



Office of the Washington State Auditor
Pat McCarthy

Financial Statements Audit Report

Lake Chelan Reclamation District

For the period January 1, 2022 through December 31, 2023

Published January 30, 2025

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**Office of the Washington State Auditor
Pat McCarthy**

January 30, 2025

Board of Directors
Lake Chelan Reclamation District
Manson, Washington

Report on Financial Statements

Please find attached our report on the Lake Chelan Reclamation District's financial statements.

We are issuing this report in order to provide information on the District's financial activities and condition.

Sincerely,

Pat McCarthy, State Auditor
Olympia, WA

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INDEPENDENT AUDITOR'S REPORT

Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Lake Chelan Reclamation District January 1, 2022 through December 31, 2023

Board of Directors
Lake Chelan Reclamation District
Manson, Washington

We have audited, 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, the financial statements of the Lake Chelan Reclamation District, as of and for the years ended December 31, 2023 and 2022, and the related notes to the financial statements, which collectively comprise the District's financial statements, and have issued our report thereon dated January 15, 2025.

We issued an unmodified opinion on the fair presentation of the District's financial statements in accordance with its regulatory basis of accounting. We issued an adverse opinion on the fair presentation with regard to accounting principles generally accepted in the United States of America (GAAP) because the financial statements are prepared by the District using accounting practices prescribed by state law and the State Auditor's *Budgeting, Accounting and Reporting System* (BARS) manual described in Note 1, which is a basis of accounting other than GAAP. The effects on the financial statements of the variances between the basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audits of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described above and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified.

Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses.

REPORT ON COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

PURPOSE OF THIS REPORT

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However,

this report is a matter of public record and its distribution is not limited. It also serves to disseminate information to the public as a reporting tool to help citizens assess government operations.

A handwritten signature in black ink that reads "Pat McCarthy". The signature is written in a cursive style with a large, stylized "P" and "M".

Pat McCarthy, State Auditor

Olympia, WA

January 15, 2025

INDEPENDENT AUDITOR'S REPORT

Report on the Audit of the Financial Statements

Lake Chelan Reclamation District January 1, 2022 through December 31, 2023

Board of Directors
Lake Chelan Reclamation District
Manson, Washington

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Unmodified and Adverse Opinions

We have audited the financial statements of the Lake Chelan Reclamation District, as of and for the years ended December 31, 2023 and 2022, and the related notes to the financial statements, as listed in the financial section of our report.

Unmodified Opinion on the Regulatory Basis of Accounting (BARS Manual)

As described in Note 1, the District has prepared these financial statements to meet the financial reporting requirements of state law and accounting practices prescribed by 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 (GAAP). The differences in these accounting practices are also described in Note 1.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the cash and investments of the Lake Chelan Reclamation District, and its changes in cash and investments, for the years ended December 31, 2023 and 2022, on the basis of accounting described in Note 1.

Adverse Opinion on U.S. GAAP

The financial statements referred to above were not intended to, and in our opinion, they do not, present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Lake Chelan Reclamation District, as of December 31, 2023 and 2022, or the changes in financial position or cash flows thereof for the years then ended, because of the significance of the matter discussed below.

Basis for Unmodified and Adverse Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and *Government Auditing Standards*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit unmodified and adverse opinions.

Matter Giving Rise to Adverse Opinion on U.S. GAAP

Auditing standards issued by the American Institute of Certified Public Accountants (AICPA) require auditors to formally acknowledge when governments do not prepare their financial statements, intended for general use, in accordance with GAAP. As described in Note 1 of the financial statements, the financial statements are prepared by the District in accordance with state law using accounting practices prescribed by the BARS Manual, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between the regulatory basis of accounting and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions of state law and the BARS Manual 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

Performing an audit in accordance with GAAS and *Government Auditing Standards* includes the following responsibilities:

- Exercise professional judgment and maintain professional skepticism throughout the audit;
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements;
- Obtain an understanding of internal control relevant to the audit 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 District's internal control. Accordingly, no such opinion is expressed;
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements;
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time; and
- We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary Information

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's financial statements. The Schedules of Liabilities are 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 as a whole.

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we have also issued our report dated January 15, 2025 on our consideration of the District's internal control over financial reporting and on the 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 the effectiveness of the District's 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 District's internal control over financial reporting and compliance.

A handwritten signature in black ink, reading "Pat McCarthy". The signature is fluid and cursive, with the first name "Pat" and last name "McCarthy" clearly distinguishable.

Pat McCarthy, State Auditor

Olympia, WA

January 15, 2025

FINANCIAL SECTION

Lake Chelan Reclamation District January 1, 2022 through December 31, 2023

FINANCIAL STATEMENTS

Fund Resources and Uses Arising from Cash Transactions – 2023

Fund Resources and Uses Arising from Cash Transactions – 2022

Notes to Financial Statements – 2023

Notes to Financial Statements – 2022

SUPPLEMENTARY AND OTHER INFORMATION

Schedule of Liabilities – 2023

Schedule of Liabilities – 2022

Lake Chelan Reclamation 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	12,970,452
388 / 588	Net Adjustments	-

Revenues

310	Taxes	-
320	Licenses and Permits	-
330	Intergovernmental Revenues	56,402
340	Charges for Goods and Services	5,902,795
350	Fines and Penalties	-
360	Miscellaneous Revenues	837,162
Total Revenues:		6,796,359

