,803,714)	272,455	-	(23,776,683)
Reservoirs & dams	(186,232)	(19,399)	-	-	(205,631)
Canal & lateral	(27,590,330)	(1,880,054)	-	-	(29,470,384)
Vehicles	(200,817)	(38,091)	-	-	(238,908)
Machinery & equipment	(562,466)	(88,468)	-	-	(650,934)
Computer equipment	(4,073)	(1,397)	-	-	(5,470)
Communications	(44,257)	(12,797)	-	-	(57,054)
Lab equipment	(10,078)	-	-	-	(10,078)
Solar plant					
Facility improvements	(6,630,593)	(467,346)	-	-	(7,097,939)
Computer equipment	(1,657)	(2,147)	-	-	(3,804)
Total	$ (116,958,005)	$ (7,907,263)	$ 666,989	$ -	$ (124,198,279)
Total capital assets being depreciated, net	$ 166,721,121	$ (5,310,255)	$ (6,865)	$ 5,327,676	$ 166,731,677
Capital assets, net	$ 181,528,391	$ (2,796,412)	$ (6,865)	$ -	$ 178,725,114

NOTE 7 - LEASES

As of December 31, 2023, the District is the lessor in three lease agreements; two for the use of land and one for the use of a communication tower.

The first use of land lease is for 12 months as of January 1, 2023, with the option to extend the term up to 36 months. The amortization schedule for this lease has been built on a term of 36 months as the lessor is expected to extend to the maximum term allowed. The lease consists of annual payments of $13,360.

The second use of land lease is for 19 months as of January 1, 2023, the lease includes monthly payments of $1,500.

The communication tower lease is for 144 months as of January 1, 2023, and includes monthly payments of $1,587.

The District recognized $50,928 in lease revenue and $4,302 in interest revenue regarding these leases in year 2023 and recognized $37,912 and $3,941, respectively, in year 2022.

The District has a current lease receivable of $42,086, a long-term lease receivable of $231,294 and a deferred inflow of resources of $259,089 associated with these leases at December 31, 2023. The deferred inflow of resources will be recognized as lease revenue over the lease terms. As of December 31, 2022, the District had a current lease receivable of $33,333, a long-term lease receivable of $247,100 and a deferred inflow of resources of $270,968.

As of December 31, 2023, the District is not a lessee in any agreements.

NOTE 8 – SUBSCRIPTION BASED INFORMATION TECHNOLOGY ARRANGEMENTS

GASB Statement No. 96, *Subscription Based Information Technology Arrangements*, was implemented in the year ending December 31, 2023. With this implementation, all subscription based information technology arrangements (SBITAs) were analyzed and the respective payables were recognized.

At December 31, 2023, the District held two SBITAs contracts; Microsoft365 and AVEVA. The Microsoft365 SBITA is a 36-month contract effective February 2023 with an annual payment requirement of $17,989. The AVEVA SBITA is a 36-month contract effective May 2022 with annual payment requirements of $43,505, $44,815 and $46,159.

As a result of these two contracts, the District recognized $152,468 in right-of-use assets and $49,059 in related accumulated amortization as of December 31, 2023. The following is a summary of principal and interest payments related to the District's SBITAs over the next five-year periods ending December 31:

Year Ending December 31,	Principal	Interest
2024	$ 66,169	$ 2,523
2025	23,084	173
2026	-	-
2027	-	-
2028	-	-

NOTE 9 – LONG-TERM LIABILITIES

Activity in the long-term debt accounts during the years ended December 31 was as shown in the following tables:

Changes in Long-Term Liabilities

2023

	December 31, 2022	Additions	Reductions	December 31, 2023	Current Portion	Long-Term Portion
Compensated absences	$ 1,910,601	$ 774,062	$ (703,331)	$ 1,981,332	$ 1,566,402	$ 414,930
Lease liability	14,162	-	(14,162)	-	-	-
SBITA liability	-	217,133	(128,605)	88,528	64,724	23,804
Note Payable	-	1,942,721	-	1,942,721	518,059	1,424,662
Net pension liability	7,940,321	473,680	-	8,414,001	-	8,414,001
Total	$ 9,865,084	$ 3,407,596	$ (846,098)	$12,426,582	$ 2,149,185	$10,277,397

2022

	December 31, 2021	Additions	Reductions	December 31, 2022	Current Portion	Long-Term Portion
Net OPEB liability	$ -	$ 1,680,685	$ (1,680,685)	$ -	$ -	$ -
Compensated absences	1,938,786	1,396,758	(1,424,943)	1,910,601	1,488,092	422,509
Lease liability	-	14,567	(405)	14,162	4,846	9,316
Net pension liability	8,047,385	-	(107,064)	7,940,321	-	7,940,321
Total	$ 9,986,171	$ 3,092,010	$ (3,213,097)	$ 9,865,084	$ 1,492,938	$ 8,372,146

The District's note payable relates to a contract for the replacement of filter modules at the water treatment plant. As of December 31, 2023 the District is five years into a ten year contract for the replacement of filter modules at the water treatment plant. In exchange for eight filter modules to be delivered to the district as needed over the ten year period, the District will make ten equal, annual installment payments of $518,000.

NOTE 10 – NET POSITION

Net position is the excess of all the District's assets and deferred outflows of resources over all its liabilities and deferred inflows of resources. Net position is divided into three components: net investment in capital assets, restricted net position and unrestricted net position.

Net investment in capital assets describes the portion of net position which represents the net book value of the District's capital assets, less the outstanding balance of any debt issued to finance these assets, less long-term payables related to contracts and agreements, less any capital related retentions payable. If some of the proceeds of such debt remain unspent, that amount is not used to reduce the amount of debt considered in the calculation of net investment in capital assets.

The District has not issued any such debt, but as of December 31, 2023, the District is party to contracts which obligate the District to make future capital related payments. These obligations are discussed further in Notes 7, 8 and 9 that describe the District's leases, SBITAs, and notes payable, respectively.

Net investment in capital assets consists of the following components as of December 31:

	2023	2022
Total capital assets, net of accumulated depreciation	$ 180,942,233	$ 178,725,114
Less capital debt and other borrowings	(2,031,249)	-
Less retention payable	(54,166)	-
Total	$ 178,856,818	$ 178,725,114

The second component of net position is restricted net position, which consists of restricted assets less related liabilities. Restricted assets are assets whose use has been restricted to certain purposes by law, by grantors of the assets, by enforceable legislative acts of the District's Board of Directors, or by contracts to which the District is a party.

The following table shows the composition of restricted net position for December 31:

	2023	2022
Capital asset fund - pressurized irrigation system	$ 536,294	$ 509,457
Capital asset fund - water treatment plant	6,276,820	5,334,558
Held in escrow until project completion	-	50,001
Accrued interest receivable on restricted investments	8,987	26,082
Total	$ 6,822,101	$ 5,920,098

The third component of net position is unrestricted net position, which is simply the amount of net position that does not qualify as either restricted net position, nor as net investment in capital assets.

NOTE 11 – CAPITAL CONTRIBUTIONS

Capital contributions consist of cash and other property contributed to the District as distinguished from property received in exchange transactions, or as taxes. Noncash contributed assets are recorded at estimated fair market value at the date of donation. Typically, noncash property is contributed to SSJID by real estate developers when they need to relocate SSJID pipes and ditches. The District recognized capital contributions from various sources for the years ended December 31 as follows:

	2023	2022
Real estate developers	$ 1,915,781	$ 566,125
Municipal customers of water treatment plant	1,373,040	1,423,467
Oakdale Irrigation District	347,987	524,922
Groundwater Sustainability Agency	28,732	25,153
Total	$ 3,665,540	$ 2,539,667

NOTE 12 – RETIREMENT PLAN

A. Plan Description

All qualified permanent and probationary employees are eligible to participate in the District's cost-sharing multiple employer defined benefit pension plan administered by the California Public Employees' Retirement System (CalPERS). The District participates in the Miscellaneous Risk Pool and the following rate plans:

- Miscellaneous Plan
- Public Employees' Pension Reform Act (PEPRA) Miscellaneous Plan

The Miscellaneous Plan is closed to new members that were not already CalPERS eligible participants as of January 1, 2013. Benefit provisions under the plans are established by state statute and resolution of the SSJID Board of Directors. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website at www.calpers.ca.gov.

B. Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members, who must be public employees, and beneficiaries. Benefits are based on years of credited service. Members of the Miscellaneous Plan with five years of total service are eligible to retire at age 50, and at age 62 for the PEPRA Miscellaneous Plan, with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is the Optional Settlement 2W Death Benefit. The cost-of-living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

Plan provisions and benefits in effect for the years ended December 31 are summarized as follows:

	2023		2022	
	Miscellaneous Plan	PEPRA Plan	Miscellaneous Plan	PEPRA Plan
Hire date	Before 2013	After 2012	Before 2013	After 2012
Benefit formula at full retirement	2.5% @ 55	2.0% @ 62	2.5% @ 55	2.0% @ 62
Benefit vesting schedule	5 years service	5 years service	5 years service	5 years service
Benefit payments	Monthly for life	Monthly for life	Monthly for life	Monthly for life
Retirement age	50 - 55	52 - 67	50 - 55	52 - 67
Monthly benefits as % of eligible compensation	2.0 - 2.5%	1.0 - 2.5%	2.0 - 2.5%	1.0 - 2.5%
Required employee contribution rates:				
July 1 to December 31	7.96%	7.75%	7.96%	6.75%
January 1 to June 30	7.96%	6.75%	7.95%	6.75%
Required employer contribution rates:				
July 1 to December 31	14.06%	7.68%	12.21%	7.47%
January 1 to June 30	12.21%	7.47%	12.20%	7.59%

C. Contributions

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

For the years ended December 31, the contributions for the rate plans were as follows:

	2023		
	Misc. Plan	PEPRA Plan	Total
Employer contributions	$ 776,171	$ 320,233	$ 1,096,404
Employee contributions, paid by employer	364,517	-	364,517
Total	$ 1,140,688	$ 320,233	$ 1,460,921

	2022		
	Misc. Plan	PEPRA Plan	Total
Employer contributions	$ 1,493,644	$ 263,424	$ 1,757,068
Employee contributions, paid by employer	344,867	-	344,867
Total	$ 1,838,511	$ 263,424	$ 2,101,935

The 2022 employer contribution above includes payment of a $789,135 invoice from CalPERS to amortize the net pension liability. This amount was billed for the year ending June 30, 2023.

D. Employees Covered by Benefit Terms

Membership in the plan consisted of the following at the measurement dates of June 30, 2023 and June 30, 2022:

	Miscellaneous & PEPRA Plans	
	2023	2022
Valuation Date	June 30, 2022	June 30, 2021
Measurement Date	June 30, 2023	June 30, 2022
Report Date	December 31, 2023	December 31, 2022
Active employees	109	102
Inactive employees and beneficiaries currently receiving benefit payments	85	84
Inactive employees entitled to but not yet receiving benefit payments	41	37
Total	235	223

E. Proportionate Share of Net Pension Liability

As of December 31, the District reported a net pension liability for its proportionate share of the net pension liabilities of the rate plans as follows:

	Miscellaneous & PEPRA Plans	
	2023	2022
Proportionate Share of Net Pension Liability	$ 8,414,001	$ 7,940,321

The District's net pension liability is measured as the proportionate share of the net pension liability. The net pension liability as of December 31, 2023, and 2022 is measured as of June 30, 2023, and 2022. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2022, and 2021, using standard update procedures as required by GASB Statement No. 68. 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 plans relative to the projected contributions of all participating employers, actuarially determined.

The District's proportion of the net pension liability as of December 31 was as follows:

	Miscellaneous & PEPRA	
	2023	**2022**
Proportion at June 30, 2021		0.4238137%
Proportion at June 30, 2022	0.1696930%	0.1696930%
Proportion at June 30, 2023	0.1682660%	
Increase (Decrease)	(0.0014270%)	(0.2541207%)

F. Changes in Net Pension Liability

The changes in the net pension liability for the years ended December 31 are as follows:

2023			
	Miscellaneous & PEPRA Plans		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at measurement date June 30, 2022	$ 64,628,542	$ 56,688,226	$ 7,940,316
Changes in proportion	289,576	437,712	(148,136)
Adjusted balance at June 30, 2022	$ 64,918,118	$ 57,125,938	$ 7,792,180
Changes recognized for the measurement period:			
Service cost	1,589,014	-	1,589,014
Interest on the total pension liability	4,486,094	-	4,486,094
Changes in benefit terms	521	-	521
Differences between expected and actual experience	917,852	-	917,852
Net plan to plan resource movement	-	69	(69)
Contributions - employer	-	2,505,416	(2,505,416)
Contributions - employee	-	784,048	(784,048)
Net investment income	-	3,529,254	(3,529,254)
Benefit payments	(3,230,289)	(3,635,663)	405,374
Administrative expenses	-	(41,754)	41,754
Net changes	$ 3,763,192	$ 3,141,370	$ 621,822
Balance at measurement date June 30, 2023	$ 68,681,310	$ 60,267,308	$ 8,414,002

2022			
	Miscellaneous & PEPRA Plans		
	Increase (Decrease)		
	Total Pension Liability (a)	**Plan Fiduciary Net Position (b)**	**Net Pension Liability (a) - (b)**
Balance at measurement date June 30, 2021	$ 58,893,557	$ 50,846,172	$ 8,047,385
Changes in proportion	1,259,765	10,219,817	(8,960,052)
Adjusted balance at June 30, 2022	$ 60,153,322	$ 61,065,989	$ (912,667)
Changes recognized for the measurement period:			
Service cost	$ 1,481,728	$ -	$ 1,481,728
Interest on the total pension liability	4,219,136	-	4,219,136
Changes in benefit terms	11,180	-	11,180
Changes of assumptions	1,979,756	-	1,979,756
Differences between expected and actual experience	(259,857)	-	(259,857)
Net plan to plan resource movement	-	(28,280)	28,280
Contributions - employer	-	2,940,463	(2,940,463)
Contributions - employee	-	706,934	(706,934)
Net investment income	-	(4,641,342)	4,641,342
Benefit payments	(2,956,723)	(3,317,064)	360,341
Administrative expenses	-	(38,474)	38,474
Net changes	$ 4,475,220	$ (4,377,763)	$ 8,852,983
Balance at measurement date June 30, 2022	$ 64,628,542	$ 56,688,226	$ 7,940,316

G. Pension Expense and Deferred Outflows/Inflows of Resources Related to Pensions

For the years ended December 31, 2023, and 2022, the District recognized pension expenses of $8,414,001 and $(4,355,155), respectively. At December 31, the District reported deferred outflows of resources and deferred inflows of resources from the following sources:

	Miscellaneous & PEPRA Plans			
	2023		2022	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Contributions after measurement date	$ 561,408	$ -	$ 1,490,404	$ -
Differences between actual and expected experience	429,833	(66,680)	159,457	(106,797)
Change in assumptions	507,991	-	813,652	-
Differences between employer's contributions and employer's proportionate share of contributions	3,978,436	(570,151)	6,311,233	-
Change in employer's proportion	-	(5,916,257)	151,335	-
Net differences between projected and actual earnings on plan investments	1,362,303	-	1,454,456	-
Total	$ 6,839,971	$ (6,553,088)	$ 10,380,537	$ (106,797)

The $561,408 and $1,490,404 reported as deferred outflows of resources related to contributions after the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2024 and December 31, 2023, respectively.

