Office of the Washington State Auditor
Pat McCarthy

Financial Statements and Federal Single Audit Report

Public Utility District No. 1 of Skamania County

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

Published September 12, 2024

Report No. 1035492

Office of the Washington State Auditor
Pat McCarthy

September 12, 2024

Board of Commissioners
Public Utility District No. 1 of Skamania County
Carson, Washington

Report on Financial Statements and Federal Single Audit

Please find attached our report on Public Utility District No. 1 of Skamania County's financial statements and compliance with federal laws and regulations.

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

SECTION I – SUMMARY OF AUDITOR'S RESULTS

The results of our audit of Public Utility District No. 1 of Skamania County are summarized below in accordance with Title 2 *U.S. Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

Financial Statements

We issued an unmodified opinion on the fair presentation of the basic financial statements in accordance with accounting principles generally accepted in the United States of America (GAAP).

Internal Control over Financial Reporting:

- *Significant Deficiencies:* We reported no deficiencies in the design or operation of internal control over financial reporting that we consider to be significant deficiencies.
- *Material Weaknesses:* We identified no deficiencies that we consider to be material weaknesses.

We noted no instances of noncompliance that were material to the financial statements of the District.

Federal Awards

Internal Control over Major Programs:

- *Significant Deficiencies:* We reported no deficiencies in the design or operation of internal control over major federal programs that we consider to be significant deficiencies.
- *Material Weaknesses:* We identified no deficiencies that we consider to be material weaknesses.

We issued an unmodified opinion on the District's compliance with requirements applicable to its major federal program.

We reported no findings that are required to be disclosed in accordance with 2 CFR 200.516(a).

Identification of Major Federal Programs

The following program was selected as a major program in our audit of compliance in accordance with the Uniform Guidance.

ALN	Program or Cluster Title
11.307	Economic Development Cluster - Economic Adjustment Assistance

The dollar threshold used to distinguish between Type A and Type B programs, as prescribed by the Uniform Guidance, was $750,000.

The District did not qualify as a low-risk auditee under the Uniform Guidance.

SECTION II – FINANCIAL STATEMENT FINDINGS

None reported.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None reported.

Public Utility District No. 1
of Skamania County

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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

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

This schedule presents the status of findings reported in prior audit periods.

Audit Period: 2022	**Report Ref. No.:** 1034003	**Finding Ref. No.:** 2022-001

Finding Caption:
The District did not have adequate internal controls to ensure accurate financial reporting.

Background:
During 2022, District management lacked internal controls and experience needed to accurately record federal grant transactions. As a result, the District overstated expenditures on its Schedule of Expenditures of Federal Awards (SEFA) and overstated revenues and receivables on its financial statements.

Status of Corrective Action: (check one)

☒ Fully Corrected	☐ Partially Corrected	☐ Not Corrected	☐ Finding is considered no longer valid

Corrective Action Taken:
The District continues to review GAAP and Uniform Guidance related to federal grant and reporting requirements. Adequate time and resources are allocated for a thorough review of the annual report.

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*

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

Board of Commissioners
Public Utility District No. 1 of Skamania County
Carson, 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 Skamania 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 September 3, 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.

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

September 3, 2024

INDEPENDENT AUDITOR'S REPORT

Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance in Accordance with the Uniform Guidance

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

Board of Commissioners
Public Utility District No. 1 of Skamania County
Carson, Washington

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM

Opinion on Each Major Federal Program

We have audited the compliance of Public Utility District No. 1 of Skamania County, with the types of compliance requirements identified as subject to audit in the U.S. *Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended December 31, 2023. The District's major federal programs are identified in the auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States*;* and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)* are further described in the Auditor's Responsibilities for the Audit of Compliance 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination on the District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the District's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. 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, *Government Auditing Standards* and the Uniform Guidance will always detect a material noncompliance when it exists. The risk of not detecting a material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgement made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit;
- Identify and assess the risks of material noncompliance, 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 District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances;
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed; and

- We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

REPORT ON INTERNAL CONTROL OVER COMPLIANCE

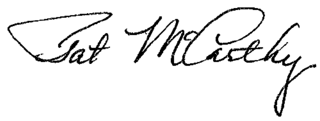
A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement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

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed. Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance 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 over compliance that we consider to be material weaknesses, as defined above.

Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose. However, this report is a matter of public record and its distribution is not limited. It also serves to disseminate information to the public as a reporting tool to help citizens assess government operations.



Pat McCarthy, State Auditor

Olympia, WA

September 3, 2024

INDEPENDENT AUDITOR'S REPORT

Report on the Audit of the Financial Statements

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

Board of Commissioners
Public Utility District No. 1 of Skamania County
Carson, Washington

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the accompanying financial statements of Public Utility District No. 1 of Skamania 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 Skamania 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.

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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by Title 2 *U.S. Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). This supplementary information is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we have also issued our report dated September 3, 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

September 3, 2024

FINANCIAL SECTION

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

REQUIRED SUPPLEMENTARY INFORMATION

Management's Discussion and Analysis – 2023

BASIC FINANCIAL STATEMENTS

Combined Statement of Net Position – 2023
Combined Statement of Revenues, Expenses and Changes in Net Position – 2023
Combined Statement of Cash Flows – 2023
Notes to Financial Statements – 2023

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Changes in Total OPEB Liability and Related Ratios – 2023
Schedule of Proportionate Share of the Net Pension Liability (Asset) – PERS 1, PERS 2/3, – 2023
Schedule of Employer Contributions – PERS 1, PERS 2/3 – 2023

SUPPLEMENTARY AND OTHER INFORMATION

Schedule of Expenditures of Federal Awards – 2023
Notes to the Schedule of Expenditures of Federal Awards – 2023

Public Utility District No. 1 of Skamania County
For the Year Ended December 31, 2023
MANAGEMENT DISCUSSION AND ANALYSIS

This discussion and analysis is designed to provide our readers with an overview of the District's financial activity, identify changes in the District's financial position and to assist our readers in focusing on the significant financial issues.

OVERVIEW OF THE FINANCIAL STATEMENTS

Statement of Net Position: This statement presents information on all the District's Assets and Liabilities. This statement also provides the basis in evaluating the liquidity and financial flexibility of the District.

Statement of Revenues, Expenses and Changes in Net Position: This statement provides a measurement of the District's operation and can also be used to determine whether the District has successfully recovered all its costs through usage rates and other charges.

Statement of Cash Flow: This statement reports cash receipts and cash payments resulting from operating, financing and investing activities.

Notes to Financial Statements: The notes to the financial statements provide additional information that is essential to a full understanding of the financial statements including significant accounting policies, obligations and other financial matters of the District.

This discussion and analysis of the financial performance of the District provides a summary of the financial activities for the year ended December 31, 2023 compared to 2022.

CONDENSED STATEMENT OF NET POSITION

As of December 31,	2023	2022	Increase (Decrease) 2023-2022	% Change 2023-2022
Assets				
Currents and Other Assets	$ 24,393,006	$ 18,794,438	$ 5,598,568	29.8%
Capital Assets, net of depreciation	51,009,024	43,082,617	7,926,407	18.4%
Total Assets	75,402,029	61,877,055	13,524,974	21.9%
Deferred Outflows of Resources	1,264,276	1,372,216	(107,940)	-7.9%
Total Assets and Deferred Outflow	76,666,305	63,249,271	13,417,034	21.2%
Liabilities				
Current and Other Liabilities	4,960,428	5,013,926	(53,498)	-1.1%
Noncurrent Liabilities	15,087,711	8,676,229	6,411,482	73.9%
Total Liabilities	20,048,139	13,690,155	6,357,983	46.4%
Deferred Inflows of Resources	1,887,625	1,897,977	(10,352)	-0.5%
Total Liabilities and Deferred Inflows	21,935,764	15,588,132	6,347,631	41%
Net Position				
Net Investment in Capital Assets	36,985,285	36,337,941	647,344	1.8%
Restricted	1,687,096	1,771,290	(84,193)	-4.8%
Unrestricted	16,058,160	9,551,908	6,506,252	68.1%
Total Net Position	54,730,541	47,661,139	7,069,402	14.8%
Total Liabilities & Net Position	$ 76,666,305	$ 63,249,271	$ 13,417,034	21.2%

CONDENSED STATEMENT OF REVENUES, EXPENSES & CHANGES IN NET POSITION

For the Year Ended December 31,	2023	2022	Increase (Decrease) 2023-2022	% Change 2023-2022
Operating Revenue	$ 18,291,495	$ 17,813,084	$ 478,411	2.7%
Operating Expenses	14,931,323	13,595,466	1,335,857	9.8%
Net Operating Revenue	3,360,172	4,217,618	(857,446)	-20.3%
Net Non Operating Revenue and Expense	3,000,732	5,611,191	(2,610,460)	-46.5%
Income (Loss) Before Capital Contributions	6,360,903	9,828,809	(3,467,906)	-35.3%
Capital Contributions	708,499	1,021,211	(312,712)	-30.6%
Change in Net Position	7,069,402	10,850,020	(3,780,618)	-34.8%
Total Net Position, January 1	47,661,139	36,811,119	10,850,020	29.5%
Total Net Position, December 31	$ 54,730,541	$ 47,661,139	$ 7,069,402	14.8%

FINANCIAL ANALYSIS

Capital Assets

In 2023, the District's investment in capital assets net of depreciation increased by $7,926,407 (18.4%). The largest projects contributing to the increase were the North Bonneville Substation and Feeder Upgrade and the Advanced Meter Infrastructure (AMI) project.

Long Term Debt

The District's long-term liabilities are revenue bonds and loans issued for capital improvements. In November 2023, the District took a final draw of $7,529,510 on the 2022 Utility and Refunding Bond. As of December 31, 2023, total long-term debt was $13,777,924. Total long-term principal paid in 2023 was $888,905, and 2024 principal due is $1,100,865. Additional information about the District's long-term liabilities is presented in Note 7 of the financial statements.

Operating Revenues

During 2023, the District's operating revenue from sales of electric and water increased 2.7%. The District implemented the following rate increases in 2023: Electric, 3.75%; Carson Water, 8.75%; Underwood Water, 8.0%.

Operating Expenses

Operating expenses increased 9.8% in 2023 when compared to 2022.

Non-Operating Revenues and Expenses

Grant revenues, tax levy, interest earnings and debt related expenses made up the largest portion of the District's non-operating revenues and expenses in 2023. The District recognized EDA grant revenues of $2,166,323 and tax levy proceeds of $639,473.

Capital Contributions

Capital contributions were $312,712 lower in 2023 when compared to 2022. The District recorded $655,887 in line extensions in 2023 compared to $754,707 in 2022. The District recorded $52,612 in water connection fees in 2023 compared to $205,286 in 2022.

