



WOODINVILLE WATER DISTRICT

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEARS ENDED DECEMBER 31, 2019 AND 2018

**WOODINVILLE WATER DISTRICT
TABLE OF CONTENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018**

| | |
|--|-----------|
| ACCOUNTANTS' COMPILATION REPORT | 1 |
| MANAGEMENT'S DISCUSSION AND ANALYSIS | 2 |
| FINANCIAL STATEMENTS | |
| STATEMENTS OF NET POSITION | 10 |
| STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION | 12 |
| STATEMENTS OF CASH FLOWS | 13 |
| NOTES TO FINANCIAL STATEMENTS | 15 |
| REQUIRED SUPPLEMENTARY INFORMATION | |
| SCHEDULES OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY | 41 |
| SCHEDULES OF EMPLOYER PENSION CONTRIBUTIONS | 42 |
| SUPPLEMENTARY INFORMATION | |
| DEPARTMENTAL STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION | 43 |



ACCOUNTANTS' COMPILATION REPORT

Board of Commissioners
Woodinville Water District
Woodinville, Washington

Management is responsible for the accompanying financial statements of Woodinville Water District, which comprise the statements of net position as of December 31, 2019 and 2018, and the related statements of revenues, expenses, and changes in fund net position, and cash flows for the years then ended, and the related notes to the financial statements in accordance with accounting principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements, nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

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 table of contents be presented to supplement the basic financial statements. Such information is presented for purposes of additional analysis and, although not a required 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 and for placing the basic financial statements in an appropriate operational, economic, or historical context. This information is the responsibility of management. This information was subject to our compilation engagement, however, we have not audited or reviewed the required supplementary information and, accordingly, do not express an opinion, a conclusion, nor provide any form of assurance on such information.

Supplementary Information

The additional supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. This information is the responsibility of management. This information was subject to our compilation engagement, however, we have not audited or reviewed the supplementary information and, accordingly, do not express an opinion, a conclusion, nor provide any form of assurance on such information.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Bellevue, Washington
May 27, 2020

**WOODINVILLE WATER DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2019 AND 2018
(SEE ACCOUNTANTS' COMPILATION REPORT)**

INTRODUCTION

Woodinville Water District (the District) was founded in 1959 to provide water and sewer services to customers residing within the District boundaries.

The District's service boundaries encompass both rural and urban areas in a moderately growing portion of King County, Washington. The District serves approximately 14,741 water customers and 3,469 sewer customers as of December 31, 2019.

Our mission is to provide safe and reliable service to all our customers at the lowest responsible rate. Within this mission, we provide potable drinking water at acceptable flows and pressures to all customers; provide sanitary sewer service to all customers requesting service who are located within the Urban Growth Area (UGA) as established by King County; and educate customers in the efficient use of water and safe disposal of wastewater.

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of management's discussion and analysis presents our review of the District's financial position as of December 31, 2019 and 2018 and our financial performance for the years then ended. Please read these comments in conjunction with the District's financial statements, which follow this section.

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial statements include statements of net position, statements of revenues, expenses, and changes in fund net position, statements of cash flows and notes to the financial statements.

The statements of net position presents total assets and deferred outflows of resources and total liabilities and deferred inflows of resources with the difference between the two totals reported as net position. These statements provide information about the nature and amounts of investments in resources (assets), consumption of resources that are applicable to future periods (deferred outflows), obligations to District creditors (liabilities) and the acquisition of resources that are applicable to a future reporting period (deferred inflows). They provide a basis for evaluating the capital structure of the District and assessing its liquidity and financial flexibility. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial condition of the District is improving or deteriorating.

The statements of revenues, expenses, and changes in fund net position present the results of the District's business activities over the course of the year. This information can be used to determine whether the District has successfully recovered all its costs through its user fees and other charges, and to evaluate our profitability and credit worthiness.

The statements of cash flows report cash receipts, cash payments, and net changes in cash resulting from operating, financing, and investing activities over the course of the year. They present information regarding where cash came from and what it was used for.

**WOODINVILLE WATER DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2019 AND 2018
(SEE ACCOUNTANTS' COMPILATION REPORT)**

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

The notes to the financial statements provide useful information regarding the District's significant accounting policies, explain significant account balances and activities, certain material risks, estimates, obligations, commitments, contingencies, and subsequent events, if any.

CONDENSED STATEMENTS OF NET POSITION AT DECEMBER 31

| | <u>2019</u> | <u>2018</u> | <u>2017</u> |
|----------------------------------|------------------------------|------------------------------|------------------------------|
| Capital Assets | \$ 104,557,313 | \$ 101,447,776 | \$ 101,801,971 |
| Other Assets | 26,858,421 | 27,783,600 | 23,469,340 |
| Total Assets | <u>131,415,734</u> | <u>129,231,376</u> | <u>125,271,311</u> |
| Deferred Outflows of Resources | 299,697 | 258,558 | 301,047 |
| Long-Term Liabilities | 8,024,987 | 9,136,113 | 10,493,395 |
| Other Liabilities | 2,365,982 | 2,226,104 | 2,037,206 |
| Total Liabilities | <u>10,390,969</u> | <u>11,362,217</u> | <u>12,530,601</u> |
| Deferred Inflows of Resources | <u>687,285</u> | <u>637,293</u> | <u>415,444</u> |
| Net Investment in Capital Assets | 96,663,530 | 92,742,101 | 92,543,722 |
| Restricted Amounts | 1,020,126 | 992,265 | 974,278 |
| Unrestricted Amounts | <u>22,953,521</u> | <u>23,756,058</u> | <u>19,108,313</u> |
| Total Net Position | <u><u>\$ 120,637,177</u></u> | <u><u>\$ 117,490,424</u></u> | <u><u>\$ 112,626,313</u></u> |

**WOODINVILLE WATER DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2019 AND 2018
(SEE ACCOUNTANTS' COMPILATION REPORT)**

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

**CONDENSED STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN FUND
NET POSITION FOR THE YEAR ENDED DECEMBER 31**

| | 2019 | 2018 | 2017 |
|---|-----------------------|-----------------------|-----------------------|
| Water Service Revenue | \$ 14,197,712 | \$ 14,489,693 | \$ 14,358,003 |
| Sewer Service Revenue | 5,580,082 | 5,397,695 | 5,134,727 |
| Other Sewer Operating Revenues | 3,820 | 42,060 | 33,340 |
| Other Water Operating Revenues, Including Cell Tower Revenue | 324,218 | 268,914 | 293,555 |
| Total Operating Revenues | <u>20,105,832</u> | <u>20,198,362</u> | <u>19,819,625</u> |
| Water Operating Expenses | 9,627,560 | 9,208,976 | 9,144,810 |
| Sewer Operating Expenses | 5,052,878 | 4,794,386 | 4,419,736 |
| Depreciation and Amortization, Water | 3,185,187 | 2,795,344 | 2,731,873 |
| Depreciation and Amortization, Sewer | 642,423 | 647,719 | 610,472 |
| Total Operating Expenses | <u>18,508,048</u> | <u>17,446,425</u> | <u>16,906,891</u> |
| Operating Income | 1,597,784 | 2,751,937 | 2,912,734 |
| Nonoperating Revenues (Expenses): | | | |
| Investment and Other Interest Income | 722,890 | 393,818 | 144,169 |
| Miscellaneous Income | 872 | 577 | 7,552 |
| Interest and Amortization | (148,119) | (158,588) | - |
| Loss on Disposal of Assets and Abandoned Projects | - | (1,715,831) | - |
| Miscellaneous Expense | - | (803) | - |
| Income Before Capital Contributions | 2,173,427 | 1,271,110 | 3,064,455 |
| Capital Contributions | 973,326 | 3,593,001 | 7,617,784 |
| Increase in Net Position | <u>3,146,753</u> | <u>4,864,111</u> | <u>10,682,239</u> |
| Net Position - Beginning of Year | <u>117,490,424</u> | <u>112,626,313</u> | <u>101,944,074</u> |
| Net Position - End of Year | <u>\$ 120,637,177</u> | <u>\$ 117,490,424</u> | <u>\$ 112,626,313</u> |

Effective January 1, 2018, the District early implemented Governmental Accounting Standards Board Statement No. 89, *Accounting for Interest Cost Incurred before the end of the Construction Period*. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset. This statement is applied on a prospective basis and did not affect prior year results.

**WOODINVILLE WATER DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2019 AND 2018
(SEE ACCOUNTANTS' COMPILATION REPORT)**

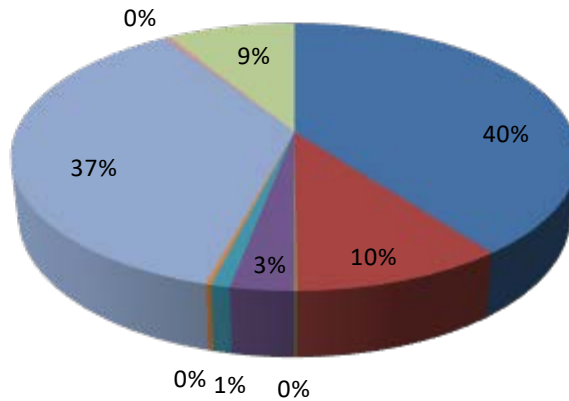
FINANCIAL POSITION

The District's overall financial position continues to be strong and provides sufficient liquidity to support stable, ongoing operations. Capital assets increased in 2019 as new connections have been added to our water and sewer system and investments were made to upgrade and replace necessary capital infrastructure and facilities. Capital assets decreased in 2018 as due to depreciation in excess of construction activity and donated systems.

The following charts indicate the components of financial position:

2019 STATEMENT OF NET POSITION

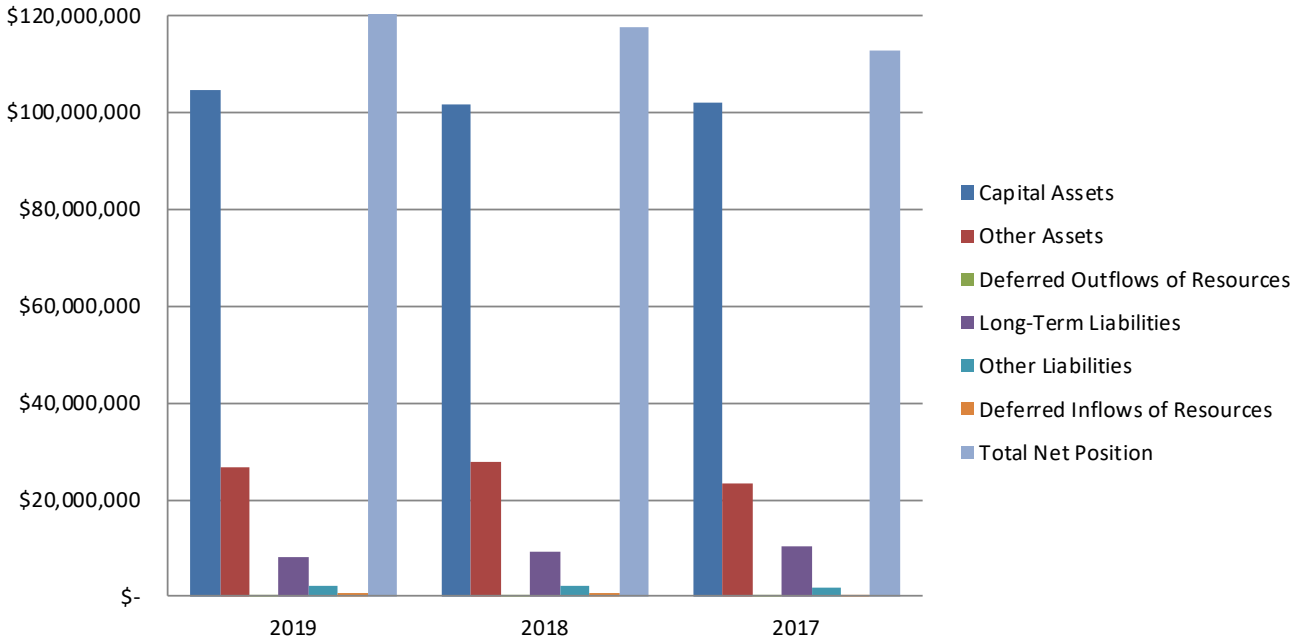
- Capital Assets -
- Deferred Outflows of Resources -
- Other Liabilities -
- Net Investment in Capital Assets -
- Unrestricted Amounts -
- Other Assets -
- Long-Term Liabilities -
- Deferred Inflows of Resources -
- Restricted Amounts -



