Office of the Washington State Auditor
Pat McCarthy

Financial Statements Audit Report

Public Utility District No. 1 of Wahkiakum County

For the period January 1, 2017 through December 31, 2018

Published December 2, 2019

Report No. 1025199

Office of the Washington State Auditor
Pat McCarthy

December 2, 2019

Board of Commissioners
Public Utility District No. 1 of Wahkiakum County
Cathlamet, Washington

Report on Financial Statements

Please find attached our report on Public Utility District No. 1 of Wahkiakum County's financial statements.

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

Sincerely,

Pat McCarthy

State Auditor

Olympia, WA

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Public Utility District No. 1 of Wahkiakum County
January 1, 2017 through December 31, 2018

Board of Commissioners
Public Utility District No. 1 of Wahkiakum County
Cathlamet, 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 each major fund of Public Utility District No. 1 of Wahkiakum County, as of and for the years ended December 31, 2018 and 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 26, 2019. As discussed in Note 2 to the financial statements, during the year ended December 31, 2018, the District implemented Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

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

November 26, 2019

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

Public Utility District No. 1 of Wahkiakum County
January 1, 2017 through December 31, 2018

Board of Commissioners
Public Utility District No. 1 of Wahkiakum County
Cathlamet, Washington

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of each major fund of Public Utility District No. 1 of Wahkiakum County, as of and for the years ended December 31, 2018 and 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed on page 10.

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 respective financial position of each major fund of Public Utility District No. 1 of Wahkiakum County, as of December 31, 2018 and 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Matters of Emphasis

As discussed in Note 2 to the financial statements, in 2018, the District adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our opinion is not modified with respect to this matter.

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 10 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 November 26, 2019 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.

Pat McCarthy

State Auditor

Olympia, WA

November 26, 2019

FINANCIAL SECTION

Public Utility District No. 1 of Wahkiakum County
January 1, 2017 through December 31, 2018

REQUIRED SUPPLEMENTARY INFORMATION

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Management Discussion and Analysis – 2017

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Statement of Net Position – 2017
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REQUIRED SUPPLEMENTARY INFORMATION

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Schedule of Proportionate Share of Net Pension Liability – PERS 1, PERS 2/3 – 2018 and 2017
Schedule of Employer Contributions – PERS 1, PERS 2/3 – 2018 and 2017
Notes to Required Supplementary Information – PERS 1, PERS 2/3 – 2018 and 2017

The following discussion and analysis is designed to provide an overview of the financial activity of Public Utility District No. 1 of Wahkiakum County (the District) for the year ending December 31, 2018. This discussion should be read in conjunction with the District's financial statements and the notes to the financial statements.

The District is a municipal corporation of the State of Washington established in 1937 to serve the citizens of Wahkiakum County. The District is governed by a three-member Board of Commissioners locally elected to six-year terms. The District operates an electric department and two water departments.

Overview of the Financial Statements

In accordance with Generally Accepted Accounting Principles the District uses full accrual basis accounting where revenues are recognized when earned and expenses when incurred. The basic financial statements include the Statement of Net Position, the Statement of Revenues, Expenses and Changes in Net Position, and the Statement of Cash Flows.

The Statement of Net Position presents the District's assets, liabilities, deferred inflows/outflows and net position at year end. This statement provides information about the nature and the amount of investment in resources (assets/deferred outflows), and the District's obligations to creditors (liabilities/deferred inflows). The Statement of Revenues, Expenses, and Changes in Fund Net Position provides financial information relating to the District's revenues, expenses and equity. The Statement of Cash Flows provides information pertaining to the District's cash receipts and disbursements throughout the year as well as funds provided from investing and financing activities.

The financial statements along with the notes to the financial statements and management discussion and analysis should be used to provide an overview of the District's financial performance.

The following information provides analysis of the 2018 and 2017 condensed financial information:

Condensed Financial Information for December 31 (in thousands)

	2018	2017	Change
Current and Other Assets	2,985	2,612	373
Capital Assets, net	15,276	14,883	393
TOTAL ASSETS	18,261	17,495	766
Deferred Outflows of Resources	85	100	(15)
TOTAL ASSETS AND DEFERRED OUTFLOWS	18,346	17,595	751
Current Liabilities	617	622	(5)
Non-current Liabilities	859	1,010	(151)
TOTAL LIABILITIES	1,476	1,632	(156)
Deferred Inflows of Resources	222	142	80
Net Position			
Net Investment in Capital Assets	15,276	14,883	393
Unrestricted	1,372	938	434
TOTAL LIABILITIES, DEFERRED INFLOWS, & NET POSITION	18,346	17,595	751
Operating Revenues	4,572	4,617	(45)
Non-Operating Revenues	133	99	34
TOTAL REVENUES	4,705	4,716	(11)
Operating Expenses	(4,431)	(4,256)	(175)
Non-Operating Expenses	(51)	(84)	33
TOTAL EXPENSES	(4,482)	(4,340)	(142)
Income Before Contributions	223	376	(153)
Contributions	680	209	471
Change in Net Position	903	585	318
NET POSITION, BEGINNING OF YEAR	15,821	15,233	588
Prior Period Adjustment	0	3	(3)
Changes in Accounting Principle	(77)	0	(77)
NET POSITION, END OF YEAR	**16,647**	**15,821**	**826**

Financial Analysis and Summary

The financial position of the District remained strong while experiencing a slight decrease in operating revenues. The District's operating revenues were $4,571,901, a minor decrease of $44,796 from 2017. Rates for the two water systems remained stable with no increases throughout 2018. In November 2017 the Board voted to increase the base fee for Electric customers by five dollars per month effective with the December 2017/January 2018 billing cycles. This increase was necessary to offset a projected five percent increase in power costs from Bonneville Power Administration. The major source of revenue for the District is metered electric and water sales, most of which come from residential electric consumers.

Operating expenses in 2018 were $4,430,821, an increase of $175,189 over 2017. The increase in expenses is attributed primarily to increased operations and maintenance costs. The District ended 2018 with $2,009,102 in unrestricted cash. This level of cash is enough to provide adequate assurance for meeting continuing cash flow needs.

The Electric System remains financially stable and continues to maintain infrastructure to ensure continued reliability for customers. The Puget Island Water System remained stable financially throughout 2018. The District purchases all water from the Town of Cathlamet for the Puget Island Water System as the result of an Interlocal Agreement which provides for annual rate-setting and true-up. The District continued working diligently to replace aging service connections for leak mitigation as well as meter replacement to ensure dependable metering of water distribution. Western Wahkiakum Water System has a small customer base within a large service territory with aging infrastructure. The District has a meter replacement program in place and continues to repair and maintain infrastructure for leak mitigation. The Western Wahkiakum Water System has a deficit unrestricted net position of $244,337. This is occurring because in accordance with general accepted accounting principles, the interfund advance of $239,862 being used to finance capital assets cannot be shown in the Net Investment in Capital Asset section of net position. The District's year end Unrestricted Net Position was $1,371,866, an increase of $434,011 from 2017, is adequate to meet the District's ongoing obligations to creditors and customers.

Capital Assets

The District's total capital assets as of December 31, 2018 were $15.4 million, net of depreciation. Construction Work in Progress was $118,213 as of December 31, 2018; an increase of $82,114 from 2017 which can be mostly attributed to the District's progress toward upgrading components of the Grays River Substation. Construction for the Grays River Substation project is planned for mid-2019 with an estimated cost of $1,000,000. The District has replaced approximately 2,280 electric meters and more than 600 water meters as part of a multi-year project to replace electric and water meters with Automatic Meter Reading Infrastructure. This technology is significantly increasing efficiency in meter reading.

Plant assets increased overall by $862,075 in 2018 as a result of infrastructure upgrades and water system acquisition. The District continually strives to improve the reliability of all systems. See Note 5 in the Notes to Financial Statements for additional information.

In August 2018 the District's Western Wahkiakum Water System acquired the West Side Water Works in Skamokawa, Washington. The District utilized GASB 72, Fair Value and Measurement to determine the acquisition value of the assets. The capital contribution was calculated to be $491,376. The small water system is comprised of 36 customers and has its own well source.

Long-term Debt

As of December 31, 2018 the District had no outstanding long-term debt. See Note 6 in the Notes to Financial Statement for additional information.

Economic Outlook

The District's Board of Commissioners annually approves a rate structure that ensures revenues meet expenses. The District will continue to invest in infrastructure to provide affordable and reliable services to its customers.

Other Potentially Significant Matters

In January 2019 the Community Economic Revitalization Board (CERB) awarded the District a $50,000 feasibility study grant to research and analyze the need for enhanced broadband services in Wahkiakum County. The study will define issues, research objectives, develop a research plan, collect and analyze information and determine the future needs of the community. Wahkiakum County Commissioners have committed the required matching grant funds in the amount of $16,667.

Additionally, in January 2019 the District was offered a preliminary grant award by the State of Washington Department of Health/Office of Drinking Water in the amount of $572,925. The grant funds will be used to consolidate at least one and perhaps two Group B water systems adjacent to the District's newly acquired water system in Skamokawa, Washington: (1) Sleepy Hollow Water Company currently using an untreated surface water source, and (2) Brooks Slough Water Association currently using an untreated spring source. Consolidation projects include extension of the water main into each of the two service areas and installation of new water service meters. In addition, well improvements include a new chlorine injection system at the existing well installed in the existing well house.

Contacting the District's Financial Management

The purpose of the District's annual financial report is to provide the District's ratepayers and other readers with an overview of the District's finances and to demonstrate accountability for the revenues received. Copies of this report can be obtained by contacting the District at: Public Utility District No. 1 of Wahkiakum County, P.O. Box 248, Cathlamet, WA 98612.

The following discussion and analysis is designed to provide an overview of the financial activity of Public Utility District No. 1 of Wahkiakum County (the District) for the year ending December 31, 2017. This discussion should be read in conjunction with the District's financial statements and the notes to the financial statements.

The District is a municipal corporation of the State of Washington established in 1937 to serve the citizens of Wahkiakum County. The District is governed by a three-member Board of Commissioners locally elected to six-year terms. The District operates an electric department and two water departments.

Overview of the Financial Statements

In accordance with Generally Accepted Accounting Principles the District uses full accrual basis accounting where revenues are recognized when earned and expenses when incurred. The basic financial statements include the Statement of Net Position, the Statement of Revenues, Expenses and Changes in Net Position, and the Statement of Cash Flows.

The Statement of Net Position presents the District's assets, liabilities, deferred inflows/outflows and net position at year end. This statement provides information about the nature and the amount of investment in resources (assets/deferred outflows), and the District's obligations to creditors (liabilities/deferred inflows). The Statement of Revenues, Expenses, and Changes in Fund Net Position provides financial information relating to the District's revenues, expenses and equity. The Statement of Cash Flows provides information pertaining to the District's cash receipts and disbursements throughout the year as well as funds provided from investing and financing activities.

The financial statements along with the notes to the financial statements and management discussion and analysis should be used to provide an overview of the District's financial performance.

The following information provides analysis of the 2017 and 2016 condensed financial information:

Condensed Financial Information for December 31 (in thousands)

	2017	2016	Change
Current and Other Assets	2,612	2,461	151
Capital Assets, net	14,883	14,772	111
TOTAL ASSETS	17,495	17,233	262
Deferred Outflows of Resources	100	159	(59)
TOTAL ASSETS AND DEFERRED OUTFLOWS	17,595	17,392	203
Current Liabilities	622	841	(219)
Non-current Liabilities	1,010	1,277	(267)
TOTAL LIABILITIES	1,632	2,118	(486)
Deferred Inflows of Resources	142	41	101
Net Position			
Net Investment in Capital Assets	14,883	14,556	327
Unrestricted	938	676	262
TOTAL LIABILITIES, DEFERRED INFLOWS, & NET POSITION	17,595	17,391	204
Operating Revenues	4,617	4,322	295
Non-Operating Revenues	99	92	7
TOTAL REVENUES	4,716	4,414	302
Operating Expenses	(4,256)	(4,113)	(143)
Non-Operating Expenses	(84)	(37)	(47)
TOTAL EXPENSES	(4,340)	(4,150)	(190)
Income Before Contributions	376	264	112
Contributions	209	144	65
Special/Extraordinary Item	0	(17)	17
Change in Net Position	585	391	194
NET POSITION, BEGINNING OF YEAR	15,233	14,928	305
Prior Period Adjustment	3	(87)	90
NET POSITION, END OF YEAR	**15,821**	**15,232**	**589**

Financial Analysis and Summary

The financial position of the District remained strong with a slight improvement over 2016. The District's operating revenues were $4,616,697, an increase of $294,115 over 2016. The District experienced higher than expected revenues were primarily in the Electric System and are attributed to colder winter temperatures resulting in higher electric sales. Rates for the two water systems remained stable with no increases throughout 2017. In November 2017 the Board voted to increase the base fee for Electric customers by five dollars per month. This increase is necessary to offset a projected five percent increase in power costs from Bonneville Power Administration. The major source of revenue for the District is metered electric and water sales, most of which come from residential electric consumers.

