SOUTH SAN JOAQUIN IRRIGATION DISTRICT

Annual Financial Report 2024

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South San Joaquin Irrigation District

Annual Financial Report

December 31, 2024 and 2023

Table of Contents

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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 years ended December 31, 2024 and 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the District, as of December 31, 2024 and 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 2 to the financial statements, in 2024, the District adopted new accounting guidance, *GASB Statement No. 100 - Accounting Changes and Error Corrections, and GASB Statement No. 101 - Compensated Absences.* 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.

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 90, the schedule of contributions to the miscellaneous risk pool pension plan on page 91, the schedule of changes in the net OPEB liability/(asset) and related ratios on page 92, and the schedule of contributions to the OPEB plan on page 93 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 18, 2025, 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 the District's internal control over financial reporting and compliance.

Price Paige & Company

Clovis, California
July 18, 2025

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, 2024 and 2023 and its financial performance for the years then ended. Condensed financial information from 2022 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 $331.7 million at December 31, 2024 (net position). The District has $178.5 million in net investment in capital assets, $8.6 million restricted net position, and $144.7 million in unrestricted net position, which is available to meet the District's ongoing obligations.

Operating revenues were $16.4 million, an increase of $676,000 over the prior year.

Net nonoperating revenues were $36.1 million, an increase of $303,000 over the prior year.

Operating expenses were $40.0 million, a decrease of $6.8 million from 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 86 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 $331.7 million at the close of the most recent year.

The largest portion of net position consists of 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

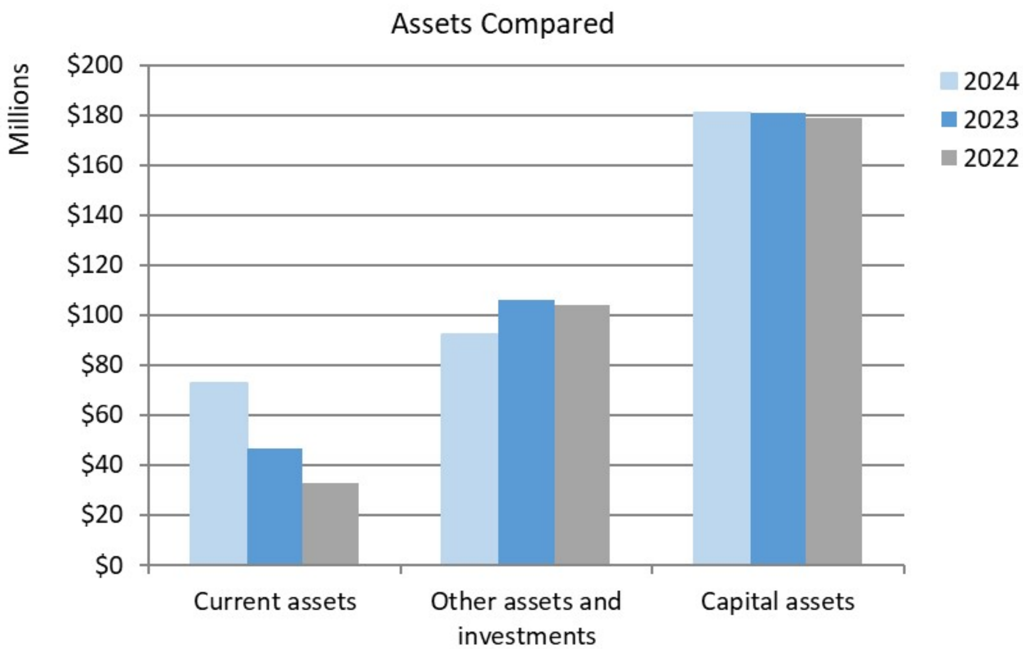
	2024	Restated 2023	2022
Current assets	$ 72,707,576	$ 46,416,118	$ 32,984,400
Other assets and investments	92,272,900	105,828,437	103,881,794
Capital assets	180,695,511	180,942,233	178,725,114
Total assets	345,675,987	333,186,788	315,591,308
Deferred outflows of resources	5,515,944	7,747,307	10,699,766
Total assets and deferred outflows of resources	$ 351,191,931	$ 340,934,095	$ 326,291,074
Current liabilities	$ 4,634,796	$ 4,798,457	$ 4,712,639
Long-term liabilities	9,445,461	10,277,397	8,372,146
Total Liabilities	14,080,257	15,075,854	13,084,785
Deferred inflows of resources	5,376,096	8,299,462	2,667,913
Total liabilities and deferred inflows of resources	19,456,353	23,375,316	15,752,698
Net investment in capital assets	178,453,529	178,856,818	178,725,114
Restricted net position	8,600,505	6,822,101	5,920,098
Unrestricted position	144,681,544	131,879,860	125,893,164
Total net position	331,735,578	317,558,779	310,538,376
Total liabilities, deferred inflows of resources, and net position	$ 351,191,931	$ 340,934,095	$ 326,291,074

The District's restricted net position of $8.6 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	**2024**	**2023**	**2022**
Capital asset fund - water treatment plant	$ 7,903,524	$ 6,276,820	$ 5,334,558
Capital asset fund - pressurized irrigation system	636,713	536,294	509,457
Held in escrow until project completion	-	-	50,001
Accrued interest receivable on restricted investments	60,268	8,987	26,082
Total restricted assets	$ 8,600,505	$ 6,822,101	$ 5,920,098

The remaining balance of net position, $145 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 $12.9 million (4%) after increasing $17.5 million (6%) in 2023. The current year change is mostly attributable to current assets.

Current assets. The increase of $26.3 million (57%) in 2024 and $15.5 million (47%) in 2023 are directly related to increases in cash and investments. Year 2024 experienced a $19 million increase in current investments in marketable securities and a $6.3 million increase in cash and equivalents while 2023 saw a $13.0 million increase in current investments in marketable securities and $2.4 million increase in cash and equivalents.

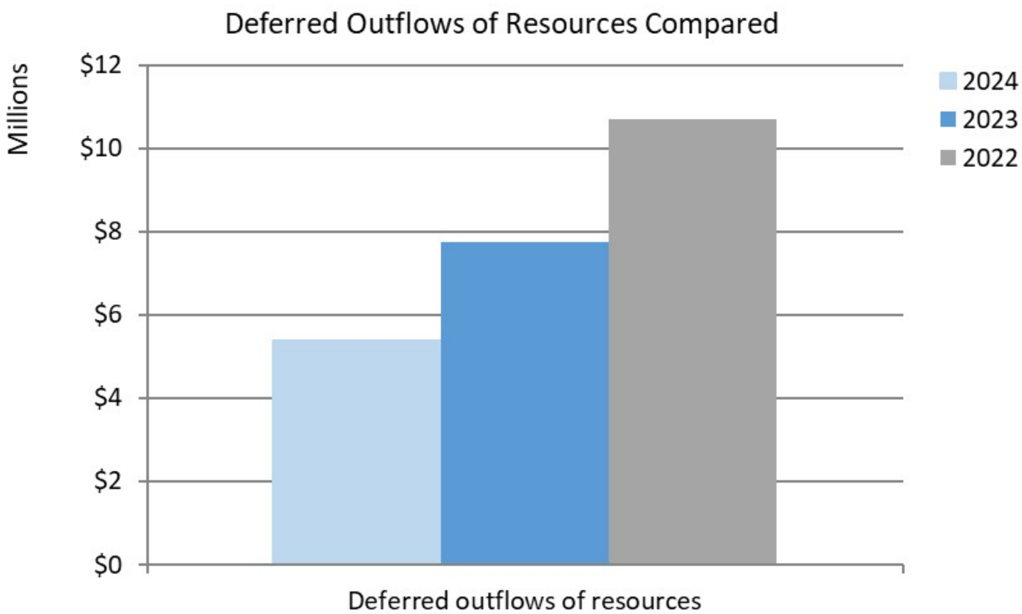
Other assets and investments. In 2024, other assets and investments decreased $13.6 million (13%) after increasing $1.9 million (2%) in 2023. The decrease in 2024 is the result of a shift from long-term to current investments in marketable securities.

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.

Capital assets. In 2024, net capital assets decreased $208,000 (0.1%) after rising $2.2 million (1%) in 2023 as depreciation exceeded the cost of new assets. See Note 6 for more information about capital assets.

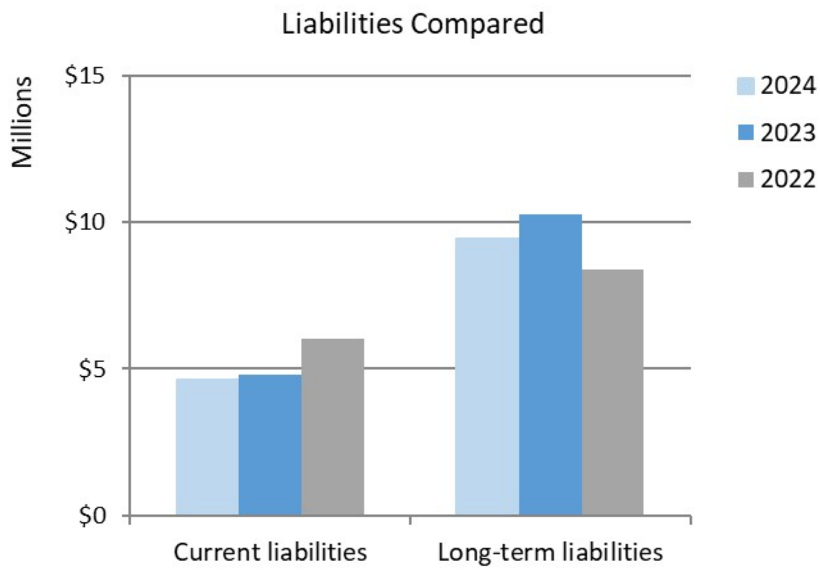
Summary of Capital Assets
For the Years Ended December 31

	2024	2023	2022
Land	$ 7,730,310	$ 7,730,310	$ 7,730,310
Construction in progress	8,114,450	6,535,369	4,263,127
Water treatment plant & transmission line	71,604,616	71,550,524	71,538,662
Other buildings	67,354,812	66,382,704	64,477,453
Solar generating plant	14,335,744	11,999,441	11,999,441
Irrigation system	138,783,810	136,332,024	133,019,010
Vehicles and equipment	11,809,228	10,906,213	9,895,390
Total capital assets	319,732,970	311,436,585	302,923,393
Less: accumulated depreciation & amortization	(139,037,459)	(130,494,352)	(124,198,279)
Net capital assets	$ 180,695,511	$ 180,942,233	$ 178,725,114



Deferred outflows of resources. Deferred outflows of resources fell by $2.2 million (29%) in 2024 after declining $3.0 million (28%) in 2023. 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 an annually declining unfunded liability payment requirement. 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).

