

# ANNUAL REPORT

## Public Utility District No. 1 of Whatcom County

MCAG No. 1806

Submitted pursuant to RCW 43.09.230

To the

STATE AUDITOR'S OFFICE

FOR THE FISCAL YEAR ENDED December 31, 2013

Certified correct this 22<sup>th</sup> day of April, 2014, to the best of my knowledge and belief:

GOVERNMENT INFORMATION:

Official Mailing Address: 1705 Trigg Road, Ferndale, WA 98248

Official Web Site Address: [www.pudwhatcom.org](http://www.pudwhatcom.org)

PREPARER INFORMATION and CERTIFICATION:

Preparer Name and Title: Annette Smith, Director of Finance

Contact Phone Number: (360) 384-4288

Contact FAX Number: (360) 384-4849

Contact E-mail Address: [annettesmith@pudwhatcom.org](mailto:annettesmith@pudwhatcom.org)

Signature:

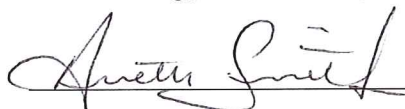
A handwritten signature in black ink, appearing to read "Annette Smith", written over a horizontal line.

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**Public Utility District No. 1 of Whatcom County**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
For The Year Ended December 31, 2013

**OVERVIEW OF FINANCIAL STATEMENTS**

The District's Annual Financial Report consists of the following three parts:

1. Management's Discussion and Analysis (MD & A) (this section)
2. Financial statements, including footnotes
3. Required supplemental schedules

The financial statements include a statement of net position, statement of revenues, expenses and changes in net position, statement of cash flows, and notes to the financial statements.

The statement of net position provides a record of the assets and liabilities of the District at the close of the year. It provides information about the nature and amounts of investments in resources (assets) and obligations to District creditors (liabilities). It provides a basis for evaluating the capital structure of the District and assessing its liquidity and financial flexibility.

The statement of revenues, expenses and changes in net position presents the results of the District's business activities for an annual period of time. The information contained in this statement can be used to determine whether the District is successfully recovering its costs through user fees and other charges, and to evaluate profitability and credit worthiness.

The statement of cash flows reports cash receipts, cash payments and net changes in cash resulting from operating, financing, and investing activities for a year's period of time.

The notes to the financial statements provide information regarding the District's significant accounting policies and significant account balances and activities.

All District funds are operated as individual enterprise funds and collectively represent the financial operation of the District. A condensed comparative Statement of Net Position is shown below:

	<b>2013</b>	<b>2012</b>
<b>ASSETS</b>		
Current Assets	\$ 8,956,259	\$ 18,004,611
Non-Current Assets	4,353,903	4,123,188
Capital Assets (Net)	42,652,099	28,080,973
<b>TOTAL ASSETS</b>	<b>\$ 55,962,261</b>	<b>\$ 50,208,772</b>
<b>LIABILITIES</b>		
Current Liabilities	\$ 4,288,530	\$ 5,135,055
Non-Current Liabilities	35,024,954	30,714,842
<b>TOTAL LIABILITIES</b>	<b>\$ 39,313,484</b>	<b>\$ 35,849,897</b>
<b>NET POSITION</b>		
Net Investment in Capital Assets	\$ 10,059,300	\$ 9,136,761
Restricted for Debt Service	3,957,066	3,514,380
Restricted for Miscellaneous Reserves	60,000	60,000
Unrestricted	2,572,411	1,647,734
<b>TOTAL NET POSITION</b>	<b>\$ 16,648,777</b>	<b>\$ 14,358,875</b>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<b>\$ 55,962,261</b>	<b>\$ 50,208,772</b>

**Public Utility District No. 1 of Whatcom County**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
For The Year Ended December 31, 2013

A condensed comparative Statement of Revenue, Expenses and Changes in Net Position for the District is shown below:

	<b>2013</b>	<b>2012</b>
<b>REVENUES</b>		
Operating Revenue	\$ 16,850,842	\$ 14,591,535
Nonoperating Revenue	354,796	346,557
<b>TOTAL REVENUE</b>	<b>\$ 17,205,638</b>	<b>\$ 14,938,092</b>
<b>EXPENSES</b>		
Operating Expenses	13,187,150	11,703,863
Nonoperating Expenses	1,795,239	1,827,634
<b>TOTAL EXPENSES</b>	<b>\$ 14,982,389</b>	<b>\$ 13,531,497</b>
<b>INCOME (LOSS) BEFORE CONTRIBUTIONS AND SPECIAL ITEMS</b>		
	<b>\$ 2,223,249</b>	<b>\$ 1,406,595</b>
Capital Contributions	66,653	(200,000)
Special / Extraordinary Items	-	-
<b>CHANGE IN NET POSITION</b>	<b>\$ 2,289,902</b>	<b>\$ 1,206,595</b>
<b>BEGINNING NET POSITION</b>	<b>\$ 14,358,875</b>	<b>\$ 13,152,280</b>
<b>ENDING NET POSITION</b>	<b>\$ 16,648,777</b>	<b>\$ 14,358,875</b>

FINANCIAL POSITION

Analysis of Changes in Total Net Position from 2012-2013

For the twelve months ending December 31, 2013 the total net position of the District increased by approximately \$2,290,000 or 16%. Total assets increased by \$5,753,000 and total liabilities increased by \$3,463,000 producing a net increase in net position.

The major components contributing to the increase in assets were a decrease in Cash & Cash Equivalents of \$8,000 due to the timing of cash transactions, a decrease in Short-Term Investments of \$8,440,000 from the use of the remaining proceeds of the 2010 LTGO bond issue and the new 2013 LTGO bond issue, a decrease in net receivables of \$561,000 due primarily to a late payment made just after the end of last year, a decrease of \$40,000 in Prepayments due to less of an early payment of health premiums, a decrease of \$212,000 in Deferred Charges due to amortization, an increase of \$415,000 in Bond Reserve Investments due to the issue of the 2013 LTGO bonds, an increase in assessment investments of \$28,000, and an increase in total capital assets net of depreciation of \$14,571,000.

The major components of the increase in total liabilities included a decrease in Accounts Payables of \$1,297,000 due to timing of payments and an increase in the amount of invoices for the ongoing CWIP projects, an increase of \$19,000 in Accrued Employee Payable due to an adjustment in the liability for vacation and sick leave payouts, an increase in Utility Taxes of \$29,000, an increase of \$98,000 in Contractor Retainage, a decrease of \$3,000 in Deposits and Other Payables and a net increase in the bonds principal and interest payable of \$4,617,000 due to a combination of debt service payments, and issuing the 2013 LTGO bonds to finish the financing of the CWIP program.

**Public Utility District No. 1 of Whatcom County**  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For The Year Ended December 31, 2013

RESULTS OF OPERATIONS

Analysis of changes in Revenue, Expenses, and change in Net Position for 2012-2013

Total Net Position (excluding Extraordinary Items and Capital Contributions for 2013 adjustments) increased from \$1,407,000 in 2012 to \$2,223,000 in 2013 (an \$816,000 increase). Operating Revenue increased by \$2,259,000 due to rate increases and increased demand. Operating expenses increased by \$1,483,000, mainly due to the increased cost and use of purchased power. Non-operating Revenue reflected a slight increase of \$8,000. Non-operating Expenses reflected an overall decrease of \$32,000, resulting primarily from the 2012 increase in Amortization due to the refunding of the 2004 LTGO bonds.

CAPITAL ASSETS

Analysis of Changes in Capital Assets from 2012-2013

During 2013, total capital assets increased by \$14,571,000 and were comprised of an overall increase in assets, including construction-work-in-progress for \$14,918,000 (\$721,000 of construction-work-in-progress was expensed during 2013 including \$461,000 for the MSA Water Supply Plan and \$148,000 for the pond cleaning), the Raw Water Utility (Cherry Point) for \$584,000, the Grandview Water Utility for \$0, the Electric Utility for (\$49,000) for some disposed assets, \$13,000 for general utility and office assets accounted for in the Internal Services Fund and an increase in accumulated depreciation of \$895,000. SEE NOTE 3.

LONG-TERM DEBT

Analysis of Changes in Long-Term Debt from 2012-2013

During 2013, the District's indebtedness for the 2004 LTGO bond issue was completed due to the final non-refundable principal payment of \$490,000 and issuing the 2012 bonds which refunded the 2004 LTGO bonds, the District's indebtedness for the 2007 Water Revenue Bond was reduced by \$110,000, the District's indebtedness for the 2010 LTGO bonds was reduced by \$1,135,000, the 2012 LTGO bond issue was reduced by \$115,000, and no principal payments were made on the 2013 LTGO bond issue. SEE NOTE 7 and SCHEDULE 09.

REQUEST FOR INFORMATION

The basic financial statements, notes and management discussion and analysis are designed to provide a general overview of the District's finances. Questions concerning any of the information provided in this report should be directed to the Director of Finance of the Public Utility District No. 1 of Whatcom County, 1705 Trigg Rd, Ferndale, WA 98248.