**WOODINVILLE WATER DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2019 AND 2018
(SEE ACCOUNTANTS' COMPILATION REPORT)**

FINANCIAL POSITION (CONTINUED)

COMPARATIVE STATEMENT OF NET POSITION

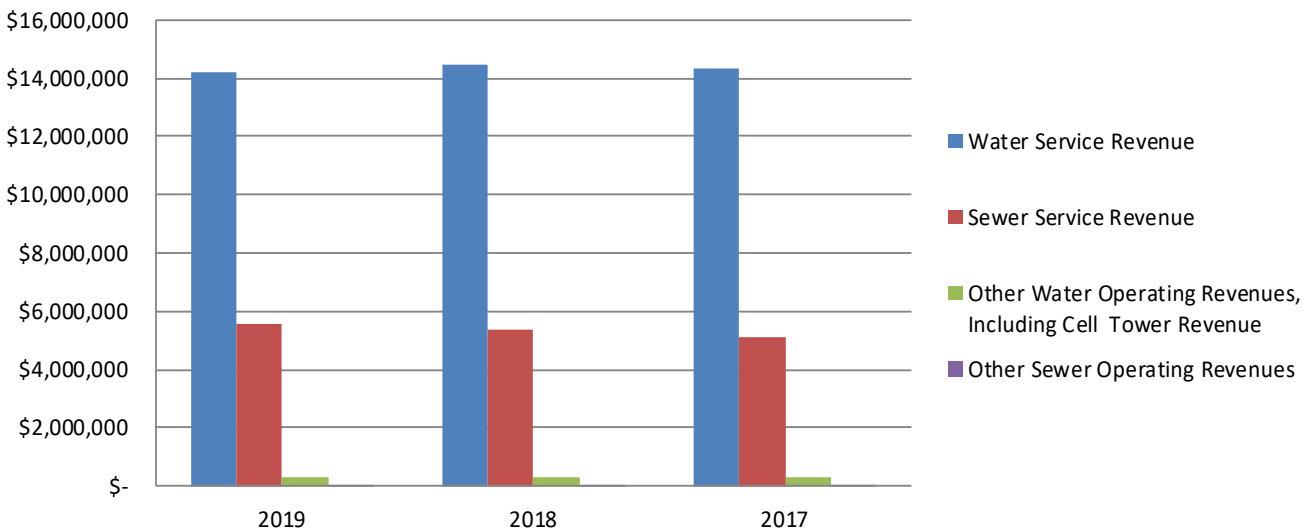


RESULTS OF OPERATIONS

The District primarily receives operating revenues from two sources: water service (including street lights) and sewer service.

The following chart indicates operating revenue over the last three years:

OPERATING REVENUES



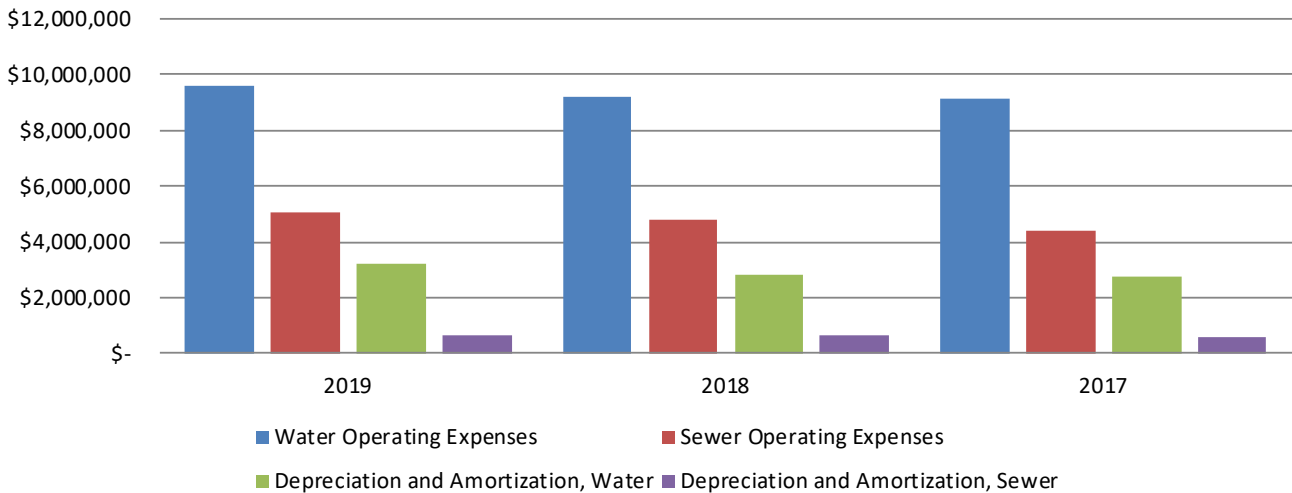
**WOODINVILLE WATER DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2019 AND 2018
(SEE ACCOUNTANTS' COMPILATION REPORT)**

RESULTS OF OPERATIONS (CONTINUED)

District operating revenues in 2019 was impacted by annual rate increases, whereas 2018 was minimally impacted by annual rate increases (in the Water Utility, the District portion of Sewer Utility charges were not increased in 2018) and impacted to a larger degree due to accelerating growth in the number of customers. Also, revenues decreased in 2019 due to a mild summer in 2019. Revenue in 2018 was higher than usual due to annual water use volumes, largely driven by summer weather conditions and related outdoor water use. Specifically, weather conditions during the summer of 2018 included an extended period of warmer than average temperatures and little measurable rainfall during the peak summer outdoor watering months resulting in a substantial increase in the volume of water sold in 2018. Water rate increases of approximately 2.9% and 2.0% were effective on February 1, 2019 and 2018, respectively. Overall increases in sewer rates of 1.6% and 0.0% were effective February 1, 2019 and 2018, respectively. The rate increases were needed to pay for higher wholesale water costs and wholesale sewage treatment rates; to cover inflationary increases in other operating expenses; and to provide increased funding for capital improvement purposes.

The following chart indicates operating expenses over the last three years:

OPERATING EXPENSES



Water operating costs increased in 2019 and 2018 primarily due to increases in costs of health insurance and wages for District employees, increases in outsourced IT services, and the maintenance of the District's main campus. Seattle Public Utilities, the largest expense of water operations, instituted a new three-year rate structure that have 5.6% average rate increases in each of the three years.

**WOODINVILLE WATER DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2019 AND 2018
(SEE ACCOUNTANTS' COMPILATION REPORT)**

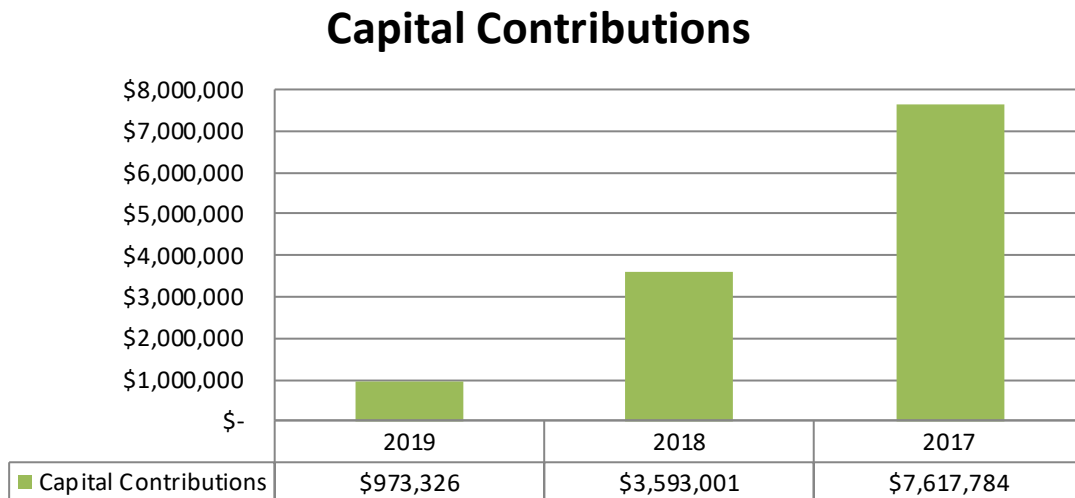
RESULTS OF OPERATIONS (CONTINUED)

Sewer operating costs slightly increased in 2019 and 2018 primarily due general increases in the costs of health insurance and salaries for District employees. King County Wastewater Treatment Division costs increased in 2019 due to a County rate increase of 2.5% which was effective January 1, 2019. King County Wastewater Treatment Division costs increased due to higher usage and were not related to a rate increase.

Revenues exceeded expenses (resulting in an increase in net position) in 2019, 2018, and 2017. 2018 and 2017 were warmer and drier than average, resulting in higher than budgeted water sales. When annual water sales decline, most remaining operating expenses continue at a similar level causing an additional shortfall between the amount of those expenses and revenue generated to cover them. The District maintains reserve funds to address this issue and help cover operating shortfalls in low water sales years. In addition, the District has adopted a rate structure that recognizes that fixed costs do not change in lower demand years. This rate structure partially addresses the District's need to recover fixed costs through a higher fixed charge on each customer account. The District is continuing to increase water rates on an annual basis, though at a slower rate than recent years, to continue to achieve full funding of annual depreciation expense and strengthen the District's future financial position. Funds provided through these increases will also help finance annual upgrades and replacement of District infrastructure.

The District collects capital contributions from new customers. Capital contributions consisted of System Development Charges (connection charges) paid by new properties connecting to the water or sewer system and the value of new utility infrastructure constructed and donated to the District under approved Developer Extension Agreements.

The following chart indicates capital contributions over the last three years:



These contributions are a result of continuing growth in the number of District customers. They include donated systems totaling \$393,113, \$1,457,744, and \$6,050,689 for the years ended December 31, 2019, 2018, and 2017, respectively. The activity in capital contributions in 2019 and 2018 was consistent with the business climate, as construction activity remained robust during those years.

**WOODINVILLE WATER DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2019 AND 2018
(SEE ACCOUNTANTS' COMPILATION REPORT)**

CAPITAL ASSETS AND LONG-TERM DEBT

Capital assets increased in 2019 as new connections have been added to our water and sewer system and investments were made to upgrade and replace necessary capital infrastructure and facilities. The District's capital assets decreased in 2018 due to depreciation in excess of construction activity and donated systems. Significant capital asset additions during 2019 and 2018 included the following:

| 2019 | | 2018 | |
|--|------------|--------------------------------------|--------------|
| Donated Systems | \$ 393,113 | Donated Systems | \$ 1,457,744 |
| Leak Row Service Lines | 253,741 | Ringhill East BPS Upgrades | 290,278 |
| NE 195 St AC Water Main Replacement | 1,835,107 | NE 195 St AC Water Main Replacement | 141,633 |
| Brookside Reservoir Painting Project | 1,129,510 | Brookside Reservoir Painting Project | 1,691,559 |
| PRV Upgrade Project | 1,107,849 | 2016 Manhole Repair Project | 307,646 |
| NE 171st Urban Parkway Main Relocate | 432,423 | | |
| Cow Sammamish River Bridge | 137,844 | | |
| D-40 NE 133rd St | 108,219 | | |
| 144th Ave NE & NE 200th St Pipe Upsize Project | 118,085 | | |
| 134th Ave NE Sewer Main Lowering | 495,579 | | |

The decrease in long-term liabilities in 2019 and 2018 was due to principal payments made by the District and decreases in the net pension liability.

See Notes 4, 5, 6, and 7 in the financial statements for detail activity in capital assets and long-term debt.

As of December 31, 2019, the District has \$12,840,031 of cash and investments set aside in construction accounts, of which \$330,707 is committed under existing contracts.