Net Position

The largest portion of the District's net position is investment in capital assets. As of December 31, 2023, investment in capital assets was $36,985,285 (67.6%) of the District's net position.

As of December 31, 2023, the restricted portion of the District's net position was $1,687,096. The restricted portion of total net position represents resources that are subject to external restrictions. The restricted portion of the net position for pension asset is $1,048,115. The remainder restricted portion of total net position is comprised of the Bond Reserve Fund, the Debt Service Fund, and the accrued interest on bonds.

OTHER SIGNIFICANT MATTERS

Bond Covenants

In accordance with the District's financial policies and covenants within the District's bond resolutions, the District is required to maintain and collect rates and charges sufficient to provide the net revenue in any fiscal year in an amount equal to at least 1.25 times the annual debt service. The debt service coverage ratio was 4.90 as of December 31, 2023 and 6.90 for the period ending December 31, 2022. Net operating income before depreciation for 2023 and 2022 was $5,670,150 and $6,711,341 respectively. Debt service totaled $1,156,963 in 2023 compared to $972,838 in 2022.

Rates

The District increased the electric and water rates consistent to the cost of service study updated in September 2021. Water rate increases were effective for all billing statements issued after January 1, 2023 (Resolution Numbers 2808 and 2809). Electric rate increases were effective for all billing statements issued after April 1, 2023 (Resolution Number 2807) Rate increases for the electric and water systems are listed below:

	2022	2023
Electric	7.00%	3.75%
Carson Water	8.75%	8.75%
Underwood Water	8.00%	8.00%

This financial report is designed to provide a general overview of the District's finances. Questions concerning any of the information provided in this report or request for additional financial information should be addressed to the Manager of Finance and Administration, PO Box 500, Carson, WA 98610.

Public Utility District No. 1 of Skamania County
COMBINED STATEMENT OF NET POSITION
December 31, 2023

		2023
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	$	15,697,018
Customer Accounts Receivable, Net	$	2,545,153
Other Receivable	$	644,634
Taxes Receivable	$	14,192
Prepayments	$	287,583
Grant Receivable	$	464,876
Debt Service Fund-Restricted	$	14,120
Customer Deposit-Restricted	$	36,780
Materials & Supplies	$	2,110,767
Total Current Assets	**$**	**21,815,124**
NON CURRENT ASSETS		
Bond Fund-Restricted	$	714,175
Bond Reserve Fund-Restricted	$	672,154
Customer Deposit-Restricted	$	70,100
Unamortized Bond Insurance	$	22,593
Other Asset - Pension	$	1,048,115
Other Non Current Assets	$	50,745
Total Non Current Assets	**$**	**2,577,882**
CAPITAL ASSETS		
Utility Plant	$	75,520,693
Right to Use Asset	$	605,414
Construction Work in Progress	$	2,955,836
General Plant	$	4,386,951
Less: Accum Depreciation/Amortization	$	(32,459,871)
Total Capital Assets Net of Depreciation	$	51,009,024
Total Noncurrent Assets	**$**	**53,586,905**
Total Assets	**$**	**75,402,029**
DEFERRED OUTFLOW OF RESOURCES		
Deferred Outflows-Pension	$	846,249
Deferred Outflow-OPEB	$	110,968
Deferred Outflow-ARO	$	301,161
Deferred Outflows-Deferred Loss on Bond Refunding	$	5,897
Total Deferred Outflows of Resources	**$**	**1,264,276**
Total Assets and Deferred Outflows	**$**	**76,666,305**

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

Public Utility District No. 1 of Skamania County
COMBINED STATEMENT OF NET POSITION
December 31, 2023
LIABILITIES AND NET POSITION

CURRENT LIABILITIES		
Accounts Payable	$	2,835,959
Compensated Absences	$	312,286
Customer Deposit	$	36,780
Accrued Taxes	$	346,367
Accrued Interest	$	47,292
Lease Liability	$	13,784
SBITA Liability	$	33,523
Other Current Liabilities	$	144,133
Unamortized Bond Premium	$	44,852
Current Portion - OPEB	$	44,588
Current Portion of Long-Term Debt	$	1,100,864
Total Current Liabilities	**$**	**4,960,428**
NON CURRENT LIABILITIES		
Accrued OPEB Liabilities	$	304,904
Pension Liability	$	452,620
Compensated Absences	$	238,342
Accrued Insurance	$	138,189
Customer Deposits	$	70,100
Lease Liability	$	176,873
SBITA Liability	$	207,222
CW Loan	$	60,036
Asset Retirement Obligation	$	332,769
Unamortized Bond Premium	$	489,631
Revenue Bonds	$	12,617,025
Total Noncurrent Liabilities	**$**	**15,087,711**
Total Liabilities	**$**	**20,048,139**
DEFERRED INFLOW OF RESOURCES		
Deferred Inflow-Pension	$	590,082
Deferred Inflow-OPEB	$	699,541
Deferred Inflow-Revenue	$	598,002
Total Deferred Inflow of Resources	**$**	**1,887,625**
Total Liabilities and Deferred Inflows	**$**	**21,935,764**
NET POSITION		
Net Investment in Capital Assets	$	36,985,285
Restricted for Debt Service	$	638,981
Restricted for Pension	$	1,048,115
Unrestricted	$	16,058,160
Total Net Position	**$**	**54,730,541**
Total Liabilities & Net Position	**$**	**76,666,305**

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

Public Utility District No. 1 of Skamania County

COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

For the Year Ended December 31, 2023

		2023
OPERATING REVENUES		
Electric Sales	$	15,873,164
Water Sales	$	2,110,131
Other Operating Revenue	$	239,633
Misc. Service Revenue	$	68,567
Total Operating Revenues	**$**	**18,291,495**
OPERATING EXPENSES		
Purchased Power	$	5,483,750
Maintenance & Operations	$	3,031,464
Customer Billing & Collection	$	880,577
Administrative & General Expense	$	2,324,027
Depreciation	$	2,196,436
Taxes	$	1,015,069
Total Operating Expenses	**$**	**14,931,323**
Operating Income/(Loss)	**$**	**3,360,172**
NONOPERATING REVENUES (EXPENSES)		
Taxes	$	639,473
Interest Income	$	169,807
Miscellaneous Non-Operating Revenue	$	77,531
Miscellaneous Non-Operating Revenue-Grant	$	2,352,820
Interest and Amortization	$	(238,900)
Total Nonoperating Revenues (Expenses)	**$**	**3,000,732**
Income (Loss) Before Capital Contributions	**$**	**6,360,903**
Capital Contributions	$	708,499
CHANGE IN NET POSITION	**$**	**7,069,402**
Net Position, beginning of year	**$**	**47,661,139**
Net Position, end of year	**$**	**54,730,541**

Public Utility District No. 1 of Skamania County
COMBINED STATEMENT OF CASH FLOWS
For the Years Ended December 31, 2023

		2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from Customers	$	18,220,101
Payments to Suppliers for Goods & Services		(8,225,068)
Payments to Employees for Services		(3,398,527)
Taxes Paid		(1,015,069)
Miscellaneous Revenue		297,571
Net cash provided (used) by operating activities		5,879,008
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Misc Non-Operating Revenue		86,205
Net cash provided (used) from noncaptial financing activities		86,205
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Additions to plant		(10,122,843)
Contributions from Customers		708,499
Capital Contributions-Grants		4,493,753
Loss on Refunding/Bond Insurance		(49,825)
Principal paid on Long-term debt		(909,575)
Issuance of Debt		7,529,510
Interest Paid on Long-term Debt		(217,326)
Tax Levy Proceeds		639,198
Net cash provided (used) for capital financing activties		2,071,391
CASH FROM INVESTING ACTIVITIES		
Proceeds from Earnings on Investments		169,806
Net cash provided from investing activities		169,806
Net increase (decrease) in cash and cash equivalents		8,206,410
Cash and cash equivalents, beginning of year		8,997,936
Cash and cash equivalents, end of year	**$**	**17,204,346**

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

Reconciliation of operating income to net cash provided from operating activities		
Net Operating Income (loss)	$	3,360,172
Adjustments to reconcile operating income to net cash from operating activities		
Depreciation/Amortization		2,196,436
Other Liabilities-OPEB/Pension		(591,555)
Other Receivable		(2,454,042)
Accounts Receivable		229,357
Inventory		(239,090)
Other Liabilities		363,113
Accounts Payable		2,850,417
Customer Deposits		(6,460)
Taxes Payable		12,550
Compensated Absences		62,030
Prepayments		96,081
Net Cash Provided by Operating Activities	$	5,879,008

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

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

NOTE 1 – ORGANIZATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the District conform to generally accepted accounting principles (GAAP) as applicable to proprietary funds of governments. The District operates as proprietary fund and applies all applicable Governmental Accounting Standards Board (GASB) Codification of Government Accounting and Financial Reporting. The following is a summary of the most significant policies.

A. Reporting Entity

Skamania County PUD is a municipal corporation established in 1938 by a vote of the people of Skamania County and exists under and by virtue of RCW 54 for the distribution and sale of electric energy and water. The District is governed by an elected three (3) member board. As required by generally accepted accounting principles, management has considered all potential component units in defining the reporting entity. Skamania County PUD has no component units. The District is engaged in distribution and sale of electricity serving Skamania County. The District also operates two water systems serving Carson and Underwood.

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 RCW 43.09. The District's accounting records are also maintained using the Uniform System of Accounts prescribed by the Federal Energy Regulatory Commission (FERC) and the Washington Budgeting, Accounting and Reporting System (BARS).

The District uses the full-accrual basis of accounting where revenues are recognized when earned and expenses are recognized when incurred. Revenue derived from sale of electricity and water are recorded as operating revenue. Operating expenses for the District include the cost of selling of electricity and water, administrative expenses and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. Capital asset purchases are capitalized and long-term liabilities are accounted for in the appropriate funds. Unbilled utility service receivables are estimated and recorded at year end.

C. Use of Estimates

The preparation of financial statements in conformity with the generally accepted accounting principles requires management to make estimates and assumptions that affect amounts reported in the financial statements. The District used significant estimates in recording unbilled utility service revenue, allowance for doubtful accounts and other contingencies at year end.

D. Cash and Cash Equivalents

For the purpose of the Statement of Cash Flows, the District considers petty cash, cash in all checking accounts and money market investment accounts with maturities of less than three months to be cash equivalents.

It is the District's policy to invest all temporary cash surpluses. At December 31, 2023, the treasurer was holding $4,419,814 in short-term residual investments of surplus cash. This amount is classified on the balance sheet as cash and cash equivalents in various funds. The interest on these investments is prorated to the various funds.

