

WOODINVILLE WATER DISTRICT

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEARS ENDED DECEMBER 31, 2024 AND 2023



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**WOODINVILLE WATER DISTRICT
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INDEPENDENT AUDITORS' REPORT

Board of Commissioners
Woodinville Water District
Woodinville, Washington

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of Woodinville Water District (the District) as of and for the years ended December 31, 2024 and 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Woodinville Water District, as of December 31, 2024 and 2023, and the changes in financial position, and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Woodinville Water District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and 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 Woodinville Water District's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. 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.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- 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 Woodinville Water 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 Woodinville Water District's ability to continue as a going concern for a reasonable period of time.

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.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the required supplementary information listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise Woodinville Water District's basic financial statements. The supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic 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 basic financial statements. The information has been subjected to the auditing procedures applied in the audits of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, this information is fairly stated, in all material respects, in relation to the basic 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 September 30, 2025, on our consideration of Woodinville Water District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 Woodinville Water District's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Bellevue, Washington
September 30, 2025

**WOODINVILLE WATER DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2024 AND 2023**

INTRODUCTION

Woodinville Water District (the District) was founded in 1959 to provide water and sewer services to customers residing within the District boundaries.

The District's service boundaries encompass both rural and urban areas in a moderately growing portion of King County, Washington. The District serves approximately 14,952 water customers and 3,608 sewer customers as of December 31, 2024.

Our mission is to provide safe and reliable service to all our customers at the lowest responsible rate. Within this mission, we provide potable drinking water at acceptable flows and pressures to all customers; provide sanitary sewer service to all customers requesting service who are located within the Urban Growth Area (UGA) as established by King County; and educate customers in the efficient use of water and safe disposal of wastewater.

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of management's discussion and analysis presents our review of the District's financial position as of December 31, 2024 and 2023 and our financial performance for the years then ended. Please read these comments in conjunction with the District's financial statements, which follow this section.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

The statements of net position present total assets and deferred outflows of resources and total liabilities and deferred inflows of resources with the difference between the two totals reported as net position. These statements provide information about the nature and amounts of investments in resources (assets), consumption of resources that are applicable to future periods (deferred outflows), obligations to District creditors (liabilities) and the acquisition of resources that are applicable to a future reporting period (deferred inflows). They provide a basis for evaluating the capital structure of the District and assessing its liquidity and financial flexibility. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial condition of the District is improving or deteriorating.

The statements of revenues, expenses, and changes in fund net position present the results of the District's business activities over the course of the year. This information can be used to determine whether the District has successfully recovered all its costs through its user fees and other charges, and to evaluate our profitability and credit worthiness.

The statements of cash flows report cash receipts, cash payments, and net changes in cash resulting from operating, financing, and investing activities over the course of the year. They present information regarding where cash came from and what it was used for.

**WOODINVILLE WATER DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2024 AND 2023**

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

The notes to the financial statements provide useful information regarding the District's significant accounting policies, explain significant account balances and activities, certain material risks, estimates, obligations, commitments, contingencies, and subsequent events, if any.

CONDENSED STATEMENTS OF NET POSITION AT DECEMBER 31

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Capital Assets	\$ 119,490,276	\$ 111,766,183	\$ 109,537,924
Other Assets	41,897,118	36,579,566	32,949,342
Total Assets	<u>161,387,394</u>	<u>148,345,749</u>	<u>142,487,266</u>
Deferred Outflows of Resources	1,368,186	990,662	1,099,441
Long-Term Liabilities	4,847,239	5,436,477	5,941,983
Other Liabilities	<u>3,242,202</u>	<u>3,063,533</u>	<u>3,318,777</u>
Total Liabilities	8,089,441	8,500,010	9,260,760
Deferred Inflows of Resources	<u>689,294</u>	<u>1,006,943</u>	<u>1,446,917</u>
Net Investment in Capital Assets	114,232,462	106,276,987	103,800,221
Restricted Amounts	1,715,436	1,962,387	1,721,564
Unrestricted Amounts	<u>38,028,947</u>	<u>31,590,084</u>	<u>27,357,245</u>
Total Net Position	<u><u>\$ 153,976,845</u></u>	<u><u>\$ 139,829,458</u></u>	<u><u>\$ 132,879,030</u></u>

The 2023 financial statements have been restated to reflect the implementation of GASB No. 101. See Note 14.

**WOODINVILLE WATER DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2024 AND 2023**

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

**CONDENSED STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN FUND
NET POSITION FOR THE YEAR ENDED DECEMBER 31**

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Water Service Revenue	\$ 18,229,825	\$ 18,180,871	\$ 16,294,649
Sewer Service Revenue	6,577,048	6,113,170	5,980,690
Other Sewer Operating Revenues	100,870	3,480	6,860
Other Water Operating Revenues, Including Cell Tower Revenue	645,029	383,301	349,560
Total Operating Revenues	<u>25,552,772</u>	<u>24,680,822</u>	<u>22,631,759</u>
Water Operating Expenses	12,991,550	11,447,008	11,555,440
Sewer Operating Expenses	5,656,324	5,693,277	5,533,749
Depreciation and Amortization, Water	3,568,519	3,447,206	3,498,263
Depreciation and Amortization, Sewer	787,911	738,561	716,398
Total Operating Expenses	<u>23,004,304</u>	<u>21,326,052</u>	<u>21,303,850</u>
Operating Income	2,548,468	3,354,770	1,327,909
Nonoperating Revenues (Expenses):			
Investment and Other Interest Income	1,628,994	1,604,062	(419,210)
Miscellaneous Income	12,291	13,788	15,026
Interest and Amortization	(99,594)	(108,802)	(117,824)
Gain (Loss) on Disposal of Assets and Abandoned Projects	2,720	94,649	3,383
Income Before Capital Contributions	4,092,879	4,958,467	809,284
Capital Contributions	<u>10,054,508</u>	<u>2,147,737</u>	<u>1,730,094</u>
Increase in Net Position	14,147,387	7,106,204	2,539,378
Net Position - Beginning of Year	139,829,458	132,879,030	130,339,652
Restatement - Change in Accounting Principle	-	(155,776)	-
Net Position, January 1, as Restated	<u>139,829,458</u>	<u>132,723,254</u>	<u>130,339,652</u>
Net Position - End of Year	<u>\$ 153,976,845</u>	<u>\$ 139,829,458</u>	<u>\$ 132,879,030</u>

