

LAKE WHATCOM WATER AND SEWER DISTRICT

Special-Purpose Financial Statement
And Independent Accountant's Compilation Report

For the Year Ended December 31, 2023

Table of Contents

	Page
Independent Accountant's Compilation Report	1
Special-Purpose Financial Statement: Fund Resources and Uses Arising from Cash Transactions	2
Notes to the Special-Purpose Financial Statement	3 - 11
Supplementary Information: Schedule 01 - Schedule of Revenues, Expenditures and Expenses	12
Schedule 09 - Schedule of Liabilities	13
Schedule 15 - Schedule of State Financial Assistance	14
Schedule 16 - Schedule of Expenditures of Federal Awards	15
Notes to Schedule of Expenditures of Federal Awards	16
Schedule 21 - Risk Management	17

Independent Accountant's Compilation Report

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

Management is responsible for the accompanying special-purpose financial statement of Lake Whatcom Water and Sewer District, which comprise the statement of fund resources and uses arising from cash transactions, as of and for the year ended December 31, 2023, the related notes to the financial statement, and the supplementary information appearing on pages 12 through 17 included in the accompanying prescribed form in accordance with 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 AICPA. We did not audit or review the special-purpose financial statement or supplementary information included in the accompanying prescribed form, nor were we required to perform any procedures to verify the accuracy or the completeness of the information provided by management. We do not express an opinion, a conclusion, nor provide any form of assurance on the special-purpose financial statement or supplementary information included in the accompanying prescribed form.

The special-purpose financial statement included in the accompanying prescribed form is presented in accordance with the requirements of the Washington State Auditor's Office, is not intended to be a presentation in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP), and may not be suitable for another purpose.

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



Certified Public Accountants
April 28, 2024



T: 425-454-4919
T: 800-504-8747
F: 425-454-4620

10900 NE 4th St
Suite 1400
Bellevue WA
98004

clarknuber.com

LAKE WHATCOM WATER AND SEWER DISTRICT

**Fund Resources and Uses Arising From Cash Transactions
For the Year Ended December 31, 2023**

Beginning Cash and Investments:

308 Beginning Cash and Investments \$ 6,469,838

Revenues:

330 Intergovernmental revenues 360,986
340 Charges for goods and services 8,341,857
350 Fines and penalties 80,067
360 Miscellaneous revenues 177,919

Total Revenues

8,960,829

Expenditures:

530 Utilities 5,340,195

Total Expenditures

5,340,195

Excess Revenues Over Expenditures

3,620,634

Other Increases in Fund Resources:

381, 395, 398 Other resources 27,714

Total Other Increases in Fund Resources

27,714

Other Decreases in Fund Resources:

594-595 Capital expenditures 1,647,778
591-593, 599 Debt Services 873,084
581 Other uses (3,732)

Total Other Decreases in Fund Resources

2,517,130

Increase in Cash and Investments

1,131,218

Ending Cash and Investments:

50831 Restricted 772,334
50841 Committed 1,275,000
50851 Assigned 5,553,722

Total Ending Cash and Investments

\$ 7,601,056

See independent accountant's compilation report and notes to the special-purpose financial statement.

LAKE WHATCOM WATER AND SEWER DISTRICT

Notes to the Special-Purpose Financial Statement For the Year Ended December 31, 2023

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 special 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 (GAAP).

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 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.

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 government'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, except for fiduciary funds, which are presented by fund types. The total column is presented as "memo only" because any interfund activities are not eliminated. The following fund types are used:

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

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.

Cash and Investments - See Note 2, *Deposits and Investments*.

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 capital expenditures when purchased.

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 compensated for sick leave balances up to 1,000 hours at one-quarter of the employee's final hourly pay rate, which is paid into the employee's health reimbursement arrangement voluntary employees' beneficiary association (HRA VEBA) account. Payments are recognized as expenditures when paid.

LAKE WHATCOM WATER AND SEWER DISTRICT

**Notes to the Special-Purpose Financial Statement
For the Year Ended December 31, 2023**

Note 1 - Continued

Long-Term Debt - See Note 4, *Long-Term Debt*.

Restricted and Committed Portion of Ending Cash and Investments - Beginning and Ending Cash and Investments are reported as restricted or committed when it is subject to restrictions on use imposed by external parties or due to internal commitments established by resolution. When expenditures that meet restrictions are incurred, the District intends to use the most restricted resources first.

