

**ANDERSON-COTTONWOOD
IRRIGATION DISTRICT**

FINANCIAL STATEMENTS

DECEMBER 31, 2025

**ANDERSON-COTTONWOOD IRRIGATION DISTRICT
TABLE OF CONTENTS**

<u>Page Number</u>	<u>Title</u>
1 - 3	Independent auditor's report
4 - 5	Management's discussion and analysis
6	Statement of net position
7	Statement of revenues, expenses, and changes in net position
8 - 9	Statement of cash flows
10 - 17	Notes to the basic financial statements
	<u>Required Supplementary Information</u>
18	Budgetary comparison schedule
19	Notes to required supplementary information
	<u>Supplementary Information</u>
20 - 21	Statement of operating expenses
	<u>Other Information</u>
22	Principal officials



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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Anderson-Cottonwood Irrigation District
Anderson, CA 96007

Opinion

We have audited the accompanying financial statements of the business-type activities of Anderson-Cottonwood Irrigation District, as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of Anderson-Cottonwood Irrigation District as of December 31, 2025, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 Anderson-Cottonwood Irrigation District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Anderson-Cottonwood Irrigation District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that

includes our 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 generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Anderson-Cottonwood Irrigation District's basic financial statements. The accompanying supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises Anderson-Cottonwood Irrigation District's organization, but does not include the basic financial statements and our auditor's report thereon. Our opinion on the basic financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

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



BODEN KLEIN & SNEESBY
Certified Public Accountants

Roseville, California
August 17, 2026

ANDERSON-COTTONWOOD IRRIGATION DISTRICT

Management's Discussion and Analysis

December 31, 2025

Anderson Cottonwood Irrigation District's (ACID) financial performance is discussed and analyzed with the context of the accompanying financial statements and notes to the basic financial statements following this section for the year ended December 31, 2025.

ACID's basic financial statements consist of the statement of net position, statement of revenues, expenses, and changes in net position, statement of cash flows, and the related disclosures.

The statement of net position presents information on all of ACID's assets and liabilities as of December 31, 2025, with the difference between the two being net position.

The statement of revenues, expenses, and changes in net position presents operating and non-operating revenues and expenses for the year ended December 31, 2025 based on category or source. The difference between revenues and expenses is reported as an increase or decrease to net position.

CHANGES IN FINANCIAL POSITION:

- Total assets of \$38,342,997 at year end increased by \$13,725,727
- Total capital assets, net of depreciation, \$17,180,917, increased by \$2,331,824
- Total current liabilities (due within one year) of \$433,588 increased by \$274,133
- Total BOR-CVP payable (non-current liability) decreased by \$164,000, to \$584,645
- Total Revenues of \$17,412,521 (operating and non-operating), includes drought relief funds of \$14,324,953. Actual revenue of \$3,087,568 is an increase of \$274,494 over the prior year
- Total expenses of \$3,960,927 increased by \$499,672
- There was an increase in cash by \$11,362,940
- Net Position of \$37,324,764, an increase of \$13,615,594, is classified as unrestricted (\$20,143,847) and net investment in capital assets (\$17,180,917)

DISTRICT FINANCIAL REPORTS:

The District uses the accrual basis of accounting; all revenues and expenses are recorded in the year incurred regardless of when payment is received or made.

DISTRICT PARTICULARS:

Operating Results: In 2025, water sales decreased by 5.6% compared to the prior year. Investment income increased by over 50%, primarily due to Treasury Bond investments made with Drought Protection funds. Water transfer revenue and property tax revenue remained consistent with the prior year.

Operating expenses increase in several key areas. Supply source expenses rose from \$293,474 to \$555,755. Transmission and distribution expenses increased primarily due to higher canal maintenance and tree removal costs. General administrative expenses also increased, mostly due to higher legal fees.

Significant Capital Asset Improvements: In 2025, the District continued its main canal efficiency and drought resiliency projects. Spring Gulch flume to 2nd Street (1.5 mi) and Panorama Point Rd (2.0 mi); and from Jim Dandy to Locust (1.5 mi), the canal was reshaped and recompacted, vegetation was removed, and fencing was installed along the levee. In addition, from Jim Dandy to Locust, mature trees were removed and access was improved to enhance safety and provide clearer passage for maintenance activities.