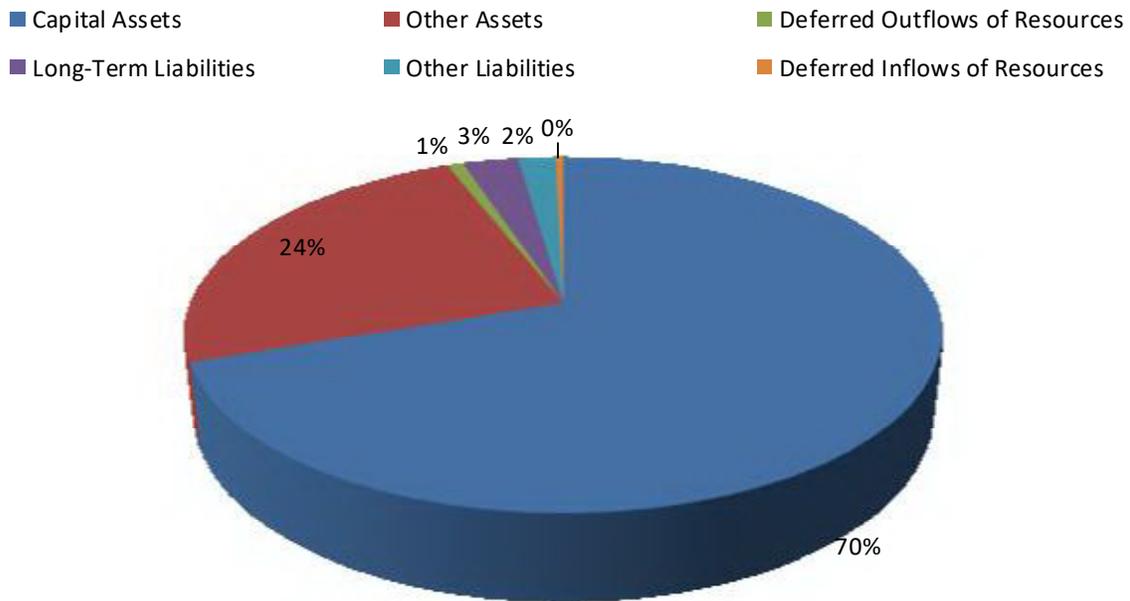
**WOODINVILLE WATER DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2024 AND 2023**

FINANCIAL POSITION

The District's overall financial position continues to be strong and provides sufficient liquidity to support stable, ongoing operations. The rate of new connections to the system continued to increase in 2024 and 2023. Capital assets increased in 2024 and 2023 due primarily to developer contributed infrastructure and investment made to upgrade and replace necessary capital infrastructure and facilities.

The following chart indicate the components of financial position:

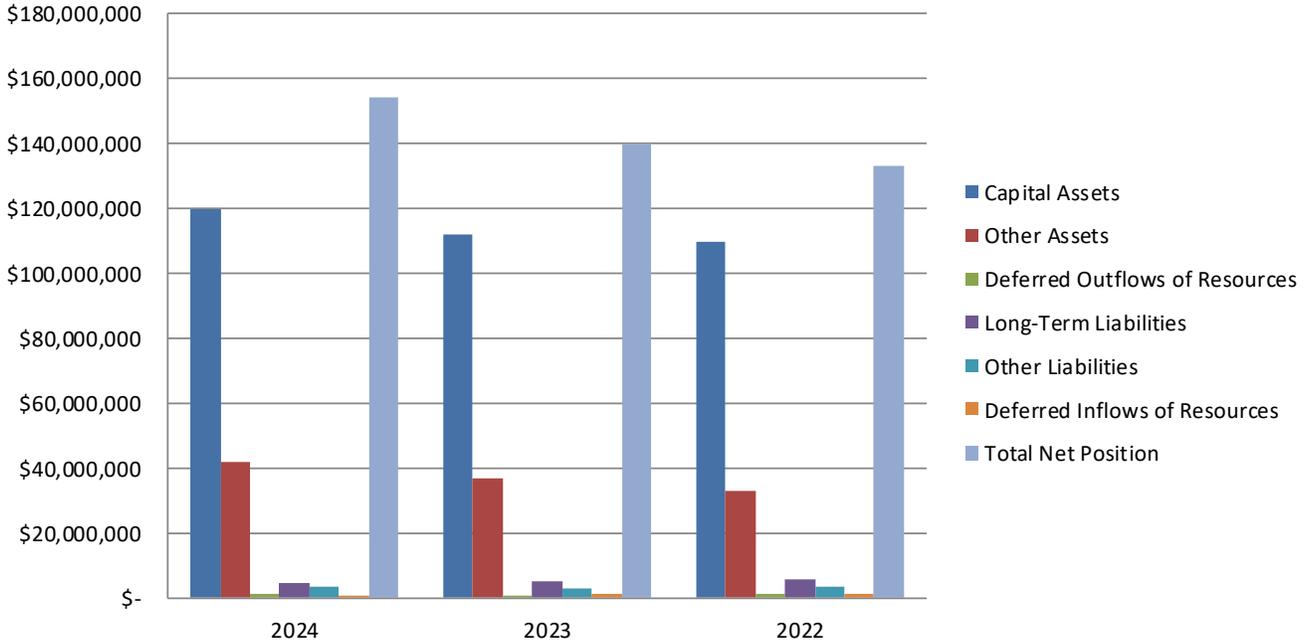
2024 STATEMENT OF NET POSITION



**WOODINVILLE WATER DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2024 AND 2023**

FINANCIAL POSITION (CONTINUED)

COMPARATIVE STATEMENT OF NET POSITION

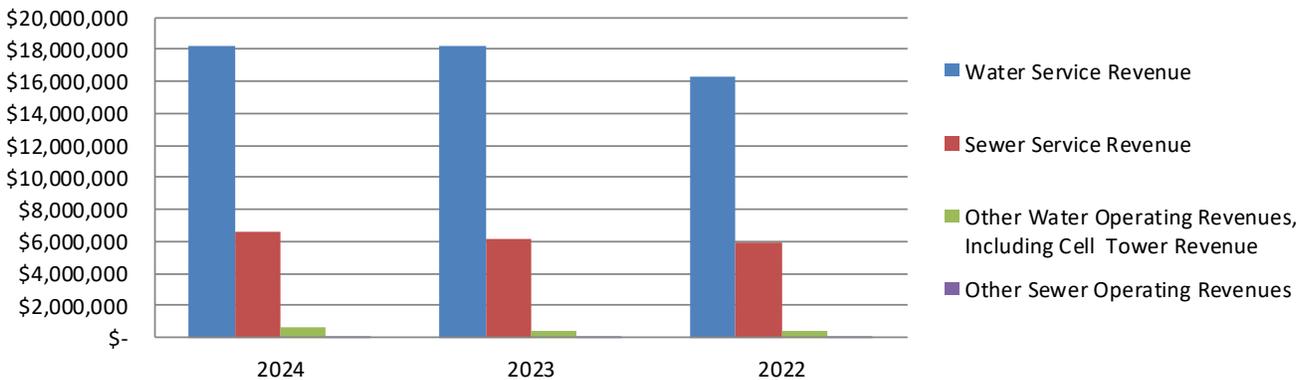


RESULTS OF OPERATIONS

The District primarily receives operating revenues from two sources: water service and sewer service.

The following chart indicates operating revenue over the last three years:

OPERATING REVENUES



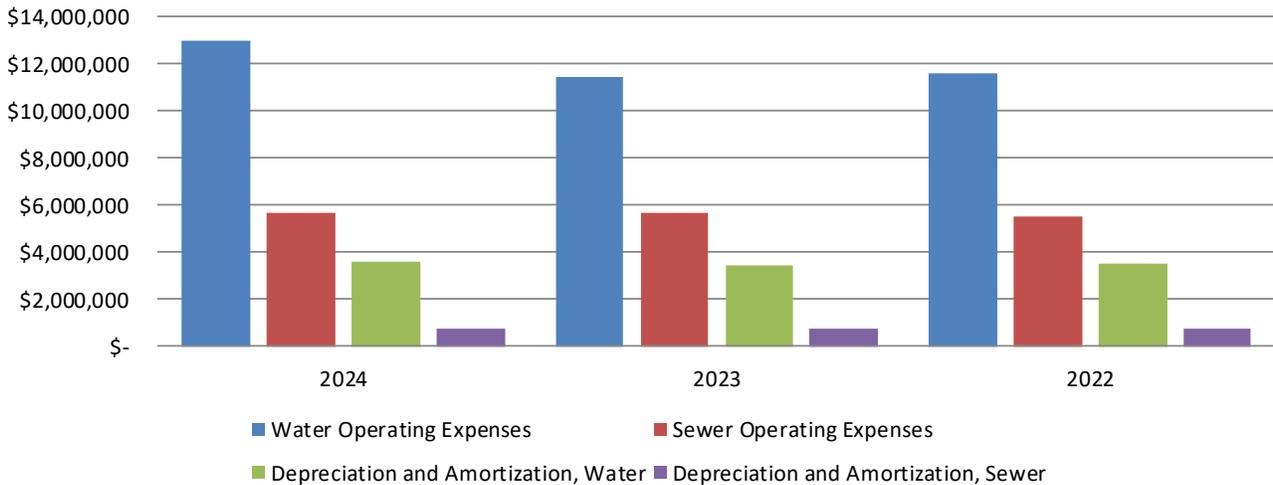
**WOODINVILLE WATER DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2024 AND 2023**

