Financial Statements Audit Report

Public Utility District No. 1 of Asotin County

For the period January 1, 2024 through December 31, 2024

Published July 3, 2025

Report No. 1037647

Office of the Washington State Auditor
Pat McCarthy

July 3, 2025

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

Report on Financial Statements

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

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

Sincerely,

Pat McCarthy, State Auditor

Olympia, WA

Americans with Disabilities

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Public Utility District No. 1 of Asotin County
January 1, 2024 through December 31, 2024

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States, the financial statements of Public Utility District No. 1 of Asotin County, as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated June 26, 2025.

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, State Auditor

Olympia, WA

June 26, 2025

INDEPENDENT AUDITOR'S REPORT

Report on the Audit of the Financial Statements

Public Utility District No. 1 of Asotin County
January 1, 2024 through December 31, 2024

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

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the accompanying financial statements of Public Utility District No. 1 of Asotin County, as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the financial section of our report.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of Public Utility District No. 1 of Asotin County, as of December 31, 2024, and the changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Matters of Emphasis

As discussed in Note 7 to the financial statements, in 2024, the City of Clarkston transferred its sewer system operations to the District, which included related assets, property, easements, leases, and debt. Transfers of operations are a type of government combination, which is considered a change in reporting entity. Our opinion is not modified with respect to this matter.

As discussed in Note 11 to the financial statements, in 2024, the District adopted new accounting guidance, Governmental Accounting Standards Board *Statement No. 101, Compensated Absences*. Our opinion is not modified with respect to this matter.

As discussed in Note 12 to the financial statements, in 2024, the District changed the classification of operating expense line items in its financial statements. This change impacts the comparability of the 2024 financial statements with those of the prior period. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

Required Supplementary Information

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

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we have also issued our report dated June 26, 2025 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Pat McCarthy, State Auditor

Olympia, WA

June 26, 2025

FINANCIAL SECTION

Public Utility District No. 1 of Asotin County
January 1, 2024 through December 31, 2024

REQUIRED SUPPLEMENTARY INFORMATION

BASIC FINANCIAL STATEMENTS

REQUIRED SUPPLEMENTARY INFORMATION

Management Discussion and Analysis

The following Management Discussion and Analysis is designed to provide an overview of the Asotin County Public Utility District's (District) financial activities for the year ended December 31, 2024. This discussion should be read in conjunction with the District's financial statements and notes to the financial statements.

The District owns and operates a public water system with approximately 7,664 connections to customers in Asotin County covering twenty square miles. The District also owns and operates the Port of Wilma water system in Whitman County which serves approximately 30 commercial and industrial customers. The District provides sanitary sewer collection and treatment to 4,208 customers. The District's office and main shop are located in Clarkston, Washington.

Basic Financial Statements

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

Financial Analysis and Summary

The District's overall financial condition has increased by $11.8 million or 42% over 2023. This stems from the special item recognized with the transfer of the City of Clarkston Sewer Operations to the District. This transfer was done for operational efficiency. The District has been very careful with the resources that have been provided by rate revenue because there is very little growth potential projected for revenues from new customers. Slow growth in costs has provided revenue stability for the District and rate stability for customers while allowing the District to meet its obligations and provide for capital improvement.

The District's consumption rate increased from $1.20 to $1.25, and the meter base rate increased $1.00 across meter sizes ¾" to 1 ½", $5.00 for 2" to 8" meters, during 2023. The District is continuing to use current rates to fund asset expansion. The sewer rates for city residential customers increase from $22.81 to 24.40 for the base fee and from $4.83 to $5.20 for the consumption charge. City Commercial customer sewer rates increased from $43.94 to $47.00 for the base charge and from $4.83 to $5.20 for the consumption charge.

Current and other assets increased by $1.4 million, or 20%, most of which is attributable to a $2.1 million increase in unrestricted cash, offset with an $.8 million decrease in restricted cash. Unrestricted Cash increased due to strengthened operations.

Capital assets increased $16.6 million, or 61%, as a result of the government combination with the City of Clarkston offset by the removal of the right to use assets and standard depreciation and amortization.

Current liabilities decreased $1.7 million, or 56% in 2023. The majority of this decrease is because the $1.8 million Payables from a Restricted Asset was removed with the City of Clarkston government combination. Long term liabilities increased $8.2 million or 186% with the assumption of the City's sewer related debt and the issuance of 2024 bonds. See the Long-Term Debt discussion below.

CONDENSED COMPARATIVE STATEMENT OF NET POSITION
As of December 31, 2024 and 2023
(In thousands)

	2024	2023	Change	%
Assets				
Current and other assets	$ 8,385	$ 6,965	$ 1,420	20%
Capital assets, net of depreciation and amortization	43,886	27,238	16,648	61%
Total Assets	52,271	34,203	18,068	53%
Deferred outflows of resources	1,544	1,386	158	11%
Liabilities				
Current liabilities	1,297	2,971	(1,674)	-56%
Long-term liabilities	12,652	4,419	8,233	186%
Total Liabilities	13,949	7,390	6,559	89%
Deferred inflows of resources	420	512	(92)	-18%
Net Position				
Net investment in capital assets	33,683	24,502	9,181	37%
Restricted	446	525	(79)	-15%
Unrestricted	5,317	2,660	2,657	100%
Total net position	$ 39,446	$ 27,687	$ 11,759	42%

The largest portion of the District's net position is the classification Net Investment in Capital Assets. This classification reflects the District's investment in capital assets (land, intangible assets such as easements, right to use assets and water rights, buildings, plant, and equipment) less any remaining related debt. The District uses its capital assets to provide services to its customers. The classification Net Investment in Capital Assets increased by approximately $9.2 million, or 37%, in 2024, as assets were added at a greater rate than depreciated and amortized. This increase was mostly a result of adding $18.8 million in capital assets received with the government combination, offset with $10.2 million in related debt.

The remainder of the District's net position is made up of restricted and unrestricted net position. The unrestricted net position may be used to meet the District's ongoing obligations to customers and creditors, while the restricted net position reflects the Districts' proportionate share of the State of Washington's Pension Assets. Restricted net position decreased $79 thousand, or 15% in 2024.

