



Report of Independent Auditors
and Financial Statements

Imperial Irrigation District

December 31, 2023 and 2022

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Report of Independent Auditors

The Board of Directors
Imperial Irrigation District
Imperial, California

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of net position of the Water department, Energy department, and combined total departments, and statements of fiduciary net position of the 401(a) trust fund (the Trust) of Imperial Irrigation District (the District), as of December 31, 2023 and 2022, and the related statements of revenues, expenses, and changes in net position and cash flows of the Water department, Energy department, and combined total departments, and the statements of changes in fiduciary net position of the Trust for the years then ended, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the Water department, Energy department and combined total departments and the 401(a) Trust Fund of the District as of December 31, 2023 and 2022, and the respective changes in financial position and cash flows for the Water department, Energy department, and combined total departments, and changes in financial position for the 401(a) Trust Fund of the District for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the California Code of Regulations, Title 2, Section 1131.2, State Controller's *Minimum Audit Requirements* for California Special Districts. 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 audits. 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 basic 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 basic 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 opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and the California Code of Regulations, Title 2, Section 1131.2, State Controller's *Minimum Audit Requirements* for California Special Districts 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 basic financial statements.

In performing an audit in accordance with GAAS and the California Code of Regulations, Title 2, Section 1131.2, State Controller's *Minimum Audit Requirements* for California Special Districts, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the basic 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 basic 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 basic financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Other Matter***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 20, and the schedule of changes in employer's total OPEB liability and related ratios on page 82, be presented to supplement the financial statements. Such information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the 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 inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the financial statements, and other knowledge we obtained during our audit of the 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.

A handwritten signature in cursive script that reads "Moss Adams LLP".

Portland, Oregon
May 17, 2024

Management's Discussion & Analysis

Imperial Irrigation District

Management's Discussion and Analysis

Introduction – The management of the Imperial Irrigation District (the District or IID) offers the following narrative discussion and analysis of the District's financial performance during the years ended December 31, 2023 and 2022 with comparative totals in 2021. This discussion and analysis should be read in conjunction with the District's financial statements and the accompanying notes that follow this section.

Background – Situated in the agriculturally rich Imperial Valley of Southern California, the Imperial Irrigation District delivers water to approximately 471,392 acres of highly productive farmland, as well as provides wholesale water to local municipalities within its approximately 1,427 square mile service area. Established by a vote of the people in 1911, the District is the nation's largest Irrigation District.

In order to take advantage of the hydroelectric generation potential of the All-American Canal, the District entered the power business in 1936, now the third largest public power utility in the State of California and is widely regarded as an economic catalyst in the Imperial and Coachella Valley regions. The District provides generation, transmission, and distribution services to more than 163,579 residential, commercial, and industrial customers.

With a combined work force of approximately 1,368 employees, the District is leading the way in irrigation efficiency and innovation, while expanding the range of value-added energy services including the promotion of renewable energy resources in this dynamic desert corridor.

Setting of rates – The District is governed by a five-member board of directors (board) elected by the citizens residing within the District's water service area. The board has full and independent authority to establish the rates charged for all District services. The District is not subject to retail rate regulation by any state or federal regulatory body and is empowered to set retail rates effective at any time. Changes in electric retail rates require public hearings followed by formal action by the board. Regarding water rates, California Constitution Proposition 218, a state ballot initiative known as the "Right to Vote on Taxes Act" affords property owners and tenants the opportunity to file written protests against proposed fees and charges applicable to property related services. If written protests against the proposed fee are presented by a majority of owners of the identified parcels, the fee or charge may not be imposed.

Financial highlights

- As of December 31, 2023, the assets and deferred outflows of resources of the District exceeded its liabilities and deferred inflows of resources by \$2.01 billion (net position); made up by Energy \$1.08 billion and Water \$0.93 billion. Of the overall amount, \$441 million represents unrestricted net position which may be used to meet the District's ongoing obligations to ratepayers and creditors with \$123.3 million for Energy and \$317.7 million for Water.
- The District's total net position increased by \$79.3 million; of this amount \$35.0 million are for Energy and \$44.3 million for Water. This is mainly due to net proceeds from current year operations and capital contributions from developers.
- The District's total capital assets increased by \$191.5 million of this amount \$162 million are Energy and \$29.5 million are Water, this is mainly due to assets constructed and purchased in the current year. The capital increase was offset by additional depreciation and amortization for a net total District increase of \$76.2 million.

Imperial Irrigation District Management's Discussion and Analysis

- Debt service coverage for Energy was 2.97, which exceeded the 1.3 required by bond covenants. There is no debt service coverage requirement for Water.
- Operating revenues of \$890.01 million increased by \$30.6 million. Of this increase \$6.9 million is for Energy, mainly due to the Energy Cost Adjustment (ECA) cost recovery offset by a 4.5% volume decrease in retail sales; in addition, \$23.7 million for Water, mainly due to Water transfer price change, system conservation implementation, offset by a volume decrease of agricultural water sales of 9.8% acre-feet (AC FT).
- Operating expenses total of \$865.3 million, increased by \$48.9 million. Of this increase Energy is \$24.2 million primarily due to higher fuel and purchased power expenses; and Water \$24.6 million mainly due to on farm conservation program, legal contingencies, and purchased services.
- **Financial highlights** – As of December 31, 2022, the assets and deferred outflows of resources of the District exceeded its liabilities and deferred inflows of resources by \$ 1.93 billion (net position); made up by Energy \$1.05 billion and Water \$0.88 billion. Of the overall amount \$451 million represents unrestricted net position which may be used to meet the District's ongoing obligations to ratepayers and creditors with \$179.8 million for Energy and \$271.2 million for Water. The District's total net position increased by \$23.3 million; of this amount \$22.0 million are for Energy and \$1.3 million for Water. This is mainly due to net proceeds from current year operations and capital contributions from developers. The District's total capital assets increased by \$105.4 million, of this amount \$78.7 million are Energy and \$26.7 million are Water, this is mainly due to assets constructed and purchased in the current year. The capital increase was offset by additional depreciation and amortization for a net total District decrease of \$7.5 million. Debt service coverage for Energy was 2.5, which exceeded the 1.3 required by bond covenants. There is no debt service coverage requirement for Water. Operating revenues of \$859.4 million increased by \$67.5 million. Of this increase \$61.7 million is for Energy, mainly due to the ECA cost recovery and a 2.5% volume increase in retail sales; in addition, \$5.8 million for Water, mainly due to Water transfer price change and MWD revenues. Operating expenses total of \$816.3 million, increased by \$132.7 million. Of this increase Energy is \$77.8 million primarily due to higher fuel and purchased power expenses; and Water \$54.9 million mainly due to the advance payoff of JPA mitigation liabilities.

Introduction to the financial statements – This section is intended to serve as an introduction to the District's financial statements, which are comprised of the following: 1) statements of net position, 2) statements of revenues, expenses, and changes in net position, 3) statements of cash flows, 4) statements of 401(a) trust fund's fiduciary net position, 5) statements of changes in 401(a) trust fund's fiduciary net position, 6) notes to financial statements and 7) OPEB required supplementary information.

The *statements of net position* present information on all of the District's assets and deferred outflows of resources and liabilities and deferred inflow of resources, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of the financial health of the District.

Imperial Irrigation District Management's Discussion and Analysis

The statements of revenues, expenses, and changes in net position present information showing how the District's net position changed during the most recent year, reflecting the activities of the District primarily funded through the sale of energy, transmission, and distribution services to its retail and wholesale electric customers, as well as sales of irrigation and municipal water. All changes in net position are reported as soon as the underlying events give rise to the change occurring, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows during future periods (e.g., materials and services received but not yet paid for by the District).

The statements of cash flows present information on cash provided and used in operating activities, as well as other cash sources such as investment income and debt financing. They also report other cash uses, such as payments for debt service and capital additions.

The notes to the financial statements and required supplementary information provide additional information that is essential to a full understanding of the data supplied in each of the specific financial statements described above.

The statements of 401(a) trust fund's fiduciary net position and statements of changes in 401(a) trust fund fiduciary net position provide information on the Imperial Irrigation District 401(a) Retirement Plan's assets and activity.

The District's accounting records are maintained in accordance with accounting principles for proprietary funds as prescribed by the Governmental Accounting Standards Board (GASB). As a proprietary fund, the District follows the accrual basis of accounting in which revenues are recognized when earned, and costs and expenses are recognized when incurred. Separate accounting records are maintained for the District's Water and Energy operations, with each being reported as an enterprise fund within the accompanying financial statements.

Financial analysis – The majority of the District's net position reflects its net investment in capital assets, which represents capital assets, net of depreciation, less the remaining outstanding balance of debt used to acquire those assets. The District's total assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$2,015.8 million as of December 31, 2023 and \$1,936.4 million as of December 31, 2022. A portion of the District's net position, 77.2% and 75.1% as of December 31, 2023 and 2022, reflects its net investment in capital assets such as land and land rights, buildings, vehicles, equipment, drainage structures, canal linings, canal structures, transmission, distribution, and general plant owned by the Water and Energy Departments. The District uses these capital assets to provide services to its ratepayers. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must come from rate revenues and cash reserves.

An additional portion of the District's net position totaled \$19.3 million (0.96%) for December 31, 2023 and \$31.2 million (1.61%) for December 31, 2022; this represents resources that are subject to external restrictions on how they may be used. The unrestricted portion of the District's net position \$441 million (21.9%) as of December 31, 2023 and \$451 million (23.3%) as of December 31, 2022, may be used to meet the District's ongoing obligations to creditors and customers.

Imperial Irrigation District Management's Discussion and Analysis

Summary of financial position – The following tables provide condensed financial information for the combined operations of the Energy and Water divisions of the District for the years ended December 31, 2023, 2022 and 2021:

	2023	2022	2021	Variance 2022 to 2023
Assets and deferred outflows				
Utility plant, net	\$ 2,098,643,051	\$ 2,022,436,466	\$ 2,030,016,647	4%
Current and Other assets	1,029,453,480	870,005,966	836,979,404	18%
Deferred outflow of resources	79,919,984	76,310,396	44,033,256	5%
Total assets and deferred outflows	\$ 3,208,016,515	\$ 2,968,752,828	\$ 2,911,029,307	8%
Liabilities and deferred inflow				
Long-term liabilities	\$ 729,470,453	\$ 752,964,782	\$ 749,016,484	-3%
Current liabilities	328,464,081	164,909,687	118,394,751	99%
Deferred inflow of resources	134,265,212	114,453,321	130,495,297	17%
Total liabilities and deferred inflows	\$ 1,192,199,746	\$ 1,032,327,790	\$ 997,906,532	15%
Net position				
Net investment in capital assets	\$ 1,555,442,626	\$ 1,454,181,999	\$ 1,445,863,071	7%
Restricted	19,352,800	31,217,882	31,038,377	-38%
Unrestricted	441,021,343	451,025,157	436,221,327	-2%
Total net position	\$ 2,015,816,769	\$ 1,936,425,038	\$ 1,913,122,775	4.1%

Net position – The District's net position increased in 2023 by \$79.3 million (4.1%) and \$23.3 million (1.2%) in 2022. The increase in fiscal year 2023 is driven by the Water Department \$44.3 million and Energy Department \$35 million. Water Department increase is mainly attributable to higher revenues from Water transfer price changes in addition to favorable market value impact on investments. Higher expenses mainly due to on farm conservation, labor, outside services and legal contingencies offset the revenue increase. Energy Department's increase is primarily driven by higher ECA revenue due to the rise in costs for fuel and purchased power impacted by market conditions and consumption, favorable market value impact on investments and higher capital spending. A volumetric decrease in energy sales of 5%, higher expenses for labor, outside services, legal contingency and lower capital contributions for projects offset the overall increase.

The District's net position increased in 2022 by \$23.3 million (1.2%) and \$106.2 million (5.9%) in 2021 as restated. The increase in fiscal year 2022 is driven by the Water Department \$1.3 million and Energy Department \$22 million. Water Department increase is mainly attributable to higher revenues from Water transfer price changes, MWD revenue and a small increase in agricultural sales. Higher expenses mainly due to early payoff of joint power agreement (JPA) conservation, Other Post Employment Benefits (OPEB), on-farm conservation, labor, cancelled projects, outside services and unfavorable market value on investments offset by a reduction in legal contingency expenses are the main drivers. The increase in Energy Department is primarily driven by the rise in costs for fuel and purchased power driven by market conditions and consumption, which were offset through the revenue collection of ECA. Other key drivers include a small volume increase in energy sales of 2.5% and higher capital contributions for projects, which were offset by higher expenses for OPEB, bad debt allowance, labor and outside services, unfavorable market value impact on investments and lower legal contingency.

Imperial Irrigation District Management's Discussion and Analysis

Utility plant – Net utility plant increased by \$76.2 million during 2023. The net change is due to an increase to the Energy Department of \$77.9 million and a decrease to Water Department \$1.7 million. A combination of higher capital projects, mainly in transmission and distribution, other production solar and vehicles assets for Energy, canal concrete lining and drainage for Water. Higher depreciation from capitalized assets offset the overall increase.

Net utility plant decreased by \$7.5 million during 2022. The net change is due to a reduction in the Energy Department of \$0.8 million and Water Department \$6.7 million. A combination of higher capital from deferred projects, mainly in distribution, other production solar and vehicles assets for Energy, canal concrete lining and drainage for Water. Higher depreciation from capitalized assets drove the overall decrease.

Other assets and deferred outflows of resources – Other assets and deferred outflows of resources increased by \$163 million in 2023. Of this amount Water Department was \$145.4 million, primarily from higher OPEB related items of \$2.4 million, cash and investments of \$90.2 million mainly due to water transfer revenue and water sales, and net receivables \$52.8 million. Energy Department increased \$17.6 million, primarily due to OPEB related items of \$3.9 million, higher inventory \$26.1 million and net receivables including leases \$17.5 million; this was offset by reductions in cash and investments of \$19.3 million; ECA rate under-collection of \$7.9 million, and unamortized loss on refunding of \$2.7 million.

Other assets and deferred outflows of resources increased by \$65.3 million in 2022. Of this amount Water Department was \$23.8 million, primarily from higher OPEB related items of \$12.5 million, cash and investments of \$9.7 million mainly due to revenues on water transfer and water sales, and net receivables including leases \$1.6 million. Energy Department increased \$41.4 million, primarily due to OPEB related items of \$20.5 million, ECA rate under-collection of \$7.9 million, net receivables including leases of \$2.5 million and higher cash and investments of \$14.7 million; this was offset by reductions of unamortized loss on refunding of \$2.7 million and other assets of \$1.5 million.

Long-term liabilities – Long-term liabilities excluding current portions, decreased by \$23.5 million in 2023. Key drivers include an increase of advances and deposits of \$14.8 million, primarily from Open Access Transmission Tariff (OATT) for transmission build out and customer projects, self-insurance \$3.5 million and lease liabilities on Subscription Based Information Technology Agreements (SBITAs) and buildings \$0.3 million. Principal payments and adjustments for long-term debt for vehicles of \$6.3 million, bonds, amortization of premiums and discounts and short-term transfers of \$25.7 million, OPEB liability of \$10 million primarily driven by the performance of the CalPERS Trust and actuarial valuation and other liabilities and accruals of \$0.1 million offset the overall increase.

Long-term liabilities excluding current portions, increased by \$3.9 million in 2022. Key drivers include increase of OPEB liability of \$34.6 million primarily driven by the performance of the CalPERS Trust and actuarial valuation, in addition new long term debt for vehicles of \$10.3 million. Bond principal payments, amortization of premiums and discounts and short term transfers of \$34 million, advances and deposits of \$3.9 million, primarily from Open Access Transmission Tariff (OATT) for transmission build out, self-insurance and other liabilities and accruals of \$3.1 million offset the overall increase.

Imperial Irrigation District Management's Discussion and Analysis

Current liabilities and deferred inflows – Current liabilities and deferred inflows increased by \$183.3 million during 2023. Higher accounts payable \$156.7 million primarily from Water on farm conservation (OFECP), S line upgrade and fuel and purchase power. Other increases include \$3.5 million advances and deposits from OATT related projects changed to short term, self-insurance \$1.9 million, payroll taxes and sick leave accruals \$1.1 million, deferred inflows on OPEB \$9.2 million due to performance of CalPERS trust, pay as you go claims and actuarial valuation, ECA \$11.6 million due to fuel and purchase power costs and current portions of leases, bonds and other debt \$0.5 million. A reduction of other current liabilities and deferred inflows of \$1.2 million offset the overall increase.

Current liabilities and deferred inflows increased by \$30.5 million during 2022. Higher accounts payable \$31.7 million primarily from fuel and purchase power and On Farm Efficiency Conservation Program (OFECP), OPEB \$6.4 million current portion due to performance of CalPERS trust, pay as you go claims and actuarial valuation, advances and deposits \$8.3 million OATT related projects changed to short term, obligation and revenue bonds \$1.0 million current portion and other long-term debt and leases \$1.0 million current portion. Offsetting the increase is a reduction of deferred inflows OPEB \$9 million, rate stabilization \$6.0 million used to mitigate ECA fuel and purchase power costs, deferred inflow leases \$1 million, self-insurance \$1.6 million and \$0.1 million of other current liabilities.

Imperial Irrigation District Management's Discussion and Analysis

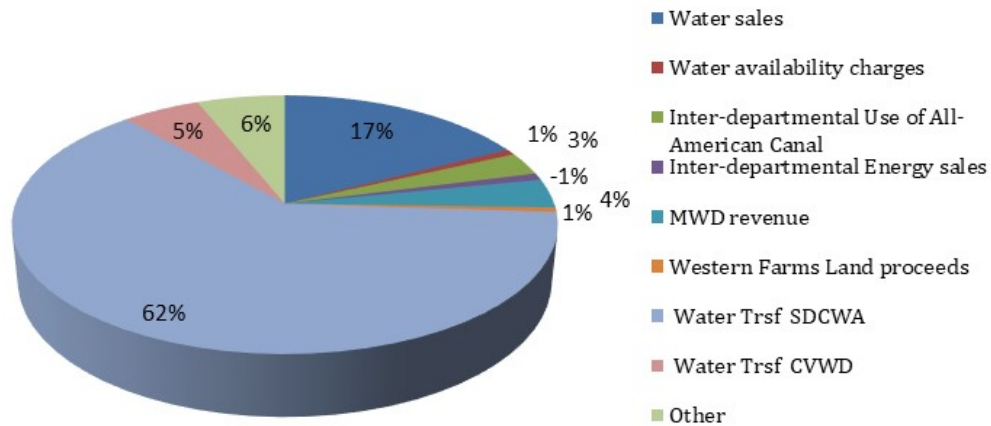
Summary of operations and changes in net position – The District's change in net position for fiscal years 2023, 2022, 2021 is an increase of \$79.3 million (4.1%), \$23.3 million (1.2%) and \$106.2 million (5.8%) respectively. The table below summarizes the revenues and expenses of the District for the years 2023, 2022, and 2021.

	2023	2022	2021	Variance 2022 to 2023
Operating revenues				
Water operating revenues	\$ 273,134,296	\$ 249,406,256	\$ 243,613,855	10%
Power operating revenues	616,927,841	610,063,291	548,381,426	1%
Total operating revenues	890,062,137	859,469,547	791,995,281	4%
Operating expenses				
Purchased energy	264,305,786	253,374,018	214,139,893	4%
Cost of fuel	72,330,615	70,608,733	51,220,067	2%
Other power expenses	162,591,821	154,551,611	131,448,127	5%
All-American Canal operations	10,880,970	10,627,535	9,625,760	2%
Operation and maintenance of irrigation systems and dams	206,198,027	182,315,533	129,533,726	13%
General and administrative	26,611,408	24,571,479	27,344,329	8%
Depreciation and amortization	122,345,953	120,324,699	120,296,171	2%
Total operating expenses	865,264,580	816,373,608	683,608,073	6%
Nonoperating revenues (expenses)				
Investment income (loss)	33,521,856	(38,061,663)	(3,141,940)	-188%
Interest expense	(22,334,875)	(23,166,175)	(23,864,803)	-4%
Other income	16,630,733	9,561,651	8,332,671	74%
Total nonoperating expenses	27,817,714	(51,666,187)	(18,674,072)	-154%
Capital contributions	26,776,460	31,872,511	16,513,748	-16%
Change in net position	79,391,731	23,302,263	106,226,884	241%
Total net position, beginning of year	1,936,425,038	1,913,122,775	1,806,895,891	1%
Total net position, end of year	\$ 2,015,816,769	\$ 1,936,425,038	\$ 1,913,122,775	4.1%

Imperial Irrigation District Management's Discussion and Analysis

Water revenues – Water revenues increased by \$23.7 million in 2023. Changes are mainly attributable to higher Water transfer revenue, \$8.8 million driven by a rate increase from \$730.1 per acre-foot in 2022 to \$776.97 in 2023, \$6.5 million from excess conservation to supplement drought protection efforts for on farm conservation, \$11.6 million for system conservation implementation of lower colorado conservation program, Coachella Valley Water District (CVWD) of \$1.6 million and, JPA mitigation \$1.3 million and rent revenue \$0.3 million. A volume reduction mainly from agricultural sales of \$5.0 million and lower MWD revenues of \$1.4 million offset the overall increase.

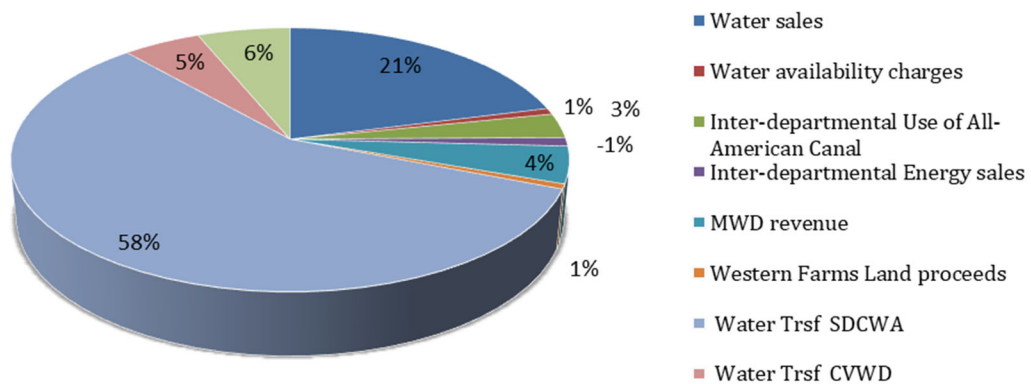
2023 Revenue Water



Imperial Irrigation District Management's Discussion and Analysis

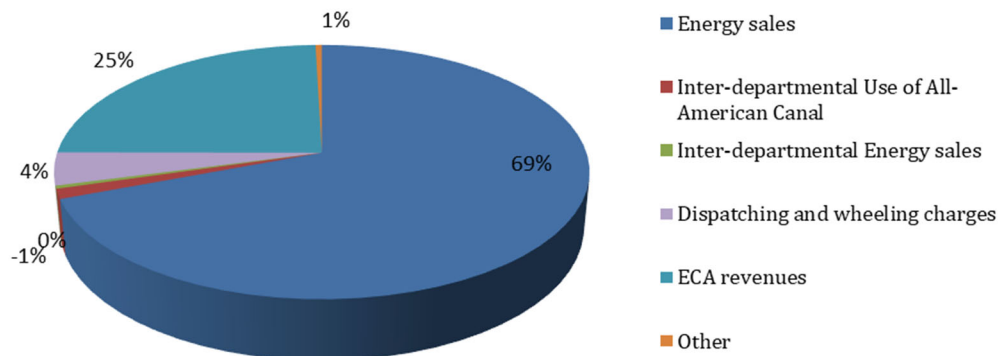
Water revenues increased by \$5.8 million in 2022. Changes are mainly attributable to Water transfer revenue of \$7.9 million, driven by a rate increase from \$688.01 per acre-foot in 2021 to \$730.1 in 2022, offset by \$5 million from the last portion subject to repayment on SDCWA capital advance recognized prior year; in addition to CVWD of \$2.9 million, MWD revenues of \$4.4 million, lease revenue \$3.0 million, water sales primarily from agricultural revenue of \$0.5 million, and Western Farmlands of \$0.3 million. A decrease in All American Canal (AAC) contributions \$5.4 million, JPA mitigation \$1.8 million, and rent revenue \$1.0 million, offset the increase.

2022 Revenue Water



Power revenues – Power revenues increased by \$6.8 million in 2023. Key drivers include an increase in ECA revenue of \$23.2 million driven by higher fuel and purchased power expenses impacted by unfavorable market conditions and consumption in addition to higher wheeling and other sales \$0.7 million. A volumetric reduction of 5% in Kwh energy sales \$16.6 million mainly commercial and residential sales and lower interdepartmental sales \$0.5 million offset the overall increase.

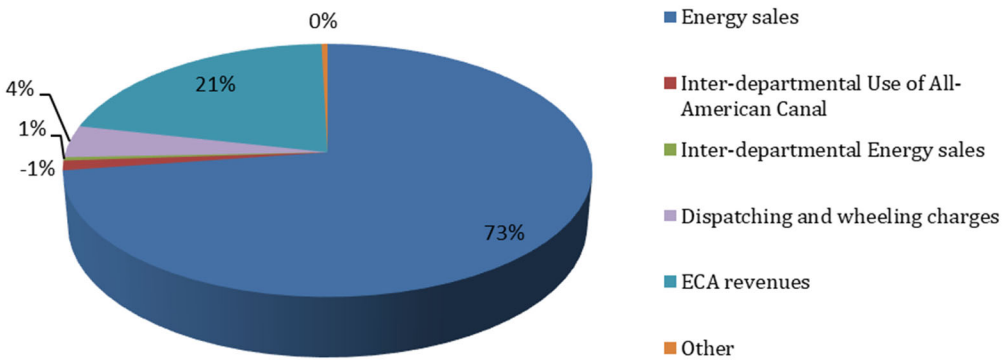
2023 Revenue Energy



Imperial Irrigation District Management's Discussion and Analysis

Power revenues increased by \$61.7 million in 2022. Key drivers include an increase in ECA revenue of \$54.2 million driven by the increased fuel and purchased power expenses impacted by unfavorable market conditions and consumption. Other increases include \$8.3 million in energy sales, mainly due to a 2.5% volumetric increase primarily from commercial and offset by residential sales. Offsetting this increase is lower interdepartmental sales \$0.7 million, wheeling and other sales \$0.1 million.

