Office of the Washington State Auditor
Pat McCarthy

Financial Statements Audit Report

East Columbia Basin Irrigation District

For the period January 1, 2022 through December 31, 2022

Published April 8, 2024

Report No. 1034545

Office of the Washington State Auditor
Pat McCarthy

April 8, 2024

Board of Directors
East Columbia Basin Irrigation District
Othello, Washington

Report on Financial Statements

Please find attached our report on the East 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

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INDEPENDENT AUDITOR'S REPORT

Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

East Columbia Basin Irrigation District
January 1, 2022 through December 31, 2022

Board of Directors
East Columbia Basin Irrigation District
Othello, 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 East Columbia Basin Irrigation District, as of and for the year ended December 31, 2022, 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 1, 2024.

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit 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 opinion 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 have reported to the management of the District in a separate letter dated April 1, 2024.

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

Pat McCarthy, State Auditor

Olympia, WA

April 1, 2024

INDEPENDENT AUDITOR'S REPORT

Report on the Audit of the Financial Statements

East Columbia Basin Irrigation District
January 1, 2022 through December 31, 2022

Board of Directors
East Columbia Basin Irrigation District
Othello, Washington

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the accompanying financial statements of the East Columbia Basin Irrigation District, as of and for the year ended December 31, 2022, 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 East Columbia Basin Irrigation District, as of December 31, 2022, and the changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (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 opinion.

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 opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *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:

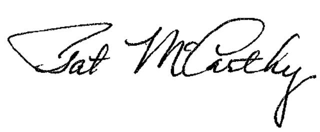
- Exercise professional judgment and maintain professional skepticism throughout the audit;
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, 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 1, 2024 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, State Auditor

Olympia, WA

April 1, 2024

FINANCIAL SECTION

East Columbia Basin Irrigation District
January 1, 2022 through December 31, 2022

REQUIRED SUPPLEMENTARY INFORMATION

Management's Discussion and Analysis – 2022

BASIC FINANCIAL STATEMENTS

Statement of Net Position – 2022
Statement of Revenues, Expenses and Changes in Fund Net Position – 2022
Statement of Cash Flows – 2022
Notes to Financial Statements – 2022

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Proportionate Share of the Net Pension Liability – PERS 1, PERS 2/3 – 2022
Schedule of Employer Contributions – PERS 1, PERS 2/3 – 2022
Schedule of Changes in Total OPEB Liability and Related Ratios – 2022

The discussion and analysis of the East Columbia Basin Irrigation District's financial performance provides an overall review of the District's financial activities for the year ended December 31, 2022. The intent of this discussion and analysis is to look at the District's financial performance as a whole. Readers should also review the basic financial statements to enhance their understanding of the District's financial performance.

FINANCIAL HIGHLIGHTS

Key financial highlights for 2022 are as follows:

- The East Columbia Basin Irrigation District's assets and deferred outflows exceeded its liabilities and deferred inflows at December 31, 2022 by over $71 million.

- In 2022, the District continued to invest in System Improvements, both in new capital assets and in upgrading existing assets. New System Improvement projects increased by $22,120,529 primarily as a result of the widening of the canal and construction phase of the Comprehensive Pumping Plant Replacement and Modernization Plan and water conservation pipelines.

- In 2022, the District received $636,780 from State and Federal sources to pipe open ditches and seal lined canals to conserve water, modernize pumping plants to conserve energy and widen the District's main canal to aid in the future expansion of the District.

- The East Columbia Basin Irrigation District's financial position remains strong and continues to improve year to year. In 2022, 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.

- On July 6, 2016, the District's Board of Directors adopted Resolution 2016-11. Resolution 2016-11 provides for the issuance, specifying the maturities, interest rates, terms and covenants and fixing the form of $22,530,000 par value Revenue Bonds 2016. Revenue Bonds 2016, to refund bonds 2006 and 2007 pursuant to chapter 39.53 RCW and to acquiring, constructing and installing additions and improvements to and extensions and betterments of, acquiring necessary equipment for, or making necessary replacements or repairs or capital improvements to the Irrigation Facilities. Revenue Bonds 2016 also cover the costs of issuance and sale of such bonds; providing for bond and reserve fund; and providing for the sale and delivery of the bonds with a closing date of November 10, 2016. The Revenue Bonds carry a term of 32 years.

USING THIS ANNUAL FINANCIAL REPORT

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the East Columbia Basin Irrigation District as a financial whole or as an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial conditions.

The Statement of Net Position provides information about the District's finances and a longer-term view of its assets and liabilities.

Reporting the East Columbia Basin Irrigation District as a Whole

The Statement of Net Position and Statement of Revenue, Expenses and Changes in Fund Net Position:

These statements include all assets and liabilities using the accrual basis of accounting. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when the cash is received or paid. These two statements report the District's Net Position and changes in those assets. This change in assets is important as it tells the reader whether the financial position of the District has improved or diminished.

Reporting the East Columbia Basin Irrigation District's Funds

- O & M Fund – All of the District's O&M expenses are paid from the Operation & Maintenance fund. This fund is a component of the District's irrigation assessment.

- Emergency Reserve Fund – This fund was established as a requirement of Article 35 of the 1968 Repayment Contract with the U.S. Bureau of Reclamation. The Contract also requires that the fund balance be equal to at least 15% of the average of the previous five years' O & M expense be maintained. In October 2001, the Board of Directors determined that a 30% Emergency Reserve Fund level is an appropriate goal to reach at some point in the future with the method and timing of progress toward that goal to be subject to review at the time each budget is adopted and when assessments are equalized. At December 31, 2022, the fund balance was 26.9% of the average of the previous five years' O & M expense. This fund is a component of the District's irrigation assessment and is a restricted fund.

- Construction Fund – This fund is a component of the District's irrigation assessment and is used to make construction payments to the U.S. Bureau of Reclamation per the 1968 Repayment Contract. This is a restricted fund.

- Equipment Depreciation Fund – This fund was established to fund, or partially fund, the purchase of major equipment or as the Board of Directors may dictate.

- Power Revenue Fund – This fund contains the revenue from power generation sales.

- Federal Drainage Work Fund – Funds qualifying drainage projects on behalf of the U.S. Bureau of Reclamation. This is a restricted fund.

- Debt Service 2006 Fund – This fund is a component of the District's irrigation assessment and is used to make debt service payments on the District's Revenue Bonds, 2006 debt. This is a restricted fund.

- Debt Service 2007 Fund – This fund is a component of the District's irrigation assessment and is used to make debt service payments on the District's Revenue Bonds, 2007 debt. This is a restricted fund.

- Debt Service 2007 Reserve Fund – This was funded by the proceeds from the sale of the District's Revenue Bonds, 2007 in an amount equal to the debt service reserve requirement. This was done in lieu of purchasing reserve insurance. This is a restricted fund. In November of 2017 the fund was depleted when Debt Service 2007 was refunded.

- Odessa Development Fund – This fund was established for the purpose of paying and securing payment of principle and interest of bonds and loans secured for the development of the Odessa Ground Water Replacement Program (OGWRP) or other Odessa Ground Water Replacement Program activities as the Board of Directors authorizes. This is a restricted fund.

- Project 2016 – The proceeds from the sale of the Revenue Bonds, 2016, were deposited into this fund and are being used to pay costs of the Project and costs of issuance of the Bonds. This is a restricted fund.

- Debt Service 2016 Fund – In 2016 this fund was funded by the proceeds from the sale of the District's Revenue Bonds, 2016 in an amount of $837,035 for capitalized interest of Revenue Bonds 2016. This is a restricted fund. This fund is a component of the District's irrigation assessment and is used to make debt service payments on the District's Revenue Bonds, 2016 debt. This is a restricted fund.

  The refunding accomplished an interest cost savings to the District of $581,532.07, with a net present value of $470,758.31 as represented by the difference between debt service on the Bonds and debts service on the prior issue discounted to the issue date using the yield on the Bonds as the discount rate.

- Debt Service 2016 Reserve Fund – This was funded by the proceeds from the sale of the District's Revenue Bonds 2016, in the amount $1,524,981.48 as a debt service requirement. This was in lieu of purchasing reserve insurance. This is a restricted Fund.

THE DISTRICT AS A WHOLE

The Statement of Net Position looks at the District as a whole. Table 1 provides a summary of the District's net position for 2022 & 2021.