ADDITIONAL COMMENTS

The District purchases all water to supply our customer needs from the City of Seattle on a wholesale basis. Treatment of sewage collected from District customers is provided by King County Wastewater Treatment Division (KCWTD/METRO). In December 2004, a new long-term contract was signed with the City of Seattle to ensure adequate water supply for District customer needs for the foreseeable future. As costs for these wholesale products and services continue to increase in future years, the District is committed to adjusting rates as necessary to pass through related cost increases to our rate-payers in an equitable manner.

**WOODINVILLE WATER DISTRICT
STATEMENTS OF NET POSITION
DECEMBER 31, 2019 AND 2018
(SEE ACCOUNTANTS' COMPILATION REPORT)**

| | 2019 | 2018 |
|--|----------------|----------------|
| ASSETS AND DEFERRED OUTFLOWS OF RESOURCES | | |
| CURRENT ASSETS | | |
| Unrestricted: | | |
| Cash and Cash Equivalents | \$ 22,800,728 | \$ 23,834,571 |
| Accounts Receivable - Customers | 541,703 | 555,214 |
| Accounts Receivable - Customers Unbilled | 2,022,119 | 2,024,716 |
| Accounts Receivable - Miscellaneous | 6,823 | 5,201 |
| Connection Charges Receivable | 2,573 | 3,454 |
| Interest Receivable | 44,424 | 41,838 |
| Inventory | 187,453 | 96,704 |
| Prepaid Expenses | 119,167 | 106,133 |
| Due from Developers | 38,677 | 44,326 |
| Total Unrestricted | 25,763,667 | 26,712,157 |
| Restricted: | | |
| Cash and Cash Equivalents | 1,092,758 | 1,069,593 |
| Interest Receivable | 1,996 | 1,850 |
| Total Restricted | 1,094,754 | 1,071,443 |
| Total Current Assets | 26,858,421 | 27,783,600 |
| NONCURRENT ASSETS | | |
| Capital Assets Not Being Depreciated: | | |
| Land and Land Rights | 2,482,325 | 2,482,325 |
| Construction in Progress | 9,642,131 | 4,744,992 |
| Capital Assets Being Depreciated: | | |
| Plant in Service | 156,582,587 | 154,542,579 |
| Less: Accumulated Depreciation | (64,149,730) | (60,322,120) |
| Net Capital Assets | 104,557,313 | 101,447,776 |
| Total Noncurrent Assets | 104,557,313 | 101,447,776 |
| Total Assets | 131,415,734 | 129,231,376 |
| DEFERRED OUTFLOWS OF RESOURCES | | |
| Deferred Outflows Related to Pensions | 299,697 | 258,558 |
| Total Deferred Outflows of Resources | 299,697 | 258,558 |
| Total Assets and Deferred Outflows of Resources | \$ 131,715,431 | \$ 129,489,934 |

See accompanying Notes to Financial Statements.

**WOODINVILLE WATER DISTRICT
STATEMENTS OF NET POSITION
DECEMBER 31, 2019 AND 2018 (CONTINUED)
(SEE ACCOUNTANTS' COMPILATION REPORT)**

| LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION | 2019 | 2018 |
|--|----------------|----------------|
| CURRENT LIABILITIES | | |
| Payable from Unrestricted Assets: | | |
| Accounts Payable | \$ 654,961 | \$ 826,366 |
| Retainage Payable | 302,397 | 111,273 |
| Compensated Absences | 384,000 | 321,000 |
| Developer Advances | 161,403 | 108,673 |
| Lease Deposit | 12,000 | 12,000 |
| Accrued Interest | 1,550 | 2,571 |
| Long-Term Debt - Current Maturities | 310,043 | 310,043 |
| Total Payable from Unrestricted Assets | 1,826,354 | 1,691,926 |
| Payable from Restricted Assets: | | |
| Accrued Interest | 74,628 | 79,178 |
| Long-Term Debt - Current Maturities | 465,000 | 455,000 |
| Total Payable from Restricted Assets | 539,628 | 534,178 |
| Total Current Liabilities | 2,365,982 | 2,226,104 |
| NONCURRENT LIABILITIES | | |
| Long-Term Debt Payable from Unrestricted Assets, Net of Current Maturities | 211,734 | 521,777 |
| Long-Term Debt Payable from Restricted Assets, Net of Current Maturities | 6,419,246 | 6,894,055 |
| Compensated Absences | 228,083 | 206,450 |
| Net Pension Liability | 1,165,924 | 1,513,831 |
| Total Noncurrent Liabilities | 8,024,987 | 9,136,113 |
| Total Liabilities | 10,390,969 | 11,362,217 |
| DEFERRED INFLOWS OF RESOURCES | | |
| Deferred Inflows Related to Pensions | 687,285 | 637,293 |
| Total Liabilities and Deferred Inflows of Resources | 11,078,254 | 11,999,510 |
| NET POSITION | | |
| Net Investment in Capital Assets | 96,663,530 | 92,742,101 |
| Restricted for Impaired Investments | 11,492 | 15,142 |
| Restricted for Debt Service | 1,008,634 | 977,123 |
| Unrestricted | 22,953,521 | 23,756,058 |
| Total Net Position | 120,637,177 | 117,490,424 |
| Total Liabilities, Deferred Inflows of Resources, and Net Position | \$ 131,715,431 | \$ 129,489,934 |

See accompanying Notes to Financial Statements.

WOODINVILLE WATER DISTRICT
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITON
YEARS ENDED DECEMBER 31, 2019 AND 2018
(SEE ACCOUNTANTS' COMPILATION REPORT)

| | 2019 | 2018 |
|---|----------------|----------------|
| OPERATING REVENUES | | |
| Water Sales | \$ 14,197,712 | \$ 14,489,693 |
| Sewer Services | 5,580,082 | 5,397,695 |
| Street Lights | 102,507 | 99,794 |
| Other Revenue | 225,531 | 211,180 |
| Total Operating Revenues | 20,105,832 | 20,198,362 |
| OPERATING EXPENSES | | |
| Water Purchased | 3,493,904 | 3,471,897 |
| Metro Charges | 3,827,307 | 3,594,396 |
| Power for Street Lights | 89,026 | 90,177 |
| Personnel Expense | 4,249,484 | 3,838,533 |
| Plant Expense | 2,518,008 | 2,563,609 |
| Professional Services | 502,709 | 444,750 |
| Depreciation and Amortization | 3,827,610 | 3,443,063 |
| Total Operating Expenses | 18,508,048 | 17,446,425 |
| INCOME FROM OPERATIONS | 1,597,784 | 2,751,937 |
| NONOPERATING REVENUES (EXPENSES) | | |
| Investment Income, Net of Service Fees | 722,761 | 393,648 |
| Other Interest | 129 | 170 |
| Miscellaneous Income | 872 | 577 |
| Loss on Disposal of Assets and Abandoned Projects | - | (1,715,831) |
| Interest and Amortization on Long-Term Debt | (148,119) | (158,588) |
| Miscellaneous Expense | - | (803) |
| Total Nonoperating Revenues (Expenses) | 575,643 | (1,480,827) |
| INCOME BEFORE CAPITAL CONTRIBUTION | 2,173,427 | 1,271,110 |
| Capital Contributions | 973,326 | 3,593,001 |
| CHANGE IN NET POSITION | 3,146,753 | 4,864,111 |
| Net Position - Beginning of Year | 117,490,424 | 112,626,313 |
| NET POSITION - END OF YEAR | \$ 120,637,177 | \$ 117,490,424 |

See accompanying Notes to Financial Statements.

**WOODINVILLE WATER DISTRICT
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2019 AND 2018
(SEE ACCOUNTANTS' COMPILATION REPORT)**

| | 2019 | 2018 |
|--|---------------|---------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Cash Received from Customers | \$ 20,121,190 | \$ 20,156,866 |
| Cash Paid to Vendors | (10,477,978) | (9,089,611) |
| Cash Paid to and for Employees and Commissioners, Net of Amount Capitalized | (4,503,905) | (4,158,991) |
| Cash Received (Paid) to Developers | 58,379 | (61,535) |
| Interest Received | 129 | 170 |
| Net Cash Provided by Operating Activities | 5,197,815 | 6,846,899 |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | |
| Capital Contributions | 580,213 | 2,132,633 |
| Collections on Connection Charge Receivables | 881 | 840 |
| Expenditures for Plant in Service and Construction | (6,581,074) | (3,201,655) |
| Proceeds from Sale of Assets | - | 79,932 |
| Principal Paid on Long-Term Debt | (765,043) | (767,363) |
| Interest Paid on Long-Term Debt | (163,499) | (174,564) |
| Net Cash Used By Capital and Related Financing Activities | (6,928,522) | (1,930,177) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Interest Received on Investments | 720,029 | 370,935 |
| Net Cash Provided by Investing Activities | 720,029 | 370,935 |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | (1,010,678) | 5,287,657 |
| Cash and Cash Equivalents - Beginning of Year | 24,904,164 | 19,616,507 |
| CASH AND CASH EQUIVALENTS - END OF YEAR | \$ 23,893,486 | \$ 24,904,164 |
| CASH AND CASH EQUIVALENTS BALANCE IS COMPRISED OF THE FOLLOWING AT DECEMBER 31: | | |
| Cash and Cash Equivalents - Current Assets | \$ 22,800,728 | \$ 23,834,571 |
| Cash and Cash Equivalents - Restricted Current Assets | 1,092,758 | 1,069,593 |
| Total Cash and Cash Equivalents | \$ 23,893,486 | \$ 24,904,164 |

See accompanying Notes to Financial Statements.

**WOODINVILLE WATER DISTRICT
STATEMENTS OF CASH FLOWS (CONTINUED)
YEARS ENDED DECEMBER 31, 2019 AND 2018
(SEE ACCOUNTANTS' COMPILATION REPORT)**

| | 2019 | 2018 |
|---|--------------|--------------|
| RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES | | |
| Operating Income | \$ 1,597,784 | \$ 2,751,937 |
| Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities: | | |
| Depreciation and Amortization | 3,827,610 | 3,443,063 |
| Interest Income | 129 | 170 |
| Miscellaneous Income (Expense) | 872 | (226) |
| (Increase) Decrease in Assets and Deferred Outflows of Resources: | | |
| Accounts Receivable - Customers | 16,108 | (39,415) |
| Accounts Receivable - Miscellaneous | (1,622) | 1,087,249 |
| Inventory | (90,749) | (52,641) |
| Prepaid Expenses | (13,034) | (3,165) |
| Due from Developers | 5,649 | 5,866 |
| Deferred Outflows Related to Pensions | (41,139) | 42,489 |
| Increase (Decrease) in Liabilities and Deferred Inflows of Resources: | | |
| Accounts Payable | 56,759 | 41,920 |
| Developer Advances | 52,730 | (67,401) |
| Accrued Vacation and Sick Leave | 84,633 | 42,602 |
| Net Pension Liability | (347,907) | (627,398) |
| Deferred Inflows Related to Pensions | 49,992 | 221,849 |
| Net Cash Provided by Operating Activities | \$ 5,197,815 | \$ 6,846,899 |
| SUPPLEMENTAL SCHEDULE OF SIGNIFICANT NONCASH FINANCING AND INVESTING ACTIVITIES | | |
| Utility Plant Donations Received | \$ 393,113 | \$ 1,457,744 |
| Connection Charges Receivable Issued | - | 2,624 |

See accompanying Notes to Financial Statements.

**WOODINVILLE WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018
(SEE ACCOUNTANTS' COMPILATION REPORT)**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Woodinville Water District (the District), a municipal corporation organized under the laws of the state of Washington, was created for the purpose of constructing, maintaining and operating a water and sewer system within its boundaries, which encompasses the City of Woodinville, parts of the Cities of Kirkland and Redmond, and nearby portions of unincorporated King County. The District is governed by an elected five-member board and has no component units.

Basis of Presentation and Accounting

These financial statements are prepared utilizing the economic resources measurement focus and full accrual basis of accounting. All activities of the District are accounted for within a single proprietary (enterprise) fund.

Cash and Cash Equivalents

The District considers investments in the King County Investment Pool to be cash equivalents. These investments are stated at the fair value of the pool's underlying assets.