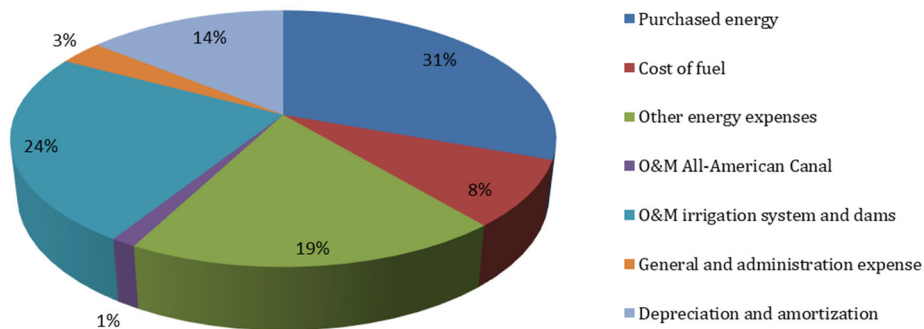
2022 Revenue Energy



Imperial Irrigation District Management's Discussion and Analysis

Operating expenses – Operating expenses increased by \$48.9 million in 2023. The change is driven by increases in Water Department of \$24.6 million and Energy Department of \$24.3 million. The Water Department increase is primarily due to on-farm conservation program increase of \$61 million offset by a reduction of 2022 advance payoff of JPA mitigation \$48.4 million. Other operation and maintenance and general and administration expenses of \$12.6 million mainly from legal contingencies, labor, insurance costs and higher capital spending offset the overall increase. The Energy Department change is primarily due to higher purchased energy and fuel costs of \$12.6 million which were impacted by unfavorable market conditions, weather and consumption; ECA rate revenue, surplus fuel and purchased power wholesales offset these costs. Higher other energy and general and administration expenses of \$11.6 million primarily due to labor, OPEB expenses, outside services, uncollectible expense, cancelled projects, medical insurance and higher capital spending offset the overall expense increase.

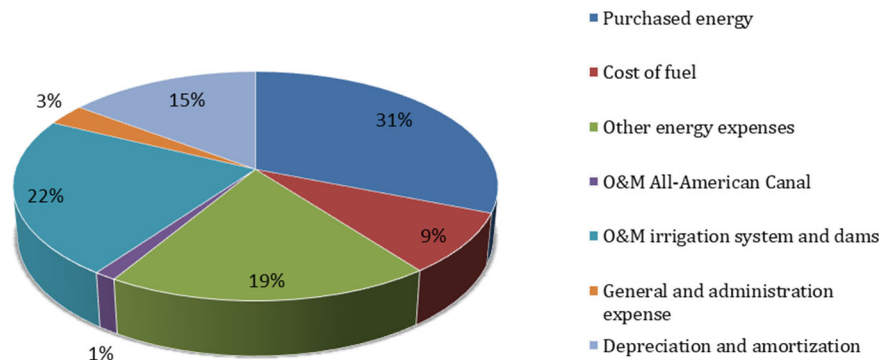
2023 Operating expenses



Imperial Irrigation District Management's Discussion and Analysis

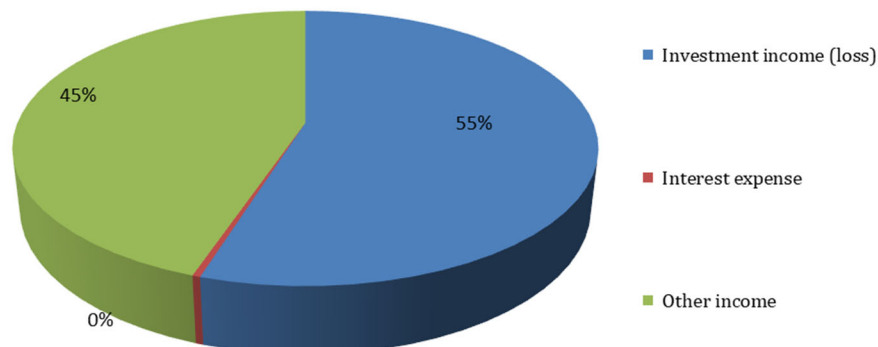
Operating expenses increased by \$132.7 million in 2022. The change is driven by the Water Department of \$54.9 million and Energy Department of \$77.9 million. The Water Department increase is primarily due to the advance payoff of JPA mitigation \$48.4 million, on-farm conservation program of \$2.2 million; operation and maintenance of All-American canal and general and administration of \$1.9 million, primarily OPEB, labor and cancelled projects less a reduction in legal contingency expense offset the increase. The Energy Department change is primarily due to higher purchased energy and fuel costs of \$58.6 million which were impacted by unfavorable market conditions, weather and consumption; ECA rate revenue, surplus fuel and purchased power wholesales and a small portion of rate stabilization offset these costs. Higher other energy and general and administration expenses of \$19.3 million primarily due to labor, OPEB expenses, outside services, uncollectible expense, cancelled projects, and medical insurance, minus a reduction of higher capital spending offset the overall expense increase.

2022 Operating expenses



Non-operating revenues and expenses – Non-operating expenses net of non-operating revenues increased by \$79.4 million in 2023 when compared to prior year. The primary drivers are investment income of \$71.5 million due to favorable market return on investments, interest expense of \$0.8 million and miscellaneous income of \$7.1 million driven primarily by Quantification Settlement Agreement (QSA) managed marsh revenues.

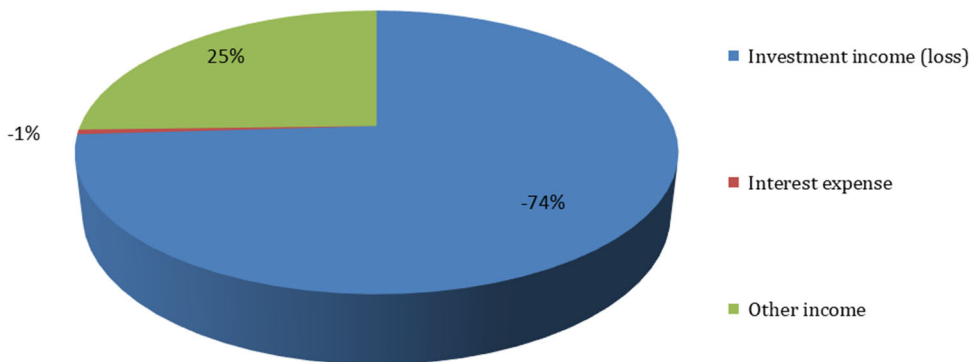
2023 Non- operating revenues and expenses



Imperial Irrigation District Management's Discussion and Analysis

As of December 31, 2022, Non-operating expenses net of non-operating revenues decreased by \$33 million when compared to prior year. The primary drivers are investment losses of \$34.9 million due to unfavorable market return on investments, offset by interest expense of \$0.7 million and miscellaneous income of \$1.2 million.

2022 Non- operating revenues and expenses



Capital contributions – Capital contributions represent funds received from state and federal agencies, as well as private developers, for the construction and acquisition of capital assets. Capital contributions decreased in 2023 by \$5.1 million and increased in 2022 by \$15.3 million. Lower capital projects for energy developer interconnection upgrades and minor reduction of water projects are the main drivers.

Imperial Irrigation District

Management's Discussion and Analysis

Utility plant and debt administration

	2023	2022	2021
Utility plant, not being depreciated			
Land and land rights	\$ 79,541,111	\$ 80,015,256	\$ 79,887,206
Construction in process	93,245,265	65,357,394	54,274,464
Total utility plant, not being depreciated	172,786,376	145,372,650	134,161,670
Utility plant, being depreciated			
Structures and improvements	202,866,267	200,349,292	200,099,781
Dredges and field equipment	47,112,853	43,829,838	40,314,507
Automobiles and trucks	48,337,079	46,643,604	43,986,511
Other plant equipment	193,276,110	184,986,702	175,160,600
Steam plant equipment	354,218,167	354,218,167	353,831,126
Hydroelectric generating equipment	48,298,923	48,298,923	48,298,923
Gas turbines	140,983,445	134,889,525	133,529,980
Other production equipment	90,758,211	90,914,427	80,500,000
Transmission plant	619,577,161	550,001,732	547,530,018
Distribution plant	1,254,345,748	1,209,116,928	1,173,381,072
Roads, railroads, and bridges	4,648,777	4,648,777	4,648,777
Reservoirs and dams	17,240,562	10,831,687	10,831,687
Canals	404,327,637	395,405,223	378,716,404
Drainage	154,389,264	151,684,472	148,673,252
All-American Canal	332,768,309	327,022,757	326,630,374
Total utility plant, being depreciated	3,913,148,513	3,752,842,054	3,666,133,012
Protection of water rights	30,555,094	30,555,094	30,555,094
Other intangible assets	43,591,706	42,022,177	34,651,044
Right of use	5,456,521	3,154,522	2,985,436
Less accumulated depreciation	(2,038,186,385)	(1,925,800,583)	(1,815,296,957)
Less accumulated amortization	(28,708,774)	(25,709,448)	(23,172,652)
Total utility plant, being depreciated, net	1,925,856,675	1,877,063,816	1,895,854,977
Utility plant, net	\$ 2,098,643,051	\$ 2,022,436,466	\$ 2,030,016,647

Utility plant – Net utility plant increased by \$76.2 million during 2023. The net change is due to an increase in Energy Department of \$77.9 million and a decrease in Water Department of \$1.7 million. Utility plant increased primarily due to S line transmission upgrade, reliability upgrades and routine maintenance in addition to higher capital spending on projects related to distribution and heavy equipment for Energy; canal concrete lining, drainage and other plant and equipment for Water. Combined higher depreciation and amortization from capitalized assets offset the overall change when compared to prior year.

Net utility plant decreased by \$7.5 million during 2022. The net change is due to a decrease in Energy Department of \$0.8 million and Water Department of \$6.7 million. Utility plant increased due to higher capital spending from deferred projects primarily on distribution, transmission and vehicles for Energy, canal concrete lining, drainage and other plant and equipment for Water. Combined higher depreciation and amortization from capitalized assets offset the overall change when compared to prior year.

Additional information on the District's utility plant assets can be found in Note 3 of the Notes to Financial Statements accompanying this report.

Imperial Irrigation District Management's Discussion and Analysis

Long-term debt – The District's outstanding debt obligations, including both the current and long-term portions, consisted of the following as of December 31:

	2023	2022	2021
Revenue bonds	\$ 562,981,438	\$ 584,303,962	\$ 604,892,468
Pension obligation bonds	35,814,287	39,079,185	42,134,083
Other long term debt	12,934,801	20,448,583	18,108,464
Leases and SBITAs	3,170,545	2,124,820	2,519,015
Total long term debt	<u>\$ 614,901,071</u>	<u>\$ 645,956,550</u>	<u>\$ 667,654,030</u>

The District's total debt, including both current and long-term portions, decreased by \$31.1 million in 2023. The change is driven by principal payments of revenue bonds of \$17.2 million, pension obligation bonds of \$3.3 million, other LT debt (vehicles) of \$7.5 million, lease liability of \$1.3 million and bonds premium and discounts amortization of \$4.1 million. New Lease and subscription related long term debt of \$2.3 million offset the overall decrease.

The District's total debt, including both current and long-term portions, decreased by \$21.6 million in 2022. The change is driven by principal payments of revenue bonds of \$16.5 million, pension obligation bonds of \$3.0 million, other LT debt (vehicles) of \$7.9 million, lease liability of \$0.6 million and bonds premium and discounts amortization of \$4.1 million. New other long-term debt (vehicles) of \$10.2 million and leases \$0.2 million offset the overall decrease.

Additional information on the District's long-term debt may be found in Note 5 of the Notes to Financial Statements accompanying this report.

Imperial Irrigation District 401(a) Retirement Plan – The Imperial Irrigation District sponsored 401(a) Retirement Plan (the Plan) accounts for the assets of the defined contribution plan held by the District, as Plan Administrator. The Plan covers all full-time employees after completing 6 months of continuous service. The District has accounted for the Plan as a fiduciary fund in the District's financial statements. The following chart displays assets, liabilities and net position of the Plan as of December 31:

	2023	2022
Trust assets	\$ 319,115,339	\$ 272,010,239
Trust liabilities	<u>-</u>	<u>-</u>
Fiduciary net position	<u>\$ 319,115,339</u>	<u>\$ 272,010,239</u>

Total fiduciary net position as of December 31, 2023 increased by \$47.1 million, or 17.3%, due to investment appreciation in fair value of \$32.6 million, contributions of \$18.6 million, interest income from collective trust of \$0.8 million and dividends of \$10.2 million payment of benefits and other deductions of \$15.2 million.

Imperial Irrigation District Management's Discussion and Analysis

The following chart displays changes in fiduciary net position for the year ended December 31:

	<u>2023</u>	<u>2022</u>
Total additions, net of investment income (loss)	\$ 62,324,524	\$ (25,214,859)
Total deductions	<u>15,219,424</u>	<u>20,456,154</u>
Change in fiduciary net position	47,105,100	(45,671,013)
Fiduciary net position, beginning	<u>272,010,239</u>	<u>317,681,252</u>
Fiduciary net position, ending	<u><u>\$ 319,115,339</u></u>	<u><u>\$ 272,010,239</u></u>

Financial Statements

Imperial Irrigation District

Statements of Net Position

December 31, 2023 and 2022

	As of December 31, 2023			As of December 31, 2022		
	Water	Energy	Total	Water	Energy	Total
ASSETS AND DEFERRED OUTFLOW OF RESOURCES						
CURRENT ASSETS						
Cash and cash equivalents						
Unrestricted	\$ 55,579,004	\$ 13,641,129	\$ 69,220,133	\$ 16,376,440	\$ 27,164,679	\$ 43,541,119
Restricted	18,116,833	14,040,809	32,157,642	21,279,265	11,403,994	32,683,259
Total cash and cash equivalents	73,695,837	27,681,938	101,377,775	37,655,705	38,568,673	76,224,378
Investments – current (See Note 2)	39,135,458	35,509,480	74,644,938	31,122,626	30,026,777	61,149,403
Receivables						
Trade	6,627,096	66,888,855	73,515,951	6,579,283	50,102,304	56,681,587
Interest	2,374,419	1,524,330	3,898,749	1,830,992	984,780	2,815,772
Other	68,568,071	11,952,039	80,520,110	16,413,197	10,899,142	27,312,339
Leases	358,639	140,058	498,697	341,544	125,901	467,445
Total receivables	77,928,225	80,505,282	158,433,507	25,165,016	62,112,127	87,277,143
Less allowance for doubtful accounts	(412,590)	(5,221,624)	(5,634,214)	(407,054)	(4,519,070)	(4,926,124)
Net receivables	77,515,635	75,283,658	152,799,293	24,757,962	57,593,057	82,351,019
Inventory	2,695,022	50,700,528	53,395,550	2,049,564	24,538,579	26,588,143
Prepaid expenses	6,437,358	7,313,942	13,751,300	5,503,219	6,080,750	11,583,969
Total current assets	199,479,310	196,489,546	395,968,856	101,089,076	156,807,836	257,896,912
NONCURRENT ASSETS						
Utility plant						
Utility plant, not being depreciated						
Land and land rights	54,378,746	25,162,365	79,541,111	54,378,748	25,636,508	80,015,256
Construction in process	13,370,773	79,874,492	93,245,265	12,182,250	53,175,144	65,357,394
Utility plant, being depreciated	1,006,817,800	2,906,330,713	3,913,148,513	981,056,284	2,771,785,770	3,752,842,054
Protection of water rights	30,555,094	-	30,555,094	30,555,094	-	30,555,094
Other intangible assets	43,591,706	-	43,591,706	42,022,177	-	42,022,177
Right of use	1,145,474	4,311,047	5,456,521	146,214	3,008,308	3,154,522
Total utility plant	1,149,859,593	3,015,678,617	4,165,538,210	1,120,340,767	2,853,605,730	3,973,946,497
Less accumulated depreciation	(510,481,159)	(1,527,705,226)	(2,038,186,385)	(481,440,470)	(1,444,360,113)	(1,925,800,583)
Less accumulated amortization	(26,866,638)	(1,842,136)	(28,708,774)	(24,651,312)	(1,058,136)	(25,709,448)
Total utility plant, net	612,511,796	1,486,131,255	2,098,643,051	614,248,985	1,408,187,481	2,022,436,466
Investments – long-term (see Note 2)	312,847,104	275,762,506	588,609,610	266,675,356	289,619,709	556,295,065
Other assets						
Receivable leases	23,893,193	2,491,282	26,384,475	24,251,833	2,631,341	26,883,174
Prepaid pension obligation	8,975,099	9,515,440	18,490,539	10,170,197	10,784,462	20,954,659
Other post employment benefits	-	-	-	-	-	-
Other	-	-	-	-	7,976,156	7,976,156
Total other assets	32,868,292	12,006,722	44,875,014	34,422,030	21,391,959	55,813,989
Total noncurrent assets	958,227,192	1,773,900,483	2,732,127,675	915,346,371	1,719,199,149	2,634,545,520
DEFERRED OUTFLOW OF RESOURCES						
Unamortized loss on refunding	-	35,886,360	35,886,360	-	38,622,898	38,622,898
Other post employment benefits related outflows	16,445,304	27,509,352	43,954,656	14,024,248	23,584,282	37,608,530
Asset retirement obligations	-	78,968	78,968	-	78,968	78,968
Total deferred outflow of resources	16,445,304	63,474,680	79,919,984	14,024,248	62,286,148	76,310,396
Total assets and deferred outflow of resources	\$ 1,174,151,806	\$ 2,033,864,709	\$ 3,208,016,515	\$ 1,030,459,695	\$ 1,938,293,133	\$ 2,968,752,828

See accompanying notes.

Imperial Irrigation District

Statements of Net Position

December 31, 2023 and 2022

	As of December 31, 2023			As of December 31, 2022		
	Water	Energy	Total	Water	Energy	Total
LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND NET POSITION						
CURRENT LIABILITIES						
Payable from unrestricted assets						
Accounts payable	\$ 133,200,389	\$ 112,176,443	\$ 245,376,832	\$ 31,716,089	\$ 56,915,266	\$ 88,631,355
Accrued interest payable	616,617	4,436,451	5,053,068	662,300	4,616,720	5,279,020
Accrued compensation and payroll taxes	2,135,896	1,384,915	3,520,811	2,150,034	1,286,777	3,436,811
Accrued vacation and sick leave	2,911,212	2,189,552	5,100,764	2,385,180	1,731,424	4,116,604
Accrued other post employment benefits	2,200,000	4,200,000	6,400,000	2,200,000	4,200,000	6,400,000
Self-insurance	2,854,881	4,655,335	7,510,216	1,594,096	4,042,086	5,636,182
Other LT debt – current portion	2,419,440	3,613,342	6,032,782	3,136,630	4,121,524	7,258,154
Leases asset payable - current portion	318,208	1,037,530	1,355,738	33,387	590,840	624,227
Total payable from nonrestricted assets	146,656,643	133,693,568	280,350,211	43,877,716	77,504,637	121,382,353
Liabilities payable from restricted assets:						
Pension obligation bonds – current portion	1,697,500	1,802,500	3,500,000	1,585,950	1,684,050	3,270,000
Revenue bonds – current portion	-	18,055,000	18,055,000	-	17,220,000	17,220,000
Advances and deposits from customers	174,475	22,718,032	22,892,507	514,034	18,818,058	19,332,092
Total liabilities payable from restricted assets	1,871,975	42,575,532	44,447,507	2,099,984	37,722,108	39,822,092
Water availability charges	1,842,597	-	1,842,597	1,843,840	-	1,843,840
Other current liabilities	-	1,823,766	1,823,766	-	1,861,402	1,861,402
Total current liabilities	150,371,215	178,092,866	328,464,081	47,821,540	117,088,147	164,909,687
NONCURRENT LIABILITIES						
Long-term debt						
Revenue bonds	-	544,926,438	544,926,438	-	567,083,962	567,083,962
Pension obligation bonds payable	15,672,429	16,641,858	32,314,287	17,367,454	18,441,731	35,809,185
Other Long term debt	2,552,526	4,349,493	6,902,019	4,975,379	8,215,050	13,190,429
Lease payable	447,212	1,367,595	1,814,807	50,243	1,450,350	1,500,593
Total long-term debt	18,672,167	567,285,384	585,957,551	22,393,076	595,191,093	617,584,169
Other noncurrent liabilities						
Advances	19,326,816	69,713,540	89,040,356	20,070,026	54,116,354	74,186,380
Other post employment benefits	9,886,962	14,665,726	24,552,688	13,439,376	21,154,909	34,594,285
Accrued vacation and sick leave, noncurrent portion	5,570,621	9,972,969	15,543,590	5,748,828	9,955,202	15,704,030
Self-insurance	5,301,922	8,645,623	13,947,545	2,960,464	7,506,731	10,467,195
Other noncurrent liabilities	-	428,723	428,723	-	428,723	428,723
Total other noncurrent liabilities	40,086,321	103,426,581	143,512,902	42,218,694	93,161,919	135,380,613
Total noncurrent liabilities	58,758,488	670,711,965	729,470,453	64,611,770	688,353,012	752,964,782
Total liabilities	209,129,703	848,804,831	1,057,934,534	112,433,310	805,441,159	917,874,469
DEFERRED INFLOW OF RESOURCES						
ECA regulatory deferral	-	11,646,778	11,646,778	-	-	-
Regulatory deferral	-	60,814,398	60,814,398	-	60,814,398	60,814,398
Other post employment benefits	12,257,932	21,448,053	33,705,985	8,754,496	15,768,204	24,522,700
Leases	25,670,483	2,427,568	28,098,051	26,481,741	2,634,482	29,116,223
Total deferred inflows	37,928,415	96,336,797	134,265,212	35,236,237	79,217,084	114,453,321
NET POSITION						
Net investment in capital assets	606,765,915	948,676,711	1,555,442,626	606,053,346	848,128,653	1,454,181,999
Restricted	2,624,520	16,728,280	19,352,800	5,511,982	25,705,900	31,217,882
Unrestricted	317,703,253	123,318,090	441,021,343	271,224,820	179,800,337	451,025,157
Total net position	927,093,688	1,088,723,081	2,015,816,769	882,790,148	1,053,634,890	1,936,425,038
Total liabilities, deferred inflow of resources, and net position	\$ 1,174,151,806	\$ 2,033,864,709	\$ 3,208,016,515	\$ 1,030,459,695	\$ 1,938,293,133	\$ 2,968,752,828

See accompanying notes.

Imperial Irrigation District
Statements of Revenues, Expenses, and Changes in Net Position
Years Ended December 31, 2023 and 2022

	For the Year Ended December 31, 2023			For the Year Ended December 31, 2022		
	Water	Energy	Total	Water	Energy	Total
OPERATING REVENUE						
Energy sales						
Energy revenues	\$ -	\$ 438,299,986	\$ 438,299,986	\$ -	\$ 454,855,552	\$ 454,855,552
ECA revenues	-	155,144,592	155,144,592	-	131,916,928	131,916,928
Total energy sales	-	593,444,578	593,444,578	-	586,772,480	586,772,480
Water sales	48,469,721	-	48,469,721	53,525,331	-	53,525,331
Water availability charges	1,956,929	-	1,956,929	1,958,579	-	1,958,579
Interdepartmental charges:						
Use of All-American Canal	7,965,700	(7,965,700)	-	7,695,204	(7,695,204)	-
Energy sales	(2,407,547)	2,407,547	-	(2,670,570)	2,670,570	-
Dispatching and wheeling charges	-	26,289,077	26,289,077	-	25,666,566	25,666,566
Water funds						
MWD revenue	10,044,973	-	10,044,973	11,491,397	-	11,491,397
Western Farms Land proceeds	1,581,383	-	1,581,383	1,550,130	-	1,550,130
Water transfer revenue						
SDCWA	173,588,550	-	173,588,550	146,613,748	-	146,613,748
CVWD	14,987,970	-	14,987,970	13,364,670	-	13,364,670
Other	16,946,617	2,752,339	19,698,956	15,877,767	2,648,879	18,526,646
Total operating revenue	273,134,296	616,927,841	890,062,137	249,406,256	610,063,291	859,469,547
OPERATING EXPENSE						
Purchased energy	-	264,305,786	264,305,786	-	253,374,018	253,374,018
Cost of fuel	-	72,330,615	72,330,615	-	70,608,733	70,608,733
Operation and maintenance	-	162,591,821	162,591,821	-	154,551,611	154,551,611
Operation and maintenance of All-American Canal	10,880,970	-	10,880,970	10,627,535	-	10,627,535
Operation and maintenance of irrigation system and dams	206,198,027	-	206,198,027	182,315,533	-	182,315,533
General and administration expense	10,689,875	15,921,533	26,611,408	10,286,418	14,285,061	24,571,479
Depreciation and amortization	34,577,578	87,768,375	122,345,953	34,482,244	85,842,455	120,324,699
Total operating expense	262,346,450	602,918,130	865,264,580	237,711,730	578,661,878	816,373,608
Operating income	10,787,846	14,009,711	24,797,557	11,694,526	31,401,413	43,095,939
NONOPERATING REVENUES (EXPENSES)						
Investment income (loss)	17,280,902	16,240,954	33,521,856	(19,196,874)	(18,864,789)	(38,061,663)
Interest expense	(117,091)	(22,217,784)	(22,334,875)	(138,549)	(23,027,626)	(23,166,175)
Other income	14,101,142	2,529,591	16,630,733	6,589,528	2,972,123	9,561,651
Total nonoperating revenue (expense)	31,264,953	(3,447,239)	27,817,714	(12,745,895)	(38,920,292)	(51,666,187)
Income (loss) before capital contributions	42,052,799	10,562,472	52,615,271	(1,051,369)	(7,518,879)	(8,570,248)
CAPITAL CONTRIBUTIONS	2,250,741	24,525,719	26,776,460	2,336,687	29,535,824	31,872,511
Increase in net position	44,303,540	35,088,191	79,391,731	1,285,318	22,016,945	23,302,263
NET POSITION, beginning of year	882,790,148	1,053,634,890	1,936,425,038	881,504,830	1,031,617,945	1,913,122,775
NET POSITION, end of year	\$ 927,093,688	\$ 1,088,723,081	\$ 2,015,816,769	\$ 882,790,148	\$ 1,053,634,890	\$ 1,936,425,038

See accompanying notes.

