



LAKE WHATCOM WATER AND SEWER DISTRICT

Special-Purpose Schedules

And Independent Accountants' Compilation Report

December 31, 2022

LAKE WHATCOM WATER AND SEWER DISTRICT

Table of Contents

Page

INDEPENDENT ACCOUNTANTS' COMPILATION REPORT.....	1
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SPECIAL-PURPOSE SCHEDULES

Schedule 01 – Detail of Revenues and Expenditures	2
Schedule 09 – Schedule of Liabilities	3
Schedule 19 – Labor Relations Consultant(s).....	4
Schedule 21 – Risk Management.....	5

NOTES TO SPECIAL-PURPOSE SCHEDULES	6-14
---	-------------

SCHEDULE 16 – SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	15
---	-----------

NOTES TO FEDERAL AWARDS.....	16
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Certified Public Accountants

vshcpa.com

INDEPENDENT ACCOUNTANTS' COMPILATION REPORT

To the Board of Commissioners
Lake Whatcom Water and Sewer District

Management is responsible for the accompanying special-purpose schedules of Lake Whatcom Water and Sewer District, which comprise the detail of revenues and expenditures, liabilities, labor relations consultant(s), and risk management as of and for the year ended December 31, 2022, included in the accompanying forms prescribed by the Cash Basis Budgeting, Accounting, and Reporting System (BARS) that is promulgated by the State Auditor's Office under authority of Washington State Law. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants. We did not audit or review the special-purpose schedules included in the accompanying prescribed form, nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion or conclusion, nor do we provide any form of assurance on these special-purpose schedules.

Other Matter

The special-purpose schedules included in the accompanying prescribed form are intended to comply with the requirements of the Washington State Auditor's Office, and are not intended to be a presentation in accordance with accounting principles generally accepted in the United States of America.

This report is intended solely for the information and use of the management of Lake Whatcom Water and Sewer District; it is not intended to be and should not be used by anyone other than this specified party.

VSH PLLC

Bellingham, Washington
May 24, 2023

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LAKE WHATCOM WATER AND SEWER DISTRICT
DETAIL OF REVENUES AND EXPENDITURES
For the Year Ended December 31, 2022

MCAG	Fund Number	Fund Name	BARS Account	Description	Amount
2330	401	Enterprise	3083100	Restricted Cash and Investments - Beginning	\$ 772,334
2330	401	Enterprise	3085100	Committed Cash and Investments - Beginning	1,275,000
2330	401	Enterprise	3084100	Assigned Cash and Investments - Beginning	3,140,647
2330	401	Enterprise	3339700	Intergovernmental Revenue - Federal Indirect Grant from Dept. of Homeland Security - Sewer	117,181
2330	401	Enterprise	3340180	Intergovernmental Revenue - State Grant from Military Dept. - Sewer	6,510
2330	401	Enterprise	3434000	Water Sales and Services	3,131,495
2330	401	Enterprise	3435000	Sewer Sales and Service	4,765,100
2330	401	Enterprise	3590000	Fines and Penalties	68,635
2330	401	Enterprise	3611000	Interest Earnings	60,521
2330	401	Enterprise	3614000	Special Assessment - Interest	805
2330	401	Enterprise	3681000	Special Assessment - Principal	6,277
2330	401	Enterprise	3699100	Miscellaneous - Other Operating	19,239
2330	401	Enterprise	3694000	Judgements and Settlements	4,140
2330	401	Enterprise	3981000	Insurance Recoveries	26,260
2330	401	Enterprise	5340010	Water Salaries	1,002,349
2330	401	Enterprise	5340020	Water Benefits	406,741
2330	401	Enterprise	5340030	Water Supplies	169,711
2330	401	Enterprise	5340040	Water Services	832,940
2330	401	Enterprise	5350010	Sewer Salaries	876,828
2330	401	Enterprise	5350020	Sewer Benefits	355,003
2330	401	Enterprise	5350030	Sewer Supplies	114,538
2330	401	Enterprise	5350040	Sewer Services	1,446,845
2330	401	Enterprise	5913470	Debt Repayment - Water	185,413
2330	401	Enterprise	5913570	Debt Repayment - Sewer	445,000
2330	401	Enterprise	5923880	Interest Debt Cost - Water	41,461
2330	401	Enterprise	5923880	Interest Debt Cost - Sewer	192,935
2330	401	Enterprise	5943460	Capital Expenditures Water	335,803
2330	401	Enterprise	5943560	Capital Expenditures Sewer	518,739
2330	401	Enterprise	5083100	Restricted Cash and Investments - Ending	772,334
2330	401	Enterprise	5084100	Committed Cash and Investments - Ending	1,275,000
2330	401	Enterprise	5085100	Assigned Cash and Investments - Ending	4,422,504