E. Restricted Funds

In accordance with bond resolutions, separate restricted funds are required to be established. The assets held in these funds are restricted for specific uses, including construction, debt service and other special reserve requirements. These funds are classified as current and noncurrent assets as appropriate. The District's restricted funds as of December 31, 2023 are as follows:

Restricted Funds	2023
Debt Service Fund	14,120
Bond Fund	714,175
Bond Reserve Fund	672,154
Customer Deposit	106,880
Total Restricted Funds	1,507,329

F. Accounts Receivable and Allowance for Uncollectable Accounts

Customer account receivables consist of amounts owed from individuals and organizations for goods and services including amounts owed for which billings have not been prepared. The District has established a reserve for uncollectible accounts based upon historical losses on gross revenues net of related debt write off and recoveries. All accounts receivable write offs are approved by the commissioners and are turned over to the collection agency. Amounts written off remain on the customer's accounts until it is deemed uncollectible by the collection agency.

G. Materials and Supplies

Materials and supplies are valued at average cost, which approximates the market value.

H. Utility Plant and Depreciation

See Note 5: Capital assets and Depreciation.

I. Compensated Absences and Termination Benefits

District employees are granted vacation leave in varying amounts. The District records unpaid leave for compensated absences as an expense and liability when incurred. Vacation pay is payable upon resignation, retirement, or death. The total amounts of vacation accrued including tax and pension benefits as of December 31, 2023 was $437,368.

Employees have the option to accrue compensatory in lieu of receiving overtime. The District records the expense and liability at the appropriate overtime rate when incurred. Employees may accrue up to one hundred twenty (120) hours of compensatory time (the equivalent of sixty (60) hours of double time). Upon termination of employment with the District, employees will be paid for all unused compensatory time at the employee's regular rate of pay. The total amount of compensatory time accrued as of December 31, 2023 was $25,115.

GASB 16, *Accounting for Compensated Absences*, requires state and local government to accrue liabilities for compensated absences as the benefits are earned by employees if it is probable that the employer will compensate the employees for the benefits through cash payments conditioned on the employee's termination or retirement. The District's full time employees accrue 8 hours of sick leave a month and part time employees accrue sick leave based on full time equivalent (FTE). For employees who retire under the PERS program, the District policy allows 65 percent of the cash value of accrued sick leave balance at the time of employee's retirement to be deposited toward the employee's HRA/VEBA plan. Further, if an employee dies while on active employment, 100 percent cash value of the employee's sick leave is paid into his or her VEBA Plan. The District's sick leave liability is estimated based on retirement eligibility of employees. The current portion of the sick leave liability is based on employees anticipated to retire within the next year. The total estimated sick leave liability including tax and pension benefits as of December 31, 2023 was $88,144.

J. Deferred Inflows and Outflows

Deferred inflows of resources represent an acquisition of assets that applies to a future period or periods and therefore will not be recognized as an inflow of resources (revenue) until that time. Deferred outflow of resources represents a consumption of assets that applies to a future period or periods and therefore will not be recognized as an outflow of resources until then.

K. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of all state sponsored pension plans and additions/deductions to and 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 has elected to use GASB's preferred method: the restricted net position is equal to the net pension asset.

L. Leases

Lease Liability consist of amounts recorded in compliance with GASB 87, *Leases.* The District has recorded the Lease Liability and associated Intangible, right to use, asset.

At the commencement of a lease, the District initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized using the straight-line basis over the same useful lives as the asset category of the underlying assets. If the assets life is equivalent to the lease term, the District's right to use asset is amortized over the life of the lease from implementation through lease term end.

Key estimates and judgements related to lease include how the District determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The District uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the District generally uses its incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancelable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the District is reasonably certain to exercise.

The District monitors changes in circumstances that would require a remeasurement of its lease, and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

See Note 10 for more information.

M. 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 11 for more information.

N. Purchase Commitments

The District is a preference customer of Bonneville Power Administration (BPA) pursuant to federal legislation, which requires BPA to give preference and priority to public agencies and cooperatives in the distribution and marketing of federal power. The District signed a contract with BPA providing for power sales from BPA to the District beginning October 1, 2011 and terminating September 30, 2028. This Contract, a full requirements contract, provides for all of the District's power needs. The contract is at a preference rate.

The District is a board member utility of Washington Public Power Supply System (WPPSS; *now known as Energy Northwest*) and is a participant in WPPSS Nuclear Projects 1,2 and 3. The District has entered into "Net Billing Agreements" with WPPSS and Bonneville Power Administration (BPA). Under terms of these agreements, the District has purchased a maximum of 0.231 percent of the capability of WPPSS Nuclear Projects (WNP) No. 1, 0.547 percent of WNP No. 2, and 0.207 percent of WNP 3. The District has, in turn, sold this capability to BPA. Under the "Net Billing Agreements" BPA is unconditionally obligated to pay the District, and the District is unconditionally obligated to pay WPPSS, the pro rata share of the total annual costs of each project, including debt service on revenue bonds issued to finance the projects, whether or not the projects are completed, operable or operating and notwithstanding the suspension, reduction or curtailment of the Projects' output. WNP 1 and 3 have been terminated by action of the Supply System (WPPSS) Board.

NOTE 2 – ACCOUNTING AND REPORTING CHANGES

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

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 $335,026, with respective accumulated amortization and reduction of SBITA liability in fiscal year 2023 of $19,909 and $94,280. In addition, $2,221 was recorded as interest paid reflected within the Statement of Revenues, Expenses, and Changes in Net Position.

NOTE 3 – DISCLOSURE OF SEGMENT INFORMATION

The District operates an electric system and two water systems. The District maintains a separate accounting of all revenues, expenses, gains, losses, assets, and liabilities for each system. It depends solely on the revenue generated by each individual activity to pay its expenses and liabilities. Summary of financial information for each system for the years ended December 31, 2023 is presented below.

CONDENSED STATEMENT OF NET POSITION BY SEGMENT

As of December 31, 2023	Electric System	Carson Water System	Underwood Water System	TOTAL 2023
Assets				
Currents and Other Assets	$ 19,621,315	$ 3,021,356	$ 1,750,334	$ 24,393,005
Capital Assets, net of depreciation	40,889,368	6,493,222	3,626,434	51,009,024
Total Assets	60,510,683	9,514,578	5,376,768	75,402,029
Deferred Outflows	960,146	303,279	850	1,264,276
Total Assets and Deferred Outflows	61,470,829	9,817,858	5,377,618	76,666,305
Liabilities				
Current and Other Liabilities	4,481,767	301,013	177,648	4,960,428
Long Term Debt	10,545,335	3,472,674	1,069,702	15,087,711
Total Liabilities	15,027,102	3,773,687	1,247,350	20,048,139
Deferred Inflows	1,887,625	-	-	1,887,625
Total Liabilities and Deferred Inflows	16,914,727	3,773,687	1,247,350	21,935,764
Net Position				
Net Investment in Capital Assets	31,220,312	3,110,041	2,654,932	36,985,285
Restricted	1,697,392	(7,494)	(2,802)	1,687,096
Unrestricted	13,655,424	1,643,843	758,893	16,058,160
Total Net Position	46,573,128	4,746,390	3,411,023	54,730,541
Total Liabilities & Net Position	$ 63,487,854	$ 8,520,077	$ 4,658,373	$ 76,666,305

Note: Condensed Statement of Net Position exclude interfund payable and interfund receivable.

CONDENSED STATEMENT OF REVENUES, EXPENSES & CHANGE IN NET POSITION BY SEGMENT

For the Year Ended December 31, 2023	Electric System	Carson Water System	Underwood Water System	Total 2023
Operating Revenue	$ 16,173,915	$ 1,277,862	$ 839,718	$ 18,291,495
Operating Expenses	13,386,281	959,296	585,746	14,931,323
Net Operating Revenue	2,787,634	318,566	253,972	3,360,172
Net Non Operating Revenue and Expense	652,564	(2,706)	(1,947)	647,911
Other Income	2,352,820	-	-	2,352,820
Net Non Operating Revenue and Expense	3,005,384	(2,706)	(1,947)	3,000,731
Income (Loss) Before Capital Contributions	5,793,018	315,860	252,026	6,360,903
Capital Contributions	655,887	22,950	29,662	708,499
Change in Net Position	**6,448,905**	**338,810**	**281,687**	**7,069,402**
Total Net Position, January 1	40,124,223	4,407,580	3,129,336	47,661,139
Total Net Position, December 31	$ 46,573,128	$ 4,746,390	$ 3,411,023	$ 54,730,541

CONDENSED STATEMENT OF CASH FLOWS
Year Ended December 31, 2023

	Electric System	Carson Water System	Underwood Water System	Total 2023
Net Cash provided (used) by:				
Operating Activities	$ 3,435,697	$ 1,421,224	$ 1,022,088	$ 5,879,009
Noncapital financing activities	85,204	900	100	86,204
Capital and related financing activities	2,174,140	371,615	(474,364)	2,071,391
Investing activities	144,138	19,634	6,034	169,806
Net Increase (Decrease) in cash and cash equivalents	5,839,179	1,813,373	553,858	8,206,410
Beginning Cash and Cash Equivalents	7,014,926	902,806	1,080,204	8,997,936
Ending Cash and Cash Equivalents	$ 12,854,105	$ 2,716,179	$ 1,634,062	$ 17,204,346

Interfund Activity
Year ended December 31, 2023

	2023
Electric Payable to Underwood Water	362,207
Underwood Water Payable to Carson Water	39,644
Underwood Water Payable to Electric	1,042,983
Electric Payable to Carson Water	490,400
Carson Water Payable to Electric	1,818,436
CW Debt Service Transferred to Electric	1,599
UW Debt Service Transferred to Electric	1,175

NOTE 4 – CASH AND DEPOSITS

The District’s receipts and cash holdings are on deposit with the county treasurer. The county treasurer processes or maintains all of the District’s deposits, disbursements and investments. Funds not required for immediate expenditures are invested in a money market account.

The District’s cash holdings are deposited solely in interest bearing checking accounts entirely covered by Federal Depositary Insurance Corporation (FDIC) or by collateral held in a multiple financial institution collateral pool administered by the Washington Public Deposit Protection Commission (PDPC).

The District has not experienced any losses from any investments and believes its cash value is not exposed to any significant investment risk. The District’s total cash, deposits, and investments as of December 31, 2023 are shown below.

CASH/DEPOSITS AND INVESTMENTS

	2023
Restricted Funds	1,507,328
General Funds	1,362,257
Revolving Fund	800
Special Funds	14,333,961
Total Deposits/Investments	17,204,346

NOTE 5 – CAPITAL ASSETS PLANT AND DEPRECIATION

Major expenses for capital assets, including major repairs that increase useful lives, are capitalized. Maintenance, repairs, and minor renewals are accounted for as expenses when incurred.

