Annual Report

PUD #1 of Ferry County

MCAG No. 1778

Submitted pursuant to RCW 43.09.230

To the

Office of the State Auditor

For the fiscal year ended December 31, 2024

Certified correct this 30th day of May 2025 to the best of my knowledge:

Steve VanSlyke, Manager
686 S Clark Ave.
P.O. Box 1039
Republic, WA 99166
fcpud.com

Prepared by Susan R. Nush, Auditor

Office Phone: 509-775-3325
Office Fax: 509-775-3326
E-mail: snush@fcpud.com

MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2024

The following discussion and analysis is designed to provide an overview of Public Utility District No. 1 of Ferry County's (the District) financial activity, to assist the public in focusing on the significant financial issues facing the District, and to identify changes in the District's financial position.

The District is a municipal corporation of the State of Washington and was established in 1936 and began operations in 1945. At that time, the system served 300 customers. In 2024 the system served an average of 3,795 meters. The District is an electricity-only utility with distribution and limited 34.5 KV transmission system. The District purchases all electricity from the Bonneville Power Administration (BPA) as a full-requirements customer. A three-member Board of Commissioners locally elected to six-year terms governs the District.

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial report includes this Management's Discussion and Analysis, Basic Financial Statements with accompanying notes, and Supplemental Information. The District conforms to generally accepted accounting principles as applicable to proprietary funds of public utility districts operated in the State of Washington. The District uses the Uniform Systems of Accounts as prescribed by the United States Department of Agriculture Rural Utilities Service (RUS). The District's financial statements are presented on an accrual basis of accounting. Accrual accounting recognizes revenues when earned and expenses when they are incurred, regardless of when cash is received or paid.

- The *Statement of Net Position* presents information on the District's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and equity at year end. It also provides information about the nature and amounts of investment in resources (assets) and the District's obligations to its creditors (liabilities).

- The *Statement of Revenue, Expenses and Changes in Net Position* accounts for the year's revenue and expense transactions. This statement measures the District's operations over the past year and may be used to determine if the District has been successful in recovering its costs through rates and other charges.

- The *Statement of Cash Flows* provides information on the District's cash receipts and disbursements during the year. This statement reports changes in cash resulting from operations, investing, and financing activities.

- The *Notes to the Financial Statements* provide additional information that is an integral part of the financial statements. This information includes the disclosure of significant accounting policies, financial activities, risks, commitments, obligations, and subsequent events.

- The *Required Supplemental Information* provides additional information on the District's state pension plan. It includes information about the District's Proportionate Share of the Net Pension Liability of the full plan as well as the District's contributions to the plan.

FINANCIAL ANALYSIS OF THE DISTRICT

Results of operations are primarily impacted by changes in rates, retail load, net power supply costs, conservation activities, and rate stabilization decisions. Retail rates remained unchanged 2024.

Net Position. In 2024, the District's Net Position continued to improve as it has over the past few years and totaled approximately $21,979,000 at year end; it increased by $935,000. The District has investments of $12,782,000 in Capital Assets, $8,162,000 in Unrestricted Assets (such as Receivables, Inventories, Prepayments, as well as reserved funds for personal leave, storm repairs, and high-cost line extensions), and $1,035,000 in Restricted Assets (including Restricted Funds such as Consumer Deposits, a Bond Reserve Fund, and an economic development Revolving loan fund as well as the District's Net Pension account.)

	2024	2023	Increase (Decrease)
Net Investment in Capital Assets	12,782,331	12,290,644	491,687
Restricted Assets & Net Pension Asset	1,034,700	857,578	177,122
Unrestricted Assets	8,161,779	7,895,409	266,370
Total Net Position	21,978,810	21,043,631	935,179

Assets & Deferred Outflows. The District's Capital Assets and Current assets continued to increase in value during 2024; $492,000 and $271,000. The increase to Capital Assets was mainly from improvements and new construction to the District's Distribution system. Current Receivables decreased while Cash & Cash Equivalents increased in 2024. Long-term assets reflected a decline mostly due to a $149,000 reduction in value of the District's PERS2 Pension value. Pension-Related Deferred Outflows rose by $167,000, adding to make the overall increase in Assets $775,000.

	2024	2023	Increase (Decrease)
Total Capital Assets	12,782,331	12,290,644	491,687
Total Current Assets	9,983,632	9,712,778	270,854
Total Non-Current Asset & Net Pension Asset	720,095	874,782	(154,687)
Total Assets	23,486,058	22,878,203	607,854
Total Deferred Outflows	653,717	486,421	167,297

Cash and Cash Equivalents. The District's Cash and Cash Equivalents rose again in 2024 to $4,798,000; a $466,000 increase from 2023 totals. This includes the District's checking and interest-bearing accounts. This represents an increase of 4.7% in the Total Current Assets.

	2024	2023	Increase (Decrease)
Cash & Cash Equivalents	4,798,222	4,332,123	466,098

Liabilities & Deferred Inflows. The District only saw minor changes in Liabilities during 2024. Deferred Inflows from Pensions changed most significantly in this area; they declined by $156,000. They account for the majority of the $160,000 decline in Liabilities & Deferred Inflows.

	2024	2023	Increase (Decrease)
Total Long-term Liabilities	703,354	679,052	24,302
Total Current Liabilities	1,007,665	1,026,136	(18,471)
Total Liabilities	1,711,019	1,705,187	5,832
Total Deferred Inflows	449,946	615,805	(165,860)

Through Asset values rising and Liabilities declining slightly during 2024, the District was able to achieve the above-mentioned increase to the District's Net Position for the year; over $935,000.

Revenues. Operating Revenues are set to cover operating and capital costs, and to fund reserves over time. Fluctuations in operations from year to year are generally impacted by non-recurring or infrequent projects. While capital costs tend to rise from cost accelerations due to market supply and demand fluctuating material pricing. During 2024, Energy Sales rose by $232,000. The first increase seen in a couple of years. They account for the increase in Operating Revenues. **Non-Operating Revenues** also increased in 2024. Interest Income continued strong with high market rates and CCA allowance sales brought in $167,000 in revenues for the first time. Though **Capital Contributions** for construction declined, all combined for a $325,000 increase in Total Revenues.