Other amounts reported as deferred outflows or deferred inflows of resources related to pensions will be recognized as pension expense as follows as of December 31:

Miscellaneous & PEPRA Plans

Year of Expense Recognition	2023	2022
2023	$ (625,882)	3,052,961
2024	(526,390)	2,911,954
2025	838,659	1,928,826
2026	39,090	889,595
2027	-	-
Total	$ (274,523)	$ 8,783,336

H. Actuarial Methods and Assumptions

The total pension liabilities in the actuarial valuations were determined using the following actuarial methods and assumptions:

	Miscellaneous & PEPRA Plans	
	2023	2022
Report date	December 31, 2023	December 31, 2022
Valuation date	June 30, 2022	June 30, 2021
Measurement date	June 30, 2023	June 30, 2022
Actuarial cost method	Entry-age normal	Entry-age normal
Actuarial assumptions:		
Discount rate [1]	6.90%	6.90%
Inflation	2.30%	2.30%
Payroll growth	2.80%	2.80%
Projected salary increase [2]	3.00% - 10.44%	3.00% - 10.44%
Investment rate of return [3]	7.00%	7.00%
Mortality derived using	CalPERS membership data for all funds	CalPERS membership data for all funds

[1] Net of investment and administrative expenses.

[2] Varies by entry age and service.

[3] Net of pension plan investment expenses, including inflation.

The underlying mortality assumptions were developed based on CalPERS-specific data. The rates incorporate Generational Mortality to capture ongoing morality 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.

I. Discount Rate

The discount rate used by CalPERS to measure the total pension liability was 6.90% in the June 30, 2022 and June 30, 2021 valuations. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans are projected to run out of assets. Therefore, the current discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long-term expected discount rate will be applied to all plans in the Public Employees' Retirement Fund. The stress test results are presented in a detailed report that can be obtained from the CalPERS website.

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, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above.

The table below reflects the long-term expected real rate of return by asset class for each of the plans as of the measurement dates of June 30. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These rates of return are net of administrative expenses.

	Miscellaneous & PEPRA Plans			
	2023		2022	
Asset Class	Strategic Allocation	Real Return [(a)(b)]	Strategic Allocation	Real Return [(a)(b)]
Global equity - cap	30.00%	4.45%	30.00%	4.45%
Global equity - non-cap	12.00%	3.84%	12.00%	3.84%
Treasury	5.00%	0.27%	5.00%	0.27%
Mortgage backed securities	5.00%	0.50%	5.00%	0.50%
Investment grade corporates	10.00%	1.56%	10.00%	1.56%
High yield	5.00%	2.27%	5.00%	2.27%
Emerging market debt	5.00%	2.48%	5.00%	2.48%
Private debt	5.00%	3.57%	5.00%	3.57%
Private equity	13.00%	7.28%	13.00%	7.28%
Real assets	15.00%	3.21%	15.00%	3.21%
Leverage	-5.00%	-0.59%	-5.00%	-0.59%
Total	100.00%		100.00%	

[(a)] An expected price inflation of 2.30% used for this period.

[(b)] Figures are based on the 2021-22 Asset Liability Management study.

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

The following presents the District's proportionate share of the net pension liability calculated using the discount rate for the plans, 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:

	Miscellaneous & PEPRA Plans	
	2023	2022
Discount decreased 1 percentage point	5.90%	5.90%
Resulting net pension liability	$ 17,702,856	$ 12,902,158
Current discount rate	6.90%	6.90%
Resulting net pension liability	$ 8,414,001	$ 7,940,321
Discount increased 1 percentage point	7.90%	7.90%
Resulting net pension liability (asset)	$ 768,476	$ 3,857,961

K. Pension Plan Fiduciary Net Position

Detailed information about each pension plan's fiduciary net position is available in the separately issued CalPERS financial reports.

L. Payable to the Pension Plan

At December 31, 2023 and 2022, the District had no amounts payable to CalPERS for the outstanding amount of contributions to the pension plans including employee withholdings.

NOTE 13 – OTHER-POST EMPLOYMENT BENEFITS (OPEB) PLAN

A. Plan Description

The District's OPEB plan is a single-employer defined benefit OPEB plan that allows employees to convert accrued, but unused, sick leave hours at the time of retirement to partial, or full, payments toward health insurance premiums for a pre-determined period of time during retirement. Employee participation in the OPEB plan is optional.

B. Funding Policy

The District adopted a funding policy in 2018 which directs the District to contribute annually the amount of the normal cost, excluding the implicit subsidy. The annual contribution has two components: the first is direct payment of member benefits by the District, the second is a contribution to the OPEB trust sufficient to eliminate the net OPEB liability, if any, excluding the implicit subsidy component of the liability.

C. Benefits Provided

The following is a summary of OPEB plan benefits by employee group as of December 31, 2023:

	Management	IBEW [2]
Eligibility	Members who retire at age 50-64	Members who retire at age 50-64
Benefit	The District provides 50%-100% of the member's monthly healthcare premium, depending on years of service and bargaining group, through age 64.	The District provides 50%-100% of the member's monthly healthcare premium, depending on years of service and bargaining group, through age 64.
Surviving Spouse Benefit	If surviving spouse was covered pursuant to the Benefit above, he/she may continue coverage until the balance of sick leave is exhausted [1]. In the event that the retiree and surviving spouse die before using the balance of sick leave for health insurance premiums, the retiree's beneficiary shall receive an amount equal to 50% of the monthly premiums for the plan the decedents were covered by at the time of death times the number of months of eligibility remaining.	If surviving spouse was covered pursuant to the Benefit above, he/she may continue coverage until the balance of sick leave is exhausted [1]. In the event that the retiree and surviving spouse die before using the balance of sick leave for health insurance premiums, the retiree's beneficiary shall receive an amount equal to 50% of the current Blue Cross/65 Extra Care Plan premium times the number of months of eligibility remaining.
Other	Retiring member can elect to receive a lump-sum payout at retirement instead of payments toward healthcare premiums.	Retiring member can elect to receive a lump-sum payout at retirement instead of payments toward healthcare premiums.

(1) Surviving spouse may continue to collect benefits until sick leave is exhausted or through the age of 64; whichever event occurs first.

(2) International Brotherhood of Electrical Workers (IBEW)

D. Employees Covered by Benefit Terms

Membership in the OPEB plan consisted of the following at the measurement dates of December 31, 2023 and December 31, 2022:

	2023	2022
Valuation Date	December 31, 2021	December 31, 2021
Measurement Date	December 31, 2022	December 31, 2021
Report Date	December 31, 2023	December 31, 2022
Active employees	96	96
Inactive employees and beneficiaries currently receiving benefit payments	13	13
Inactive employees entitled to but not yet receiving benefit payments	0	0
Total	109	109

E. Actuarial Methods and Assumptions

For the report dates of December 31, 2023, and December 31, 2022, the District's net OPEB liability (asset) was measured as of December 31, 2022, and December 31, 2021, respectively. The total OPEB liability (asset) used to calculate the net OPEB liability (asset) for the report date December 31, 2022, was determined by an actuarial valuation dated December 31, 2021. The total OPEB liability (asset) used to calculate the net OPEB liability (asset) for report date December 31, 2023, was determined by an actuarial valuation dated December 31, 2021, which was rolled forward using standard update procedures to determine the total OPEB liability as of measurement date December 31, 2022 based on the following actuarial methods and assumptions:

	2023	2022
Valuation Date	December 31, 2021	December 31, 2021
Measurement Date	December 31, 2022	December 31, 2021
Report Date	December 31, 2023	December 31, 2022
Actuarial Cost Method	Entry-Age Normal, Level Percentage of Salary	Entry-Age Normal, Level Percentage of Salary
Actuarial Assumptions:		
Discount Rate	6.00%	6.00%
Inflation	2.30%	2.30%
Payroll Growth	2.80%	2.80%
Investment Rate of Return	6.00%	6.00%
Mortality Rate	CalPERS (1)	CalPERS (1)
Pre-Retirement Turnover	CalPERS (1)	CalPERS (1)
Healthcare Trend Rate	6.00% non-medicare, 4.00% medicare, trending down to 3.73% by 2075. (2)	6.50% non-medicare, 4.00% medicare, trending down to 3.73% by 2075. (2)

(1) Based on CalPERS Experience Study and Review on Actuarial Assumptions published in November 2021 for Public Agency Miscellaneous members.

