



**Office of the Washington State Auditor**  
**Pat McCarthy**

# **Financial Statements Audit Report**

## **Coal Creek Utility District**

**For the period January 1, 2016 through December 31, 2017**

**Published October 25, 2018**

**Report No. 1022444**





**Office of the Washington State Auditor  
Pat McCarthy**

October 25, 2018

Board of Commissioners  
Coal Creek Utility District  
Newcastle, Washington

**Report on Financial Statements**

Please find attached our report on the Coal Creek Utility District's financial statements.

We are issuing this report in order to provide information on the District's financial condition.

Sincerely,

A handwritten signature in cursive script that reads "Pat McCarthy".

Pat McCarthy  
State Auditor  
Olympia, WA

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

**Coal Creek Utility District  
January 1, 2016 through December 31, 2017**

Board of Commissioners  
Coal Creek Utility District  
Newcastle, Washington

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the Coal Creek Utility District, as of and for the years ended December 31, 2017 and 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 18, 2018.

**INTERNAL CONTROL OVER FINANCIAL REPORTING**

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

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

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

## COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of the District's compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## PURPOSE OF THIS REPORT

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, this report is a matter of public record and its distribution is not limited. It also serves to disseminate information to the public as a reporting tool to help citizens assess government operations.



Pat McCarthy

State Auditor

Olympia, WA

October 18, 2018

# INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

## Coal Creek Utility District January 1, 2016 through December 31, 2017

Board of Commissioners  
Coal Creek Utility District  
Newcastle, Washington

### REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the Coal Creek Utility District, as of and for the years ended December 31, 2017 and 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed on page 9.

#### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

#### Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control

relevant to the District's preparation and fair presentation of the financial statements 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, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Coal Creek Utility District, as of December 31, 2017 and 2016, and the changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information listed on page 9 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

## OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we have also issued our report dated October 18, 2018 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Pat McCarthy". The signature is written in a cursive, flowing style.

Pat McCarthy  
State Auditor  
Olympia, WA

October 18, 2018



## **FINANCIAL SECTION**

### **Coal Creek Utility District January 1, 2016 through December 31, 2017**

#### **REQUIRED SUPPLEMENTARY INFORMATION**

Management's Discussion and Analysis – 2017 and 2016

#### **BASIC FINANCIAL STATEMENTS**

Statement of Net Position – 2017 and 2016

Statement of Revenues, Expenses and Changes in Fund Net Position – 2017 and 2016

Statement of Cash Flows – 2017 and 2016

Notes to Financial Statements – 2017 and 2016

#### **REQUIRED SUPPLEMENTARY INFORMATION**

Schedule of Proportionate Share of the Net Pension Liability – PERS 1, PERS 2/3 – 2017

Schedule of Employer Contributions – PERS 1, PERS 2/3 – 2017

Notes to Required Supplementary Information – 2017

Coal Creek Utility District  
Management's Discussion and Analysis  
Years Ended December 31, 2017 and 2016

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**Introduction**

Coal Creek Utility District is a municipal corporation governed by an elected three-member board. The District's primary activity is to provide water and sewer services to residential and commercial customers within the District's boundaries. The District is generally located between the cities of Renton, WA and Bellevue, WA, east of Lake Washington, and serves portions of the cities of Newcastle and Renton and a small portion of unincorporated King County.

**Brief Discussion of the Basic Financial Statements**

The District's financial statements include a Statement of Net Position, a Statement of Revenues, Expenses & Changes in Fund Net Position, a Statement of Cash Flows, and Notes to Financial Statements. The financial statements are prepared using the accrual basis of accounting and conform to generally accepted accounting principles as applicable to proprietary funds of governments. The intent of the management's discussion and analysis is to provide highlights of the District's financial activities for the years ended December 31, 2017 and 2016. Readers are encouraged to read this section in conjunction with the accompanying financial statements.

The statement of net position presents total assets and deferred outflows of resources and total liabilities and deferred inflows of resources with the difference between the two totals reported as net position. It provides information about the nature and amounts of investments in resources (assets), consumption of resources that are applicable to future periods (deferred outflows), obligations to District creditors (liabilities) and the acquisition of resources that are applicable to a future reporting period (deferred inflows). It provides the basis for evaluating the capital structure of the District and assessing the liquidity and financial flexibility of the District. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial condition of the District is improving or deteriorating.

The statement of revenues, expenses, and changes in fund net position presents the results of the business activities over the course of the year. This information can be used to determine whether the District has successfully recovered all its costs through its user fees and other charges, profitability and credit worthiness.

The statement of cash flows reports cash receipts, cash payments, and net changes in cash resulting from operating, financing, and investing activities over the course of the year. It presents information regarding where cash came from and what it was used for.

The notes to the financial statements provide useful information regarding the District's significant accounting policies, explain significant account balances and activities, certain material risks, estimates, obligations, commitments, contingencies, and subsequent events, if any.

Coal Creek Utility District  
Management's Discussion and Analysis  
Years Ended December 31, 2017 and 2016

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**Condensed Comparative Statement of Net Position**

The following condensed statements of net position present an overview of the District's financial position as of December 31, 2017, 2016 and 2015:

	<u>2017</u>	<u>2016</u>	<u>2015</u>
<b><u>Assets</u></b>			
Current Assets	\$ 14,386,087	\$ 11,825,242	\$ 9,693,027
Noncurrent Assets:			
Capital Assets - Net	38,343,914	39,207,149	36,346,769
Other	<u>42,894</u>	<u>21,382</u>	<u>29,432</u>
Total Assets	<u>\$ 52,772,895</u>	<u>\$ 51,053,773</u>	<u>\$ 46,069,228</u>
<b><u>Deferred Outflows of Resources</u></b>			
Deferred Outflows Related to Pensions	<u>\$ 133,572</u>	<u>\$ 201,279</u>	<u>\$ 115,100</u>
<b><u>Liabilities</u></b>			
Current Liabilities	\$ 706,399	\$ 917,714	\$ 1,052,415
Noncurrent Liabilities:			
Long-Term Debt	845,018	1,032,589	1,257,588
Other	<u>1,041,170</u>	<u>1,306,323</u>	<u>1,174,081</u>
Total Liabilities	<u>\$ 2,592,587</u>	<u>\$ 3,256,626</u>	<u>\$ 3,484,084</u>
<b><u>Deferred Inflows of Resources</u></b>			
Deferred Inflows Related to Pensions	<u>\$ 180,076</u>	<u>\$ 56,174</u>	<u>\$ 175,085</u>
<b><u>Net Position</u></b>			
Net Investment in Capital Asset	\$ 37,311,326	\$ 37,949,562	\$ 34,603,130
Restricted for Debt Service	250,280	248,064	253,590
Restricted for Capital Projects	-	-	-
Unrestricted	<u>12,572,198</u>	<u>9,744,626</u>	<u>7,668,439</u>
Total Net Position	<u>\$ 50,133,804</u>	<u>\$ 47,942,252</u>	<u>\$ 42,525,159</u>

**Analysis of the Condensed Comparative Statement of Net Position**

**Assets**

Current assets include cash and cash equivalents held in various funds as well as developer maintenance bonds. Total cash and cash equivalents increased by \$1,703,353 in 2017. Total cash and cash equivalents increased by \$2,078,420 in 2016. Cash balances in the various funds vary from year to year based on income from operations, capital contributions, expenses paid for operations and construction costs, transfers between funds, borrowings and debt service payments. The notable increases in 2017 and 2016 were due to rate increases, increased developer activities, and an overall increase in change in net position.

Coal Creek Utility District  
Management's Discussion and Analysis  
Years Ended December 31, 2017 and 2016

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Current assets also include accounts receivable, accrued utility revenue, current portion of contracts receivable, inventories and prepaid expenses. Customer accounts receivable decreased by \$19,310 in 2017 and increased by \$90,245 in 2016 due to fluctuations in the timing of customer payments. Accrued utility revenue increased by \$402,788 in 2017 due to corrective catch-up billings needed for two customers. Accrued utility revenue increased by \$20,957 in 2016 due to the timing of accounts receivable billing cycles. Receivables from developers and others increased by \$437,750 in 2017, due to the accrual of City of Bellevue's share of the 440 Reservoir Painting project. The remaining balances did not change significantly in 2017 or 2016.