SCHEDULE OF LIABILITIES

For the Year Ended December 31, 2022

			(1)	(2)	(3)		(4)
ID. No.	Description	Maturity / Payment Due Date	Beginning Balance 01/01/21	Additions	Reductions	BARS Code for Redemption of Debt Only	Ending Balance 12/31/21
252.11	Refunding Bonds - Issued 2016	11/1/2035	\$ 5,170,000	\$ -	\$ 445,000	591.35.70	\$ 4,725,000
259.12	Compensated absences	12/31/2021	110,170	2,654	-		112,824
263.92	Latecomer fees and other deferred credits	12/31/2099	13,000	-	-		13,000
264.30	Pension liability	12/31/2099	142,555	154,899	-		297,454
263.88	DWSRF Loan DM13-952-137	10/1/2035	1,679,125	-	119,937	591.34.70	1,559,188
263.88	DWSRF Loan DM13-952-136	10/1/2037	1,047,595	-	65,475	591.34.70	982,120
264.40	OPEB Liability	12/31/2099	1,011,689	-	296,972		714,717
263.57	Water Debt Lease Payments (Postage Meter)	5/31/2023	-	813	560	591.34.80	253
263.57	Sewer Debt Lease Payments (Postage Meter)	5/31/2023	-	813	560	591.35.80	253
Totals			\$ 9,174,134	\$ 159,179	\$ 928,504		\$ 8,404,809

LAKE WHATCOM WATER AND SEWER DISTRICT
LABOR RELATIONS CONSULTANT(S)
For the Year Ended December 31, 2022

Has your government engaged labor relations consultants? _____ Yes X No

If yes, please provide the following information for each consultant:

Name of firm
Name of consultant
Business address
Amount paid to consultant during fiscal year
Terms and conditions, as applicable, including:
Rates (e.g., hourly, etc.) _____
Maximum compensations allowed _____
Duration of services _____
Services provided _____

Public entity risk pool members are not required to report those risks transferred to the pool.
The District is a member of the Water & Sewer Risk Management Pool.

LAKE WHATCOM WATER AND SEWER DISTRICT
NOTES TO SPECIAL-PURPOSE SCHEDULES
For the Year Ended December 31, 2022

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Lake Whatcom Water and Sewer District (the District) was incorporated in 1968 and operates under the laws of the State of Washington applicable to a water-sewer district. The District is a general purpose government and provides water and sewer services. The District uses single-entry, cash basis accounting, which is a departure from accounting principles generally accepted in the United States of America.

Lake Whatcom Water and Sewer District (the District) reports financial activity in accordance with the *Cash Basis Budgeting, Accounting and Reporting System* (BARS) Manual prescribed by the State Auditor's Office under the authority of Washington State law, Chapter 43.09 RCW. This manual prescribes a financial reporting framework that differs from generally accepted accounting principles (GAAP) in the following manner:

- Financial transactions are recognized on a cash basis of accounting as described below.
- Component units are required to be disclosed, but are not included in the financial statements.
- Government-wide statements, as defined in GAAP, are not presented.
- All funds are presented, rather than a focus on major funds.
- The *Schedule of Liabilities* is required to be presented with the financial statements as supplementary information.
- Supplementary information required by GAAP is not presented.
- Ending balances for proprietary and fiduciary funds are presented using classifications that are different from the ending net position classifications in GAAP.

A. Fund Accounting

Financial transactions of the government are reported in individual funds. Each fund uses a separate set of self-balancing accounts that comprises its cash and investments, revenues and expenditures. The District's resources are allocated to and accounted for in individual funds depending on their intended purpose. Each fund is reported as a separate column in the financial statements. The total column is presented as "memo only" because any interfund activities are not eliminated. The District uses a proprietary fund type known as an enterprise fund:

Enterprise Fund

This fund accounts for operations that provide goods and services to the general public and is supported primarily through user charges.

