Office of the Washington State Auditor
Pat McCarthy

# Financial Statements Audit Report

# Public Utility District No. 1 of Asotin County

**For the period January 1, 2023 through December 31, 2023**

*Published July 18, 2024*

Report No. 1035242

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# Office of the Washington State Auditor
# Pat McCarthy

July 18, 2024

Board of Commissioners
Public Utility District No. 1 of Asotin County
Clarkston, Washington

## Report on Financial Statements

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

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

Sincerely,

Pat McCarthy, State Auditor

Olympia, WA

***Americans with Disabilities***

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**Public Utility District No. 1 of Asotin County**
**January 1, 2023 through December 31, 2023**

Board of Commissioners
Public Utility District No. 1 of Asotin County
Clarkston, 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 Public Utility District No. 1 of Asotin County, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated July 12, 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 July 12, 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

July 12, 2024

# INDEPENDENT AUDITOR'S REPORT

## Report on the Audit of the Financial Statements

**Public Utility District No. 1 of Asotin County**
**January 1, 2023 through December 31, 2023**

Board of Commissioners
Public Utility District No. 1 of Asotin County
Clarkston, Washington

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

### Opinion

We have audited the accompanying financial statements of Public Utility District No. 1 of Asotin County, as of and for the year ended December 31, 2023, 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 Public Utility District No. 1 of Asotin County, as of December 31, 2023, 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.

### Matters of Emphasis

As discussed in Note 13 to the financial statements, in 2023, the District adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements* and Statement No. 96, *Subscription-Based Information Technology Arrangements*. Our opinion is not modified with respect to these matters.

## 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 July 12, 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

Pat McCarthy, State Auditor

Olympia, WA

July 12, 2024

# FINANCIAL SECTION

**Public Utility District No. 1 of Asotin County**
**January 1, 2023 through December 31, 2023**

## REQUIRED SUPPLEMENTARY INFORMATION



## BASIC FINANCIAL STATEMENTS



## REQUIRED SUPPLEMENTARY INFORMATION

# Management Discussion and Analysis

The following Management Discussion and Analysis is designed to provide an overview of the Asotin County Public Utility District's (District) financial activities for the year ended December 31, 2023. This discussion should be read in conjunction with the District's financial statements and notes to the financial statements.

The District owns and operates a public water system with approximately 7,618 connections to customers in Asotin County covering twenty square miles. The District also owns and operates the Port of Wilma water system in Whitman County which serves approximately 30 commercial and industrial customers. The District provides sanitary sewer collection to 1,558 customers. The District's office and main shop are located in Clarkston, Washington.

***Basic Financial Statements***

The Statement of Net Position presents the District's assets, deferred outflows, liabilities, and deferred inflows, with the balance reported as net position. The Statement of Net Position provides information about the nature and amount of investment in resources (assets), and the obligations to creditors (liabilities). The net position increases when revenues exceed expenses. The Statement of Revenue, Expenses and Changes in Fund Net Position reports the revenues and expenses during the periods indicated. The Statement of Cash Flow provides information about the District's cash receipts and payments from operations, as well as funds provided in investing and financing activities. The notes to the financial statements provide additional information that is essential to fully understanding the figures provided in the financial statements.

***Financial Analysis and Summary***

The District's overall financial condition remains stable. The District has been very careful with the resources that have been provided by rate revenue because there is very little growth potential projected for revenues from new customers. Slow growth in costs has provided revenue stability for the District and rate stability for customers while allowing the District to meet its obligations and provide for capital improvement.

The District's consumption rate increased from $1.15 to $1.20, and the meter base rate increased $1.00 across meter sizes ¾" to 1 ½", $2.00 for 2" to 4" meters, $3.00 for 6" meters, and $5.00 for 8"meters during 2023. The District is continuing to use current rates to fund asset expansion. This plan is possible because significant amounts of debt have been retired and the combined revenues between the water and wastewater system will be adequate to cover identified improvements.

Current and other assets increased by $2.5 million, or 57%, most of which is attributable to a $1.8 million increase in restricted cash. This increase occurred from the transfer of cash related to the Public-Public Partnership, or PPP, with the City of Clarkston. Accounts Receivable increased by $307 thousand, or 71%, driven by an increase in customers stemming from the same operator agreement.

Capital assets increased $4.0 million as a result of the implementation of GASB 94. The District recorded $3.2 million in intangible assets related to the PPP with the City of Clarkston. Apart from this addition, the District also had $1.9 million of additions to capital assets, offset by depreciation and amortization.

Short-term liabilities increased $2.4 million, or 398% in 2023, $1.8 million of which relate to an increase in Payables from a Restricted Asset. This liability was booked to offset the $1.8 million in restricted cash received under the operating agreement. The District also recorded a $3.2 million PPP Liability which after amortization expense resulted in $2.7 million ending liability ($530 thousand current and $2.2 million long term) under GASB 94 for the installment payments payable required under the Operator Agreement. This accounts for the majority of the $2.6 million, or 141% increase in long-term liabilities.

Deferred inflows of resources decreased because of the decreases in the deferred inflows related to Net Pension Assets.

CONDENSED COMPARATIVE STATEMENT OF NET POSITION
As of December 31, 2023 and 2022
(In thousands)

| | 2023 | 2022 | Change | % |
|---|---|---|---|---|
| Assets | | | | |
| Current and other assets | $ 6,965 | $ 4,449 | $ 2,516 | 57% |
| Capital assets, net of depreciation and amortization | 27,238 | 23,266 | 3,972 | 17% |
| *Total Assets* | 34,203 | 27,715 | 6,488 | 23% |
| Deferred outflows of resources | 1,386 | 1,146 | 240 | 21% |
| Liabilities | | | | |
| Current liabilities | 2,971 | 597 | 2,374 | 398% |
| Long-term liabilities | 4,419 | 1,835 | 2,584 | 141% |
| *Total Liabilities* | 7,390 | 2,432 | 4,958 | 204% |
| Deferred inflows of resources | 512 | 568 | (56) | -10% |
| Net Position | | | | |
| Net investment in capital assets | 24,502 | 23,266 | 1,236 | 5% |
| Restricted | 525 | 379 | 146 | 39% |
| Unrestricted | 2,660 | 2,216 | 444 | 20% |
| *Total net position* | $ 27,687 | $ 25,861 | $ 1,826 | 7% |

The largest portion of the District's net position is the classification Net Investment in Capital Assets. This classification reflects the District's investment in capital assets (land, intangible assets such as easements, right to use assets and water rights, buildings, plant, and equipment) less any remaining related debt. The District uses its capital assets to provide services to its customers. The classification Net Investment in Capital Assets increased by approximately $1.2 million, or 5%, in 2023, as assets were added at a greater rate than depreciated and amortized.

The remainder of the District's net position is made up of restricted and unrestricted net position. The unrestricted net position may be used to meet the District's ongoing obligations to customers and creditors, while the restricted net position are a reflection of the Districts' proportionate share of the State of Washington's Pension Assets. Restricted net position increased $146 thousand, or 39% in 2023.

CONDENSED COMPARATIVE STATEMENT OF CHANGES IN FUND NET POSITION
For the year ended December 31, 2023 and 2022
(In thousands)

| | 2023 | 2022 | Change | % |
|---|---|---|---|---|
| Operating revenues | | | | |
| Metered and Wastewater sales | $ 8,329 | $ 5,610 | $ 2,719 | 48% |
| Other operating | 559 | 457 | 102 | 22% |
| Non-operating revenues - other | 94 | 9 | 85 | 944% |
| Non-operating revenues -disposal of assets | (192) | (26) | (166) | 638% |
| *Total revenues* | 8,790 | 6,050 | 2,740 | 45% |
| Operating expenses | | | | |
| Operation | 3,370 | 2,000 | 1,370 | 69% |
| Maintenance | 86 | 221 | (135) | -61% |
| Customer Services | 499 | 412 | 87 | 21% |
| General Administration | 1,841 | 1,835 | 6 | 0% |
| Depreciation and Amortization | 1,038 | 464 | 574 | 124% |
| Excise and B&O Taxes | 287 | 261 | 26 | 10% |
| Non-operating expenses | 249 | - | 249 | - |
| *Total expenses* | 7,370 | 5,193 | 2,177 | 42% |
| Income before contributions | 1,420 | 857 | 563 | 66% |
| Capital contributions - grants | 406 | - | 406 | - |
| *Total capital contributions* | 406 | - | 406 | - |
| Change in net position | 1,826 | 857 | 969 | 113% |
| Net Position, beginning of year | 25,861 | 25,004 | 857 | 3% |
| Net Position, end of year | $ 27,687 | $ 25,861 | $ 1,826 | 7% |

Change in net position after non-operating revenues and expenses was $1.8 million in 2023, which is $969 thousand more than the change in net position for 2022. Total revenues increased by $2.7 million, mainly due to an increase in metered and wastewater sales which occurred because of the city sewer system operating agreement with the City of Clarkston. Interest revenue increased by $85 thousand, or 944%, due to the current economic conditions in which interest rates are higher than they have been in the past. The District also had a $166 thousand, or 638% decrease in the loss on disposal of assets..

