Office of the Washington State Auditor
Pat McCarthy

Financial Statements Audit Report

Quincy-Columbia Basin Irrigation District

For the period January 1, 2020 through December 31, 2021

Published May 4, 2023

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Office of the Washington State Auditor
Pat McCarthy

May 4, 2023

Board of Directors
Quincy-Columbia Basin Irrigation District
Quincy, Washington

Report on Financial Statements

Please find attached our report on the Quincy-Columbia Basin Irrigation District's financial statements.

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

Sincerely,

Pat McCarthy, State Auditor

Olympia, WA

Americans with Disabilities

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Quincy-Columbia Basin Irrigation District
January 1, 2020 through December 31, 2021

Board of Directors
Quincy-Columbia Basin Irrigation District
Quincy, Washington

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States, the financial statements of the Quincy-Columbia Basin Irrigation District, as of and for the years ended December 31, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated April 19, 2023.

REPORT ON 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) as a basis for designing 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 above and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified.

Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses.

We noted certain other matters that we will report to the management of the District in a separate letter dated April 27, 2023.

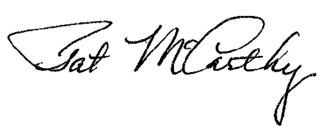
REPORT ON COMPLIANCE AND OTHER MATTERS

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

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

PURPOSE OF THIS REPORT

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the 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

April 19, 2023

INDEPENDENT AUDITOR'S REPORT

Report on the Audit of the Financial Statements

Quincy-Columbia Basin Irrigation District
January 1, 2020 through December 31, 2021

Board of Directors
Quincy-Columbia Basin Irrigation District
Quincy, Washington

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinions

We have audited the accompanying financial statements of the Quincy-Columbia Basin Irrigation District, as of and for the years ended December 31, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the financial section of our report.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Quincy-Columbia Basin Irrigation District, as of December 31, 2021 and 2020, and the changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

Performing an audit in accordance with GAAS and *Government Auditing Standards* includes the following responsibilities:

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

Required Supplementary Information

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

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we have also issued our report dated April 19, 2023 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 the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Pat McCarthy

Pat McCarthy, State Auditor

Olympia, WA

April 19, 2023

FINANCIAL SECTION

Quincy-Columbia Basin Irrigation District
January 1, 2020 through December 31, 2021

REQUIRED SUPPLEMENTARY INFORMATION

BASIC FINANCIAL STATEMENTS

REQUIRED SUPPLEMENTARY INFORMATION

This management discussion and analysis (MD&A) is intended to:

1. Assist reader in focusing on significant financial issues;
2. Provide an overview of the District's financial activity;
3. Identify changes in the District's financial position;
4. Provide information on challenges in the next and subsequent years; and
5. Identify individual fund or program issues and concerns.

Since the MD&A is designed to focus on the fiscal year ending December 31, 2021, please read it in conjunction with the District's financial statements.

District Financial Statements

The District's financial statements are designed so that all activity for the District is reported as one total for the entire District. They are designed to display the financial position and activity of the District as a whole. The District consists exclusively of enterprise funds utilizing the accrual basis of accounting. These statements include:

1. Statement of Net Position. This is similar to a balance sheet in that it reports all financial and capital resources of the District.

   The focus of the Statement of Net Position is designed to present the net position available to the District. Total net position is reported in five sections:

   - Assets. This section reports all assets as current or non-current.
   - Deferred Outflows. This section reports all deferred outflows.
   - Liabilities. This component reports all liabilities as current or non-current.
   - Deferred Inflows. This section reports all deferred inflows.
   - Net Position. This component reports net position separated as to current year or prior year. Their separation is intended to focus the reader's attention on the net position activity for the current years.

2. Statement of Revenue, Expenses and Changes in Fund Net Position. This statement is similar to an income statement and includes sections for operating and non-operating revenues and operating and non-operating expenses. The change in net position is forwarded and shown on the Statement of Net Position as current Net Position.

3. Statement of Cash Flows. This statement shows net cash provided by or used for operating activities, non-capital financing activities, capital and related financing activities and investing activities.

Financial Analysis of the District

The District's overall financial position remained stable in 2021 and 2020. In 2021 and 2020, the District continued the practice of investing in its assets through system improvements and upgrading equipment while keeping the financial impact on the District's water users as minimal as possible. The District did not incur any new long-term debt in the current year. Irrigation facilities average over sixty years in age and are well maintained, rehabilitated, and replaced as necessary to deliver irrigation water dependably. The District is following a deliberate and methodical plan to continually improve and maintain irrigation infrastructure.

An Overview of the District's Financial Position and Operations

The District's overall financial position and operations for the past two years are summarized below, and based upon the information in the Financial Statements.

STATEMENT OF NET POSITION		
	2021	**2020**
Assets		
Current Assets	20,804,058	18,053,084
Non-Current Assets	25,918,052	20,265,644
Total Assets	46,722,110	38,318,728
Deferred Outflows of Resources		
Deferred Outflows Related to Pensions	666,146	727,664
Total Assets and Deferred Outflows	47,388,256	39,046,392
Liabilities		
Current Liabilities	2,790,014	1,886,197
Non-Current Liabilities	899,181	2,865,496
Total Liabilities	3,689,195	4,751,693
Deferred Inflows of Resources		
Assessments in Advance	877,470	465,817
Deferred Inflows Related to Pensions	6,246,850	876,371
Total Deferred Inflows of Resources	7,124,320	1,342,188
Net Position		
Investment in Capital Assets	20,068,929	20,666,136
Restricted by USBR for Extraordinary Maint	6,412,398	6,237,368
Restricted for PERS 2/3 Retirement Plans	840,830	-
Unrestricted	9,252,584	6,049,007
Total Net Position	36,574,741	32,952,511
Total Liabilities, Deferred Inflows & Net Position	47,388,256	39,046,392

Total Assets

In 2021, total assets increased $8.403 million from 2020 primarily due to the addition of a $5.928 million state PERS 2/3 pension plan net pension asset, an increase in cash and an increase in inventory.

Total Liabilities

In 2021, total liabilities decreased $1.062 million from 2020 primarily due to the timing of system improvement purchases, a decrease in net pension liability and a decrease in the District's Construction Repayment Obligation. The Construction Repayment Obligation decreases as payments to the United States Bureau of Reclamation are made. In June 2021, the District made the final payment on irrigation Blocks 82 and 881 to the Bureau of Reclamation. Irrigation Blocks will continue to be paid off in the coming years. The Bureau of Reclamation's price index ratio rose to 101% for the 2021 payment.

Total Net Position

The District's overall financial position increased substantially, with ending Net Position increasing by $3.622 million in 2021 compared to 2020.

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

	2021	2020
Revenues		
Irrigation Assessments	18,389,936	17,421,142
Water Sales	3,224,278	2,317,267
Rentals	187,430	183,532
Work for Others & Other Operating Rev	355,943	647,477
Non-Operating Revenues	5,171,598	5,311,528
Total Revenues	27,329,184	25,880,946
Expenses		
Salaries & Benefits	8,535,130	10,084,726
Supplies, Maintenance & Repair	7,010,094	6,551,449
Professional Services & Insurance	1,125,271	923,422
Reserved Works & Construction Payments	4,530,971	4,335,527
Depreciation	1,530,327	1,555,599
Utilities & Other Operating Expenses	1,299,710	1,415,319
Non-Operating Expenses	9,669	56,148
Total Expenses	24,041,173	24,922,190
Capital Contributions (Hydropower Assets)	334,219	553,896
Change in Net Position	3,622,230	1,512,652
Rounding	-	(2)
Restatement	-	(873,231)
Ending Net Position	36,574,741	32,952,511

Major Factors Affecting the Statement of Revenues, Expenses and Change in Net Position

Net position continues to be impacted by the inclusion of the District's calculated share of the state's net pension liability. The District has a $566 thousand net pension liability relating to state pension plan PERS 1 at 2021 year-end. The net pension liability decreased $1.791 million in 2021 from 2020. In addition, a net pension asset relating to state PERS 2/3 pension plans has been added to non-current assets in the amount of $5.928 million.

Total revenue increased by $1.448 million from 2020 to 2021. Excess water sales increased significantly in 2021 due to warmer and dryer spring months. Hydropower revenue also rose as increased irrigation flows generate more electricity. Grant and incentive contract revenue decreased in 2021 by $671 thousand due to the postponement of system improvement projects.

Total operating expenses decreased by $835 thousand from 2020 to 2021. Wages, benefits, and professional services experienced significant decreases compared to 2020. This is primarily due to a negative $2.288 million adjustment to pension expense. Supplies, maintenance and repair costs saw an increase in 2021 from 2020 primarily due to rising supply and repair costs. Non-operating expenses decreased in 2021 due to an infrequent drainage project occurring in 2020.

Economic Factors

The farming economy in the community the District serves continued to be stable in 2021 and 2020 while experiencing increases in input costs and fluctuations in commodity pricing.

Long Term Debt

The long-term liability represents a contract payable to the United States of America, held by the U. S. Bureau of Reclamation, for the repayment of the construction costs incurred on these lands, within the boundaries of the Quincy-Columbia Basin Irrigation District, to develop irrigation. The Contract was entered into in 1968 and is to be repaid over sixty years. The total liability (current and non-current) for 2021 and 2020 is $508,439 and $688,941, respectively.

The District assesses each landowner for the annual repayment of the construction debt. Additional information regarding this obligation is provided in Note 4 of the Notes to the Financial Statements.

Capital Assets

The Banks Lake Pumped Storage Project is proposed to be built between two existing reservoirs: Franklin D. Roosevelt Lake, which is behind Grand Coulee Dam, and Banks Lake. The project uses the two reservoirs to transfer and store water that can then be used to generate electricity at the times when it is most needed. When excess energy is being produced it can be used to pump water from the lower reservoir to the upper reservoir at relatively low costs. During times of higher power demand, water is sent back down to the lower reservoir, generating electricity. The project size will be determined in collaboration with potential offtakers to meet the needs of the region. The completed project is expected to be within the range of 500–1,000 MW. As of December 31, 2021, $1.576 million of District funds has been capitalized into the planning and engineering phase of the pump storage project.

The District continues to upgrade minor and major equipment, such as motor vehicles, major equipment, office equipment and furnishings, while surplusing or disposing of older equipment. The District also includes the capital assets from its one-third ownership in the Columbia Basin Hydropower joint venture. The following shows the net change in the District's capital assets between years 2021 and 2020.

CAPITAL ASSET ACTIVITY		
	2021	**2020**
Land	15,987	15,987
Construction in Progress	1,871,284	1,983,451
Hydropower Structure and Improvements	45,710,720	45,164,334
Hydropower Office Building	323,636	323,636
Minor Equipment	1,336,811	1,336,811
Major Equipment	10,934,765	10,448,689
Office Equipment	182,381	182,381
Total Capital Assets	60,375,583	59,455,290
Accumulated Depreciation	(40,306,655)	(38,789,154)
Total Net Capital Assets	20,068,929	20,666,136

Additional information regarding capital assets is provided in Note 3 of the Notes to the Financial Statements.

The District in the Future

The District continues to upgrade capital assets and older assets, typically fully depreciated and no longer cost effective to maintain, are sold for surplus. System improvements will continue to be a focus of the District with projects such as canal linings, pipelines and pumping plant renovation. The main goals of power generation joint venture project, created by the three Columbia Basin irrigation districts have been achieved; to provide a source of revenue for infrastructure replacement and modernization projects and reduce future increases in irrigation assessments.

It is the District's objective to keep the water users rates reasonable while providing operation and maintenance needed to maintain the water delivery system. Annual revenue derived from assessments, power generation and grants currently cover the operational, maintenance and system improvement costs of the District and is projected to do so for the foreseeable future.

Request for Information

This financial report is designed to provide a general overview of the District's accountability for all those interested. If you should have additional questions regarding the financial information, you can contact our office in writing at the following address:

Quincy-Columbia Basin Irrigation District
P O Box 188
Quincy, WA 98848

QUINCY-COLUMBIA BASIN IRRIGATION DISTRICT

MANAGEMENT DISCUSSION AND ANALYSIS

December 31, 2020

This management discussion and analysis (MD&A) is intended to:

1. Assist reader in focusing on significant financial issues;
2. Provide an overview of the District's financial activity;
3. Identify changes in the District's financial position;
4. Provide information on challenges in the next and subsequent years; and
5. Identify individual fund or program issues and concerns.

Since the MD&A is designed to focus on the fiscal year ending December 31, 2020, please read it in conjunction with the District's financial statements.