LAKE WHATCOM WATER AND SEWER DISTRICT
NOTES TO SPECIAL-PURPOSE SCHEDULES
For the Year Ended December 31, 2022

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

B. Basis of Accounting and Measurement Focus

Financial statements are prepared using the cash basis of accounting and measurement focus. Revenues are recognized when cash is received and expenditures are recognized when paid.

In accordance with state law the District also recognizes expenditures paid during twenty days after the close of the fiscal year for claims incurred during the previous period.

C. Cash and Investments

See Note 2, Deposits and Investments.

D. Capital Assets

Capital assets are assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year. The capital assets of the District are recorded as expenditures when purchased.

E. Compensated Absences

Vacation leave may be accumulated up to 80 hours and is payable upon separation or retirement. Sick leave may be accumulated up to 1,000 hours. If an employee separates with at least ten years of service, the employee will be paid for sick leave balances up to 1,000 hours at one-quarter of the employee's final hourly pay rate.

F. Long-Term Debt

See Note 4, Long-Term Debt (formerly *Debt Service Requirements*).

G. Reserved Fund Balance

In accordance with bond resolutions (and certain related agreements), separate restricted funds are required to be established. The assets held in these funds are restricted or have been reserved for specific uses, including debt service and other special reserve requirements. Restricted funds totaled \$772,334 as of December 31, 2022.

LAKE WHATCOM WATER AND SEWER DISTRICT
NOTES TO SPECIAL-PURPOSE SCHEDULES
For the Year Ended December 31, 2022

NOTE 2. DEPOSITS AND INVESTMENTS

It is the District's policy to invest all temporary cash surpluses, which are included in the fund balances shown on the Statement of Fund Resources and Uses Arising from Cash Transactions. The interest earned on these investments are posted to the Enterprise Fund.

All deposits and certificates of deposit are covered by the Federal Deposit Insurance Corporation and the Washington Public Deposit Protection Commission. All investments are insured, registered or held by the District or its agent in the District's name.

Investments are reported at original cost. Deposits and investments by type at December 31, 2022 are as follows:

Type of Deposit or Investment	District's Own Deposits & Investments	Total
Bank Deposits	\$ 1,576,046	\$ 1,576,046
Certificates of Deposit	\$ -	\$ -
Local Government Investment Pool	\$ 1,066,687	\$ 1,066,687
U.S. Government Securities	\$ 3,827,102	\$ 3,827,102
Total	\$ 6,469,835	\$ 6,469,835

The District's long-term investment securities are managed through US Bank and invested in U.S. Treasury notes, Federal Farm Credit Bank, and Federal National Mortgage Association (FNMA). Maturity dates range from January 2023 through January 2025 with yields ranging from 0.13% to 1.125%. It is the District's policy to invest all temporary cash surpluses. The interest on these investments is prorated to both Water Utility Fund and the Sewer Utility Fund.

Investments in the State Local Government Investment Pool (LGIP)

The District is a voluntary participant in the 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 [Chapter 43.250 RCW](#). 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.gov.

LAKE WHATCOM WATER AND SEWER DISTRICT
NOTES TO SPECIAL-PURPOSE SCHEDULES

For the Year Ended December 31, 2022

NOTE 2. DEPOSITS AND INVESTMENTS, (continued)

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in event of a failure of a depository financial institution, the District would not be able to recover deposits or would not be able to recover collateral securities that are in possession of an outside party. The District's deposits and certificates of deposit are mostly covered by federal depository insurance (FDIC) or by collateral held in a multiple financial institution collateral pool administered by the Washington Public Deposit Protection Commission (PDPC). All investments are insured, registered or held by the District or its agent in the government's name.

The District's investment policy limits investments to those authorized by State of Washington statutes governing the investment of public funds. As of December 31, 2022, the District's investments with Federal Farm Credit Bank and Federal Nation Mortgage Association were rated AAA by Moody's Rating Service.

NOTE 3. LEASES

During the year ended December 31, 2022, the District adopted guidance for the presentation and disclosure of leases, as required by the BARS manual. This requirement resulted in the addition of a lease liability reported on the Schedule of Liabilities. The District leases 1 Pitney Bowes postage machine from Kelly Connect for \$100.10 per month under a 5-year lease agreement that expires mid-2023. The terms of lease include end of lease option of purchasing the equipment, renewing a lease, or returning the equipment. As of the date of preparation, the District exercised the right to purchase this equipment effectively ending the lease and futures lease payment beyond 2023.

The total amount paid for this lease in 2022 was \$1,121 and future minimum lease payments in 2023 total \$506.