CONDENSED COMPARATIVE STATEMENT OF CHANGES IN FUND NET POSITION
For the year ended December 31, 2024 and 2023
(In thousands)

	2024	2023	Change	%
Operating revenues				
Metered and Wastewater sales	$ 9,440	$ 8,329	$ 1,111	13%
Other operating	380	559	(179)	-32%
Non-operating revenues - other	182	94	88	94%
Non-operating revenues -disposal of assets	(172)	(192)	20	-10%
Total revenues	9,830	8,790	1,040	12%
Operating expenses				
Personnel Costs	3,587	2,883	704	24%
Supplies	1,047	928	119	13%
Services	2,392	1,985	407	21%
Depreciation and Amortization	966	1,038	(72)	-7%
Excise and B&O Taxes	364	287	77	27%
Non-operating expenses	302	249	53	21%
Total expenses	8,658	7,370	1,288	17%
Income before contributions and special items	1,172	1,420	(248)	-17%
Special item	10,580	-	10,580	100%
Capital contributions - grants	12	406	(394)	-97%
Total capital contributions and special items	10,592	406	10,186	2509%
Change in net position	11,764	1,826	9,938	544%
Net Position, beginning of year	27,687	25,861	1,826	7%
Change in accounting principles	(5)	-	(5)	100%
Net Position, end of year	$ 39,446	$ 27,687	$ 11,759	42%

Change in net position after non-operating revenues and expenses was $1.2 million in 2024, which is $248 thousand less than the change in net position for 2023. Total revenues increased by $1.0 million, or 13%, mainly due to the planned 5% rate increase and increased customers and the first full year of revenue from city sewer services. In 2023 the District only collected sewer service revenue for nine months. Other operating revenues decreased by $179 thousand or 32%, mainly due to miscellaneous revenues dropping to historical amounts. Interest revenue, presented as non-operating other, increased by $88 thousand, or 94%, due to the current economic conditions in which interest rates are higher than they have been in the past.

Expenditures increased by $1.3 million, or 17%. This increase came from both increased Personnel Costs ($704 thousand, 24%) and Services ($407 thousand, 21%). These increases were caused by expenses related to our first full year of operations at the wastewater treatment plant. In 2023 the District only operated the wastewater treatment plan for nine months.

The net utility operating income before non-operating revenues and expenses was $1.5 million as compared to $1.8 million in 2023. The operating income decreased by approximately $313 thousand between 2023 and 2024, related to expenses increasing at a greater rate than operating revenues.

Additional details about the $10.6 million special item related to the government combination can be found in Note 7, Public-Public Partnership and Government Combination.

Capital Assets

The District's total capital assets as of December 31, 2024, were $43.9 million, net of depreciation. This is an increase of $16.6 million due to the transfer of the City of Clarkston Assets upon terminating the Public-Public-Partnership. Funds for capital construction are provided for through a combination of installation charges and cash flow from revenues. See Note 3, Capital Assets of the accompanying notes to the financial statements for further detail related to capital asset activity.

Long Term Debt

At December 31, 2024, the District has $11.2 million of long term debt. During 2024, the District issued $5.0 million including the premium issuance, in capital debt to refund the City of Clarkston Sewer revenue bonds and to provide $1.0 million to improve the District's systems. Further, the District assumed $6.3 million in PWTF and State Ecology loans from the government combination. See Note 4, Long-Term Liabilities of the accompanying notes to the financial statements for additional information about the District's debt activity.

Economic Outlook and Currently Known Facts

In 2024, the District consumptive meter charge increased by $1.20-$1.25 across meter sizes. The District has projected a 5% increase in rates over the next three years to fund utility operations and future projects identified in the water system plan. The District continues to strive to reduce its capital debt and use current resources to fund capital acquisition.

Requests for Information

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

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

PUBLIC UTILITY DISTRICT NO.1 OF ASOTIN COUNTY
STATEMENT OF NET POSITION
DECEMBER 31, 2024

		2024
ASSETS		
Current Assets:		
Cash and Cash Equivalents	$	5,552,000
Accounts Receivable, net		821,606
Materials Inventory		559,757
Restricted Assets - Cash and Cash Equivalents		1,003,948
TOTAL CURRENT ASSETS		7,937,311
Noncurrent Assets:		
Workers Compensation Deposit		1,548
Capital Assets Not Being Depreciated		661,156
Capital Assets Being Depreciated and Amortized		43,224,609
Net Pension Asset		446,191
TOTAL NONCURRENT ASSETS		44,333,504
TOTAL ASSETS	$	52,270,815
DEFERRED OUTFLOWS OF RESOURCES		
Amounts Related to Asset Retirement Obligations		725,712
Amounts Related to Pensions		633,637
Amounts Related to OPEB		185,304
TOTAL DEFERRED OUTFLOWS OF RESOURCES	$	1,544,653

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

PUBLIC UTILITY DISTRICT NO.1 OF ASOTIN COUNTY
STATEMENT OF NET POSITION
DECEMBER 31, 2024

		2024
LIABILITIES		
Current Liabilities:		
Accounts Payable	$	185,613
Wages Payable		80,225
Other Current Liabilities		52,061
Interest Payable		101,669
Customer Deposits		52,049
Compensated Absences		270,422
Debt Payable		498,324
Total Other Post Employment Benefits Liability		56,458
TOTAL CURRENT LIABILITIES		1,296,821
Noncurrent Liabilities:		
Debt Payable		10,708,440
Claims Liability Payable		93,954
Compensated Absences		151,976
Total Other Post Employment Benefits Liability		445,905
Asset Retirement Obligation		1,068,489
Net Pension Liability		183,316
TOTAL NONCURRENT LIABILITIES		12,652,080
TOTAL LIABILITIES	$	13,948,901
DEFERRED INFLOWS OF RESOURCES		
Amounts Related to Pensions		272,256
Amounts Related to OPEB		147,986
TOTAL DEFERRED INFLOWS OF RESOURCES	$	420,242
NET POSITION		
Net Investment in Capital Assets		33,682,949
Restricted for Net Pension		446,191
Unrestricted		5,317,185
TOTAL NET POSITION	$	39,446,325

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

PUBLIC UTILITY DISTRICT NO.1 OF ASOTIN COUNTY
STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN FUND NET POSITION
YEAR ENDED DECEMBER 31, 2024

		2024
OPERATING REVENUES		
Metered and Wastewater Sales	$	9,439,805
Other Operating Revenues		379,901
Total Operating Revenue		9,819,706
OPERATING EXPENSES		
Personnel		3,587,307
Supplies		1,046,892
Services		2,392,101
Depreciation and Amortization		965,691
Excise and B&O Taxes		363,922
Total Operating Expenses		8,355,913
OPERATING INCOME (LOSS)		1,463,793
NONOPERATING REVENUES (EXPENSES)		
Interest Income		182,200
Interest Expense and Fiscal Charges		(302,113)
Gain (Loss) on Sale and/or Disposition Property		(172,185)
Total Nonoperating Revenues (Expenses)		(292,098)
INCOME BEFORE CONTRIBUTIONS AND SPECIAL ITEMS		1,171,695
CAPITAL CONTRIBUTIONS		12,327
SPECIAL ITEMS		
Government Combination - Clarkston Sewer System		10,579,746
CHANGE IN NET POSITION		11,763,768
TOTAL NET POSITION, January 1, 2024		27,687,516
Change in Accounting Principle		(4,959)
TOTAL NET POSITION, December 31, 2024	$	39,446,325