(2) Based on 2022 Getzen model that reflects actual premium increases through 2024.

Besides the mortality assumption, all other actuarial assumptions used in the December 31, 2021 valuation were based on the CalPERS studies and information provided by SSJID.

F. Discount Rate

The discount rate used to measure the total OPEB liability was 6.00% as of measurement dates December 31, 2022, and December 31, 2021. The projection of cash flows used to determine the discount rate assumed that the District contribution will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to cover all future OPEB payments. Therefore, the discount rate was set equal to the long-term expected rate of return.

California Employer’s Retirement Benefit Trust (CERBT) determined the long-term expected rate of return on OPEB plan investments using a building-block method in which expected future real rates of return (expected returns, net of CERBT investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The target allocation and best estimates of arithmetic real rates of return for each major asset class as of December 31 are summarized in the following table:

2023

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	49.0%	4.5%
Fixed Income	23.0%	1.4%
Treasury Inflation-Protected Securities (TIPS)	5.0%	0.5%
Real Estate Investment Trusts (REIT)	20.0%	3.7%
Commodities	3.0%	1.1%
Total	100.0%	

2022

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	49.0%	4.5%
Fixed Income	23.0%	1.4%
Treasury Inflation-Protected Securities (TIPS)	5.0%	0.5%
Real Estate Investment Trusts (REIT)	20.0%	3.7%
Commodities	3.0%	1.1%
Total	100.0%	

G. Changes in Net OPEB Liability (Asset)

The changes in the net OPEB liability (asset) for the years ended December 31 are as follows:

2023			
	Increase (Decrease)		
	(a) Total OPEB Liability/(Asset)	(b) Plan Fiduciary Net Position	(a) - (b) Net OPEB Liability/(Asset)
Balance at measurement date 12/31/21, Report date 12/31/22	$ 3,287,303	$ 5,187,529	$ (1,900,226)
Changes Recognized for the Measurement Period:			
Service cost	188,693	-	188,693
Interest on the total OPEB liability	201,417	-	201,417
Differences between expected and actual experience	15,723	-	15,723
Contributions:			
Employer - District contribution	-	241,611	(241,611)
Net investment income	-	(924,078)	924,078
Trust Administrative expenses	-	(2,223)	2,223
Benefit payments	(241,611) [1]	(241,611)	-
Net Changes	164,222	(926,301)	1,090,523
Balance at measurement date 12/31/22, Report date 12/31/23	$ 3,451,525	$ 4,261,228	$ (809,703)

[1] Based on explicit benefit payment of $161,975 and estimated implicit subsidy payment of $79,636.

2022			
	Increase (Decrease)		
	(a) Total OPEB Liability/(Asset)	(b) Plan Fiduciary Net Position	(a) - (b) Net OPEB Liability/(Asset)
Balance at measurement date 12/31/20, Report date 12/31/21	$ 4,325,084	$ 4,565,355	$ (240,271)
Changes Recognized for the Measurement Period:			
Service cost	272,088	-	272,088
Interest on the total OPEB liability	266,988	-	266,988
Differences between expected and actual experience	(1,243,111)	-	(1,243,111)
Changes of assumptions	(34,662)	-	(34,662)
Contributions:			
Employer - District contribution	-	299,084	(299,084)
Net investment income	-	624,585	(624,585)
Administrative expenses	-	(2,411)	2,411
Benefit payments	(299,084)	(299,084)	-
Net Changes	(1,037,781)	622,174	(1,659,955)
Balance at measurement date 12/31/21, Report date 12/31/22	$ 3,287,303	$ 5,187,529	$ (1,900,226)

H. OPEB Plan's Fiduciary Net Position

Detailed information about the OPEB plan's fiduciary net position is available in the District's separately issued GASB Statement No. 75 OPEB Valuation Report and in the Schedule of Changes in Fiduciary Net Position by Employer available on the CalPERS website.

I. Sensitivity of the Net OPEB Liability (Asset) to Changes in the Discount Rate and Healthcare Cost Trend Rates

The following presents the net OPEB liability (asset) of the District, as well as what the District's net OPEB liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (5.00%) or 1-percentage-point higher (7.00%) than the current discount rate:

	2023	2022
Discount decreased 1 percentage point	5.00%	5.00%
Resulting net OPEB liability/(asset)	$ (531,364)	$ (1,640,839)
Current discount rate	6.00%	6.00%
Resulting net OPEB liability/(asset)	$ (809,703)	$ (1,900,226)
Discount increased 1 percentage point	7.00%	7.00%
Resulting net OPEB liability/(asset)	$ (1,062,275)	$ (2,135,515)

The following presents the net OPEB liability (asset) of the District, as well as what the District's net OPEB liability (asset) would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (5.50% - 2.73%) or 1-percentage-point higher (7.50% - 4.73%) than the current healthcare cost trend rates:

	2023	2022
Trend rates decreased 1 percentage point		
Resulting net OPEB liability/(asset)	$ (1,188,679)	$ (2,223,981)
Current healthcare cost trend rates		
Resulting net OPEB liability/(asset)	$ (809,703)	$ (1,900,226)
Trend rates increased 1 percentage point		
Resulting net OPEB liability/(asset)	$ (359,103)	$ (1,516,840)

J. OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB

For the years ended December 31, 2023, and December 31, 2022, the District recognized OPEB expense of $108,460 and $(163,108), respectively. At December 31, the District reported deferred outflows and inflows of resources related to OPEB from the following sources:

	2023		2022	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Employer contributions made subsequent to the measurement date	$ 191,986	$ -	$ 161,975	$ -
Differences between expected and actual experience	32,260	(1,436,380)	20,730	(1,659,870)
Changes of assumptions	115,156	(50,905)	136,524	(58,440)
Net differences between projected and actual earnings on OPEB investments	567,934	-	-	(571,837)
Total	$ 907,336	$ (1,487,285)	$ 319,229	$ (2,290,147)

The $191,986 and $161,975 reported as deferred outflows of resources related to contributions made subsequent to the measurement date will be recognized as a reduction of the OPEB liability in the years ended December 31, 2024, and December 31, 2023, respectively. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as part of OPEB expense as follows:

Year of Expense Recognition	2022	2022
2023	$ -	$ (358,453)
2024	(178,466)	(426,948)
2025	(88,486)	(336,968)
2026	(28,558)	(277,040)
2027	41,432	(207,049)
2028	(206,936)	(526,435)
Thereafter	(310,921)	-
Total	$ (771,935)	$ (2,132,893)

K. Payable to the OPEB Plan

At December 31, 2023, the District had no amounts payable to the OPEB plan for the outstanding amount of contributions to the OPEB plan.

NOTE 14 – RISK MANAGEMENT

The District is a member of the Special Districts Risk Management Authority (SDRMA). SDRMA is a risk pooling self-insurance authority, created under the provisions of California Government Code Section 6500, et seq. The purpose of SDRMA is to arrange and administer programs of self-insured losses and to purchase excess insurance coverage.