Imperial Irrigation District

Statements of Cash Flows

Years Ended December 31, 2023 and 2022

	For the Year Ended December 31, 2023			For the Year Ended December 31, 2022		
	Water	Energy	Total	Water	Energy	Total
CASH FLOW FROM OPERATING ACTIVITIES						
Cash received from customers	\$ 213,305,515	\$ 644,242,411	\$ 857,547,926	\$ 240,334,275	\$ 604,546,573	\$ 844,880,848
Cash paid to employees and suppliers	(9,494,777)	(14,652,511)	(24,147,288)	(9,091,321)	(13,016,040)	(22,107,361)
Cash received (paid) for inter-departmental services	5,558,153	(5,558,153)	-	5,024,634	(5,024,634)	-
Cash paid for energy and water costs	(115,530,191)	(473,788,183)	(589,318,374)	(187,523,203)	(458,868,344)	(646,391,547)
Net cash from operating activities	93,838,700	150,243,564	244,082,264	48,744,385	127,637,555	176,381,940
CASH FLOW FROM NON-CAPITAL FINANCING ACTIVITIES						
Other non-operating income	12,844,394	2,594,104	15,438,498	6,292,954	2,566,407	8,859,361
CASH FLOW FROM CAPITAL AND RELATED FINANCING						
Proceeds from issuance of long-term debt and leases payable	991,846	1,348,803	2,340,649	4,469,597	5,960,334	10,429,931
Principal payments on long-term debt and leases payable	(5,036,048)	(24,262,658)	(29,298,706)	(5,320,524)	(22,678,482)	(27,999,006)
Interest paid on long-term debt	(160,300)	(23,761,411)	(23,921,711)	(187,705)	(24,588,743)	(24,776,448)
Lease payments received	341,545	125,902	467,447	325,264	112,732	437,996
Capital expenditures	(32,840,389)	(165,712,149)	(198,552,538)	(27,746,057)	(84,998,461)	(112,744,518)
Sale of capital assets	1,256,748	(64,513)	1,192,235	296,574	405,716	702,290
Capital contributions	2,250,741	24,525,719	26,776,460	2,336,687	29,535,824	31,872,511
Net cash used in capital and related financing activities	(33,195,857)	(187,800,307)	(220,996,164)	(25,826,164)	(96,251,080)	(122,077,244)
CASH FLOW FROM INVESTING ACTIVITIES						
Interest income (loss)	16,737,475	15,701,404	32,438,879	(19,530,335)	(19,274,714)	(38,805,049)
Proceeds from sale of investments	29,768,250	32,583,936	62,352,186	60,752,311	61,004,297	121,756,608
Purchase of investments	(83,952,830)	(24,209,436)	(108,162,266)	(66,406,095)	(98,350,263)	(164,756,358)
Net cash used in investing activities	(37,447,105)	24,075,904	(13,371,201)	(25,184,119)	(56,620,680)	(81,804,799)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	36,040,132	(10,886,735)	25,153,397	4,027,056	(22,667,798)	(18,640,742)
CASH AND CASH EQUIVALENTS, beginning of year	37,655,705	38,568,673	76,224,378	33,628,649	61,236,471	94,865,120
CASH AND CASH EQUIVALENTS, end of the year	<u>\$ 73,695,837</u>	<u>\$ 27,681,938</u>	<u>\$ 101,377,775</u>	<u>\$ 37,655,705</u>	<u>\$ 38,568,673</u>	<u>\$ 76,224,378</u>

See accompanying notes.

Imperial Irrigation District
Statements of Cash Flows
Years Ended December 31, 2023 and 2022

	For the Year Ended December 31, 2023			For the Year Ended December 31, 2022		
	Water	Energy	Total	Water	Energy	Total
RECONCILIATION OF OPERATING INCOME TO NET CASH FROM OPERATING ACTIVITIES						
Operating income	\$ 10,787,846	\$ 14,009,711	\$ 24,797,557	\$ 11,694,526	\$ 31,401,413	\$ 43,095,939
ADJUSTMENTS TO RECONCILE OPERATING INCOME TO NET CASH FROM OPERATING ACTIVITIES						
Provision for depreciation and amortization	34,577,578	87,768,375	122,345,953	34,482,244	85,842,455	120,324,699
Other post-employment benefits expense (credit)	2,488,287	3,499,159	5,987,446	2,255,995	3,369,602	5,625,597
(Increase) decrease in assets and increase (decrease) in liabilities:						
Trade accounts receivable, net	(42,277)	(16,083,997)	(16,126,274)	405,932	4,920,510	5,326,442
Other receivables	(52,154,874)	(1,052,897)	(53,207,771)	(2,047,136)	(7,117,865)	(9,165,001)
Inventories	(645,458)	(26,161,949)	(26,807,407)	(380,071)	(3,163,019)	(3,543,090)
Prepaid expenses	(934,139)	(1,233,192)	(2,167,331)	(848,659)	3,231,950	2,383,291
Prepaid pension obligation	1,195,098	1,269,022	2,464,120	1,195,097	1,269,021	2,464,118
Asset retirement obligations deferred outflow	-	-	-	-	181,634	181,634
ECA regulatory asset (other)	-	7,976,156	7,976,156	-	(7,976,156)	(7,976,156)
Accounts payable	101,484,300	55,261,177	156,745,477	9,814,420	21,884,321	31,698,741
Accrued compensation and payroll taxes	(14,138)	98,138	84,000	92,553	180,092	272,645
Employment benefits (OPEB Trust and pay as you go)	(4,958,321)	(8,233,563)	(13,191,884)	(2,507,702)	(4,211,922)	(6,719,624)
Accrued compensated absences	347,825	475,895	823,720	(949,745)	781,280	(168,465)
Self-insurance	3,602,243	1,752,141	5,354,384	(2,685,159)	(1,864,011)	(4,549,170)
Other non current liabilities	-	-	-	-	(145,662)	(145,662)
Advances and deposits from customers	(1,082,769)	19,497,160	18,414,391	(964,149)	5,310,530	4,346,381
Water availability charges	(1,243)	-	(1,243)	(2,503)	-	(2,503)
Other current liabilities	-	(37,636)	(37,636)	-	(49,703)	(49,703)
ECA regulatory inflow	-	11,646,778	11,646,778	-	-	-
Regulatory deferral	-	-	-	-	(6,000,000)	(6,000,000)
Deferred Inflows - Leases	(811,258)	(206,914)	(1,018,172)	(811,258)	(206,915)	(1,018,173)
Total adjustments	83,050,854	136,233,853	219,284,707	37,049,859	96,236,142	133,286,001
NET CASH FROM OPERATING ACTIVITIES	\$ 93,838,700	\$ 150,243,564	\$ 244,082,264	\$ 48,744,385	\$ 127,637,555	\$ 176,381,940

See accompanying notes.

Imperial Irrigation District
Statements of 401(a) Trust Fund Fiduciary Net Position
December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
ASSETS		
Investments		
Registered investment companies, at fair value	\$ 283,373,860	\$ 234,697,033
Collective trust, at contract value	<u>34,935,040</u>	<u>36,779,015</u>
Total investments	<u>318,308,900</u>	<u>271,476,048</u>
Receivables		
Notes receivable from participants	<u>806,439</u>	<u>534,191</u>
Total receivables	<u>806,439</u>	<u>534,191</u>
NET POSITION RESTRICTED FOR RETIREMENT BENEFITS	<u><u>\$ 319,115,339</u></u>	<u><u>\$ 272,010,239</u></u>

See accompanying notes.

Imperial Irrigation District
Statements of Changes in 401(a) Trust Fund Fiduciary Net Position
Years Ended December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
ADDITIONS		
Investment income		
Net appreciation (depreciation) in fair value		
of registered investments companies	\$ 32,647,392	\$ (51,719,267)
Dividends	10,192,210	8,418,356
Interest on collective trust	<u>861,652</u>	<u>537,999</u>
Net investment income (loss)	<u>43,701,254</u>	<u>(42,762,912)</u>
Contributions		
Employer	12,160,674	11,771,007
Participants	5,942,328	5,484,297
Rollovers	442,415	287,030
Other additions	<u>77,853</u>	<u>5,719</u>
Total contributions	<u>18,623,270</u>	<u>17,548,053</u>
Total additions, net of investment income (loss)	<u>62,324,524</u>	<u>(25,214,859)</u>
DEDUCTIONS		
Benefits paid to participants	15,032,211	20,331,698
Other deductions	<u>187,213</u>	<u>124,456</u>
Total deductions	<u>15,219,424</u>	<u>20,456,154</u>
Change in Fiduciary net position	47,105,100	(45,671,013)
NET POSITION RESTRICTED FOR RETIREMENT		
BENEFITS		
Beginning of year	<u>272,010,239</u>	<u>317,681,252</u>
End of year	<u><u>\$ 319,115,339</u></u>	<u><u>\$ 272,010,239</u></u>

See accompanying notes.

Imperial Irrigation District

Notes to Financial Statements

Note 1 – Summary of Significant Accounting Policies

Reporting entity – The Imperial Irrigation District (the District or IID) is a public entity organized in 1911 under the California Irrigation District Law (codified at Division 11 of the California Water Code) (the Law). The District has the power under law to, among other things; provide irrigation and electric service within its geographic boundaries, an area of 1,427 square miles for water and 6,611 square miles for power. In connection therein, the District has the powers of eminent domain to contract, to construct works, to fix rates and charges for commodities of services, and to incur indebtedness. In addition to irrigation services, the District supplies untreated water to cities and towns covering approximately 815 square miles.

The District entered the power business in 1936 to utilize the hydroelectric generation potential of the All-American Canal. Since that time, the District has added geothermal, natural gas, solar, nuclear, and biomass to its energy portfolio. The District's Energy system serves over 163,579 residential, commercial and industrial customers.

The District also has a fiduciary responsibility for its defined contribution 401(a) plan, Imperial Irrigation District 401(a) Retirement Plan (the Plan). The investments, contributions, and benefit payment activity and the fiduciary net position are reported in the Trust fund.

The District is governed by a five-member board of directors (Board) elected by the citizens residing within the District's water service boundaries.

Basis of accounting – The accounting records of the District are maintained on the accrual basis of accounting. Under this method, revenues are recognized in the period earned and expenses are recognized in the period incurred. The effects of inter-Departmental transactions relative to the use of All-American Canal Water and Energy charges have not been eliminated from the financial statements of the Water and Energy Departments, as the District's board of directors believes that the respective operating results of such enterprise funds should remain separate to facilitate management review and appropriate rate setting. Such separation is also required for evidence of compliance with the covenants of the District's outstanding indebtedness.

The District maintains separate accounting records for the Water and Energy Departments. Each of these Departments is reported as a separate enterprise fund, and the combined totals represent the business-type activities in the financial statements. The District's Water and Energy Department's basis of accounting conform to the accounting principles generally accepted in the United States of America.

Operating and non-operating revenue and expense – The District's primary purpose is to provide water for agricultural and municipal use and to provide energy for residential, commercial, and industrial use. Accordingly, the District defines operating revenues as water sales, revenues from water transfers under the Quantification Settlement Agreement and Related Agreements (QSA), sales of Energy, wholesale sales of energy and gas, and other miscellaneous Water and Energy service revenues. Operating expenses include the cost of sales and services, administrative expenses, depreciation, and amortization. Non-operating revenue and expense typically includes interest income (loss) on investments, interest expense, and other miscellaneous items.

Imperial Irrigation District

Notes to Financial Statements

Cash, cash equivalents, and investments – The District invests its idle cash daily. Investments consist primarily of federal agency securities, bank certificates of deposit, medium-term corporate notes, and obligations of the U.S. government.

Investments are stated at fair value. Fair value is determined based on market closing prices or bid/ask prices for regularly traded securities. The fair value of guaranteed investment contracts and other investments is estimated based on similarly traded securities. The fair value of government-sponsored investment pools and other similar investments is stated at share value or appropriate allocation of the fair value of the pool, if separately reported. The calculation of realized gains and losses is independent of the calculation of the net increase or decrease in the fair value of investments. A portion of the realized gains or losses on investments that have been held more than one year and sold in the current year was recognized as increases or decreases in fair value of investments in prior years.

Investment earnings, including the change in fair value, are allocated to the District's operating Departments on a monthly basis according to their relative investment balances.

The District considers all cash and cash deposits, investments in the State Treasurer's Local Agency Investment Fund, and other investments with initial maturities of less than 90 days at the date of purchase to be cash and cash equivalents in the presentation of the District's financial statements.

Restricted assets – Restricted assets represent allocations of cash and investment resources pursuant to board authorized restrictions, as well as covenants on the revenue bonds, and for other legally restricted purposes, as follows:

Debt service reserve fund – Represents cash and investments held by the Revenue Bond trustees for debt service in accordance with their associated trust agreements.

Construction fund – Represents funds set aside for the District's capital improvement program, including unspent Commercial Paper, Revenue Bond and COP proceeds, and certain equipment and property reserves.

Other restricted funds – Represents funds set aside for both the Water and Energy Departments. Water Department restricted funds include, among other things, Local Entity funds, Metropolitan Water District Supervisory Control and Data Acquisition (MWD SCADA) funds, San Diego County Water Authority (SDCWA) advances for the All-American Canal, capital projects for the system conservation requirements contained in the Quantification Settlement Agreement, the All-American Canal – Imperial Dam replacement fund, All-American Canal lining for San Luis Rey and SDCWA, customer deposits and advances, and debt service installment. Energy Department restricted funds include amounts received through the Public Benefit Charge (PBC), customer deposits and advances, Energy Costs Adjustment and Rate Stabilization Funds, debt service installment funds, and financing Energy proceeds.

Imperial Irrigation District

Notes to Financial Statements

Revenue recognition – The principal customers of the Water Department are farm operators and Imperial County municipalities. The municipalities treat the water and resell it to their residential and business customers. The Water Department recognizes revenue as customers are billed at the end of each month for water delivered during the month. In addition, each landowner pays an annual water availability fee based on the acreage owned. The water availability charge is billed in advance in December of each year and is amortized monthly throughout the year. Conserved water transfer agreements between IID and other entities are all part of the Quantification Settlement Agreement (QSA) and related agreements. These contracts identify the conserved water volumes and transfer schedules for IID along with the price and payment terms.

Water transfer revenues are recognized based on invoiced amounts in accordance with underlying contracts at time of delivery. See additional discussion in Note 18 – Quantification Settlement Agreement (QSA) – Water Transfer.

The Energy Department sells energy to residential, commercial, and industrial customers. Excess energy and natural gas, if any, are sold on the wholesale market. Energy revenues are recognized as earned based on monthly metered usage. Accounts receivable consist of amounts owed by private individuals and organizations for goods delivered or services rendered in the regular course of business operations. The District records unbilled revenue from the date the meters were last read through year end.

Allowance for doubtful accounts – A reserve has been established for uncollectible accounts receivable based on historical write-off trends and knowledge of specific circumstances that indicate collection of an account may be unlikely. Generally, accounts receivable is considered past due after 30 days. The balance of the reserve was \$5,634,214 and \$4,926,124 as of December 31, 2023 and 2022, respectively.

Leases – Leases are recognized in accordance with GASB Statement No. 87, whereby the lessor is required to recognize a lease receivable and a deferred inflow of resources. A lease receivable is recognized at the net present value of payments received from the leased asset, at a borrowing rate either explicitly described in the agreement or implicitly determined by the District, and is reduced by principal payments received. The deferred inflow of resources is recognized in an amount equal to the sum of the lease receivable and any payments related to a future period which were received prior to the lease commencement; these deferred inflows of resources are amortized equal to the amount of the annual payments.

A lessee is required to recognize a lease payable and an intangible right-to-use lease asset. A lease payable is recognized at the net present value of future lease payments, and is adjusted over time by interest and payments. Future lease payments include fixed payments, variable payments based on index or rate, reasonably certain residual guarantees. The lease asset is initially recorded at the amount of the lease liability, plus prepayments, less any lease incentives received prior to commencement, and is subsequently amortized over the life of the lease.

Imperial Irrigation District

Notes to Financial Statements

Subscription based IT arrangements - Subscriptions are recognized in accordance with GASB Statement No. 96, Subscription based IT arrangements (SBITA). Under this Statement the organization is required to recognize a subscription liability and an intangible right-to-use subscription asset. The SBITA payable is recognized at the net present value of future subscription payments and is adjusted over time by interest and payments. Future subscription payments include fixed payments, variable payments based on index or rate, and reasonably certain residual guarantees. The right-to-use subscription asset is initially recorded at the amount of the subscription liability, plus prepayments, less any incentives received prior to commencement, and is subsequently amortized over the life of the subscription.

Utility plant – Utility plant includes plant and equipment, stated at cost. Maintenance and repairs are charged to operating expense as incurred. The cost of constructed assets includes labor and related labor overheads, materials, allocated indirect charges, such as engineering and supervision, and certain administrative and general expenses. The cost of minor replacements under \$5,000 are included in maintenance expense.

The District has an undivided interest in certain energy generation stations and transmission systems that are jointly owned among several other governmental electrical utility operators. The operating agreements under which the facilities were constructed require that each participant provide its own construction financing. The District's proportionate share of construction and improvement costs for such jointly owned facilities has been included in an appropriate category of utility plant. The District incurs certain minimum operating costs on jointly owned facilities, whether or not it takes delivery of its proportionate share of the energy generated. Such expenses are included in the accompanying statements of revenues, expenses, and changes in net position. Buildings, vehicles, equipment, drainage structures, canal linings, canal structures, transmission, distribution, and general plant owned by the Water and Energy Departments are depreciated on a straight-line basis over their estimated useful lives.

The estimated average useful lives of utility plant assets are as follows:

Structure and improvements	20–50 years
Generation	33 years
Transmission and distribution	33 years
Canals and drainage	30 years
General plant and equipment	5–10 years

Protection of water rights – The District capitalizes costs associated with the protection of water rights. Such costs include legal and consulting fees paid by the District to sustain the District's priority use of Colorado River water. These costs are amortized on a straight-line basis over a 35-year period. Amortization charges for protection of water rights was \$774,261 for the years ended December 31, 2023 and 2022.

Other intangible assets – The District along with other Imperial Dam stakeholder agencies, as defined in the All-American Canal O&M agreement, completed electrical systems upgrades to Imperial and Laguna Dam facilities, which is owned by the United States Bureau of Reclamation but operated and maintained by the District. The District's total share of the project costs are capitalized as other intangible assets, as the District has a right of use of the asset which is amortized on a straight-line basis over a 35-year period. Amortization charges for other intangible assets were \$1,245,477 and \$1,129,993 for the years ended on December 31, 2023 and 2022, respectively.

Imperial Irrigation District

Notes to Financial Statements

Inventory – Inventory consisting of fuel oil, materials, and supplies are recorded at cost on a weighted-average basis.

Income tax – The District qualifies for tax-exempt status as an integral part of the State of California or a political subdivision in accordance with Internal Revenue Code (IRC) Section 115.

Prepaid pension obligation – In June 2001, the District issued \$75,000,000 Taxable Pension Obligation Revenue Bonds, Series 2001. Net proceeds of the bonds were used to fund the District's unfunded actuarial pension liability upon the termination of the District's defined benefit pension plan on June 30, 2001. Such amount is presented on the accompanying statements of net position as a prepaid pension obligation to be amortized over the life of the 2001 Bonds (30 years) on a straight-line basis.

Other non-current assets – Energy Cost Adjustment asset – During 2022, the District, through the ECA-R rolling rate, under collected revenue to cover higher expenses for fuel and purchased power. The ECA asset balance as of December 31, 2023 and 2022 was \$11.6 million and zero, respectively.

Environmental liabilities – The District has accrued a liability for pollution remediation activities in accordance with GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*. GASB 49 outlines five specific obligating events that give rise to estimating expected pollution remediation outlays. These outlays may be accrued as a liability and expensed, or if appropriate, capitalized. See Note 11 – Commitments and Contingencies.

Asset retirement obligation liability – The District records asset retirement obligations (ARO) where there is a legally enforceable liability associated with the retirement of tangible capital assets. An ARO is measured based on the best estimate of the current value of outlays expected to be incurred. The current value is adjusted annually to determine whether there is a significant change in the estimated outlays and whether to re-measure the ARO. Under GASB 83, *Certain Asset Retirement Obligations*, the current value of the obligation was recorded, and the effect of the inflation and re-measuring due to factors other than inflation were recognized in the statement of net position.

Unamortized premiums and discounts – Original issue and reacquired bond premiums and discounts relating to revenue bonds are amortized over the terms of the respective bond issues using the bonds outstanding method. Bond issuance costs are expensed in the period incurred.

Capital contributions – Capital contributions for Water and Energy represent contributions of cash and/or capital assets from developers, customers, and other third parties. Capital contributions are recorded in the statements of revenues, expenses, and changes in net position at acquisition value at the time of receipt.

Compensated absences – District employees earn vacation and sick leave in varying amounts depending on length of service. Upon termination from District service, employees are entitled to full payment for accrued vacation at their final pay rates and, if retiring, they are also entitled to payment of approximately one-half of their accrued sick leave at such rates. The District records its obligation for vacation and sick leave when earned by eligible employees based on current pay rates.

Imperial Irrigation District

Notes to Financial Statements

Deferred outflows of resources and deferred inflows of resources – Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. Deferred outflows of resources follow assets on the statement of net position. Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and therefore will not be recognized as an inflow of resources (revenue) until that time. In the statement of net position, this includes resources that are received before the Utility has met eligibility requirements related to time. Deferred inflows of resources follow liabilities on the statement of net position.

Deferred outflows of resources consist of the following:

Unamortized loss on refunding – Original issue and reacquired bond premiums and discounts relating to revenue bonds are amortized over the terms of the respective bond issues using the bonds outstanding method. In accordance with GASB Statement No. 23, *Accounting and Financial Reporting for Refunding of Debt Reported by Proprietary Activities*, losses on debt refunding have been deferred and amortized over the shorter of the remaining life of the old or new debt.

Asset retirement obligations – GASB 83 requires recognition of the deferred outflows of resources associated with an ARO based on the useful life of the asset and estimated liability at the time of recognition. The deferred outflows of resources reported after a tangible capital asset's estimated life should be reduced and recognized as outflows or resources in a systematic and rational manner over the remaining estimated useful life of the tangible capital asset.

Other post-employment benefits – The District's deferred outflows of resources related to OPEB, relate to differences between projected and actual return on investments. These amounts will be amortized to OPEB expense on a straight-line basis.

Deferred inflows of resources consist of the following:

Regulatory accounting – The District has established regulatory accounts to reduce significant year-to-year variations in rates. Amounts deposited into the accounts are excluded from the statements of revenues, expenses and changes in net position. Revenue will be recognized in subsequent periods when it is withdrawn in accordance with rate decisions.

Regulatory deferral (rate stabilization) – As of December 31, 2023 and 2022, the regulatory liability fund balance is \$60.8 million for both years. The maximum board approved limit for the regulatory liability fund balance is \$100.0 million.

Imperial Irrigation District

Notes to Financial Statements

Energy Cost Adjustment (ECA) regulatory deferral – The ECA formula is structured to allow changes to fixed and variable power supply costs to be recovered from a pass-through rate; it includes fuel and purchased power and other related costs and revenues from wholesale and retail energy. This enables a recovery of Energy costs and responds quickly to any changes out of the utility's control. In addition, an ECA Renewable (ECA-R) factor formula captures the incremental cost difference between the total cost of meeting renewable portfolio standards and the cost of fuel and purchased power without meeting those standards; it includes the incremental cost of renewable energy to be offset by greenhouse gas allowance revenues. The ECA factor and ECA-R Factor fluctuate based on twelve-month actual rolling average costs and sales. During 2023 the District, through the ECA-R rolling rate, over collected revenue to cover higher expenses for fuel and purchased power, impacted by unfavorable market conditions, weather, and consumption. The ECA regulatory liability balance as of December 31, 2023 and 2022 was \$11.6 million and zero, respectively.

Other post-employment benefits (OPEB) – The District's deferred inflows of resources related to OPEB relate to differences between projected and actual return on investments, expected and actual experience, and changes in assumptions. These amounts will be amortized to OPEB expense in a straight-line basis.