ANDERSON-COTTONWOOD IRRIGATION DISTRICT

Management's Discussion and Analysis

December 31, 2025

BUDGET VARIABLES FOR NEXT YEAR:

Management is aware of several factors that may affect future financial results:

Infrastructure Needs: The District continues to invest in canal efficiency and drought resiliency improvements to enhance reliability of water delivery. Infrastructure projects also support expanded distribution capacity to meet the needs of current customers and accommodate future growth. A significant increase in capital expenditure is expected in 2026.

Cost Inflation: Inflation on energy, construction materials, and contracted services are expected to continue and necessitate future adjustments. Inflation will also increase expenses in salaries, benefits, and general administrative costs.

CONCLUSION:

The District remains financially sound and well-positioned to meet its mission of providing reliable, high-quality water service. Strong reserves, stable revenues, with ongoing investment in infrastructure support the District's long-term sustainability. Management will continue to focus on financial stewardship, regulatory compliance, system reliability, and responsible infrastructure planning.

ANDERSON-COTTONWOOD IRRIGATION DISTRICT

Statement of Net Position

December 31, 2025

ASSETS

Current assets

Cash and cash equivalents (Note 3)	\$ 20,590,384
Accounts receivable - taxes	428,846
Accounts receivable - other	118,273
Prepaid expenses	24,577
Total current assets	<u>21,162,080</u>

Non-current assets

Capital assets, non depreciable	36,296
Capital assets, depreciable	30,234,141
Less: accumulated depreciation	<u>(14,364,509)</u>
	15,905,928
Construction in progress	<u>1,274,989</u>
Total non-current assets	<u>17,180,917</u>

TOTAL ASSETS

\$ 38,342,997

LIABILITIES

Current liabilities

Accounts payable	\$ 392,589
Accrued vacation	40,999
Total current liabilities	<u>433,588</u>

Non-current liabilities

BOR-CVP debt	<u>584,645</u>
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TOTAL LIABILITIES

1,018,233

NET POSITION

Invested in capital assets, net	
of related debt	17,180,917
Unrestricted	<u>20,143,847</u>

TOTAL NET POSITION

37,324,764

TOTAL LIABILITIES AND NET POSITION

\$ 38,342,997

See notes to financial statements.

ANDERSON-COTTONWOOD IRRIGATION DISTRICT
Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended December 31, 2025

Operating Revenues

Water sales	\$ 724,529
Water transfers	666,689
Other operating income	<u>7,680</u>
Total operating revenues	<u>1,398,898</u>

Operating Expenses

Source of supply	555,755
Transmission, distribution, and pumping	1,783,223
General and administrative	609,633
Depreciation	<u>1,012,316</u>
Total operating expenses	<u>3,960,927</u>
Operating loss	<u>(2,562,029)</u>

Non-Operating Revenues (Expenses)

Property taxes	782,506
Investment income	783,166
FEMA / CA OES	98,982
Loss on disposition	(5,356)
Other non-operating income	29,372
Drought protection program	<u>14,324,953</u>
Total non-operating revenues (expenses)	<u>16,013,623</u>

Income before annual BOR-CVP adjustment	13,451,594
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Annual BOR-CVP adjustment	<u>164,000</u>
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CHANGE IN NET POSITION	13,615,594
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Beginning Net Position	<u>23,709,170</u>
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ENDING NET POSITION	<u>\$ 37,324,764</u>
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See notes to financial statements.