RESULTS OF OPERATIONS (CONTINUED)

District operating revenues in 2024 and 2023 were impacted by annual rate increases. While revenue increased in 2024, the overall water sold to customers decreased and was slightly below budget. There was significantly more revenue from development fees than in prior years, an indication of post-pandemic growth. The District continues to expand the customer base receiving sewerage services, which, in tandem with increased rates, led to an increase in sewer revenues. Water rates increased 5.5% in 2023, and water base charges increased 4% in 2024, while consumption charges increased 6.8%. Sewer rates increased 8% in 2023 and 8% in 2024.

The following chart indicates operating expenses over the last three years:

OPERATING EXPENSES



Water operating costs increased in 2024 and 2023 primarily due to increases in wages for District employees. The District continues to perform needed maintenance of the District's main campus. Sewer operating costs increased in 2024 and 2023 primarily due to increases in wages for District employees and wastewater treatment. King County Wastewater Treatment Division costs increased in 2024 and 2023 due to a County rate increases of 5.5% and 5.75%, respectively. These rate increases were effective January 1, 2024 and 2023.

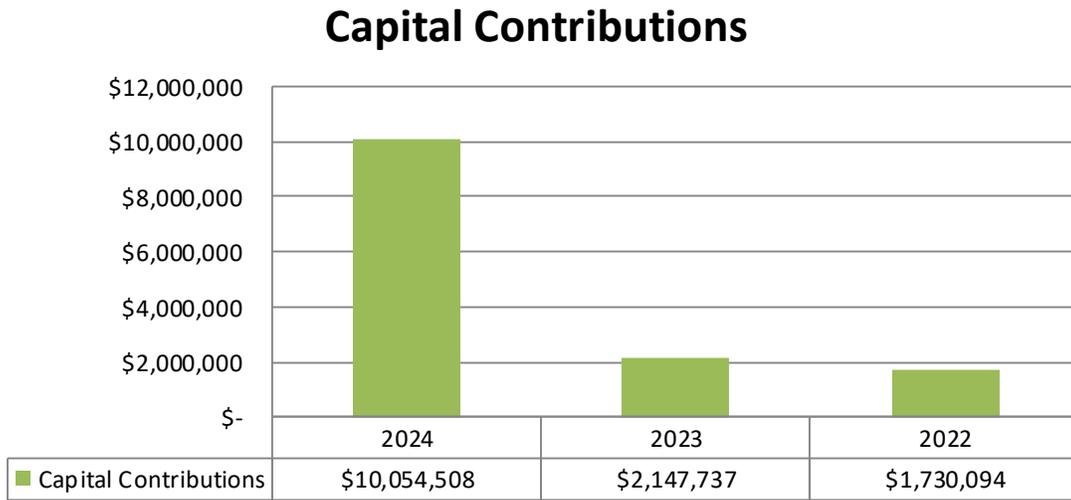
Revenues exceeded expenses (resulting in an increase in net position) in 2024 and 2023. While water revenues were up in 2024 over 2023, the district purchased less water overall. The District is continuing to see an increase in development again, and expects to continue to see increased water usage and related expenses. The District is continuing to increase water rates on an annual basis to continue to achieve full funding of annual depreciation expense and strengthen the District's future financial position. The District will adjust sewer rates as needed to achieve the same goals as those of the Water utility.

**WOODINVILLE WATER DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2024 AND 2023**

RESULTS OF OPERATIONS (CONTINUED)

The District collects capital contributions from new customers. Capital contributions consisted of System Development Charges (connection charges) paid by new properties connecting to the water or sewer system and the value of new utility infrastructure constructed and donated to the District under approved Developer Extension Agreements.

The following chart indicates capital contributions over the last three years:



These contributions are a result of continuing growth in the number of District customers. They include donated systems totaling \$7,554,976, \$1,559,278, and \$771,684 for the years ended December 31, 2024, 2023, and 2022, respectively. The activity in capital contributions in 2024 and 2023 was consistent with the business climate, as construction activity remained robust during those years.

**WOODINVILLE WATER DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2024 AND 2023**

CAPITAL ASSETS AND LONG-TERM DEBT

Capital assets increased in 2024 and 2023 due primarily to developer contributed infrastructure and investment made to upgrade and replace necessary capital infrastructure and facilities.

Significant capital asset additions during 2024 and 2023 included the following:

2024		2023	
Donated Systems	\$ 7,554,976	Donated Systems	\$ 1,559,278
Campus Turn Lane Water and Sewer	873,368	Campus Turn Lane Water and Sewer	142,746
Sewer Improvements	388,959	Sewer Improvements	493,224
Replace Kingsgate reservoir	120,951	2021 Building B & C Remodel	99,994
Bard Reservoir Recoating	702,089	Bard Reservoir Recoating	2,499,789
131st Ave NE Trestle Widening	132,553		
NE 175th St Sewer Replacement	124,713	166th Water Main Improvements	409,308
Water Project D10 NE 144th Ave	129,284	Water Project D10 NE 144th Ave	208,381
140th PI NE & 148th Ave NE	1,956,643	140th PI NE & 148th Ave NE	250,664

The decrease in long-term liabilities in 2024 and 2023 was primarily due to principal payments made by the District.

See Notes 5, 6, and 7 in the financial statements for detail activity in capital assets and long-term debt.

As of December 31, 2024, the District has \$26,391,460 of cash and investments set aside in construction accounts, of which \$2,387,550 is committed under existing contracts.

ADDITIONAL COMMENTS

The District purchases all water to supply our customer needs from the City of Seattle on a wholesale basis. Treatment of sewage collected from District customers is provided by King County Wastewater Treatment Division (KCWTD/METRO). In December 2004, a new long-term contract was signed with the City of Seattle to ensure adequate water supply for District customer needs for the foreseeable future. As costs for these wholesale products and services continue to increase in future years, the District is committed to adjusting rates as necessary to pass through related cost increases to our rate-payers in an equitable manner.