Expenditures increased by $2.1 million, or 42%, mainly because the District took on the City of Clarkston's sewer system operating expenses. The depreciation and amortization also increased by $574 thousand, or 124%, mainly due to the amortization of the PPP asset recorded in 2023. Non-operating expenses, consisting of interest expense also increased as a result of the PPP liability.

The net utility operating income before non-operating revenues and expenses was $1.8 million as compared to $874 thousand in 2022. The operating income increased by approximately $1 million between 2022 and 2023, related to the aforementioned operating agreement (PPP).

***Capital Assets***

The District's total capital assets as of December 31, 2023 were $27.2 million, net of depreciation. Funds for capital construction are provided for through a combination of installation charges and cash flow from revenues. See Note 3 of the accompanying notes to the financial statements for further detail related to capital asset activity.

***Economic Outlook and Currently Known Facts***

In 2023, the District consumptive meter charge increased by $1.15-$1.20 across meter sizes. The District has projected a 5% increase in rates over the next three years to fund utility operations and future projects identified in the water system plan. The District continues to strive to reduce its capital debt and use current resources to fund capital acquisition.

***Requests for Information***

This financial report is designed to provide the District's customers and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have any questions about the report or need additional information, contact the District's General Manager at:

Public Utility District No. 1 of Asotin County
Attention: General Manager
P.O. Box 605
Clarkston, WA 99403

**PUBLIC UTILITY DISTRICT NO.1 OF ASOTIN COUNTY**
**STATEMENT OF NET POSITION**
**DECEMBER 31, 2023**

| | | 2023 |
|---|---|---|
| **ASSETS** | | |
| Current Assets: | | |
| Cash and Cash Equivalents | $ | 3,466,434 |
| Investments | | |
| Accounts Receivable, net | | 740,217 |
| Materials Inventory | | 419,966 |
| Restricted Assets - Cash and Cash Equivalents | | 1,811,823 |
| **TOTAL CURRENT ASSETS** | | 6,438,440 |
| Noncurrent Assets: | | |
| Workers Compensation Deposit | | 1,548 |
| Capital Assets Not Being Depreciated | | 225,082 |
| Capital Assets Being Depreciated and Amortized | | 27,012,367 |
| Net Pension Asset | | 525,287 |
| **TOTAL NONCURRENT ASSETS** | | 27,764,284 |
| **TOTAL ASSETS** | $ | 34,202,724 |
| **DEFERRED OUTFLOWS OF RESOURCES** | | |
| Amounts related to Asset Retirement Obligations | | 711,345 |
| Amounts Related to Pensions | | 466,921 |
| Amounts Related to OPEB | | 207,628 |
| **TOTAL DEFERRED OUTFLOWS OF RESOURCES** | $ | 1,385,894 |



The Notes to the Financial Statements are an integral part of this statement

**PUBLIC UTILITY DISTRICT NO.1 OF ASOTIN COUNTY**
**STATEMENT OF NET POSITION**
**DECEMBER 31, 2023**

| | | |
|---|---|---|
| | | **2023** |
| **LIABILITIES** | | |
| Current Liabilities: | | |
| Accounts Payable | $ | 342,434 |
| Wages Payable | | 65,338 |
| Interest Payable | | 25,286 |
| Customer Deposits | | 52,749 |
| Payable from Restricted Asset | | 1,811,823 |
| Compensated Absences | | 46,608 |
| Other Current Liabilities | | 43,717 |
| Total Other Post Employment Benefits Liability | | 42,950 |
| SBITA Liability | | 9,715 |
| Public Public Partnership Liability | | 530,267 |
| **TOTAL CURRENT LIABILITIES** | | 2,970,887 |
| Noncurrent Liabilities: | | |
| Compensated Absences | | 419,467 |
| Claims Liability Payable | | 80,980 |
| Total Other Post Employment Benefits Liability | | 453,174 |
| Asset Retirement Obligation | | 1,042,417 |
| Public Public Partnership Liability | | 2,195,665 |
| Net Pension Liability | | 226,835 |
| **TOTAL NONCURRENT LIABILITIES** | | 4,418,538 |
| **TOTAL LIABILITIES** | $ | 7,389,425 |
| **DEFERRED INFLOWS OF RESOURCES** | | |
| Amounts Related to Pensions | | 370,944 |
| Amounts Related to OPEB | | 140,733 |
| **TOTAL DEFERRED INFLOWS OF RESOURCES** | $ | 511,677 |
| **NET POSITION** | | |
| Net Investment in Capital Assets | | 24,501,802 |
| Restricted for Net Pension | | 525,287 |
| Unrestricted | | 2,660,427 |
| **TOTAL NET POSITION** | $ | 27,687,516 |



The Notes to the Financial Statements are an integral part of this statement

**PUBLIC UTILITY DISTRICT NO.1 OF ASOTIN COUNTY**
**STATEMENT OF REVENUES, EXPENSES, AND**
**CHANGES IN NET POSITION**
**YEAR ENDED DECEMBER 31, 2023**

| | | 2023 |
|---|---|---|
| **OPERATING REVENUES** | | |
| Metered and Wastewater Sales | $ | 8,328,889 |
| Other Operating Revenues | | 558,674 |
| **Total Operating Revenue** | | 8,887,563 |
| **OPERATING EXPENSES** | | |
| Operation Expense | | |
| General Operations | | 3,101,935 |
| Power Purchased for Resale | | 9,873 |
| Cost of Energy | | 258,096 |
| Maintenance | | 85,780 |
| Customer Services | | 498,637 |
| General Administration | | 1,841,323 |
| Depreciation and Amortization | | 1,037,699 |
| Excise and B&O Taxes | | 286,865 |
| **Total Operating Expenses** | | 7,120,208 |
| **OPERATING INCOME (LOSS)** | | 1,767,355 |
| **NONOPERATING REVENUES (EXPENSES)** | | |
| Interest Income | | 94,567 |
| Interest expense | | (249,014) |
| Gain (Loss) on Sale and/or Disposition Property | | (192,227) |
| **Total Nonoperating Revenues (Expenses)** | | (346,674) |
| **INCOME BEFORE CONTRIBUTIONS** | | 1,420,681 |
| **CAPITAL CONTRIBUTIONS** | | 405,841 |
| **CHANGE IN NET POSITION** | | 1,826,522 |
| **TOTAL NET POSITION, January 1, 2023** | | 25,860,994 |
| **TOTAL NET POSITION, December 31, 2023** | $ | 27,687,516 |



The Notes to the Financial Statements are an integral part of this statement

**PUBLIC UTILITY DISTRICT NO.1 OF ASOTIN COUNTY**
**STATEMENT OF CASH FLOWS**
**YEAR ENDED DECEMBER 31, 2023**

| | | 2023 |
|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | |
| Receipts from Customers | $ | 8,582,386 |
| Payments to Suppliers | | (3,934,137) |
| Payments to Employees | | (2,350,917) |
| Payments for Taxes | | (286,865) |
| Reciepts from Operator Agreement | | 2,478,560 |
| NET CASH PROVIDED BY OPERATING ACTIVITIES | | 4,489,027 |
| **CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES** | | |
| Receipt of Capital Contributions | | 405,841 |
| Acquisition and Construction of Capital Assets | | (2,115,433) |
| Payments on PPPs | | (524,356) |
| Payments on SBITAs | | (10,000) |
| Interest Paid on Long Term Debt | | (223,728) |
| NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES | | (2,467,676) |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | |
| Interest and Dividends on Investments | | 94,567 |
| NET CASH PROVIDED BY INVESTING ACTIVITIES | | 94,567 |
| NET INCREASE IN CASH AND CASH EQUIVALENTS | | 2,115,918 |
| **CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR** | | 3,162,339 |
| **CASH AND CASH EQUIVALENTS AT END OF YEAR** | $ | 5,278,257 |
| **RECONCILIATION TO NET POSITION** | | |
| Cash and Cash Equivalents | | 3,466,434 |
| Restricted Cash | | 1,811,823 |
| **TOTAL CASH AND CASH EQUIVALENTS** | $ | 5,278,257 |