ANDERSON-COTTONWOOD IRRIGATION DISTRICT**Statement of Cash Flows**
For the Year Ended December 31, 2025**Cash Flows From Operating Activities**

Cash received from customers	\$ 1,352,034
Cash payments to suppliers for goods and services	(1,786,230)
Cash payments to employees for services	<u>(872,348)</u>
Net cash used in operating activities	<u>(1,306,544)</u>

Cash Flows From Non-Capital Financing Activities

Property taxes	782,506
FEMA/OES	98,982
Other non-operating income	29,372
Drought protection program	<u>14,324,953</u>
Net cash provided by non-capital activities	<u>15,235,813</u>

Cash Flows From Capital and Related Financing Activities

Proceeds from sale of assets	8,000
Purchase of capital assets	<u>(3,357,495)</u>
Net cash used in capital and financing activities	<u>(3,349,495)</u>

Cash Flows From Investing Activities

Investment income	<u>783,166</u>
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Net change in cash and cash equivalents 11,362,940

Cash and cash equivalents at beginning of year 9,227,444

Cash and cash equivalents at end of year \$ 20,590,384

Cash paid for interest \$ -

Noncash financing activities

The District recorded an decrease in the BOR-CVP payable of \$164,000. The decrease is the result of the annual BOR-CVP allocated construction cost reconciliation performed by the USBR.

See notes to financial statements.

ANDERSON-COTTONWOOD IRRIGATION DISTRICT

Statement of Cash Flows

For the Year Ended December 31, 2025

**Reconciliation of operating loss to net
cash used in operating activities:**

Operating loss	\$ (2,562,029)
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**Adjustments to reconcile operating loss to
net cash use in operating activities:**

Depreciation	1,012,316
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Changes In operating assets and liabilities

Accounts receivable - taxes	(15,068)
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Accounts receivable - other	(9,733)
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Prepaid expenses	(17,066)
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Supplies	10,904
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Accounts payable and accrued expenses	293,088
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Accrued payroll and payroll taxes	(15,901)
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Accrued vacation	(3,055)
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Net cash used in operating activities	<u>\$ (1,306,544)</u>
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See notes to financial statements.

ANDERSON-COTTONWOOD IRRIGATION DISTRICT

Notes to the Basic Financial Statements

December 31, 2025

Note 1 Organization

Anderson-Cottonwood Irrigation District (the "District") was formed in 1914 and encompasses approximately 32,000 acres in Shasta and Tehama counties. The District has over 30 miles of canal and 200 miles of side laterals, serving approximately 7,000 acres of land with 760 landowners.

The District is an independent special district, separate from the County of Shasta and Tehama. All powers of the District are exercised by the Board of Directors. The governing body of the District is a Board of Directors consisting of five members elected by the District members.

Note 2 Summary of Significant Accounting Policies

The accounting policies of Anderson-Cottonwood Irrigation District conform to generally accepted accounting principles as applied to government units and applicable to enterprise funds. The District applies all relevant Governmental Accounting Standards Board (GASB) pronouncements. Proprietary funds apply Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails.

Fund Accounting

The District is an enterprise fund. All operations are accounted for as an enterprise fund.

Enterprise Fund – The enterprise fund is used to account for water operations that are financed and operated in a manner similar to private business enterprises. The intent of the District is that the costs (expenses, including depreciation) of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges.

Basis of Accounting

The basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of measurement made, regardless of the measurement focus applied.

The District's books and accounts are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and liabilities associated with the operation of the fund are included on the balance sheet. Net position is segregated into amounts recorded as net investment in capital assets, amounts restricted, and amounts unrestricted. Enterprise fund-type operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net total position.

Cash, Cash Equivalents, and Statement of Cash Flows

For purposes of cash flows, the District considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents, including restricted assets. Cash in bank and deposits in the State of California Local Agency Investment Fund (LAIF) are considered to be cash and cash equivalents.

ANDERSON-COTTONWOOD IRRIGATION DISTRICT

Notes to the Basic Financial Statements

December 31, 2025

Statement of Net Position

The statement of net position is designed to report the financial position of the District at the balance sheet date. Fund equity (net position) shown in this statement is typically separated into three categories defined as follows:

- Net investment in capital assets

This component of net position consists of capital assets, net of accumulated depreciation and amortization and reduced by any outstanding balances of debt that are attributable to the acquisition, construction, or improvement of these assets. This category of net position is considered non-expendable.

- Restricted

This component of net assets has constraints placed on them which are imposed by creditors (such as through debt covenants), grantors, contributors or laws or regulations of other governments. The component includes net assets constrained by law, constitutional provisions or enabling legislation. At this time, the District does not have any restricted net assets.