Noncurrent assets

Net capital assets decreased by \$863,235 in 2017. This decrease was due to capital spending of \$259,551 and donated systems of \$849,428, reduced by depreciation expense of \$1,513,874 and reimbursements for the 440 Reservoir Painting project of \$458,340. Net capital assets increased by \$2,860,380 in 2016. This increase was due to capital spending of \$1,552,267 and donated systems of \$2,763,532, reduced by depreciation expense of \$1,455,419.

Other noncurrent assets include contracts receivable. These balances fluctuate due to the issuance of new customer contracts receivable and principal payments on contracts.

Deferred Outflows of Resources

Deferred outflows related to pensions decreased by \$67,707 in 2017 primarily due to a decrease in the deferred pension outflows of the pension plan as a whole.

Liabilities

Current liabilities include accounts payable, which fluctuates annually with the invoices received from vendors. Current liabilities also include the current portion of long-term debt, interest payable on long-term debt, developer maintenance bonds payable, and retainage due to contractors. Developer maintenance bonds payable decreased by \$113,347 in 2017. The current portion of revenue bonds outstanding decreased by \$205,000 in 2016 because the bonds were paid in full in 2016. Retainage due to contractors increased by \$45,416 and developer maintenance bonds payable increased by \$35,257 in 2016. Aside from that, current liabilities did not change significantly in 2017 or 2016.

Noncurrent liabilities include compensated absences, net pension liability and the long-term portions of Public Works Trust Fund loans and revenue bonds outstanding (paid in full in 2016). Noncurrent liabilities decreased by \$452,724 in 2017, primarily due to required payments of loan principal and a decrease of \$282,752 in net pension liability. The District's net pension liability decreased because of a decrease in the net pension liability of the pension plan as a whole. See Note 5 showing the detail of changes to long-term debt. Noncurrent liabilities decreased by \$92,757 in 2016, primarily due to required payments of loan principal offset by an increase of \$148,193 in net pension liability.

Coal Creek Utility District  
Management's Discussion and Analysis  
Years Ended December 31, 2017 and 2016

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Deferred Inflows of Resources

Deferred inflows related to pensions increased by \$123,902 in 2017, primarily due to an increase in the net difference between projected and actual investment earnings on pension plan investments.

Net Position

Net position consists of total assets and deferred outflows minus total liabilities and deferred inflows. Net position increased by \$2,191,552 in 2017. Net position increased by \$5,417,093 in 2016. Over time, increases or decreases in the District's net position are an indicator of the District's overall financial growth. An increase in net position is a positive sign of the District's financial strength.

**Condensed Comparative Statement of Revenues, Expenses & Changes in Fund Net Position**

The following statements of revenues, expenses and changes in fund net position present the annual surplus or deficiency of revenues over expenses (the change in net position):

	<u>2017</u>	<u>2016</u>	<u>2015</u>
<b><u>Revenues</u></b>			
Water Sales	\$ 4,218,742	\$ 3,780,544	\$ 3,924,942
Sewer Revenue	4,192,961	3,618,768	3,487,855
Other Operating Revenue	280,086	267,165	302,868
Nonoperating Revenues	<u>99,336</u>	<u>127,204</u>	<u>643,691</u>
Total Revenues	<u>\$ 8,791,125</u>	<u>\$ 7,793,681</u>	<u>\$ 8,359,356</u>
<b><u>Expenses</u></b>			
Operating Expenses	\$ 6,568,047	\$ 6,091,683	\$ 6,020,008
Depreciation	1,513,874	1,455,418	1,402,115
Nonoperating Expenses	<u>-</u>	<u>5,461</u>	<u>31,646</u>
Total Expenses	<u>\$ 8,081,921</u>	<u>\$ 7,552,562</u>	<u>\$ 7,453,769</u>
Change in Net Position before Capital Contributions	\$ 709,204	\$ 241,119	\$ 905,587
Capital Contributions	<u>1,482,348</u>	<u>5,175,974</u>	<u>2,629,511</u>
Change in Net Position	<u>2,191,552</u>	<u>5,417,093</u>	<u>3,535,098</u>
<b><u>Total Net Position, January 1</u></b>	\$ 47,942,252	\$ 42,525,159	\$ 40,137,286
Change in Accounting Principle - GASB 68	<u>-</u>	<u>-</u>	<u>(1,147,225)</u>
<b><u>Total Net Position, December 31</u></b>	<u>\$ 50,133,804</u>	<u>\$ 47,942,252</u>	<u>\$ 42,525,159</u>

Coal Creek Utility District  
Management's Discussion and Analysis  
Years Ended December 31, 2017 and 2016

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**Analysis of the Condensed Comparative Statement of Revenues, Expenses & Changes in Fund Net Position**

**Revenues**

Water operating revenues increased by \$438,198 in 2017, due to increased consumption caused by an increase in the number of water customers, as well as a 2% increase in water rates effective November 1, 2016. Water operating revenues decreased by \$144,398 in 2016, due to decreased consumption partially offset by a 2% increase in base and consumption rates on November 1, 2015.

Sewer operating revenues increased by \$574,193 in 2017, due to a 3.5% rate increase effective November 1, 2016, the pass-through of a 5% rate increase from King County Wastewater, as well as an increase in the number of sewer customers. Sewer operating revenues increased by \$130,913 in 2016, due to a 3.5% rate increase (single-family and commercial only) effective November 1, 2015 as well as an increase in the number of sewer customers.

Other operating revenue did not change significantly in 2017. Nonoperating revenue decreased by \$27,868 in 2017, due to a decrease in gain on disposition of utility plant. Other operating revenue decreased by \$35,703 in 2016, primarily due to decreased inspection fee revenue. Nonoperating revenue decreased by \$516,487 in 2016, due to a decrease in the gain on disposition of utility plant.

**Expenses**

Operating expenses increased by \$476,364 in 2017, mainly due to increased water cost, increased King County wastewater charges, increased operations labor costs and increased maintenance costs.

Operating expenses increased by \$71,675 in 2016, mainly due to increased King County wastewater charges, increased SPU meter installation fees and increased outside services costs, offset by decreases in water cost, maintenance of general plant and legal fees.

Nonoperating expenses consist of interest expense on long-term debt. Interest expense decreased by \$5,461 in 2017 and by \$19,443 in 2016, due to decreasing principal balances on long-term debt.

**Capital Contributions**

Capital contributions in 2017 decreased by \$3,693,626 as compared to 2016. Systems donated to the District by developers decreased by \$1,914,104 and general and local facilities fees decreased by \$1,779,522. Capital contributions in 2016 increased by \$2,546,463 as compared to 2015. Systems donated to the District by developers increased by \$2,412,223, and general and local facilities fees increased by \$134,240.

Coal Creek Utility District  
Management's Discussion and Analysis  
Years Ended December 31, 2017 and 2016

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**Change in Net Position**

Net position increased by \$2,191,552 in 2017 and by \$5,417,093 in 2016, reflecting the fact that total revenues exceeded total expenses in both years.

**Analysis of Overall Financial Condition**

The District's overall financial condition improved in both 2017 and 2016, with an increase in net position, adequate liquid assets and positive operating cash flow.

In order to ensure that the District's financial condition remains strong, the District has adopted 2% annual increases in water and sewer service rates for all customer classifications for 2019 and 2020.

**Capital Assets**

Capital assets consist of land, construction in progress, utility plant and equipment, and intangibles. The net capital assets of the District, after recording depreciation, decreased by \$863,235 in 2017. The principal projects included in 2017 capital spending were 440 Reservoir Painting and GIS/Asset Management. Donated systems (infrastructure donated by developers) in the amount of \$849,428 are included in the 2017 change in net capital assets.

The net capital assets of the District, after recording depreciation, increased by \$2,860,380 in 2016. The principal projects included in 2016 capital spending were 440 Reservoir Painting, SCADA/Telemetry Upgrade, and Billing & Financial Systems. Donated systems (infrastructure donated by developers) in the amount of \$2,763,532 are included in the 2016 change in net capital assets.

Over the next three years it is anticipated that capital spending will be in the range of \$1,285,000. The areas of major emphasis in the capital budget include reservoir painting, lift station upgrades, pump station upgrades, main replacements and comprehensive plan updates.