District Financial Statements

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   - Deferred Outflows. This section reports all deferred outflows.
   - Liabilities. This component reports all liabilities as current or non-current.
   - Deferred Inflows. This section reports all deferred inflows.
   - Net Position. This component reports net position separated as to current year or prior year. Their separation is intended to focus the reader's attention on the net position activity for the current years.

2. Statement of Revenue, Expenses and Changes in Fund Net Position. This statement is similar to an income statement and includes sections for operating and non-operating revenues and operating and non-operating expenses. The change in net position is forwarded and shown on the Statement of Net Position as current Net Position.

3. Statement of Cash Flows. This statement shows net cash provided by or used for operating activities, non-capital financing activities, capital and related financing activities and investing activities.

Financial Analysis of the District

The District's overall financial position remained stable in 2020 and 2019. In 2020 and 2019, the District continued the practice of investing in its assets through system improvements and upgrading equipment while keeping the financial impact on the District's water users as minimal as possible. The District did not incur any new long-term debt in the current year. Irrigation facilities average over sixty years in age and are well maintained, rehabilitated, and replaced as necessary to deliver irrigation water dependably. The District is following a deliberate and methodical plan to continually improve and maintain irrigation infrastructure.

An Overview of the District's Financial Position and Operations

The District's overall financial position and operations for the past two years are summarized below, and based upon the information in the Financial Statements.

STATEMENT OF NET POSITION		
	2020	**2019**
Assets		
Current Assets	18,053,084	16,861,606
Non-Current Assets	20,246,203	21,237,066
Total Assets	38,299,287	38,098,672
Deferred Outflows of Resources		
Deferred Outflows Related to Pensions	727,664	609,489
Total Assets and Deferred Outflows	39,026,951	38,708,161
Liabilities		
Current Liabilities	1,886,197	1,351,324
Non-Current Liabilities	2,865,496	3,140,939
Total Liabilities	4,751,693	4,492,264
Deferred Inflows of Resources		
Assessments in Advance	465,817	333,587
Deferred Inflows Related to Pensions	876,371	1,569,217
Total Deferred Inflows of Resources	1,342,188	1,902,804
Net Position		
Investment in Capital Assets	20,671,266	20,937,466
Restricted by USBR for Extraordinary Maint	6,237,368	5,995,309
Unrestricted	6,024,437	5,380,319
Total Net Position	32,933,070	32,313,093
Total Liabilities, Deferred Inflows & Net Position	39,026,951	38,708,161

Total Assets

In 2020, total assets increased $201,000 from 2019 primarily due to an increase in cash and a removal of the construction repayment receivable – see Note 9.

Total Liabilities

In 2020, total liabilities increased $250,000 from 2019 primarily due to the timing of system improvement purchases, a decrease in net pension liability and a decrease in the District's Construction Repayment Obligation. The Construction Repayment Obligation decreases as payments to the United States Bureau of Reclamation are made. In June 2020, the District made the final payment on irrigation Block 85 to the Bureau of Reclamation. Irrigation Blocks will continue to be paid off in the coming years. The Bureau of Reclamation's price index ratio remained at 75% for the 2020 payment.

Total Net Position

The District's overall financial position increased substantially, with ending Net Position increasing by over $600,000 thousand after a negative restatement of $873,000 in 2020 compared to 2019. See section on following page for explanation.

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION				
		2020		**2019**
Revenues				
Irrigation Assessments		17,421,142		16,560,496
Water Sales		2,317,267		1,210,921
Rentals		183,532		171,909
Work for Others & Other Operating Rev		647,477		1,127,292
Non-Operating Revenues		5,286,958		3,723,312
Total Revenues		25,856,376		22,793,931
Expenses				
Salaries & Benefits		10,084,726		9,421,994
Supplies, Maintenance & Repair		6,551,449		6,989,092
Professional Services & Insurance		923,422		863,568
Reserved Works & Construction Payments		4,335,527		4,388,199
Depreciation		1,550,469		1,618,332
Utilities & Other Operating Expenses		1,415,319		1,355,865
Non-Operating Expenses		56,148		288,108
Total Expenses		24,917,060		24,925,158
Capital Contributions (Hydropower Assets)		553,896		400,556
Change in Net Position		1,493,211		(1,730,670)
Rounding		(3)		-
Restatement		(873,231)		-
Ending Net Position		32,933,070		32,313,093

Major Factors Affecting the Statement of Revenues, Expenses and Change in Net Position

Net position continues to be impacted by the inclusion of the District's calculated share of the state's net pension liability. The District has a $2.36 million net pension liability at 2020 year-end. The net pension liability decreased $95 thousand in 2020 from 2019.

Total revenue increased by $3.06 million from 2019 to 2020. Excess water sales increased significantly in 2020 due to warmer and dryer spring months. Hydropower revenue also rose as increased irrigation flows generate more electricity. Grant and incentive contract revenue increased in 2020 by $717 thousand due to large cost share liner improvement projects.

Total operating expenses increased by $224 thousand from 2019 to 2020. Wages, benefits, and professional services experienced increases compared to 2019. Supplies, maintenance and repair costs saw a decrease in 2020 from 2019 primarily due to additional Bureau of Reclamation cost share grants. Non-operating expenses decreased due to an increase in the Hydropower joint venture value in 2020.

During the year ended December 31, 2020, the District removed the non-current construction repayment receivable from its balance sheet in the amount of $873 thousand. In the course of the 2019 financial audit, it was discovered the District does not hold direct repayment contracts with landowners which would be necessary to support holding the receivable.

Economic Factors

The farming economy in the community the District serves continued to be stable in 2020 and 2019 while experiencing fluctuations in commodity pricing.

Long Term Debt

The long-term liability represents a contract payable to the United States of America, held by the U. S. Bureau of Reclamation, for the repayment of the construction costs incurred on these lands, within the boundaries of the Quincy-Columbia Basin Irrigation District, to develop irrigation. The Contract was entered into in 1968 and is to be repaid over sixty years. The total liability (current and non-current) for 2020 and 2019 is $688,941 and $873,231, respectively.

The District assesses each landowner for the annual repayment of the construction debt. Additional information regarding this obligation is provided in Note 4 of the Notes to the Financial Statements.

Capital Assets

The Banks Lake Pumped Storage Project is proposed to be built between two existing reservoirs: Franklin D. Roosevelt Lake, which is behind Grand Coulee Dam, and Banks Lake. The project uses the two reservoirs to transfer and store water that can then be used to generate electricity at the times when it is most needed. When excess energy is being produced it can be used to pump water from the lower reservoir to the upper reservoir at relatively low costs. During times of higher power demand, water is sent back down to the lower reservoir, generating electricity. The project size will be determined in collaboration with potential offtakers to meet the needs of the region. The completed project is expected to be within the range of 500–1,000 MW. To date, $1.475 million of District funds has been capitalized into the planning and engineering phase of the pump storage project.

The District continues to upgrade minor and major equipment, such as motor vehicles, major equipment, office equipment and furnishings, while surplusing or disposing of older equipment. The District also includes the capital assets from its one-third ownership in the Columbia Basin Hydropower joint venture. The following shows the net change in the District's capital assets between years 2020 and 2019.

CAPITAL ASSET ACTIVITY		
	2020	**2019**
Land	15,987	5,487
Construction in Progress	1,983,451	1,563,441
Hydropower Structure and Improvements	45,164,334	44,830,451
Hydropower Office Building	323,636	-
Minor Equipment	1,336,811	1,351,403
Major Equipment	10,448,689	10,312,388
Office Equipment	182,381	190,999
Total Capital Assets	57,455,851	58,254,168
Accumulated Depreciation	(38,784,024)	(37,316,703)
Total Net Capital Assets	20,671,266	20,937,466

Additional information regarding capital assets is provided in Note 3 of the Notes to the Financial Statements.

<u>The District in the Future</u>

The District continues to upgrade capital assets and older assets, typically fully depreciated and no longer cost effective to maintain, are sold for surplus. System Improvements will continue to be a focus of the District with projects such as canal linings, pipelines and pumping plant renovation. The main goals of power generation joint venture project, created by the three Columbia Basin irrigation districts have been achieved; to provide a source of revenue for infrastructure replacement and modernization projects and reduce future increases in irrigation assessments.

It is the District's objective to keep the water users rates reasonable while providing operation and maintenance needed to maintain the water delivery system. Annual revenue derived from assessments, power generation and grants currently cover the operational, maintenance and system improvement costs of the District and is projected to do so for the foreseeable future.

Request for Information

This financial report is designed to provide a general overview of the District's accountability for all those interested. If you should have additional questions regarding the financial information, you can contact our office in writing at the following address:

Quincy-Columbia Basin Irrigation District
P O Box 188
Quincy, WA 98848

QUINCY COLUMBIA BASIN IRRIGATION DISTRICT
STATEMENT OF NET POSITION
For the Year Ended December 31, 2021

ASSETS	2021
Current Assets:	
Cash and Cash Equivalents	2,207,794
Short-Term Investments	10,562,078
Assessments Receivable	11,659
Accounts Receivable	
Interest Receivable	1,596
Supplemental & Excess Water	118,311
US Bureau of Reclamation	91,905
Other Accounts Receivable	64,296
Restricted Assets	
Short-Term Investments	6,412,398
Inventory	958,838
Accrued Interest	3,248
Prepayments	371,936
TOTAL CURRENT ASSETS	**20,804,058**
Non-Current Assets:	
Net Pension Asset (PERS 2/3)	5,928,353
Investment in Joint Venture	(79,230)
Capital Assets:	
Capital Assets not Being Depreciated	
Land	15,987
Construction in Progress Related to Hydropower	1,871,284
Capital Assets Being Depreciated	
Buildings	323,636
Structures and Improvements Related to Hydropower	45,710,720
Equipment	12,453,957
Less Accumulated Depreciation	(40,306,655)
Total Capital Assets	20,068,929
TOTAL NONCURRENT ASSETS	**25,918,052**
TOTAL ASSETS	**46,722,110**
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Outflows Related to Pensions	666,146
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	**47,388,256**

QUINCY COLUMBIA BASIN IRRIGATION DISTRICT
STATEMENT OF NET POSITION
For the Year Ended December 31, 2021

LIABILITIES	2021
Current Liabilities:	
Accounts Payable	1,727,243
Payroll Accruals Payable	255,739
Accrued Leave	558,114
Current Maturities on Construction Repayment	174,909
Contract Retentions	54,514
Deposits Payable	18,008
Accrued Taxes	1,486
TOTAL CURRENT LIABILITIES	**2,790,014**
Non-Current Liabilities:	
Construction Repayment	333,530
Net Pension Liability (PERS 1)	565,651
TOTAL NONCURRENT LIABILITIES	**899,181**
TOTAL LIABILITIES	**3,689,195**
DEFERRED INFLOWS OF RESOURCES	
Assessments In Advance	877,470
Deferred Inflows Related to Pensions	6,246,850
TOTAL DEFERRED INFLOWS OF RESOURCES	**7,124,320**
NET POSITION	
Net Investment in Capital Assets	20,068,929
Restricted by USBR for Extraordinary Maintenance	6,412,398
Restricted for Washington State PERS 2/3 Retirement Plans	840,830
Unrestricted	9,252,584
TOTAL NET POSITION	**36,574,741**
TOTAL NET POSITION, DEFERRED INFLOWS AND LIABILITIES	**47,388,256**

QUINCY COLUMBIA BASIN IRRIGATION DISTRICT
STATEMENT OF NET POSITION
For the Year Ending December 31, 2020

ASSETS	2020
Current Assets:	
Cash and Cash Equivalents	1,801,207
Short-Term Investments	8,913,616
Assessments Receivable	13,898
Deposits in Transit	
Accounts Receivable	
Interest Receivable	1,587
Supplemental & Excess Water	76,384
US Bureau of Reclamation	29,193
Other Accounts Receivable	1,089
Restricted Assets	
Short-Term Investments	6,237,368
Inventory	626,156
Prepayments	352,586
TOTAL CURRENT ASSETS	**18,053,084**
Non-Current Assets:	
Investment in Joint Venture	(425,062)
Capital Assets:	
Capital Assets not Being Depreciated	
Land	15,987
Construction in Progress Related to Hydropower	1,983,451
Capital Assets Being Depreciated	
Buildings	323,636
Structures and Improvements Related to Hydropower	45,164,334
Equipment	11,967,881
Less Accumulated Depreciation	(38,784,024)
Total Capital Assets	20,671,266
TOTAL NONCURRENT ASSETS	**20,246,203**
TOTAL ASSETS	**38,299,287**
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Outflows Related to Pensions	727,664
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	**39,026,951**