MD&A
Table 1
Net Position

Assets	**2022**	**2021**
Current Assets	24,756,209.73	20,100,502.65
Capital Assets, Net	64,638,168.57	65,073,487.82
Non-Current Assets:		
Restricted Assets	10,849,724.46	15,313,578.22
Non-Restricted Assets	-	-
Total Assets	100,244,102.76	100,487,568.69
Deferred Outflow of Resources	1,668,010.00	888,671.00
Total Assets & Deferred Outflows	101,912,112.76	101,376,239.69

Liabilities		
Current Liabilities	2,804,764.58	2,580,206.58
Non-current Liabilities	22,659,741.81	23,761,872.72
Total Liabilities	25,464,506.39	26,342,079.30
Deferred Inflow of Resources	3,621,951.36	5,394,704.66
Net Position		
Net Position Invested in Capital Assets,		
net of related debt	44,326,490.50	43,779,573.93
Restricted	9,660,795.06	15,191,327.61
Unrestricted	18,838,369.45	10,668,554.19
Total Net Position	72,825,655.01	69,639,455.73
Total Net Position, Liabilities & Deferred Inflows	101,912,112.76	101,376,239.69

Table 2 provides a summary of the changes in revenues, expenses and net position for the year 2022 & 2021.

MD&A
Table 2
Statement of Revenue, Expenses & Changes in Net Position

	2022	2021
Revenue		
Operating Revenues	17,331,112.25	17,374,308.96
Non-Operating Revenues	4,202,537.26	4,996,451.98
Total Revenue	21,533,649.51	22,370,760.94
Expense		
Operating Expense	16,847,206.89	15,400,985.81
Non-Operating Expense	1,367,132.34	1,227,065.97
Total Expense	18,214,339.23	16,628,051.78
Change in Net Position	3,186,196.28	5,742,709.16
Prior Period Adjustment	-	613,566.47
Net Position January 1	69,639,458.73	63,283,183.10
Net Position December 31	72,825,655.01	69,639,458.73

BUSINESS TYPE ACTIVITIES

Revenues

Grant Revenue accounted for 2.96% of the total revenue in 2022.

Irrigation Assessments accounted for 71.73% of the total revenue in 2022. The average assessment was $74.35 per acre, which was up from $72.89 per acre in 2021.

Excess Water Sales accounted for 4.94% of the total revenue in 2022. This can vary as water usage is affected by variables such as weather and types of crops grown.

Power Sales accounted for 12.83% of the total revenue in 2022, which was down from 14.33% in 2021. These revenues come from the sale of electricity generated from six hydroelectric plants jointly owned by the East, South and Quincy Columbia Basin Irrigation Districts and operated by the Columbia Basin Hydropower (formerly Grand Coulee Project Hydroelectric Authority).

Remaining Revenue comes from Common Services provided to SCBID, QCBID and CBH, Investment, Assessment and S&E Interest and other miscellaneous sources.

Expenses

Payroll & Payroll Benefits accounted for 44.01% of total expense in 2022.

Reserved Works payments accounted for 16.99% of total expense in 2022. This is the U.S. Bureau of Reclamation cost associated with pumping project water at Grand Coulee Dam up to Banks Lake and conveyance throughout the canal system.

Remaining Expenses are related to general operation and maintenance costs.

DEBT ADMINISTRATION

Long Term Debt - The long-term debt 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 East Columbia Basin Irrigation District, to develop irrigation. The Contract was entered into in 1968 and is to be repaid over fifty years.

The District assesses each landowner for the repayment of the construction debt. The U. S. Bureau of Reclamation construction debt is based on a maximum of $131.60 per irrigable acre, but not less than $85.00 per acre as determined by the Secretary of the Interior.

On August 23, 2006, the District's Board of Directors adopted Resolution 2006-12, providing for the issuance, specifying the maturities, interest rates, terms and covenants and fixing the form of $6,555,000 par value Revenue Bonds, 2006, to provide funds with which to pay the costs of carrying out part of the District's Comprehensive Pumping Plant Replacement and Modernization Plan and the costs of issuance and sale of such bonds; providing for bond and reserve insurance; and providing for the sale and delivery of the bonds with a closing date of September 6, 2006. The Revenue Bonds carry a term of 20 years.

On January 25, 2007, the District's Board of Directors adopted Resolution 2007-05, providing for the issuance, specifying the maturities, interest rates, terms and covenants and fixing the form of $2,920,000 par value Revenue Bonds, 2007, to provide funds with which to pay the costs of carrying out part of the District's Comprehensive Pumping Plant Replacement and Modernization Plan and to fund a reserve for and pay costs of issuance and sale of such bonds; providing for bond insurance; and providing for the sale and delivery of the bonds with a closing date of February 15, 2007. The Revenue Bonds carry a term of 20 years.

On July 6, 2016, the District's Board of Directors adopted Resolution 2016-11, providing for the issuance, specifying the maturities, interest rates, terms and covenants and fixing the form of $22,530,000 par value Revenue Bonds, 2016, to refund bonds 2006 and 2007 pursuant to chapter 39.53 RCW and to acquiring, constructing and installing additions and improvements to and extensions and betterments of, acquiring necessary equipment for, or making necessary replacements or repairs or capital improvements to the Irrigation Facilities and the costs of issuance and sale of such bonds; providing for bond and reserve fund; and providing for the sale and delivery of the bonds with a closing date of November 10, 2016. The Revenue Bonds carry a term of 32 years.

Additional information regarding the District's debt is provided in Note 3 of the notes to the financial statements.

CAPITAL IMPROVEMENTS

The District continues to upgrade equipment such as minor and major equipment; motor vehicles, radio equipment and office equipment and furnishings while older equipment is surplus. System Improvements continue to be a focus of the District in projects such as canal linings, pipelines and pumping plant renovation and replacement. The following table shows the net change in the District's capital assets for 2022 & 2021.

MD&A
Table 3
Capital Assets at Year-End

	2022	2021
Land	16,977.40	16,977.40
Office & Bldg. Improvements	1,026,767.52	1,026,767.52
System Improvements	71,225,717.64	49,105,189.07
Minor Equipment	2,572,573.34	2,520,002.13
Major Equipment	6,737,878.29	6,737,878.29
Motor Vehicles	3,847,452.14	3,731,363.08
Radio Equipment	131,003.40	131,003.40
Office Equip & Furnishings	264,384.53	271,926.19
Structures and Improvements-CBH	17,321,500.00	17,321,501.00
Waterways and Dams-CBH	10,893,785.00	10,893,785.00
Turbines and Generators-CBH	12,640,519.00	12,631,653.00
Electrical Equipment-CBH	3,007,811.00	2,710,100.00
Power Plant Equipment-CBH	524,208.00	524,209.00
Roads and Bridges-CBH	540,445.00	540,445.00
Station Equipment-CBH	729,200.00	729,200.00
Poles and Fixtures-CBH	679,356.00	679,356.00

Overhead Conduction-CBH	4,102.00	4,102.00
Construction in Progress	9,976,546.02	29,445,306.40
HYDRO Construction in Progress	1,928,922.00	1,871,284.00
Totals	144,069,148.28	140,892,048.48
Less: Accum Depreciation	(79,430,979.71)	(75,818,560.66)
Total Net Capital Assets	64,638,168.57	65,073,487.82

Additional information regarding capital assets is provided in Note 7 of the Notes to Financial Report.

THE EAST COLUMBIA BASIN IRRIGATION DISTRICT IN THE FUTURE

All irrigation water supplied by the East District is dependent on pumping at Grand Coulee Dam. Beyond that, about 20% of the land served by the District depends on additional pumping by 62 re-lift stations throughout the District. These stations range from as small as 5 hp to 1600 hp in capacity.

This equipment is all in the neighborhood of 50 years old and while it has been well maintained and major breakdowns are rare, replacement is now necessary for continued dependability. Beginning about 10 years ago, equipment replacement began at the rate of about one plant each year, concentrating on smaller plants. That slow pace was deliberate for financial reasons, anticipating that income from power sales at the 7 hydroelectric plants jointly owned by the East, Quincy and South Columbia Basin Irrigation Districts would increase once the construction debt for those plants is retired. That debt was paid off in 2005.

In 2003, the District contracted with J-U-B Engineers, Inc. to assist in developing an overall replacement plan. In July 2004, the District's Board of Directors adopted the Comprehensive Pumping Plant Replacement and Modernization Plan. The Pump Plan estimates the total engineering and construction cost to replace the equipment in all 62 re-lift plants to be $15.2 million. Work began in 2005 on three pumping plants with all replacements being completed by 2016. The five largest plants will be updated during the first six years of the period then attention will move to the medium and small size plants. This sequence comes from a prioritization criteria established in the Pump Plan that ranks individual plant factors such as aces supplied, equipment condition and risk of failure. The District contracted with CH2M Hill, Inc. for engineering services for this construction effort.