Expenditures

510	General Government	-
520	Public Safety	-
530	Utilities	3,650,245
540	Transportation	-
550	Natural/Economic Environment	-
560	Social Services	-
570	Culture and Recreation	-
Total Expenditures:		3,650,245
Excess (Deficiency) Revenues over Expenditures:		3,146,114

Other Increases in Fund Resources

391-393, 596	Debt Proceeds	-
397	Transfers-In	-
385	Special or Extraordinary Items	-
381, 382, 389, 395, 398	Other Resources	45,792
Total Other Increases in Fund Resources:		45,792

Other Decreases in Fund Resources

594-595	Capital Expenditures	2,262,929
591-593, 599	Debt Service	823,784
597	Transfers-Out	-
585	Special or Extraordinary Items	-
581, 582, 589	Other Uses	17,519
Total Other Decreases in Fund Resources:		3,104,232

Increase (Decrease) in Cash and Investments: 87,674

Ending Cash and Investments

50821	Nonspendable	-
50831	Restricted	832,901
50841	Committed	-
50851	Assigned	12,225,227
50891	Unassigned	-
Total Ending Cash and Investments		13,058,128

The accompanying notes are an integral part of this statement.

Lake Chelan Reclamation District
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2022

Beginning Cash and Investments

308	Beginning Cash and Investments	14,998,757
388 / 588	Net Adjustments	-

Revenues

310	Taxes	-
320	Licenses and Permits	-
330	Intergovernmental Revenues	89,746
340	Charges for Goods and Services	5,662,798
350	Fines and Penalties	-
360	Miscellaneous Revenues	454,412
Total Revenues:		6,206,956

Expenditures

510	General Government	-
520	Public Safety	-
530	Utilities	3,992,724
540	Transportation	-
550	Natural/Economic Environment	-
560	Social Services	-
570	Culture and Recreation	-
Total Expenditures:		3,992,724
Excess (Deficiency) Revenues over Expenditures:		2,214,232

Other Increases in Fund Resources

391-393, 596	Debt Proceeds	-
397	Transfers-In	-
385	Special or Extraordinary Items	-
381, 382, 389, 395, 398	Other Resources	43,188
Total Other Increases in Fund Resources:		43,188

Other Decreases in Fund Resources

594-595	Capital Expenditures	3,411,310
591-593, 599	Debt Service	823,720
597	Transfers-Out	-
585	Special or Extraordinary Items	-
581, 582, 589	Other Uses	50,695
Total Other Decreases in Fund Resources:		4,285,725

Increase (Decrease) in Cash and Investments: **(2,028,305)**

Ending Cash and Investments

50821	Nonspendable	-
50831	Restricted	2,691,911
50841	Committed	-
50851	Assigned	10,278,541
50891	Unassigned	-
Total Ending Cash and Investments		12,970,452

The accompanying notes are an integral part of this statement.

LAKE CHELAN RECLAMATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2023

Note 1 Summary of Significant Accounting Policies

Lake Chelan Reclamation District is a non-profit quasi-municipal corporation organized May 8, 1920 under Title 87 of the Revised Code of Washington and headquartered in Manson, WA.

As required by generally accepted accounting principles, management has considered all potential component units in defining the reporting entity. The Lake Chelan Reclamation District has no component units.

The district is a special purpose local government that provides domestic water supply, irrigation and sewer services.

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 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 district only has one fund. The fund is a primary operating fund of the district, which is classified as a proprietary fund. This fund accounts for operations that provide goods or services to the general public and are supported primarily through user charges. The district provides services for irrigation, domestic water and sewer use.

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 5 years. Capital assets are recorded as capital expenditures when purchased.

E. Compensated Absences

Compensated absences are absences for which employees will be paid, such as vacation and sick leave. All vacation and sick pay is accrued when incurred. The district records unpaid leave for compensated absences as an expense and liability when incurred.

Exempt employees shall be able to accrue compensatory time in lieu of overtime with 120 hours being the maximum accrued at any given time. Compensatory time shall be treated the same as vacation hours at employment separation.

Vacation pay, which may be accumulated up to a maximum of 280 hours, is payable upon resignation, retirement or death. During the month of December, employees are given the opportunity to convert vacation allowances into an employer provided tax-free contribution to a HRA VEBA trust account under IRS Code 501 c (9) at their hourly rate, provided, however, that the employee shall maintain a minimum of 160 hours of accrued vacation leave hours.

For regular full-time employees unused paid sick leave may be accumulated from year to year, but may not exceed a total of 1,040 hours, as of December 31 of each year. Sick leave balances will be reduced to 1,040 hours as of December 31 of each year, and at employee's choice 25% of excess hours may be converted to vacation leave or paid at employee's straight time hourly rate into an employer provided tax-free contribution HRA VEBA trust account under IRS code 501c (9) at a rate of 33%. Employees with 20-24 years of service may convert to vacation leave at 40% or contribute to an HRA VEBA account at 50%. Employees with 25-29 years of service may convert to vacation leave at 50% or contribute to an HRA VEBA account at 60%. Employees with 30 or more years of service may convert to vacation leave at 60% or contribute to an HRA VEBA account at 70%. Minimum accrual of paid sick leave shall be maintained at 200 hours after deposits are made, except in the case of retirement. Accrued unused sick leave will not be paid out if employment with the district ends for any reason other than retirement.