Operating expenses in 2017 were $4,255,632, an increase of $142,516 over 2016. The increase in expenses is attributed primarily to increased power purchases. The District ended 2017 with $1,594,763 in unrestricted cash. This level of cash is enough to provide adequate assurance for meeting continuing cash flow needs.

The Electric System remains financially stable and continues to maintain infrastructure to ensure continued reliability for customers. The Puget Island Water System remained stable financially throughout 2017. The District purchases all water from the Town of Cathlamet for the Puget Island Water System as the result of an Interlocal Agreement which provides for annual rate-setting and true-up. The District continued working diligently to replace aging service connections for leak mitigation as well as meter replacement to ensure dependable metering of water distribution. Western Wahkiakum Water System has a small customer base within a large service territory with aging infrastructure. The District has a meter replacement program in place and continues to repair and maintain infrastructure for leak mitigation. The Western Wahkiakum Water System has a deficit unrestricted net position of $275,888. This is occurring because in accordance with general accepted accounting principles, the interfund advance of $264,126 being used to finance capital assets cannot be shown in the Net Investment in Capital Asset section of net position. The District's year end Unrestricted Net Position was $937,855, an increase of $261,217 from 2016, is adequate to meet the District's ongoing obligations to creditors and customers.

Capital Assets

The District's total capital assets as of December 31, 2017 were $14.9 million, net of depreciation. Construction Work in Progress was $36,099 as of December 31, 2017; a decrease of $326,704 from 2016 which can be mostly attributed to the completion of the District's electric distribution intertie project with a neighboring utility district. The total cost for the project was approximately $430,000 including in-house labor costs. The intertie project will provide back-up distribution capability for the District's electric customers at the west-end of the service territory. The District has replaced approximately 1,700 electric meters and more than 600 water meters as part of a multi-year project to replace electric and water meters with Automatic Meter Reading Infrastructure. This technology is significantly increasing efficiency in meter reading.

The District has plans to upgrade significant aspects of the Grays River Substation. The construction is planned for 2019 with an estimated cost of $1,000,000.

Plant assets increased overall by $900,682 in 2017 as a result of infrastructure upgrades. The District continually strives to improve the reliability of all systems. See Note 4 in the Notes to Financial Statements for additional information.

Long-term Debt

As of December 31, 2017 the District had no outstanding long-term debt. Previous debt for warrant loan for the construction of the new substation was satisfied in 2017. See Note 5 in the Notes to Financial Statement for additional information.

Economic Outlook

The District's Board of Commissioners annually approves a rate structure that ensures revenues meet expenses. The District will continue to invest in infrastructure to provide affordable and reliable services to its customers.

Contacting the District's Financial Management

The purpose of the District's annual financial report is to provide the District's ratepayers and other readers with an overview of the District's finances and to demonstrate accountability for the revenues received. Copies of this report can be obtained by contacting the District at: Public Utility District No. 1 of Wahkiakum County, P.O. Box 248, Cathlamet, WA 98612.

PUBLIC UTILITY DISTRICT NO. 1 OF WAHKIAKUM COUNTY
STATEMENT OF NET POSITION
DECEMBER 31, 2018

	ELECTRIC	PIWS	WWWS	TOTAL
ASSETS				
CURRENT ASSETS				
Cash and Cash Equivalents	1,695,471	209,322	104,309	2,009,102
Accounts Receivables (Net)	469,251	29,479	30,754	529,484
Receivable from Interfund Advances	24,266	0	0	24,266
Interest Receivable from Interfund Advances	230	0	0	230
Due from Other Governments	4,903	0	0	4,903
Inventories	122,735	57,316	0	180,051
Prepayments	18,310	1,684	1,322	21,316
Total Current Assets	2,335,166	297,801	136,385	2,769,352
NON-CURRENT ASSETS				
Receivable from Interfund Advances	215,596	0	0	215,596
Capital Assets not being Depreciated				
Land	133,941	0	0	133,941
Construction in Progress	118,213	0	0	118,213
Capital Assets being Depreciated				
Plant	17,436,295	1,832,222	5,013,377	24,281,894
Machinery and Equipment	1,674,786	54,766	84,867	1,814,419
Less Accumulated Depreciation	(8,034,064)	(790,313)	(2,248,511)	(11,072,888)
Total Non-Current Assets	11,544,767	1,096,675	2,849,733	15,491,175
Total Assets	13,879,933	1,394,476	2,986,118	18,260,527
DEFERRED OUTFLOWS of RESOURCES				
Deferred Outflows Related to Pensions	62,543	9,531	13,019	85,093
Total Deferred Outflows of Resources	62,543	9,531	13,019	85,093
LIABILITIES				
CURRENT LIABILITIES				
Accounts Payable	224,365	9,149	1,742	235,256
Accrued Taxes	97,099	1,410	1,260	99,769
Customer Deposits	25,966	0	193	26,159
Other Accrued Liabilities	17,791	1,159	2,339	21,289
Revenues Collected In Advance	56,557	0	0	56,557
Compensated Absences	112,658	17,167	23,451	153,276
Interfund Advance Payable	0	0	24,266	24,266
Total Current Liabilities	534,436	28,885	53,251	616,572
NON-CURRENT LIABILITIES				
Interfund Advance Payable	0	0	215,596	215,596
Future Assessments Liability	64,611	5,942	4,663	75,216
Net Pension Liability	364,412	55,529	75,857	495,798
OPEB Liability	53,282	9,197	10,510	72,989
Total Non-Current Liabilities	482,305	70,668	306,626	859,599
Total Liabilities	1,016,741	99,553	359,877	1,476,171
DEFERRED INFLOWS OF RESOURCES				
Deferred Inflows Related to Pensions	154,799	23,588	32,223	210,610
Deferred Inflows Related to OBEB	8,317	1,436	1,641	11,394
Total Deferred Inflows of Resources	163,116	25,024	33,864	222,004
NET POSITION				
Investment in Capital Assets	11,329,171	1,096,675	2,849,733	15,275,579
Unrestricted	1,433,448	182,755	(244,337)	1,371,866
Total Net Position	12,762,619	1,279,430	2,605,396	16,647,445

The accompanying notes are an integral part of the financial statements.

PUBLIC UTILITY DISTRICT NO. 1 OF WAHKIAKUM COUNTY
STATEMENT OF NET POSITION
DECEMBER 31, 2017

	ELECTRIC	PIWS	WWWS	TOTAL
ASSETS				
CURRENT ASSETS				
Cash and Cash Equivalents	1,313,113	170,221	111,429	1,594,763
Accounts Receivables (Net)	485,700	31,616	28,168	545,484
Receivable from Interfund Advances	24,463	0	0	24,463
Interest Receivable from Interfund Advances	185	0	0	185
Due from Other Governments	18,117	0	0	18,117
Inventories	112,878	51,709	0	164,587
Prepayments	20,670	2,043	1,605	24,318
Total Current Assets	1,975,126	255,589	141,202	2,371,917
NON-CURRENT ASSETS				
Receivable from Interfund Advances	239,663	0	0	239,663
Capital Assets not being Depreciated				
Land	133,941	0	0	133,941
Construction in Progress	24,306	1,316	10,477	36,099
Capital Assets being Depreciated				
Plant	17,211,595	1,817,458	4,472,814	23,501,867
Machinery and Equipment	1,593,725	54,213	84,433	1,732,371
Less Accumulated Depreciation	(7,631,672)	(747,977)	(2,141,214)	(10,520,863)
Total Non-Current Assets	11,571,558	1,125,010	2,426,510	15,123,078
Total Assets	13,546,684	1,380,599	2,567,712	17,494,995
DEFERRED OUTFLOWS of RESOURCES				
Deferred Outflows Related to Pensions	73,205	12,635	14,441	100,281
Total Deferred Outflows of Resources	73,205	12,635	14,441	100,281
LIABILITIES				
CURRENT LIABILITIES				
Accounts Payable	243,900	11,554	3,974	259,428
Accrued Taxes	103,335	1,415	1,137	105,887
Customer Deposits	26,948	0	193	27,141
Other Accrued Liabilities	15,473	2,135	1,758	19,366
Revenues Collected In Advance	23,559	4,946	13,954	42,459
Compensated Absences	104,643	18,061	20,642	143,346
Interfund Advance Payable	0	0	24,463	24,463
Total Current Liabilities	517,858	38,111	66,121	622,090
NON-CURRENT LIABILITIES				
Interfund Advance Payable	0	0	239,663	239,663
Future Assessments Liability	61,224	6,050	4,754	72,028
Net Pension Liability	509,777	87,989	100,559	698,325
Total Non-Current Liabilities	571,001	94,039	344,976	1,010,016
Total Liabilities	1,088,859	132,150	411,097	1,632,106
DEFERRED INFLOWS OF RESOURCES				
Deferred Inflows Related to Pensions	103,587	17,879	20,434	141,900
Total Deferred Inflows of Resources	103,587	17,879	20,434	141,900
NET POSITION				
Investment in Capital Assets	11,331,895	1,125,010	2,426,510	14,883,415
Unrestricted	1,095,548	118,195	(275,888)	937,855
Total Net Position	12,427,443	1,243,205	2,150,622	15,821,270

The accompanying notes are an integral part of the financial statements.

PUBLIC UTILITY DISTRICT NO. 1 OF WAHKIAKUM COUNTY
STATEMENT OF REVENUES, EXPENSES & CHANGES IN FUND NET POSITION
FOR THE YEAR ENDING DECEMBER 31, 2018

	ELECTRIC	PIWS	WWWS	TOTAL
OPERATING REVENUES				
Utility Sales	3,893,892	354,605	295,936	4,544,433
Other Operating Revenues	20,593	2,839	4,036	27,468
Total Operating Revenues	3,914,485	357,444	299,972	4,571,901
OPERATING EXPENSES				
Power/Water Purchased for Resale	1,710,350	117,583	0	1,827,933
Operations	150,544	38,212	78,697	267,453
Maintenance	389,825	67,857	91,425	549,107
Depreciation	527,309	55,377	121,298	703,984
Customer Accounting	238,914	23,167	27,347	289,428
General Administration	450,825	18,524	27,601	496,950
Taxes	262,497	18,555	14,913	295,965
Total Operating Expenses	3,730,264	339,275	361,281	4,430,820
Utility Operating Income (Loss)	**184,221**	**18,169**	**(61,309)**	**141,081**
NON-OPERATING REVENUES				
Interest Income	31,845	3,276	1,868	36,989
Rental Income	24,975	0	0	24,975
Gains (Losses) on Asset Disposal	7,049	0	0	7,049
Misc Non-Operating Income	48,092	5,300	10,957	64,349
Total Non-Operating Revenues	111,961	8,576	12,825	133,362
NON-OPERATING EXPENSES				
Costs and Expenses of Merchandising, Jobbing and Contract Work	43,864	0	2,683	46,547
Interest Expense on Long-Term Debt	0	0	4,720	4,720
Total Non-Operating Expenses:	43,864	0	7,403	51,267
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS	252,318	26,745	(55,887)	223,176
CAPITAL CONTRIBUTIONS	139,354	19,232	521,806	680,392
CHANGE IN NET POSITION	391,672	45,977	465,919	903,568
TOTAL NET POSITION, JANUARY 1, 2018	12,427,443	1,243,205	2,150,622	15,821,270
CHANGES IN ACCOUNTING PRINCIPLE	(56,496)	(9,752)	(11,145)	(77,393)
TOTAL NET POSITION, DECEMBER 31, 2018	**12,762,619**	**1,279,430**	**2,605,396**	**16,647,445**

The accompanying notes are an integral part of the financial statements.