**WOODINVILLE WATER DISTRICT
STATEMENTS OF NET POSITION
DECEMBER 31, 2024 AND 2023**

	2024	2023
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		
CURRENT ASSETS		
Unrestricted:		
Cash and Cash Equivalents	\$ 35,850,106	\$ 31,111,348
Accounts Receivable - Customers	923,510	861,645
Accounts Receivable - Customers Unbilled	2,134,005	1,630,521
Accounts Receivable - Miscellaneous	45,508	3,817
Lease Receivables	12,464	11,485
Connection Charges Receivable	1,389	1,389
Interest Receivable	133,685	104,021
Inventory	465,890	308,650
Prepaid Expenses	204,736	202,444
Due from Developers	102,250	61,256
Total Unrestricted	39,873,543	34,296,576
Restricted:		
Cash and Cash Equivalents	747,397	711,013
Interest Receivable	33	2,341
Total Restricted	747,430	713,354
Total Current Assets	40,620,973	35,009,930
NONCURRENT ASSETS		
Unrestricted:		
Lease Receivables, Net of Current Portion	308,139	320,603
Restricted:		
Net Pension Asset	968,006	1,249,033
Capital Assets Not Being Depreciated:		
Land and Land Rights	2,482,325	2,482,325
Construction in Progress	5,223,619	9,849,482
Capital Assets Being Depreciated:		
Plant in Service	195,004,587	179,556,922
Less: Accumulated Depreciation	(83,220,255)	(80,122,546)
Net Capital Assets	119,490,276	111,766,183
Total Noncurrent Assets	120,766,421	113,335,819
Total Assets	161,387,394	148,345,749
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Outflows Related to Pensions	1,368,186	990,662
Total Assets and Deferred Outflows of Resources	\$ 162,755,580	\$ 149,336,411

See accompanying Notes to Financial Statements.

**WOODINVILLE WATER DISTRICT
STATEMENTS OF NET POSITION (CONTINUED)
DECEMBER 31, 2024 AND 2023**

	2024	2023
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION		
CURRENT LIABILITIES		
Payable from Unrestricted Assets:		
Accounts Payable	\$ 1,255,883	\$ 1,050,927
Accrued Payroll	226,573	375,082
Retainage Payable	374,911	260,998
Compensated Absences	563,305	520,000
Developer Advances	249,002	288,998
Lease Deposit	12,000	12,000
Accrued Interest	50,528	55,528
Long-Term Debt - Current Maturities	510,000	500,000
Total Current Liabilities	3,242,202	3,063,533
NONCURRENT LIABILITIES		
Long-Term Debt, Net of Current Maturities	3,925,134	4,441,596
Compensated Absences	517,768	455,197
Net Pension Liability	404,337	539,684
Total Noncurrent Liabilities	4,847,239	5,436,477
 Total Liabilities	 8,089,441	 8,500,010
DEFERRED INFLOWS OF RESOURCES		
Deferred Inflows Related to Leases	287,365	305,805
Deferred Inflows Related to Pensions	401,929	701,138
Total Deferred Inflows of Resources	689,294	1,006,943
 Total Liabilities and Deferred Inflows of Resources	 8,778,735	 9,506,953
NET POSITION		
Net Investment in Capital Assets	114,232,462	106,276,987
Restricted for Impaired Investments	4,029	4,132
Restricted for Debt Service	743,401	709,222
Restricted for Pensions	968,006	1,249,033
Unrestricted	38,028,947	31,590,084
Total Net Position	153,976,845	139,829,458
 Total Liabilities, Deferred Inflows of Resources, and Net Position	 \$ 162,755,580	 \$ 149,336,411

See accompanying Notes to Financial Statements.

WOODINVILLE WATER DISTRICT
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
YEARS ENDED DECEMBER 31, 2024 AND 2023

	2024	2023
OPERATING REVENUES		
Water Sales	\$ 18,229,825	\$ 18,180,871
Sewer Services	6,577,048	6,113,170
Street Lights	113,056	113,554
Other Revenue	632,843	273,227
Total Operating Revenues	25,552,772	24,680,822
OPERATING EXPENSES		
Water Purchased	3,676,336	4,036,449
Wastewater Disposal Charges	3,908,538	4,103,506
Power for Street Lights	127,601	102,341
Personnel Expense	6,527,206	5,196,063
Plant Expense	3,616,792	3,233,410
Professional Services	791,401	468,516
Depreciation and Amortization	4,356,430	4,185,767
Total Operating Expenses	23,004,304	21,326,052
INCOME FROM OPERATIONS	2,548,468	3,354,770
NONOPERATING REVENUES (EXPENSES)		
Investment Income, Net of Service Fees	1,628,994	1,604,062
Miscellaneous Income	12,291	13,788
Gain on Disposal of Assets and Abandoned Projects	2,720	94,649
Interest and Amortization on Long-Term Debt	(99,594)	(108,802)
Total Nonoperating Revenues (Expenses)	1,544,411	1,603,697
INCOME BEFORE CAPITAL CONTRIBUTION	4,092,879	4,958,467
Capital Contributions	10,054,508	2,147,737
CHANGE IN NET POSITION	14,147,387	7,106,204
Net Position - Beginning of Year	139,829,458	132,879,030
Restatement - Change in Accounting Principle	-	(155,776)
Net Position, January 1, as Restated	139,829,458	132,723,254
NET POSITION - END OF YEAR	\$ 153,976,845	\$ 139,829,458

See accompanying Notes to Financial Statements.

**WOODINVILLE WATER DISTRICT
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2024 AND 2023**

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from Customers	\$ 24,939,583	\$ 24,674,094
Cash Paid to Vendors	(12,236,411)	(12,453,994)
Cash Paid to and for Employees and Commissioners, Net of Amount Capitalized	(7,100,892)	(5,803,832)
Cash Received (Paid) to Developers	(80,990)	(47,928)
Net Cash Provided by Operating Activities	5,521,290	6,368,340
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital Contributions	2,499,532	588,459
Lease Payments Received	11,485	20,430
Expenditures for Plant in Service and Construction	(4,250,807)	(4,606,101)
Proceeds from Sale of Assets	3,060	94,649
Principal Paid on Long-Term Debt	(500,000)	(490,000)
Interest Paid on Long-Term Debt	(111,056)	(120,856)
Net Cash Used by Capital and Related Financing Activities	(2,347,786)	(4,513,419)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest Received on Investments	1,601,638	1,545,323
NET INCREASE IN CASH AND CASH EQUIVALENTS	4,775,142	3,400,244
Cash and Cash Equivalents - Beginning of Year	31,822,361	28,422,117
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 36,597,503	\$ 31,822,361
CASH AND CASH EQUIVALENTS BALANCE IS COMPRISED OF THE FOLLOWING AT DECEMBER 31:		
Cash and Cash Equivalents - Current Assets	\$ 35,850,106	\$ 31,111,348
Cash and Cash Equivalents - Restricted Current Assets	747,397	711,013
Total Cash and Cash Equivalents	\$ 36,597,503	\$ 31,822,361

See accompanying Notes to Financial Statements.

**WOODINVILLE WATER DISTRICT
STATEMENTS OF CASH FLOWS (CONTINUED)
YEARS ENDED DECEMBER 31, 2024 AND 2023**

	2024	2023
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating Income	\$ 2,548,468	\$ 3,354,770
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Depreciation and Amortization	4,356,430	4,185,767
Lease Income	(18,440)	(28,317)
Miscellaneous Income	12,291	13,788
 (Increase) Decrease in Assets and Deferred Outflows of Resources:		
Accounts Receivable - Customers	(565,349)	(436)
Accounts Receivable - Miscellaneous	(41,691)	8,236
Inventory	(157,240)	(12,117)
Prepaid Expenses	(2,292)	(26,999)
Due from Developers	(40,994)	6,264
Net Pension Asset	281,027	(156,742)
Deferred Outflows Related to Pensions	(377,524)	108,779
Increase (Decrease) in Liabilities and Deferred Inflows of Resources:		
Accounts Payable	43,789	(423,886)
Accrued Payroll	(148,509)	87
Developer Advances	(39,996)	(54,192)
Compensated Absences	105,876	(76,468)
Net Pension Liability	(135,347)	(108,660)
Deferred Inflows Related to Pensions	(299,209)	(421,534)
Net Cash Provided by Operating Activities	\$ 5,521,290	\$ 6,368,340
 SUPPLEMENTAL SCHEDULE OF SIGNIFICANT NONCASH FINANCING AND INVESTING ACTIVITIES		
Utility Plant Donations Received	\$ 7,554,976	\$ 1,559,278

See accompanying Notes to Financial Statements.