QUINCY COLUMBIA BASIN IRRIGATION DISTRICT
STATEMENT OF NET POSITION
For the Year Ending December 31, 2020

LIABILITIES	2020
Current Liabilities:	
Accounts Payable	764,772
Payroll Accruals Payable	266,187
Accrued Leave	604,492
Current Maturities on Construction Repayment	180,502
Contract Retentions	50,791
Deposits Payable	19,001
Accrued Taxes	452
TOTAL CURRENT LIABILITIES	**1,886,197**
Non-Current Liabilities:	
Construction Repayment	508,439
Net Pension Liability	2,357,057
TOTAL NONCURRENT LIABILITIES	**2,865,496**
TOTAL LIABILITIES	**4,751,693**
DEFERRED INFLOWS OF RESOURCES	
Assessments In Advance	465,817
Deferred Inflows Related to Pensions	876,371
TOTAL DEFERRED INFLOWS OF RESOURCES	**1,342,188**
NET POSITION	
Net Investment in Capital Assets	20,671,266
Restricted by USBR for Extraordinary Maintenance	6,237,368
Unrestricted	6,024,437
TOTAL NET POSITION	**32,933,070**
TOTAL NET POSITION, DEFERRED INFLOWS AND LIABILITIES	**39,026,951**

- - -The accompanying notes should be read with these financial statements - - -

QUINCY COLUMBIA BASIN IRRIGATION DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
For the Year Ended December 31, 2021

	2021
OPERATING REVENUES:	
Assessments	18,389,936
Water Sales	3,224,278
Rentals And Leases	187,430
Work For Others	329,080
Other Operating Revenue	26,863
Total Operating Revenue	**22,157,586**
OPERATING EXPENSES:	
Salaries	7,167,863
Employee Benefits	1,367,267
Supplies, Materials, Chemicals & Petroleum	5,543,306
Maintenance & Repair	1,318,998
Professional Services	753,797
Office Expense	147,790
Insurance & Bond Premiums	371,474
Insurance Claims	13,156
Utilities	930,170
Reserved Works	4,369,213
Depreciation Expense	1,530,327
Construction On Water Contracts	161,758
Other Operating Expense	356,385
Total Operating Expense	**24,031,504**
OPERATING INCOME (LOSS)	**(1,873,918)**
NONOPERATING REVENUES (EXPENSES)	
Interest Income	27,272
Gains (Losses) On Sale Of Assets	(7,477)
Power Generating Revenue	4,171,455
Grants / Incentive Contracts	445,087
Other Nonoperating Expense	(1,873)
Other Nonoperating Revenue	527,784
Power Development Expense	(319)
TOTAL NONOPERATING REVENUES (EXPENSES)	**5,161,929**
Income Before Contributions, Transfers, Extraordinary and Special Items	**3,288,012**
Capital Contributions related to additions in Hydropower assets	334,219
Rounding	(1)
CHANGE IN NET POSITION	**3,622,230**
Total Net Position, January 1	**32,952,511**
Total Net Position, December 31	**36,574,741**

QUINCY COLUMBIA BASIN IRRIGATION DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
For the Year Ending December 31, 2020

	2020
OPERATING REVENUES:	
Assessments	17,421,142
Water Sales	2,317,267
Rentals And Leases	183,532
Work For Others	579,576
Other Operating Revenue	67,901
Total Operating Revenue	**20,569,418**
OPERATING EXPENSES:	
Salaries	7,287,273
Employee Benefits	2,797,453
Supplies, Materials, Chemicals & Petroleum	5,055,708
Maintenance & Repair	1,495,741
Professional Services	600,482
Office Expense	172,989
Insurance & Bond Premiums	322,940
Insurance Claims	18,638
Utilities	916,361
Reserved Works	4,191,397
Depreciation Expense	1,550,469
Construction On Water Contracts	144,130
Other Operating Expense	307,330
Total Operating Expense	**24,860,912**
OPERATING INCOME (LOSS)	**(4,291,494)**
NONOPERATING REVENUES (EXPENSES)	
Interest Income	156,623
Gains (Losses) On Sale Of Assets	(5,405)
Power Generating Revenue	3,609,070
Grants / Incentive Contracts	1,115,684
Power Development Reimbursement	952
Other Nonoperating Expense	(50,630)
Other Nonoperating Revenue	404,629
Power Development Expense	(114)
TOTAL NONOPERATING REVENUES (EXPENSES)	**5,230,809**
Income Before Contributions, Transfers, Extraordinary and Special Items	**939,315**
Capital Contributions related to additions in Hydropower assets	553,896
Rounding	(3)
CHANGE IN NET POSITION	**1,493,208**
Total Net Position, January 1, as Originally Stated	**32,313,093**
Restatement	**(873,231)**
Total Net Position January 1, as Restated	**31,439,862**
Total Net Position, December 31	**32,933,070**

QUINCY COLUMBIA BASIN IRRIGATION DISTRICT
STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2021

	2021
CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash received from customers	21,991,970
Cash paid to suppliers	(12,779,466)
Cash paid to employees	(10,879,718)
Cash paid for other operating expenses	(341,225)
Net cash used by operating activities	**(2,008,438)**
CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES:	
Grants and incentive contracts received	445,087
Net cash provided by noncapital and related financing activities	**445,087**
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Acquisition and Construction of Capital Assets	(1,254,383)
Cash paid for other non-operating expenses	(2,192)
Cash received for other non-operating revenues	533,945
Capital Contributions Related to Hydropower assets	334,219
Proceeds from sale of assets	(7,477)
Net cash used by capital and related financing activities	**(395,888)**
CASH FLOWS FROM INVESTING ACTIVITIES:	
Purchase of investment securities	(24,467,703)
Matured investments	22,585,079
Interest income received	76,995
Power generating revenue - Columbia Basin Hydropower	4,171,455
Net cash provided by investing activities	**2,365,826**
NET INCREASE (DECREASE) IN CASH	**406,587**
CASH, BEGINNING OF YEAR	**1,801,207**
Rounding	1
CASH, END OF YEAR	**2,207,794**
Reconciliation of Operating Income (Loss) to Net Cash Used by Operating Activities:	
Operating income (loss)	(1,873,918)
Adjustments to reconcile loss from operations to net cash used in operating activities:	
Depreciation and amortization	1,530,327
Decrease (increase) in assets:	
Accounts/Assessments receivable	(165,616)
Prepaid expenses	(19,350)
Inventories	(332,681)
Deferred outflow of resources related to pensions	61,518
Net pension asset	(5,928,353)
Increase (decrease) in liabilities:	
Accounts payable	962,471
Construction Obligation Payable	(180,502)
Accrued liabilities	(52,068)
Deposits	(993)
Advance assessments	411,653
Deferred inflow of resources related to pensions	5,370,479
Net pension liability	(1,791,406)
Total adjustments	(134,520)
Net cash used by operating activities	**(2,008,438)**
NON-CASH INVESTING, CAPITAL, AND FINANCING ACTIVITES:	
Purchase of land, structures and equipment with direct financing	
Adjustment to Investment in Joint Venture	321,262

QUINCY COLUMBIA BASIN IRRIGATION DISTRICT
STATEMENT OF CASH FLOWS
For Year Ending December 31, 2020

	2020
CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash received from customers	20,748,576
Cash paid to suppliers	(13,017,402)
Cash paid to employees	(10,823,543)
Cash paid for other operating expenses	(143,892)
Net cash used in operating activities	**(3,236,261)**
CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES:	
Grants received	1,115,684
Net cash provided by noncapital and related financing activities	**1,115,684**
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Acquisition and Construction of Capital Assets	(1,432,838)
Cash paid for other non-operating expenses	(235,033)
Cash received for other non-operating revenues	414,882
Capital Contributions Related to Hydropower assets	553,896
Proceeds from sale of assets	(5,405)
Net cash used by capital and related financing activities	**(704,499)**
CASH FLOWS FROM INVESTING ACTIVITIES:	
Purchase of investment securities	(32,755,301)
Matured investments	32,562,403
Interest income received	302,081
Power generating revenue - Columbia Basin Hydropower	3,610,022
Net cash provided by investing activities	**3,719,205**
NET INCREASE (DECREASE) IN CASH	**894,128**
CASH, BEGINNING OF YEAR	**2,539,942**
Rounding	-
CASH, END OF YEAR	**3,434,070**
Reconciliation of Operating Income to Net Cash Used by Operating Activities	
Loss from operations	**(4,291,494)**
Adjustments to reconcile loss from operations to net cash used in operating activities:	
Depreciation and amortization	1,550,469
Pension expense	(905,962)
Decrease (increase) in assets:	
Accounts/Assessments receivable	179,158
Prepaid expenses	(95,966)
Inventories	(343,357)
Increase (decrease) in liabilities:	
Accounts payable	364,834
Accrued liabilities	172,469
Deposits	1,357
Advance assessments	132,230
Total adjustments	1,055,232
Rounding	1
Net cash used in operating activities	**(3,236,261)**
NON-CASH INVESTING, CAPITAL, AND FINANCING ACTIVITES:	
Adjustment to Investment in Joint Venture	148,569
Net cash used in operating activities	**(3,087,692)**

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Quincy-Columbia Basin Irrigation District (the District) conform to generally accepted accounting principles (GAAP) as applicable to proprietary funds of governments. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. All applicable GASB statements are reflected in the accompanying financial statements (including notes to financial statements). The following is a summary of the most significant policies.

a. Reporting Entity

The District is a quasi-municipal corporation governed by an elected seven-member board. As required by generally accepted accounting principles, management has considered all potential component units in defining the reporting entity. The District has no component units. These financial statements present the District, the primary government.

b. Basis of Accounting and Presentation

The accounting records of the District are maintained in accordance with methods prescribed by the State Auditor under the authority of Chapter 43.09 RCW. The District uses the Uniform System of Accounts for Irrigation Districts.

The District's statements are prepared using the economic resources measurement focus and full-accrual basis of accounting. 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 Operations and Maintenance Fund.

The District's use of the term "funds" refers to categories of cash and their corresponding general ledger accounts. Funds are created by Board resolution.

Operating revenues and expenses are those directly related to the operation of the District. Non-operating revenues and expenses are those not directly related to the operation of the District. Examples of non-operating revenues include interest, power and grant revenue.

c. Cash and Cash Equivalents:

For purposes of the statement of cash flows, the District considers all investments with a maturity of three months or less when purchased to be cash equivalents.

d. Inventories:

Inventories values are $959 thousand for 2021, which approximates the average cost of the inventories. Inventory items are used for operations and maintenance and are not held for resale. Inventory values are primarily due to chemicals purchased in 2021 and used in 2022. Year-end inventory values fluctuate significantly from year to year due to the timing of material purchases and utilization.

e. Capital Assets

See Note 4.

f. Restricted Funds

The Contract Reserve Fund ("Fund") was established as a requirement of Article 35 of the 1968 Repayment Contract ("Contract") with the U.S. Bureau of Reclamation ("USBR"). The Contract requires the Fund's balance be equal to at least 30% of the average previous five years' O & M expense. Annually, the 5-year, 30% average O&M expense is calculated, and a transfer is made into the Fund to true-up the balance, as set forth by the Contract. Due to the externally imposed restriction stated in the USBR Contract, the District classifies the Fund monies as restricted.

Additionally, the Contract states funds are to be used "…for the purpose of meeting major, extraordinary, or unforeseen costs of operation and maintenance, repair and replacements of the transferred works, and the District's share of such costs relating to the project reserved works and special reserved works." The Contract further states, payments shall be made into this Fund until 30% of the District's average annual O&M costs of the proceeding 5 years are met. If funds are used for an extraordinary repair and maintenance event, they must be returned to the Fund by annual assessments of not less than 3% of the 5-year average (within 10 years).

The District's annual transfers for 2021 were $210 thousand. As of December 31, 2021, the Contract Reserve Fund balance is $6.412 million.

g. Receivables

Assessments Receivable is a lien on the land under Title 87 of the Revised Code of Washington. The majority of Accounts Receivable consists of billings to the U.S. Department of Reclamation. These receivables are fully collectable.

h. Investments

See Note 3.

i. Compensated Absences

Compensated absences are absences for which employees will be paid, such as vacation and sick leave. The District records unpaid leave for compensated absences as an expense and liability when incurred.

Vacation pay, which may be accumulated up to 240 hours, is payable upon resignation, retirement or death. Sick leave may accumulate indefinitely. Upon resignation, any outstanding sick leave is lost. At retirement or death, sick leave is paid out at 25% of the accumulated balance.

j. Pensions

For purposes of measuring the net pension liability, net pension asset, 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.