For part-time and temporary employees paid sick leave may not exceed a total of 40 hours as of December 31 of each year. Sick leave balances will be reduced to 40 hours as of December 31 of each year and excess will be forfeit, unless RCW 49.46.210, as it exists or is hereinafter amended, provides greater protection of benefits to an employee, in which case state law will control.

Upon retirement, as a longevity and good health incentive, for retirees with 20-24 years of service, 40% of unused sick leave shall be paid at employee's straight time hourly rate through the date of retirement or converted at 50% into an employer provided tax-free contribution HRA VEBA trust account outlined above. For retirees with 25-29 years of service, 50% of unused sick leave shall be paid at employee's straight time hourly rate through the date of retirement or converted at 60% into an employer provided tax-free contribution HRA VEBA trust account outlined above. For retirees with 30 or more years of service, 60% of unused sick leave shall be paid at employee's straight time hourly rate through the date of retirement or converted at 70% into an employer provided tax-free contribution HRA VEBA trust account outlined above. Unused sick leave hours eligible to be paid upon retirement cannot exceed the accumulated maximum of 1,040 hours.

F. Long-term Debt

See Note 5 – Long-term Debt.

G. 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 the Board. 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 consist of the following:

	Restricted
Customer Deposits	\$ 72,521
Unspent Bond Proceeds	224,712
Debt Service Covenants	535,668
	<u>\$ 832,901</u>

Note 2 Deposits and Investments

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

Type of Deposit or Investment	Amount	Basis
Bank deposits/Cash on Hand	\$ 256,347	Face Value
Local Government Investment Pool	7,552,155	Face Value
Bank Bonds	5,249,625	Face Value
Total	\$13,058,128	

It is the district's policy to invest all temporary cash surpluses.

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.

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.

Note 3 Leases

The district is committed under a lease for operating an antenna system and other related equipment for use in its irrigation radio telemetry system. The monthly payments are \$195 per month, with yearly increases. The lease began in January 2009, with renewals every 5 years until 2025.

The district is committed under a lease for a Ricoh copier. The lease commenced in March 2014 and was renewed August 2019 for an additional five-year term ending August 2024. Lease payments are \$158 per month.

The district is committed under a lease for a Pitney Bowes postage machine. The lease renewed in December 2022, for a five-year term ending December 2027. Quarterly lease payments are \$241.

Total amount paid for leases in 2023 was 2,859. As of December 31, 2023, the future lease payments are as follows:

Year Ending December 31	Total
2024	7,599
2025	5,319
2026	2,859
2027	1,590
TOTAL	\$17,366

Note 4 Subscription Based Information Technology Arrangements (SBITA)

During the year ended December 31, 2023, the district adopted guidance for the presentation and disclosure of Subscription Based Information Technology Arrangements (SBITA), as required by the BARS manual. The district currently has no SBITA arrangements.

Note 5 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 debt service requirements for general obligation bonds, revenue bonds, loans and notes payable are as follows:

Year Ending December 31	Principal	Interest	Total
2024	\$ 368,561	\$ 163,704	\$ 532,265
2025	313,200	155,550	468,750
2026	318,200	147,750	465,950
2027	328,200	139,800	468,000
2028	333,200	131,550	464,750
2029-2033	1,801,000	526,200	2,327,200
2034-2038	1,939,600	282,000	2,221,600
2039-2040	790,000	35,700	825,700
TOTAL	\$6,191,9618	\$1,582,254	\$7,774,215

Note 6 Pension Plans

State Sponsored Pension Plans

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

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 downloaded from the DRS website at www.drs.wa.gov.

At June 30, 2023 (*the measurement date of the plans*), the district's proportionate share of the collective net pension liabilities (assets) was as follows:

	Employer Contributions	Allocation %	Liability (Asset)
PERS 1	\$40,159	0.005893%	\$134,521
PERS 2/3	\$66,741	0.007591%	(\$311,131)

Only the net pension liabilities are reported on the Schedule of Liabilities.

Note 7 Pension Plans – Defined Contribution

On April 10, 1990, the Lake Chelan Reclamation District Board of Directors adopted the Washington State employees deferred compensation plan for Lake Chelan Reclamation District employees administered by the Washington State Department of Retirement Systems. The district will match each employee's monthly contribution up to 2.5% of the employee's monthly base rate of pay. The employer portion paid into the Deferred Compensation program was \$23,491 for 2023.

Note 8 Risk Management

Lake Chelan Reclamation District is a member of the Enduris Washington (Pool). Chapter 48.62 RCW provides the exclusive source of local government entity authority to individually or jointly self-insure risks, jointly purchase insurance or reinsurance, and contract for risk management, claims, and administrative services. The Pool was formed on July 10, 1987 pursuant to the provisions of Chapter 48.62 RCW, Chapter 200-100 WAC, and Chapter 39.34 RCW when two counties and two cities in the State of Washington joined together by signing an interlocal governmental agreement to fund their self-insured losses and jointly purchase insurance and administrative services. For the Pool's fiscal year ending August 31, 2023, there were 518 Enduris members representing a broad array of special purpose districts throughout the state.