- Unrestricted

This component of net position consists of amounts that do not meet the definition of "net investment in capital assets" and do not have restrictions placed upon them by outside parties or through enabling legislation. The District's Board of Directors may designate portions of unrestricted net position for particular purposes.

Use of Estimates

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

Statement of Revenues, Expenses and Changes in Net Position

The statement of revenues, expenses and changes in net position presents the results of operations of the District for the current period. Revenues are reported by major source. Operating revenues and expenses are presented separately from non-operating items and an operating income subtotal is presented prior to adjustment for non-operating items.

Revenue Policies

- Irrigation Water Services:

The District sells irrigation water for various types of uses, all customers who purchase irrigation water services complete an application for the services and must pay before the irrigation water is delivered.

ANDERSON-COTTONWOOD IRRIGATION DISTRICT

Notes to the Basic Financial Statements

December 31, 2025

- **Water Transfers:**

Due to the unique water rights the District possesses, the District makes every effort to transfer excess available water in-basin. Water sales must be approved by the Federal Bureau of Reclamation. With previous water sales, the District entered into an agreement with the transferee irrigation district which includes a provision for the transferee irrigation district to pay all Bureau of Reclamation fees which relate to the water sold. The District records a receivable for water transfer fees due from transferee Districts on past water transfers but not yet collected at year end. The District believes these receivables to be 100% collectible based on actual collections following year end.

Operating and Non-Operating Revenues and Expenses

The District's primary purpose is to provide irrigation water services to customers within the District. Operating revenues are those revenues that arise directly from accomplishing this primary purpose. Accordingly, the District defines operating revenues as its irrigation water sales, business and irrigation, and water transfer revenue. The District recognizes revenue when such service is delivered. Operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets. Non-operating revenues are any revenues not meeting the definition above. Revenues from assessments to retire debt and interest income are considered non-operating revenues.

Compensated Absences

Vested or accumulated vacation that is expected to be liquidated with expendable available financial resources is reported as an expense and as current liability. The District's employees earn vacation in varying amounts depending on length of service. Upon separation from the District, employees are entitled to full payment for accrued vacation but not for sick leave. The District records its obligations for vacation when earned by the employees based on current rates of pay at the time.

Budget and Budgetary Accounting

The Board of Directors annually adopts an operating budget. The operating budgets are prepared on the accrual basis to match the operating statements. Capital replacement expenditures are reviewed on an annual basis and budgeted as deemed necessary.

Capital Assets and Depreciation/Amortization

The District's capital assets include plant and equipment, which are recorded at historical cost. Assets acquired by contribution are recorded at estimated cost or fair market value at the date of acquisition. The District uses the straight-line method of computing depreciation. Estimated useful lives of the District's assets are determined based on the length of time the asset class is expected to provide service to the District and are as follows:

Transmission and distribution	10 - 75 Years
Buildings	40 - 50 Years
Equipment	5 - 10 Years

ANDERSON-COTTONWOOD IRRIGATION DISTRICT

Notes to the Basic Financial Statements

December 31, 2025

Maintenance and repairs are expensed as incurred. Significant renewals or betterments are capitalized and depreciated over their estimated useful lives.

Note 3 Cash, Cash Equivalents, and Investments

Cash, cash equivalents, and investments consist of the following at December 31, 2025:

Unrestricted:	
Petty cash	\$ 300
Checking	636,582
Savings, money market, insured deposits	3,075,378
US T-Bills (less than 3 months)	14,392,939
Local Agency Investment Fund (LAIF)	<u>2,485,185</u>
Total cash, cash equivalents, and investments	<u>\$ 20,590,384</u>

At December 31, 2025, the carrying amount of the District's deposits were \$3,711,960 and the balance at the financial institution was \$3,731,408. Of the balance in the financial institutions, \$3,325,378 was covered by federal depository insurance (FDIC) and \$386,582 was collateralized as required by State Law (Government Code Section 53630), by the pledging institution with assets (US Treasury Securities) held in a common pool for the District and other agencies, but no in the name of the District. The US Treasury Securities are backed by the full faith and credit of the U.S. government.