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

PUBLIC UTILITY DISTRICT NO.1 OF ASOTIN COUNTY
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2024

		2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from Customers	$	9,737,617
Payments to Suppliers		(3,712,211)
Payments to Employees		(3,806,723)
Payments for Taxes		(363,922)
Other Receipts Related to Government Combination		111,716
NET CASH PROVIDED BY OPERATING ACTIVITIES		1,966,477
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Receipt of Capital Contributions		12,327
Acquisition and Construction of Capital Assets		(1,367,008)
Payments on PPPs		(367,391)
Payments on SBITAs		(9,715)
Proceeds from Capital Debt		1,003,948
Payments on Capital Debt		(17,876)
Interest Paid on Long Term Debt		(125,270)
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES		(870,985)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest and Dividends on Investments		182,199
NET CASH PROVIDED BY INVESTING ACTIVITIES		182,199
NET INCREASE IN CASH AND CASH EQUIVALENTS		1,277,691
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		5,278,257
CASH AND CASH EQUIVALENTS AT END OF YEAR	$	6,555,948
RECONCILIATION TO NET POSITION		
Cash and Cash Equivalents		5,552,000
Restricted Cash		1,003,948
TOTAL CASH AND CASH EQUIVALENTS	$	6,555,948

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

PUBLIC UTILITY DISTRICT NO.1 OF ASOTIN COUNTY
STATEMENT OF CASH FLOWS (CONTINUED)
YEAR ENDED DECEMBER 31, 2024

RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES

Utility Operating Income	$	1,463,793
Adjustments to Reconcile Net Operating Income (Loss) to		
Net Cash Provided by (Used in) Operating Activities:		
Depreciation and Amortization Expense		965,691
ARO Amortization Expense (Maintenance)		11,705
Other Nonoperating Revenues		111,716
(Increase) Decrease in Receivables		(82,089)
(Increase) Decrease in Inventories		(139,791)
Increase (Decrease) in Current Payables		(145,132)
Increase (Decrease) in Accrued Payroll		14,887
Increase (Decrease) in Restricted Payables		0
Increase (Decrease) in Pension Items		(205,209)
Increase (Decrease) in Accrued Employee Benefits		(29,094)
NET CASH PROVIDED BY OPERATING ACTIVITIES	$	1,966,477

Noncash Investing, Financing and Capital Activities		
Capital Assets Financed Through Accounts Payable	$	1,285
Right to Use Public-Public-Partnership Asset Terminated		(2,380,306)
Publc-Public-Partnership Liability Terminated on Transfer		2,358,540
Capital Assets Transferred in Government Operations		18,776,439
Debt Transferred in Government Operations		(10,124,559)

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

Notes to the Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

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

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

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

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

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

Receivables. Accounts receivable includes current balances due on utility services billed and other receivables. An allowance for uncollectible accounts is provided based upon historical collection experience. The basis for Unbilled Accounts Receivable is accounts that were billed in January 2025 for service that was provided in December 2024.

Accounts receivable as of December 31, 2024, are as follows:

Utility Service	$ 687,580
Unbilled Accounts Receivable	135,456
Allowance for Uncollectible Accounts	(1,430)
Total	$ 821,606

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

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

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

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

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

Right to use assets are amortized over the life of the applicable agreement.

Compensated Absences. Compensated absences is a leave for which employees receive cash payments when the leave is used for time off or cash payments upon termination of employment. Compensated absences are recognized when earned by employees and expected to be paid. Personal leave pay, which may be accumulated up to a maximum of 1,200 hours, is payable upon resignation, retirement or death.

Key policies include:

- Accrued liabilities are recognized in the financial statements for amounts attributable to employees' services rendered through the end of the reporting period.
- Liabilities for compensated absences are measured based on pay rates in effect at the reporting date and include applicable salary-related payments.
- The liability is categorized as a current or noncurrent liability based on the timing of expected payments.
- Accrual of sick leave liabilities is based on policies allowing employees to receive payment for unused balances upon termination or retirement, subject to the probability of payment.
- The FIFO flow assumption was used.

See Note 4, Long-term Liabilities.

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

Claims Liability Payable. Claims Liability Payable represent future assessments to the District due to the PURMS insurance pool to meet minimum reserve requirements of the pool. At December 31, 2024, the claims liability payable was $93,954.

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

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

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

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

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

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

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

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

2. DEPOSITS AND INVESTMENTS

Cash and Cash Equivalents

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

As of December 31, 2024, the District's cash and cash equivalents are as follows:

Bank depository and checking accounts	$	5,867,440
Petty Cash		450
Local Government Investment Pool		688,058
Total cash and cash equivalents	$	6,555,948

Deposits:

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

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

Investments

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

Investments Measured at Amortized Cost

As of December 31, 2024, the District had the following investments at amortized cost:

Investment	Maturities		Total
State Investment Pool (LGIP)	NA	$	688,058
Total		$	688,058

The District is a voluntary participant in the Local Government Investment Pool, an external investment pool operated by the Washington State Treasurer. The pool is not rated and not registered with the SEC. Rather, oversight is provided by the State Finance Committee in accordance with RCW 43.250. Investments in the LGIP are reported at amortized cost, which is the same as the value of the pool per share. The LGIP does not impose any restrictions on participant withdrawals.

