



LAKE WHATCOM WATER AND SEWER DISTRICT  
1220 LAKEWAY DRIVE  
BELLINGHAM, WASHINGTON 98229

REGULAR MEETING  
OF THE BOARD OF COMMISSIONERS

AGENDA

*October 9, 2013*

6:30 p.m. – Regular Session

1. CALL TO ORDER
2. PUBLIC COMMENT OPPORTUNITY  
At this time, members of the public may address the Commission. Please state your name prior to making comments.
3. ADDITIONS, DELETIONS, OR CHANGES TO THE AGENDA
4. CONSENT AGENDA
5. SPECIFIC ITEMS OF BUSINESS:
  - A. City of Bellingham Wastewater Treatment Contract Update
  - B. Monthly Budget Analysis
  - C. Summary of Existing District Projects
6. OTHER BUSINESS
7. MANAGER'S REPORT
8. PUBLIC COMMENT OPPORTUNITY
9. General Manager Performance Evaluation (Executive Session per RCW 42.30.140(4) – 30 Minutes)
10. ADJOURNMENT



## LAKE WHATCOM WATER AND SEWER DISTRICT

### AGENDA BILL

DATE SUBMITTED:	October 1, 2013		
TO BOARD OF COMMISSIONERS			
FROM: Patrick Sorensen	MANAGER APPROVAL <i>Patrick Sorensen</i>		
MEETING AGENDA DATE:	October 9, 2013		
AGENDA ITEM NUMBER:	5.A.		
SUBJECT:	City of Bellingham Wastewater Agreement – Oral Report		
LIST DOCUMENTS PROVIDED ⇒ NUMBER OF PAGES INCLUDING AGENDA BILL: _____	1.		
	2.		
	3.		
TYPE OF ACTION REQUESTED	RESOLUTION <input type="checkbox"/>	FORMAL ACTION/ MOTION <input type="checkbox"/>	INFORMATIONAL/ OTHER <input checked="" type="checkbox"/>

#### **BACKGROUND / EXPLANATION OF IMPACT**

Bill will report on the City Council's September 30, 2013 discussion regarding the District's Draft Wastewater Treatment Contract.

#### **FISCAL IMPACT**

None at this time.

#### **RECOMMENDED BOARD ACTION**

No action required at this meeting.

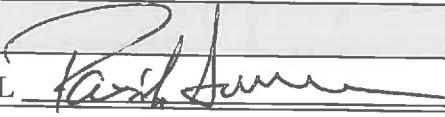
#### **PROPOSED MOTION**

None at this time.



## LAKE WHATCOM WATER AND SEWER DISTRICT

### AGENDA BILL

DATE SUBMITTED:	October 1, 2013		
TO BOARD OF COMMISSIONERS			
FROM: Debi Hill	MANAGER APPROVAL 		
MEETING AGENDA DATE:	October 9, 2013		
AGENDA ITEM NUMBER:	5.B.		
SUBJECT:	Monthly Budget Analysis		
LIST DOCUMENTS PROVIDED ⇒ NUMBER OF PAGES INCLUDING AGENDA BILL:	1. Monthly Budget Analysis as of 9/30/2013		
	2.		
TYPE OF ACTION REQUESTED	RESOLUTION <input type="checkbox"/>	FORMAL ACTION/ MOTION <input type="checkbox"/>	INFORMATIONAL/ OTHER <input checked="" type="checkbox"/>

#### **BACKGROUND / EXPLANATION OF IMPACT**

Information only

#### **FISCAL IMPACT**

n/a

#### **RECOMMENDED BOARD ACTION**

n/a

#### **PROPOSED MOTION**

n/a



## MONTHLY BUDGET ANALYSIS

		2013 Budget	YTD 9/30/2013 75%	
<b>OPERATING FUND - 401</b>				
<b>REVENUES</b>				
401-343-20-00	Latecomer Fee	1,000	10,892	1089%
401-343-40-10	Water Sales Metered (9% rate increase) *	1,601,383	1,131,547	71%
401-343-40-18	Water Sales Lock/Unlock	9,500	2,079	22%
401-343-40-19	Water Sales Other (billing suspension, transfer fee etc.)	25,000	22,980	92%
401-343-50-11	Sewer Service Residential (4.5% rate increase) *	3,357,845	2,544,036	76%
401-343-50-19	Sewer Service Other (transfer fee, return item etc.)	1,300	7,177	552%
401-359-80-00	Late Charges / Lien fees	65,000	64,044	99%
401-360-10-00	Bank fees	2,000	2,082	104%
401-361-11-10	Investment Interest	-	204	
401-369-10-00	Sale of scrap/junk recycle		20,439	
401-379-10-20	Permits Operation portion (5 new connection permits)	15,000	36,586	244%
401-398-20-00	Insurance Recoveries		4,235	
401-397-10-40	Transfers in from ULID 18 Fund 480		165,000	
<b>TOTAL REVENUES</b>		<b>5,078,028</b>	<b>4,011,301</b>	<b>79%</b>