Lease deferred inflow – The lease deferred inflows of resources are recognized in an amount equal to the sum of the lease receivable and any payments related to a future period which were received prior to the lease commencement; these deferred inflows of resources are amortized in equal amounts over the life of contract.

Net position – The District follows the financial reporting requirements of the GASB and reports net position under the following classifications:

Net investment in capital assets – Net investment in capital assets consists of capital assets, net of accumulated depreciation and amortization, and reduced by outstanding balances of any debt, or other long-term borrowings that are attributable to the acquisition, construction, or improvement of those assets. The District's utility plant assets include plant, equipment, land, water rights, and other intangibles (see Note 3 – Utility Plant).

Restricted – Restricted consists of assets that have restrictions placed upon their use either by the District's board of directors, or through external constraints imposed either by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or constraints imposed by law through enabling legislation.

Unrestricted – Unrestricted consists of net position, net of related liabilities, that does not meet the definition of "restricted" or "net investment in capital assets."

Use of estimates – The preparation of financial statements in conformity with generally accepted accounting principles requires that management make estimates and assumptions affecting the reported amounts of assets, liabilities, revenues and expenses, and disclose material contingent liabilities existing at the date of issuance. Actual results may differ from these estimates.

Imperial Irrigation District

Notes to Financial Statements

Accounting pronouncements – The financial statements of the District are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) issued by the Governmental Accounting Standards Board (GASB) applicable to governmental entities that use proprietary fund accounting. Revenues are recognized when earned, and costs and expenses are recognized when incurred.

In March 2020, GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Some PPPs meet the definition of a service concession arrangement (SCA), which the Board defines in this Statement as a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement. The District adopted GASB Statement No. 94 during the year ended December 31, 2023, which did not have an impact on the District's financial reporting.

For the year ended December 31, 2023, the District implemented GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. The primary objective of this statement is to enhance the relevance and consistency of information about governments' subscription activities. This statement establishes a single model for subscription accounting based on the principle that subscriptions are financings of the right to use an underlying asset. Under Statement No. 96, an organization is required to recognize a subscription liability and an intangible right-to-use subscription asset. GASB Statement No. 96 was implemented with an effective date of January 1, 2023, with no restatement effect for prior periods. For additional information see Notes 5 and 11.

Imperial Irrigation District

Notes to Financial Statements

Note 2 – Cash and Investments

Cash and investments as of December 31, 2023 and 2022, are classified in the accompanying financial statements as follows:

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents, unrestricted	\$ 69,220,133	\$ 43,541,119
Cash and cash equivalents, restricted	<u>32,157,642</u>	<u>32,683,259</u>
	101,377,775	76,224,378
Investments, current	74,644,938	61,149,403
Investments, long term	<u>588,609,610</u>	<u>556,295,065</u>
	<u>663,254,548</u>	<u>617,444,468</u>
Total cash and investments	<u><u>\$ 764,632,323</u></u>	<u><u>\$ 693,668,846</u></u>
	<u>2023</u>	<u>2022</u>
Cash on hand	\$ 8,210	\$ 8,410
Deposits with financial institutions (\$25,305,503 and \$2,077,224 at fiscal agents, respectively)	101,369,565	76,215,968
Investments (\$9,173,880 and \$6,348,743 at fiscal agents, respectively)	<u>663,254,548</u>	<u>617,444,468</u>
Total cash and investments	<u><u>\$ 764,632,323</u></u>	<u><u>\$ 693,668,846</u></u>

Investments are authorized by the California Government Code and Imperial Irrigation District's investment policy.

Imperial Irrigation District

Notes to Financial Statements

The following table identifies the investment types that are authorized by the District's Investment Policy, in compliance with the California Government Code.

Authorized Investment Type	Maximum Maturity*	Maximum Portfolio Percentage	Maximum Investment Per Issuer
Local agency bonds	5 years	None	None
U.S. Treasury obligations	5 years	None	None
U.S. Agency securities	5 years	None	None
Banker's acceptances	180 days	40%	30%
Commercial paper	270 days	25%	10%
Negotiable certificates of deposit	5 years	30%	10%
Repurchase agreements	1 year	None	5%
Reverse repurchase agreements	92 days	20% of base value	None
Medium-term notes	5 years	30%	10%
Mutual funds	N/A	20%	10%
Money market mutual funds	N/A	20%	10%
Mortgage pass-through securities	5 years	20%	None
Local Agency Investment Fund (LAIF)	N/A	None	None

* Debt reserves are exempt from the maximum maturity limits.

Investments by fund consisted of the following:

Investments	Water		Energy	
	2023	2022	2023	2022
Unrestricted	\$ 268,117,256	\$ 288,532,956	\$ 159,118,528	\$ 184,181,705
Restricted, other	83,865,306	9,265,026	79,692,282	74,650,383
Restricted, ECA overcollection	-	-	11,646,778	-
Restricted, rate stabilization fund	-	-	60,814,398	60,814,398
Total	\$ 351,982,562	\$ 297,797,982	\$ 311,271,986	\$ 319,646,486
Investments, current	\$ 39,135,458	\$ 31,122,626	\$ 35,509,480	\$ 30,026,777
Investments, long-term	\$ 312,847,104	\$ 266,675,356	\$ 275,762,506	\$ 289,619,709

Interest rate risk – Interest rate risk is the risk that changes in market interest rates may adversely affect the fair value of an investment. In general, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the District manages its exposure to interest rate risk is by following a hold-to-maturity investment approach, purchasing a combination of shorter and longer term investments, and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

Imperial Irrigation District

Notes to Financial Statements

As of December 31, 2023 and 2022, the District had the following investments and maturities:

Investment Type	Investment Maturities (in Years)			
	Total	Less than 1 Year	1 – 5 Years	More than 5 Years
U.S. Treasury obligations	\$ 168,935,087	\$ 19,777,704	\$ 149,157,383	\$ -
U.S. Agency securities	410,407,209	34,546,056	375,861,154	-
Certificates of deposit	27,656,857	11,702,351	15,954,507	-
Municipal bonds	56,255,394	8,618,828	47,636,567	-
Total	<u>\$ 663,254,548</u>	<u>\$ 74,644,938</u>	<u>\$ 588,609,610</u>	<u>\$ -</u>

As of December 31, 2022, the District had the following investments and maturities:

Investment Type	Investment Maturities (in Years)			
	Total	Less than 1 Year	1 – 5 Years	More than 5 Years
U.S. Treasury obligations	\$ 174,878,418	\$ 23,539,369	\$ 151,339,049	\$ -
U.S. Agency securities	398,290,850	28,770,695	369,520,155	-
Certificates of deposit	21,825,631	7,498,600	14,327,031	-
Municipal bonds	22,449,569	1,340,739	21,108,830	-
Total	<u>\$ 617,444,468</u>	<u>\$ 61,149,403</u>	<u>\$ 556,295,065</u>	<u>\$ -</u>

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. Presented below is the minimum rating required under the California Government Code, the District's investment policy, or related debt covenants and the actual rating as of year-end for each investment type.

Investments and their associated credit ratings at December 31, 2023, are as follows:

Investment Type	Market Value	Min Rating	Not Rated	Credit Rating as of Year End		
				Aaa/AAA	Aa/AA	A
U.S. Treasury obligations	\$ 168,935,087	N/A	\$ -	\$ 168,935,087	\$ -	\$ -
U.S. Agency securities	410,407,209	N/A	-	410,407,209	-	-
Certificates of deposit	27,656,857	N/A	27,656,857	-	-	-
Municipal bonds	56,255,394	A	-	6,731,551	49,523,843	-
	<u>\$ 663,254,548</u>		<u>\$ 27,656,857</u>	<u>\$ 586,073,847</u>	<u>\$ 49,523,843</u>	<u>\$ -</u>

Imperial Irrigation District

Notes to Financial Statements

Investments and their associated credit ratings at December 31, 2022, are as follows:

Investment Type	Market Value	Min Rating	Not Rated	Credit Rating as of Year End		
				Aaa/AAA	Aa/AA	A
U.S. Treasury obligations	\$ 174,878,418	N/A	\$ -	\$ 174,878,418	\$ -	\$ -
U.S. Agency securities	398,290,850	N/A	-	398,290,850	-	-
Certificates of deposit	21,825,631	N/A	21,825,631	-	-	-
Municipal bonds	22,449,569	A	-	5,352,030	17,097,539	-
	<u>\$ 617,444,468</u>		<u>\$ 21,825,631</u>	<u>\$ 578,521,298</u>	<u>\$ 17,097,539</u>	<u>\$ -</u>

The District invests its funds as allowed under California Government Code Sections 53601 and 53635. The value of the District's investment portfolio fluctuates in an inverse relationship with changes in market interest rates. Unrealized and realized gains and losses are recognized in the statements of revenues, expenses, and changes in net position as income or expense under non-operating revenue and expense.

Concentration of credit risk – The investment policy of the District contains no limitations on the amount that may be invested in any one issuer beyond that stipulated by the California Government Code. Investments in any one issuer (other than mutual funds and external investment pools) that represent 5% or more of total District investments include the following at December 31, 2023:

Issuer	Investment Type	Reported Amount	Percentage of Portfolio
U.S. Treasury Notes	Treasury	\$ 168,935,087	25.5%
Federal National Mortgage Association – FNMA	Federal Agency	75,111,907	11.3%
Federal Home Loan Mortgage Corp. – FHLMC	Federal Agency	101,128,899	15.2%
Federal Farm Credit Bank – FFCB	Federal Agency	69,710,816	10.5%
Federal Home Loan Banks – FHLB	Federal Agency	159,731,651	24.1%
Federal Agriculture Mortgage Corporation - FAMC	Federal Agency	4,723,936	0.7%

Custodial credit risk – Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the investor will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, the investor will not be able to recover the value of its investment or collateral securities that are in the possession of a third party. The California Government Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit 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 government 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 equal at least 110% of the total amount deposited by the 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.

As of December 31, 2023 and 2022, none of the District's deposits with financial institutions in excess of federal depository insurance limits were held in uncollateralized accounts.

Imperial Irrigation District

Notes to Financial Statements

Investment in state investment pool – 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 fair value of the District's investment in this pool is reported in the accompanying financial statements based on 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 measurement – Fair Value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (an exit price). Fair value is a market-based measurement for a particular asset or liability based on assumptions that market participants would use in pricing the asset or liability. Such assumptions include observable and unobservable inputs of market data as well as assumptions about risk and the risk inherent in the inputs to the valuation technique.

The hierarchy of inputs used to generate the valuation is classified into three different levels:

Level 1 – Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the government can access at the measurement date.

Level 2 – Inputs include quoted prices for similar assets or liabilities in markets that are active; quoted prices for identical or similar assets or liabilities in markets that are not active; and inputs other than quoted prices that are observable for an asset, either directly or indirectly.

Level 3 – Inputs are unobservable inputs from the asset or liability where there is very little market activity and they should be used only when relevant Level 1 and Level 2 inputs are unavailable.

The District's fair value measurements are performed on a recurring basis. The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The following tables present fair value balances and their levels within the fair value hierarchy as of December 31, 2023 and 2022. The investment balances presented exclude amounts related to Government Money Market Funds, Certificates of Deposits, and Guaranteed Investment Contracts, as these have been specifically scoped out of GASB 72.

Imperial Irrigation District

Notes to Financial Statements

The District has the following fair value measurements at December 31, 2023:

	Fair Value Using			
	December 31, 2023	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Other Unobservable Inputs (Level 3)
Investments by fair value level				
Debt securities				
U.S. Treasury obligations	\$ 168,935,087	\$ 168,935,087	\$ -	\$ -
U.S. agencies securities	410,407,209	-	410,407,209	-
Municipal bonds	56,255,394	-	56,255,394	-
Total debt securities	635,597,690	168,935,087	466,662,604	-
Total investments by fair value level	635,597,690	<u>\$ 168,935,087</u>	<u>\$ 466,662,604</u>	<u>\$ -</u>
Investments not subject to fair value hierarchy				
Certificates of deposit	<u>27,656,857</u>			
Total investments	<u>\$ 663,254,548</u>			

The District has the following fair value measurements at December 31, 2022:

	Fair Value Using			
	December 31, 2022	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by fair value level				
Debt securities				
U.S. Treasury obligations	\$ 174,878,418	\$ 174,878,418	\$ -	\$ -
U.S. agencies securities	398,290,850	-	398,290,850	-
Municipal bonds	22,449,569	-	22,449,569	-
Total debt securities	595,618,837	174,878,418	420,740,419	-
Total investments by fair value level	595,618,837	<u>\$ 174,878,418</u>	<u>\$ 420,740,419</u>	<u>\$ -</u>
Investments not subject to fair value hierarchy				
Certificates of deposit	<u>21,825,631</u>			
Total investments	<u>\$ 617,444,468</u>			

Imperial Irrigation District

Notes to Financial Statements

Note 3 – Utility Plant

Utility plant is comprised of the following at December 31, 2023:

Water	January 1, 2023	Additions	Retirements	Transfers	December 31, 2023
Utility plant, not being depreciated					
Land and land rights	\$ 54,378,748	\$ -	\$ (2)	\$ -	\$ 54,378,746
Construction in process	12,182,250	9,594,839	-	(8,406,316)	13,370,773
Total utility plant, not being depreciated	66,560,998	9,594,839	(2)	(8,406,316)	67,749,519
Utility plant, being depreciated					
Structures and improvements	24,288,333	152,902	-	488,604	24,929,839
Canals	395,405,223	7,035,442	-	1,886,972	404,327,637
Drainage	151,684,472	2,500,698	-	204,094	154,389,264
All-American Canal	327,022,757	3,389,463	-	2,356,089	332,768,309
Dredges and field equipment	28,438,982	2,497,591	(2,569,449)	(120,006)	28,247,118
Automobiles and trucks	18,458,196	1,764,997	(947,726)	(333,521)	18,941,946
Other plant equipment	24,097,337	1,126,514	(45,509)	(34,514)	25,143,828
Roads, railroads, and bridges	4,648,777	-	-	-	4,648,777
Reservoirs and dams	7,012,207	4,487,353	-	1,921,522	13,421,082
Total utility plant, being depreciated	981,056,284	22,954,960	(3,562,684)	6,369,240	1,006,817,800
Protection of water rights	30,555,094	-	-	-	30,555,094
Other intangible assets	42,022,177	27,318	-	1,542,211	43,591,706
Right-of-use	146,214	999,260	-	-	1,145,474
Less accumulated depreciation	(481,440,470)	(32,333,069)	2,971,679	320,701	(510,481,159)
Less accumulated amortization					
Water rights and other intangibles	(24,585,102)	(2,052,883)	-	33,145	(26,604,840)
Right-of-use	(66,210)	(195,588)	-	-	(261,798)
Total utility plant, being depreciated, net	547,687,987	(10,600,002)	(591,005)	8,265,297	544,762,277
Utility plant, net	\$ 614,248,985	\$ (1,005,163)	\$ (591,007)	\$ (141,019)	\$ 612,511,796

Imperial Irrigation District

Notes to Financial Statements

Energy	January 1, 2023	Additions	Retirements	Transfers	December 31, 2023
Utility plant, not being depreciated					
Land and land rights	\$ 25,636,508	\$ 1,320	\$ (500,603)	\$ 25,140	\$ 25,162,365
Construction in process	53,175,144	49,004,668	-	(22,305,320)	79,874,492
Total utility plant, not being depreciated	78,811,652	49,005,988	(500,603)	(22,280,180)	105,036,857
Utility plant, being depreciated					
Structures and improvements	176,060,959	1,875,477	-	(8)	177,936,428
Dredges and field equipment	15,390,856	3,441,356	(73,689)	107,212	18,865,735
Automobiles and trucks	28,185,408	1,400,135	(573,669)	383,259	29,395,133
Other plant equipment	160,889,365	6,453,924	(113,821)	902,814	168,132,282
Steam plant equipment	354,218,167	-	-	-	354,218,167
Hydroelectric generating equipment	48,298,923	-	-	-	48,298,923
Gas turbines	134,889,525	3,653,057	-	2,440,863	140,983,445
Other production equipment	90,914,427	-	-	(156,216)	90,758,211
Transmission plant	550,001,732	60,759,762	(914,489)	9,730,156	619,577,161
Distribution plant	1,209,116,928	38,398,360	(2,536,505)	9,366,965	1,254,345,748
Reservoirs and dams	3,819,480	-	-	-	3,819,480
Total utility plant, being depreciated	2,771,785,770	115,982,071	(4,212,173)	22,775,045	2,906,330,713
Right-of-use	3,008,308	1,344,889	(42,150)		4,311,047
Less accumulated depreciation	(1,444,360,113)	(86,980,413)	3,989,146	(353,846)	(1,527,705,226)
Less accumulated right-of-use amortization	(1,058,136)	(784,000)	-	-	(1,842,136)
Total utility plant, being depreciated, net	1,329,375,829	29,562,547	(265,177)	22,421,199	1,381,094,398
Utility plant, net	\$ 1,408,187,481	\$ 78,568,535	\$ (765,780)	\$ 141,019	\$ 1,486,131,255

Imperial Irrigation District

Notes to Financial Statements

Combined Water and Energy	January 1, 2023	Additions	Retirements	Transfers	December 31, 2023
Utility plant, not being depreciated					
Land and land rights	\$ 80,015,256	\$ 1,320	\$ (500,605)	\$ 25,140	\$ 79,541,111
Construction in process	65,357,394	58,599,507	-	(30,711,636)	93,245,265
Total utility plant, not being depreciated	145,372,650	58,600,827	(500,605)	(30,686,496)	172,786,376
Utility plant, being depreciated					
Structures and improvements	200,349,292	2,028,379	-	488,596	202,866,267
Dredges and field equipment	43,829,838	5,938,947	(2,643,138)	(12,794)	47,112,853
Automobiles and trucks	46,643,604	3,165,132	(1,521,395)	49,738	48,337,079
Other plant equipment	184,986,702	7,580,438	(159,330)	868,300	193,276,110
Steam plant equipment	354,218,167	-	-	-	354,218,167
Hydroelectric generating equipment	48,298,923	-	-	-	48,298,923
Gas turbines	134,889,525	3,653,057	-	2,440,863	140,983,445
Other production equipment	90,914,427	-	-	(156,216)	90,758,211
Transmission plant	550,001,732	60,759,762	(914,489)	9,730,156	619,577,161
Distribution plant	1,209,116,928	38,398,360	(2,536,505)	9,366,965	1,254,345,748
Roads, railroads, and bridges	4,648,777	-	-	-	4,648,777
Reservoirs and dams	10,831,687	4,487,353	-	1,921,522	17,240,562
Canals	395,405,223	7,035,442	-	1,886,972	404,327,637
Drainage	151,684,472	2,500,698	-	204,094	154,389,264
All-American Canal	327,022,757	3,389,463	-	2,356,089	332,768,309
Total utility plant, being depreciated	3,752,842,054	138,937,031	(7,774,857)	29,144,285	3,913,148,513
Protection of water rights	30,555,094	-	-	-	30,555,094
Other intangible assets	42,022,177	27,318	-	1,542,211	43,591,706
Right-of-use	3,154,522	2,344,149	(42,150)	-	5,456,521
Less accumulated depreciation	(1,925,800,583)	(119,313,482)	6,960,825	(33,145)	(2,038,186,385)
Less accumulated amortization					
Water rights and other intangibles	(24,585,102)	(2,052,883)	-	33,145	(26,604,840)
Right-of-use	(1,124,346)	(979,588)	-	-	(2,103,934)
Total utility plant, being depreciated, net	1,877,063,816	18,962,545	(856,182)	30,686,496	1,925,856,675
Utility plant, net	\$ 2,022,436,466	\$ 77,563,372	\$ (1,356,787)	\$ -	\$ 2,098,643,051

Imperial Irrigation District

Notes to Financial Statements

Utility plant is comprised of the following at December 31, 2022:

Water	January 1, 2022	Additions	Retirements	Transfers	December 31, 2022
Utility plant, not being depreciated					
Land and land rights	\$ 54,250,698	\$ 128,050	\$ -	\$ -	\$ 54,378,748
Construction in process	18,429,529	5,647,570	-	(11,894,849)	12,182,250
Total utility plant, not being depreciated	72,680,227	5,775,620	-	(11,894,849)	66,560,998
Utility plant, being depreciated					
Structures and improvements	24,251,797	36,536	-	-	24,288,333
Canals	378,716,404	9,371,433	-	7,317,386	395,405,223
Drainage	148,673,252	2,733,340	-	277,880	151,684,472
All-American Canal	326,630,374	-	-	392,383	327,022,757
Dredges and field equipment	25,077,451	3,513,023	(151,492)	-	28,438,982
Automobiles and trucks	17,388,720	2,028,460	(958,984)	-	18,458,196
Other plant equipment	23,178,911	922,012	(3,586)	-	24,097,337
Roads, railroads, and bridges	4,648,777	-	-	-	4,648,777
Reservoirs and dams	7,012,207	-	-	-	7,012,207
Total utility plant, being depreciated	955,577,893	18,604,804	(1,114,062)	7,987,649	981,056,284
Protection of water rights	30,555,094	-	-	-	30,555,094
Other intangible assets	34,651,044	3,463,933	-	3,907,200	42,022,177
Right-of-use	146,214	-	-	-	146,214
Less accumulated depreciation	(449,911,347)	(32,542,006)	1,012,883	-	(481,440,470)
Less accumulated amortization					
Water rights and other intangibles	(22,680,848)	(1,904,254)	-	-	(24,585,102)
Right-of-use	(33,105)	(33,105)	-	-	(66,210)
Total utility plant, being depreciated, net	548,304,945	(12,410,628)	(101,179)	11,894,849	547,687,987
Utility plant, net	\$ 620,985,172	\$ (6,635,008)	\$ (101,179)	\$ -	\$ 614,248,985

Imperial Irrigation District

Notes to Financial Statements

Energy	January 1, 2022	Additions	Retirements	Transfers	December 31, 2022
Utility plant, not being depreciated					
Land and land rights	\$ 25,636,508	\$ -	\$ -	\$ -	\$ 25,636,508
Construction in process	35,844,935	32,938,632	-	(15,608,423)	53,175,144
Total utility plant, not being depreciated	61,481,443	32,938,632	-	(15,608,423)	78,811,652
Utility plant, being depreciated					
Structures and improvements	175,847,984	212,975	-	-	176,060,959
Dredges and field equipment	15,237,056	437,522	(283,722)	-	15,390,856
Automobiles and trucks	26,597,791	2,327,039	(739,422)	-	28,185,408
Other plant equipment	151,981,689	3,247,462	(232,182)	5,892,396	160,889,365
Steam plant equipment	353,831,126	-	-	387,041	354,218,167
Hydroelectric generating equipment	48,298,923	-	-	-	48,298,923
Gas turbines	133,529,980	2,402	-	1,357,143	134,889,525
Other production equipment	80,500,000	10,414,427	-	-	90,914,427
Transmission plant	547,530,018	2,189,993	(1,575,997)	1,857,718	550,001,732
Distribution plant	1,173,381,072	33,100,821	(3,479,090)	6,114,125	1,209,116,928
Reservoirs and dams	3,819,480	-	-	-	3,819,480
Total utility plant, being depreciated	2,710,555,119	51,932,641	(6,310,413)	15,608,423	2,771,785,770
Right-of-use	2,839,222	169,086	-	-	3,008,308
Less accumulated depreciation	(1,365,385,610)	(85,209,925)	6,235,422	-	(1,444,360,113)
Less accumulated right-of-use amortization	(458,699)	(599,437)	-	-	(1,058,136)
Total utility plant, being depreciated, net	1,347,550,032	(33,707,635)	(74,991)	15,608,423	1,329,375,829
Utility plant, net	\$ 1,409,031,475	\$ (769,003)	\$ (74,991)	\$ -	\$ 1,408,187,481

Imperial Irrigation District

Notes to Financial Statements

Combined Water and Energy	January 1, 2022	Additions	Retirements	Transfers	December 31, 2022
Utility plant, not being depreciated					
Land and land rights	\$ 79,887,206	\$ 128,050	\$ -	\$ -	\$ 80,015,256
Construction in process	54,274,464	38,586,202	-	(27,503,272)	65,357,394
Total utility plant, not being depreciated	134,161,670	38,714,252	-	(27,503,272)	145,372,650
Utility plant, being depreciated					
Structures and improvements	200,099,781	249,511	-	-	200,349,292
Dredges and field equipment	40,314,507	3,950,545	(435,214)	-	43,829,838
Automobiles and trucks	43,986,511	4,355,499	(1,698,406)	-	46,643,604
Other plant equipment	175,160,600	4,169,474	(235,768)	5,892,396	184,986,702
Steam plant equipment	353,831,126	-	-	387,041	354,218,167
Hydroelectric generating equipment	48,298,923	-	-	-	48,298,923
Gas turbines	133,529,980	2,402	-	1,357,143	134,889,525
Other production equipment	80,500,000	10,414,427	-	-	90,914,427
Transmission plant	547,530,018	2,189,993	(1,575,997)	1,857,718	550,001,732
Distribution plant	1,173,381,072	33,100,821	(3,479,090)	6,114,125	1,209,116,928
Roads, railroads, and bridges	4,648,777	-	-	-	4,648,777
Reservoirs and dams	10,831,687	-	-	-	10,831,687
Canals	378,716,404	9,371,433	-	7,317,386	395,405,223
Drainage	148,673,252	2,733,340	-	277,880	151,684,472
All-American Canal	326,630,374	-	-	392,383	327,022,757
Total utility plant, being depreciated	3,666,133,012	70,537,445	(7,424,475)	23,596,072	3,752,842,054
Protection of water rights	30,555,094	-	-	-	30,555,094
Other intangible assets	34,651,044	3,463,933	-	3,907,200	42,022,177
Right-of-use	2,985,436	169,086	-	-	3,154,522
Less accumulated depreciation	(1,815,296,957)	(117,751,931)	7,248,305	-	(1,925,800,583)
Less accumulated amortization					
Water rights and other intangibles	(22,680,848)	(1,904,254)	-	-	(24,585,102)
Right-of-use	(491,804)	(632,542)	-	-	(1,124,346)
Total utility plant, being depreciated, net	1,895,854,977	(46,118,263)	(176,170)	27,503,272	1,877,063,816
Utility plant, net	\$ 2,030,016,647	\$ (7,404,011)	\$ (176,170)	\$ -	\$ 2,022,436,466

Note 4 – Commercial Paper Programs

On April 1, 2021, the District obtained a Letter of Credit from Sumitomo Mitsui Banking Corporation for \$109 million; this replaced the existing \$109 million letter of credit from MUFG Union Bank which expired on April 30, 2021. The new letter of credit expires on April 30, 2026, and has an option to extend.