The District has found it necessary to seek other financing to reimburse capital expenditures in connection with the replacement and modernization of the pumping plants. On August 23, 2006, the District's Board of Directors adopted Resolution 2006-12, providing for the issuance, specifying the maturities, interest rates, terms and covenants and fixing the form of $6,555,000 par value Revenue Bonds, 2006, to provide funds with which to pay the costs of carrying out part of the District's Comprehensive Pumping Plant Replacement and Modernization Plan and the costs of issuance and sale of such bonds; providing for bond and reserve insurance; and providing for the sale and delivery of the bonds with a closing date of September 6, 2006. The Revenue Bonds carry a term of 20 years.

On November 3, 2006, the District's Board of Directors adopted the 2007 Operation and Maintenance Budget. The Budget incorporated the combined construction of the three Warden Pumping Plants and declared an official intent to reimburse capital expenditures in connection with the replacement and modernization of the pumping plants from the proceeds of a future borrowing in early 2007.

On January 25, 2007, the District's Board of Directors adopted Resolution 2007-05, providing for the issuance, specifying the maturities, interest rates, terms and covenants and fixing the form of $2,920,000 par value Revenue Bonds, 2007, to provide funds with which to pay the costs of carrying out part of the District's Comprehensive Pumping Plant Replacement and Modernization Plan and to fund a reserve for and pay costs of issuance and sale of such bonds; providing for bond insurance; and providing for the sale and delivery of the bonds with a closing date of February 15, 2007. The Revenue Bonds carry a term of 20 years.

On July 6, 2016, the District's Board of Directors adopted Resolution 2016-11, providing for the issuance, specifying the maturities, interest rates, terms and covenants and fixing the form of $22,530,000 par value Revenue Bonds, 2016, to refund bonds 2006 and 2007 pursuant to chapter 39.53 RCW and to acquiring, constructing and installing additions and improvements to and extensions and betterments of, acquiring necessary equipment for, or making necessary replacements or repairs or capital improvements to the Irrigation Facilities and the costs of issuance and sale of such bonds; providing for bond and reserve fund; and providing for the sale and delivery of the bonds with a closing date of November 10, 2016. The Revenue Bonds carry a term of 32 years.

Odessa Groundwater Replacement Program (OGWRP)

The Odessa Groundwater Replacement Program (OGWRP) is a comprehensive initiative being implemented by the East Columbia Basin Irrigation District (District), U.S. Bureau of Reclamation (Reclamation) and the Washington State Department of Ecology, Office of Columbia River (Ecology). The program involves the development of three federal, surface water supplies to be conveyed by existing and improved Columbia Basin Project (CBP) irrigation district facilities to lands currently relying on deep-well irrigation. These supplies will replace roughly 87,700 acres of deep-well irrigated agriculture.

One major component of OGWRP implementation is the improvement of the District operated-and-maintained East Low Canal. The ELC is the main irrigation water conveyance facility for the District. Increasing the capacity of the ELC is necessary to provide new federal surface water supplies to deep-well irrigators via new canal-side pump plant facilities. Through an Ecology construction grant, the District has undertaken major canal widening and improvement activities to increase canal capacity, including earthwork, installation of two new siphons at the Lind Coulee complex, installation of new radial gate structures and rebuilding and modification of county road bridges.

Ecology funding has also been used to complete feasibility designs for contemplated delivery systems that would convey water from the improved ELC to eligible lands under contract with the District to receive federal OGWRP water. Additionally, designs have moved forward with a preliminary OGWRP delivery system at the EL47.5 mile marker. This system currently contemplates between 7,000 and 9,000 acres of water delivery through a pressurized, buried pipeline from a canal-side pumping plant. Full design and construction of this system hinges on landowner participation and securing funding which is currently being pursued via tax-exempt municipal revenue bonds.

<u>Request for Financial Information</u>

This financial report is designed to provide a general overview of the District's finances and to show the District's accountability for the money it receives. If you have any questions about this report or need additional information, contact Rosa Dekker, Assistant Secretary/Treasurer, P.O. Box E, Othello, WA 99344, (509) 488-9671 or e-mail at rdekker@ecbid.org.

EAST COLUMBIA BASIN IRRIGATION DISTRICT
STATEMENT OF NET POSITION
December 31, 2022

ASSETS:	**12/31/22**
Current Assets:	
Cash on Hand	7,703,560.59
Accounts Receivable:	
Water Service Contracts	833.84
Supplemental & Excess Water	129,628.73
Miscellaneous	153,695.19
Other Districts, USBR	932,475.83
Assessments Receivable	47,081.60
District Fees	7,168.87
Assessment/S&E Interest Receivable	11,284.65
Accrued Investment Interest	104,505.24
Supplies/Materials Inventory	896,696.26
Investments	14,387,917.69
Big Bend Capital Credits	135,013.58
Prepaid Expenses	246,347.66
Total Current Non Restricted Assets	**24,756,209.73**
Restricted Assests:	
Cash on Hand	428,637.06
Water Service Contracts	115.24
Assessments Receivable	3,121.56
Investments	8,345,467.41
Contract Interest in System	16,413.93
Total Current Restricted Assets	**8,793,755.20**
Total Current Assets	**33,549,964.93**
Noncurrent Assets:	
Restricted Assets:	
Contract Interest in System	91,388.26
PERS 2,3	1,632,902.00
Investment In Joint Venture	331,679.00
Total Non-Current Restricted Assets	**2,055,969.26**
Non-Restricted Assets:	
Capital Assets	
Land	16,977.40
Office & Bldg Improvements	1,026,767.52
System Improvements	71,225,717.64
Minor Equipment	2,572,573.34
Major Equipment	6,737,878.29
Motor Vehicles	3,847,452.14
Radio Equipment	131,003.40
Office Equip & Furnishings	264,384.53
Structures and Improvements	17,321,500.00
Waterways and Dams	10,893,785.00
Turbines and Generators	12,640,519.00
Electrical Equipment	3,007,811.00
Power Plant Equipment	524,208.00
Roads and Bridges	540,445.00
Station Equipment	729,200.00
Poles and Fixtures	679,356.00
Overhead Conduction	4,102.00
Construction in Progress	9,976,546.02
CBH Constructioin In Progress	1,928,922.00
Total Capital Assets	144,069,148.28
Less: Accum Depreciation	(79,430,979.71)
Total Capital Assets (Net)	**64,638,168.57**
Total Noncurrent Assets	**66,694,137.83**
TOTAL ALL ASSETS	**100,244,102.76**
Deferred Outflow of Resources	
Pensions, PERS 1	108,999.00
Pensions, PERS 2,3	1,559,011.00
Total Deferred Outflows	**1,668,010.00**
TOTAL ASSETS & DEFERRED OUTFLOWS	**101,912,112.76**

The Accompanying Notes Are An Integral Part Of This Statement.

EAST COLUMBIA BASIN IRRIGATION DISTRICT
STATEMENT OF NET POSITION
December 31, 2022

LIABILITIES AND NET POSITION:	**12/31/22**
Current Liabilities:	
Accounts Payable	703,298.82
Retentions Payable	54,233.54
Unearned Revenue	392,430.00
Accrued Wages & Taxes	47,267.32
Accrued Leave Payable	327,848.71
Bond Premium	137,339.41
Deposits Payable	87,527.53
OPEB Obligation	80,924.00
Payables from Restricted Liabilities:	
Construction Obligation-USBR	16,414.00
Accrued Interest Payable	72,481.25
Revenue Bonds 2016 Payable	885,000.00
Total Current Liabilities	**2,804,764.58**
Non-Current Liabilities:	
Net Pension Liability - PERS 1	938,108.00
Net Pension Liability - PERS 2,3	
OPEB Obligation	1,332,261.00
Payables from Restricted Liabilities:	
Construction Obligation-USBR	91,389.00
Revenue Bonds 2016 Payable	17,440,000.00
Bond Premium 2016 Payable	1,776,857.41
Other liability	1,081,126.40
Total Non-current Liabilities	**22,659,741.81**
Total Liabilities	**25,464,506.39**
Deferred Inflow of Resources	
Advance Assessments	356,782.36
Pensions, PERS 1	155,472.00
Pensions, PERS 2,3	1,629,810.00
OPEB	1,479,887.00
Total Deferred Inflows	3,621,951.36
Net Position:	
Net Investment in Capital Assets, Net of Related Debt	44,326,490.50
Restricted	9,660,795.06
Unrestricted	18,838,369.45
Total Net Position	**72,825,655.01**
TOTAL NET POSITION & LIABILITIES & DEFERRED INFLOWS	**101,912,112.76**

The Accompanying Notes Are An Integral Part Of This Statement.