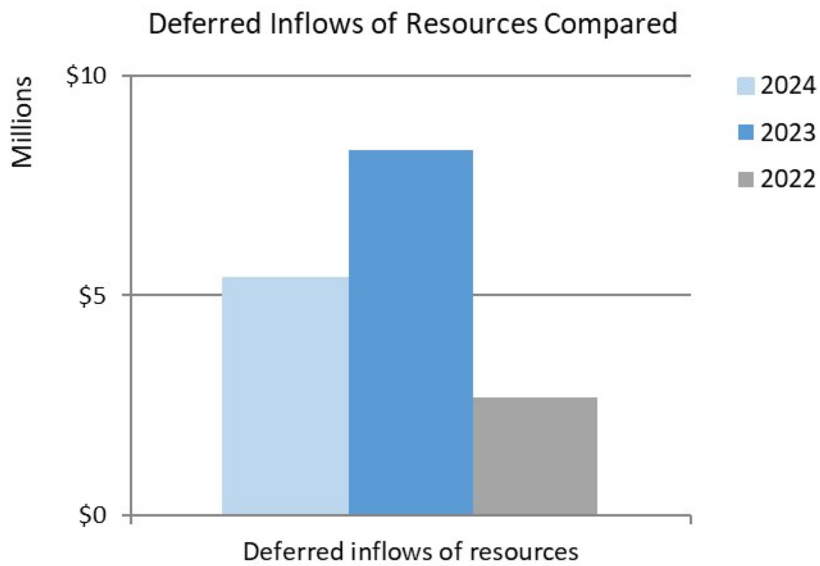


Total liabilities. Total liabilities decreased $1 million (7%) in 2024 and rose by $700,000 (5%) in 2023 as a result of changes described below.

Current liabilities. Current liabilities decreased $164,000 (3%) in 2024 and $1.2 million (20%) in 2023. The 2024 decrease is the result of a $718,000 decrease in accounts payable combined with increases of $340,000 in accrued expenses, $101,000 in unearned revenue and $93,000 in retention payable. The decrease in 2023 was the result of large decreases to accrued expenses and unearned revenue of $1.2 million and $1.4 million, respectively, combined with increases of $672,000 in accounts payable and $518,000 in note payable.

Long-term liabilities. In 2024, long-term liabilities decreased $832,000 (8%) driven by a $551,000 decrease in net pension liability and a $387,000 decrease in compensated absence liability spurred by the retirements of longtime employees.

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 factors include a $474,000 swing in net pension liability and the newly recognized SBITAs liability of $24,000.



Deferred inflows of resources. In 2024, deferred inflows fell by $2.9 million (35%) after rising $5.6 million (211%) in 2023. The fluctuation in both years is caused mostly by volatile swings in deferred inflows related to the pension plan. The decrease in 2024 was the result of a $2.7 million decrease in pension related deferred inflows and $192,000 decrease in other post-employment benefit plan related deferred inflows. The increase experienced in 2023 was the result of a $6.4 million increase in pension related deferred inflows and an $803,000 decrease in other post-employment benefit plan 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.

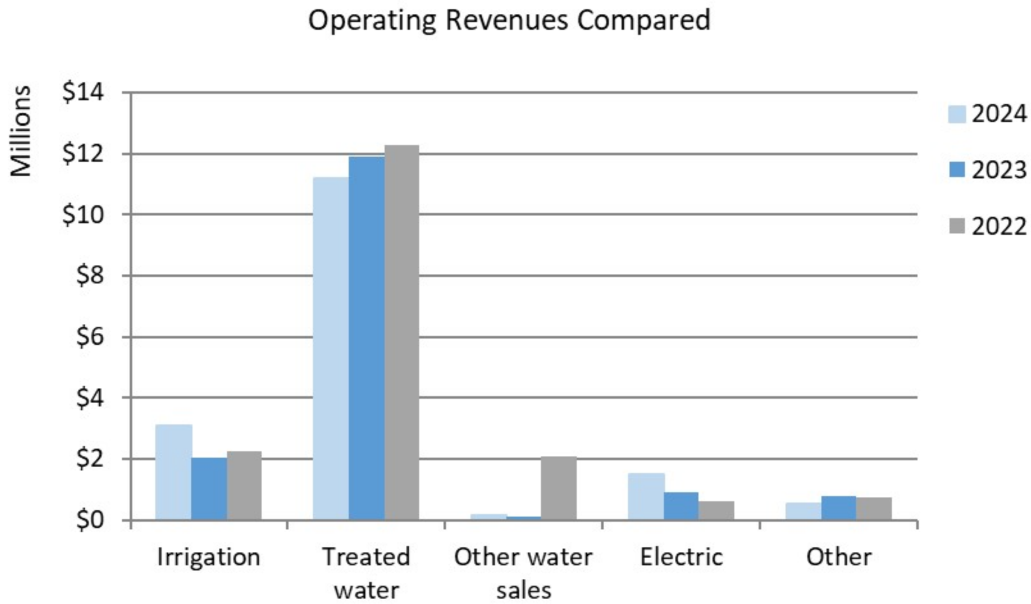
A lessor contributing factor are the deferred inflows related to leases recognized under GASB Statement No. 87 which requires that deferred inflows related to leases be reflected in the statement of net position and recognized as lease revenue over future years as a lease contract progresses.

Revenues and Expenses Discussion

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

	2024	Restated 2023	2022
Operating Revenues			
Irrigation sales	$ 3,082,389	$ 2,055,516	$ 3,568,264
Treated water sales	11,172,795	11,882,608	12,291,764
Other water sales	165,612	128,192	2,081,390
Electric sales	1,478,143	897,165	625,461
Other income	533,479	793,184	718,841
Total Operating Revenues	16,432,418	15,756,665	19,285,720
Operating Expenses			
Payroll	17,075,361	27,377,702	10,834,168
Other operating and maintenance (O & M)	7,173,864	6,852,996	6,479,393
General and administrative (G & A)	7,039,777	4,143,300	4,525,661
Depreciation	8,647,309	8,425,807	7,906,858
Amortization	65,736	49,059	405
Total Operating Expenses	40,002,047	46,848,864	29,746,485
Net Loss From Operations	(23,569,629)	(31,092,199)	(10,460,765)
Net nonoperating revenues	36,070,926	35,768,281	14,154,499
Net Income (Loss) Before Contributions	12,501,297	4,676,082	3,693,734
Capital contributions	1,675,502	3,665,540	2,539,667
Change in Net Position	14,176,799	8,341,622	6,233,401
Net Position, Beginning of Year, As Previously Presented	-	310,538,376	-
Error Correction	-	(1,321,219)	-
Net Position, Beginning of Year	317,558,779	309,217,157	304,304,975
Net Position, End of Year	$ 331,735,578	$ 317,558,779	$ 310,538,376

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 year 2024, net position increased $14.2 million (5%) after rising $8.3 million (3%) in 2023 as a result of ongoing operations.



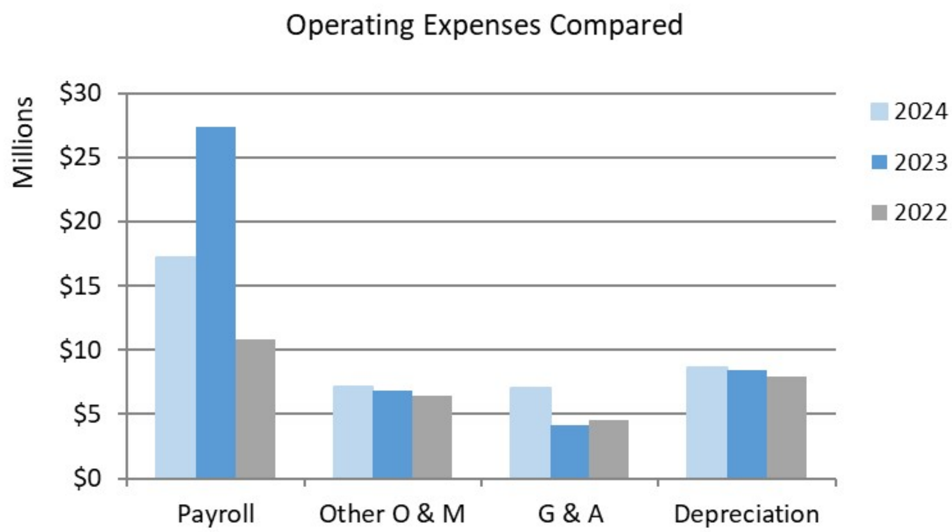
Total operating revenues. Total operating revenues increased $676,000 (4%) in 2024 due to rising irrigation and electric sales, but fell $2.2 million (12%) in 2023 mostly due to a water sale to neighboring agency, Stockton East Water District, that occurred in 2022 but not in 2023.

Irrigation sales. Irrigation sales rose by $1 million (50%) in 2024 due to scheduled increases in rates for service charges after falling $192,000 (9%) in 2023. This analysis considers the restatement to irrigation sales discussed in Note 16.

Treated water sales. Treated water sales to the cities of Manteca, Lathrop, and Tracy in 2024 fell $710,000 (6%) and $409,000 (3%) in 2023 driven by changes in operating costs.

Other water sales. Other water sales in 2024 remains mostly unchanged from prior year after decreasing $2 million (94%) in 2023 due to the water sale agreement with a neighboring agency in 2022.

Electric sales. Electric Sales increased by $581,000 (65%) and by $272,000 (43%) in 2024 and 2023, respectively. The increase in both years was due to increased production at the solar farm which serves to offset power costs incurred by other District operations.