MONTHLY BUDGET ANALYSIS		Description	2013 Budget	YTD 9/30/2013	
OPERATING FUND - 401				75%	
EXPENDITURES					
401-53X-10-10	Payroll (2.3% cola plus step increases - 2013)	1,406,000	1,047,728	75%	
401-53X-10-20	Personnel Benefits	560,000	385,760	69%	
401-53X-10-31	Gen Admin Supplies ( includes copy machine purchase)	25,000	17,528	70%	
401-53X-10-32	Meetings/Team building	2,000	1,620	81%	
401-53X-10-40	Bank Fees ( BofA, AFTS)	8,000	7,743	97%	
	County Auditor filing fees (Simplifile)	6,000			
	DataBar (Statement processing) Moved from Gen Admin Supplies	20,000			
	Answering Service	1,500			
	BIAS Financial Software	20,000			
	Webcheck	2,000			
	GE Scada System Software Maintenance	7,500			
	WA State Auditor	10,000			
	Wilson Engineering	10,000			
	Sewer Comp Plan Update C13-15	60,000			
	Resick and Hansen	35,000			
	Peninsula Financial Consulting (City Sewer Agreement)	6,000			
	FCS Rate Study	50,000			
	3D - Computer support	12,000			
	Data Pro - Time clock system	3,000			
	Watchguard	5,000			
	Vamar, Systma CPA firm	10,000			
	Tetra Tech	5,000			
	Cartegraph	8,000			
	ESRI ( Engineering)	1,000			
	Rockwell	500			
	Inovise (Engineering)	2,000			
	Custodial/Building maint. services/Security	11,000			
	Landscaping service	4,000			
	Interlocal - Lake Whatcom Management Program	25,000			
	Interlocal - Invasive Species	45,000			
	GIS with Whatcom County	1,000			
	Oasys (Docuware/copy machine contract)	5,000			
	Generator Load Testing	18,000			
	Cyberlock software	1,000			
	Misc (Bid notices etc.)	1,000			
401-53X-10-41	Professional Services (TOTAL)	385,500	220,301	57%	
401-53X-10-42	Communication	51,500	33,170	64%	
401-53X-10-43	Memberships/Dues	13,000	12,184	94%	
401-53X-10-44	B&O Taxes	150,000	122,720	82%	
401-53X-10-45	Admin Lease	3,000	1,790	60%	
401-53X-10-46	Insurance	96,000	158	0%	
401-53X-10-49	Admin Misc.	2,000	130	7%	
401-53X-40-43	Training & Travel	30,000	21,134	70%	
401-53X-40-44	Tuition reimbursement	6,000	-	0%	
401-53X-49-40	Insurance claims	-	2,500		
401-53X-50-31	Maintenance Supplies	45,000	74,651	166%	
401-53X-50-48	Oper Repair/Maint (includes Asset Mgmnt tools)	85,000	23,426	28%	
	Edge Analytical - water	5,000			
	Emergency Response - sewer tank trucks	5,000			
401-53X-60-41	Operations Contracted (TOTAL)	10,000	6,814	68%	
401-534-60-47	Water Ops City of Bellingham	30,000	22,201	74%	
401-535-60-47	Sewer Ops City of Bellingham	605,000	400,000	66%	
401-53X-80-31	Operations Gen Supplies	60,000	31,239	52%	
401-53X-80-32	Operations Fuel	40,000	19,395	48%	
401-53X-80-34	Safety supplies	12,000	7,546	63%	
401-53X-80-47	General Utilities	200,000	158,764	79%	
401-53X-80-49	Laundry	5,000	1,375	28%	
	<b>TOTAL OPERATING EXPENSES</b>	<b>3,830,000</b>	<b>2,619,875</b>	<b>68%</b>	
TRANSFERS					
401-597-10-00					
	Transfers Out to Capital Projects Fund 420	790,000	171,000		
	Transfers Out to 2009 Bond Debt Service Fund 450	445,500	109,450		
	Transfers Out to Water Loan Debt Service Fund 470	92,000	90,075		
	<b>TOTAL EXPENDITURES</b>	<b>5,157,500</b>	<b>2,990,400</b>		
OPERATING FUND					
	REVENUES	5,078,028	4,011,301		
	EXPENDITURES	(5,157,500)	(2,990,400)		
	<b>CASH/INVESTMENTS BALANCE</b>		<b>1,431,762</b>		

MONTHLY BUDGET ANALYSIS			2013	YTD	
	Description		Budget	9/30/2013	
RATE FUNDED SYSTEM REPLACEMENT FUND - 415					
415-361-11-00	Investment Interest		-	-	
	TOTAL REVENUES		-	-	
415-597-10-00	Transfer out to System Reinvestment Fund 420		13,500	13,538	
	TOTAL EXPENDITURES		13,500		
RATE FUNDED SYSTEM REPLACEMENT FUND					
	REVENUES		-	-	
	EXPENDITURES		(13,500)	-	
	CASH/INVESTMENTS BALANCE			-	

MONTHLY BUDGET ANALYSIS		Description	2013 Budget	YTD 9/30/2013
SYSTEM REINVESTMENT FUND - 420				
420-343-40-19		DEA Permits	2,500	-
420-361-11-00		Investment interest	-	-
420-379-10-30		Permits Capital Portion (5 permits for 2012)	35,000	36,253
420-379-10-40		Latecomer Fees	500	-
420-397-10-00		Transfers In from Operating Fund 401	790,000	171,000
		Transfer In from System Replacement Fund 415	13,500	13,538
		<b>TOTAL REVENUES</b>	<b>841,500</b>	<b>220,791</b>
420-534-10-41		DEA Contracted Services	2,500	3,429
420-534-60-41		Contracted Operations	-	-
420-534-90-61		DEA Refunds	-	-
420-594-38-60		Capital Outlay		
		Previous Projects	271,400	
	C10-06	Sewer Emergency Response Equipment	7,700	1,005
	C12-02	SVWTP Coatings		965
	C12-03	Water Meter Data Collectors	22,000	22,193
	C12-05	CMOM - Smoke testing		5,752
	C12-06	Agate WTP Restroom	8,000	6,273
	C12-07	Reservoir drains to daylight	13,000	
	C12-08	Lowell & Oriental PRVs		11,241
	C12-09	SVWTP Raw Motors	4,000	3,254
	C12-10	SVWTP Generator	56,200	
	C12-13	Sewer Camera Equipment	80,000	12,677
	C12-14	Dead end blow offs	38,000	
	C12-16	SVCA Polo Park Bridge	40,000	10,499
	C12-18	Sewer I & I Update	2,500	2,842
		New Projects	603,000	
	C13-02	CMOM Projects (reduced budget by \$27,000)	61,000	61,000
	C13-03	SVWTP Diesel Generator (increase budget by \$75,000)	400,000	100,411
	C13-04	Cathodic Corrosion protection	75,000	
	C13-05	Johnson well house	10,000	7,986
	C13-06	Replace air/vac valves	8,000	7,820
	C13-07	Portable dehumidifiers	3,000	3,310
	C13-08	Backup benchtop analyzer	3,000	
	C13-09	Demolition hammer	1,000	815
	C13-10	Water Service rebuilds	12,000	6,416
	C13-11	Thermal Imager	3,000	
	C13-12	Shop Facility Improvements	5,000	855
	C13-13	Safety Grates at Pump Stations	12,000	2,624
	C13-14	Server upgrade	10,000	
		Water Main Relocation (eliminated \$10,000 project)	-	
		<b>TOTAL EXPENDITURES</b>	<b>876,900</b>	<b>271,367</b>
SYSTEM REINVESTMENT FUND		<b>REVENUES</b>	<b>841,500</b>	<b>220,791</b>
		<b>EXPENDITURES</b>	<b>(876,900)</b>	<b>(271,367)</b>
		<b>CASH/INVESTMENTS BALANCE</b>		<b>1,842</b>