	2024	2023	Increase (Decrease)
Total Energy Sales	7,998,530	7,766,752	231,777
Other Electric Revenue	140,344	144,359	(4,015)
Total Operating Revenues	8,138,873	7,911,111	227,762
Non-Operating Revenues	499,290	289,734	209,556
Contributions	321,330	433,368	(112,037)

Expenses. Operating Expenses increased again in 2024; a $521,000 change. The largest factor was the discontinuance of BPA's Power Dividend Distribution Credit in the fall of 2024. The District saw a $357,000 increase to the Cost of Purchased Power.

	2024	2023	Increase (Decrease)
Cost of Purchased Power	3,064,177	2,707,553	356,624
O&M Expenses	1,578,933	1,626,066	(47,133)
Customer Service Expenses	703,457	635,196	68,261
G&A, Taxes and Other Expenses	1,668,934	1,554,025	114,909
Depreciation and Amortization	976,636	948,292	28,344
Total Operating Expenses	7,992,136	7,471,131	521,005

The following *Selected Financial Information* provides a two-year comparison of key financial information for the District as discussed above.

SELECTED FINANCIAL INFORMATION

	2024	2023	Increase (Decrease)
Total Capital Assets	12,782,331	12,290,644	491,687
Total Current Assets	9,983,632	9,712,778	270,854
Total Non-Current Asset & Net Pension Asset	720,095	874,782	(154,687)
Total Assets	23,486,058	22,878,203	607,854
Total Deferred Outflows	653,717	486,421	167,297
Total Long-term Liabilities	703,354	679,052	24,302
Total Current Liabilities	1,007,665	1,026,136	(18,471)
Total Liabilities	1,711,019	1,705,187	5,832
Total Deferred Inflows	449,946	615,805	(165,860)
Net Investment in Capital Assets	12,782,331	12,290,644	491,687
Restricted Assets & Net Pension Asset	1,034,700	857,578	177,122
Unrestricted Assets	8,161,779	7,895,409	266,370
Total Net Position	21,978,810	21,043,631	935,179
Cash & Cash Equivalents	4,798,222	4,332,123	466,098
Total Energy Sales	7,998,530	7,766,752	231,777
Other Electric Revenue	140,344	144,359	(4,015)
Total Operating Revenues	8,138,873	7,911,111	227,762
Cost of Purchased Power	3,064,177	2,707,553	356,624
O&M Expenses	1,578,933	1,626,066	(47,133)
Customer Service Expenses	703,457	635,196	68,261
G&A, Taxes and Other Expenses	1,668,934	1,554,025	114,909
Depreciation and Amortization	976,636	948,292	28,344
Total Operating Expenses	7,992,136	7,471,131	521,005
Non-Operating Revenues	499,290	289,734	209,556
Income before Contributions, Special & Extraordinary Items and Transfers	646,027	729,714	(83,687)
Contributions	321,330	433,368	(112,037)
Prior Year Adjustments	(32,178)	-	(32,178)
Change in Net Position	967,357	1,163,082	(195,725)
Year End Net Position	21,978,810	21,043,631	935,180

See Note 3 Utility Plant and Depreciation for capital assets.

SIGNIFICANT LONG-TERM DEBT

As of December 31, 2024, the District had no long-term debt outstanding. See Note 5 for the District's long-term liabilites.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide the District's ratepayers, investors, and other readers with a general overview of the District's finances and to show the District's accountability for money it receives. If you have questions about this report or need additional information, contact the District's Auditor at Public Utility District No. 1 of Ferry County, P.O. Box 1039, Republic, WA 99166.

.

PUD No. 1 of Ferry County

Statement of Net Position

As of December 31, 2024

Assets	2024
Current Assets	
Cash and Cash Equivalents	4,798,222
Receivables (Net)	
Notes Receivable	332,467
Accounts Receivable	788,156
Lease Receivable	5,203
Inventories	805,193
Prepayments	38,777
Other Current Assets	2,925,463
Restricted Assets	
Bond Reserve	600
Customer Deposits	153,300
Revolving Loan and Grant Fund	136,250
Total Current Assets	**9,983,632**
Assets Being Depreciated	
Leased Assets	17,086
Plant	29,398,157
Buildings	1,010,926
Machinery and Equipment	3,955,359
Assets Not Being Depreciated	
Land	200,204
Construction Work in Progress	152,374
Retirement Work in Progress	37,279
Less Accumulated Depreciation	
Less Accumulated Depreciation	(21,989,054)
Capital Assets (Net)	**12,782,331**
Long-Term Lease Receivable	282,442
Net Pension Asset	437,653
Total Non-Current Assets	**13,502,426**
Deferred Outflows	
Pension Related Outflows	653,717
Total Deferred Outflows	**653,717**
Total Assets & Deferred Outflows	**24,139,775**

PUD No. 1 of Ferry County

Statement of Net Position

As of December 31, 2024, Continued

Liabilities

Current Liabilities	
Accounts Payable	576,987
Customer Deposits	153,300
Accrued Taxes	164,730
Accrued Payroll	110,704
Current Portion of Long-Term Debt	1,938
Other Current Liabilities	5
Total Current Liabilities	**1,007,665**
Non-current Liabilities	
Compensated Absences	515,339
Net Pension Liability	184,489
Lease Obligation	3,526
Total Non-Current Liabilities	**703,354**
Deferred Inflows	
Capital Lease Deferred Inflows	270,297
Pension Related Inflows	179,648
Total Deferred Inflows	**449,946**
Total Liabilities and Deferred Inflows	**2,160,965**

Net Position

Net Investment in Capital Assets	**12,782,331**
Restricted Assets	**136,850**
Restricted Net Pension Assets	**897,850**
Unrestricted Assets	**8,161,779**
Total Net Position	**21,978,810**
Total Net Position and Liabilities	**24,139,775**

Notes to Financial Statements are an integral part of this statement.

PUD No. 1 of Ferry County

Statement of Revenue, Expenses, and Changes in Net Position

For the year ended December 31, 2024

	2024
Total Energy Sales	7,998,530
Income from Plant Leased to Others	83,748
Other Revenue	56,595
Total Operating Revenue	**8,138,873**
Cost of Purchased Power	3,064,177
Operating Expense	376,946
Maintenance Expense	1,201,987
Customer Services	703,457
General & Administrative Services	1,208,045
Depreciation & Amortization Expense	976,636
Taxes Other than Income Taxes	460,889
Total Operating Expenses	**7,992,136**
Operating Income (Loss)	**146,737**
Income from Non-Utility Operations	167,141
Interest and Dividend Income	336,671
Gains/Losses from Disposition of Property	(1,530)
Interest & Amortization on Long-term Lease Obligation	(2,992)
Non-Operating Revenues (Expenses)	**499,290**
Income (Loss) before Capital Contributions	**646,027**
Capital Contributions	321,330
Change in Net Position	**967,357**
Total Net Position Beginning of Year	**21,043,631**
Prior Period Adjustments to Net Position (See Financial Notes)	**(32,178)**
Change in Net Position	**967,357**
Total Net Position End of Year	**21,978,810**

Notes to Financial Statements are an integral part of this statement.