Accounts Receivable

The District utilizes the allowance method of accounting for doubtful accounts. However, all accounts receivable are considered fully collectible since nonpayment of an account can result in a lien assessment filed against the property. Therefore, no allowance for doubtful accounts has been provided in the financial statements.

Inventory

Inventory consists primarily of water meters and supplies used in the construction and repair of water and sewer lines and other related system components. Inventory is stated at the lower of cost (weighted average) or net realizable value.

Capital Assets

Capital assets are stated at cost and include the capitalized portion of District employees' wages and related overhead costs. For water and sewer systems installed by developers or customers and conveyed to the District by bill of sale, the District records the cost of the system at acquisition value, which is determined by the contributing party's estimated cost and actual costs incurred by the District. Expenditures for capital assets exceeding \$5,000, including capital leases and repairs that increase useful lives, are capitalized. Maintenance, repairs, and minor renewals are accounted for as expenses when incurred. When capital assets are retired or otherwise disposed of, the cost and accumulated depreciation are removed from the accounts and any resulting gain or loss is recognized in income for the period.

**WOODINVILLE WATER DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2019 AND 2018
 (SEE ACCOUNTANTS' COMPILATION REPORT)**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets (Continued)

Depreciation on capital assets is computed using the straight-line method over the following estimated useful lives:

| | <u>Estimated Useful Lives</u> |
|-------------------------------------|-----------------------------------|
| Annexations and Comprehensive Plans | 5 - 10 Years |
| Pumping Stations | 10 - 50 Years |
| Reservoirs | 7 - 30 Years |
| Mains, Valves, Hydrants | 30 - 50 Years |
| Meters and Services | 15 Years |
| Office Buildings | 7 - 39 Years |
| Office Equipment | 3 - 20 Years |
| Transportation Equipment | 5 - 10 Years |
| Shop and Radio Equipment | 5 - 10 Years |
| Maps | 10 Years |
| Monitoring | 3 - 20 Years |

Interest Capitalization

Effective January 1, 2018, the District early implemented Governmental Accounting Standards Board (GASB) Statement No. 89, *Accounting for Interest Cost Incurred before the End of the Construction Period*. This statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset.

Pensions

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

Deferred Outflows/Inflows of Resources

Deferred outflows of resources represent a consumption of net position that applies to future periods and will not be recognized as an outflow of resources (expense) until that time. Deferred outflows of resources consist of contributions to pension plans subsequent to the June 30 measurement date and the District's proportionate share of deferred outflows related to those plans. Pension plan contributions subsequent to the measurement date are recognized as a reduction of the net pension liability in the following year. Deferred outflows of resources related to pensions for the net difference between projected and actual earnings on plan investments are amortized over a closed five-year period. The remaining deferred outflows of resources related to pensions are amortized over the average expected service lives of all employees provided with pensions through each plan.

**WOODINVILLE WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018
(SEE ACCOUNTANTS' COMPILATION REPORT)**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Outflows/Inflows of Resources (Continued)

Deferred inflows of resources represent an acquisition of net position that applies to future periods and will not be recognized as an inflow of resources (revenue) until that time. Deferred inflows of resources consist of the District's proportionate share of deferred inflows related to pension plans. Deferred inflows of resources related to pensions for the net difference between projected and actual earnings on plan investments are amortized over a closed five-year period. The remaining deferred inflows of resources related to pensions are amortized over the average expected service lives of all employees provided with pensions through each plan.

Compensated Absences

The District accrues accumulated unpaid vacation and sick leave benefits at year-end at the employee's current salary. District employees accumulate vacation and sick hours for subsequent use or for payment, subject to certain restrictions, upon termination, retirement, or death.

District policy regarding sick leave stipulates a five-year cliff vesting of unused sick leave. If an employee leaves the District in good standing after five years of service, the District will compensate the employee for not more than 480 hours of accrued sick leave at his or her current salary.

Long-Term Debt

Long-term debt is reported net of premiums and discounts. Premiums and discounts on long-term debt are amortized by the interest method over the period the related debt is outstanding.

Net Position

Net position is classified in the following three components:

Net Investment in Capital Assets – This component of net position consists of capital assets, net of accumulated depreciation, and capital-related deferred outflows of resources reduced by the outstanding balances of any capital-related borrowings and deferred inflows of resources. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds is not included in the calculation of net investment in capital assets. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.

Restricted – This component of net position consists of assets restricted by external creditors (such as through debt covenants), grantors, contributors or others reduced by related liabilities and deferred inflows of resources.

Unrestricted Net Position – This component of net position consists of all net position that does not meet the definition of "restricted" or "net investment in capital assets."

The District applies unrestricted and restricted resources to purposes for which both unrestricted and restricted net resources are available based on management's discretion.

**WOODINVILLE WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018
(SEE ACCOUNTANTS' COMPILATION REPORT)**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenues and Expenses

Revenues and expenses are distinguished between operating and nonoperating items. Operating revenues result from providing products and services in connection with the District's water and sewer systems. Operating expenses include the costs associated with providing the District's products and services, general and administrative expenses and depreciation on capital assets. All revenues and expenses not meeting these definitions are classified as nonoperating revenues and expenses.

Capital Contributions

Grants, ULID assessments, and contributions in aid of construction from property owners are recorded as capital contribution revenue.

Use of Estimates in Financial Statement Preparation

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities and deferred inflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2 DEPOSITS AND INVESTMENTS

Deposits

The District's bank balances as of December 31, 2019 and 2018 were \$30,000 and \$30,000, respectively.

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

Investments

In accordance with state law, the District's governing body has entered into a formal interlocal agreement with the District's ex officio treasurer, King County, to have all its funds not required for immediate expenditure to be invested in the King County Investment Pool (Pool). Investments in the Pool are stated at the fair value of the Pool's underlying assets. The stated value per share is \$1. The King County Executive Finance Committee provides oversight of the Pool.

**WOODINVILLE WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018
(SEE ACCOUNTANTS' COMPILATION REPORT)**

NOTE 2 DEPOSITS AND INVESTMENTS (CONTINUED)

As of December 31, the District had the following investments:

| <u>Investment Type</u> | <u>Fair Value</u> | <u>Average Effective Duration</u> |
|------------------------------|-------------------|-----------------------------------|
| <u>2019</u> | | |
| King County Investment Pool: | | |
| Main Pool | \$ 23,850,994 | 0.92 Years |
| Impaired Pool | 11,492 | |
| <u>2018</u> | | |
| King County Investment Pool: | | |
| Main Pool | \$ 24,858,022 | 0.94 Years |
| Impaired Pool | 15,142 | |

Impaired Investments

As of December 31, 2019 and 2018, all impaired commercial paper investments have completed enforcement events. The King County Impaired Investment Pool (Impaired Pool) held one commercial paper asset where the Impaired Pool accepted an exchange offer and is receiving the cash flows from the investment's underlying securities. The Impaired Pool also held the residual investments in one (two at December 31, 2018) commercial paper assets that were part of completed enforcement events, where the Impaired Pool accepted the cash-out option. The District's share of the impaired investment pool principal was \$17,076 and \$21,369 at December 31, 2019 and 2018, respectively. The District's unrealized loss for these investments is \$5,584 and \$6,227 at December 31, 2019 and 2018, respectively.

Interest Rate Risk

As a means of limiting its exposure to rising interest rates, securities purchased in the Pool must have a final maturity, or weighted average life, no longer than five years. While the Pool's market value is calculated on a monthly basis, unrealized gains and losses are not distributed to participants. The Pool distributes earnings monthly using an amortized cost methodology.

Credit Risk

As of December 31, 2019 and 2018, the District's investment in the Pool was not rated by a nationally recognized statistical rating organization (NRSRO). In compliance with state statutes, Pool policies authorize investments in U.S. treasury securities, U.S. agency securities and mortgage-backed securities, corporate notes (rated at least "A" by one NRSROs), municipal securities (rated at least "A" by two NRSROs), commercial paper (rated at least the equivalent of "A-1" by one NRSROs), certificates of deposits issued by qualified public depositories, repurchase agreements, and the Local Government Investment Pool managed by the Washington State Treasurer's office.

**WOODINVILLE WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018
(SEE ACCOUNTANTS' COMPILATION REPORT)**

NOTE 3 RESTRICTED ASSETS

In accordance with the bond resolutions and other agreements, restricted accounts are required to be established. The assets held in these accounts are restricted for specific uses, including construction, debt service and other requirements. Restricted assets are as follows:

| | <u>Cash and Cash Equivalents</u> | <u>Interest Receivable</u> | <u>Total</u> |
|----------------------------|--------------------------------------|--------------------------------|---------------------|
| <u>2019</u> | | | |
| Current Restricted Assets: | | | |
| Revenue Bond Fund | \$ 87,337 | \$ 93 | \$ 87,430 |
| Revenue Bond Reserve Fund | 993,929 | 1,903 | 995,832 |
| Impaired Investment Pool | 11,492 | - | 11,492 |
| Total Restricted Assets | <u>\$ 1,092,758</u> | <u>\$ 1,996</u> | <u>\$ 1,094,754</u> |
| <u>2018</u> | | | |
| Current Restricted Assets: | | | |
| Revenue Bond Fund | \$ 89,544 | \$ 157 | \$ 89,701 |
| Revenue Bond Reserve Fund | 964,907 | 1,693 | 966,600 |
| Impaired Investment Pool | 15,142 | - | 15,142 |
| Total Restricted Assets | <u>\$ 1,069,593</u> | <u>\$ 1,850</u> | <u>\$ 1,071,443</u> |

Terms of the revenue bond issue require the District to establish and maintain principal and interest and reserve accounts. The principal and interest account is to accumulate funds for payment of bonds, principal, and interest, and the reserve account is to provide security for bond holders. The reserve account is to provide security for bond holders. The amount to be reserved is the lesser of the maximum annual debt service, 125% of average annual debt service, or 10% of the proceeds of the bonds. The required reserve for the 2012 revenue bonds at December 31, 2019 and 2018 was \$614,956 and \$614,956, respectively, and was fully funded.

**WOODINVILLE WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018
(SEE ACCOUNTANTS' COMPILATION REPORT)**

NOTE 4 CAPITAL ASSETS

Major classes of capital assets and capital asset activity were as follows at December 31:

| | 2019 | | | Balance - End of Year |
|--|-----------------------------------|---------------------|-----------------------|--------------------------|
| | Balance - Beginning of Year | Increases | Decreases | |
| Capital Assets Not Being Depreciated: | | | | |
| Land and Land Rights | \$ 2,482,325 | \$ - | \$ - | \$ 2,482,325 |
| Construction in Progress | 4,744,992 | 5,967,496 | (1,070,357) | 9,642,131 |
| Total | <u>7,227,317</u> | <u>5,967,496</u> | <u>(1,070,357)</u> | <u>12,124,456</u> |
| Capital Assets Being Depreciated: | | | | |
| Pumping Stations | 8,593,417 | - | - | 8,593,417 |
| Reservoirs | 9,354,152 | - | - | 9,354,152 |
| Mains, Valves, Hydrants | 113,000,255 | 1,257,039 | - | 114,257,294 |
| Meters and Services | 8,202,660 | - | - | 8,202,660 |
| Office Buildings | 8,231,454 | - | - | 8,231,454 |
| Office Equipment | 2,387,562 | 206,431 | - | 2,593,993 |
| Transportation Equipment | 1,638,564 | 576,538 | - | 2,215,102 |
| Shop and Radio Equipment | 2,688,076 | - | - | 2,688,076 |
| Maps | 66,767 | - | - | 66,767 |
| Monitoring | 379,672 | - | - | 379,672 |
| Total | <u>154,542,579</u> | <u>2,040,008</u> | <u>-</u> | <u>156,582,587</u> |
| Accumulated Depreciation: | | | | |
| Pumping Stations | (1,613,544) | (311,877) | - | (1,925,421) |
| Reservoirs | (7,576,086) | (450,824) | - | (8,026,910) |
| Mains, Valves, Hydrants | (38,378,402) | (2,242,706) | - | (40,621,108) |
| Meters and Services | (4,309,247) | (338,558) | - | (4,647,805) |
| Office Buildings | (3,965,431) | (277,104) | - | (4,242,535) |
| Office Equipment | (2,311,238) | (34,222) | - | (2,345,460) |
| Transportation Equipment | (1,176,484) | (137,896) | - | (1,314,380) |
| Shop and Radio Equipment | (545,248) | (34,423) | - | (579,671) |
| Maps | (66,767) | - | - | (66,767) |
| Monitoring | (379,673) | - | - | (379,673) |
| Total | <u>(60,322,120)</u> | <u>(3,827,610)</u> | <u>-</u> | <u>(64,149,730)</u> |
| Net Capital Assets | <u>\$ 101,447,776</u> | <u>\$ 4,179,894</u> | <u>\$ (1,070,357)</u> | <u>\$ 104,557,313</u> |