The Notes to the Financial Statements are an integral part of this statement

**PUBLIC UTILITY DISTRICT NO.1 OF ASOTIN COUNTY**
**STATEMENT OF CASH FLOWS (CONTINUED)**
**YEAR ENDED DECEMBER 31, 2023**

**RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES**

| | | |
|---|---|---|
| Utility Operating Income | $ | 1,767,355 |
| Adjustments to Reconcile Net operating income (loss) to net cash provided by (used in) operating activities: | | |
| Depreciation and Amortization Expense | | 1,037,699 |
| ARO Amortization Expense (Maintenance) | | 11,291 |
| (Increase) Decrease in Receivables | | (305,177) |
| (Increase) Decrease in Inventories | | 52,261 |
| Increase (Decrease) in Current Payables | | 136,473 |
| Increase (Decrease) in Accrued Payroll | | 20,525 |
| Increase (Decrease) in Restricted Payables | | 1,811,823 |
| Increase (Decrease) in Pension Items | | (407,551) |
| Increase (Decrease) in Accrued Employee Benefits | | 364,328 |
| NET CASH PROVIDED BY OPERATING ACTIVITIES | $ | 4,489,027 |

| | | |
|---|---|---|
| **Noncash Investing, Financing and Capital Activities** | | |
| Capital assets financed through accounts payable | $ | (184,443) |
| PPP financed with debt | | 3,250,288 |



The Notes to the Financial Statements are an integral part of this statement

# Notes to the Financial Statements

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

***Reporting Entity.*** Public Utility District No. 1 of Asotin County was formed in 1984 and began operation in April, 1987, and operates under the laws of the state of Washington applicable to public utility districts. The District is a municipal corporation that provides residential and commercial water service, wastewater service and limited electrical service within Asotin County, Washington. A three-member board governs the District. As required by GAAP, management has considered all potential component units in defining the reporting entity. The District has no component units.

***Basis of Accounting and Presentation***. The accounting records of the District are maintained in accordance with methods prescribed by the State Auditor, under the authority of Chapter 43.09 RCW. The District uses the uniform system of accounts for Class A water utilities prescribed by the National Association of Regulatory Commissioners (NARUC).

The District's statements are reported using the economic resources measurement focus and full-accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when liability is incurred regardless of the timing of the cash flows. Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District are derived from its charges to customers for water supply and distribution. Operating expenses include cost of providing services and maintenance, and administrative expenses. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

***Assets, Deferred Outflows, Liabilities, Deferred Inflows, Fund Balance, Net Position***

***Cash and Cash Equivalents.*** The District's cash and cash equivalents are considered to be cash on hand, certificates of deposit, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. Cash and cash equivalents also include restricted cash, resources which are set aside for specific uses and/or are restricted by law for specific purposes. The restricted amount is held for capital projects related to the District's Operator agreement system assets.

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

***Investments*** All investments of the District are reported at amortized cost.

Interest is recognized in non-operating revenues as earned. Changes in the fair value of investments are also included in non-operating revenues (expenses). Unrealized gains and losses are recognized on the books as of the statement of net position date. A detailed listing is shown in Note 2, Deposits & Investments.

***Receivables.*** Accounts receivable includes current balances due on utility services billed and other receivables. An allowance for uncollectible accounts is provided based upon historical collection experience. The basis for Unbilled Accounts Receivable is accounts that were billed in January 2024 for service that was provided in December 2023.

Accounts receivable as of December 31, 2023, are as follows:

| | |
|---|---|
| Receivables: | |
| Utility Service | $ 606,021 |
| Unbilled Accounts Receivable | 135,456 |
| Allowance for Uncollectible Accounts | (1,260) |
| Total | $ 740,217 |

***Materials Inventory.*** Inventories for the District consist of supplies held for consumption. The cost is recorded as an expense at the time individual inventory items are consumed. Plant materials and supplies are valued at the first-in, first-out average cost which approximates the market value.

***Capital Assets and Depreciation.*** Capital Assets are defined by the District as assets with initial individual cost of more than $10,000 and an estimated useful life in excess of 3 years, and include property, plant equipment and infrastructure assets, as well as intangible assets. Such assets are recorded at historical cost. Donations by developers are recorded at acquisition value at the date of donation. Costs for additions or improvements to capital and intangible assets are capitalized when they increase the effectiveness or efficiency of the asset. Normal maintenance and repairs are accounted for as expenses when incurred. Major outlays for capital and intangible assets and improvements are capitalized as projects are constructed.

The original cost of utility plant retired or otherwise disposed of is removed from the plant account; accumulated depreciation is charged with the accumulated depreciation relating to the asset sold, and the net gain or loss on disposal is credited or charged to income. The gain (loss) from disposition of utility property account is maintained so that the transactions and details underlying each gain or loss are readily identifiable. See Note 3, Capital Assets.

Depreciation and amortization are computed on the straight-line method over the estimated useful lives of the asset as follows:

| | Useful Life |
|---|---|
| Organizational and franchise costs | 5-50 years |
| Buildings and improvements | 50 years |
| Wells and distribution system | 50-100 years |
| Equipment | 5+ years |

Right to use assets are amortized over the life of the applicable agreement.
***Compensated Absences.*** Compensated absences are absences for which employees will be paid. All personal leave is accrued when incurred. Personal leave pay, which may be accumulated up to a maximum of 1,200 hours, is payable upon resignation, retirement or death. See Note 4, Long-term Debt.

***Payable from Restricted Assets.*** Payable from Restricted Assets includes capital cash transferred from the City of Clarkston to the District for management under the Operator agreement (See Note 7). It is still the City's money, to be used for the City's system assets and must be returned to the City at the end of the agreement if not completely spent on capital projects. The City has the authority to approve and manage the spending of these funds.

***Other Current Liabilities***. Other accrued liabilities include accrued payroll taxes and withholdings, and use taxes.

***Claims Liability Payable***. Claims Liability Payable represent future assessments to the District due to the PURMS insurance pool to meet minimum reserve requirements of the pool. At December 31, 2023, the claims liability payable was $80,980.

***Long-term Liabilities.*** See Note 4, Long-term Liabilities.

***SBITA Liability and Right to Use Asset.*** SBITA liabilities consist of amounts recorded in compliance with GASB 96, Subscription-Based Information Technology Arrangements (SBITAs). The District has recorded the SBITA liability and associated intangible, right to use, SBITA asset.

At the commencement of a subscription-based information technology arrangement, the District initially measures the SBITA liability at the present value of payments expected to be made during the SBITA term. Subsequently, the SBITA liability is reduced by the principal portion of SBITA payments made. The SBITA asset is initially measured as the initial amount of the SBITA liability, adjusted for payments made at or before the implementation date, plus certain initial direct costs. Subsequently, the SBITA asset is amortized using the straight-line basis over the same useful lives as the SBITA term. See Note 5 for more information.

***Asset Retirement Obligation***. See Note 6, Asset Retirement Obligation.

***Public-Public Partnership (PPP) Liability and Right to Use Asset.*** PPP liabilities consist of amounts recorded in compliance with GASB 94, Public-Private and Public-Public Partnerships. The District has recorded the PPP liability and associated intangible, right to use, PPP asset. At the commencement of a PPP arrangement, the District initially measures the PPP liability at the present value of payments expected to be made during the PPP term. Subsequently, the PPP liability is reduced by the principal portion of PPP payments made. The PPP asset is initially measured as the initial amount of the PPP liability. Subsequently, the PPP asset is amortized using the straight-line basis over the term of the agreement. See Note 7, Public-Public Partnership.

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

For purposes of calculating the restricted net position related to the net pension asset, the District includes the net pension asset only. See Note 8 for more information.

***Total Other Post Employment Benefits Liability***. See Note 9, Other Post Employment Benefits.

***Deferred Outflows of Resources and Deferred Inflows of Resources***. A Deferred Outflow of Resources is a consumption of net position that is applicable to future periods. Deferred Inflows of Resources are acquisitions of net position in one period that are applicable to future periods. These are distinguished from assets and liabilities in the statement of net position. The District recognizes Deferred Outflows and Deferred inflows related to pension liability, asset retirement obligations and other post-employment benefits (OPEB) liability.