Total operating expenses. Total operating expenses decreased $6.8 million (14%) in 2024 after increasing $17.1 million (58%) in 2023.

Payroll (wages, payroll taxes and employee benefits). Wages rose $344,000 (3%) in 2024 and by $1.4 million (15%) in 2023. Increases in both years are attributable to wage increases and filling new and open positions.

Payroll taxes and benefits fell $10.6 million (63%) in 2024 after rising $15.2 million (858%) in 2023. The swing in both years is related to pension expense and the reporting requirements under GASB statement No. 68.

Total labor expense, and particularly employee benefits expense, has become much more volatile from year to year, starting in 2015, because of the 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 2024, the annual GASB 68 adjustment decreased pension expense by $623,000, and in 2023, it increased pension expense by $10.5 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.

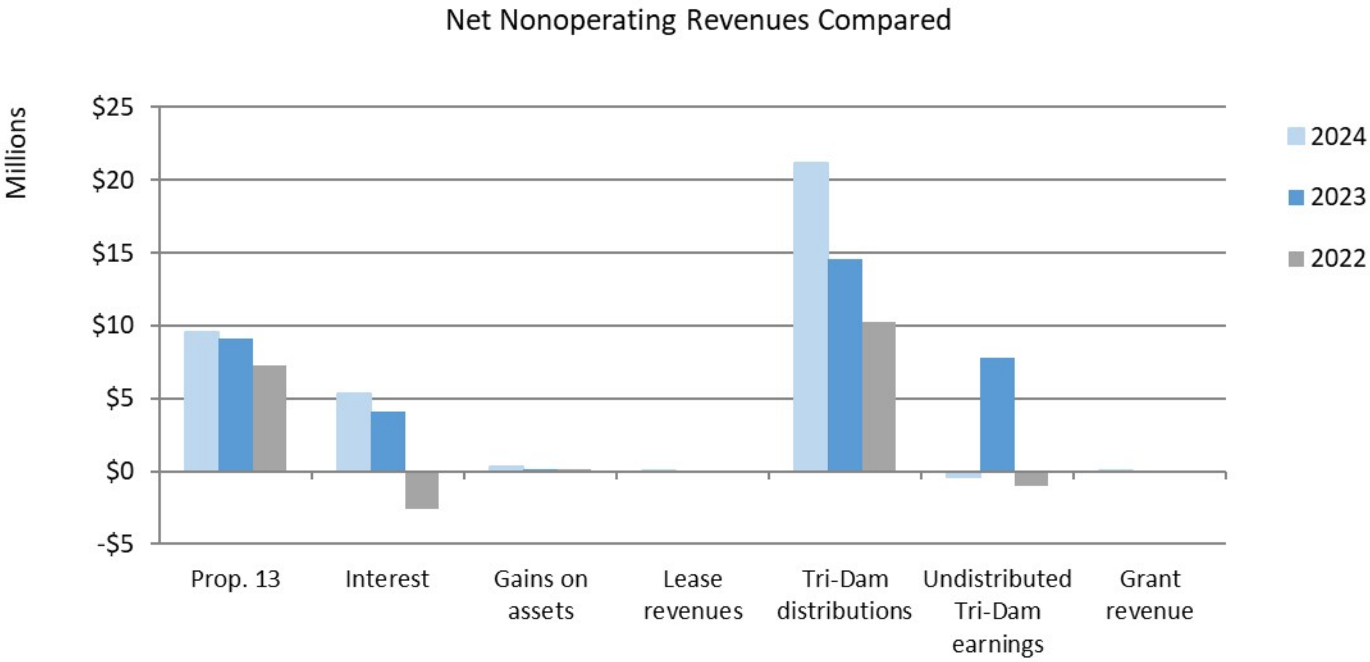
GASB 75 has similar effects. The annual GASB 75 adjustment decreased the expense for OPEB by $148,000 in 2024 and $108,000 in 2023.

Other operating and maintenance (O&M). This category consists of expenses incurred for materials and supplies, maintenance and utilities. In 2024, Other O&M increased $321,000 (5%); due mostly to utilities expense which increased $301,000 (10%) over prior year due to rising rates. Materials and supplies increased $92,000 (3%), offset by a $72,000 (10%) decrease in maintenance.

In 2023, Other O&M increased by $374,000 (6%). A 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 and supplies increased $564,000 (21%) in 2023 which stemmed mostly from significant increases in chemical expenses as shortages and a high inflationary economic environment made product more expensive. Utilities expense rose $117,000 (4%) in 2023 as a result of significant rate increases from the District's main power provider. Offsetting these increases was a decrease of $308,000 (30%) in maintenance.

General and administrative (G&A). In 2024, general and administrative expense rose $2.9 million (70%). The largest components of this increase were significant increases in legal and consulting expenses due to increased activity in certain ongoing litigation matters. Also contributing to the increase are rising property and liability insurance premiums. In 2023, general and administrative expense remained relatively unchanged from 2022, declining by $382,000 (8%).

Depreciation. Depreciation expense increased $183,000 (2%) in 2024 and $519,000 (7%) in 2023 as the total amount of depreciable assets in service increased both years.



Net nonoperating revenues. As detailed below, net nonoperating revenues increased $303,000 (1%) and increased $21.6 million (153%) in 2023.

Property tax (Proposition 13 subvention). Property tax income rose slightly over that of prior year, increasing $470,000 (5%) in 2024 after increasing $1.8 million (25%) in 2023 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 $1.6 million (66%) in 2024 and $914,000 (62%) in 2023 as the result of high interest rates in the market environment.

Tri-Dam earnings and distributions. Distributions from the Tri-Dam Project and Tri-Dam Power Authority rose by $6.6 million (45%) in 2024 and by $4.3 million (42%) in 2023. SSJID's share of the Tri-Dam Project's undistributed earnings fell by $8.2 million (105%) in 2024 due to lower Tri-Dam earnings combined with increased distributions as compared to the prior year. Distributions increased $8.8 million (913%) in 2023 due to changes in earnings for the Tri-Dam Project combined with the distributions. Tri-Dam distributions accounted for 59% of total nonoperating income in 2024 and 41% in 2023.

Capital contributions. Capital contributions fell by $2 million (54%) in 2024 after rising $1.1 million (44%) in 2023. The year to year change is 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 in 2023. See Note 11 for further information about capital contributions.

Expectations for 2025

- The District held a successful Proposition 218 proceeding in 2023 which will lead to increased irrigation revenues in year 2025 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 2024 and may continue to decline over the coming year which will impact the District's investment valuations. The District expects to see a decline in interest income in 2025 due to falling interest rates combined with an anticipated significant reduction in reserves related to capital spending.
- Capital spending is expected to increase in 2025 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 2025 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, 2024 and 2023

	2024	Restated 2023
Assets		
Current Assets		
Cash & cash equivalents - unrestricted	$ 10,246,646	$ 3,910,256
Investments in marketable securities - unrestricted	52,861,260	33,790,252
Accounts receivable	6,229,182	6,765,282
Accrued interest receivable - unrestricted	621,019	503,744
Prepaid expenses	1,554,775	1,168,125
Inventories	1,157,298	236,373
Lease receivable	37,396	42,086
Total Current Assets	72,707,576	46,416,118
Other Assets and Investments		
Cash & cash equivalents - restricted	201,250	5,084,993
Accrued interest receivable - restricted	60,268	8,987
Investments in marketable securities - unrestricted (net of current amounts)	30,672,415	45,626,459
Investments in marketable securities - restricted	8,338,987	1,728,121
Noncurrent Lease receivable	237,500	231,294
Net other post-employment benefits asset	809,166	809,703
Investment in Tri-Dam Project	51,953,314	52,338,880
Total Other Assets and Investments	92,272,900	105,828,437
Capital Assets		
Non-depreciable	15,844,760	14,265,679
Depreciable	303,888,210	297,170,906
Less accumulated depreciation and amortization	(139,037,459)	(130,494,352)
Total Capital Assets, net	180,695,511	180,942,233
Total Assets	345,675,987	333,186,788
Deferred Outflows of Resources		
Pension	4,462,653	6,839,971
Other post-employment benefits	1,053,291	907,336
Total Deferred Outflows Of Resources	5,515,944	7,747,307
Total Assets and Deferred Outflows of Resources	$ 351,191,931	$ 340,934,095

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, 2024 and 2023

	2024	Restated 2023
Liabilities		
Current Liabilities		
Accounts payable	$ 1,221,260	$ 1,939,103
Construction contract retentions payable	147,387	54,166
Accrued expenses	943,971	603,687
Unearned revenue	153,515	52,316
Compensated absences	1,628,245	1,566,402
Note Payable	518,059	518,059
SBITAs liability	22,359	64,724
Total Current Liabilities	4,634,796	4,798,457
Long-Term Liabilities		
Compensated absences	28,075	414,930
Note Payable	1,554,177	1,424,662
SBITAs liability	-	23,804
Net pension liability	7,863,209	8,414,001
Total Long-Term Liabilities	9,445,461	10,277,397
Total Liabilities	14,080,257	15,075,854
Deferred Inflows of Resources		
Pension	3,829,173	6,553,088
Other post-employment benefits	1,294,952	1,487,285
Leases	251,971	259,089
Total Deferred Inflows Of Resources	5,376,096	8,299,462
Net Position		
Net investment in capital assets	178,453,529	178,856,818
Restricted	8,600,505	6,822,101
Unrestricted	144,681,544	131,879,860
Total Net Position	331,735,578	317,558,779
Total Liabilities, Deferred Inflows of Resources and Net Position	$ 351,191,931	$ 340,934,095