The Enduris program provides various forms of joint self-insurance and reinsurance coverage for its members: Liability coverage, which includes General Liability, Automobile Liability, Public Officials' Errors and Omissions liability, Terrorism liability and Employment Practices liability; Property coverage, which includes Building and Contents, Mobile Equipment, Boiler and Machinery, and Business Interruption/Extra Expense; Automobile Physical Damage coverage; Cyber coverage; Crime blanket coverage; Named Position coverage; and an Identity Fraud reimbursement policy. Pollution and Cyber coverage are provided on a claims-made coverage form. Crime coverage is provided on a discovery form. All other coverage is provided on an occurrence coverage form.

Members are responsible for a coverage deductible or co-pay on each covered loss. Each policy year members receive a Memorandum of Coverage (MOC) outlining the specific coverage, limits, and deductibles/co-pays that apply to them. In certain cases, the Pool may allow members to elect to participate in the programs at limits, coverage, deductibles, and co-pays that are specific to their needs. Enduris is responsible for payment of all covered losses above the member retention, up to the Pool self-insured retention (SIR). Enduris acquires excess/reinsurance from unrelated insurance companies to cover losses above the Pool's SIR up to the coverage maximum limit of liability. The tables below reflect the Pool's SIR, reinsurance limits, and member deductibles/copays by coverage type.

Coverage	Coverage Type	Pool Self-Insured Retention	Excess/ Reinsurance Limits	Member Deductibles/ Co-Pays ⁽¹⁾
Liability:				
General Liability	Per Occurrence	\$1 million	\$20 million	\$1,000 - \$100,000
Automobile Liability	Per Occurrence	\$1 million	\$20 million	\$1,000 - \$100,000
Public Officials Errors and Omissions Liability	Each Wrongful Act Member Aggregate	\$1 million	\$20 million \$20 million	\$1,000 - \$100,000
Terrorism Liability ⁽²⁾	Per Occurrence Pool Aggregate	\$500,000 \$1 million	None	\$1,000 - \$100,000
Employment Practices Liability	Per Occurrence Member Aggregate	\$1 million	\$20 million \$20 million	20% Copay ⁽³⁾

Coverage	Coverage Type	Pool Self-Insured Retention	Excess/ Reinsurance Limits	Member Deductibles/ Co-Pays ⁽¹⁾
<p>(1) Members may request or be required to pay a higher deductible than the minimum for certain coverage and certain types of losses require a specific co-pay or deductible</p> <p>(2) Terrorism liability is fully funded by the Pool i.e. no excess/reinsurance is procured.</p> <p>(3) Members pay a 20% co-pay of costs. By meeting established guidelines, the co-pay may be waived.</p>				
Property ⁽²⁾:				
Buildings and Contents	Per Occurrence	\$250,000	\$1 billion	\$1,000 - \$250,000
Mobile Equipment	Per Occurrence	\$250,000	\$1 billion	\$1,000 - \$250,000
Boiler and Machinery ⁽³⁾	Per Occurrence	Varies	\$100 million	Varies
Business Interruption (BI)/ Extra Expense (EE) ⁽⁴⁾	Per Occurrence	\$250,000	\$100 million (BI)/ \$50 million (EE)	\$1,000 - \$250,000
Sublimit ⁽⁵⁾:				
Flood	Per Occurrence	\$250,000	\$50 million (shared by Pool members)	\$1,000 - \$250,000
Earthquake	Per Occurrence	5% of indemnity, subject to \$250,000 minimum	\$10 million (shared by Pool members)	\$1,000 - \$250,000
Terrorism Primary	Per Occurrence Pool Aggregate	\$250,000	\$100 million per occurrence \$200 million aggregate	\$1,000 - \$250,000
Terrorism Excess	Per Occurrence APIP Per Occurrence APIP Aggregate	\$500,000	\$600 million/ Pool aggregate \$1.1 billion/ per occurrence APIP program \$1.4 billion/ APIP program aggregate	\$0
Automobile Physical Damage ⁽⁶⁾	Per Occurrence	\$25,000; \$100,000 for Emergency Vehicles; \$250,000 for Emergency Vehicles valued >\$750,000	\$1 billion	\$250 - \$1,000
Crime Blanket ⁽⁷⁾	Per Occurrence	\$50,000	\$1 million	\$1,000
Named Position ⁽⁸⁾	Per Occurrence	\$50,000	\$1 million	\$1,000
Cyber ⁽⁹⁾	Each Claim APIP Aggregate	\$100,000	\$2 million \$40 million	20% Copay
Identity Fraud Expense Reimbursement ⁽¹⁰⁾	Member Aggregate	\$0	\$25,000	\$0