**WOODINVILLE WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018
(SEE ACCOUNTANTS' COMPILATION REPORT)**

NOTE 4 CAPITAL ASSETS (CONTINUED)

| | 2018 | | | |
|--|-----------------------------------|---------------|-----------------|--------------------------|
| | Balance - Beginning of Year | Increases | Decreases | Balance - End of Year |
| Capital Assets Not Being Depreciated: | | | | |
| Land and Land Rights | \$ 2,246,015 | \$ 236,310 | \$ - | \$ 2,482,325 |
| Construction in Progress | 13,032,491 | 3,081,767 | (11,369,266) | 4,744,992 |
| Total | 15,278,506 | 3,318,077 | (11,369,266) | 7,227,317 |
| Capital Assets Being Depreciated: | | | | |
| Annexations and Comprehensive Plans | 29,677 | - | (29,677) | - |
| Pumping Stations | 3,037,446 | 5,555,971 | - | 8,593,417 |
| Reservoirs | 9,354,152 | - | - | 9,354,152 |
| Mains, Valves, Hydrants | 109,644,877 | 3,355,378 | - | 113,000,255 |
| Meters and Services | 8,202,660 | - | - | 8,202,660 |
| Office Buildings | 8,231,454 | - | - | 8,231,454 |
| Office Equipment | 2,383,977 | 9,540 | (5,955) | 2,387,562 |
| Transportation Equipment | 1,705,533 | 138,096 | (205,065) | 1,638,564 |
| Shop and Radio Equipment | 629,901 | 2,086,393 | (28,218) | 2,688,076 |
| Maps | 66,767 | - | - | 66,767 |
| Monitoring | 379,672 | - | - | 379,672 |
| Total | 143,666,116 | 11,145,378 | (268,915) | 154,542,579 |
| Accumulated Depreciation: | | | | |
| Pumping Stations | (1,522,144) | (91,400) | - | (1,613,544) |
| Reservoirs | (7,326,213) | (249,873) | - | (7,576,086) |
| Mains, Valves, Hydrants | (36,188,462) | (2,189,940) | - | (38,378,402) |
| Meters and Services | (3,970,689) | (338,558) | - | (4,309,247) |
| Office Buildings | (3,688,327) | (277,104) | - | (3,965,431) |
| Office Equipment | (2,207,325) | (109,868) | 5,955 | (2,311,238) |
| Transportation Equipment | (1,264,847) | (116,702) | 205,065 | (1,176,484) |
| Shop and Radio Equipment | (534,022) | (34,123) | 22,897 | (545,248) |
| Maps | (66,767) | - | - | (66,767) |
| Monitoring | (373,855) | (5,818) | - | (379,673) |
| Total | (57,142,651) | (3,413,386) | 233,917 | (60,322,120) |
| Net Capital Assets | \$ 101,801,971 | \$ 11,050,069 | \$ (11,404,264) | \$ 101,447,776 |

**WOODINVILLE WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018
(SEE ACCOUNTANTS' COMPILATION REPORT)**

NOTE 5 LONG-TERM DEBT PAYABLE FROM UNRESTRICTED ASSETS

Long-term debt outstanding at December 31, payable from unrestricted assets, secured by the revenue of the system, consisted of the following Public Works Trust Fund loans issued for utility construction:

| <u>Description</u> | <u>2019</u> | <u>2018</u> |
|--|-------------------|-------------------|
| 2000 - \$1,833,510 Public Works Trust Fund Loan: Payable \$98,310 annually through the year 2020, plus interest at 1.0 annual percentage rate. | \$ 98,310 | \$ 196,620 |
| 2001 - \$3,254,000 Public Works Trust Fund Loan: Payable \$174,321 annually through the year 2021, plus interest at .5 annual percentage rate. | 348,643 | 522,964 |
| 2001 - \$672,000 Public Works Trust Fund Loan: Payable \$37,412 annually through the year 2021, plus interest at .5 annual percentage rate. | <u>74,824</u> | <u>112,236</u> |
| Subtotal | 521,777 | 831,820 |
| Less: Current Maturities | <u>(310,043)</u> | <u>(310,043)</u> |
| Total | <u>\$ 211,734</u> | <u>\$ 521,777</u> |

Long-term debt service requirements to maturity, payable by the District from unrestricted assets, are as follows:

| <u>Year Ending December 31,</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|---------------------------------|-------------------|-----------------|-------------------|
| 2020 | \$ 310,043 | \$ 3,100 | \$ 313,143 |
| 2021 | 211,734 | 1,059 | 212,793 |
| Total | <u>\$ 521,777</u> | <u>\$ 4,159</u> | <u>\$ 525,936</u> |

NOTE 6 LONG-TERM DEBT PAYABLE FROM RESTRICTED ASSETS

Long-term debt outstanding at December 31, payable from restricted assets, consisted of the following revenue bonds:

| | <u>2019</u> | <u>2018</u> |
|--|---------------------|---------------------|
| <u>\$9,845,000 Dated August 8, 2012 Issue for Utility Construction:</u> | | |
| Due serially through the year 2032, with interest payable semiannually at 2.00 to 2.50 annual percentage rates | \$ 6,820,000 | \$ 7,275,000 |
| Less: Current Maturities | (465,000) | (455,000) |
| Add: Unamortized Bond (Discounts) Premiums | <u>64,246</u> | <u>74,055</u> |
| Total | <u>\$ 6,419,246</u> | <u>\$ 6,894,055</u> |

**WOODINVILLE WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018
(SEE ACCOUNTANTS' COMPILATION REPORT)**

NOTE 6 LONG-TERM DEBT PAYABLE FROM RESTRICTED ASSETS (CONTINUED)

Long-term debt service requirements to maturity, payable by the District from restricted assets, are as follows:

| <u>Year Ending December 31,</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|---------------------------------|---------------------|---------------------|---------------------|
| 2020 | \$ 465,000 | \$ 149,256 | \$ 614,256 |
| 2021 | 475,000 | 139,956 | 614,956 |
| 2022 | 480,000 | 130,456 | 610,456 |
| 2023 | 490,000 | 120,856 | 610,856 |
| 2024 | 500,000 | 111,056 | 611,056 |
| 2025-2029 | 2,660,000 | 398,494 | 3,058,494 |
| 2030-2032 | 1,750,000 | 88,126 | 1,838,126 |
| Total | <u>\$ 6,820,000</u> | <u>\$ 1,138,200</u> | <u>\$ 7,958,200</u> |

NOTE 7 CHANGES IN LONG-TERM LIABILITIES

Changes in long-term liabilities were as follows:

| | <u>Balance - Beginning of Year</u> | <u>Additions</u> | <u>Reductions</u> | <u>Balance - End of Year</u> | <u>Amounts Due Within One Year</u> |
|-----------------------|--|-------------------|-----------------------|--------------------------------------|--|
| <u>2019</u> | | | | | |
| Public Works | | | | | |
| Trust Fund Loans | \$ 831,820 | \$ - | \$ (310,043) | \$ 521,777 | \$ 310,043 |
| Revenue Bonds | 7,275,000 | - | (455,000) | 6,820,000 | 465,000 |
| Bond Premium | 74,055 | - | (9,809) | 64,246 | - |
| Compensated | | | | | |
| Absences | 527,450 | 468,401 | (383,768) | 612,083 | 384,000 |
| Net Pension Liability | 1,513,831 | - | (347,907) | 1,165,924 | - |
| Total | <u>\$ 10,222,156</u> | <u>\$ 468,401</u> | <u>\$ (1,506,527)</u> | <u>\$ 9,184,030</u> | <u>\$ 1,159,043</u> |

| | <u>Balance - Beginning of Year</u> | <u>Additions</u> | <u>Reductions</u> | <u>Balance - End of Year</u> | <u>Amounts Due Within One Year</u> |
|-----------------------|--|-------------------|-----------------------|--------------------------------------|--|
| <u>2018</u> | | | | | |
| Public Works | | | | | |
| Trust Fund Loans | \$ 1,154,183 | \$ - | \$ (322,363) | \$ 831,820 | \$ 310,043 |
| Revenue Bonds | 7,720,000 | - | (445,000) | 7,275,000 | 455,000 |
| Bond Premium | 84,498 | - | (10,443) | 74,055 | - |
| Compensated | | | | | |
| Absences | 484,848 | 363,467 | (320,865) | 527,450 | 321,000 |
| Net Pension Liability | 2,141,229 | - | (627,398) | 1,513,831 | - |
| Total | <u>\$ 11,584,758</u> | <u>\$ 363,467</u> | <u>\$ (1,726,069)</u> | <u>\$ 10,222,156</u> | <u>\$ 1,086,043</u> |

**WOODINVILLE WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018
(SEE ACCOUNTANTS' COMPILATION REPORT)**

NOTE 8 PENSION PLAN

The following table represents the aggregate pension amounts for all plans as of and for the years ended December 31, 2019 and 2018:

| Aggregate Pension Amounts – All Plans | | |
|---------------------------------------|--------------|--------------|
| | 2019 | 2018 |
| Pension Liabilities | \$ 1,165,924 | \$ 1,513,831 |
| Deferred Outflows of Resources | 299,697 | 258,558 |
| Deferred Inflows of Resources | 687,285 | 637,293 |
| Pension Expense | 82,218 | 20,452 |

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, multiemployer public employee defined benefit and defined contribution retirement plans. The state Legislature establishes, and amends, laws pertaining to the creation and administration of all public retirement systems.

The Department of Retirement Systems (DRS), a department within the primary government of the state of Washington, issues a publicly available comprehensive annual financial report (CAFR) that includes financial statements and required supplementary information for each plan. The DRS CAFR may be obtained by writing to:

Department of Retirement Systems
Communications Unit
PO Box 48380
Olympia, WA 98540-8380

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

Public Employees Retirement System (PERS)

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

PERS Plan 1

Provides retirement, disability, and death benefits. Retirement benefits are determined as 2% 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 5 years of service. Members retiring from active status prior to the age of 65 may receive actuarially reduced benefits.

**WOODINVILLE WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018
(SEE ACCOUNTANTS' COMPILATION REPORT)**

NOTE 8 PENSION PLAN (CONTINUED)

Public Employees Retirement System (PERS) (Continued)

PERS Plan 1 (Continued)

Retirement benefits are actuarially reduced to reflect the choice of a survivor benefit. Other benefits include duty and nonduty 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%. The employer contribution rate is developed by the Office of the State Actuary and includes an administrative expense component that is currently set at 0.18%. Each biennium, the state Pension Funding Council adopts PERS plan 1 employer contribution rates. The PERS plan 1 required contribution rates (expressed as a percentage of covered payroll) were as follows:

| <u>PERS Plan 1 Actual Contribution Rates</u> | <u>Employer</u> | <u>Employee</u> |
|--|-----------------|-----------------|
| <u>2019</u> | | |
| January through June | | |
| PERS Plan 1 | 7.52 % | 6.00 % |
| PERS Plan 1 UAAL | 5.13 | |
| Administrative Fee | 0.18 | |
| Total | 12.83 % | 6.00 % |
| July through December | | |
| PERS Plan 1 | 7.92 % | 6.00 % |
| PERS Plan 1 UAAL | 4.76 | |
| Administrative Fee | 0.18 | |
| Total | 12.86 % | 6.00 % |
| <u>2018</u> | | |
| January through August | | |
| PERS Plan 1 | 7.49 % | 6.00 % |
| PERS Plan 1 UAAL | 5.03 | |
| Administrative Fee | 0.18 | |
| Total | 12.70 % | 6.00 % |
| September through December | | |
| PERS Plan 1 | 7.52 % | 6.00 % |
| PERS Plan 1 UAAL | 5.13 | |
| Administrative Fee | 0.18 | |
| Total | 12.83 % | 6.00 % |

The District's actual contributions to the plan were \$167,585 and \$157,478 for the years ended December 31, 2019 and 2018, respectively.