**WOODINVILLE WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Woodinville Water District (the District), a municipal corporation organized under the laws of the state of Washington, was created for the purpose of constructing, maintaining and operating a water and sewer system within its boundaries, which encompasses the City of Woodinville, parts of the Cities of Kirkland and Redmond, and nearby portions of unincorporated King County. The District is governed by an elected five-member board and has no component units.

Basis of Presentation and Accounting

These financial statements are prepared utilizing the economic resources measurement focus and full accrual basis of accounting. All activities of the District are accounted for within a single proprietary (enterprise) fund.

Adoption of New Accounting Standards

Effective January 1, 2024, the District adopted Governmental Accounting Standards Board (GASB) No. 100, *Accounting Changes and Error Corrections*. This Statement prescribes the accounting and financial reporting for (1) each type of accounting change and (2) error corrections. The District applied the guidance in this standard upon adopting GASB No. 101 described in the following paragraph.

Effective January 1, 2024, the District adopted GASB No. 101, *Compensated Absences*. This standard required a liability to be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means.

Cash and Cash Equivalents

The District considers investments in the King County Investment Pool to be cash equivalents. These investments are stated at the fair value of the pool's underlying assets.

Accounts Receivable

The District utilizes the allowance method of accounting for doubtful accounts. However, all accounts receivable are considered fully collectible since nonpayment of an account can result in a lien assessment filed against the property. Therefore, no allowance for doubtful accounts has been provided in the financial statements.

**WOODINVILLE WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Lease Receivable

The District is a lessor of space on District property for a cell tower. Lessor arrangements are included as lease receivables and deferred inflows of resources in the statements of net position. Lease receivables represent the District's claim to receive lease payments over the lease term, as specified in the contract, in an exchange or exchange-like transaction. Lease receivables are recognized based on the present value of expected lease payments over the lease term reduced by any provision for estimated uncollectible amounts. Interest revenue is recognized ratably over the contract term. Deferred inflows of resources related to leases are recognized based on the initial measurement of the lease receivable, plus any payments received from the lessee at or before the commencement of the lease term that relate to future periods, less any lease incentives paid to, or on behalf of, the lessee at or before the commencement of the lease term. The deferred inflows related to leases are recognized on the straight-line method over the lease term.

Inventory

Inventory consists primarily of water meters and supplies used in the construction and repair of water and sewer lines and other related system components. Inventory is stated at the lower of cost (first in first out) or net realizable value.

Capital Assets

Capital assets are stated at cost and include the capitalized portion of District employees' wages and related overhead costs. For water and sewer systems installed by developers or customers and conveyed to the District by bill of sale, the District records the cost of the system at acquisition value, which is determined by the contributing party's estimated cost and actual costs incurred by the District. Expenditures for capital assets exceeding \$5,000, including leases, subscription based information technology arrangements and repairs that increase useful lives, are capitalized. Maintenance, repairs, and minor renewals are accounted for as expenses when incurred. When capital assets are retired or otherwise disposed of, the cost and accumulated depreciation are removed from the accounts and any resulting gain or loss is recognized in income for the period.

Depreciation on capital assets is computed using the straight-line method over the following estimated useful lives:

	<u>Estimated Useful Lives</u>
Infrastructure	7 to 50 Years
Office Buildings	7 to 39 Years
Machinery and Equipment	3 to 20 Years

**WOODINVILLE WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Pensions

For purposes of measuring the net pension asset/liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of all state sponsored pension plans and additions to/deductions from those plans' fiduciary net position have been determined on the same basis as they are reported by the Washington State Department of Retirement Systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

For purposes of calculating the restricted net position related to the net pension asset, the District includes the net pension asset only.

Deferred Outflows/Inflows of Resources

Deferred outflows of resources represent a consumption of net position that applies to future periods and will not be recognized as an outflow of resources (expense) until that time. Deferred outflows of resources consist of contributions to pension plans subsequent to the June 30 measurement date and the District's proportionate share of deferred outflows related to those plans. Pension plan contributions subsequent to the measurement date are recognized as a reduction of the net pension liability or as an addition to the net pension asset in the following year. Deferred outflows of resources related to pensions for the net difference between projected and actual earnings on plan investments are amortized over a closed five-year period. The remaining deferred outflows of resources related to pensions are amortized over the average expected service lives of all employees provided with pensions through each plan.

Deferred inflows of resources represent an acquisition of net position that applies to future periods and will not be recognized as an inflow of resources (revenue) until that time. Deferred inflows of resources consist of leases and the District's proportionate share of deferred inflows related to pension plans. Deferred inflows of resources related to leases are amortized on the straight-line method over the lease term. Deferred inflows of resources related to pensions for the net difference between projected and actual earnings on plan investments are amortized over a closed five-year period. The remaining deferred inflows of resources related to pensions are amortized over the average expected service lives of all employees provided with pensions through each plan.

Compensated Absences

The District accrues accumulated unpaid vacation and sick leave amounts as earned for leave estimated to be more likely than not to be used for time off or otherwise paid. The liability also includes amounts for leave that has been used for time off but has not yet been paid. District employees accumulate vacation and sick hours for subsequent use or for payment, subject to certain restrictions, upon termination, retirement, or death.

Long-Term Debt

Long-term debt is reported net of premiums and discounts. Premiums and discounts on long-term debt are amortized by the effective interest method over the period the related debt is outstanding.

**WOODINVILLE WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Position

Net position is classified in the following three components:

Net Investment in Capital Assets – This component of net position consists of capital assets, net of accumulated depreciation, and capital-related deferred outflows of resources reduced by the outstanding balances of any capital-related borrowings and deferred inflows of resources. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds is not included in the calculation of net investment in capital assets. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.

Restricted – This component of net position consists of the net pension asset, without addition for deferred outflows of resources related to pensions or reduction for deferred inflows of resources related to pensions, and assets restricted by external creditors (such as through debt covenants), grantors, contributors or others, and deferred outflows of resources related to those assets, reduced by related liabilities, and deferred inflows of resources.

Unrestricted Net Position – This component of net position consists of all net position that does not meet the definition of “restricted” or “net investment in capital assets.”

The District applies unrestricted and restricted resources to purposes for which both unrestricted and restricted net resources are available based on management’s discretion.

Revenues and Expenses

Revenues and expenses are distinguished between operating and nonoperating items. Operating revenues result from providing products and services in connection with the District’s water and sewer systems. Operating expenses include the costs associated with providing the District’s products and services, general and administrative expenses and depreciation on capital assets. All revenues and expenses not meeting these definitions are classified as nonoperating revenues and expenses.

Capital Contributions

Grants, ULID assessments, and contributions in aid of construction from property owners are recorded as capital contribution revenue.

