



Board of Commissioners

Jeff Randall, District 1
Kenneth Collins, District 2
Wayne G. King, District 3

Kevin Streett, Assistant General Manager

March 26, 2018

Ms. Darla O'Connor
Community Program Specialist
United States Department of Agriculture
Rural Development
2005 E. College Way, Suite 203
Mount Vernon, WA 98273

Dear Ms. O'Connor,

Enclosed please find the following documents:

1. Form RD 442-2 – Statement of Budget, Income and Equity for calendar year 2017
2. Form RD 442-3 – Balance Sheets as of December 31, 2017 and 2016
3. Form RD 442-2 - Statement of Budget, Income and Equity for 2018, including the Projected Cash Flow
4. 2017 Water, Sewer and Electrical Rates schedules
5. 2016 Financial Statements Audit Report and 2016 Accountability Audit Report. In 2017, the District will be below the threshold of \$750,000 in Federal Expenditures. Consequently, the Washington State Auditor's Office does not anticipate beginning the District's audit for 2017 until after September 2018.

Water customers by type are:

Classification	2017
Residential	4077 Meters
Commercial	284 Meters

The District's Board of Commissioners and related terms of office are:

- Wayne King – 2013 through 2018
- Ken Collins – 2015 through 2020
- Jeff Randall – 2017 through 2022

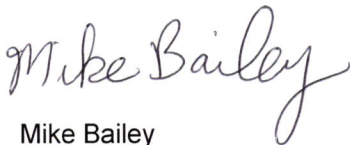
The Business address for the Commissioners is:

310 Four Corners Road, Port Townsend, WA 98368

The Commissioners meet on the 1st and 3rd Tuesday of the month and minutes as well as audio recordings of the meetings can be found at <http://media.jeffpud.org/agendas.html>. The 2018 Budget was adopted by the Commissioners at the BOC meeting on November 21, 2017.

If you have any questions about the attached information, please do not hesitate to contact me.

Sincerely,



Mike Bailey
Financial Services Manager
360-385-8367
m Bailey@jeffpud.org

UNITED STATES DEPARTMENT OF AGRICULTURE
STATEMENT OF BUDGET, INCOME AND EQUITY

Schedule I

Name Jefferson County PUD No. 1 Address 310 Four Corners RD
Port Townsend, WA 98368

(1) <u>OPERATING INCOME</u>	PRIOR YEAR <u>Actual</u> (2)	ANNUAL BUDGET	For the <u>12</u> Months Ended <u>12-31-2017</u>		Actual YTD (Over) Under Budget Col. 3 - 5 = 6 (6)
		BEG <u>01-01-2017</u>	CURRENT YEAR		
		END <u>12-31-2017</u>	Actual Data		
			Current Quarter (4)	Year To Date (5)	
1. <u>Water Sales</u>	2,024,953	2,056,721		2,147,701	-90,980
2. <u>Other Services</u>	104,453	98,157		106,020	-7,863
3. _____					0
4. _____					0
5. <u>Miscellaneous</u>					0
6. <u>Less: Allowances and Deductions</u>					0
7. <u>Total Operating Income</u> (Add lines 1 through 6)	2,129,406	2,154,878	0	2,253,721	-98,843
<u>OPERATING EXPENSES</u>					
8. <u>Purchased Power</u>	35,259	119,771		118,276	1,495
9. <u>Operation&Maint</u>	777,347	711,717		742,743	-31,026
10. <u>Cust Account Ex+</u>	165,586	192,856		151,127	41,729
11. <u>Admin & General</u>	504,272	413,622		375,024	38,598
12. <u>Taxes</u>	107,653	108,747		109,548	-801
13. <u>Other</u>	85	0		0	0
14. _____					0
15. <u>Interest</u>	213,655	281,091		234,929	46,162
16. <u>Depreciation</u>	711,228	670,153		714,066	-43,913
17. <u>Total Operating Expense</u> (Add Lines 8 through 16)	2,515,085	2,497,957	0	2,445,713	52,244
18. <u>NET OPERATING INCOME (LOSS)</u> (Line 7 less 17)	-385,679	-343,079	0	-191,992	-151,087
<u>NONOPERATING INCOME</u>					
19. <u>Interest Income</u>	110,993	106,320		105,163	1,157
20. <u>Other Income</u>	1,874,143	107,796		179,018	-71,222
21. <u>Total Nonoperating Income</u> (Add 19 and 20)	1,985,136	214,116	0	284,181	-70,065
22. <u>NET INCOME (LOSS)</u> (Add lines 18 and 21)	1,599,457	-128,963	0	92,189	-221,152
23. <u>Equity Beginning of Period</u>	21,694,285	23,293,742		23,293,742	0
24. _____					0
25. _____					0
26. <u>Equity End of Period</u> (Add lines 22 through 25)	23,293,742	23,164,779	0	23,385,931	-221,152