**Public Utility District No. 1 of Whatcom County**  
**STATEMENT OF NET POSITION**  
As of December 31, 2013

**ASSETS****CURRENT ASSETS**

Cash & Cash Equivalents	\$ 37,765
Short Term Investments	7,457,066
Receivables (Net):	
Customers	1,368,248
LUD #1 West Smith Road Receivable	5,346
Other	51,961
Total Accounts Receivables (Net)	<u>1,425,555</u>
Prepayments	35,874
<b>TOTAL CURRENT ASSETS</b>	<b><u>\$ 8,956,259</u></b>

**NON-CURRENT ASSETS**

Deferred Charges	\$ 336,837
Restricted Assets	
Investments - Bond Reserves	3,711,510
Investments - Assessments	245,556
Investments - Other	60,000
Capital Assets Not Being Depreciated	
Land	108,000
Construction in Progress	26,577,899
Capital Assets Being Depreciated:	
Buildings & Structures	8,502,597
Machinery & Equipment	20,015,575
Intangible	866,000
Less Accumulated Depreciation	<u>(13,417,972)</u>
Total Capital Assets (Net)	<u>42,652,099</u>
<b>TOTAL NONCURRENT ASSETS</b>	<b><u>\$ 47,006,002</u></b>

**TOTAL ASSETS**

<b>TOTAL ASSETS</b>	<b><u>\$ 55,962,261</u></b>
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The notes to financial statements are an integral part of this statement.

**Public Utility District No. 1 of Whatcom County**  
**STATEMENT OF NET POSITION**  
As of December 31, 2013

**LIABILITIES****CURRENT LIABILITIES**

Accounts Payable	\$ 1,305,868
Accrued Employee Payable	229,038
Accrued Utility Taxes	271,495
Contractor Retainage	182,698
Payables from Restricted Assets	
2007 Water Revenue Bonds Principal - Current	115,000
2007 Water Revenue Bonds Interest	21,584
2010 LTGO Series A&B Bonds Principal - Current	1,175,000
2010 LTGO Series A&B Interest	89,528
2012 LTGO Series A&B Bonds Principal - Current	630,000
2012 LTGO Series A&B Interest	10,771
2013 LTGO Bond Principal - Current	240,000
2013 LTGO Bond Interest	17,525
Deposits & Other Payables	23
<b>TOTAL CURRENT LIABILITIES</b>	<b><u>\$ 4,288,530</u></b>

**NON-CURRENT LIABILITIES**

Payables from Restricted Assets	
2007 Water Revenue Bonds Principal	2,235,000
2010 LTGO Series A&B Bonds Principal	21,387,044
2012 LTGO Bond Principal	5,169,906
2013 LTGO Bond Principal	6,233,004
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b><u>\$ 35,024,954</u></b>

**TOTAL LIABILITIES****\$ 39,313,484****NET POSITION**

Net Investment in Capital Assets	\$ 10,059,300
Restricted for Debt Service	3,957,066
Restricted for Miscellaneous Reserves	60,000
Unrestricted	2,572,411
<b>TOTAL NET POSITION</b>	<b><u>\$ 16,648,777</u></b>

**TOTAL LIABILITIES & NET POSITION****\$ 55,962,261**

The notes to financial statements are an integral part of this statement.

**Public Utility District No. 1 of Whatcom County**  
 STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION  
 For The Year Ended December 31, 2013

<b>OPERATING REVENUE</b>	
Utility Sales and Service Revenues	\$ 16,714,412
Other Operating Revenue	136,431
<b>TOTAL OPERATING REVENUE</b>	<b>\$ 16,850,842</b>
<b>OPERATING EXPENSES</b>	
Operations:	
Purchased Power	\$ 7,634,502
Water Purification	155,523
Taxes / Process / Delivery Costs	479,968
General Operations	766,121
Maintenance	523,383
Administration:	
General Administration	2,060,305
Planning and Development Expense	195,678
Depreciation Expense	914,585
Utility Tax Expense	457,085
<b>TOTAL OPERATING EXPENSES</b>	<b>\$ 13,187,150</b>
<b>OPERATING INCOME (LOSS)</b>	<b>\$ 3,663,693</b>
<b>NONOPERATING REVENUE</b>	
Lease Income	\$ 16,477
Assessment Income	270,551
Interest Income	83,419
Interest Fees	(15,651)
<b>TOTAL NONOPERATING REVENUE</b>	<b>\$ 354,796</b>
<b>NONOPERATING EXPENSE</b>	
Interest Expense	\$ 1,739,527
Amortization	26,644
Loss (Gain) on Property Disposal	29,068
<b>TOTAL NONOPERATING EXPENSE</b>	<b>\$ 1,795,239</b>
<b>INCOME BEFORE CONTRIBUTIONS, AND EXTRAORDINARY ITEMS</b>	<b>\$ 2,223,249</b>
Capital Contributions (Connection Charges)	\$ 66,653
Special / Extraordinary Items	-
<b>CHANGE IN NET POSITION</b>	<b>\$ 2,289,902</b>
<b>TOTAL NET POSITION - JANUARY 1st</b>	<b>\$ 14,358,875</b>
<b>TOTAL NET POSITION - DECEMBER 31st</b>	<b>\$ 16,648,777</b>

The notes to financial statements are an integral part of this statement



**Public Utility District No. 1 of Whatcom County**  
**STATEMENT OF CASH FLOWS**  
 For The Year Ended December 31, 2013

**CASH FLOWS FROM OPERATING ACTIVITIES**

Receipts from customers	\$ 17,572,376
Payments to suppliers	(11,760,321)
Payments to employees (Labor only)	(1,743,097)
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b><u>\$ 4,068,959</u></b>

**CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES**

Proceeds from Capital Debt	\$ 6,455,683
Purchase of Capital Assets	\$ (15,514,779)
Principal paid on Capital Debt	(1,850,000)
Interest paid on Capital Debt	(1,503,111)
Payment from Assessments to pay 07 debt payments	270,551
<b>NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<b><u>\$ (12,141,656)</u></b>

**CASH FLOWS FROM INVESTING ACTIVITIES**

Interest Received	\$ 67,768
<b>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES</b>	<b><u>\$ 67,768</u></b>

<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b><u>\$ (8,004,929)</u></b>
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<b>BALANCE BEGINNING OF YEAR</b>	<b><u>\$ 19,516,825</u></b>
<b>BALANCE END OF YEAR</b>	<b><u>\$ 11,511,896</u></b>

The notes to financial statements are an integral part of this statement

**Public Utility District No. 1 of Whatcom County**  
 STATEMENT OF CASH FLOWS  
 For The Year Ended December 31, 2013

**RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES**

Operating Income (Loss)	\$ 3,663,693
<b>Adjustments to reconcile operating income to net cash</b>	
<b>Cash Provided (Used) by operating activities:</b>	
Depreciation	914,585
Miscellaneous	83,130
<b>Change in Assets and Liabilities:</b>	
Decrease (Increase) in Net Accounts Receivable	560,913
Decrease (Increase) in Prepayments	39,825
Decrease (Increase) in Deferred Charges	(38,600)
Increase (Decrease) in Account Payable	(1,297,239)
Increase (Decrease) in Accrued Employee Payable	18,839
Increase (Decrease) in Accrued Utility Taxes	28,841
Increase (Decrease) in Contractor Retainage	98,263
Increase (Decrease) in Deposits & Other Payables	(3,290)
 <b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	 <b><u>\$ 4,068,959</u></b>

The notes to financial statements are an integral part of this statement

**Public Utility District No. 1 of Whatcom County**  
NOTES TO FINANCIAL STATEMENT  
For The Year Ended December 31, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Public Utility District No. 1 of *Whatcom County* (“District”) conform to generally accepted accounting principles (GAAP) as applicable to proprietary funds of governments. The following is a summary of the most significant policies (including identification of those policies which result in material departures from generally accepted accounting principles):

a. Reporting Entity

Public Utility District No. 1 of *Whatcom County* is a municipal corporation governed by an elected three-member board. As required by generally accepted accounting principles, the management has considered all potential component units in defining the reporting entity. The District has no component units.

b. Basis of Accounting and Presentation

The accounting records of the District are maintained in accordance with methods prescribed by the State Auditor under the authority of Chapter 43.09 RCW.

The District uses the full-accrual basis of accounting where revenues are recognized when earned and expenses are recognized when incurred. Capital asset purchases are capitalized and long-term liabilities are accounted for in the appropriate funds.

The District distinguishes between operating revenues and expenses from non-operating ones. Operating revenues and expenses result from providing services and producing and delivering goods in connection with a district’s principal ongoing operations. The principal operating revenues of the District are charges to customers for water delivery and electric service. The District also recognizes as operating revenue the penalties that occasionally correspond with utility billing, grant income, income from outside consulting and some miscellaneous recycle income. Operating expenses for the District include the cost of sales and services, administrative expenses, planning and business development expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

c. Cash and Cash Equivalents

For the purposes of the Statement of Cash Flows, the district considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents. The cash referenced on the Statement of Cash Flows will include Cash & Cash Equivalents, Short-term Investments, and also the Restricted Investments under Non-current assets.

d. Utility Plant and Depreciation / Capital Assets: SEE NOTE 3.

e. Restricted Funds

In accordance with bond resolutions (and certain related agreements) separate restricted funds are required to be established. The assets held in these funds are restricted for specific uses, including construction, debt-service and other special reserve requirements. Restricted funds currently include the following:

**Public Utility District No. 1 of Whatcom County**  
 NOTES TO FINANCIAL STATEMENT  
 For The Year Ended December 31, 2013

<b>RESTRICTED RESERVE BALANCES</b>	<b>2013</b>
Bond Reserves	
2007 Water Revenue Bond Reserve (Grandview LUD)	\$ 249,088
2010 LTGO Series A&B Bond Reserve	2,249,713
2012 LTGO Bond Reserve	759,910
2013 LTGO Bond Rserve	452,800
Total Bond Reserves	\$ 3,711,510
Other Restricted Funds	
LUD #2 Cash Investments	245,556
Project Reserve Fund	60,000
<b>TOTAL RESTRICTED RESERVE BALANCES</b>	<b>\$ 4,017,066</b>

f. Receivables

No current customer seems to be a potential credit risk. No allowance for bad debt is currently held.

g. Inventories

Inventories are valued at original cost (when they exist), which approximates the market value.

h. Investments: SEE NOTE 2.

i. Compensated Absences

Compensated absences are absences for which employees will be paid, such as vacation, sick leave, and floaters (in lieu of holidays). 2009 is the first year the District reflected accrued compensated absence pay in the financial statements as an expense and liability. All leave is paid at the employee's current rate of pay when used. The General Manager's compensated absences are separately negotiated as part of his employment contract.