Use of Estimates in Financial Statement Preparation

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities and deferred inflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**WOODINVILLE WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023**

NOTE 2 DEPOSITS AND INVESTMENTS

Deposits

Cash on hand at December 31, 2024 and 2023 was \$1,000 and \$1,000, respectively. The District's bank balances as of December 31, 2024 and 2023 were \$37,716 and \$36,192, respectively.

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 will not be able to recover collateral securities that are in possession of an outside party. The District's deposits and certificates of deposit are 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).

Investments

In accordance with state law, the District's governing body has entered into a formal interlocal agreement with the District's ex officio treasurer, King County, to have all its funds not required for immediate expenditure to be invested in the King County Investment Pool (Pool). Investments in the Pool are stated at the fair value of the Pool's underlying assets. The stated value per share is \$1. The King County Executive Finance Committee provides oversight of the Pool.

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

<u>2024</u>	<u>Investment Type</u>	<u>Fair Value</u>	<u>Average Effective Duration</u>
	King County Investment Pool:		
	Main Pool	\$ 36,554,758	1.21 Years
	Impaired Pool	4,029	
<u>2023</u>			
	King County Investment Pool:		
	Main Pool	\$ 31,781,037	.79 Years
	Impaired Pool	4,132	

Impaired Investments

As of December 31, 2024 and 2023 all impaired commercial paper investments have completed enforcement events. The King County Impaired Investment Pool (Impaired Pool) held one commercial paper asset where the Impaired Pool accepted an exchange offer and is receiving the cash flows from the investment's underlying securities. The District's share of the impaired investment pool principal was \$7,446 and \$8,370 at December 31, 2024 and 2023, respectively. The District's unrealized loss for these investments is \$3,417 and \$4,238 at December 31 2024 and 2023, respectively.

**WOODINVILLE WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023**

NOTE 2 DEPOSITS AND INVESTMENTS (CONTINUED)

Interest Rate Risk

As a means of limiting its exposure to rising interest rates, securities purchased in the Pool must have a final maturity, or weighted average life, no longer than five years. While the Pool's market value is calculated on a monthly basis, unrealized gains and losses are not distributed to participants. The Pool distributes earnings monthly using an amortized cost methodology.

Credit Risk

As of December 31, 2024 and 2023, the District's investment in the Pool was not rated by a nationally recognized statistical rating organization (NRSRO). In compliance with state statutes, Pool policies authorize investments in U.S. treasury securities, U.S. agency securities and mortgage-backed securities, corporate notes (rated at least "A" by one NRSROs), municipal securities (rated at least "A" by two NRSROs), commercial paper (rated at least the equivalent of "A-1" by one NRSROs), certificates of deposits issued by qualified public depositories, repurchase agreements, and the Local Government Investment Pool managed by the Washington State Treasurer's office.

NOTE 3 RESTRICTED ASSETS

In accordance with the bond resolutions and other agreements, restricted accounts are required to be established. The assets held in these accounts are restricted for specific uses, including construction, debt service and other requirements. Restricted assets are as follows:

	Cash and Cash Equivalents	Interest Receivable	Net Pension Asset	Total
<u>2024</u>				
Current Restricted Assets:				
Revenue Bond Fund	\$ 120,641	\$ 33	\$ -	\$ 120,674
Revenue Bond Reserve Fund	622,727	-	-	622,727
Impaired Investment Pool	4,029	-	-	4,029
Total	747,397	33	-	747,430
Noncurrent Restricted Assets:				
Net Pension Assets	-	-	968,006	968,006
Total Restricted Assets	\$ 747,397	\$ 33	\$ 968,006	\$ 1,715,436
<u>2023</u>				
Current Restricted Assets:				
Revenue Bond Fund	\$ 64,227	\$ 213	\$ -	\$ 64,440
Revenue Bond Reserve Fund	642,654	2,128	-	644,782
Impaired Investment Pool	4,132	-	-	4,132
Total Restricted Assets	711,013	2,341	-	713,354
Noncurrent Restricted Assets:				
Net Pension Assets	-	-	1,249,033	1,249,033
Total Restricted Assets	\$ 711,013	\$ 2,341	\$ 1,249,033	\$ 1,962,387

**WOODINVILLE WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023**

NOTE 3 RESTRICTED ASSETS (CONTINUED)

Terms of the revenue bond issue require the District to establish and maintain principal and interest and reserve accounts. The principal and interest account is to accumulate funds for payment of bonds, principal, and interest, and the reserve account is to provide security for bond holders. The amount to be reserved is the lesser of the maximum annual debt service, 125% of average annual debt service, or 10% of the proceeds of the bonds. The required reserve for the 2012 revenue bonds at December 31, 2024 and 2023 was \$614,500, and was fully funded.

NOTE 4 LEASE RECEIVABLES

The District is a lessor of space on District property for a cell tower. The District records lease receivables and deferred inflows of resources based on the present value of expected receipts over the term of the leases. The expected receipts are discounted using an interest rate based on the 10-year treasury bond plus 2%. The District recognized lease revenue of \$18,440 and \$18,440 during the years ended December 31, 2024 and 2023, respectively, and interest income related to the leases of \$9,557 and \$9,877 during the years ended December 31, 2024 and 2023, respectively.

Future lease payments to be received under the leases are as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 12,464	\$ 9,210	\$ 21,674
2026	13,490	8,834	22,324
2027	14,567	8,427	22,994
2028	15,695	7,988	23,683
2029	16,878	7,516	24,394
2030-2034	104,199	29,197	133,396
2035-2039	143,310	11,333	154,643
Total	<u>\$ 320,603</u>	<u>\$ 82,505</u>	<u>\$ 403,108</u>

**WOODINVILLE WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023**

NOTE 6 LONG-TERM DEBT

Long-term debt outstanding at December 31, 2024 and 2023 consisted of revenue bonds as follows:

<u>Description</u>	<u>2024</u>	<u>2023</u>
Revenue and Refunding Bonds: <u>\$9,845,000 Dated August 8, 2012 Issue for</u> <u>Utility Construction:</u> Due serially through the year 2032, with interest payable semiannually at 2.00 to 2.50 annual percentage rates	\$ 4,410,000	\$ 4,910,000
Total Long-Term Debt	4,410,000	4,910,000
Less: Current Maturities	(510,000)	(500,000)
Add: Unamortized Bond (Discounts) Premiums	25,134	31,596
Total	<u>\$ 3,925,134</u>	<u>\$ 4,441,596</u>

Long-term debt service requirements to maturity are as follows:

<u>Year Ending December 31,</u>	<u>Revenue and Refunding Bonds</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2025	\$ 510,000	\$ 101,056	\$ 611,056
2026	520,000	90,856	610,856
2027	530,000	80,456	610,456
2028	545,000	69,194	614,194
2029	555,000	56,931	611,931
2030-2032	1,750,000	88,125	1,838,125
Total	<u>\$ 4,410,000</u>	<u>\$ 486,618</u>	<u>\$ 4,896,618</u>

**WOODINVILLE WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023**

NOTE 7 CHANGES IN LONG-TERM LIABILITIES

Changes in long-term liabilities were as follows:

	Balance - Beginning of Year	Additions	Reductions	Balance - End of Year	Amounts Due Within One Year
<u>2024</u>					
Revenue Bonds	\$ 4,910,000	\$ -	\$ (500,000)	\$ 4,410,000	\$ 510,000
Bond Premium	31,596	-	(6,462)	25,134	-
Compensated Absences (1,2)	975,197	105,876	-	1,081,073	563,305
Net Pension Liability PERS 1	539,684	-	(135,347)	404,337	-
Total	<u>\$ 6,456,477</u>	<u>\$ 105,876</u>	<u>\$ (641,809)</u>	<u>\$ 5,920,544</u>	<u>\$ 1,073,305</u>
<u>2023</u>					
Revenue Bonds	\$ 5,400,000	\$ -	\$ (490,000)	\$ 4,910,000	\$ 500,000
Bond Premium	38,750	-	(7,154)	31,596	-
Compensated Absences (1,2)	895,889	79,308	-	975,197	520,000
Net Pension Liability PERS 1	648,344	-	(108,660)	539,684	-
Total	<u>\$ 6,982,983</u>	<u>\$ 79,308</u>	<u>\$ (605,814)</u>	<u>\$ 6,456,477</u>	<u>\$ 1,020,000</u>

1. Balance restated to reflect the implementation of GASB No. 101. See Note 14.
2. Change reported net.

NOTE 8 PENSION PLAN

The following table represents the aggregate pension amounts for all plans as of and for the years ended December 31:

Aggregate Pension Amounts – All Plans		
	2024	2023
Pension Liabilities	\$ 404,337	\$ 539,684
Pension Assets	(968,006)	(1,249,033)
Deferred Outflows of Resources	1,368,186	990,662
Deferred Inflows of Resources	401,929	701,138
Pension Expense	76,351	155,072

State Sponsored Pension Plans

Substantially all of the District's full-time and qualifying part-time employees participate in one of the following statewide retirement systems administered by the Washington State Department of Retirement Systems, under cost-sharing, multiple-employer public employee defined benefit and defined contribution retirement plans. The state Legislature establishes, and amends, laws pertaining to the creation and administration of all public retirement systems.

**WOODINVILLE WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023**

NOTE 8 PENSION PLAN (CONTINUED)

State Sponsored Pension Plans (Continued)

The Department of Retirement Systems (DRS), 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.

Public Employees Retirement System (PERS)

PERS members include elected officials; state employees; employees of local governments; and higher education employees not participating in higher education retirement programs.

PERS is composed of and reported as three separate plans for accounting purposes: Plan 1, Plan 2/3, and Plan 3. Plan 1 accounts for the defined benefits of Plan 1 members. Plan 2/3 accounts for the defined benefits of Plan 2 members and the defined benefit portion of benefits for Plan 3 members. Plan 3 accounts for the defined contribution portion of benefits for Plan 3 members. Although employees can be a member of only Plan 2 or Plan 3, the defined benefits of Plan 2 and Plan 3 are accounted for in the same pension trust fund. All assets of Plan 2/3 may legally be used to pay the defined benefits of any Plan 2 or Plan 3 members or beneficiaries.

PERS Plan 1 – provides retirement, disability, and death benefits. Retirement benefits are determined as 2% of the member's average final compensation (AFC) times the member's years of service. The AFC is the average of the member's 24 highest consecutive service months. Members are eligible for retirement from active status at any age with at least 30 years of service, at age 55 with at least 25 years of service, or at age 60 with at least 5 years of service. PERS Plan 1 retirement benefits are actuarially reduced if a survivor benefit is chosen. Members retiring from active status prior to the age of 65 may also receive actuarially reduced benefits. Other benefits include an optional cost-of-living adjustment (COLA). PERS 1 members were vested after the completion of five years of eligible service. The plan was closed to new entrants on September 30, 1977.

**WOODINVILLE WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023**

NOTE 8 PENSION PLAN (CONTINUED)

Public Employees Retirement System (PERS) (Continued)

PERS Plan 2/3 – provides retirement, disability and death benefits. Retirement benefits are determined as 2% of the member's AFC times the member's years of service for Plan 2 and 1% of AFC for Plan 3. The AFC is the average of the member's 60 highest-paid consecutive service months. Members are eligible for retirement with a full benefit at 65 with at least five years of service credit. Retirement before age 65 is considered an early retirement. PERS Plan 2/3 members who have at least 20 years of service credit and are 55 years of age or older, are eligible for early retirement with a benefit that is reduced by a factor that varies according to age for each year before age 65. PERS Plan 2/3 retirement benefits are actuarially reduced if a survivor benefit is chosen. Other PERS Plan 2/3 benefits include a COLA based on the CPI, capped at 3% annually. PERS 2 members are vested after completing 5 years of eligible service. Plan 3 members are vested in the defined benefit portion of their plan after 10 years of service; or after 5 years of service if 12 months of that service are earned after age 44.

PERS Plan 3 – defined contribution benefits are totally dependent on employee contributions and investment earnings on those contributions. Members are eligible to withdraw their defined contributions upon separation. Members have multiple withdrawal options, including purchase of an annuity. PERS Plan 3 members are immediately vested in the defined contribution portion of their plan.

Contributions

The PERS Plan 1 member contribution rate is established by State statute at 6%. The PERS 1 employer and PERS Plan 2/3 employer and employee contribution rates are developed by the Office of the State Actuary, adopted by the Pension Funding Council and are subject to change by the Legislature. The PERS 2/3 employer rate includes a component to address the PERS Plan 1 Unfunded Actuarial Accrued Liability (UAAL).

As established by Chapter 41.34 RCW, Plan 3 defined contribution rates are set at a minimum of 5% and a maximum of 15%. PERS Plan 3 members choose their contribution rate from six options when joining membership and can change rates only when changing employers. Employers do not contribute to the defined contribution benefits.

**WOODINVILLE WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023**

NOTE 8 PENSION PLAN (CONTINUED)

Contributions (Continued)

Plans 1 and 2/3 Actual Contribution Rates	Employer	Employee 1	Employee 2	Employee 3
<u>2024</u>				
January through June				
Contribution Rate	6.36 %	6.00 %	6.36 %	Varies
PERS Plan 1 UAAL	2.97	-	-	Varies
Administrative Fee	0.20	-	-	Varies
Total	<u>9.53 %</u>	<u>6.00 %</u>	<u>6.36 %</u>	
July through August				
PERS Plan 2/3	6.36 %	6.00 %	6.36 %	Varies
PERS Plan 1 UAAL	2.47	-	-	Varies
Administrative Fee	0.20	-	-	Varies
Total	<u>9.03 %</u>	<u>6.00 %</u>	<u>6.36 %</u>	
September through December				
PERS Plan 2/3	6.36 %	6.00 %	6.36 %	Varies
PERS Plan 1 UAAL	2.55	-	-	Varies
Administrative Fee	0.20	-	-	Varies
Total	<u>9.11 %</u>	<u>6.00 %</u>	<u>6.36 %</u>	
<u>2023</u>				
January through June				
Contribution Rate	6.36 %	6.00 %	6.36 %	Varies
PERS Plan 1 UAAL	3.85	-	-	Varies
Administrative Fee	0.18	-	-	Varies
Total	<u>10.39 %</u>	<u>6.00 %</u>	<u>6.36 %</u>	
July through August				
PERS Plan 2/3	6.36 %	6.00 %	6.36 %	Varies
PERS Plan 1 UAAL	2.85	-	-	Varies
Administrative Fee	0.18	-	-	Varies
Total	<u>9.39 %</u>	<u>6.00 %</u>	<u>6.36 %</u>	
September through December				
PERS Plan 2/3	6.36 %	6.00 %	6.36 %	Varies
PERS Plan 1 UAAL	2.97	-	-	Varies
Administrative Fee	0.20	-	-	Varies
Total	<u>9.53 %</u>	<u>6.00 %</u>	<u>6.36 %</u>	

The District's actual contributions to PERS Plan 1 were \$137,713 and \$148,389 for the years ended December 31, 2024 and 2023, respectively. The District's actual contributions to PERS Plan 2/3 were \$316,988 and \$274,706 for the years ended December 31, 2024 and 2023, respectively.