The District invests in three-month U.S. Treasury Bills in an account with RBC Wealth Management.

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 at amounts based upon the District's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

Pursuant to Government Accounting Standards Board Statement 3, the investment in LAIF is not classified in categories of credit risk. The District's funds in LAIF are invested in a diversified portfolio of underlying investments (e.g., U.S. Treasury obligations) such that it considers the risk of material loss to be minimal. The funds held in LAIF can be withdrawn on demand.

ANDERSON-COTTONWOOD IRRIGATION DISTRICT

Notes to the Basic Financial Statements

December 31, 2025

Pursuant to Government Accounting Standards Board Statement 3, the investment in LAIF is not classified in categories of credit risk. The District's funds in LAIF are invested in a diversified portfolio of underlying investments (e.g., U.S. Treasury obligations) such that it considers the risk of material loss to be minimal. The funds held in LAIF can be withdrawn on demand.

Under the California Government Code, the District may only invest its funds in the following investment types:

Investments	Maximum % of Portfolio
U.S. Treasury Obligations	None
U.S. Agency Obligations	None
State and Local Government Bonds	None
Bankers' Acceptance	40%
Commercial Paper	25%
Negotiable Certificates of Deposit/CD Placement	30%
Service Repurchase Agreements	None
Reverse Repurchase Agreements and loans of Securities	20%
Medium Term Notes	30%
Mutual Funds and Money Market Mutual Funds	20%
Collateralized Bank Deposits	None
Mortgage Pass Through Securities	20%
Bank Time Deposits	None
County Pooled Investment Funds	None
Joint Powers Authority Investment Pools	None
Local Agency Investment Fund (LAIF)	None

By limiting the District's investments to LAIF and U.S. obligations, the District minimizes its credit quality risk, custodial credit risk, concentration of credit risk, interest rate risk, and foreign currency risk. Such investments are within the State statutes and the District's investment policy.

ANDERSON-COTTONWOOD IRRIGATION DISTRICT

Notes to the Basic Financial Statements

December 31, 2025

Note 4

Capital Assets

Utility plant and equipment for the fiscal year ended December 31, 2025 are summarized below:

	<u>December 31, 2024</u>	<u>Additions</u>	<u>Reductions</u>	<u>December 31, 2025</u>
Non-depreciable				
Land	\$ 36,296	\$	\$	\$ 36,296
Depreciable				
Transmission/distribution	6,552,750	62,651		6,615,401
Canal lining and pipe	6,791,353	1,920,842		8,712,195
Machinery	510,322			510,322
Pumps	476,731			476,731
Autos and trucks	561,527	77,459	(25,850)	613,136
Buildings	106,325			106,325
Yard improvements	14,697			14,697
Furniture and fixtures	34,622	9,924		44,546
Fish screens	5,575,575			5,575,575
Fish ladders	5,575,575			5,575,575
SCADA equipment	262,290	11,631		273,921
Groundwater program	<u>1,715,717</u>	<u></u>	<u></u>	<u>1,715,717</u>
Total assets	<u>28,213,780</u>	<u>2,082,507</u>	<u>(25,850)</u>	<u>30,270,437</u>
Less accumulated depreciation	<u>(13,364,687)</u>	<u>(1,012,316)</u>	<u>12,494</u>	<u>(14,364,509)</u>
Capital assets, net of depreciation	<u>\$14,849,093</u>	<u>\$ 1,070,191</u>	<u>\$ (13,356)</u>	<u>\$ 15,905,928</u>

Note 5

Long-Term Liabilities

Long-term debt activity at December 31, 2025, consisted of the following:

	<u>12/31/2024</u>	<u>Additions</u>	<u>Reductions</u>	<u>12/31/2025</u>
Central Valley project (CVP)	<u>\$ 748,645</u>	<u>\$ -</u>	<u>\$ 164,000</u>	<u>\$ 584,645</u>

Central Valley Project

The liability of the District's share of Central Valley Project costs to the Bureau of Reclamation in the amount of \$584,645 is to be paid from projected deliveries of water from 2025 – 2030, at varying rates per acre foot.