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, 2024 and 2023

	2024	Restated 2023
Operating Revenues		
Charges for services:		
Irrigation sales	$ 3,082,389	$ 2,055,516
Treated water sales	11,172,795	11,882,608
Other water sales	165,612	128,192
Electric sales	1,478,143	897,165
Other	533,479	793,184
Total Operating Revenues	16,432,418	15,756,665
Operating Expenses		
Wages	10,775,878	10,431,701
Payroll taxes and benefits	6,299,483	16,946,001
Materials and supplies	3,299,326	3,207,667
Maintenance, repairs, and improvements	638,823	710,988
Utilities	3,235,715	2,934,341
General and administrative	7,039,777	4,143,300
Depreciation	8,647,309	8,425,807
Amortization	65,736	49,059
Total Operating Expenses	40,002,047	46,848,864
Net (Loss) From Operations	(23,569,629)	(31,092,199)
Nonoperating Revenues (Expenses)		
Proposition 13 subvention property taxes	9,550,289	9,080,656
Interest income	3,942,551	2,382,873
Changes in fair value of investments	1,354,560	1,739,363
Interest expense	(2,523)	(3,467)
Gain on sale of property and equipment	311,212	120,861
Lease revenue	70,088	50,929
Tri-Dam Power Authority distributions	4,745,000	2,200,000
Tri-Dam Project distributions	16,442,000	12,370,000
Undistributed earnings (losses) of Tri-Dam Project	(385,566)	7,827,066
Grant revenue	43,315	-
Total Nonoperating Revenues (Expenses)	36,070,926	35,768,281
Change in Net Position, before capital contributions	12,501,297	4,676,082
Capital contributions	1,675,502	3,665,540
Change in Net Position	14,176,799	8,341,622
Net position, beginning of year, as previously presented	317,558,779	310,538,376
Error correction	-	(1,321,219)
Net position, beginning of year as restated	317,558,779	309,217,157
Net position, end of year	$ 331,735,578	$ 317,558,779

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, 2024 and 2023

	2024	Restated 2023
Cash Flows From Operating Activities		
Receipts from customers	$ 16,435,039	$ 17,625,839
Other receipts	533,479	793,184
Payments for goods and services	(16,239,059)	(10,784,180)
Payments to employees for services	(18,295,229)	(18,375,420)
Net cash provided by (used in) operating activites	(17,565,770)	(10,740,577)
Cash Flows From Noncapital Financing Activities		
Property tax receipts	9,651,488	7,691,503
Grant revenue	43,315	-
Net cash provided by (used in) noncapital financing activities	9,694,803	7,691,503
Cash Flows From Capital And Related Financing Activities		
Proceeds from capital debt	129,515	1,942,721
Principal paid on long-term liabilities	-	(14,162)
Interest payments on long-term debt	(2,523)	(3,467)
Proceeds from capital contributions	1,417,776	1,401,772
Proceeds on the sale of capital assets	328,423	203,859
Purchase of capital assets	(8,198,758)	(8,368,521)
Net cash provided by (used in) capital and related financing activities	(6,325,567)	(4,837,798)
Cash Flows From Investing Activities		
Interest received (paid)	3,773,997	2,225,944
Proceeds from lease	61,454	46,102
Purchases of investment securities	(137,427,301)	(49,759,162)
Proceeds from sales and maturities of investment securities	128,054,031	48,161,594
Tri-Dam Project cash distributions	16,442,000	12,370,000
Tri-Dam Power Authority cash distributions	4,745,000	2,200,000
Cash Provided (Used) by Investing Activities	15,649,181	15,244,478
Net (Decrease) in Cash & Cash Equivalents	1,452,647	7,357,606
Cash & cash equivalents, beginning	8,995,249	1,637,643
Cash & cash equivalents, ending	$ 10,447,896	$ 8,995,249
Reconciliation Of Cash To Balance Sheet		
Cash & cash equivalents - unrestricted	$ 10,246,646	$ 3,910,256
Cash & cash equivalents - restricted	201,250	5,084,993
Cash & cash equivalents - total	$ 10,447,896	$ 8,995,249

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, 2024 and 2023

	2024	Restated 2023
Reconciliation Of Net Loss From Operations To Cash Provided By Operating Activities		
Net Loss From Operations	$ (23,569,629)	$ (31,092,199)
Depreciation	8,647,309	8,425,807
Amortization	65,736	49,059
(Increase) Decrease in Operating Assets		
Accounts receivable	536,100	2,662,358
Prepaid expenses	(386,650)	(270,644)
Inventory	(920,925)	(189,119)
Deferred outflows of resources - pension	2,377,318	3,540,566
Deferred outflows of resources - other post-employment benefits	(145,955)	(588,107)
Net other post-employment benefits asset	537	1,090,523
Increase (Decrease) in Operating Liabilities		
Accounts payable	(717,843)	671,879
Accrued expenses	340,284	(1,228,540)
Compensated absences	(325,012)	70,731
Deferred inflows of resources - pension	(2,723,915)	6,446,291
Deferred inflows of resources - other post-employment benefits	(192,333)	(802,862)
Net pension liability	(550,792)	473,680
Cash Used by Operating Activities	$ (17,565,770)	$ (10,740,577)
Supplemental Disclosure of Noncash Activities		
Assets received as capital contributions	$ 257,726	$ 2,263,768
Change in fair value of investments in marketable securities	$ (1,354,560)	$ (1,739,363)
Change in investment in the Tri-Dam Project, net of cash received	$ (385,566)	$ 7,827,065

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. 100

This Statement prescribes the accounting and financial reporting for (1) each type of accounting change and (2) error corrections. This Statement requires that (a) changes in accounting principles and error corrections be reported retroactively by restating prior periods, (b) changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and (c) changes in accounting estimates be reported prospectively by recognizing the change in the current period. The requirements of this Statement for changes in accounting principles apply to the implementation of a new pronouncement in absence of specific transition provisions in the new pronouncement. This Statement also requires that the aggregate amount of adjustments to and restatements of beginning net position, fund balance, or fund net position, as applicable, be displayed by reporting unit in the financial statements. Further, this Statement requires disclosure in notes to financial statements of descriptive information about accounting changes and error corrections, such as their nature.

Governmental Accounting Standards Board Statement No. 101

This statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. 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.

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.

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, including direct assessments related to irrigation charges the District added to the tax roll, 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. The District recognizes irrigation revenues levied on the tax roll as direct assessments on January 1 of the year in which the revenue is for.

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 District 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:

	2024	2023
Cash and cash equivalents		
Cash and cash equivalents - unrestricted	$ 10,246,646	$ 3,910,256
Cash and cash equivalents - restricted	201,250	5,084,993
Total	10,447,896	8,995,249
Investments in marketable securities		
Investments in marketable securities - current portion, unrestricted	52,861,260	33,790,252
Investments in marketable securities - noncurrent portion, unrestricted	30,672,415	45,626,459
Investments in securities - restricted (reserves for pressurized irrigation system, WTP)	8,338,987	1,728,121
Total	91,872,662	81,144,832
Total cash and investments	$ 102,320,558	$ 90,140,081

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 (<$100,000)	270 days	A*	25%	10%
Commercial paper (>$100,000)	270 days	A*	40%	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%
Supranational bank obligations	5 years	AA	30%	None
Public bank obligations	5 years	None	None	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:

2024

Category	**Year of Maturity**					
Rating*	**2025**	**2026**	**2027**	**2028**	**2029**	**Total**
Federal, state and municipal						
A	$ -	$ 518,854	$ 134,339	$ -	$ -	$ 653,193
A-	123,635	-	-	-	-	123,635
A+	184,893	2,279,678	258,206	-	-	2,722,777
A1	-	822,588	-	-	-	822,588
A2	-	65,944	-	-	-	65,944
A3	-	103,742	-	-	-	103,742
AA	2,644,375	2,725,565	327,446	-	-	5,697,386
AA-	956,315	803,799	1,009,638	-	-	2,769,752
AA+	15,139,714	423,438	-	-	-	15,563,152
Aa1	353,455	649,996	-	-	-	1,003,451
Aa2	199,850	131,040	-	-	-	330,890
Aa3	1,641,784	1,063,438	93,164	-	-	2,798,386
Aaa	27,985,480	1,325,774	153,608	-	-	29,464,862
Pre-refunded	55,006	-	-	-	-	55,006
Total	$ 49,284,507	$ 10,913,856	$ 1,976,401	$ -	$ -	$ 62,174,764
Negotiable certificates of deposit						
FDIC Insured	$ 7,227,268	$ 1,755,558	$ 245,005	$ -	$ -	$ 9,227,831
Total	$ 7,227,268	$ 1,755,558	$ 245,005	$ -	$ -	$ 9,227,831
Corporate debt						
A	$ 592,891	$ 3,676,923	$ 1,250,091	$ -	$ -	$ 5,519,905
A-	2,771,277	5,799,135	477,990	-	-	9,048,402
A+	349,335	3,556,462	-	-	-	3,905,797
Aa3	-	1,021,000	-	-	-	1,021,000
BBB+	974,963	-	-	-	-	974,963
Total	$ 4,688,466	$ 14,053,520	$ 1,728,081	$ -	$ -	$ 20,470,067
Total	$ 61,200,241	$ 26,722,934	$ 3,949,487	$ -	$ -	$ 91,872,662

* Lower of Moody's or S&P ratings

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

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:

Issuer	Investment Type	2024	2023
Federal Home Loan Mortgage Corporation	U. S. Agencies	$23,655,738	$32,005,527

At December 31, 2024, cash and investments included $10,170,507 held in commercial banks, and at December 31, 2023, cash and investments included $13,146,326 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
2024

	Exempt	Level 1	Level 2	Total
U. S. agency securities	$ -	$ -	$ 23,655,738	$ 23,655,738
U. S. treasury notes	-	18,580,137	-	18,580,137
State and municipal debt	-	-	19,938,889	19,938,889
Negotiable certificates of deposit	-	-	9,227,831	9,227,831
Medium term corporate notes	-	-	20,470,067	20,470,067
Total investments	$ -	$ 18,580,137	$ 73,292,525	91,872,662
Cash in banks and on hand				10,447,896
Total cash & investments				$ 102,320,558

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
Total investments	$ -	$ 11,215,397	$ 69,929,435	81,144,832
Cash in banks and on hand				8,995,249
Total cash & investments				$ 90,140,081

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.