## 2. DEPOSITS AND INVESTMENTS

**Cash and Cash Equivalents**

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

As of December 31, 2023, the District's cash and cash equivalents are as follows:

| | | |
|---|---|---|
| Cash and cash equivalents: | | |
| Bank depository and checking accounts | $ | 3,290,477 |
| Petty Cash | | 450 |
| Local Government Investment Pool | | 1,987,330 |
| Total cash and cash equivalents | $ | 5,278,257 |

Deposits:

*Custodial credit risk (deposits)*. Custodial risk for deposits is the risk that, in the event of a bank failure, the government's deposits may not be returned. The District has not adopted a policy that addresses deposit custodial risk; however, the District's deposits and certificates of deposit are entirely covered by the Federal Deposit Insurance Corporation (FDIC) or by collateral held in a multiple financial institution collateral pool administered by the Washington Public Deposit Protection Commission (PDPC). In the event of a bank failure, claims for the District's deposits would be satisfied by the FDIC or from the sale of collateral held in the PDPC pool.

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

Investments

The District does not have a policy for custodial credit risk of investment securities. Further, the District is not subject to foreign currency risk or interest rate risk. The District is currently invested in the Washington State Local Government Investment Pool (LGIP).

Investments Measured at Amortized Cost

As of December 31, 2023, the District had the following investments at amortized cost:

| Investment | Maturities | Total |
|---|---|---|
| State Investment Pool (LGIP) | NA | $ 1,987,330 |
| Total | | $ 1,987,330 |

The District is a voluntary participant in the Local Government Investment Pool which was authorized by Chapter 294, Laws of 1986, and is managed and operated by the Washington State Treasurer. The State Finance Committee is the administrator of the statute that created the pool and adopts 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.

## 3. CAPITAL ASSETS

Utility plant activity for the year ended December 31, 2023 was as follows:

| CAPITAL ASSETS | Beginning Balance | Beginning Balance Restated | Increase | Decrease | Ending Balance |
|---|---|---|---|---|---|
| *Utility plant not being depreciated* | | | | | |
| Land | $ 174,715 | $ 174,715 | $ - | $ - | $ 174,715 |
| Construction in progress | - | - | 50,367 | - | 50,367 |
| Total utility plant not being depreciated | 174,715 | 174,715 | 50,367 | - | 225,082 |
| *Utility plant being depreciated* | | | | | |
| Buildings and improvements | 1,586,576 | 1,586,576 | - | - | 1,586,576 |
| Wells, distribution system and infrastructure | 29,831,140 | 29,831,140 | 1,407,162 | 419,049 | 30,819,253 |
| Equipment | 2,088,360 | 2,088,360 | 473,461 | 43,776 | 2,518,045 |
| Total utility plant being depreciated | 33,506,076 | 33,506,076 | 1,880,623 | 462,825 | 34,923,874 |
| *Less accumulated depreciation for:* | | | | | |
| Buildings and improvements | 830,214 | 830,214 | 26,438 | - | 856,652 |
| Wells, distribution system and infrastructure | 8,414,050 | 8,414,050 | 311,887 | 228,099 | 8,497,838 |
| Equipment | 1,170,145 | 1,170,145 | 147,801 | 42,499 | 1,275,447 |
| Total accumulated depreciation | 10,414,409 | 10,414,409 | 486,126 | 270,598 | 10,629,937 |
| Total utility plant being depreciated, net | 23,091,667 | 23,091,667 | 1,394,497 | 192,227 | 24,293,937 |
| *Utility plant being amortized* | | | | | |
| Right to Use Asset - SBITA* | - | 19,715 | - | - | 19,715 |
| Right to Use Asset - PPP | - | - | 3,250,288 | - | 3,250,288 |
| Total utility plant, being amortized | - | 19,715 | 3,250,288 | - | 3,270,003 |
| *Less accumulated amortization for:* | | | | | |
| Right to Use Asset - SBITA | - | - | 9,858 | - | 9,858 |
| Right to Use Asset - PPP | - | - | 541,715 | - | 541,715 |
| Total accumulated amortization | - | - | 551,573 | - | 551,573 |
| Total utility plant being amortized, net | - | 19,715 | 2,698,715 | - | 2,718,430 |
| Total utility plan being depreciated and amortized, net | 23,091,667 | 23,111,382 | 4,093,212 | 192,227 | 27,012,367 |
| **Total utility plant, net** | $ 23,266,382 | $ 23,286,097 | $ 4,143,579 | $ 192,227 | $ 27,237,449 |

*The beginning balance was restated to record a GASB 96 intangible asset

## 4. LONG-TERM LIABILITIES

A summary of changes in long-term liabilities is as follows:

| | Balance 1/1/2023 | Increase | Decrease | Balance 12/31/2023 | Due within one year |
|---|---|---|---|---|---|
| Compensated Absences | $ 339,980 | $ 466,075 | $ 339,980 | $ 466,075 | $ 46,608 |
| Claims Liability | 74,909 | 6,071 | - | 80,980 | - |
| Other Post Employment Benefits | 271,002 | 225,122 | - | 496,124 | 42,950 |
| Asset Retirement Obligation | 1,006,171 | 36,246 | - | 1,042,417 | - |
| Pension Liability | 217,654 | 9,181 | - | 226,835 | - |
| SBITA Liability* | 19,715 | - | 10,000 | 9,715 | 9,715 |
| Public Public Partnership | - | 3,250,288 | 524,356 | 2,725,932 | 530,267 |
| Total long-term liabilities | $ 1,929,431 | $ 3,992,983 | $ 874,336 | $ 5,048,078 | $ 629,540 |

*The Beginning Balance was restated to recognize a GASB 96 liability related to intangible assets

## 5. SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS (SBITAS)

At December 31, 2023, the District used its SBITA policy to evaluate financial agreements that are potential SBITAs. At December 31, 2023, the District has one SBITA liability for its meter count licensing agreement contract. The agreement is for a noncancellable term of 2 year, with no intention to renew. The District's schedule of future payments included in the measurement of the SBITA payable is as follows:

| | | SBITA Liability | |
|---|---|---|---|
| | Principal | Interest | Total |
| 2024 | $ 9,715 | $ 285 | $ 10,000 |

At December 31, 2023, the SBITA right to use assets and accumulated amortization are $19,715 and $9,858, respectively, presenting $9,858 net. See note 3 for additional information.

## 6. ASSET RETIREMENT OBLIGATION (ARO)

As of December 31, 2023 the District owns, operates, and maintains seven wells having an average estimated useful life remaining of 66 years that it does not foresee decommissioning in the future; however, in the event that the District were to decommission these wells there are specific decommissioning requirements within the Washington Administrative code (WAC) 173-160-381.

The District obtained an engineering estimate of potential decommissioning costs, adjusted for inflation, which supports the Districts reported ARO liability at December 31, 2023, of $1,042,417 and a deferred outflow of $711,345. The obligation will be paid from operating income; no assets have been set aside to fund this obligation.

## 7. PUBLIC-PUBLIC PARTNERSHIP

Through an interlocal agreement with a term of January 1, 2023, through December 31, 2028, the District has contracted to provide operations and management services for the City of Clarkston's (City's) sewer system, including operating the sewer system, setting rates and billing customers, and managing maintenance, expansion and upgrades to the sewer system. The City will continue to own the sewer assets and associated debt. The City will review and approve repairs, expansions and upgrades, which will be performed by the District. The District has a commitment to fulfill debt service on the City's sewer debt. The District has recorded a right to use asset related to this Public-Public Partnership (PPP) in the amount of $3,250,288 with $541,715 of accumulated amortization at December 31, 2023. See Note 3, Capital Assets.