Vacation pay may be carried over at year-end at a balance not greater than 80 hours plus the annual accrual. Unused vacation is payable upon resignation, retirement, termination without cause, or death. Union employees may cash out up to 40 hours per year

Sick Leave may be accumulated up to a total of 1080 hours for non-union employees and 1136 hours for union employees, and is not convertible. Upon termination of employment, unused sick leave is compensated at 25% of accrued benefit for non-union, 30% for union. Union employees may cash out in December any hours accrued over 1040 hours.

Floating Holidays may be used at any time once accrued for leave. Non-union employees earn 12 floaters per year. Union employees earn 100 hours of floaters each year. Unused floaters must be cashed-out at the end of the year and cannot be carried forward to the next fiscal year.

j. Unamortized Debt Expenses

Costs relating to the sale of bonds are deferred and amortized over the lives of the various bond issues.

**Public Utility District No. 1 of Whatcom County**  
 NOTES TO FINANCIAL STATEMENT  
 For The Year Ended December 31, 2013

k. Construction Financing

Funds for Capital Asset Construction are budgeted and collected in the Short-term Investments. SEE NOTE 2.

l. Purchase Commitments

The District currently has a power supply contract with the Bonneville Power Administration (“BPA”) that covers its entire electric load requirements. The contract with BPA runs through September 30, 2028.

In August 2008, the District approved a new Network Transmission Agreement (“NT Agreement”) with BPA which provides for an extension of the term of the NT Agreement through August 31, 2038 and assures sufficient transmission capacity to accommodate both the District’s existing power supply requirements moved over BPA’s transmission system and future electric load growth.

NOTE 2 – DEPOSITS AND INVESTMENTS

a. Deposits

The District’s deposits, and certificates of deposit, are entirely covered by Federal depository insurance (FDIC) or by collateral held in a multiple financial institution collateral pool administered by the Whatcom County Investment Pool (WCIP) pursuant to RCW 39.58.

b. Investments

The agent for the District’s investments is the Whatcom County Treasurer’s Office and all investments are held in the Whatcom County Investment Pool [WCIP].

As of December 31, 2013, the District had the following investments:

	<b>2013</b>	
	<u>Maturities</u>	<u>Fair Value</u>
<b>INVESTMENTS</b>		
<b>Short-Term Investments</b>		
Whatcom County Investment Pool	\$ 7,457,066	\$ 7,457,066
<b>Non-Current</b>		
Whatcom County Investment Pool	4,017,066	4,017,066
<b>TOTAL INVESTMENTS</b>	<b>\$ 11,474,132</b>	<b>\$ 11,474,132</b>

**Public Utility District No. 1 of Whatcom County**  
NOTES TO FINANCIAL STATEMENT  
For The Year Ended December 31, 2013

**NOTE 3 - UTILITY PLANT AND DEPRECIATION - CAPITAL ASSETS**

Capital assets are defined by the District as assets with initial individual cost of more than \$400 for computer equipment, and \$5,000 for other assets, and an estimated useful life in excess of one year.

Major expenses for capital assets, including capital leases and major repairs that increase useful lives, are capitalized. Maintenance, repairs, and minor renewals are accounted for as expenses when incurred. The District has not acquired any assets under a capital lease.

Utility Plant in Service and other capital assets are recorded at cost where the historical cost is known. Where historical cost is not known, assets are recorded at estimated cost relative to known historical costs of related components during the same period of construction. Donations by developers and customers are recorded at the known value of the contractor price, donor cost, or appraised value.

Utility plant activities for the year ending December 31, 2013 were as follows:

**Public Utility District No. 1 of Whatcom County**  
**NOTES TO FINANCIAL STATEMENT**  
For The Year Ended December 31, 2013

	2013 Beginning Balance	2013 Activity		2013 Ending Balance
		Increase	Decrease	
<b>UTILITY PLANT NOT BEING DEPRECIATED</b>				
LAND				
Raw Water Utility	\$ 108,000	\$ -	\$ -	\$ 108,000
TOTAL LAND	108,000	-	-	108,000
CONSTRUCTION-IN-PROGRESS				
Raw Water Utility	7,999,937	13,755,977	(2,622,284)	19,133,631
Grandview Potable Water Utility	-	-	-	-
Electric Utility	3,659,858	2,901,168	(1,089)	6,559,937
General Utility & Office (Internal Services Utility)	-	896,938	(12,606)	884,332
TOTAL CONSTRUCTION-IN-PROGRSS	11,659,795	17,554,083	(2,635,979)	26,577,899
<b>TOTAL UTILITY PLANT NOT BEING DEPRECIATED</b>	<b>\$ 11,767,795</b>	<b>\$ 17,554,083</b>	<b>\$ (2,635,979)</b>	<b>\$ 26,685,899</b>
<b>UTILITY PLANT BEING DEPRECIATED</b>				
BUILDINGS & STRUCTURES				
Raw Water Utility	\$ 6,966,162	\$ 12,337	\$ -	\$ 6,978,500
Grandview Water Utility	98,977	-	-	98,977
Electric Utility	166,880	-	-	166,880
General Utility & Office (Internal Services Utility)	1,258,241	-	-	1,258,241
TOTAL BUILDINGS & STRUCTURES	8,490,260	12,337	-	8,502,597
MACHINERY & EQUIPMENT				
Raw Water Utility	7,394,963	571,732	-	7,966,695
Grandview Water Utility	3,082,840	-	-	3,082,840
Electric Utility	7,778,953	-	(49,060)	7,729,893
General Utility & Office (Internal Services Utility)	1,223,541	12,606	-	1,236,147
TOTAL MACHINERY & EQUIPMENT	19,480,296	584,338	(49,060)	20,015,575
INTANGIBLE				
Raw Water Utility	866,000	-	-	866,000
TOTAL INTANGIBLE	866,000	-	-	866,000
<b>TOTAL UTILITY PLANT BEING DEPRECIATED</b>	<b>\$ 28,836,557</b>	<b>\$ 596,676</b>	<b>\$ (49,060)</b>	<b>\$ 29,384,172</b>
LESS ACCUMULATED DEPRECIATION FOR:				
Buildings & Structures	\$ (4,332,283)	\$ (134,261)	\$ -	\$ (4,466,544)
Machinery & Equipment	(7,931,296)	(737,024)	19,992	(8,648,328)
Intangible	(259,800)	(43,300)	-	(303,100)
TOTAL ACCUMULATED DEPRECIATION	(12,523,379)	(914,585)	19,992	(13,417,972)
<b>UTILITY PLANT BEING DEPRECIATED (NET)</b>	<b>\$ 16,313,178</b>	<b>\$ (317,910)</b>	<b>\$ (29,068)</b>	<b>\$ 15,966,200</b>
<b>TOTAL UTILITY PLANT, NET</b>	<b>\$ 28,080,973</b>	<b>\$ 17,236,173</b>	<b>\$ (2,665,047)</b>	<b>\$ 42,652,099</b>

**Public Utility District No. 1 of Whatcom County**  
 NOTES TO FINANCIAL STATEMENT  
 For The Year Ended December 31, 2013

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

ASSET	YEARS
Buildings & Structures	5-60
Vehicles	3-10
Machinery & Equipment	3-60
Computer Hardware & Software	2-5
Intangible	20

Initial depreciation on utility plant is recorded in the year subsequent to purchase or completion.

Preliminary costs incurred for proposed projects are deferred pending construction of the facility. Costs relating to projects ultimately constructed are transferred to utility plant; charges that relate to abandoned projects are expensed. The District expensed \$721,000 in CWIP projects in 2013.

**NOTE 4 - CONSTRUCTION IN PROGRESS**

Construction in progress represents expenses to date on projects whose annual project authorizations total \$18,657,007. Of the committed balance of \$33,125,026, the district will not be required to raise future financing.

Construction in progress represents capital projects for the upgrade or expansion of the District's infrastructure. General improvements for the benefit of all users of a specific utility are financed with reserves, previously collected through rates and/or bonds, or paid for with future rates. Improvements/capital expansion requested by an individual customer(s) for their specific benefit is the direct financial responsibility of that customer(s).

Construction work in progress is composed of the following:

	District Capital Project #	Annual Project Authorization	2013		Required Future Financing
			Expended Through 12/31/13	Committed	
<b>CONSTRUCTION IN PROGRESS</b>					
Purchase PSE Enterprise Substation	<i>E11</i>	1,592,690	1,871,883	2,171,883	None
Refinery Substation Redesign	<i>E14</i>	1,761,634	4,688,053	4,818,053	None
SCADA Analysis	<i>IS12</i>	253,803	12,934	521,934	None
Operations Center	<i>IS13</i>	1,728,382	871,397	1,758,000	None
Treatment Plant Capacity Design & Upgrade	<i>RW1</i>	13,265,498	19,004,276	23,725,800	None
Distribution System Storage	<i>RW20</i>	55,000	129,355	129,355	None
<b>TOTAL CONSTRUCTION IN PROGRESS</b>		<b>\$ 18,657,007</b>	<b>\$ 26,577,899</b>	<b>\$ 33,125,026</b>	<b>\$ -</b>

**NOTE 5 – SHORT-TERM DEBT**

The District had no short-term debt obligations in 2013.