MONTHLY BUDGET ANALYSIS		Description	2013 Budget	YTD 9/30/2013
SEWER/STORM WATER CONTINGENCY FUND - 425				
425-361-11-00		Investment Interest		10
425-397-10-00		Transfer in from ULID 18 Fund 480	1,000,000	1,000,000
		Transfer in from Bond Reserve Fund 490	178,175	178,202
		<b>TOTAL REVENUES</b>	<b>1,178,175</b>	<b>1,178,212</b>
425-535-10-89		Bank Fees		72
425-594-38-64		Machinery/Equipment	210,000	220,480
		Comp Plan Stormwater Chapter	27,000	22,110
		<b>TOTAL EXPENDITURES</b>	<b>237,000</b>	<b>242,662</b>
SEWER/STORM WATER CONTINGENCY FUND		<b>REVENUES</b>	<b>1,178,175</b>	<b>1,178,212</b>
		<b>EXPENDITURES</b>	<b>(237,000)</b>	<b>(242,662)</b>
		<b>CASH/INVESTMENTS BALANCE</b>		<b>935,550</b>



MONTHLY BUDGET ANALYSIS		Description	2013 Budget	YTD 9/30/2013
CAPITAL BOND PROJECTS FUND (RESTRICTED) - 430				
430-361-11-00		Investment interest	-	
		<b>TOTAL REVENUES</b>	-	
430-594-38-63		Capital Outlay	-	
	C09-01	Cable-Ranch-PM Pump stations	63,000	520
	C09-11	SVWTP Control System	24,000	4,497
		<b>TOTAL EXPENDITURES</b>	<b>87,000</b>	<b>5,017</b>
CAPITAL BOND PROJECTS FUND		<b>REVENUES</b>	-	
		<b>EXPENDITURES</b>	<b>(87,000)</b>	<b>(5,017)</b>
		<b>CASH/INVESTMENTS BALANCE</b>		<b>77,256</b>

MONTHLY BUDGET ANALYSIS			2013	YTD
	Description		Budget	9/30/2013
2009 BOND DEBT SERVICE FUND - 450				
450-361-11-00	Investment interest			
450-397-10-00	Transfers in from Operating Fund 401		445,500	109,450
	<b>TOTAL REVENUES</b>		<b>445,500</b>	<b>109,450</b>
450-535-10-41	Bond Admin Fee			
450-591-38-83	Bond Interest payments		225,500	109,450
450-591-38-72	Redemption of Long Term Debt		220,000	-
	<b>TOTAL EXPENDITURES</b>		<b>445,500</b>	<b>109,450</b>
2009 BOND DEBT SERVICE FUND				
	<b>REVENUES</b>		<b>445,500</b>	<b>109,450</b>
	<b>EXPENDITURES</b>		<b>(445,500)</b>	<b>(109,450)</b>
	<b>CASH/INVESTMENTS BALANCE</b>			<b>26</b>

MONTHLY BUDGET ANALYSIS			2013	YTD	
	Description		Budget	9/30/2013	
2009 BOND RESERVE FUND (RESTRICTED) - 460					
460-361-11-00	Investment Interest		3,000		
	TOTAL REVENUES		3,000	-	
	TOTAL EXPENDITURES		-		
2009 BOND RESERVE FUND					
	REVENUES		3,000	-	
	EXPENDITURES		-	-	
	CASH/INVESTMENTS BALANCE			501,181	

MONTHLY BUDGET ANALYSIS		Description	2013 Budget	YTD 9/30/2013
WATER LOANS DEBT SERVICE FUND - 470				
470-361-11-10	Investment interest		-	
470-397-10-00	Transfers In from Operating Fund 401		92,000	90,075
		TOTAL REVENUES	92,000	90,075
470-591-38-79	Redemption of Long Term Debt		74,542	74,541
470-592-34-83	Debt Service Interest Loan 44		6,385	5,587
470-592-34-83	Debt Service Interest Loan 119		894	805
470-592-34-83	Debt Service Interest Loan 064		10,395	9,450
		TOTAL EXPENDITURES	92,216	90,383
WATER LOANS DEBT SERVICE FUND		REVENUES	92,000	90,075
		EXPENDITURES	(92,216)	(90,383)
		CASH/INVESTMENTS BALANCE		64

MONTHLY BUDGET ANALYSIS		Description		2013	YTD
				Budget	9/30/2013
ULID 18 LOAN DEBT SERVICE FUND (RESTRICTED) - 480					
480-361-11-10		Investment interest		100	18,136
480-361-50-00		ULID 18 Interest/Penalties		40,000	39,212
480-379-10-30		Latecomers Fee		3,000	5,711
480-156-40-00		Current ULID 18 Principal Payments		60,000	72,963
480-397-10-00		Transfers In from ULID 18 Reserve Fund 490		178,175	
		<b>TOTAL REVENUES</b>		<b>281,275</b>	<b>136,022</b>
480-535-10-49		Sewer Debt Service Charges Misc		400	158
480-591-35-79		Redemption of Long Term Debt		3,000,000	2,663,577
480-592-35-83		Debt Service Interest Loan 44A			1,449
480-592-35-83		Debt Service Interest Loan 44B			8,372
480-592-35-83		Debt Service Interest Loan 063			6,321
480-597-10-01		Transfers Out to Operating Fund 401			165,000
480-597-10-25		Transfers Out to Sewer/SW Contingency Fund 425		1,000,000	1,000,000
		<b>TOTAL EXPENDITURES</b>		<b>4,000,400</b>	<b>3,844,877</b>
ULID 18 LOAN DEBT SERVICE		<b>REVENUES</b>		<b>281,275</b>	<b>136,022</b>
		<b>EXPENDITURES</b>		<b>(4,000,400)</b>	<b>(3,844,877)</b>
		<b>CASH/INVESTMENTS BALANCE</b>			<b>9,867</b>

MONTHLY BUDGET ANALYSIS		Description	2013 Budget	YTD 9/30/2013
ULID 18 LOAN RESERVE FUND (RESTRICTED) - 490				
490-361-11-10		Investment interest	175	
		<b>TOTAL REVENUES</b>	<b>175</b>	<b>-</b>
490-597-10-00		Transfers out to Sewer/SW Contingency Fund 425	178,175	178,202
		<b>TOTAL EXPENDITURES</b>	<b>178,175</b>	<b>178,202</b>
ULID 18 LOAN RESERVE FUND		<b>REVENUES</b>		
		<b>EXPENDITURES</b>		<b>-</b>
		<b>CASH/INVESTMENTS BALANCE</b>		<b>178,202</b>
				<b>-</b>