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:

	2024	Restated 2023
Proposition 13 subvention property taxes	$ 3,940,476	$ 3,692,391
Water treatment plant sales to member cities	2,200,156	2,510,009
Irrigation charges	15,039	28,193
Canal construction and maintenance costs receivable from OID	36,044	491,633
Fee for use of drainage facilities	19,680	-
Land lease	-	13,360
Member contributions to South San Joaquin Groundwater Sustainability Agency	8,210	13,157
Hydro-power generation	-	7,048
Labor reimbursement from San Joaquin County Ground Water Authority	7,425	6,946
Miscellaneous	2,152	2,545
Total	$ 6,229,182	$ 6,765,282

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, 2024 and 2023

	2024	2023
Current assets	$ 42,206,246	$ 39,866,524
Long-term investments	2,580,989	3,479,080
Leases receivable	70,440	70,440
Capital assets	63,501,489	66,034,504
Deferred outflows of resources	1,402,834	1,792,007
Total assets and deferred outflows of resources	$ 109,761,998	$ 111,242,555
Current liabilities	$ 942,948	$ 1,651,749
Noncurrent liabilities	4,399,325	4,527,250
Deferred inflows of resources	513,097	385,796
Total liabilities and deferred inflows of resources	5,855,370	6,564,795
Net investment in capital assets	63,501,489	66,034,504
Unrestricted net position	40,405,139	38,643,256
Total net position	103,906,628	104,677,760
Total liabilities, deferred inflows of resources, and net position	$ 109,761,998	$ 111,242,555

Tri-Dam Project
Condensed Statements of Revenues, Expenses, & Changes in Net Position
For the Years Ended December 31, 2024 and 2023

	2024	**2023**
Operating revenues	$ 43,572,423	$ 49,355,377
Operating expenses	11,958,977	9,757,581
Net Income from Operations	31,613,446	39,597,796
Nonoperating Revenues (Expenses)		
Grant revenue	1,055,532	-
Water sales	159,796	153,430
Rental of equipment and facilities	33,910	91,918
Investment earnings (losses)	881,237	754,126
Legal settlement	(1,350,000)	-
Interest from rental income	-	5,079
Other nonoperating revenue	27,589	43,293
River habitat studies	(339,792)	(869,564)
Gain on disposal of capital assets	31,150	51,437
Total Nonoperating Revenues (Expenses)	499,422	229,719
Change in Net Position	32,112,868	39,827,515
Net position, beginning of year (restated)	104,677,760	89,590,245
Less: distributions to member districts	(32,884,000)	(24,740,000)
Net Position, End of Year	$ 103,906,628	$ 104,677,760

NOTE 6 – CAPITAL ASSETS

Changes in Capital Assets

2024

	December 31, 2023	Additions	Disposals	Transfers and Adjustments	December 31, 2024
Capital assets not being depreciated:					
Irrigation					
Land	$ 1,382,984	$ -	$ -	$ -	$ 1,382,984
Construction in progress	5,168,702	4,617,202	-	(2,351,252)	7,434,652
Water treatment plant					
Land	5,834,926	-	-	-	5,834,926
Construction in progress	68,238	398,992	-	(301,467)	165,763
Solar plant			-		
Land	512,400	-	-	-	512,400
Construction in progress	1,298,429	1,551,909	-	(2,336,303)	514,035
Total	$ 14,265,679	$ 6,568,103	$ -	$ (4,989,022)	$ 15,844,760
Capital assets being depreciated:					
Irrigation					
Facility Improvements	$ 4,288,714	$ 18,657	$ -	$ -	$ 4,307,371
Reservoirs & dams	17,756,823	-	-	-	17,756,823
Right-to-use	152,409	-	-	(4)	152,405
Canal & lateral	114,529,387	44,194	-	2,351,252	116,924,833
Vehicles	4,632,505	321,942	(166,241)	-	4,788,206
Machinery & equip	3,195,400	748,383	-	-	3,943,783
Office Equip	89,210	-	-	-	89,210
Computer Equip	796,855	-	-	-	796,855
Communications	3,893,405	56,344	-	-	3,949,749
Water treatment plant					
Facility Improvements	62,093,990	701,283	-	252,168	63,047,441
Reservoirs & dams	290,895	-	-	-	290,895
Canal & lateral	71,143,401	-	-	29,462	71,172,863
Vehicles	542,163	-	(20,906)	-	521,257
Machinery & equip	1,643,098	-	-	19,837	1,662,935
Computer Equip	6,982	-	-	-	6,982
Communications	106,150	24,630	-	-	130,780
Lab equip	10,078	-	-	-	10,078
Solar plant					
Facility Improvements	11,972,913	-	-	2,336,303	14,309,216
Computer Equip	26,528	-	-	-	26,528
Total	$ 297,170,906	$ 1,915,433	$ (187,147)	$ 4,989,018	$ 303,888,210

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	December 31, 2023	Additions	Disposals	Transfers and Adjustments	December 31, 2024
Less accumulated depreciation:					
Irrigation					
Facility Improvements	$ (1,604,327)	$ (115,387)	$ -	$ -	$ (1,719,714)
Reservoirs & dams	(8,093,121)	(417,985)	-	-	(8,511,106)
Right-to-use	(49,059)	(65,736)		2	(114,793)
Canal & lateral	(48,365,726)	(2,609,338)	-	-	(50,975,064)
Vehicles	(2,541,175)	(458,310)	149,030	-	(2,850,455)
Machinery & equip	(2,525,153)	(117,175)	-	-	(2,642,328)
Office Equip	(76,068)	(3,392)	-	-	(79,460)
Computer Equip	(633,712)	(49,591)	-	-	(683,303)
Communications	(1,967,098)	(152,440)	-	-	(2,119,538)
WTP					
Facility Improvements	(24,429,209)	(2,149,496)	-	-	(26,578,705)
Reservoirs & dams	(225,031)	(19,399)	-	-	(244,430)
Canal & lateral	(31,351,586)	(1,884,131)	-	-	(33,235,717)
Vehicles	(287,087)	(48,524)	20,906	-	(314,705)
Machinery & equip	(684,809)	(96,820)	-	-	(781,629)
Computer Equip	(6,866)	(116)	-	-	(6,982)
Communications	(69,851)	(14,920)	-	-	(84,771)
Lab equip	(10,078)	-	-	-	(10,078)
Solar					
Facility Improvements	(7,565,286)	(505,500)	-	-	(8,070,786)
Computer Equip	(9,110)	(4,785)	-	-	(13,895)
Total	$ (130,494,352)	$ (8,713,045)	$ 169,936	$ 2	$ (139,037,459)
Total capital assets being depreciated, net	$ 166,676,554	$ (6,797,612)	$ (17,211)	$ 4,989,020	$ 164,850,751
Capital Assets, net	$ 180,942,233	$ (229,509)	$ (17,211)	$ (2)	$ 180,695,511

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

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	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

NOTE 7 - LEASES

As of December 31, 2024, 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. As of January 1, 2024, the lessor extended another 12 months and as of January 1, 2025, extended an additional 12 months. The amortization schedule for this lease has been built on a term of 36 months, two annual payments of $13,360 in years 1 and 2 (years 2023 and 2024) and one payment of $13,760 in year 3 (year 2025).

The second use of land lease is for 19 months as of January 1, 2023. The lease includes monthly payments of $1,500 and expired July 2024.

The communication tower lease is for 132 months as of January 1, 2024, and includes monthly payments of $2,285.

The District recognized $70,088 in lease revenue and $4,519 in interest revenue regarding these leases in year 2024 and recognized $50,929 and $4,302, respectively, in year 2023.

The District has a current lease receivable of $37,396, a long-term lease receivable of $237,500 and a deferred inflow of resources of $251,971 associated with these leases at December 31, 2024. The deferred inflow of resources will be recognized as lease revenue over the lease terms. As of December 31, 2023, the District had a current lease receivable of $42,086, a long-term lease receivable of $231,294 and a deferred inflow of resources of $259,089.

As of December 31, 2024, 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, 2024, 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 $152,405 in right-of-use assets and $114,794 in related accumulated amortization as of December 31, 2024. As of December 31, 2023, the District had a right-of-use asset of $152,409 and related accumulated amortization of $49,059. The right-of-use assets were adjusted downward by $4 to accommodate a variance from the expected payment schedule.

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
2025	$ 22,359	$ 173
2026	-	-
2027	-	-
2028	-	-
2029	-	-

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

2024

	December 31, 2023	Additions	Reductions	December 31, 2024	Current Portion	Long-Term Portion
Compensated absences	$ 1,981,332	$ 909,528	$ (1,234,540)	$ 1,656,320	$ 1,628,245	$ 28,075
SBITA liability	88,528	23,802	(89,971)	22,359	22,359	-
Note Payable	1,942,721	129,515	-	2,072,236	518,059	1,554,177
Net pension liability	8,414,001	4,352,157	(4,902,949)	7,863,209	-	7,863,209
Total	$ 12,426,582	$ 5,415,002	$ (6,227,460)	$ 11,614,124	$ 2,168,663	$ 9,445,461

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	7,440,609	(6,966,929)	8,414,001	-	8,414,001
Total	$ 9,865,084	$ 10,374,525	$ (7,813,027)	$ 12,426,582	$ 2,149,185	$ 10,277,397

The District's note payable relates to a contract for the replacement of filter modules at the water treatment plant. As of December 31, 2024 the District is six 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, 2024, 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:

	2024	2023
Total capital assets, net of accumulated depreciation	$ 180,695,511	$ 180,942,233
Less capital debt and other borrowings	(2,094,595)	(2,031,249)
Less retention payable	(147,387)	(54,166)
Total	$ 178,453,529	$ 178,856,818

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:

	2024	2023
Capital asset fund - pressurized irrigation system	$ 636,713	$ 536,294
Capital asset fund - water treatment plant	7,903,524	6,276,820
Accrued interest receivable on restricted investments	60,268	8,987
Total	$ 8,600,505	$ 6,822,101

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:

	2024	2023
Real estate developers	$ 208,658	$ 1,915,781
Municipal customers of water treatment plant	1,373,040	1,373,040
Oakdale Irrigation District	49,068	347,987
Groundwater Sustainability Agency	44,736	28,732
Total	$ 1,675,502	$ 3,665,540

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:

	2024		2023	
	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:				
January 1 to June 30	7.96%	7.75%	7.96%	6.75%
July 1 to December 31	8.00%	7.75%	7.96%	7.75%
Required employer contribution rates:				
January 1 to June 30	14.06%	7.68%	12.21%	7.47%
July 1 to December 31	14.13%	7.87%	14.06%	7.68%

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:

	2024		
	Misc. Plan	PEPRA Plan	Total
Employer contributions	$ 1,169,804	$ 418,428	$ 1,588,232
Employee contributions, paid by employer	358,396	-	358,396
Total	$ 1,528,200	$ 418,428	$ 1,946,628

	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

The 2024 employer contribution above includes payment of a $274,107 invoice from CalPERS. This amount was billed for the year ending June 30, 2024.