Utility plant in service and other capital assets are recorded at cost where historical cost is known. Where historical cost is not known, assets are recorded at estimated cost. Donations by developers and customers are recorded at appraised value. Funds received from customer for construction are recorded as capital contributions.

The original cost of operating property retired or otherwise disposed of and the cost of installation, less salvage, is charged to accumulated depreciation. However, in the case of the sale of a significant operating unit or system, the original cost is removed from the utility plant accounts, accumulated depreciation is charged with the accumulated depreciation related to the property sold, and the net gain or loss on disposition is credited or charged to income.

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

Capital assets are depreciated on the straight line and group life depreciation method over estimated lives as follows:

Buildings and Improvements	5-40 Years
Electric Plant-Distribution	10-33 Years
General Plant-Equipment	3-20 Years
General Plant-Transportation	5-10 Years
Water-Transmission and Distribution	6-40 Years

The following are changes in the District's capital assets for the year ended December 31, 2023.

Asset Description	Beg Balance 1/1/2023	Increase	Decrease	End Balance 12/31/2023
Capital Assets not being depreciated:				
Construction Work in Progress	$ 9,967,528	$ 11,905,583	$ 18,917,275	$ 2,955,836
Franchise and Consents	4,507	-	-	4,507
Organization	761	-	-	761
Land and Land Rights	86,070	-	-	86,070
Total	10,058,867	11,905,583	18,917,275	3,047,175
Capital Assets being depreciated:				
Utility Plant	60,000,662	17,932,738	2,461,615	75,471,785
General Plant	4,108,106	468,524	232,109	4,344,521
Right to Use Asset*	136,913	468,501	-	605,414
Total	64,245,681	18,869,763	2,693,724	80,421,720
Total Capital Assets	74,304,548	30,775,346	21,610,999	83,468,895
Accumulated Depreciation/Amortization	(31,200,372)	(2,426,429)	1,166,930	(32,459,871)
Net Capital Assets	$ 43,104,176	$ 28,348,917	$ 20,444,069	$ 51,009,024

*Beginning balance restated for implementation of GASB 96 - SBITA.

NOTE 6 – CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS

On February 6, 2020, the District received a Financial Assistance Award from the Department of Commerce's Economic Development Administration (EDA). The initial award was for a $9.2 million dollar project: The North Bonneville Substation and Feeder Upgrade. In July 2022, the District was awarded an additional $2.3 million through an amendment. The EDA award will cover 80% of the costs up to $9.2 million. The District's share will be 20% of the overall cost of the project. A security agreement is in place granting EDA a security interest in all property acquired or to be acquired using award funds. The District further agreed that it will not, without the prior written approval of EDA, sell, trade or convey any interest whatsoever in such property subject to the EDA security interest; provided, however, that should EDA approve of the disposal of any property for purposes of acquiring a replacement. EDA's security interest must remain in effect throughout the useful life of the project which is determined to be 20 years. If property is disposed of or encumbered without EDA approval EDA may assert its interest in the property to recover the Federal share of the value of the property. The Federal share of the value of the property is that percentage of the current fair market value of the property attributed to the EDA participation in the project (after deducting actual and reasonable selling and fix-up expenses, if any, incurred to put the property into condition for sale). The Federal share excludes that value of the property attributable to acquisition or improvements before or after EDA's participation in the project and not included in project costs.

With the completion of the North Bonneville Substation & Feeder Upgrade and Water System Advanced Meter Infrastructure (AMI) Changeout in 2023, the District's most significant active construction project is the Electric System AMI Changeout. As of December 31, 2023, the District has spent $1,875,590 on this project with $2,004,785 in remaining commitments with contractors.

The District will utilize the 2022 Bond Funds to satisfy the remaining project commitments for Electric System AMI Changeout. As of December 31, 2023, the District had withdrawn the full amount of the 2022 Bond Funds totaling $9,509,710, including the final draw of $7,529,510 taken in November 2023.

NOTE 7 – LONG TERM DEBT

In September 2015, the District issued a Revenue and Refunding Bond in the amount of $9,055,000 to refund the 2005 bond and for the construction of two electric substations, the construction of Carson Water reservoir and the Underwood Water new tank and pumping station.

The District has a covenant within the Bond Resolution that it will establish, maintain and collect rates and charges sufficient to pay the costs of maintenance and operation, pay principal and interest of all bonds, and to pay taxes and other assessments imposed on the system in an amount equal to at least 1.25 times the annual debt service.

The District resolution also provides that payments will be made into the Debt Service Fund in an amount sufficient to meet the next maturing installments of principal and interest.

In February 2005, Carson Water received $200,000 in loan from the Washington Investment Board (WIB) to help fund needed capital improvements. The annual interest is 2% payable in 20 years.

In 2006, the District secured a $50,000 loan from the Washington State Community Economic Revitalization Board (CERB) for Carson Water System. The annual interest is 1% payable in 20 years, initial monthly payments began in January 2015, five years from the receipt of loan funds.

In January 2022, the District issued a Revenue and Refunding Bond not to exceed $9,509,710 for purposes of refunding the District's outstanding 2018 Bond and funding capital improvements to the District's Electric System, Carson Water System and Underwood Water System. The District has withdrawn $9,509,710 as of 12/31/2023.

Bond premiums and insurance cost are amortized over the life of the bond using the straight-line method. Losses on the bond are deferred and amortized over the remaining life of the retired debt. Debt issuance costs are expensed in the period incurred in accordance with GASB Statement No. 65.

The following table is a summary of the District's long-term debt as of December 31, 2023.

Summary of Long Term Debt & Liabilities

	Year Issued	Amount Originally Issued	Beginning Balance 1/1/2023	Additions	Reductions	Balance as of 12/31/2023	Due Within One Year
Elec Rev. Bond	2015	$ 5,775,000	$ 3,340,000	$ -	$ 370,000	$ 2,970,000	$ 390,000
Elec Rev. Bond	2022	1,745,259	1,648,062	5,020,288	216,675	6,451,675	345,401
CW Rev. Bond	2015	2,215,000	1,265,000	-	145,000	1,120,000	145,000
CW Rev. Bond	2022	2,107,746	-	2,107,746	46,910	2,060,836	95,303
UW Rev. Bond	2015	1,065,000	580,000	-	70,000	510,000	75,000
UW Rev. Bond	2022	234,941	216,603	401,476	26,635	591,444	36,227
CW WIB Loan	2005	200,000	57,561	-	11,083	46,478	11,306
CW CERB Loan	2006	50,000	30,093	-	2,602	27,491	2,628
Bonds/Loans		$ 13,392,946	$ 7,137,319	$ 7,529,510	$ 888,905	$ 13,777,924	$ 1,100,865
Other Long Term Liabilities							
Compensated Absences			$ 488,598	$ 492,673	$ 430,644	$ 550,627	$ 312,286
Unamortized Premiums			579,334	-	44,852	534,483	44,852
Customer Deposit			113,340	23,050	29,510	106,880	36,780
Asset Retirement Obligation			320,043	12,726	-	332,769	-
Lease Liability			52,237	155,532	17,111	190,657	13,784
SBITA Liability*			21,559	313,467	94,280	240,746	33,523
Pension Liability			554,006	-	101,386	452,620	-
OPEB			487,528	-	138,036	349,492	44,588
Total Other Long Term Liabilities			$ 2,616,645	$ 997,448	$ 855,819	$ 2,758,274	$ 485,813
Total Long Term Liabilities			$ 9,753,964	$ 8,526,958	$ 1,744,724	$ 16,536,198	$ 1,586,678

*Beginning balance restated from implementation of GASB 96 - SBITA.

Notes: Compensated absenses include $88,144 estimated sick leave liability plus taxes and pension benefits. Current portion of compensated absenses is estimated to be used wilthin one year.

The annual requirements to amortize all debts outstanding as of December 31, 2023, including interests are as follows:

2015 & 2022 Revenue Bonds - Electric System

	2015 Bond		2022 Bond		Total
Year	Principal	Interest	Principal	Interest	
2024	$ 390,000	$ 123,700	$ 345,401	$ 133,679	$ 992,779
2025	400,000	108,100	352,690	126,387	987,177
2026	180,000	92,100	360,134	118,942	751,176
2027	190,000	84,900	367,734	111,339	753,973
2028	195,000	77,300	375,503	103,576	751,379
2029-2033	1,105,000	261,550	1,999,774	395,575	3,761,899
2034-2041	510,000	34,650	2,650,440	242,726	3,437,816
Total	$ 2,970,000	$ 782,300	$ 6,451,675	$ 1,232,224	$ 11,436,199

2015 & 2022 Revenue Bonds and Loans - Carson Water

	2015 Bond		2022 Bond		WIB Loan		CERB Loan		Total
Year	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	
2024	145,000	46,650	95,303	42,780	11,306	835	2,628	275	344,776
2025	155,000	40,850	97,314	40,768	11,534	607	2,654	249	348,976
2026	70,000	34,650	99,369	38,714	11,767	374	2,680	222	257,776
2027	70,000	31,850	101,467	36,616	12,307	21	2,707	195	255,163
2028	75,000	29,050	103,608	34,474	-	-	2,734	168	245,035
2029-2033	410,000	98,425	551,791	138,624	-	-	14,087	425	1,213,352
2034-2041	195,000	13,275	1,011,985	92,677	-	-	-	-	1,312,938
Total	$ 1,120,000	$ 294,750	$ 2,060,837	$ 424,652	$ 46,915	$ 1,836	$ 27,491	$ 1,535	$ 3,978,016

2015 & 2022 Revenue Bonds - Underwood Water System

	2015 Bond		2022 Bond		Total
Year	Principal	Interest	Principal	Interest	
2024	75,000	21,200	36,227	12,231	144,657
2025	80,000	18,200	36,991	11,466	146,657
2026	30,000	15,000	37,773	10,685	93,457
2027	30,000	13,800	38,570	9,888	92,257
2028	30,000	12,600	39,384	9,073	91,057
2029-2033	180,000	42,825	209,740	32,539	465,104
2034-2041	85,000	5,850	192,759	17,653	301,262
Total	$ 510,000	$ 129,475	$ 591,444	$ 103,534	$ 1,334,453

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NOTE 8 – PENSION PLANS

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

Aggregate Pension Amounts – All Plans		
Pension liabilities	$	(452,620)
Pension assets	$	1,048,115
Deferred outflows of resources	$	846,247
Deferred inflows of resources	$	(590,084)
Pension expense/expenditures	$	(138,237)

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 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. 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 0.20 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 2023 were as follows:

Actual Contribution Rates	**Employer**	**Employee***
January – June 2023		
PERS Plan 1	6.36%	6.00%
PERS Plan 1 UAAL	3.85%	
Administrative Fee	0.18%	
Total	**10.39%**	**6.00%**
July – August 2023		
PERS Plan 1	6.36%	6.00%
PERS Plan 1 UAAL	2.85%	
Administrative Fee	0.18%	
Total	**9.39%**	**6.00%**
September – December 2023		
PERS Plan 1	6.36%	6.00%
PERS Plan 1 UAAL	2.97%	
Administrative Fee	0.20%	
Total	**9.53%**	**6.00%**

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

PERS Plan 2/3 provides retirement, disability, and death benefits. Retirement benefits are determined as two percent of the member's average final compensation (AFC) times the member's years of service for Plan 2 and 1 percent of AFC for Plan 3. The AFC is the average of the member's 60 highest-paid consecutive service months. There is no cap on years of service credit. Members are eligible for retirement with a full benefit at 65 with at least five years of service credit. Retirement before age 65 is considered an early retirement. PERS Plan 2/3 members who have at least 20 years of service credit and are 55 years of age or older, are eligible for early retirement with a benefit that is reduced by a factor that varies according to age for each year before age 65. PERS Plan 2/3 members who have 30 or more years of service credit and are at least 55 years old can retire under one of two provisions:

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

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

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

Contributions

The **PERS Plan 2/3** employer and employee contribution rates are developed by the Office of the State Actuary to fully fund Plan 2 and the defined benefit portion of Plan 3. The Plan 2/3 employer rates include a component to address the PERS Plan 1 UAAL and an administrative expense that is currently set at 0.20 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 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%**
July – August 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%**

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

The district's actual PERS plan contributions were $135,112 to PERS Plan 1 and $224,830 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 service-based salary increases.
- **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, as the base table. The OSA applied age offsets for each system, as appropriate, to better tailor the mortality rates to the demographics of each plan. OSA applied the long-term MP-2017 generational improvement scale, also developed by the Society of Actuaries, to project mortality rates for every year after the 2010 base table. Mortality rates are applied on a generational basis; meaning, each member is assumed to receive additional mortality improvements in each future year throughout their lifetime.

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

- Methods did not change from the prior contribution rate setting June 30, 2021 Actuarial Valuation Report (AVR).
- OSA adjusted TRS Plan1 assets, LEOFF Plan 1/2 assets, and LEOFF participant data to reflect certain material changes occurring after the June 30, 2022, measurement date.

Discount Rate

The discount rate used to measure the total pension liability for all DRS plans was 7.0%.

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% 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% 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

The table below summarizes the 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. The inflation component used to create the table is 2.2% 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	20.0%	1.5%
Tangible Assets	7.0%	4.7%
Real Estate	18.0%	5.4%
Global Equity	32.0%	5.9%
Private Equity	23.0%	8.9%

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%, 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%) or 1-percentage point higher (8%) than the current rate.

	1% Decrease (6%)	Current Discount Rate (7%)	1% Increase (8%)
PERS 1	$ 632,344	$ 452,620	$ 295,763
PERS 2/3	$ 1,139,951	$ (1,048,115)	$ (2,845,750)

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 as follows:

	Liability (or Asset)
PERS 1	$ 452,620
PERS 2/3	$ (1,048,115)

At June 30, 2023, the district's proportionate share of the collective net pension liabilities was as follows:

	Proportionate Share 6/30/22	Proportionate Share 6/30/23	Change in Proportion
PERS 1	0.019897%	0.019828%	-0.000069%
PERS 2/3	0.025874%	0.025572%	-0.000302%

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* for all plans.

Pension Expense

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

	Pension Expense
PERS 1	$ (6,790)
PERS 2/3	$ (131,447)
TOTAL	$ (138,237)

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
Differences between expected and actual experience	$	$
Net difference between projected and actual investment earnings on pension plan investments	$	$ (51,058)
Changes of assumptions	$	$
Changes in proportion and differences between contributions and proportionate share of contributions	$	$
Contributions subsequent to the measurement date	$ 52,296	$
TOTAL	$ 52,296	$ (51,058)

PERS 2/3	Deferred Outflows of Resources		Deferred Inflows of Resources	
Differences between expected and actual experience	$	213,500	$	(11,711)
Net difference between projected and actual investment earnings on pension plan investments	$		$	(394,993)
Changes of assumptions	$	440,035	$	(95,910)
Changes in proportion and differences between contributions and proportionate share of contributions	$	26,856	$	(36,412)
Contributions subsequent to the measurement date	$	113,560	$	
TOTAL	$	793,951	$	(539,026)

Deferred outflows of resources related to pensions resulting from the district's contributions after the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2023. 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	
2024	$	(34,737)
2025	$	(43,686)
2026	$	26,936
2027	$	430
Thereafter	$	

Year ended December 31:	PERS 2/3	
2024	$	(193,904)
2025	$	(229,110)
2026	$	322,958
2027	$	118,944
2028	$	116,472
Thereafter	$	6,005

NOTE 9 – PROPERTY TAXES

The county treasurer acts as an agent to collect property taxes levied in the county for all taxing authorities. Taxes are levied annually on January 1, on property values listed as of May 31st of the prior year. The county assessor establishes assessed values at 100 percent of fair market value. A revaluation of all property is required every four years.

Taxes are due in two equal installments on April 30 and October 31. Collections are distributed monthly to the District by the county treasurer.

The District is permitted by law to levy up to $0.45 per $1,000 of assessed valuation for general District purposes.

The District may voluntarily levy taxes below the legal limit. Special levies approved by the voters are not subject to the above limitations.

Property taxes are recorded as receivables when levied. Since state law allows for sale of property for failure to pay taxes, no estimate of uncollectible taxes is made.

The District's property tax levies are listed below.

Property Tax Levy

Year	Assessed Value	Levy Rate Per Thousand	Total Levy Amount
2023	2,465,331,342	0.238755	588,609
2022	2,101,788,372	0.280052	588,609
2021	1,937,688,735	0.303769	588,609

NOTE 10 – LEASES

As of December 31, 2023, the District evaluated financial agreements that are potential leases in which the District serves as the lessee. As of December 31, 2023, the District had five lease payable contracts as follows:

General Description	Start Date	Term	Period Payment	Discount Rate
Land for Potable Water Reservoir	11/15/2022	40 years with four 40 year extensions District assumed it would exercise one extension	Paid in advance, once every 40 years. $50,000 paid upon commencement and $75,000 at next extension	5.98%
Antenna Tower	12/10/2013	3 years, with four 3 year extensions. This is on the 3rd extension and does not expect to enter into 4th term.	Monthly. $1,016 thru Feb 2023 increasing to $1,096 in March 2023	3.26%
Copy Machine	4/11/2022	3 years with no extensions	Monthly $306	8.4101%
Antenna Tower	2/1/2023	5 years with four 5 year extensions. All extensions are expected to be exercised	Monthly $400, increasing by 4% annually	5.48%
Land	5/26/2023	20 years, with four 20 year extensions. District assumed it would exercise one extension	Annually $2,000, increasing by the rate of CPI	6.13%

The District's schedule of future payments included in the measurement of the lease payable is as follows:

	Leases		
	Principal	Interest	Total
2024	$ 13,784	$ 10,102	$ 23,886
2025	11,828	9,591	21,419
2026	(1,820)	9,465	7,645
2027	(1,615)	9,570	7,955
2028	(1,385)	9,663	8,278
2029-2033	(2,494)	49,206	46,712
2034-2038	8,154	48,842	56,996
2039-2043	24,749	44,796	69,545
2044-2048	37,764	35,366	73,130
2049-2053	739	30,959	31,698
2054-2058	9,245	29,693	38,938
2059-2062	91,708	20,753	112,461
	$ 190,657	$ 308,006	$ 498,663

As of December 31, 2023, the lease right to use assets and accumulated amortization are $270,388 and $35,195, respectively, presenting $235,193 net.

NOTE 11 – SUBSCRIPTION-BASED TECHNOLOGY ARRANGEMENTS (SBITAs)

At January 1, 2023, the District used its SBITA policy to evaluate financial agreements that are potential SBITAs. At December 31, 2023, the District has two SBITA liabilities for its system monitoring and meter software. One license expires in December of 2025 with no options to extend, and one expires in 2027 with payments increasing 3% per year, with one option to extend for five years; the District has included the five-year extension in the calculation of the liability. The liability has been discounted using the 10-year treasury yield as of the subscription date.

The District's schedule of future payments included in the measurement of the SBITA payable is as follows:

	SBITA		
	Principal	Interest	Total
2024	$ 33,523	$ 9,327	$ 42,850
2025	24,807	7,999	32,806
2026	26,769	7,041	33,810
2027	28,817	6,008	34,825
2028	29,930	4,896	34,826
2029-2031	96,900	7,575	104,475
Total	240,746	42,846	283,592

Total SBITA assets and accumulated amortization at December 31, 2023, are $335,026 and $19,909, respectively.

NOTE 12 – 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 or join a pool or organization for the joint purchasing of insurance, and/or joint self-insurance, and/or joint hiring or contracting for risk management services to the same extent that they may individually purchase insurance, self-insurance, or hire or contract for risk management services. An agreement to form a pooling arrangement was made according 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 seventeen, seventeen, and twelve members in the Liability, Property, and Health & Welfare pools, respectively. The Pool provides liability, property, and health and welfare coverage for its members and their employees under an agreement entitled “PURMS Joint Self-Insurance Agreement” (SIA).

Liability Risk Pool

The Liability Pool has a self-insured retention (Liability Coverage Limit) of $1 million per occurrence and excess liability insurance in the amount of $35 million in which all members must participate. The liability pool also offers an additional layer of Excess Liability Insurance coverage for those Members that choose to participate. For 2023, this additional Excess Liability Insurance layer was $65 million excess of $35 million and the Liability Pool’s $1 million self-insured retention. Finally, the Liability Pool offers Public Officials liability coverage for a Subgroup of members of the Liability Pool who chose to participate in the coverage. For 2023, the Public Officials coverage was $35 million excess of the coverage provided by the liability Pool’s $1 million Coverage Limit. This pool is financed through assessments of its members. These assessments occur at the beginning of each calendar year and at any time the Liability Pool Balance becomes $500,000 less than the Designated Liability Pool Balance, $3.5 million.

The total paid for Liability Claims in 2023 was $1,315,528 including claims adjustment expenses, i.e. costs and attorney’s fees for defending claims (but excluding Liability Pool Operating Expenses). The annual automatic assessment issued at the beginning of January 2024, replenished the Liability Pool to its $3.5 million designated balance, as of December 31, 2023, under accrual accounting principles.