## LAKE WHATCOM WATER AND SEWER DISTRICT

### AGENDA BILL

DATE SUBMITTED:	October 1, 2013		
TO BOARD OF COMMISSIONERS			
FROM: Bill Hunter and Staff	MANAGER APPROVAL <i>Paul Hunter</i>		
MEETING AGENDA DATE:	October 9, 2013		
AGENDA ITEM NUMBER:	5.C.		
SUBJECT:	Summary of Existing District Projects		
LIST DOCUMENTS PROVIDED ⇒	1. October 2013 Summary of Existing District Projects		
NUMBER OF PAGES	2.		
INCLUDING AGENDA BILL:	3.		
TYPE OF ACTION REQUESTED	RESOLUTION <input type="checkbox"/>	FORMAL ACTION/ MOTION <input type="checkbox"/>	INFORMATIONAL/ OTHER <input checked="" type="checkbox"/>

### **BACKGROUND / EXPLANATION OF IMPACT**

Information only

### **FISCAL IMPACT**

n/a

### **RECOMMENDED BOARD ACTION**

Review and discuss

### **PROPOSED MOTION**

n/a

## LAKE WHATCOM WATER AND SEWER DISTRICT

### Summary of Existing District Projects

Meeting Date		Effective Date		Prepared by	
October 9, 2013		October 3, 2013		LE/BH	
	Status of Water and Sewer Permit Issuance				
SCOPE	Provide a monthly update on permit activity.				
STATUS		Permits Issued 2013		Permits Issued 2012	
	No of permits issued	16		8	
	No of permits projected 2013	5			

#### **\*\*Completed Capital Projects in 2013\*\***

C0911	Sudden Valley Water Treatment Plant Control System and Telemetry
C1006	Sewer Emergency Response Equipment (2)
C1206	Agate Heights WTP Restroom
C1209	Sudden Valley Water Treatment Plant Raw Water Meters
C1301	Purchase Flush Truck, Vac Trailer, Boom Truck
*C1302	2013 Inflow and Infiltration Projects
C1305	Johnson Well Shed Roof
C1307	Replace Treatment Plant Dehumidifiers
C1309	Demolition Hammer
C1310	Water Service Rebuilds (order brass parts)
C1311	Thermal Imager
C1312	Diesel Tank Concrete Pad at Shop

#### **\*\*Completed DEAs in 2013\*\***

D0534	Polly's Plat – Butch Kvamme (AKA Whatcom Overlook Short Plat)
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#### **\*\*State Required Report Status\*\***

Report Title	Due	Preparation	Due Date	Last Date Submitted
Chlorination Report (Agate Heights)	Monthly	Kevin	Postmarked 10th of month	July 10, 2012
Community Right to Know (Hazardous Materials)	Annually	Bill and Rich	March 2013	February 25, 2013
Consumer Confidence Reports	Annually	Kevin	July	<ul style="list-style-type: none"> <li>• Geneva – 5/13</li> <li>• Sudden Valley 5/13</li> <li>• Eagleridge – 5/13</li> <li>• Agate Heights – 5/13</li> </ul>
CPR/First Aid Training	Biennially	Rich	Nov/Dec 2014	Completed 12/18/12
Department of Revenue	Monthly	Debi	End of following month	October 2013
Flagging Card Training	Triennially	Rich	7/22/16	7/22/2013
Hazardous Waste Activity Report	Annual	Rich	Annual 3/31	January 31, 2013
Labor & Industries Payroll Report	Quarterly	Norma	Quarterly	October 2013
OSHA 300 Log	Annually	Rich	February 2014	January 28, 2013
Surface Water Treatment Rule Report (Sudden Valley WTP)	Monthly	Kevin	Postmarked 10th of month	July, 2012
Unemployment Report	Quarterly	Norma	Quarterly	October 2013
WA State Cross Connection Report	Annual	Rich	Annual	April 23, 2013
Washington State Financial Report	Annual	Debi	May 29	May 2013



Report Title	Due	Preparation	Due Date	Last Date Submitted
Water Use Efficiency Perform Report	Annual	Kevin	July 1	March 8, 2011
SAFETY PROGRAM SUMMARY (Completed by Rich Munson)				
**Annual Safety Training**				
Staff participates in a local government on-line training system. Each employee is assigned with an individual training course that is relevant to their position. The courses contain check points, quizzes and tests to ensure the training was completed and understood by the employee. Learners can track their progress and manage their training with their workload.				
**Weekly Crew Safety Meetings**				
Safety meetings for the field crew take place every Tuesday at 4:30 p.m.				
**Dates of Safety Committee Meetings**				
January 13, 2013 - Complete		June 10, 2013 – Complete		
February 14, 2013 - Complete		July 9, 2013 - Complete		
March 14, 2013 - Complete		August 13, 2013-Complete		
April 8, 2013 – Complete		September 11, 2013		
May 6, 2013 - Complete				
**Summary Of Work-Related Injuries & Illnesses (2013)**				
Total Number of Work Related Injuries Defined as a work related injury or illness that results in: <ul style="list-style-type: none"><li>• Death</li><li>• Medical treatment beyond first aid</li><li>• Loss of consciousness</li><li>• Significant injury or illness diagnosed by a licensed health care professional</li><li>• Days away from work (off work)</li><li>• Restricted work or job transfer</li></ul>			2	
Total Number of Days of Job Transfer or Restriction (Light duty or other medical restriction)			0	
Total Number of Days Away From Work (At home, in hospital, not at work)			13	
**Summary Of Work-Related Injuries & Illnesses (2012)**				
Total Number of Work Related Injuries			9	
Total Number of Days of Job Transfer or Restriction/Light Duty			24 days as of 1/3/2013	
Total Number of Days Away From Work			9	

**Lake Whatcom Water & Sewer District**  
**Capital Improvement Projects Staff Report**

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**C1203 Replace Water Meter Data Collectors**

*Replace handheld water meter data collectors used for radio reading meters*

**C1203-ADM Project Administration**

- 7/3/2012 Staff researching meter reading equipment options.
- 8/7/2013 Obtained quote from supplier for radio read laptop and software. Staff reviewing quote and will issue purchase order in next few days.
- 9/4/2013 Purchase order issue to vender. Equipment will be shipped soon. Onsite training and testing scheduled for mid-October 2013.
- 10/2/2013 Received equipment from vender. Training scheduled for October 15 & 16th.