NOTE 4. LONG-TERM DEBT (formerly Debt Service Requirements)

The accompanying Schedule of Liabilities provides more details of the outstanding debt and liabilities of the District and summarizes the District's debt transactions for year ended December 31, 2022.

The District was approved by the U.S. Environmental Protection Agency (EPA) and the Washington State Public Works Board (PWB) to receive loans through the DWSRF program in order to improve its drinking water system.

The current outstanding debt is as follows:

<u>Project</u>	<u>Original Amount</u>	<u>Interest Rate</u>	<u>Amount Outstanding</u>
2016 Refunding Bonds	\$ 6,415,000	2.0% - 4.0%	\$ 4,725,000
DWSRF Loan DM 13-952-137	2,398,750	1.5%	1,559,188
DWSRF Loan DM 13-952-136	994,850	1.5%	982,121
Totals	<u>\$ 9,808,600</u>		<u>\$ 7,266,309</u>

LAKE WHATCOM WATER AND SEWER DISTRICT
NOTES TO SPECIAL-PURPOSE SCHEDULES
For the Year Ended December 31, 2022

NOTE 4. LONG-TERM DEBT (formerly *Debt Service Requirements*), (continued)

The annual debt service requirements to maturity for revenue debts are as follows:

<u>Fiscal Year Ending December 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 655,413	\$ 217,145	\$ 872,558
2024	665,413	200,264	865,677
2025	675,413	178,282	853,695
2026	705,412	155,901	861,313
2027-2031	2,967,061	452,688	3,419,749
2032-2036	1,532,124	102,233	1,634,357
2037-2041	<u>65,475</u>	<u>982</u>	<u>66,457</u>
Totals	<u>\$ 7,266,311</u>	<u>\$ 1,307,495</u>	<u>\$ 8,573,806</u>

The accompanying Schedule of Liabilities (Schedule 09) provides further detail on the outstanding debt and liabilities of the District and summarizes the District's debt transactions for the year ended December 31, 2022. There is \$772,334 in restricted assets of the District as of December 31, 2022, these represent sinking funds and reserve requirements as contained in the various indentures. There are a number of other limitations and restrictions contained in the various bond indentures. The District is in compliance with all significant limitations and restrictions.

NOTE 5. PENSION PLANS

Substantially all the District's full-time and qualifying part-time employees participate in the Public Employees' Retirement System (PERS) Plans 1, 2, and 3 administered by the Washington State Department of Retirement Systems (DRS) under cost-sharing, multiple-employer public employee defined-benefit and defined-contribution retirement plans (the Plans).

The State Legislature establishes, and amends, laws pertaining to the creation and administration of all public retirement systems.

The Department of Retirement Systems, 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 obtained by writing to:

Department of Retirement Systems
Communications Unit
PO Box 48380
Olympia, WA 98504-8380

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

LAKE WHATCOM WATER AND SEWER DISTRICT
NOTES TO SPECIAL-PURPOSE SCHEDULES
For the Year Ended December 31, 2022

NOTE 5. PENSION PLANS, (continued)

At June 30, 2022 (the measurement date of the Plans), the District's proportionate share of the collective net pension liabilities, as reported on Schedule 09, was as follows:

Plan Name	Employer Contributions	Allocation %	Liability (Asset)
PERS 1 UAAL	\$ 65,471	0.010683%	\$ 297,454
PERS 2/3	\$ 111,854	0.013923%	\$ (516,374)

Only the net pension liabilities are reported on the Schedule 09.

NOTE 6. DEFERRED COMPENSATION PLANS

The District offers its employees deferred compensation plans created in accordance with the Internal Revenue Code Section 457. One plan is with the State of Washington, Committee for Deferred Compensation. The District also offers a deferred compensation plan with Mission Square, formerly ICMA RC. These plans, available to eligible employees, permit them to defer a portion of their salary to future years.

The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. In June 2004, the State of Washington Deferred Compensation Plan assets were placed into trust for the exclusive benefit of participants and beneficiaries. Pursuant to Governmental Accounting Standards Board (GASB) Statement 32, since the District is no longer the owner of these assets, as of December 31, 1998, the plan assets and liabilities are no longer considered to property/debt of the District.

NOTE 7. PUBLIC EMPLOYEES BENEFITS BOARD (PEBB) PROGRAM

During the year ended December 31, 2022, the District adopted guidance for the presentation of and disclosure of postemployment benefits other than pensions, as required by the BARS manual. This requirement resulted in the addition of postemployment benefit liability on the Schedule of Liabilities.

