

GLENN-COLUSA IRRIGATION DISTRICT

AUDITED FINANCIAL STATEMENTS

September 30, 2023 and 2022

GLENN-COLUSA IRRIGATION DISTRICT

AUDITED FINANCIAL STATEMENTS

September 30, 2023 and 2022

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550 Howe Avenue, Suite 210
Sacramento, California 95825

Telephone: (916) 564-8727
FAX: (916) 564-8728

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Glenn-Colusa Irrigation District
Willows, California

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Glenn-Colusa Irrigation District (the District), as of and for the years ended September 30, 2023, and 2022, 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 September 30, 2023, and 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America 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.

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.

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

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

Other Information

Management is responsible for the other information included in the financial statements. The other information comprises the schedule of pension plan net assets, the summary of pension plan income and

To the Board of Directors
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expenses, the fair value of the pension plan invested assets, and the pension plan contributions and plan participation information but does not include the basic financial statements and our auditor's report thereon. Our opinion on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 28, 2024, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering District's internal control over financial reporting and compliance.

Richardson & Company, LLP

February 28, 2024

GLENN-COLUSA IRRIGATION DISTRICT

Management's Discussion and Analysis

Years ended September 30, 2023 and 2022

Overview

The following discussion and analysis provided by the management of the Glenn-Colusa Irrigation District (GCID or District) provides an overview of the financial activities and transactions for fiscal years 2023 and 2022 in the context of the requirements of the Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, as amended. This discussion and analysis should be read in conjunction with the District's audited financial statements and accompanying notes.

Financial Reporting

The District's accounting records are maintained in accordance with Generally Accepted Accounting Principles as prescribed by GASB. The financial activities of GCID are accounted for in a single enterprise fund and GCID is financed and operated in a manner similar to that of a private business enterprise. GCID uses the economic resources measurement focus and the accrual basis of accounting. Under this method, all economic assets available are measured, revenues are recorded when earned, and expenses are recorded at the time liabilities are incurred.

Description of Basic Financial Statements

Glenn-Colusa Irrigation District operates as a utility enterprise. The basic financial statements include statements of net position, statements of revenues, expenses and changes in net position, and statements of cash flows. The statements of net position include all of GCID's assets, deferred outflows, liabilities, and deferred inflows, with the difference reported as net position. The statements of revenues, expenses and changes in net position report all of GCID's revenues and expenses during the periods indicated. The statements of cash flows show the amount of cash received and paid out for operating activities, as well as cash received from taxes and investment income, annexation fees, grant funding, cash used for construction projects, as well as cash received and paid out pursuant to various third-party water sales.

- **Statements of Net Position**

The Statements of Net Position provide information about assets, liabilities, deferred inflows and outflows of resources, and net position of the District at a specific point in time. Assets are economic resources the District owns that have value and can either be sold or used by the District to produce products or services that can be sold. Assets include pumping plants, fish screens, vehicles, equipment, inventory, cash and investments, and customer accounts receivable.

Liabilities are amounts of money that the District owes to others. This includes money owed to suppliers for materials, payments due to landowners participating in water transfers, deposits from other agencies and amounts due to the District's pension plan.

A deferred outflow (inflow) is a consumption (acquisition) of net assets that is applicable to a future reporting period.

Net Position represents the difference between the elements included in the Statements of Net Position: assets, plus deferred outflows of resources, less liabilities, less deferred inflows of resources, equals net position.

GLENN-COLUSA IRRIGATION DISTRICT

Management's Discussion and Analysis

Years ended September 30, 2023 and 2022

- **Statements of Revenues, Expenses and Changes in Net Position**

The Statements of Revenues, Expenses and Changes in Net Position (also known as the Income Statement) provide information regarding the District's operations including income earned and expenses incurred over a one-year period. The bottom line of the statement shows the District's end of year net position.

- **Statements of Cash Flows**

The Statements of Cash Flows report the District's inflows and outflows of cash. This report provides management with information regarding cash on hand and the ability to pay expenses and purchase assets.

A cash flow statement reflects changes over time rather than absolute dollar amounts at a particular point in time. Cash flow statements are divided into four activities: (1) operating activities; (2) noncapital financing activities; (3) capital financing activities; and (4) investing activities.

1. **Operating Activities** – analyzes the cash flow from operational activities (operating revenues and expenses). This section of the cash flow statement reconciles the operating revenues to the actual cash GCID received from or used in its operating activities.
2. **Noncapital Financing Activities** – reflects the cash flows from non-operating activities such as third-party water sales, annexations, and grant activity.
3. **Capital Financing Activities** – shows the cash flows from all financing activities. Typical cash flows from financing activities include funds received from borrowing, debt service payments, and the purchase and/or sale of capital assets.
4. **Investing Activities** – reflects the cash flow from all investment activities including investment income and purchases or sales of investment securities.

GLENN-COLUSA IRRIGATION DISTRICT

Management's Discussion and Analysis

Years ended September 30, 2023 and 2022

CONDENSED STATEMENT OF NET POSITION

	September 30,		
	2023	2022	2021
Assets and Deferred Outflows of Resources:			
Current Assets	\$ 45,473,313	\$ 33,529,990	\$ 53,522,845
Capital Assets Net of Depreciation	\$ 45,368,630	\$ 42,979,236	\$ 43,783,961
Deferred Outflows of Resources	\$ 5,155,407	\$ 5,835,805	\$ 5,645,432
Total Assets & Deferred Outflows of Resources	\$ 95,997,350	\$ 82,345,031	\$ 102,952,238
Liabilities and Deferred Inflows of Resources:			
Current Liabilities	\$ 2,659,593	\$ 5,789,962	\$ 15,261,743
Long-Term Liabilities	\$ 2,817,563	\$ 6,017,752	\$ 5,045,640
Deferred Inflows of Resources (OPEB)	\$ 1,847,304	\$ 612,519	\$ 2,372,349
Total Liabilities and Deferred Inflows of Resources	\$ 7,324,460	\$ 12,420,233	\$ 22,679,732
Net Position:			
Net Position - Investment in Capital Assets	\$ 45,295,585	\$ 42,926,196	\$ 43,783,961
Net Position - Unrestricted	\$ 43,377,305	\$ 26,998,602	\$ 36,488,545
Total Net Position	\$ 88,672,890	\$ 69,924,798	\$ 80,272,506
Total Liabilities, Deferred Inflows and Net Position	\$ 95,997,350	\$ 82,345,031	\$ 102,952,238

Current Assets

Current assets include cash and equivalents, accounts receivable, grants receivable, interest receivable, inventory, and prepaid expenses.

Fiscal Year 2023 Compared to 2022. At September 30, 2023, current assets totaled \$45.5 million, a \$12.0 million dollar increase from the prior year. The increase was primarily due to three factors. First, in December 2022 the District received a payment in the amount of \$22.5 million from the Sacramento River Settlement Contractors ('SRSC', a nonprofit corporation). During the Fiscal Year ending September 30, 2022, the United States Bureau of Reclamation (USBR) purchased water that was conserved under severe drought conditions from the SRSC. The SRSC represented entities holding settlement contracts with the USBR during the purchase, including the District (see Note M from the District's financial statements for the fiscal year ending September 30, 2022).

Second, cash outlays for operational expenses exceeded revenues from operations by \$10.2 million. A variety of individual factors contributed to this result. Significantly, landowners deferred payments totaling \$3.3 million related to the supplemental water purchase program during the 2022 irrigation season until January 2023 (see Note A from the District's financial statements for the fiscal year ending September 30, 2022). Also, during the Fiscal Year ending September 30, 2023, the District refunded \$1.4 million to landowners related to water that was purchased by landowners during the prior fiscal year but ultimately not delivered (also see Note M from the District's financial statements for the fiscal year ending September 30, 2022).

GLENN-COLUSA IRRIGATION DISTRICT

Management's Discussion and Analysis

Years ended September 30, 2023 and 2022

Third, the District had higher than typical expenditures for capital assets, totaling \$5.6 million for the fiscal year, with about \$2.9 million of these expenditures related to the replacement of a major water control structure in the main canal.

Fiscal Year 2022 Compared to 2021. At September 30, 2022, current assets totaled \$33.5 million, a decrease of \$20.0 million from the prior year. The decrease was primarily due to two factors. First, the prolonged drought impacting California resulted in a significant reduction in the District's water supply during the 2022 irrigation season. The District's primary function is to deliver water available to it pursuant to the Sacramento River Settlement Contract it holds with the USBR to growers within the District. In a typical year that is not impacted by drought, water sales to growers within the District will exceed \$13.0 million. However, due to the severe drought conditions, the District's water supply was significantly reduced during the 2022 irrigation season such that irrigation water sales to growers within the District totaled just \$1.4 million.

Second, at the end of fiscal year 2021, the District had an amount payable of \$13.8 million related to water transfers. The growers who took actions to make water available for transfer during fiscal year 2021 were paid for their actions during January of 2022 (in fiscal year 2022), which eliminated the payable and reduced the District's available cash.

Capital Assets Net of Depreciation

Capital assets net of depreciation include construction in progress, plus property, plant and equipment net of all accumulated depreciation.

Fiscal Year 2023 Compared to 2022. At September 30, 2023, net capital assets totaled \$45.4 million, an increase of \$2.4 million from the prior year. During fiscal year 2023, a total of \$3.7 million was added to construction in progress for twenty-five separate projects, \$5.0 million was transferred from construction in progress to capital assets being depreciated, and \$7.0 million in capital assets being depreciated were added (including the transfer from construction in progress). Depreciation for fiscal year 2023 totaled \$3.2 million.

Fiscal Year 2022 Compared to 2021. At September 30, 2022, net capital assets totaled \$43.0 million, a decrease of \$805,000 from the prior year. During fiscal year 2022, a total of \$1.2 million was added to construction in progress for eight separate projects, \$150,000 was transferred from construction in progress to capital assets being depreciated, and \$1.5 million in capital assets being depreciated were added (including the transfer from construction in progress). Depreciation for fiscal year 2022 totaled \$3.4 million.

Deferred Outflows of Resources

Deferred outflows of resources are primarily related to the \$9.2 million that GCID paid to the USBR in 2004 to pay off the operations and maintenance deficit that had accrued during the term of the previous Settlement contract. The total is being amortized using the straight-line method over the life of the new contract (40 years, 2005 through 2045). Beginning in fiscal year 2018, the District adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which resulted in additional deferred outflows of resources related to contributions made after the measurement date.

Fiscal Year 2023 Compared to 2022. At September 30, 2023, deferred outflows of resources totaled approximately \$5.2 million, a decrease of roughly \$680,000 from the prior year. The decrease is attributable to the amortization of the operations and maintenance deficit payment to the USBR (\$231,000) and a

GLENN-COLUSA IRRIGATION DISTRICT

Management's Discussion and Analysis

Years ended September 30, 2023 and 2022

\$449,000 decrease in deferred outflows of resources related to Other-Post Employment Benefits (OPEB), as explained more fully in Note H to the Financial Statements.

Fiscal Year 2022 Compared to 2021. At September 30, 2022, deferred outflows of resources totaled approximately \$5.8 million, an increase of roughly \$190,000 total from the prior year. The increase is attributable to the amortization of the operations and maintenance deficit payment to the USBR (\$231,000) and a \$420,000 increase in deferred outflows of resources related to Other-Post Employment Benefits (OPEB), as explained more fully in Note H to the Financial Statements.

Current Liabilities

Current liabilities represent District obligations that are due within one year. They include accounts payable, deposits, and the current portion of long-term liabilities.

Fiscal Year 2023 Compared to 2022. At September 30, 2023, current liabilities totaled \$2.7 million, a decrease of \$3.1 million from the prior year. The primary reason for the decrease was that at the close of the prior fiscal year, the District had a payable of \$3.3 million related to the supplemental water purchase pool program (see discussion below and Note A from the District's financial statements for the fiscal year ending September 30, 2022). The District made all payments related to this liability during Fiscal Year 2023.

Fiscal Year 2022 Compared to 2021. At September 30, 2022, current liabilities totaled \$5.8 million, a decrease of \$9.5 million from the prior year. The net impact of two main factors accounted for this decrease.