**WOODINVILLE WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018
(SEE ACCOUNTANTS' COMPILATION REPORT)**

NOTE 8 PENSION PLAN (CONTINUED)

Public Employees Retirement System (PERS) (Continued)

PERS Plan 2/3

Provides retirement, disability, and death benefits. Retirement benefits are determined as 2% of the member's average final compensation (AFC) times the member's years of service for PERS plan 2 and 1% of AFC for PERS 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 5 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 3% 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 5% 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 nonduty disability payments, a cost-of-living allowance (based on the CPI), capped at 3% annually and a one-time duty related death benefit, if found eligible by the Department of Labor and Industries. PERS plan 2 members are vested after completing 5 years of eligible service. PERS plan 3 members are vested in the defined benefit portion of their plan after 10 years of service; or after 5 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, PERS plan 3 required defined contribution rates are set at a minimum of 5% and escalate to 15% 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.

**WOODINVILLE WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018
(SEE ACCOUNTANTS' COMPILATION REPORT)**

NOTE 8 PENSION PLAN (CONTINUED)

Public Employees Retirement System (PERS) (Continued)

Contributions

The PERS plan 2/3 employer and employee contribution rates are developed by the Office of the State Actuary to fully fund PERS plan 2 and the defined benefit portion of PERS plan 3. The PERS plan 2/3 employer rates include a component to address the PERS plan 1 unfunded actuarially accrued liability (UAAL) and an administrative expense that is currently set at 0.18%. Each biennium, the state Pension Funding Council adopts PERS plan 2 employer and employee contribution rates and PERS plan 3 contribution rates.

The PERS plan 2/3 required contribution rates (expressed as a percentage of covered payroll) were as follows:

| <u>PERS Plan 2/3 Actual Contribution Rates</u> | <u>Employer 2/3</u> | <u>Employee 2</u> | <u>Employee 3</u> |
|--|---------------------|-------------------|-------------------|
| <u>PERS Plan 1 Actual Contribution Rates</u> | | | |
| January through June | | | |
| PERS Plan 2/3 | 7.52 % | 7.41 % | Varies |
| PERS Plan 1 UAAL | 5.13 | | |
| Administrative Fee | 0.18 | | |
| Total | 12.83 % | 7.41 % | Varies |
| July through December | | | |
| PERS Plan 2/3 | 7.92 % | 7.90 % | Varies |
| PERS Plan 1 UAAL | 4.76 | | |
| Administrative Fee | 0.18 | | |
| Total | 12.86 % | 7.90 % | Varies |
| <u>Total</u> | | | |
| January through August | | | |
| PERS Plan 2/3 | 7.49 % | 7.38 % | Varies |
| PERS Plan 1 UAAL | 5.03 | | |
| Administrative Fee | 0.18 | | |
| Total | 12.70 % | 7.38 % | Varies |
| September through December | | | |
| PERS Plan 2/3 | 7.52 % | 7.41 % | Varies |
| PERS Plan 1 UAAL | 5.13 | | |
| Administrative Fee | 0.18 | | |
| Total | 12.83 % | 7.41 % | Varies |

The District's actual contributions to the plan were \$247,759 and \$220,774 for the years ended December 31, 2019 and 2018, respectively.

**WOODINVILLE WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018
(SEE ACCOUNTANTS' COMPILATION REPORT)**

NOTE 8 PENSION PLAN (CONTINUED)

Actuarial Assumptions

The 2019 total pension liability (TPL) for each of the DRS plans was determined using the most recent actuarial valuation completed in 2019 with a valuation date of June 30, 2018. The actuarial assumptions used in the valuation were based on the results of the Office of the State Actuary's (OSA) *2007-2012 Experience Study* and the *2017 Economic Experience Study*.

The 2018 TPL for each of the DRS plans was determined using the actuarial valuation completed in 2018, with a valuation date of June 30, 2017. The actuarial assumptions used in the valuation were based on the results of the Office of the State Actuary's (OSA) *2007-2012 Experience Study* and the *2017 Economic experience Study*.

Additional 2019 assumptions for subsequent events and law changes are current as of the 2018 actuarial valuation report. Additional 2018 assumptions for subsequent events and law changes are current as of the 2017 actuarial valuation report. The TPL was calculated as of the valuation date and rolled forward to the measurement date of June 30, 2019 and 2018. 2019 plan liabilities were rolled forward from June 30, 2018 to June 30, 2019, and 2018 plan liabilities were rolled forward from June 30, 2017 to June 30, 2018, reflecting each plan's normal cost (using the entry-age cost method), assumed interest, and actual benefit payments.

- **Inflation:** 2.75% total economic inflation; 3.50% salary inflation
- **Salary increases:** In addition to the base 3.50% salary inflation assumption, salaries are also expected to grow by promotions and longevity.
- **Investment rate of return:** 7.4%

Mortality rates were based on the RP-2000 report's Combined Healthy Table and Combined Disabled Table, published by the Society of Actuaries. The OSA applied offsets to the base table and recognized future improvements in mortality by projecting the mortality rates using 100% Scale BB. Mortality rates are applied on a generational basis; meaning, each member is assumed to receive additional mortality improvements in each future year throughout his or her lifetime.

There were changes in methods and assumptions between the 2019 and 2018 valuations.

- OSA updated modeling to reflect providing benefit payments to the date of the initial retirement eligibility for terminated vested members who delay application for retirement benefits.
- OSA updated COLA programming to reflect legislation signed during the 2018 legislative session that provides PERS plan 1 annuitants who are not receiving a basic minimum, alternate minimum, or temporary disability benefit with a one-time permanent 1.5% increase to their monthly retirement benefit, not to exceed a maximum of \$62.50 per month.

**WOODINVILLE WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018
(SEE ACCOUNTANTS' COMPILATION REPORT)**

NOTE 8 PENSION PLAN (CONTINUED)

Actuarial Assumptions (Continued)

There were changes in methods and assumptions between the 2018 and 2017 valuations.

- Lowered the valuation interest rate from 7.70% to 7.50% for all plans.
- Lowered the assumed general salary growth from 3.75% to 3.50% for all plans.
- Lowered assumed inflation from 3.00% to 2.75% for all plans.

Discount Rate

The discount rate used to measure the total pension liability for all DRS plans was 7.4%.

To determine that rate, an asset sufficiency test included an assumed 7.5% long-term discount rate to determine funding liabilities for calculating future contribution rate requirements. Consistent with the long-term expected rate of return, a 7.4% future investment rate of return on invested assets was assumed for the test. Contributions from plan members and employers are assumed to continue being made at contractually required rates (including PERS 2/3 employers, whose rates include a component for the PERS 1 plan liabilities). Based on these assumptions, the pension plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return of 7.4% was used to determine the total liability.

Long-Term Expected Rate of Return

The long-term expected rate of return on the DRS pension plan investments of 7.4% was determined using a building-block-method. In selecting this assumption, the Office of the State Actuary (OSA) reviewed the historical experience data, considered the historical conditions that produced past annual investment returns, and considered capital market assumptions and simulated expected investment returns provided by the Washington State Investment Board (WSIB). The WSIB uses the capital market assumptions and their target asset allocation to simulate future investment returns over various time horizons.

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, are summarized in the table below. 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.

**WOODINVILLE WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018
(SEE ACCOUNTANTS' COMPILATION REPORT)**

NOTE 8 PENSION PLAN (CONTINUED)

Estimated Rates of Return by Asset Class (Continued)

As of June 30, 2019 and 2018:

| <u>Asset Class</u> | <u>Target Allocation</u> | <u>Percent Long-Term Expected Real Rate of Return Arithmetic</u> |
|--------------------|--------------------------|--|
| <u>2019</u> | | |
| Fixed Income | 20 % | 2.20 % |
| Tangible Assets | 7 | 5.10 |
| Real Estate | 18 | 5.80 |
| Global Equity | 32 | 6.30 |
| Private Equity | 23 | 9.30 |
| Total | <u>100 %</u> | |
| <u>2018</u> | | |
| Fixed Income | 20 % | 1.70 % |
| Tangible Assets | 7 | 4.90 |
| Real Estate | 18 | 5.80 |
| Global Equity | 32 | 6.30 |
| Private Equity | 23 | 9.30 |
| Total | <u>100 %</u> | |

Sensitivity of NPL

The table below presents the District's proportionate share of the net pension liability calculated using the applicable discount rate, 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 or 1-percentage point higher than applicable discount rate.

| | <u>2019</u> | | |
|----------|-------------------------------|---|-------------------------------|
| | <u>1% Decrease (6.4%)</u> | <u>Current Discount Rate (7.4%)</u> | <u>1% Increase (8.4%)</u> |
| PERS 1 | \$ 1,115,607 | \$ 890,833 | \$ 695,812 |
| PERS 2/3 | 2,109,839 | 275,091 | (1,230,441) |
| | <u>2018</u> | | |
| | <u>1% Decrease (6.4%)</u> | <u>Current Discount Rate (7.4%)</u> | <u>1% Increase (8.4%)</u> |
| PERS 1 | \$ 1,268,280 | \$ 1,032,014 | \$ 827,359 |
| PERS 2/3 | 2,203,844 | 481,817 | (930,052) |

**WOODINVILLE WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018
(SEE ACCOUNTANTS' COMPILATION REPORT)**

NOTE 8 PENSION PLAN (CONTINUED)

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 December 31, 2019 and 2018, the District reported a total pension liability (asset) for its proportionate share of the net pension liabilities as follows (measured as of June 30, 2019 and 2018):

| | <u>2019</u> | <u>2018</u> |
|----------|---------------------|---------------------|
| PERS 1 | \$ 890,833 | \$ 1,032,014 |
| PERS 2/3 | 275,091 | 481,817 |
| Total | <u>\$ 1,165,924</u> | <u>\$ 1,513,831</u> |

The District's proportionate share of the collective net pension liabilities was as follows:

| | <u>Proportionate Share 6/30/18</u> | <u>Proportionate Share 6/30/19</u> | <u>Change in Proportion</u> |
|----------|--|--|---------------------------------|
| PERS 1 | 0.023108% | 0.023166% | 0.000058% |
| PERS 2/3 | 0.028219% | 0.028321% | 0.000102% |

| | <u>Proportionate Share 6/30/17</u> | <u>Proportionate Share 6/30/18</u> | <u>Change in Proportion</u> |
|----------|--|--|---------------------------------|
| PERS 1 | 0.023808% | 0.023108% | -0.000700% |
| PERS 2/3 | 0.029112% | 0.028219% | -0.000893% |

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

The 2019 and 2018 collective net pension liability (asset) was measured as of June 30, 2019 and 2018, respectively, and the actuarial valuation date on which the total pension liability (asset) is based was as of June 30, 2018 and 2017, respectively, with update procedures used to roll forward the total pension liability to the measurement date.