The District is committed to pay the City from customer charges all amounts necessary to fulfill the City's debt service on sewer assets. Interest rates on the debt were used to discount the future payments, which vary from .25% to 4.75%. The liability recorded on the statement of net position is $2,725,932 as of December 31, 2023. Future payments to the City over the agreement are as follows:

| | Principal | Interest | Total Requirement |
|---|---|---|---|
| 2024 | $ 530,267 | $ 217,488 | $ 747,755 |
| 2025 | 536,202 | 210,104 | 746,306 |
| 2026 | 542,161 | 202,496 | 744,657 |
| 2027 | 553,146 | 194,680 | 747,826 |
| 2028 | 564,156 | 186,108 | 750,264 |
| | $ 2,725,932 | $ 1,010,876 | $ 3,736,808 |

## 8. PENSIONS

The following table represents the aggregate pension amounts for all plans for the year 2023:

| Aggregate Pension Amounts - All Plans | |
|---|---|
| Pension liabilities | $ 226,835 |
| Pension assets | 525,287 |
| Deferred outflows of resources | 466,921 |
| Deferred inflows of resources | 370,944 |
| Pension expense/expenditures | (27,478) |

### State Sponsored Pension Plans

Substantially all District full-time and qualifying part-time employees participate in one of the following statewide retirement systems administered by the Washington State Department of Retirement Systems, under cost-sharing, multiple-employer public employee defined benefit and defined contribution retirement plans. The state Legislature establishes, and amends, laws pertaining to the creation and administration of all public retirement systems.

The Department of Retirement Systems (DRS), a department within the primary government of the State of Washington, issues a publicly available annual comprehensive financial report (ACFR) that includes financial statements and required supplementary information for each plan.

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

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

PERS members include elected officials; state employees; employees of the Supreme, Appeals and Superior Courts; employees of the legislature; employees of district and municipal courts; employees of local governments; and higher education employees not participating in higher education retirement programs. PERS is comprised of three separate pension plans for membership purposes: Plan 1, Plan 2/3 and Plan 3. Plan 1 accounts for the defined benefits of Plan 1 members. Plan 2/3 accounts for the defined benefits of Plan 2 members and the defined benefit portion of benefits for Plan 3 members. Plan 3 accounts for the defined contribution portion of benefits for Plan 3 members. Although employees can be a member of only Plan 2 or Plan 3, the defined benefits of Plan 2 and Plan 3 are accounted for in the same pension trust fund. All assets of Plan 2/3 may legally be used to pay the defined benefits of any Plan 2 or Plan 3 members or beneficiaries.

**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. PERS Plan 1 retirement benefits are actuarially reduced if a survivor benefit is chosen. Members retiring from active status prior to the age of 65 may also receive actuarially reduced benefits. Other benefits include an optional cost-of-living adjustment (COLA). 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 fiscal year 2023 were as follows:

| PERS Plan 1 | | |
|---|---|---|
| **Actual Contribution Rates** | **Employer** | **Employee*** |
| January – June 2023 | | |
| PERS Plan 1 | 6.36% | 6.00% |
| Plan 1 UAAL | 3.85% | |
| Administrative Fee | 0.18% | |
| **Total** | **10.39%** | **6.00%** |

| | | |
|---|---|---|
| July – August 2023 | | |
| PERS Plan 1 | 6.36% | 6.00% |
| Plan 1 UAAL | 2.85% | |
| Administrative Fee | 0.18% | |
| **Total** | **9.39%** | **6.00%** |
| September – December 2023 | | |
| PERS Plan 1 | 6.36% | 6.00% |
| Plan 1 UAAL | 2.97% | |
| Administrative Fee | 0.18% | |
| **Total** | **9.53%** | **6.00%** |

**PERS Plan 2/3** provides retirement, disability and death benefits. Retirement benefits are determined as 2% of the member's AFC times the member's years of service for Plan 2 and 1% of AFC for Plan 3. The AFC is the average of the member's 60 highest-paid consecutive service months. 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 retirement benefits are actuarially reduced if a survivor benefit is chosen. Other PERS Plan 2/3 benefits include a COLA based on the CPI, capped at 3% annually. 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. Members are eligible to withdraw their defined contributions upon separation. Members have multiple withdrawal options, including purchase of an annuity. 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 rates are adopted by the Pension Funding Council, and are subject to change by the Legislature. The employer rate includes a component to address the PERS Plan 1 Unfunded Actuarial Accrued Liability (UAAL).

As established by Chapter 41.34 RCW, Plan 3 defined contribution rates are set at a minimum of 5% and a maximum of 15%. PERS Plan 3 members choose their contribution rate from six options when joining membership and can change rates only when changing employers. Employers do not contribute to the defined contribution benefits.

The PERS Plan 2/3 required contribution rates (expressed as a percentage of covered payroll) for fiscal year 2023 were as follows:

| PERS Plan 2/3 | | |
|---|---|---|
| **Actual Contribution Rates** | **Employer 2/3** | **Employee 2*** |
| January – June 2023 | | |
| PERS Plan 2/3 | 6.36% | 6.36% |
| PERS Plan 1 UAAL | 3.85% | |
| Administrative Fee | 0.18% | |
| Employee PERS Plan 3 | | Varies |
| **Total** | **10.39%** | **6.36%** |
| July – August 2023 | | |
| PERS Plan 2/3 | 6.36% | 6.36% |
| PERS Plan 1 UAAL | 2.85% | |
| Administrative Fee | 0.18% | |
| Employee Pers Plan 3 | | Varies |
| **Total** | **9.39%** | **6.36%** |
| September - December 2023 | | |
| PERS Plan 2/3 | 6.36% | 6.36% |
| PERS Plan 1 UAAL | 2.97% | |
| Administrative Fee | 0.20% | |
| Employee PERS Plan 3 | | Varies |
| **Total** | **9.53%** | **6.36%** |

The District's actual PERS plan contributions were $68,362 to PERS Plan 1 and $129,540 to PERS Plan 2/3 for the year ended December 31, 2023.

**Actuarial Assumptions**

The total pension liability (TPL) for each of the DRS plans was determined using the most recent actuarial valuation completed in 2023 with a valuation date of June 30, 2022. The actuarial assumptions used in the valuation were based on the results of the Office of the State Actuary's (OSA) *2013-2018 Demographic Experience Study* and the *2021 Economic Experience Study*.

Additional assumptions for subsequent events and law changes are current as of the 2022 actuarial valuation report. The TPL was calculated as of the valuation date and rolled forward to the measurement date of June 30, 2023. Plan liabilities were rolled forward from June 30, 2022, to June 30, 2023, 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:** 7.00%

Mortality rates were developed using the Society of Actuaries' Pub. H-2010 mortality rates, which vary by member status (e.g. active, retiree, or survivor), as the base table. OSA applied age offsets for each system, as appropriate, to better tailor the mortality rates to the demographics of each plan. OSA applied the long-term MP-2017 generational improvement scale, also developed by the Society of Actuaries, to project mortality rates for every year after the 2010 base table. Mortality rates are applied on a generational basis; meaning, each member is assumed to receive additional mortality improvements in each future year throughout their lifetime.

The actuarial results reflect the following changes in assumptions and methods since the last valuation:

Method changes
Methods did not change from the prior contribution rate setting June 30, 2021 Actuarial Valuation Report (AVR).

**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 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, 2023 are summarized in the table below. The inflation component used to create the table is 2.20 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 the Net Pension Liability/(Asset)**

The table below presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.0 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 6.00% | Current Rate 7.00% | 1% Increase 8.00% |
|---|---|---|---|
| PERS 1 | 316,906 | 226,835 | 148,225 |
| PERS 2/3 | 571,313 | (525,287) | (1,426,213) |

**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, 2023, the District reported its proportionate share of the net pension liabilities or assets as follows

| Plan | Liability or (Asset) |
|---|---|
| PERS 1 | $ 226,835 |
| PERS 2/3 | (525,287) |

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

| | Proportionate Share 6/30/22 | Proportionate Share 6/30/23 | Change in Proportion |
|---|---|---|---|
| PERS 1 | 0.00782% | 0.00994% | 0.00212% |
| PERS 2/3 | 0.01022% | 0.01282% | 0.00259% |

Employer contribution transmittals received and processed by the DRS for the fiscal year ended June 30, 2023 are used as the basis for determining each employer's proportionate share of the collective pension amounts reported by the DRS in the *Schedules of Employer and Nonemployer Allocations*.

