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www.klickitatpud.com

Goldendale Office

1313 S. Columbus Ave.
Goldendale, WA 98620
509-773-5891
800-548-8357

White Salmon Office

110 NE Estes Ave.
P.O. Box 187
White Salmon, WA 98672
509-493-2255
800-548-8358



WA-18

2018 Financial Audit

In May, our financial auditor, Moss Adams, completed Klickitat PUD's 2018 financial audit. I want to give you access to that report and provide some high-level financial information you might find interesting.

I am pleased that Moss Adams reports there were no significant deficiencies or material weaknesses in our financial reporting. This reflects continued excellent work on the part of your Klickitat PUD staff.

At the end of 2018, Klickitat PUD had ownership of plant in service totaling \$369 million. There was \$3 million of plant under construction. These numbers reflect the equipment and facilities KPUD uses to provide electric, water and wastewater services to our customers, as well as KPUD's transmission and generation facilities. The values listed are before accumulated depreciation is taken into account. The value of our infrastructure after accumulated depreciation was \$250 million.

KPUD had \$27 million in cash, cash equivalents and other current assets, such as receivables, at the end of 2018.

On the other side of the ledger, KPUD had \$150 million in long-term debt and \$19 million in current liabilities, which includes accounts payable and other accrued liabilities.

The total net position of the utility was \$102 million as of December 31, 2018. The total net position represents the net value of total utility assets after liabilities are considered.

Operating revenues for 2018 were \$46 million and operating expenses were \$41 million, leaving a net operating income of \$5 million.

These numbers show a solid financial footing that continues to improve. A demonstration of this improvement is that after including nonoperating revenues and expenses, KPUD's net position increased \$3 million during 2018. These funds remain in your utility and continue to support our increasing financial stability. This, in turn, lowers the rate pressures we have to contend with in future years.

I am proud of the work we have done to improve the financial position of the utility. Your entire Klickitat PUD team looks forward to continuing those efforts.

See the audit at www.klickitatpud.com/topicalMenu/about/financialReports.aspx.

Jim Smith

General Manager