PUD No. 1 of Ferry County

Statement of Cash Flows

For the year ended December 31, 2024

	2024
Cash Flows from Operating Activities	
Receipts from Customers	8,322,651
Payments to Employees & Suppliers	(7,155,689)
Cash Flows from Operating Activities	1,166,962
Cash Flows from Capital & Related Financing Activities	
Proceeds from Grants	
Capital Contributions	321,330
Purchase of Capital Assets	(1,468,324)
Principal & Interest Paid on Capital Lease Obligation	(2,769)
Proceeds/Loss from Disposition of Property	(1,530)
Cash Flows from Capital & Related Financing Activities	(1,151,293)
Cash Flows from Investing Activities	
Interest and Dividends	334,570
Cash Out to Restricted Investment Funds	(16,851)
Proceeds (loss) from Sales of Granted CCA Allowances	164,889
Cash Flows from Investing Activities	482,608
Net Increase (Decrease) in Cash & Cash Equivalents	498,276
Cash & Cash Equivalents Beginning of Year	4,332,123
Prior period Adjustments	(32,178)
Adjusted Cash & Cash Equivalents Beginning of Year	4,299,946
Cash & Cash Equivalents End of Year	4,798,222
Net Increase (Decrease) to Cash & Cash Equivalents	498,276

Notes to Financial Statements are an integral part of this statement.

PUD No. 1 of Ferry County

Statement of Cash Flows

Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities

For the year ended December 31, 2024

	2024
Operating Income	146,737
Adjustments to Reconcile Net Operating Revenues to Cash	
Provided (Used) by Operating Activities:	
Depreciation & Amortization Expense	976,636
Change in Operating Assets and Liabilities:	
Accounts Receivable	162,833
Materials & Supplies	58,236
Prepayments	3,130
Notes Receivable	61,415
Other Current Assets	(53,979)
Lease Receivable	3,765
Net Pension Asset	80,932
Deferred Outflow of Resources - Pensions	(167,297)
Accounts Payable	(66,452)
Accrued Payroll & Accrued Taxes	32,897
Compensated Absences	94,708
Lease Obligations	(2,992)
Deferred Inflows of Resources - Pensions & Capital Leases	(165,860)
Miscellaneous Non-Operating	2,252
Change in Assets and Liabilities	43,589
Net Cash Provided by Operating Activities	**1,166,962**

Notes to Financial Statements are an integral part of this statement.

FERRY COUNTY P.U.D. NO. 1
NOTES TO THE FINANCIAL STATEMENTS

January 1, 2024, through December 31, 2024

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the District conform to generally accepted accounting principles as applicable to proprietary funds of public utility districts operated in the State of Washington. (See note 3 – Utility Plant and Depreciation regarding historical departure from GAAP.) The following is a summary of the more significant policies:

A. Reporting Entity.

Public Utility District No. 1 of Ferry County is a municipal corporation of Washington State established in 1936 and it began operations in 1945. The District was organized to provide utility services to its owners, the people who formed the District, on a nonprofit, cost-of-service basis. It operates under the laws of the state of Washington applicable to municipal utilities. The District is governed by an elected three-member Board of Commissioners and is operated by various management personnel as prescribed by Chapter 54 RCW - Public Utility Districts. The financial statements include all funds of the District over which the Board of Commissioners exercises operating control.

B. Basis of Accounting and Presentation

The accounting records of the District are maintained in accordance with methods prescribed by the State Auditor under the authority of Chapter 43.09 RCW. The District uses the Uniform System of Accounts as prescribed by the United States Department of Agriculture Rural Utilities Service (RUS).

The District uses the full-accrual basis of accounting where revenues are recognized when earned and expenses are recognized when incurred. Capital asset purchases of greater than $5,000 are capitalized and long-term liabilities are accounted for in the appropriate funds. Unbilled service receivables are not material and are not accrued.

The District distinguishes operating revenues and expenses from non-operating ones. Operating revenues and expenses result from providing services and producing and delivering goods in connection with a district's principal ongoing operations. The principal operating revenues of the district are charges to customers for electricity energy sales. The district also recognizes as operating revenue utility plant leased to others, and other revenue. Operating expenses for the district include cost of purchased power, operating expenses, maintenance expenses, customer service expenses, general and administration expenses, depreciation and amortization expenses, and taxes. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

With respect to proprietary activities, the District has elected to apply all applicable GASB pronouncements.
New accounting standards - In June 2022, the GASB issued Statement No. 101, Compensated Absences, effective for fiscal years beginning after December 15,

2023. This statement requires that liabilities be recognized for leave that has been earned but not been used. The District implemented this standard in 2024 without material impact to the financial statements.

In June 2022, the GASB issued Statement No. 100, Accounting Changes and Error Corrections-an Amendment of GASB Statement No. 62, effective for fiscal years beginning after June 15, 2023. The objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections. The District implemented this standard in 2024.

C. Cash and Cash Equivalents

It is the District's policy to invest all temporary cash surpluses. The District considers all cash investments, including restricted assets, to be cash equivalents.

D. Capital Assets

Capital assets are defined by the District as assets with initial individual cost of more than $5,000 and an estimated useful life in excess of five years.

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

Utility plant in service and other capital assets are recorded at cost where the historical cost is known. Where historical cost is not known, assets are recorded at estimated cost. Donated capital assets are recorded at acquisition value at the date of donation. Contributions by customers are recorded at estimated value as contributions in aid of construction. The District records depreciation on assets acquired by contributions. See Note 3 for additional information.