The District is a participating employer in the State of Washington's Public Employees Benefits Board (PEBB) program, a defined benefit plan administered by the Washington State Health Care Authority. The plan provides medical, dental, and life insurance benefits for public employees and retirees and their dependents on a pay-as-you-go basis. The plan provides other post-employment benefits through both explicit and implicit subsidies. The explicit subsidy is a set dollar amount that lowers the monthly premium paid by members over the age of 65 enrolled in Medicare Parts A and B. PEBB determines the amount of the explicit subsidy annually. The implicit subsidy results from the inclusion of active and non-Medicare eligible retirees in the same pool when determining premiums. There is an implicit subsidy from active employees since the premiums paid by retirees are lower than they would have been if the retirees were insured separately. The District had 18 active plan members and 2 retired plan members as of December 31, 2022. The District contributed \$385,634 to the plan for the year ended December 31, 2022.

LAKE WHATCOM WATER AND SEWER DISTRICT
NOTES TO SPECIAL-PURPOSE SCHEDULES
For the Year Ended December 31, 2022

NOTE 8. RISK MANAGEMENT

The District is a member of the Water and Sewer Risk Management Pool (Pool). Chapter 48.62 RCW authorizes the governing body of any one or more governmental entities to form together into or join a pool or organization for the joint purchasing of insurance, and/or joint self-insuring, and/or joint hiring or contracting for risk management services to the same extent that they may individually purchase insurance, self-insurance, or hire or contract for risk management services. An agreement to form a pooling arrangement was made pursuant to the provisions of Chapter 39.34 RCW, the Interlocal Cooperation Act. The Pool was formed in November 1987 when water and sewer districts in the State of Washington joined together by signing an Interlocal Governmental Agreement to pool their self-insured losses and jointly purchase insurance and administrative services. The Pool currently has more than 70 members. The Pool's fiscal year is November 1st through October 31st.

The Pool allows members to jointly purchase insurance coverage, establish a plan of self-insurance coverage, and provide related services, such as risk management and loss prevention. The Pool provides the following forms of group purchased insurance coverage for its members: All-Risk Property (including Building, Electronic Data Processing, Boiler and Machinery, and Mobile Equipment); General Liability; Automotive Liability; Excess Liability, Crime; Public Officials Liability; Employment Practices Liability, Cyber Liability, Identity Fraud Reimbursement Program; and bonds of various types. Most coverages are on an "occurrence" basis.

Members make an annual contribution to fund the Pool. The Pool purchases insurance policies from unrelated underwriters as follows:

LAKE WHATCOM WATER AND SEWER DISTRICT
NOTES TO SPECIAL-PURPOSE SCHEDULES
For the Year Ended December 31, 2022

TYPE OF COVERAGE	MEMBER DEDUCTIBLE	SELF-INSURED RETENTION/GROUP	EXCESS LIMITS
Property Loss:			
Buildings and Contents	\$1,000 - \$25,000 and See (C) below	\$25,000	\$275,000,000
Flood	See (A) below	See (A) below	\$20,000,000
Earthquake	See (B) below	See (B) below	\$100,000,000 (\$75,000,000 shared by all members, \$25,000,000 dedicated to Alderwood)
Terrorism	\$1,000 - \$25,000	\$25,000 Primary layer	\$700,000,000 Primary layer
Boiler & Machinery	\$1,000 - \$350,000 depending on object	\$25,000 - \$350,000 depending on object	\$100,000,000
Auto - Physical Damage	\$1,000-\$25,000	\$25,000	Replacement Value Coverage
Liability:			
Commercial General Liability	\$1,000 - \$25,000	\$500,000	\$10,000,000
Auto Liability	\$1,000 - \$25,000	Same as above	\$10,000,000
Public Officials Errors and Omissions	\$1,000 - \$25,000	Same as above	\$10,000,000
Employment Practices	\$1,000 - \$25,000	Same as above	\$10,000,000
Other:			
Cyber Liability	\$50,000	N/A	\$2,000,000
Public Officials Bonds	Various	N/A	Various
Crime	\$1,000 - \$25,000	\$25,000	\$2,000,000
Identity Fraud	\$0	\$0	\$25,000
A. \$100,000 member deductibles, per occurrence, in Flood zones except Zones A&V; \$250,000 member deductible per occurrence, in Flood Zones A&V.			
B. Member deductible for earthquakes is 5% subject to \$100,000 minimum Earthquake Shock. The deductible will apply per occurrence on a per unit basis, as defined in the policy form, subject to the stated minimum.			
C. Member deductible for Cyber liability is \$50,000 and where applicable the dollar amount of the business interruption loss during the policy's required 8 hour waiting period.			