First, the District did not conduct a water transfer program during fiscal year 2022 that involved landowners taking actions to make water available for transfer, so there was no related payable as there was at the close of fiscal year 2021 (at the close of fiscal year 2021 the District recorded a payable of \$13.8 million for this purpose).

Second, due to reductions in the District's water supply related to the prolonged drought, the District administered a supplemental water purchase pool program during fiscal year 2022. To increase the efficiency with which water was used within the District, the District offered to purchase water from landowners who opted not to use water allocated to them and sold this water to willing buyers within the District. A portion of the payments to growers who ceded their water allocation to the supplemental pool were not made until after the close of fiscal year 2022, and a payable of \$3.3 million was recorded to reflect this.

Long-Term Liabilities

Long-term liabilities include the long-term portion of vehicle lease payments owed by the District, accrued compensated absences, and the other post-employment benefit (OPEB) liability. Accrued compensated absences are accrued benefits such as annual leave and sick leave that are owed to employees and the OPEB liability relates to the District's obligation to provide post-employment health insurance to certain employees.

Fiscal Year 2023 Compared to 2022. At September 30, 2023, the long-term liability total was \$2.8 million, a decrease of \$3.2 million. This decrease was caused by a significant decrease in the District's OPEB liability (see Note H).

GLENN-COLUSA IRRIGATION DISTRICT

Management's Discussion and Analysis

Years ended September 30, 2023 and 2022

Fiscal Year 2022 Compared to 2021. At September 30, 2022, the long-term liability total was \$6.0 million, an increase of approximately \$1.0 million from the prior year. This increase was due to an increase in the OPEB liability of \$1.0 million (see Note H).

Deferred Inflows of Resources

A deferred inflow of resources is defined as an acquisition of net assets by the government that is applicable to a future reporting period.

Fiscal Year 2023 Compared to 2022. At September 30, 2023, deferred inflows of resources totaled approximately \$1.8 million, an increase of \$1.2 million compared to the prior year. The total of deferred inflows of resources as of September 30, 2023, is related to the difference between the expected and actual experience of the OPEB plan and also the net difference between the projected and actual earnings on investments held by the OPEB trust, as described more fully in Note H to the Financial Statements.

Fiscal Year 2022 Compared to 2021. At September 30, 2022, deferred inflows of resources totaled approximately \$610,000, a decrease of \$1.8 million compared to the prior year. The total of deferred inflows of resources as of September 30, 2022, is related to the difference between the expected and actual experience of the OPEB plan and also the net difference between the projected and actual earnings on investments held by the OPEB trust, as described more fully in Note H to the Financial Statements.

Net Position – Investment in Capital Assets

The capital asset portion of the net position represents the historical cost of the District's property, plant, and equipment, net of depreciation, plus construction in progress, less any outstanding debt related to the capital assets, and less amounts payable related to the capital assets. As of September 30, 2023, the District had no capital asset debt but did have a \$73,045 liability related to leased vehicles. Therefore, the capital asset portion of the net position was equal to the asset category Capital Assets Net of Depreciation at September 30, 2023, less the \$73,045 liability.

Net Position – Unrestricted

Unrestricted net position is a residual measure of equity and is the amount of net position not included in the net investment in capital assets or restricted net position (if any). Unrestricted net position is the District's assets that are usable for any purpose, though the entirety of unrestricted net position may not be in spendable form.

Fiscal Year 2023 Compared to 2022. At September 30, 2023, unrestricted net position was \$43.4 million, an increase of \$16.4 million from the prior year. The primary factors driving the increase in unrestricted net position were the net impact of 1) the \$22.5 million payment from the SRSC, 2) cash outlays for operations exceeding operational revenues by \$10.2 million, 3) significant capital expenditures (these three items are discussed above in the section on Current Assets), and 4) the \$4.2 million decrease in the long-term OPEB liability (discussed above under Long-Term Liabilities).

Fiscal Year 2022 Compared to 2021. At September 30, 2022, unrestricted net position was \$27.0 million, a decrease of \$9.5 million over the balance at the end of fiscal year 2021. As explained in the Current Assets section of Management's Discussion and Analysis, due to the severe drought conditions, the District's water supply was significantly reduced during the 2022 irrigation season such that irrigation water sales to growers within the District totaled just \$1.4 million, rather than typical revenue of more than \$13.0 million.

GLENN-COLUSA IRRIGATION DISTRICT

Management's Discussion and Analysis

Years ended September 30, 2023 and 2022

This significant reduction in revenue caused the District to consume a portion of its unrestricted net position during the fiscal year 2022.

Total Net Position

Total net position is a measure of the District's total equity and is defined as total assets plus deferred outflows of resources less liabilities and less deferred inflows of resources. Alternatively, total net position is the sum of net investment in capital assets, restricted net position (if any), and unrestricted net position.

Fiscal Year 2023 Compared to 2022. The total net position at the end of fiscal year 2023 was \$88.7 million, an increase of \$18.8 million from the end of the prior year. This increase was driven by the same factors that led to the increase in unrestricted net position.

Fiscal Year 2022 Compared to 2021. The total net position at the end of fiscal year 2022 was \$69.9 million, a decrease of \$10.3 million from the balance at the end of fiscal year 2021. The primary factor that produced the significant decrease in unrestricted net position (discussed above) also led to nearly all of the decrease in total net position.

GLENN-COLUSA IRRIGATION DISTRICT

Management's Discussion and Analysis

Years ended September 30, 2023 and 2022

CONDENSED SCHEDULE OF REVENUES, EXPENSES & CHANGES IN NET POSITION

	September 30,		
	2023	2022	2021
Operating Revenues			
Supplemental water purchase pool	\$ -	\$ 3,552,075	\$ -
Irrigation Charges	\$ 10,681,727	\$ 1,445,469	\$ 13,313,967
Refuge Wheeling Charges	\$ 2,720,515	\$ 1,686,200	\$ 2,019,253
Standby Charges	\$ 921,704	\$ 921,269	\$ 921,056
Total Operating Revenues	\$ 14,323,946	\$ 7,605,013	\$ 16,254,276
Nonoperating Revenues - Third Party Water Sales	\$ 1,839,334	\$ 4,841,494	\$ 33,797,472
Other Nonoperating Revenues	\$ 25,841,008	\$ 898,056	\$ 2,257,452
Total Revenues	\$ 42,004,288	\$ 13,344,563	\$ 52,309,200
Operating Expenses			
Source of Supply	\$ 6,764,860	\$ 3,129,493	\$ 5,020,410
Pumping Plant	\$ 1,299,262	\$ 545,650	\$ 1,152,540
Transmission & Distribution	\$ 6,083,147	\$ 4,423,190	\$ 4,655,265
Administration & General	\$ 5,192,119	\$ 5,588,248	\$ 5,873,500
Supplemental water purchase pool	\$ (656)	\$ 6,123,969	\$ -
Depreciation	\$ 3,233,449	\$ 3,364,742	\$ 3,277,993
Total Operating Expenses	\$ 22,572,181	\$ 23,175,292	\$ 19,979,708
Nonoperating Expenses - Third Party Water Sales	\$ 6,041	\$ 391,719	\$ 23,615,186
Nonoperating Expenses - Other	\$ 677,974	\$ 125,260	\$ 24,557
Total Expenses	\$ 23,256,196	\$ 23,692,271	\$ 43,619,451
Extraordinary Item			
Gradient Facility settlement revenue (Note I)	\$ -	\$ -	\$ 10,500,000
Change in Net Position	\$ 18,748,092	\$ (10,347,708)	\$ 19,189,749
Net Position, Beginning of Year	\$ 69,924,798	\$ 80,272,506	\$ 61,082,757
Net Position, End of Year	\$ 88,672,890	\$ 69,924,798	\$ 80,272,506

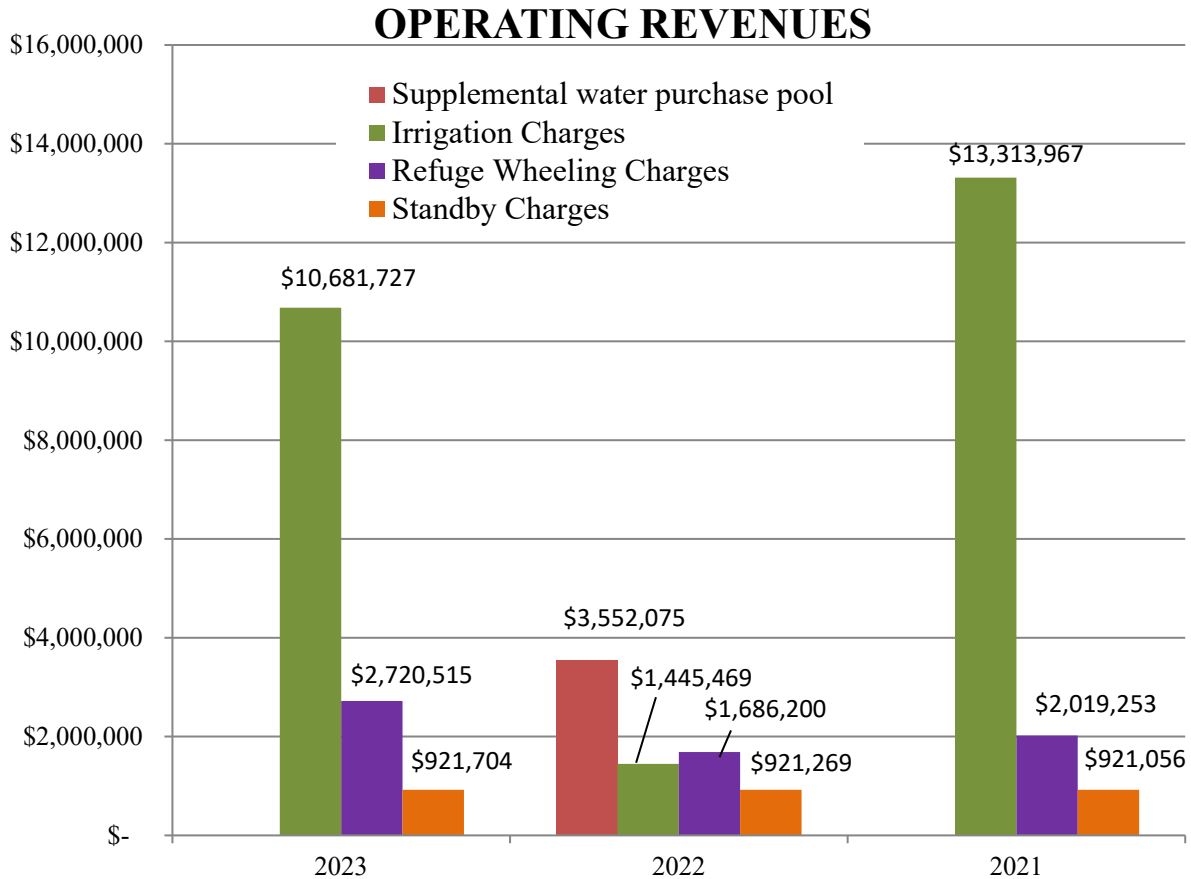
Operating Revenues

Glenn-Colusa Irrigation District's principal source of revenue is from water sales, which typically account for approximately 80 percent of operating revenues. GCID's primary sources of water are pre-1914 senior water rights and Central Valley Project water diverted from the Sacramento River under the District's Sacramento River Settlement Contract with the USBR. Operating revenues also include a land-based standby charge as well as wheeling revenue the District receives to deliver the Federal Government's water supply to three Federal Wildlife Refuges located within the District's boundary.