Pension Expense

For the year ended December 31, 2019 and 2018, the District recognized pension expense as follows:

| | <u>2019</u> | <u>2018</u> |
|--------------------|------------------|------------------|
| PERS 1 | \$ 43,436 | \$ 55,601 |
| PERS 2/3 | 32,854 | (40,409) |
| Expenses and Other | 5,928 | 5,260 |
| Total | <u>\$ 82,218</u> | <u>\$ 20,452</u> |

**WOODINVILLE WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018
(SEE ACCOUNTANTS' COMPILATION REPORT)**

NOTE 8 PENSION PLAN (CONTINUED)

Deferred Outflows of Resources and Deferred Inflows of Resources

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

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|--------------------------------------|-------------------------------------|
| <u>2019</u> | | |
| PERS 1: | | |
| Differences Between Expected and Actual Experience | \$ - | \$ - |
| Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments | - | 59,515 |
| Changes of Assumptions | - | - |
| Changes in Proportion and Differences Between Contributions and Proportionate Share of Contributions | - | - |
| Contributions Subsequent to the Measurement Date | 82,374 | - |
| Total | \$ 82,374 | \$ 59,515 |
| PERS 2/3: | | |
| Differences Between Expected and Actual Experience | \$ 78,814 | \$ 59,143 |
| Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments | - | 400,421 |
| Changes of Assumptions | 7,044 | 115,419 |
| Changes in Proportion and Differences Between Contributions and Proportionate Share of Contributions | 2,051 | 52,787 |
| Contributions Subsequent to the Measurement Date | 129,414 | - |
| Total | \$ 217,323 | \$ 627,770 |
| Total All Plans | \$ 299,697 | \$ 687,285 |

**WOODINVILLE WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018
(SEE ACCOUNTANTS' COMPILATION REPORT)**

NOTE 8 PENSION PLAN (CONTINUED)

Deferred Outflows of Resources and Deferred Inflows of Resources (Continued)

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|--------------------------------------|-------------------------------------|
| <u>2018</u> | | |
| PERS 1: | | |
| Differences Between Expected and Actual Experience | \$ - | \$ - |
| Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments | - | 41,012 |
| Changes of Assumptions | - | - |
| Changes in Proportion and Differences Between Contributions and Proportionate Share of Contributions | - | - |
| Contributions Subsequent to the Measurement Date | 80,902 | - |
| Total | \$ 80,902 | \$ 41,012 |
| PERS 2/3: | | |
| Differences Between Expected and Actual Experience | \$ 59,058 | \$ 84,357 |
| Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments | - | 295,666 |
| Changes of Assumptions | 5,637 | 137,121 |
| Changes in Proportion and Differences Between Contributions and Proportionate Share of Contributions | - | 79,137 |
| Contributions Subsequent to the Measurement Date | 112,961 | - |
| Total | \$ 177,656 | \$ 596,281 |
| Total All Plans | \$ 258,558 | \$ 637,293 |

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

| Year Ending December 31, | PERS 1 | PERS 2/3 |
|--------------------------|-------------|--------------|
| 2020 | \$ (13,138) | \$ (135,696) |
| 2021 | (31,121) | (215,721) |
| 2022 | (11,106) | (101,352) |
| 2023 | (4,150) | (58,989) |
| 2024 | - | (29,251) |
| Thereafter | - | 1,148 |
| Total | \$ (59,515) | \$ (539,861) |

**WOODINVILLE WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018
(SEE ACCOUNTANTS' COMPILATION REPORT)**

NOTE 9 DEFERRED COMPENSATION PLAN

The District offers its employees two deferred compensation plans created in accordance with Internal Revenue Code Section 457. The plans are with the International City Managers Association and Nationwide Retirement. The plans, available to all employees, permit them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. In addition to voluntary employee deferrals, the District matches 100% of eligible employee deferrals up to 2% of the participating employees' salaries. Employee deferrals totaled \$164,877 and \$142,793 in 2019 and 2018, respectively. District matching contributions totaled \$58,693 and \$51,383 in 2019 and 2018, respectively.

NOTE 10 RISK MANAGEMENT

The District is a member of the Water and Sewer Risk Management Pool (Pool). 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 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 pursuant to the provisions of Chapter 39.34 RCW, the Interlocal Cooperation Act. The Pool was formed in November 1987 when water and sewer districts in the state of Washington joined together by signing an Interlocal Governmental Agreement to pool their self-insured losses and jointly purchase insurance and administrative services. The Pool currently has 70 members. The Pool's fiscal year is November 1 through October 31.

The Pool allows members to jointly purchase insurance coverage, establish a plan of self-insurance coverage, and provide related services, such as risk management and loss prevention. The Pool provides the following forms of group purchased insurance coverage for its members: All-Risk Property (including Building, Electronic Data Processing, Boiler and Machinery, and Mobile Equipment); General Liability; Automotive Liability; Excess Liability, Crime; Public Officials Liability; Employment Practices Liability, Cyber Liability, Identity Fraud Reimbursement Program; Deadly Weapon/Active Shooter Response Program; and bonds of various types. Most coverages are on an "occurrence" basis.

**WOODINVILLE WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018
(SEE ACCOUNTANTS' COMPILATION REPORT)**

NOTE 10 RISK MANAGEMENT (CONTINUED)

Members make an annual contribution to fund the Pool. The Pool purchases insurance policies from unrelated underwriters as follows:

| Type of Coverage | Member Deductible | Self-Insured Retention/Group | Excess Limits |
|---------------------------------------|---|---|---|
| Property Loss: | | | |
| Buildings and Contents | \$1,000 and See (C) below | \$25,000 | \$275,000,000 |
| Flood | See (A) below | See (A) below | \$50,000,000 |
| Earthquake | See (B) below | See (B) below | \$110,000,000 (\$75,000,000 shared by all members and \$25,000,000 dedicated to Alderwood, \$5,000,000 dedicated to Sammamish Plateau and \$5,000,000 dedicated to Cascade Water Alliance) |
| Terrorism | \$1,000 | \$25,000 Primary layer | \$700,000,000 Primary layer |
| Boiler and Machinery | \$1,000 - \$350,000 depending on object | \$25,000 - \$350,000 depending on object | \$100,000,000 |
| Auto - Physical Damage | \$1,000 | \$25,000 | \$15,000,000 |
| Liability: | | | |
| Commercial General Liability | \$1,000 | \$200,000, subject to \$150,000 Corridor Deductible | \$15,000,000 |
| Auto Liability | \$1,000 | Same as above | \$15,000,000 |
| Public Officials Errors and Omissions | \$1,000 | Same as above | \$15,000,000 |
| Employment Practices | \$1,000 | Same as above | \$15,000,000 |
| Other: | | | |
| Cyber Liability | \$50,000 | N/A | \$2,000,000 |
| Deadly Weapon / Active Shooter | \$10,000 | N/A | \$500,000 |
| Public Officials Bonds | Various | N/A | Various |
| Crime | \$1,000 | \$25,000 | \$2,000,000 |
| Identity Fraud | \$0 | \$0 | \$25,000 |

**WOODINVILLE WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018
(SEE ACCOUNTANTS' COMPILATION REPORT)**

NOTE 10 RISK MANAGEMENT (CONTINUED)

- A. \$100,000 member deductibles, per occurrence, in Flood Zones except Zones A&V; \$250,000 member deductible per occurrence, in Flood Zones A&V.
- B. Member deductible for earthquakes is 5% subject to \$100,000 minimum Earthquake Shock. If the stated deductible is on a percentage basis, the deductible will apply per occurrence on a per unit basis, as defined in the policy form, subject to the stated minimum.
- C. Member deductible for Cyber liability is \$50,000 and where applicable the dollar amount of the business interruption loss during the policy's required eight hour waiting period.

Pool members are responsible for a deductible on each coverage and the Pool is responsible for the remainder of the self-insured retention listed in the table above except where noted as follows. The insurance carriers then cover the loss to the maximum limit of the policy. Each member is responsible for the full deductible applicable to the perils of earthquake and flood (the Pool is not responsible for any deductible or self-insured retention for earthquake and flood claims). Each member is also responsible for the full deductible applicable to the Cyber Liability, and that part of a Boiler & Machinery deductible, which exceeds \$25,000.

Upon joining, the members contract to remain in the Pool for one full policy period. Following completion of one full policy period, members must give six months' notice before terminating participation (e.g. to withdraw from the Pool on November 1, 2020, written notice must be in possession of the Pool by April 30, 2020). The Interlocal Governmental Agreement is renewed automatically each year. Even after termination of relationship with the Pool, a member is still responsible for contributions to the Pool for any unresolved, unreported, and in process claims, for the period that the District was a signatory to the Interlocal Governmental Agreement.

The Pool is fully funded by its member participants. Claims are filed by members with the Pool who determines coverage and performs claims adjustment in consultation with various independent public adjusters.

The Pool is governed by a board of directors, which is comprised of one designated representative from each participating member. An executive committee is elected at the annual meeting and is responsible for overseeing the business affairs of the Pool and providing policy direction to the Pool's executive director.

In the past three years (2019, 2018, and 2017), there have been no claim settlements, per occurrence or in aggregate, that have exceeded the coverage provided by excess/reinsurance contracts.

**WOODINVILLE WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018
(SEE ACCOUNTANTS' COMPILATION REPORT)**

NOTE 11 HEALTH AND WELFARE

Woodinville Water District is a member of the Association of Washington Cities Employee Benefit Trust Health Care Program (AWC Trust HCP). Chapter 48.62 RCW provides that two or more local government entities may, by Interlocal agreement under Chapter 39.34 RCW, form together or join a pool or organization for the joint purchasing of insurance, and/or joint self-insurance, to the same extent that they may individually purchase insurance, or self-insure.

An agreement to form a pooling arrangement was made pursuant to the provisions of Chapter 39.34 RCW, the Interlocal Cooperation Act. The AWC Trust HCP was formed on January 1, 2014 when participating cities, towns, and noncity entities of the AWC Employee Benefit Trust in the state of Washington joined together by signing an Interlocal Governmental Agreement to jointly self-insure certain health benefit plans and programs for participating employees, their covered dependents and other beneficiaries through a designated account within the Trust.

As of December 31, 2019, 261 cities/towns/noncity entities participate in the AWC Trust HCP.

The AWC Trust HCP allows members to establish a program of joint insurance and provides health and welfare services to all participating members. The AWC Trust HCP pools claims without regard to individual member experience. The pool is actuarially rated each year with the assumption of projected claims run-out for all current members. The AWC Trust HCP includes medical, dental and vision insurance through the following carriers: Kaiser Foundation Health Plan of Washington, Kaiser Foundation Health Plan of Washington Options, Inc., Regence BlueShield, Asuris Northwest Health, Delta Dental of Washington, and Vision Service Plan. Eligible members are cities and towns within the state of Washington. Noncity entities (public agency, public corporation, intergovernmental agency, or political subdivision within the state of Washington) are eligible to apply for coverage into the AWC Trust HCP, submitting application to the board of trustees for review as required in the Trust Agreement.

Participating employers pay monthly premiums to the AWC Trust HCP. The AWC Trust HCP is responsible for payment of all covered claims. In 2019, the AWC Trust HCP purchased stop loss insurance for Regence/Asuris plans at an Individual Stop Loss (ISL) of \$1.5 million through Commencement Bay Risk Management, and Kaiser ISL at \$1 million with Companion Life through ASG Risk Management. The aggregate policy is for 200% of expected medical claims.

Participating employers contract to remain in the AWC Trust HCP for a minimum of three years. Participating employers with over 250 employees must provide written notice of termination of all coverage a minimum of 12 months in advance of the termination date, and participating employers with under 250 employees must provide written notice of termination of all coverage a minimum of 6 months in advance of termination date. When all coverage is being terminated, termination will only occur on December 31. Participating employers terminating a group or line of coverage must notify the AWC Trust HCP a minimum of 60 days prior to termination. A participating employer's termination will not obligate that member to past debts, or further contributions to the AWC Trust HCP. Similarly, the terminating member forfeits all rights and interest to the AWC Trust HCP Account.

**WOODINVILLE WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018
(SEE ACCOUNTANTS' COMPILATION REPORT)**

NOTE 11 HEALTH AND WELFARE (CONTINUED)

The operations of the Health Care Program are managed by the board of trustees or its delegates. The board of trustees is comprised of four regionally elected officials from Trust member cities or towns, the Employee Benefit Advisory Committee Chair and Vice Chair, and two appointed individuals from the AWC Board of Directors, who are from Trust member cities or towns. The board of trustees or its appointed delegates review and analyze Health Care Program related matters and make operational decisions regarding premium contributions, reserves, plan options, and benefits in compliance with Chapter 48.62 RCW. The board of trustees has decision authority consistent with the Trust Agreement, Health Care Program policies, Chapter 48.62 RCW and Chapter 200-110-WAC.