As of December 31, 2023 and 2022, there was no outstanding commercial paper.

Imperial Irrigation District

Notes to Financial Statements

Note 5 – Long-Term Debt and Liabilities

A summary of the District's long-term debt and liabilities is as follows:

Water	Maturity Dates	Range of Interest Rates	January 1, 2023	Additions	Reductions	December 31, 2023	Current Portion
Pension obligation revenue bond 2001, net of unamortized original issue discount of \$17,321	2031	5.70%–7.00%	\$ 18,953,404	\$ -	\$ (1,583,475)	\$ 17,369,929	\$ 1,697,500
Other Long term debt			\$ 8,112,010	\$ -	\$ (3,140,044)	\$ 4,971,966	\$ 2,419,440
Accrued vacation and sick leave			\$ 8,134,008	\$ 6,512,158	\$ (6,164,333)	\$ 8,481,833	\$ 2,911,212
Accrued other post employment benefits			\$ 15,639,376	\$ 1,238,699	\$ (4,791,113)	\$ 12,086,962	\$ 2,200,000
Lease payable			\$ 83,629	\$ 991,847	\$ (310,057)	\$ 765,420	\$ 318,208
Energy	Maturity Dates	Range of Interest Rates	January 1, 2023	Additions	Reductions	December 31, 2023	Current Portion
Refunding revenue bonds – 2011D, net of unamortized original issue premium of \$0	2023	5.00%	\$ 4,106,244	\$ -	\$ (4,106,244)	\$ -	\$ -
Refunding revenue bonds – 2012A, net of unamortized original issue premium of \$1,175,537	2028	0.35%–5.00%	23,188,739	-	(243,202)	22,945,537	4,200,000
Refunding revenue bonds – 2015A, net of unamortized original issue premium of \$1,398,650	2045	5.00%	20,737,468	-	(63,818)	20,673,650	-
Refunding revenue bonds – 2015B, net of unamortized original issue discount of \$76,706	2035	0.62%–4.30%	14,206,858	-	(883,564)	13,323,294	920,000
Refunding revenue bonds – 2015C, net of unamortized original issue premium of \$15,861,650	2038	3.00%–5.00%	166,950,001	-	(4,213,351)	162,736,650	3,310,000
Refunding revenue bonds – 2016A, net of unamortized original issue discount of \$3,811	2029	0.95–3.03%	17,210,545	-	(1,294,356)	15,916,189	1,325,000
Refunding revenue bonds – 2016B-1, net of unamortized original issue premium of \$8,638,335	2046	5.00%	57,395,281	-	(376,946)	57,018,335	-
Refunding revenue bonds – 2016B-2, net of unamortized original issue premium of \$17,856,686	2041	4.00–5.00%	119,588,338	-	(6,786,652)	112,801,686	5,850,000
Refunding revenue bonds – 2017, net of unamortized original issue premium of \$7,846,152	2047	4.00–5.00%	87,849,267	-	(698,115)	87,151,152	390,000
Refunding revenue bonds – 2019, net of unamortized original issue premium of \$12,474,945	2041	5.00%	73,071,221	-	(2,656,276)	70,414,945	2,060,000
Total revenue bonds			\$ 584,303,962	\$ -	\$ (21,322,524)	\$ 562,981,438	\$ 18,055,000
Pension obligation revenue bond – 2001, net of unamortized original issue discount of \$18,392	2031	5.70%–7.00%	\$ 20,125,781	\$ -	\$ (1,681,423)	\$ 18,444,358	\$ 1,802,500
Other Long term debt			\$ 12,336,573	\$ -	\$ (4,373,738)	\$ 7,962,835	\$ 3,613,342
Accrued vacation and sick leave			\$ 11,686,626	\$ 9,036,484	\$ (8,560,589)	\$ 12,162,521	\$ 2,189,552
Accrued other post employment benefits			\$ 25,354,909	\$ 1,911,588	\$ (8,400,771)	\$ 18,865,726	\$ 4,200,000
Lease payable			\$ 2,041,190	\$ 1,348,803	\$ (984,868)	\$ 2,405,125	\$ 1,037,530

Imperial Irrigation District

Notes to Financial Statements

Combined Water and Energy	Maturity Dates	Range of Interest Rates	January 1, 2023	Additions	Reductions	December 31, 2023	Current Portion
Refunding revenue bonds – 2011D, net of unamortized original issue premium of \$0	2023	5.00%	\$ 4,106,244	\$ -	\$ (4,106,244)	\$ -	\$ -
Refunding revenue bonds – 2012A, net of unamortized original issue premium of \$1,175,537	2028	0.35%–5.00%	23,188,739	-	(243,202)	22,945,537	4,200,000
Refunding revenue bonds – 2015A, net of unamortized original issue premium of \$1,398,650	2045	5.00%	20,737,468	-	(63,818)	20,673,650	-
Refunding revenue bonds – 2015B, net of unamortized original issue discount of \$76,706	2035	0.62%–4.30%	14,206,858	-	(883,564)	13,323,294	920,000
Refunding revenue bonds – 2015C, net of unamortized original issue premium of \$15,861,650	2038	3.00%–5.00%	166,950,001	-	(4,213,351)	162,736,650	3,310,000
Refunding revenue bonds – 2016A, net of unamortized original issue discount of \$3,811	2029	0.95–3.03%	17,210,545	-	(1,294,356)	15,916,189	1,325,000
Refunding revenue bonds – 2016B-1, net of unamortized original issue premium of \$8,638,335	2046	5.00%	57,395,281	-	(376,946)	57,018,335	-
Refunding revenue bonds – 2016B-2, net of unamortized original issue premium of \$17,856,686	2041	4.00–5.00%	119,588,338	-	(6,786,652)	112,801,686	5,850,000
Refunding revenue bonds – 2017, net of unamortized original issue premium of \$7,846,152	2047	4.00–5.00%	87,849,267	-	(698,115)	87,151,152	390,000
Refunding revenue bonds – 2019, net of unamortized original issue premium of \$12,474,945	2041	5.00%	73,071,221	-	(2,656,276)	70,414,945	2,060,000
Total revenue bonds			<u>\$ 584,303,962</u>	<u>\$ -</u>	<u>\$ (21,322,524)</u>	<u>\$ 562,981,438</u>	<u>\$ 18,055,000</u>
Pension obligation revenue bond – 2001, net of unamortized original issue discount of \$35,713	2031	5.70%–7.00%	\$ 39,079,185	\$ -	\$ (3,264,898)	\$ 35,814,287	\$ 3,500,000
Total pension obligation bonds payable			<u>\$ 39,079,185</u>	<u>\$ -</u>	<u>\$ (3,264,898)</u>	<u>\$ 35,814,287</u>	<u>\$ 3,500,000</u>
Other Long term debt			<u>\$ 20,448,583</u>	<u>\$ -</u>	<u>\$ (7,513,782)</u>	<u>\$ 12,934,801</u>	<u>\$ 6,032,782</u>
Accrued vacation and sick leave			<u>\$ 19,820,634</u>	<u>\$ 15,548,642</u>	<u>\$ (14,724,922)</u>	<u>\$ 20,644,354</u>	<u>\$ 5,100,764</u>
Accrued other post employment benefits			<u>\$ 40,994,285</u>	<u>\$ 3,150,287</u>	<u>\$ (13,191,884)</u>	<u>\$ 30,952,688</u>	<u>\$ 6,400,000</u>
Lease payable			<u>\$ 2,124,819</u>	<u>\$ 2,340,650</u>	<u>\$ (1,294,925)</u>	<u>\$ 3,170,545</u>	<u>\$ 1,355,738</u>

Imperial Irrigation District

Notes to Financial Statements

Water	Maturity Dates	Range of Interest Rates	January 1, 2022	Additions	Reductions	December 31, 2022	Current Portion
Pension obligation revenue bond 2001, net of unamortized original issue discount of \$19,79	2031	5.70%–7.00%	\$ 20,435,030	\$ -	\$ (1,481,626)	\$ 18,953,404	\$ 1,585,950
Other Long term debt			\$ 7,447,075	\$ 4,469,597	\$ (3,804,662)	\$ 8,112,010	\$ 3,136,630
Accrued vacation and sick leave			\$ 9,083,753	\$ 5,075,715	\$ (6,025,460)	\$ 8,134,008	\$ 2,385,180
Accrued other post employment benefits			\$ (617,587)	\$ 18,764,665	\$ (2,507,702)	\$ 15,639,376	\$ 2,200,000
Lease payable			\$ 115,391	\$ -	\$ (31,762)	\$ 83,629	\$ 33,387

Energy	Maturity Dates	Range of Interest Rates	January 1, 2022	Additions	Reductions	December 31, 2022	Current Portion
Refunding revenue bonds – 2011D, net of unamortized original issue premium of \$341,244	2023	5.00%	\$ 8,063,513	\$ -	\$ (3,957,269)	\$ 4,106,244	\$ 3,765,000
Refunding revenue bonds – 2012A, net of unamortized original issue premium of \$1,418,738	2028	0.35%–5.00%	23,431,951	-	(243,212)	23,188,739	-
Refunding revenue bonds – 2015A, net of unamortized original issue premium of \$1,462,468	2045	5.00%	20,801,285	-	(63,817)	20,737,468	-
Refunding revenue bonds – 2015B, net of unamortized original issue discount of \$83,142	2035	0.62%–4.30%	15,065,421	-	(858,563)	14,206,858	890,000
Refunding revenue bonds – 2015C, net of unamortized original issue premium of \$16,925,001	2038	3.00%–5.00%	171,008,352	-	(4,058,351)	166,950,001	3,150,000
Refunding revenue bonds – 2016A, net of unamortized original issue discount of \$4,455	2029	0.95–3.03%	18,474,901	-	(1,264,356)	17,210,545	1,295,000
Refunding revenue bonds – 2016B-1, net of unamortized original issue premium of \$9,015,281	2046	5.00%	57,772,227	-	(376,946)	57,395,281	-
Refunding revenue bonds – 2016B-2, net of unamortized original issue premium of \$18,853,338	2041	4.00–5.00%	126,104,990	-	(6,516,652)	119,588,338	5,790,000
Refunding revenue bonds – 2017, net of unamortized original issue premium of \$8,174,267	2047	4.00–5.00%	88,532,331	-	(683,064)	87,849,267	370,000
Refunding revenue bonds – 2019, net of unamortized original issue premium of \$13,171,221	2041	5.00%	75,637,497	-	(2,566,276)	73,071,221	1,960,000
			<u>\$ 604,892,468</u>	<u>\$ -</u>	<u>\$ (20,588,506)</u>	<u>\$ 584,303,962</u>	<u>\$ 17,220,000</u>
Pension obligation revenue bond – 2001, net of unamortized original issue discount of \$21,020	2031	5.70%–7.00%	\$ 21,699,053	\$ -	\$ (1,573,272)	\$ 20,125,781	\$ 1,684,050
Other Long term debt			\$ 10,661,389	\$ 5,791,247	\$ (4,116,063)	\$ 12,336,573	\$ 4,121,524
Accrued vacation and sick leave			\$ 10,905,346	\$ 8,832,569	\$ (8,051,289)	\$ 11,686,626	\$ 1,731,424
Accrued other post employment benefits			\$ (1,530,645)	\$ 31,097,476	\$ (4,211,922)	\$ 25,354,909	\$ 4,200,000
Lease payable			\$ 2,403,624	\$ 169,086	\$ (531,520)	\$ 2,041,190	\$ 590,840

Imperial Irrigation District

Notes to Financial Statements

Combined Water and Energy	Maturity Dates	Range of Interest Rates	January 1, 2022	Additions	Reductions	December 31, 2022	Current Portion
Refunding revenue bonds – 2011D, net of unamortized original issue premium of \$341,244	2023	5.00%	\$ 8,063,513	\$ -	\$ (3,957,269)	\$ 4,106,244	\$ 3,765,000
Refunding revenue bonds – 2012A, net of unamortized original issue premium of \$1,418,738	2028	0.35%–5.00%	23,431,951	-	(243,212)	23,188,739	-
Refunding revenue bonds – 2015A, net of unamortized original issue premium of \$1,462,468	2045	5.00%	20,801,285	-	(63,817)	20,737,468	-
Refunding revenue bonds – 2015B, net of unamortized original issue discount of \$83,142	2035	0.62%–4.30%	15,065,421	-	(858,563)	14,206,858	890,000
Refunding revenue bonds – 2015C, net of unamortized original issue premium of \$16,925,001	2038	3.00%–5.00%	171,008,352	-	(4,058,351)	166,950,001	3,150,000
Refunding revenue bonds – 2016A, net of unamortized original issue discount of \$4,455	2029	0.95–3.03%	18,474,901	-	(1,264,356)	17,210,545	1,295,000
Refunding revenue bonds – 2016B-1, net of unamortized original issue premium of \$9,015,281	2046	5.00%	57,772,227	-	(376,946)	57,395,281	-
Refunding revenue bonds – 2016B-2, net of unamortized original issue premium of \$18,853,338	2041	4.00–5.00%	126,104,990	-	(6,516,652)	119,588,338	5,790,000
Refunding revenue bonds – 2017, net of unamortized original issue premium of \$8,174,267	2047	4.00–5.00%	88,532,331	-	(683,064)	87,849,267	370,000
Refunding revenue bonds – 2019, net of unamortized original issue premium of \$13,171,221	2041	5.00%	75,637,497	-	(2,566,276)	73,071,221	1,960,000
Total revenue bonds			\$ 604,892,468	\$ -	\$ (20,588,506)	\$ 584,303,962	\$ 17,220,000
Pension obligation revenue bond – 2001, net of unamortized original issue discount of \$40,185	2031	5.70%–7.00%	\$ 42,134,083	\$ -	\$ (3,054,898)	\$ 39,079,185	\$ 3,270,000
Total pension obligation bonds payable			\$ 42,134,083	\$ -	\$ (3,054,898)	\$ 39,079,185	\$ 3,270,000
Other Long term debt			\$ 18,108,464	\$ 10,260,844	\$ (7,920,725)	\$ 20,448,583	\$ 7,258,154
Accrued vacation and sick leave			\$ 19,989,099	\$ 13,908,284	\$ (14,076,749)	\$ 19,820,634	\$ 4,116,604
Accrued other post employment benefits			\$ (2,148,232)	\$ 49,862,141	\$ (6,719,624)	\$ 40,994,285	\$ 6,400,000
Lease payable			\$ 2,519,015	\$ 169,086	\$ (563,282)	\$ 2,124,819	\$ 624,227

Note 6 – Revenue Bonds

2011D issue – Energy – On December 21, 2011, the District issued \$22,865,000 of Electric System Refunding Revenue Bonds, Series 2011D. Proceeds were used to refund a portion of the District's 2003 Certificates of Participation, fund a reserve account for the bonds, and pay cost of issuance of the bonds. The Series 2011D Bonds refunded \$24,825,000 of outstanding 2003 Electric System COPs and generated net present value savings of \$2.7 million, or 11.0%, with an average annual reduction in debt service of \$300,000.

The Series 2011D Bonds consisted of \$22,865,000 serial bonds maturing in amounts ranging from \$2,805,000 to \$3,765,000 at a rate of 5.00% from November 1, 2017, through November 1, 2023.

The Series 2011D Bonds were issued with an original issue premium of \$4,436,209 and costs of issuance of \$276,826. The original issue premium was amortized over the life of the Series 2011D Bonds. As of November 1, 2023, the series 2011D Bonds matured and the corresponding liabilities have been removed from the accompanying statements of net position.

Imperial Irrigation District

Notes to Financial Statements

2012A issue – Energy – On May 31, 2012, the District issued \$32,560,000 of Electric System Refunding Revenue Bonds Series 2012A. Proceeds were used to refund the outstanding balance of the District's 2003 Certificates of Participation, fund a reserve account for the bonds, and pay cost of issuance of the bonds. The Series 2012A refunded \$37,065,000 of the outstanding 2003 Electric System COPs and generated net present value savings of \$2,722,959.

The Series 2012A Bonds consist of \$32,560,000 serial bonds maturing in amounts ranging from \$850,000 to \$4,630,000 at rates ranging from 0.350% to 5.00% from November 1, 2012, through November 1, 2016, and November 1, 2024, through November 1, 2028.

The Series 2012A Bonds were issued with an original issue premium of \$3,992,739 and costs of issuance of \$280,965. The original issue premium is amortized over the life of the Series 2012A Bonds. The outstanding balance of the Series 2012A Bonds was \$22,945,537 at December 31, 2023, including unamortized original issue premium of \$1,175,537. The total unamortized loss on refunding included in deferred outflow of resources was \$518,980 at December 31, 2023. The terms of the Series 2012A Bonds indenture require the District to maintain certain Obligation Coverage Ratios with which the District has complied for the years ended December 31, 2023 and 2022.

A summary of the District's outstanding liability for the 2012A Bonds is as follows:

Due Date	Principal Amount	Interest	Total Debt Service
November 1, 2024	\$ 4,200,000	\$ 1,023,550	\$ 5,223,550
November 1, 2025	4,410,000	813,550	5,223,550
November 1, 2026	4,630,000	593,050	5,223,050
November 1, 2027	4,860,000	361,550	5,221,550
November 1, 2028	3,670,000	128,450	3,798,450
Original issue premium	1,175,537	-	1,175,537
	<u>\$ 22,945,537</u>	<u>\$ 2,920,150</u>	<u>\$ 25,865,687</u>
Totals			

2015A issue – Energy – On August 13, 2015, the District issued \$19,275,000 of Electric System Refunding Revenue Bonds Series 2015A. Proceeds were used to refund the outstanding balance of the District's tax-exempt revenue commercial paper issued to finance the Hassayampa-North Gila transmission project, fund a reserve account for the bonds, and pay cost of issuance of the bonds. The Series 2015A refunded \$20,400,000 of the outstanding tax-exempt revenue commercial paper.

The Series 2015A Bonds consist of \$19,275,000 term bonds maturing in amounts of \$8,715,000 and \$10,560,000 at a rate of 5.00% on November 1 of years 2040 and 2045, with mandatory sinking fund redemption starting in 2035 and 2041, respectively.

The Series 2015A Bonds were issued with an original issue premium of \$1,935,774 and costs of issuance of \$180,181. The original issue premium is amortized over the life of the Series 2015A Bonds. The outstanding balance of the Series 2015A Bonds was \$20,673,650 at December 31, 2023, including unamortized original issue premium of \$1,398,650. The terms of the Series 2015A Bond indenture require the District to maintain certain Obligation Coverage Ratios with which the District has complied for the years ended December 31, 2023 and 2022.

Imperial Irrigation District

Notes to Financial Statements

A summary of the District's outstanding liability for the Series 2015A Bonds is as follows:

Due Date	Principal Amount	Interest	Total Debt Service
November 1, 2024	\$ -	\$ 963,750	\$ 963,750
November 1, 2025	-	963,750	963,750
November 1, 2026	-	963,750	963,750
November 1, 2027	-	963,750	963,750
November 1, 2028	-	963,750	963,750
November 1, 2029 – 2033	-	4,818,750	4,818,750
November 1, 2034 – 2038	5,160,000	4,524,750	9,684,750
November 1, 2039 – 2043	9,575,000	2,617,500	12,192,500
November 1, 2044 – 2045	4,540,000	343,250	4,883,250
Original issue premium	1,398,650	-	1,398,650
Totals	\$ 20,673,650	\$ 17,123,000	\$ 37,796,650

2015B issue – Energy – On August 13, 2015, the District issued \$19,990,000 of Electric System Refunding Revenue Bonds Series 2015B. Proceeds were used to refund the outstanding balance of the District's taxable revenue commercial paper issued to finance the Hassayampa-North Gila transmission project, fund a reserve account for the bonds, and pay cost of issuance of the bonds. The Series 2015B Bonds refunded \$19,100,000 of the outstanding taxable revenue commercial paper.

The Series 2015B Bonds consist of \$19,990,000 serial and term bonds. The serial bonds comprise \$8,465,000 of the issuance, mature in amounts ranging from \$780,000 to \$955,000 at rates ranging from 0.62% to 3.56% and mature on November 1, 2016, through November 1, 2025. The term bonds comprise \$11,525,000 of the issuance, mature in amounts of \$5,360,000 and \$6,165,000 at rates of 0.62% to 4.30% on November 1 of years 2030 and 2035, with mandatory sinking fund redemption starting in 2026 and 2031, respectively.

The Series 2015B Bonds were issued with an original issue discount of \$130,883 and costs of issuance of \$168,709. The original issue discount is amortized over the life of the Series 2015B Bonds. The outstanding balance of the Series 2015B Bonds was \$13,323,294 at December 31, 2023, including unamortized original issue discount of \$76,706. The terms of the Series 2015B Bond indenture require the District to maintain certain Obligation Coverage Ratios with which the District has complied for the years ended December 31, 2023 and 2022.

Imperial Irrigation District

Notes to Financial Statements

A summary of the District's outstanding liability for the Series 2015B Bonds is as follows:

Due Date	Principal Amount	Interest	Total Debt Service
November 1, 2024	\$ 920,000	\$ 553,901	\$ 1,473,901
November 1, 2025	955,000	522,069	1,477,069
November 1, 2026	985,000	488,071	1,473,071
November 1, 2027	1,030,000	447,095	1,477,095
November 1, 2028	1,070,000	404,247	1,474,247
November 1, 2029 – 2033	6,065,000	1,309,916	7,374,916
November 1, 2034 – 2035	2,375,000	145,125	2,520,125
Original issue discount	(76,706)	-	(76,706)
Totals	<u>\$ 13,323,294</u>	<u>\$ 3,870,424</u>	<u>\$ 17,193,718</u>

2015C issue – Energy – On January 21, 2016, the District issued \$161,175,000 of Electric System Refunding Bonds Series 2015C. Proceeds were used to refund a portion of the District's Series 2008A Bonds and pay cost of issuance of the bonds. The Series 2015C Bonds refunded \$167,350,000 of the outstanding Series 2008A Bonds and generated net present value savings of \$20,110,515.

The Series 2015C Bonds consist of \$161,175,000 serial bonds maturing in amounts ranging from \$2,585,000 to \$20,070,000 at rates ranging from 3.00% to 5.00% from November 1, 2019, through November 1, 2038.

The Series 2015C Bonds were issued with an original issue premium of \$24,368,456 and costs of issuance of \$484,727. The original issue premium is amortized over the life of the Series 2015C Bonds. The outstanding balance of the Series 2015C Bonds was \$162,736,650 at December 31, 2023, including unamortized original issue premium of \$15,861,650. The total unamortized loss on refunding included in deferred outflow of resources was \$14,594,936 at December 31, 2023.

The terms of the Series 2015C Bonds indenture require the District to maintain certain Obligation Coverage Ratios with which the District has complied for the years ended December 31, 2023 and 2022.

A summary of the District's outstanding liability for the Series 2015C Bonds is as follows:

Due Date	Principal Amount	Interest	Total Debt Service
November 1, 2024	\$ 3,310,000	\$ 6,692,381	\$ 10,002,381
November 1, 2025	3,485,000	6,526,881	10,011,881
November 1, 2026	1,795,000	6,352,631	8,147,631
November 1, 2027	4,760,000	6,262,881	11,022,881
November 1, 2028	5,000,000	6,024,881	11,024,881
November 1, 2029 – 2033	53,740,000	25,399,405	79,139,405
November 1, 2034 – 2038	74,785,000	12,659,562	87,444,562
Original issue premium	15,861,650	-	15,861,650
Totals	<u>\$ 162,736,650</u>	<u>\$ 69,918,622</u>	<u>\$ 232,655,272</u>

Imperial Irrigation District

Notes to Financial Statements

2016A issue – Energy – On July 14, 2016, the District issued \$31,645,000 of Electric System Refunding Revenue Bonds Series 2016A (Federally Taxable), the proceeds of which were used to refund the remaining outstanding District's Series 2008A Bonds and pay cost of issuance of the bonds. The Series 2016A Bonds, along with the Series 2008A Bonds Reserve Fund release and other District funds, refunded \$51,780,000 of the outstanding Series 2008A Bonds and generated net present value savings of \$7,655,492.

The Series 2016A Bonds consist of \$31,645,000 serial bonds maturing in amounts ranging from \$485,000 to \$9,000,000 at rates ranging from 0.945% to 3.032% from November 1, 2016, through November 1, 2029.

The Series 2016A Bonds were issued with an original issue discount of \$8,641 and costs of issuance of \$87,198. The original issue discount is amortized over the life of the Series 2016A Bonds. The outstanding balance of the Series 2016A Bonds was \$15,916,189 at December 31, 2023, including unamortized original issue discount of \$3,811. The total unamortized loss on refunding included in deferred outflow of resources was \$2,646,770 at December 31, 2023.