E. Utility Plant and Depreciation-See Note 3

F. Restricted Funds

In accordance with debt covenants, grantors, contributors, and certain laws and regulations from external agencies, separate restricted funds may be required to be established. The assets held in these funds are designated for specific uses. There is one bond reserve kept for the annual debt service payment for the District's BIA land lease. Customer deposits are required by law to be available for refund. A Revolving Loan and Grant Fund was established for economic development and is overseen by a board that generally consists of the elected Commissioners of the District and three other people representing customers of the District. The Revolving Loan and Grant Fund can only be used for loans or grants for economic development projects as per the RCW establishing these funds. In July 2024 a new grant was approved in the amount of $115,000 to the City of Republic related to a new library and community building. The restricted funds as of December 31, 2024 are listed below. (see Note 14)

	2024
Bond Reserves	600
Customer Deposits	153,300
Revolving Loan and Grant Fund	136,250
Payables from Current Restricted Assets	(153,300)
Total Restricted Funds	136,850

Reserved Funds

The Utility's Board of Commissioners has created restrictions on asset use by creating reserve funds. Though not imposed externally as the assets noted above, they are assets designated for specific use only. These funds are reflected as Other Current Assets since they are reserved for such specific use and would require board action to change the designated use. The Vacation, Sick Leave, and Storm Fund was established by Board resolution as a way of "self-insuring" against leave liabilities and major catastrophes. Use of this Fund requires specific Board approval. The Board's goal is to have funding at a level to ensure adequate money for future potential storm damage. The current monies in this fund are $2,500,000. The High-Cost Line Extension Fund was designated for low interest loans to customers for high-cost line extensions by resolution in 2014; there were no new loan applications received during the year. The reserved funds as of December 31, 2024, are listed below.

	2024
Vacation, Sick Leave, and Storm Fund	2,500,000
High-Cost Line Extension Fund	421,455
Total Reserved Funds	2,921,455

G. Receivables

Customer accounts receivable consist of amounts owed from private individuals or organizations for goods and services. Once a year, the Board of Commissioners authorizes the write-off of the uncollectible receivable accounts. In addition, the District annually assesses future uncollectable accounts and maintains an allowance for them. As of December 31, 2024, the balance was $30,000. Please see Note 13 for additional information regarding the District's Receivables.

H. Inventories

Inventories are valued at average cost, which approximates the market value.

I. Investments

The District investments are stated at fair market value as of December 31, 20224 The District does not have any derivatives. See Note 2.

J. Compensated Absences

The District offers a single personal leave bank to be used for vacation, sick and/or family leave purposes. The District accrues its direct liability for personal leave benefits as they are earned by the employee and places a limitation of 1200 hours on the potential leave accumulation. For employees hired on or after April 1, 2011, the accrued Personal Leave shall not exceed 700 hours.

As required by Washington State RCW 49.46.210 and WAC 296-128-600 thru 296-128-770, all part-time or seasonal employees not qualifying for the District's personal leave, now accrue paid sick leave at one hour of paid leave for every 40 hours worked.

The District has established a vacation, sick leave, and storm fund to fully cover these direct and estimated liabilities. The costs of both benefit accruals are expensed monthly as employee payroll overhead and adjusted to current wage scales. Compensated absences for leave as of December 31, 2024, amounted to $515,339.

K. Pensions

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

For purposes of calculating the restricted net position related to the net pension asset, the District includes the net pension asset only and the related deferred outflows and deferred inflows.

L. Construction Financing

The District has no cost sharing agreement or other long-term financing agreements currently in place.

M. Purchase Commitments

The District is a full-requirements preference customer of the Bonneville Power Administration (BPA) which operates under the authority of the U.S. Department of Energy. The BPA supplies the sole source of the District's power under a contract agreement that was approved by the District's Board of Commissioners October 1, 2011 and continuing through September 30, 2028.

The District is a member of Energy Northwest (formerly known as Washington Public Power Supply System) and has participant rights and obligations relative to this membership. See Note 9.

N. Other Contingencies

The District is subject to various claims, possible legal actions, and other matters arising out of the normal course of business. When it is possible to make a reasonable estimate of the District's liability with respect to probable claims, an appropriate provision is made. Although the ultimate outcome of litigation against the District cannot be determined, management intends to continually defend all claims against the District and believes the District is adequately reserved for all known events.

O. Leases

Leases (Lessee and Lessor) and Subscription-Based Information Technology Arrangements (SBITA) The District reports leases and SBITAs as defined by GASB 87 and GASB 96, respectively. Leases are long-term contracts that convey control of the right-to-use another entity's non-financial asset as specified in a contract for a period of time in exchange or exchange-like transactions. SBITA is defined as a contract that conveys control of the right to use another party's information technology (IT) software, alone or in combination with tangible capital assets, as specified in the contract for a period of time in an exchange or exchange-like transaction. The lease or subscription term includes the noncancellable periods of the lease or SBITA, plus any additional periods covered by either the District or lessor option to (1) extend for which it is reasonably certain to be exercised, or (2) terminate for which it is reasonably certain not to be exercised. Periods in which both the District and the lessor have a unilateral option to terminate (or if both parties have to agree to extend) are excluded from the lease or subscription term. For lease and SBITA arrangements with a maximum possible term of 12 months or less at commencement, the District recognizes expense or revenue based on the provisions of the contract. For lease and SBITA contracts that have a noncancellable term greater than 12 months, the District reports the contract if at commencement the calculated present value of future payments is considered material; the District recognizes leases over $5,000. The District reports a lease liability and a right-to-use asset when a lessee and reports a lease receivable and a deferred inflow when a lessor. (See Note 12 & Note 13)

P. Deferred Outflows of Resources and Deferred Inflows of Resources

A deferred outflow of resources represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense) until that future time.

A deferred inflow of resources represents an acquisition of net position that applies to a future period and therefore will not be recognized as an inflow of resources (revenue) until that future time.

Q. Net Position

GASB Statement No. 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments, requires the classification of net position into three components - net investment in capital assets; restricted; and unrestricted. These classifications are defined as follows:

Net Investment in Capital Assets - This component of net position consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets. 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 constraints placed on net asset use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

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

NOTE 2 - DEPOSITS AND INVESTMENTS

A. Deposits

The District's deposits are entirely covered by federal depository insurance (FDIC) or by collateral held in a multiple financial institution collateral pool administered by the State. The FDIC currently insures the first $250,000 of the District's deposits at each financial institution. Deposit balances over $250,000 are insured by the collateral pool. State statutes provide for additional amounts to be assessed on a pro rata basis to financial institutions in the collateral pool if the pool's funds would be insufficient to cover a loss. As of year-end, the carrying amount of the District's demand deposits was $3,612,848.