For purposes of calculating the restricted net position related to the net pension asset, the district includes the net pension asset and the related deferred outflows and deferred inflows/net pension asset and related deferred inflows. See Note 5.

NOTE 2 – DEPOSITS AND INVESTMENTS

Cash on hand at December 31, 2021 on was $2,207,794. The carrying amount of the District's deposits, including certificates of deposit and Treasury Bills, was $16,974,476, and the bank balance was $2,206,894.

As required by state law, all deposits and investments of the District's funds are obligations of the U. S. Government, the State Treasurer's Investment Pool, Certificates of Deposits, or deposits with Washington State banks as allowed by Chapter 39.59 RCW.

Custodial credit risk for deposits is the risk that, in event of a failure of a depository financial institution, the District would not be able to recover deposits or will not be able to recover collateral securities that are in possession of an outside party. The District's deposits and certificates of deposit are mostly covered by federal depository insurance (FDIC) or by collateral held in a multiple financial institution collateral pool administered by the Washington Public Deposit Protection Commission (PDPC).

The District does not have a deposit policy for custodial credit risk.

As of year-end 2021, the District had the following investments:

Investments	2021 Book Value
US Treasury Debt Securities	11,981,235
Local Gov't Investment Pool	4,993,242
Total	**16,974,476**

a. Interest rate risk: Investments are subject to interest rate risk. Interest rate risk is the risk the District may face should interest rate variances affect the fair value of investments. The District does not have a formal policy that addresses interest rate risk.

At December 31, 2021, the District held investments with the following maturity time frames.

		Investment Maturity (in years) for the year ended December 31, 2021			
Investment Type	**Fair Value**	Less Than 1	1 to 5	6 to 10	More Than 10
Debt Securities					
US Treasuries	11,981,235	11,981,235			
Total Investments	**11,981,235**	**11,981,235**			

b. Custodial credit risk is the risk that in event of a failure of the counterparty to an investment transaction the District would not be able to recover the value of the investment or collateral securities. Of the District's total position of $16,974,476, no investments were exposed to custodial credit risk.

c. Fair Market Value: The District categories its fair value measurements within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the assets. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs. Level 3 inputs are significant unobservable inputs.

At December 31, 2021, the District held the following investments measured at fair value:

		Fair Value Measurements Using		
	12/31/2021	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by fair value level				
US Treasury Debt Securities	11,981,235	11,981,235		
Total investments by fair value level	**11,981,235**	**11,981,235**		

d: The District is a participant in the Local Government Investment Pool 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 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 GASB 79 for external investments 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.

At December 31, 2021, the District held the following investments measured at amortized cost:

Investments held at amortized cost	
	12/31/2021
Washington State Local Government Investment Pool	4,993,242
Total	**4,993,242**

NOTE 3 – CAPITAL ASSETS

Major expenses for capital assets are capitalized. The District defines a capital asset as having a useful life greater than one year and a value of $10,000 or more. Depreciation is computed on the straight-line method with useful lives of 5 to 50 years. Maintenance, repairs, and minor renewals are accounted for as expenses when incurred. The District had no capital leases in 2020. The hydropower capital assets included in the table below represents the District's one-third ownership in its joint venture capital assets. In addition, $750,000 in intangible assets consisting of Federal Energy Regulatory Commission licenses are included in the Hydropower Structures and Improvements capital assets total. The Columbia Basin Hydropower joint venture was created to operate and maintain hydropower assets. See Note 6 for information on Columbia Basin Hydropower.

Capital Asset activity for the year ended December 31, 2021 was as follows :				
	Beginning Balance	Increase	Decrease	Ending Balance
Capital asset not being depreciated:				
Land	15,987	-	-	15,987
Construction in Progress	1,983,451	298,378	410,545	1,871,284
Total capital asset not being depreciated	1,999,438	298,378	410,545	1,887,271
Capital assets being depreciated:				
Hydropower Structures & Improvements	45,164,334	546,386	-	45,710,720
Hydropower Office Building	323,636	-	-	323,636
Minor Equipment	1,336,811	-	-	1,336,811
Major Equipment & Vehicles	10,448,689	513,079	27,004	10,934,765
Office Equipment & Furnishings	182,381	-	-	182,381
Total capital assets being depreciated	57,455,852	1,059,465	27,004	58,488,312
Less accumulated depreciation for:				
Hydropower Structures &Improvements	29,790,504	921,540	-	30,712,045
All Equipment, Vehicles & Office	8,998,649	608,787	12,827	9,594,609
Total accumulated depreciation	38,789,153	1,530,327	12,827	40,306,655
Total capital assets being depreciated, net	18,666,698	(470,862)	14,177	18,181,657
TOTAL CAPITAL ASSETS, NET	**20,666,136**	**(172,484)**	**424,722**	**20,068,929**

NOTE 4 – LONG-TERM DEBT AND LIABILITIES

The District owed construction repayment to the United States of America, held by the U.S. Bureau of Reclamation for construction of the irrigation facility, in the amount of $508,439 as of December 31, 2021. The contract was entered into in 1968 and the repayment is approximately 15% of the original cost to be repaid by the land served over 60 years at 0% interest.

The following tabulation shows the changes in the account since its inception, with balances as of December 31, 2021:

2021 USBR Contract Repayment				
	Construction Charge Obligation	**Accrued Annual Installments Paid**	**Balance 12/31/2021**	**Balance 12/31/2020**
Block 70	746,419	746,419	0	0
Block 71	1,454,549	1,454,549	0	0
Block 72	2,775,001	2,775,001	0	0
Block 73	2,898,577	2,898,577	0	0
Block 74	1,801,761	1,801,761	0	0
Block 75	1,757,825	1,757,825	0	0
Block 76	816,332	816,332	0	0
Block 77	1,123,409	1,123,409	0	0
Block 78	925,916	925,916	0	0
Block 79	1,100,394	1,100,394	0	0
Block 80	1,493,438	1,361,263	101,589	132,175
Block 81	1,945,454	1,593,345	312,261	352,109
Block 82	1,397,606	1,330,607	0	66,999
Block 83	872,917	813,373	41,673	59,544
Block 85	1,392,210	1,392,210	0	0
Block 86	1,019,639	1,019,639	0	0
Block 87	2,454,588	2,454,588	0	0
Block 88	740,191	689,594	35,443	50,597
Block 89	2,267,117	2,267,117	0	0
Block 701	190,929	190,929	0	0
Block 741	108,876	89,172	17,473	19,704
Block 881	193,733	185,920	0	7,813
TOTAL	**29,476,879**	**28,787,938**	**508,439**	**688,941**

The annual requirements of the Construction repayment outstanding as of December 31, 2020, are as follows:

Construction Obligation **

2022	$ 174,909	2025-2026	$ 188,952*
2023	$ 102,499*	Total	$ 508,439
2024	$ 42,080*		

*Annual installments are determined by multiplying the base annual installment by the normal price index factor and then multiplying the product so obtained by the normal agricultural parity factor. The end result is that a percentage of the base annual installment is actually due. The U.S. Department of the Interior sends the percentage for the subsequent year payment to the District each fall. These figures are calculated assuming that 100% of the base annual installment will be due.

**This is an interest free obligation.

The current year construction repayment is assessed yearly to each landowner. Funds collected are placed in the Construction Fund.

Long-term liability activity for the year ended December 31, 2021 was as follows :					
	Beginning Balance	Increase	Decrease	Ending Balance	Due Within One Year
Contractual Repayment – US Bureau of Reclamation	688,941	-	180,502	508,439	174,909
Pension Obligations	2,357,057	-	1,791,406	565,651	
Compensated Absences	604,492	-	46,378	558,114	
Total long-term liabilities	**3,650,490**	**-**	**2,018,286**	**1,632,204**	**174,909**

Note 5 – Pension Plans

Plan Description

PERS was established in 1947 and its retirement benefit provisions are contained in chapters 41.34 and 41.40 RCW. PERS is a cost-sharing multiple employer retirement system comprised of three separate pension plans for membership purposes. PERS Plan 1 and PERS Plan 2 are defined benefit plans, and PERS Plan 3 is a defined benefit plan with a defined contribution component. PERS members include elected officials; state employees; employees of the Supreme, Appeals and Superior Courts; employees of the legislature; employees of the district and municipal courts; employees of local governments; and higher education employees not participating in higher education retirement programs.

PERS members who joined the system by September 30, 1977 are Plan 1 members. Those who joined on or after October 1, 1977 and by either, February 28, 2002 for state and higher education employees, or August 31, 2002 for local government employees, are Plan 2 members unless they exercised an option to transfer their membership to Plan 3. PERS members joining the system on or after March 1, 2002 for state and higher education employees, or September 1, 2002 for local government employees have the irrevocable option of choosing membership in either PERS Plan 2 or Plan 3. The option must be exercised within 90 days of employment. Employees who fail to choose within 90 days default to PERS Plan 3.

PERS is comprised of and reported as three separate plans for accounting purposes: Plan 1, Plan 2/3, and Plan 3. Plan 1 accounts for the defined benefits of Plan 1 members. Plan 2/3 accounts for the defined benefits of Plan 2 members, and the defined benefit portion of benefits for Plan 3 members. Plan 3 accounts for the defined contribution portion of benefits for Plan 3 members. Although members can only be a member of either Plan 2 or Plan 3, the defined benefit portions of Plan 2 and Plan 3 are accounted for in the same pension trust fund. All assets of this Plan 2/3 may legally be used to pay the defined benefits of any of the Plan 2 or Plan 3 members or beneficiaries, as defined by the terms of the plan. Therefore, Plan 2/3 is considered to be a single plan for accounting purposes. Pursuant to RCW 41.45.060, Washington Department of Retirement Systems (DRS) will allocate a certain portion of employer contributions from Plan 2/3 to Plan 1 in order to funds its unfunded actuarially accrued liability (UAAL).

The following table represents the aggregate pension amounts for all plans for the year 2021:

Aggregate Pension Amounts – All Plans	
Pension liabilities	$ 565,651
Pension assets	$ (5,928,353)
Deferred outflows of resources	$ 666,145
Deferred inflows of resources	$ (6,246,852)
Pension expense/expenditures	$ (1,460,835)

State Sponsored Pension Plans

Substantially all district's 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 annual comprehensive financial report (ACFR) that includes financial statements and required supplementary information for each plan. The DRS ACFR may be obtained by writing to:

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

Or the DRS ACFR may be downloaded from the DRS website at www.drs.wa.gov.

Public Employees' Retirement System (PERS)

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

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

Contributions

The **PERS Plan 1** member contribution rate is established by State statute at 6 percent. The employer contribution rate is developed by the Office of the State Actuary and includes an administrative expense component that is currently set at 0.18 percent. Each biennium, the state Pension Funding Council adopts Plan 1 employer contribution rates. The PERS Plan 1 required contribution rates (expressed as a percentage of covered payroll) for 2021 were as follows:

PERS Plan 1		
Actual Contribution Rates	**Employer**	**Employee***
January – June 2021		
PERS Plan 1	7.92%	6.00%
PERS Plan 1 UAAL	4.87%	
Administrative Fee	0.18%	
Total	**12.97%**	**6.00%**
July – December 2021		
PERS Plan 1	10.07%	6.00%
Administrative Fee	0.18%	
Total	**10.25%**	**6.00%**

* For employees participating in JBM, the contribution rate was 12.26%.

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 2021 were as follows:

PERS Plan 2/3		
Actual Contribution Rates	**Employer 2/3**	**Employee 2***
January – June 2021		
PERS Plan 2/3	7.92%	7.90%
PERS Plan 1 UAAL	4.87%	
Administrative Fee	0.18%	
Employee PERS Plan 3		Varies
Total	**12.97%**	**7.90%**
July – December 2021		
PERS Plan 2/3	6.36%	6.36%
PERS Plan 1 UAAL	3.71%	
Administrative Fee	0.18%	
Employee PERS Plan 3		Varies
Total	**10.25%**	**6.36%**

* For employees participating in JBM, the contribution rate was 15.90%.

The district's actual PERS plan contributions were $310,720 to PERS Plan 1 and $516,207 to PERS Plan 2/3 for the year ended December 31, 2021.

Actuarial Assumptions

The total pension liability (TPL) for each of the DRS plans was determined using the most recent actuarial valuation completed in 2021 with a valuation date of June 30, 2020. The actuarial assumptions used in the valuation were based on the results of the Office of the State Actuary's (OSA) *2013-2018 Demographic Experience Study* and the *2019 Economic Experience Study*.