PUBLIC UTILITY DISTRICT NO. 1 OF WAHKIAKUM COUNTY
STATEMENT OF REVENUES, EXPENSES & CHANGES IN FUND NET POSITION
FOR THE YEAR ENDING DECEMBER 31, 2017

	ELECTRIC	PIWS	WWWS	TOTAL
OPERATING REVENUES				
Utility Sales	3,947,416	362,040	280,905	4,590,361
Other Operating Revenues	21,456	2,555	2,325	26,336
Total Operating Revenues	3,968,872	364,595	283,230	4,616,697
OPERATING EXPENSES				
Power/Water Purchased for Resale	1,709,623	115,550	0	1,825,173
Operations	158,882	32,765	63,709	255,356
Maintenance	296,616	25,185	57,435	379,236
Depreciation	523,978	49,215	113,935	687,128
Customer Accounting	240,996	25,067	25,454	291,517
General Administration	458,368	42,486	15,825	516,679
Taxes	267,315	18,632	14,596	300,543
Total Operating Expenses	3,655,778	308,900	290,954	4,255,632
Utility Operating Income (Loss)	**313,094**	**55,695**	**(7,724)**	**361,065**
NON-OPERATING REVENUES				
Interest Income	14,746	1,189	797	16,732
Rental Income	23,895	0	0	23,895
Gains (Losses) on Asset Disposal	(52,377)	(3,074)	(3,359)	(58,810)
Misc Non-Operating Income	108,759	3,298	5,078	117,135
Total Non-Operating Revenues	95,023	1,413	2,516	98,952
NON-OPERATING EXPENSES				
Costs and Expenses of Merchandising, Jobbing and Contract Work	73,096	0	6,005	79,101
Interest Expense on Long-Term Debt	501	0	3,966	4,467
Total Non-Operating Expenses:	73,597	0	9,971	83,568
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS	334,520	57,108	(15,179)	376,449
CAPITAL CONTRIBUTIONS	177,742	14,835	16,309	208,886
CHANGE IN NET POSITION	512,262	71,943	1,130	585,335
TOTAL NET POSITION, JANUARY 1, 2017	11,911,802	1,171,262	2,149,492	15,232,556
PRIOR PERIOD ADJUSTMENT	3,379	0	0	3,379
TOTAL NET POSITION, DECEMBER 31, 2017	**12,427,443**	**1,243,205**	**2,150,622**	**15,821,270**

The accompanying notes are an integral part of the financial statements.

PUBLIC UTILITY DISTRICT NO. 1 OF WAHKIAKUM COUNTY
STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2018

	ELECTRIC	PIWS	WWWS	TOTAL
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash Receipts from Customers	3,944,148	359,581	297,386	4,601,115
Cash Received from Others	73,067	5,300	10,957	89,324
Cash Payments to Employees for Services	(551,149)	(84,276)	(114,887)	(750,312)
Cash Payments to Other Suppliers of Goods or Services	(2,717,725)	(236,971)	(148,063)	(3,102,759)
Other Cash Payments	(43,864)	0	(2,683)	(46,547)
Net Cash Provided (Used) by Operating Activities	704,477	43,634	42,710	790,821
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES				
Interfund Activity	28,984	0	(28,984)	0
Net Cash Provided (Used) by Non-Capital Financing Activities	28,984	0	(28,984)	0
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Capital Contributions Received	139,354	19,232	30,430	189,016
Gain (loss) on Disposal of Capital Assets	8,390	0	0	8,390
Acquisition, Construction, or Improvement of Capital Assets	(525,926)	(27,041)	(53,144)	(606,111)
Net Cash Provided (Used) by Capital and Related Financing Activities	(378,182)	(7,809)	(22,714)	(408,705)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest Received	27,079	3,276	1,868	32,223
Net Cash Provided by Investing Activities	27,079	3,276	1,868	32,223
NET INCREASE (DECREASE) IN CASH & CASH EQUIVALENTS:	382,358	39,101	(7,120)	414,339
BALANCES - BEGINNING OF THE YEAR	1,313,113	170,221	111,429	1,594,763
BALANCES - END OF THE YEAR	1,695,471	209,322	104,309	2,009,102

RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES

	ELECTRIC	PIWS	WWWS	TOTAL
OPERATING INCOME	**$184,222**	**$18,168**	**($61,310)**	**141,080**
Depreciation	527,309	55,377	121,298	703,984
CHANGES IN OPERATING ASSETS AND LIABILITIES				
Decrease (Increase) in Net Accounts Receivables	29,663	2,137	(2,586)	29,214
Decrease (Increase) in Inventories	(9,857)	(5,607)	0	(15,464)
Decrease (Increase) in Prepaid Items	2,360	359	283	3,002
Increase (Decrease) in Payables	(19,535)	(2,405)	(2,232)	(24,172)
Increase (Decrease) in Compensated Absences	8,015	(894)	2,809	9,930
Increase (Decrease) in Other Current Liabilities	34,334	(5,922)	(13,373)	15,039
Increase (Decrease) in Taxes Payable	(6,236)	(5)	123	(6,118)
Increase (Decrease) in Items Related to Pensions	(83,491)	(23,647)	(11,491)	(118,629)
Increase (Decrease) in items Related to OPEB	5,103	881	1,006	6,990
Increase (Decrease) Future Assessments Liability	3,387	(108)	(91)	3,188
Non-Operating Income/Expense	29,203	5,300	8,274	42,777
Net Cash Provided by Operating Activities	$704,477	$43,634	$42,710	$790,821

SUPPLEMENTAL DISCLOSURE OF NON-CASH INVESTING, CAPITAL, OR FINANCING ACTIVITIES

A summary of non-cash investing and financing activities for the year ended December 31, 2018 is presented below:

	ELECTRIC	PIWS	WWWS	TOTAL
Capital Assets Acquired by Contribution	0	0	491,376	491,376

The accompanying notes are an integral part of the financial statements.

PUBLIC UTILITY DISTRICT NO. 1 OF WAHKIAKUM COUNTY
STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2017

	ELECTRIC	PIWS	WWWS	TOTAL
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash Receipts from Customers	3,982,014	366,056	283,529	4,631,599
Cash Received from Others	132,654	3,298	5,078	141,030
Cash Payments to Employees for Services	(520,666)	(59,486)	(102,684)	(682,836)
Cash Payments to Other Suppliers of Goods or Services	(2,692,869)	(164,206)	(79,655)	(2,936,730)
Other Cash Payments	(73,096)	0	(6,005)	(79,101)
Net Cash Provided (Used) by Operating Activities	828,037	145,662	100,263	1,073,962
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES				
Interfund Activity	22,842	0	(22,842)	0
Proceeds from Grant funding	21,147	0	0	21,147
Net Cash Provided (Used) by Non-Capital Financing Activities	43,989	0	(22,842)	21,147
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Principal Payments	(216,000)	0	0	(216,000)
Interest Payments	(1,057)	0	0	(1,057)
Capital Contributions Received	177,742	14,835	16,309	208,886
Gain (loss) on Disposal of Capital Assets	0	0	0	0
Acquisition, Construction, or Improvement of Capital Assets	(681,174)	(157,938)	(38,990)	(878,102)
Net Cash Provided (Used) by Capital and Related Financing Activitie	(720,489)	(143,103)	(22,681)	(886,273)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest Received	10,781	1,189	797	12,767
Net Cash Provided by Investing Activities	10,781	1,189	797	12,767
NET INCREASE (DECREASE) IN CASH & CASH EQUIVALENTS:	162,318	3,748	55,537	221,603
BALANCES - BEGINNING OF THE YEAR	1,150,795	166,473	55,892	1,373,160
BALANCES - END OF THE YEAR	1,313,113	170,221	111,429	1,594,763

RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES

	ELECTRIC	PIWS	WWWS	TOTAL
Operating Income	**$313,094**	**$55,695**	**($7,724)**	**361,065**
Depreciation	523,978	49,215	113,935	687,128
Changes in Operating Assets & Liabilities				
Decrease (Increase) in Net Accounts Receivables	13,142	1,461	299	14,902
Decrease (Increase) in Inventories	(794)	34,315	0	33,521
Decrease (Increase) in Prepaid Items	3,015	229	140	3,384
Increase (Decrease) in Payables	(4,926)	3,239	1,367	(320)
Increase (Decrease) in Compensated Absences	9,072	2,373	76	11,521
Increase (Decrease) in Other Current Liabilities	(43,357)	50	13,773	(29,534)
Increase (Decrease) in Taxes Payable	10,754	(6)	(41)	10,707
Increase (Decrease) in Items Related to Pensions	(48,522)	(3,392)	(20,115)	(72,029)
Increase (Decrease) in Future Assessments Liability	(10,356)	(815)	(520)	(11,691)
Non-Operating Income/Expense	59,558	3,298	(927)	61,929
Prior Period Adjustment	3,379	0	0	3,379
Net Cash Provided by Operating Activities	$828,037	$145,662	$100,263	$1,073,962

Supplemental Disclosure of Non-Cash Investing, Capital, and Financing Activities

A summary of non-cash investing and financing activities for the year ended December 31, 2017 is presented below:

	ELECTRIC	PIWS	WWWS	TOTAL
Disposal/Reclassification of Capital Assets	(52,377)	(3,074)	(3,359)	(58,810)

The accompanying notes are an integral part of the financial statements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Public Utility District No. 1 of Wahkiakum County (The District) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The significant accounting policies are described below.

A. Reporting Entity

The District was incorporated in 1937 and operates under the laws of the state of Washington applicable to public utility districts.

As required by the generally accepted accounting principles the financial statements present the District and its potential component units. (This District has no component units.) These financial statements present Public Utility District No. 1 of Wahkiakum County which is comprised of three separate systems named the Electric System, the Puget Island Water System (PIWS), and the Western Wahkiakum Water System (WWWS).

B. Basis of Presentation

The accounting records of the District are maintained in accordance with methods prescribed by the State Auditor under the authority of RCW 43.09.

C. Measurement Focus, Basis of Accounting

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.

The District distinguishes between operating revenues and expenses from non-operating ones. Operating revenues and expenses result from providing services and producing and delivering goods in connection with a District's principal ongoing operations. The principal operating revenues of the District are charges to customers for electric and water sales and services. Operating expenses for the District include the cost of sales and services, administrative expenses, maintenance and operational expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

D. Assets, Liabilities, Fund Balance, Net Position

Cash and Cash Equivalents

The District's cash and cash equivalents are considered to be cash on hand, certificates of deposit, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. Cash resources of individual funds are invested directly into government securities with interest accruing for the benefit of the investing funds. The interest earned on these investments is prorated to the various funds. This policy covers all funds operated by the District.

For the purposes of the statement of cash flows, the District considers the Washington State Local Government Investment Pool cash. Investments in the State Investment Pool are classified as cash equivalents on the financial statements.

Certain Investments for the District are reported at fair value. Accordingly, the change in fair value of investments is recognized as an increase or decrease to investment assets and investment income. Likewise, some investments are reported at amortized costs.

The District's deposits are entirely covered by the Federal Depository Insurance (FDIC) or by collateral held in a multiple financial institution collateral pool administered by the Washington Public Deposit Protection Commission (PDPC).

Investments

See Note 4, Deposits and Investments.

Receivables

Customer accounts receivable consist of amounts owed from private individuals or organizations for goods and services including amounts owed for which billings have not been prepared. Unbilled service receivables are recorded at year end. Customer meters are read and billed monthly. Service rates are established by the District's elected Board of Commissioners. Bad debt expenses are debited and the accumulated provision for uncollectible accounts is credited with an amount that provides for losses on accounts receivable which may become uncollectible.