Capital assets activity for the year ended December 31, 2017 was as follows:

	Balance <u>12/31/17</u>	Balance <u>12/31/16</u>	<u>Change</u>
Land	\$ 401,796	\$ 401,796	\$ -
Construction in Progress	821,736	1,204,945	(383,209)
Utility Plant	59,742,525	58,893,097	849,428
Equipment	4,141,522	3,995,729	145,793
Intangibles	1,599,542	1,599,542	-
Accumulated Depreciation	<u>(28,363,207)</u>	<u>(26,887,960)</u>	<u>(1,475,247)</u>
Total Capital Assets, Net	<u>\$ 38,343,914</u>	<u>\$ 39,207,149</u>	<u>\$ (863,235)</u>

Coal Creek Utility District  
Management's Discussion and Analysis  
Years Ended December 31, 2017 and 2016

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Capital assets activity for the year ended December 31, 2016 was as follows:

	Balance <u>12/31/16</u>	Balance <u>12/31/15</u>	<u>Change</u>
Land	\$ 401,796	\$ 401,796	\$ -
Construction in Progress	1,204,945	421,309	783,636
Utility Plant	58,893,097	56,070,374	2,822,723
Equipment	3,995,729	3,559,421	436,308
Intangibles	1,599,542	1,547,873	51,669
Accumulated Depreciation	<u>(26,887,960)</u>	<u>(25,654,004)</u>	<u>(1,233,956)</u>
Total Capital Assets, Net	<u>\$ 39,207,149</u>	<u>\$ 36,346,769</u>	<u>\$ 2,860,380</u>

See Note 3 for more information regarding capital assets.

**Long-Term Debt**

At December 31, 2017, the District had total Public Works Trust Fund loans outstanding of \$1,032,590 and had no remaining revenue bonds outstanding. The total long-term debt of the District decreased by \$187,571 during 2017, due to principal payments made on long-term debt.

At December 31, 2016, the District had total Public Works Trust Fund loans outstanding of \$1,257,587 and had no remaining revenue bonds outstanding. The total long-term debt of the District decreased by \$224,999 during 2016, due to principal payments made on long-term debt. Principal payments in the amount of \$486,052 were made on revenue bonds and Public Works Trust Fund loans.

See Note 5 for more information regarding long-term debt.



Coal Creek Utility District  
Statement of Net Position  
December 31, 2017 and 2016

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	<u>2017</u>	<u>2016</u>
<b><u>ASSETS</u></b>		
<b><u>Current Assets</u></b>		
Cash & Cash Equivalents	\$ 12,044,919	\$ 10,230,363
Accrued Interest Receivable	12,371	7,482
Accounts Receivable - Customers	561,962	581,272
Accrued Utility Revenue	626,563	223,775
Accounts Receivable - Developers & Others	491,258	53,508
Current Portion of Contracts Receivable:		
- Lower May Creek	4,802	2,264
- Lake Boren Sewer	1,449	1,351
Restricted Assets:		
Cash & Cash Equivalents	475,802	587,005
Accrued Interest Receivable	262	190
Inventory	98,294	70,254
Prepaid Expenses & Deposits	<u>68,405</u>	<u>67,778</u>
Total Current Assets	<u>\$ 14,386,087</u>	<u>\$ 11,825,242</u>
<b><u>Noncurrent Assets</u></b>		
Contracts Receivable (Less Current Portion):		
- Lower May Creek	\$ 33,028	\$ 9,787
- Lake Boren Sewer	9,866	11,595
Capital Assets Not Being Depreciated:		
Land	401,796	401,796
Construction in Progress	821,736	1,204,945
Capital Assets Being Depreciated:		
Plant	59,742,525	58,893,097
Equipment	4,141,522	3,995,729
Intangibles	1,599,542	1,599,542
Less Accumulated Depreciation	<u>(28,363,207)</u>	<u>(26,887,960)</u>
Total Capital Assets	<u>\$ 38,343,914</u>	<u>\$ 39,207,149</u>
Total Noncurrent Assets	<u>\$ 38,386,808</u>	<u>\$ 39,228,531</u>
Total Assets	<u>\$ 52,772,895</u>	<u>\$ 51,053,773</u>
<b><u>DEFERRED OUTFLOWS OF RESOURCES</u></b>		
Deferred Outflows Related to Pensions	<u>\$ 133,572</u>	<u>\$ 201,279</u>

See accompanying notes

Coal Creek Utility District  
Statement of Net Position  
December 31, 2017 and 2016

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	<u>2017</u>	<u>2016</u>
<u>LIABILITIES</u>		
<u>Current Liabilities</u>		
Accounts Payable	\$ 240,838	\$ 304,740
Public Works Trust Fund Loans (Current Portion)	187,572	224,998
Interest Payable - PWTF Loans	2,677	3,429
Retainage Due Contractors	49,528	45,416
Payable from Restricted Assets:		
Developer Maintenance Bonds Payable	<u>225,784</u>	<u>339,131</u>
Total Current Liabilities	<u>\$ 706,399</u>	<u>\$ 917,714</u>
<u>Noncurrent Liabilities</u>		
Public Works Trust Fund Loans		
(Less Current Portion)	\$ 845,018	\$ 1,032,589
Compensated Absences	131,573	113,974
Lease Security Deposit	8,550	8,550
Net Pension Liability	<u>901,047</u>	<u>1,183,799</u>
Total Noncurrent Liabilities	<u>\$ 1,886,188</u>	<u>\$ 2,338,912</u>
Total Liabilities	<u>\$ 2,592,587</u>	<u>\$ 3,256,626</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>		
Deferred Inflows Related to Pensions	<u>\$ 180,076</u>	<u>\$ 56,174</u>
<u>NET POSITION</u>		
Net Investment in Capital Assets	\$ 37,311,326	\$ 37,949,562
Restricted for Debt Service	250,280	248,064
Unrestricted	<u>12,572,198</u>	<u>9,744,626</u>
Total Net Position	<u>\$ 50,133,804</u>	<u>\$ 47,942,252</u>

See accompanying notes

Coal Creek Utility District  
Statement of Revenues, Expenses and Changes in Fund Net Position  
Years Ended December 31, 2017 and 2016

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	<u>2017</u>	<u>2016</u>
<u>Operating Revenues</u>		
Water Sales	\$ 4,218,742	\$ 3,780,544
Sewer Revenue	4,192,961	3,618,768
Street Lights	69,358	69,530
Sewer Permits	13,700	15,000
Inspection Fees	37,863	18,940
Penalties	38,287	49,139
Wheeling Charge - City of Bellevue	91,903	90,297
Miscellaneous Revenue	<u>28,975</u>	<u>24,259</u>
Total Operating Revenues	\$ 8,691,789	\$ 7,666,477
<u>Operating Expenses</u>		
Maintenance & Operations (Schedule)	\$ 4,988,043	\$ 4,583,678
Administrative & General (Schedule)	1,580,004	1,508,005
Depreciation	<u>1,513,874</u>	<u>1,455,418</u>
Total Operating Expenses	<u>\$ 8,081,921</u>	<u>\$ 7,547,101</u>
Operating Income (Loss)	\$ 609,868	\$ 119,376
<u>Nonoperating Revenues (Expenses)</u>		
Interest Income	\$ 87,000	\$ 66,426
Facilities Lease Income, Net of Expenses	11,251	10,818
Interest Expense	1,085	(5,461)
Gain (Loss) on Disposition of Utility Plant	<u>-</u>	<u>49,960</u>
Total Nonoperating Revenues (Expenses)	<u>\$ 99,336</u>	<u>\$ 121,743</u>
Income (Loss) Before Contributions	\$ 709,204	\$ 241,119
Capital Contributions	<u>\$ 1,482,348</u>	<u>\$ 5,175,974</u>
Change in Net Position	\$ 2,191,552	\$ 5,417,093
<u>Total Net Position, January 1</u>	<u>\$ 47,942,252</u>	<u>\$ 42,525,159</u>
<u>Total Net Position, December 31</u>	<u>\$ 50,133,804</u>	<u>\$ 47,942,252</u>

See accompanying notes

Coal Creek Utility District  
Statement of Cash Flows  
Years Ended December 31, 2017 and 2016