B. Investments

At year end, the District had the following investments and maturities:

Investment Type	Fair Value	Less Than 1	1-5
State Investment Pool	$4,396,179	0	0

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

The Office of the State Treasurer prepares a stand-alone financial report for the pool. A copy of the report is available from the Office of the State Treasurer, PO Box 40200, Olympia, Washington 98504-0200, online at www.tre.wa.go"

Interest Rate Risk. As a means of limiting its exposure to interest rate risk, the District diversifies its investments by security type and institution, and limits holdings in any one type of investment with any one issuer. The District coordinates its investment maturities to closely match cash flow needs and restricts the maximum investment term to less than five years from the purchase date.

Custodial Credit Risk. Custodial credit risk is the risk that, in the event of the failure of the counterparty, the system will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

Credit Risk. State law and District policy limit investments to those authorized by State statutes including commercial paper and bonds issued by the State or any local government in the State, which have, at the time of investment, one of the three highest ratings of a nationally recognized rating agency. The District further limits its holdings in commercial paper to 10% of the portfolio and 10% per issuer, and local government bonds to 25% of the portfolio and 10% per issuer. At year end, the District held no investments in commercial paper or local government bonds. Additionally, the District limits its investment in mutual funds to amounts needed for arbitrage purposes only.

Credit quality distribution for investments, with credit exposure as a percentage of total investments (total investments include certificates of deposit, which are not represented in this table), are as follows at year end:

2024

Investment Type	Rating	Percentage
State Investment Pool	Not Rated	100%

Concentration of Credit Risk. The District diversifies its investments by security type and institution.

- 100% of the District's portfolio may be invested in US Treasury notes, bonds or certificates, US Government sponsored corporations, or the State investment pool.
- 50% of the portfolio may be invested in certificates of deposit with no more than 10% held by any one issuer and not exceeding 20% of the issuer's net worth.
- 25% of the portfolio may be invested in bankers' acceptances (10% per issuer), State or local government bonds (10% per issuer) and repurchase agreements (25% per dealer).
- 10% of the portfolio may be invested in commercial paper and other authorized investments.

At year end, 100% percent of the District's investments were held at the State Investment Pool. Such concentration is permitted by the District's investment policy.

Fair Value. The District has adopted GASB Statement No. 72, *Fair Value Measurement and Application*; investments are measured at fair value on a recurring basis. *Recurring* fair value measurements are those that GASB Statements require or permit in the statement of net position at the end of each reporting period.

NOTE 3 – UTILITY PLANT AND DEPRECIATION

Capital assets are defined by the District as assets with initial individual cost of more than $5,000 and an estimated useful life in excess of five years.

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

Prior to 2011, the District historically accounted for its assets using USDA's Rural Utilities Services (RUS) reporting guidelines. Customer contributions in aid of construction were not included in the recorded cost of plant assets following these RUS guidelines. This method of accounting for Utility Plant capital assets is a departure from generally accepted accounting principles (GAAP). Per GAAP accounting regulations Utility Plant should be recorded at full cost and depreciated over its useful life. This departure from GAPP has resulted in an understatement of the District's Utility Plant and thus an understatement to the correlating accumulated depreciation expense accounts. To give perspective on the effect of this departure, the 2009 contributions in aid totaled $124,332 and in 2010 $220,211. In 2007 & 2008 during higher construction years the contribution dollars amounted to $382,395 and $582,971, respectively. Since 2011, the District accounted for its assets using the GAAP regulations. Though the differences in these two accounting methods would be considered immaterial a disclosure of this departure is required.

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

Capital assets are depreciated using the straight-line method within useful life guidelines as established by the Rural Utilities Service:

Assets	Estimated Life-Years
Buildings	33.33
Equipment-Shop	16.67
Transportation	10.00
Computer Hardware	6.25
Distribution-Poles	25.03
Transmission Plant	36.39

PUD No. 1 of Ferry County

Utility Plant Activity

For the period ended December 31, 2024

	Beginning Balance	Increase	Decrease	Ending Balance
Utility Plant Not Being Depreciated				
Land	200,204	-	-	200,204
Construction Work in Progress	35,076	755,477	638,179	152,374
Retirement Work in Progress	10,742	217,475	190,938	37,279
Total Utility Plant Not Being Depreciated	246,022	972,952	829,117	389,857
Utility Plant Being Depreciated				
Buildings	960,243	54,357	3,675	1,010,926
Equipment	3,861,664	126,342	32,647	3,955,359
Distribution Plant	26,665,651	1,220,088	180,468	27,705,271
All Other Utility Plant	189,168	-	-	189,168
Transmission Plant	1,504,931	22,429	6,556	1,520,803
Total Utility Plant Being Depreciated	33,181,657	1,423,216	223,345	34,381,528
Total Utility Plant	33,427,679	2,396,168	1,052,462	34,771,385
Less Accumulated Depreciation For:				
Transmission Plant	1,201,257	45,782	-	1,247,039
Distribution Plant	15,932,603	867,816	250,313	16,550,106
General Plant	1,837,096	59,232	4,099	1,892,230
Equipment	2,104,733	153,816	27,255	2,231,294
All other Plant	61,346	7,039	-	68,385
Total Accumulated Depreciation	21,137,035	1,133,685	281,667	21,989,054
Total Utility Plant Being Depreciated, Net	12,044,622	289,531	(58,321)	12,392,474
TOTAL UTILITY PLANT, NET	12,290,644	1,262,483	770,796	12,782,331

Notes to Financial Statements are an integral part of this statement.

NOTE 4 – CONSTRUCTION WORK IN PROGRESS

Construction in progress, representing expenditures to date on projects which are not fully completed for electrical plant or unitized to plant accounts, totals $152,374 as of December 31, 2024. (See Note 3 – Utility Plant and Depreciation regarding historical departure from GAAP)

NOTE 5 – CHANGES IN LONG-TERM LIABILITIES

During the year ended December 31, 2024, the District had no long-term debt to recognize. The following changes occurred in long-term Liabilities.

Liability Class	Beginning Balance 1/1/2024	Increase 2024	Decrease 2024	Balances Outstanding as of 12/31/24
Capital Lease Obligation	5,380		1,854	3,526
Compensated Absences	420,631	326,699	231,991	515,339
Pension Liability	253,041	184,489	253,041	184,489
Total Long-Term Liabilities	679,052	511,189	486,886	703,354

NOTE 6 – RESTRICTED ASSETS

The District's Balance Sheet reports $1,034,700 of restricted assets, including the restricted Net Pension asset, as of December 31, 2024.