**NOTE 6 - LEASE COMMITMENTS**

a. Operating Lease(s)

The Public Utility District No.1 of Whatcom County is committed to a single lease for a portable office. This lease is considered an operating lease for accounting purposes. Lease expenses for the year ended December 31, 2013 amounted to \$10,174. Future minimum rental commitments for this lease are as follows:



**Public Utility District No. 1 of Whatcom County**  
**NOTES TO FINANCIAL STATEMENT**  
For The Year Ended December 31, 2013

Fiscal Year Ending December 31:

2014                      5,936

Total    \$        5,936

b.    Capital Lease(s)

The Public Utility District No.1 of *Whatcom County* has no capital leases and has not acquired any assets through capital leases.

NOTE 7 - LONG-TERM DEBT AND LIABILITIES

a.    Long-Term Debt

Schedule 09, which accompanies this report, contains a list of the outstanding debt at December 31, 2013. The annual requirements to amortize all debts outstanding as of December 31, 2013, including interest, are as follows:

Fiscal Year Ending December 31:	2007 WATER REVENUE BONDS			2010 LTGO BONDS			2012 LTGO BONDS			2013 LTGO BONDS		
	PRINCIPAL	INTEREST	TOTAL	PRINCIPAL	INTEREST	TOTAL	PRINCIPAL	INTEREST	TOTAL	PRINCIPAL	INTEREST	TOTAL
2014	115,000	129,506	244,506	1,175,000	1,074,338	2,249,338	630,000	129,254	759,254	240,000	210,300	450,300
2015	125,000	123,756	248,756	1,215,000	1,034,713	2,249,713	635,000	122,765	757,765	245,000	205,500	450,500
2016	130,000	117,506	247,506	1,255,000	989,450	2,244,450	640,000	114,510	754,510	250,000	200,600	450,600
2017	135,000	111,006	246,006	1,305,000	942,713	2,247,713	655,000	104,910	759,910	255,000	195,600	450,600
2018	145,000	104,088	249,088	1,355,000	889,525	2,244,525	660,000	93,448	753,448	260,000	190,500	450,500
2019-2023	840,000	392,838	1,232,838	5,885,000	3,556,275	9,441,275	2,175,000	268,998	2,443,998	1,430,000	827,450	2,257,450
2024-2028	860,000	127,363	987,363	6,980,000	2,012,188	8,992,188	410,000	15,580	425,580	1,710,000	537,600	2,247,600
2029-2032			-	3,335,000	264,863	3,599,863				1,635,000	166,800	1,801,800
<b>TOTAL</b>	<b>\$ 2,350,000</b>	<b>\$ 1,106,063</b>	<b>\$ 3,456,063</b>	<b>\$ 22,505,000</b>	<b>\$ 10,764,063</b>	<b>\$ 33,269,063</b>	<b>\$ 5,805,000</b>	<b>\$ 849,464</b>	<b>\$ 6,654,464</b>	<b>\$ 6,025,000</b>	<b>\$ 2,534,350</b>	<b>\$ 8,559,350</b>

There are \$4,017,066 in restricted assets of the District. These represent reserve requirements as contained in the various indentures, assessment income to be used for the 2007 bond debt service, and a project reserve fund required for the work to be done at Phillips 66 for the development, maintenance, and monitoring of a mitigation site. This project fund is to remain four years, until 2016.

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.

The Public Utility District No. 1 of Whatcom County has pledged future Grandview assessment revenue to repay \$2,845,000 in revenue bonds issued in November, 2007 and payable through 2027. Proceeds from the bonds provided financing for the Grandview line extension. The bonds are payable from Grandview LUD #2 Assessment revenues and revenues of the system. Annual principal and interest payments on the bonds are expected to match the assessment revenue. The total principal and interest remaining to be paid on the bonds is \$3,456,063. Principal and interest paid for the current year and total Grandview assessment revenue were \$244,869 and \$270,551 respectively.

b.    Changes in Long-Term Liabilities

During the year ended December 31, 2013, the following changes occurred in long-term liabilities:

**Public Utility District No. 1 of Whatcom County**  
**NOTES TO FINANCIAL STATEMENT**  
For The Year Ended December 31, 2013

	<b>Beginning Balance 01/01/13</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance 12/31/13</b>	<b>Due Within One Year</b>
<b>LONG TERM LIABILITIES</b>					
Bonds Payable:					
2004 LTGO Series A&B Bonds	\$ 490,000		\$ (490,000)	\$ -	\$ -
2007 Water Revenue Bond (Grandview LUD)	\$ 2,460,000		(110,000)	2,350,000	115,000
2010 LTGO Series A&B Bonds	\$ 23,700,400		(1,138,356)	22,562,044	1,175,000
2012 LTGO Bonds	\$ 5,914,443		(114,537)	5,799,906	630,000
2013 LTGO Bonds	\$ -	6,473,004		6,473,004	240,000
Total Bonds Payable:	\$ 32,564,843	\$ 6,473,004	\$ (1,852,893)	\$ 37,184,954	\$ 2,160,000
<b>TOTAL LONG TERM LIABILITIES</b>	<b>\$ 32,564,843</b>	<b>\$ 6,473,004</b>	<b>\$ (1,852,893)</b>	<b>\$ 37,184,954</b>	<b>\$ 2,160,000</b>

In 2013 bonds were issued to complete the financing on the CWIP program. The amounts above do not include any accrued interest as of year-end but they do include bond premiums and discounts.

**NOTE 8 – RESTRICTED COMPONENT OF NET POSITION**

The District's statement of net position reports \$3,957,066 of restricted component of net position for debt service, of which everything is restricted by enabling legislation. The net position also includes \$60,000 of restricted component of net position for miscellaneous reserves for a project mitigation reserve.

**NOTE 9 - PENSION PLAN**

The District's employees do not participate in any of the plans of the Washington State Department of Retirement Systems.

In lieu of the state retirement program, the District offers its non-union employees an optional deferred compensation plan in accordance with Internal Revenue Service Code Section 457. This plan was adopted in 1989. An Administrative Service Agreement was established with Mass Mutual Retirement Services (previously Hartford) to provide individual investment choices for participants with detailed accounting to both the participants and the District. The District approves a contribution percentage of gross earnings annually to be paid in addition to gross earnings to eligible employees. The 2013 rate of District contribution to the employee is 7.20% of gross earnings. Employees may or may not elect to contribute any portion up to the allowable limit to the Mass Mutual plan. The Plan, available to eligible employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. The District has neither fiduciary responsibility nor liability for the Plan and accordingly no records are reflected on the Districts accounts. All eligible union employees are covered under the negotiated contract with Western Conference Teamsters Welfare Trust.

**Public Utility District No. 1 of Whatcom County**  
NOTES TO FINANCIAL STATEMENT  
For The Year Ended December 31, 2013

NOTE 10 – SEGMENT ACTIVITY

The District operated four proprietary segments and an Internal Services Fund in 2013. The following changes occurred in the District's segments during 2013:

a. RAW WATER UTILITY

The District continued work on its major upgrade to its Water Plant 2 facilities with final completion by the general contractor anticipated to be mid-year 2014. The second major capital project started in 2012, the relocation of raw water supply meters into a new vault serving two large industrial customers was completed. A third capital project initiated and completed during the year was the installation of an isolation valve in one of the District's main 24" water transmission lines.

b. GRANDVIEW WATER UTILITY

The Grandview Potable Water Utility had flat growth in water consumption between 2012 and 2013. Growth was due primarily to rate increases.

c. ELECTRIC UTILITY

The District renewed the electric services agreement with its one retail customer, Phillips 66 (previously Conoco Phillips), in April of 2010. The previous contract dated back to 1953. The new contract expires in 2028, which is also the termination date of the District's power purchase agreement with the Bonneville Power Administration (BPA).

The Electric Utility continues to make electric system improvements designed to assure reliability of electric service to the water treatment plants and to its retail electric customer. In 2013, the District completed its upgrade of its Refinery Substation, which included sectionalizing the 115 kV buss and added a new control house.

Another capital project initiated was the purchase and re-configuration of the secondary voltage side of the Enterprise substation, which serves the District's Water Plant 2. The secondary voltage will be changed from 2,400 to 4,160 volts to serve new large electric motors and associated gear installed as part of the Water Plant 2 project. Also, the secondary side buss will be segmented to allow two parallel feeds for the water plant facilitating redundant service and improving electric service reliability.

d. ALCOA SERVICES FUND

The Alcoa Services Fund continues to be a resource of funds for projects outside of the regular operating scope of the District. May 2010 concluded the agreement with Alcoa. No future revenues besides interest income are anticipated. In 2013 the District expended \$6,000 for the Lynden Digester Study through Western Washington University and \$20,111 of which \$20,000 will be reimbursed from the Port of Bellingham for the Mt Baker Foothills Broadband Project. As of December 31<sup>st</sup>, 2013, the remaining fund balance is \$320,838.