The terms of the Series 2016A Bonds indenture require the District to maintain certain Obligation Coverage Ratios with which the District has complied for the years ended December 31, 2023 and 2022.

A summary of the District's outstanding liability for the Series 2016A Bonds is as follows:

Due Date	Principal Amount	Interest	Total Debt Service
November 1, 2024	\$ 1,325,000	\$ 458,247	\$ 1,783,247
November 1, 2025	1,360,000	425,360	1,785,360
November 1, 2026	3,255,000	389,565	3,644,565
November 1, 2027	485,000	300,638	785,638
November 1, 2028	495,000	287,146	782,146
November 1, 2029	9,000,000	272,880	9,272,880
Original issue discount	(3,811)	-	(3,811)
Totals	<u>\$ 15,916,189</u>	<u>\$ 2,133,836</u>	<u>\$ 18,050,025</u>

2016B-1 issue – Energy – On July 14, 2016, the District issued \$48,380,000 of Electric System Refunding Revenue Bonds Series 2016B-1 (Tax-Exempt). Proceeds were used to refund the outstanding balance of the District's tax-exempt commercial paper; issued to finance an Energy battery storage project, major refurbishment of a hydroelectric plant, and transmission restoration capital projects as well as to pay cost of issuance of the bonds. The Series 2016B-1 Bonds refunded \$59,700,000 of outstanding tax-exempt commercial paper.

The Series 2016B-1 Bonds consist of a serial bond and a term bond totaling \$48,380,000. The serial bond matures in the amount of \$16,900,000 at a rate of 5.00% on November 1, 2034. The term bond matures in the amount of \$31,480,000 at a rate of 5.00% on November 1, 2046, with mandatory sinking fund redemption starting in 2042.

Imperial Irrigation District

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The Series 2016B-1 Bonds were issued with costs of issuance of \$145,427 and an original issue premium of \$11,465,427. The original issue premium is amortized over the life of the Series 2016B-1 Bonds. The outstanding balance of the Series 2016B-1 Bonds was \$57,018,335 at December 31, 2023, including unamortized original issue premium of \$8,638,335.

The terms of the Series 2016B-1 Bonds indenture require the District to maintain certain Obligation Coverage Ratios with which the District has complied for the years ended December 31, 2023 and 2022.

A summary of the District's outstanding liability for the Series 2016B-1 Bonds is as follows:

Due Date	Principal Amount	Interest	Total Debt Service
November 1, 2024	\$ -	\$ 2,419,000	\$ 2,419,000
November 1, 2025	-	2,419,000	2,419,000
November 1, 2026	-	2,419,000	2,419,000
November 1, 2027	-	2,419,000	2,419,000
November 1, 2028	-	2,419,000	2,419,000
November 1, 2029 – 2033	-	12,095,000	12,095,000
November 1, 2034 – 2038	16,900,000	8,715,000	25,615,000
November 1, 2039 – 2043	10,780,000	7,607,000	18,387,000
November 1, 2044 – 2046	20,700,000	2,222,000	22,922,000
Original issue premium	8,638,335	-	8,638,335
Totals	<u>\$ 57,018,335</u>	<u>\$ 42,734,000</u>	<u>\$ 99,752,335</u>

2016B-2 issue – Energy – On July 14, 2016, the District issued \$111,510,000 of Electric System Refunding Revenue Bonds Series 2016B-2 (Tax-Exempt). Proceeds were used to refund a portion of the District's outstanding Series 2011A Bonds, Series 2011B Bonds, and Series 2011C Bonds, as well as to pay cost of issuance of the Series 2016B-2 bonds. The Series 2016B-2 Bonds refunded \$65,745,000 of the outstanding Series 2011A Bonds, \$25,015,000 of the outstanding Series 2011B Bonds, and \$25,045,000 of the outstanding Series 2011C Bonds, for a total par refunded of \$115,805,000. The partial refunding of Series 2011A Bonds, Series 2011B Bonds, and Series 2011C Bonds generated net present value savings of \$10,868,487, \$2,676,007 and \$2,783,040, respectively, for a total net present value savings of \$16,327,534.

The Series 2016B-2 Bonds consist of \$111,510,000 serial bonds and one term bond. The serial bonds comprise \$91,545,000 of the issuance and mature in amounts ranging from \$2,975,000 to \$8,740,000 at rates ranging from 4.00% to 5.00% from November 1, 2021, through November 1, 2036. The term bond matures in an amount of \$19,965,000 at a rate of 5.00% on November 1, 2041, with mandatory sinking fund redemption starting in 2037.

The Series 2016B-2 Bonds were issued with an original issue premium of \$25,331,578 and costs of issuance of \$340,979. The original issue premium is amortized over the life of the Series 2016B-2 Bonds. The outstanding balance of the Series 2016B-2 Bonds was \$112,801,686 at December 31, 2023, including unamortized original issue premium of \$17,856,686. The total unamortized loss on refunding included in deferred outflow of resources was \$14,038,737 at December 31, 2023.

Imperial Irrigation District

Notes to Financial Statements

The terms of the Series 2016B-2 Bond indenture require the District to maintain certain Obligation Coverage Ratios with which the District has complied for the years ended December 31, 2023 and 2022.

A summary of the District's outstanding liability for the Series 2016B-2 Bonds is as follows:

Due Date	Principal Amount	Interest	Total Debt Service
November 1, 2024	\$ 5,850,000	\$ 4,427,800	\$ 10,277,800
November 1, 2025	6,135,000	4,135,300	10,270,300
November 1, 2026	6,440,000	3,828,550	10,268,550
November 1, 2027	6,760,000	3,506,550	10,266,550
November 1, 2028	8,010,000	3,168,550	11,178,550
November 1, 2029 – 2033	31,945,000	10,624,450	42,569,450
November 1, 2034 – 2038	17,245,000	5,810,750	23,055,750
November 1, 2039 – 2041	12,560,000	1,276,500	13,836,500
Original issue premium	17,856,686	-	17,856,686
Totals	<u>\$ 112,801,686</u>	<u>\$ 36,778,450</u>	<u>\$ 149,580,136</u>

2017 issue – Energy – On December 18, 2017, the District issued \$95,180,000 of Electric System Refunding Revenue Bonds Series 2017 (Tax-Exempt). The proceeds were used to refund the outstanding balance of the District's taxable commercial paper issued for the costs of Niland turbine repairs and a portion of new fleet building, to refund the District's remaining outstanding Series 2011A Bonds, Series 2011B Bonds, and Series 2011C Bonds, as well as to pay cost of issuance of the Series 2017 bonds. The Series 2017 Bonds, along with the Series 2011A, Series 2011B, and Series 2011C Reserve Fund release, and other District funds, refunded \$4,715,000 of the outstanding Series 2011A Bonds, \$42,665,000 of the outstanding Series 2011B Bonds, and \$42,910,000 of the outstanding Series 2011C Bonds for a total par refunded of \$90,290,000. The refunding of remaining outstanding Series 2011A Bonds, Series 2011B Bonds, and Series 2011C Bonds generated net present value savings of \$13,782,200.

The Series 2017 Bonds consist of \$95,180,000 serial and term bonds maturing in amounts ranging from \$335,000 to \$7,685,000 at rates ranging from 4.00% to 5.00% from November 1, 2018, through November 1, 2047.

The Series 2017 Bonds were issued with an original issue premium of \$9,826,253 and costs of issuance of \$426,266. The original issue premium is amortized over the life of the Series 2017 Bonds. The outstanding balance of the Series 2017 Bonds was \$87,151,152 at December 31, 2023, including unamortized original issue premium of \$7,846,152. The total unamortized loss on refunding included in deferred outflow of resources was \$4,086,936 at December 31, 2023.

The terms of the Series 2017 Bond indenture require the District to maintain certain Obligation Coverage Ratios with which the District has complied for the years ended December 31, 2023 and 2022.

Imperial Irrigation District

Notes to Financial Statements

A summary of the District's outstanding liability for the Series 2017 Bonds is as follows:

Due Date	Principal Amount	Interest	Total Debt Service
November 1, 2024	\$ 390,000	\$ 3,209,400	\$ 3,599,400
November 1, 2025	410,000	3,189,900	3,599,900
November 1, 2026	430,000	3,169,400	3,599,400
November 1, 2027	450,000	3,147,900	3,597,900
November 1, 2028	475,000	3,125,400	3,600,400
November 1, 2029 – 2033	14,455,000	15,023,450	29,478,450
November 1, 2034 – 2038	36,510,000	9,694,800	46,204,800
November 1, 2039 – 2043	24,915,000	2,329,400	27,244,400
November 1, 2044 – 2047	1,270,000	129,400	1,399,400
Original issue premium	7,846,152	-	7,846,152
Totals	<u>\$ 87,151,152</u>	<u>\$ 43,019,050</u>	<u>\$ 130,170,202</u>

2019 issue – Energy – On June 26, 2019, the District issued \$65,245,000 of Electric System Refunding Revenue Bonds Series 2019 (Green Bonds). Proceeds were used to refund \$80,500,000 of outstanding taxable revenue commercial paper issued to fund Energy Department's purchase of Sun Peak IVSC1 solar generation plant and pay costs of issuance of the bonds.

The Series 2019 Bonds were designated by the District as "Green Bonds" as proceeds were used to finance the purchase of a photovoltaic renewable Energy project, which qualified as category 1 renewable energy. The purpose of designating the bonds as "Green Bonds" is to allow investors to invest directly in bonds that finance environmentally beneficial projects.

The Series 2019 Bonds consist of \$65,245,000 serial bonds maturing in amounts ranging from \$1,695,000 to \$4,720,000 at a rate of 5% from November 1, 2020, through November 1, 2041.

The Series 2019 Bonds were issued with an original issue premium of \$15,608,187 and costs of issuance \$353,187. The original issue premium is amortized over the life of the Series 2019 Bonds. The outstanding balance of the Series 2019 Bonds was \$70,414,945 at December 31, 2023, including unamortized original issue premium of \$12,474,945.

The terms of the Series 2019 Bond indenture require the District to maintain certain Obligation Coverage Ratios with which the District has complied for the years ended December 31, 2023 and 2022.

Imperial Irrigation District

Notes to Financial Statements

A summary of the District's outstanding liability for the Series 2019 Bonds is as follows:

Due Date	Principal Amount	Interest	Total Debt Service
November 1, 2024	\$ 2,060,000	\$ 2,897,000	\$ 4,957,000
November 1, 2025	2,160,000	2,794,000	4,954,000
November 1, 2026	2,270,000	2,686,000	4,956,000
November 1, 2027	2,385,000	2,572,500	4,957,500
November 1, 2028	2,505,000	2,453,250	4,958,250
November 1, 2029 – 2033	14,530,000	10,257,750	24,787,750
November 1, 2034 – 2038	18,535,000	6,244,250	24,779,250
November 1, 2039 – 2041	13,495,000	1,371,500	14,866,500
Original issue premium	12,474,945	-	12,474,945
Totals	<u>\$ 70,414,945</u>	<u>\$ 31,276,250</u>	<u>\$ 101,691,195</u>

Note 7 – Other Long-Term Debt

Pension obligation revenue bonds, 2001 issue – In June 1, 2001, the District issued \$75,000,000 Taxable Pension Obligation Revenue Bonds, Series 2001, at interest rates ranging from 5.70% to 7.00%. Net proceeds of the bonds were used to fund the District's unfunded actuarial pension liability upon the termination of the District's defined benefit pension plan, effective June 30, 2001.

The 2001 Taxable Pension Obligation Revenue Bonds are non-callable and were issued with an original issue discount of \$153,057 and a cost of issuance of \$1,502,073. The original issue discount is being amortized over the life of the 2001 Taxable Pension Obligation Revenue Bonds. The outstanding balance of the 2001 Taxable Pension Obligation Revenue Bonds was \$17,369,929 for the Water portion and \$18,444,358 for the Energy portion at December 31, 2023, including unamortized original issue premium of \$17,321 for Water and \$18,392 for Energy.

The 2001 Taxable Pension Obligation Revenue Bonds are payable from and secured by a pledge of and lien on the utility system revenues. The amortization of interest on these Bonds is an operation and maintenance cost of the electric and water systems.

The terms of the Series 2001 Bonds indenture require the District to maintain certain Obligation Coverage Ratios with which the District has complied for the years ended December 31, 2023 and 2022.

Imperial Irrigation District

Notes to Financial Statements

A summary of the District's outstanding liability for the 2001 Taxable Pension Obligation Revenue Bonds is as follows:

Due Date	Principal Amount	Interest	Total Debt Service
January 1, 2024	\$ 3,500,000	\$ 2,381,306	\$ 5,881,306
January 1, 2025	3,740,000	2,130,078	5,870,078
January 1, 2026	4,000,000	1,861,500	5,861,500
January 1, 2027	4,280,000	1,572,900	5,852,900
January 1, 2028	4,580,000	1,262,800	5,842,800
January 1, 2029 – 2031	15,750,000	1,703,450	17,453,450
Original issue discount	(35,713)	-	(35,713)
Totals	<u>\$ 35,814,287</u>	<u>\$ 10,912,034</u>	<u>\$ 46,726,321</u>

Note 8 – Other Long Term Debt – Vehicles

The District acquires certain operating equipment through capital financing agreements expiring at various times through 2027 with interest rates ranging from 1.02% to 1.88%. The District's outstanding balance at December 31, 2023, was \$12,934,801; the split between the Water department and Power department was \$4,971,966 and \$7,962,835 respectively.

A summary of the District's outstanding liability for vehicle financing is as follows:

Due Date	Principal Amount	Interest	Total Debt Service
2024	\$ 6,032,782	\$ 157,187	\$ 6,189,969
2025	4,494,299	70,805	4,565,104
2026	1,913,212	22,853	1,936,065
2027	494,508	1,752	496,260
Totals	<u>\$ 12,934,801</u>	<u>\$ 252,596</u>	<u>\$ 13,187,398</u>

Note 9 – 401(a) Retirement Plan

In June 2001, the District terminated the Imperial Irrigation District Employee Pension Plan (Pension Plan) and replaced the Plan with a new defined contribution plan (401(a)). All remaining obligations, including the District's unfunded actuarial pension liability, were funded by the net proceeds of the District's Taxable Pension Obligation Revenue Bonds, Series 2001. Plan participants were allowed to either rollover benefits to the new 401(a) plan or have an annuity purchased for them.

Imperial Irrigation District

Notes to Financial Statements

Effective January 1, 2018, the 401(a) plan was amended to reflect a District contribution of 9% of the base salary for all employees. Participants in the plan can make after-tax contributions in whole percentages of up to 18% of their base salary. The 401(a) plan includes a before tax employee contribution and employer matching option. The employer will make matching contributions to the plan in the amount of 100% of the participant's first 1% before-tax or Roth contributions. Participants may also make before tax contributions in whole percentages of up to 75% of their base salary. Total maximum contributions to the plan, including both the employer and employee portions, is based on the 415c limit per year approved by the IRS. Participants immediately vest in all personal contributions to the plan and are 100% vested in employer contributions, plus actual earnings, at the three-year mark. The District's 2023 and 2022 contributions were \$12,160,673 and \$11,771,007, respectively.

Description of the Plan – The following description of the Imperial Irrigation District 401(a) Retirement Plan (the Plan) provides only general information. Participants should refer to the Plan Agreement, as amended, for a more complete description of Plan provisions.

General – The Plan, established June 29, 2001, is a single employer Section 401(a) defined contribution plan covering all full-time employees of the District. The Plan is not subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA) as the District is a governmental agency. Imperial Irrigation District is the Plan's sponsor and serves as Plan administrator. Effective January 1, 2015, the Plan document was restated to reflect certain changes to the Plan as a result of statutory changes since the Plan's last restatement and to implement before-tax employee contributions and employer matching contributions, to implement the relevant provisions of certain collective bargaining agreements, and for purposes of obtaining an Internal Revenue Service determination letter regarding the Plan's tax-qualified status. The Plan received a favorable letter of determination dated July 7, 2017. Effective January 1, 2018, the Plan was amended to reflect changes in provisions regarding employer contribution percentages and employer matching contributions eligibility. Effective January 1, 2023, the Plan was restated to incorporate statutory and other amendments since the last restatement, including implementation of the Roth Contributions and Plan loans, the additions of relevant provisions concerning certain collective bargaining agreements, and the establishment of committees to act as named fiduciaries.

The operations of the Plan are directed by the Plan Administrator. The assets of the Plan are held in a trust by Vanguard Fiduciary Trust Company (Trustee).

Eligibility – Full-time employees of the District are eligible to participate in 401(a) after-tax contributions to the Plan after completion of six months of continuous service. Full-time employees are eligible to participate in before-tax 401(k) and post-tax Roth contributions immediately upon hire. As of January 1, 2018, all employees are eligible to receive employer matching contributions on the before-tax or post-tax contributions.

Contributions – Compensation is limited to \$330,000 in 2023 and \$305,000 in 2022, on behalf of participants who satisfy the eligibility requirements. The District makes contributions to the Plan in the amount of nine percent of the participant's monthly base compensation as of January 1, 2018. A participant who was participating in the Imperial Irrigation District Executives' Money Purchase Pension Plan and Trust and/or the Imperial Irrigation District Employee Pension Plan, both of which were terminated on June 30, 2001, may have such interest in these Plans transferred to a transfer account under this Plan. The Plan Administrator may establish one or more sub-accounts under the transfer account with respect to these prior Plans.

Imperial Irrigation District

Notes to Financial Statements

Participants may elect, in a manner prescribed by the District, to make 401(a) after-tax contributions to the Plan for a plan year. Such amounts shall be contributed to the Plan by the District as after-tax contributions and credited to the participant's after-tax contribution account. In 2023 and 2022, the total of all contributions may not exceed the lesser of \$66,000 and \$61,000, respectively, or 25% of the Participant's Section 415 Compensation.

All participant contribution elections are designated as a percentage of compensation that shall automatically apply to increases and decreases in the respective participant's compensation. A participant's contribution election will remain in effect until the participant elects to change the percentage. A participant may change or suspend the percentage of authorized contribution at a time and in a manner prescribed by the District.

For all participants, the District will make matching contributions to the Plan in the amount of 100% of the participant's first 1% of before-tax or after-tax contributions.

Full-time employees who have satisfied the eligibility requirements of the Plan and who have participated in any other qualified plan in Section 401(a) of the Internal Revenue Code (IRC) or in a qualified annuity plan described in Section 403(a) of the Code shall be permitted, subject to approval of the District, to make a rollover contribution to the Plan. Such an amount shall be the amount received by full-time employees which is attributable to participation in such other plan (reduced by any after-tax contributions made to the Plan), provided that the rollover contribution is an eligible rollover distribution and complies with all applicable requirements of the Code. This rollover contribution shall be credited to the individual participant's rollover account.

The District may impose any such procedures as necessary to govern the acceptance of any rollover contributions. The District may require such information from the participant desiring to make such rollover contribution as it deems necessary to determine if the proposed transfer of contributions will meet the requirements of the Plan. Upon approval by the District, the amount transferred will be deposited into the Trust and shall be allocated to the participant's rollover account. Such accounts shall always be 100% vested and shall share in income allocations as provided by the Plan.

If a participant makes a rollover contribution that is subsequently determined to be an ineligible rollover under Section 402 of the Code, the District shall take such corrective action as it determines to be necessary or appropriate under applicable law.

Participant accounts – Each participant's account is credited with the participant's before-tax, Roth and 401(a) after-tax contributions, employer matching contributions, if applicable, and allocations of (a) the District's contribution and (b) plan earnings. Participants may have an employer contribution account, an after-tax contribution account, a rollover account, a transfer account, a before-tax contribution account, a Roth contribution account, and an employer matching account.

Imperial Irrigation District

Notes to Financial Statements

Vesting – Participants who were eligible on July 1, 2001, are 100% vested in their entire account. Participants who became eligible after July 1, 2001, are 100% vested in their after-tax contributions, transfer account, before-tax contribution account, matching contribution account, and rollover account, plus actual earnings thereon. Vesting in the District's contribution portion is based on the number of continuous years of service as noted below:

<u>Years</u>	<u>Vested Percentage</u>
Less than 1 year	0%
1 year but less than 2 years	30%
2 years but less than 3 years	60%
3 years or more	100%

Participants shall become 100% vested in and have a non-forfeitable right to each respective employer contribution account if the participant attains the early retirement age or normal retirement age, incurs a disability, or dies while employed by the District.

Employees who may be rehired are not credited with prior years of service upon reemployment after a one-year break in service from the District.

Notes receivable from participants – Effective October 16, 2016, participants may borrow from their accounts a minimum of \$2,500 up to a maximum equal to the lesser of \$50,000 or 50% of their before-tax contribution account balance. The loans are issued by the Plan and secured by the balance in the participant's before-tax contribution account. All loans must be repaid within a period of five years, unless the loan is used to purchase a principal residence, in which case, the loan must be repaid within a reasonable period of time not to exceed fifteen years. Interest rates are fixed and equal to the prime rate (per Reuters) plus 1%. Principal and interest are to be paid ratably, however there are no payroll deductions. As of December 31, 2023, the rate of interest on outstanding loans was 4.25–9.0% with various maturities through November 1, 2038.

Payment of benefits – Benefits are distributable to a participant or beneficiary (in the case of death) upon the participant's severance from employment.

The benefits distributable to a participant shall be the vested amounts credited to the respective participant's accounts. Such credited amounts shall be valued as of the date that instructions are received by the Trustee.

For plan years beginning on or after January 1, 2015, the normal form of distribution shall be an annuity payment in the form of a single life annuity for the life of the participant. Optional forms of distribution available are lump-sum or direct rollover to an "eligible retirement plan."

Summary of significant accounting policies

Basis of accounting – The accompanying financial statements have been prepared on an accrual basis of accounting and present the net position available for benefits and the changes in the net position available for benefits. Participant and employer contributions are recognized in the period in which the contributions are due, and benefits are recognized when paid.

Imperial Irrigation District

Notes to Financial Statements

Investment valuation – The Plan's investments in registered investment companies are stated at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability (the "exit price") in an orderly transaction between market participants at the measurement date. If available, quoted market prices are used to value registered investment companies.

The Plan's units in the collective trust are stated at contract value. Contract value is the relevant measurement for assets invested in fully benefit-responsive investment contracts because contract value is the amount participants normally would receive if they were to initiate permitted transactions under the terms of the Plan. The Plan's collective trust investment option is primarily composed of synthetic investment contracts.

Income recognition – Purchases and sales of securities are recorded on a trade-date basis. Dividends are recorded on the ex-dividend date. Interest income is recorded on the accrual basis. The net appreciation or depreciation in fair value of investments consists of both the realized gains or losses and unrealized appreciation and depreciation of those investments.

Notes receivable from participants – Notes receivable from participants are measured at amortized cost, which represents unpaid principal balance plus accrued but unpaid interest. Delinquent notes receivable from participants are reclassified as distributions upon the occurrence of a distributable event, in accordance with the Plan document.

Payment of benefits – Benefits are recorded when paid.

Administrative expenses – All expenses of maintaining the Plan are paid by the District.

Investments

Investment funds – Contributions to the Plan shall be invested in one or more of the available investment funds. The District determines the number of investment funds and the investments made under each of the investment funds. Pursuant to the rules established by the District, in its discretion, it may terminate or change any of the investment funds.

Pursuant to the rules established by the District, each participant shall have the right to designate in which of the investment funds the participant's account will be invested, subject to any restrictions imposed by this section. Absent any election by the participant as to the direction of his accounts, such participant's accounts will be invested in a default fund, to be determined by the District, until such participant directs otherwise.

Change of elections/transfers between funds – The participant will also have the right to change such investment elections at times and in a manner prescribed by the District.

The participant will have the right to transfer all or any fraction of his accounts between the available investment funds at any time during the plan year except that no transfers may be made into any investment fund which prohibits such transfer. Such transfer shall be made in a manner prescribed by the District.

If a participant is exchanging to the detriment of an investment fund, the Trustee may limit transfer and exchange privileges of such participant.

Imperial Irrigation District Notes to Financial Statements

Dividends, interest, and other distributions received on the assets held by the Trustee in respect to each of the investment funds shall be reinvested in the respective fund.

Responsibility for investments – Each participant is solely responsible for the selection of his investment options. The Trustee, the District, and the officers, supervisors, and other employees of the District are not empowered to advise a participant as to the manner in which such participant's accounts shall be invested. The fact that an investment fund is available to participants as an investment option under the Plan shall not be construed as a recommendation for investment in that investment fund.

Investments in any one issuer under the Trust fund that represent 5% or more of the total Trust fund's investments include the following at December 31, 2023:

Issuer	Investment Type	Reported Amount	Percentage of Portfolio
Vanguard Balanced Index Fund Institutional Shares	Mutual Fund	\$ 53,232,426	16.68%
Vanguard Institutional Index Fund Inst'l Shares	Mutual Fund	41,740,472	13.08%
Vanguard PRIMECAP Fund Admiral Shares	Mutual Fund	22,356,521	7.01%
Vanguard Target Retirement 2045 Fund	Mutual Fund	21,434,989	6.72%
Vanguard Total Bond Market Index Fund: Inst'l Shr	Mutual Fund	20,757,038	6.50%
Vanguard Target Retirement 2030 Fund	Mutual Fund	16,555,500	5.2%

Fair value measurements – The framework for measuring fair value provides a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value for the plan years ended December 31, 2023 and 2022:

Registered investment companies (mutual funds): Valued at the daily closing price as reported by the fund. Mutual funds held by the Plan are open-end mutual funds that are registered with the U.S. Securities and Exchange Commission. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The mutual funds held by the Plan are deemed to be actively traded.