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

3. CAPITAL ASSETS

Utility plant activity for the year ended December 31, 2024, was as follows:

CAPITAL ASSETS	Beginning Balance	Increase	Decrease	Ending Balance
Utility plant not being depreciated				
Land	$ 174,715	$ 314,385	$ -	$ 489,100
Construction in progress	50,367	121,689	-	172,056
Total utility plant not being depreciated	225,082	436,074	-	661,156
Utility plant being depreciated				
Buildings and improvements	1,586,576	14,185,533	-	15,772,109
Wells, distribution system and infrastructure	30,819,253	4,349,504	60,977	35,107,780
Equipment	2,518,045	1,173,621	707,886	2,983,780
Total utility plant being depreciated	34,923,874	19,708,658	768,863	53,863,669
Less accumulated depreciation for:				
Buildings and improvements	856,652	103,435	-	960,087
Wells, distribution system and infrastructure	8,497,838	340,931	24,026	8,814,743
Equipment	1,275,447	184,022	594,418	865,051
Total accumulated depreciation	10,629,937	628,388	618,444	10,639,881
Total utility plant being depreciated, net	24,293,937	19,080,270	150,419	43,223,788
Utility plant being amortized				
Right to Use Asset - SBITA	19,715	-	-	19,715
Right to Use Asset - PPP	3,250,288	-	3,250,288	-
Total utility plant, being amortized	3,270,003	-	3,250,288	19,715
Less accumulated amortization for:				
Right to Use Asset - SBITA	9,858	9,036	-	18,894
Right to Use Asset - PPP	541,715	328,267	869,982	-
Total accumulated amortization	551,573	337,303	869,982	18,894
Total utility plant being amortized, net	2,718,430	(337,303)	2,380,306	821
Total utility plan being depreciated and amortized, net	27,012,367	18,742,967	2,530,725	43,224,609
Total utility plant, net	$ 27,237,449	$ 19,179,041	$ 2,530,725	$ 43,885,765

Well #7 is idle as of December 31, 2024, as it undergoes major repairs, expected to be completed March 2025. It has a carrying value of $164,000.

4. LONG-TERM LIABILITIES

On August 7, 2024, the District issued 2024 Revenue Bonds in the amount of $4,555,000 to finance capital improvements of the sewer system and to defease the bonded debt related to the Public-Public Partnership. At the dissolution of the partnership, the District also assumed the State Revolving Fund loan and the Public Works Trust Fund loan. At the time of assumption, the remaining balances were $315,841 and $5,945,674, respectively.

Name of Issuance-Purpose	Issuance Date	Maturity Date	Interest Rate	Original Amount	12/31/24 Debt Outstanding	Maturities
Publicly Offered Bonds						
2024 Revenue Bonds	Aug-24	Dec-44	5%	4,555,000	$ 4,555,000	$90,000 to $270,000
Total Publicly offered bonds					4,555,000	
Direct Borrowings						
2013 Ecology State Revolving Fund	Jun-13	Jun-32	2.60%	10,000,000	297,965	$22,004
2013 PWTF	Jun-12	Jun-42	0.25%	9,913,540	5,945,674	$349,746
Total Direct Borrowing Loans					6,243,639	
Total Debt					$ 10,798,639	

The direct borrowing loans were assumed in August 2024 for the City of Clarkston upon the ownership transfer of the City of Clarkston's sewer system to the District. See Note 7, Public-Public Partnership and Government Combination.

The 2024 bonds pledge the assets of the District as collateral against the debt. No assets are pledged against the State Ecology or PWTF loans. Upon default of the State Ecology loan, the State may at its sole discretion declare the principal and interest on the loan immediately due and payable. Further, repayments not made immediately will incur late charges. Upon default of the PWTF loan, the interest rate will increase to 12%. The Public Works Board may declare the entire remaining balance, with interest, to be due and payable immediately.

Debt service Requirements on long-term debt at December 31, 2024, are as follows:

	Revenue Bonds			**Direct Borrowing Notes**		
	Principal	Interest	Total Requirements	Principal	Interest	Total Requirements
2025	$ 90,000	$ 299,871	$ 389,871	$ 386,202	$ 22,417	$ 408,619
2026	160,000	223,250	383,250	387,161	20,583	407,744
2027	170,000	215,250	385,250	388,146	18,724	406,870
2028	190,000	206,750	396,750	389,156	16,839	405,995
2029	200,000	197,250	397,250	390,192	14,928	405,120
2030-2034	1,125,000	828,000	1,953,000	1,854,563	47,904	1,902,467
2035-2039	1,395,000	522,250	1,917,250	1,748,728	21,859	1,770,587
2040-2044	1,225,000	154,250	1,379,250	699,491	2,623	702,114
	$ 4,555,000	$ 2,646,871	$ 7,201,871	$ 6,243,639	$ 165,877	$ 6,409,516

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

	Balance 1/1/2024	Increase	Decrease	Balance 12/31/2024	Due within one year
Private Placement Debt	$ -	$ 4,555,000	$ -	$ 4,555,000	$ 90,000
Premium on Bond	-	417,343	9,218	408,125	22,122
Private Placement Debt (Net)	-	4,972,343	9,218	4,963,125	112,122
Direct Borrowings	-	6,261,515	17,876	6,243,639	386,202
Compensated Absences*	470,708	-	48,310	422,398	270,422
Claims Liability	80,980	12,974	-	93,954	-
Other Post Employment Benefits	496,124	6,239	-	502,363	56,458
Asset Retirement Obligation	1,042,417	26,072	-	1,068,489	-
Pension Liability	226,835	-	43,519	183,316	-
SBITA Liability	9,715	-	9,715	-	-
Public Public Partnership	2,725,932		2,725,932	-	-
Total long-term liabilities	$ 5,052,711	$ 11,279,143	$ 2,854,570	$ 13,477,284	$ 825,204

* The Beginning balance was restated by $4,959 for the change in accounting principles under GASB 101. See Note 11.

The number disclosed as a decrease in compensated absences is a net change, not an actual increase or decrease.

The District has covenanted that it will establish, maintain and collect rates and charges for the use of the services and facilities of the system for so long as the bonds are outstanding. The rate covenant requires each fiscal year net revenues to be at least 125% of the amounts in such fiscal year to be paid as principal and interest (debt service). If the District assesses property under state law, then the rate covenant requires each fiscal year net revenues to be at least 100% of the debt service. At December 31, 2024, the District's net debt service coverage ratio was 6.28 for the bonded debt and 6.35 for all combined debt.

The District's 2024 bond issuance included a portion of the bonds ($3,615,000) that advance refund the City of Clarkston's Debt that financed the transferred utility system assets. See Note 7. City of Clarkston 2011 and 2013 bonds in the amount of $1,575,000 and $2,665,000 were advance defeased with this bond issue. The net proceeds of $4,275,968 (after payment of $89,200 in underwriting fees, insurance and other costs), plus an additional $417,252 of 2011 and 2013 City of Clarkston bond reserves was used to purchase US Government securities. These securities were deposited in an irrevocable trust with an escrow agent to provide for all of the future debt service payments on the 2011 and 2013 bonds. As a result, the 2011 and 2013 City bonds are considered to be defeased by the District's 2024 Revenue Bond issue.