GLENN-COLUSA IRRIGATION DISTRICT

Management's Discussion and Analysis

Years ended September 30, 2023 and 2022



Fiscal Year 2023 Compared to 2022. Fiscal Year 2023 operating revenues were \$14.3 million, an increase of \$6.7 million compared to the prior year. During the 2023 irrigation season, the District had a 100% water supply under its settlement contract with the USBR, which allowed for revenue from water sales to increase to normal levels after a severely reduced water supply (and related reduced revenue) during the 2022 irrigation season. Revenue from irrigation charges totaled \$10.7 million during fiscal year 2023. The total would have been higher, however, the District refunded water users \$1.4 million during fiscal year 2023 related to water that was purchased by landowners during the prior fiscal year but ultimately not delivered (see Note M from the District's financial statements for the fiscal year ending September 30, 2022).

The District conveyed an above average quantity of water to the three federal wildlife refuges that it serves, resulting in \$2.7 million in revenue from that source (a \$1.0 million increase from the prior fiscal year).

Additionally, the supplemental water purchase pool was a one-time response to the severe drought conditions during the 2022 irrigation season, so there was no revenue related to such a program during fiscal year 2023 (see Note A from the District's financial statements for the fiscal year ending September 30, 2022).

Fiscal Year 2022 Compared to 2021. Fiscal year 2022 operating revenues were \$7.6 million, a decrease of \$8.6 million compared to the prior year. The primary cause of the decrease in operating revenues was due to the District's water supply was significantly reduced during the 2022 irrigation season such that irrigation water sales to growers within the District totaled just \$1.4 million, rather than typical revenue of more than

GLENN-COLUSA IRRIGATION DISTRICT

Management’s Discussion and Analysis

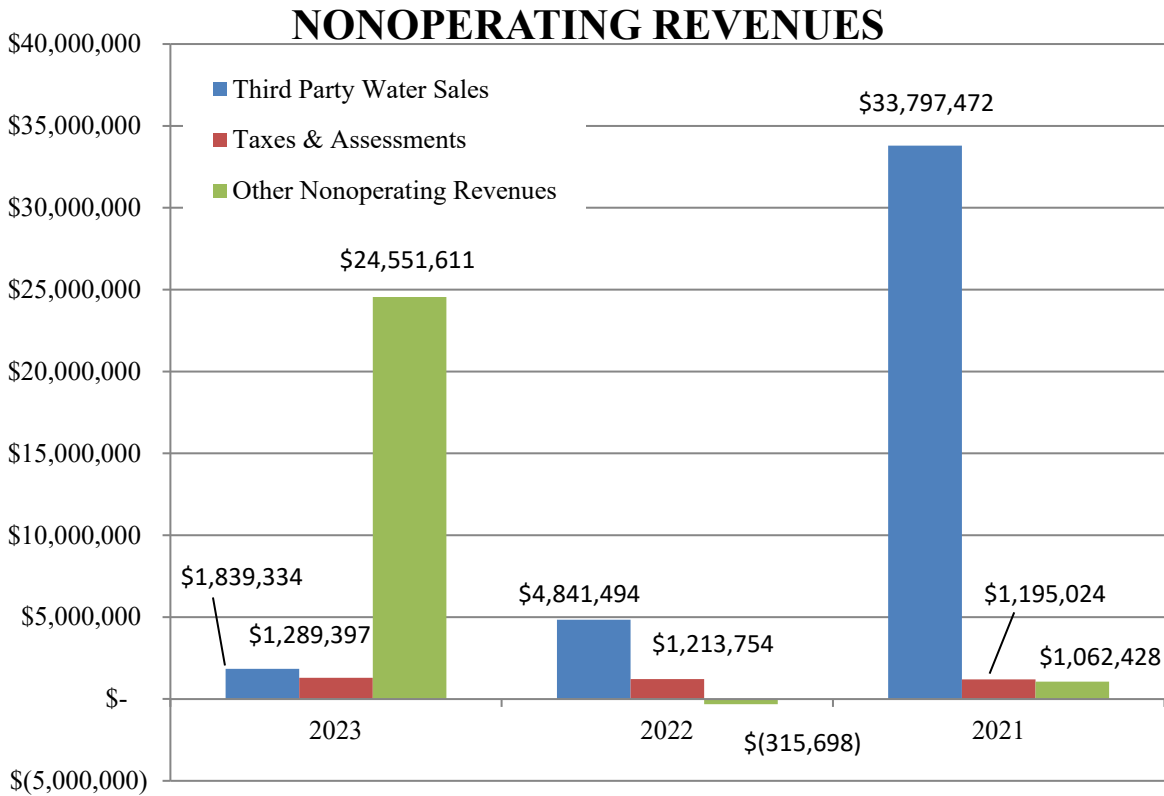
Years ended September 30, 2023 and 2022

\$13.0 million. Additionally, and also due to the drought conditions, revenue from wheeling water to the federal wildlife refuges was reduced by \$333,000.

To help ensure that the District’s very limited water supply was used within the District as efficiently as possible, the District administered a supplemental water purchase program during fiscal year 2022. The District offered to purchase any water from growers choosing to forgo any portion of their allocation of water from the District at a rate of \$300 per acre-foot. The District then made this water available to other growers within the District at a rate of \$300 per acre-foot. The supplemental water purchase program yielded \$3.5 million in revenue.

Non-operating Revenues

The primary sources of non-operating revenue for GCID are county property taxes, assessments and third-party water sales.



Fiscal Year 2023 Compared to 2022. Non-operating revenues for fiscal year 2023 were \$27.7 million, an increase of \$22.0 million compared to the prior year. The primary reason for the increase was the receipt of a \$22.5 million payment from the SRSC (see discussion in Current Assets section above). Also, third party water sales revenue decreased by \$3.0 million. During fiscal year 2023, the District received \$943,000 from water transferred to federal wildlife refuges and \$827,000 from a water transfer to the Colusa Drain Mutual Water Company.

GLENN-COLUSA IRRIGATION DISTRICT

Management’s Discussion and Analysis

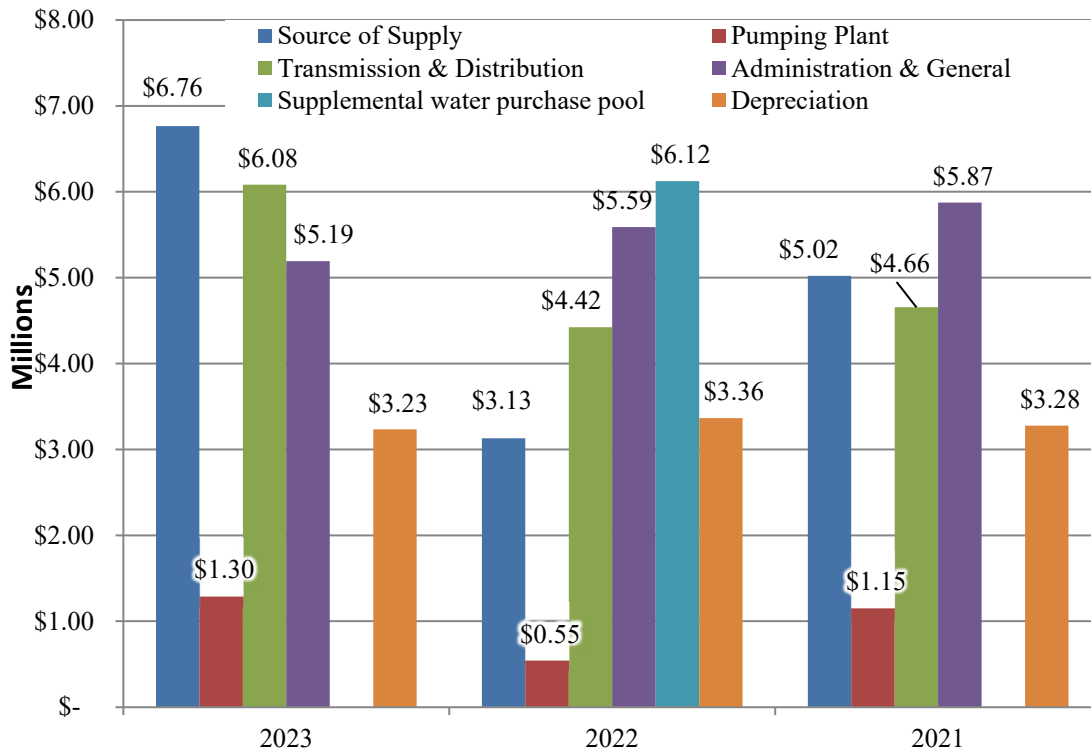
Years ended September 30, 2023 and 2022

Fiscal Year 2022 Compared to 2021. Non-operating revenues for fiscal year 2022 were \$5.7 million, a net decrease of \$30.3 million compared to fiscal year 2021. In fiscal year 2021, the District engaged in significant water transfer programs involving crop idling and groundwater substitution. In fiscal year 2022, the District did not engage in water transfer programs involving crop idling and groundwater substitution. However, it did transfer Central Valley Project water to federal wildlife refuges, yielding approximately \$4.7 million in revenue. Also, the water transfer to the Colusa Drain Mutual Water Company resulted in revenue of \$75,000, a reduction of \$167,000 compared to the prior year. There was little change in the revenue from taxes and assessments. Other nonoperating revenue for fiscal year 2022 totaled -\$316,000. This is due to unrealized losses in the District’s investment portfolio of \$1.0 million.

Operating Expenses

Operating expenses fall into five major cost centers: (1) source of supply, (2) pumping plant, (3) transmission and distribution, (4) administration and general, and (5) depreciation. The supplemental water purchase pool was a one-time response to the severe drought conditions during the 2022 irrigation season (see Note A from the District’s financial statements for the fiscal year ending September 30, 2022).

OPERATING EXPENSES



Fiscal Year 2023 Compared to 2022. Total operating expenses were \$22.6 million in fiscal year 2023, a decrease of \$603,000 from the prior year. Though the variation in total operating expenses was fairly moderate, there was significant variation within the categories of expenses that comprise the District’s operations. First, expenses within the source of supply category increased by \$3.6 million, primarily due to increased costs for Central Valley Project water provided through the District’s settlement contract with the USBR. Second, expenses in the pumping plant category increased by \$754,000, almost all of which was due to increased electricity cost related to running the District’s pumps (during the prior fiscal year,

GLENN-COLUSA IRRIGATION DISTRICT

Management's Discussion and Analysis

Years ended September 30, 2023 and 2022

pumping and electricity usage were at all time lows due to the severe drought conditions). Expenses within the transmission & distribution category increased by \$1.7 million due to increases in electricity usage by the District's recapture pumps, increases in supply and materials costs, and increased labor costs (primarily due to the District increasing water operations staffing levels). Last, expenses related to the supplemental water purchase pool decreased by \$6.1 million as that program was a response to the severe drought and related reduced water supply during the prior fiscal year.

Fiscal Year 2022 Compared to 2021. Total operating expenses were \$23.2 million in fiscal year 2022, an increase of \$3.2 million from the prior year. Source of supply expenses decreased by \$1.9 million due mainly to decreased expenses for Central Valley Project water from the USBR. Pumping Plant expenses decreased by approximately \$600,000 due to lower energy usage at the pumping plant (the District pumped much less water than typical). Expenses in both Transmission & Distribution and Administration & General categories were slightly decreased from the prior year. Depreciation expense increased slightly.

To help ensure that the District's very limited water supply was used within the District as efficiently as possible, the District administered a supplemental water purchase program during fiscal year 2022. The District offered to purchase any water from growers choosing to forgo any portion their allocation of water from the District at a rate of \$300 per acre-foot. The District then made this water available to other growers within the District at a rate of \$300 per acre-foot. The supplemental water purchase program resulted in \$6.1 million in expenses during fiscal year 2022.

Non-operating Expenses

Non-operating expenses include interest expenses, third party water transfer expenses, cost of sales to landowners and employees and grant expenses.

NON-OPERATING EXPENSES

	September 30,		
	2023	2022	2021
Third Party Water Sales	\$ 6,041	\$ 391,719	\$ 23,615,186
Other Non-operating Expenses	\$ 677,974	\$ 125,260	\$ 24,557
	\$ 684,015	\$ 516,979	\$ 23,639,743

Fiscal Year 2023 Compared to 2022. Expenses related to third party water sales were minimal during fiscal year 2023. The most significant expense in the other non-operating expense category was \$570,000 in expenses related to the District's management of a cooperative agreement focused on salmonid habitat restoration in the Sacramento River. Expenses under this cooperative agreement are 100% reimbursable (revenue is recorded within the other non-operating income category).