As of December 31, 2023, there were 81 known incidents or unresolved Liability Claims pending against one or more Members or former Members of the Liability Pool (“Pending Liability Claims”). The total amount of the risk posed by these Pending Liability Claims to such members and to the Liability Pool itself is not precisely determinable. However, the Case Reserve set by the Administrator for these Claims, as of December 31, 2023, was $290,226.

Because of the total dollar amount of the risk posed by the Liability Pool's "unpaid claims" liability is based on Case Reserves estimated by the administrator, and because the amount of "incurred but not-reported" claims ("IBNR Liability") is based on an actuarial report prepared by PURMS" retained actuary, this letter provides no opinion and makes no representation as to the risk the total "unpaid claims" liability at any confidence level poses to the solvency of the liability pool. However, as a contractual matter, since the PURMS Interlocal Agreement requires members participating in the Liability Pool to pay their liability assessments within thirty (30) days of the date they are issued, assuming that these Assessment obligations of Members are enforceable and that the Members are at the time solvent and pay such Assessments, the Liability Pool would have the assets to pay the "unpaid claims" liability on behalf of its participating Members for any reasonably foreseeable risk such claims pose to the Liability Pool as such liabilities become due.

Property Risk Pool

PURMS provides property insurance coverage for its Members participating in the Property Pool. The Property Pool has a self-insured retention (Property Coverage Limit) of $250,000 per Property Loss. PURMS also maintains Excess Property Insurance for its Members in the Property Pool of $200 million over the $250,000 retention level. This pool is financed through Assessments of its Members. These Assessments occur at the beginning of each calendar year and at any time the Property Pool Designated Balance becomes $250,000 less than the Designated Property Pool Balance, $750,000.

The total Property Claims in 2023 was $372,103, including claim adjusting expenses, i.e., costs and attorney's fees for defending claims (but excluding Property Pool Operating Expenses). The annual automatic assessment issued at the beginning of January 2024, replenished the Property Pool to its $750,000 Designated Balance, as of December 31, 2023 under accrual accounting principles.

As of December 31, 2023, there were 18 known incidents or unresolved property claims pending from one or more members of the Property Pool ("pending property claims"). The total dollar of the risk posed to the Property Pool by these pending claims in not precisely determinable. However, the reserves set by the administrator for these claims, as of December 31, 2023, was $120,833.

Because the total dollar amount of the risk posed by the Property Pool's "unpaid claims" liability is based on Case Reserves estimated by the Administrator, and because the amount of "incurred-but-not-reported" claims ("IBNR Liability") is based on an actuarial report prepared by PURMS' actuary, this letter provides no opinion and makes no representation as to the risk the total "unpaid claims" liability at any confidence level poses to the solvency of the Property Pool. However, as a contractual matter, since the PURMS Interlocal Agreement requires Members participating in the Property Pool to pay their Property Assessments within thirty (30) days of the date they are issued, assuming that these Assessment obligations of Members are enforceable and that the members are at the time solvent and pay such Assessments, the Property Pool would have the assets to pay the “unpaid claims” liability on behalf of its participating Members for any reasonable foreseeable risk such claims pose to the Property Pool as such liabilities become due.

Health and Welfare Risk Pool

PURMS provides health and welfare insurance coverage for the Employees of its Members participating in the Health and Welfare Risk Pool. The H&W Pools operations are financed through Assessments of its Members under the H&W General Assessment Formula. Each month, each Member of the H&W Pool is assessed for the cost the H&W Pool incurred during the preceding month for the H&W Claims for such member’s employees and for such Member’s share of Shared H&W Costs, including administrative expenses, 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 Stop-Loss Points. The first two Stop-Loss Points are established annually by the Excess Stop-Loss Insurance that the H&W Pool acquires and maintains for its Members. These Stop-Loss Points represent the dollar amounts at which the Stop-Loss Insurance attaches and begins paying either the H&W Claim Costs for an individual Employee’s total medical claims for the year (H&W Pool Individual Stop Loss Point) or the H&W Claims Costs of all Employees of all Members for the year (H&W Pool Aggregate Stop Loss Point). For 2023, the H&W Pool Individual Stop-Loss Point was $365,000 per individual insured and the H&W Pool Aggregate Stop Loss Point was $25,372,203 for the combined H&W Claims Costs of all Employees of all Members of the H&W Pool.

Additionally, each H&W Pool Member’s exposure to the H&W Claims Costs for its Employees is further limited by another Stop-Loss point determined by the H&W Pool for its Members. Medical expenses that exceed the Member Stop-Loss Points become Shared H&W Claims and are assessed as Share H&W Costs which are paid by all H&W Pool Members. The Member Stop-Loss Points are calculated annually under the H&W Assessment Formula.

The total paid by H&W Pool for H&W Claims Costs in 2023 was $16,512,051 (including shared H&W Claims but excluding H&W Pool Operating Expenses).

The most recent Actuarial Report for the H&W Pool, dated January 25, 2024 estimated that the H&W Pool’s incurred but not reported reserve liability for all H&W Pool Health Plans’ Benefits (that is, all H&W Pool Members’ medical, dental, vision and prescription drug benefits combined), as of December 31, 2023, was $1,429,983 (Total IBNR), the Claims Adjustment Expense (CAE) reserve is $42,900 and the total reserve with a 10% margin is $1,620,172. The report states that this number reflects the actuary’s “… best estimates of the amount for which PURMS (i.e., the H&W Pool) would be liable if the benefit program had terminated on December 31, 2023. The net position of the H&W Pool as of December 31, 2023 was $2,436,693.

Under H&W assessment formula, the Monthly H&W Assessment of each Member pays for the H&W claims costs of the previous month and its allocation of Shared H&W costs to replenish the H&W Pool to the amount of the Designated H&W Pool Reserves.

Because the H&W Pool Program Liability is based on the Actuarial Report, and on the Administrator's calculations for prescription drug, dental and vision benefits, this provides no opinion and makes no representation as to the risk the known and IBNR Claims that make up that Program Liability pose to the solvency of the H&W Pool. However, as a contractual matter, since the Interlocal Agreement requires each Member participating in the H&W Pool to pay its H&W Assessment on a monthly basis within (20) days of the date it is issued to fully replenish its share of the H&W Pool Reserves, assuming that these Assessments obligations of Members under the SIA are enforceable and that the Members are at the time solvent and pay such Assessments, the H&W Pool would have the assets to pay the Program Liability on behalf of each of its participating Members. Furthermore, this letter makes no representations relating to the solvency of any H&W Pool Member or its Health Plan, or the ability of the Member or Health Plan to pay its Assessments issued by H&W Pool.

The District is self-insured for unemployment claims due to its employment history and low turnover rate. As of December 31, 2023, there was one open unemployment claim. This claim was reviewed and determined to be immaterial to the overall financial statements. Subsequently, a liability accrual was not recorded.

NOTE 13 – CERTAIN ASSET RETIREMENT OBLIGATIONS

The District evaluated the assets of the Electric System, the Carson Water System, and the Underwood Water System for Asset Retirement Obligations (ARO). When reviewing the Electric System, the District did consider agreements with Energy Northwest related to the Columbia Generating Station, Nuclear Project #1, Nuclear Project #3 and Packwood Hydroelectric Project assets. It was determined these assets are not tangible assets to the District and therefore long-term liabilities related to asset retirement obligations are not included in the District's financials. Although the District will cover a portion of the costs if a facility was decommissioned, these costs would be recovered through rates charged to the District that may increase over time as a result of decommissioning costs. There are currently no plans to decommission or replace the assets. The District also considered the 580 distribution poles located within the electric system on Federal/State owned properties. The District does not own any transmission lines or power plants. The ARO is currently undeterminable as the District has no plans of retirement or removal of these assets. The retirement or removal would reduce the service territory.

The District did consider the Bear Creek Diversion Dam, Industrial Well, and Linde Well on the Carson Water System. The Bear Creek Diversion Dam is currently in good operating condition. The District would consider decommissioning in 20-30 years provided a replacement water source can be obtained. There are no current plans to decommission the Dam. Due to contractual obligations with the U.S. Department of Agriculture Forest Service to remove structures and restore the site, the District recognized an ARO in the amount of $250,580. Initial decommissioning estimated costs were received from Grayling Engineers and updated in 2023 using the Engineering News Record (ENR) index. Linde Well is an undeveloped well that is located on privately-owned land. Retirement costs are not likely as the lease agreement transfers ownership of the well upon termination. There are no immediate plans to decommission the Linde Well or Industrial Well. However, the District did recognize an ARO in the amount of $82,189 for the Industrial Well for decommissioning costs obligated by WAC 173-

160-381. Initial decommissioning estimated costs were received from Grayling Engineers and updated in 2023 using the Engineering News Record (ENR) index. The Galligan Well, which provides source water for the Underwood system, was evaluated and there are no plans to retire or decommission the asset.

NOTE 14 – DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLANS

The following table represents the aggregate OPEB amounts for all plans subject to the requirements of GASB Statement 75 for the year 2023:

Aggregate OPEB Amounts – All Plans		
OPEB liabilities	$	349,492
Deferred outflows of resources	$	110,968
Deferred inflows of resources	$	699,541
OPEB expenses/expenditures	$	59,537

The District provides the following OPEB plans:

Retiree VEBA Contribution Defined Benefit Plan
(explicit medical benefit)

The Plan is administered by the District as a single-employer defined benefit healthcare plan with a funding policy that is based on a pay-as-you-go basis. There are no assets accumulated in a qualifying trust.

All amendments to the Plan's benefits or funding policy, if any, would be implemented through board resolutions for non-union employees and negotiations with the International Brotherhood of Electrical Workers, Local Union 125 for union members.

Eligible Class of Employee	Employees with at least 15 years of service with the District as of February 16, 2019. Retirees will be required to sign annual attestation form sating they are not eligible to receive health benefits elsewhere.
Benefit Duration	Retirees with 15 to 19 years of service with the District as of February 16, 2019 are entitled up to 18 consecutive months of premium credits or until retiree reaches age 65. Retirees with 20 or more years of service with the District as of February 16, 2019 are entitled up to 54 consecutive months of premium credits or until retiree reaches age 65.
Benefit Amount	Monthly premium credit amount is $800/month, to be deposited to the retiree's VEBA account.

Employee covered by benefit terms: At December 31, 2023, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	2
Inactive employees entitled to but not yet receiving benefits	0
Active Employees	4
Total	6

Medical, Dental, and Vision Defined Benefit Plan
(implicit medical benefit)

The Plan is administered by the District as a single-employer defined benefit healthcare plan with a funding policy that is based on a pay-as-you-go basis. There are no assets accumulated in a qualifying trust.

All amendments to the Plan's benefits or funding policy, if any, would be implemented through board resolutions for non-union employees and negotiations with the International Brotherhood of Electrical Workers, Local Union 125 for union members.