Restrictions and commitments of Ending Cash and Investments at December 31, 2023 consists of the following:

Restricted-	
Bond reserve	\$ 772,334
Committed-	
Sewer contingency reserve	815,000
Water contingency reserve	<u>460,000</u>
	<u><u>\$ 2,047,334</u></u>

Note 2 - Deposits and Investments

Investments are reported at original cost. Deposits and investments by type at December 31, 2023 are as follows:

	<u>District's Own Deposits and Investments</u>
Bank Deposits	\$ 986,934
Local Government Investment Pool	2,576,244
U.S. Government Securities	<u>4,037,878</u>
	<u><u>\$ 7,601,056</u></u>

It is the District's policy to invest all temporary cash surpluses. The interest on these investments is prorated to both the Water Utility Fund and the Sewer Utility Fund.

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 2024 through December 2025 with yields ranging from 0.19% to 4.44%.

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.

LAKE WHATCOM WATER AND SEWER DISTRICT

**Notes to the Special-Purpose Financial Statement
For the Year Ended December 31, 2023**

Note 2 - Continued

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.

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.

Credit Risk - 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, 2023, the District's investments with Federal Farm Credit Bank and Federal National 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 leased one Pitney Bowes postage machine from Kelly Connect for \$100.10 per month under a 5-year lease agreement that expired mid-2023. The terms of the lease included end of lease options of either purchasing the equipment, renewing the lease, or returning the equipment. 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 2023 was \$506.

Note 4 - Long-Term Debt

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, 2023.

The outstanding debt at December 31, 2023 is as follows:

	Original Amount	Interest Rate	Amount Outstanding
Refunding bonds - issued 2016	\$ 6,415,000	2.0% - 4.0%	\$ 4,255,000
DWSRF Loan DM13-952-137	2,398,750	1.5%	1,439,250
DWSRF Loan DM13-952-136	994,850	1.5%	916,645
	<u>\$ 9,808,600</u>		<u>\$ 6,610,895</u>

LAKE WHATCOM WATER AND SEWER DISTRICT

**Notes to the Special-Purpose Financial Statement
For the Year Ended December 31, 2023**

Note 4 - Continued

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

For the Year Ending December 31,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 665,412	\$ 200,263	\$ 865,675
2025	675,412	178,282	853,694
2026	705,412	155,901	861,313
2027	720,412	134,920	855,332
2028	735,412	113,414	848,826
2029 - 2033	2,307,061	277,351	2,584,412
2034 - 2038	801,774	30,218	831,992
	<u>\$ 6,610,895</u>	<u>\$ 1,090,349</u>	<u>\$ 7,701,244</u>

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 Drinking Water State Revolving Fund (DWSRF) program in order to improve its drinking water system.

There is \$772,334 in restricted assets of the District as of December 31, 2023, 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
P.O. Box 48380
Olympia, WA 98540-8380

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

LAKE WHATCOM WATER AND SEWER DISTRICT

**Notes to the Special-Purpose Financial Statement
For the Year Ended December 31, 2023**

Note 5 - Continued

At June 30, 2023 (the measurement date of the plans), the District's proportionate share of the collective net pension liabilities (assets), as reported on the Schedule of Liabilities, was as follows:

	<u>Employer Contributions</u>	<u>Allocation Percent</u>	<u>Liability or (Asset)</u>
PERS 1 UAAL	\$ 76,471	0.011222%	\$ 256,168
PERS 2/3	\$ 127,506	0.014502%	\$ (594,391)

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 - Other Postemployment Benefits

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 17 active plan members and 1 retired plan members as of December 31, 2023. The District contributed \$398,679 to the plan for the year ended December 31, 2023.

LAKE WHATCOM WATER AND SEWER DISTRICT

Notes to the Special-Purpose Financial Statement For the Year Ended December 31, 2023

Note 8 - Risk Management

The District is a member of the Water and Sewer Risk Management Pool (the 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 72 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.

The annual report of the Water & Sewer Risk Management Pool can be located at the following website: <https://www.waterandsewerriskmgmtpool.org/about>.