- (1) Members may request or be required to pay a higher deductible than the minimum for certain coverage and certain types of losses require a specific co-pay or deductible.
- (2) Property coverage for each member is based on a detailed property schedule. Scheduled items are covered to the extent of the cost of repair or replacement according to the excess/reinsurance policy terms. Under the Alliant Property Insurance Program (APIP) Reinsurance carriers cover insured losses over \$250,000 to the limit of \$1 billion except for certain types of sub-limited property losses such as flood, earthquake, and terrorism.
- (3) Boiler and Machinery self-insured retention for the Pool varies depending on motor horsepower.
- (4) Business Interruption/ Extra expense coverage is based on scheduled revenue generating locations/operations. A limited number of members are scheduled, and the rest are limited to \$500,000 of coverage with a \$2.5 million Pool maximum for undeclared exposure. The waiting period (deductible) is typically 24 hours but there are exceptions specific to the type of exposure covered.
- (5) This sublimit list is simplified and is not all-inclusive. In addition, sub-limits are often shared or aggregated by all pool members and, in a few cases, are shared by all APIP members. Deductibles often vary by coverage sub-limit.
- (6) Auto Physical Damage coverage includes comprehensive, named perils and collision. Coverage for each member is based on a detailed vehicle schedule.
- (7) Crime Blanket coverage (also referred to as "Employee Dishonesty Coverage with Faithful Performance" of \$2,500 is provided to each member. Members may elect to "buy-up" the level of coverage from \$5,000 to \$2 million.
- (8) Named Position coverage is optional. Members may elect to schedule various employees, directors, and commissioners, with individual limits of between \$5,000 and \$1 million.
- (9) Cyber coverage is included under the Pool's Property program. Members are subject to a 20% co-pay per loss and the Pool's SIR is tiered between \$50,000 and \$100,000 depending on the insured/members property TIV with an 8 hour waiting period. By meeting established guidelines, the co-pay may be waived. The reinsurance maximum limit of liability is \$2 million, with various declared sub-limits.
- (10) Enduris purchases Identity Fraud Expense Reimbursement coverage. Member claims do not have a deductible. There is a \$25,000 limit per member.

Members make an annual contribution to fund the Pool. Since Enduris is a cooperative program, there is joint liability among the participating members. There were no claim settlements above the insurance coverage in any of the last three policy years.

Upon joining the Pool, members are contractually obligated to remain in the Pool for a minimum of one year. They must give notice 60 days before renewal to terminate participation. The Interlocal Governmental Agreement (formerly known as the Master Agreement) is automatically renewed each year unless provisions for withdrawal or termination are applied. Even after termination, a member is still responsible for contributing to Enduris for any unresolved, unreported and in-process claims for the period they were a signatory to the Interlocal Governmental Agreement.

Its member participants fully fund Enduris. Members file claims with the Pool, which determines coverage and administers the claims.

The Pool is governed by a Board of Directors comprising seven board members. The Pool's members elect the Board, and the positions are filled on a rotating basis. The Board meets quarterly and is responsible for overseeing the business affairs of Enduris and providing policy direction to the Pool's Executive Director.

LAKE CHELAN RECLAMATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2022

Note 1 Summary of Significant Accounting Policies

Lake Chelan Reclamation District is a non-profit quasi-municipal corporation organized May 8, 1920 under Title 87 of the Revised Code of Washington and headquartered in Manson, WA.

As required by generally accepted accounting principles, management has considered all potential component units in defining the reporting entity. The Lake Chelan Reclamation District has no component units.

The district is a special purpose local government that provides domestic water supply, irrigation and sewer services.

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 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 district only has one fund. The fund is a primary operating fund of the district, which is classified as a proprietary fund. This fund accounts for operations that provide goods or services to the general public and are supported primarily through user charges. The district provides services for irrigation, domestic water and sewer use.

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 5 years. Capital assets are recorded as capital expenditures when purchased.

E. Compensated Absences

Compensated absences are absences for which employees will be paid, such as vacation and sick leave. All vacation and sick pay is accrued when incurred. The district records unpaid leave for compensated absences as an expense and liability when incurred.

Vacation pay, which may be accumulated up to a maximum of 280 hours, is payable upon resignation, retirement or death. During the month of December, employees are given the opportunity to convert vacation allowances into an employer provided tax-free contribution to a HRA VEBA trust account under IRS Code 501 c (9) at their hourly rate, provided, however, that the employee shall maintain a minimum of 160 hours of accrued vacation leave hours.

For regular full-time employees unused paid sick leave may be accumulated from year to year, but may not exceed a total of 1,040 hours, as of December 31 of each year. Sick leave balances will be reduced to 1,040 hours as of December 31 of each year, and at employee's choice 25% of excess hours may be converted to vacation leave or paid at employee's straight time hourly rate into an employer provided tax-free contribution HRA VEBA trust account under IRS code 501c (9) at a rate of 33%. Employees with 20-24 years of service may convert to vacation leave at 40% or contribute to an HRA VEBA account at 50%. Employees with 25-29 years of service may convert to vacation leave at 50% or contribute to an HRA VEBA account at 60%. Employees with 30 or more years of service may convert to vacation leave at 60% or contribute to an HRA VEBA account at 70%. Minimum accrual of paid sick leave shall be maintained at 200 hours after deposits are made, except in the case of retirement. Accrued unused sick leave will not be paid out if employment with the district ends for any reason other than retirement.

For part-time and temporary employees paid sick leave may not exceed a total of 40 hours as of December 31 of each year. Sick leave balances will be reduced to 40 hours as of December 31 of each year and excess will be forfeit, unless RCW 49.46.210, as it exists or is hereinafter amended, provides greater protection of benefits to an employee, in which case state law will control.

Upon retirement, as a longevity and good health incentive, for retirees with 20-24 years of service, 40% of unused sick leave shall be paid at employee's straight time hourly rate through the date of retirement or converted at 50% into an employer provided tax-free contribution HRA VEBA trust account outlined above. For retirees with 25-29 years of service, 50% of unused sick leave shall be paid at employee's straight time hourly rate through the date of retirement or converted at 60% into an employer provided tax-free contribution HRA VEBA trust account outlined above. For retirees with 30 or more years of service, 60% of unused sick leave shall be paid at employee's straight time hourly rate through the date of retirement or converted at 70% into an employer provided tax-free contribution HRA VEBA trust account outlined above. Unused sick leave hours eligible to be paid upon retirement cannot exceed the accumulated maximum of 1,040 hours.