A summary of the insurance policies in force carried by the District for the years ended December 31 are as follows:

2023

Type of Coverage	Limit per Occurrence	Deductible
Property	$ 1,000,000,000	$ 10,000
Boiler & Machinery	100,000,000	10,000
Flood	20,000,000	1,000,000
Pollution	2,000,000	10,000
Cyber	2,000,000	50,000
Catastrophic Loss	1,000,000,000	500,000
Mobile/Contractors Equipment	1,000,000,000	10,000
General Liability - Bodily	10,000,000	-
General Liability - Property Damage	10,000,000	500
Public Officials Personal	500,000	500
Employment Benefits	10,000,000	-
Employee/Public Officials E&O	10,000,000	-
Employment Practices Liability	10,000,000	-
Employee/Public Officials Dishonesty	1,000,000	-
Auto Bodily Injury	10,000,000	-
Auto Property Damage	10,000,000	1,000
Non-owned Auto Bodily Injury	10,000,000	-
Non-owned Auto Property Damage	10,000,000	1,000
Uninsured Motorist	1,000,000	-
Auto Physical Damage	200,000	Per Item
Auto Physical Damage - High dollar vehicles	1,000,000,000	Per Item
Trailer	100,000	250
Worker's Compensation - Liability	5,000,000	-
Worker's Compensation	Statutory	-
Excess Insurance	40,000,000	-

2022		
Type of Coverage	**Limit per Occurrence**	**Deductible**
Property	$ 1,000,000,000	$ 10,000
Boiler & Machinery	100,000,000	10,000
Flood	20,000,000	1,000,000
Pollution	2,000,000	10,000
Cyber	2,000,000	50,000
Catastrophic Loss	1,000,000,000	500,000
Mobile/Contractors Equipment	1,000,000,000	10,000
General Liability - Bodily	10,000,000	-
General Liability - Property Damage	10,000,000	500
Public Officials Personal	500,000	500
Employment Benefits	10,000,000	-
Employee/Public Officials E&O	10,000,000	-
Employment Practices Liability	10,000,000	-
Employee/Public Officials Dishonesty	1,000,000	10,000
Auto Bodily Injury	10,000,000	-
Auto Property Damage	10,000,000	1,000
Non-owned Auto Bodily Injury	10,000,000	-
Non-owned Auto Property Damage	10,000,000	1,000
Uninsured Motorist	1,000,000	Per Item
Auto Physical Damage	200,000	Per Item
Auto Physical Damage - High dollar vehicles	1,000,000,000	Per Item
Trailer	100,000	250
Worker's Compensation - Liability	5,000,000	-
Worker's Compensation	Statutory	-
Excess Insurance	40,000,000	-

The District paid no material uninsured losses during the last three fiscal years and had no significant reductions in coverage during the year. Liabilities of the District are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. The District considers claims incurred and reported, as well as claims incurred but not reported, to be immaterial and has not accrued an estimate of such claims payable.

NOTE 15 – RELATED PARTY TRANSACTIONS

As of December 31, 2023, the District was contracted to provide temporary staff support services to the Eastern San Joaquin Groundwater Authority of which the South San Joaquin Groundwater Sustainability Agency is a member.

NOTE 16 – RECLASSIFICATION

Certain reclassifications were made to the 2022 financial statements in order to conform to the presentation shown. These reclassifications had no effect on the District's net position at December 31, 2022.

NOTE 17 – RESTATEMENT

Restatements have been made to the 2022 financial statements that reflect two prior period adjustments. In 2022, payments received from Oakdale Irrigation District for their proportionate share of construction costs for improvements made to the Districts' joint supply canal had been improperly offset against the District's capital accounts. These payments totaling $524,922 for the 2022 year should have been recognized as capital contributions. The District's charges to irrigation customers that were levied on the County's tax roll were recorded as deferred revenue and recognized as revenue once the distribution from the County was received. However, revenue should be recognized once charges are placed on the tax roll. As a result, $1,321,219 in irrigation charges levied on the 2022-2023 tax roll has been reclassed from deferred revenue to revenue as of December 31, 2022.

Net position as originally stated at December 31, 2022	$ 308,692,235
Restatement #1 – Capital contributions	524,922
Restatement #2 – Revenue	1,321,219
Adjusted net position at December 31, 2022	$ 310,538,376

NOTE 18 – COMMITMENTS AND CONTINGENCIES

The District is a defendant in a number of lawsuits which have arisen in the normal course of business. The outcome of these lawsuits cannot be predicted. The following lawsuits were outstanding as of December 31, 2023.

A. Litigation

1) South San Joaquin Irrigation District v. Pacific Gas & Electric Company (PG&E)
(San Joaquin County Superior Court, Case No. STK-CV-UED-2016-0006638)

The District filed an eminent domain action in July 2016, to acquire PG&E's retail electric distribution system within the District's boundaries. If SSJID does not prevail, it may be responsible for PG&E's litigation costs in this case, which could exceed $10 million.

2) Tyler v. Oakdale Irrigation District, South San Joaquin Irrigation District et al. (Calaveras County Superior Court Case Number 17CV42319)

   Lee Tyler and Winifred Tyler (the "Tylers") filed an action against Oakdale Irrigation District, South San Joaquin Irrigation District, and Tri-Dam Project alleging a claim for inverse condemnation. The trial court rendered a decision in favor of the Tylers. Damages have not yet been established, but it is the position of the Districts and Tri-Dam that the matter is covered by Tri-Dam's insurance.

3) Dave Hegarty v. South San Joaquin Irrigation District, et al. (San Joaquin County Superior Court, Case No. STK-CU-UF-2021-2552)

   On March 23, 2021, Dave Hegarty filed a Complaint for Damages against SSJID, its General Manager, and various staff members for trespass, nuisance, and other causes of action relating to the District's historical and permissive use of a dirt road upon Hegarty's property for routine access to its facilities adjacent to Mr. Hegarty's property. Mr. Hegarty claims undetermined actual damages, and $1 million in "punitive damages." The District and named staff vehemently deny all allegations contained in the Complaint. The matter is currently being handled by insurance defense counsel, but the District intends to vigorously defend against the Complaint. No opinion is expressed as to the outcome of this matter.

B. Regulatory

<u>State Water Resources Control Board</u>

On December 12, 2018, the State Water Resources Control Board adopted Phase I of the Water Quality Control Plan for the Bay-Delta Estuary. Phase I requires the bypass or release of 40% of the unimpaired flow on the Stanislaus River from February 1 to June 30 for the ostensible protection of fish and wildlife resources. SSJID, Oakdale Irrigation District, Turlock Irrigation District, the City and County of San Francisco and the San Joaquin Tributaries Authority sued the State Water Resources Control Board in Tuolumne County Superior Court, challenging the adoption of Phase I of the Water Quality Control Plan and the related substitute environmental document. Litigation is expected to take 8-10 years. Also, the federal government has challenged the State Water Resources Control Board's adoption of Phase I of the Water Quality Control Plan in the U.S. District Court for the Eastern District of California. If the State Water Resources Control Board ultimately prevails, it is possible that income from hydroelectric generation and water transfers could be reduced by amounts which are not now estimable.

United States Department of Commerce's National Marine Fisheries Service (NMFS)

In June 2009, United States Department of Commerce's NMFS imposed new flow requirements on the United States Bureau of Reclamation in its operation of New Melones Reservoir. Reclamation has initiated a new consultation with NMFS regarding flow requirements for New Melones and is proposing New Melones reservoir releases less than the current flow requirements. If the consultation process ends with reduced reservoir releases it is possible that income from hydroelectric generation and water transfers could be reduced by amounts which are not now estimable.