Amounts Due to and from Other Funds and Governments, Interfund Loans and Advances Receivable

Activities between systems or other governments that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as interfund loans receivable/payable or payables to other governments. Separate schedules of interfund loans receivable/payable and loans due to other governments is furnished in Note 12 Interfund Balances and Transfers.

Inventories

Inventories consist of expendable supplies held for consumption. The cost is recorded as expenditure at the time individual inventory items are purchased. The reserve for inventory is equal to the ending amount of inventory to indicate that a portion of the fund balance is not available for future expenditures. A comparison to market value is not considered necessary.

Inventories are valued by the average cost method which approximates the market value.

Capital Assets See Note 5, Capital Assets

The District's distribution plant assets include utility poles, underground electrical lines, overhead electrical lines, substations, meters, transformers, water treatment facilities, water mains, and valves; and general plant assets include transportation equipment, power and testing equipment and office equipment. Capital assets are defined by the District as assets with an initial cost of more than $5,000 and an estimated useful life of five years. Such assets are recorded at historical cost. Costs for additions or improvements to capital assets are capitalized when they increase the effectiveness or efficiency of the asset. The costs for normal maintenance and repairs are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Preliminary costs incurred for proposed projects are deferred pending construction of the facility. Costs relating to projects ultimately constructed are transferred to utility plant; charges that relate to abandoned projects are expensed.

Distribution plant assets and general plant assets of the District are depreciated using the straight-line method over the following useful lives:

Asset	Years
Distribution Plant	10-40
General Plant	5-40

Compensated Absences

Compensated absences are absences for which employees will be paid, such as personal leave. All personal leave is accrued when incurred.

Personal leave, which may be accumulated up to a maximum of one hundred twenty (120) work days, is payable to the employee's VEBA upon resignation, retirement, or death for represented employees and is payable to the employee or the employee's VEBA for non-represented employees.

Future Assessments Liability

The Future Assessments Liability is the District's contractual obligation under the PURMS Interlocal Agreement of actuarially-based claims for the PURMS risk pools in which the District participates. The liability is incurred-but-not-reported claims in existence as of the end of the fiscal year based on an actuarial report.

Other Accrued Liabilities

These accounts consist of accrued wages and accrued employee benefits, interest payable and funds donated to the District's Residential Energy Assistance Program.

Long-Term Debt

See Note 6, Long-Term Debt

Net Pension Liability

See Note 8, Pension Plans.

Total Other Post Employment (OPEB) Liability

See Note 9, Defined Benefit Other Post Employment Benefit (OPEB Plans.

Deferred Outflows of Resources and Deferred Inflows of Resources

A Deferred Outflows of Resources is a consumption of net position that are applicable to future periods. Deferred Inflow of Resources are acquisitions of net position in one period that are applicable to future periods. These are distinguished from assets and liabilities in the statement of net position. The District recognizes Deferred Outflows and Deferred Inflows related to pension liability and OPEB liability.

NOTE 2 – ACCOUNTING AND REPORTING CHANGES

The District implemented GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. This statement requires state and local governments to report the full actuarially determined present value of projected benefits to be provided to current active and inactive employees attributable to past periods of service, less the amount of the plan's fiduciary net position. The effect of implementation on beginning net position has been presented as a Change in Accounting Principle in the Statement of Activities, in the amount of $77,393.

NOTE 3 – CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS

A. Construction Commitments

The District has active projects as of December 31, 2018. The projects are primarily infrastructure upgrades.

At year end the District's commitments are as follows:

PROJECT	SPENT TO DATE	REMAINING COMMITMENT
Substation Rebuild	$ 62,016	$ 1,000,000
Customer Line Extensions	$ 29,105	$ 19,400
Metering Infrastructure Upgrade	$ 27,092	$ 150,000
Total	$ 118,213	$ 1,169,400

Of the committed balance of $1,169,400 the District may be required to raise financing for a portion of the substation rebuild.

B. Other Commitments

The District has entered into "net billing agreements" with Energy Northwest and BPA. Under terms of these agreements, the District has purchased a maximum of .235%, .328% and .203% of the capacity of Energy Northwest's Nuclear Projects 1 and 2 and their 70% ownership share of Nuclear project 3, respectively and has sold this capacity to BPA. Under the Net Billing Agreements, BPA is unconditionally obligated to pay Energy Northwest the pro rata share of the total annual costs of each project, including debt service on revenue bonds issued to finance the projects, whether or not the projects are completed, operable or operating and notwithstanding the suspension reduction or curtailment of the projects' outputs.

Nuclear Projects No. 1 and No. 3 (Satsop site) were terminated by the Energy Northwest Board in 1994, subject to repayment of the debt service on the outstanding revenue bonds. Nuclear Projects No. 2, Columbia Generating Station Nuclear Power Plant (Columbia), was completed and placed into operation in December 1984. It is owned by Energy Northwest and its participants. Columbia is a 1,190 MW boiling water nuclear reactor located on the Department of Energy's Hanford Nuclear Reservation near Richland, Washington. The Project commenced Commercial operations in December 1984, and is currently operating under a 40-year Nuclear Regulatory Commission License.

The District is a preference customer of Bonneville Power Administration (BPA). In 2011 the District entered into a new Full Service Power Sales Agreement with the United States of America, Department of Energy, acting by and through BPA, commencing October 1, 2011 and terminating September 30, 2028.

An additional agreement with BPA, effective at 0000 hours on October 1, 2001, will provide full transmission and ancillary services to the District from BPA, specifically the Transmission Business Lines division of BPA. This full service transmission agreement expires at 12:00 midnight, September 30, 2031.

The District, because of the very rural nature of Wahkiakum County, continues to receive the benefits of a Low Density Discount (LDD) as mandated by the Pacific Northwest Electric Power Planning and Conservation Act due to our low system density.

Packwood Hydroelectric Project: The Packwood Hydroelectric Project is a 27 MW peaking resource located near Packwood Washington. It began commercial operation in June 1964. The District has one percent share in the project (there are different levels of ownership among the project's participants). In 2011 the District entered into an agreement with Clallam Public Utility District for the sale and purchase of project output. The contract commenced October 1, 2011 and will terminate September 30, 2028.

In 1996 the Puget Island Water System modified an Interlocal Agreement with the Town of Cathlamet and now requires the District to purchase one hundred percent of its water supply for the Puget Island Water System from the Town through the year 2037. A summation segment of the Agreement is amended annually to set the purchase rate for the following calendar year true-up estimated expenses.

NOTE 4 – DEPOSITS AND INVESTMENTS

A. Deposits

Cash on hand at December 31, 2018 was $2,009,102.

B. Custodial Credit Risk

Custodial risk for deposits is the risk that, in the event of a failure of a depository financial institution, the District's would not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The District has not adopted a policy that addresses deposit custodial risk; however, the District's deposits are entirely covered by the Federal Deposit Insurance Corporation (FDIC) or by collateral held in a multiple financial institution collateral pool administered by the Washington Public Deposit Protection Commission (PDPC). In the event of a bank failure, claims for the District's deposits would be satisfied by the FDIC or from the sale of collateral held in the PDPC pool.

Amounts held in Washington State banks approved by the Public Deposit Protection Commission (PDPC) are covered by federal depository insurance up to $250,000 and by the PDPC for amounts over $250,000. The PDPC constitutes a multiple financial institution collateral pool that provides for additional assessments against participants of the pool on a pro rata basis. Accordingly, the deposits covered by PDPC are considered to be insured.

Of the District's total position of $2,009,102, $0 is exposed to custodial credit risk because the investments are held by the District's brokerage firm, which is also the counterparty in those particular securities.

C. Investments

The District's funds are held in the custody of the Wahkiakum County Treasurer and funds that are not required for immediate expenditure may be invested in savings or time accounts in designated qualified public depositaries or in certificates, notes, or bonds of the United States, or other obligations of the United States or its agencies, or of any corporation wholly owned by the government of the United States; in bankers' acceptances purchased on the secondary market, in federal home loan bank notes and bonds, federal land bank bonds and federal national mortgage association notes, debentures and guaranteed certificates of participation, or the obligations of any other government sponsored corporation whose obligations are or may become eligible as collateral for advances to member banks as determined by the board of governors of the federal reserve system or deposit such funds or any portion thereof in investment deposits as defined in RCW 39.58.010 secured by collateral in accordance with the provisions of chapters 39.58 and 39.59 RCW. Currently the District's funds are invested in the Washington State Treasurer's Investment Pool.

The District does not have a policy for custodial credit risk of investment securities. Further, the District is not subject to foreign currency risk or interest rate risk.

D. Investments in Local Government Investment Pool (LGIP)

The District is a participant in the Local Government Investment Pool which was authorized by Chapter 294, Laws of 1986, and is managed and operated by the Washington State Treasurer. The State Finance Committee is the administrator of the statute that created the pool and adopts the rules. The State Treasurer is responsible for establishing the investment policy for the pool and reviews the policy annually and proposed changes are reviewed by the LGIP advisory committee.

Investments in the LGIP, a qualified external investment pool, are reported at amortized cost which approximates fair value. The LGIP is an unrated external investment pool. The pool portfolio is invested in a manner that meets the maturity, quality, diversification and liquidity requirements set forth by the GASBS 79 for external investment pools that elect to measure, for financial reporting purposes, investments at amortized cost. The LGIP does not have any legally binding guarantees of share values. The LGIP does not impose liquidity fees or redemption gates on participant withdrawals.

The Office of the State Treasurer prepares a stand-alone LGIP financial report. A copy of the report is available from the Office of the State Treasurer, PO Box 40200, Olympia, Washington 98504-0200, online at http://www.tre.wa.gov.

E. Summary of Deposit and Investment Balances

Reconciliation of the District's deposit and investment balances as of December 31, 2018 is as follows:

Cash and Cash Equivalents	
Bank Depository and Checking Accounts	$ 59,038
Petty Cash	$ 3,500
Local Government Investment Pool	$ 1,946,564
	$ 2,009,102

NOTE 5 – CAPITAL ASSETS

Utility plant activities for the year ended December 31, 2018 were as follows:

Plant Assets	Beginning Balance	Increase	Decrease	Ending Balance
Capital Assets Not Being Depreciated:				
Land	133,941	0	0	133,941
Construction Work in Progress:	36,099	433,657	(351,543)	118,213
Total Capital Assets Not Being Depreciated:	**170,040**	**433,657**	**(351,543)**	**252,154**
Capital Assets Being Depreciated:				
Distribution Plant:	23,501,867	893,086	(113,059)	24,281,894
General Plant:	1,732,371	122,290	(40,242)	1,814,419
Total Utility Plant Being Depreciated:	**25,234,238**	**1,015,376**	**(153,301)**	**26,096,313**
Less Accumulated Depreciation for:				
Distribution Plant:	(9,518,002)	(607,996)	113,059	(10,012,939)
General Plant:	(1,002,861)	(95,989)	38,901	(1,059,949)
Total Accumulated Depreciation:	**(10,520,863)**	**(703,985)**	**151,960**	**(11,072,888)**
Total Utility Plant Being Depreciated (net):	**14,713,375**	**311,391**	**(1,341)**	**15,023,425**
Total Utility Plant (net):	**14,883,415**	**745,048**	**(352,884)**	**15,275,579**

NOTE 6 – LONG-TERM DEBT

Long-Term Debt

The District has the following debt issues outstanding as of December 31, 2018:

Name and Amount of Issue	Purpose	Issuance Date	Maturity Date	Interest Rate	Debt Outstanding
WWWS Loan	Refinance Bond	March 2001	1/15/2022	Varies	239,862
					$ 239,862

The annual requirements to amortize all debts outstanding as of December 31, including interest, are as follows:

Year Ending 31-Dec	Principal	Interest	Total
2019	$ 24,266	$ 5,266	$ 29,532
2020	$ 24,831	$ 4,702	$ 29,533
2021	$ 25,408	$ 4,124	$ 29,532
2022	$ 165,357	$ 3,533	$ 168,890
	$ 239,862	$ 17,625	$ 257,487

The District refinanced Western Wahkiakum Water System's Revenue with a loan from the Electric System to Western Wahkiakum Water System. This refinance lowers the interest rate and retires the debt in a more expeditious manner which is advantageous for the water system. The interest rate was set at a minimum of the Washington State LGIP gross earnings rate plus .5%. The loan has a 20 year amortization with a January 15, 2018 call date and a provision that allows for renegotiation of loan terms. The loan was renegotiated in December 2017 with a 10 year amortization and a December 15, 2022 call date; the interest rate was set at the Washington State LGIP gross earnings rate with a minimum interest rate of .5%.