EAST COLUMBIA BASIN IRRIGATION DISTRICT
STATEMENT OF REVENUE, EXPENSES AND CHANGES IN FUND NET POSITION
For Fiscal Year Ended December 31, 2022

OPERATING REVENUES:	**12/31/22**
Assessments	12,067,501.65
Supplemental & Excess Water Sales	1,063,524.95
Water Service Contracts	3,379,653.83
Common Services	363,479.55
Penalties & Fees	210,121.54
Rentals	170,707.09
Misc. Refunds	75,523.64
Other Operating Revenue	600.00
Total Operating Revenue	**17,331,112.25**
OPERATING EXPENSES:	
Director Salaries & Expenses	37,698.28
Attorney Salaries & Expenses	70,819.72
Administrative Salaries	774,538.15
Clerical Salaries	308,926.52
Engineering Salaries	250,001.64
O&M Field Salaries	4,820,221.54
District Paid Benefits	1,882,863.01
Professional Services	147,505.87
Common Services Expense	92,568.43
Office Supplies & Expense	136,179.45
Depreciation Expense	3,769,135.48
O&M Expenses	1,573,245.77
Project Reserved Works	3,116,617.03
Total Operating Expenses	**16,980,320.89**
Operating Income (Loss)	350,791.36
NON-OPERATING REVENUES:	
Assessment/Supplemental & Excess Interest	19,437.53
Investment Interest	334,723.26
Power Generating Revenue	2,763,297.00
Reserved Energy Credit	67,470.00
Capital Grants	636,779.77
Other Non-Operating Revenue	380,829.70
Total Non-Operating Revenue	**4,202,537.26**
NON-OPERATING EXPENSE:	
Constuction Repayment	167,587.58
Construction on Water Service Contracts	312,374.23
Interest Expense	887,170.53
Total Non-Operating Expense	**1,367,132.34**
Non-Operating Income (Loss)	2,835,404.92
CHANGE IN NET POSITION	**3,186,196.28**
Net Position, January 1	69,639,458.73
TOTAL NET POSITION DECEMBER 31	**72,825,655.01**

The Accompanying Notes Are An Integral Part Of This Statement.

EAST COLUMBIA BASIN IRRIGATION DISTRICT
STATEMENT OF CASH FLOWS
For Fiscal Year Ended December 31, 2022

	12/31/2022
Increase (Decrease) in Cash	
CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash received from customers	17,369,848.25
Cash received from other operating revenues	12,486.35
Cash paid to suppliers	(4,713,038.43)
Cash paid to employees	(8,853,531.36)
Cash paid for other operating expenses	1,158.73
Net cash provided by (used in) operating activities	3,816,923.54
CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES:	
	-
Net cash provided by noncapital and related financing activities	
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Capital Grants received	636,779.77
Acquisition and Construction of Capital Assets	(3,333,816.23)
Principal paid on Revenue Bonds, 2016	(835,000.00)
Interest Payments on Debts	(3,479.44)
Bond Premium	(143,756.38)
Construction Obligation	(18,409.59)
Other liability	1,081,126.40
Other	(410,909.00)
Net cash provided by capital and related financing activities	(3,027,464.47)
CASH FLOWS FROM INVESTING ACTIVITIES:	
Investment Iterest	(6,145,419.53)
Interest income received	334,723.26
Power generating revenue - GCPHA	2,763,297.00
Capital credits	(5,893.13)
Other	$ (1,155.73)
Net cash provided by investing activities	(3,054,448.13)
NET (DECREASE) INCREASE IN CASH	(2,264,989.06)
CASH, BEGINNING OF YEAR	10,397,186.71
CASH, END OF YEAR	8,132,197.65

The Accompanying Notes Are An Integral Part Of This Statement.

EAST COLUMBIA BASIN IRRIGATION DISTRICT
STATEMENT OF CASH FLOWS
For Fiscal Year Ended December 31, 2022

	12/31/2022
Income (loss) from operations	350,791.36
Adjustments to reconcile loss from operations to net	
cash used in operating activities:	
Depreciation and amortization	3,769,135.48
Decrease (increase) in assets:	
Accounts receivable	(19,098.77)
Prepaid expenses	(136,511.32)
Inventories	179,656.97
Increase (decrease) in liabilities:	
Accounts payable	368,151.64
Accrued liabilities	(168,726.49)
Deposits	-
Other	70,321.12
Increase (decrease) in deferred inflows:	
Retentions payable	12,600.55
Adj. to pension Expense	
(Increase) Decrease in pension related deferred outflows	(1,154,226.00)
(Increase) Decrease in OPEB related deferred outflows	374,887.00
(Increase) Decrease in net pension asset	3,107,828.00
(Decrease) Increase in net pension liability	485,837.00
(Decrease) Increase in net OPEB liability	(1,593,680.00)
(Decrease) increase in pension related deferred inflow	(3,295,566.00)
Increase (Decrease) in OPEB related deferred inflows	1,465,523.00
Total adjustments	3,466,132.18
Net cash provided by (used in) operating activities	3,816,923.54
Noncash Investing, Capital, and Financing Activities:	
Purchase of land, structures and equipment with direct financing	-
Adjustment to Investment in Joint Venture	-
Net cash provided by operating and non-operating activities	3,816,923.54

The Accompanying Notes Are An Integral Part Of This Statement.

EAST COLUMBIA BASIN IRRIGATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2022

The following notes are an integral part of the accompanying financial report.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the East Columbia Basin Irrigation District conform to generally accepted accounting principles (GAAP) as applicable to proprietary funds of governments. The District has elected not to apply Financial Accounting Standards Board (FASB) guidance issued after November 30, 1989 to the extent that it does not conflict with or contradict guidance of the Governmental Accounting Standards Board (GASB). GASB is the accepted standard setting body for establishing governmental accounting and financial reporting principles. In June 1991, GASB approved Statement No. 14, *Establishing Standards for Reporting Participation in Joint Ventures*. Starting in 2013, The District adopted the provisions of GASB 14. In June 1999, GASB approved Statement No. 34, *Basic Financial Statements – and Management Discusson and Analysis – for State and Local Governments.* In June 2011, GASB issued Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. In March 2012, GASB issued Statement No. 65, *Items Previously Reported as Assets and Liabilities. During the year ended December 31, 2015 East Columbia Basin Irrigation District adopted GASB Statement No. 68, Accounting*. *In 2015 the East Columbia Basin Irrigation District reclassified the reporting of the interest in the Columbia Basin Hydropower- Joint Venture to show a third ownership showing assets and liabilities within the statements of East Columbia Basin Irrigation District for which a prior period adjustment was made to show work in progress previously expensed by the District. In 2017, the District re-evaluated and implemented GASB Statement No. 45 in 2018.The District implemented GASB 75 in 2018.*

Change in Accounting Principle – Other Postemployment Benefit (OPEB)

In 2018 the District implemented Governmental Accounting Standards Board (GASB) Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. This statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expenses. For defined benefit OPEB, this statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. This statement replaces GASB Statement 45. Note disclosure and required supplementary information requirements about defined benefit OPEB also are addressed.

The following is a summary of the more significant policies, including identification of those policies which result in material departures from generally accepted accounting principles:

a. Reporting Entity

The East Columbia Basin Irrigation District is a quasi-municipal corporation governed by an elected five-member board. The East Columbia Basin Irrigation has no component Units. On May 10, 1980, the East Columbia Basin Irrigation District, the Quincy-Columbia Basin Irrigation District, and the South Columbia Basin Irrigation District (the District’s) pursuant to R.C.W. 87.03.013 entered into a joint venture agreement providing for the cooperation of the District’s in the development, operation and maintenance of hydroelectric generating facilities (developments) to be developed on the irrigation systems or related to the Columbia Basin Project.

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 Budgeting, Accounting, and Reporting System (BARS) manual.

The District's financial statements include the financial position and results of all enterprise operations, which the District manages. The financial statements include as well the assets and liabilities of all funds for which the District has responsibility.

All funds use the full-accrual basis of accounting where revenues are recognized when earned and expenses are recognized when incurred. Fixed asset purchases are capitalized and long-term liabilities are accounted for in the Construction Fund, and Debt Service 07 Fund.

c. Operating and Non-Operating Revenues and Expenses

The District distinguishes between operating revenues and expenses from non-operating ones. Operating revenues and expenses result from providing services in connection with the District's ongoing operations. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses, with the exception of the District's assessments, which are reported as operating revenue.