LAKE WHATCOM WATER AND SEWER DISTRICT

**Notes to the Special-Purpose Financial Statement
For the Year Ended December 31, 2023**

Note 8 - Continued

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

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	\$10,000,000
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.			

LAKE WHATCOM WATER AND SEWER DISTRICT

Notes to the Special-Purpose Financial Statement For the Year Ended December 31, 2023

Note 8 - Continued

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.

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, 2023, written notice must be in possession of the Pool by April 30, 2023). 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

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, 2023. 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

**Notes to the Special-Purpose Financial Statement
For the Year Ended December 31, 2023**

Note 9 - Continued

Significant Commitments or Obligations - The District has active construction projects as of December 31, 2023. At year end, the District's projects and commitments with contractors are as follows:

	Spent to Date	Remaining Commitment
Euclid Sewer Pump Station Improvements	\$ 537,840	\$ 6,855
Div 7 Reservoir Tree Falling Project	23,664	2,400
Div 30 Booster and SVPS PLC & UPS Improvements	30,408	218,655
SVWTP Front Window Removal Project	6,944	
SVWTP Coil Up Door	22,952	19,584
2023-24 Sanitary Sewer Misc. I&I Repair	60,991	37,254
Electrical "On-Call" Unit Price Contract		14,144
	<u>\$ 682,799</u>	<u>\$ 298,892</u>

Capital Asset Activity - In addition to protecting against variations in the timing of operating costs and revenues, it is prudent to maintain a capital contingency amount to meet unexpected emergency capital outlays. While it would be impractical to reserve against major system-wide failures as a result of a catastrophic event, it is reasonable to identify and quantify possible failures of individual system components. The District utilizes an estimate of replacement costs to derive the targeted contingency reserve dollar amount. The District's estimated replacement costs of capital assets as of December 31, 2023, totals \$127,500,000. This investment in capital assets includes water collection and transmission lines, pumping stations and equipment, sewage collection and transmission lines, service pipes from the distribution mains to customers' meters, administration and operation facilities, and transportation and office equipment. The District currently has \$1,275,000 (approximately 1.0% of estimated replacement costs) for capital contingency, \$815,000 allocated to the sewer contingency reserve and \$460,000 allocated to the water contingency reserve as shown in Note 1.

Subsequent Event - In January 2024, the District executed a contract with the Washington State Public Works Board for a construction loan of \$800,000. The stated interest rate is 1.72% and the loan term is 20 years. Payments of principal and interest may be deferred for the first five years of the loan term, but interest will accrue during this period. An accrued interest-only payment is due June 1 of the 6th year of the loan term. Interest and principal payments are due on June 1 of the 7th year of the loan term and every remaining year of the loan term thereafter. This loan is to be used towards the Division 7 Reservoir Replacement Project, which includes the demolition of a one-million-gallon reservoir and the construction of two 237,900-gallon reservoirs.