NOTE 7 - PENSION & BENEFIT PLANS

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

Aggregate Pension Amounts – All Plans	
Pension liabilities	$184,489
Pension assets	$437,653
Deferred outflows of resources	$653,718
Deferred inflows of resources	$179,646
Pension expense (or income)	($42,762)

State Sponsored Pension Plans

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

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

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

Public Employees' Retirement System (PERS)

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

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

PERS Plan 1 provides retirement, disability, and death benefits. Retirement benefits are determined as 2% of the member's average final compensation (AFC) times the member's years of service. The AFC is the average of the members' 24 highest consecutive service months. Members are eligible for retirement from active status at any age with at least 30 years of service, at age 55 with at least 25 years of service, or at age 60 with at least five years of service. PERS Plan 1 retirement benefits are actuarially reduced if a survivor benefit is chosen. Members retiring from active status prior to the age of 65 may also receive actuarially reduced benefits. Other benefits include an optional cost-of-living adjustment (COLA). PERS 1 members were vested after the completion of five years of eligible service. The plan was closed to new entrants on September 30, 1977.

PERS Plan 2/3 provides retirement, disability, and death benefits. Retirement benefits are determined as 2% of the member's AFC times the member's years of service for Plan 2 and 1% of AFC for Plan 3. The AFC is the average of the member's 60 highest-paid consecutive service months. Members are eligible for retirement with a full benefit at 65 with at least five years of service credit. Retirement before age 65 is considered an early retirement. PERS Plan 2/3 members who have at least 20 years of service credit and are 55 years of age or older, are eligible for early retirement with a benefit that is reduced by a factor that varies according to age for each year before age 65. PERS Plan 2/3 retirement benefits are actuarially reduced if a survivor benefit is chosen. Other PERS Plan 2/3 benefits include a COLA based on the CPI, capped at 3% annually. PERS 2 members are vested after completing five years of eligible service. Plan 3 members are vested in the defined benefit portion of their plan after ten years of service; or after five years of service if 12 months of that service are earned after age 44.

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

PERS Contributions

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

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

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

Employer Contribution Rates 2024				
Timeframe	Contribution Rate	PERS 1 UAAL	Admin Fee	Total Employer
January - June	6.36%	2.97%	0.20%	9.53%
July - August	6.36%	2.47%	0.20%	9.03%
September - December	6.36%	2.55%	0.20%	9.11%

Plan	Employee Contribution Rate
PERS 1	6.00%
PERS 2	6.36%
PERS 3	Varies: 5% - 15%

The district's actual PERS plan contributions were $ 59,977 to PERS Plan 1 and $139,287 to PERS Plan 2/3 for the year ended December 31, 2024.

Actuarial Assumptions

The total pension liability (TPL) for each of the DRS plans was determined using the most recent actuarial valuation completed in 2024 with a valuation date of June 30, 2023. The actuarial assumptions used in the valuation were based on the results of the Office of the State Actuary's (OSA) 2013-2018 Demographic Experience Study and the 2023 Economic Experience Study.

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

- **Inflation:** 2.75% total economic inflation; 3.25% salary inflation

- **Salary increases**: In addition to the base 3.25% salary inflation assumption, salaries are also expected to grow by service-based salary increase.

- **Investment rate of return:** 7.00%

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

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

Discount Rate

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

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

Long-Term Expected Rate of Return

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

Estimated Rates of Return by Asset Class

The table below summarizes the best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2024. The inflation component used to create the table is 2.5% and represents the WSIB's most recent long-term estimate of broad economic inflation.

Asset Class	Target Allocation	% Long-Term Expected Real Rate of Return Arithmetic
Fixed Income	19%	2.1%
Tangible Assets	8%	4.5%
Real Estate	18%	4.8%
Global Equity	30%	5.6%
Private Equity	25%	8.6%
	100%	

Sensitivity of the Net Pension Liability/Asset)

The table below presents the District's proportionate share* of the net pension liability calculated using the discount rate of 7%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6%) or 1-percentage point higher (8%) than the current rate.

Plan	1% Decrease	Current Discount Rate	1% Increase
PERS 1	$271,379	$184,489	$108,285
PERS 2/3	$788,953	($437,653)	($1,445,039)

Pension Plan Fiduciary Net Position

Detailed information about the State's pension plans' fiduciary net position is available in the separately issued DRS financial report.

Pension Liabilities (Assets), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2024, the District reported its proportionate share of the net pension liabilities as follows:

Plan	Liability (or Asset)
PERS 1	$ 184,489
PERS 2/3	($ 437,653)

At June 30, 2024 the District's proportionate share of the collective net pension liabilities was as follows:

	Proportionate Share 6/30/23	Proportionate Share 6/30/24	Change in Proportion
PERS 1	0.011085%	0.010383%	0.000702%
PERS 2/3	0.014325%	0.013276%	0.001049%

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

Pension Expense

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

Plan	Pension Expense (or Income)
PERS 1	($21,778)
PERS 2/3	($20,983)
TOTAL	($42,762)

Deferred Outflows of Resources and Deferred Inflows of Resources

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

PERS 1	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$	$
Net difference between projected and actual investment earnings on pension plan investments	$	($14,762)
Changes of assumptions	$	$
Changes in proportion and differences between contributions and proportionate share of contributions	$	$
Contributions subsequent to the measurement date	$28,635	$
TOTAL	$28,635	($14,762)

PERS 2/3	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$248,684	($1,013)
Net difference between projected and actual investment earnings on pension plan investments	$	($125,419)
Changes of assumptions	$241,673	($27,730)
Changes in proportion and differences between contributions and proportionate share of contributions	$62,556	($10,722)
Contributions subsequent to the measurement date	$72,171	$
TOTAL	$625,083	($164,884)

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

Year ended December 31:	PERS 1		Year ended December 31:	PERS 2/3
2025	($24,431)		2025	($91,763)
2026	$12,551		2026	$201,981
2027	($1,329)		2027	$93,943
2028	($1,554)		2028	$92,367
2029	$0		2029	$50,918
Thereafter	$0		Thereafter	$40,582

NOTE 8 - DEFERRED COMPENSATION PLAN

The District offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. This plan is with The Great West Life Assurance Co. of Denver, Colorado. The plan, available to eligible employees, permits them to defer a portion of their compensation until future years. The District has historically provided a fifty-cent-for-one-dollar (50%) match of employee contributions which were capped at two percent (2%) of employee regular straight-time wages. In April 2020, through the collective bargaining process, the District increased the cap from two percent (2%) to four percent (4%) of employee regular straight-time wages. This increase was extended to all District employees. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. In 2024, the District match consisted of $ 68,531.