Additional assumptions for subsequent events and law changes are current as of the 2020 actuarial valuation report. The TPL was calculated as of the valuation date and rolled forward to the measurement date of June 30, 2021. Plan liabilities were rolled forward from June 30, 2020, to June 30, 2021, 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 developed using the Society of Actuaries' Pub. H-2010 mortality rates, which vary by member status, as the base table. The OSA applied age offsets for each system, as appropriate, to better tailor the mortality rates to the demographics of each plan. OSA applied the long-term MP-2017 generational improvement scale, also developed by the Society of Actuaries, to project mortality rates for every year after the 2010 base table. Mortality rates are applied on a generational basis; meaning, each member is assumed to receive additional mortality improvements in each future year throughout their lifetime.

There were no changes in assumptions since the last valuation. There were changes in methods since the last valuation.

- For purposes of the June 30, 2020 Actuarial Valuation Report (AVR), a non-contribution rate setting valuation under current funding policy, the Office of the State Actuary (OSA) introduced temporary method changes to produce asset and liability measures as of the valuation date. See high-level summary below. OSA will revert back to the methods outlined in the 2019 AVR when preparing the 2021 AVR, a contribution rate-setting valuation, which will serve as the basis for 2022 ACFR results.

- To produce measures at June 30, 2020, unless otherwise noted in the 2020 AVR, OSA relied on the same data, assets, methods, and assumptions as the June 30, 2019 AVR. OSA projected the data forward one year reflecting assumed new hires and current members exiting the plan as expected. OSA estimated June 30, 2020, assets by relying on the fiscal year end 2019 assets, reflecting actual investment performance over FY 2020, and reflecting assumed contribution amounts and benefit payments during FY 2020. OSA reviewed the actual June 30, 2020, participant and financial data to determine if any material changes to projection assumptions were necessary. OSA also considered any material impacts to the plans from 2021 legislation. See the 2020 AVR for more information.

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 was completed to test whether each pension plan's fiduciary net position was sufficient to make all projected future benefit payments for current plan members. Based on OSA's 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 OSA reviewed the historical experience data, considered the historical conditions that produced past annual investment returns, and considered Capital Market Assumptions (CMA's) and simulated expected investment returns provided by the Washington State Investment Board (WSIB). The WSIB uses the CMA's and their target asset allocation to simulate future investment returns at various future times.

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, 2021 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%	2.20%
Tangible Assets	7%	5.10%
Real Estate	18%	5.80%
Global Equity	32%	6.30%
Private Equity	23%	9.30%
	100%	

Sensitivity of the Net Pension Liability/(Asset)

The table below presents the district's proportionate share of the net pension liability calculated using the discount rate of 7.4 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 (6.4 percent) or 1-percentage point higher (8.4 percent) than the current rate.

	1% Decrease (6.4%)	Current Discount Rate (7.4%)	1% Increase (8.4%)
PERS 1	$ 963,619	$ 565,651	$ 218,583
PERS 2/3	$ (1,688,873)	$ (5,928,353)	$ (9,419,567)

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, 2021, the district reported its proportionate share of the net pension liabilities as follows:

	Liability (or Asset)
PERS 1	$ 565,651
PERS 2/3	$ (5,928,353)

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

	Proportionate Share 6/30/20	Proportionate Share 6/30/21	Change in Proportion
PERS 1	.045325%	.046318%	.000993%
PERS 2/3	.059177%	.059512%	.000335%

Employer contribution transmittals received and processed by the DRS for the fiscal year ended June 30, 2021 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.

Pension Expense

For the year ended December 31, 2021, the district recognized pension expense as follows:

	Pension Expense
PERS 1	$ (70,778)
PERS 2/3	$ (1,390,057)
TOTAL	$ (1,460,835)

Deferred Outflows of Resources and Deferred Inflows of Resources

At December 31, 2021, the district reported deferred outflows of resources and deferred inflows of resources related to pensions from the following:

PERS 1	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ -
Net difference between projected and actual investment earnings on pension plan investments	$ -	$ (627,683)
Changes of assumptions	$ -	$ -
Changes in proportion and differences between contributions and proportionate share of contributions	$ -	$ -
Contributions subsequent to the measurement date	$ 134,499	$
TOTAL	$ 134,499	$ (627,683)

PERS 2/3	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 287,932	$ (72,676)
Net difference between projected and actual investment earnings on pension plan investments	$ -	$ (4,954,712)
Changes of assumptions	$ 8,663	$ (421,011)
Changes in proportion and differences between contributions and proportionate share of contributions	$ 5,434	$ (170,769)
Contributions subsequent to the measurement date	$ 229,617	$ -
TOTAL	$ 531,646	$ (5,619,168)

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, 2022. 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
2022	$ (166,273)
2023	$ (152,367)
2024	$ (144,069)
2025	$ (164,974)
2026	$ -
Thereafter	$ -

Year ended December 31:	PERS 2/3
2022	$ (1,400,609)
2023	$ (1,311,589)
2024	$ (1,248,504)
2025	$ (1,331,661)
2026	$ (27,133)
Thereafter	$ 2,356

NOTE 6 – JOINT VENTURES

The District is involved in the Columbia Basin Hydropower joint venture, which is comprised of seven hydroelectric generating developments located within the boundaries of the South Columbia Basin Irrigation District, the Quincy-Columbia Basin Irrigation District and the East Columbia Basin Irrigation District. These projects are jointly owned by all three Districts, one-third each, pursuant to an agreement executed on May 10, 1980 by the Districts.

South Columbia Basin Irrigation District was designated by the above agreement to be the lead agency for these projects, with the responsibility for development, operation and maintenance of these projects until such time as a separate legal entity was created to assume these duties. By Agreement dated December 10, 1987, the three Districts assigned to the Columbia Basin Hydropower the rights and obligations to administer the developments on their behalf and appointed the "Authority" as their agent and representative for that purpose.

On May 10, 1980, the three irrigation Districts executed power sales agreements with the City of Seattle and the City of Tacoma for all six hydroelectric projects. Under said agreement, the Cities have agreed to purchase 100 percent of the power generated by the projects. In addition, the Cities are required to make payments to the Districts which equal the operating and maintenance expenses plus the annual debt service on the revenue bonds issued. The Districts do not receive title to the facilities until 40 years after the date of the contract.

Also, the East Columbia Basin Irrigation District, South Columbia Basin Irrigation District and Quincy-Columbia Basin Irrigation District are involved in the operation of the Quincy Chute Hydroelectric Project, in which Quincy District is the lead agency. Grant County Public Utility District has contracted to purchase 100 percent of the power generated by the Quincy Chute, in accordance with a Construction and Operation Agreement dated May 21, 1982.

On July 11, 1988, the East Columbia Basin Irrigation District, South Columbia Basin Irrigation District and Quincy-Columbia Basin Irrigation District entered into a Contract with Grant County Public Utility District for the construction of the Potholes East Canal Headwork's Hydroelectric Project, in which South District is the lead agency, whereby Grant County Public Utilities District will undertake development, operation and maintenance of the project and purchase 100 percent of the power output. In any month that the account balance, as determined by Grant County Public Utility District, is positive, Grant County Public Utility District shall pay one-half of the account balance to the Districts. The Districts do not receive title for 40 years after the date of commercial operation of the project, or October 1, 2032, whichever event first occurs.

The proceeds from the sale of electricity to the three Districts are net of expenses. The District made $105,408 of payments to Columbia Basin Hydropower in 2021. These payments were to continue work towards obtaining a preliminary lease of power privilege from the United States Bureau of Reclamation for the North Dam Project on Banks Lake, the District's share of Quincy Chute and Potholes East Canal Headworks activities, and for small hydro-electric site development. The Authority is audited as a separate entity. Separate financial statements can be obtained by contacting the Columbia Basin Hydropower, PO Box 219, Ephrata, Washington 98823; South Columbia Basin Irrigation District, PO Box 1006, Pasco, WA 99301; and East Columbia Basin Irrigation District, PO Box E, Othello, WA 99344.

NOTE 7 - RISK MANAGEMENT

The District has elected the account reimbursable method for unemployment insurance. Unemployment claims for 2021 were $2,780. Unemployment recoveries were $2,896 in 2021. Using this method provides a substantial savings to the District in lieu of paying the standard unemployment percentages.

The District has also elected partial self-insurance for general liabilities through increasing the amount of deductible threshold. The deductible for general liabilities is $10,000 per incident.

The District's Directors, officers and employees are subject to loss from errors and omissions in the administration of their duties. Public Officials & Employee Liability coverage is purchased to protect against those exposures including employment practices liability.

Deductible payments, if any, are considered an operational expense payable from the general operations and maintenance fund. In recognition of potential risks to the District, the Board of Directors has purchased various insurance policies to minimize areas of such risks. The policies include a bond for each director, manager and treasurer, coverage for Fidelity and Crime, Group Travel, Public Officials & Employee Liability, property policies that cover buildings, siphons, pumping plants, valuable papers, etc., Inland Marine coverage for Heavy Equipment, Pollution Liability, Electronic Data Equipment coverage. A package policy that includes General Liability, Property, Inland Marine, Mobile Equipment & Vehicles and finally an Umbrella policy to add extended limits to some unseen event or claim. The District also carries Professional Engineers liability insurance which insures the District’s professional engineers.

The Columbia Basin Project irrigation facilities are owned by the United States which is self-insured. The District is required by the federal repayment contract to accumulate and maintain an emergency reserve operations and maintenance fund equal in amount to 30% of the average annual operations and maintenance costs of the District for the preceding five years. This fund is available for the purpose of meeting major, extraordinary or unforeseen costs of operations and maintenance, repair and replacements of transferred works and the District's share of such costs relating to project reserved works and special reserved works.

The District is a member of Cities Insurance Association of Washington (CIAW). Chapter 48.62 RCW authorizes the governing body of any one or more governmental entities to form together into or join a program or organization for the joint purchasing of insurance, and/or joint self-insuring, and/or joint hiring or contracting for risk management services to the same extent that they may individually purchase insurance, self-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 program was formed on September 1, 1988, when 34 cities 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. As of November 30, 2021, membership includes 192 members in the program.

The program provides the following forms of joint self-insurance and reinsurance coverage for its members: Property, including Automobile Comprehensive and Collision, Equipment Breakdown, Crime Protection and Liability, including General, Automobile, Wrongful Acts, and Cyber, which are included to fit the member’s various needs.

The program acquires liability insurance through their administrator, Clear Risk Solutions, which is subject to a per occurrence self-insured retention (SIR) of $100,000. Members are responsible for a $1,000 to $10,000 deductible for each claim (can vary by member), while the program is responsible for the $100,000 SIR. Since the program is a cooperative program, there is joint liability among the participating members toward the sharing of the $100,000 SIR, in addition to the deductible. The program also purchases a Stop Loss Policy as another layer of protection to its membership, with an attachment point of $3,505,566, which is fully funded in its annual budget.

Property insurance is subject to a per occurrence SIR of $100,000. Members are responsible for a $1,000 deductible for each claim (some member deductibles vary). The program bears the $100,000 SIR, in addition to the deductible.

Crime insurance is subject to a per occurrence self-insured retention of $25,000. Members are responsible for a $1,000 deductible for each claim (some member deductibles vary). The program bears the $25,000 SIR, in addition to the deductible.

Equipment Breakdown insurance is subject to a per occurrence deductible of $2,500 (cities and special districts) and $500 (fire districts), which may vary per member, with the exception of Pumps & Motors, which is $10,000. Members are responsible for the deductible amount of each claim. There is no program SIR on this coverage, with the exception of Pumps & Motors, which is $15,000 and is covered by CIAW.

Cyber liability insurance is subject to a per-occurrence SIR of $50,000. Members are responsible for a $10,000 deductible for each claim, while the program is responsible for the remaining $40,000 SIR.

Members contract to remain in the program for a minimum of one year and must give notice before December 1 to terminate participation the following December 1. The Interlocal Agreement is renewed automatically each year. In the event of termination, a member is still responsible for contributions to the program for any unresolved, unreported, and in-process claims for the period they were a signatory to the Interlocal Agreement.

The program has no employees. Claims are filed by members/brokers with Clear Risk Solutions, who has been contracted to perform program administration, underwriting, claims adjustment, and loss prevention for the program. Fees paid to the third-party administrator under this arrangement for the year ending December 1, 2021, were $2,772,987.

A board of ten members is selected by the membership from three geographic areas of the state on a staggered term basis and is responsible for conducting the business affairs of the program.