**Pension Expense**

For the year ended December 31, 2023, the District recognized pension expense as follows:

| | Pension Expense |
|---|---|
| PERS 1 | $ 57,522 |
| PERS 2/3 | (85,001) |
| TOTAL | (27,478) |

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

At December 31, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| PERS 1 | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|---|
| Net difference between projected and actual investment earnings on pension plan investments | $ - | $ (25,588) |
| Contributions subsequent to the measurement date | 31,987 | - |
| TOTAL | $ 31,987 | $ (25,588) |

| PERS 2/3 | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|---|
| Differences between expected and actual experience | $ 107,000 | $ (5,869) |
| Net difference between projected and actual investment earnings on pension plan investments | - | (197,960) |
| Changes of assumptions | 220,534 | (48,068) |
| Changes in proportion and differences between contributions and proportionate share of contributions | 37,949 | (93,459) |
| Contributions subsequent to the measurement date | 69,451 | - |
| TOTAL | $ 434,934 | $ (345,356) |

| TOTAL ALL PLANS | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|---|
| Differences between expected and actual experience | $ 107,000 | $ (5,869) |
| Net difference between projected and actual investment earnings on pension plan investments | - | (223,548) |
| Changes of assumptions | 220,534 | (48,068) |
| Changes in proportion and differences between contributions and proportionate share of contributions | 37,949 | (93,459) |
| Contributions subsequent to the measurement date | 101,438 | - |
| TOTAL | 466,921 | $ (370,944) |

Deferred outflows of resources related to pensions resulting from the District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2024. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| Year ended December 31: | PERS 1 | PERS 2/3 |
|---|---|---|
| 2024 | $ (17,409) | $ (102,581) |
| 2025 | (21,894) | (127,686) |
| 2026 | 13,499 | 157,763 |
| 2027 | 215 | 52,357 |
| 2028 | - | 49,180 |
| Thereafter | - | (8,906) |

## 9. OTHER POST EMPLOYMENT BENEFITS

The following table represents the aggregate Other Post Employment Benefits (OPEB) other than pension amounts for the District's plan for the year 2023.

| Aggregate OPEB amounts - All Plans | | |
|---|---|---|
| OPEB Liabilities | $ | 496,124 |
| Deferred outflows of resources | | 207,628 |
| Deferred inflows of resources | | 140,733 |
| OPEB Expense | | 42,950 |

Plan Description:

The District pays medical premiums under a single-employer defined benefit Other Post Employment Benefit plan.

This plan pays medical premiums of qualified retirees for one to three years from the date of retirement, depending on length of service. Additionally, all employees and spouses are eligible to retain medical coverage in PURMS after retirement. The employees and spouses electing to remain in PURMS pay their own premiums; however, coverage results in an implicit subsidy paid by the District through its rates for health care premiums through the pool.

As of year-end, there are 28 active District employees which may be eligible for continuing medical benefits, and one retired employee which is receiving these benefits. There are no retirees eligible but not receiving benefits.

There are no assets accumulated in a trust for this plan. This OPEB plan does not issue a stand-alone financial report nor is it included in the report of another entity.

Contributions:

This plan is not currently funded. The District policy is based on the pay as you go method. The benefit is 100% covered at the current year's premiums, which are paid by the District, with the exception of retiree-elected PURMS medical, which is paid for by the retiree. The implicit cost of allowing retired employees and spouse to retain PURMS coverage (implicit subsidy) is considered the contribution made by the District for that benefit. During the year, the District's implicit subsidy was $0.

Actuarial Methods and Assumptions:
The total OPEB liability was determined using the most recent actuarial valuation with a valuation date of December 31, 2023.

The actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Examples include assumptions about retirement ages, inflation and the healthcare cost trend. The actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Additionally, calculations are based on the types of benefits provided under the terms of the plan at the time of each valuation. Actuarial calculations reflect a long-term perspective.

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

| | |
|---|---|
| Valuation Date | 12/31/2023 |
| Actuarial Cost Method | Entry Age Normal, level percent of salary. |
| Discount rate - Beginning of Measurement Year | 4.31% |
| Discount rate - End of Measurement Year | 3.25% |
| Healthcare Trend Rates | 7% in 2023, trending down to 4.5% in 2041 |
| Amortization Period - Level Dollar | 11 |

Actuarial assumptions are developed consistent with the 2007-2012 Experience Study performed by the Office of the State Actuary. The source of the discount rate is the 20-Bond General Obligation Index. Mortality rates were based on the MP-2017 report with 2021 Improvement rates. The Society of Actuaries publishes this document. Retirement was assumed to be at a minimum age 60 with 10+ years of service or minimum age 55 with age plus years of service of 80, with 100% election of PURMS coverage pre-65 and 0% election of PURMS coverage after age 65.

**Sensitivity Rates**

The following presents the total OPEB liability of the District calculated using the current healthcare cost trend rate of 7.0 percent, graded down to 4.5 percent, as well as what the OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.0%, graded down to 3.5%) or 1-percentage point higher (8.0%, graded down to 5.5%) that the current rate.

Health Care Trend Rate Sensitivity

| 1% Decrease (6%), Graded Down to 3.50% | Current Discount Rate (7%), Graded Down to 4.50% | 1% Increase (8%), Graded Down to 5.50% |
|---|---|---|
| $ 446,970 | $ 496,124 | $ 554,354 |

The following presents the total OPEB liability of the District calculated using the discount rate of 3.25 percent, as well as what the OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (2.25%) or 1-percentage point higher (4.25%) than the current rate.

| Discount Rate Sensitivity | | |
|---|---|---|
| 1% Decrease (2.25%) | Current Discount Rate (3.25%) | 1% Increase (4.25%) |
| $ 532,411 | $ 496,124 | $ 462,192 |

**Changes in the Total OPEB Liability**

At the measurement date December 31, 2023, the changes in the total OPEB liability are as follows:

| | | 2023 |
|---|---|---|
| Service cost | $ | 27,932 |
| Interest Cost | | 10,463 |
| Experience Gain/Loss | | 4,879 |
| Changes in assumptions | | 181,848 |
| Benefit payments | | - |
| Net change in total OPEB liability | | 225,122 |
| Total OPEB liability - beginning | | 271,002 |
| Total OPEB liability - ending | $ | 496,124 |

The District reported $42,950 as OPEB expense for the calendar year 2023.

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

At December 31, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following:

| | Deferred outflows of resources | Deferred inflows of resources |
|---|---|---|
| Difference between expected and actual experience | $ 24,717 | $ (91,084) |
| Changes of Assumptions | 182,911 | (49,649) |
| Total | $ 207,628 | $ (140,733) |

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

| | | |
|---|---|---|
| Year ended December 31: | | |
| 2024 | $ | 4,555 |
| 2025 | | 4,555 |
| 2026 | | 4,555 |
| 2027 | | 4,555 |
| 2028 | | 4,555 |
| Therafter | | 44,120 |
| | $ | 66,895 |

## 10. RISK MANAGEMENT

**Self-Insurance Fund**

The District is a member of the Public Utility Risk Management Services Self-Insurance Fund (PURMS). Chapter 48.62 RCW authorizes the governing body of any one or more governmental entities to form together into or join a pool or organization for the joint purchasing of insurance, and/or joint self-insuring, and/or joint hiring or contracting for risk management service 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 (Pool or Liability Pool) was made pursuant to the provisions of Chapter 54.16 RCW, and interlocal government agreements. The Pool was formed on December 31, 1976, when certain Public Utility Districts (PUDs) in the State of Washington joined together by signing an Agreement to pool their self-insured losses and jointly purchase insurance and administrative services. As of December 31, 2023, there were 21, 18, and 12 members in the Liability, Property, and Health & Welfare pools, respectively. The Pool provides liability, property, and health and welfare insurance coverage for its members and their employees under an agreement entitled "PURMS Joint Self-Insurance Agreement" (SIA).

***Liability Risk Pool***

The Liability Pool is financed through assessments of its participating members (Liability Assessment) in accordance with the terms of the Liability General Assessment Formula. Liability Assessments are levied at the beginning of each calendar year to replenish the Liability Pool to the Designated Liability Pool Balance. In addition, Liability Assessments are levied at any time during the year that the actual Liability Pool Balance becomes $500,000 less than the Designated Liability Pool Balance.

For 2023, the Designated Liability Pool Balance was $3,500,000. As a result, as of December 31, 2023, the Liability Pool maintained cash reserves of $1,973,681 to pay for operating expenses and liability claims. The Liability Coverage Limit was $1,000,000 per occurrence as of December 31, 2023.

As of December 31, 2023 there were 95 known incidents or unresolved Liability Claims pending against one or members or former members of the Liability Pool. The total risk posed by these claims to such members and to the Liability Pool itself is unknown but the reserves set by the Administrator for these claims were $290,226.

***Property Risk Pool***

PURMS provides property insurance coverage for its members participating in the Property Risk Pool in accordance with the terms of the SIA. Under the SIA, the Property Pool has had a self-insured retention (or Property coverage Limit) of $250,000 per property loss.