C. Contract Commitments

As of December 31, the District had the following significant contracts:

2023

Project Description	Total Contract Amount	Remaining Commitment at December 31
Membrane filter module replacements to be installed at Water Treatment Plant facility	$ 5,180,589	$ 2,590,295
Consultation to recommend design of a future bypass of a portion of the Joint Supply Canal	1,318,450	183,582
Concrete lining material for irrigation facilities	220,740	133,118
Coating of lime-silo tank at Water Treatment Plant facility	123,900	123,900
Consultation to recommend design of a regulation reservoir to increase flexibility of irrigation delivery system	317,000	116,454
Stabilization of irrigation joint supply canal	1,184,850	101,525

2022

Project Description	Total Contract Amount	Remaining Commitment at December 31
Membrane filter module replacements to be installed at Water Treatment Plant facility	$ 5,180,589	$ 3,108,353
Variable Frequency Drive	112,195	112,195
Consultation to recommend design of a future bypass of a portion of the Joint Supply Canal	1,162,995	136,006

D. Concentration of Revenues

The District receives a significant portion of its revenue from the Tri-Dam Project. A significant reduction in this revenue for a prolonged period could have an impact on the District's operations.

NOTE 19 – SUBSEQUENT EVENTS

GASB Statement No. 56 requires consideration of subsequent "events that provide evidence with respect to conditions that did not exist at the date of the statement of net position but arose subsequent to that date." These subsequent events must be disclosed if their disclosure is essential to the user's understanding of the financial statements.

The District has evaluated events occurring after December 31, 2022 subsequent to the financial statements or disclosures as of July 15, 2024. The District is not aware of any subsequent events that would require recognition or disclosure in the financial statements.

NOTE 20 – NEW ACCOUNTING STANDARDS

The Governmental Accounting Standards Board (GASB) has issued several pronouncements prior to the report date, that have effective dates that may impact future financial statements.

Governmental Accounting Standards Board Statement No. 94

In March 2020, the GASB issued Statement No. 94 – *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The primary objective of this statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Some PPPs meet the definition of a service concession arrangement (SCA), which the Board defines in this statement as a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement.

This statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). As defined in this statement, an APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction.

The requirements of this statement are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter. Earlier application is encouraged.

Governmental Accounting Standards Board Statement No. 99

In April 2022, the GASB issued Statement No. 99 – *Omnibus 2022*. The objectives of this statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The requirements of this statement will enhance comparability in the application of accounting and financial reporting requirements and will improve the consistency of authoritative literature. Consistent authoritative literature enables governments and other stakeholders to locate and apply the correct accounting and financial reporting provisions, which improves the consistency with which such provisions are applied. The comparability of financial statements also will improve as a result of this statement. Better consistency and comparability improve the usefulness of information for users of state and local government financial statements. The requirements of this statement are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter. Earlier application is encouraged.

Governmental Accounting Standards Board Statement No. 100

In June 2022, the GASB issued Statement No. 100 – *Accounting Changes and Error Corrections – An Amendment of GASB Statement No. 62*. The primary objective of this statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability.

This statement defines accounting changes as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes the transactions or other events that constitute those changes. As part of those descriptions, for (1) certain changes in accounting principles and (2) certain changes in accounting estimates that result from a change in measurement methodology, a new principle or methodology should be justified on the basis that it is preferable to the principle or methodology used before the change. That preferability should be based on the qualitative characteristics of financial reporting—understandability, reliability, relevance, timeliness, consistency, and comparability. This statement also addresses corrections of errors in previously issued financial statements.

The requirements of this statement will improve the clarity of the accounting and financial reporting requirements for accounting changes and error corrections, which will result in greater consistency in application in practice. In turn, more understandable, reliable, relevant, consistent, and comparable information will be provided to financial statement users for making decisions or assessing accountability. In addition, the display and note disclosure requirements will result in more consistent, decision useful, understandable, and comprehensive information for users about accounting changes and error corrections. The requirements of this statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter. Earlier application is encouraged.

Governmental Accounting Standards Board Statement No. 101

In June 2022, the GASB issued Statement No. 101 – *Compensated Absences*. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures.

This statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. Leave is attributable to services already rendered when an employee has performed the services required to earn the leave. Leave that accumulates is carried forward from the reporting period in which it is earned to a future reporting period during which it may be used for time off or otherwise paid or settled. In estimating the leave that is more likely than not to be used or otherwise paid or settled, a government should consider relevant factors such as employment policies related to compensated absences and historical information about the use or payment of compensated absences. However, leave that is more likely than not to be settled through conversion to defined benefit post-employment benefits should not be included in a liability for compensated absences.

The requirements of this statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. Earlier application is encouraged.

Governmental Accounting Standards Board Statement No. 102

This Statement requires a government to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. Additionally, this Statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. The requirements of this Statement are effective for fiscal years beginning after June 15, 2024, and all reporting periods thereafter. Earlier application is encouraged.

Required Supplementary Information

Schedule of the Proportionate Share of the Miscellaneous Risk Pool Net Pension Liability and Related Ratios as of the Measurement Date [1] (Unaudited)
Last 10 Years

	2023	2022	2021	2020
Percentage share of the net pension liability	0.1682660%	0.1696930%	0.4238137%	0.3380852%
SSJID share of the net pension liability	$ 8,414,001	$ 7,940,316	$ 8,047,385	$ 14,260,690
Covered payroll	$ 9,527,949	$ 9,223,847	$ 9,025,958	$ 8,456,530
SSJID share of the net pension liability as a percentage of covered payroll	88.31%	86.08%	89.16%	168.64%
Plan fiduciary net position	$ 17,692,895,076	$ 16,770,671,339	$ 18,065,791,524	$ 14,702,361,183
Plan total pension liability	$ 22,693,312,153	$ 21,449,898,398	$ 19,964,594,105	$ 18,920,437,526
Plan fiduciary net position as a percentage of the total pension liability	77.97%	78.19%	90.49%	77.71%

	2019	2018	2017	2016
Percentage share of the net pension liability	0.3323179%	0.3282919%	0.3235728%	0.3218358%
SSJID share of the net pension liability	$ 13,307,675	$ 12,372,379	$ 12,755,395	$ 11,180,181
Covered payroll	$ 7,919,542	$ 7,153,342	$ 7,034,742	$ 6,808,761
SSJID share of the net pension liability as a percentage of covered payroll	168.04%	172.96%	181.32%	164.20%
Plan fiduciary net position	$ 13,979,687,268	$ 13,122,440,092	$ 12,074,499,781	$ 10,923,476,287
Plan total pension liability	$ 17,984,188,264	$ 16,891,153,209	$ 16,016,547,402	$ 14,397,353,530
Plan fiduciary net position as a percentage of the total pension liability	77.73%	77.69%	75.39%	75.87%

	2015	2014
Percentage share of the net pension liability	0.3397980%	0.3141800%
SSJID share of the net pension liability	$ 9,322,253	$ 7,764,910
Covered payroll	$ 6,864,271	$ 6,226,062
SSJID share of the net pension liability as a percentage of covered payroll	135.81%	124.72%
Plan fiduciary net position	$ 10,896,036,068	$ 10,639,461,174
Plan total pension liability	$ 13,639,503,084	$ 13,110,948,452
Plan fiduciary net position as a percentage of the total pension liability	79.89%	81.15%

Notes to Schedule:

[1] CalPERS provides information based on a June 30 fiscal year-end.