Eligible Class of Employee	All classes of employees with 10 years of service with the District are eligible to continue Medical, Dental, and Vision coverage upon retirement. Retirees will be required to sign annual attestation form stating they are not eligible to receive health benefits elsewhere.
Dependent Eligibility	Qualified spouses, domestic partners, and children may qualify for coverage.
Benefit Duration	Coverage for retirees and eligible dependents may continue until the retiree is eligible to receive coverage outside of the District's plan (or until dependent children become ineligible).
Benefit Amount	There is an implicit subsidy with respect to retired employees because the medical premium rates charged for coverage typically are less than actual expected retiree medical claims costs. This is due to medical premium rates being determined by blending both active employee and retiree experience.

Current Premiums

Medical Rates	Employee Only	Employee and Spouse	Employee and Child	Employee and Family	Medicare Rate
2023	$ 512.48	$ 1,024.97	$ 1,024.97	$ 1,537.45	$ 384.36

Employees covered by benefit terms: At December 31, 2023, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	3
Inactive employees entitled to but not yet receiving benefits	0
Active Employees	31
Total	34

Participant Statistics

	Explicit Benefit Eligible	Implicit Benefit Only	Total
Participate Statistics			
Active Participants			
Average Age	**53.2**	**44.2**	**45.3**
Average Service	**25.5**	**8.1**	**10.4**
Inactive Participates			
Average Age	**62.1**	**63.0**	**62.4**

Projected Benefit Payments

These projections are based on the census data, benefit provisions, and actuarial assumptions found in the Actuarial Valuation Report as of January 1, 2023 with a measurement date of December 31, 2023.

Fiscal Year Ending	Explicit Benefits	Implicit Benefits	Total
2023	$ 26,688	$ 25,360	$ 52,048
2024	22,733	21,855	44,588
2025	22,545	14,173	36,718
2026	7,343	17,982	25,325
2027	743	9,483	10,226
2028	1,155	12,195	13,351
2029	1,665	15,754	17,420
2030	2,306	7,749	10,055
2031	167	5,886	6,052
2032	225	8,200	8,425

Actuarial Methods and Assumptions

The District's engaged Independent Actuaries, Inc. to calculate the District's total OPEB liability for the fiscal year ending December 31, 2023. The District's net OPEB liability of $349,492 was measured as of December 31, 2023 with an actuarial valuation date of January 1, 2023. The Entry Age Normal Actuarial Cost Method was used in the calculation.

The total OPEB liability was determined using the following assumptions and methods:

I. Relevant Dates

Actuarial Valuation Date	January 1, 2023
	Data was collected as of December 31, 2023 and benefits were valued as if the data was representative of data on January 1, 2023
Measurement Date	December 31, 2023
Fiscal Year Ends	December 31, 2023

II. Actuarial Cost Method — Entry Age Normal, level percent of salary.

III. Assumptions

Interest Rate for Discounting Future Liabilities	3.25% per year, based on all years discounted at municipal bond rate (based on Bond Buyer 20-Bond General Obligation Index as of December 31, 2023).
General Inflation	2.75% per year.
Payroll Growth	3.50% per year
Salary Merit Scale	Total payroll increase is overall payroll growth plus merit table below. Samples rates are as follows:

Service	**PERS**
0	6.00%
5	2.20%
10	0.70%
15	0.30%
20	0.10%
25	0.00%
26+	0.00%

Annual Medical Rate Increase	The assumed increases for medical plans are:

Year	Rate	Year	Rate
2023	7.00%	2033	5.30%
2024	6.50%	2034	5.20%
2025	6.20%	2035	5.10%
2026	6.00%	2036	5.00%
2027	5.90%	2037	4.90%
2028	5.80%	2038	4.80%
2029	5.70%	2039	4.70%
2030	5.60%	2040	4.60%
2031	5.50%	2041+	4.50%
2032	5.40%		

The actual 2024 premium is reflected in our valuation; only underlying medical costs are assumed to increase at 7.00% in the first year.

The initial rates in the tables above are based in part on the 2024 Segal Health Plan Cost Trend Survey. Rates are trended down in subsequent years in accordance with prevalent actuarial practice based in part on the Society of Actuaries – Getzen Long Term Healthcare Trends Resource Model, as updated November 2021.

The medical premium credit was assumed to stay the same in future years.

Mortality Rates

Active employees: PubG.H-2010 General Employee, sex distinct, projected fully generationally with scale MP-2017.

Survivors & Beneficiaries: PubG.H-2010 General Contingent Survivor, sex distinct, projected fully generationally with scale MP-2017.

Healthy Retirees: PubG.H-2010 General Healthy Retiree, sex distinct, projected fully generationally with scale MO-2017.

Disabled Retirees: PubG.H-2010 General Disabled Retiree, sex distinct, projected fully generationally with scale MP-2017.

Turnover Rates

Generally as developed for the valuation of benefits under Washington PERS. Examples of turnover rates are as follows:

Service	Male	Female
0	26.00%	30.00%
5	6.00%	7.00%
10	4.00%	4.00%
15	3.00%	3.00%
20	2.00%	2.00%
25	1.50%	1.50%
26+	1.00%	1.00%

Disability Rates

As developed for the valuation of benefits under Washington PERS. Sample rates are as follows:

Age	Male	Female
20	0.00%	0.00%
40	0.02%	0.01%
60	0.60%	0.24%
80	0.00%	0.00%

Retirement Rates

Employees with fewer than 30 years of service are assumed to retire with rates as follows:

Age	Plan 2	Plan 3
50	0.0%	0.0%
51	0.0%	0.0%
52	0.0%	0.0%
53	0.0%	0.0%
54	0.0%	0.0%
55	1.0%	1.0%
56	1.0%	1.0%
57	2.0%	1.0%
58	2.0%	1.0%
59	4.0%	2.0%
60	5.0%	2.0%
61	8.0%	6.0%
62	15.0%	12.0%
63	20.0%	12.0%
64	40.0%	20.0%
65	35.0%	35.0%

Employees with 30 or more years of service are assumed to retire with rates as follows:

	Hired Before 5/1/2013		Hired After 5/1/2013	
Age	Plan 2	Plan 3	Plan 2	Plan 3
50	0%	0%	0%	0%
51	0%	0%	0%	0%
52	0%	0%	0%	0%
53	0%	0%	0%	0%
54	0%	0%	0%	0%
55	8%	4%	1%	1%
56	8%	4%	2%	1%
57	8%	4%	3%	2%
58	8%	5%	3%	2%
59	10%	10%	6%	4%
60	15%	12%	10%	8%
61	20%	15%	12%	10%
62	40%	35%	20%	17%
63	30%	25%	25%	20%
64	35%	30%	35%	30%
65	45%	45%	45%	45%

Participation

The following percentages of current active employees are assumed to be enrolled in a medical plan at retirement:

	100% of active eligible for District-paid medical benefits and currently enrolled in a medical plan.
	80% of actives not eligible for District-paid medical benefits and currently enrolled in a medical plan.
Plan Enrollment	Current and future retirees are assumed to remain enrolled in the plans in which they are currently enrolled, if any.
Marital Status	70% of future retirees electing coverage are assumed to cover a spouse as well. Males are assumed to be three years older than their female spouses. Actual marital status and ages as of the valuation date are used for current retirees, if available.
Coverage of Eligible Children	We have assumed no impact of dependent children on the implicit subsidy.
Health Care Claims Costs	2023 claims costs for an age 64 retiree or spouse are assumed to be $11,202 for males and $10,848 for females.
Aging Factors	Aging factors are used to adjust the age 64 per capita claims cost. Percentages shown below age 64 reduce the claim cost.

Attained Age	Male Factors	Female Factors
Under 40	3.23% per year	3.88% per year
40-44	4.39% per year	1.15% per year
45-49	5.48% per year	3.10% per year
50-54	5.58% per year	3.10% per year
55-59	5.20% per year	3.13% per year
60-64	5.12% per year	4.02% per year

Dental and Vision Costs	We have assumed no implicit subsidy due to dental or vision costs.
Integration with Medicare	We have assumed no implicit subsidy for retired participants who are Medicare eligible.
Changes since Prior Valuation	The interest rate for discounting future liabilities was changed to reflect municipal bond rates as of the first Measurement Date.
	Medical trend rates were updated to better reflect anticipated experience.
	Sex-distinct aging factors were introduced to reflect the differences between male and female morbidity.

Sensitivity Rates

The following presents the total OPEB liability of the District calculated using the current healthcare trend rates, as well as what the OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate.

	1% Decrease	Baseline Trend	1% Increase
Total OPEB Liability	$ 315,275	$ 349,492	$ 390,175
Change from Baseline	(34,217)	-	40,683

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 percent) or 1-percentage point higher (4.25 percent) than the current rate.

	1% Decrease (2.25%)	Current Discount Rate (3.25%)	1% Increase (4.25%)
Total OPEB Liability	$ 373,752	$ 349,492	$ 326,453
Change from Baseline	24,260	-	(23,039)

Changes in the Total OPEB Liability

The District's total OPEB liability with a measurement date of 12/31/2023 was calculated with an actuarial valuation date of 1/1/2023. The District's Change's in Total OPEB Liability are as follows:

Medical, Dental, and Vision & Retiree VEBA Contribution Defined Benefit Plan(s)	
Total OPEB Liability at 01/01/2023	$ 487,528
Service Cost	24,777
Interest	13,373
Changes of benefit terms	-
Difference between expected and actual experience	(163,441)
Changes of assumptions or other input	39,303
Benefit payments	(52,048)
Total OPEB Liability at 12/31/2023	$ 349,492

The District's most recent valuation as of 1/1/2023 was a full actuarial valuation. There were no changes to the benefits terms that impacted the measurement of the total OPEB liability since the prior measurement date. The total OPEB expense (credit) recognized for the year ended 12/31/2023 was ($59,537).

Other changes of assumption since prior valuation:

- The interest rate for discounting future liabilities was changed to reflect municipal bond rates as of the Measurement Date.
- Medical trend rates were updated to better reflect anticipated experience.

- Sex-distinct aging factors were introduced to reflect the differences between male and female mobidity.