The presentation of assessments as operating revenue results in a higher operating income. Overall it does not affect the presentation of net income or the change in net assets in the statement of revenues, expenses and changes in net assets, or the presentation of cash and cash equivalents in the statement of cash flows.

d. Inventories

Inventories are recorded at cost using the first in, first out (FIFO) method, which approximates market value.

e. Capital Assets

Capital Assets over $500.00 are recorded at cost. Life of the asset for office, major and minor equipment is 5 years and 10-30 years for system improvements and buildings. Depreciation is computed on the straight-line method beginning the month the asset was placed in service. CBHP capitalizes assets with value of $10,000 and up using group life approach depreciation method. Assets are broken down in note 7.

f. Restricted Funds

In accordance with the contract with the U. S. Department of the Interior and certain related agreements, separate restricted funds are required to be established. The assets held in these funds are restricted for specific uses, including debt service and other special reserve requirements. Those funds are the Emergency Reserve, Construction, Federal Drain Work, Debt Service 2006, Debt Service 2007, Debt Service Reserve 2016, Project 2016, Debt Service 2016 and Odessa Development fund.

g. 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 (30 days) is payable upon resignation, retirement or death.

Sick leave may accumulate indefinitely. At the end of the first pay period in October, an employee whose accrued sick leave balance exceeds 320 hours and whose sick leave use for the 26 consecutive pay periods preceding that pay period does not exceed 48 hours may, at employee's option, convert up to 26 hours of sick leave to annual leave.

Non-bargaining unit employees with over 15 years of service with the District, eligible to retire with full retirement benefit per PERS retirement requirements, may receive a sick leave payout according to the following schedule, based upon full years of employment.

- 15 – 19 years receive 15%
- 20 - 24 years receive 20%
- 25 - 29 years receive 25%
- 30 - 34 years receive 30%
- 35 - 39 years receive 35%
- Over 40 years receive 40%

h. Construction Financing

The District has entered into a low head hydropower construction project with the Quincy and South Columbia Basin Irrigation Districts. All costs are reimbursed by the Columbia Basin Hydropower (formerly Grand Coulee Project Hydroelectric Authority) and are ultimately to be paid by the power purchaser.

i. Pensions

For purposes of measuring the net pension liability/(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/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. Accordingly, the balances are generally reported as of June 30 instead of December 31 because the DRS's fiscal year end on June 30 of each year. 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 at the state pension plan level.

For purposes of calculating the restricted net position related to the net pension asset, the district includes the net pension asset only.

NOTE 2 – Columbia Basin Hydropower

The East Columbia Basin Irrigation District is involved in the Grand Coulee Hydroelectric Project, 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.

The District is one-third owner in the Columbia Basin Hydropower (CBHP) joint venture between Quincy-Columbia Basin Irrigation District, East Columbia Basin Irrigation District and South Columbia Basin Irrigation District. As one-third owner, the District includes one-third of joint venture assets on its balance sheet. It has been determined language in licenses from the Federal Energy Regulatory Commission (FERC), which holds title to several of the sites hydropower facilities are built on, does not support the inclusion of a tangible ARO liability on the financial statements. Although unlikely, FERC may require the Districts to return the land to its original condition after decommissioning hydropower facilities. The amount of this liability cannot be reasonably determined as contract language does not provide specific scenarios in which this would be required, nor does it include specific steps for CBHP to perform if such a hypothetical scenario were to arise. See note 8 for more information on the CBHP joint venture.

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 (formerly Grand Coulee Project Hydroelectric Authority) 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 that equal the operating and maintenance expenses plus the annual debt service on the revenue bonds issued. The Districts do not actually 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, 1986, 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 Headworks Hydroelectric Project, in which South District is the lead agency, whereby Grant County Public Utility 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 forty years after the date of commercial operation of the project, or October 1, 2032, whichever event first occurs.

The District provides no financial support to the Joint Venture as it is funded entirely from the sale of electricity. The proceeds from those sales to the three districts are net of expense. However, the District provides support to the Columbia Basin Hydropower when developing new capital projects, and the expense is shared amongst the other two Districts. In 2021 power revenue was $3,205,244.

Separate financial statements may be obtained by contacting the Columbia Basin Hydropower, P.O. Box 219, Ephrata, WA 98823; South Columbia Basin Irrigation District, PO Box 1006, Pasco, WA 99301; Quincy Columbia Basin Irrigation District, PO Box 188, Quincy, WA 98848.

NOTE 3 - LONG TERM DEBT & LIABILITIES

a. Long-Term Debt
The annual requirements to amortize all debts outstanding as of December 31, 2022, including interest where applicable are as follows:

Construction Repayment Contract

The following long-term debt 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 East Columbia Basin Irrigation District, to develop irrigation. The Contract was entered into in 1968 and is to be repaid over fifty years.

The District assesses each landowner for the repayment of the construction debt. The U. S. Bureau of Reclamation construction debt is based on a maximum of $131.60 per irrigable acre, but not less than $85.00 per acre as determined by the Secretary of the Interior.

The construction charge obligation at December 31, 2022, represents the difference between the initial construction charge obligation and the annual installments paid by application of development period surplus, and/or payments from District funds. Development of Block 461 was completed in 1986, adding the amount of $107,153.17 to the initial construction charge obligation. Through 2022, the final installments have been paid on Blocks 40, 41, 42, 43, 44, 45, 46, 47, 49, 401, and 421. The following tabulation shows the changes in the account since its inception:

Block	Initial Construction Obligation Charge	Accrued Annual Installments	Balance '12/31/2022
40	1,669,097	1,669,097	-
401	139,213	139,212	-
41	1,481,655	1,481,656	-
42	2,909,399	2,909,399	-

421	162,318	162,318	-
43	2,051,041	2,051,041	-
44	2,531,019	2,531,019	-
45	2,351,119	2,351,119	-
46	2,475,216	2,475,216	-
461	107,153	64,919	42,235
47	880,981	880,981	-
48	373,546	298,496	75,049
49	1,677,536	1,677,536	-
	18,809,292	**18,692,009**	**117,285**

The annual requirements to amortize the Construction repayment outstanding as of December 31, 2022, are as follows:

Construction Obligation	
2023	$ 16,414
2024	$ 34,704
2025-2029	$ 56,685
Total	**$107,803**

*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 percentage for the following year's payment is sent 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.

Revenue Bonds

On July 6, 2016, the District's Board of Directors adopted Resolution 2016-11, providing for the issuance, specifying the maturities, interest rates, terms and covenants and fixing the form of $22,530,000 par value Revenue Bonds, 2016, to refund bonds issued on 2006 and 2007 in the amount of $5,725,329 pursuant to chapter 39.53 RCW and to acquiring, constructing and installing additions and improvements to and extensions and betterments of, acquiring necessary equipment for, or making necessary replacements or repairs or capital improvements to the Irrigation Facilities and the costs of issuance and sale of such bonds; providing for bond and reserve fund; and providing for the sale and delivery of the bonds with a closing date of November 10, 2016. The Refunding of $5,725,329 resulted in a net present value savings of $470,758. The Revenue Bonds carry a term of 32 years.

The annual requirements to amortize the Bond Debt Service, 2016, are as follows:

Year	Principal	Interest	Total

2023	885,000	847,650	1,732,650
2024	920,000	802,525	1,722,525
2025	970,000	755,275	1,725,275
2026	1,020,000	705,525	1,725,525
2027	465,000	668,400	1,133,400
2028-2032	2,240,000	3,015,125	5,255,125
2033-2037	2,870,000	2,383,206	5,253,206
2038-2042	3,510,000	1,736,156	5,246,156
2043-2047	4,420,000	830,500	5,250,500
2048	1,025,000	25,625	1,050,625
Total	**18,325,000**	**11,769,988**	**30,094,988**

b. Changes in Long-Term Liabilities
During the year ended December 31, 2022, the following changes occurred in long-term liabilities:

	Beginning Balance 01/01/2022	Additions	Reductions	Ending Balance 12/31/2022	Due Within One Year
Construction Repayment	$ 122,251	$	$ 13,251	$ 107,803	$ 16,414
Revenue Bonds 2016	$ 19,160,000	$	$ 835,000	$ 18,325,000	$ 885,000
Compensated Absences	$ 371,744	$	$ 43,896	$ 327,849	$ -
Net pension liability	$ 452,271	$ 485,837	$	$ 938,108	-
OPEB	$ 2,882,176		$ 1,549,915	$ 1,332,261	80,924

NOTE 4 - DEPOSITS AND INVESTMENTS

Investments are subject to the following risks.

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.