Collective trust: Units held in collective trusts (CT) are valued using the contract value of the CT as reported by the CT managers. The contract value is based on the fair value of the underlying assets owned by the CT, minus its liabilities, and then divided by the number of units outstanding. The underlying assets of Vanguard's Retirement Savings Master Trust are traditional contracts issued by insurance companies and banks, synthetic investment contracts, and short-term investments.

The following table provides additional information for investments in certain entities that calculate using contract value:

	Contract Value 12/31/2023	Contract Value 12/31/2022	Redemption Frequency	Redemption Notice Period	Redemption Restrictions
Vanguard Retirement Savings Trust	\$ 34,935,040	\$ 36,779,015	Daily	N/A	N/A

Imperial Irrigation District

Notes to Financial Statements

The following table discloses the fair value hierarchy of the Plan's assets by level as of December 31, 2023 and 2022:

Fair Value Measurement at December 31, 2023				
	Level 1	Level 2	Level 3	Total
Investments measured at fair value:				
Registered investment companies	\$ 283,373,860	\$ -	\$ -	\$ 283,373,860
Investments measured at contract value				34,935,040
Total Investments				\$ 318,308,900

Fair Value Measurement at December 31, 2022				
	Level 1	Level 2	Level 3	Total
Investments measured at fair value:				
Registered investment companies	\$ 234,697,033	\$ -	\$ -	\$ 234,697,033
Investments measured at contract value				36,779,015
Total Investments				\$ 271,476,048

The valuation methods used by the Plan may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Plan believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Forfeiture account – The non-vested portion of a participant's accounts, if any, shall be forfeited upon the participant's consent to a distribution and treated as a forfeiture. A participant who incurs a severance from service at a time when the vested amounts credited to the participant's employer contribution accounts are zero shall be deemed to have received a distribution of the vested amounts credited to the participant's employer contribution accounts and the entire non-vested amount of the participant's employer contribution accounts shall be treated as a forfeiture.

Any amount forfeited by a participant upon severance from service shall not be restored to the participant's employer contribution accounts if the participant returns to the service of the District.

At the Plan Administrator's discretion, forfeitures may be used to reduce future employer contributions and/or to pay administrative expenses of the Plan. During the years ended December 31, 2023 and 2022, \$71,119 and \$15,401 was forfeited by participants, and \$68,990 and \$18,692 was used to reduce employer contributions in 2023 and 2022, respectively.

Plan termination – Although it has not expressed any intention to do so, the District, by duly adopted resolution, has the right to terminate the Plan at any time. In the event of the dissolution, merger, consolidation, or reorganization of the District, the Plan shall automatically terminate unless it is continued by a successor employer. Upon the termination or partial termination of the Plan, the separate accounts of all the participants affected thereby shall immediately become fully vested and non-forfeitable.

Imperial Irrigation District

Notes to Financial Statements

The District, by duly adopted resolution, may also discontinue all further contributions to the Plan. Upon the complete suspension of contributions to the Plan by the District, the separate accounts of all participants affected thereby shall immediately become fully vested and non-forfeitable. The District and Trustee shall continue to maintain the Plan and Trust in accordance with the requirements of Sections 401(a) and 501(a) of the Code, and the District shall direct the Trustee to distribute the separate accounts of participants only at such times and in such a manner as specifically provided in the Plan Document Article IX.

Note 10 – Inter-Departmental Transactions

Although the Water and Energy Departments of the District maintain separate accounting records, there are certain inter-Departmental transactions. Significant transactions primarily involve charges by the Water Department to the Energy Department for the use of water to generate electricity on the canal system. The inter-Departmental charge for use of water in the All-American Canal to generate electricity is based upon a formula approved by the board of directors in June 2009.

Charges for use of buildings, vehicles, and equipment are based upon a pro rata distribution of costs of related maintenance, operation and depreciation. General and administrative expenses of the District are allocated between Departments on a reasonable and consistent basis relative to the benefits derived by each. Inter-departmental revenues totaled \$5,558,153 and \$5,024,634 as of December 31, 2023 and 2022, respectively.

Note 11 – Commitments and Contingencies

Self-insurance – The District is self-insured for workers' compensation claims and for health benefits. Excess coverage for health benefits for 2023 and 2022 was provided by Berkshire Hathaway respectively. As of December 31, 2023 and 2022, the District accrued \$4,596,801 for Water and \$9,055,958 for Energy, and \$4,494,559 for Water and \$9,125,317 for Energy, respectively, for estimated workers' compensation claims to be paid in future periods. In addition, the District is partially self-insured for general claims and carries excess insurance coverage for general liability matters. As of December 31, 2023, the District accrued \$3,560,000 for Water and \$4,245,000 for Energy for estimated general liability claims. As of December 31 2022, the District accrued \$60,000 for Water and \$2,423,500 for Energy for estimated general liability claims.

Such amounts have been included under the financial statement caption entitled "self-insurance" in the accompanying statements of net position at December 31, 2023 and 2022.

The unpaid claims liabilities include estimated amounts for incurred but not reported (IBNR) claims. IBNR claims are those that were incurred during the calendar year but not yet reported at the balance sheet date. Claim liabilities are calculated based on recent claims history and settlement trends.

Imperial Irrigation District

Notes to Financial Statements

Changes in the District's self-insurance claims liability for the two years ended December 31, 2023, are as follows:

Liability at January 1, 2022	\$ 20,652,547
Incurred and adjusted claims	(1,791,781)
Claim payments and change in estimates	<u>(2,757,389)</u>
Liability at December 31, 2022	16,103,377
Incurred and adjusted claims	(311,000)
Claim payments and changes in estimates	<u>5,665,384</u>
Liability at December 31, 2023	<u><u>\$ 21,457,761</u></u>

A summary of the District's self-insurance claims for the two years ended December 31, 2023, are as follows:

December 31, 2023	Current	Long-Term	Total
Water	\$ 2,854,881	\$ 5,301,922	\$ 8,156,803
Energy	<u>4,655,335</u>	<u>8,645,623</u>	<u>13,300,958</u>
Totals	<u><u>\$ 7,510,216</u></u>	<u><u>\$ 13,947,545</u></u>	<u><u>\$ 21,457,761</u></u>
December 31, 2022	Current	Long-Term	Total
Water	\$ 1,594,096	\$ 2,960,464	\$ 4,554,560
Energy	<u>4,042,086</u>	<u>7,506,731</u>	<u>11,548,817</u>
Totals	<u><u>\$ 5,636,182</u></u>	<u><u>\$ 10,467,195</u></u>	<u><u>\$ 16,103,377</u></u>

Excess coverage for health insurance is provided by a commercial insurance policy after payment of large deductibles, referred to as self-insurance retention. Self-insurance and commercial coverage limits are as follows:

Type of Coverage	Self-Insurance	Commercial Coverage
Health benefits	Up to \$300,000 per person per year	No lifetime maximum

Environmental liabilities – Following is a brief description of the significant sites that require environmental remediation:

IID has identified the El Centro Generating station roof repair; this will require asbestos abatement due to original roof membrane removal. At this time the roof is in relatively good shape and the replacement project has been canceled. The buildings/structures must be kept in good physical condition; if asbestos is not removed, damaged ACM where fiber release could potentially occur, must be repaired, encapsulated or enclosed, so that no fiber release occurs. Notices to the CARB / CalEPA will be issued prior to the start of a repair project. Estimates for asbestos removal and disposal are included in the liability accrual.

Imperial Irrigation District

Notes to Financial Statements

As of December 31, 2023, the District has included in its accounts payable liability a total of \$1 million for those portions of the environmental remediation work that are currently deemed to be reasonably estimable. Cost estimates were developed using the expected cash flow technique in accordance with GASB 49. Estimated outlays are based on current cost and no adjustments were made for discounting or inflation. As new information becomes available, estimates may vary significantly due to price fluctuations, technological advances, or applicable laws or regulations.

Leases – The District holds various leasing arrangements for buildings, land, land use rights and communication towers which are leased to and from mainly commercial customers.

Lessor lease receivables – The District has entered into 15 qualified lease agreements as the lessor for several uses of land and land-tower.

Out of the 15 qualified leases, 9 are related to land used for geothermal and solar, with periods covering various ranges and the latest expiring in July 2075. Annual payments for the current year range from \$13,100 to \$953,500. Another 6 leases relate to land-tower used for telecommunications, with periods covering various ranges and the latest expiring on October 2051. Annual payments for the current year range from \$18,236 to \$59,295. The District utilized its incremental borrowing rate of 5% to calculate the net present value of lease payments.

Leases receivable for the year ended December 31, 2023 are as follows:

	1/1/2023			12/31/2023
Water	Beginning Balance	Additions	Reductions	Ending Balance
Land	\$ 24,593,377	\$ -	\$ (341,544)	\$ 24,251,833
Land/Tower	-	-	-	-
	<u>\$ 24,593,377</u>	<u>\$ -</u>	<u>\$ (341,544)</u>	<u>\$ 24,251,833</u>

	1/1/2023			12/31/2023
Energy	Beginning Balance	Additions	Reductions	Ending Balance
Land	\$ 551,832	\$ -	\$ (30,790)	\$ 521,042
Land/Tower	2,205,410	-	(95,111)	2,110,299
	<u>\$ 2,757,242</u>	<u>\$ -</u>	<u>\$ (125,901)</u>	<u>\$ 2,631,341</u>

	1/1/2023			12/31/2023
Combined Water and Energy	Beginning Balance	Additions	Reductions	Ending Balance
Land	\$ 25,145,209	\$ -	\$ (372,334)	\$ 24,772,875
Land/Tower	2,205,410	-	(95,111)	2,110,299
	<u>\$ 27,350,619</u>	<u>\$ -</u>	<u>\$ (467,445)</u>	<u>\$ 26,883,174</u>

Imperial Irrigation District

Notes to Financial Statements

Leases receivable for the year ended December 31, 2022 are as follows:

	1/1/2022 Beginning Balance	Additions	Reductions	12/31/2022 Ending Balance
Water				
Land	\$ 24,918,641	\$ -	\$ (325,264)	\$ 24,593,377
Land/Tower	-	-	-	-
	<u>\$ 24,918,641</u>	<u>\$ -</u>	<u>\$ (325,264)</u>	<u>\$ 24,593,377</u>
Energy				
Land	\$ 579,862	\$ -	\$ (28,030)	\$ 551,832
Land/Tower	2,290,112	-	(84,702)	2,205,410
	<u>\$ 2,869,974</u>	<u>\$ -</u>	<u>\$ (112,732)</u>	<u>\$ 2,757,242</u>
Combined Water and Energy				
Land	\$ 25,498,503	\$ -	\$ (353,294)	\$ 25,145,209
Land/Tower	2,290,112	-	(84,702)	2,205,410
	<u>\$ 27,788,615</u>	<u>\$ -</u>	<u>\$ (437,996)</u>	<u>\$ 27,350,619</u>

Lease payments not included in the receivable – Variable revenues related to qualified agreements under GASB Statement No. 87 *Leases*, are not included in the measurement of the lease receivable. Variable lease revenue as of December 31, 2023 include: CPI increases \$22,895, surface rent based on usage at \$0, and royalty payments of \$645,769; and as of December 31, 2022, include: CPI increases of \$5,592, surface rent based on usage at \$22,650, and royalty payments of \$600,969.

Lessor lease inflows – Lease inflows of resources for year ended December 31, 2023 and 2022, are as follows:

Deferred inflow	Water	Power	12/31/2023 Total
Land	\$ 25,670,483	\$ 476,375	\$ 26,146,858
Land/Tower	-	1,951,193	1,951,193
	<u>\$ 25,670,483</u>	<u>\$ 2,427,568</u>	<u>\$ 28,098,051</u>
Lease payments not included in receivable			
CPI increases	\$ 17,743	\$ 5,152	\$ 22,895
Royalties	645,769	-	645,769
	<u>\$ 663,512</u>	<u>\$ 5,152</u>	<u>\$ 668,664</u>

Imperial Irrigation District

Notes to Financial Statements

Deferred inflow	Water	Power	12/31/2022 Total
Land	\$ 26,481,741	\$ 522,360	\$ 27,004,101
Land/Tower	-	2,112,122	2,112,122
	<u>\$ 26,481,741</u>	<u>\$ 2,634,482</u>	<u>\$ 29,116,223</u>
Lease payments not included in receivable	Water	Power	12/31/2022 Total
CPI increases	\$ -	\$ 5,592	\$ 5,592
Variable surface rent	-	22,650	22,650
Royalties	600,969	-	600,969
	<u>\$ 600,969</u>	<u>\$ 28,242</u>	<u>\$ 629,211</u>

Lessee lease payable – The District has five qualified lease agreements as the lessee under GASB Statement No. 87 *Leases*, four for buildings and one for land use. With the adoption of the standard, the District recognized right-of-use assets (see Note 3 – Utility Plant) and a corresponding lease liability.

Lease payables outstanding as of December 31, 2023, are as follows:

Water	1/1/2023 Beginning Balance	Additions	Reductions	12/31/2023 Ending Balance
Land	\$ -	\$ -	\$ -	\$ -
Buildings	83,630	205,132	(45,502)	243,260
Total leases payable	<u>\$ 83,630</u>	<u>\$ 205,132</u>	<u>\$ (45,502)</u>	<u>\$ 243,260</u>

Energy	1/1/2023 Beginning Balance	Additions	Decreases	12/31/2023 Ending Balance
Land	\$ 154,450	\$ -	\$ (29,484)	\$ 124,966
Buildings	1,886,740	205,131	(573,566)	1,518,305
Total leases payable	<u>\$ 2,041,190</u>	<u>\$ 205,131</u>	<u>\$ (603,050)</u>	<u>\$ 1,643,271</u>

Combined Water and Energy	1/1/2023 Beginning Balance	Additions	Decreases	12/31/2023 Ending Balance
Land	\$ 154,450	\$ -	\$ (29,484)	\$ 124,966
Buildings	1,970,370	410,263	(619,068)	1,761,565
Total leases payable	<u>\$ 2,124,820</u>	<u>\$ 410,263</u>	<u>\$ (648,552)</u>	<u>\$ 1,886,531</u>

Imperial Irrigation District Notes to Financial Statements

Lease payables outstanding as of December 31, 2022, are as follows:

Water	1/1/2022 Beginning Balance	Additions	Reductions	12/31/2022 Ending Balance
Land	\$ -	\$ -	\$ -	\$ -
Buildings	115,391	-	(31,761)	83,630
Total leases payable	<u>\$ 115,391</u>	<u>\$ -</u>	<u>\$ (31,761)</u>	<u>\$ 83,630</u>

Energy	1/1/2022 Beginning Balance	Increases	Decreases	12/31/2022 Ending Balance
Land	\$ -	\$ 169,086	\$ (14,636)	\$ 154,450
Buildings	2,403,624	-	(516,884)	1,886,740
Total leases payable	<u>\$ 2,403,624</u>	<u>\$ 169,086</u>	<u>\$ (531,520)</u>	<u>\$ 2,041,190</u>

Combined Water and Energy	1/1/2022 Beginning Balance	Increases	Decreases	12/31/2022 Ending Balance
Land	\$ -	\$ 169,086	\$ (14,636)	\$ 154,450
Buildings	2,519,015	-	(548,645)	1,970,370
Total leases payable	<u>\$ 2,519,015</u>	<u>\$ 169,086</u>	<u>\$ (563,281)</u>	<u>\$ 2,124,820</u>

Future annual lease payable commitments as of December 31, 2023, are as follows:

Year ended December 31, 2023	Principal	Interest	Total
2024	\$ 746,745	\$ 76,585	\$ 823,331
2025	699,154	40,069	739,223
2026	266,254	12,769	279,022
2027	110,438	5,693	116,131
2028	63,939	1,146	65,085
	<u>\$ 1,886,530</u>	<u>\$ 136,263</u>	<u>\$ 2,022,793</u>

There were no variable payments made as of December 31, 2023 and 2022.

Subscriptions Payable – As of December 31, 2023, the financial statements include the adoption of GASB Statement No. 96, Subscription-Based Information Technology Arrangements (SBITA). The primary objective of this statement is to enhance the relevance and consistency of information about governments' subscription activities. This statement establishes a single model for subscription accounting based on the principle that subscriptions are financings of the right to use an underlying asset. Under this Statement, the District initially recognized 4 subscription liabilities (see Note 5 – Long Term Debt) and an intangible right-to-use assets (see Note 3 – Utility Plant). The subscription liabilities have been recorded and presented in the Statement of Net Position under long term debt, leases and right-of-use assets.

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Notes to Financial Statements

On November 4, 2022, Imperial Irrigation District entered a 60-month subscription for the use of PlanetBids Platform. During 2023, an initial subscription liability was recorded in the amount of \$109,555.50 and as of December 31, 2023, the value of the subscription liability is \$88,246. Imperial Irrigation District is required to make annual fixed payments of \$22,225. The subscription has an interest rate of 3.3050%. The value of the right-to-use asset as of December 31, 2023, of \$113,056 with accumulated amortization of \$26,191 is included with Software table found below. Imperial Irrigation District had a termination period of two months as of the subscription commencement.

On January 24, 2023, Imperial Irrigation District entered a 36-month subscription for the use of Samsara Application. An initial subscription liability was recorded in the amount of \$629,282. As of December 31, 2023, the value of the subscription liability is \$413,999. Imperial Irrigation District is required to make annual fixed payments of \$225,663. The subscription has an interest rate of 2.6560%. The value of the right-to-use asset as of December 31, 2023, of \$629,282 with accumulated amortization of \$195,777 is included with Software on the Subscription Class activities table found below.

On October 1, 2023, Imperial Irrigation District entered a 36-month subscription for the use of Microsoft - SQL Server Standard Core Government License. An initial subscription liability was recorded in the amount of \$170,543. As of December 31, 2023, the value of the subscription liability is \$113,307. Imperial Irrigation District is required to make annual fixed payments of \$57,237. The subscription has an interest rate of 0.6857%. The value of the right-to-use asset as of December 31, 2023, of \$170,543 with accumulated amortization of \$18,926 is included with Software on the Subscription Class activities table found below.

On October 1, 2023, Imperial Irrigation District entered a 36-month subscription for the use of Microsoft - Core User CAL License. An initial subscription liability was recorded in the amount of \$1,021,007. As of December 31, 2023, the value of the subscription liability is \$668,463. Imperial Irrigation District is required to make annual fixed payments of \$352,544. The subscription has an interest rate of 3.6310%. The value of the right to use asset as of December 31, 2023, of \$1,021,007 with accumulated amortization of \$85,084 is included with Software on the Subscription Class activities table found below.

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Notes to Financial Statements

SBITA payables outstanding as of December 31, 2023, are as follows:

	1/1/2023			12/31/2023
<u>Water</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
Software	\$ -	\$ 786,715	\$ (264,555)	\$ 522,160
Total SBITA payable	<u>\$ -</u>	<u>\$ 786,715</u>	<u>\$ (264,555)</u>	<u>\$ 522,160</u>
	1/1/2023			12/31/2023
<u>Energy</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Decreases</u>	<u>Ending Balance</u>
Software	\$ -	\$ 1,143,672	\$ (381,818)	\$ 761,854
Total SBITA payable	<u>\$ -</u>	<u>\$ 1,143,672</u>	<u>\$ (381,818)</u>	<u>\$ 761,854</u>
	1/1/2023			12/31/2023
<u>Combined Water and Energy</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Decreases</u>	<u>Ending Balance</u>
Software	\$ -	\$ 1,930,387	\$ (646,373)	\$ 1,284,014
Total SBITA payable	<u>\$ -</u>	<u>\$ 1,930,387</u>	<u>\$ (646,373)</u>	<u>\$ 1,284,014</u>

Future annual SBITA payable commitments as of December 31, 2023 are as follows:

	Principal	Interest	Total
2024	\$ 608,993	\$ 38,961	\$ 647,954
2025	628,073	20,568	648,641
2026	22,734	1,552	24,286
2027	24,214	800	25,014
	<u>\$ 1,284,014</u>	<u>\$ 61,881</u>	<u>\$ 1,345,895</u>

There were no variable payments made as of December 31, 2023 and 2022.

Take or pay contracts – The District has energy and capacity contracts with the Southern California Public Power Authority (SCPPA), a joint powers authority formed under the Joint Powers Act of the California Legislature of 1980. The District purchases 6.5% of the energy generated by SCPPA's 5.91% ownership in the Palo Verde Nuclear Generating Station (the Palo Verde Project), a nuclear-fueled generating station near Phoenix, Arizona. The Palo Verde Project agreements expire in 2030. The District also previously purchased 50.98% of the capacity and energy generated by SCPPA's 41.8% ownership of the San Juan Generating Station Unit 3 (the San Juan Project), a coal-fueled generating station in New Mexico. The San Juan Project agreements were set to expire in 2022 but, with the retirement of Units 2 and 3, the District exited the San Juan Project on December 31, 2017.

Imperial Irrigation District

Notes to Financial Statements

The billings for fuel, operations and maintenance, administrative and general, and other costs for these projects were as follows:

Fiscal Year	Project	Fuel	Non-Fuel	Total
2022	San Juan	\$ -	\$ -	\$ -
	Palo Verde	\$ 654,932	\$ 3,617,178	\$ 4,272,110
2023	San Juan	\$ -	\$ 3,117,964	\$ 3,117,964
	Palo Verde	\$ 708,246	\$ 3,703,962	\$ 4,412,208

Energy supply purchase commitment – The District has two energy supply contracts with the United States Department of Energy Western Area Power Administration Desert Southwest Region for Parker Davis and Boulder Canyon Projects. These agreements terminate on September 30, 2028, and September 30, 2067, respectively. The District is committed to purchase all Parker Davis available power up to 26 megawatts in any given hour during winter months and 32 megawatts in any given hour during summer months. On Boulder Canyon, the District is committed to purchase all available power up to 3 megawatts in any given hour throughout the year. As of December 31, 2023, the District's estimated remaining purchase commitment under these agreements is \$19,134,184 and \$4,732,602 respectively.

The District has entered into contracts with various vendors to purchase natural gas. These commitments vary in the amount of natural gas to be purchased and when the natural gas will be delivered to the District. Open commitments of the District at December 31, 2023 total \$146,704,235.

The list of contracts is as follows:

Vendor	Delivery Period	Liability
Macquarie Energy	January 2024 to September 2027	\$ 57,358,979
EDF Trading North America	January 2024 to August 2027	52,411,926
BP Energy Company	January 2024 to October 2027	36,180,925
Shell Energy North America	March 2024 to February 2026	752,405
		\$ 146,704,235

The District has entered into contracts with various vendors to purchase energy. These commitments vary in the terms and the amount of energy to purchase, and when it will be delivered to the District. The estimated remaining commitment of the District at December 31, 2023, is \$1,456,214,300 based on contract pricing.

Imperial Irrigation District

Notes to Financial Statements

The contracts are as follows:

Vendor	Delivery Period	Liability
Hell's Kitchen PowerCo1	May 2024 to August 2049	\$ 520,183,625
CalEnergy	January 2024 to December 2028	127,452,303
Seville Solar Two	January 2024 to July 2041	104,626,152
96WI 8ME	January 2024 to May 2042	90,393,583
Dominion Solar Holdings	January 2024 to July 2044	88,610,258
Southern California Public Power Authority	January 2024 to January 2042	66,989,803
Sol Orchard Imperial 1	January 2024 to November 2038	73,430,377
Citizens Imperial Solar	January 2024 to May 2042	31,389,539
Imperial Solar 1	January 2024 to April 2034	28,645,552
Sol Orchard Community 1	January 2024 to June 2039	23,495,354
Desert View Power	January 2024 to April 2027	61,846,200
Holtville BESS	April 2024 to March 2044	150,449,314
APR Energy	January 2024 to December 2025	19,800,000
Citigroup Energy	July 2024 to August 2024	11,780,000
EDF Trading North America	June 2024 to September 2024	20,144,600
Morgan Stanley	June 2024 to August 2024	6,375,600
Central Arizona Water Conservation District	June 2024 to August 2024	6,690,240
Tenaska Power Services	June 2024 to September 2024	19,032,000
Arizona Electric Power Cooperative	August 2024 to September 2024	4,879,800
		<u>\$ 1,456,214,300</u>

Letter of credit – As part of the All-American Canal lining project, the District was required to post an Irrevocable Standby Letter of Credit in the amount of \$1,155,150 for the benefit of the California Department of Fish and Game as beneficiary. This Letter of Credit was established pursuant to the terms of the Incidental Take Permit as a security device for the performance of the District as project manager in completing its obligation under the Permit. In August 2011, the District requested the amount of funding assurances be reduced because some of the mitigation secured by the funding had been completed. The California Department of Fish and Game Approved Amendment No. 2 to Permit No. 2081 to reduce the amount of the security from \$1,155,150 to \$427,350.

The Letter of Credit will automatically be extended for a period of one year until official written notification is provided. All costs of this letter of credit, including any claim if needed, is reimbursed by the Department of Water Resources (DWR) and/or San Diego County Water Authority (SDCWA).