Compensation deferred under the plan and all income attributable to the plan is solely the property of the employee. The District's rights to this property have been amended to exclude these funds from the claims of the District's general creditors.

The District has no liability for losses under the plan but does have the duty of due care that would be required of an ordinary prudent investor in the implementation of this plan on the behalf of the District's employees.

NOTE 9 - CONTRACTS WITH ENERGY NORTHWEST

Energy Northwest (ENW), formerly Washington Public Power Supply System (WPPSS), is a Washington municipal corporation operating as a Joint Operating Agency comprised of 27 public utilities and municipalities from numerous regions.
throughout the state of Washington. (This venture is defined as a Joint Operating Agency, as described in RCW 43.52 – Operating Agencies.)

A. Energy Northwest Nuclear Project No. 2

Nuclear Project No. 2, Columbia Generating Station Nuclear Power Plant (Columbia) was completed and placed in operation on December 13, 1984. It is owned by Energy Northwest and its participants and operated by Energy Northwest. The plant is a 1,207gross MW boiling water nuclear power station located on the Department of Energy's Hanford Reservation north of Richland, Washington. It is currently operating under a Nuclear Regulatory Commission license renewed in May of 2012 for an additional 20 years, extending operation through 2043. All output is provided to the Bonneville Power Administration at the cost of production under a formal net billing agreement in which BPA pays the costs of maintaining and operating the facility.

B. Packwood Lake Hydroelectric Project

The District is a participant in Energy Northwest's Packwood Project, located in the Cascade Mountains south of Mount Rainier. In late 2011, the District signed an agreement with Public Utility District #1 of Clallam County for the sale and purchase of project output and associated environmental attributes. The rights to the District's 1% share of the project are assigned to Clallam County through 2028. In return, Clallam will pay the District's share of project costs directly to ENW, a 10% mark-up of the costs to the District and $15 for each REC provided to Clallam from this assignment. The District received $3,433 in payments during 2024.

NOTE 10 – CHANGE IN ACCOUNTING PRINCIPLE

A prior period adjustment was done in 2024 due to a change in accounting principle. GASB issued Statement No. 101, Compensated Absences with requirements that were effective for fiscal years beginning after December 15, 2023 and it required that liabilities for compensated absences be recognized for leave that has not been used if the leave is attributable to services already rendered, the leave accumulates, and is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. The liability for leave is measured at the amount of the cash payment or non-cash settlement to be made and includes salary-related payments that are directly or incrementally associated with payments for leave. The District adopted the provisions of this statement in 2024 and adjusted its calculations for compensated absences by adding the appropriate salary-related payments to its liability amount; $36,622 was included for FICA and Medicare Tax estimations.

Beginning Net Position Balance as Previously Stated	Change in Accounting Principle	Beginning Net Position Balance as Restated
$21,043,631	-$32,178	$21,011,453

NOTE 11 - RISK MANAGEMENT

The District maintains an all-risk blanket coverage policy with the Federated Rural Electric Insurance Corporation insuring against most normal hazards and liabilities. It also maintains a commercial umbrella policy, and officers, directors, managers, and corporate indemnification coverage with the same carrier.

Workers compensation insurance coverage is provided by the District through the State of Washington Department of Labor and Industries. This coverage provides medical care and wage replacement for people injured at work without requiring the claimant to prove employer fault.

Rather than pay monthly insurance premiums, the District has elected to be a reimbursable employer for unemployment insurance purposes. Claims are filed with, and processed by, the State of Washington Employment Security Department and, upon authentication and payment, are reimbursed by the District. In other words, ESD is paid back for any benefits they pay to the District's separated employees. In 2023, the District had no such reimbursements and as of December 31, 2023, estimated liability for potential claims was minimal.

The District, with six other public utility districts, is a member of the Central Washington Public Utilities Unified Insurance Program and Trust, which is a self-insurance program providing medical, dental, life insurance, disability insurance, and similar benefits to member employees and families. Formed by a Declaration of Trust and an Interlocal Agreement under RCW Chapter 39.34, the trust is administered by a board of trustees consisting of an appointed trustee from each of the seven-member districts. Additional information may be obtained by contacting the District.

NOTE 12 – LEASES - LESSEE

For the year ended 12/31/2024, the financial statements include the adoption of GASB Statement No. 87, Leases. The primary objective of this statement is to enhance the relevance and consistency of information about governments' leasing activities. This statement establishes a single model for lease accounting based on the principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. For additional information, refer to the disclosures below.

As of 12/31/2024, Public Utility District No. 1 of Ferry County had 2 active leases. The leases have payments that range from $201 to $600 and interest rates that range from 1.3050% to %3.7250. As of 12/31/2024, the total combined value of the lease liability is $5,380, the total combined value of the short-term lease liability is $1,939. The combined value of the right to use asset, as of 12/31/2024 of $6,870 with accumulated amortization of $3,867 is included within the Lease Class activities table found below. The leases had $2768 of Variable Payments and $36 of Other Payments, not included in the Lease Liability, within the Fiscal Year.

Amount of Lease Assets by Major Classes of Underlying Asset

	As of Fiscal Year-end	
Asset Class	Lease Asset Value	Accumulated Amortization
Land	5,593	1,678
Computer Equipment	1,277	2,189
Total Leases	6,870	3,867

Principal and Interest Requirements to Maturity

Fiscal Year	Principal Payments	Interest Payments	Total Payments
2025	1,939	69	2,008
2026	555	45	600
2027	562	38	600
2028	570	30	600
2029	577	23	600
2030 - 2031	1,177	23	1,200

NOTE 13 – LEASES – LESSOR

For the year ended 12/31/2024, the financial statements include the adoption of GASB Statement No. 87, Leases. The primary objective of this statement is to enhance the relevance and consistency of information about governments' leasing activities. This statement establishes a single model for lease accounting based on the principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. For additional information, refer to the disclosures below.