Pool members are responsible for a deductible on each coverage and the Pool is responsible for the remainder of the self-insured retention listed in the table above except where noted as follows. The insurance carriers then cover the loss to the maximum limit of the policy. Each member is responsible for the full deductible applicable to the perils of earthquake and flood (the Pool is not responsible for any deductible or self-insured retention for earthquake and flood claims). Each member is also responsible for the full deductible applicable to the Cyber Liability, and that part of a Boiler & Machinery deductible, which exceeds \$25,000.

LAKE WHATCOM WATER AND SEWER DISTRICT
NOTES TO SPECIAL-PURPOSE SCHEDULES
For the Year Ended December 31, 2022

NOTE 8. RISK MANAGEMENT, (continued)

Upon joining, the members contract to remain in the Pool for one full policy period. Following completion of one full policy period, members must give six months' notice before terminating participation (e.g., to withdraw from the Pool on November 1, 2022, written notice must be in possession of the Pool by April 30, 2022). The Interlocal Governmental Agreement is renewed automatically each year. Even after termination of relationship with the Pool, a member is still responsible for contributions to the Pool for any unresolved, unreported, and in process claims, for the period that the District was a signatory to the Interlocal Governmental Agreement.

The Pool is fully funded by its member participants. Claims are filed by members with the Pool who determines coverage and performs claims adjustment in consultation with various independent public adjusters.

The Pool is governed by a Board of Directors, which is comprised of one designated representative from each participating member. An Executive Committee is elected at the annual meeting and is responsible for overseeing the business affairs of the Pool and providing policy direction to the Pool's Executive Director.

NOTE 9. OTHER DISCLOSURES

A. Extraordinary Events

In November of 2021, a significant rain event began that caused flooding throughout Whatcom County and specifically within the District's service area. The flood event exceeded the capacity of the District's infrastructure and adjacent waterways, causing damage to District infrastructure. Due to the magnitude of the flood event throughout the region, President Biden issued Presidential Disaster Declaration, No. 4635-DR-WA. With the issuance of the disaster declaration, the District became eligible for reimbursement of costs expended in response to damage caused by the flood event. These costs were estimated to be between \$139,800 to \$1 million. On March 30, 2022, during the regularly scheduled Board meeting, the Board of Commissioners of the District authorized the general manager to execute the Public Assistance Grant Agreement with the Washington State Military Department to enable the receipt of federal funds associated with recovery from the 2021 flood event. The agreement provides reimbursement of at least 75% of costs incurred by the District associated with recovery from the flood event. While the event took place in fiscal year 2021, the costs of recovery for this event were expended in fiscal year ending December 31, 2022. Additional information regarding the expenditures of federal awards can be found on Schedule 16 and required Schedule 16 notes.

LAKE WHATCOM WATER AND SEWER DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2022

CFDA #	Federal Agency Name	Federal Program Name	Pass-Through Agency Name	Other Award I.D. Number	R&D	Total	Passed Through to Subrecipients	Footnote Ref.
97.036	Washington State Military Department		WA State Dept of Health	D22-120	-	\$ 431,499	\$ -	1,2,7
	Totals					\$ 431,499	\$ -	

LAKE WHATCOM WATER AND SEWER DISTRICT
NOTES TO FEDERAL AWARDS

For the Year Ended December 31, 2022

NOTE 1. BASIS OF ACCOUNTING

This Schedule is prepared on the same basis of accounting as the District's financial statements. The District uses the Cash Basis Budgeting, Accounting and Reporting System (BARS) Manual prescribed by the State Auditor's Office under the authority of Washington State law, Chapter 43.09 RCW.

NOTE 2. FEDERAL INDIRECT COST RATE

The District has elected to use the 10-percent de minimis indirect cost rate allowed under Uniform Guidance.

NOTE 7. PROGRAM COSTS

The amounts shown as current year expenditures represent only the federal award portion of the program costs. Entire program costs, including the District's portion, are more than shown. Such expenditures recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, wherein certain types of expenditures are not allowable or are limited as to reimbursement.