Fiscal Year 2022 Compared to 2021. Expenses related to third party water sales decreased by \$23.1 million in fiscal year 2022 compared to the prior year. During 2021, the District engaged in significant water transfer programs that involved landowners taking specific actions to make water available for transfer (crop idling and groundwater substitution). The \$23.6 million in third party water sales expenses in fiscal year 2021 represents payments the District made to landowners who took actions to make water available for transfer. The District did not engage in water transfer programs during fiscal year 2022 that involved crop idling or groundwater substitution. \$370,000 of the \$392,000 in third party water sales expenses was related to a water sale for environmental purposes that occurred in October of 2021.

GLENN-COLUSA IRRIGATION DISTRICT

Management's Discussion and Analysis

Years ended September 30, 2023 and 2022

Currently Known Facts

Issues that are currently known that could have an impact on the financial position of the District include the water supply outlook, maintenance of the Gradient Facility, and ongoing litigation related to the District's Settlement Contract.

Water Supply Outlook

Current projections of the inflow to Shasta Lake for the water year that began October 1, 2023, indicate that it is unlikely that the District will have its water supply reduced under the terms of its contract with the USBR.

Gradient Facility

The Gradient Facility is a group of improvements to the channel of the Sacramento River near the District's pumping facility that are intended to preserve the elevation of the river so as to permit the normal operation of the pumping facility. The District received a settlement in the amount of \$10.5 million from the United States Army Corps of Engineers in 2021 that the District will use for the maintenance and improvement of the Gradient Facility. The District is currently undertaking work for the preliminary design of any gradient facility maintenance and improvements. However, at this time, the scope of the potential maintenance and improvements, their potential cost, and an estimated timeline for any maintenance activities or construction has not been determined.

GCID's Sacramento River Settlement Contract

The District executed a renewal of its Sacramento River Settlement Contract in January 2005 and is now operating under the terms of the new contract. The term of the District's renewal contract is 40 years. Various environmental groups have directly and indirectly challenged the Sacramento River Settlement Contracts by filing suit against the Federal Government's environmental review, which was an integral part of the renewal process. The District will continue to operate under the terms and conditions of the renewal contract while the legal issues are resolved. At this time, it is unknown what impact, if any, these legal challenges may ultimately have on the District's renewal contract.

Financial Contact

This financial report is intended to provide the District's customers, creditors, investors and other interested parties an overview of the District's financial operations and financial condition. Should the reader have questions regarding information included in this report, or wish to request additional financial information, please contact the Glenn-Colusa Irrigation District Finance Director at P.O. Box 150, Willows, California 95988.

GLENN-COLUSA IRRIGATION DISTRICT

STATEMENTS OF NET POSITION

September 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
ASSETS		
CURRENT ASSETS		
Cash and equivalents	\$ 12,606,377	\$ 7,626,863
Investments	29,377,849	18,975,556
Accounts receivable	284,508	447,452
Due from other governments	2,151,198	5,250,966
Assessments receivable	280,908	241,572
Interest receivable	124,610	39,144
Inventory	443,954	747,777
Prepaid expenses	203,909	200,660
TOTAL CURRENT ASSETS	<u>45,473,313</u>	<u>33,529,990</u>
CAPITAL ASSETS		
Not being depreciated	3,981,483	5,333,591
Being depreciated, net	41,387,147	37,645,645
TOTAL CAPITAL ASSETS, NET	<u>45,368,630</u>	<u>42,979,236</u>
TOTAL ASSETS	90,841,943	76,509,226
DEFERRED OUTFLOW OF RESOURCES		
CVP O&M deficit - contract renewal, net	4,888,127	5,119,322
Related to OPEB	267,280	716,483
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>5,155,407</u>	<u>5,835,805</u>
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable	1,338,141	1,185,836
Supplemental water purchase pool payable		3,251,692
Regional Plan participants payable	14,697	31,456
Accrued payroll and benefits payable	591,965	262,922
Due to pension plan	31,535	34,884
Unearned revenue	204,700	579,929
Current portion of lease liability	18,336	
Current portion of accrued compensated absences	460,219	443,243
TOTAL CURRENT LIABILITIES	<u>2,659,593</u>	<u>5,789,962</u>
LONG-TERM LIABILITIES		
Accrued compensated absences	75,937	83,752
Lease liability	54,709	
Net other postemployment benefits (OPEB) liability	2,686,917	5,934,000
TOTAL LONG-TERM LIABILITIES	<u>2,817,563</u>	<u>6,017,752</u>
TOTAL LIABILITIES	5,477,156	11,807,714
DEFERRED INFLOWS OF RESOURCES		
Related to OPEB	1,847,304	612,519
NET POSITION		
Net investment in capital assets	45,295,585	42,926,196
Unrestricted	43,377,305	26,998,602
TOTAL NET POSITION	<u>\$ 88,672,890</u>	<u>\$ 69,924,798</u>

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

GLENN-COLUSA IRRIGATION DISTRICT

STATEMENTS OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION

For the years ended September 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
OPERATING REVENUES		
Supplemental water purchase pool		\$ 3,552,075
Irrigation charges	\$ 10,681,727	1,445,469
Refuge wheeling charges	2,720,515	1,686,200
Standby charges	921,704	921,269
TOTAL OPERATING REVENUES	<u>14,323,946</u>	<u>7,605,013</u>
OPERATING EXPENSES		
Source of supply	6,764,860	3,129,493
Pumping plant	1,299,262	545,650
Transmission and distribution	6,083,147	4,423,190
Administration and general	5,192,119	5,588,248
Supplemental water purchase pool	(656)	6,123,969
Depreciation	3,233,449	3,364,742
TOTAL OPERATING EXPENSES	<u>22,572,181</u>	<u>23,175,292</u>
NET LOSS FROM OPERATIONS	(8,248,235)	(15,570,279)
NON-OPERATING REVENUE (EXPENSES)		
Third-party water sales	1,839,334	4,841,494
Taxes and assessments	1,289,397	1,213,754
Investment income (loss)	993,867	(1,031,749)
Other non-operating revenue	23,405,704	583,019
In-basin water transfers	96,808	
Third party water purchases	(6,041)	(391,719)
Gain on sales of capital assets	55,232	133,032
Other non-operating expenses	(677,974)	(125,260)
TOTAL NON-OPERATING REVENUES (EXPENSES)	<u>26,996,327</u>	<u>5,222,571</u>
CHANGE IN NET POSITION	18,748,092	(10,347,708)
Net position, beginning of year	<u>69,924,798</u>	<u>80,272,506</u>
NET POSITION AT END OF YEAR	<u>\$ 88,672,890</u>	<u>\$ 69,924,798</u>

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

GLENN-COLUSA IRRIGATION DISTRICT

STATEMENTS OF CASH FLOWS

For the years ended September 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	\$ 13,222,931	\$ 7,737,529
Cash paid to suppliers for goods and services	(18,036,261)	(12,177,426)
Cash paid to employees for services	(5,417,272)	(4,644,140)
NET CASH USED BY OPERATING ACTIVITIES	<u>(10,230,602)</u>	<u>(9,084,037)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Property taxes received	1,250,061	1,208,242
Third-party water sales received	6,203,061	8,884,911
Third-party water purchases paid	(6,041)	(14,234,953)
In-basin water transfers revenue received	96,808	
Other nonoperating revenue received	23,405,704	583,019
Nonoperating expenses paid	(677,974)	(125,260)
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	<u>30,271,619</u>	<u>(3,684,041)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchases of capital assets	(5,651,263)	(2,514,654)
Proceeds from sale of capital assets	83,652	140,709
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(5,567,611)</u>	<u>(2,373,945)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment income received	5,648,947	2,438,381
Investment purchases	(28,026,972)	(23,299,278)
Investment sales/maturities	12,884,133	836,876
NET CASH (USED) PROVIDED BY INVESTING ACTIVITIES	<u>(9,493,892)</u>	<u>(20,024,021)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	4,979,514	(35,166,044)
Cash and cash equivalents at beginning of year	<u>7,626,863</u>	<u>42,792,907</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 12,606,377</u>	<u>\$ 7,626,863</u>

(Continued)

GLENN-COLUSA IRRIGATION DISTRICT

STATEMENTS OF CASH FLOWS (Continued)

For the years ended September 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
RECONCILIATION OF NET LOSS FROM OPERATIONS		
TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Net loss from operations	\$ (8,248,235)	\$ (15,570,279)
Adjustments to reconcile net loss from operations		
to net cash (used) provided by operating activities:		
Depreciation and amortization	3,233,449	3,364,742
Amortization	231,195	231,196
Changes in operating assets and liabilities:		
Accounts receivable	162,944	(136,382)
Due from other governments	(1,263,959)	268,898
Inventory	303,823	(352,167)
Prepaid expenses	(3,249)	829
Deferred outflows related to OPEB	449,203	(421,569)
Accounts payable	152,305	521,813
Supplemental water purchase pool payable	(3,251,692)	3,251,692
Regional Plan participants payable	(16,759)	(9,765)
Accrued payroll and benefits payable	329,043	66,521
Due to pension plan	(3,349)	1,116
Unearned revenue	(375,229)	561,149
Net OPEB liability	(3,247,083)	973,886
Compensated absences	9,161	(75,887)
Lease liability	73,045	
Deferred inflows related to OPEB	1,234,785	(1,759,830)
	<u>1,234,785</u>	<u>(1,759,830)</u>
NET CASH USED BY OPERATING ACTIVITIES	<u>\$ (10,230,602)</u>	<u>\$ (9,084,037)</u>
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES		
Change in fair value of investments	\$ 159,454	\$ (1,071,846)
Change in capital accounts payable	\$ -	\$ (53,040)
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Capital assets acquired under leases	\$ 337,732	

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

GLENN-COLUSA IRRIGATION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

September 30, 2023 and 2022

NOTE A – REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the Glenn-Colusa Irrigation District (the District) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described below.

Reporting Entity: The Glenn-Colusa Irrigation District was organized on March 2, 1920, as a successor to several public and private irrigation projects dating back to 1887. The District is organized and operated under authority of the California Water Code. The District provides water for irrigation purposes to an area of approximately 170,000 gross acres.

Joint Powers Authorities: The District is in three joint ventures under joint powers agreements (JPAs):

- Sites Project Joint Powers Authority (SPJPA), which is described in Note J.
- Power and Water Resources Pooling Authority (PWRPA) manages power assets and loads.
- Association of California Water Agencies Joint Powers Insurance Authority (ACWA/JPIA) provides insurance coverage for health, general and auto liability, errors and omissions, property, boiler and machinery, employee dishonesty and workers' compensation.

The JPAs are governed by boards consisting of representatives from member districts. Each board controls the operations of their JPAs, including selection of management and approval of operating budgets independent of any influence by the member districts beyond their representation on the Board. The relationships between the District and the JPAs are such that the JPAs are not component units of the District for financial reporting purposes. In the event of the dissolution of SPJPA or PWRPA, the District will receive a pro-rata share of the assets and liabilities of these organizations. In the event of the dissolution of ACWA/JPIA, the District is only liable for unpaid insurance premiums and is neither entitled to nor obligated for any assets or liabilities of ACWA/JPIA. Annual audited financial information can be obtained by contacting each JPA's management.

During the years ended September 30, 2023 and 2022, the District paid PWRPA \$1,392,584 and \$596,605, respectively. These payments are made based on pro-forma budgeted rates, which are reconciled to actual costs.

Basis of Presentation: The District's resources are allocated to and accounted for in these basic financial statements as an enterprise fund type of the proprietary fund group. The enterprise fund is used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges, or where the governing body has decided that period determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other policies. Net position represents the amount available for future operations.

Basis of Accounting: The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The enterprise fund type is accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets, deferred outflows, liabilities, and deferred inflows associated with the operation of the fund are included on the balance sheet. Net position is

GLENN-COLUSA IRRIGATION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

September 30, 2023 and 2022

NOTE A – REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

segregated into the investment in capital assets, amounts restricted and amounts unrestricted. Enterprise fund type operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net position.