SUPPLEMENTARY INFORMATION

LAKE WHATCOM WATER AND SEWER DISTRICT

**Schedule 01 - Schedule of Revenues, Expenditures and Expenses
For the Year Ended December 31, 2023**

<u>MCAG</u>	<u>Fund Number</u>	<u>Fund Name</u>	<u>BARS Account</u>	<u>BARS Account Title</u>	<u>Amount</u>
2330	401	Enterprise	3083100	Restricted Cash and Investments - Beginning	\$ 772,334
2330	401	Enterprise	3084100	Committed Cash and Investments - Beginning	1,275,000
2330	401	Enterprise	3085100	Assigned Cash and Investments - Beginning	4,422,504
2330	401	Enterprise	3339700	Intergovernmental Revenue - Federal Indirect Grant from Dept. of Homeland Security - Sewer	341,987
2330	401	Enterprise	3340180	Intergovernmental Revenue - State Grant from Military Dept. - Sewer	18,999
2330	401	Enterprise	3434000	Water Sales and Services	3,279,901
2330	401	Enterprise	3435000	Sewer Sales and Service	5,061,956
2330	401	Enterprise	3590000	Fines and Penalties	80,067
2330	401	Enterprise	3611000	Investment Earnings	154,410
2330	401	Enterprise	3614000	Other Interest	1,550
2330	401	Enterprise	3681000	Special Assessment - Capital	3,571
2330	401	Enterprise	3691000	Sale of Surplus	7,982
2330	401	Enterprise	3694000	Judgements and Settlements	4,142
2330	401	Enterprise	3699100	Miscellaneous - Other Operating	6,264
2330	401	Enterprise	3952000	Compensation for Loss/Impairment of Capital Assets	27,714
2330	401	Enterprise	5340010	Water Salaries	984,921
2330	401	Enterprise	5340020	Water Benefits	398,744
2330	401	Enterprise	5340030	Water Supplies	198,084
2330	401	Enterprise	5340040	Water Services	891,083
2330	401	Enterprise	5350010	Sewer Salaries	895,810
2330	401	Enterprise	5350020	Sewer Benefits	359,620
2330	401	Enterprise	5350030	Sewer Supplies	114,888
2330	401	Enterprise	5350040	Sewer Services	1,497,045
2330	401	Enterprise	5913470	Debt Repayment - Water	185,413
2330	401	Enterprise	5913570	Debt Repayment - Sewer	470,000
2330	401	Enterprise	5923480	Interest Debt Cost - Water	38,383
2330	401	Enterprise	5923580	Interest Debt Cost - Sewer	179,288
2330	401	Enterprise	5943400	Capital Expenditures Water	537,795
2330	401	Enterprise	5943500	Capital Expenditures Sewer	1,109,983
2330	401	Enterprise	5899999	Payroll Liabilities	(3,732)
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	\$ 5,553,722

See independent accountant's compilation report and notes to the special-purpose financial statement.

LAKE WHATCOM WATER AND SEWER DISTRICT

**Schedule 09 - Schedule of Liabilities
For the Year Ended December 31, 2023**

ID. No.	Description	Maturity/ Payment Due Date	Beginning Balance January 1, 2023	Additions	Reductions	Ending Balance December 31, 2023
252.11	Refunding bonds - issued 2016	11/1/2035	\$ 4,725,000	\$ -	\$ 470,000	\$ 4,255,000
259.12	Compensated absences	12/31/2023	112,824		47,036	65,788
263.92	Latecomer fees and other deferred credits	12/31/2099	13,000		500	12,500
264.30	Pension liability	12/31/2099	297,454		41,286	256,168
263.88	DWSRF Loan DM13-952-137	10/1/2035	1,559,188		119,938	1,439,250
263.88	DWSRF Loan DM13-952-136	10/1/2037	982,120		65,475	916,645
264.40	OPEB liability	12/31/2099	714,717		264,698	450,019
263.57	Water debt lease payments (postage meter)	5/31/2023	253		253	
263.57	Sewer debt lease payments (postage meter)	5/31/2023	253		253	
			<u>\$ 8,404,809</u>	<u>\$ -</u>	<u>\$ 1,009,439</u>	<u>\$ 7,395,370</u>

See independent accountant's compilation report and notes to the special-purpose financial statement.

LAKE WHATCOM WATER AND SEWER DISTRICT

**Schedule 15 - Schedule of State Financial Assistance
For the Year Ended December 31, 2023**

<u>State Agency Name</u>	<u>Program Title</u>	<u>Identification #</u>	<u>Amount</u>
Washington State Military Department	Disaster Grants - Public Assistance	D22-120	\$ 2,715
Washington State Military Department	Hazard Mitigation Grant Program	D22-018	<u>25,021</u>
			<u>\$ 27,735</u>

See independent accountant's compilation report and notes to the special-purpose financial statement.

LAKE WHATCOM WATER AND SEWER DISTRICT

**Schedule 16 - Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2023**

Assistance Listing Number	Federal Agency Name	Pass-Through Agency Name	Other Award ID Number	Amount	Passed Through to Subrecipients	Note
97.036	Federal Emergency Management Agency	Washington State Military Department	D22-120	\$ 54,293		1,2,3
97.039	Federal Emergency Management Agency	Washington State Military Department	D22-018	<u>150,124</u>		1,2,3
				<u>\$ 204,417</u>		

See independent accountant's compilation report and notes to the schedule of expenditures of federal awards.

LAKE WHATCOM WATER AND SEWER DISTRICT

Notes to the Schedule of Expenditures of Federal Awards For the Year Ended December 31, 2023

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 3 - 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.

LAKE WHATCOM WATER AND SEWER DISTRICT

**Schedule 21 - Risk Management
For the Year Ended December 31, 2023**

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