Imperial Irrigation District

Notes to Financial Statements

Note 12 – Construction Commitments

At December 31, 2023, the District had the following commitments with respect to unfinished capital projects:

Capital Projects	Remaining Construction Commitment	Expected Completion Date
Water		
SCP Lateral Headings Phase 3	\$ 7,139,330	2027
Pilot Knob Check Gate Replacement	3,777,685	2025
Orange Concrete Lining Del 6A to Check for Del 7	1,646,057	2024
Ash Lateral 20 Pipeline Phase II	1,533,175	2024
Nutmeg Lateral Concrete Lining	1,336,774	2024
Various Projects	1,185,651	2024
SCP Peach Intertie	1,168,235	2024
Oak Lateral Concrete Lining Del 6 to Del 7	1,032,185	2024
Munyon Lateral Secondary Heading South/Myrtle Check	807,096	2024
Malva Lateral 2 Concrete Lining	671,981	2024
Replacement of Influent/Effluent & Bypass Basin	472,307	2025
Moorhead Drain Pipeline Repl & Payment & Ops Agr	451,707	2024
Bombay Beach-Shallow Groundwater Wells	429,543	2024
Daffodil Canal Concrete Lining Delivery 15A to McCabe	279,457	2024
Power		
S-Line Upgrade/SunPin	\$ 50,763,377	2024
EC Switching Station Bank No. 5	7,841,861	2024
CN & CL Transmission Lines Upgrade	7,515,088	2024
EC Generation Station Unit 4 Boiler Repairs	4,119,072	2024
EC Switching Station 92kV Transmission Relay	2,115,600	2024
OATT & External Major Customer Funded Projects	1,978,745	2024
ECSS Ring Bus Upgrade	1,920,536	2024
Niland Chiller Compressor B Replacement	1,647,127	2024
Drop 3 Unit No. 2 Repairs	1,370,731	2024
Drop 1 Unit 1 Refurbishment	938,859	2024
Niland Gas Turbine Unit No. 1 & No. 2	533,764	2024
Coachella Gas Turbines Units 3&4 Controls Mod	501,531	2024

Note 13 – Other Post-Employment Benefits Other Than Pensions

Plan description – The District provides health and welfare benefit plans including medical, prescription drug, and behavioral health benefits (EAP) for qualified retirees and certain dependents. The District's plan is an agent multiple-employer benefit OPEB plan administered by CalPERS CERBT Strategy 2 OPEB Trust. The authority to establish and amend the benefit terms and financing is accomplished through the District's Board of Directors.

Imperial Irrigation District

Notes to Financial Statements

Benefits provided – Beginning in 2017, the District offers two separate plan designs for its medical/Rx benefits, called Plan A and Plan B. Plan B has higher deductibles, out-of-pocket maximums, and in-network coinsurance percentages. The ghost rates for Plan B are about 5% lower than for plan A.

The District charges its retirees and survivors according to a schedule of premiums that is updated each year according to a table of retiree increases for a given overall increase in healthcare costs; the increase is ultimately at the District Board's discretion.

Except as noted below, benefits are payable for the lifetime of the retiree, spouse, and dependent children while eligible to remain on parents' coverage. Survivor benefits are provided in the event that a retiree pre-deceases his/her spouse.

Eligibility – Employees are eligible upon reaching retirement age of 60 with a minimum of ten years of continuous full-time service. Employees hired before May 14, 2013, for International Brotherhood of Electrical Workers (IBEW) members, and before September 17, 2013, for Professional Salaried Association (PSA) members, have the option for early retirement upon reaching the age of 55 once the minimum years of service is met. Effective October 1, 2002, an "Early Retirement Age" option was approved by the board of directors for employees in the "Executive" class of service. These employees have the option to retire once they obtain the age of 52 if they have a minimum of 15 years of continuous full-time service.

For employees hired before May 14, 2013, for IBEW members, and before September 17, 2013, for PSA members, the District pays a maximum contribution per month ranging from \$1,257 to \$3,772 and shall provide medical benefits to the retiree and certain dependents. For employees first employed after the said dates, the District shall pay a maximum contribution per month of \$1,146 and shall provide medical benefits for the retiree only. This provision does not guarantee the continuance of any specific medical benefits plan by the District. The retired employee will be responsible for and pay to the District the cost for retiree health benefits in excess of the maximum contribution.

The District's contribution for retiree medical benefits shall terminate upon the sooner of the retiree's 65th birthday, upon eligibility of the retired unit member for Medicare, or upon the date that the retiree becomes covered by another employer who provides full health benefits.

Plan membership consisted of the following at December 31, 2023:

Inactive plan members or beneficiaries receiving benefit payment	642
Active plan member	<u>1,350</u>
Total	<u><u>1,992</u></u>

Net OPEB (Asset) / Liability – The District's Net OPEB liability was \$30,952,688 and \$40,994,285 measured as of December 31, 2023 and 2022, respectively. The total OPEB Liability used to calculate the Net OPEB Liability was determined by an actuarial valuation as of January 1, 2023, with measurement period from January 1, 2023, to December 31, 2023. Standard actuarial update procedures were used to project/discount from valuation to measurement dates.

Imperial Irrigation District

Notes to Financial Statements

At December 31, 2023 and 2022, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	December 31,	
	2023	2022
Deferred Outflows of Resources		
Difference between expected and actual experience	\$ 444,172	\$ 533,006
Changes in assumptions or other inputs	15,703,841	-
Differences between projected and actual return investments	27,806,643	37,075,524
	<u>\$ 43,954,656</u>	<u>\$ 37,608,530</u>
Total		
Deferred Inflows of Resources		
Difference between expected and actual experience	\$ (12,331,314)	\$ (2,340,459)
Changes in assumptions or other inputs	(9,322,849)	(12,230,703)
Differences between projected and actual return investments	(12,051,822)	(9,951,538)
	<u>\$ (33,705,985)</u>	<u>\$ (24,522,700)</u>
Total		

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

Fiscal Year ending December 31:	Deferred Outflows of Resources	Deferred Inflows of Resources
2024	\$ 11,320,696	\$ (9,807,719)
2025	11,320,696	(8,058,475)
2026	11,320,696	(6,722,740)
2027	2,051,815	(3,529,420)
2028	2,051,811	(1,621,641)
Thereafter	5,888,942	(3,965,990)
	<u>\$ 43,954,656</u>	<u>\$ (33,705,985)</u>
Total		

Imperial Irrigation District

Notes to Financial Statements

Actuarial assumptions – The total OPEB liability was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Assumptions	
Actuarial cost method	Entry Age, Level percent pay
Valuation of Fiduciary net position	Fair value of assets
Recognition of deferred inflows and outflows of resources	Closed period equal to the average of the expected remaining service lives of all employees provided with OPEB
Salary increases	3.00 percent
Inflation rate	2.50 percent
Investment rate of return	5.75 percent, net of OPEB plan investment expense
Healthcare cost trend rate	6.00 percent for 2023; 5.50 percent for 2024, and 5.25 percent for 2025-2029, 5.00 percent for 2030-2039, 4.75 percent for 2040-2049, 4.50 percent for 2050-2069, and 4.00 percent for 2070 and later years
Preretirement Mortality	Preretirement Mortality Rates for public Agency Miscellaneous from CalPERS Experience study (2000-2019)
Postretirement Mortality	Post-retirement Mortality Rates for Public Agency Miscellaneous from CalPERS Experience Study (2000-2019)

Actuarial assumptions used in the January 1, 2023, valuation were based on a review of plan experience during the period January 1, 2021, to December 31, 2022.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. The calculated investment rate of return was set equal to the expected ten-year compound (geometric) real return plus inflation (rounded to the nearest 25 basis points, where appropriate). The table below provides the long-term expected real rates of return by asset class (based on published capital market assumptions).

Asset Class	Assumed Asset Allocation	Real Rate of Return
Global ex-U.S. Equity	34%	4.80%
U.S. Fixed	41%	1.80%
TIPS	5%	1.60%
Real Estate	17%	3.70%
Commodities	3%	1.90%

Imperial Irrigation District

Notes to Financial Statements

Schedule of Changes in net OPEB liability for the years ended December 31:

	2023	2022
Total OPEB liability as of January 1, (a)	\$ 200,667,950	\$ 191,832,226
Service cost	4,109,547	3,550,720
Interest	11,913,878	12,004,628
Changes of benefit terms		
Difference between expected and actual experience	(11,897,965)	-
Changes of assumptions	17,666,821	-
Benefit payments	(6,791,885)	(6,719,624)
Net changes in total OPEB liability	15,000,396	8,835,724
Total OPEB liability as of December 31, (b)	215,668,346	200,667,950
Plan fiduciary net position		
Contributions, employer	13,191,885	6,719,624
Net investment gain	18,783,444	(34,162,078)
Benefit payments	(6,791,885)	(6,719,624)
Trustee fees	(59,742)	(61,121)
Administrative expense	(81,709)	(83,595)
Net change in plan fiduciary net position	25,041,993	(34,306,794)
Plan fiduciary net position, beginning (c)	159,673,664	193,980,458
Plan fiduciary net position, ending (d)	<u>\$ 184,715,657</u>	<u>\$ 159,673,664</u>
Net OPEB liability (asset), beginning (a) – (c)	<u>\$ 40,994,286</u>	<u>\$ (2,148,232)</u>
Net OPEB liability (asset), ending (b) – (d)	<u>\$ 30,952,689</u>	<u>\$ 40,994,286</u>

The discount rate used to measure the District's Total OPEB liability is based on these requirements and the following information:

Reporting Date	Measurement Date	Long-Term Expected Return of Plan Investments	Fidelity GO AA 20 Years Municipal Index	Discount Rate
12/31/2023	12/31/2023	5.75%	3.77%	5.75%
12/31/2022	12/31/2022	6.25%	4.05%	6.25%

Imperial Irrigation District

Notes to Financial Statements

Sensitivity analysis of net OPEB liability to changes in discount rate. Below presents the net OPEB liability, as well as what the 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:

Discount rate	December 31,	
	2023	2022
1% Decrease	4.75%	5.25%
Net OPEB liability (asset)	\$64,090,616	\$71,681,222
Current Discount Rate	5.75%	6.25%
Net OPEB liability (asset)	\$30,952,688	\$40,994,285
1% Increase	6.75%	7.25%
Net OPEB liability (asset)	\$3,930,008	\$16,052,191

Sensitivity analysis of net OPEB liability to changes in healthcare cost trend rates. Below presents the net OPEB liability, as well as what the net OPEB liability would be if it were calculated using a healthcare cost trend rates that are 1 percentage point lower or 1 percentage point higher than the current healthcare cost trend rates:

Healthcare cost trend	December 31,	
	2023	2022
1% Decrease	Trend rate for each future year reduced by 1.00%.	Trend rate for each future year reduced by 1.00%
Net OPEB liability (asset)	(\$1,599,855)	\$11,016,922
Current Trend rate		
Net OPEB liability (asset)	\$30,952,688	\$40,994,285
1% Increase	Trend rate for each future year increased by 1.00%	Trend rate for each future year increased by 1.00%
Net OPEB liability (asset)	\$71,942,158	\$78,657,742

The District recognized OPEB expense of \$5,987,447 and expense of \$5,625,597 for the years ended December 31, 2023 and 2022, respectively.

Imperial Irrigation District

Notes to Financial Statements

Note 14 – Metropolitan Water District Water Conservation Program

In December 1988, the District and the Metropolitan Water District of Southern California (MWD) entered into a water conservation agreement that became effective December 1989. Under the terms of the conservation agreement, MWD paid for the capital cost and continues to pay annual operation and maintenance and capital costs for specific conservation projects within the District. The purpose of such payments is to provide funds for the District to construct and maintain water conservation projects in the Imperial Valley. In return, MWD is entitled to a quantity of water equal to the amount of water conserved by these projects, which total between 100,000 and 110,000 acre-feet annually. The water must be used in the calendar year it is conserved. In 2023 and 2022, the District received \$10,417,893 and \$11,864,317, respectively, as reimbursement for approved capital, operation, and maintenance costs. Cumulative payments received since inception total approximately \$377,147,229 through December 31, 2023. The District is to be reimbursed for approved amounts, including certain indirect costs, through the year 2041.

Note 15 – Salton Sea Authority

The District is a member of the Salton Sea Authority (the Authority), a Joint Powers Authority formed in 1993 for the purpose of working with the State of California, the federal government, and the Republic of Mexico in the development of programs to ensure certain continued beneficial use of the Salton Sea. These beneficial uses include its primary purpose as a depository for agricultural drainage, storm water, and waste water flows, together with protection of endangered species, fisheries, waterfowl, and recreation.

The Authority consists of the District, the Coachella Valley Water District, the counties of Imperial and Riverside, each of which appoints two voting members, and the Torres Martinez Indian Tribe with one voting member to the Authority's board of directors.

The Authority has undertaken, or expects to undertake, projects, either singularly or in cooperation with other agencies, which may relate to:

- The Salton Sea's surface elevation
- The Salton Sea's salinity
- The Salton Sea fish and wildlife
- Public recreation facilities and opportunities
- Protection and enhancement of water quality in the Salton Sea
- Reduction or elimination of threats to public health, safety, and welfare
- Conservation of water
- Encouragement of compatible planning and development adjacent to and in proximity of the Salton Sea

Imperial Irrigation District

Notes to Financial Statements

- Establishment of ongoing maintenance and operations programs to accomplish the purposes of the Authority
- Management of by-products resulting from projects undertaken by the Authority, including the beneficial reuse of these by-products
- Acquisition of sufficient revenues to retire debt and to fulfill the financial obligations of the Authority

The projects planned by the Authority are expected to be funded primarily through state and federal grants, in addition to direct and in-kind funding from the members. Funds contributed by the District, which are not material to the District's financial statements, are expensed as incurred. Financial statements of the Authority can be obtained from the Executive Office of the County of Riverside.

Note 16 – Trust Lands

On February 5, 2004, the District board of directors approved Resolution 2-2004 which authorized the purchase of approximately 41,700 acres of land (Western Farms Land, or Trust Lands) in order to facilitate the District's ability to perform its obligations under the District Water Conservation and Transfer Project (Transfer Project), including the District/San Diego County Water Authority Water Conservation and Transfer Agreement and the Quantification Settlement Agreement and Related Agreements (collectively, QSA).

On April 1, 2004, the District issued Certificates of Participation (COPs) for \$87,725,000 to acquire the Western Farms Land. The land was to be used primarily for the implementation of a range of water conservation measures and to reduce water usage through fallowing the land in order to satisfy the water transfer obligations pursuant to the 2003 Water Transfer Agreement with SDCWA.

On April 13, 2004, the District entered into the 2004 Installment Purchase Contract dated April 1, 2004, in order to facilitate the acquisition of the Trust Lands from Western Farms, LP. The Western Farms Land Purchase was funded by the 2004 Taxable Revenue Certificates of Participation (2004 Water System Project) (the Certificates) in a principal amount equal to the aggregate principal amount of the 2004 Installment Payments.

On July 26, 2005, the District adopted Resolution 18-2005 (the Original Resolution) which established a "Land Sale Disposition Policy" and authorized the sale of portions of the Western Farms Land (Trust Lands). Resolution 5-2006, adopted on February 7, 2006, declared that the Trust Lands were no longer necessary for present or prospective purposes, and therefore, were surplus to the District needs. The board also expressed its intent to dispose of the Trust Lands on such terms as may be in the best interest of the District. There had been no sales of Western farmland since year 2015.

On August 3, 2021, the District adopted resolution 31-2021 which authorized the sale of a portion of Western Farmland that is not necessary for any present or prospective use or purpose. As a result, 2021 net sales of Western Farms Land totaled \$1,419,300 for 189.24 acres. The proceeds from these land sales, by resolution, pay for cost of sales and reimburse the District's Water Department for all cost incurred for the operation, maintenance, administration, and cost of debt issued to purchase the Western Farms Land. There were no western Farms Land sales in 2023.

Imperial Irrigation District

Notes to Financial Statements

Note 17 – Noncurrent Advances

On October 3, 2003, IID and SDCWA signed the revised fourth amendment to the Water Transfer Agreement. Included in the amendment was a new section titled “14.5 Mitigation of Socio-Economic Impacts Caused by Land Fallowing.” This section laid out the funding obligations of IID and SDCWA. SDCWA was to fund an initial payment of \$10 million in four installments. SDCWA would be reimbursed for this initial payment via credits against payments due from SDCWA beginning in Agreement Year 16 (2018). The obligation to repay SDCWA is contingent upon the water transfer agreement remaining in effect. If for any reason the transfer is suspended or terminated, the District’s obligation will terminate. As of December 31, 2023, \$8.1 million obligation is reflected herein as advances under other non-current liabilities.

In addition, during 2010, SDCWA advanced \$50 million to the District to fund capital projects necessary to implement system efficiency measures designed to conserve water for subsequent transfer to SDCWA, as required under the terms of the QSA and is no longer subject to repayment under the repayment release clause. Of the total \$50 million advance, \$48.9 million has been spent on conservation programs.

Transmission expansion and generator interconnection agreements – Several independent power producers (IPPs) propose projects in the District balancing authority area. Most of the Energy associated with these projects is intended for export from the IID system, generally to users in southwestern California. Currently, projects totaling up to 5403 MW of generation are in the active interconnection queue seeking access to the network system. In addition, IID has 575 MW of generation that is active for projects proposing to interconnect to a radial transmission line that is owned by IID. IID is processing the requests and working with IPPs to bring the generation online to aid California in meeting its renewable goals. California has aggressive renewable portfolio standards and climate goals, and new targets are established for 2030 and climb to 100% renewable by 2045.

Generators seeking interconnection to the IID system and customers seeking transmission service for purposes of export are processed under IID’s Open Access Transmission Tariff, originally adopted by the IID Board in 2011. The OATT sets forth the requirements, including engineering studies, necessary to provide reliable interconnection and transmission service to eligible customers, and identifies infrastructure requirements necessary to mitigate any impacts identified in the study process. The Infrastructure requirements are captured in Generator Interconnection Agreements and, less commonly, Transmission Service Agreements.

Identified network upgrades will be funded primarily by those developers requesting interconnection to the District’s system or seeking transmission service, as applicable. The District will provide reimbursement for network upgrades through the issuance of transmission rate credits taken against the project’s transmission service charges.

As of December 31, 2023, there are 37 generator interconnection projects representing a total of 5403 MW of proposed generation in the interconnection queue. One project interconnected to the IID system and one project representing 352 MW interconnected to a radial transmission line that is owned by IID as of December 31, 2023.

Imperial Irrigation District

Notes to Financial Statements

As of December 31, 2023, the balance of amounts paid to the District by participating generators and available for use to fund future studies and construction totaled \$45.5 million, shown in the accompanying statements of net positions as advances with \$12.2 million under current liabilities and \$33.3 million as noncurrent liabilities. As of December 31, 2022, the balance of amounts paid to the District by participating generators, and available for use to fund future studies and construction, totaled \$33.6 million, shown in the accompanying statements of net positions as advances with \$8.6 million under current liabilities and \$24.9 million as noncurrent liabilities.

Other advances – As of December 31, 2023, the District held both current and noncurrent deposits from customers in the amounts of \$25.3 million and \$11.3 million, and as of December 31, 2022, \$16.4 million and \$12.4 million for the Water and Energy Departments, respectively. Most of the advances are for, purchased power agreements, security deposits, customer projects, upfront impact fees for drain mitigation and crossings, water clearing house deposits, and AAC OM&R among others.

Note 18 – Quantification Settlement Agreement (QSA) – Water Transfer

The QSA and Related Agreements are a series of agreements among the Imperial Irrigation District (IID), San Diego County Water Authority (SDCWA), Coachella Valley Water District (CVWD), the Metropolitan Water District of Southern California (MWD), Vista Irrigation District, the City of Escondido, the State of California and its various agencies, the U.S. Department of Interior and its various agencies, and others. The QSA and Related Agreements settle numerous disputes among and between the contracting parties. Among other things, the QSA and Related Agreements provide for, during the term of the agreements, certain limitations on Colorado River water use by certain parties, the transfer of conserved water from the IID to others, and the transfer and sharing of conserved water by other parties with each other.

The QSA and Related Agreements also specify the environmental mitigation obligations of various parties and the payment responsibility for environmental mitigation by various parties for environmental impacts caused by the QSA and Related Agreements, as well as the payment responsibility by various parties for Salton Sea restoration. The QSA and Related Agreements provide caps for the payment responsibility of IID, SDCWA, and CVWD for QSA environmental mitigation costs and for Salton Sea restoration. The term of the QSA and Related Agreements commenced in October 2003 and has a term of 45 years. Renewal for an additional 30 years will occur if the parties consent.

The following is a summary of the District's water transfer volumes, prices and obligations for payments related to the QSA for the period 2023–2025:

Year	Water Transfer SDCWA – CVWD		IID Environmental Obligations
	Quantity Acre-feet	Value	Salton Sea Restoration
2023	288,000	(1)	1,070,590
2024	293,000	(1)	1,102,708
2025	298,000	(1)	1,135,789
2026	303,000	(1)	1,169,863

Imperial Irrigation District

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From 2020 to 2034, prices for transferred conserved water to SDCWA will be adjusted according to changes in the gross domestic product implicit price deflator, and for 2035 through 2047, the prices for transferred conserved water to SDCWA are determined according to the formula set forth in the Agreement for Transfer of Conserved Water by and between Imperial Irrigation District and San Diego County Water Authority and the Revised Fourth Amendment and Fifth Amendment thereto.

In 2022, IID paid off its funding obligations to the QSA Joint Powers Authority for mitigation expenses through a lump sum payment in the amount of \$48,458,655, resulting in a savings of six percent (6%), compounded annually.

Note 19 – Certain Asset Retirement Obligations

The Environmental Protection Agency (EPA) Toxic Substances Control Act (TSCA), regulates the disposal requirements for Polychlorinated biphenyls (PCBs). The District has a small quantity of electricity transformers containing PCB (50 ppm or greater) and has recognized an ARO for the hazardous waste disposal costs to be incurred upon retirement of the assets. The ending balance of the ARO liability as of December 31, 2023 and 2022, is \$428.7 and \$428.7 thousand, respectively, and is presented in the statement of net position liabilities under other non-current liabilities. In addition, the ending balance of the ARO deferred outflow of resources as of December 31, 2023 and 2022, of \$78.9 and \$78.9 thousand, respectively, are shown as a deferred outflow of resources and asset retirement obligations. The District did not recognize inflation nor price increases during 2023. The estimated remaining useful life of the tangible capital assets ranges between one and seven years.

The methodology used to develop the estimate was based on actual costs for PCB waste disposal service, as established in service agreement with vendor and IID; costs effective validity period was for year 2022.

Transmission lines – The District has throughout its energy service territory, several contracts, permits, and right of ways for locations that belong to certain federal and state governments. Upon termination of the permits and right of ways, the structures, improvements, and equipment may be removed, and the land is to be restored. Because these permits and right of ways are expected to be renewed indefinitely and the conditional nature of the removal and the inherent value of the transmission corridors, there is no foreseeable termination date, and therefore ARO related to transmission and distribution facilities cannot be reasonably estimated.

Water system – The District's Water service territory has some contracts, permits, and right of ways that belong to certain federal and state governments. Upon termination of the contracts, permits and right of ways, the structures, improvements, and equipment may be removed, and the land is to be restored. Because these contracts, permits, and right of ways are expected to be renewed indefinitely, and because of the inherent value of the water system, there is no foreseeable termination date, and therefore ARO related to the water system cannot be reasonably estimated.

Required Supplementary Information

Imperial Irrigation District
Schedule of Changes in Employer's Total OPEB Liability and Related Ratios
December 31, 2023

*GASB Statement No. 75 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the District will present information for those years which information is available.

Schedule of Changes in Net OPEB Liability and Related Ratios As of December 31, 2023 Last Ten Fiscal Years*						
	2023	2022	2021	2020	2019	2018
Total OPEB liability as of 1/1 (a)	\$ 200,667,950	\$ 191,832,226	\$ 185,269,300	\$ 177,735,803	\$ 195,861,113	\$ 186,675,086
Service cost	4,109,547	3,550,720	3,447,302	3,237,458	3,339,612	3,830,040
Interest	11,913,878	12,004,628	11,483,745	11,101,385	10,448,704	11,478,756
Changes of benefit terms	-	-	-	-	-	-
Difference between expected and actual experience	(11,897,965)	-	710,676	-	(4,680,919)	-
Changes of assumptions	17,666,821	-	(2,397,166)	-	(20,865,660)	-
Benefit payments	(6,791,885)	(6,719,624)	(6,681,631)	(6,805,346)	(6,367,047)	(6,122,769)
Net change in total OPEB liability	15,000,396	8,835,724	6,562,926	7,533,497	(18,125,310)	9,186,027
Total OPEB liability as of 12/31 (b)	215,668,346	200,667,950	191,832,226	185,269,300	177,735,803	195,861,113
Plan fiduciary net position						
Contributions – employer	13,191,885	6,719,624	6,681,631	29,805,346	29,367,047	29,422,769
Net investment income	18,783,445	(34,162,078)	17,853,884	17,533,634	18,370,338	(4,048,476)
Benefit payments	(6,791,885)	(6,719,624)	(6,681,631)	(6,805,346)	(6,367,047)	(6,122,769)
Trustee fees	(59,742)	(61,121)	(66,516)	(50,327)	(38,517)	(13,933)
Administrative expense	(81,709)	(83,595)	(90,968)	(68,832)	(52,679)	(19,057)
Net change in plan fiduciary net position	25,041,994	(34,306,794)	17,696,400	40,414,475	41,279,142	19,218,534
Plan fiduciary net position – beginning (c)	159,673,664	193,980,458	176,284,058	135,869,583	94,590,441	75,371,909
Plan fiduciary net position – ending (d)	184,715,658	159,673,664	193,980,458	176,284,058	135,869,583	94,590,443
Net OPEB liability (asset) – beginning (c) – (a)	40,994,286	(2,148,232)	8,985,242	41,866,220	101,270,672	111,303,181
Net OPEB liability (asset) – ending (d) – (b)	\$ 30,952,688	\$ 40,994,286	\$ (2,148,232)	\$ 8,985,242	\$ 41,866,220	\$ 101,270,670

* Fiscal year 2018 was the first year of implementation, therefore only six years are shown