D. Employees Covered by Benefit Terms

Membership in the plan consisted of the following at the measurement dates of June 30, 2024 and June 30, 2023:

	Miscellaneous & PEPRA Plans	
	2024	**2023**
Valuation Date	June 30, 2023	June 30, 2022
Measurement Date	June 30, 2024	June 30, 2023
Report Date	December 31, 2024	December 31, 2023
Active employees	108	109
Inactive employees and beneficiaries currently receiving benefit payments	90	85
Inactive employees entitled to but not yet receiving benefit payments	38	41
Total	236	235

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	
	2024	**2023**
Proportionate Share of Net Pension Liability	$ 7,863,209	$ 8,414,001

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, 2024, and 2023 is measured as of June 30, 2024, and 2023. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2023, and 2022, 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 Plans	
	2024	**2023**
Proportion at June 30, 2022		0.1696930%
Proportion at June 30, 2023	0.1682660%	0.1682660%
Proportion at June 30, 2024	0.1625770%	
Increase (Decrease)	(0.0056890%)	(0.0014270%)

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

For the years ended December 31, 2024, and 2023, the District recognized pension expenses of $170,927 and $1,548,378, respectively. At December 31, the District reported deferred outflows of resources and deferred inflows of resources from the following sources:

	Miscellaneous & PEPRA Plans			
	2024		**2023**	
	Deferred Outflows of Resources	**Deferred Inflows of Resources**	**Deferred Outflows of Resources**	**Deferred Inflows of Resources**
Contributions after measurement date	$ 1,068,316	$ -	$ 561,408	$ -
Differences between actual and expected experience	679,845	(26,527)	429,833	(66,680)
Change in assumptions	202,101	-	507,991	-
Differences between employer's contributions and employer's proportionate share of contributions	1,634,306	(1,352,046)	3,978,436	(570,151)
Change in employer's proportion	425,410	(2,450,600)	-	(5,916,257)
Net differences between projected and actual earnings on plan investments	452,675	-	1,362,303	-
Total	$ 4,462,653	$ (3,829,173)	$ 6,839,971	$ (6,553,088)

The $1,068,316 and $561,408 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, 2025 and December 31, 2024, 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	2024	2023
2024	$ -	(625,882)
2025	(737,936)	(526,390)
2026	608,106	838,659
2027	(149,876)	39,090
2028	(155,129)	-
2029	-	-
Total	$ (434,835)	$ (274,523)

G. Actuarial Methods and Assumptions

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

	Miscellaneous & PEPRA Plans	
	2024	2023
Report date	December 31, 2024	December 31, 2023
Valuation date	June 30, 2023	June 30, 2022
Measurement date	June 30, 2024	June 30, 2023
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.

H. Discount Rate

The discount rate used by CalPERS to measure the total pension liability was 6.90% in the June 30, 2023 and June 30, 2022 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.

Asset Class	Miscellaneous & PEPRA Plans 2024 Strategic Allocation	2024 Real Return [a][b]	2023 Strategic Allocation	2023 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.

I. 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 2024	2023
Discount decreased 1 percentage point	5.90%	5.90%
Resulting net pension liability	$ 17,765,102	$ 17,702,856
Current discount rate	6.90%	6.90%
Resulting net pension liability	$ 7,863,209	$ 8,414,001
Discount increased 1 percentage point	7.90%	7.90%
Resulting net pension liability (asset)	$ (287,507)	$ 768,476

J. Pension Plan Fiduciary Net Position

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

K. Payable to the Pension Plan

At December 31, 2024 and 2023, 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, 2024:

	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, 2024 and December 31, 2023:

	2024	**2023**
Valuation Date	December 31, 2023	December 31, 2021
Measurement Date	December 31, 2023	December 31, 2021
Report Date	December 31, 2024	December 31, 2023
Active employees	104	96
Inactive employees and beneficiaries currently receiving benefit payments	14	13
Inactive employees entitled to but not yet receiving benefit payments	0	0
Total	118	109

E. Actuarial Methods and Assumptions

For the report dates of December 31, 2024, and December 31, 2023, the District's net OPEB liability (asset) was measured as of December 31, 2023, and December 31, 2022, respectively. 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. The total OPEB liability (asset) used to calculated the net OPEB liability (asset) for report date December 31, 2024 was determined by an actuarial valuation dated December 31, 2023 based on the following actuarial methods and assumptions:

	2024	2023
Valuation Date	December 31, 2023	December 31, 2021
Measurement Date	December 31, 2023	December 31, 2021
Report Date	December 31, 2024	December 31, 2022
Actuarial Cost Method	Entry-Age Normal, Level Percentage of Salary	Entry-Age Normal, Level Percentage of Salary
Actuarial Assumptions:		
Discount Rate	6.27%	6.00%
Inflation	2.30%	2.30%
Payroll Growth	2.80%	2.80%
Investment Rate of Return	5.10% / 6.30% (3)	6.00%
Mortality Rate	CalPERS (1)	CalPERS (1)
Pre-Retirement Turnover	CalPERS (1)	CalPERS (1)
Healthcare Trend Rate	6.80% non-medicare, 4.90% medicare, trending down to 4.04% by 2075. (2)	6.00% non-medicare, 4.00% medicare, trending down to 3.73% by 2075. (2)

(1) Based on CalPERS experience studies from the CalPERS Pension Assumption Model, effective November 17, 2021.

(2) Based on Socity of Actuaries "Long Term Healthcare Cost Trends Model v2024_1b" using baseline assumptions.

(3) 1-5 years / 6+ years.

Actuarial assumptions used in the December 31, 2021 and December 31, 2023 valuations 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 6.27% as of measurement date December 31, 2023 and 6.00% as of measurement date December 31, 2022. 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 real rates of return for each major asset class as of December 31 are summarized in the following tables:

2024

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	49.0%	6.8%
Fixed Income	23.0%	3.7%
Real Estate Investment Trusts (REIT)	20.0%	6.0%
Treasury Inflation-Protected Securities (TIPS)	5.0%	2.8%
Commodities	3.0%	3.4%
Total	100.0%	

2023

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

2024			
	Increase (Decrease)		
	(a) Total OPEB Liability/(Asset)	(b) Plan Fiduciary Net Position	(a) - (b) Net OPEB Liability/(Asset)
Balance at measurement date 12/31/22, Report date 12/31/23	$ 3,451,525	$ 4,261,228	$ (809,703)
Changes Recognized for the Measurement Period:			
Service cost	197,080	-	197,080
Interest on the total OPEB liability	210,161	-	210,161
Differences between expected and actual experience	532,208	-	532,208
Changes of assumptions	(42,601)	-	(42,601)
Employer Contributions	-	191,986	(191,986)
Employer contributions - Implicit subsidy		99,851	(99,851)
Net investment income	-	606,679	(606,679)
Trust administrative expenses	-	(2,205)	2,205
Benefit payments	(191,986)	(191,986)	-
Implicity subsidy	(99,851)	(99,851)	-
Net Changes	605,011	604,474	537
Balance at measurement date 12/31/23, Report date 12/31/24	$ 4,056,536	$ 4,865,702	$ (809,166)

2023

	Increase (Decrease)		
	(a)	**(b)**	**(a) - (b)**
	Total OPEB Liability/(Asset)	**Plan Fiduciary Net Position**	**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
Employer contributions	-	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.

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 (5.27%) or 1-percentage-point higher (7.27%) than the current discount rate:

	2024	2023
Discount decreased 1 percentage point	5.27%	5.00%
Resulting net OPEB liability/(asset)	$ (461,932)	$ (531,364)
Current discount rate	6.27%	6.00%
Resulting net OPEB liability/(asset)	$ (809,166)	$ (809,703)
Discount increased 1 percentage point	7.27%	7.00%
Resulting net OPEB liability/(asset)	$ (1,123,997)	$ (1,062,275)

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 (5.80%) or 1-percentage-point higher (7.80%) than the current healthcare cost trend rates:

	2024	2023
Trend rates decreased 1 percentage point	5.80%	5.00%
Resulting net OPEB liability/(asset)	$ (1,237,405)	$ (1,188,679)
Current healthcare cost trend rates	6.80%	6.00%
Resulting net OPEB liability/(asset)	$ (809,166)	$ (809,703)
Trend rates increased 1 percentage point	7.80%	7.00%
Resulting net OPEB liability/(asset)	$ (302,030)	$ (359,103)

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

For the years ended December 31, 2024, and December 31, 2023, the District recognized OPEB expense of $148,485 and $108,460, respectively. At December 31, the District reported deferred outflows and inflows of resources related to OPEB from the following sources:

	2024		2023	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Employer contributions made subsequent to the measurement date	$ 189,266	$ -	$ 191,986	$ -
Differences between expected and actual experience	511,448	(1,212,890)	32,260	(1,436,380)
Changes of assumptions	93,788	(82,062)	115,156	(50,905)
Net differences between projected and actual earnings on OPEB investments	258,789		567,934	-
Total	$ 1,053,291	$ (1,294,952)	$ 907,336	$ (1,487,285)

The $189,266 and $191,986 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, 2025, and December 31, 2024, 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	2024	2023
2024	$ -	$ (178,466)
2025	(114,105)	(88,486)
2026	(54,177)	(28,558)
2027	15,813	41,432
2028	(232,554)	(206,936)
2029	(129,283)	(310,921)
Thereafter	83,379	-
Total	$ (430,927)	$ (771,935)

K. Payable to the OPEB Plan

At December 31, 2024, 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:

2024		
Type of Coverage	**Limit per Occurrence**	**Deductible**
Property		
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 Equipment		
Mobile/Contractors Equipment	1,000,000,000	10,000
General Liability		
Bodily injury	10,000,000	-
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 Liability		
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		
Auto Physical Damage	200,000	Per Item
High dollar vehicles	1,000,000,000	Per Item
Trailer		
Trailer	100,000	250
Worker's Compensation		
Employer's Liability	5,000,000	-
Worker's Compensation	Statutory	-
Outside Policies		
Excess Insurance	40,000,000	-
Endorsements		
Dam Failure Liability - Woodward Dam		

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	-

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, 2024, 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 – RESTATEMENT

A restatement has been made to the 2023 financial statements that reflects a prior period adjustment to the District's revenue. The District's charges to irrigation customers were recognized as revenue when charges were placed on the county tax roll. However, revenue should be recognized in the same period in which service is provided. As a result, $1,321,219 in irrigation charges levied on the 2022-2023 county tax roll that were related to 2023 services has been reclassed from 2022 revenue to 2023 revenue and $2,052,277 in irrigation charges levied on the 2023-2024 county tax roll that were related to 2024 services has been reclassed from 2023 revenue to 2024 revenue. The impact of which is a net reduction in Irrigation Sales of $731,058 and a reduction of $2,052,277 to ending net position as of December 31, 2023. Receivables in the amount of $651 related to irrigation sales that were to be collected through the county tax roll have been deemed uncollectible and have therefore been removed from the District's accounts receivable, thus reducing Irrigation Sales revenue and ending net position. Also, fees in the amount of $3,723 have been reclassed from Irrigation Sales to Other revenues; no impact on ending net position.