Budget and Annual Report Approved by Governing Body

Secretary _____ Date 3/19/18

Quarterly Reports Certified Correct

Appropriate Official _____ Date _____

According to the Paperwork Reduction Act of 1995, no persons are required to respond to a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0575-0015 and 0572-0137. The time required to complete this information collection is estimated to average 2-1 2 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

SUPPLEMENTAL DATA

The Following Data Should Be Supplied Where Applicable

1. ALL BORROWERS

Circle One

- a. Are deposited funds in institutions insured by the Federal Government? Yes No
- b. Are you exempt from Federal Income Tax? Yes No
- c. Are Local, State and Federal Taxes paid current? Yes No
- d. Is corporate status in good standing with State? Yes No

e. List kinds and amounts of insurance and fidelity bond: Complete Only when submitting annual budget information:

Insurance Coverage and Policy Number	Insurance Company and Address	Amount of Coverage	Expiration Date of Policy
Property Insurance Policy # <u>PURMS Joint</u>	<u>Self Ins. C/O Pacific Underwriters</u>	<u>250,000</u>	<u>N/A</u>
Liability Policy # <u>PURMS</u>	<u>PO Box 68787</u>	<u>1,000,000</u>	<u>N/A</u>
Fidelity Policy # <u>PURMS</u>	<u>Seattle, WA 98168</u>	<u>1,000,000</u>	<u>N/A</u>

2. RECREATION AND GRAZING ASSOCIATION BORROWERS ONLY

Current Quarter

Year to Date

a. Number of Members

3. WATER AND/OR SEWER UTILITY BORROWERS ONLY

- a. Water purchased or produced (CU FT - GAL)
- b. Water sold (CU FT - GAL)
- c. Treated waste (CU FT - GAL)
- d. Number of users - water
- e. Number of users - sewer

	<u>281,970,710</u>
gal.	<u>28,197,0 gal.</u>
gal.	<u>24,965,3 gal.</u>
gal.	<u>249,653,781 gal.</u>
	<u>4361 Meters</u>

4. OTHER UTILITIES

- a. Number of users
- b. Product purchased
- c. Product sold

5. HEALTH CARE BORROWERS ONLY

- a. Number of beds
- b. Patient days of care
- c. Percentage of occupancy
- d. Number of outpatient visits

-2147483648 %	-2147483648 %
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6. DISTRIBUTION OF ALL CASH AND INVESTMENTS*

Indicate balances in the following accounts:

	Construction	Revenue	Debt Service	Operation & Maintenance	Reserve	All Others	Grand Total
Cash	\$ _____	\$ _____	\$ 14,544	\$ 72,273	\$ _____	\$ _____	\$ 86,817
Savings and Investments	\$ _____	\$ _____	\$ 2,751,185	\$ _____	\$ 397,698	\$ _____	\$ 3,148,883
Total	\$ 0	\$ 0	\$ 2,765,729	\$ 72,273	\$ 397,698	\$ 0	\$ 3,235,700

7. AGE ACCOUNTS RECEIVABLE AS FOLLOWS:

	Days				*Total
	0-30	31-60	61-90	91 and Older	
Dollar Values	\$ 66,834	\$ 12,562	\$ 8,414	\$ 30,770	\$ 118,580
Number of Accounts	2,514	315	178	174	3,181

*Totals must agree with those on Balance Sheet.