ANDERSON-COTTONWOOD IRRIGATION DISTRICT

Notes to the Basic Financial Statements

December 31, 2025

Note 6 Pension Plan

- Deferred Compensation Plan:

The District offers its employees a deferred compensation plan created in accordance with IRC section 457. The plan, available to all District employees, permits them to defer a portion of their current salary until future years. Deferred compensation benefits are not available to employees until termination, retirement, death, or unforeseeable emergency.

- Pension Plan:

District employees (except for contract employees) are covered by a pension plan through their collective bargaining agreement. Total district contributions for the year ended December 31, 2025 totaled \$64,577.

Note 7 Risk of Loss

The District is exposed to various risks of loss related to theft, damage, and destruction of assets; and injuries to employees. During the 2025 fiscal year, the District purchased certain commercial insurance coverages to provide for these risks.

Note 8 Net Position

Net position costs of:

Net investment in capital assets	<u>\$ 17,180,917</u>
Unrestricted	
Board designated	
Capital improvement	\$ 146,616
Drainage fund	25,000
Water rights protection	250,000
Equipment reserve	<u>102,744</u>
Total board designated	524,360
Undesignated	<u>19,619,487</u>
Total unrestricted	<u>\$ 20,143,847</u>

Note 9 Subsequent Events

The District's management has evaluated the potential for subsequent events through the available for issuance date of the financial statements, August 17, 2026. During this period, the Organization is not aware of any significant recognizable or unrecognizable subsequent events.

ANDERSON-COTTONWOOD IRRIGATION DISTRICT

Notes to the Basic Financial Statements

December 31, 2025

Note 10 Drought Protection Program (DPP)

The Sacramento River Settlement Contractors (SRSC) is a California nonprofit mutual benefit corporation established to protect the water rights and supplies of entities with settlement contracts with the U.S. Bureau of Reclamation (USBR). Anderson-Cottonwood Irrigation District (the District) is a member of SRSC.

On January 10, 2025, SRSC and USBR executed a 20-year Drought Protection Program (DPP) agreement that seeks to improve spawning, rearing, and migratory conditions for salmon species in the Upper Sacramento River and provides funding for individual settlement contractors who sign on to the agreement to conduct drought-resiliency projects that address potential water loss and enhance the resilience of the settlement contractors water system. SRSC acted on behalf of its members and any non-member settlement contractors receiving funds under the agreement.

The District signed the DPP agreement and received \$14,214,346 in January 2025, plus \$110,607 in September 2025 due to redistribution from non-participating contractors, totaling \$14,324,953. The District must spend a majority (50.1%) of the DPP funds (\$7,176,801) on qualifying drought-resiliency projects. Expenditures dating back to August 16, 2022, may be counted to satisfy the majority requirement. As of December 31, 2025, the District has incurred approximately \$7,266,127 in expenditures on qualifying drought resiliency projects. All remaining funds may be used for unrestricted purposes.