F. Long-term Debt

See Note 4 – Long-term Debt.

G. 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 the Board. 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 consist of the following:

	Restricted
Customer Deposits	\$ 35,312
Unspent Bond Proceeds	2,125,053
Debt Service Covenants	531,546
	<u>\$ 2,691,911</u>

Note 2 Deposits and Investments

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

Type of Deposit or Investment	Amount	Basis
Bank deposits/Cash on Hand	\$ 740,358	Original Cost
Local Government Investment Pool	8,729,377	Original Cost
Bank Bonds	3,500,717	Original Cost
Total	\$12,970,452	

It is the district's policy to invest all temporary cash surpluses.

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.

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.

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 is committed under a lease for operating an antenna system and other related equipment for use in its irrigation radio telemetry system. The monthly payments are \$190 per month, with yearly increases. The lease began in January 2009, with renewals every 5 years until 2025.

The district is committed under a lease for a Ricoh copier. The lease commenced in March 2014 and was renewed August 2019 for an additional five-year term ending August 2024. Lease payments are \$185 per month.

The district is committed under a lease for a Pitney Bowes postage machine. The lease renewed in December 2022, for a five-year term ending December 2027. Quarterly lease payments are \$325.

Total amount paid for leases in 2022 was \$4,496. As of December 31, 2022, the future lease payments are as follows:

Year Ending December 31	Total
2023	\$ 5,199
2024	5,259
2025	5,319
2026	2,858
2027	1,590
TOTAL	\$20,225

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, 2022.

The debt service requirements for general obligation bonds, revenue bonds, loans and notes payable are as follows:

Year Ending December 31	Principal	Interest	Total
2023	\$ 647,297	\$ 173,126	\$ 820,423
2024	368,561	163,704	532,265
2025	313,200	155,550	468,750
2026	318,200	147,750	465,950
2027	328,200	139,800	468,000
2028-2032	1,756,000	570,900	2,326,900
2033-2037	1,937,800	333,750	2,271,550
2038-2040	1,170,000	70,800	1,240,800
TOTAL	\$6,839,258	\$1,755,380	\$8,594,638

Note 5 Pension Plans

State Sponsored Pension Plans

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

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 downloaded from the DRS website at www.drs.wa.gov.

At June 30, 2021 (*the measurement date of the plans*), the district's proportionate share of the collective net pension liabilities (assets) was as follows:

	Employer Contributions	Allocation %	Liability (Asset)
PERS 1	\$36,207	0.005908%	\$164,500
PERS 2/3	\$62,070	0.007726%	(\$286,540)

Only the net pension liabilities are reported on the Schedule of Liabilities.

Note 6 Pension Plans – Defined Contribution

On April 10, 1990, the Lake Chelan Reclamation District Board of Directors adopted the Washington State employees deferred compensation plan for Lake Chelan Reclamation District employees administered by the Washington State Department of Retirement Systems. The district will match each employee's monthly contribution up to 2.5% of the employee's monthly base rate of pay. The employer portion paid into the Deferred Compensation program was \$21,642 for 2022.

Note 7 Risk Management

Lake Chelan Reclamation District is a member of the Enduris Washington (Pool). Chapter 48.62 RCW provides the exclusive source of local government entity authority to individually or jointly self-insure risks, jointly purchase insurance or reinsurance, and to contract for risk management, claims, and administrative services. The Pool was formed July 10, 1987 pursuant to the provisions of Chapter 48.62 RCW, Chapter 200-100 WAC, and Chapter 39.34 RCW when two counties and two cities in the State of Washington joined together by signing an interlocal governmental agreement to fund their self-insured losses and jointly purchase insurance and administrative services. For the Pool's fiscal year ending August 31, 2022, there were 527 Enduris members representing a broad array of special purpose districts throughout the state.

The Enduris program provides for various forms of joint self-insurance and reinsurance coverage for its members: Liability coverage, which includes: General Liability, Automobile Liability, Public Officials' Errors and Omissions liability, Terrorism liability and Employment Practices liability; Property coverage, which includes: Building and Contents, Mobile Equipment, Boiler and Machinery, and Business Interruption/Extra Expense; Automobile Physical Damage coverage; Cyber coverage; Crime blanket coverage; Named Position coverage; and an Identity Fraud reimbursement policy. Pollution and Cyber coverage are provided on a claims made coverage form. Crime coverage is provided on a discovery form. All other coverage is provided on an occurrence coverage form.

Members are responsible for a coverage deductible or co-pay on each covered loss. Each policy year members receive a Memorandum of Coverage (MOC) outlining the specific coverage, limits, and deductibles/co-pays that are applicable to them. In certain cases the Pool may allow members to elect to participate in the programs at limits, coverage, deductibles, and co-pays that are specific to their needs. Enduris is responsible for payment of all covered losses above the member retention, up to the Pool self-insured retention (SIR). Enduris acquires excess/reinsurance from unrelated insurance companies to cover losses above the Pool's SIR up to the coverage maximum limit of liability. The tables below reflect the Pool's SIR, reinsurance limits and member deductibles/co-pays by coverage type.