**C1207 Reservoir Overflow Drains to Daylight**

*Route reservoir overflow drains to daylight.*

**C1207-ENG Project Administration and Engineering**

**C1207-CON Construction Contract**

**C1211 Wet Well Pressure Transmitters**

*Install pressure transmitters at sewer pump station to monitor liquid level in wet wells.*

**C1211-ADM Project Administration**

- 7/3/2012 Staff preparing materials list for each site.
- 8/1/2012 Staff obtaining quotes for 15 pressure transducers.
- 9/6/2012 Received transducers. Crews beginning installation. Staff will coordinate with Tetra Tech for PLC programming to incorporate new SCADA information and alarms.
- 10/3/2012 Installation and SCADA integration of transducers is in progress.
- 11/6/2012 Transmitters have been installed at Strawberry Point, Edgewater, Geneva, and Dellesta. Crews continue to install equipment.
- 9/4/2013 District crew continuing to install transmitters. 6 remaining to install.
- 10/2/2013 4 remaining to install (Rocky Ridge, Boulevard, Par, & Lakewood)

**C1214 Dead End Blow Offs**

*Install blow offs at water main dead ends.*

**C1214-CON Construction Contract**

**C1214-ADM Project Administration**

- 11/28/2012 Crews researching and inspecting dead end mains. Compiling list of dead ends with proposed installation sketches.

**C1216 SVCA Polo Park Bridge Water Main**

*Relocate water main to accomodate new SVCA bridge.*

**C1216-ENG Project Administration and Engineering**

- 6/4/2012 Wilson made minor adjustments to construction contract documents. Project will be advertised in Bellingham Herald in the next couple days.
- 6/21/2012 Site visit with staff and Wilson. District staff to install isolation valves in July prior to bridge construction.

- 11/6/2012 Crews in progress of relocating water services to prepare for installation of isolation valves and thrust blocks.
- 11/28/2012 Services have been moved and isolation valves installed on the main. Crews will be installing reverse thrust blocks when weather allows this winter. District will be ready for SVCA construction summer 2013.
- 4/3/2013 SVCA moving ahead with plans to construct summer 2013. Wilson preparing task order for upcoming work/support.
- 5/1/2013 Wilson made minor adjustments to construction contract documents. Project will be advertised in the next couple days.
- 5/5/2013 Advertisement for bids. Bellingham Herald legal.
- 5/21/2013 Bid Opening. 2:05pm.
- 5/29/2013 Board award contract to Strider Construction.
- 6/5/2013 Contract agreement, bonds, and insurance are being prepared for execution.

#### **C1216-CON Construction Contract**

- 7/16/2012 Bid opening 2:10pm. Two bids received.
- 7/31/2012 Bid Opening 2:05pm
- 8/1/2012 Bid cancelled 7/26/2012. All plan holders were notified 7/27/2012 of cancellation. Cancellation was due to permitting delays on SVCA's project. Project now tentatively scheduled for Summer 2013.
- 5/5/2013 Advertisement for Bids published in Bellingham Herald
- 5/21/2013 Bid Opening 2:10pm. Two bids received.
- 5/29/2013 Award contract to Strider Construction.
- 7/10/2013 Pre-Construction Meeting
- 8/7/2013 Contractor working on creek bed and bridge abutment improvements for SVCA. No water main work yet except for isolation and removal of pipe.
- 10/2/2013 Contractor installed new water main up to the bridge abutments.

#### **C1303 SVWTP Generator**

*Replace undersized SVWTP natural gas generator with larger diesel unit capable of running treatment plant with two booster pumps on plus Afternoon Beach Sewer Pump Station.*

#### **C1303-CON Construction Contract**

- 7/23/2013 Advertisement for Bids published in Bellingham Herald.
- 7/30/2013 Pre-Bid Meeting.
- 8/6/2013 Bid Opening at 2:05pm. Two bids received.
- 8/14/2013 Tentative Construction Contract Award at Board Meeting.
- 9/4/2013 Contract, bond, & insurance forms received from contractor. Brian Hansen reviewing and will sign "As to Form" followed by Board president signature. Staff plans to issue Notice to Proceed week of 9/9/2013.
- 10/2/2013 Contractor onsite. Concrete slab for tank poured, exterior underground electrical conduits installed. Contractor preparing to remove generator from building.

#### **C1303-ENG Project Administration and Engineering**

- 1/25/2013 Advertise Request for Proposal in Bellingham Herald. (This request includes 3 other projects: Division 22 Reservoir, Strawberry Point & Boulevard Sewer Pump Stations, and Geneva Area AC Water Main Replacement).
- 2/21/2013 RFP Submittals due 4pm
- 3/5/2013 Tentative notification of short-list for interviews
- 3/12/2013 Tentative interviews
- 3/13/2013 Tentative recommendation to Board
- 4/3/2013 Board selects RH2 as consultant at 3/13/13 meeting. Staff working with RH2 on scope/fee for Phase 1 work which includes pre-design, design, and bidding support services.
- 5/1/2013 RH2 and staff working on predesign report and options.
- 5/7/2013 RH2 will present summary of predesign report. Receive Board comments to finalize report.
- 6/5/2013 RH2 submitted 60% drawings. RH2 and staff are meeting to go through drawings/design. Permit applications will be submitted to County in about a week.
- 7/16/2013 RH2 and District staff review of 90% drawings and specifications.
- 7/23/2013 RH2 completes bid documents. Project advertised in Bellingham Herald.
- 9/4/2013 RH2 assisting staff with construction administration/inspection as needed.

#### **C1304 Steel Reservoir Cathodic Protection**

*Install cathodic protection systems in District's steel reservoirs: Geneva, Div 30, Div 22, Div 7, & SVWTP Contact Tank.*

##### **C1304-ADM**

- 2/6/2013 Staff writing contract documents and specifications.
- 10/2/2013 Staff finalizing bid/contract documents.
- 10/14/2013 Tentative Advertisement for Bids in Bellingham Herald.
- 10/29/2013 Tentative Bid Opening - 2pm.
- 11/13/2013 Tentative Contract Award at Board Meeting with Notice to Proceed shortly after.

#### **C1306 LLR Sewer Air-Vac Valve Replacement**

*Replace iron/steel air-vac valves with nylon valves.*

##### **C1306-ADM**

- 4/3/2013 Staff solicited quotes from local suppliers. Ordered and received 9 valves from HD Supply (low quote). There are a total of 14 valves on the force main. Remaining 5 valves will be budgeted and purchased in 2014. Crews will begin installing new valves this spring.
- 10/2/2013 Crews have replaced a couple valves that failed on other forcemains using this inventory.

#### **C1308 Backup Benchtop Analyzer**

*Procure backup benchtop analyzer used at treatment plants.*

##### **C1308-ADM**

- 10/2/2013 Staff obtaining quotes from vendors.