As of 12/31/2024, Public Utility District No. 1 of Ferry County had 1 active leases. The leases has a receipt of $9,125 and an interest rate of 1.8393%. As of 12/31/2024, the total value of the lease receivable is $287,645, the total value of the short-term lease receivable is $5,203, and the value of the deferred inflow of resources is $270,297. The leases had no Variable or Other Receipts, not included in the Lease Receivable, within the Fiscal Year.

Principal and Interest Expected to Maturity

Fiscal Year	Principal Payments	Interest Payments	Total Payments
2025	5,203	5,291	10,494
2026	5,299	5,195	10,494
2027	5,397	5,097	10,494
2028	5,496	4,998	10,494
2029	5,597	4,897	10,494
2030 - 2034	37,732	22,608	60,341
2035 - 2039	50,723	18,669	69,392
2040 - 2044	66,361	13,440	79,801
2045 - 2049	85,111	6,659	91,771
2050 - 2051	20,726	381	21,107

NOTE 14 – CLIMATE COMMITMENT ACT

In 2021, the Washington State Legislature passed the Climate Commitment Act establishing a cap-and-invest system where allowable carbon emissions are capped, requiring businesses to purchase allowances equal to their greenhouse gas emission levels. Allowances can be obtained through quarterly auctions hosted by the Department of Ecology or purchased on a secondary market. For the initial implementation of the program, no-cost carbon allowances were issued to utilities based on their fuel mix. The District sold a portion of these carbon allowances in the September 2024 auction, resulting in proceeds of $164,899. This revenue is included in non-operating revenues in the Combined Statements of Revenue, Expenses, and Changes in Net Position.

NOTE 15 – ECONOMIC DEVELOPMENT GRANT – CITY OF REPUBLIC

The City of Republic made an application for grant funds for expenses related to a new Library and Community Building. The Board of Directors for the District's Rural Economic Development Revolving Loan/Grant Fund (one of the District's Restricted funds) approved money for the project at the July 15, 2024 meeting. It was unanimously decided to convey a grant in the amount of $115,000 to the City of Republic. The funds will be limited to actual expenses incurred for the purpose of hiring an Owner's Representative for the project, continuing Community Outreach to involve and inform the public, and the New Line Extension Fees and Costs for having electrical services installed to the building. In 2024, there was a total of $3,376 reimbursed for expenditures on the project. Leaving $111,624 remaining for future expenses.

FERRY COUNTY P.U.D. NO. 1

Schedule of Proportionate Share of the Net Pension Liability

PERS Plan 1

As of June 30, 2024

Last 10 Fiscal Years

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Employer's proportion of the net pension liability	0.010383%	0.011085%	0.011618%	0.011313%	0.011053%	0.011055%	0.011907%	0.013067%	0.011923%	0.013941%
Employer's proportionate share of the net pension liability (asset)	$184,489	$253,041	$323,488	$138,158	$390,231	$425,104	$531,771	$620,039	$640,321	$729,244
Employer's covered employee payroll	$2,190,041	$1,999,672	$1,925,000	$1,828,404	$1,715,355	$1,594,368	$1,582,480	$1,601,512	$1,575,265	$1,483,366
Employer's proportionate share of the net pension liability as a percentage of the covered employee payroll	8.42%	12.65%	16.80%	7.56%	22.75%	26.66%	33.60%	38.72%	40.65%	49.16%
Plan fiduciary net position as a percentage of the total pension liability	84.05%	80.16%	76.56%	88.74%	68.64%	67.12%	63.22%	61.24%	57.03%	59.10%

FERRY COUNTY P.U.D. NO. 1

Schedule of Proportionate Share of the Net Pension Liability

PERS Plan 2/3

As of June 30, 2024

Last 10 Fiscal Years

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Employer's proportion of the net pension liability	0.013276%	0.014325%	0.015106%	0.014548%	0.014321%	0.014289%	0.015212%	0.016807%	0.015297%	0.017998%
Employer's proportionate share of the net pension liability (asset)	$ (437,653)	$ (587,136)	$ (560,248)	$ (1,449,215)	$ 183,157	$ 138,795	$ 259,731	$ 583,963	$ 770,192	$ 643,079
Employer's covered employee payroll	$2,190,041	$1,999,672	$1,925,000	$1,828,404	$1,715,355	$1,594,368	$1,582,480	$1,601,512	$1,575,265	$1,483,366
Employer's proportionate share of the net pension liability as a percentage of the covered employee payroll	-19.98%	-29.36%	-29.10%	-79.26%	10.68%	8.71%	16.41%	36.46%	48.89%	43.35%
Plan fiduciary net position as a percentage of the total pension liability	105.17%	107.02%	106.73%	120.29%	97.22%	97.77%	95.77%	90.97%	85.82%	89.20%

FERRY COUNTY P.U.D. NO. 1

Schedule of Employer Contributions

PERS Plan 1

For year ended December 31st

Last 10 Fiscal Years

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Statutorily or contractually required contributions	$59,977	$67,795	$72,328	$78,231	$82,293	$78,714	$80,093	$78,474	$75,140	$65,558
Contributions in relation to the statutorily or contractually required	$59,977	$67,795	$72,328	$78,231	$82,293	$78,714	$80,093	$78,474	$75,140	$65,558
Contribution deficiency (excess)	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Covered employer payroll	$2,190,041	$1,999,672	$1,925,000	$1,828,404	$1,715,355	$1,594,368	$1,582,480	$1,601,512	$1,575,265	$1,483,366
Contributions as a percentage of covered employee payroll	2.74%	3.39%	3.76%	4.28%	4.80%	4.94%	5.06%	4.90%	4.77%	4.42%

FERRY COUNTY P.U.D. NO. 1

Schedule of Employer Contributions

PERS Plan 2/3

For the year ended December 31st

Last 10 Fiscal Years

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Statutorily or contractually required contributions	$139,287	$127,179	$122,430	$130,270	$135,856	$123,224	$118,676	$109,866	$98,139	$84,251
Contributions in relation to the statutorily or contractually required contributions	$139,287	$127,179	$122,430	$130,270	$135,856	$123,224	$118,676	$109,866	$98,139	$84,251
Contribution deficiency (excess)	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Covered employer payroll	$2,190,041	$1,999,672	$1,925,000	$1,828,404	$1,715,355	$1,594,368	$1,582,480	$1,601,512	$1,575,265	$1,483,366
Contributions as a percentage of covered employee payroll	6.36%	6.36%	6.36%	7.12%	7.92%	7.73%	7.50%	6.86%	6.23%	5.68%