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, deposits with Washington State banks, Savings and Loan institutions, or other investments allowed by Chapter 39.59 RCW.

Investments in Local Government Investment Pool (LGIP)

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.

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

INVESTMENTS	
As of December 31, 2022, the District had the following investments:	
a. Investments	Amortized Cost
CD's	0
State Investment Pool	575,486
Total	575,486

Investments Measured at Fair Value
The District measures and reports investments at fair value using the valuation input hierarchy established by generally accepted accounting principles, as follows:
 Level 1: Quoted prices in active markets for identical assets or liabilities;
 Level 2: These are quoted market prices for similar assets or liabilities, quoted prices for identical or similar assets or liabilities in markets that are not active, or other than quoted prices that are not observable;
 Level 3: Unobservable inputs for an asset or liability.

At December 31, 2022, the District had the following investments measured at fair value:

	Quoted Prices in Active Markets for Identical Assets (Level 1)
Investments by Fair Value Level	
U.S. Treasury securities	22,157,899
Total Investments in Statement of Net Position	**22,733,385**

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 $22,733,385 no investments are exposed to custodial credit risk.

Summary of Deposit and Investment Balances

Summary of Deposit and Investment Balances

Cash on Hand at December 31, 2022 was $8,132,198
The carrying amount of the District's deposits, including certificates of deposit, was $0
The bank balance was $8,132,198

NOTE 5 – OTHER POST-EMPOYMENT BENEFITS OTHER THAN PENSIONS ("OPEB")

The following table represents the aggregate OPEB amounts for all plans subject to the requirements of GASB 75 for 2022:

Aggregate OPEB Amounts – All Plans	
OPEB liabilities	*$1,413,185*
OPEB assets	*$*
Deferred outflows of resources	*$*
Deferred inflows of resources	*$1,664,873*
OPEB expenses/expenditures	*$51,161*

Plan Description

The District administers a single-employer defined benefit premium program ("the retiree subsidy plan"). District employees who end public employment are eligible to continue insurance coverage as a retiree if they retire under the public employees' retirement system and are vested in that system and eligible for COBRA. The plan may be amended through collective bargaining (for bargaining unit employees) and ratified by the District's Commission, or changed without bargaining for non-bargaining unit employees. The retiree subsidy plan does not issue a publicly available financial report.

Benefits Provided

Coverage for medical, including prescription drugs, dental and vision is subsidized for pre-65 and post-65 retirees. Life insurance is not offered to retired employees. The valuation solely reflects an implicit subsidy, since the District does not explicitly subsidy health benefits, retirees pay 100% of the cost.

The implicit subsidy reflects the difference between the premium rate or cost charged to a retiree for a particular benefit as compared to the estimated rate of cost to the retiree, if those benefits were calculated reflecting retirees as a separate group (rather than their costs bundled with the active population).

The District does not reimburse for Medicare Part B premium for Medicare eligible retirees and their dependents.

Employees covered by benefit terms: *At December 31, 2022, the following employees were covered by the benefit terms:*

Inactive employees or beneficiaries currently receiving benefits	*24*
Inactive employees entitled to but not yet receiving benefits	*0*
Active employees	*84*
Total	*108*

Funding Policy

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

Contributions

For the years ended December 31, 2022, the District paid approximately $0, in retiree subsidies.

Total OPEB Liability

The District's total OPEB liability was measured as of December 31, 2022 and was determined by an actuarial valuation dated December 31, 2022 measurement date.

Actuarial Assumptions and Other Inputs

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

Actuarial Cost Method

Entry Age Normal as a Level Percentage of Payroll

Health Care Cost Trend Assumption (trend): The following assumptions are used for annual healthcare cost inflation

	Year	Pre-65	Post 65
Year 1 Trend	January 1, 2022	7.00%	7.00%
Ultimate Trend	January 1, 2032 & Later	4.50%	4.50%
Grading Per Year		0.25%	0.25%

Mortality Rates:

RP 2014 Healthy Male and Female Tables are based on the Employee and Healthy Annuitant Tables for both pre & post retirement projected with mortality improvement using the Society of Actuaries Mortality Improvement Scale MP-2019, which is an update from the prior valuation, which reflected the MP-2018 table.

SECTION V - SUMMARY OF CENSUS INFORMATION

Summary of Retiree Enrollment, by Age Band and Gender, calculated as of January 1, 2022

Age Band	Female	Male	Total	% Female	% Total
Under 50	-	-	-	n/a	0.0%
50 to 54	-	-	-	n/a	0.0%
55 to 59	-	-	-	n/a	0.0%
60 to 64	-	1	1	0.0%	4.2%
65 to 69	-	3	3	0.0%	12.5%
70 to 74	4	4	8	50.0%	33.3%
75 to 79	1	6	7	14.3%	29.2%
80 to 84	2	1	3	66.7%	12.5%
85 to 89	-	2	2	0.0%	8.3%
90 to 94	-	-	-	n/a	0.0%
95 +	-	-	-	n/a	0.0%

Subtotal	7	17	24	29.2%	100.0%

	Female	Male	Total	% Female	% Total
Pre 65 Retirees	-	1	1	0.0%	4.2%
Post 65 Retirees	7	16	23	30.4%	95.8%
Subtotal	7	17	24	29.2%	100.0%

	Female	Male	Total
Average Age - Pre 65	n/a	63.0	63.0
Average Age - Post 65	75.7	75.8	75.8
Average Age - Total	75.7	75.1	75.3

Turnover Rates:

Participation	100% of actives eligible for District-paid medical benefits are assumed to be enrolled in a medical plan at retirement.
Plan Enrollment	Current and future retirees are assumed to remain enrolled in the plans in which they are currently enrolled, if any.
Spouse Age Assumption	It is assumed that female spouses are three years younger than male employees and male spouses are three years older than female employees unless actual spouse date of birth information was provided. Spousal dates of birth were provided in the census so this assumption was used for the valuation when family coverage was listed. The above assumption was used when spouse dates of birth were unavailable.
Surviving Spouses & Surviving Dependents	Surviving spouses may elect to continue medical coverage but do not receive an explicit subsidy from the District.

Changes in the Total OPEB Liability

Plan Name	
Total OPEB Liability as of Beginning of Year	*$3,006,865*
Service cost	*28,121*
Interest	*123,996*
Changes of benefit terms	-
**Differences between expected and actual experience*	-
**Changes of assumptions*	*(1,664,873)*
Benefit payments	*(80.924)*
Other changes	-
Net Changes	*(1,593,680)*
Total OPEB Liability at 12/31/22	*$1,413,185*

Sensitivity of the total OPEB liability to changes in the discount rate.

The following presents the total OPEB liability of the East Columbia Basin Irrigation District calculated using the discount rate of 4.18 percent, as well as what the OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (3.18 percent) or 1-percentage point higher (5.18 percent) that the current rate.

	1% Decrease (3.18%)	*Current Discount Rate (4.18%)*	*1% Increase (5.18%)*
Total OPEB Liability	*$1,681,169*	*$1,413,185*	*$1,212,244*

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates.

The following presents the total OPEB liability of the East Columbia Basin Irrigation District calculated using the current healthcare cost trend rate of 4.18 percent, as well as what the OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (3.18 percent) or 1-percentage point higher (5.18 percent) that the current rate.

	1% Decrease (3.18%)	*Current Healthcare Cost Trend Rate (4.18%)*	*1% Increase (5.18%)*
Total OPEB Liability	*$1,197,388*	*$1,413,185*	*1,669,740*

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

	Deferred Outflows of Resources	*Deferred Inflows of Resources*
Differences between expected and actual experience	*$ -*	*$ -*
Changes of assumptions	*$*	*$ 1,664,873*
Payments subsequent to the measurement date	*$ -*	*$ -*
*TOTAL**		*$ 1,664,873*

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

Year ended December 31:	
2022	*$(100,956)*

2023	*$(100,956)*
2024	*$(100,956)*
2025	*$(100,955)*
2026	*$ (158,590)*
Thereafter	*$ (742,337)*

NOTE 6 - PENSION PLAN

The following table represents the aggregate pension amounts for all plans for the year 2022:

Aggregate Pension Amounts - All Plans		
Pension liabilities	$	(938,109)
Pension Asset	$	1,632,902
Deferred outflows of resources	$	1,668,014
Deferred inflows of resources	$	(1,785,282)
Pension expense/expenditures	$	(278,973)

State Sponsored Pension Plans

Substantially all of the 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 98504-8380

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 2022 were as follows:

PERS Plan 1		
Actual Contribution Rates:	**Employer**	**Employee***
January through August 2022	10.25%	6.00%
September through December 2022	10.39%	6.00%

The District's actual contributions to the plan were $214,181 for the year ended December 31, 2022.