NOTE 7 – CHANGES IN LONG-TERM LIABILITIES

During the year ended December 31, 2018, the following changes occurred in long-term liabilities:

	Beginning Balance 01/01/2018	Additions	Reductions	Ending Balance 12/31/2018	Due Within One Year
Interfund Loan WWWS	264,126	--0--	24,264	239,862	24,266
Net Pension Liability	698,325	--0--	202,527	495,798	--0--
OPEB Liability	77,393	--0--	4,404	72,989	--0--
Compensated Absences	143,346	9,930	--0--	153,276	153,276
Future Assessments Liability	72,028	3,188	--0--	75,216	--0--
Total Long-Term Liabilities	**$1,255,218**	**$ 13,118**	**$ 231,195**	**$ 1,037,141**	**$ 177,542**

Upon implementation of GASB 75, the beginning balance of OPEB was restated to $77,393.

NOTE 8 – PENSION PLANS

The following table represents the aggregate pension amounts for all plans for the year 2018:

Aggregate Pension Amounts – All Plans	
Pension liabilities	$ 495,798
Deferred outflows of resources	$ 85,093
Deferred inflows of resources	$ 210,610
Pension expense/expenditures	$ 5,782

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.

PUBIC 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.

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 paid 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.

<u>Contributions</u>

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 2018 were as follows:

PERS Plan 1		
Actual Contribution Rates	**Employer**	**Employee**
January - June 2018:		
PERS Plan 1	7.49%	6.00%
PERS Plan 1 UAAL	5.03%	
Administrative Fee	0.18%	
Total	**12.70%**	**6.00%**
July - December 2018:		
PERS Plan 1	7.52%	6.00%
PERS Plan 1 UAAL	5.13%	
Administrative Fee	0.18%	
Total	**12.83%**	**6.00%**

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 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 2018 were as follows:

PERS Plan 2/3		
Actual Contribution Rates	**Employer 2/3**	**Employee 2***
January – June 2017:		
PERS Plan 2/3	7.49%	7.38%
PERS Plan 1 UAAL	5.03%	
Administrative Fee	0.18%	
Employee PERS Plan 3		varies
Total	**12.70%**	**7.38%**
July – December 2017:		
PERS Plan 2/3	7.52%	7.41%
PERS Plan 1 UAAL	5.13%	
Administrative Fee	0.18%	
Employee PERS Plan 3		Varies
Total	**12.83%**	**7.41%**

The District's actual contributions to the plan were $50,136 to Plan 1 and $74,275 to PERS Plan 2/3 for the year ended December 31, 2018.

Actuarial Assumptions

The total pension liability (TPL) for each of the DRS plans was determined using the most recent actuarial valuation completed in 2018 with a valuation date of June 30, 2017. 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 *2017 Economic Experience Study*.

Additional assumptions for subsequent events and law changes are current as of the 2017 actuarial valuation report. The TPL was calculated as of the valuation date and rolled forward to the measurement date of June 30, 2018. Plan liabilities were rolled forward from June 30, 2017, to June

30, 2018, reflecting each plan's normal cost (using the entry-age cost method), assumed interest and actual benefit payments.

- **Inflation:** 2.75% total economic inflation; 3.50% salary inflation
- **Salary increases**: In addition to the base 3.50% salary inflation assumption, salaries are also expected to grow by promotions and longevity.
- **Investment rate of return:** 7.4%

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.

- Lowered the valuation interest rate from 7.70% to 7.50% for all systems.
- Lowered the assumed general salary growth from 3.75% to 3.50% for all systems.
- Lowered assumed inflation from 3.00% to 2.75% for all systems.

Discount Rate

The discount rate used to measure the total pension liability for all DRS plans was 7.4 percent.

To determine that rate, an asset sufficiency test included an assumed 7.5 percent long-term discount rate to determine funding liabilities for calculating future contribution rate requirements. (All plans use 7.5. Consistent with the long-term expected rate of return, a 7.4 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). 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 7.4 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 7.4 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.

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, 2018, 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.

Asset Class	Target Allocation	% Long-Term Expected Real Rate of Return Arithmetic
Fixed Income	20%	1.70%
Tangible Assets	7%	4.90%
Real Estate	18%	5.80%
Global Equity	32%	6.30%
Private Equity	23%	9.30%
	100%	

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.

	1% Decrease (6.4%)	Current Discount Rate (7.4%)	1% Increase (8.4%)
PERS 1	$ 408,288	$ 332,228	$ 266,345
PERS 2/3	$ 748,173	$ 163,570	$ (35,739)

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.

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

At June 30, 2018, the District reported a total pension liability of $495,798 for its proportionate share of the net pension liabilities as follows:

	Liability (or Asset)
PERS 1	$ 332,228
PERS 2/3	$ 163,570

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

	Proportionate Share 6/30/17	Proportionate Share 6/30/18	Change in Proportion
PERS 1	.007579%	.007439%	-.00014%
PERS 2/3	.009748%	.009580%	.000168%

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, 2018, and the actuarial valuation date on which the total pension liability (asset) is based was as of June 30, 2017, with update procedures used to roll forward the total pension liability to the measurement date.

Pension Expense

For the year ended December 31, 2018, the District recognized pension expense as follows:

	Pension Expense
PERS 1	$ 22,106
PERS 2/3	($ 16,324)
TOTAL	$ 5,782

Deferred Outflows of Resources and Deferred Inflows of Resources

At December 31, 2018, the District's reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

PERS 1	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual investment earnings on pension plan investments	$ 0	$ 13,203
Contributions subsequent to the measurement date	25,516	0
TOTAL	$ 25,516	$ 13,203

PERS 2/3	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 20,049	$ 28,638
Net difference between projected and actual investment earnings on pension plan investments	0	100,374
Changes of assumptions	1,914	46,551
Changes in proportion and differences between contributions and proportionate share of contributions	0	21,844
Contributions subsequent to the measurement date	37,614	0
TOTAL	$ 59,577	$ 197,407

TOTAL ALL PLANS	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 20,049	$ 41,841
Net difference between projected and actual investment earnings on pension plan investments	0	100,374
Changes of assumptions	1,914	46,551
Changes in proportion and differences between contributions and proportionate share of contributions	0	21,844
Contributions subsequent to the measurement date	63,130	0
TOTAL	$ 85,093	$ 210,610

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, 2019. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31:	PERS 1
2019	$ 578
2020	($ 2,886)
2021	($ 8,661)
2022	($ 2,233)
2023	-
Thereafter	($13,202)

Year ended December 31:	PERS 2/3
2019	($ 24,039)
2020	($ 36,583)
2021	($ 64,096)
2022	($ 25,409)

2023	($ 11,079)
Thereafter	($ 14,238)

NOTE 9 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLANS – NO QUALIFYING TRUST

The following table represents the aggregate OPEB amounts for all plans subject to the requirements of GASB Statement 75 for the year 2018.

OPEB Liability	$ 72,989
Deferred Inflows of Resources	$ 11,394
OPEB Expenses/Expenditures	$ 6,989

The District allows retirees and their spouses to participate in the District's defined benefit health, dental and vision coverage upon retirement at their own cost. Retirees are defined as those who are vested in the Public Employees Retirement System (PERS 1, PERS 2 or PERS 3) and leave the employ of the PUD by (a) retiring and immediately receive benefits under PERS; or (b) choosing not to receive benefits under PERS until such time as actuarial reductions to those benefits diminish. The employee and/or spouse is eligible for participation until reaching Medicare age. The employee pays the full premium.

The plan is funded on a pay-as-you-go basis and there are no assets accumulated in a qualifying trust.

Employees covered by benefit terms: At December 31, 2018, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	0
Inactive employees entitled to but not yet receiving benefits	0
Active employees	26
Total	26

The authority for this agreement is outlined in the union agreement between the District and the District's IBEW #77 represented employees. It is understood the cost of participation will be re-calculated annually and it is up to the participant to ensure all contributions are made timely.

Assumptions and Other Inputs

The actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Examples include assumptions about retirement ages, mortality and the healthcare cost trend. The actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

The District's total OPEB liability of $72,989 was measured as of December 31, 2018 with a valuation date of December 31, 2018. The Entry Age Normal actuarial cost method and the Level Dollar amortization method were used in this calculation. There are no assets in this plan, therefore, no asset valuation method was used.

The total OPEB liability was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement period, unless otherwise specified:

Discount Rate – Beginning of Measurement Year	3.30%
Discount Rate – End of Measurement Year	3.83%
Medical Trend Rates	9% reduced by 5% until base 5%
Inflation Rate	3.83%
Retirement Age	Age 62 with 20 years, but not later than 65 and 10 years
Turnover Table	T2

The source of the discount rate if the 20-Year Municipal Bond Index Rate.

Mortality rates were based on the RP-2014 Mortality with 2018 Improvement Rates. The Society for Actuaries publishes this document. 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.

Sensitivity Rates

Utilizing an entry age normal method, the following presents the total OPEB liability of the District calculated using the current healthcare cost trend of 9%, as well as what the OPEB liability would be if it were calculated using a discount rate that is one percent point lower (8 percent decreasing to 4 percent) or one percentage point higher (10 percent decreasing to 6 percent) than the current rate.

	1% Decrease	Current Healthcare Cost Trend Rate 9%	1% Increase
Total OPEB Liability	66,324	72,989	80,537

The following presents the total OPEB liability of the District calculated using the discount rate of 3.83%, as well as what the OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.83%) or one percentage point higher (4.83%) than the current rate.

	1% Decrease	Current Discount Rate	1% Increase
Total OPEB Liability	81,614	72,989	65,584

Changes in the Total OPEB Liability

Medical/Dental/Vision OPEB	
Total OPEB Liability at December 1, 2018	77,393
Service Cost	5,700

Interest	2,554
Experience (Gain)/Loss	(8,254)
Net Change in OPEB Liability	77,393
Changes of Assumptions	(4,404)
Total OPEB Liability at December 31, 2018	72,989

At December 31, 2018, the District report deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 0	$ 7,430
Changes of assumptions	$ 0	$ 3,964
TOTAL	$ 0	$ 11,394

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

Year ended December 31:	
2019	$ 1,265
2020	$ 1,265
2021	$ 1,265
2022	$ 1,265
2023	$ 1,265
Thereafter	$ 5,069

NOTE 10 – RISK MANAGEMENT

The District is a member of the Public Utilities Risk Management Services (PURMS), Joint Liability Self-Insurance Fund. 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, joint self-insuring, and contracting for risk management services to the same extent that they may individually purchase insurance, self-insure, 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 on December 30, 1976 when public utility 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 program's general objectives are to formulate, develop, and administer, on behalf of the member public utilities, a program of insurance, to obtain lower costs for that coverage, and to develop a comprehensive loss control program. PURMS members participate in one or more of the three risk pools: Liability Pool, Property Pool, and Health and Welfare Pool. The Pools operate independently of one another and all members do not participate in all Pools. The District participates in the Liability Pool, the Property Pool and the Health and Welfare Pool.

The Pools are funded through assessments of their current and former members based on assessment formulas outlined in the Self-Insurance Agreement. Members may withdraw from a pool on December 31st of any year by giving 90 days prior notice. Former members will remain forever responsible for their share of assessments for any unresolved, unreported, or in-process occurrences while they were members. Claims are filed with the Administrator, Pacific Underwriters, Seattle, Washington which serves as the PURMS' Administrator and provides claims adjustment and loss prevention services.