#### **C1313 Safety Grates at Pump Stations**

*Install safety grates in several sewer pump station wet wells: Sudden Valley, Beaver, Flatcar, & North Point.*

##### **C1313-ADM**

- 4/3/2013 Received Task Order from Wilson for engineering/design. Safety committee to review on 4/8/2013.
- 5/1/2013 Wilson preparing memo for safety grate options and obtaining budget quotes from suppliers. District review fall protection preliminary design for reservoir fall protection anchors.
- 5/23/2013 Wilson submitted final structural drawings for reservoir fall protection tie-offs and technical memo on pump station wet well safety grates. Staff soliciting quotes for each project. Work tentatively to occur this summer/fall.
- 8/7/2013 Staff soliciting quotes for grates per structural drawings and specs.

#### **C1314 Replace Server Hardware**

*Replace District's server hardware. Server runs all of District's accounting, engineering, and operations software and databases.*

##### **C1314-ADM**

- 10/2/2013 Staff starting to look at hardware options and will review with District's IT consultant.

#### **C1315 Sewer Comprehensive Plan Update**

*The District is required to update its Sewer Comprehensive Plan every six years. The last update was completed in September 2007 and conditionally approved by the Department of Ecology in February, 2008.*

##### **C1315-PH1 Sewer Comprehensive Plan Update**

- 3/6/2013 Staff and Wilson working on Task Order scope of work.
- 3/20/2013 Wilson Task Order executed. Wilson and staff beginning work on sewer comp plan update.
- 5/1/2013 Wilson working on comp plan. Staff supplying data/support as needed.
- 8/7/2013 Work in progress.

9/4/2013 Work in progress.

10/2/2013 Work in progress. First draft will tentatively be distributed to Board for review at October 30th Board meeting.

#### **C1315-PH2 Stormwater Chapter**

3/6/2013 Staff and Wilson working on Task Order scope of work.

3/20/2013 Wilson Task Order executed. Wilson beginning work on stormwater chapter.

5/1/2013 Wilson preparing agenda and questions for Board workshop tentatively schedule for sometime in June 2013.

6/18/2013 Board workshop meeting scheduled for 5pm 6/18/2013 to discuss stormwater options/goals.

8/7/2013 Wilson finalizing stormwater chapter per Board discuss on 6/18/2013.

9/4/2013 Wilson submitted final stormwater chapter. Included in 9/11/2013 meeting packet for discussion.

#### **C1316 Boulevard Sewer Pump Station**

*Replace Boulevard Sewer Pump Station.*

##### **C1316-PH1**

9/11/2013 Board approves predesign scope of work for RH2.

10/1/2013 District received signed agreements from RH2. Need District attorney and GM signatures for execution. RH2 beginning predesign work.

#### **C1317 Division 22 Reservoir**

*Add new Division 22 Reservoir.*

##### **C1317-PH1**

10/2/2013 DWSRF loan contract will be executed by State on 10/8/2013. Staff will work with Grey and Osborne to prepare scope of work and fee. Scope/fee will be presented to Board tentatively at 11/13/2013 meeting for review/approval.

#### **C1318 Geneva Area AC Mains**

*Replacement of AC water mains in Geneva area.*

##### **C1318-PH1**

10/2/2013 DWSRF loan contracts will be executed by State on 10/8/2013. Staff working with Wilson Engineering to develop scope of work and fee. Scope/fee will tentatively be presented to Board at 11/13/2013 meeting.



## LAKE WHATCOM WATER AND SEWER DISTRICT

### AGENDA BILL

DATE SUBMITTED:	October 1, 2013		
TO BOARD OF COMMISSIONERS			
FROM: Patrick Sorensen	MANAGER APPROVAL <i>Patrick Sorensen</i>		
MEETING AGENDA DATE:	October 9, 2013		
AGENDA ITEM NUMBER:	7		
SUBJECT:	Manager's Report		
LIST DOCUMENTS PROVIDED ⇒ NUMBER OF PAGES INCLUDING AGENDA BILL: _____	1. Manager's Report		
	2.		
	3.		
TYPE OF ACTION REQUESTED	RESOLUTION <input type="checkbox"/>	FORMAL ACTION/ MOTION <input type="checkbox"/>	INFORMATIONAL/ OTHER <input checked="" type="checkbox"/>

#### **BACKGROUND / EXPLANATION OF IMPACT**

Updated information from the General Manager in advance of the Board meeting.

#### **FISCAL IMPACT**

None

#### **RECOMMENDED BOARD ACTION**

None required.

#### **PROPOSED MOTION**

None

## General Manager Comments

October 9, 2013

### Board Meeting

#### Important Upcoming Dates:

- **Meetings Associated with the Lake Whatcom Management Program:**
  - **Policy Group Meeting:** The next meeting will be on **October 7, 2013 at 9:30 a.m.** in the Garden Room at the County's Civic Center (Public Works) Building. The October meeting agenda includes topics such as an update on the AIS program for 2014, policy/budget options in 2014, and other related issues. A copy of the agenda was sent out earlier via email. There will be no November meeting. Remember, all Policy Group Meetings are publicly noticed by the District.
  - **Management Meeting:** A meeting with the Mayor and County Executive is scheduled to be held on Friday, October 18 at the District office between 10:00 a.m. and 11:30 a.m.
- **Next Regular Board Meeting:** Is scheduled for Wednesday, **October 30, 2013 at 8:00 a.m.**
- **Next Employee Staff Meeting:** Scheduled for **Thursday, October 10, 2013 at 8:00 a.m.** in the Board Room. Commissioner Lambert is scheduled to attend this meeting. Scheduling is rotated by alphabetical order each month.
- **Washington Association of Sewer & Water Districts Section III Meeting:** The next Section III meeting will be held at Bob's Burger & Brew in Tulalip at 6:15 p.m. on **Tuesday, October 8, 2013**. All WASWD Section III Meetings are publicly noticed by the District.
- **Whatcom Water District's Caucus Meeting:** The next regular meeting is now scheduled for **Monday, October 14, 2013 at 1:00 p.m.** The meeting was moved forward so as to be in advance of the WRIA 1 Planning Unit meeting. This meeting is held in the District's Board Room and is publicly noticed.
- **WRIA 1 Planning Unit Meeting:** This recently reconstituted meeting will be held on **Wednesday, October 16 at 6:00 p.m.** at the County Offices at 322 North Commercial Street. FYI, I will send out a copy of the agenda via email, and a copy of the September 25 meeting minutes. This is the 2<sup>nd</sup> advertised meeting.

#### Other:

- **Board Members & Staff Out of the Area:** Reminder:
  - ✓ Commissioner Millar will be out of the area and miss the November 13, 2013 Board Meeting.