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 2022 were as follows:

PERS Plan 2&3		
Actual Contribution Rates:	**Employer**	**Employee***
January through August 2022	10.25%	6.36%
September through December 2022	10.39%	6.36%

The District's actual contributions to the plan were $362,975 for the year ended December 31, 2022.

Actuarial Assumptions

The total pension liability (TPL) for each of the plans was determined using the most recent actuarial valuation completed in 2022 with a valuation date of June 30, 2021. The actuarial assumptions used in the valuation are summarized in the Actuarial Section of DRS' Comprehensive Annual Financial Report located on the DRS employer-resource GASB webpage. The actuarial assumptions used in the June 30, 2020, valuation were based on the results of the 2013-2018 Demographic Experience Study Report and the 2019 Economic Experience Study

Additional assumptions for subsequent events and law changes are current as of the 2021 actuarial valuation report. The TPL was calculated as of the valuation date and rolled forward to the measurement date of June 30, 2022. Plan liabilities were rolled forward from June 30, 2021, to June 30, 2022, reflecting each plan's normal cost (using the entry-age cost method), assumed interest and actual benefit payments.

- **Inflation:** 2.75% total economic inflation; 3.25% salary inflation
- **Salary increases:** In addition to the base 3.25% salary inflation assumption, salaries are also expected to grow by promotions and longevity.
- **Investment rate of return:** 7.0%

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 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.

Change in Assumptions and Methods: Actuarial results that OSA provided within this publication reflect the following changes in assumptions and methods:

Assumption Changes:

- 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 7.0 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 7.0 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 7.0 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, 2022, are summarized in the table below. The inflation component used to create the table is 2.2 percent and represents the WSIB's most recent long-term estimate of broad economic inflation

Asset Class	Target Allocation	% Long-Term Expected Real Rate of Return Arithmetic
Fixed Income	20%	1.50%
Tangible Assets	7%	4.70%
Real Estate	18%	5.40%
Global Equity	32%	5.90%
Private Equity	23%	8.90%
	100%	

Sensitivity of NPL

The table below presents the District's proportionate share* of the net pension liability calculated using the discount rate of 7.0 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 (6.0 percent) or 1-percentage point higher (8.0 percent) than the current rate.

	1% Decrease (6.0%)	Current Discount Rate	1% Increase (8.0%)

		(7.0%)	
PERS 1	1,253,301	938,109	663,020
PERS 2/3	1,922,956	(1,632,902)	(4,554,264)

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, 2022, the District reported a total pension asset of $1,632,902 for its proportionate share of the net pension asset as follows:

	Liability
PERS 1	$ (938,109)
PERS 2/3	$

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

	Proportionate Share 6/30/21	Proportionate Share 6/30/22	Change in Proportion
PERS 1	0.037034%	0.033692%	-0.003342%
PERS 2/3	0.047590%	0.044028%	-0.003562%

Pension Expense

For the year ended December 31, 2022, the District recognized pension expense as follows:

	Pension Expense
PERS 1	$ 336,824
PERS 2/3	$ (615,797)

Deferred Outflows of Resources and Deferred Inflows of Resources

At December 31, 2022, 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	$	$ (155,472)
Changes of assumptions	$	$
Changes in proportion and differences between contributions and proportionate share of contributions	$	$
Contributions subsequent to the measurement date	$ 108,999	$
TOTAL	$ 108,999	$ (155,472)

PERS 2, 3	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 404,595	$ (36,965)
Net difference between projected and actual investment earnings on pension plan investments	$ 0	$ (1,207,217)
Changes of assumptions	$ 910,118	$ (238,301)
Changes in proportion and differences between contributions and proportionate share of contributions	$ 61,640	$ (147,327)
Contributions subsequent to the measurement date	$ 182,662	$
TOTAL	$ 1,559,015	$ (1,629,810)

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 amortized as follows:

Year ended December 31	PERS 1
2023	(65,793)
2024	(59,757)
2025	(74,963)
2026	45,040
2027	
Thereafter	
TOTAL	**(155,472)**

Year ended December 31	PERS 2/3
2023	(435,517)
2024	(369,432)
2025	(408,468)
2026	559,232
2027	203,374
Thereafter	197,750
TOTAL	**(253,061)**

NOTE 7 – CAPITAL ASSETS

Major expenses for capital assets are capitalized. Maintenance, repairs and minor renewals are accounted for as expenses when incurred. The hydropower capital assets included in the table below represents the District's one-third ownership in its joint venture capital assets. We were unable to locate the original journal entry to record the FERC licenses when Columbia Basin Hydropower was established approximately 30 years ago. We believe the Federal Energy Regulatory Commission (FERC) licenses consisting of $750,000 are included in the Hydropower Structures and improvements and are reported on the face of the financial statements conjunctly. Capital Asset activity for the year ended December 31, 2022 was as follows:

For year ended December 31, 2022	Beginning Balance	Increase	Decrease	Ending Balance
Capital asset not being depreciated:				
Land	16,977.40			16,977.40
Construction in Progress	29,445,306.40	2,381,953.45	(21,850,713.83)	9,976,546.02
Construction In Progress CBH	1,871,284.00	263,414.00	(205,776.00)	1,928,922.00
Total capital asset not being depreciated	31,333,567.80	2,645,367.45	(22,056,489.83)	11,922,445.42
Capital assets being depreciated:				
Office & Building Improvements	1,026,767.52			1,026,767.52
System Improvements	49,105,189.07	22,120,528.57		71,225,717.64
Minor Equipment	2,520,002.13	64,442.72	(11,871.51)	2,572,573.34
Major Equipment	6,737,878.29			6,737,878.29
Motor Vehicles	3,731,363.08	139,331.08	(23,242.02)	3,847,452.14
Radio Equipment	131,003.40			131,003.40
Office Equipment & Furnishings	271,926.19	24,591.47	(32,133.13)	264,384.53
Structures and Improvements	17,321,501.00			17,321,501.00
Waterways and Dams	10,893,785.00			10,893,785.00
Turbines and Generators	12,631,653.00	8,866.00		12,640,519.00
Electrical Equipment	2,710,100.00	297,711.00		3,007,811.00
Power Plant Equipment	524,209.00			524,209.00
Roads and Bridges	540,445.00			540,445.00
Station Equipment	729,200.00			729,200.00
Poles and Fixtures	679,356.00			679,356.00
Overhead Conduction	4,102.00			4,102.00
Total capital assets being depreciated	109,558,480.68	22,655,470.84	(67,246.66)	132,146,704.86
Less accumulated depreciation for:				
Office & Building Improvements	756,203.62	33,476.81		789,680.43
System Improvements	33,366,617.16	2,088,734.49		35,455,351.65
Minor Equipment	2,196,131.78	119,111.29	(11,871.51)	2,303,371.56
Major Equipment	5,694,804.68	204,329.39		5,899,134.07
Motor Vehicles	2,784,958.83	263,919.22	(23,242.02)	3,025,636.03
Radio Equipment	117,903.45	3,718.50		121,621.95
Office Equipment & Furnishings	174,389.14	26,933.01	(32,133.13)	169,189.02
CBH Held Assets	30,727,552.00	939,443.00		31,666,995.00
Total accumulated depreciation	75,818,560.66	3,679,665.71	(67,246.66)	79,430,979.71
Total capital assets being depreciated, net	33,739,920.02	18,975,805.13	0.00	52,715,725.15
TOTAL CAPITAL ASSETS, NET	**65,073,487.82**	**21,621,172.58**	**(22,056,489.83)**	**64,638,170.57**

NOTE 8 – Construction and Other Significant Commitments

A. Construction Commitments

The District had no active construction projects as of December 31, 2022.

NOTE 9- RISK MANAGEMENT

The East Columbia Basin Irrigation District is a member of Cities Insurance Association of Washington. 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 Government Agreement to pool their self-insured losses and jointly purchase insurance and administrative services. As of November 30, 2022 there were 195 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 and Wrongful Acts which are included to fit members' various needs;

The program acquires liability insurance through their administrator, Clear Risk Solutions. Liability coverate is purchased to an aggregate limit of $50,000 with self-insured retention (SIR) of $500,000. Members are responsible for a $1,000 to $50,000 deductible for each claim (can vary by member), while the program is responsible for the $500,000 SIR. Since the program is a cooperative program, there is joint liability among the participating members toward the sharing of the $500,000 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 $7,110,058, which is fully funded in its annual budget.