The District uses the accrual basis of accounting. Under this method, revenues are recognized when earned and expenses are recorded when the liability is incurred or the economic asset used. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

Those revenues susceptible to accrual include taxes, intergovernmental revenues, interest and charges for services. Grant revenues are recognized in the fiscal year in which all eligibility requirements are met. Under the terms of grant agreements, the District may fund certain programs with a combination of cost-reimbursement grants and general revenues.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal operations. The principal operating revenues of the District are charges to customers for water sales. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

Cash and Investments: For the purposes of the Statement of Cash Flows, the District's cash and cash equivalents include cash on hand or on deposit, and demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

Receivables: Receivables consist of all revenues earned at year-end and not yet received. Receivables are recorded in the financial statements net of any allowance for doubtful accounts, if applicable, and estimated refunds due. The District reports utilities, reimbursements, and interest earnings as major receivables. No allowance was deemed necessary at September 30, 2023 and 2022. The District conducted a significant water transfer program during the years ended September 30, 2023 and 2022, which resulted in a large amount being recorded as due from other governments as of September 30, 2023 and 2022.

Property Taxes: Property tax revenue is recognized in the fiscal year for which the tax and assessment is levied. The Counties of Glenn and Colusa levy, bill and collect property taxes for the District. Under the County's "Teeter Plan", the County remits the entire amount levied and handles all delinquencies, retaining interest and penalties. Property tax revenues are recognized by the District in the fiscal year they are assessed. Secured property tax is due in two installments, on November 1 and February 1, and becomes a lien on January 1. It becomes delinquent on December 10 and April 10, respectively. Unsecured property tax is due on July 1 and becomes delinquent on August 31.

Inventories and Prepaid Items: Inventories consist primarily of materials and supplies used in the maintenance and improvement of the District's irrigation system. Inventories are valued using an average cost method. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the financial statements.

GLENN-COLUSA IRRIGATION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

September 30, 2023 and 2022

NOTE A – REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

Capital Assets: Capital assets are valued at historical cost. Donated capital assets are recorded at the acquisition value, which is the price that would be paid to acquire an asset with equivalent service potential in an orderly market transaction at the acquisition date. Capital assets are currently defined by the District as assets with an initial individual cost of more than \$15,000 and an estimated useful life in excess of one year. Land acquisitions are capitalized regardless of the amount. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized.

Depreciation is provided over the useful lives of assets using the straight-line method. Estimated useful lives of depreciable assets range from 3 to 50 years.

Compensated Absences: The District policy allows employees to accumulate earned but unused annual leave (up to a maximum of 60 days), which will be paid to employees upon separation from the District's service. The cost of annual leave is recognized in the period earned.

Net Position: The net position amount is the difference between assets, deferred outflows of resources, liabilities and deferred inflows of resources. The net investment in capital assets represents capital assets, less accumulated depreciation and any outstanding debt or capital payables related to the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are legal limitations imposed on their use by the District or external restrictions by other governments, creditors or grantors.

Deferred Outflows and Inflows 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 assets by the government that is applicable to a future reporting period. *Deferred inflows of resources* represent an acquisition of net assets 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 earning process is complete. Deferred outflows and inflows of resources represent amounts deferred related to the CVP O&M deficit as described in Note C and the District's OPEB plan as described in Note H.

Other Postemployment Benefits (OPEB): For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the OPEB plan and additions to/deductions from the OPEB plan's fiduciary net position have been determined on the same basis. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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

GLENN-COLUSA IRRIGATION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

September 30, 2023 and 2022

NOTE A – REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

New Pronouncements: In April 2022, the GASB issued Statement No. 99, *Omnibus 2022*. This Statement enhances comparability in accounting and financial reporting and consistency in authoritative literature, including the classification and reporting of derivative instruments within the scope of Statement No. 53, Accounting and Financial Reporting for Derivative Instruments, that do not meet the definition of either an investment derivative instrument or a hedging derivative instrument; clarification of provisions of Statement 87, *Leases*, related to the determination of the lease term, classification of a lease as a short-term lease, recognition and measurement of a lease liability and a lease asset and identification of lease incentives; clarification of provisions in Statement No. 96, *Subscription-Based Information Technology Arrangements*, related to the subscription-based information technology arrangement term, classification as short-term and recognition of a subscription liability; extension of the period during which the London Interbank Offered Rate (LIBOR) is considered an appropriate benchmark interest rate for the qualitative evaluation of the effectiveness of an interest rate swap that hedges the interest rate risk of taxable debt; accounting for the distribution of benefits as part of the Supplemental Nutrition Assistance Program (SNAP); disclosures related to nonmonetary transactions; pledges of future revenues when resources are not received by the pledging government; clarification of provisions in Statement No. 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments*, related to the focus of the government-wide financial statements; terminology updates related to provisions of Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position; and terminology used in Statement No. 53 to refer to resource flows statements. The provisions of this Statement are effective immediately through periods beginning after June 15, 2023.

In June 2022, the GASB issued Statement No. 101, *Compensated Absences*. This statement requires that liabilities for compensated absences be recognized for leave that has not been used that is attributable to services already rendered, accumulates and is more likely than not to be used for time off or paid in cash or settled through noncash means and leave that has been used but not paid in cash or settled through noncash means. Leave that is more likely than not to be settled through conversion to defined benefit postemployment benefits should not be included in the liability for compensated absences. This Statement requires that a liability for certain types of compensated absences, including parental leave, military leave and jury duty leave, not be recognized until the leave commences. Certain salary-related payments that are directly and incrementally associated with payments for leave also should be included in the measurement of the liabilities. With respect to financial statements prepared using the current financial resources measurement focus, this Statement requires that expenditures be recognized for the amount that normally would be liquidated with expendable available financial resources. Governments are allowed to disclose the net change in the liability if identified as such in the footnotes to the financial statements. The provisions of this Statement are effective for years beginning after December 15, 2023.

The District is currently analyzing the impact of the required implementation of this new statement.

GLENN-COLUSA IRRIGATION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

September 30, 2023 and 2022

NOTE B – CASH AND INVESTMENTS

Cash and investments consisted of the following at September 30:

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 12,606,377	\$ 7,626,863
Investments	<u>29,377,849</u>	<u>18,975,556</u>
Total cash and investments	<u>\$ 41,984,226</u>	<u>\$ 26,602,419</u>

Cash and investments were classified as follows under GASB Statement No. 40 at September 30:

	<u>2023</u>	<u>2022</u>
Cash on hand	\$ 100	\$ 100
Deposits with financial institutions	<u>476,234</u>	<u>557,088</u>
Total cash	<u>476,334</u>	<u>557,188</u>
Local Agency Investment Fund (LAIF)	11,907,207	7,042,905
Money market mutual fund	222,836	26,770
U.S. Agency securities	10,351,019	2,007,279
U.S. Treasury notes	7,558,304	11,883,447
Corporate notes/bonds	3,453,744	2,780,865
Municipal notes/bonds	3,027,619	950,155
Asset-backed securities	3,022,715	
Supranational notes	<u>1,964,448</u>	<u>1,353,810</u>
Total investments	<u>41,507,892</u>	<u>26,045,231</u>
Total cash and investments	<u>\$ 41,984,226</u>	<u>\$ 26,602,419</u>

Investment policy: California statutes authorize districts to invest idle or surplus funds in a variety of credit instruments as provided for in the California Government Code, Section 53600. The table below identifies the investment types that are authorized for the District by the California Government Code (or the District's investment policy, where more restrictive) that address interest rate risk, credit risk, and concentration of credit risk.

GLENN-COLUSA IRRIGATION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

September 30, 2023 and 2022

NOTE B – CASH AND INVESTMENTS (Continued)

During the year ended September 30, 2023, the District’s permissible investments included in the following instruments:

Authorized Investment Type	Maximum Maturity	Maximum % Holdings	Maximum % per Issuer
Securities of the U.S. Government	5 years	100%	100%
Securities of the U.S. Government Agencies and Instrumentalities	5 years	100%	50%
Registered State Warrants, Treasury Notes or Bonds of the State of California	5 years	25%	10%
Registered Treasury Notes or Bonds of other states in the United States	5 years	25%	10%
Bonds, Notes, Warrants or Other Evidences of Indebtedness of any Local Agency within the State of California	5 years	30%	10%
Commercial Paper	270 days	25%	5%
Corporate or Medium-Term Notes	5 years	30%	5%
Money Market Mutual Funds	N/A	20%	5%
Bonds of Supranationals	5 years	15%	5%
Negotiable Certificates of Deposit	1 year	20%	5%
Repurchase Agreements	1 year	15%	5%
Bankers' Acceptances	180 days	25%	5%
Local Agency Investment Fund	N/A	100%	N/A
Collateralized Bank Deposits	N/A	100%	100%
Asset-Backed Securities	5 years	20%	5%

The District complied with the provisions of the California Government Code pertaining to the types of investments held, the institutions in which deposits were made and the security requirements. The District will continue to monitor compliance with applicable statutes pertaining to public deposits and investments.

Interest rate risk: Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District’s investment in LAIF had an average maturity of 256 and 304 days as of September 30, 2023 and 2022.

Information about the sensitivity of the fair values of the District’s investments to market interest rate fluctuations is provided in the following table that shows the distribution of the District’s investments by maturity at September 30, 2023:

GLENN-COLUSA IRRIGATION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

September 30, 2023 and 2022

NOTE B – CASH AND INVESTMENTS (Continued)

	Total	Remaining Investment Maturities		
		12 Months or Less	1 to 3 Years	3 to 5 Years
Local Agency Investment				
Fund (LAIF)	\$ 11,907,207	\$ 11,907,207		
Money market mutual fund	222,836	222,836		
U.S. Agency securities	10,351,019	5,144,331	\$ 4,051,946	\$ 1,154,742
U.S. Treasury notes	7,558,304	2,447,675	4,121,040	989,589
Corporate notes/bonds	3,453,744	642,826	617,976	2,192,942
Municipal notes/bonds	3,027,619		1,040,263	1,987,356
Asset-backed securities	3,022,715		1,540,554	1,482,161
Supranational notes	1,964,448	475,690	464,670	1,024,088
Total	\$ 41,507,892	\$ 20,840,565	\$ 11,836,449	\$ 8,830,878

Credit Risk: Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. LAIF does not have a rating provided by a nationally recognized statistical rating organization.

Presented below is the minimum rating required by the California Government Code, the District’s investment policy, or debt agreements, and the actual rating as of year-end for each investment type at September 30, 2023.

	Total	Minimum Legal Rating	Minimum Rating				Not Rated
			AAA	AA+	AA	-AA	
Local Agency Investment							
Fund (LAIF)	\$ 11,907,207	N/A					\$ 11,907,207
Money market mutual fund	222,836	(1)	\$ 222,836				
U.S. Agency securities	10,351,019	N/A	10,351,019				
U.S. Treasury notes	7,558,304	N/A	7,558,304				
Corporate bonds	3,453,744	Aa or AA	1,200,002		\$ 1,258,909	\$ 994,833	
Municipal notes/bonds	3,027,619	Aa or AA	1,158,265	\$ 1,120,072	749,282		
Asset-backed securities	3,022,715		3,022,715				
Supranational notes	1,964,448	Aa or AA	1,964,448				
Total	\$ 41,507,892		\$ 25,477,589	\$ 1,120,072	\$ 2,008,191	\$ 994,833	\$ 11,907,207

Concentration of Credit Risk: The investment policy of the District limits the amount that can be invested by any one issuer to those limits specified in the California Government Code. Investments in any one issuer (excluding U.S. Treasury securities, mutual funds and external investment pools) that represent 5% or more of total District investments are as follows as of June 30, 2023.