The District completed the advance refunding to legally transfer the debt from the City to the District. The economic gain (difference between the present values of the old and new debt service payments) obtained thru the refunding was $183,029.

The District is holding unspent bond proceeds of $1,003,948.

5. SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS (SBITAS)

At December 31, 2024, the District used its SBITA policy to evaluate financial agreements that are potential SBITAs. At December 31, 2024, the District has one SBITA right to use asset for its meter count licensing agreement contract. The agreement is for a noncancellable term of 2 year, with no intention to renew, which expires January 31,2025. The final payment of $9,715 was made on the SBITA during 2024, together with interest of $285. No SBITA liability exists at December 31, 2024.

At December 31, 2024, the SBITA right to use assets and accumulated amortization are $19,715 and $18,894, respectively, presenting $821 net. See note 3 for additional information.

6. ASSET RETIREMENT OBLIGATION (ARO)

As of December 31, 2024, the District owns, operates, and maintains seven wells having an average estimated useful life remaining of 62 years that it does not foresee decommissioning in the future; however, in the event that the District were to decommission these wells there are specific decommissioning requirements within the Washington Administrative code (WAC) 173-160-381.

The District obtained an engineering estimate of potential decommissioning costs, adjusted for inflation, which supports the Districts reported ARO liability at December 31, 2024, of $1,068,489 and a deferred outflow of $725,712. The obligation will be paid from operating income; no assets have been set aside to fund this obligation.

7. PUBLIC-PUBLIC PARTNERSHIP and GOVERNMENT COMBINATION

Through an interlocal agreement with a term of January 1, 2023, through December 31, 2028, the District contracted to provide operations and management services for the City of Clarkston's (City's) sewer system, including operating the sewer system, setting rates and billing customers, and managing maintenance, expansion and upgrades to the sewer system.

For the sake of economic and operational efficiency, the District signed an agreement with the City of Clarkston, effective January 1, 2024, to transfer the City's sewer system including assets, related property, easements and leases, and related debt to the District. The asset transfer occurred on August 22, 2024, and the interlocal operating agreement was terminated.

As a result of this transfer, the District removed the right to use asset and recognized tangible sewer assets and debt. Additionally, at the date of the transfer, the Public-Public Partnership liability was removed from the Statement of Net Position. The loss on termination of the Public-Public Partnership agreement was $21,766.

The carrying amounts of assets and liabilities transferred by the City are as follows:

Assets:		
Cash	$	528,968
Restricted cash released from unearned revenue related to PPP		1,811,823
Capital assets		18,776,439
Total assets		21,117,230
Liabilities:		
Current portion of debt	$	385,732
Bonds		4,275,968
Direct borrowings		5,875,784
Total liabilities		10,537,484
Net position	$	10,579,746

Adjustments were needed to bring balances reported on City financial statements into conformity with generally accepted accounting principles. The City's financial statements are prepared on a cash basis of accounting and, therefore, have not reported capital assets or debt on an accrual basis. The District has computed the carrying value of transferred capital assets including accumulated depreciation on a GAAP basis through the transfer date, and debt is reported at the balances at the time of assumption or the amounts defeased by the new bonds.

Direct borrowings were assumed by the District, and the City's sewer bonds were defeased by a new bond issuance to the District. Bond issue costs for the defeasance paid for by the District not included in the carrying value reported above were $113,626.

The City transferred a plot of land with a carrying value of $320,166 related to this agreement in January 2025.

8. PENSIONS

The following table represents the aggregate pension amounts for all plans for the year 2024:

Aggregate Pension Amounts - All Plans		
Pension liabilities	$	183,316
Pension assets		446,191
Deferred outflows of resources		633,637
Deferred inflows of resources		272,256
Pension expense/expenditures		(10,066)

State Sponsored Pension Plans

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

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

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

Public Employees' Retirement System (PERS)

PERS members include elected officials; state employees; employees of local governments; and higher education employees not participating in higher education retirement programs.

PERS is composed of and reported as three separate plans for accounting purposes: Plan 1, Plan 2/3 and Plan 3. Plan 1 accounts for the defined benefits of Plan 1 members. Plan 2/3 accounts for the defined benefits of Plan 2 members and the defined benefit portion of benefits for Plan 3 members. Plan 3 accounts for the defined contribution portion of benefits for Plan 3 members. Although employees can be a member of only Plan 2 or Plan 3, the defined benefits of Plan 2 and Plan 3 are accounted for in the same pension trust fund. All assets of Plan 2/3 may legally be used to pay the defined benefits of any Plan 2 or Plan 3 members or beneficiaries.

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

PERS Plan 2/3 provides retirement, disability and death benefits. Retirement benefits are determined as 2% of the member's AFC times the member's years of service for Plan 2 and 1% of AFC for Plan 3. The AFC is the average of the member's 60 highest-paid consecutive service months. Members are eligible for retirement with a full benefit at 65 with at least five years of service credit. Retirement before age 65 is considered an early retirement. PERS Plan 2/3 members who have at least 20 years of service credit and are 55 years of age or older, are eligible for early retirement with a benefit that is reduced by a factor that varies according to age for each year before age 65. PERS Plan 2/3 retirement benefits are actuarially reduced if a survivor benefit is chosen. Other PERS Plan 2/3 benefits include a COLA based on the CPI, capped at 3%

annually. PERS 2 members are vested after completing five years of eligible service. Plan 3 members are vested in the defined benefit portion of their plan after ten years of service; or after five years of service if 12 months of that service are earned after age 44.

PERS Plan 3 defined contribution benefits are totally dependent on employee contributions and investment earnings on those contributions. Members are eligible to withdraw their defined contributions upon separation. Members have multiple withdrawal options, including purchase of an annuity. PERS Plan 3 members are immediately vested in the defined contribution portion of their plan.

<u>Contributions</u>
The PERS Plan 1 member contribution rate is established by State statute at 6 percent. The PERS 1 and PERS 2/3 employer contribution rates are developed by the Office of the State Actuary, adopted by the Pension Funding Council and is subject to change by the legislature. The PERS Plan 2/3 employer rate includes a component to address the PERS Plan 1 Unfunded Actuarial Liability (UAAL).