PROJECTED CASH FLOW

For the Year BEG. 01-01-2017 END. 12-31-2017
(same as schedule 1 column 3)

A. Line 22 from Schedule 1, Column 3 NET INCOME (LOSS)	\$ <u>-128,963</u>
<u>Add</u>	
B. Items in Operations not Requiring Cash:	
1. Depreciation (line 16 schedule 1)	<u>-43,913</u>
2. Others:	_____
C. Cash Provided From:	
1. Proceeds from Agency loan/grant	_____
2. Proceeds from others	_____
3. Increase (Decrease) in Accounts Payable, Accruals and other Current Liabilities	_____
4. Decrease (Increase) in Accounts Receivable, Inventories and Other Current Assets (Exclude cash)	_____
5. Other:	_____
6. <u>Principal & Interest Payments from LUD's</u>	<u>\$509,474</u>
D. Total all A, B and C Items	<u>\$336,598</u>
E. Less: Cash Extended for:	
1. All Construction, Equipment and New Capital Items (loan & grant funds)	<u>\$255,000</u>
2. Replacement and Additions to Existing Property, Plant and Equipment	<u>\$65,000</u>
3. Principal Payment Agency Loan	<u>\$51,293</u>
4. Principal Payment Other Loans	<u>\$671,079</u>
5. Other: <u>Additional Interest Payments</u>	<u>\$3,161</u>
6. Total E 1 through 5	<u>\$1,045,533</u>
<u>Add</u>	
F. Beginning Cash Balances	<u>\$3,075,072</u>
G. Ending Cash Balances (Total of D Minus E 6 Plus F)	<u>\$ 2,366,137</u>
<u>Item G Cash Balances Composed of:</u>	
Construction Account	\$ _____
Revenue Account	_____
Debt Payment Account	<u>\$2,618,300</u>
O&M Account	<u>\$67,626</u>
Reserve Account	<u>\$394,277</u>
Funded Depreciation Account	_____
Others:	_____
_____	_____
Total - Agrees with Item G	<u>\$ 3,080,203</u>

Form RD 442-3 (Rev. 3-97)	Name Jefferson County PUD No. 1
BALANCE SHEET	Address 310 Four Corners RD Port Townsend, WA 98368

	12/31/2017			12/31/2016		
	Month	Day	Year	Month	Day	Year
	<i>Current Year</i>			<i>Prior Year</i>		
ASSETS						
<u>CURRENT ASSETS</u>						
1. Cash on hand in Banks			86817			91797
2. Time deposits and short-term investments			3148883			2983275
3. Accounts receivable			158706			143109
4. Less: Allowance for doubtful accounts			(40126)			(49986)
5. Inventories			18287			7870
6. Prepayments			38397			27592
7. Assessments Receivable (Current Portion)			397641			397641
8. Inter-Division Receivables			4897608			4719329
9. Total Current Assets (Add 1 through 8)			\$8,706,213.00			\$8,320,627.00
<u>FIXED ASSETS</u>						
10. Land			40000			40000
11. Buildings			0			69255
12. Furniture and equipment			294690			252143
13. Water Plant and Construction WIP			30773809			30603926
14. Less: Accumulated depreciation			(9567679)			(8830251)
15. Net Total Fixed Assets (Add 10 through 14)			\$21,540,820.00			\$22,135,073.00
<u>OTHER ASSETS</u>						
16. Assessments Receivable (LT Portion)			1033059			1447528
17. Miscellaneous Deferred Debits			82			0
18. Total Assets (Add 9, 15, 16 and 17)			\$31,280,174.00			\$31,903,228.00
LIABILITIES AND EQUITIES						
<u>CURRENT LIABILITIES</u>						
19. Accounts payable			0			10158
20. Notes payable			709433			759434
21. Current portion of USDA note			51293			51293
22. Customer deposits			1100			1300
23. Taxes payable			0			0
24. Interest payable			88655			104079
25.						
26.						
27. Total Current Liabilities (Add 19 through 26)			\$850,481.00			\$926,264.00
<u>LONG-TERM LIABILITIES</u>						
28. Notes payable USDA			2431626			2482919
29. Bonds and Notes Payable (LT Portion)			4612136			5200303
30.						
31. Total Long-Term Liabilities (Add 28 through 30)			\$7,043,762.00			\$7,683,222.00
32. Total Liabilities (Add 27 and 31)			\$7,894,243.00			\$8,609,486.00
<u>EQUITY</u>						
33. Retained earnings			23385931			23293742
34. Memberships						
35. Total Equity (Add lines 33 and 34)			\$23,385,931.00			\$23,293,742.00
36. Total Liabilities and Equity (Add lines 32 and 35)			\$31,280,174.00			\$31,903,228.00