**Public Utility District No. 1 of Whatcom County**  
**NOTES TO FINANCIAL STATEMENT**  
**Statement of Revenues, Expenses and Changes in Fund Net Position**  
For The Year Ended December 31, 2013

	403 RAW WATER UTILITY	411 GRANDVIEW UTILITY	481 ELECTRIC UTILITY	490 ALCOA SVCS	500 INTERNAL SERVICES FUND	DISTRICT TOTAL
<b>OPERATING REVENUE</b>						
Utility Sales and Service Revenues	\$ 6,819,788	\$ 158,159	\$ 9,736,466	\$ -	\$ -	\$ 16,714,412
Other Operating Revenue	66,423	8	-	70,000	-	136,431
<b>TOTAL OPERATING REVENUE</b>	<b>\$ 6,886,210</b>	<b>\$ 158,166</b>	<b>\$ 9,736,466</b>	<b>\$ 70,000</b>	<b>\$ -</b>	<b>\$ 16,850,842</b>
<b>OPERATING EXPENSES</b>						
Operations:						
Purchased Power	\$ 439,859	\$ 5,254	\$ 7,189,389	\$ -	\$ -	\$ 7,634,502
Water Purification	154,572	951	-	-	-	155,523
Taxes / Process / Delivery Costs	-	-	479,968	-	-	479,968
General Operations	638,005	43,043	85,073	-	-	766,121
Maintenance	421,261	15,899	86,223	-	-	523,383
Administration						
General Administration	1,507,504	48,882	496,801	7,118	-	2,060,305
Planning and Development Expenses	125,680	-	-	69,999	-	195,678
Depreciation Expense	502,287	74,832	337,466	-	-	914,585
Utility Tax Expense	344,066	7,029	105,438	552	-	457,085
<b>TOTAL OPERATING EXPENSES</b>	<b>\$ 4,133,235</b>	<b>\$ 195,890</b>	<b>\$ 8,780,357</b>	<b>\$ 77,668</b>	<b>\$ -</b>	<b>\$ 13,187,150</b>
<b>OPERATING INCOME (LOSS)</b>	<b>\$ 2,752,975</b>	<b>\$ (37,723)</b>	<b>\$ 956,109</b>	<b>\$ (7,668)</b>	<b>\$ -</b>	<b>\$ 3,663,693</b>
<b>NONOPERATING REVENUE</b>						
Lease Income	\$ 16,477	\$ -	\$ -	\$ -	\$ -	\$ 16,477
Assessment Income	-	270,551	-	-	-	270,551
Interest Income	66,249	3,222	12,349	1,599	-	83,419
Interest Fees	(12,454)	(524)	(2,369)	(303)	-	(15,651)
<b>TOTAL NONOPERATING REVENUE</b>	<b>\$ 70,272</b>	<b>\$ 273,248</b>	<b>\$ 9,980</b>	<b>\$ 1,295</b>	<b>\$ -</b>	<b>\$ 354,796</b>
<b>NONOPERATING EXPENSE</b>						
Interest Expense	\$ 1,356,904	\$ 133,216	\$ 249,408	\$ -	\$ -	\$ 1,739,527
Amortization	14,718	7,987	3,939	-	-	26,644
Interfund Expense	577,568	-	(577,568)	-	-	-
Loss (Gain) on Property Disposal	-	29,068	-	-	-	29,068
<b>TOTAL NONOPERATING EXPENSE</b>	<b>\$ 1,949,190</b>	<b>\$ 141,203</b>	<b>\$ (295,154)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,795,239</b>
<b>INCOME BEFORE CONTRIBUTIONS, AND EXTRAORDINARY ITEMS</b>	<b>874,057</b>	<b>\$ 94,322</b>	<b>\$ 1,261,243</b>	<b>\$ (6,373)</b>	<b>\$ -</b>	<b>\$ 2,223,249</b>
Capital Contributions						
Extraordinary Items	\$ 66,653	\$ -	\$ -	\$ -	\$ -	\$ 66,653
<b>CHANGE IN NET POSITION</b>	<b>\$ 940,710</b>	<b>\$ 94,322</b>	<b>\$ 1,261,243</b>	<b>\$ (6,373)</b>	<b>\$ -</b>	<b>\$ 2,289,902</b>
<b>NET POSITION - JANUARY 1st</b>	<b>\$ 5,218,194</b>	<b>\$ 423,786</b>	<b>\$ 7,949,432</b>	<b>\$ 723,396</b>	<b>\$ 44,067</b>	<b>\$ 14,358,875</b>
<b>NET POSITION - DECEMBER 31st</b>	<b>\$ 6,158,904</b>	<b>\$ 518,109</b>	<b>\$ 9,210,674</b>	<b>\$ 717,023</b>	<b>\$ 44,067</b>	<b>\$ 16,648,777</b>

The notes to financial statements are an integral party of this statement

**Public Utility District No. 1 of Whatcom County**  
**NOTES TO FINANCIAL STATEMENT**  
**Statement of Net Position**  
As of December 31, 2013

	<b>403</b>	<b>411</b>	<b>481</b>	<b>490</b>	<b>500</b>		<b>DISTRICT</b>
	<b>RAW WATER</b>	<b>GRANDVIEW</b>	<b>ELECTRIC</b>	<b>ALCOA SVC</b>	<b>INTERNAL</b>	<b>ELIMINATION</b>	<b>TOTAL</b>
	<b>UTILITY</b>	<b>UTILITY</b>	<b>UTILITY</b>		<b>SERVICES FUND</b>		
<b>ASSETS</b>							
<b>CURRENT ASSETS</b>							
Cash & Cash Equivalents	\$ 11,543	\$ 2,465	\$ 3,280	\$ 248	\$ 20,229	\$ -	\$ 37,765
Short Term Investments	5,852,917	130,151	1,130,644	320,590	22,763		7,457,066
Receivables (Net):							
Customers	555,021	11,274	801,953	-	-		1,368,248
Other	31,961	-	-	20,000	-		51,961
LUD #1 West Smith Road Receivable	5,346	-	-	-	-		5,346
Interfund Receivables	-	-	90,000	-	-	(90,000)	-
Interfund Transfers - Capital	1,854,874	-	557,889	377,490	(2,790,253)		-
Interfund Transfers - Employee	(160,143)	(5,100)	(58,039)	-	223,282		-
Total Accounts Receivables (Net)	<u>2,287,059</u>	<u>6,175</u>	<u>1,391,803</u>	<u>397,490</u>	<u>(2,566,971)</u>	<u>(90,000)</u>	<u>1,425,555</u>
Other Current Assets							
Prepayments	-	-	-	-	35,874		35,874
Other							
<b>TOTAL CURRENT ASSETS</b>	<b>\$ 8,151,519</b>	<b>\$ 138,791</b>	<b>\$ 2,525,727</b>	<b>\$ 718,328</b>	<b>\$ (2,488,105)</b>	<b>\$ (90,000)</b>	<b>\$ 8,956,259</b>
<b>NON-CURRENT ASSETS</b>							
Construction Contracts & Other Receivables	-	-	-	-	-		-
Deferred Charges	257,056	31,283	48,499	-	-		336,837
Noncurrent Restricted Assets							
Investments - Bond Reserves	2,849,655	249,088	612,767	-	-		3,711,510
Investments - Assessments	-	245,556	-	-	-		245,556
Investments - Other	-	-	60,000	-	-		60,000
Capital Assets Not Being Depreciated							
Land	108,000	-	-	-	-		108,000
Construction in Progress	19,133,631	-	6,559,937	-	884,332		26,577,899
Capital Assets Being Depreciated:							
Buildings & Structures	6,978,500	98,977	166,880	-	1,258,241		8,502,597
Machinery & Equipment	7,966,695	3,082,840	7,729,893	-	1,236,147		20,015,575
Intangible	866,000	-	-	-	-		866,000
Less Accumulated Depreciation	<u>(9,158,520)</u>	<u>(863,614)</u>	<u>(2,807,372)</u>	<u>-</u>	<u>(588,466)</u>		<u>(13,417,972)</u>
Total Capital Assets (Net)	<u>25,894,305</u>	<u>2,318,202</u>	<u>11,649,338</u>	<u>-</u>	<u>2,790,253</u>		<u>42,652,099</u>
<b>TOTAL NONCURRENT ASSETS</b>	<b>\$ 29,001,016</b>	<b>\$ 2,844,128</b>	<b>\$ 12,370,604</b>	<b>\$ -</b>	<b>\$ 2,790,253</b>	<b>\$ -</b>	<b>\$ 47,006,002</b>
<b>TOTAL ASSETS</b>	<b>\$ 37,152,535</b>	<b>\$ 2,982,919</b>	<b>\$ 14,896,331</b>	<b>\$ 718,328</b>	<b>\$ 302,148</b>	<b>\$ (90,000)</b>	<b>\$ 55,962,261</b>

**Public Utility District No. 1 of Whatcom County**  
**NOTES TO FINANCIAL STATEMENT**  
**Statement of Net Position**  
As of December 31, 2013