**ANDERSON-COTTONWOOD
IRRIGATION DISTRICT**

REQUIRED SUPPLEMENTARY INFORMATION

DECEMBER 31, 2025

ANDERSON-COTTONWOOD IRRIGATION DISTRICT

Budgetary Comparison Schedule
For The Fiscal Year Ended December 31, 2025

	Budgeted Amounts		Actual	Variance
	Original	Final		Favorable (Unfavorable)
Operating Revenues				
Water sales	\$ 726,143	\$ 726,143	\$ 724,529	\$ (1,614)
Water transfers	681,791	681,791	666,689	(15,102)
Other	1,500	1,500	7,680	6,180
Total Operating Revenues	1,409,434	1,409,434	1,398,898	(10,536)
Operating Expenditures:				
Source of supply	460,343	460,343	555,755	(95,412)
Transmission, distribution, and pumping	1,753,315	1,753,315	1,783,223	(29,908)
General and administrative	730,669	730,669	609,633	121,036
Depreciation	-	-	1,012,316	(1,012,316)
Total Operating Expenditures	2,944,327	2,944,327	3,960,927	(1,016,600)
Excess of Operating Expenditures Over Operating Revenues	(1,534,893)	(1,534,893)	(2,562,029)	(1,027,136)
Non-Operating Revenues				
Property taxes - Shasta	645,000	645,000	727,257	82,257
Property taxes - Tehama	52,800	52,800	55,249	2,449
Interest/investment income	331,693	331,693	783,166	451,473
FEMA / CA OES	-	-	98,982	98,982
Loss on disposition of assets	-	-	(5,356)	(5,356)
Other non-operating income	-	-	29,372	29,372
Drought Protection Program	-	-	14,324,953	14,324,953
Total Non-Operating Revenues	1,029,493	1,029,493	16,013,623	14,984,130
Annual BOR-CVP adjustment	-	-	164,000	164,000
Total Excess of Expenditures Over Revenues	(505,400)	(505,400)	13,615,594	14,120,994
Net Position, beginning of year	23,709,170	23,709,170	23,709,170	
Net Position, end of year	\$23,203,770	\$23,203,770	\$37,324,764	

ANDERSON-COTTONWOOD IRRIGATION DISTRICT

Notes to Required Supplementary Information

December 31, 2025

Note 1 PURPOSE OF STATEMENTS AND SCHEDULES

A. Budgetary Comparison Schedule

In accordance with Governmental Accounting Standards Board (GASB) Statement No. 34, the authority is required to present a budgetary comparison schedule for the General Fund and each Major Special Revenue Fund that has an adopted budget. This schedule presents the original adopted budget and the actual revenues and expenditures of the General Fund.

**ANDERSON-COTTONWOOD
IRRIGATION DISTRICT**

SUPPLEMENTARY INFORMATION

DECEMBER 31, 2025

ANDERSON-COTTONWOOD IRRIGATION DISTRICT

**Statement of Operating Expenses
For the Year Ended December 31, 2025**

Source of Supply	
Water purchases/ CVP	\$ 503,471
Water rights protection	36,350
Association dues	<u>15,934</u>
Total source of supply	<u>555,755</u>
Transmission and Distribution	
Salaries and benefits	979,802
Canal maintenance/expense	131,092
Tree removal	70,320
Fuel	62,293
Equipment and vehicle maintenance	59,713
Building/ diversion facilities maintenance	59,577
Engineering & SCADA maintenance	54,601
Permits and county assessments	49,192
Maintenance agreements	33,376
Contracted services	29,504
Maintenance supplies and small tools/equipment	29,243
Utilities	24,051
Equipment rents and leases	<u>7,434</u>
Total transmission and distribution	<u>1,590,198</u>
Pumping	
Utilities/pumping	183,151
Pump maintenance	<u>9,874</u>
Total pumping	<u>193,025</u>
Total transmission, distribution, and pumping	<u>1,783,223</u>

See notes to financial statements.

ANDERSON-COTTONWOOD IRRIGATION DISTRICT

Statement of Operating Expenses
For the Year Ended December 31, 2025

General and Administrative	
Salaries and benefits	360,517
Legal	113,658
Insurance and claims	73,731
SRSC Corporation	20,822
Office supplies/expense	16,491
Consulting	12,268
Audit expense	8,100
Medical expense/supplies	2,184
Travel/training	1,862
Total general and administrative	<u>609,633</u>
 Depreciation	 <u>1,012,316</u>
 TOTAL OPERATING EXPENSES	 <u>\$ 3,960,927</u>

See notes to financial statements.

**ANDERSON-COTTONWOOD
IRRIGATION DISTRICT**

OTHER INFORMATION

DECEMBER 31, 2025

ANDERSON-COTTONWOOD IRRIGATION DISTRICT

Principal Officials
December 31, 2025

BOARD OF DIRECTORS

Vacant	President
Ivar Amen	Vice President
Ronnean Lund	Board member
Audie Butcher	Board member
Garrett Wallis	Board member

OPERATIONS

Dan Ruiz	General Manager
Ben Duncan	Operations Manager
Scott Passmore	Maintenance Supervisor
Terri White	Financial Supervisor