The District's risk management also includes loss prevention and reduction and risk transfer as follows:

1. <u>Loss Prevention and Reduction</u>:

   a. The District has developed an emergency response plan; and
   b. The District has quarterly District-wide safety meetings; and
   c. The District has monthly water section safety meetings; and
   d. The Bureau of Reclamation conducts a bi-annual review of operations and maintenance to insure safety standards are practiced and in place; and
   e. The District had a Water Conservation Plan developed which identified facilities that are in need of improvement. This 5-year plan prioritizes maintenance on the District’s canal and laterals.

2. Risk Transfer

a. Independent contractors are required to furnish certificates of insurance coverage and contractual risk transfer clauses are included in contracts.

NOTE 8 – GRANTS AND INCENTIVE FUNDED CAPITAL IMPROVEMENTS

The District was also provided with an energy incentive contract from Bonneville Power Administration, to be used for electrical conservation projects. The BPA cost shares approved projects, and the share amount is dependent upon the estimated energy savings association with the project. In 2021, the District received $445,087, in incentive contract revenue.

NOTE 9 – COVID-19 PANDEMIC

In February 2020, the Governor of the state of Washington declared a state of emergency in response to the spread of the deadly new virus known as COVID-19. In the months following the declaration, precautionary measures to slow the spread of the virus were ordered. These measures included closing schools, cancelling public events, limiting public and private gatherings, and restricting business operations, travel and non-essential activities.

To date, there has been minimal financial impact to the District related to this event. Management responded quickly to the event and implemented robust social distancing policy and procedures. These changes, while often complicating or adding time to tasks, are critical in order to protect our employees and to ensure the continuity of water delivery to District landowners.

The length of time these measures will be in place, and the full extent of the financial impact on the District is unknown at this time.

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Quincy-Columbia Basin Irrigation District (the District) conform to generally accepted accounting principles (GAAP) as applicable to proprietary funds of governments. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. All applicable GASB statements are reflected in the accompanying financial statements (including notes to financial statements). The following is a summary of the most significant policies.

a. Reporting Entity

The District is a quasi-municipal corporation governed by an elected seven-member board. As required by generally accepted accounting principles, management has considered all potential component units in defining the reporting entity. The District has no component units. These financial statements present the District, the primary government.

b. Basis of Accounting and Presentation

The accounting records of the District are maintained in accordance with methods prescribed by the State Auditor under the authority of Chapter 43.09 RCW. The District uses the Uniform System of Accounts for Irrigation Districts.

The District's statements are prepared using the economic resources measurement focus and full-accrual basis of accounting. 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 Operations and Maintenance Fund.

The District's use of the term "funds" refers to categories of cash and their corresponding general ledger accounts. Funds are created by Board resolution.

Operating revenues and expenses are those directly related to the operation of the District. Non-operating revenues and expenses are those not directly related to the operation of the District. Examples of non-operating revenues include interest, power and grant revenue.

c. Cash and Cash Equivalents:

For purposes of the statement of cash flows, the District considers all investments with a maturity of three months or less when purchased to be cash equivalents.

d. Inventories:

Inventories values are $626,156 for 2020, which approximates the average cost of the inventories. Inventory items are used for operations and maintenance and are not held for resale. Inventory values are primarily due to pipe and canal liner material purchased in 2020 and used in 2021. Year-end inventory values fluctuate significantly from year to year due to the timing of material purchases and utilization.

e. Capital Assets

See Note 4.

f. Restricted Funds

The Contract Reserve Fund ("Fund") was established as a requirement of Article 35 of the 1968 Repayment Contract ("Contract") with the U.S. Bureau of Reclamation ("USBR"). The Contract requires the Fund's balance be equal to at least 30% of the average previous five years' O & M expense. Annually, the 5-year, 30% average O&M expense is calculated, and a transfer is made into the Fund to true-up the balance, as set forth by the Contract. Due to the externally imposed restriction stated in the USBR Contract, the District classifies the Fund monies as restricted.

Additionally, the Contract states funds are to be used "…for the purpose of meeting major, extraordinary, or unforeseen costs of operation and maintenance, repair and replacements of the transferred works, and the District's share of such costs relating to the project reserved works and special reserved works." The Contract further states, payments shall be made into this Fund until 30% of the District's average annual O&M costs of the proceeding 5 years are met. If funds are used for an extraordinary repair and maintenance event, they must be returned to the Fund by annual assessments of not less than 3% of the 5-year average (within 10 years).

The District's annual transfers for 2020 were $317,478. As of December 31, 2020, the Contract Reserve Fund balance is $6,202,045.

g. Receivables

Assessments Receivable is a lien on the land under Title 87 of the Revised Code of Washington. The majority of Accounts Receivable consists of billings to the U.S. Department of Reclamation. These receivables are fully collectable.

h. Investments

See Note 3.

i. Compensated Absences

Compensated absences are absences for which employees will be paid, such as vacation and sick leave. The District records unpaid leave for compensated absences as an expense and liability when incurred.

Vacation pay, which may be accumulated up to 240 hours, is payable upon resignation, retirement or death. Sick leave may accumulate indefinitely. Upon resignation, any outstanding sick leave is lost. At retirement or death, sick leave is paid out at 25% of the accumulated balance.

j. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of all state sponsored pension plans and additions to/deductions from those plans' fiduciary net position have been determined on the same basis as they are reported by the Washington State Department of Retirement Systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. See Note 5.

NOTE 2 – DEPOSITS AND INVESTMENTS

Cash on hand at December 31, 2020 on was $1,802,867. The carrying amount of the District's deposits, including certificates of deposit and Treasury Bills, was $15,150,984, and the bank balance was $1,801,967.

As required by state law, all deposits and investments of the District's funds are obligations of the U. S. Government, the State Treasurer's Investment Pool, Certificates of Deposits, or deposits with Washington State banks as allowed by Chapter 39.59 RCW.

Custodial credit risk for deposits is the risk that, in event of a failure of a depository financial institution, the District would not be able to recover deposits or will not be able to recover collateral securities that are in possession of an outside party. The District's deposits and certificates of deposit are mostly covered by federal depository insurance (FDIC) or by collateral held in a multiple financial institution collateral pool administered by the Washington Public Deposit Protection Commission (PDPC).

The District does not have a deposit policy for custodial credit risk.

As of year-end 2020, the District had the following investments:

Investments	2020 Book Value
US Treasury Debt Securities	10,157,743
Local Gov't Investment Pool	4,993,241
Total	**15,150,984**

a. Interest rate risk: Investments are subject to interest rate risk. Interest rate risk is the risk the District may face should interest rate variances affect the fair value of investments. The District does not have a formal policy that addresses interest rate risk.

At December 31, 2020, the District held investments with the following maturity time frames.

		Investment Maturity (in years) for the year ended December 31, 2020			
Investment Type	**Fair Value**	Less Than 1	1 to 5	6 to 10	More Than 10
Debt Securities					
US Treasuries	6,172,333	6,172,333			
US Treasury Strips	3,985,410	3,985,410			
Total Investments	**10,157,743**	**10,157,743**			

b. Custodial credit risk is the risk that in event of a failure of the counterparty to an investment transaction the District would not be able to recover the value of the investment or collateral securities. Of the District's total position of $15,150,984, no investments were exposed to custodial credit risk.

c. Fair Market Value: The District categories its fair value measurements within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the assets. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs. Level 3 inputs are significant unobservable inputs.

At December 31, 2020, the District held the following investments measured at fair value:

		Fair Value Measurements Using		
	12/31/2020	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by fair value level				
US Treasury Debt Securities	10,157,743	10,157,743		
Total investments by fair value level	**10,157,743**	**10,157,743**		

d: The District is a participant in the Local Government Investment Pool 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 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 investments 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.

At December 31, 2020, the District held the following investments measured at amortized cost:

Investments held at amortized cost	
	12/31/2020
Washington State Local Government Investment Pool	4,993,241
Total	**4,993,241**

NOTE 3 – CAPITAL ASSETS

Major expenses for capital assets are capitalized. The District defines a capital asset as having a useful life greater than one year and a value of $10,000 or more. Depreciation is computed on the straight-line method with useful lives of 5 to 50 years. Maintenance, repairs, and minor renewals are accounted for as expenses when incurred. The District had no capital leases in 2020. The hydropower capital assets included in the table below represents the District's one-third ownership in its joint venture capital assets. In addition, $750,000 in intangible assets consisting of Federal Energy Regulatory Commission licenses are included in the Hydropower Structures and Improvements capital assets total. The Columbia Basin Hydropower joint venture was created to operate and maintain hydropower assets. See Note 6 for information on Columbia Basin Hydropower.

Capital Asset activity for the year ended December 31, 2020 was as follows :				
	Beginning Balance	**Increase**	**Decrease**	**Ending Balance**
Capital asset not being depreciated:				
Land	5,487	10,500	-	15,987
Construction in Progress	1,563,441	643,993	223,983	1,983,451
Total capital asset not being depreciated	1,568,928	654,493	223,983	1,999,438
Capital assets being depreciated:				
Hydropower Structures & Improvements	44,830,449	333,886	-	45,164,334
Hydropower Office Building	-	323,636	-	323,636
Minor Equipment	1,351,403	11,307	25,899	1,336,811
Major Equipment & Vehicles	10,312,388	188,784	52,482	10,448,689
Office Equipment & Furnishings	190,999	-	8,617	182,381
Total capital assets being depreciated	56,685,239	857,613	86,998	57,455,852
Less accumulated depreciation for:				
Hydropower Structures &Improvements	28,883,010	902,364	-	29,785,375
All Equipment, Vehicles & Office	8,433,693	649,797	84,840	8,998,649
Total accumulated depreciation	37,316,703	1,552,161	84,840	38,784,024
Total capital assets being depreciated, net	19,368,538	(694,548)	2,158	18,671,828
TOTAL CAPITAL ASSETS, NET	**20,937,466**	**(40,055)**	**226,141**	**20,671,266**

NOTE 4 – LONG-TERM DEBT AND LIABILITIES

The District owed construction repayment to the United States of America, held by the U.S. Bureau of Reclamation for construction of the irrigation facility, in the amount of $688,941 as of December 31, 2020. The contract was entered into in 1968 and the repayment is approximately 15% of the original cost to be repaid by the land served over 60 years at 0% interest.

The following tabulation shows the changes in the account since its inception, with balances as of December 31, 2020:

2020 USBR Contract Repayment				
	Construction Charge Obligation	**Accrued Annual Installments Paid**	**Balance 12/31/2020**	**Balance 12/31/2019**
Block 70	746,419	746,419	0	0
Block 71	1,454,549	1,454,549	0	0
Block 72	2,775,001	2,775,001	0	0
Block 73	2,898,577	2,898,577	0	0
Block 74	1,801,761	1,801,761	0	0
Block 75	1,757,825	1,757,825	0	0
Block 76	816,332	816,332	0	0
Block 77	1,123,409	1,123,409	0	0
Block 78	925,916	925,916	0	0
Block 79	1,100,394	1,100,394	0	0
Block 80	1,493,438	1,361,263	132,175	162,761
Block 81	1,945,454	1,593,345	352,109	391,957
Block 82	1,397,606	1,330,607	66,999	95,630
Block 83	872,917	813,373	59,544	77,414
Block 85	1,392,210	1,392,210	0	46,004
Block 86	1,019,639	1,019,639	0	0
Block 87	2,454,588	2,454,588	0	0
Block 88	740,191	689,594	50,597	65,751
Block 89	2,267,117	2,267,117	0	0
Block 701	190,929	190,929	0	0
Block 741	108,876	89,172	19,704	21,935
Block 881	193,733	185,920	7,813	11,777
TOTAL	**29,476,879**	**28,787,938**	**688,941**	**873,231**

The annual requirements of the Construction repayment outstanding as of December 31, 2020, are as follows:

Construction Obligation **

2021	$ 180,502	2024-2026	$ 245,574*
2022	$ 149,782*	Total	$ 668,941
2023	$ 113,083*		

*Annual installments are determined by multiplying the base annual installment by the normal price index factor and then multiplying the product so obtained by the normal agricultural parity factor. The end result is that a percentage of the base annual installment is actually due. The U.S. Department of the Interior sends the percentage for the subsequent year payment to the District each fall. These figures are calculated assuming that 100% of the base annual installment will be due.

**This is an interest free obligation.

The current year construction repayment is assessed yearly to each landowner. Funds collected are placed in the Construction Fund.