	403 RAW WATER UTILITY	411 GRANDVIEW UTILITY	481 ELECTRIC UTILITY	490 ALCOA SVC	500 INTERNAL SERVICES FUND	ELIMINATION	DISTRICT TOTAL
<b>LIABILITIES</b>							
<b>CURRENT LIABILITIES</b>							
Accounts Payable	\$ 674,281	\$ 2,715	\$ 598,824	\$ 1,005	\$ 29,043	\$ -	\$ 1,305,868
Accrued Employee Payable	-	-	-	-	229,038	-	229,038
Accrued Utility Taxes	31,260	512	239,423	300	-	-	271,495
Contractor Retainage	6,186	-	176,512	-	-	-	182,698
Interfund Payables	-	90,000	-	-	-	(90,000)	-
Payables from Restricted Assets							
2007 Water Revenue Bond - Current	-	115,000	-	-	-	-	115,000
2007 Water Revenue Bond - Interest	-	21,584	-	-	-	-	21,584
2010 LTGO Bond Series A&B - Current	1,088,158	-	86,842	-	-	-	1,175,000
2010 LTGO Bond Series A&B - Interest	80,971	-	8,557	-	-	-	89,528
2012 LTGO Bond Series A&B - Current	318,961	-	311,039	-	-	-	630,000
2012 LTGO Bond Series A&B - Interest	6,658	-	4,113	-	-	-	10,771
2013 LTGO Bond - Current	240,000	-	-	-	-	-	240,000
2013 LTGO Bond - Interest	17,525	-	-	-	-	-	17,525
Deposits & Other Payables	23	-	-	-	-	-	23
<b>TOTAL CURRENT LIABILITIES</b>	<b>\$ 2,464,024</b>	<b>\$ 229,811</b>	<b>\$ 1,425,309</b>	<b>\$ 1,305</b>	<b>\$ 258,081</b>	<b>\$ (90,000)</b>	<b>\$ 4,288,530</b>
<b>NON-CURRENT LIABILITIES</b>							
Energy Green Credit	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Payables from Restricted Assets							
2004 LTGO Bond Series A&B Principal	-	-	-	-	-	-	-
2007 Water Revenue Bond Principal	-	2,235,000	-	-	-	-	2,235,000
2010 LTGO Bond Series A&B Principal	19,343,671	-	2,043,373	-	-	-	21,387,044
2012 LTGO Bond Principal	2,952,932	-	2,216,974	-	-	-	5,169,906
2013 LTGO Bond Principal	6,233,004	-	-	-	-	-	6,233,004
<b>TOTAL NONCURRENT LIABILITIES</b>	<b>\$ 28,529,607</b>	<b>\$ 2,235,000</b>	<b>\$ 4,260,347</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 35,024,954</b>
<b>TOTAL LIABILITIES</b>	<b>\$ 30,993,631</b>	<b>\$ 2,464,811</b>	<b>\$ 5,685,656</b>	<b>\$ 1,305</b>	<b>\$ 258,081</b>	<b>\$ (90,000)</b>	<b>\$ 39,313,484</b>
<b>NET POSITION</b>							
Net Investment in Capital Assets	\$ (371,800)	\$ (31,798)	\$ 7,672,644	\$ -	\$ 2,790,253	-	\$ 10,059,300
Restricted for Debt Service	2,849,655	494,643	612,767	-	-	-	3,957,066
Restricted for Miscellaneous Reserves	-	-	60,000	-	-	-	60,000
Unrestricted	3,681,049	55,263	865,263	717,023	(2,746,187)	-	2,572,411
<b>TOTAL NET POSITION</b>	<b>\$ 6,158,904</b>	<b>\$ 518,108</b>	<b>\$ 9,210,675</b>	<b>\$ 717,023</b>	<b>\$ 44,067</b>	<b>\$ -</b>	<b>\$ 16,648,777</b>
<b>TOTAL LIABILITIES &amp; NET POSITION</b>	<b>\$ 37,152,535</b>	<b>\$ 2,982,919</b>	<b>\$ 14,896,331</b>	<b>\$ 718,328</b>	<b>\$ 302,148</b>	<b>\$ (90,000)</b>	<b>\$ 55,962,261</b>

**Public Utility District No. 1 of Whatcom County**

NOTES TO FINANCIAL STATEMENT

**Statement of Cash Flow**

As of December 31, 2013

	403	411	481	490	500	
	RAW WATER	GRANDVIEW POTABLE	ELECTRIC	BPA-ALCOA ESCROW	INTERNAL SERVICE	TOTAL
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
Receipts from Customers	\$ 6,918,286	\$ 155,155	\$ 10,431,590	\$ 64,000	\$ 3,345	\$ 17,572,376
Payments to suppliers	(2,780,795)	(29,327)	(8,672,132)	(96,613)	(181,453)	(11,760,321)
Payments to employees (Labor only)					(1,743,097)	(1,743,097)
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b>\$ 4,137,491</b>	<b>\$ 125,828</b>	<b>\$ 1,759,458</b>	<b>\$ (32,613)</b>	<b>\$ (1,921,205)</b>	<b>\$ 4,068,959</b>
<b>CASH FLOW FROM NONCAPITAL FINANCING ACTIVITIES</b>						
Transfers from (to) Other Utilities	(2,331,659)	(88,696)	(387,291)	-	2,807,647	-
<b>NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES</b>	<b>\$ (2,331,659)</b>	<b>\$ (88,696)</b>	<b>\$ (387,291)</b>	<b>\$ -</b>	<b>\$ 2,807,647</b>	<b>\$ -</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>						
Proceeds from Capital Debt	6,455,683					6,455,683
Purchase of Capital Assets	(11,717,763)		(2,900,078)		(896,938)	(15,514,779)
Principal paid on Capital Debt	(1,357,753)	(110,000)	(382,247)			(1,850,000)
Interest paid on Capital Debt	(1,227,751)	(134,869)	(140,490)			(1,503,111)
Payment from Assessments to pay 07 debt payments		270,551				270,551
<b>NET CASH PROVIDED / (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<b>\$ (7,847,584)</b>	<b>\$ 25,682</b>	<b>\$ (3,422,816)</b>	<b>\$ -</b>	<b>\$ (896,938)</b>	<b>\$ (12,141,656)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
Interest Received	53,904	2,698	10,027	1,295	(155)	67,768
<b>NET CASH PROVIDED / (USED) FROM INVESTING ACTIVITIES</b>	<b>\$ 53,904</b>	<b>\$ 2,698</b>	<b>\$ 10,027</b>	<b>\$ 1,295</b>	<b>\$ (155)</b>	<b>\$ 67,768</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>\$ (5,987,849)</b>	<b>\$ 65,511</b>	<b>\$ (2,040,623)</b>	<b>\$ (31,318)</b>	<b>\$ (10,651)</b>	<b>\$ (8,004,929)</b>
<b>BALANCE BEGINNING OF YEAR</b>	14,701,964	561,748	3,847,314	352,156	53,643	19,516,825
<b>BALANCE END OF PERIOD</b>	<b>\$ 8,714,115</b>	<b>\$ 627,259</b>	<b>\$ 1,806,691</b>	<b>\$ 320,838</b>	<b>\$ 42,992</b>	<b>\$ 11,511,896</b>

**Public Utility District No. 1 of Whatcom County**  
NOTES TO FINANCIAL STATEMENT  
**Statement of Cash Flow**  
As of December 31, 2013

	403 CHERRY POINT	411 GRANDVIEW POTABLE	481 ELECTRIC	490 BPA-ALCOA ESCROW	500 INTERNAL SERVICE	TOTAL
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH</b>						
Operating Income (Loss)	\$ 2,752,975	\$ (37,723)	\$ 956,109	\$ (7,668)	\$ -	\$ 3,663,693
<b>Adjustments to reconcile operating income to net cash provided (used) by operating activity</b>						
Depreciation	381,355	74,832	285,594	-	172,804	914,585
Miscellaneous - Non-Operating	82,130	-	-	-	1,000	83,130
Decrease (Increase) in Net Accounts Receivable	(88,677)	57	669,351	(20,000)	182	560,913
Decrease (Increase) in Prepayments	-	-	-	-	39,825	39,825
Decrease (Increase) in Other Deferred Charges	(38,600)	-	-	-	-	(38,600)
Interfund Transfers	1,251,226	85,971	765,327	-	(2,102,525)	-
Increase (Decrease) in Account Payable	(213,526)	2,639	(1,029,776)	(5,245)	(51,330)	(1,297,239)
Increase (Decrease) in Accrued Employee Payable	-	-	-	-	18,839	18,839
Increase (Decrease) in Accrued Utility Taxes	7,712	52	20,777	300	-	28,841
Increase (Decrease) in Contractor Retainage	6,186	-	92,076	-	-	98,263
Increase (Decrease) in Deposits & Other Payables	(3,290)	-	-	-	-	(3,290)
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>\$ 4,137,491</b>	<b>\$ 125,828</b>	<b>\$ 1,759,458</b>	<b>\$ (32,613)</b>	<b>\$ (1,921,205)</b>	<b>\$ 4,068,959</b>



**Public Utility District No. 1 of Whatcom County**  
 NOTES TO FINANCIAL STATEMENT  
 For The Year Ended December 31, 2013

NOTE 11 - DEFERRED DEBITS (CREDITS)

In accordance with generally accepted accounting principles for regulated businesses, the District has deferred charges of \$336,837 in 2013 which will be amortized using the straight-line method over the life of the bonds (each 20 years except the 2012 LTGO which completed in 2024). These deferred charges resulted from costs relating to the sale and redemption of the bonds. These charges and revenues would have been included in net income for 2013 in non-regulated business, but for rate-making purposes they are treated as applicable to future periods. Deferred transactions resulted from the following:

a. Deferred Charges

Unamortized Debt Discount and Expense

The District's deferred charges as of December 31, 2013 are \$336,837:

<b>DEFERRED CHARGES</b>	<b>2013</b>
Unamortized Debt Expenses on 2007 Water Revenue Bond	\$ 31,283
Unamortized Debt Expenses on 2010 LTGO Bonds	158,802
Unamortized Debt Expenses on 2012 LTGO Bonds	78,794
Unamortized Debt Expenses on 2013 LTGO Bonds	67,958
<b>Total Deferred Charges</b>	<b>\$ 336,837</b>

b. Deferred Credits

The District didn't have any deferred credits in 2013.