Coverage	Coverage Type	Pool Self-Insured Retention	Excess/ Reinsurance Limits	Member Deductibles/ Co-Pays ⁽¹⁾
Liability:				
Comprehensive General Liability	Per Occurrence	\$1 million	\$20 million	\$1,000 - \$100,000
Automobile Liability	Per Occurrence	\$1 million	\$20 million	\$1,000 - \$100,000
Public Officials Errors and Omissions Liability	Each Wrongful Act Member Aggregate	\$1 million	\$20 million \$20 million	\$1,000 - \$100,000
Terrorism Liability ⁽²⁾	Per Occurrence Pool Aggregate	\$500,000 \$1 million	\$0 Fully funded by Pool	\$1,000 - \$100,000

Coverage	Coverage Type	Pool Self-Insured Retention	Excess/ Reinsurance Limits	Member Deductibles/ Co-Pays ⁽¹⁾
Employment Practices Liability	Per Occurrence Member Aggregate	\$1 million	\$20 million \$20 million	20% Copay ⁽³⁾

(1) Members may request or be required to pay a higher deductible than the minimum for certain coverage and certain types of losses require a specific co-pay or deductible

(2) Terrorism liability is fully funded by the Pool i.e. no excess/reinsurance is procured.

(3) Members pay a 20% co-pay of costs. By meeting established guidelines, the co-pay may be waived.

Property ⁽²⁾:

Buildings and Contents	Per Occurrence	\$250,000	\$1 billion	\$1,000 - \$250,000
Mobile Equipment	Per Occurrence	\$250,000	\$1 billion	\$1,000 - \$250,000
Boiler and Machinery ⁽³⁾	Per Occurrence	Varies	\$100 million	Varies
Business Interruption (BI)/ Extra Expense (EE) ⁽⁴⁾	Per Occurrence	\$250,000	\$100 million (BI)/ \$50 million (EE)	\$1,000 - \$250,000
Sublimit ⁽⁵⁾ :				
Flood	Per Occurrence	\$250,000	\$50 million (shared by Pool members)	\$1,000 - \$250,000
Earthquake	Per Occurrence	5% of indemnity, subject to \$250,000 minimum	\$10 million (shared by Pool members)	\$1,000 - \$250,000
Terrorism Primary	Per Occurrence Pool Aggregate	\$250,000	\$100 million per occurrence \$200 million aggregate	\$1,000 - \$250,000
Terrorism Excess	Per Occurrence APIP Per Occurrence APIP Aggregate	\$500,000	\$600 million/ Pool aggregate \$1.1 billion/ per occurrence APIP program \$1.4 billion/ APIP program aggregate	\$0
Automobile Physical Damage⁽⁶⁾	Per Occurrence	\$25,000; \$100,000 for Emergency Vehicles; \$250,000 for Emergency Vehicles valued >\$750,000	\$1 billion	\$250 - \$1,000
Crime Blanket ⁽⁷⁾	Per Occurrence	\$50,000	\$1 million	\$1,000
Named Position ⁽⁸⁾	Per Occurrence	\$50,000	\$1 million	\$1,000
Cyber ⁽⁹⁾	Each Claim APIP Aggregate	\$100,000	\$2 million \$40 million	20% Copay
Identity Fraud Expense Reimbursement ⁽¹⁰⁾	Member Aggregate	\$0	\$25,000	\$0

(1) Members may request or be required to pay a higher deductible than the minimum for certain coverage and certain types of losses require a specific co-pay or deductible.

(2) Property coverage for each member is based on detailed property schedule. Scheduled items are covered to the extent of the cost of repair or replacement pursuant to the excess/reinsurance policy terms. Under the Alliant Property Insurance Program (APIP) Reinsurance carriers cover insured losses over \$250,000 to the limit of \$1 billion except for certain types of sub-limited property losses such as flood, earthquake, and terrorism.

(3) Boiler and Machinery self-insured retention for the Pool varies depending on motor horsepower.

(4) Business Interruption/ Extra expense coverage is based on scheduled revenue generating locations/operations. A limited number of members schedule and the rest are limited to \$500,000 of coverage with a \$2.5 million Pool maximum for undeclared exposure. The waiting period (deductible) is typically 24 hours but there are exceptions specific to the type of exposure covered.

(5) This sublimit list is simplified and is not all-inclusive. In addition, sub-limits are often shared or aggregated by all pool members and, in a few cases, are shared by all APIP members. Deductibles often vary by coverage sub-limit.

(6) Auto Physical Damage coverage includes comprehensive, named perils and collision. Coverage for each member is based on a detail vehicle schedule.

(7) Crime Blanket coverage (also referred to as "Employee Dishonesty Coverage with Faithful Performance" of \$2,500 is provided to each member. Member's may elect to "buy-up" the level of coverage from \$5,000 to \$2 million.

(8) Named Position coverage is optional. Members may elect to schedule various employees, directors, and commissioners, with individual limits of between \$5,000 and \$1 million.

(9) Cyber coverage is included under the Pool's Property program. Members are subject to a 20% co-pay per loss and the Pool's SIR is tiered between \$50,000 and \$100,000 depending on the insured/members property TIV with an 8 hour waiting period. By meeting established guidelines, the co-pay may be waived. The reinsurance maximum limit of liability is \$2 million, with various declared sub-limits.

Coverage	Coverage Type	Pool Self-Insured Retention	Excess/ Reinsurance Limits	Member Deductibles/ Co-Pays ⁽¹⁾
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(10) Identity Fraud Expense Reimbursement coverage is purchased by Enduris. Member claims do not have a deductible. There is a \$25,000 limit per member.