Schedule of Contributions to the Miscellaneous Risk Pool Pension Plan (unaudited)
Last 10 Years

	2023	2022	2021	2020
Valuation date	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019
Contractually required contribution (actuarially determined)	$ 1,096,404	$ 1,757,068	$ 2,221,813	$ 1,964,780
Contributions in relation to the actuarially determined contributions	(1,096,404)	(1,757,068)	(2,221,813)	(1,964,780)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
Covered payroll	$ 9,527,949	$ 9,223,847	$ 9,025,958	$ 8,456,530
Contributions as a percentage of covered payroll	11.51%	19.05%	24.62%	23.23%

	2019	2018	2017	2016
Valuation date	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Contractually required contribution (actuarially determined)	$ 1,742,980	$ 1,581,605	$ 743,871	$ 1,290,528
Contributions in relation to the actuarially determined contributions	(1,742,980)	(1,581,605)	(743,871)	(1,290,528)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
Covered payroll	$ 7,919,542	$ 7,153,342	$ 7,034,742	$ 6,808,761
Contributions as a percentage of covered payroll	22.01%	22.11%	10.57%	18.95%

	2015	2014
Valuation date	June 30, 2014	June 30, 2013
Contractually required contribution (actuarially determined)	$ 1,666,160	$ 1,241,360
Contributions in relation to the actuarially determined contributions	(1,666,160)	(1,241,360)
Contribution deficiency (excess)	$ -	$ -
Covered payroll	$ 6,864,271	$ 6,226,062
Contributions as a percentage of covered payroll	24.27%	19.94%

Methods and assumptions used to determine contribution rates:

Actuarial method	Entry age normal cost method
Amortization method	Difference between projected and actual earnings is amortized straight-line over 5 years. All other amounts are amortized straight-line over average remaining service life of participants.
Remaining amortization period	Not stated
Asset valuation method	5-year smoothed market
Inflation	2.30% for 2022 and 2.50% for 2021
Salary increases	For 2022 and 2021, 2.75% and additional merit-based increases based on CalPERS merit salary increase tables.
Discount rate	6.8% for 2022 and 2021, including inflation.
Retirement age	Based on CalPERS tables for Public Agencies - Miscellaneous.
Mortality	Based on CalPERS tables for Public Agencies - Miscellaneous.

Schedule of Changes in the Net Other Post-Employment Benefits Liability (Asset) and Related Ratios (unaudited)

Last 10 Years [1]

	2023	2022	2021	2020	2019
Measurement Date	December 31, 2022	December 31, 2021	December 31, 2020	December 31, 2019	December 31, 2018
Total OPEB Liability					
Service cost	$ 188,693	$ 272,088	$ 264,806	$ 220,129	$ 222,537
Interest	201,417	266,988	252,452	315,817	286,539
Changes in benefit terms	-	-	-	-	-
Differences between expected and actual experience	15,723	(1,243,111)	26,258	(810,983)	-
Changes of assumptions	-	(34,662)	(34,997)	189,008	13,092
Benefit payments	(161,975)	(236,420)	(200,108)	(142,970)	(160,748)
Implicit rate subsidy fulfilled	(79,636)	(62,664)	(52,231)	(117,394)	(97,025)
Net change in total OPEB liability	164,222	(1,037,781)	256,180	(346,393)	264,395
Total OPEB liability - beginning	3,287,303	4,325,084	4,068,904	4,415,297	4,150,902
Total OPEB liability - ending [a]	$ 3,451,525	$ 3,287,303	$ 4,325,084	$ 4,068,904	$ 4,415,297
Plan Fiduciary Net Position					
Contributions - employer	$ 241,611	$ 236,420	$ 454,364	$ 142,970	$ 572,655
Contributions - employer implicit subsidy	-	62,664	52,231	117,394	97,025
Net investment income (loss)	(924,078)	624,585	532,159	671,197	(132,663)
Administrative expense	(2,223)	(2,411)	(1,376)	(1,244)	(703)
Benefit payments	(161,975)	(236,420)	(200,108)	(142,970)	(160,748)
Implicit rate subsidy fulfilled	(79,636)	(62,664)	(52,231)	(117,394)	(97,025)
Net change in plan fiduciary net position	(926,301)	622,174	785,039	669,953	278,541
Plan fiduciary net position - beginning	5,187,529	4,565,355	3,780,316	3,110,363	2,831,822
Plan fiduciary net position - ending [b]	$ 4,261,228	$ 5,187,529	$ 4,565,355	$ 3,780,316	$ 3,110,363
Net OPEB liability (asset) [(a)-(b)]	$ (809,703)	$ (1,900,226)	$ (240,271)	$ 288,588	$ 1,304,934
Plan fiduciary net position as a percentage of the total OPEB liability [(b) / (a)]	123.46%	157.81%	105.56%	92.91%	70.45%
Covered payroll	$ 9,750,000	$ 9,223,847	$ 7,887,157	$ 7,661,740	$ 7,091,347
Net OPEB liability (asset) as a percentage of covered payroll	-8.30%	-20.60%	-3.05%	3.77%	18.40%

Notes to schedule:

[1] Omitted Years: GASB Statement No. 75 was implemented during the year ended December 31, 2018.

Schedule of Contributions to the Other Post-Employment Benefits Plan (unaudited)
Last 10 Years [1]

	2023	2022	2021	2020	2019
Valuation date	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
Actuarially determined contribution	$ 127,912	$ 311,986	$ 304,596	$ 342,736	$ 338,628
Contributions in relation to the actuarially determined contribution	291,837	241,611	299,084	506,595	260,364
Contribution deficiency (excess)	$ (163,925)	$ 70,375	$ 5,512	$ (163,859)	$ 78,264
Covered payroll	$ 11,916,061	$ 9,750,000	$ 7,887,157	$ 7,661,740	$ 7,091,347
Contributions as a percentage of covered payroll	2.45%	2.48%	3.79%	6.61%	3.67%
Methods and assumptions used to determine contribution rates:					
Discount rate	6.00%	6.00%	6.00%	6.00%	7.01%
Inflation	2.30%	2.30%	2.50%	2.50%	2.50%
Payroll growth	2.80%	2.80%	2.75%	2.75%	2.75%
Investment rate of return	6.00%	6.00%	6.00%	6.00%	7.01%
Mortality rate	CalPERS [7]	CalPERS [7]	CalPERS [3]	CalPERS [3]	CalPERS [2]
Pre-retirement turnover	CalPERS [7]	CalPERS [7]	CalPERS [3]	CalPERS [3]	CalPERS [2]
Healthcare trend rate	6.50% in the first year, trending down to 3.73% over 54 years. [6]	6.50% in the first year, trending down to 3.73% over 54 years. [6]	6.50% in the first year, trending down to 3.84% over 55 years. [4]	7.00% in the first year, trending down to 3.84% over 56 years. [4]	6.50% in the first year, trending down to 3.84% over 57 years. [5]

Notes to schedule:

(1) Omitted Years: GASB Statement No. 75 was implemented during the year ended December 31, 2018.

(2) Determined using CalPERS' OPEB Assumption Model, revised March 7, 2014, "Mort and Disb Rates_PA Misc" table.

(3) Determined using CalPERS' OPEB Assumption Model, revised May 14, 2018, "Mort and Disb Rates_PA Misc" table.

(4) Determined using Society of Actuaries "Long Term Healthcare Cost Trends Model v2019_b" using baseline assumptions.

(5) Determined using Society of Actuaries "Long Term Healthcare Cost Trends Model v2018_c" using baseline assumptions.

(6) Based on 2022 Getzen model that reflects actual premium increases through 2024.

(7) Based on CalPERS Experience Study and Review of Actuarial Assumptions published in Nov. 2021 for Public Agency Misc. Members

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Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Basic Financial Statements Performed in Accordance with Government Auditing Standards

PRICE PAIGE & COMPANY
Certified Public Accountants

The Place to Be

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors
South San Joaquin Irrigation District
Manteca, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the South San Joaquin Irrigation District (the District), as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated July 15, 2024.

Report on Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2023-001, 2023-002, and 2023-003 that we consider to be material weaknesses.