GLENN-COLUSA IRRIGATION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

September 30, 2023 and 2022

NOTE B – CASH AND INVESTMENTS (Continued)

Issuer	Investment Type	Amount	%
Federal Farm Credit Bank	U.S. Agency security	\$ 2,714,547	6.54%
Federal Home Loan Bank	U.S. Agency security	6,467,116	15.58%

Custodial Credit Risk: Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in possession of an outside party. The California Government Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure of custodial risk for deposits or investments, other than the following provision for deposits.

The California Government Code requires that a financial institution secure deposits made by state and local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must be equal to at least 110% of the total amount deposited by public agencies. California law also allows financial institutions to secure District deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

At September 30, 2023, the carrying amount of the District's deposits was \$476,234 and the balances in financial institutions was \$505,749 of which \$255,749 was not covered by federal depository insurance. At September 30, 2022, the carrying amount of the District's deposits was \$557,088 and the balances in financial institutions was \$874,251, of which \$624,251 was not covered by federal depository insurance. In addition, all of the District's investments with the exception of the investment in LAIF were held by the same broker-dealer (counterparty) used to buy the securities.

Investment in LAIF: LAIF is stated at amortized cost, which approximates fair value. The District is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. The total fair value amount invested by all public agencies in LAIF at September 30, 2023 was \$152,844,333,514. Of that amount, 2.18% was invested in structured notes and asset-backed securities. The fair value of the District's investment in this pool is reported in the accompanying financial statements at amounts based upon the District's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

Fair Value Measurements: 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 the fair value of investments. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant observable inputs. When quoted prices in active markets are not readily available, fair values are based on pricing models or matrices maximizing the use of observable inputs for similar securities. Level 3 inputs are significant unobservable inputs. The District had the following reoccurring fair value measurements as of September 30, 2023.

GLENN-COLUSA IRRIGATION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

September 30, 2023 and 2022

NOTE B – CASH AND INVESTMENTS (Continued)

	Total	Level		
		1	2	3
Money market mutual fund	\$ 222,836			\$ 222,836
U.S. Agency securities	10,351,019		\$ 10,351,019	
U.S. Treasury notes	7,558,304		7,558,304	
Corporate bonds	3,453,744		3,453,744	
Municipal notes/bonds	3,027,619		3,027,619	
Asset-backed securities	3,022,715		3,022,715	
Supranational notes	1,964,448		1,964,448	
	<u>29,600,685</u>	<u>\$ -</u>	<u>\$ 29,377,849</u>	<u>\$ 222,836</u>
Investments not categorized:				
Local Agency Investment Fund (LAIF)	<u>11,907,207</u>			
Total	<u>\$ 41,507,892</u>			

Investments categorized in Level 2 are valued using matrix pricing which use observable market inputs such as yield curves and market indices that are derived principally from or corroborated from observable market data by correlation or other means.

NOTE C – CVP O&M DEFICIT

As part of the District’s 2004 Central Valley Project Sacramento River Settlement Contract renewal with the United States Bureau of Reclamation (Bureau), the District was required to fund its share of the Operations and Maintenance deficit that had accumulated during the term of the previous contract. The District decided to fund this obligation in a lump-sum amount as opposed to making payments over the term of the new contract, with interest charges accumulating on the unpaid balance. The District’s payment of \$9,247,807 is reported as a deferred outflow of resources on the Statement of Net Position and is being amortized using the straight-line method over the life of the new contract under GASB Statement No. 62 paragraphs 476 to 500 on accounting for regulated operations. The new contract, executed on April 1, 2005, will remain in effect until March 31, 2045.

GLENN-COLUSA IRRIGATION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

September 30, 2023 and 2022

NOTE D – CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2023 was as follows:

	Balance at October 1, 2022	Additions	Write-offs/ Disposals	Transfers	Balance at September 30, 2023
Capital assets, not being depreciated:					
Land and other land rights	\$ 520,410				\$ 520,410
Construction in progress	4,813,181	\$ 3,700,254		\$ (5,052,362)	3,461,073
Total capital assets, not being depreciated	5,333,591	3,700,254		(5,052,362)	3,981,483
Capital assets, being depreciated:					
Fish screen and related improvements	40,422,733				40,422,733
Source of supply	2,743,483	102,582			2,846,065
Pumping plant	16,165,995				16,165,995
Transmission and distribution	34,830,222	33,393		5,052,362	39,915,977
General plant	7,225,044	65,083			7,290,127
Equipment	6,485,329	1,412,219	\$ (306,851)		7,590,697
Right of use asset		337,732			337,732
Total capital assets being depreciated	107,872,806	1,951,009	(306,851)	5,052,362	114,569,326
Less: accumulated depreciation:					
Fish screen and related improvements	(18,218,302)	(1,346,259)			(19,564,561)
Source of supply	(2,407,100)	(67,637)			(2,474,737)
Pumping plant	(12,121,640)	(588,563)			(12,710,203)
Transmission and distribution	(26,027,951)	(675,439)			(26,703,390)
General plant	(6,867,432)	(76,686)			(6,944,118)
Equipment	(4,584,736)	(459,056)	278,431		(4,765,361)
Right of Use Asset		(19,809)			(19,809)
Total accumulated depreciation	(70,227,161)	(3,233,449)	278,431		(73,182,179)
Total capital assets being depreciated, net	37,645,645	(1,282,440)	(28,420)	5,052,362	41,387,147
CAPITAL ASSETS, NET	\$ 42,979,236	\$ 2,417,814	\$ (28,420)	\$ -	\$ 45,368,630

GLENN-COLUSA IRRIGATION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

September 30, 2023 and 2022

NOTE D – CAPITAL ASSETS (Continued)

Capital asset activity for the year ended September 30, 2022 was as follows:

	Balance at October 1, 2021	Additions	Deletions	Transfers	Balance at September 30, 2022
Capital assets, not being depreciated:					
Land and other land rights	\$ 520,410				\$ 520,410
Construction in progress	3,795,417	\$ 1,167,608		\$ (149,844)	4,813,181
Total capital assets, not being depreciated	4,315,827	1,167,608		(149,844)	5,333,591
Capital assets, being depreciated:					
Fish screen and related improvements	40,422,733				40,422,733
Source of supply	2,743,483				2,743,483
Pumping plant	15,486,760	705,991	\$ (26,756)		16,165,995
Transmission and distribution	34,695,775	87,396	(102,793)	149,844	34,830,222
General plant	7,251,151		(26,107)		7,225,044
Equipment	6,480,486	606,699	(601,856)		6,485,329
Total capital assets being depreciated	107,080,388	1,400,086	(757,512)	149,844	107,872,806
Less: accumulated depreciation:					
Fish screen and related improvements	(16,872,043)	(1,346,259)			(18,218,302)
Source of supply	(2,340,795)	(66,305)			(2,407,100)
Pumping plant	(11,577,633)	(570,763)	26,756		(12,121,640)
Transmission and distribution	(25,234,152)	(896,592)	102,793		(26,027,951)
General plant	(6,821,515)	(72,024)	26,107		(6,867,432)
Equipment	(4,766,116)	(412,799)	594,179		(4,584,736)
Total accumulated depreciation	(67,612,254)	(3,364,742)	749,835		(70,227,161)
Total capital assets being depreciated, net	39,468,134	(1,964,656)	(7,677)	149,844	37,645,645
CAPITAL ASSETS, NET	\$ 43,783,961	\$ (797,048)	\$ (7,677)	\$ -	\$ 42,979,236

NOTE E – LONG-TERM LIABILITIES

The following is a summary of changes in long-term liabilities for the year ended September 30, 2023:

	October 1, 2022	Additions	Reductions	September 30, 2023	Due Within One Year
Compensated absences	\$ 526,995	\$ 505,318	\$ (496,157)	\$ 536,156	\$ 460,219
Other post-employment benefits	5,934,000	214,600	(3,461,683)	2,686,917	
Lease liability		73,045		73,045	18,336
Total Long-Term Liabilities	\$ 6,460,995	\$ 792,963	\$ (3,957,840)	\$ 3,296,118	\$ 478,555

GLENN-COLUSA IRRIGATION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

September 30, 2023 and 2022

NOTE E – LONG-TERM LIABILITIES (Continued)

The following is a summary of changes in long-term liabilities for the year ended September 30, 2022:

	October 1, 2021	Additions	Reductions	September 30, 2022	Due Within One Year
Compensated absences	\$ 602,882	\$ 433,999	\$ (509,886)	\$ 526,995	\$ 443,243
Other post-employment benefits	4,960,114	730,072	243,814	5,934,000	
Total Long-Term Liabilities	<u>\$ 5,562,996</u>	<u>\$ 1,164,071</u>	<u>\$ (266,072)</u>	<u>\$ 6,460,995</u>	<u>\$ 443,243</u>

Obligation under lease liability: On February 27, 2023, the District entered into a Master Equity Lease agreement with Enterprise Fleet Management for the lease of vehicles from time to time as deemed necessary by the District. The lease terms are 48 months, with monthly payments ranging from \$134 to \$278 and interest rates ranging from 7.26% to 9.72%. The cost of the assets were \$337,732 and accumulated depreciation was \$19,809 as of September 30, 2023. Should the District default on lease payments or any covenants of the lease agreement, the Lessor can demand full payment of the outstanding lease payments or retake possession of equipment or require the District to return property, with the District being responsible for a loss on resale or re-lease of equipment. By September 30, 2023, the District had leased nine vehicles.

Minimum lease payments over the remaining term of the lease include:

Fiscal year ending September 30,	Principal	Interest
2024	\$ 18,336	\$ 5,143
2025	19,838	3,640
2026	21,466	2,013
2027	13,405	392
	<u>\$ 73,045</u>	<u>\$ 11,188</u>

NOTE F – NET POSITION

Designations: Designations of unrestricted net position may be imposed by the Board of Directors to reflect future spending plans or concerns about the availability of future resources. Designations may be modified, amended or removed by Board action. Designations included the following as of September 30:

	2023	2022
Water Supply Protection and Regional Sustainability Reserve	\$ 4,000,000	\$ 4,000,000
USBR Cost Reserve	5,000,000	5,000,000
Vehicle, Equipment, and Capital Replacement Reserve	5,000,000	5,000,000
Gradient Facility Repair	8,839,242	10,369,273
Operations Reserve	20,538,063	2,629,329
Total Unrestricted Net Position	<u>\$ 43,377,305</u>	<u>\$ 26,998,602</u>

GLENN-COLUSA IRRIGATION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

September 30, 2023 and 2022

NOTE F – NET POSITION (Continued)

The designations are for the following:

Designated for Water Supply Protection and Regional Sustainability Reserve represents an account established to provide a source of funding for defending the District's Sacramento River Settlement Contract, water transfer monitoring and mitigation, development of groundwater supplies, fishery restoration efforts, and Sites Reservoir development.

Designated for U.S. Bureau of Reclamation Cost Reserve represents an account established to earmark funds to cover the extraordinary costs related to reductions in the District's water supply in a Shasta Critical year. Shasta Critical years result in dramatically increased costs from the District's contract with the Bureau of Reclamation which are unavoidable by the District.

Designated for Vehicle, Equipment, and Capital Replacement and Improvement Reserve represents an account established to earmark funds for the regular repair and replacement of machinery, other rolling stock, a variety of both mechanical and computer equipment, and capital infrastructure.

Designated for Gradient Facility Maintenance and Repair Reserve represents an account established to provide for the regular maintenance and emergency repair of the improvements in and along the Sacramento River that function to preserve the elevation of the river near the District Pumping Plant. Maintaining the elevation of the Sacramento River near the pumping plant is critical for the District's ability to divert water.

Designated for Operations Reserve represents an account established to provide for the cash flow needs of the District, to provide funds as necessary for purposes not contemplated by the other District Reserves, and to finance any loss resulting from District operations.

NOTE G – PENSION PLAN AND DEFERRED COMPENSATION PLANS

Defined Contribution Retirement Plan: The District is the sponsor of an Internal Revenue Code Section 401(a) defined contribution retirement plan that covers all eligible full-time employees of the District with at least one year of credited service. The District is required to contribute 10.0% of the participants' annual base salary to the plan. The nature of a defined contribution retirement plan is not to guarantee a specific retirement benefit but to define an annual contribution to the plan for each employee. Total District contributions to the plan during the years ended September 30, 2023 and 2022 were \$411,339 and \$408,329, respectively.