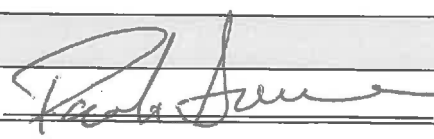
- ✓ I mentioned this previously. I will be in San Antonio October 6 through the 9<sup>th</sup> attending the AGRIP Risk Management Insurance Pool Conference as a Board Member of our State Insurance Pool. The Pool will be paying for my attendance. Consequently I will be missing the L.W. Policy Group Meeting on the 7<sup>th</sup>, WASWD Section III on the 8<sup>th</sup>, and the Board Meeting on the 9<sup>th</sup>. Sorry. This is just for this month only.





## LAKE WHATCOM WATER AND SEWER DISTRICT

### AGENDA BILL

DATE SUBMITTED:	October 2, 2013
TO BOARD OF COMMISSIONERS	
FROM: Patrick Sorensen	MANAGER APPROVAL 
MEETING AGENDA DATE:	October 9, 2013
AGENDA ITEM NUMBER:	9.0
SUBJECT:	General Manager Performance Evaluation (Executive Session – 30 Minutes)
LIST DOCUMENTS PROVIDED ⇒ NUMBER OF PAGES INCLUDING AGENDA BILL:	1. 2. 3.
TYPE OF ACTION REQUESTED	RESOLUTION <input type="checkbox"/> FORMAL ACTION/ MOTION <input type="checkbox"/> INFORMATIONAL/ OTHER <input checked="" type="checkbox"/>

#### **BACKGROUND / EXPLANATION OF IMPACT**

Continue discussion regarding the General Manager's Performance Evaluation.

#### **FISCAL IMPACT**

n/a

#### **RECOMMENDED BOARD ACTION**

n/a

#### **PROPOSED MOTION**

n/a



LAKE WHATCOM WATER AND SEWER DISTRICT

AGENDA BILL

FYI

## THE GRISTLE ←

**LETTERS FROM LUMMI I:** Mayor Kelli Linville pulled from the Bellingham City Council agenda this week two agreements that could potentially serve city water drawn from new diversion points on the lower Nooksack River to the City of Lynden and the Public Utilities District #1 of Whatcom County. In pulling the items, the mayor explained that the dynamics and details of those agreements were not made sufficiently clear by staff in their original presentations to council. The purpose and the controls that might govern such agreements were therefore not sufficiently clear to council, and the state agencies that had originally approached the city and suggested that the city's large municipal water right might help solve countywide water problems needed to step up and more transparently and fully make their case to the public.

"There needs to be more public discussion about the framework by which these two items were requested by the Dept. of Ecology and the Dept. of Health" as part of overall watershed planning, Mayor Linville told council. "There seems to be a little confusion, and I would prefer that there be no confusion about what the city is trying to do."

The proposal predates Linville's administration and several others, described in a May, 2000, paper jointly produced by the cities of Bellingham and Lynden, the PUD, and Dept. of Ecology. The PUD updated its assessment of north county water problems in 2010.

"The idea has been around a while," Linville admitted afterward. "I just nudged it forward. Now I prefer the state to take the next steps."

Essentially, the agreements would allow the City of Bellingham to move its existing right to draw large quantities of water from the Nooksack River to the places where Lynden and the PUD also currently draw their water. In exchange for that capacity, the city could lease back to these entities water for beneficial purpose. One beneficial purpose outlined by staff would be to improve—through direct service to water associations or recharge of aquifers or other means—the water quality of numerous household wells in the rural county that currently exceed health standards for nitrates. Nitrate levels increase as a consequence of over-withdrawal from aquifers, the over-subscription of groundwater withdrawals in Whatcom County. In putting its right to Nooksack River withdrawals to immediate and beneficial use, Bellingham would, in turn, assert and protect its continued water right into the future.

Properly constructed, the agreements could be of benefit to improving instream flows and access to water by agriculture. Improperly constructed, with insufficient safeguards, the agreements could worsen Whatcom's water woes, potentially delivering to land speculators continued license to sprawl.

Lynden has a sorrowful history of inadequate water supply and water treatment, and has proven unable to solve the neighboring nitrates problem on its own. In June, Lynden broke ground on construction of a new water treatment plant at an estimated completed cost of \$26.9 million, funded in part through a loan from the county's Economic Development Investment program, exhausting EDI for other purposes. In a potential alternative to Lynden, the PUD could wheel drinking water into the north county

## THE GRISTLE

from Sumas to supply those homes and associations. Bellingham's withdrawals could augment either plan.

Skeptics and critics fear the plan would simply encourage more growth, more over-subscription and continued noncompliance with state growth goals. Indeed, the county's problem with the water quality in wells flows directly from decades of the county's scofflaw indifference to planning for growth in areas actually supplied by water. Even at its most benign, the plan papers over the county's folly and kicks the consequences of water supply down the road a few more years.

Lummi Nation, in particular, sent the City of Bellingham a strongly worded letter earlier this month, objecting to the proposed agreements as they foreclose upon ongoing tribal assertions over water rights.

"Until our senior water rights are protected, Lummi Nation will oppose a proposed change in place of use of the City of Bellingham water right permit," wrote Tim Ballew II, chairman of the Lummi Indian Business Council.

While Linville admitted she had not spoken directly to the Nooksack Indian Tribe, both tribes seek a ruling in federal court that would assert their right to a non-consumptive use of water to enhance their fisheries. Nooksack Chairman Bob Kelly speculated that unilateral action by the cities and PUD could harm a more comprehensive discussion of water rights and water use.

"The proposed change would be a shortsighted and exclusive solution only for a few," Ballew warned. "It could essentially solve Lynden's water supply needs and cure Lynden's past and present water rights violations, while reducing instream flows in a section of the river that presently fails to meet minimum flow requirements for fish."

"The Lummi Nation suspects that the cost of reclaiming and reusing water by the City of Lynden or treating contaminated wells near Lynden has been judged to be too expensive," Ballew speculated. "As a result, the City of Bellingham and the City of Lynden are now proposing to shift costs from the people who will benefit from the use of the water to the natural resources that will suffer from the loss of the water."