At all times, PURMS maintains Excess Property Insurance for its members in the Property Pool. For 2023, the amount of the Excess Property Insurance was $200,000,000, with excess coverage attaching at the $250,000 Property Coverage Limit for all Property Losses except those subject to increased retention levels for certain property risks.

In accordance with Washington State regulatory requirements applicable to public entity risk pools, on an annual basis, PURMS engages an independent qualified actuary to determine the claim financing levels and liabilities for unpaid claims and claims adjustments expense for the Liability Pool. A copy of the Liability Pool Actuarial Report is provided to the Washington State Risk Manager and made available to the Washington State Auditor's Office.

As of December 31, 2023 there were 18 known property claims pending from members of the property pool. The total risk posed by these claims to such members and to the Property Pool itself is unknown and can only be estimated. The reserves set by the Administrator for these claims were $120,833.

***Health & Welfare Risk Pool***

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

Under the H&W assessment formula, each month, each member of the H&W Pool is assessed for (a) the cost the H&W Pool incurred during the preceding month for the H&W claims for such member's employees; and (b) for such member's share of Shared H&W Costs. Shared H&W Costs are administrative expenses incurred by the H&W Pool, premiums for stop-loss insurance, PPO charges, and Shared H&W Claims.

The exposure of each H&W Pool Member to the H&W Claims Costs of its employees is limited by two different stop-loss points. The first is established annually by the Excess Stop-Loss Insurance that the H&W Pool acquires and maintains for its members. For 2020 the H&W Pool Individual Stop Loss Point was $365,000 per employee and the H&W Pool Aggregate Stop Loss Point was $25,372,203 for the combined H&W Claims Costs of the employees of members of the H&W Pool.

As of December 31, 2023, reserves of $2,436,693 for prescription drug, dental and vision benefits was set aside by the Administrator of the pool to cover the actuarially estimated program liability of $1,620,172.

Each of PURMS risk pools is audited annually by the State Auditor's Office. In addition, as required by State regulations, PURMS provides quarterly financial reports to the State Risk

Manager reflecting the claims and administrative expenses of the Risk Pools. Bi-annually, the State Risk Manager performs its own audit of PURMS' risk pools.

There has been no reduction in insurance coverage from the previous year and there have been no settlements in excess of the District's insurance coverage in any of the three preceding years.

**Short-term Disability**

The District self-insures for short-term disability for all employees who are medically removed from duty for reasons not associated with employment. The District compensates the employee for 70% of their wages after a qualifying period of 40 hours' missed work. In 2023, there were 168 hours of short-term disability used.

## 11. OTHER DISCLOSURE

The District has a signed agreement with the City of Clarkston . This includes assets and debt used to finance the operation and maintenance of the sewer system. The district will also receive revenues related to this project. Summary financial information for the year ended December 31, 2023, is presented below.

**Condensed Statement of Net Position**

December 31, 2023

| | **12/31/2023 City of Clarkston Sewer System** |
|---|---|
| **Assets** | |
| Current and Other Assets | $ 2,387,522 |
| Total Assets | 2,387,522 |
| **Deferred Outflows of Resource** | 243,894 |
| **Liabilities** | |
| Other Liabilities | 1,954,215 |
| Long Term Liabilities | 397,533 |
| Total Liabilities | 2,351,748 |
| **Deferred Inflows of Resources** | 185,005 |
| **Net Position** | |
| Unrestricted net position | 94,663 |
| **Total Net Position** | $ 94,663 |

**Condensed Statement of Revenues, Expenses, and Changes in Fund Net Position**
For the Year Ending December 31, 2023

| Revenues | 12/31/2023 City of Clarkston Sewer System |
|---|---|
| Charges for Services | $ 2,244,543 |
| Non-Operating Revenues | 45,800 |
| Total Revenues | 2,290,343 |
| **Expenses** | |
| Operation Expense | 824,177 |
| Maintenance | 222,638 |
| General Administration | 414,009 |
| Customer Services | 8,076 |
| Total Expenses | 1,468,900 |
| Transfers Out for Debt Service | (726,780) |
| Change in Net Position | 94,663 |
| Net Position beginning of the year | - |
| Net Position end of the year | $ 94,663 |

## 12. SUBSEQUENT EVENTS

The District signed an agreement, effective January 1, 2024, with the City of Clarkston to transfer the City's sewer assets, related property, easements and leases, and related debt to the District, and thereafter the District will be solely responsible for the operation and maintenance of the sewer system and to receive all revenues. The asset transfer will occur after the City has utilized all grant funds received that are designated for use on the sewer system, which is expected to occur mid-2024.

On or before the asset transfer date, the District will issue its own bonds to defease the City's 2011 and 2013 Sewer Revenue bonds. The District will also assume the State Revolving Fund and Public Works Trust Fund loans prior to asset transfer. Total principal outstanding on the bonds and loans as of December 31, 2023, is $10,868,907. At the date of the asset transfer, the restricted cash held by the District for City sewer use will be permanently transferred to the District and will no longer be restricted. Additionally, at the date of the transfer, the Public Public Partnership liability and right to use assets will be removed from the Statement of Net Position.

## 13. IMPLEMENTATION OF GOVERNMENTAL ACCOUNTING BOARD PRONOUNCEMENTS

At January 1, 2023, the District implemented the following GASB Statements:

**GASB 94, *Public-Private and Public-Public Partnerships*.** This statement requires recognition of certain right to use assets and liabilities in arrangements in which a government contracts with an operator to provide public services by conveying control of the right to use a nonfinancial asset. Through an interlocal agreement with a term of January 1, 2023, through December 31, 2028, the District has contracted to operate and maintain the City of Clarkston's (City's) sewer system. The District will pay to the City amounts sufficient to fulfill the City's sewer debt service.

At January 1, 2023, the District recognized a right to use asset and associated liability of $3,250,288. This represents the total amount of City sewer debt service payments during the term of the agreement, discounted at the interest rates of the associated bonds and loans, ranging from 1.3 percent to 4.75 percent on the bonds and 0.25 percent to 3 percent on loans. Principal and interest paid to the City during the year ended related to this agreement in 2023 were $524,356 and $223,728, respectively.

**GASB 96, *Subscription-Based Information Technology Arrangements (SBITAs)*.** This statement requires recognition of certain subscription assets and liabilities for arrangements that previously were classified as operating expense and recognized as outflows of resources based on the payment provisions of the contract. It establishes a single model for SBITA accounting based on the foundational principle that SBITAs are financings of the rights to use an underlying information technology software asset.

As a result of implementing this GASB, the District has recorded the intangible, right to use, SBITA asset and SBITA liability of $19,715, with respective accumulated amortization and reduction of SBITA liability in fiscal year 2023 of $9,858 and $10,000.

**ASOTIN COUNTY PUD**
**REQUIRED SUPPLEMENTARY INFORMATION - State Sponsored Plans**
Schedule of Proportionate Share of the Net Pension Liability (Asset)
PERS 1
As of June 30
Last Ten Years

| Year Ended June 30, | Employer's proportion of the net pension liability (asset) | Employer's proportionate share of the net pension liability (asset) | Covered payroll | Employer's proportionate share of the net pension liability (asset) as a percentage of covered payroll | Plan fiduciary net position as a percentage of the total pension liability |
|---|---|---|---|---|---|
| 2023 | 0.009937% | $ 226,835 | $ 1,653,767 | 13.72% | 80.16% |
| 2022 | 0.007817% | 217,654 | 1,409,149 | 15.45% | 76.56% |
| 2021 | 0.009391% | 114,686 | 1,334,579 | 8.59% | 88.74% |
| 2020 | 0.008689% | 306,769 | 1,317,723 | 23.28% | 68.48% |
| 2019 | 0.008362% | 321,549 | 1,279,216 | 25.14% | 67.12% |
| 2018 | 0.010011% | 447,095 | 1,234,911 | 36.20% | 63.22% |
| 2017 | 0.009248% | 438,825 | 1,165,547 | 37.65% | 61.24% |
| 2016 | 0.009169% | 492,418 | 1,116,898 | 44.09% | 57.03% |
| 2015 | 0.008853% | 463,094 | 1,014,362 | 45.65% | 59.10% |
| 2014 | 0.008660% | 436,252 | 962,773 | 45.31% | 61.19% |