The Pools are governed by a Board of Directors comprised of one designated representative from each participating member. The Administrator and an elected Administrative Committee are responsible for conducting the business affairs of the Pools.

Liability Pool

PURMS maintains $35 million, per occurrence, of excess general liability insurance coverage and $35 million, per occurrence, of professional liability insurance. The Liability Pool has a $1 million liability coverage limit per occurrence. A second layer of excess liability insurance in the amount of $25 million, per occurrence, over the first layer of $35 million, is available for members who choose to participate. In 2018 all Liability Pool members participated in the second layer of excess liability coverage. The Liability Pool offers Directors and Officers (D&O) coverage for a subgroup of members of the Liability Pool who choose to participate in the coverage. For 2018 the D&O liability coverage was $35 million excess of the coverage provided by the Liability Pool's $1.0 million coverage limit and all members chose to participate in the coverage.

Liability Pool assessments to replenish the operating funds that have been expended are triggered automatically in accordance with the terms of the members' Interlocal Agreement and the Liability General Assessment Formula. As a general matter, the Liability Pool is funded to the amount of its designated liability pool balance, which in 2018 was $3.45 million. Of this amount, $500,000 is used to pay claims costs as they are incurred and ongoing Liability Pool operating expenses, including program administration. The remaining $2.95 million of the designated balance is held by the Liability Pool to meet regulatory reserve requirements.

In 2016 the Liability Pool added Cyber Risk coverage as a sub-group that has a $10,000,000 aggregate limit, with $500,000 pool retention, providing computer expert services, legal services, public relations and crisis management, and notification coverage. The District participates in the Cyber Risk coverage sub-group.

The total paid for liability claims in 2018 was $719,425 including claims adjustment expenses, costs and attorneys' fees for defending claims but excluding Liability Pool Operational Expenses.

As of December 31, 2018, there were 133 known incidents or unresolved liability claims pending against one or more members or former members of the Liability Pool. The total dollar amount of the risk posed by these Claims to such Members and to the Liability Pool itself is unknown and can only be estimated. The case reserves set by the Administrator for these claims, as of December 31, 2018, was $285,783.

Property Risk Pool

PURMS provides property insurance coverage for its members participating in the Property Risk Pool in accordance with the terms of the SIA. Under the SIA, from its inception in 1997 to the present, the Property Pool has had a self-insured retention of $250,000 per property loss. PURMS also maintains excess property insurance in the amount of $200 million, with excess coverage attaching at the $250,000 property coverage limit for all property losses except those subject to increased retention level of $750,000 for certain property risks. The property varies but for most claims the deductible is $250.

The Property Pool is funded to the amount of its designated property pool balance, which in 2018 was $750,000. Of this amount, $250,000 is used to pay claims costs as they are incurred and ongoing Property Pool's operating expenses, including program administration. The $250,000 of operating funds is replenished by assessment of Property Pool members as outlined in the Self-Insurance Agreement. The remaining $500,000 of the designated balance is held by the property pool to meet regulatory reserve requirements.

The total paid for property claims in 2018 was $101,496 including claims adjustment expenses but excluding Property Pool operating expenses. As of December 31, 2018, there were four known incidents or unresolved property claims pending from the members of the Property Pool. The total dollar amount of the risk posed by these claims to the Property Pool is not precisely determinable and can only be estimated. The case reserves set by the Administrator for these claims, as of December 31, 2018, was $4,050.

Health & Welfare Risk Pool

PURMS provides health and welfare insurance coverage for the employees of each of its members participating in the Health & Welfare Risk Pool in accordance with the terms of the Health & Welfare Coverage of the SIA and the terms of each member's respective coverage booklet. The H&W Pool was established as one of PURMS' Risk Pools effective March 31, 2000.

The H&W Pool's operations are financed through monthly assessments of its participating Members in accordance with the H&W general assessment formula. Under the H&W assessment formula each member is assessed for: (a) the cost the H&W pool incurred during the preceding month for the H&W claims for such member's employees; and (b) for such member's share of shared H&W costs. Shared H&W Costs consist of administrative expenses incurred by the H&W pool, premiums for stop-loss insurance, PPO charges and shared H&W claims.

The exposure of each H&W Pool member to the H&W claims costs of its employees is limited by two different pairs of stop-loss points. The first pair of stop-loss points is established annually by the excess stop-loss insurance that the H&W Pool acquires and maintains for its members. These stop-loss points represent the dollar amounts at which the stop-loss insurance attaches and begins paying either the H&W claim costs relating to an individual employee's total medical claims for the year or the H&W claims costs of all employees of all members for the year. For 2018, the H&W pool individual stop-loss point was $275,000 per individual and the H&W pool aggregate stop-loss point was $20,183,127 for the combined H&W claims costs of the employees of all members of the H&W pool.

The total paid by the H&W Pool for H&W Claims Costs in 2018 was $16,550,744.

Workers' Compensation Insurance:

The District participates in the Washington State Department of Labor and Industries program for industrial accident insurance. Premiums are paid quarterly based on employee hours worked.

The District did not have settlements which exceed insurance coverage in the last three years.

Unemployment:

The District is self-insured for unemployment insurance and reimburses the State of Washington Department of Employment Security for any claims paid. There were no claims filed or paid in 2018.

NOTE 11 – INTERFUND BALANCES AND TRANSFERS

The District displays an interfund advance in the amount of $239,862. The District originally refinanced the 2001 Revenue bond in January 2013 with an interfund advance from the Electric System to the Western Wahkiakum Water System in the amount of $341,430. The advance was renegotiated in December 2017 with a 10 year amortization with the balance of principal and interest due in full on December 15, 2022. Prior to this date the District will evaluate alternative funding sources or exercise the option to renegotiate the terms of the loan. The monthly installments include principal plus interest rate at the Washington State LGIP gross earnings rate with a minimum interest rate of .5%.

NOTE 12 – EXTRAORDINARY AND/OR SPECIAL ITEMS

The District acquired the West Side Water System, a small water system with its own water source. The water system was acquired as a donated asset with a capital contribution calculation of $491,376.

NOTE 13 – CONTINGENCIES AND LITIGATIONS

The District has recorded in its financial statements all material liabilities. In the opinion of the management, the District's insurance policies (PURMS) are adequate to pay all known pending claims.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Public Utility District No. 1 of Wahkiakum County (The District) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The significant accounting policies are described below.

A. Reporting Entity

The District was incorporated in 1937 and operates under the laws of the state of Washington applicable to public utility districts.

As required by the generally accepted accounting principles the financial statements present the District and its potential component units. (This District has no component units.) These financial statements present Public Utility District No. 1 of Wahkiakum County which is comprised of three separate systems named the Electric System, the Puget Island Water System (PIWS), and the Western Wahkiakum Water System (WWWS).

B. Basis of Presentation

The accounting records of the District are maintained in accordance with methods prescribed by the State Auditor under the authority of RCW 43.09.

C. Measurement Focus, Basis of Accounting

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.

The District distinguishes between operating revenues and expenses from non-operating ones. Operating revenues and expenses result from providing services and producing and delivering goods in connection with a District's principal ongoing operations. The principal operating revenues of the District are charges to customers for electric and water sales and services. Operating expenses for the District include the cost of sales and services, administrative expenses, maintenance and operational expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

D. Assets, Liabilities, Fund Balance, Net Position

Cash and Cash Equivalents

The District's cash and cash equivalents are considered to be cash on hand, certificates of deposit, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. Cash resources of individual funds are invested directly into government securities with interest accruing for the benefit of the investing funds. The interest earned on these investments is prorated to the various funds. This policy covers all funds operated by the District.

For the purposes of the statement of cash flows, the District considers the Washington State Local Government Investment Pool cash. Investments in the State Investment Pool are classified as cash equivalents on the financial statements.

Certain Investments for the District are reported at fair value. Accordingly, the change in fair value of investments is recognized as an increase or decrease to investment assets and investment income. Likewise, some investments are reported at amortized costs.

The District's deposits are entirely covered by the Federal Depository Insurance (FDIC) or by collateral held in a multiple financial institution collateral pool administered by the Washington Public Deposit Protection Commission (PDPC).

Investments

See Note 3, Deposits and Investments.

Receivables

Customer accounts receivable consist of amounts owed from private individuals or organizations for goods and services including amounts owed for which billings have not been prepared. Unbilled service receivables are recorded at year end. Customer meters are read and billed monthly. Service rates are established by the District's elected board of Commissioners. Bad debt expenses are debited and the accumulated provision for uncollectible accounts is credited with an amount that provides for losses on accounts receivable which may become uncollectible.

Amounts Due to and from Other Funds and Governments, Interfund Loans and Advances Receivable

Activities between systems or other governments that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as interfund loans receivable/payable or payables to other governments. Separate schedules of interfund loans receivable/payable and loans due to other governments is furnished in Note 10 Interfund Balances and Transfers.

Inventories

Inventories consist of expendable supplies held for consumption. The cost is recorded as expenditure at the time individual inventory items are purchased. The reserve for inventory is equal to the ending amount of inventory to indicate that a portion of the fund balance is not available for future expenditures. A comparison to market value is not considered necessary.

Inventories are valued by the average cost method which approximates the market value.

Capital Assets See Note 4, Capital Assets

The District's distribution plant assets include utility poles, underground electrical lines, overhead electrical lines, substations, meters, transformers, water treatment facilities, water mains, and valves; and general plant assets include transportation equipment, power and testing equipment and office equipment. Capital assets are defined by the District as assets with an initial cost of more than $5,000 and an estimated useful life of five years. Such assets are recorded at historical cost. Costs for additions or improvements to capital assets are capitalized when they increase the effectiveness or efficiency of the asset. The costs for normal maintenance and repairs are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Preliminary costs incurred for proposed projects are deferred pending construction of the facility. Costs relating to projects ultimately constructed are transferred to utility plant; charges that relate to abandoned projects are expensed.

Distribution plant assets and general plant assets of the District are depreciated using the straight-line method over the following useful lives:

Asset	Years
Distribution Plant	10-40
General Plant	5-40

Compensated Absences

Compensated absences are absences for which employees will be paid, such as personal leave. All personal leave is accrued when incurred.

Personal leave, which may be accumulated up to a maximum of one hundred twenty (120) work days, is payable to the employee's VEBA upon resignation, retirement, or death for represented employees and is payable to the employee or the employee's VEBA for non-represented employees.

Future Assessments Liability

The Future Assessments Liability is the District's contractual obligation under the PURMS Interlocal Agreement of actuarially-based claims for the PURMS risk pools in which the District participates. The liability is incurred-but-not-reported claims in existence as of the end of the fiscal year based on an actuarial report.

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. See Note 7, Pension Plans.

Other Accrued Liabilities

These accounts consist of accrued wages and accrued employee benefits, interest payable and funds donated to the District's Residential Energy Assistance Program.

Long-Term Debt

See Note 5, Long-Term Debt

NOTE 2 – CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS

A. Construction Commitments

The District has active projects as of December 31, 2017. The projects are primarily infrastructure upgrades.

At year end the District's commitments are as follows:

PROJECT	SPENT TO DATE	REMAINING COMMITMENT
Substation Rebuild	$ 13,900	$ 1,000,000
Customer Line Extensions	$ 10,430	$ 13,130
Metering Infrastructure Upgrade	$ 264,000	$ 150,000
Total	$ 288,300	$ 1,163,130

Of the committed balance of $1,163,130 the District may be required to raise financing for the substation rebuild.

B. Other Commitments

The District has entered into "net billing agreements" with Energy Northwest and BPA. Under terms of these agreements, the District has purchased a maximum of .235%, .328% and .203% of the capacity of Energy Northwest's Nuclear Projects 1 and 2 and their 70% ownership share of Nuclear project 3, respectively and has sold this capacity to BPA. Under the Net Billing Agreements, BPA is unconditionally obligated to pay Energy Northwest the pro rata share of the total annual costs of each project, including debt service on revenue bonds issued to finance the projects, whether or not the projects are completed, operable or operating and notwithstanding the suspension reduction or curtailment of the projects' outputs.