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	<u>2017</u>	<u>2016</u>
<u>Cash Flows From Operating Activities</u>		
Receipts from Customers	\$ 8,273,130	\$ 7,564,212
Payments to Suppliers	(4,829,846)	(4,302,820)
Payments to Employees	(1,867,520)	(1,786,210)
Net Cash Received from Facilities Leases	<u>11,251</u>	<u>10,818</u>
Net Cash Provided by Operating Activities	<u>\$ 1,587,015</u>	<u>\$ 1,486,000</u>
<u>Cash Flows From Capital &amp; Related Financing Activities</u>		
Acquisition & Construction of Capital Assets	\$ (279,228)	\$ (1,497,600)
Proceeds from Sale of Capital Assets	49,960	70,236
Cash Contributions in Aid of Construction	495,425	2,456,584
Principal Payments on Revenue Bonds	-	(205,000)
Principal Payments on Public Works		
Trust Fund Loans	(224,997)	(281,051)
Interest Paid on Capital Debt	(6,861)	(13,637)
Interest Received on Installment Contracts	<u>2,308</u>	<u>2,005</u>
Net Cash Provided by Capital & Related Financing Activities	<u>\$ 36,607</u>	<u>\$ 531,537</u>
<u>Cash Flows From Investing Activities</u>		
Interest Received on Investments	<u>\$ 79,731</u>	<u>\$ 60,883</u>
Net Cash Provided by Investing Activities	<u>\$ 79,731</u>	<u>\$ 60,883</u>
Net Increase (Decrease) in Cash & Cash Equivalents	\$ 1,703,353	\$ 2,078,420
<u>Cash &amp; Cash Equivalents - January 1</u>	<u>10,817,368</u>	<u>8,738,948</u>
<u>Cash &amp; Cash Equivalents - December 31</u>	<u>\$ 12,520,721</u>	<u>\$ 10,817,368</u>

See accompanying notes

Coal Creek Utility District  
Statement of Cash Flows  
Years Ended December 31, 2017 and 2016

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	<u>2017</u>	<u>2016</u>
<u>Reconciliation of Net Operating Income</u> <u>to Net Cash Provided by Operating Activities</u>		
Net Operating Income (Loss)	\$ 609,868	\$ 119,376
<u>Adjustments to Reconcile Net Operating Income</u> <u>to Net Cash Provided by Operating Activities</u>		
Depreciation	\$ 1,513,874	\$ 1,455,418
Facilities Lease Income, Net of Expenses	11,251	10,818
<u>Change in Assets, Deferred Outflows of Resources,</u> <u>Liabilities &amp; Deferred Inflows of Resources</u>		
(Increase) Decrease in Accounts Receivable	19,310	(90,245)
(Increase) Decrease in Accrued Revenue	(402,788)	(20,957)
(Increase) Decrease in Other Receivables	(35,180)	8,937
(Increase) Decrease in Inventory	(28,040)	12,876
(Increase) Decrease in Prepaid Expenses	(627)	15,687
(Increase) Decrease in Deferred Outflows		
Related to Pensions	67,707	(86,179)
Increase (Decrease) in Accounts Payable - Maint. Fund	(27,109)	46,938
Increase (Decrease) in Accrued Vacation & Sick Pay	17,599	(15,951)
Increase (Decrease) in Deferred Inflows		
Related to Pensions	123,902	(118,911)
Increase (Decrease) in Net Pension Liabilities	<u>(282,752)</u>	<u>148,193</u>
Total Adjustments	\$ 977,147	\$ 1,366,624
Net Cash Provided by Operating Activities	<u>\$ 1,587,015</u>	<u>\$ 1,486,000</u>
<u>Noncash Investing, Capital &amp; Financing Activities</u>		
Contributions of Capital Assets from Developers	<u>\$ 849,428</u>	<u>\$ 2,763,532</u>

See accompanying notes

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of Coal Creek Utility District conform to generally accepted accounting principles (GAAP) as applicable to proprietary funds of governments. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the most significant accounting policies of the District:

**a. Reporting Entity**

Coal Creek Utility District is a municipal corporation governed by an elected three-member board. The District's primary activity is to provide water and sewer services to residential and commercial customers within the District's boundaries. As required by generally accepted accounting principles, management has considered all potential component units in defining the reporting entity. The District has no component units.

**b. Basis of Accounting & Presentation**

The accounting records of the District are maintained in accordance with methods prescribed by the State Auditor under the authority of Chapter 43.09 RCW. The District uses the Uniform System of Accounts for Class A and B Water Utilities and the Uniform System of Accounts for Sewer Utilities.

The District uses the full-accrual basis of accounting where revenues are recognized when earned and expenses are recognized when incurred. Capital asset purchases are capitalized and long-term liabilities are accounted for in the appropriate funds. Unbilled utility service receivables are recorded at year end.

The District distinguishes between operating revenues and expenses and nonoperating revenues and expenses. Operating revenues and expenses result from providing services and producing and delivering goods in connection with the District's principal ongoing operations. The principal operating revenues of the District are charges to customers for water sales, sewer services and related services. Operating expenses pertain to the furnishing of those services and include the cost of sales and services, administration expenses and depreciation expense. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

**c. Cash & Cash Equivalents**

For purposes of the statement of cash flows, the District considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

Coal Creek Utility District  
Notes to Financial Statements  
December 31, 2017 and 2016

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NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

d. Capital Assets

Capital assets placed in service are recorded at cost. The District uses a capitalization threshold of \$1,000. The provision for depreciation is computed on the straight-line method with the following useful lives: Plant, 10-50 years; Equipment, 5-20 years; Intangibles, 5-10 years; Non-Utility, 7-40 years. Donations by developers are recorded at the contract price. Upon retirement, sale, or other disposition of an asset, the cost of the asset and the related accumulated depreciation are removed from the property accounts and the net gain or loss is reflected in the statement of revenues, expenses and changes in fund net position.

Repairs and maintenance are expensed as incurred, while major renewals, replacements and betterments are capitalized.

Preliminary planning and design costs incurred for proposed projects are held pending construction of the facility. Costs relating to projects which are ultimately constructed are transferred to capitalized utility plant. Costs relating to those projects abandoned are charged to expense when it is determined that they will not be completed.

See Note 3.

e. Restricted Funds

In accordance with bond resolutions and Public Works Trust Fund loan agreements separate restricted funds are required to be established. The assets held in these funds are restricted for specific uses, including construction and debt service requirements.

Restricted funds currently include the following:

	<u>12/31/17</u>	<u>12/31/16</u>
Revenue Bond Fund	\$ 88,452	\$ 87,694
Bond Reserve Fund	161,566	160,180

Assets and liabilities shown as current in the accompanying statement of net position exclude current maturities on defeased revenue bonds and accrued interest thereon because debt service funds have been set aside for their payment.

f. Receivables

Receivables consist primarily of amounts due from water and sewer customers. There may also be amounts due from developers and other districts and municipalities. All receivables are recorded when earned. No allowance for uncollectible accounts is provided since the District has power to record liens for its receivables and generally does not experience significant uncollectible amounts.

Coal Creek Utility District  
Notes to Financial Statements  
December 31, 2017 and 2016

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NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

g. Inventories

Inventory of materials is recorded at cost using the first in first out method. A physical inventory is taken at the end of each calendar year.

h. Investments

Investments are recorded at market value. See Note 2.

i. Compensated Absences

Employees earn vacation and sick leave based upon date of hire and years of service. Vacation pay may be accumulated up to 168 hours and is payable upon retirement or other separation from employment. Sick leave may accumulate indefinitely and is payable upon retirement or other separation from employment at fifty percent of a maximum of 400 hours, provided the employee has completed at least one year of service.

j. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of all state sponsored pension plans and additions to/deductions from those plans' fiduciary net position have been determined on the same basis as they are reported by the Washington State Department of Retirement Systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

k. Subsequent Events

Management has evaluated subsequent events through May 24, 2018, the date the financial statements were available to be issued.

NOTE 2 - DEPOSITS & INVESTMENTS

The District's cash and investment balances at December 31, 2017 and 2016 are listed below.

	<u>2017</u>	<u>2016</u>
Petty Cash Fund	\$ 2,600	\$ 2,600
Bank Deposit Accounts	194,357	383,257
Developer Maintenance Bond Accounts	225,784	339,131
Investment in King County Investment Pool	<u>12,097,980</u>	<u>10,092,380</u>
Total Cash & Investments	<u>\$ 12,520,721</u>	<u>\$ 10,817,368</u>



Coal Creek Utility District  
Notes to Financial Statements  
December 31, 2017 and 2016

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NOTE 2 - DEPOSITS & INVESTMENTS (Continued)

The District's deposits in bank accounts are entirely covered by federal depository insurance (FDIC) or by collateral held in a multiple financial institution collateral pool administered by the Washington Public Deposit Protection Commission (PDPC).

In accordance with state law, the District's governing body has entered into a formal Interlocal agreement with the District's *ex officio* treasurer, King County, to have all its funds not required for immediate expenditure to be invested in the King County Investment Pool (Pool).