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

The PERS Plan defined benefit required contribution rates (expressed as a percentage of covered payroll) for fiscal year were as follows:

Employer Contribution Rates				
Time Frame	*Contribution Rate*	*PERS 1 UAAL*	*Administrative Fee*	*Employer*
January – June	6.36%	2.97%	0.20%	9.53%
July – August	6.36%	2.47%	0.20%	9.03%
September - December	6.36%	2.55%	0.20%	9.11%

Employee Contribution Rates	
PERS 1	6.00%
PERS 2	6.36%
PERS 3	Varies: 5% to 15%

The District's actual PERS plan contributions were $66,228 to PERS Plan 1 and $153,533 to PERS Plan 2/3 for the year ended December 31, 2024.

Actuarial Assumptions
The total pension liability (TPL) for each of the DRS plans was determined using the most recent actuarial valuation completed in 2024 with a valuation date of June 30, 2023. 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 *2023 Economic Experience Study*.

Additional assumptions for subsequent events and law changes are current as of the 2023 actuarial valuation report. The TPL was calculated as of the valuation date and rolled forward to the measurement date of June 30, 2024. Plan liabilities were rolled forward from June 30, 2023, to June 30, 2024, reflecting each plan's normal cost (using the entry-age cost method), assumed interest and actual benefit payments.

- **Inflation:** 2.75% total economic inflation; 3.25% salary inflation
- **Salary increases**: In addition to the base 3.25% salary inflation assumption, salaries are also expected to grow by promotions and longevity.
- **Investment rate of return:** 7.00%

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

Assumptions did not change from the prior contribution rate setting June 30, 2022 Actuarial Valuation Report (AVR). OSA adjusted their methods for calculating UAAL contribution rates in PERS 1 to reflect the delay between the measurement date of calculated Plan 1 rates and when the rates are collected. OSA made an adjustment to their model to reflect past inflation experience when modeling future COLAs for current annuitants in all plans except PERS1.

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

To determine that rate, an asset sufficiency test was completed to test whether each pension plan's fiduciary net position was sufficient to make all projected future benefit payments for current plan members. Based on OSA's assumptions, the pension plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return of 7.0 percent was used to determine the total liability.

Long-Term Expected Rate of Return
The long-term expected rate of return on the DRS pension plan investments of 7.0 percent was determined using a building-block-method. In selecting this assumption, the OSA reviewed the historical experience data, considered the historical conditions that produced past annual investment returns, and considered Capital Market Assumptions (CMA's) and simulated expected investment returns provided by the Washington State Investment Board (WSIB). The WSIB uses the CMA's and their target asset allocation to simulate future investment returns at various future times.

Estimated Rates of Return by Asset Class
Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2024 are summarized in the table below. The inflation

component used to create the table is 2.50 percent and represents the WSIB's most recent long-term estimate of broad economic inflation.

Asset Class	Target Allocation	% Long-Term Expected Real Rate of Return Arithmetic
Fixed Income	19%	2.10%
Tangible Assets	8%	4.50%
Real Estate	18%	4.80%
Global Equity	30%	5.60%
Private Equity	25%	8.60%
	100%	

Sensitivity of the Net Pension Liability/(Asset)

The table below presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.0 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.0 percent) or 1-percentage point higher (8.0 percent) than the current rate.

	1% Decrease 6.00%	Current Rate 7.00%	1% Increase 8.00%
PERS 1	269,654	183,316	107,596
PERS 2/3	804,345	(446,191)	(1,473,230)

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, 2024, the District reported its proportionate share of the net pension liabilities or assets as follows

Plan	Liability or (Asset)
PERS 1	$ 183,316
PERS 2/3	(446,191)

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

	Proportionate Share 6/30/23	Proportionate Share 6/30/24	Change in Proportion
PERS 1	0.00994%	0.01032%	0.00038%
PERS 2/3	0.01282%	0.01354%	0.00072%

Employer contribution transmittals received and processed by the DRS for the fiscal year ended June 30, 2024 are used as the basis for determining each employer's proportionate share of the collective pension amounts reported by the DRS in the *Schedules of Employer and Nonemployer Allocations*.

Pension Expense

For the year ended December 31, 2024, the District recognized pension expense as follows:

	Pension Expense
PERS 1	$ 12,901
PERS 2/3	(22,967)
TOTAL	(10,066)

Deferred Outflows of Resources and Deferred Inflows of Resources

At December 31, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

PERS 1	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual investment earnings on pension plan investments	$ -	$ 14,668
Contributions subsequent to the measurement date	30,876	-
TOTAL	$ 30,876	$ 14,668

PERS 2/3	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 253,535	$ 1,033
Net difference between projected and actual investment earnings on pension plan investments	-	127,866
Changes of assumptions	246,388	28,271
Changes in proportion and differences between contributions and proportionate share of contributions	25,022	100,418
Contributions subsequent to the measurement date	77,816	-
TOTAL	$ 602,761	$ 257,588

TOTAL ALL PLANS	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 253,535	$ 1,033
Net difference between projected and actual investment earnings on pension plan investments	-	142,534
Changes of assumptions	246,388	28,271
Changes in proportion and differences between contributions and proportionate share of contributions	25,022	100,418
Contributions subsequent to the measurement date	108,692	-
TOTAL	$ 633,637	$ 272,256

Deferred outflows of resources related to pensions resulting from the District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2025. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31:	PERS 1	PERS 2/3
2025	$ (24,275)	$ (116,374)
2026	12,471	184,674
2027	(1,320)	73,406
2028	(1,544)	70,173
2029	-	25,044
Thereafter	-	30,434

9. OTHER POST EMPLOYMENT BENEFITS

The following table represents the aggregate Other Post Employment Benefits (OPEB) other than pension amounts for the District's plan for the year 2024.

Aggregate OPEB amounts - All Plans		
OPEB Liabilities	$	502,363
Deferred outflows of resources		185,304
Deferred inflows of resources		147,986
OPEB Expense		56,458

Plan Description:

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

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

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

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

Contributions:

This plan is not currently funded. The District policy is based on the pay as you go method. The benefit is 100% covered at the current year's premiums, which are paid by the District, with the exception of retiree-elected PURMS medical, which is paid for by the retiree. The implicit cost of allowing retired employees and spouse to retain PURMS coverage (implicit subsidy) is considered the contribution made by the District for that benefit. During the year, the District's implicit subsidy was $20,642.

Actuarial Methods and Assumptions:

The total OPEB liability was determined using the most recent actuarial valuation with a valuation date of December 31, 2024.