Report on Compliance and Other Matters

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

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The District's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of This Report

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

Price Paige & Company

Clovis, California
July 15, 2024

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Schedule Of Findings And Questioned Costs

SECTION I – SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued:	Unmodified			
Internal control over financial reporting:				
Material weaknesses identified?	X	Yes		No
Significant deficiencies identified that are				
not considered to be material weaknesses?		Yes	X	None reported
Noncompliance material to financial statements noted?		Yes	X	No

SECTION II – FINANCIAL STATEMENT FINDINGS

Finding 2023-001 – Capital Assets (Material Weakness)

Condition: The District's depreciation schedule was materially misstated due to the following misstatements:

1. Capital assets with shared control through a joint venture were improperly valued on the District's depreciation schedule.
2. Capitalizable transactions were being expensed rather than reported as capital assets.

Criteria: Generally accepted accounting principles require that the amount reported as capital assets be properly valued and accurately presented in the District's financial statements.

Cause: Multiple, complex capital assets transactions occurred during the year, and the District did not properly account for them in accordance with generally accepted accounting principles.

Effect: Construction in progress was understated by approximately $1,956,000, capital contributions were understated by $348,000, expenses were overstated by $1,083,000, and there was a prior period adjustment of $525,000.

Recommendation: We recommend the District create a closing process that includes the identification of all capital-related expenditures, and to ensure the amounts meeting the District's criteria for capitalization are properly reported as additions to capital assets. In addition, all projects should be reviewed at the onset of the project to ensure a proper determination is made regarding the capitalization of any related expenses. Also, District employees should obtain additional training and access to literature related to this subject matter so they can identify when similar significant, unique, or unusual transactions occur and make accurate reporting decisions.

Management's Response: See Corrective Action Plan.

SECTION II – FINANCIAL STATEMENT FINDINGS (Continued)

Finding 2023-002 – Pension Calculation (Material Weakness)

Condition: The District's deferred inflows and outflows related to the pension plan were materially misstated due to the following errors:

1. District-specific change to the proportion of the cost-sharing benefit plan was not calculated correctly.
2. Significant additional payment for the Unfunded Accrued Liability (UAL) that was not reported correctly on the District's statement of net position.

Criteria: Generally accepted accounting principles require that net pension liability and the related deferred inflows and outflows be properly valued and accurately reported.

Cause: An error in the District's calculation tool resulted in deferred inflows of resources and deferred outflows of resources being materially misstated. Additionally, the significant UAL payment was a unique transaction which the District's GASB 68 calculation tool was not designed to capture properly.

Effect: Pension-related deferred inflows of resources were understated by $1,439,000 and pension-related deferred outflows of resources were understated by $2,017,000, resulting in an overstatement of pension expense of $578,000.

Recommendation: We recommend the District reevaluate its internally developed tool and ensure that it is designed to produce accurate ending account balances in accordance with GASB 68. The District should also obtain a thorough understanding of GAAP or consult with an expert in relation to significant, unique, or unusual transactions. District employees should also obtain additional training and access to literature related to this subject matter so they can identify when similar significant, unique, or unusual transactions occur and make accurate reporting decisions.

Management's Response: See Corrective Action Plan.

Finding 2023-003 – Revenue Recognition (Material Weakness)

Condition: Property tax revenue was not recognized in the correct fiscal year.

Criteria: Governmental Accounting Standards Board Statement No. 33 (GASB 33) requires that imposed nonexchange revenues (property taxes) must be recognized when the taxes are levied.

Cause: District personnel incorrectly recognized property tax revenue as an exchange or exchange-like transaction rather than a nonexchange transaction because the revenue was identified as relating to the subsequent fiscal year.

Effect: Ending and opening unearned revenue was overstated by $2,055,000, and $1,321,000, respectively. Additionally, property tax revenue was understated by $734,000.

Recommendation: We recommend the District inventory all revenue sources and determine the appropriate category of each, as defined in GASB 33. The District should then develop controls over each revenue source to ensure they are being appropriately recognized.

Management's Response: See Corrective Action Plan.

Summary Schedule of Prior Audit Findings

FINANCIAL STATEMENT FINDINGS

2022-01 – Financial Closing and Reporting Process

Condition: During our audit procedures, we noted there was an ineffective design and operation of the financial closing and reporting process, resulting in untimely financial statements and delays in finalizing the Annual Financial Report for the December 31, 2022 year end audit.

Criteria: Management is responsible for establishing and maintaining internal control and for the fair presentation of the financial statements, in conformity with U.S. generally accepted accounting principles (GAAP).

Cause of Condition: District staff encountered difficulties in prioritizing tasks to complete the required journal entries and schedules for the financial statements in a timely manner during the year.

Effect of Condition: Potential of material misstatement and undue pressure on the audit.

Recommendation: We recommend the District implement controls and a process to close their financial records prior to the start of the audit so that audit procedures and risk assessment procedures can be appropriately developed, and audit work completed in a timely manner.

Status: Implemented.

2022-02 – Pension Calculation Adjustment

Condition: During the audit procedures performed and through inquiry with the District, we noted an error in the pension calculation performed by the District for contributions made during and subsequent to the measurement period resulting in deferred outflows of resources to be overstated by $2,261,101, deferred inflows of resources to be overstated by $862,300, and pension expense to be understated by $1,398,801.

Criteria: Internal controls should be designed in a way that calculations are reviewed along with the support for manually entered amounts and accurate for the fair statement of pension accounts.

Cause of Condition: The pension calculation relating to deferred outflows and inflows of resources was not updated in the current year for Unfunded Actuarial Liability (UAL) contributions made during and subsequent to the measurement period.

Effect of Condition: Potential for a material misstatement in the financial statements.

Recommendation: We recommend the District implement controls to increase their review procedures to verify the accuracy of data used in pension calculations. Such controls should detect potential misstatements and ensure the accuracy of pension accounts.

Status: Not implemented.

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Corrective Action Plan

SOUTH SAN JOAQUIN IRRIGATION DISTRICT
CORRECTIVE ACTION PLAN
YEAR ENDED DECEMBER 31, 2023

Finding Number
2023-001

Planned Corrective Action

1. Project Evaluation – conduct a thorough review of all projects at the onset to determine whether expenses should be capitalized or expensed. This proactive approach can prevent errors in reporting.
2. Training – provide additional training to departments involved in the purchasing and coding process to enhance their understanding of capitalization criteria and reporting requirements.
3. Monitoring – establish clear monitoring mechanisms to track significant or unusual transactions that may impact capitalization decisions.

Anticipated Completion Date
December 31, 2024

Responsible Contact Person
Sonya Williams, Finance and Administration Manager

Finding Number
2023-002

Planned Corrective Action

1. Revaluate Spreadsheet – Staff will redevelop the spreadsheet currently used to ensure it can accurately generate ending account balances as per GASB 68 requirements. This may entail reviewing data inputs, formulas, and overall functionality to identify and rectify any discrepancies or errors affecting all calculations.
2. Training – provide comprehensive training on GASB 68 requirements to ensure that staff handling the pension calculations are competent in their roles and understand the complexities of GASB 68. This will help to ensure that financial reporting aligns with industry standards and regulatory guidelines.

Anticipated Completion Date
December 31, 2024

Responsible Contact Person

Sarah Bloom, Assistant Finance and Administration Manager

SOUTH SAN JOAQUIN IRRIGATION DISTRICT
CORRECTIVE ACTION PLAN
YEAR ENDED DECEMBER 31, 2023

Finding Number

2023-003

Planned Corrective Action

1. Revenue source – review each source to ensure that they are properly recorded.
2. Monitoring and reporting – establish a procedure to verify revenue sources, monitor transactions, and conduct regular reviews to validate the accuracy of the financial data.

Anticipated Completion Date

December 31, 2024

Responsible Contact Person

Sarah Bloom, Assistant Finance and Administration Manager

Sonya Williams

Sonya Williams, Finance and Administration Manager