Property insurance is subject to a per occurrence SIR of $500,000. Members are responsible for a $1,000 deductible for each claim (some member deductibles vary). The program bears the $500,000 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, 2022, were $2,747,183.56.

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.

Deductible payments, if any, are considered an operational expense payable from the operation and maintenance fund. The amount of settlements did not exceed insurance coverage in each of the past three years.

The Columbia Basin Project irrigation facilities are owned by the United States which is self-insured. The District is required by federal repayment contract to accumulate and maintain an emergency reserve operation and maintenance fund equal in amount to 15% of the average annual operation 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 operation 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 also provides for property loss through commercial insurance on a replacement cost basis not subject to co-insurance.

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 periodic safety meetings: and
   (c) The insurance carrier's loss control representative periodically tours the District and makes recommendations on actions to reduce risk.

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

NOTE 10 – GRANT FUNDED CAPITAL IMPROVEMENTS

Prior to 1999, the District reduced the cost of capital improvements on projects that were partially funded by State grants, by the amount of the grant. In 1999 the District began recording the grants as revenue and capitalizing all expenses related to the capital improvement.

NOTE 11 – COVID-19

In February 2020, the Governor of the state of Washington declared a state of emergency in response to the spread of a deadly new virus. In the weeks following the declaration, precautionary measures to slow the spread of the virus have been ordered. These measures include closing schools, colleges and universities, cancelling public events, prohibiting public and private gatherings, and requiring people to stay home unless they are leaving for an essential function. The situation continues to change as new facts become available and new circumstances arise. In response to the crisis, the District has proactively implemented measures to mitigate operational and financial impacts to the District and its customers, requiring employees not required to be on site for essential services to work from home, and implementing “social distancing” measures for the District on-site essential staff. This did not have an impact on the financial results for 2021 or 2022.

REQUIRED SUPPLEMENTARY INFORMATION - State Sponsored Plans

East Columbia Basin Irrigation District

Schedule of Proportionate Share of the Net Pension Liability

PERS 1

As of June 30

Last 10 Fiscal Years*

		2022	2021	2020	2019	2018	2017	2016	2015
Employer's proportion of the net pension liability (asset)	%	0.033692	0.037034	0.035291	0.036425	0.039808	0.044367%	0.049799%	0.044683%
Employer's proportionate share of the net pension liability	$	$ (938,109)	(452,272)	(1,245,963)	(1,626,753)	(1,777,839)	(2,105,249)	(2,674,441)	(2,337,336)
TOTAL	$								
Employer's covered employee payroll	$	5,546,053	5,476,071	5,357,131	5,594,702	5,157,211	5,206,380	5,791,447	199,877
Employer's proportionate share of the net pension liability as a percentage of covered employee payroll	%	-16.91%	-8.26%	-23.26%	-29.08%	-34.47%	-40.44%	-46.18%	-1169.39%
Plan fiduciary net position as a percentage of the total pension liability	%	76.56%	88.74%	68.64%	67.12%	63.22%	61.24%	57.03%	59.10%

See note 2 of DRS Participating Employer Financial Information report for these percentages for each plan

Note: The District implemented GASB 68 for the year ended December 31, 2015 - yearly information will

Notes to Schedule of Proportionate Share of the Net Pension Liability - PERS 1

Note 1

Until a full 10-year trend is compiled, only information for those years available is presented

Note 2: Changes of Benefit Terms

There were no changes of benefit terms for PERS 1.

Note 3: Changes of Assumptions

See Note 6 - Pension Plans in the Notes to Financial Statements for a list of changes in methods and assumptions

REQUIRED SUPPLEMENTARY INFORMATION - State Sponsored Plans

East Columbia Basin Irrigation District

Schedule of Proportionate Share of the Net Pension Liability

PERS 2/3

As of June 30

Last 10 Fiscal Years*

		2022	2021	2020	2019	2018	2017	2016	2015
Employer's proportion of the net pension liability (asset)	%	0.044028	0.04759	0.045966	0.047039	0.04879	0.053409	0.059583	0.053063
Employer's proportionate share of the net pension liability	$	1,632,902	4,740,730	(587,879)	(456,909)	(833,046)	(1,855,707)	(2,999,957)	(1,895,971)
TOTAL	$								
Employer's covered employee payroll	$	5,546,053	5,476,071	5,357,131	5,594,702	5,058,621	5,057,105	5,622,066	5,173,223
Employer's proportionate share of the net pension liability as a percentage of covered employee payroll	%	29.44%	86.57%	-10.97%	-8.17%	-16.47%	-36.70%	-53.36%	-36.65%
Plan fiduciary net position as a percentage of the total pension liability	%	106.73%	120.29%	97.22%	97.77%	95.77%	90.97%	85.82%	89.20%

See note 2 of DRS Participating Employer Financial Information report for these percentages for each plan

Note: The District implemented GASB 68 for the year ended December 31, 2015 - yearly information will be added until the 10-year requirement.

Notes to Schedule of Proportionate Share of the Net Pension Liability - PERS 2/3

Note 1

Until a full 10-year trend is compiled, only information for those years available is presented

Note 2: Changes of Benefit Terms

There were no changes of benefit terms for PERS 1.

Note 3: Changes of Assumptions

See Note 6 - Pension Plans in the Notes to Financial Statements for a list of changes in methods and assumptions

REQUIRED SUPPLEMENTARY INFORMATION - State Sponsored Plans

East Columbia Basin Irrigation District

Schedule of Employer Contributions

PERS 1

As of December 31

Last 10 Fiscal Years*

		2022	2021	2020	2019	2018	2017	2016	2015
Statutorily or contractually required contributions	$	214,181	235,956	253,033	276,651	264,311	255,843	269,184	248,955
Contributions in relation to the statutorily or contractually required contributions	$	(214,181)	(235,956)	(253,033)	(276,651)	(264,311)	(255,843)	(269,184)	(248,955)
Contribution deficiency (excess)	$	0	0	0	0	0	0	0	0
Covered employer payroll	$	5,707,141	5,476,071	5,276,289	5,594,702	5,153,960	5,077,248	5,438,050	156,409
Contributions as a percentage of covered employee payroll	%	3.753%	4.309%	4.796%	4.945%	5.128%	5.039%	4.950%	159.169%

Note: The District implemented GASB 68 for the year ended December 31, 2015 - yearly information will be added until the 10-year requirement.

REQUIRED SUPPLEMENTARY INFORMATION - State Sponsored Plans

East Columbia Basin Irrigation District

Schedule of Employer Contributions

PERS 2/3

As of December 31

Last 10 Fiscal Years*

		2022	2021	2020	2019	2018	2017	2016	2015
Statutorily or contractually required contributions	$	362,975	392,389	417,883	431,919	382,583	335,354	329,001	298,420
Contributions in relation to the statutorily or contractually required contributions	$	(362,975)	(392,389)	(417,883)	(431,919)	(382,583)	(335,354)	(329,001)	(298,420)
Contribution deficiency (excess)	$	0	0	0	0	0	0	0	0
Covered employer payroll	$	5,707,141	5,476,071	5,276,289	5,594,702	5,102,966	4,955,615	5,280,923	5,089,249
Contributions as a percentage of covered employee payroll	%	6.360%	7.166%	7.920%	7.720%	7.497%	6.767%	6.230%	5.86%

Note: The District implemented GASB 68 for the year ended December 31, 2015 - yearly information will be added until the 10-year requirement.

REQUIRED SUPPLEMENTARY INFORMATION - OPEB
East Columbia Basin Irrigation District
Schedule of Changes in Total OPEB Liability and Related Ratios
For the year ended December 31
Last 10 Fiscal Years*

	2022	2021	2020	2019	2018
Total OPEB liability - beginning	$ 3,006,865	$ 3,057,642	$ 2,930,262	$ 2,933,844	$ 2,541,536
Service cost	28,121	29,266	28,245	25,672	22,997
Interest	123,996	61,404	57,548	83,447	94,193
Changes in benefit terms	0	0	0	0	0
Differences between expected and actual experience	0	0	0	0	0
Changes of assumptions	(1,664,873)	(16,758)	204,318	0	0
Benefit payments	(80,924)	(124,689)	(162,731)	(112,701)	(125,535)
Other changes					
Total OPEB liability - ending	1,413,185	3,006,865	3,057,642	2,930,262	2,533,191
Covered-employee payroll**	5,707,141	5,476,071	6,342,172	6,782,250	7,254,238
Total OPEB liability as a % of covered payroll	24.76%	54.91%	48.21%	43.20%	34.92%

Notes to Schedule:

* Until a full 10-year trend is compiled, only information for those years available is presented.
No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB 75.

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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