As of December 31, 2017, the District had the following investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Effective Duration</u>
King County Investment Pool	\$ 12,097,980	1.02 Years

*Impaired Investments.* As of December 31, 2017, all impaired commercial paper investments have completed enforcement events. The King County impaired investment pool (Impaired Pool) held one commercial paper asset where the Impaired Pool accepted an exchange offer and is receiving the cash flows from the investment's underlying securities. The Impaired Pool also held the residual investments in two commercial paper assets that were part of completed enforcement events, where the Impaired Pool accepted the cash out option. The District's share of the impaired investment pool principal is \$6,973 and the District's fair value of these investments is \$4,700.

*Interest Rate Risk.* As of December 31, 2017, the Pool's average duration was 1.02 years. As a means of limiting its exposure to rising interest rates, securities purchased in the Pool must have a final maturity, or weighted average life, no longer than five years. While the Pool's market value is calculated on a monthly basis, unrealized gains and losses are not distributed to participants. The Pool distributes earnings monthly using an amortized cost methodology.

*Credit Risk.* As of December 31, 2017, the District's investment in the Pool was not rated by a nationally recognized statistical rating organization (NRSRO). In compliance with state statutes, Pool policies authorize investments in U.S. Treasury securities, U.S. agency securities and mortgage-backed securities, corporate notes (rated at least "A"), municipal securities (rated at least "A" by two NRSROs), commercial paper (rated at least the equivalent of "A-1" by two NRSROs), certificates of deposits issued by qualified public depositories, repurchase agreements, and the Local Government Investment Pool managed by the Washington State Treasurer's office.

Coal Creek Utility District  
Notes to Financial Statements  
December 31, 2017 and 2016

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**NOTE 3 - CAPITAL ASSETS**

Capital assets activity for the year ended December 31, 2017 was as follows:

	<u>Beginning Balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>Ending Balance</u>
Capital assets not being depreciated:				
Land	\$ 401,796	\$ -	\$ -	\$ 401,796
Construction in Progress	<u>1,204,945</u>	<u>75,131</u>	<u>(458,340)</u>	<u>821,736</u>
<u>Total capital assets not being depreciated</u>	<u>1,606,741</u>	<u>75,131</u>	<u>(458,340)</u>	<u>1,223,532</u>
Capital assets being depreciated:				
Plant	58,893,097	849,428	-	59,742,525
Equipment	3,995,729	184,420	(38,627)	4,141,522
Intangibles	<u>1,599,542</u>	<u>-</u>	<u>-</u>	<u>1,599,542</u>
<u>Total capital assets being depreciated</u>	<u>64,488,368</u>	<u>1,033,848</u>	<u>(38,627)</u>	<u>65,483,589</u>
Less accumulated depreciation for:				
Plant	22,930,292	1,259,537	-	24,189,829
Equipment	3,026,611	145,648	(38,627)	3,133,632
Intangibles	<u>931,057</u>	<u>108,689</u>	<u>-</u>	<u>1,039,746</u>
<u>Total accumulated depreciation</u>	<u>26,887,960</u>	<u>1,513,874</u>	<u>(38,627)</u>	<u>28,363,207</u>
<u>Total capital assets being depreciated, net</u>	<u>37,600,408</u>	<u>(480,026)</u>	<u>-</u>	<u>37,120,382</u>
<u>TOTAL CAPITAL ASSETS, NET</u>	<u>\$ 39,207,149</u>	<u>\$ (404,895)</u>	<u>\$ (458,340)</u>	<u>\$ 38,343,914</u>

Coal Creek Utility District  
Notes to Financial Statements  
December 31, 2017 and 2016

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NOTE 3 - CAPITAL ASSETS (Continued)

Capital assets activity for the year ended December 31, 2016 was as follows:

	<u>Beginning Balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>Ending Balance</u>
Capital assets not being depreciated:				
Land	\$ 401,796	\$ -	\$ -	\$ 401,796
Construction in Progress	<u>421,309</u>	<u>1,325,367</u>	<u>(541,731)</u>	<u>1,204,945</u>
<u>Total capital assets not being depreciated</u>	<u>823,105</u>	<u>1,325,367</u>	<u>(541,731)</u>	<u>1,606,741</u>
Capital assets being depreciated:				
Plant	56,070,374	2,822,723	-	58,893,097
Equipment	3,559,421	657,771	(221,463)	3,995,729
Intangibles	<u>1,547,873</u>	<u>51,669</u>	<u>-</u>	<u>1,599,542</u>
<u>Total capital assets being depreciated</u>	<u>61,177,668</u>	<u>3,532,163</u>	<u>(221,463)</u>	<u>64,488,368</u>
Less accumulated depreciation for:				
Plant	21,702,127	1,228,165	-	22,930,292
Equipment	3,131,426	116,648	(221,463)	3,026,611
Intangibles	<u>820,451</u>	<u>110,606</u>	<u>-</u>	<u>931,057</u>
<u>Total accumulated depreciation</u>	<u>25,654,004</u>	<u>1,455,419</u>	<u>(221,463)</u>	<u>26,887,960</u>
<u>Total capital assets being depreciated, net</u>	<u>35,523,664</u>	<u>2,076,744</u>	<u>-</u>	<u>37,600,408</u>
<u>TOTAL CAPITAL ASSETS, NET</u>	<u>\$ 36,346,769</u>	<u>\$ 3,402,111</u>	<u>\$ (541,731)</u>	<u>\$ 39,207,149</u>

The District capitalizes the interest cost during the construction period of its utility plant. In 2017, total interest cost was \$6,109, of which \$7,194 was capitalized as construction period interest. In 2016, total interest cost was \$11,426, of which \$5,965 was capitalized as construction period interest.

The District also capitalizes employee wage and benefit costs in connection with construction of utility plant.

Coal Creek Utility District  
Notes to Financial Statements  
December 31, 2017 and 2016

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**NOTE 4 - CONSTRUCTION IN PROGRESS**

Construction in progress represents expenses to date on projects whose authorizations total \$1,002,171. Of the committed balance of \$180,435, the District will have no required future financing.

	<u>Project Authorization</u>	<u>Expended to 12/31/17</u>	<u>Committed</u>	<u>Required Future Financing</u>
440 Reservoir Painting	\$ 887,171	\$ 792,171	\$ 95,000	\$ -
GIS/Asset Management	115,000	29,565	85,435	-
	<u>\$ 1,002,171</u>	<u>\$ 821,736</u>	<u>\$ 180,435</u>	<u>\$ -</u>

**NOTE 5 - LONG-TERM DEBT**

a. Public Works Trust Fund Loans

The District has entered into agreements with the Department of Community, Trade and Economic Development of the State of Washington to receive the following Public Works Trust Fund Loans:

	<u>12/31/17</u>	<u>12/31/16</u>
1997 loan - payable at \$37,426 annually through the year 2017, plus interest at 1% per annum Purpose: Water System Improvements Original debt: \$679,194	-	37,426
1998 loan - payable at \$38,281 annually through the year 2018, plus interest at 1% per annum Purpose: Water System Improvements Original debt: \$695,117	38,281	76,562
2001 loan - payable at \$43,875 annually through the year 2021, plus interest at ½% per annum Purpose: Relocation of Sewer Lift Station; Upsizing and Relocation of Water Mains & Appurtenances Original debt: \$828,750	175,500	219,375
2002 loan - payable at \$56,794 annually through the year 2022, plus interest at ½% per annum Purpose: AC Water Main Replacement Original debt: \$1,086,041	283,970	340,764

Coal Creek Utility District  
Notes to Financial Statements  
December 31, 2017 and 2016

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NOTE 5 - LONG-TERM DEBT (Continued)

a. Public Works Trust Fund Loans (Continued)

	<u>12/31/17</u>	<u>12/31/16</u>
2008 loan - payable at \$48,622 annually through the year 2028, plus interest at ½% per annum Purpose: Lake Boren Sanitary Sewer Project Original debt: \$874,009	<u>534,839</u>	<u>583,460</u>
	<u>\$ 1,032,590</u>	<u>\$ 1,257,587</u>

The annual requirements to amortize all Public Works Trust Fund loans outstanding as of December 31, 2017, including interest, are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 187,572	\$ 5,354	\$ 192,926
2019	149,291	4,225	153,516
2020	149,291	3,479	152,770
2021	149,291	2,732	152,023
2022	105,415	1,986	107,401
2023 - 2027	243,108	4,862	247,970
2028	<u>48,622</u>	<u>243</u>	<u>48,865</u>
	<u>\$ 1,032,590</u>	<u>\$ 22,881</u>	<u>\$ 1,055,471</u>

b. Changes in Long-Term Liabilities

During the year ended December 31, 2017, the following changes occurred in long-term liabilities:

	<u>Balance</u> <u>1/1/17</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>12/31/17</u>	<u>Due In</u> <u>One Year</u>
Public Works Trust Fund Loans	1,257,587	-	(224,997)	1,032,590	187,572
Compensated Absences	113,974	17,599	-	131,573	-
Lease Security Deposit	8,550	-	-	8,550	-
Net Pension Liability	<u>1,183,799</u>	<u>-</u>	<u>(282,752)</u>	<u>901,047</u>	<u>-</u>
Totals	<u>\$ 2,563,910</u>	<u>\$ 17,599</u>	<u>\$ (507,749)</u>	<u>\$ 2,073,760</u>	<u>\$ 187,572</u>

Coal Creek Utility District  
Notes to Financial Statements  
December 31, 2017 and 2016

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**NOTE 6 - PENSION PLAN**

The following table represents the aggregate pension amounts for all plans subject to the requirements of the GASB Statement 68, *Accounting and Financial Reporting for Pensions* for the year 2017:

<b>Aggregate Pension Amounts - All Plans</b>	
Pension liabilities	\$901,047
Pension assets	\$ -
Deferred outflows of resources	\$133,572
Deferred inflows of resources	\$180,076
Pension expense/expenditures	\$61,309

**State Sponsored Pension Plans**

Substantially all District full-time and qualifying part-time employees participate in one of the following statewide retirement systems administered by the Washington State Department of Retirement Systems, under cost-sharing, multiple-employer public employee defined benefit and defined contribution retirement plans.

The state Legislature establishes, and amends, laws pertaining to the creation and administration of all public retirement systems.

The Department of Retirement Systems (DRS), a department within the primary government of the State of Washington, issues a publicly available comprehensive annual financial report (CAFR) that includes financial statements and required supplementary information for each plan. The DRS CAFR may be obtained by writing to:

Department of Retirement Systems  
Communications Unit  
P.O. Box 48380  
Olympia, WA 98540-8380

Or the DRS CAFR may be downloaded from the DRS website at [www.drs.wa.gov](http://www.drs.wa.gov).

**Public Employees' Retirement System (PERS)**

PERS members include elected officials; state employees; employees of the Supreme, Appeals and Superior Courts; employees of the legislature; employees of district and municipal courts; employees of local governments; and higher education employees not participating in higher education retirement programs. PERS is comprised of three separate pension plans for membership purposes. PERS plans 1 and 2 are defined benefit plans, and PERS plan 3 is a defined benefit plan with a defined contribution component.

Coal Creek Utility District  
Notes to Financial Statements  
December 31, 2017 and 2016

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**NOTE 6 - PENSION PLAN (Continued)**

**PERS Plan 1** provides retirement, disability and death benefits. Retirement benefits are determined as two percent of the member's average final compensation (AFC) times the member's years of service. The AFC is the average of the member's 24 highest consecutive service months. Members are eligible for retirement from active status at any age with at least 30 years of service, at age 55 with at least 25 years of service, or at age 60 with at least five years of service. Members retiring from active status prior to the age of 65 may receive actuarially reduced benefits. Retirement benefits are actuarially reduced to reflect the choice of a survivor benefit. Other benefits include duty and non-duty disability payments, an optional cost-of-living adjustment (COLA), and a one-time duty-related death benefit, if found eligible by the Department of Labor and Industries. PERS 1 members were vested after the completion of five years of eligible service. The plan was closed to new entrants on September 30, 1977.

**Contributions**

The **PERS Plan 1** member contribution rate is established by State statute at 6 percent. The employer contribution rate is developed by the Office of the State Actuary and includes an administrative expense component that is currently set at 0.18 percent. Each biennium, the state Pension Funding Council adopts Plan 1 employer contribution rates. The PERS Plan 1 required contribution rates (expressed as a percentage of covered payroll) for 2017 were as follows:

<b>PERS Plan 1</b>		
<b>Actual Contribution Rates</b>	<b>Employer</b>	<b>Employee</b>
January - June 2017:		
PERS Plan 1	6.23%	6.00%
PERS Plan 1 UAAL	4.77%	
Administrative Fee	0.18%	
<b>Total</b>	<b>11.18%</b>	<b>6.00%</b>
July - December 2017:		
PERS Plan 1	7.49%	6.00%
PERS Plan 1 UAAL	5.03%	
Administrative Fee	0.18%	
<b>Total</b>	<b>12.70%</b>	<b>6.00%</b>

**PERS Plan 2/3** provides retirement, disability and death benefits. Retirement benefits are determined as two percent of the member's average final compensation (AFC) times the member's years of service for Plan 2 and 1 percent of AFC for Plan 3. The AFC is the average of the member's 60 highest-paid consecutive service months. There is no cap on years of service credit. Members are eligible for retirement with a full benefit at 65

NOTE 6 - PENSION PLAN (Continued)

with at least five years of service credit. Retirement before age 65 is considered an early retirement. PERS Plan 2/3 members who have at least 20 years of service credit and are 55 years of age or older, are eligible for early retirement with a benefit that is reduced by a factor that varies according to age for each year before age 65. PERS Plan 2/3 members who have 30 or more years of service credit and are at least 55 years old can retire under one of two provisions:

- With a benefit that is reduced by three percent for each year before age 65; or
- With a benefit that has a smaller (or no) reduction (depending on age) that imposes stricter return-to-work rules.

PERS Plan 2/3 members hired on or after May 1, 2013 have the option to retire early by accepting a reduction of five percent for each year of retirement before age 65. This option is available only to those who are age 55 or older and have at least 30 years of service credit. PERS Plan 2/3 retirement benefits are also actuarially reduced to reflect the choice of a survivor benefit. Other PERS Plan 2/3 benefits include duty and non-duty disability payments, a cost-of-living allowance (based on the CPI), capped at three percent annually and a one-time duty related death benefit, if found eligible by the Department of Labor and Industries. PERS 2 members are vested after completing five years of eligible service. Plan 3 members are vested in the defined benefit portion of their plan after ten years of service; or after five years of service if 12 months of that service are earned after age 44.

**PERS Plan 3** defined contribution benefits are totally dependent on employee contributions and investment earnings on those contributions. PERS Plan 3 members choose their contribution rate upon joining membership and have a chance to change rates upon changing employers. As established by statute, Plan 3 required defined contribution rates are set at a minimum of 5 percent and escalate to 15 percent with a choice of six options. Employers do not contribute to the defined contribution benefits. PERS Plan 3 members are immediately vested in the defined contribution portion of their plan.

Contributions

The **PERS Plan 2/3** employer and employee contribution rates are developed by the Office of the State Actuary to fully fund Plan 2 and the defined benefit portion of Plan 3. The Plan 2/3 employer rates include a component to address the PERS Plan 1 UAAL and an administrative expense that is currently set at 0.18 percent. Each biennium, the state Pension Funding Council adopts Plan 2 employer and employee contribution rates and Plan 3 contribution rates. The PERS Plan 2/3 required contribution rates (expressed as a percentage of covered payroll) for 2017 were as follows:



Coal Creek Utility District  
Notes to Financial Statements  
December 31, 2017 and 2016

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NOTE 6 - PENSION PLAN (Continued)

<b>PERS Plan 2/3</b>		
<b>Actual Contribution Rates</b>	<b>Employer 2/3</b>	<b>Employee 2</b>
January - June 2017:		
PERS Plan 2/3	6.23%	6.12%
PERS Plan 1 UAAL	4.77%	
Administrative Fee	0.18%	
Employee PERS Plan 3		Varies
<b>Total</b>	<b>11.18%</b>	<b>6.12%</b>
July - December 2017:		
PERS Plan 2/3	7.49%	7.38%
PERS Plan 1 UAAL	5.03%	
Administrative Fee	0.18%	
Employee PERS Plan 3		Varies
<b>Total</b>	<b>12.70%</b>	<b>7.38%</b>

The District's actual contributions to the plan were \$63,411 to PERS Plan 1 and \$89,042 to PERS Plan 2/3 for the year ended December 31, 2017.

**Actuarial Assumptions**

The total pension liability (TPL) for each of the DRS plans was determined using the most recent actuarial valuation completed in 2017 with a valuation date of June 30, 2016. The actuarial assumptions used in the valuation were based on the results of the Office of the State Actuary's (OSA) *2007-2012 Experience Study* and the *2015 Economic Experience Study*.