Employees (participants) may not contribute to the plan. Vesting provisions for employer contributions under the plan are as follows:

<u>Years of Credited Service</u>	<u>Percent Vested</u>
Less than 3	0%
3	20%
4	40%
5	60%
6	80%
7 or more	100%

GLENN-COLUSA IRRIGATION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

September 30, 2023 and 2022

NOTE G – PENSION PLAN AND DEFERRED COMPENSATION PLANS (Continued)

Plan forfeitures can occur when a participant separates from employment with the District before the participant’s account is fully vested. Forfeitures incurred during a plan year are used to reduce the District’s contributions to the plan for the next following plan year. Forfeitures totaled \$0 and \$4,340 during the years ended September 30, 2023 and 2022, respectively.

Deferred Compensation Plans: The District offers three Section 457 Deferred Compensation plans open to all employees other than probationary, temporary, and part-time employees from their date of hire. Plans include the CalPERS Supplemental Income 457 Plan, Glenn-Colusa Irrigation District Eligible Deferred Compensation Plan, and the 457 Governmental Deferred Compensation Plan and Trust. The plans are considered single employer defined contribution plans.

Benefit terms, including contribution requirements, are established and may be amended by the Board of Directors. The District does not contribute to the plans and employees may contribute to the plans up to the limits established by the Internal Revenue Code. During the years ended September 30, 2023 and 2022, the employees contributed \$161,865 and \$185,505 to the plans, respectively. Employees are immediately fully vested in their contributions to the plans.

NOTE H – OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Description of the Plan: The District administers a single-employer defined benefit other postemployment benefits (OPEB) plan providing health plan coverage to eligible retired employees and their eligible dependents. Employees hired by the District prior to March 1, 2005, and Directors whose first term began prior to January 1, 1995, are eligible for the benefits. The District offers retirees the option to obtain coverage under the same medical plans as its active employees if such coverage is offered by the plan, with the eligible participants and the District sharing the cost of the coverage in approximately the same proportions as active employees and the District. Health insurance benefits are payable for the lifetime of the retiree, subject to the retiree making any required monthly contributions. Employees become eligible to retire and receive healthcare benefits after age 65 unless an earlier retirement is approved by the Board, as provided for by the District’s “Policies and Rules” employee manual. The OPEB Plan does not issue a publicly available financial report.

Employees Covered by Benefit Terms: As of the valuation dates, the following current and former employees were covered by the benefit terms:

	<u>2023</u>	<u>2022</u>
Inactive employees or beneficiaries currently receiving benefit payments	35	30
Active employees	<u>25</u>	<u>34</u>
Total	<u>60</u>	<u>64</u>

Contributions: The contribution requirements of plan members and the District are established and may be amended by the Board of Directors. The District has a trust with Public Agency Retirement Services (PARS) for the purpose of prefunding obligations for past services. The District’s funding policy, starting with the year ended September 30, 2020, provides for contributions to the trust of at least \$100,000 annually. During the year ended September 30, 2023, employer contributions were \$827,879, including benefit payments outside of the trust of \$431,640, contributions to the trust of \$384,700 and implied

GLENN-COLUSA IRRIGATION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

September 30, 2023 and 2022

NOTE H – OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

subsidy payments of \$11,539. During the year ended September 30, 2022, employer contributions were \$614,158, including benefit payments outside of the trust of \$232,683, contributions to the trust of \$379,200 and implied subsidy payments of \$2,275. There were \$571,637 of withdrawals from the PARS trust during the year ended September 30, 2023. There were no withdrawals from the PARS trust for benefit payments during the year ended September 30, 2022.

Net OPEB Liability: The District's net OPEB liability was measured as of September 30, 2023, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of September 30, 2023. Standard actuarial update procedures were used to project/discount from valuation to measurement dates.

Actuarial Assumptions: The total OPEB liability in the September 30, 2022, and 2021 actuarial valuations were determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

	<u>2023</u>	<u>2022</u>
Valuation date	September 30, 2023	September 30, 2021
Measurement date	September 30, 2023	September 30, 2022
Actuarial cost method	Entry-age normal cost	Entry-age normal cost
Actuarial assumptions:		
Discount rate	5.75%	5.75%
Salary increases	2.75% per year	2.75% per year
Inflation rate	2.50%	2.50%
Healthcare trend rate	4% for 2022-23	4% for 2021-22

Mortality rates in the September 30, 2023, valuation was based on the 2021 CalPERS Mortality for Miscellaneous and Schools Employees table created by CalPERS. CalPERS periodically studies mortality for participating agencies and establishes mortality tables that are modified versions of commonly used tables. This table incorporates mortality projection as deemed appropriate based on CalPERS analysis. Retirement rates in the September 30, 2023, valuation was based on the 2021 CalPERS 2.0%@60 Rates for Miscellaneous Employees table created by CalPERS. CalPERS periodically studies the experience for participating agencies and establishes tables that are appropriate for each pool.

Turnover rate tables in the September 30, 2023, valuation was based on the 2021 CalPERS Turnover for Miscellaneous Employees table created by CalPERS. CalPERS periodically studies the experience for participating agencies and established tables that are appropriate for each pool.

The long-term expected rate of return on OPEB 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 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. To achieve the goal set by the investment policy, plan assets will be managed to earn, on a long-term basis, a rate of return equal to or in excess of the target rate of return of 5.75%.

GLENN-COLUSA IRRIGATION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

September 30, 2023 and 2022

NOTE H – OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

Discount Rate: The discount rate used to measure the total OPEB liability was 5.75% for the years ended September 30, 2023 and 2022. The projection of cash flows used to determine the discount rate assumed that District contributions 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 be available to make all projected OPEB payments for current active and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Changes in the Net OPEB Liability: The changes in the net OPEB liability for the plan are as follows:

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balance at September 30, 2022	\$ 10,669,552	\$ 4,735,552	\$ 5,934,000
Changes in the year:			
Service cost	130,028		130,028
Interest	604,090		604,090
Differences between expected and actual experience	(2,796,329)		(2,796,329)
Changes in assumptions	(282,513)		(282,513)
Contributions - employer		384,700	(384,700)
Expected investment income, net of investment expense		534,925	(534,925)
Administrative expenses		(17,266)	17,266
Benefit payments (including implied subsidy)	(571,637)	(571,637)	
Net changes	<u>(2,916,361)</u>	<u>330,722</u>	<u>(3,247,083)</u>
Balance at September 30, 2023 (measurement date September 30, 2023)	<u>\$ 7,753,191</u>	<u>\$ 5,066,274</u>	<u>\$ 2,686,917</u>

GLENN-COLUSA IRRIGATION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

September 30, 2023 and 2022

NOTE H – OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balance at September 30, 2021	\$ 10,281,828	\$ 5,321,714	\$ 4,960,114
Changes in the year:			
Service cost	126,548		126,548
Interest	585,519		585,519
Contributions - employer		703,543	(703,543)
Expected investment income, net of investment expense		(947,357)	947,357
Administrative expenses		(18,005)	18,005
Benefit payments (including implied subsidy)	(324,343)	(324,343)	
Net changes	<u>387,724</u>	<u>(586,162)</u>	<u>973,886</u>
Balance at September 30, 2022 (measurement date September 30, 2021)	<u>\$ 10,669,552</u>	<u>\$ 4,735,552</u>	<u>\$ 5,934,000</u>

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate and Healthcare Cost Trend Rates: The following presents the net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current discount rate:

	2023			2022		
	Current			Current		
	1% Decrease 4.75%	Discount Rate 5.75%	1% Increase 6.75%	1% Decrease 4.75%	Discount Rate 5.75%	1% Increase 6.75%
Net OPEB liability	\$ 3,638,719	\$ 2,686,917	\$ 1,883,320	\$ 7,212,344	\$ 5,934,000	\$ 4,859,551

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates: The following presents the net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower or 1 percentage point higher than the current healthcare cost trend rates:

	2023			2022		
	Current			Current		
	1% Decrease	Discount Rate	1% Increase	1% Decrease	Discount Rate	1% Increase
Net OPEB liability	\$ 1,806,075	\$ 2,686,917	\$ 3,738,888	\$ 4,684,942	\$ 5,934,000	\$ 7,428,871

OPEB Plan Fiduciary Net Position: PARS issues a publicly available financial report that may be obtained from the Public Agency Retirement Services, 4350 Von Karman Ave, Newport Beach, CA 92660.

GLENN-COLUSA IRRIGATION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

September 30, 2023 and 2022

NOTE H – OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources: For the year ended September 30, 2023 and 2022, the District recognized OPEB expense (benefit) of (\$1,178,395) and (\$503,970,), respectively. At September 30, 2023 and 2022, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	2023		2022	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Change in assumptions	\$ -	\$ (169,507)	\$ 134,496	\$ (45,198)
Difference between expected and actual experience		(1,677,797)		(567,321)
Net differences between projected and actual earnings on plan investments	267,280		581,987	
Total	<u>\$ 267,280</u>	<u>\$ (1,847,304)</u>	<u>\$ 716,483</u>	<u>\$ (612,519)</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ended	2023	2022
September 30,		
2023		\$ (378,117)
2024	\$ (1,178,867)	106,372
2025	(546,506)	122,961
2026	199,047	252,748
2027	(53,698)	
	<u>\$ (1,580,024)</u>	<u>\$ 103,964</u>

Recognition of Deferred Outflows and Deferred Inflows of Resources: Gains and losses related to changes in total OPEB liability and fiduciary net position are recognized in OPEB expense systematically over time. Amounts are first recognized in OPEB expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to OPEB and are to be recognized in future OPEB expense.

The recognition period differs depending on the source of the gain or loss. The net difference between projected and actual earnings on OPEB plan investments is recognized over 5 years. All other amounts are recognized over the expected average remaining service lifetime (EARS�), which was 2.4 years at September 30, 2022 and 2.5 years at September 30, 2023.

GLENN-COLUSA IRRIGATION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

September 30, 2023 and 2022

NOTE I – SITES PROJECT JOINT POWERS AUTHORITY

The District is a member of the Sites Project Joint Powers Authority (the Authority) which was established in August 2010. Currently, the Authority consists of a total of thirteen (13) Authority member agencies. The Authority was created with the purpose to effectively study, promote, develop, design, finance, acquire, construct, manage, and operate the proposed Sites Reservoir and related facilities. The purposes of pursuing and developing Sites Reservoir are to: (a) increase surface water storage and enhance water management flexibility in the Sacramento Valley, (b) provide flood control benefits, (c) improve conditions for fish and wildlife in the Sacramento Valley, and (d) improve the operation of the State of California’s water system.

To further the objectives of the Authority, each participating agency is required to provide financial contributions to the Authority. On February 17, 2022, the District Board authorized execution of the third amendment to the 2019 Reservoir Project Agreement with the District’s participation set at 5,000 acre-foot. Executing this document committed GCID to contribute up to \$2,000,000 in three installments to support the Sites Project workplan through approximately December of 2024 on the following schedule:

- Up to \$500,000 by May 1, 2022
- Up to \$700,000 by January 1, 2023
- Up to \$800,000 by January 1, 2024

The District has made the following payments to the Authority pursuant to the third amendment to the 2019 Reservoir Project Agreement:

- \$500,000 on April 29, 2022
- \$500,000 on February 2, 2023
- \$800,000 on January 18, 2024

Additionally, the District makes an annual payment to the Authority for administrative expenses in an amount typically between \$45,000 and \$55,000.

Additional information relating to the Authority can be obtained at www.sitesproject.org or the following mailing address: Sites Project JPA, P.O. Box 517, Maxwell, CA 95955.

NOTE J – RISK MANAGEMENT

The District participates in the Association of California Water Agencies Joint Powers Insurance Authority (ACWA/JPIA) a public entity risk pool of California water agencies, for general and auto liability, public officials’ liability, property damage, fidelity insurance, cyber liability, employer’s liability, and workers compensation liability. ACWA/JPIA provides insurance through the pool up to a certain level, beyond which group-purchased commercial excess insurance is obtained.