Long-term liability activity for the year ended December 31, 2020 was as follows :					
	Beginning Balance	**Increase**	**Decrease**	**Ending Balance**	**Due Within One Year**
Contractual Repayment – US Bureau of Reclamation	873,231	-	184,290	688,941	180,502
Pension Obligations	2,451,998	-	94,941	2,357,057	
Compensated Absences	556,212	48,280	-	604,492	
Total long-term liabilities	**3,881,441**	**48,280**	**279,231**	**3,650,490**	**180,502**

Note 5 – Pension Plans

Plan Description

PERS was established in 1947 and its retirement benefit provisions are contained in chapters 41.34 and 41.40 RCW. PERS is a cost-sharing multiple employer retirement system comprised of three separate pension plans for membership purposes. PERS Plan 1 and PERS Plan 2 are defined benefit plans, and PERS Plan 3 is a defined benefit plan with a defined contribution component. PERS members include elected officials; state employees; employees of the Supreme, Appeals and Superior Courts; employees of the legislature; employees of the district and municipal courts; employees of local governments; and higher education employees not participating in higher education retirement programs.

PERS members who joined the system by September 30, 1977 are Plan 1 members. Those who joined on or after October 1, 1977 and by either, February 28, 2002 for state and higher education employees, or August 31, 2002 for local government employees, are Plan 2 members unless they exercised an option to transfer their membership to Plan 3. PERS members joining the system on or after March 1, 2002 for state and higher education employees, or September 1, 2002 for local government employees have the irrevocable option of choosing membership in either PERS Plan 2 or Plan 3. The option must be exercised within 90 days of employment. Employees who fail to choose within 90 days default to PERS Plan 3.

PERS is comprised of and reported as three separate plans for accounting purposes: Plan 1, Plan 2/3, and Plan 3. Plan 1 accounts for the defined benefits of Plan 1 members. Plan 2/3 accounts for the defined benefits of Plan 2 members, and the defined benefit portion of benefits for Plan 3 members. Plan 3 accounts for the defined contribution portion of benefits for Plan 3 members. Although members can only be a member of either Plan 2 or Plan 3, the defined benefit portions of Plan 2 and Plan 3 are accounted for in the same pension trust fund. All assets of this Plan 2/3 may legally be used to pay the defined benefits of any of the Plan 2 or Plan 3 members or beneficiaries, as defined by the terms of the plan. Therefore, Plan 2/3 is considered to be a single plan for accounting purposes. Pursuant to RCW 41.45.060, Washington Department of Retirement Systems (DRS) will allocate a certain portion of employer contributions from Plan 2/3 to Plan 1 in order to funds its unfunded actuarially accrued liability (UAAL).

The following table represents the aggregate pension amounts for all plans for the year 2020:

Aggregate Pension Amounts – All Plans	
Pension liabilities	$ 2,357,057
Pension assets	$ -
Deferred outflows of resources	$ 727,664
Deferred inflows of resources	$ (876,371)
Pension expense/expenditures	$ (5,361)

State Sponsored Pension Plans

Substantially all District's 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.

Public Employees' Retirement System (PERS)

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

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

Contributions

The **PERS Plan 1** member contribution rate is established by State statute at 6 percent. The employer contribution rate is developed by the Office of the State Actuary and includes an administrative expense component that is currently set at 0.18 percent. Each biennium, the state Pension Funding Council adopts Plan 1 employer contribution rates. The PERS Plan 1 required contribution rates (expressed as a percentage of covered payroll) for 2020 were as follows:

PERS Plan 1		
Actual Contribution Rates	**Employer**	**Employee***
January – August 2020		
PERS Plan 1	7.92%	6.00%
PERS Plan 1 UAAL	4.76%	
Administrative Fee	0.18%	
Total	**12.86%**	**6.00%**
September – December 2020		
PERS Plan 1	7.92%	6.00%
PERS Plan 1 UAAL	4.87%	
Administrative Fee	0.18%	
Total	**12.97%**	**6.00%**

* For employees participating in JBM, the contribution rate was 12.26%.

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 2020 were as follows:

PERS Plan 2/3		
Actual Contribution Rates	**Employer 2/3**	**Employee 2***
January – August 2020		
PERS Plan 2/3	7.92%	7.90%
PERS Plan 1 UAAL	4.76%	
Administrative Fee	0.18%	
Employee PERS Plan 3		Varies
Total	**12.86%**	**7.90%**
September – December 2020		
PERS Plan 2/3	7.92%	7.90%
PERS Plan 1 UAAL	4.87%	
Administrative Fee	0.18%	
Employee PERS Plan 3		Varies
Total	**12.97%**	**7.90%**

* For employees participating in JBM, the contribution rate was 19.75%.

The District's actual PERS plan contributions were $ 339,469 to PERS Plan 1 and $ 561,132 to PERS Plan 2/3 for the year ended December 31, 2020.

Actuarial Assumptions

The total pension liability (TPL) for each of the DRS plans was determined using the most recent actuarial valuation completed in 2020 with a valuation date of June 30, 2019. The actuarial assumptions used in the valuation were based on the results of the Office of the State Actuary's (OSA) *2013-2018 Experience Study* and the *2019 Economic Experience Study*.

Additional assumptions for subsequent events and law changes are current as of the 2019 actuarial valuation report. The TPL was calculated as of the valuation date and rolled forward to the measurement date of June 30, 2020. Plan liabilities were rolled forward from June 30, 2019, to June 30, 2020, 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 developed using the Society of Actuaries' Pub. H-2020 mortality rates, which vary by member status, as the base table. The OSA applied age offsets for each system, as appropriate, to better tailor the mortality rates to the demographics of each plan. OSA applied the long-term MP-2017 generational improvement scale, also developed by the Society Actuaries, to project mortality rates for every year after the 2010 base table. 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.

- OSA updated its demographic assumptions based on the results of its latest demographic experience study. See OSA's 2013-2018 Demographic Experience Study at leg.wa.gov/osa.

- OSA updated the Early Retirement Factors and Joint-and-Survivor factors used in its model to match the ones implemented by DRS on October 1, 2020. These factors are used to value benefits for members who elect to retire early and for survivors of members that die prior to retirement.

- The valuation includes liabilities and assets for Plan 3 members purchasing Total Allocation Portfolio annuities when determining contribution rates and funded status.

- OSA simplified its modeling of medical premium reimbursements for survivors of duty-related deaths in LEOFF 2.

- OSA changed its method of updating certain data items that change annually, including the public safety duty-related death lump sum and Washington state average wage. OSA set these values at 2018 and will project them into the future using assumptions until the next Demographic Experience Study in 2025. See leg.wa.gov/osa for more information on this method change.

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 was completed to test whether each pension plan's fiduciary net position was sufficient to make all projected future benefit payments for current plan members. Based on OSA's 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 (CMA's) and simulated expected investment returns provided by the Washington State Investment Board

(WSIB). The WSIB uses the CMA's and their target asset allocation to simulate future investment returns at various future times.

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, 2020, 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%	2.20%
Tangible Assets	7%	5.10%
Real Estate	18%	5.80%
Global Equity	32%	6.30%
Private Equity	23%	9.30%
	100%	

Sensitivity of the Net Pension Liability/(Asset)

The table below presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.4 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 (6.4 percent) or 1-percentage point higher (8.4 percent) than the current rate.

	1% Decrease (6.4%)	**Current Discount Rate (7.4%)**	**1% Increase (8.4%)**
PERS 1	$ 2,004,363	$ 1,600,217	$ 1,247,761
PERS 2/3	$ 4,709,262	$ 756,840	$ (2,497,981)

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, 2020, the District's reported a total pension liability of $2,357,057 for its proportionate share of the net pension liabilities as follows:

	Liability (or Asset)
PERS 1	$ 1,600,217
PERS 2/3	$ 756,840

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

	Proportionate Share 6/30/19	Proportionate Share 6/30/20	Change in Proportion
PERS 1	0.048085%	0.045325%	(0.002760)%
PERS 2/3	0.062075%	0.059177%	(0.002898)%

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, 2020, and the actuarial valuation date on which the total pension liability (asset) is based was as of June 30, 2019, with update procedures used to roll forward the total pension liability to the measurement date.

Pension Expense

For the year ended December 31, 2020, the District recognized pension expense as follows:

	Pension Expense
PERS 1	$ (34,951)
PERS 2/3	$ 29,590
TOTAL	$ (5,361)

Deferred Outflows of Resources and Deferred Inflows of Resources

At December 31, 2020, 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
Differences between expected and actual experience	$ -	$ -
Net difference between projected and actual investment earnings on pension plan investments	$ -	$ (8,909)
Changes of assumptions	$ -	$ -
Changes in proportion and differences between contributions and proportionate share of contributions	$ -	$ -
Contributions subsequent to the measurement date	$ 168,793	$ -
TOTAL	$ 168,793	$ (8,909)

PERS 2/3	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 270,938	$ (94,850)
Net difference between projected and actual investment earnings on pension plan investments	$ -	$ (38,437)
Changes of assumptions	$ 10,780	$ (516,987)
Changes in proportion and differences between contributions and proportionate share of contributions	$ -	$ (217,190)
Contributions subsequent to the measurement date	$ 277,152	$ -
TOTAL	$ 558,869	$ (867,464)

All Plans Total	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 270,938	$ (94,850)
Net difference between projected and actual investment earnings on pension plan investments	$ -	$ (47,346)
Changes of assumptions	$ 10,780	$ (516,987)
Changes in proportion and differences between contributions and proportionate share of contributions	$ -	$ (217,190)
Contributions subsequent to the measurement date	$ 445,945	$ -
TOTAL	$ 727,664	$ (876,371)

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, 2021. 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
2021	$ (40,431)
2022	$ (1,272)
2023	$ 12,337
2024	$ 20,457
2025	$ -
Thereafter	$ -

Year ended December 31:	PERS 2/3
2021	$ (360,395)
2022	$ (121,419)
2023	$ (32,900)
2024	$ 29,876
2025	$ (52,740)
Thereafter	$ (48,168)

NOTE 6 – JOINT VENTURES

The District is involved in the Columbia Basin Hydropower joint venture, which is comprised of seven hydroelectric generating developments located within the boundaries of the South Columbia Basin Irrigation District, the Quincy-Columbia Basin Irrigation District and the East Columbia Basin Irrigation District. These projects are jointly owned by all three Districts, one-third each, pursuant to an agreement executed on May 10, 1980 by the Districts.

South Columbia Basin Irrigation District was designated by the above agreement to be the lead agency for these projects, with the responsibility for development, operation and maintenance of these projects until such time as a separate legal entity was created to assume these duties. By Agreement dated December 10, 1987, the three Districts assigned to the Columbia Basin Hydropower the rights and obligations to administer the developments on their behalf and appointed the "Authority" as their agent and representative for that purpose.

On May 10, 1980, the three irrigation Districts executed power sales agreements with the City of Seattle and the City of Tacoma for all six hydroelectric projects. Under said agreement, the Cities have agreed to purchase 100 percent of the power generated by the projects. In addition, the Cities are required to make payments to the Districts which equal the operating and maintenance expenses plus the annual debt service on the revenue bonds issued. The Districts do not receive title to the facilities until 40 years after the date of the contract.

Also, the East Columbia Basin Irrigation District, South Columbia Basin Irrigation District and Quincy-Columbia Basin Irrigation District are involved in the operation of the Quincy Chute Hydroelectric Project, in which Quincy District is the lead agency. Grant County Public Utility District has contracted to purchase 100 percent of the power generated by the Quincy Chute, in accordance with a Construction and Operation Agreement dated May 21, 1982.

On July 11, 1988, the East Columbia Basin Irrigation District, South Columbia Basin Irrigation District and Quincy-Columbia Basin Irrigation District entered into a Contract with Grant County Public Utility District for the construction of the Potholes East Canal Headwork's Hydroelectric Project, in which South District is the lead agency, whereby Grant County Public Utilities District will undertake development, operation and maintenance of the project and purchase 100 percent of the power output. In any month that the account balance, as determined by Grant County Public Utility District, is positive, Grant County Public Utility District shall pay one-half of the account balance to the Districts. The Districts do not receive title for 40 years after the date of commercial operation of the project, or October 1, 2032, whichever event first occurs.

The proceeds from the sale of electricity to the three Districts are net of expenses. The District made $575,806 of payments to Columbia Basin Hydropower in 2020. These payments were to purchase a one –third share of an office building for Columbia Basin Hydropower, continue work towards obtaining a preliminary lease of power privilege from the United States Bureau of Reclamation for the North Dam Project on Banks Lake, the District's share of Quincy Chute and Potholes East Canal Headworks activities, and for small hydro-electric site development. The Authority is audited as a separate entity. Separate financial statements can be obtained by contacting the Columbia Basin Hydropower, PO Box 219, Ephrata, Washington 98823; South Columbia Basin Irrigation District, PO Box 1006, Pasco, WA 99301; and East Columbia Basin Irrigation District, PO Box E, Othello, WA 99344.