NOTE 12 - PROPERTY TAXES

The Whatcom County Treasurer acts as an agent to collect property taxes levied in the county for all taxing authorities. Taxes are levied annually on January 1<sup>st</sup> on property listed as of the prior May 31<sup>st</sup>. Assessed values are established by the County Assessor at 100 percent of fair market value. A revaluation of all property is required every four years. Whatcom County annually publishes the 'Statement of Assessed Valuations, Tax Rates, and Taxes Levied Within the Various Taxing Districts of Whatcom County'. The District's assessed value is equal to the Total Value of Taxable Property of Whatcom County. The District's assessed valuation of taxable property for 2013 was \$23,484,411,003. This information can be found at <http://www.co.whatcom.wa.us/assessor/taxguides/taxbook.jsp>.

The tax is due in two equal installments on April 30<sup>th</sup> and October 31<sup>st</sup>. Collections are distributed monthly to the District by the County Treasurer.

The District is permitted by law to levy up to \$0.45 per \$1,000 of assessed valuation for general District purposes. Washington State Constitution and Washington State Law, RCW 84.55.010, limit the rate. The District may also levy taxes at a lower rate.

Special levies approved by the voters are not subject to the above limitations.

The District had no tax levies for 2013 or 2012.

**Public Utility District No. 1 of Whatcom County**  
NOTES TO FINANCIAL STATEMENT  
For The Year Ended December 31, 2013

NOTE 13 – ACCOUNTING CHANGES

During our last audit (covering year 2011 and 2012), it was recommended that the Cash represented in the Cash Flow Statement include all cash, investments, and restricted funds. The previous audit had recommended that it only include cash and investments. This addition does not affect accounting procedures, just the presentation.

NOTE 14 – JOINT VENTURES

PARTICIPATION IN NORTHWEST OPEN ACCESS NETWORK, INC. dba NOANET

The District, along with 13 other Washington State Public Utility Districts and Energy Northwest, was a member of NoaNet, a Washington nonprofit mutual corporation. NoaNet was incorporated in February 2000 to provide a broadband communications backbone, over Public Benefit Fibers leased from Bonneville Power Administration, throughout the Pacific Northwest for assisting its members in the efficient management of load, conservation and acquisition of electric energy as well as other purposes. The network began commercial operation in January 2001.

As a member of NoaNet, the District guaranteed certain portions of NoaNet debt based on its proportionate share. The management of NoaNet anticipates meeting debt obligations through profitable operations; however, there is no assurance NoaNet's plan will be achieved. During the start-up phase, NoaNet assessed its members to cover operating deficits. In 2013, NoaNet was able to cover its debt obligations from operations. The District was not assessed in 2013.

In July 2001, NoaNet issued \$27 million in Telecommunications Network Revenue Bonds (taxable) to finance the repayment of the founding members and the costs of initial construction, operations and maintenance. The Bonds are due beginning in December 2003 through December 2016 with interest due semi-annually at rates ranging from 5.05% to 7.09%. Each member of NoaNet entered into a Repayment Agreement to guarantee the debt of NoaNet.

Under the Repayment Agreement, each Member acknowledges and agrees that it is a guarantor of the payment of principal and interest on the Bonds and is liable by assessment or otherwise to repay NoaNet for amounts due and owing with respect to such principal and interest up to each Member's Percentage Interest. The District's guarantee is based on its 0.81% interest, or \$365,600.66, of a total liability of \$45,135,884.28 for principal and interest over the life of the bond.

There is a provision in the Bond Resolution for a 25% step-up. In other words, if a member doesn't pay its share of the bond obligation, then the rest of the members have to step up to a maximum of 25% of its obligation. The amount of *remaining contingent liability* to the District at December 31, 2013 is \$18,676.73.

On September 1, 2003, in accordance with Section 19, Article II of NoaNet's Bylaws, the Public Utility District No.1 of Whatcom County presented a written notice to NoaNet withdrawing from the organization. The District maintains a financial liability only for the \$27 million dollar bonds and the \$5 million dollar line-of-credit. The District has no liability for any contractual debt incurred or to be incurred by NoaNet after September 1, 2003.

Financial statements for NoaNet may be obtained by writing to: Northwest Open Access Network, 2327 Grand Avenue, East Wenatchee, WA 98802-8219.

NOTE 15 - RISK MANAGEMENT

In January 2002 the Public Utility District No.1 of Whatcom County became a member of the Public Utility Risk Management Services, [PURMS], a joint self-insurance fund. Its membership is comprised of 20 Public Utility Districts and NOANET, a Washington nonprofit mutual corporation providing broadband communications services

**Public Utility District No. 1 of Whatcom County**  
NOTES TO FINANCIAL STATEMENT  
For The Year Ended December 31, 2013

[See NOTE-14 JOINT VENTURES].

The Public Utility Risk Management Services, Joint Self-Insurance Fund was organized as of December 30, 1976, pursuant to the provisions of the Revised Code of Washington, Chapter 54.16.2000 and inter-local agreements. The program's general objectives are to formulate, develop, and administer, on behalf of the member public utilities, a program of insurance, to obtain lower costs for that coverage, and to develop a comprehensive loss control program.

The District is a member of the Liability and Property Pools. The risks shared by the members are defined in the member's Self-Insurance Agreement. Both pools (liability and property) operate independently of one another. The Fund maintains assets from which liability claims against the member Districts and property losses of member Districts are paid and, through assessments of the members to replenish these assets, the members share joint liability among themselves for losses incurred. The Fund also purchases excess insurance for losses above the \$1,000,000 for liability and above \$250,000 for property

The members, through the Fund, provide liability self-insurance for the first \$1 million of individual loss claims. Assessments for the liability pool are based upon a formula whose elements include; basic fees, historic claims experience and workers hours. The assessments include amounts for excess insurance premiums, claims experience, and operating costs. In November 2008, it was decided to raise the Designated Liability Pool Balance from \$2 million to \$3 million through semi-annual assessments starting in January 2009 and continuing through July 2012. Interim assessments are levied whenever the level of the liability program falls below \$500,000 of the normal operating balance. Through PURMS, an AEGIS liability policy covers an additional \$35 million over the initial \$1 million. At the end of 2009, the District decided to also add another \$25 million in coverage through an EIM policy over the previous \$36 million in coverage.

Effective April 1, 1977 the Fund established a self-insurance program for member's property. The property program provides property self-insurance for the first \$250,000 of individual loss claims. Assessments for the property pool are based upon a formula whose elements include: basis fees, property values and risk based rates. The assessments include amounts for excess insurance premiums, claims experience, and operating costs. For the property program, member Districts are obligated to replenish to a level of \$750,000 through annual assessments. Interim assessments are levied whenever the level of the property program is reduced to an amount less than \$500,000. PURMS maintains an Excess Property Insurance for its members in the Property Pool of \$200 million.

A comprehensive 2013 Annual Report can be obtained by contacting:  
Public Utility Risk Management Services  
Administered by Pacific Underwriters  
PO Box 68787, Seattle, WA 98168  
Phone; 800-562-5226 FAX: 206-248-0130

The District has a separate policy with Marsh USA Inc, through Associated Electric & Gas Insurance Services LTD (AEGIS) for *Western Interconnect Electric System* (WIES) members for electric blackouts and/or brownouts for our electric customer.

As agreed, Marsh (USA) has placed coverage with AEGIS pursuant to the surplus lines laws of Oregon. As an eligible surplus lines insurer, AEGIS is subject to limited state financial solvency regulation. Also, the insurers do not participate in any state insurance guaranty fund which otherwise provide limited claims reimbursement for policyholders of insolvent insurers. Therefore, the placement of coverage with AEGIS could result in financial exposure to the District if the insurer(s) becomes insolvent.

Because the insurance policy covers more than one state, premium tax is also due in the other states, which is computed based on the portion of premium allocable to the risks located in each state. Where the state law allows, Marsh has prepared the necessary forms for WIES to file directly with the state. These forms show the allocated premium and tax amount due for each state. Their decision to file these forms will require the appropriate signature

**Public Utility District No. 1 of Whatcom County**  
NOTES TO FINANCIAL STATEMENT  
For The Year Ended December 31, 2013

and tax payment check in the amount indicated on each form. Marsh suggests that the District consult with our legal or tax advisors with respect to the decision to file in these jurisdictions. In Washington, Idaho, Montana, Nevada, North Dakota and Wyoming the states require that Marsh collect and remit the allocated premium taxes.

It should be noted that Marsh has allocated the premium based on their understanding of the applicable insurance laws and regulations in each of the states where the District and/or covered risks are located. It is still possible that one or more US jurisdictions may assert a claim for a portion of the tax that was allocated to another US jurisdiction.

WIES is currently in the process of eliminating this policy. It was discovered that the policy through WIES overlapped with the policy from PURMS. The hold harmless agreement will still be in effect, but the insurance portion will be removed from the agreement.