At December 31, 2023, the 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	$	3,940	$	281,577
Changes of assumptions	$	107,028	$	417,964
Payments subsequent to the measurement date	$	0	$	0
TOTAL	$	110,968	$	699,541

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

Year ended December 31:		
2024	$	(97,687)
2025	$	(97,687)
2026	$	(97,687)
2027	$	(97,687)
2028	$	(97,684)
Thereafter	$	(100,141)

PUBLIC UTILITY DISTRICT NO. 1 OF SKAMANIA COUNTY
Schedule of Changes in Total OPEB Liability and Related Ratios
Medical, Dental & Vision & Retiree VEBA Contribution Defined Benefit Plan(s)
For the year ended December 31, 2023
Last 10 Fiscal Years*

	2023	2022	2021	2020	2019	2018	20XX	20XX	20XX	20XX
Total OPEB liability - beginning	$ 487,528	$ 581,372	$ 663,716	$ 649,848	$ 1,236,896	$ 1,107,488				
Service cost	24,777	24,055	34,901	33,884	45,407	36,617				
Interest	13,373	11,382	18,512	18,276	41,641	34,666				
Changes in benefit terms	0	0	0	0	94,583	0				
Differences between expected and actual experience	(163,441)	0	(182,867)	0	7,880	98,638				
Changes of assumptions	39,303	(56,592)	98,034	0	(743,327)	(40,513)				
Benefit payments	(52,048)	(72,689)	(50,925)	(38,291)	(33,232)	0				
Other changes	0	0	0	0	0	0				
Total OPEB liability - ending	349,492	487,528	581,371	663,717	649,848	1,236,896				
Covered-employee payroll	2,929,487	2,826,026	2,730,460	3,077,060	2,877,166	2,809,981				
Total OPEB liability as a % of covered payroll	11.93%	17.25%	21.29%	21.57%	22.59%	44.02%				

Notes to Schedule:

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

1. There are no assets accumulated in a trust that meets the criteria in paragraph 4 of GASB 75.

2. For the year ended December 31, 2023, there were no significant changes of benefit terms, changes in the size or composition of the population covered by the benefit terms, or the use of different assumptions in the calculation of the OPEB liability.

3. For the year ended December 31, 2022, there were no significant changes of benefit terms, changes in the size or composition of the population covered by the benefit terms, or the use of different assumptions in the calculation of the OPEB liability.

4. For the year ended December 31, 2021, there were no significant changes of benefit terms, changes in the size or composition of the population covered by the benefit terms, or the use of different assumptions in the calculation of the OPEB liability.

5. The changes of assumptions for the year ended December 31, 2019 reflect the following:
Total OPEB liability was calculated for the year ended December 31, 2019 using a full actuarial valuation in lieu of the Alternative Measurement Method used to calculate the liability for the year ended December 31, 2018.

6. The changes of benefits for the year ended December 31, 2019 reflect the following:
Effective February 16, 2019, retirees with 15 to 19 years of services are entitled up to 18 consecutive months of premium credits or until retiree reaches age 65. Retirees with 20 or more years of service with the District are entitled up to 54 consecutive months of premium credit or until retiree reaches age 65. Monthly premium credit amount is $800/month, to be deposited to the retiree's VEBA account.

REQUIRED SUPPLEMENTARY INFORMATION For State Sponsored Plans (PERS, SERS, PSERS, TERS, LEOFF)

SKAMANIA COUNTY PUBLIC UTILITY DISTRICT #1
Schedule of Proportionate Share of the Net Pension Liability (Asset)
Public Employees' Retirement System Plan 1
As of June 30, 2023
Last 10 Fiscal Years*

	2023	2022	2021	2020	2019	2018	2017	2016	2015	20XX
Employer's proportion of the net pension liability (asset)	0.019828%	0.019897%	0.019636%	0.018752%	0.020308%	0.019660%	0.020558%	0.020866%	0.020470%	
Employer's proportionate share of the net pension liability (asset)	$ 452,620	$ 554,006	$ 239,802	$ 662,047	$ 780,915	$ 878,022	$ 975,493	$ 1,120,602	$ 1,070,771	
Covered payroll	$ 3,536,028	$ 3,071,100	$ 3,162,729	$ 2,862,893	$ 2,856,147	$ 2,622,183	$ 2,592,448	$ 2,496,944	$ 2,346,093	
Employer's proportionate share of the net pension liability as a percentage of covered payroll	12.80%	18.04%	7.58%	23.13%	27.34%	33.48%	37.63%	44.88%	45.64%	
Plan fiduciary net position as a percentage of the total pension liability	80.16%	76.56%	88.74%	68.64%	67.12%	63.22%	61.24%	57.03%	59.10%	

Notes to Schedule:
*Until a full 10-year trend is compiled, only information for those years available is presented.

Note 1: Information Provided
The district implemented GASB 68 for the year end December 31, 2015, therfore there is not data available for years prior to 2015.

REQUIRED SUPPLEMENTARY INFORMATION For State Sponsored Plans (PERS, SERS, PSERS, TERS, LEOFF)

SKAMANIA COUNTY PUBLIC UTILITY DISTRICT #1
Schedule of Proportionate Share of the Net Pension Liability (Asset)
Public Employees' Retirement System Plan 2-3
As of June 30, 2023
Last 10 Fiscal Years*

	2023	2022	2021	2020	2019	2018	2017	2016	2015	20XX
Employer's proportion of the net pension liability (asset)	0.025572%	0.025874%	0.025231%	0.024421%	0.026222%	0.025236%	0.026443%	0.026738%	0.026438%	
Employer's proportionate share of the net pension liability (asset)	$ (1,048,115)	$ (959,610)	$ (2,513,414)	$ 312,331	$ 254,705	$ 430,882	$ 918,768	$ 1,346,237	$ 944,645	
Covered payroll	$ 3,536,028	$ 3,071,100	$ 3,162,729	$ 2,862,893	$ 2,856,147	$ 2,622,183	$ 2,592,448	$ 2,496,944	$ 2,346,093	
Employer's proportionate share of the net pension liability as a percentage of covered payroll	-29.64%	-31.25%	-79.47%	10.91%	8.92%	16.43%	35.44%	53.92%	40.26%	
Plan fiduciary net position as a percentage of the total pension liability	107.02%	106.73%	120.29%	97.22%	97.77%	95.77%	90.97%	85.82%	89.20%	

Notes to Schedule:
*Until a full 10-year trend is compiled, only information for those years available is presented.

Note 1: Information Provided
The district implemented GASB 68 for the year end December 31, 2015, therfore there is not data available for years prior to 2015.

REQUIRED SUPPLEMENTARY INFORMATION For State Sponsored Plans (PERS, SERS, PSERS, TERS, LEOFF)

SKAMANIA COUNTY PUBLIC UTILITY DISTRICT #1
Schedule of Employer Contributions
Public Employees' Retirement System Plan 1
For the year ended December 31, 2023
Last 10 Fiscal Years*

	2023	2022	2021	2020	2019	2018	2017	2016	2015	20XX
Statutorily or contractually required contributions	$ 122,833	$ 124,832	$ 132,132	$ 145,829	$ 139,923	$ 137,776	$ 133,784	$ 115,046	$ 105,632	
Contributions in relation to the statutorily or contractually required contributions	122,833	124,832	132,132	145,829	139,923	137,776	133,784	115,046	105,632	
Contribution deficiency (excess)	0	0	0	0	0	0	0	0	0	
Covered payroll	$ 3,585,843	$ 3,325,655	$ 3,064,234	$ 3,038,960	$ 2,828,247	$ 2,720,714	$ 2,738,255	$ 2,411,867	$ 2,415,968	
Contributions as a percentage of covered payroll	3.43%	3.75%	4.31%	4.80%	4.95%	5.06%	4.89%	4.77%	4.37%	

Notes to Schedule:
*Until a full 10-year trend is compiled, only information for those years available is presented.

Note 1: Information Provided
The district implemented GASB 68 for the year end December 31, 2015, therfore there is not data available for years prior to 2015.

REQUIRED SUPPLEMENTARY INFORMATION For State Sponsored Plans (PERS, SERS, PSERS, TERS, LEOFF)

SKAMANIA COUNTY PUBLIC UTILITY DISTRICT #1
Schedule of Employer Contributions
Public Employees' Retirement System Plan 2-3
For the year ended December 31, 2023
Last 10 Fiscal Years*

	2023	2022	2021	2020	2019	2018	2017	2016	2015	20XX
Statutorily or contractually required contributions	$ 228,060	$ 211,513	$ 219,697	$ 240,686	$ 218,269	$ 204,059	$ 185,954	$ 150,260	$ 135,539	
Contributions in relation to the statutorily or contractually required contributions	228,060	211,513	219,697	240,686	218,269	204,059	185,954	150,260	135,539	
Contribution deficiency (excess)	0	0	0	0	0	0	0	0	0	
Covered payroll	$ 3,585,843	$ 3,325,655	$ 3,064,234	$ 3,038,960	$ 2,828,247	$ 2,720,714	$ 2,738,255	$ 2,411,867	$ 2,415,968	
Contributions as a percentage of covered payroll	6.36%	6.36%	7.17%	7.92%	7.72%	7.50%	6.79%	6.23%	5.61%	

Notes to Schedule:
*Until a full 10-year trend is compiled, only information for those years available is presented.

Note 1: Information Provided
The district implemented GASB 68 for the year end December 31, 2015, therfore there is not data available for years prior to 2015.

Public Utility District No. 1 of Skamania County
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2023

Federal Agency (Pass-Through Agency)	Federal Program	ALN Number	Other Award Number	Expenditures: From Pass-Through Awards	Expenditures: From Direct Awards	Expenditures: Total	Passed through to Subrecipients	Note
Economic Development Cluster								
ECONOMIC DEVELOPMENT ADMINISTRATION, COMMERCE, DEPARTMENT OF	Economic Adjustment Assistance	11.307		-	2,166,323	2,166,323	-	
			Total Economic Development Cluster:	**-**	**2,166,323**	**2,166,323**	-	
FEDERAL EMERGENCY MANAGEMENT AGENCY, HOMELAND SECURITY, DEPARTMENT OF (via WA State Military Department)	Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	4682-DR-WA	90,415	-	90,415	-	
FEDERAL EMERGENCY MANAGEMENT AGENCY, HOMELAND SECURITY, DEPARTMENT OF (via WA State Military Department)	Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	4650-DR-WA	76,749	-	76,749	-	1, 2, 3, 4
			Total ALN 97.036:	**167,164**	**-**	**167,164**	-	
			Total Federal Awards Expended:	**167,164**	**2,166,323**	**2,333,487**	**-**	

The accompanying notes are an integral part of this schedule.

Skamania County
Public Utility District
No 1

Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2023

Note 1 – Basis of Accounting

This Schedule is prepared on the same basis of accounting as the district's financial statements. The district uses the accrual basis of accounting.

Note 2 – Federal De Minimis Indirect Cost Rate

This district has not elected to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

Note 3 – Program Costs

The amounts shown as current year expenditures represent only the federal award portion of the program costs. Entire program costs, including the district's portion, are more than shown. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 4 – Reporting Period

Federal Emergency Management Act (FEMA) Award Number 4650-DR-WA in the amount of $76,749 is related to a prior year.

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.

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