NOTE 7 - RISK MANAGEMENT

The District has elected the account reimbursable method for unemployment insurance. Unemployment claims for 2020 were $16,186. Using this method provides a substantial savings to the District in lieu of paying the standard unemployment percentages.

The District has also elected partial self-insurance for general liabilities through increasing the amount of deductible threshold. The deductible for general liabilities is $10,000 per incident.

The District's Directors, officers and employees are subject to loss from errors and omissions in the administration of their duties. Public Officials & Employee Liability coverage is purchased to protect against those exposures including employment practices liability.

Deductible payments, if any, are considered an operational expense payable from the general operations and maintenance fund. In recognition of potential risks to the District, the Board of Directors has purchased various insurance policies to minimize areas of such risks. The policies include a bond for each director, manager and treasurer, coverage for Fidelity and Crime, Group Travel, Public Officials & Employee Liability, property policies that cover buildings, siphons, pumping plants, valuable papers, etc., Inland Marine coverage for Heavy Equipment, Pollution Liability, Electronic Data Equipment coverage. A package policy that includes General Liability, Property, Inland Marine, Mobile Equipment & Vehicles and finally an Umbrella policy to add extended limits to some unseen event or claim. The District also carries Professional Engineers liability insurance which insures the District’s professional engineers.

The Columbia Basin Project irrigation facilities are owned by the United States which is self-insured. The District is required by the federal repayment contract to accumulate and maintain an emergency reserve operations and maintenance fund equal in amount to 30% of the average annual operations and maintenance costs of the District for the preceding five years. This fund is available for the purpose of meeting major, extraordinary or unforeseen costs of operations and maintenance, repair and replacements of transferred works and the District's share of such costs relating to project reserved works and special reserved works.

The District is a member of Cities Insurance Association of Washington (CIAW). Chapter 48.62 RCW authorizes the governing body of any one or more governmental entities to form together into or join a program or organization for the joint purchasing of insurance, and/or joint self-insuring, and/or joint hiring or contracting for risk management services to the same extent that they may individually purchase insurance, self-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 program was formed on September 1, 1988, when 34 cities 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. As of December 1, 2020, there are 193 members in the program.

The program provides the following forms of joint self-insurance and reinsurance coverage for its members: Property, including Automobile Comprehensive and Collision, Equipment Breakdown, and Crime Protection; and Liability, including General, Automobile, and Wrongful Acts, which are included to fit the member’s various needs.

The program acquires liability insurance through their administrator, Clear Risk Solutions, which is subject to a per occurrence self-insured retention (SIR) of $100,000, with the exception of Wrongful Acts and Law Enforcement Liability, which have a self-insured retention of $25,000. Members are responsible for a $1,000 to $10,000 deductible for each claim, while the program is responsible for the $100,000 retention. Since the program is a cooperative program, there is joint liability among the participating members toward the sharing of the $100,000 of the self-insured retention, in addition to the deductible. The program also purchases a Stop Loss Policy as another layer of protection to its membership, with an attachment point of $2,147,814.

Property insurance is subject to a per occurrence self-insured retention of $25,000. Members are responsible for a $1,000 deductible for each claim. The program bears the $25,000 self-insured retention, in addition to the deductible.

Privacy and Network Liability coverage is offered with a $10,000 member deductible that is part of a $25,000 self-insured retention. The CIAW is responsible for the $15,000 balance.

Equipment Breakdown insurance is subject to a per occurrence deductible of $2,500, which may vary per member, with the exception of Pumps & Motors, which is $10,000. Members are responsible for the deductible amount of each claim. There is no program self-insured retention on this coverage, with the exception of Pumps & Motors, which is $15,000 and is covered by CIAW.

Members contract to remain in the program for a minimum of one year and must give notice before December 1 to terminate participation the following December 1. The Interlocal Agreement is renewed automatically each year. In the event of termination, a member is still responsible for contributions to the program for any unresolved, unreported, and in-process claims for the period they were a signatory to the Interlocal Agreement.

A board of ten members is selected by the membership from three geographic areas of the state on a staggered term basis and is responsible for conducting the business affairs of the program.

The program has no employees. Claims are filed by members/brokers with Clear Risk Solutions, who has been contracted to perform program administration, underwriting, claims adjustment, and loss prevention for the program. Fees paid to the third-party administrator under this arrangement for the year ending December 1, 2020, were $2,651,954.

The District's risk management also includes loss prevention and reduction and risk transfer as follows:

1. Loss Prevention and Reduction:

    a. The District has developed an emergency response plan; and
    b. The District has quarterly District-wide safety meetings; and
    c. The District has monthly water section safety meetings; and
    d. The Bureau of Reclamation conducts a bi-annual review of operations and maintenance to insure safety standards are practiced and in place; and
    e. The District had a Water Conservation Plan developed which identified facilities that are in need of improvement. This 5-year plan prioritizes maintenance on the District’s canal and laterals.

2. Risk Transfer

a. Independent contractors are required to furnish certificates of insurance coverage and contractual risk transfer clauses are included in contracts.

NOTE 8 – GRANTS AND INCENTIVE FUNDED CAPITAL IMPROVEMENTS

In 2020, Federal grants for $601,889, were received from the United States Department of the Interior (Bureau of Reclamation) for a system improvement project. This grant covers water saving system improvements identified through the Bureau of Reclamation WaterSMART program. The goal of the program is to improve canal infrastructure in order to reduce water usage by the irrigation system. The District used the WaterSMART grant funds in 2020 to re-line open ditches and install an automated slip meter, which reduced water usage.

The District was also provided with an energy incentive contract from Bonneville Power Administration, to be used for electrical conservation projects. The BPA cost shares approved projects, and the share amount is dependent upon the estimated energy savings association with the project. In 2020, the District received $513,795, in incentive contract revenue.

NOTE 9 – PRIOR PERIOD ADJUSTMENT

During the year ended December 31, 2020, the District removed the non-current construction repayment receivable from its balance sheet. In the course of the 2019 financial audit, it was discovered the District does not hold direct repayment contracts with landowners which would be necessary to support holding the receivable. This asset removal requires the restatement of the January 1, 2020, net position as follows:

Net Position, Beginning of Year, As Originally Stated	$32,313,093
Cumulative Effect of Removing Construction Repayment Receivable	($873,231)
Net Position, Beginning of Year, as Restated	$31,439,862

NOTE 10 – COVID-19 PANDEMIC

In February 2020, the Governor of the state of Washington declared a state of emergency in response to the spread of the deadly new virus known as COVID-19. In the months following the declaration, precautionary measures to slow the spread of the virus were ordered. These measures included closing schools, cancelling public events, limiting public and private gatherings, and restricting business operations, travel and non-essential activities.

To date, there has been minimal financial impact to the District related to this event. Management responded quickly to the event and implemented robust social distancing policy and procedures. These changes, while often complicating or adding time to tasks, are critical in order to protect our employees and to ensure the continuity of water delivery to District landowners.

The length of time these measures will be in place, and the full extent of the financial impact on the District is unknown at this time.

QUINCY-COLUMBIA BASIN IRRIGATION DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION – STATE SPONSORED PLANS
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

As of June 30, 2021

PERS Plan 1	2021	2020	2019	2018	2017	2016	2015
Employer's proportion of the net pension liability (asset)	.046318%	.045325%	.048085%	.050176%	.051809%	.054074%	.053516%
Employer's proportionate share of the net pension liability (asset)	$565,651	$1,600,217	$1,849,039	$2,240,877	$2,458,377	$2,904,028	$2,799,384
Covered payroll	$7,399,100	$6,889,781	$6,747,138	$6,708,200	$6,546,945	$6,204,885	$6,250,257
Employer's proportionate share of the net pension liability as a percentage of covered payroll	7.64%	23.23%	27.40%	33.41%	37.55%	46.80%	44.79%
Plan fiduciary net position as a percentage of the total pension liability	88.74%	68.64%	67.12%	63.22%	61.24%	57.03%	59.10%

PERS Plan 2/3	2021	2020	2019	2018	2017	2016	2015
Employer's proportion of the net pension liability (asset)	.059512%	.059177%	.062075%	.064693%	.066735%	.068729%	.067157%
Employer's proportionate share of the net pension liability (asset)	$(5,928,353)	$756,840	$602,959	$1,104,575	$2,318,722	$3,460,451	$2,399,558
Covered payroll	$7,399,100	$6,889,781	$6,747,138	$6,708,200	$6,546,945	$6,180,719	$6,206,335
Employer's proportionate share of the net pension liability as a percentage of covered payroll	-80.12%	10.98%	8.94%	16.47%	35.42%	55.99%	38.66%
Plan fiduciary net position as a percentage of the total pension liability	120.29%	97.22%	97.77%	95.77%	90.97%	85.82%	89.20%

NOTE: Information is required to be presented for ten years. However, until a full ten-year trend is compiled, the District will present information for only those years for which information is available.

QUINCY-COLUMBIA BASIN IRRIGATION DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION – STATE SPONSORED PLANS
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

As of June 30, 2020

PERS Plan 1	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**
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QUINCY-COLUMBIA BASIN IRRIGATION DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION – STATE SPONSORED PLANS
SCHEDULE OF EMPLOYER CONTRIBUTIONS

As of December 31, 2021

PERS Plan 1	2021	2020	2019	2018	2017	2016	2015
Statutorily or contractually required contributions	$310,720	$339,469	$334,264	$339,247	$326,187	$301,391	$271,173
Contributions in relation to the statutorily or contractually required contributions	$310,720	$339,469	$334,264	$339,247	$326,187	$301,391	$271,173
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered payroll	$7,170,775	$7,087,805	$6,743,645	$6,706,104	$6,713,227	$6,319,057	$6,067,046
Contributions as a percentage of covered payroll	4.33%	4.79%	4.96%	5.06%	4.86%	4.77%	4.45%

PERS Plan 2/3	2021	2020	2019	2018	2017	2016	2015
Statutorily or contractually required contributions	$516,207	$561,132	$519,825	$502,822	$456,462	$393,653	$340,676
Contributions in relation to the statutorily or contractually required contributions	$516,207	$561,132	$519,825	$502,822	$456,462	$393,653	$340,676
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered payroll	$7,170,775	$7,087,805	$6,743,645	$6,706,104	$6,713,227	$6,319,057	$6.067,046
Contributions as a percentage of covered payroll	7.20%	7.92%	7.71%	7.50%	6.80%	6.23%	5.62%

NOTE: Information is required to be presented for ten years. However, until a full ten-year trend is compiled, the District will present information for only those years for which information is available.

QUINCY-COLUMBIA BASIN IRRIGATION DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION – STATE SPONSORED PLANS
SCHEDULE OF EMPLOYER CONTRIBUTIONS

As of December 31, 2020

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Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -
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Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -
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Contributions as a percentage of covered payroll	7.92%	7.71%	7.50%	6.80%	6.23%	5.62%

NOTE: Information is required to be presented for ten years. However, until a full ten-year trend is compiled, the District will present information for only those years for which information is available.

ABOUT THE STATE AUDITOR'S OFFICE

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

We work with state agencies, local governments and the public to achieve our vision of increasing trust in government by helping governments work better and deliver higher value.

In fulfilling our mission to provide citizens with independent and transparent examinations of how state and local governments use public funds, we hold ourselves to those same standards by continually improving our audit quality and operational efficiency, and by developing highly engaged and committed employees.

As an agency, the State Auditor's Office has the independence necessary to objectively perform audits, attestation engagements and investigations. Our work is designed to comply with professional standards as well as to satisfy the requirements of federal, state and local laws. The Office also has an extensive quality control program and undergoes regular external peer review to ensure our work meets the highest possible standards of accuracy, objectivity and clarity.

Our audits look at financial information and compliance with federal, state and local laws for all local governments, including schools, and all state agencies, including institutions of higher education. In addition, we conduct performance audits and cybersecurity audits of state agencies and local governments, as well as state whistleblower, fraud and citizen hotline investigations.

The results of our work are available to everyone through the more than 2,000 reports we publish each year on our website, www.sao.wa.gov. Additionally, we share regular news and other information via an email subscription service and social media channels.

We take our role as partners in accountability seriously. The Office provides training and technical assistance to governments both directly and through partnerships with other governmental support organizations.

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