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

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

Valuation Date	12/31/2024
Actuarial Cost Method	Entry Age Normal, level percent of salary.
Discount rate - Beginning of Measurement Year	3.25%
Discount rate - End of Measurement Year	4.00%
Healthcare Trend Rates	7% in 2023, trending down to 4.5% in 2041
Amortization Period - Level Dollar	11

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

Sensitivity Rates

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

Health Care Trend Rate Sensitivity

1% Decrease (6%), Graded Down to 3.50%	Current Discount Rate (7%), Graded Down to 4.50%	1% Increase (8%), Graded Down to 5.50%
$ 449,780	$ 502,363	$ 564,839

The following presents the total OPEB liability of the District calculated using the discount rate of 4.00 percent, as well as what the OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (3.00%) or 1-percentage point higher (5.00%) than the current rate.

Discount Rate Sensitivity

1% Decrease (3.00%)	Current Discount Rate (4.00%)	1% Increase (5.00%)
$ 539,390	$ 502,363	$ 467,997

Changes in the Total OPEB Liability

At the measurement date December 31, 2024, the changes in the total OPEB liability are as follows:

		2024
Service cost	$	37,401
Interest Cost		17,004
Changes in assumptions		(27,524)
Benefit payments		(20,642)
Net change in total OPEB liability		6,239
Total OPEB liability - beginning		496,124
Total OPEB liability - ending	$	502,363

The District reported $56,458 as OPEB expense for the calendar year 2024.

Deferred Outflows of Resources and Deferred Inflows of Resources

At December 31, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following:

	Deferred outflows of resources	Deferred inflows of resources
Difference between expected and actual experience	$ 21,393	$ 80,370
Changes of Assumptions	163,911	67,616
Total	$ 185,304	$ 147,986

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

Year ended December 31:		
2025	$	2,053
2026		2,053
2027		2,053
2028		2,053
2029		2,053
Therafter		27,053
	$	37,318

10. RISK MANAGEMENT

Self-Insurance Fund

The District is a member of the Public Utility Risk Management Services Self-Insurance Fund (PURMS). Chapter 48.62 RCW authorizes the governing body of any one or more governmental entities to form together into or join a pool or organization for the joint purchasing of insurance, and/or joint self-insuring, and/or joint hiring or contracting for risk management service to the same extent that they may individually purchase insurance, self-insure, or hire or contract for risk management services. An agreement to form a pooling arrangement (Pool or Liability Pool) was made pursuant to the provisions of Chapter 54.16 RCW, and interlocal government agreements. The Pool was formed on December 31, 1976, when certain Public Utility Districts (PUDs) in the State of Washington joined together by signing an Agreement to pool their self-insured losses and jointly purchase insurance and administrative services. As of December 31, 2024, there were 21, 18, and 12 members in the Liability, Property, and Health & Welfare pools, respectively. The Pool provides liability, property, and health and welfare insurance coverage for its members and their employees under an agreement entitled “PURMS Joint Self-Insurance Agreement” (SIA).

Liability Risk Pool

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

For 2024, the Designated Liability Pool Balance was $3,500,000. As a result, as of December 31, 2023, the Liability Pool maintained cash reserves of $1,966,927 to pay for operating expenses and liability claims. The Liability Coverage Limit was $1,000,000 per occurrence as of December 31, 2024.

As of December 31, 2024 there were 101 known incidents or unresolved Liability Claims pending against one or members or former members of the Liability Pool. The total risk posed by these claims to such members and to the Liability Pool itself is unknown but the reserves set by the Administrator for these claims were $272,051.

Property Risk Pool

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

At all times, PURMS maintains Excess Property Insurance for its members in the Property Pool. For 2024, the amount of the Excess Property Insurance was $70,000,000, with excess of $35,000,000 and the Liability Pool's $1,000,000 million self-insured retention. Participation in this second layer of excess liability coverage is mandatory for all Liability Pool Members.

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

As of December 31, 2024 there were 7 known property claims pending from members of the property pool. The total risk posed by these claims to such members and to the Property Pool itself is unknown and can only be estimated. The reserves set by the Administrator for these claims were $25,281.

Health & Welfare Risk Pool

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

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

The exposure of each H&W Pool Member to the H&W Claims Costs of its employees is limited by two different stop-loss points. The first is established annually by Excess Stop-Loss Insurance that the H&W Pool acquires and maintains for its members. For 2024 the H&W Pool Individual Stop Loss Point was $365,000 per employee and the H&W Pool Aggregate Stop Loss Point was $25,978,105 for the combined H&W Claims Costs of the employees of members of the H&W Pool.

As of December 31, 2024, reserves of $2,029,782 for prescription drug, dental and vision benefits was set aside by the Administrator of the pool to cover the actuarially estimated program liability of $2,112,874.

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

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

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

Short-term Disability

The District self-insures for short-term disability for all employees who are medically removed from duty for reasons not associated with employment. The District compensates the employee for 70% of their wages after a qualifying period of 40 hours' missed work. In 2024, there were 207 hours of short-term disability used.

11. CHANGE IN ACCOUNTING PRINCIPLES

During 2024, the following change in account principles as required by the Governmental Accounting Standards Board were implemented. The effect of these changes on the District's net position is as follows:

		Net Position
12/31/2023, as previously reported	$	27,687,516
Change in accounting principle related to GASB 101		(4,959)
12/31/2023, as restated	$	27,682,557

Adoption of GASB Statement No. 100 – *Accounting Changes and Error Corrections*

Effective for the fiscal year ending December 31, 2024, the District adopted GASB Statement No. 100, *Accounting Changes and Error Corrections*. This Statement prescribes financial reporting for accounting changes and corrections of errors with required descriptive note disclosures. The aggregate amount of adjustments to and restatements of beginning net position, will be displayed by reporting unit in the financial statements, and note disclosures will describe the nature of these adjustments. For periods earlier than those included in the basic financial statements, this statement also requires supplementary or required supplementary information to be restated for error corrections.

Accounting changes include changes in accounting principles, accounting estimates or in the financial reporting entity.

Adoption of GASB Statement No. 101 – *Compensated Absences*

Effective for the fiscal year ending December 31, 2024, the District adopted GASB Statement No. 101, *Compensated Absences*. This Statement establishes standards of accounting and financial reporting for compensated absences and clarifies the recognition and measurement of these liabilities.

As a result of implementing GASB 101, the District recognized an adjustment to the financial statements as of the adoption date for $4,959. Additionally, the District restated the beginning balance of the changes in long-term liabilities by $4,959.

12. CHANGE IN CLASSIFICATION

During 2024, the District modified the operating expense line items from functional expenses to the nature of the expense. In 2023, the function expense categories of Operation Expense, Maintenance, and Customer Service were changed to the expense lines of Personnel, Supplies and Services. The effect on net position because of this change was $0. This change was made for ease of reporting.