Members make an annual contribution to fund the Pool. Since Enduris is a cooperative program, there is joint liability among the participating members. There were no claim settlements in excess of the insurance coverage in any of the last three policy years.

Upon joining the Pool, members are contractually obligated to remain in the Pool for a minimum of one year and must give notice 60 days before renewal in order to terminate participation. The Interlocal Governmental Agreement (formerly known as the Master Agreement) is automatically renewed each year unless provisions for withdrawal or termination are applied. Even after termination, a member is still responsible for contribution to Enduris for any unresolved, unreported and in process claims for the period they were a signatory to the Interlocal Governmental Agreement.

Enduris is fully funded by its member participants. Claims are filed by members with the Pool who determines coverage and administers the claims.

The Pool is governed by a Board of Directors which is comprised of seven board members. The Pool's members elect the Board, and the positions are filled on a rotating basis. The Board meets quarterly and is responsible for overseeing the business affairs of Enduris and providing policy direction to the Pool's Executive Director.

**Lake Chelan Reclamation District
Schedule of Liabilities
For the Year Ended December 31, 2023**

ID. No.	Description	Due Date	Beginning Balance	Additions	Reductions	Ending Balance
General Obligation Debt/Liabilities						
263.87	2005 - Northshore Sewer Interceptor	7/1/2023	283,736	-	283,736	-
251.11	2004 G.O. Bond - DWSRF	10/1/2024	130,722	-	65,361	65,361
Total General Obligation Debt/Liabilities:			414,458	-	349,097	65,361
Revenue and Other (non G.O.) Debt/Liabilities						
252.11	2020 Revenue Bonds	12/1/2040	5,680,000	-	245,000	5,435,000
259.12	Compensated Absences		80,586	154,407	-	234,993
264.30	Pension Obligations		164,500	-	29,979	134,521
263.57	Pitney Bowes Lease	8/1/2027	4,497	-	964	3,533
263.57	Ricoh Copier Lease	7/1/2027	8,528	-	1,895	6,633
263.57	K2 Towers Lease	12/1/2025	7,200	-	-	7,200
263.82	USBR Contract	11/1/2036	744,800	-	53,200	691,600
Total Revenue and Other (non G.O.) Debt/Liabilities:			6,690,111	154,407	331,038	6,513,480
Total Liabilities:			7,104,569	154,407	680,135	6,578,841

**Lake Chelan Reclamation District
Schedule of Liabilities
For the Year Ended December 31, 2022**

ID. No.	Description	Due Date	Beginning Balance	Additions	Reductions	Ending Balance
General Obligation Debt/Liabilities						
263.87	2005 Northshore Sewer Interceptor	6/1/2023	567,472	-	283,736	283,736
251.11	2004 G.O. Bonds - DWSRF	10/1/2024	196,083	-	65,361	130,722
Total General Obligation Debt/Liabilities:			763,555	-	349,097	414,458
Revenue and Other (non G.O.) Debt/Liabilities						
252.11	2020 Revenue Bonds	12/1/2040	5,915,000	-	235,000	5,680,000
259.12	Compensated Absences	8/1/2027	75,606	4,980	-	80,586
264.30	Pension Liabilities		73,262	91,238	-	164,500
263.57	Pitney Bowes Lease	8/1/2027	-	4,497	-	4,497
263.57	Ricoh Copier Lease	6/1/2027	10,423	-	1,895	8,528
263.57	Icicle Broadcasting	12/1/2025	9,480	-	2,280	7,200
263.82	USBR Contract	11/1/2036	798,000	-	53,200	744,800
Total Revenue and Other (non G.O.) Debt/Liabilities:			6,881,771	100,715	292,375	6,690,111
Total Liabilities:			7,645,326	100,715	641,472	7,104,569

ABOUT THE STATE AUDITOR'S OFFICE

The State Auditor's Office is established in the Washington State Constitution and is part of the executive branch of state government. The State Auditor is elected by the people of Washington and serves four-year terms.

We work with state agencies, local governments and the public to achieve our vision of increasing trust in government by helping governments work better and deliver higher value.

In fulfilling our mission to provide citizens with independent and transparent examinations of how state and local governments use public funds, we hold ourselves to those same standards by continually improving our audit quality and operational efficiency, and by developing highly engaged and committed employees.

As an agency, the State Auditor's Office has the independence necessary to objectively perform audits, attestation engagements and investigations. Our work is designed to comply with professional standards as well as to satisfy the requirements of federal, state and local laws. The Office also has an extensive quality control program and undergoes regular external peer review to ensure our work meets the highest possible standards of accuracy, objectivity and clarity.

Our audits look at financial information and compliance with federal, state and local laws for all local governments, including schools, and all state agencies, including institutions of higher education. In addition, we conduct performance audits and cybersecurity audits of state agencies and local governments, as well as state whistleblower, fraud and citizen hotline investigations.

The results of our work are available to everyone through the more than 2,000 reports we publish each year on our website, www.sao.wa.gov. Additionally, we share regular news and other information via an email subscription service and social media channels.

We take our role as partners in accountability seriously. The Office provides training and technical assistance to governments both directly and through partnerships with other governmental support organizations.

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Other ways to stay in touch

- Main telephone:
(564) 999-0950
- Toll-free Citizen Hotline:
(866) 902-3900
- Email:
webmaster@sao.wa.gov