The accounting records of the AWC Trust HCP are maintained in accordance with methods prescribed by the State Auditor's office under the authority of Chapter 43.09 RCW. The AWC Trust HCP also follows applicable accounting standards established by GASB. In 2018, the retiree medical plan subsidy was eliminated, and is noted as such in the report for the fiscal year ended December 31, 2018. Year-end financial reporting is done on an accrual basis and submitted to the Office of the State Auditor as required by Chapter 200-110 WAC. The audit report for the AWC Trust HCP is available from the Washington State Auditor's office.

In 2019, 2018, and 2017, there were no claim settlements, per occurrence or in aggregate, that have exceeded the coverage provided by stop loss contracts.

NOTE 12 MAJOR SUPPLIERS

All sewage treatment and water purchased by the District is provided by King County Wastewater Treatment Division (Metro) and the City of Seattle, respectively.

NOTE 13 COMMITMENTS AND CONTINGENCY

The District is obligated under various contracts for construction in progress in the combined amount of \$4,852,881 of which \$4,522,174 has been expended as of December 31, 2019.

NOTE 14 LEASES

The District leases space for cell towers on certain reservoirs under noncancelable operating leases. Future rental income due to the District is as follows:

| <u>Years Ending December 31,</u> | <u>Amount</u> |
|----------------------------------|---------------|
| 2020 | \$ 10,906 |

**WOODINVILLE WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018
(SEE ACCOUNTANTS' COMPILATION REPORT)**

NOTE 15 SUBSEQUENT EVENTS

In February 2020, the Governor of the state of Washington declared a state of emergency in response to the spread of a deadly new virus. In the weeks following the declaration, precautionary measures to slow the spread of the virus have been ordered. These measures include closing schools, colleges, and universities, cancelling public events, prohibiting public and private gatherings, and requiring people to stay home unless they are leaving for an essential function.

Specific to the District, COVID 19 may impact various parts of its 2020 operations and financial results, including slower collections of receivables and reductions in operating revenues and capital contributions. Management believes the District is taking appropriate actions to mitigate the negative impact. However, the length of time these measures will be in place, and the full extent of the financial impact on the District is unknown at this time.

**WOODINVILLE WATER DISTRICT
SCHEDULES OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
AS OF JUNE 30 (MEASUREMENT DATE)
LAST 10 FISCAL YEARS*
(SEE ACCOUNTANTS' COMPILATION REPORT)**

PERS 1

| Year | Employer's Proportion of the Net Pension Liability (Asset) | Employer's Proportionate Share of the Net Pension Liability (Asset) | Employer's Covered Payroll | Net Pension Liability (Asset) as a Percentage of Covered Payroll | Plan Fiduciary Net Position as a Percentage of the Total Pension Liability |
|------|---|---|----------------------------------|--|--|
| 2019 | 0.023166% | \$ 890,833 | \$ 3,146,528 | 28.31% | 67.12% |
| 2018 | 0.023108% | 1,032,014 | 2,972,860 | 34.71% | 63.22% |
| 2017 | 0.023808% | 1,129,726 | 2,918,425 | 38.71% | 61.24% |
| 2016 | 0.025404% | 1,315,970 | 2,833,272 | 46.45% | 57.03% |
| 2015 | 0.025402% | 1,328,746 | 2,835,492 | 46.86% | 59.10% |
| 2014 | 0.260030% | 1,309,906 | 2,687,854 | 48.73% | 61.19% |

Notes to Schedule:

* Information is presented only for those years for which information is available.

The District has one employee covered under PERS 1. The remaining PERS 1 contributions are from the component of PERS 2 contributions required to address the PERS 1 Unfunded Actuarially Accrued Liability (UAAL).

PERS 2/3

| Year | Employer's Proportion of the Net Pension Liability (Asset) | Employer's Proportionate Share of the Net Pension Liability (Asset) | Employer's Covered Payroll | Net Pension Liability (Asset) as a Percentage of Covered Payroll | Plan Fiduciary Net Position as a Percentage of the Total Pension Liability |
|------|---|---|----------------------------------|--|--|
| 2019 | 0.028321% | \$ 275,091 | \$ 3,077,728 | 8.94% | 97.77% |
| 2018 | 0.028219% | 481,817 | 2,907,103 | 16.57% | 95.77% |
| 2017 | 0.029112% | 1,011,503 | 2,854,142 | 35.44% | 90.97% |
| 2016 | 0.299160% | 1,506,228 | 2,772,061 | 54.34% | 85.82% |
| 2015 | 0.312720% | 1,117,353 | 2,774,687 | 40.27% | 89.20% |
| 2014 | 0.319200% | 645,210 | 2,630,214 | 24.53% | 93.29% |

Notes to Schedule:

* Information is presented only for those years for which information is available.

**WOODINVILLE WATER DISTRICT
SCHEDULES OF EMPLOYER PENSION CONTRIBUTIONS
AS OF DECEMBER 31 (EMPLOYER REPORTING DATE)
LAST 10 FISCAL YEARS*
(SEE ACCOUNTANTS' COMPILATION REPORT)**

PERS 1

| Year | Statutorily Required Contribution | Contributions in Relation to the Statutorily Required Contribution | Contribution Deficiency (Excess) | Employer's Covered Payroll | Contributions as a Percent of Covered Payroll |
|------|---|--|--|----------------------------------|--|
| 2019 | \$ 167,585 | \$ (167,585) | \$ - | \$ 3,279,387 | 5.11% |
| 2018 | 157,478 | (157,478) | - | 3,010,141 | 5.23% |
| 2017 | 150,128 | (150,128) | - | 2,972,296 | 5.05% |
| 2016 | 140,964 | (140,964) | - | 2,872,449 | 4.91% |
| 2015 | 124,548 | (124,548) | - | 2,759,423 | 4.51% |
| 2014 | 112,961 | (112,961) | - | 2,728,637 | 4.14% |

Notes to Schedule:

* Information is presented only for those years for which information is available.

The District has one employee covered under PERS 1. The remaining PERS 1 contributions are from the component of PERS 2 contributions required to address the PERS 1 Unfunded Actuarially Accrued Liability (UAAL).

PERS 2/3

| Year | Statutorily Required Contribution | Contributions in Relation to the Statutorily Required Contribution | Contribution Deficiency (Excess) | Employer's Covered Payroll | Contributions as a Percent of Covered Payroll |
|------|---|--|--|----------------------------------|--|
| 2019 | \$ 247,759 | \$ (247,759) | \$ - | \$ 3,207,748 | 7.72% |
| 2018 | 220,774 | (220,774) | - | 2,943,406 | 7.50% |
| 2017 | 199,627 | (199,627) | - | 2,907,439 | 6.87% |
| 2016 | 175,005 | (175,005) | - | 2,809,077 | 6.23% |
| 2015 | 152,348 | (152,348) | - | 2,700,173 | 5.64% |
| 2014 | 133,436 | (133,436) | - | 2,670,605 | 5.00% |

Notes to Schedule:

* Information is presented only for those years for which information is available.

**WOODINVILLE WATER DISTRICT
DEPARTMENTAL STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN FUND NET POSITION
YEAR ENDED DECEMBER 31, 2019
(SEE ACCOUNTANTS' COMPILATION REPORT)**

| | <u>Water</u> | <u>Sewer</u> | <u>Total</u> |
|---|---------------------|-------------------|-----------------------|
| OPERATING REVENUES | | | |
| Water Sales | \$ 14,197,712 | \$ - | \$ 14,197,712 |
| Sewer Services | - | 5,580,082 | 5,580,082 |
| Street Lights | 102,507 | - | 102,507 |
| Other Revenue | 221,711 | 3,820 | 225,531 |
| Total Operating Revenues | <u>14,521,930</u> | <u>5,583,902</u> | <u>20,105,832</u> |
| OPERATING EXPENSES | | | |
| Water Purchased | 3,493,904 | - | 3,493,904 |
| Metro Charges | - | 3,827,307 | 3,827,307 |
| Power for Street Lights | 89,026 | - | 89,026 |
| Personnel Expense | 3,983,064 | 266,420 | 4,249,484 |
| Plant Expense | 1,727,063 | 790,945 | 2,518,008 |
| Professional Services | 334,503 | 168,206 | 502,709 |
| Depreciation and Amortization | 3,185,187 | 642,423 | 3,827,610 |
| Total Operating Expenses | <u>12,812,747</u> | <u>5,695,301</u> | <u>18,508,048</u> |
| INCOME (LOSS) FROM OPERATIONS | 1,709,183 | (111,399) | 1,597,784 |
| NONOPERATING REVENUES (EXPENSES) | | | |
| Investment Income, Net of Service Fees | 510,986 | 211,775 | 722,761 |
| Other Interest | 129 | - | 129 |
| Miscellaneous Income | 872 | - | 872 |
| Interest and Amortization on Long-Term Debt | (148,119) | - | (148,119) |
| Total Nonoperating Revenues | <u>363,868</u> | <u>211,775</u> | <u>575,643</u> |
| INCOME BEFORE CAPITAL CONTRIBUTIONS | 2,073,051 | 100,376 | 2,173,427 |
| Capital Contributions | <u>356,625</u> | <u>616,701</u> | <u>973,326</u> |
| CHANGE IN NET POSITION | <u>\$ 2,429,676</u> | <u>\$ 717,077</u> | 3,146,753 |
| Net Position - Beginning of Year | | | <u>117,490,424</u> |
| NET POSITION - END OF YEAR | | | <u>\$ 120,637,177</u> |

**WOODINVILLE WATER DISTRICT
DEPARTMENTAL STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN FUND NET POSITION
YEAR ENDED DECEMBER 31, 2018
(SEE ACCOUNTANTS' COMPILATION REPORT)**

| | <u>Water</u> | <u>Sewer</u> | <u>Total</u> |
|--|---------------------|---------------------|-----------------------|
| OPERATING REVENUES | | | |
| Water Sales | \$ 14,489,693 | \$ - | \$ 14,489,693 |
| Sewer Services | - | 5,397,695 | 5,397,695 |
| Street Lights | 99,794 | - | 99,794 |
| Other Revenue | 169,120 | 42,060 | 211,180 |
| Total Operating Revenues | <u>14,758,607</u> | <u>5,439,755</u> | <u>20,198,362</u> |
| OPERATING EXPENSES | | | |
| Water Purchased | 3,471,897 | - | 3,471,897 |
| Metro Charges | - | 3,594,396 | 3,594,396 |
| Power for Street Lights | 90,177 | - | 90,177 |
| Personnel Expense | 3,617,097 | 221,436 | 3,838,533 |
| Plant Expense | 1,639,614 | 923,995 | 2,563,609 |
| Professional Services | 390,191 | 54,559 | 444,750 |
| Depreciation and Amortization | 2,795,344 | 647,719 | 3,443,063 |
| Total Operating Expenses | <u>12,004,320</u> | <u>5,442,105</u> | <u>17,446,425</u> |
| INCOME (LOSS) FROM OPERATIONS | 2,754,287 | (2,350) | 2,751,937 |
| NONOPERATING REVENUES (EXPENSES) | | | |
| Investment Income, Net of Service Fees | 290,182 | 103,466 | 393,648 |
| Other Interest | 170 | - | 170 |
| Miscellaneous Income | 577 | - | 577 |
| Gain on Disposal of Assets and Abandoned Projects | (1,717,991) | 2,160 | (1,715,831) |
| Interest and Amortization on Long-Term Debt | (158,526) | (62) | (158,588) |
| Miscellaneous Expense | (803) | - | (803) |
| Total Nonoperating Revenues (Expenses) | <u>(1,586,391)</u> | <u>105,564</u> | <u>(1,480,827)</u> |
| INCOME BEFORE CAPITAL CONTRIBUTIONS | 1,167,896 | 103,214 | 1,271,110 |
| Capital Contributions | <u>1,725,654</u> | <u>1,867,347</u> | <u>3,593,001</u> |
| CHANGE IN NET POSITION | <u>\$ 2,893,550</u> | <u>\$ 1,970,561</u> | 4,864,111 |
| Net Position - Beginning of Year | | | <u>112,626,313</u> |
| NET POSITION - END OF YEAR | | | <u>\$ 117,490,424</u> |