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

Year Ended June 30,	Employer's proportion of the net pension liability (asset)	Employer's proportionate share of the net pension liability (asset)	Covered payroll	Employer's proportionate share of the net pension liability (asset) as a percentage of covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2024	0.010317%	$ 183,316	$ 2,282,435	8.03%	84.05%
2023	0.009937%	226,835	1,653,767	13.72%	80.16%
2022	0.007817%	217,654	1,409,149	15.45%	76.56%
2021	0.009391%	114,686	1,334,579	8.59%	88.74%
2020	0.008689%	306,769	1,317,723	23.28%	68.48%
2019	0.008362%	321,549	1,279,216	25.14%	67.12%
2018	0.010011%	447,095	1,234,911	36.20%	63.22%
2017	0.009248%	438,825	1,165,547	37.65%	61.24%
2016	0.009169%	492,418	1,116,898	44.09%	57.03%
2015	0.008853%	463,094	1,014,362	45.65%	59.10%

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

Year Ended June 30,	Employer's proportion of the net pension liability (asset)	Employer's proportionate share of the net pension liability (asset)	Covered payroll	Employer's proportionate share of the net pension liability (asset) as a percentage of covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2024	0.013535%	$ (446,191)	$ 2,282,435	-19.55%	105.17%
2023	0.012816%	(525,287)	1,653,767	-31.76%	107.02%
2022	0.010222%	(379,112)	1,409,149	-26.90%	106.73%
2021	0.012071%	(1,202,466)	1,334,579	-90.10%	120.29%
2020	0.011257%	143,971	1,317,723	10.93%	97.22%
2019	0.010793%	104,837	1,279,216	8.20%	97.77%
2018	0.012800%	218,549	1,234,911	17.70%	95.77%
2017	0.011896%	413,329	1,165,547	35.46%	90.97%
2016	0.011734%	590,798	1,116,898	52.90%	85.82%
2015	0.011428%	408,329	1,014,362	40.25%	89.20%

ASOTIN COUNTY PUD

REQUIRED SUPPLEMENTARY INFORMATION - State Sponsored Plans

Schedule of Employer Contributions

PERS 1

For the Year Ended December 31

Last Ten Years

Year Ended December 31,	Statutorily or contractually required contributions	Contributions in relation to the statutorily or contractually required contributions	Contribution deficiency (excess)	Covered payroll	Contributions as a percentage of covered payroll
2024	$ 66,228	$ (66,228)	$ -	$ 2,413,961	2.74%
2023	68,362	(68,362)	-	2,036,795	3.36%
2022	48,804	(48,804)	-	1,302,082	3.75%
2021	59,154	(59,154)	-	1,381,108	4.28%
2020	62,569	(62,569)	-	1,304,447	4.80%
2019	64,067	(64,067)	-	1,296,863	4.94%
2018	65,018	(65,018)	-	1,284,040	5.06%
2017	58,505	(58,505)	-	1,193,878	4.90%
2016	54,691	(54,691)	-	1,146,569	4.77%
2015	43,205	(43,205)	-	974,637	4.43%

ASOTIN COUNTY PUD
REQUIRED SUPPLEMENTARY INFORMATION - State Sponsored Plans
Schedule of Employer Contributions
PERS 2/3
For the Year Ended December 31
Last Ten Years

Year Ended December 31,	Statutorily or contractually required contributions	Contributions in relation to the statutorily or contractually required contributions	Contribution deficiency (excess)	Covered payroll	Contributions as a percentage of covered payroll
2024	$ 153,533	$ (153,533)	$ -	$ 2,413,961	6.36%
2023	129,540	(129,540)	-	2,036,795	6.36%
2022	82,813	(82,813)	-	1,302,082	6.36%
2021	98,483	(98,483)	-	1,381,108	7.13%
2020	103,314	(103,314)	-	1,304,447	7.92%
2019	100,186	(100,186)	-	1,296,863	7.73%
2018	96,304	(96,304)	-	1,284,040	7.50%
2017	81,923	(81,923)	-	1,193,878	6.86%
2016	71,431	(71,431)	-	1,146,569	6.23%
2015	55,388	(55,388)	-	974,637	5.68%

ASOTIN COUNTY PUD

Notes to Required Supplemental Information - Pension

As of December 31

Last Ten Years

Note 1: Significant Factors

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

Note 2: Covered payroll

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

Note 3: Contribution rates

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

PERS 1 and PERS 2/3

From this Date	Through this Date	Rate	
9/1/2013	6/30/2015	9.21%	
7/1/2015	6/30/2017	11.18%	
7/1/2017	8/31/2018	12.70%	
9/1/2018	6/30/2019	12.83%	
7/1/2019	8/31/2020	12.86%	
9/1/2020	6/30/2021	12.97%	
7/1/2021	8/31/2022	10.25%	
9/1/2022	6/30/2023	10.39%	
7/1/2023	8/31/2023	9.39%	
9/1/2023	6/30/2024	9.53%	
7/1/2024	8/31/2024	9.03%	*
9/1/2024	Current	9.11%	

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

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

Total OPEB liability	2024	2023	2022	2021	2020	2019	2018
Service cost	$ 37,401	27,932	27,118	20,960	20,729	2,195	7,441
Interest	17,004	10,463	5,914	5,054	8,353	6,721	5,436
Changes of benefit terms	-	-	-	-	-	191,798	-
Differences between expected and actual experience	-	4,879	24,828	-	(29,417)	(112,565)	1,700
Changes of assumptions or other inputs	(27,524)	181,848	(48,488)	(13,945)	25,413	2,213	(3,808)
Benefit payments	(20,642)	-	(2,460)	(19,661)	(19,246)	-	-
Net change in total OPEB liability	6,239	225,122	6,912	(7,592)	5,832	90,362	10,769
Total OPEB liability beginning	496,124	271,002	264,090	271,682	265,850	175,488	164,719
Total OPEB liability ending	$ 502,363	496,124	271,002	264,090	271,682	265,850	175,488
Covered employee payroll	$ 2,253,003	$ 2,192,704	$ 1,481,566	$ 1,294,479	$ 1,406,441	$ 1,341,718	$ 1,289,112
Total OPEB liability as a percentage of covered employee payroll	22.30%	22.63%	18.29%	20.40%	19.32%	19.81%	13.61%

Notes to schedule

1. Changes of assumptions

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

2018	3.83%
2019	3.26%
2020	1.93%
2021	2.25%
2022	4.31%
2023	3.25%
2024	4.00%

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

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

ABOUT THE STATE AUDITOR'S OFFICE

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.

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