CERTIFIED CORRECT	Date 3/19/18	Appropriate Official (Signature)
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According to the Paperwork Reduction Act of 1995, no persons are required to respond to a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0570-0015. The time required to complete this information is estimated to average 1 hour per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

UNITED STATES DEPARTMENT OF AGRICULTURE
STATEMENT OF BUDGET, INCOME AND EQUITY

Schedule I

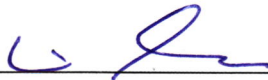
Name Jefferson County PUD No. 1

Address 310 Four Corners RD
Port Townsend, WA 98368

(1) <u>OPERATING INCOME</u>	PRIOR YEAR <u>Actual</u> (2)	ANNUAL BUDGET		For the 12 Months Ended 12-31-2018	
		BEG 01-01-2018 END 12-31-2018 (3)	CURRENT YEAR		Actual YTD (Over) Under Budget Col. 3 - 5 = 6 (6)
			Actual Data		
			Current Quarter (4)	Year To Date (5)	
1. Water Sales	2,147,701	2,121,122		0	2,121,122
2. Other Services	106,020	106,978		0	106,978
3.					0
4.					0
5. Miscellaneous					0
6. Less: Allowances and Deductions					0
7. Total Operating Income (Add lines 1 through 6)	2,253,721	2,228,100	0	0	2,228,100
<u>OPERATING EXPENSES</u>					
8. Purchased Power	118,276	123,177		0	123,177
9. Operation&Maint	742,743	894,377		0	894,377
10. Cust Account Ex	151,127	205,485		0	205,485
11. Admin & General	375,024	527,361		0	527,361
12. Taxes	109,548	118,650		0	118,650
13. Other	0	0		0	0
14.					0
15. Interest	234,929	233,319		0	233,319
16. Depreciation	714,066	720,419		0	720,419
17. Total Operating Expense (Add Lines 8 through 16)	2,445,713	2,822,788	0	0	2,822,788
18. NET OPERATING INCOME (LOSS) (Line 7 less 17)	-191,992	-594,688	0	0	-594,688
<u>NONOPERATING INCOME</u>					
19. Interest Income	105,163	104,328		0	104,328
20. Other Income	179,018	532,956		0	532,956
21. Total Nonoperating Income (Add 19 and 20)	284,181	637,284	0	0	637,284
22. NET INCOME (LOSS) (Add lines 18 and 21)	92,189	42,596	0	0	42,596
23. Equity Beginning of Period	23,293,742	23,385,931		0	23,385,931
24.					0
25.					0
26. Equity End of Period (Add lines 22 through 25)	23,385,931	23,428,527	0	0	23,428,527

Budget and Annual Report Approved by Governing Body

Quarterly Reports Certified Correct


Secretary

3/19/18
Date

Appropriate Official Date

According to the Paperwork Reduction Act of 1995, no persons are required to respond to a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0575-0015 and 0572-0137. The time required to complete this information collection is estimated to average 2-1/2 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

SUPPLEMENTAL DATA

The Following Data Should Be Supplied Where Applicable

Circle One

1. ALL BORROWERS

- a. Are deposited funds in institutions insured by the Federal Government? Yes No
- b. Are you exempt from Federal Income Tax? Yes No
- c. Are Local, State and Federal Taxes paid current? Yes No
- d. Is corporate status in good standing with State? Yes No
- e. List kinds and amounts of insurance and fidelity bond: Complete Only when submitting annual budget information:

<u>Insurance Coverage and Policy Number</u>	<u>Insurance Company and Address</u>	<u>Amount of Coverage</u>	<u>Expiration Date of Policy</u>
Property Insurance Policy # <u>PURMS Joint</u>	<u>Self Ins. C/O Pacific Underwriters</u>	<u>250,000</u>	<u>N/A</u>
Liability Policy # <u>PURMS</u>	<u>PO Box 68787</u>	<u>1,000,000</u>	<u>N/A</u>
Fidelity Policy # <u>PURMS</u>	<u>Seattle, WA 98168</u>	<u>1,000,000</u>	<u>N/A</u>

2. RECREATION AND GRAZING ASSOCIATION BORROWERS ONLY

Current Quarter

Year to Date

a. Number of Members _____

3. WATER AND/OR SEWER UTILITY BORROWERS ONLY

- a. Water purchased or produced (CU FT - GAL) _____ gal. _____ gal.
- b. Water sold (CU FT - GAL) _____ gal. _____ gal.
- c. Treated waste (CU FT - GAL) _____ gal. _____ gal.
- d. Number of users - water _____
- e. Number of users - sewer _____

4. OTHER UTILITIES

- a. Number of users _____
- b. Product purchased _____
- c. Product sold _____

5. HEALTH CARE BORROWERS ONLY

- a. Number of beds _____
- b. Patient days of care _____
- c. Percentage of occupancy -2147483648 % -2147483648 %
- d. Number of outpatient visits _____

6. DISTRIBUTION OF ALL CASH AND INVESTMENTS*

Indicate balances in the following accounts:

	<u>Construction</u>	<u>Revenue</u>	<u>Debt Service</u>	<u>Operation & Maintenance</u>	<u>Reserve</u>	<u>All Others</u>	<u>Grand Total</u>
Cash Savings and Investments	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ <u>0</u>
	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ <u>0</u>
Total	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>

7. AGE ACCOUNTS RECEIVABLE AS FOLLOWS:

	<u>Days</u>				<u>*Total</u>
	<u>0-30</u>	<u>31-60</u>	<u>61-90</u>	<u>91 and Older</u>	
Dollar Values	\$ _____	\$ _____	\$ _____	\$ _____	\$ <u>0</u>
Number of Accounts	_____	_____	_____	_____	<u>0</u>

*Totals must agree with those on Balance Sheet.

PROJECTED CASH FLOW

For the Year BEG. 01-01-2018 END. 12-31-2018
(same as schedule 1 column 3)

A. Line 22 from Schedule 1, Column 3 NET INCOME (LOSS)	\$ <u>42,596</u>
<u>Add</u>	
B. <u>Items in Operations not Requiring Cash:</u>	
1. Depreciation (line 16 schedule 1)	<u>720,419</u>
2. Others:	_____
C. <u>Cash Provided From:</u>	
1. Proceeds from Agency loan/grant	_____
2. Proceeds from others	_____
3. Increase (Decrease) in Accounts Payable, Accruals and other Current Liabilities	_____
4. Decrease (Increase) in Accounts Receivable, Inventories and Other Current Assets (<u>Exclude cash</u>)	_____
5. Other:	_____
6. <u>Principal & Interest Payments from LUD's</u>	<u>\$509,474</u>
D. Total all A, B and C Items	<u>\$1,272,489</u>
E. <u>Less: Cash Extended for:</u>	
1. All Construction, Equipment and New Capital Items (loan & grant funds)	<u>\$368,000</u>
2. Replacement and Additions to Existing Property, Plant and Equipment	<u>\$92,000</u>
3. Principal Payment Agency Loan	<u>\$51,293</u>
4. Principal Payment Other Loans	<u>\$671,079</u>
5. Other: <u>Additional Interest Payments</u>	<u>\$3,161</u>
6. Total E 1 through 5	<u>\$1,185,533</u>
<u>Add</u>	
F. Beginning Cash Balances	<u>\$3,080,203</u>
G. Ending Cash Balances (Total of D Minus E 6 Plus F)	<u>\$ 3,167,159</u>
<u>Item G Cash Balances Composed of:</u>	
Construction Account	\$ _____
Revenue Account	_____
Debt Payment Account	<u>\$2,692,216</u>
O&M Account	<u>\$69,535</u>
Reserve Account	<u>\$405,408</u>
Funded Depreciation Account	_____
Others:	_____
_____	_____
Total - Agrees with Item G	<u>\$ 3,167,159</u>