**ASOTIN COUNTY PUD**
**REQUIRED SUPPLEMENTARY INFORMATION - State Sponsored Plans**
Schedule of Proportionate Share of the Net Pension Liability (Asset)
PERS 2/3
As of June 30
Last Ten Years

| Year Ended June 30, | Employer's proportion of the net pension liability (asset) | Employer's proportionate share of the net pension liability (asset) | Covered payroll | Employer's proportionate share of the net pension liability (asset) as a percentage of covered payroll | Plan fiduciary net position as a percentage of the total pension liability |
|---|---|---|---|---|---|
| 2023 | 0.012816% | $ (525,287) | $ 1,653,767 | -31.76% | 107.02% |
| 2022 | 0.010222% | (379,112) | 1,409,149 | -26.90% | 106.73% |
| 2021 | 0.012071% | (1,202,466) | 1,334,579 | -90.10% | 120.29% |
| 2020 | 0.011257% | 143,971 | 1,317,723 | 10.93% | 97.22% |
| 2019 | 0.010793% | 104,837 | 1,279,216 | 8.20% | 97.77% |
| 2018 | 0.012800% | 218,549 | 1,234,911 | 17.70% | 95.77% |
| 2017 | 0.011896% | 413,329 | 1,165,547 | 35.46% | 90.97% |
| 2016 | 0.011734% | 590,798 | 1,116,898 | 52.90% | 85.82% |
| 2015 | 0.011428% | 408,329 | 1,014,362 | 40.25% | 89.20% |
| 2014 | 0.011149% | 225,362 | 962,773 | 23.41% | 93.29% |

**ASOTIN COUNTY PUD**
**REQUIRED SUPPLEMENTARY INFORMATION - State Sponsored Plans**
Schedule of Employer Contributions
PERS 1
For the Year Ended December 31, 2023
Last Ten Years

| Year Ended December 31, | Statutorily or contractually required contributions | Contributions in relation to the statutorily or contractually required contributions | Contribution deficiency (excess) | Covered payroll | Contributions as a percentage of covered payroll |
|---|---|---|---|---|---|
| 2023 | $ 68,362 | $ (68,362) | $ - | $ 2,036,795 | 3.36% |
| 2022 | 48,804 | (48,804) | - | 1,302,082 | 3.75% |
| 2021 | 59,154 | (59,154) | - | 1,381,108 | 4.28% |
| 2020 | 62,569 | (62,569) | - | 1,304,447 | 4.80% |
| 2019 | 64,067 | (64,067) | - | 1,296,863 | 4.94% |
| 2018 | 65,018 | (65,018) | - | 1,284,040 | 5.06% |
| 2017 | 58,505 | (58,505) | - | 1,193,878 | 4.90% |
| 2016 | 54,691 | (54,691) | - | 1,146,569 | 4.77% |
| 2015 | 43,205 | (43,205) | - | 974,637 | 4.43% |
| 2014 | 44,007 | (44,007) | - | 1,069,473 | 4.11% |

**ASOTIN COUNTY PUD**

**REQUIRED SUPPLEMENTARY INFORMATION - State Sponsored Plans**

Schedule of Employer Contributions

PERS 2/3

For the Year Ended December 31, 2023

Last Ten Years

| Year Ended December 31, | Statutorily or contractually required contributions | Contributions in relation to the statutorily or contractually required contributions | Contribution deficiency (excess) | Covered payroll | Contributions as a percentage of covered payroll |
|---|---|---|---|---|---|
| 2023 | $ 129,540 | $ (129,540) | $ - | $ 2,036,795 | 6.36% |
| 2022 | 82,813 | (82,813) | - | 1,302,082 | 6.36% |
| 2021 | 98,483 | (98,483) | - | 1,381,108 | 7.13% |
| 2020 | 103,314 | (103,314) | - | 1,304,447 | 7.92% |
| 2019 | 100,186 | (100,186) | - | 1,296,863 | 7.73% |
| 2018 | 96,304 | (96,304) | - | 1,284,040 | 7.50% |
| 2017 | 81,923 | (81,923) | - | 1,193,878 | 6.86% |
| 2016 | 71,431 | (71,431) | - | 1,146,569 | 6.23% |
| 2015 | 55,388 | (55,388) | - | 974,637 | 5.68% |
| 2014 | 54,491 | (54,491) | - | 1,069,473 | 5.10% |

**ASOTIN COUNTY PUD**

Notes to Required Supplemental Information - Pension

As of December 31
Last Ten Years

**Note 1:** Information Provided

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

**Note 2:** Significant Factors

There were no changes of benefit terms, significant changes in the employees covered under the benefit terms or in the use of different assumptions.

**Note 3:** Covered payroll

Covered payroll has been presented in accordance with GASB 82, *Pension Issues.* Covered payroll includes all payroll on which a contribution is based.

**Note 4:** Contribution rates

Rates in effect during the periods covered by the Required Supplemental Information are below:

**PERS 1**

| From this Date | Through this Date | Rate | |
|---|---|---|---|
| 9/1/2013 | 6/30/2015 | 9.21% | |
| 7/1/2015 | 6/30/2017 | 11.18% | |
| 7/1/2017 | 8/31/2018 | 12.70% | |
| 9/1/2018 | 6/30/2019 | 12.83% | |
| 7/1/2019 | 8/31/2020 | 12.86% | |
| 9/1/2020 | 6/30/2021 | 12.97% | |
| 7/1/2021 | 8/31/2022 | 10.25% | |
| 9/1/2022 | 6/30/2023 | 10.39% | |
| 7/1/2023 | 8/31/2023 | 9.39% | |
| 9/1/2023 | current | 9.53% | * |

* Employer contribution rate includes an administrative expense rate of 0.20%

**PERS 2/3**

| From this Date | Through this Date | Rate | |
|---|---|---|---|
| 9/1/2013 | 6/30/2015 | 9.21% | |
| 7/1/2015 | 6/30/2017 | 11.18% | |
| 7/1/2017 | 8/31/2018 | 12.70% | |
| 9/1/2018 | 6/30/2019 | 12.83% | |
| 7/1/2019 | 8/31/2020 | 12.86% | |
| 9/1/2020 | 6/30/2021 | 12.97% | |
| 7/1/2021 | 8/31/2022 | 10.25% | |
| 9/1/2022 | 6/30/2023 | 10.39% | |
| 7/1/2023 | 8/31/2023 | 9.39% | |
| 9/1/2023 | current | 9.53% | * |

* Employer contribution rate includes an administrative expense rate of 0.20%

**ASOTIN COUNTY PUD**
**REQUIRED SUPPLEMENTARY INFORMATION - Other Post Employment Benefits (OPEB)**
Schedule of Changes in Total Liability and Related Ratios
For the Year Ended December 31
Last Six Calendar Years

| Total OPEB liability | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 |
|---|---|---|---|---|---|---|
| Service cost | $ 27,932 | 27,118 | 20,960 | 20,729 | 2,195 | 7,441 |
| Interest | 10,463 | 5,914 | 5,054 | 8,353 | 6,721 | 5,436 |
| Changes of benefit terms | - | - | - | - | 191,798 | - |
| Differences between expected and actual experience | 4,879 | 24,828 | - | (29,417) | (112,565) | 1,700 |
| Changes of assumptions or other inputs | 181,848 | (48,488) | (13,945) | 25,413 | 2,213 | (3,808) |
| Benefit payments | - | (2,460) | (19,661) | (19,246) | - | - |
| Net change in total OPEB liability | 225,122 | 6,912 | (7,592) | 5,832 | 90,362 | 10,769 |
| Total OPEB liability beginning | 271,002 | 264,090 | 271,682 | 265,850 | 175,488 | 164,719 |
| Total OPEB liability ending | $ 496,124 | 271,002 | 264,090 | 271,682 | 265,850 | 175,488 |
| Covered employee payroll | $ 2,192,704 | $ 1,481,566 | $ 1,294,479 | $ 1,406,441 | $ 1,341,718 | $ 1,289,112 |
| Total OPEB liability as a percentage of covered employee payroll | 22.63% | 18.29% | 20.40% | 19.32% | 19.81% | 13.61% |

Notes to schedule

1. Changes of assumptions

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

| | |
|---|---|
| 2018 | 3.83% |
| 2019 | 3.26% |
| 2020 | 1.93% |
| 2021 | 2.25% |
| 2022 | 4.31% |
| 2023 | 3.25% |

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

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

## ABOUT THE STATE AUDITOR'S OFFICE

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### Other ways to stay in touch

- Main telephone: (564) 999-0950
- Toll-free Citizen Hotline: (866) 902-3900
- Email: webmaster@sao.wa.gov