Nuclear Projects No. 1 and No. 3 (Satsop site) were terminated by the Energy Northwest Board in 1994, subject to repayment of the debt service on the outstanding revenue bonds. Nuclear Projects No. 2, Columbia Generating Station Nuclear Power Plant (Columbia), was completed and placed into operation in December 1984. It is owned by Energy Northwest and its participants. Columbia is a 1,190 MW boiling water nuclear reactor located on the Department of Energy's Hanford Nuclear Reservation near Richland, Washington. The Project commenced Commercial operations in December 1984, and is currently operating under a 40-year Nuclear Regulatory Commission License.

The District is a preference customer of Bonneville Power Administration (BPA). In 2011 the District entered into a new Full Service Power Sales Agreement with the United States of America, Department of Energy, acting by and through BPA, commencing October 1, 2011 and terminating September 30, 2028.

An additional agreement with BPA, effective at 0000 hours on October 1, 2001, will provide full transmission and ancillary services to the District from BPA, specifically the Transmission Business Lines division of BPA. This full service transmission agreement expires at 12:00 midnight, September 30, 2031.

The District, because of the very rural nature of Wahkiakum County, continues to receive the benefits of a Low Density Discount (LDD) as mandated by the Pacific Northwest Electric Power Planning and Conservation Act due to our low system density.

Packwood Hydroelectric Project: The Packwood Hydroelectric Project is a 27 MW peaking resource located near Packwood Washington. It began commercial operation in June 1964. The District has one percent share in the project (there are different levels of ownership among the project's participants). In 2011 the District entered into an agreement with Clallam Public Utility District for the sale and purchase of project output. The contract commenced October 1, 2011 and will terminate September 30, 2028.

In 1996 the Puget Island Water System modified an Interlocal Agreement with the Town of Cathlamet and now requires the District to purchase one hundred percent of its water supply for the Puget Island Water System from the Town through the year 2037. A summation segment of the Agreement is amended annually to set the purchase rate for the following calendar year true-up estimated expenses.

NOTE 3 – DEPOSITS AND INVESTMENTS

A. Deposits

Cash on hand at December 31, 2017 was $1,594,763.

B. Custodial Credit Risk

Custodial risk for deposits is the risk that, in the event of a failure of a depository financial institution, the District's would not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The District has not adopted a policy that addresses deposit custodial risk; however, the District's deposits are entirely covered by the Federal Deposit Insurance Corporation (FDIC) or by collateral held in a multiple financial institution collateral pool administered by the Washington Public Deposit Protection Commission (PDPC). In the event of a bank failure, claims for the District's deposits would be satisfied by the FDIC or from the sale of collateral held in the PDPC pool.

Amounts held in Washington State banks approved by the Public Deposit Protection Commission (PDPC) are covered by federal depository insurance up to $250,000 and by the PDPC for amounts over $250,000. The PDPC constitutes a multiple financial institution collateral pool that provides for additional assessments against participants of the pool on a pro rata basis. Accordingly, the deposits covered by PDPC are considered to be insured.

Of the District's total position of $1,594,763, $0 is exposed to custodial credit risk because the investments are held by the District's brokerage firm, which is also the counterparty in those particular securities.

C. Investments

The District's funds are held in the custody of the Wahkiakum County Treasurer and funds that are not required for immediate expenditure may be invested in savings or time accounts in designated qualified public depositaries or in certificates, notes, or bonds of the United States, or other obligations of the United States or its agencies, or of any corporation wholly owned by the government of the United States; in bankers' acceptances purchased on the secondary market, in federal home loan bank notes and bonds, federal land bank bonds and federal national mortgage association notes, debentures and guaranteed certificates of participation, or the obligations of any other government sponsored corporation whose obligations are or may become eligible as collateral for advances to member banks as determined by the board of governors of the federal reserve system or deposit such funds or any portion thereof in investment deposits as defined in RCW 39.58.010 secured by collateral in accordance with the provisions of chapters 39.58 and 39.59 RCW. Currently the District's funds are invested in the Washington State Treasurer's Investment Pool.

The District does not have a policy for custodial credit risk of investment securities. Further, the District is not subject to foreign currency risk or interest rate risk.

D. Investments in Local Government Investment Pool (LGIP)

The District is a participant in the Local Government Investment Pool which was authorized by Chapter 294, Laws of 1986, and is managed and operated by the Washington State Treasurer. The State Finance Committee is the administrator of the statute that created the pool and adopts the rules. The State Treasurer is responsible for establishing the investment policy for the pool and reviews the policy annually and proposed changes are reviewed by the LGIP advisory committee.

Investments in the LGIP, a qualified external investment pool, are reported at amortized cost which approximates fair value. The LGIP is an unrated external investment pool. The pool portfolio is invested in a manner that meets the maturity, quality, diversification and liquidity requirements set forth by the GASBS 79 for external investment pools that elect to measure, for financial reporting purposes, investments at amortized cost. The LGIP does not have any legally binding guarantees of share values. The LGIP does not impose liquidity fees or redemption gates on participant withdrawals.

The Office of the State Treasurer prepares a stand-alone LGIP financial report. A copy of the report is available from the Office of the State Treasurer, PO Box 40200, Olympia, Washington 98504-0200, online at http://www.tre.wa.gov.

E. Summary of Deposit and Investment Balances

Reconciliation of the District's deposit and investment balances as of December 31, 2017 is as follows:

Cash and Cash Equivalents	
Bank Depository and Checking Accounts	$ 44,523
Petty Cash	$ 3,500
Local Government Investment Pool	$ 1,546,740
	$ 1,594,763

NOTE 4 – CAPITAL ASSETS

Utility plant activities for the year ended December 31, 2017 were as follows:

Plant Assets	Beginning Balance	Increase	Decrease	Ending Balance
Capital Assets Not Being Depreciated:				
Land	133,941	0	0	133,941
Construction Work in Progress:	362,803	676,727	(1,003,431)	36,099
Total Capital Assets Not Being Depreciated:	**496,744**	**676,727**	**(1,003,431)**	**170,040**
Capital Assets Being Depreciated:				
Distribution Plant:	22,474,184	1,174,325	(146,642)	23,501,867
General Plant:	1,859,373	0	(127,002)	1,732,371
Total Utility Plant Being Depreciated:	**24,333,557**	**1,174,325**	**(273,644)**	**25,234,238**
Less Accumulated Depreciation for:				
Distribution Plant:	(9,102,050)	(562,594)	146,642	(9,518,002)
General Plant:	(956,331)	(124,533)	78,003	(1,002,861)
Total Accumulated Depreciation:	**(10,058,381)**	**(687,127)**	**224,645**	**(10,520,863)**
Total Utility Plant Being Depreciated (net):	**14,275,176**	**487,198**	**(48,999)**	**14,713,375**
Total Utility Plant (net):	**14,771,920**	**1,163,925**	**(1,052,430)**	**14,883,415**

NOTE 5 – LONG-TERM DEBT

Long-Term Debt

The District has the following debt issues outstanding as of December 31, 2017:

Name and Amount of Issue	Purpose	Issuance Date Date	Maturity Date	Interest Rate	Debt Outstanding
WWWS Loan	Refinance Bond	March 2001	1/15/2022	Varies	264,126
					$ 264,126

The annual requirements to amortize all debts outstanding as of December 31, including interest, are as follows:

Year Ending 31-Dec	Principal	Interest	Total
2018	$ 24,463	$ 4,248	$ 28,711
2019	$ 24,876	$ 3,835	$ 28,711
2020	$ 25,297	$ 3,414	$ 28,711
2021	$ 25,726	$ 2,985	$ 28,711
2022	$ 163,764	$ 2,550	$ 166,314
	$ 264,126	$ 17,032	$ 281,158

The District refinanced Western Wahkiakum Water System's Revenue with a loan from the Electric System to Western Wahkiakum Water System. This refinance lowers the interest rate and retires the debt in a more expeditious manner which is advantageous for the water system. The interest rate was set at a minimum of the Washington State LGIP gross earnings rate plus .5%. The loan has a 20 year amortization with a January 15, 2018 call date and a provision that allows for renegotiation of loan terms. The loan was renegotiated in December 2017 with a 10 year amortization and a December 15, 2022 call date; the interest rate was set at the Washington State LGIP gross earnings rate with a minimum interest rate of .5%.

NOTE 6 – CHANGES IN LONG-TERM LIABILITIES

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

	Beginning Balance 01/01/2017	Additions	Reductions	Ending Balance 12/31/2017	Due Within One Year
Due to Other Governments	216,000	--0--	216,000	--0--	--0--
Interfund Loan WWWS	3,387	--0--	3,387	--0--	--0--
Interfund Loan WWWS	279,615	--0--	15,489	264,126	24,463
Net Pension Liability	929,740	--0--	231,415	698,325	--0--
Compensated Absences	131,825	11,521	--0--	143,346	143,346
Future Assessments Liability	83,719	--0--	11,691	72,028	--0--
Total Long-Term Liabilities	**$1,644,286**	**$ 11,521**	**$ 477,982**	**$ 1,177,825**	**$ 167,809**

NOTE 7 – PENSION PLANS

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:

Aggregate Pension Amounts – All Plans	
Pension liabilities	$ 698,325
Deferred outflows of resources	$ 100,281
Deferred inflows of resources	$ 141,900
Pension expense/expenditures	$ 41,982

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.

PUBIC 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.

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 paid 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:

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

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 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.

<u>Contributions</u>

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:

PERS Plan 2/3		
Actual Contribution Rates	**Employer 2/3**	**Employee 2***
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

Total	**11.18%**	**6.12%**
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
Total	**12.70%**	**7.38%**

The District's actual contributions to the plan were $47,499 to Plan 1 and $66,508 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*.

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%

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 minor changes in methods and assumptions since the last valuation.

- For all plans except LEOFF Plan 1, how terminated and vested members benefits are valued was corrected.
- How the basic minimum COLA in PERS Plan 1 is valued for legal order payees was improved.
- For all plans, the average 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. (All plans use 7.7 percent except LEOFF 2, which has assumed 7.5 percent). 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, PSERS 2, SERS 2/3, and TRS 2/3 employers, whose rates include a component for the PERS 1, and TRS 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.

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.

Asset Class	Target Allocation	% Long-Term Expected Real Rate of Return Arithmetic
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%
	100%	

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.

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
PERS 1	$ 438,097	$ 359,629	$ 291,659
PERS 2/3	$ 912,484	$ 338,696	($ 131,437)

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.

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 $698,325 for its proportionate share of the net pension liabilities as follows:

	Liability (or Asset)
PERS 1	$ 359,629
PERS 2/3	$ 338,696

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

	Proportionate Share 6/30/16	Proportionate Share 6/30/17	Change in Proportion
PERS 1	.00786%	.00758%	-.00028%
PERS 2/3	.01008%	.00975%	-.00033%

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* for all plans except LEOFF 1.

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:

	Pension Expense
PERS 1	$ 7,147
PERS 2/3	$ 34,835
TOTAL	$ 41,982

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:

PERS 1	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual investment earnings on pension plan investments	$ 0	$ 13,420
Contributions subsequent to the measurement date	25,105	0
TOTAL	$ 25,105	$ 13,420

PERS 2/3	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 34,318	$ 11,139
Net difference between projected and actual investment earnings on pension plan investments	0	90,288
Changes of assumptions	3,598	0
Changes in proportion and differences between contributions and proportionate share of contributions	0	27,053
Contributions subsequent to the measurement date	37,260	0
TOTAL	$ 75,176	$ 128,480

TOTAL ALL PLANS	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 34,318	$ 11,139
Net difference between projected and actual investment earnings on pension plan investments	0	103,708
Changes of assumptions	3,598	0

Changes in proportion and differences between contributions and proportionate share of contributions	0	27,053
Contributions subsequent to the measurement date	62,365	0
TOTAL	$ 100,281	$ 141,900

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:

Year ended December 31:	PERS 1
2018	($ 9,071)
2019	$ 2,864
2020	($ 665)
2021	($ 6,548)
2022	-
Thereafter	-

Year ended December 31:	PERS 2/3
2018	($ 47,152)
2019	2,583
2020	($ 10,262)
2021	($ 38,266)
2022	$ 1,100
Thereafter	$ 1,433

NOTE 8 – RISK MANAGEMENT

The District is a member of the Public Utilities Risk Management Services (PURMS), Joint Liability Self-Insurance Fund. 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, joint self-insuring, and contracting for risk management services to the same extent that they may individually purchase insurance, self-insure, 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. PURMS was formed on December 30, 1976 when public utility 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 program's general objectives are to formulate, develop, and administer, on behalf of the member public utilities, a program of insurance, to obtain lower costs for that coverage, and to develop a comprehensive loss control program. PURMS consists of 19 members among three Pools: Liability Pool, Property Pool, and Health and Welfare Pool. The Pools operate independently of one another and all members do not participate in all Pools. The District participates in the Liability Pool, the Property Pool and the Health and Welfare Pool.