The District pays an annual premium to ACWA/JPIA that includes its pro-rata share of excess insurance premiums, charges for the pooled risk, claims adjusting and legal costs, and administrative and other costs to operate the ACWA/JPIA. The District’s deductibles and maximum coverage are as follows:

GLENN-COLUSA IRRIGATION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

September 30, 2023 and 2022

NOTE J – RISK MANAGEMENT (Continued)

	ACWA JPIA	Commercial Insurance	Deductible/ Retention
General and Auto Liability (includes public officials and auto liability)	\$ 5,000,000	\$ 55,000,000	None
Property (includes boiler and machinery, earthquake and flood)	10,000,000	500,000,000	\$ 500 to 100,000
Crime Program	100,000		1,000
Workers' Compensation Liability	2,000,000	Statutory to 4,000,000 program aggregate	None
Cyber Liability		2,000,000 per claim/ 5,000,000 aggregate	75,000 to 100,000

Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

NOTE K – COMMITMENTS AND CONTINGENCIES

Legal Claims: In the ordinary course of operations, the District is subject to claims and litigation from outside parties. After consultation with legal counsel, the District believes the ultimate outcome of such matters, if any, will not materially affect its financial condition as of September 30, 2023.

USBR Contract: In the District's water rights settlement contract with the USBR, the District is required to pay for 78,750 acre-feet of water from the Central Valley Project at the annual rates determined by the USBR pursuant to its rate setting process, through March 31, 2045. The rate for 2023 was \$48.78 per acre-foot for a total cost of \$3,841,425.

Additionally, following each contract period, the USBR performs an analysis of the Central Valley Project costs, water deliveries, and contractor payments. The goal of this annual analysis is to ensure that each contractor pays their appropriate share of Central Valley Project costs based on the relevant federal laws and policies. The result of the annual analysis is a calculation that shows the accumulated deficit or surplus for each contractor. In dry years, like 2022, and absent other factors, it is typical for the annual analysis to show that the District has a deficit balance (i.e., is required to make an additional payment to the USBR for previously delivered water), though the size of the deficit balance cannot be reliably estimated. For wet years, like 2023, it is typical for the annual analysis to show that the District has a surplus balance (i.e., is due a refund from USBR). The annual analysis is generally completed by the end of the following August (i.e., for the 2023 contract period, the annual analysis is expected to be complete by the end of August 2024).

For the 2023 contract period the District expects the results of the annual analysis to show that the District has a surplus balance. Because the size of the anticipated deficit balance cannot be reliably estimated, no such refund from the USBR is reflected in the District's financial position as of September 30, 2023.

The annual accounting analysis for the 2022 contract period was provided to the District during August of 2023. The analysis showed that the District had a net deficit balance in the amount of \$380,109 for the 2022 contract period. The District made a payment to the USBR in that amount on August 31, 2023.

GLENN-COLUSA IRRIGATION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

September 30, 2023 and 2022

NOTE K – COMMITMENTS AND CONTINGENCIES (Continued)

Additional information about the USBR's rate setting process can be found at: <https://www.usbr.gov/mp/cvpwaterrates/rate-process/overview.html>.

Hamilton City Pumping Plant Electrical Improvement Project: The District entered a contract with Koch and Koch Inc. in May 2023 for the Hamilton City Pumping Plant Electrical Improvements Project for the amount of \$5,501,816. No amounts have been expended as of September 30, 2023.

REQUIRED SUPPLEMENTARY INFORMATION

GLENN-COLUSA IRRIGATION DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS

For the years ended September 30

Fiscal Period	2023	2022	2021	2020	2019	2018
Total OPEB liability:						
Service cost	\$ 130,028	\$ 126,548	\$ 119,395	\$ 115,917	\$ 145,217	\$ 658,294
Interest	604,090	585,519	658,947	677,616	641,301	582,241
Differences between expected and actual experience	(2,796,329)		(965,286)	(1,860,781)		(1,261,629)
Change of assumption	(282,513)		(271,190)	615,750		
Adjustment for change in measurement date				558,803		
Benefit payments	(571,637)	(324,343)	(365,565)	(338,762)	(271,810)	(241,018)
Net change in total OPEB liability	(2,916,361)	387,724	(823,699)	(231,457)	514,708	(262,112)
Total OPEB liability - beginning	10,669,552	10,281,828	11,105,527	11,336,984	10,822,276	11,084,388
Total OPEB liability - ending (a)	<u>\$ 7,753,191</u>	<u>\$ 10,669,552</u>	<u>\$ 10,281,828</u>	<u>\$ 11,105,527</u>	<u>\$ 11,336,984</u>	<u>\$ 10,822,276</u>
Plan fiduciary net position:						
Contributions - employer	\$ 384,700	\$ 703,543	\$ 468,932	\$ 438,762	\$ 271,810	\$ 241,018
Net investment income	534,925	(947,357)	911,031	317,776	256,090	384,386
Adjustment for change in measurement date	-			148,425		
Administrative expenses	(17,266)	(18,005)	(18,006)	(13,481)	(12,052)	(9,197)
Benefit payments	(571,637)	(324,343)	(365,565)	(338,762)	(271,810)	(241,018)
Net change in plan fiduciary net position	330,722	(586,162)	996,392	552,720	244,038	375,189
Plan fiduciary net position - beginning	4,735,552	5,321,714	4,325,322	3,772,602	3,528,564	3,153,375
Plan fiduciary net position - ending (b)	<u>\$ 5,066,274</u>	<u>\$ 4,735,552</u>	<u>\$ 5,321,714</u>	<u>\$ 4,325,322</u>	<u>\$ 3,772,602</u>	<u>\$ 3,528,564</u>
Net OPEB liability - ending (a)-(b)	<u>\$ 2,686,917</u>	<u>\$ 5,934,000</u>	<u>\$ 4,960,114</u>	<u>\$ 6,780,205</u>	<u>\$ 7,564,382</u>	<u>\$ 7,293,712</u>
Plan fiduciary net position as a percentage of the total OPEB liability	<u>65.34%</u>	<u>44.38%</u>	<u>51.76%</u>	<u>38.95%</u>	<u>33.28%</u>	<u>32.60%</u>
Covered-employee payroll - measurement period	<u>\$ 1,742,331</u>	<u>\$ 2,097,518</u>	<u>\$ 2,321,694</u>	<u>\$ 2,440,271</u>	<u>\$ 2,420,352</u>	<u>\$ 2,420,352</u>
Net OPEB liability as percentage of covered-employee payroll	<u>154.21%</u>	<u>282.91%</u>	<u>213.64%</u>	<u>277.85%</u>	<u>312.53%</u>	<u>301.35%</u>
Notes to schedule:						
Valuation date - year ended September 30	2023	2021	2021	2019	2017	2017
Measurement period - year ended September 30	2023	2022	2021	2020	2018	2018

Benefit changes: None.

Changes in assumptions: None.

Omitted years: GASB Statement No. 75 was implemented during the year ended September 30, 2018. No information was available prior to this date. Information will be added prospectively as it becomes available until 10 years are reported.

GLENN-COLUSA IRRIGATION DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

SCHEDULE OF CONTRIBUTIONS TO THE OPEB PLAN

For the years ended September 30

	2023	2022	2021	2020	2019	2018
Statutorily required contribution - employer fiscal year	\$ 431,640	\$ 232,683	\$ 308,287	\$ 293,620	\$ 271,810	\$ 241,018
Contributions in relation to the statutorily determined contributions	(827,879)	(614,158)	(308,287)	(293,620)	(271,810)	(241,018)
Contribution deficiency (excess)	\$ (396,239)	\$ (381,475)	\$ -	\$ -	\$ -	\$ -
Covered-employee payroll - employer fiscal year	\$ 1,742,331	\$ 1,800,455	\$ 2,097,518	\$ 2,321,694	\$ 2,440,271	\$ 2,420,352
Contributions as a percentage of covered-employee payroll	47.52%	34.11%	14.70%	12.65%	11.14%	9.96%

Notes to Schedule:

Valuation date - year ended September 30	2023	2021	2021	2019	2017	2017
Measurement period - year ended September 30	2023	2022	2021	2020	2018	2018

An actuarially determined contribution rate was not calculated. The required contributions reported represent retiree health insurance premium payments.

Methods and assumptions used to determine contribution rates:

	Actuarial Cost Method		Entry-age normal cost method			
Amortization method			Level percentage of payroll			
Amortization period			Approximately 30 years			
Asset valuation method			5-year smoothed market			
Inflation	2.50%	2.50%	2.50%	2.25%	3.00%	2.75%
Healthcare cost trend rates:						
Initial rate	4.00%	4.00%	4.00%	7.00%	6.00%	6.00%
Trending down to	4.00%	4.00%	4.00%	5.00%	5.00%	5.00%
Salary increases, average including inflation	2.75%	2.75%	2.75%	3.00%	3.00%	3.00%
Discount rate	5.75%	5.75%	5.75%	6.00%	6.00%	6.00%
Investment rate of return	5.75%	5.75%	5.75%	6.00%	6.00%	6.00%
Retirement age	50-67 years. Probabilities of retirement are based on the most recent CalPERS Experience Study					

Omitted years: GASB Statement No. 75 was implemented during the year ended September 30, 2018. No information was available prior to this date. Information will be added prospectively as it becomes available until 10 years are reported.

SUPPLEMENTARY INFORMATION

GLENN-COLUSA IRRIGATION DISTRICT

SUPPLEMENTARY INFORMATION

September 30, 2023 and 2022

Schedule of Pension Plan Net Assets
As of September 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
ASSETS		
Cash and cash equivalents	\$ 174,257	\$ 245,027
Receivables:		
Contributions	16,128	34,884
Investments	4,576	3,237
Investments at fair value	6,868,703	6,297,276
TOTAL ASSETS	<u>7,063,664</u>	<u>6,580,424</u>
NET ASSETS AVAILABLE FOR BENEFITS	<u>\$ 7,063,664</u>	<u>\$ 6,580,424</u>

Summary of Pension Plan Income and Expenses
For the Years Ended September 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
REVENUES		
Employer contributions	\$ 411,339	\$ 408,329
Pension benefit forfeitures		4,340
Investment earnings:		
Interest	226,015	197,522
Dividends	239,180	482,134
Net (decrease) increase in the fair value of investments	657,397	(1,952,100)
TOTAL REVENUES	<u>1,533,931</u>	<u>(859,775)</u>
EXPENSES		
Pension benefits paid	881,601	2,369,151
Administrative expenses	87,472	106,808
Realized loss	75,592	6,673
Foreign tax expense	6,026	8,185
TOTAL EXPENSES	<u>1,050,691</u>	<u>2,490,817</u>
NET INCOME (LOSS)	<u>\$ 483,240</u>	<u>\$ (3,350,592)</u>

GLENN-COLUSA IRRIGATION DISTRICT

SUPPLEMENTARY INFORMATION (Continued)

September 30, 2023 and 2022

Fair Value of the Pension Plan Invested Assets
As of September 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Common stock	\$ 3,803,008	\$ 3,402,322
Exchange traded and closed-end funds	958,589	850,021
Mutual funds	1,404,464	1,371,835
Corporate bonds	262,001	247,765
Government securities	440,641	425,333
TOTAL	<u>\$ 6,868,703</u>	<u>\$ 6,297,276</u>

Contribution and Participant Information
For the Years Ended September 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Total District Payroll	<u>\$ 5,445,419</u>	<u>\$ 4,690,688</u>
Covered Payroll	<u>\$ 4,093,456</u>	<u>\$ 4,096,640</u>
District Contribution - 10%	<u>\$ 411,339</u>	<u>\$ 408,329</u>
Participants:		
Active	51	56
Retiree	0	0

OTHER REPORT

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
Glenn-Colusa Irrigation District
Willows, 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 Glenn-Colusa Irrigation District (the District) as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated February 28, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion 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 District's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

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,

To the Board of Directors
Glenn-Colusa Irrigation District

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*.

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 result 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.

Richardson & Company, LLP

February 28, 2024