"The entire amount of water represented by the City of Bellingham's water right is currently instream and the existing flow levels are still not being met—simple math demonstrates that the proposed additional points of diversion will make matters worse." ☺

CASCADIA WEEKLY

4-28-08 09:18:13

FOOD  
P-BOARD  
FILM  
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ART  
STAGE  
GET OUT  
WORDS  
CURRENTS  
NEWS  
MAIL  
DO IT  
48  
36  
CASCADIA WEEKLY



**Washington State Auditor  
Troy Kelley**

September 24, 2013

Board of Commissioners  
Lake Whatcom Water and Sewer District  
Bellingham, Washington

There are two changes that will affect the look of future audit reports on financial statements. Both changes are required by standards used in the United States for audits of governmental entities. Auditors are required to follow these standards when auditing and issuing reports on entities' financial statements.

1. For government entities that prepare financial statements on a cash basis of accounting, which is allowed by Washington State laws and the accounting manuals prescribed by this Office or the Office of Superintendent of Public Instruction, our audit reports will continue to have our standard paragraph issuing an opinion on those financial statements.

In addition to this opinion, standards issued by the American Institute of Certified Public Accountants (AICPA) require us to formally acknowledge when government entities do not prepare their financial statements in accordance with Generally Accepted Accounting Principles (GAAP).

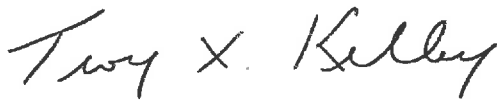
As a result, beginning with audits of fiscal year 2013, our reports will include a second opinion. This opinion will be on the presentation of the statements in accordance with GAAP requirements. If your statements are not prepared using GAAP, we will issue an adverse opinion stating that fact, unless we can determine the presentation is not a material difference from GAAP reporting. We are still analyzing the departure from GAAP for the modified accrual basis of accounting and will be providing additional information. The language used in the audit is dictated by the AICPA and should not be interpreted to mean the amounts presented in your financial statements are incorrect or misstated for the basis of accounting you use. You are not required to change the basis of accounting you use.

We have attached a sample copy of a transmittal letter that will accompany our audit report, along with a sample opinion report for an entity that issues cash-basis financial statements, as they will appear in the future.

2. Each section of the audit report is required to have clarifying headings. These headings identify the purpose of each section, with the goal of making the report easier to understand.

We have reached out to bond-rating agencies and they were not concerned that these reporting changes would affect bond ratings. In addition, in coming weeks, we will be reaching out to key media outlets to ensure that these changes to our reports will be interpreted appropriately. Please feel free to contact the manager of your local audit team if you have any questions regarding the report format changes. Our Deputy Director of Communications Thomas Shapley (360-902-0367) can assist you if you receive questions from the public and news media.

Sincerely,

A handwritten signature in black ink that reads "Troy X. Kelley". The signature is written in a cursive, flowing style.

**TROY KELLEY**  
STATE AUDITOR



**Washington State Auditor  
Troy Kelley**

EXAMPLE TRANSMITTAL LETTER

DATE

{Chief Elected Position or Board}  
{Entity Name or DBA, if applicable}  
{City}, Washington

***Report on Financial Statements***

Please find attached our report on the [Entity Name]'s financial statements, which provides an independent opinion on the reliability of information presented in the financial statements. We are pleased to present a clean ("unmodified") opinion. The amounts stated in your financial statements are correct and accurately stated under the basis of accounting you follow.

As permitted by the State of Washington, the [Entity Name] has elected to prepare financial statements on a *cash* basis of accounting in accordance with provisions of Washington State statutes and the *Budgeting, Accounting and Reporting System (BARS) manual prescribed by the State Auditor*. These financial statements are prepared on a regulatory basis of accounting, which differs from Generally Accepted Accounting Principles (GAAP).

In addition to our opinion paragraph, standards issued by the American Institute of Certified Public Accountants (AICPA) require auditors to formally acknowledge when governments do not prepare their financial statements in accordance with GAAP. As a result, this report also includes an opinion on the presentation of the statements in accordance with GAAP requirements.

This report will be made publicly available on our website at [www.sao.wa.gov](http://www.sao.wa.gov).

We have reached out to bond-rating agencies and they were not concerned that these reporting changes would affect bond ratings. Please feel free to contact the manager of your local audit team if you have any questions regarding the report format changes.

Sincerely,

**TROY KELLEY**  
STATE AUDITOR

# **SAMPLE Independent Auditor's Report on Financial Statements**

{Entity Name}  
{County Name} County  
January 1, 2013 through December 31, 2013

{Chief Elected Position or Board}  
{Entity Name}  
{City}, Washington

## ***REPORT ON THE FINANCIAL STATEMENTS***

We have audited the accompanying financial statements of the {Entity Name} {County Name}, Washington, for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the {Entity Name}'s financial statements, as listed on page 11.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the basis of accounting that demonstrates compliance with Washington State statutes and the Budgeting, Accounting and Reporting System (BARS) manual prescribed by the State Auditor described in Note 1. This includes determining that the basis of accounting is acceptable for the presentation of the financial statements in the circumstances. Management is also responsible for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the {Entity Name}'s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the {Entity Name}'s internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of

significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Basis of Accounting***

As described in Note 1, the {Entity Name} has prepared these financial statements using accounting practices prescribed or permitted by Washington State statutes and the State Auditor's Budgeting, Accounting and Reporting System (BARS) manual. Those accounting practices differ from accounting principles generally accepted in the United States of America. The differences in these accounting practices are also described in Note 1.

### ***Unmodified Opinion on Regulatory Basis of Accounting (BARS Manual)***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position and results of operations of the {Entity Name}, for the year ended December 31, 2013, on the basis of accounting described in Note 1.

### ***Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles***

Standards issued by the American Institute of Certified Public Accountants (AICPA) require auditors to formally acknowledge when governments do not prepare their financial statements in accordance with Generally Accepted Accounting Principles (GAAP). The effects on the financial statements of the differences between the accounting practices the {Entity Name} used and the GAAP-basis of accounting, as described in Note 1, although not reasonably determinable, are presumed to be material. As a result, our Office is required to issue an adverse opinion on the presentation of the statements in accordance with GAAP requirements.

### ***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

The financial statements referred to above were not intended to, nor in our opinion do they, present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the {Entity Name} as of December 31, 2013, or the changes in financial position or cash flows for the year then ended.

### ***Other Matters***

#### ***Supplementary and Other Information***

Our audit was performed for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. The accompanying Schedule of Liabilities is also presented for purposes of additional analysis as required by the prescribed BARS manual. These schedules are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial



statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

#### ***OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS***

In accordance with Government Auditing Standards, we have also issued our report dated June 20, 2014 on our consideration of the {Entity Name}'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the {Entity Name}'s internal control over financial reporting and compliance.

**TROY KELLEY**  
STATE AUDITOR  
DATE