The Pools are funded through assessments of their current and former members based on assessment formulas outlined in the Self-Insurance Agreement. Members may withdraw from a pool on December 31st of any year by giving 90 days prior notice. Former members will remain forever responsible for their share of assessments for any unresolved, unreported, or in-process occurrences while they were members. Claims are filed with the Administrator, Pacific Underwriters, Seattle, Washington which serves as the PURMS' Administrator and provides claims adjustment and loss prevention services.

The Pools are governed by a Board of Directors comprised of one designated representative from each participating member. The Administrator and an elected Administrative Committee are responsible for conducting the business affairs of the Pools.

Liability Pool

PURMS maintains $35 million, per occurrence, of excess general liability insurance coverage and $35 million, per occurrence, of professional liability insurance. The Liability Pool has a $1 million liability coverage limit per occurrence. A second layer of excess liability insurance in the amount of $25 million, per occurrence, over the first layer of $35 million, is available for members who choose to participate. In 2017 the District chose to begin participating in the additional $25 million excess liability coverage. The Liability Pool offers Public Officials coverage for a subgroup of members of the Liability Pool who choose to participate in the coverage. The Public Officials liability coverage is in the amount of $35 million with a $500,000 retention. The Liability Pool deductible is $250. The District is a member of the Public Officials subgroup.

Liability Pool assessments to replenish the operating funds that have been expended are triggered automatically in accordance with the terms of the members' Interlocal Agreement and the Liability General Assessment Formula. As a general matter, the Liability Pool is funded to the amount of its designated liability pool balance, which in 2017 was $3.0 million. Of this amount, $500,000 is used to pay claims costs as they are incurred and ongoing Liability Pool operating expenses, including program administration. The remaining $2.5 million of the designated balance is held by the Liability Pool to meet regulatory reserve requirements.

In 2016 the Liability Pool added Cyber Risk coverage as a sub-group that has a $10,000,000 aggregate limit, with $500,000 pool retention, providing computer expert services, legal services, public relations and crisis management, and notification coverage. The District participates in the Cyber Risk coverage sub-group. As of December 31, 2017 the District was not aware of any known cyber breach instances within the Pool.

The total paid for liability claims in 2017 was $1,547,480 including claims adjustment expenses, costs and attorneys' fees for defending claims but excluding Liability Pool Operational Expenses.

As of December 31, 2017, there were 95 known incidents or unresolved liability claims pending against one or more members or former members of the Liability Pool. The total dollar amount of the risk posed by these Claims to such Members and to the Liability Pool itself is unknown and can only be estimated. The case reserves set by the Administrator for these claims, as of December 31, 2017, was $263,434.

Property Risk Pool

PURMS provides property insurance coverage for its members participating in the Property Risk Pool in accordance with the terms of the SIA. Under the SIA, from its inception in 1997 to the present, the Property Pool has had a self-insured retention of $250,000 per property loss. PURMS also maintains excess property insurance in the amount of $200 million, with excess coverage attaching at the $250,000 property coverage limit for all property losses except those subject to increased retention level of $750,000 for certain property risks. The property varies but for most claims the deductible is $250.

The Property Pool is funded to the amount of its designated property pool balance, which in 2017 was $750,000. Of this amount, $250,000 is used to pay claims costs as they are incurred and ongoing Property Pool's operating expenses, including program administration. The $250,000 of operating funds is replenished by assessment of Property Pool members as outlined in the Self-Insurance Agreement. The remaining $500,000 of the designated balance is held by the property pool to meet regulatory reserve requirements.

The total paid for property claims in 2017 was $298,339 including claims adjustment expenses but excluding Property Pool operating expenses. As of December 31, 2017, there were 8 known incidents or unresolved property claims pending from the members of the Property Pool. The total dollar amount of the risk posed by these claims to the Property Pool is not precisely determinable and can only be estimated. The case reserves set by the Administrator for these claims, as of December 31, 2017, was $99,204.

Health & Welfare Risk Pool

PURMS provides health and welfare insurance coverage for the employees of each of its members participating in the Health & Welfare Risk Pool in accordance with the terms of the Health & Welfare Coverage of the SIA and the terms of each member's respective coverage booklet. The H&W Pool was established as one of PURMS' Risk Pools effective March 31, 2000.

The H&W Pool's operations are financed through monthly assessments of its participating Members in accordance with the H&W general assessment formula. Under the H&W assessment formula each member is assessed for: (a) the cost the H&W pool incurred during the preceding month for the H&W claims for such member's employees; and (b) for such member's share of shared H&W costs. Shared H&W Costs consist of administrative expenses incurred by the H&W pool, premiums for stop-loss insurance, PPO charges and shared H&W claims.

The exposure of each H&W Pool member to the H&W claims costs of its employees is limited by two different pairs of stop-loss points. The first pair of stop-loss points is established annually by the excess stop-loss insurance that the H&W Pool acquires and maintains for its members. These stop-loss points represent the dollar amounts at which the stop-loss insurance attaches and begins paying either the H&W claim costs relating to an individual employee's total medical claims for the year or the H&W claims costs of all employees of all members for the year. For 2017, the H&W pool individual stop-loss point was $275,000 per employee and the H&W pool aggregate stop-loss point was $21,126,333 for the combined H&W claims costs of the employees of all members of the H&W pool.

The total paid by the H&W Pool for H&W Claims Costs in 2017 was $13,990,009.

Workers' Compensation Insurance:

The District participates in the Washington State Department of Labor and Industries program for industrial accident insurance. Premiums are paid quarterly based on employee hours worked.

The District did not have settlements which exceed insurance coverage in the last three years.

Unemployment

The District is self-insured for unemployment insurance and reimburses the State of Washington Department of Employment Security for any claims paid. There were no claims filed or paid in 2017.

NOTE 9 – INTERFUND BALANCES AND TRANSFERS

The District displays an interfund advance in the amount of $264,126. The District originally refinanced the 2001 Revenue bond in January 2013 with an interfund advance from the Electric System to the Western Wahkiakum Water System in the amount of $341,430. The advance was renegotiated in December 2017 with a 10 year amortization with the balance of principal and interest due in full on December 15, 2022. Prior to this date the District will evaluate alternative funding sources or exercise the option to renegotiate the terms of the loan. The monthly installments include principal plus interest rate at the Washington State LGIP gross earnings rate with a minimum interest rate of .5%.

NOTE 10 – TERMINATION BENEFITS

The District makes available post-retirement life insurance, on a self-paid basis, to its employees that maintained coverage prior to retirement. As of December 31, 2017, no retirees were participating in this benefit.

Additionally, upon separation from the District, personal leave accrual is converted to represented employee's Voluntary Employees' Benefit Association (VEBA) benefit. VEBA is financed 100% by employee contributions.

NOTE 11 – CONTINGENCIES AND LITIGATIONS

The District has recorded in its financial statements all material liabilities. In the opinion of the management, the District's insurance policies (PURMS) are adequate to pay all known pending claims.

NOTE 12 – PRIOR PERIOD ADJUSTMENTS

This District shows a Prior Period Adjustment in the amount of $3,379 on the Statement of Revenues, Expenses and Changes in Fund Net Position which represents a correction to a prior asset disposal.

Public Utility District No 1 of Wahkiakum County
Schedule of Changes in Total OPEB Liability and Related Ratios
Medical, Dental & Vision Defined Defined Benefit
Last 10 Fiscal Years*

	2018
Total OPEB liability - beginning	$ 77,393
Service cost	5,700
Interest	2,554
Changes in benefit terms	0
Differences between expected and actual experience	(8,254)
Changes of assumptions	(4,404)
Benefit payments	0
Other changes	0
Total OPEB liability - ending	72,989
Covered-employee payroll	992,782
Total OPEB liability as a % of covered payroll	7.35%

Notes to Schedule:

1 Changes of Assumptions

Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period:

2017	3.30%
2018	3.83%

2 The District implemented GASB 75 in 2018, therefore no data is presented before then. Eventually, ten years of data will be presented.

3 There are no assets accumulated in a trust that meets the criteria of GASB 75 to pay related benefits.

REQUIRED SUPPLEMENTARY INFORMATION - State Sponsored Plans

Public Utility District No 1 of Wahkiakum County
Schedule of Proportionate Share of the Net Pension Liability
PERS 1
As of June 30
Last 10 Years*

Year Ended June 30,	Employer's proportion of the net pension liability (asset)	Employer's proportionate share of the net pension liability	Employer's covered employee payroll	Employer's proportionate share of the net pension liability as a percentage of covered employee payroll	Plan fiduciary net position as a percentage of the total pension liability
2018	0.007439%	$ 332,228	$ 989,290	33.58%	63.22%
2017	0.007579%	359,629	955,710	37.63%	61.24%
2016	0.007860%	422,119	935,759	45.11%	57.03%
2015	0.007988%	417,847	915,447	45.64%	59.10%
2014	0.008580%	432,222	939,433	46.01%	61.19%

REQUIRED SUPPLEMENTARY INFORMATION - State Sponsored Plans

Public Utility District No 1 of Wahkiakum County

Schedule of Proportionate Share of the Net Pension Liability

PERS 2/3

As of June 30

Last 10 Years*

Year Ended June 30,	Employer's proportion of the net pension liability (asset)	Employer's proportionate share of the net pension liability	Employer's covered employee payroll	Employer's proportionate share of the net pension liability as a percentage of covered employee payroll	Plan fiduciary net position as a percentage of the total pension liability
2018	0.009580%	$ 163,570	$ 989,290	16.53%	95.77%
2017	0.009748%	338,696	955,710	35.44%	90.97%
2016	0.010082%	507,621	935,759	54.25%	85.82%
2015	0.010316%	368,597	915,447	40.26%	89.20%
2014	0.011047%	223,300	939,433	23.77%	93.29%

REQUIRED SUPPLEMENTARY INFORMATION - State Sponsored Plans

Public Utility District No 1 of Wahkiakum County

Schedule of Employer Contributions
PERS 1
As of December 31
Last 10 Fiscal Years*

Year Ended December 31,	Statutorily or contractually required contributions	Contributions in relation to the statutorily or contractually required contributions	Contribution deficiency (excess)	Covered employer payroll	Contributions as a percentage of covered employee payroll
2018	$ 50,136	$ (50,136)	$	$ 990,368	5.06%
2017	47,499	(47,499)	-	969,298	4.90%
2016	44,545	(44,545)	-	935,678	4.76%
2015	41,732	(41,732)	-	932,622	4.47%
2014	38,872	(38,872)	-	944,375	4.12%

Public Utility District No 1 of Wahkiakum County

Schedule of Employer Contributions
PERS 2/3
As of December 31
Last 10 Fiscal Years*

Year Ended December 31,	Statutorily or contractually required contributions	Contributions in relation to the statutorily or contractually required contributions	Contribution deficiency (excess)	Covered employer payroll	Contributions as a percentage of covered employee payroll
2018	$ 74,275	$ (74,275)	$	$ 990,368	7.50%
2017	66,508	(66,508)	-	969,298	6.86%
2016	58,180	(58,180)	-	935,678	6.22%
2015	53,611	(53,611)	-	932,622	5.75%
2014	48,105	(48,105)	-	944,375	5.09%

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	PublicRecords@sao.wa.gov
Main telephone	(360) 902-0370
Toll-free Citizen Hotline	(866) 902-3900
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