Restatement of Beginning Balances

12/31/2022 Net position, as previously presented	$310,538,376
Error correction	(1,321,219)
12/31/2022 Net position, as restated	$309,217,157
12/31/2023 Net position, as previously reported	$319,611,707
Error correction	(2,052,928)
12/31/2023 Net position, as restated	$317,558,779

NOTE 17 – 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, 2024.

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 $15 million.

2) *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.

3) *SSJID v. Lakeview Partners LLC. et al., San Joaquin County Superior Court, Case No. 20208441.*

   Lakeview Partners, LLC. is a landowner with property adjacent to the District's "Woodward Reservoir," which supplies raw water to the District's water treatment plant. Lakeview, through partner Jeffry McPhee, installed a substantial amount of encroachments upon District-owned property without District permission. As of December 31, 2017, Lakeview Partners LLC., were informed that the encroachments upon District's property constituted a trespass and that such encroachments must be removed. On January 9, 2018, the District commenced legal action against Lakeview Partners, LLC et al. by filing a Complaint in the San Joaquin County Superior Court for mandatory injunction, abatement, and damages. The case was bifurcated, and the matter of trespass was considered first. Trial Court found in favor of the District. The second phase of the trial is to ascertain the amount of damages. Commencement of this phase is presently on hold, as the parties are in settlement negotiations. No opinion is expressed regarding the outcome of this matter.

4) *Threfall Ranch, L.P. v. Oakdale Irrigation District and South San Joaquin Irrigation District, San Joaquin County Superior Court, Case no. CV-24-006033.*

   Threfall Ranch, L.P. claims to be entitled to irrigation water service for 171.59 acres from the Oakdale and South San Joaquin Irrigation Districts by virtue of a contract between the Stanislaus and San Joaquin Water Company (the Districts' predecessor in interest) and W.A. Threlfall (Threfall Ranch's predecessor in interest), dated May 23, 1898. SSJID intends to defend against the Complaint. No opinion is expressed as to the outcome of this matter. The amount of exposure is estimated to be less than $200,000.00.

5) Threfall Ranch L.P. v. South San Joaquin Irrigation District, Stanislaus County Superior Court, Case No. CV-24-006460. Threfall Ranch, L.P., claims to be entitled to water service for five (5) acres from the South San Joaquin Irrigation District by virtue of an Indenture between SSJID and Threfall Ranch, L.P.'s predecessors in interest, dated

June 11, 1913. The parties are engaged in settlement negotiations. If such negotiations are unsuccessful, SSJID intends to defend against the Complaint. No opinion is expressed as to the outcome of this matter. The amount of exposure is estimated to be less than $200,000.00

B. Regulatory

1) *San Joaquin Tributaries Authority, et al. v. State Water Resources Control Bd., Sacramento County Superior Court, Judicial Council Coordination Proceeding No. 5013.*

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.

2) *Pacific Coast Federation of Fishermen's Associations, et al. v. Gina Raimondo, et al. United States District Court, Eastern District of California, Case No. 1:20-CV-00431.*

and

The California Natural Resources Agency, et al. v. Gina Raimondo, et al. United States District Court, Eastern District of California, Case No. 1:20-CV-00426.

In 2019, the National Marine Fisheries Service and the U.S. Fish and Wildlife Service issued a pair of biological opinions addressing the impact of the long-term operations of the Central Valley Project and the State Water Project on various species listed as threatened or endangered under the federal Endangered Species Act. A group of non-governmental organizations (Pacific Coast Federal of Fishermen's Associations, et al.) and various California state agencies (the People of the State of California, California's Natural Resources Agency, and the California Environmental Protection Agency) separately challenged the legality of the 2019 biological opinions, as well as the U.S. Bureau of Reclamation's related adoption and implementation of a proposed action pursuant to those biological opinions. As the 2019 biological opinions impact operations on the Stanislaus River where South San Joaquin Irrigation District and Oakdale Irrigation District ("Districts") divert water for their respective operations, the Districts intervened in both actions to protect their water rights and continued operations. On March 20, 2025, the

District Court continued a stay of these matters until further notice to allow the parties to continue to evaluate and discuss next steps in light of the federal administration change and related developments.

The likelihood of a favorable or unfavorable outcome cannot be assessed at this time. SSJID has no direct monetary exposure from the litigation itself.

3) *California Sportfishing Protection Alliance v. All Persons Interested in Matter of Validity of the Eastern San Joaquin Groundwater Subbasin Groundwater Sustainability Plan, et al., Stanislaus County Superior Court, Case No. CV-20-001720.*

On March 16, 2020, California Sportfishing Protection Alliance filed a reverse validation action against, among others, SSJID as a member of the South San Joaquin Groundwater Sustainability Agency ("SSJ GSA") related to the adoption of the Eastern San Joaquin Groundwater Subbasin Groundwater Sustainability Plan ("ESJ GSP") pursuant to the Sustainable Groundwater Management Act ("SGMA," Water Code§ 10720 et seq.).

In 2024 CSPA amended its lawsuit to assert claims against the Department of Water Resources (“DWR”) to challenge DWR’s “approval” of the ESJ GSP.

CSPA is seeking to further amend its lawsuit to challenge amendments that SSJID (and the other public entities and agencies that adopted the ESG GSP) made in 2024/2025 as part of SGMA’s periodic review process.

The likelihood of a favorable or unfavorable outcome cannot be assessed at this time. SSJID has no direct monetary exposure from the litigation itself.

C. Contract Commitments

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

2024		
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	$ 2,072,236
Emergency standby generator at Water Treatment Plant facility	1,260,865	1,260,865
Repowering project at solar farm	700,000	326,319
Professional engineering consulting services	175,000	105,460

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

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 18 – 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, 2024 subsequent to the financial statements or disclosures as of July 18, 2025 and has found one event that meets disclosure requirements. Together with its partner Oakdale Irrigation District, the District is constructing a bypass tunnel for its joint supply canal. The Project, currently referred to as the "Canyon Tunnel Project", will increase water delivery reliability as it will bypass a risk-prone portion of the joint supply canal. The Project consists of boring a new tunnel from the District's diversion point at Goodwin Dam that will stretch 12,000 feet before meeting up with the District's existing joint supply canal. Construction for the Canyon Tunnel Project will commence in 2025. The tentative project schedule concludes construction in 2028. Project costs are estimated at $94 million dollars; 28% of which will be provided by Oakdale Irrigation District. The remaining 72% of project costs, approximately $68 million, will be funded by a combination of the District's financial reserves and a potential debt issuance.

NOTE 19 – 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. 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.

Governmental Accounting Standards Board Statement No. 103

The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This Statement also addresses certain application issues.

This Statement continues the requirement that the basic financial statements be preceded by management's discussion and analysis (MD&A), which is presented as required supplementary information (RSI). MD&A provides an objective and easily readable analysis of the government's financial activities based on currently known facts, decisions, or conditions and presents comparisons between the current year and the prior year. This Statement requires that the information presented in MD&A be limited to the related topics discussed in five sections: (1) Overview of the Financial Statements, (2) Financial Summary, (3) Detailed Analyses, (4) Significant Capital Asset and Long-Term Financing Activity, and (5) Currently Known Facts, Decisions, or Conditions. Furthermore, this Statement stresses that the detailed analyses should explain why balances and results of operations changed rather than simply presenting the amounts or percentages by which they changed. This Statement emphasizes that the analysis provided in MD&A should avoid unnecessary duplication by not repeating explanations that may be relevant to multiple sections and that "boilerplate" discussions should be avoided by presenting only the most relevant information, focused on the primary government. In addition, this Statement continues the requirement that information included in MD&A distinguish between that of the primary government and its discretely presented component units.

This Statement describes unusual or infrequent items as transactions and other events that are either unusual in nature or infrequent in occurrence. Furthermore, governments are required to display the inflows and outflows related to each unusual or infrequent item separately as the last presented flow(s) of resources prior to the net change in resource flows in the government-wide, governmental fund, and proprietary fund statements of resource flows.

This Statement requires that the proprietary fund statement of revenues, expenses, and changes in fund net position continue to distinguish between operating and nonoperating revenues and expenses. Operating revenues and expenses are defined as revenues and expenses other than nonoperating revenues and expenses. Nonoperating revenues and expenses are defined as (1) subsidies received and provided, (2) contributions to permanent and term endowments, (3) revenues and expenses related to financing, (4) resources from the disposal of capital assets and inventory, and (5) investment income and expenses.

In addition to the subtotals currently required in a proprietary fund statement of revenues, expenses, and changes in fund net position, this Statement requires that a subtotal for operating income (loss) and noncapital subsidies be presented before reporting other nonoperating revenues and expenses. Subsidies are defined as (1) resources received from another party or fund (a) for which the proprietary fund does not provide goods and services to the other party or fund and (b) that directly or indirectly keep the proprietary fund's current or future fees and charges lower than they would be otherwise, (2) resources provided to another party or fund (a) for which the other party or fund does not provide goods and services to the proprietary fund and (b) that are recoverable through the proprietary fund's current or future pricing policies, and (3) all other transfers.

