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WA-18

2013 Financial Audit

We just received our completed financial audit from Moss Adams for 2013. I want to give you access to that report and provide some highlights.

I am pleased to announce that Moss Adams' report states there were no deficiencies in our internal financial controls that they consider to be a material weakness. They did make recommendations in two areas, and their suggestions already have been implemented.

As of the end of 2013, your PUD had ownership of plant in service totaling \$297,195,055. This is essentially the equipment and facilities we use to serve you as customers on our electric, water and waste water systems, and our transmission and generation facilities.

The PUD had \$2.8 million in rate stabilization funds and \$21.3 million in current assets, which includes cash, receivables, materials and supplies, as well as accounting for a prepaid power contract. This does not include restricted bond reserve funds, which we are required by our bond holders to have on hand. These funds total an additional \$12.8 million.

On the other side of the ledger, we had \$133 million in long-term debt and \$10.5 million in current liabilities, which includes accounts payable and other accrued liabilities.

Operating revenues for 2013 were \$41.5 million, and operating expenses were \$39 million. Net operating income was \$2.5 million. After including nonoperating revenues and expenses, our net change in position was -\$1.24 million. Our actual 2013 year-end net position is \$100.5 million, and our nonrestricted cash position and rate stabilization position was \$12.7 million. This pencils out to about 150 days of operating cash on hand. Our debt service coverage was 1.40.

The complete financial audit by Moss Adams can be found at our website at www.klickitapud.com/topicalMenu/about/financialReports.aspx.



Jim Smith
General Manager