Risk pool insurance premiums and pool assessments for the District were as follows for 2013 and 2012:

**Public Utility District No. 1 of Whatcom County**  
**NOTES TO FINANCIAL STATEMENT**  
For The Year Ended December 31, 2013

INVOICE DATE	CARRIER	TYPE	KIND	PREMIUM / ASSESSMENT		DISTRICT COST
<b>PURMS 2012</b>						
<b><u>LIABILITY</u></b>						
1/4/2012	AEGIS	LIABILITY	LIAB \$35M EXCESS \$1M	956,210.40		
1/4/2012	EIM	LIABILITY	LIAB \$25M EXCESS \$36M	159,325.01	1.56%	17,416.49
1/4/2012	GENERAL ASSESSMENT	LIABILITY	LIAB GENRL ASSESS	401,266.00	1.65%	6,615.79
7/2/2012	AEGIS	LIABILITY	PROF LIAB [E&O]	150,774.13	1.52%	2,288.44
8/1/2012	LIBERTY MUTUAL	LIABILITY	FRONTING POLICY	10,000.00	1.52%	151.78
9/26/2012	GENERAL ASSESSMENT	LIABILITY	LIAB GENRL ASSESS	662,914.00	1.70%	11,292.70
11/14/2012	LIBERTY MUTUAL	LIABILITY	FRONTING POLICY	10,000.00	1.52%	151.78
				<b>2,350,489.54</b>	<b>1.61%</b>	<b>37,916.98</b>
<b><u>PROPERTY</u></b>						
1/4/2012	GENERAL ASSESSMENT	PROPERTY	PROP GENRL ASSESS	232,767.00	3.56%	8,296.99
4/6/2012	NATIONAL UNION and ZURICH	PROPERTY	EXCESS PROPERTY POLICY	1,070,904.00	3.07%	32,880.63
6/27/2012	GENERAL ASSESSMENT	PROPERTY	PROP GENRL ASSESS	387,104.00	3.52%	13,616.88
11/14/2012	GENERAL ASSESSMENT	PROPERTY	PROP GENRL ASSESS	273,064.00	3.52%	9,615.16
				<b>1,963,839.00</b>	<b>3.28%</b>	<b>64,409.66</b>
<b>PURMS 2013</b>						
<b><u>LIABILITY</u></b>						
1/7/2013	AEGIS	LIABILITY	LIAB \$35M EXCESS \$1M	986,504.49		
1/7/2013	EIM	LIABILITY	LIAB \$25M EXCESS \$36M	162,511.55	1.54%	17,678.65
1/7/2013	GENERAL ASSESSMENT	LIABILITY	LIAB GENRL ASSESS	445,003.00	1.71%	7,590.71
6/20/2013	GENERAL ASSESSMENT	LIABILITY	LIAB GENRL ASSESS	514,159.00	1.69%	8,681.55
7/2/2013	AEGIS	LIABILITY	PROF LIAB [E&O]	154,080.13	1.50%	2,305.61
11/11/2013	LIBERTY MUTUAL	LIABILITY	FRONTING POLICY	10,000.00	1.50%	149.63
12/19/2013	GENERAL ASSESSMENT	LIABILITY	LIAB GENRL ASSESS	669,534.00	1.69%	11,322.77
12/31/2013	GENERAL ASSESSMENT	LIABILITY	LIAB GENRL ASSESS	38,514.00	1.69%	652.00
				<b>2,980,306.17</b>	<b>1.62%</b>	<b>48,380.92</b>
<b><u>PROPERTY</u></b>						
1/7/2013	GENERAL ASSESSMENT	PROPERTY	PROP GENRL ASSESS	39,590.00	3.52%	1,392.86
4/9/2013	NATIONAL UNION and ZURICH	PROPERTY	EXCESS PROPERTY POLICY	1,104,597.65	2.96%	32,649.49
6/20/2013	GENERAL ASSESSMENT	PROPERTY	PROP GENRL ASSESS	262,155.00	3.41%	8,935.69
12/31/2013	GENERAL ASSESSMENT	PROPERTY	PROP GENRL ASSESS	160,922.00	3.43%	5,513.91
				<b>1,567,264.65</b>	<b>3.09%</b>	<b>48,491.95</b>
<b>MARSH 2012</b>						
6/1/2012	WESTERN INTERCONNECTED ELECTRIC SYSTEMS	LIABILITY	BLACK/BROWN-OUT ANNUAL PREMIUM			374.51
<b>MARSH 2013</b>						
6/6/2013	WESTERN INTERCONNECTED ELECTRIC SYSTEMS	LIABILITY	BLACK/BROWN-OUT ANNUAL PREMIUM			419.84

**Public Utility District No. 1 of Whatcom County**  
SUPPLEMENTAL SCHEDULES  
For The Year Ended December 31, 2013

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**Public Utility District No. 1 of Whatcom County**  
**SCHEDULE 01 – Revenues and Expenses**  
**For The Year Ended December 31, 2013**

Schedule	Account Code	Account Title	Actual Amount
R	41400	Other Utility Operating Revenues	136431
R	41800	Nonoperating Rental Revenues	16477
R	41900	Interest and Dividend Revenues	67768
R	42100	Miscellaneous Nonoperating Revenues	337203
R	44200	Commercial and Industrial Sales	9736466
R	45300	Water and Water Power Sales	6977946
E	40310	Depreciation Expense	871285
E	40700	Amortization of Property Losses, Unrecovered Plant & Regulatory Study Costs	43300
E	40800	Taxes: State Privilege Tax, State Utility Tax, B&O Tax, Other Excise Taxes	937053
E	42120	Loss on Disposition of Property	29068
E	42700	Interest on Long-Term Debt	1739527
E	42800	Amortization of Debt Discount and Expenses	26644
E	55500	Purchased Power	7634502
E	55700	Other Expenses	155523
E	56000	Operation Supervision and Engineering	678691
E	56600	Miscellaneous Transmission Expenses	5175
E	56800	Maintenance Supervision and Engineering	8206
E	57300	Maintenance of Miscellaneous Transmission Plant	4294
E	58000	Operation Supervision and Engineering	7946
E	58810	Miscellaneous Distribution Expense	32137
E	59000	Maintenance Supervision and Engineering	20382
E	59800	Maintenance of Miscellaneous Distribution Plant	95396
E	91300	Advertising Expense	637
E	92000	Administrative and General Salaries	826128
E	92100	Office Supplies and Expenses	38963
E	92300	Outside Services Employed	779928
E	92400	Property Insurance	97144
E	92600	Employee Pension and Benefits	399458
E	93020	Miscellaneous General Expenses	101399
E	93100	Rents	12000
E	93500	Maintenance of General Plant	437603

**Public Utility District No. 1 of Whatcom County**  
 SCHEDULE 09 - Liabilities  
 For The Year Ended December 31, 2013

I.D. NO.	DESCRIPTION	MATURITY/ PAYMENT DUE DATE	BEGINNING BALANCE 01/01/2013	(1)	(2)	(3)	BARS CODE FOR REDEMPTION OF DEBT ONLY	(4)
				ADDITIONS	REDUCTIONS	ENDING BALANCE DEBT 12/31/2013 (1)+(2)-(3)		
251.11	2004 LTGO bonds, Series A - refinance with 2012 bonds	12/1/2013	\$ 130,000		\$ 130,000	251.11	\$ -	
251.11	2004 LTGO bonds, Series B - refinance with 2012 bonds	12/1/2013	\$ 360,000		\$ 360,000	251.11	\$ -	
252.11	2007 Water Revenue Bonds	11/1/2027	\$ 2,460,000		\$ 110,000		\$ 2,350,000	
251.11	2010 General Obligation bonds, Series A	12/1/2030	\$ 2,660,000		\$ 335,000		\$ 2,325,000	
251.11	2010 General Obligation bonds, Series B	12/1/2030	\$ 20,980,000		\$ 800,000		\$ 20,180,000	
251.11	2010 General Obligation bond premium	12/1/2030	\$ 60,399		\$ 3,356		\$ 57,044	
251.11	2012 LTGO BONDS - Refi 2004 LTGO bonds	12/1/2024	\$ 5,920,000		\$ 115,000		\$ 5,805,000	
251.11	2012 LTGO bond discount	12/1/2024	\$ (5,557)		\$ (463)		\$ (5,094)	
251.11	2013 LTGO bonds	12/1/2032		\$ 6,025,000			\$ 6,025,000	
251.11	2013 LTGO bond premium	12/1/2032		\$ 462,194	\$ 14,190		\$ 448,004	
	<b>TOTAL</b>		<b>\$ 32,564,842</b>	<b>\$ 6,487,194</b>	<b>\$ 1,867,083</b>	<b>\$ 502</b>	<b>\$ 37,184,954</b>	



SCHEDULE OF STATE AND LOCAL FINANCIAL ASSISTANCE  
For The Year Ended December 31, 2013

<b>1</b>	<b>2</b>	<b>3</b>
<b>Grantor/Program Title</b>	<b>Identification Number</b>	<b>Current Year Expenditures</b>
Department of Ecology:		
Instream flow negotiations	1200070	\$ 59,612
<u>Total Department of Ecology</u>		<u>\$ 59,612</u>
Department of Health:		
Water Nitrates	N20201	\$ 13,737
Water Nitrates	N20202	13,737
<u>Total Department of Health</u>		<u>\$ 27,473</u>
Department of Commerce		
Innovative Research	27205	\$ 50,000
<u>Total Department of Commerce</u>		<u>\$ 50,000</u>
<b><u>TOTAL STATE ASSISTANCE</u></b>		<b><u>\$ 137,086</u></b>
Port of Bellingham; Mt Baker Broadband Study		\$ 20,000
<b><u>TOTAL LOCAL ASSISTANCE</u></b>		<b><u>\$ 20,000</u></b>
<b><u>TOTAL STATE AND LOCAL ASSISTANCE</u></b>		<b><u>\$ 157,086</u></b>