This Statement requires governments to present each major component unit separately in the reporting entity's statement of net position and statement of activities if it does not reduce the readability of the statements. If the readability of those statements would be reduced, combining statements of major component units should be presented after the fund financial statements.

This Statement requires governments to present budgetary comparison information using a single method of communication—RSI. Governments also are required to present (1) variances between original and final budget amounts and (2) variances between final budget and actual amounts. An explanation of significant variances is required to be presented in notes to RSI.

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

Governmental Accounting Standards Board Statement No. 104

State and local governments are required to provide detailed information about capital assets in notes to financial statements. Statement No. 34, Basic Financial Statements—

and Management's Discussion and Analysis—for State and Local Governments, requires certain information regarding capital assets to be presented by major class. The objective of this Statement is to provide users of government financial statements with essential information about certain types of capital assets.

This Statement requires certain types of capital assets to be disclosed separately in the capital assets note disclosures required by Statement 34. Lease assets recognized in accordance with Statement No. 87, Leases, and intangible right-to-use assets recognized in accordance with Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements, should be disclosed separately by major class of underlying asset in the capital as-sets note disclosures. Subscription assets recognized in accordance with Statement No. 96, Subscription-Based Information Technology Arrangements, also should be separately disclosed. In addition, this Statement requires intangible assets other than those three types to be disclosed separately by major class.

This Statement also requires additional disclosures for capital assets held for sale. A capital asset is a capital asset held for sale if (a) the government has decided to pursue the sale of the capital asset and (b) it is probable that the sale will be finalized within one year of the financial statement date. Governments should consider relevant factors to evaluate the likelihood of the capital asset being sold within the established time frame. This Statement requires that capital assets held for sale be evaluated each reporting period. Governments should disclose (1) the ending balance of capital assets held for sale, with separate disclosure for historical cost and accumulated depreciation by major class of asset, and (2) the carrying amount of debt for which the capital assets held for sale are pledged as collateral for each major class of asset.

The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, 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 (Unaudited) Last 10 Years

Report Date	2016	2017	2018	2019	2020
Proportion of the net pension liability	0.1358%	0.1292%	0.1286%	0.1284%	0.1299%
Proportionate share of the net pension liability	$9,322,251	$11,180,181	$12,755,395	$12,372,379	$13,307,674
Covered payroll	$6,864,271	$6,808,761	$7,034,742	$7,153,342	$7,919,542
Proportionate share of the net pension liability as percentage of covered payroll	135.81%	164.20%	181.32%	172.96%	168.04%
Plan fiduciary net position as a percentage of the total pension liability	75.42%	71.95%	71.53%	74.15%	74.56%

Report Date	2021	2022	2023	2024
Proportion of the net pension liability	0.1311%	0.1488%	0.0687%	0.0674%
Proportionate share of the net pension liability	$14,260,691	$8,047,386	$7,940,321	$8,414,001
Covered payroll	$8,456,530	$9,025,958	$9,223,847	$10,296,205
Proportionate share of the net pension liability as percentage of covered payroll	168.64%	89.16%	86.08%	81.72%
Plan fiduciary net position as a percentage of the total pension liability	74.32%	86.34%	87.71%	87.75%

NOTES TO THE SCHEDULE
Changes in Benefit Terms - None
Changes of Assumptions - There were no assumption changes in 2023 or 2024. Effective with the June 30, 2021 valuation date (2022 measurement date), the accounting discount rate was reduced from 7.15% to 6.90%. In determining the long-term expected rate of return, CalPERS took into account long-term market return expectations as well as the expected pension fund cash flows. In addition, demographic assumptions and the price inflation assumption were changed in accordance with the 2021 CalPERS Experience Study and Review of Actuarial Assumptions. The accounting discount rate was 7.15% for measurement dates June 30, 2017, and 7.65% for measurement dates June 30, 2015, through June 30, 2016.

*Schedule is intended to show information for ten years. Additional years will be displayed as they become available.

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

Report Date	2015	2016	2017	2018	2019
Actuarialy required contribution (actuarially determined)	$ 1,666,160	$ 1,290,528	$ 743,871	$ 1,581,605	$ 1,742,980
Contributions in relation to the actuarially determined contributions	$ 1,666,160	$ 1,290,528	$ 743,871	$ 1,581,605	$ 1,742,980
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 6,864,271	$ 6,808,761	$ 7,034,742	$ 7,153,342	$ 7,919,542
Contributions as a percentage of covered payroll	24.27%	18.95%	10.57%	22.11%	22.01%

Report Date	2020	2021	2022	2023	2024
Actuarialy required contribution (actuarially determined)	$ 2,418,751	$ 2,049,527	$ 2,228,963	$ 1,731,641	$ 1,163,276
Contributions in relation to the actuarially determined contributions	$ 2,418,751	$ 2,049,527	$ 11,578,963	$ 1,731,641	$ 1,163,276
Contribution deficiency (excess)	$ -	$ -	$ (9,350,000)	$ -	$ -
Covered payroll	$ 8,456,530	$ 9,025,958	$ 9,223,847	$ 10,296,205	$ 11,291,119
Contributions as a percentage of covered payroll	28.60%	22.71%	24.17%	16.82%	10.30%

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

Last 10 Years [1]

	2024	2023	2022	2021	2020	2019
Measurement Date	December 31, 2023	December 31, 2022	December 31, 2021	December 31, 2020	December 31, 2019	December 31, 2018
Total OPEB Liability						
Service cost	$ 197,080	$ 188,693	$ 272,088	$ 264,806	$ 220,129	$ 222,537
Interest	210,161	201,417	266,988	252,452	315,817	286,539
Changes in benefit terms	-	-	-	-	-	-
Differences between expected and actual experience	532,208	15,723	(1,243,111)	26,258	(810,983)	-
Changes of assumptions	(42,601)	-	(34,662)	(34,997)	189,008	13,092
Benefit payments	(191,986)	(161,975)	(236,420)	(200,108)	(142,970)	(160,748)
Implicit rate subsidy fulfilled	(99,851)	(79,636)	(62,664)	(52,231)	(117,394)	(97,025)
Net change in total OPEB liability	605,011	164,222	(1,037,781)	256,180	(346,393)	264,395
Total OPEB liability - beginning	3,451,525	3,287,303	4,325,084	4,068,904	4,415,297	4,150,902
Total OPEB liability - ending [a]	$ 4,056,536	$ 3,451,525	$ 3,287,303	$ 4,325,084	$ 4,068,904	$ 4,415,297
Plan Fiduciary Net Position						
Contributions - employer	$ 191,986	$ 241,611	$ 236,420	$ 454,364	$ 142,970	$ 572,655
Contributions - employer implicit subsidy	99,851	-	62,664	52,231	117,394	97,025
Net investment income (loss)	606,679	(924,078)	624,585	532,159	671,197	(132,663)
Administrative expense	(2,205)	(2,223)	(2,411)	(1,376)	(1,244)	(703)
Benefit payments	(191,986)	(161,975)	(236,420)	(200,108)	(142,970)	(160,748)
Implicit rate subsidy fulfilled	(99,851)	(79,636)	(62,664)	(52,231)	(117,394)	(97,025)
Net change in plan fiduciary net position	604,474	(926,301)	622,174	785,039	669,953	278,541
Plan fiduciary net position - beginning	4,261,228	5,187,529	4,565,355	3,780,316	3,110,363	2,831,822
Plan fiduciary net position - ending [b]	$ 4,865,702	$ 4,261,228	$ 5,187,529	$ 4,565,355	$ 3,780,316	$ 3,110,363
Net OPEB liability (asset) [(a)-(b)]	$ (809,166)	$ (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)]	119.95%	123.46%	157.81%	105.56%	92.91%	70.45%
Covered payroll	$11,916,061	$ 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	-6.79%	-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]

	2024	2023	2022	2021	2020	2019
Valuation date	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
Actuarially determined contribution	$ 82,410	$ 127,912	$ 311,986	$ 304,596	$ 342,736	$ 338,628
Contributions in relation to the actuarially determined contribution	298,782	291,837	241,611	299,084	506,595	260,364
Contribution deficiency (excess)	$ (216,372)	$ (163,925)	$ 70,375	$ 5,512	$ (163,859)	$ 78,264
Covered payroll	$ 12,249,711	$ 11,916,061	$ 9,750,000	$ 7,887,157	$ 7,661,740	$ 7,091,347
Contributions as a percentage of covered payroll	2.44%	2.45%	2.48%	3.79%	6.61%	3.67%
Methods and assumptions used to determine contribution rates:						
Discount rate	6.27%	6.00%	6.00%	6.00%	6.00%	7.01%
Inflation	2.30%	2.30%	2.30%	2.50%	2.50%	2.50%
Payroll growth	2.80%	2.80%	2.80%	2.75%	2.75%	2.75%
Investment rate of return	5.1% - 6.3%	6.00%	6.00%	6.00%	6.00%	7.01%
Mortality rate	CalPERS [7]	CalPERS [7]	CalPERS [7]	CalPERS [3]	CalPERS [3]	CalPERS [2]
Pre-retirement turnover	CalPERS [7]	CalPERS [7]	CalPERS [7]	CalPERS [3]	CalPERS [3]	CalPERS [2]
Healthcare trend rate	6.80% in the first year, trending down to 4.04% 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 3.73% 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

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, 2024, 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 18, 2025.

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 the 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 entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

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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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 District'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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Price Paige & Company

Clovis, California

July 18, 2025

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Schedule Of Findings And Questioned Costs

SOUTH SAN JOAQUIN IRRIGATION DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2024

SECTION I – SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued:	Unmodified			
Internal control over financial reporting:				
Material weaknesses identified?		Yes	X	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

None reported.

Summary Schedule of Prior Audit Findings

SOUTH SAN JOAQUIN IRRIGATION DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2024

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.

Status: Implemented.

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.

Status: Implemented.

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.

Status: Implemented.

SOUTH SAN JOAQUIN IRRIGATION DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2024

FINANCIAL STATEMENT FINDINGS

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: Implemented.