Additional assumptions for subsequent events and law changes are current as of the 2016 actuarial valuation report. The TPL was calculated as of the valuation date and rolled forward to the measurement date of June 30, 2017. Plan liabilities were rolled forward from June 30, 2016, to June 30, 2017, reflecting each plan's normal cost (using the entry-age cost method), assumed interest and actual benefit payments.

- **Inflation:** 3% total economic inflation; 3.75% salary inflation
- **Salary increases:** In addition to the base 3.75% salary inflation assumption, salaries are also expected to grow by promotions and longevity.
- **Investment rate of return:** 7.5%

**NOTE 6 - PENSION PLAN (Continued)**

Mortality rates were based on the RP-2000 report's Combined Healthy Table and Combined Disabled Table, published by the Society of Actuaries. The OSA applied offsets to the base table and recognized future improvements in mortality by projecting the mortality rates using 100 percent Scale BB. Mortality rates are applied on a generational basis; meaning, each member is assumed to receive additional mortality improvements in each future year throughout his or her lifetime.

There were changes in methods and assumptions since the last valuation.

- How terminated and vested member benefits are valued was corrected.
- How the basic minimum COLA in PERS Plan 1 is valued for legal order payees was improved.
- The average expected remaining service lives calculation was revised.

**Discount Rate**

The discount rate used to measure the total pension liability for all DRS plans was 7.5 percent.

To determine that rate, an asset sufficiency test included an assumed 7.7 percent long-term discount rate to determine funding liabilities for calculating future contribution rate requirements. Consistent with the long-term expected rate of return, a 7.5 percent future investment rate of return on invested assets was assumed for the test. Contributions from plan members and employers are assumed to continue being made at contractually required rates (including PERS 2/3 employers, whose rates include a component for the PERS 1 plan liabilities). Based on these assumptions, the pension plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return of 7.5 percent was used to determine the total liability.

**Long-Term Expected Rate of Return**

The long-term expected rate of return on the DRS pension plan investments of 7.5 percent was determined using a building-block-method. In selecting this assumption, the Office of the State Actuary (OSA) reviewed the historical experience data, considered the historical conditions that produced past annual investment returns, and considered capital market assumptions and simulated expected investment returns provided by the Washington State Investment Board (WSIB). The WSIB uses the capital market assumptions and their target asset allocation to simulate future investment returns over various time horizons.

**NOTE 6 - PENSION PLAN (Continued)**

**Estimated Rates of Return by Asset Class**

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2017, are summarized in the table below. The inflation component used to create the table is 2.2 percent and represents the WSIB's most recent long-term estimate of broad economic inflation.

<b>Asset Class</b>	<b>Target Allocation</b>	<b>% Long-Term Expected Real Rate of Return Arithmetic</b>
Fixed Income	20%	1.70%
Tangible Assets	5%	4.90%
Real Estate	15%	5.80%
Global Equity	37%	6.30%
Private Equity	23%	9.30%
	<b>100%</b>	

**Sensitivity of Net Pension Liability/(Asset)**

The table below presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.5 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.5 percent) or 1-percentage point higher (8.5 percent) than the current rate.

	<b>1% Decrease (6.5%)</b>	<b>Current Discount Rate (7.5%)</b>	<b>1% Increase (8.5%)</b>
PERS 1	\$565,266	\$464,021	\$376,321
PERS 2/3	\$1,177,392	\$437,026	\$(169,595)

**Pension Plan Fiduciary Net Position**

Detailed information about the State's pension plans' fiduciary net position is available in the separately issued DRS financial report.

Coal Creek Utility District  
Notes to Financial Statements  
December 31, 2017 and 2016

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**NOTE 6 - PENSION PLAN (Continued)**

**Pension Liabilities (Assets), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

At June 30, 2017, the District reported a total pension liability of \$901,047 for its proportionate share of the net pension liabilities as follows:

	<b>Liability (or Asset)</b>
PERS 1	\$464,021
PERS 2/3	\$437,026

At June 30, the District's proportionate share of the collective net pension liabilities was as follows:

	<b>Proportionate Share 6/30/16</b>	<b>Proportionate Share 6/30/17</b>	<b>Change in Proportion</b>
PERS 1	.010020%	.009779%	(.000241%)
PERS 2/3	.012824%	.012578%	(.000246%)

Employer contribution transmittals received and processed by the DRS for the fiscal year ended June 30 are used as the basis for determining each employer's proportionate share of the collective pension amounts reported by the DRS in the *Schedules of Employer and Nonemployer Allocations*.

The collective net pension liability (asset) was measured as of June 30, 2017, and the actuarial valuation date on which the total pension liability (asset) is based was as of June 30, 2016, with update procedures used to roll forward the total pension liability to the measurement date.

**Pension Expense**

For the year ended December 31, 2017, the District recognized pension expense as follows:

	<b>Pension Expense</b>
PERS 1	\$15,509
PERS 2/3	\$45,800

**Deferred Outflows of Resources and Deferred Inflows of Resources**

At December 31, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Coal Creek Utility District  
Notes to Financial Statements  
December 31, 2017 and 2016

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NOTE 6 - PENSION PLAN (Continued)

<b>PERS Plan 1</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ -	\$ -
Net difference between projected and actual investment earnings on pension plan investments	\$ -	\$(17,316)
Changes of assumptions	\$ -	\$ -
Changes in proportion and differences between contributions and proportionate share of contributions	\$ -	\$ -
Contributions subsequent to the measurement date	\$34,008	\$ -
<b>TOTAL</b>	<b>\$34,008</b>	<b>\$(17,316)</b>

<b>PERS Plan 2/3</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$44,281	\$(14,373)
Net difference between projected and actual investment earnings on pension plan investments	\$ -	\$(116,500)
Changes of assumptions	\$4,642	\$ -
Changes in proportion and differences between contributions and proportionate share of contributions	\$ -	\$(31,887)
Contributions subsequent to the measurement date	\$50,641	\$ -
<b>TOTAL</b>	<b>\$99,564</b>	<b>\$(162,760)</b>

<b>All Plans</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$44,281	\$(14,373)
Net difference between projected and actual investment earnings on pension plan investments	\$ -	\$(133,816)
Changes of assumptions	\$4,642	\$ -
Changes in proportion and differences between contributions and proportionate share of contributions	\$ -	\$(31,887)
Contributions subsequent to the measurement date	\$84,649	\$ -
<b>TOTAL</b>	<b>\$133,572</b>	<b>\$(180,076)</b>

Coal Creek Utility District  
Notes to Financial Statements  
December 31, 2017 and 2016

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**NOTE 6 - PENSION PLAN (Continued)**

Deferred outflows of resources related to pensions resulting from the District's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2018. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year ended December 31:</b>	<b>PERS 1</b>
2018	\$(11,704)
2019	\$3,695
2020	\$(858)
2021	\$(8,449)
2022	\$ -
Thereafter	\$ -

<b>Year ended December 31:</b>	<b>PERS 2 &amp; 3</b>
2018	\$(59,884)
2019	\$1,654
2020	\$(13,064)
2021	\$(48,294)
2022	\$2,500
Thereafter	\$3,250

**NOTE 7 - RISK MANAGEMENT**

The District is member of the Water and Sewer Risk Management Pool (Pool). Chapter 48.62 RCW authorizes the governing body of any one or more governmental entities to form together into or join a pool or organization for the joint purchasing of insurance, and/or joint self-insuring, and/or joint hiring or contracting for risk management services to the same extent that they may individually purchase insurance, self-insurance, or hire or contract for risk management services. An agreement to form a pooling arrangement was made pursuant to the provisions of Chapter 39.34 RCW, the Interlocal Cooperation Act. The Pool was formed in November 1987 when water and sewer districts in the State of Washington joined together by signing an Interlocal Governmental Agreement to pool their self-insured losses and jointly purchase insurance and administrative services. The Pool currently has 62 members. The Pool's fiscal year is November 1<sup>st</sup> through October 31<sup>st</sup>.

Coal Creek Utility District  
Notes to Financial Statements  
December 31, 2017 and 2016

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**NOTE 7 - RISK MANAGEMENT (Continued)**

The Pool allows members to jointly purchase insurance coverage, establish a plan of self-insurance coverage, and provide related services, such as risk management and loss prevention. The Pool provides the following forms of group purchased insurance coverage for its members: Property (including Building, Electronic Data Processing, Boiler and Machinery, and Mobile Equipment); General Liability; Automotive Liability; Excess Liability; Crime; Public Officials Liability; Identity Fraud Reimbursement Program; and bonds of various types. All coverages are on an “occurrence” basis.

Members make an annual contribution to fund the Pool. The Pool purchases insurance policies from unrelated underwriters as follows:

TYPE OF COVERAGE	MEMBER DEDUCTIBLE	SELF-INSURED RETENTION/GROUP	EXCESS LIMITS
<b>Property Loss:</b>			
Buildings and Contents	\$1,000 - \$25,000 and See (C) below	\$25,000	\$1,000,000,000
Flood	See (A) below	See (A) below	\$50,000,000
Earthquake	See (B) below	See (B) below	\$110,000,000 (\$75,000,000 shared by all members, \$25,000,000 dedicated to Alderwood, \$5,000,000 dedicated to Sammamish Plateau, and \$5,000,000 dedicated to Cascade Water Alliance)
Terrorism	\$1,000 - \$25,000	\$25,000 Primary layer	\$100,000,000 Primary layer
Boiler & Machinery	\$1,000 - \$350,000 depending on object	\$25,000 - \$350,000 depending on object	\$100,000,000
Auto - Physical Damage	\$1,000 - \$25,000	\$25,000	\$10,000,000
<b>Liability:</b>			
Commercial General Liability	\$1,000 - \$25,000	\$200,000	\$10,000,000
Auto Liability	\$1,000 - \$25,000	\$200,000	\$10,000,000
Public Officials Errors and Omissions	\$1,000 - \$25,000	\$200,000	\$10,000,000
Employment Practices	\$1,000 - \$25,000	\$200,000	\$10,000,000
<b>Other:</b>			
Public Officials Bonds	Various	N/A	Various
Crime	\$1,000 - \$25,000	\$25,000	\$2,000,000
Identity Fraud	\$0	\$0	\$25,000

Coal Creek Utility District  
Notes to Financial Statements  
December 31, 2017 and 2016

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**NOTE 7 - RISK MANAGEMENT (Continued)**

A. \$100,000 member deductibles, per occurrence, in Flood Zones except Zones A&V; \$250,000 member deductible, per occurrence, in Flood Zones A&V.
B. Member deductible for earthquakes is 5% subject to \$100,000 minimum Earthquake Shock. The deductible will apply per occurrence on a per unit basis, as defined in the policy form, subject to the stated minimum.
C. Member deductible for Cyber liability is \$100,000 and where applicable the dollar amount of the business interruption loss during the policy's required 8 hour waiting period.

Pool members are responsible for a deductible on each coverage and the Pool is responsible for the remainder of the self-insured retention listed in the table above except where noted as follows. The insurance carriers then cover the loss to the maximum limit of the policy. Each member is responsible for the full deductible applicable to the perils of earthquake and flood (the Pool is not responsible for any deductible or self-insured retention for earthquake and flood claims). Each member is also responsible for the full deductible applicable to the Cyber Liability, and that part of a Boiler & Machinery deductible which exceeds \$25,000.

Upon joining, the members contract to remain in the Pool for one full policy period. Following completion of one full policy period, members must give six months' notice before terminating participation (e.g. to withdraw from the Pool on November 1, 2018, written notice must be in the Pool possession by April 30, 2018). The Interlocal Governmental Agreement is renewed automatically each year. Even after termination of relationship with the Pool, a member is still responsible for contributions to the Pool for any unresolved, unreported, and in process claims, for the period that the District was a signatory to the Interlocal Governmental Agreement.

The Pool is fully funded by its member participants. Claims are filed by members with the Pool who determines coverage and performs claims adjustment in consultation with Arcadia Claims Services and Adjusters Northwest.

The Pool is governed by a Board of Directors, which is comprised of one designated representative from each participating member. An Executive Committee is elected at the annual meeting and is responsible for overseeing the business affairs of the Pool and providing policy direction to the Pool's Executive Director.

For years ending December 31, 2015, 2016 and 2017, the District had no claims in excess of their insurance coverage.



Coal Creek Utility District  
Notes to Financial Statements  
December 31, 2017 and 2016

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**NOTE 8 - LEASE COMMITMENTS**

The District has entered into a long-term operating lease agreement, as the lessor. The agreement is a lease of land for a telecommunications facility which began in July 2010 and had an initial term of five years, with an option to extend for two additional five year terms. The lease has been extended to June 2020.

Future minimum rents receivable are as follows:

2018	\$ 11,701
2019	<u>12,169</u>
	<u>\$ 23,870</u>

**NOTE 9 - USE OF ESTIMATES**

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

**NOTE 10 - CONTINGENT LIABILITIES**

The District's financial statements include all material liabilities. There are no material contingent liabilities to record.

Coal Creek Utility District  
Schedule of Proportionate Share of the Net Pension Liability  
Required Supplementary Information  
PERS Pension Plan  
As of June 30, 2017

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<b>PERS 1</b>		2017	2016	2015
Employer's proportion of the net pension liability (asset)	%	0.009779%	0.010020%	0.010519%
Employer's proportionate share of the net pension liability	\$	464,021	538,121	550,242
TOTAL	\$	464,021	538,121	550,242
Covered payroll	\$	0	0	0
Employer's proportionate share of the net pension liability as a percentage of covered payroll	%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	%	61.24%	57.03%	59.10%

<b>PERS 2/3</b>		2017	2016	2015
Employer's proportion of the net pension liability (asset)	%	0.012578%	0.012824%	0.013584%
Employer's proportionate share of the net pension liability	\$	437,025	645,678	485,364
TOTAL	\$	437,025	645,678	485,364
Covered payroll	\$	1,292,508	1,214,605	1,205,452
Employer's proportionate share of the net pension liability as a percentage of covered payroll	%	33.81%	53.16%	40.26%
Plan fiduciary net position as a percentage of the total pension liability	%	90.97%	85.82%	89.20%

Coal Creek Utility District  
Schedule of Employer Contributions  
Required Supplementary Information  
PERS Pension Plan  
As of December 31, 2017

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<b>PERS 1</b>		2017	2016	2015
Statutorily or contractually required contributions	\$	63,411	58,733	50,065
Contributions in relation to the statutorily or contractually required contributions	\$	63,411	58,733	50,065
Contribution deficiency (excess)	\$	0	0	0
Covered payroll	\$	0	0	0
Contributions as a percentage of covered payroll	%	0.00%	0.00%	0.00%

<b>PERS 2/3</b>		2017	2016	2015
Statutorily or contractually required contributions	\$	89,042	76,711	64,096
Contributions in relation to the statutorily or contractually required contributions	\$	89,042	76,711	64,096
Contribution deficiency (excess)	\$	0	0	0
Covered payroll	\$	1,292,508	1,231,317	1,156,737
Contributions as a percentage of covered payroll	%	6.89%	6.23%	5.54%

**Notes to Required Supplementary Information**

Note 1

These schedules will be built prospectively until they contain 10 years of data.

Note 2: Changes of Benefit Terms

There were no changes of benefit terms for the pension plans.

Note 3: Changes of Assumptions

Refer to Notes to Financial Statements, Note 6, Actuarial Assumptions.

## ABOUT THE STATE AUDITOR'S OFFICE

The State Auditor's Office is established in the state's Constitution and is part of the executive branch of state government. The State Auditor is elected by the citizens of Washington and serves four-year terms.

We work with our audit clients and citizens to achieve our vision of government that works for citizens, by helping governments work better, cost less, deliver higher value, and earn greater public trust.

In fulfilling our mission to hold state and local governments accountable for the use of public resources, we also hold ourselves accountable by continually improving our audit quality and operational efficiency and developing highly engaged and committed employees.

As an elected agency, the State Auditor's Office has the independence necessary to objectively perform audits and investigations. Our audits are designed to comply with professional standards as well as to satisfy the requirements of federal, state, and local laws.

Our audits look at financial information and compliance with state, federal and local laws on the part of all local governments, including schools, and all state agencies, including institutions of higher education. In addition, we conduct performance audits of state agencies and local governments as well as [fraud](#), state [whistleblower](#) and [citizen hotline](#) investigations.

The results of our work are widely distributed through a variety of reports, which are available on our [website](#) and through our free, electronic [subscription](#) service.

We take our role as partners in accountability seriously, and provide training and technical assistance to governments, and have an extensive quality assurance program.

Contact information for the State Auditor's Office	
Public Records requests	<a href="mailto:PublicRecords@sao.wa.gov">PublicRecords@sao.wa.gov</a>
Main telephone	(360) 902-0370
Toll-free Citizen Hotline	(866) 902-3900
Website	<a href="http://www.sao.wa.gov">www.sao.wa.gov</a>