**WOODINVILLE WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023**

NOTE 8 PENSION PLAN (CONTINUED)

Actuarial Assumptions

The 2024 total pension liability/(asset) (TPL/A) for each of the DRS plans was determined using the most recent actuarial valuation completed in 2024 with a valuation date of June 30, 2023. The actuarial assumptions used in the valuation were based on the results of the Office of the State Actuary's (OSA) *2013-2018 Demographic Experience Study* and the *2023 Economic Experience Study*.

The 2023 total pension liability/(asset) (TPL/A) for each of the DRS plans was determined using the most recent actuarial valuation completed in 2023 with a valuation date of June 30, 2022. The actuarial assumptions used in the valuation were based on the results of the Office of the State Actuary's (OSA) *2013-2018 Demographic Experience Study* and the *2021 Economic Experience Study*.

Additional assumptions for subsequent events and law changes are current as of the 2023 and 2022 actuarial valuation reports. The TPL/A was calculated as of the valuation date and rolled forward to the measurement date of June 30, 2024 and 2023. 2024 Plan liabilities/(assets) were rolled forward from June 30, 2023, to June 30, 2024, and 2023 Plan liabilities/(assets) were rolled forward from June 30, 2022, to June 30, 2023, reflecting each plan's normal cost (using the entry-age cost method), assumed interest and actual benefit payments.

- **Inflation:** 2.75% total economic inflation for the 2023 and 2022 actuarial valuations, 3.25% salary inflation for the 2023 and 2022 actuarial valuations, respectively.
- **Salary increases:** In addition to the base salary inflation assumptions, salaries are also expected to grow by promotions and longevity.
- **Investment rate of return:** 7.0% for the 2023 and 2022 actuarial valuations.

Mortality rates were developed using the Society of Actuaries' Pub. H-2010 mortality rates, which vary by member status (e.g., active, retiree, or survivor), as the base table. OSA applied age offsets for each system, as appropriate, to better tailor the mortality rates to the demographics of each plan. OSA applied the long-term MP-2017 generational improvement scale, also developed by the Society Actuaries, to project mortality rates for every year after the 2010 base table. Mortality rates are applied on a generational basis; meaning, each member is assumed to receive additional mortality improvements in each future year throughout his or her lifetime.

OSA adjusted their methods between the 2023 and 2022 valuations for calculating UAAL contribution rates in PERS 1 to reflect the delay between the measurement date of calculated Plan 1 rates and when the rates are collected. OSA made an adjustment to their model to reflect past inflation experience when modeling future COLAs for current annuitants in all plans except PERS1. There were no changes in methods between the 2022 and 2021 valuations.

**WOODINVILLE WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023**

NOTE 8 PENSION PLAN (CONTINUED)

Discount Rate

The discount rate used to measure the total pension liability/(asset) for all DRS plans was 7.0% for the 2023 and 2022 valuations.

To determine that rate, an asset sufficiency test was completed to test whether each pension plan's fiduciary net position was sufficient to make all projected future benefit payments for current plan members. Based on OSA's assumptions, the pension plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return of 7.0% was used to determine the total liability/(asset) for the 2023 and 2022 valuations.

Long-Term Expected Rate of Return

The long-term expected rate of return on the DRS pension plan investments of 7.0% for the 2023 and 2022 valuations, was determined using a building-block-method. In selecting this assumption, OSA reviewed the historical experience data, considered the historical conditions that produced past annual investment returns, and considered Capital Market Assumptions (CMAs) and simulated expected investment returns provided by the Washington State Investment Board (WSIB). The WSIB uses the CMA's and their target asset allocation to simulate future investment returns at various future times.

Estimated Rates of Return by Asset Class

The table below summarizes the best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of the 2023 and 2022 valuations. The inflation component used to create the table is 2.5% and 2.2% as of the 2023 and 2022 valuations, respectively, and represents the WSIB's most recent long-term estimate of broad economic inflation.

**WOODINVILLE WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023**

NOTE 8 PENSION PLAN (CONTINUED)

Estimated Rates of Return by Asset Class (Continued)

As of June 30, 2023 and 2022 actuarial valuations:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Percent Long-Term Expected Real Rate of Return Arithmetic</u>
<u>2023 Actuarial Valuation</u>		
Fixed Income	19 %	2.10 %
Tangible Assets	8	4.50
Real Estate	18	4.80
Global Equity	30	5.60
Private Equity	25	8.60
Total	100 %	
<u>2022 Actuarial Valuation</u>		
Fixed Income	20 %	1.50 %
Tangible Assets	7	4.70
Real Estate	18	5.40
Global Equity	32	5.90
Private Equity	23	8.90
Total	100 %	

Sensitivity of NPL/(Asset)

The tables below present the District's proportionate share of the net pension liability/(asset) calculated using the applicable discount rate, as well as what the District's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than applicable discount rate.

	2024		
	1% Decrease (6.0%)	Current Discount Rate (7.0%)	1% Increase (8.0%)
PERS 1	\$ 594,770	\$ 404,337	\$ 237,323
PERS 2/3	1,745,015	(968,006)	(3,196,153)
	2023		
	One Percent Decrease (6.0%)	Current Discount Rate (7.0%)	One Percent Increase (8.0%)
PERS 1	\$ 753,979	\$ 539,684	\$ 352,654
PERS 2/3	1,358,473	(1,249,033)	(3,391,263)

**WOODINVILLE WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023**

NOTE 8 PENSION PLAN (CONTINUED)

Pension Plan Fiduciary Net Position

Detailed information about the State's pension plans' fiduciary net position is available in the separately issued DRS financial report.

Pension Liabilities (Assets), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At December 31, the District reported a total pension liability (asset) for its proportionate share of the net pension liabilities/(assets) as follows (measured as of June 30, 2024 and 2023):

	<u>2024</u>	<u>2023</u>
PERS 1	\$ 404,337	\$ 539,684
PERS 2/3	(968,006)	(1,249,033)
Total	<u>\$ (563,669)</u>	<u>\$ (709,349)</u>

The District's proportionate share of the collective net pension liabilities (assets) was as follows:

	<u>Proportionate Share 6/30/23</u>	<u>Proportionate Share 6/30/24</u>	<u>Change in Proportion</u>
PERS 1	0.023642%	0.022756%	-0.000886%
PERS 2/3	0.030474%	0.029364%	-0.001110%

	<u>Proportionate Share 6/30/22</u>	<u>Proportionate Share 6/30/23</u>	<u>Change in Proportion</u>
PERS 1	0.023285%	0.023642%	0.000357%
PERS 2/3	0.029451%	0.030474%	0.001023%

Employer contribution transmittals received and processed by the DRS for the fiscal year ended June 30 are used as the basis for determining each employer's proportionate share of the collective pension amounts reported by the DRS in the *Schedules of Employer and Nonemployer Allocations*.

Pension Expense

For the years ended December 31, the District recognized pension expense as follows:

	<u>2024</u>	<u>2023</u>
PERS 1	\$ 27,651	\$ (5,877)
PERS 2/3	48,700	160,949
Total	<u>\$ 76,351</u>	<u>\$ 155,072</u>

**WOODINVILLE WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023**

NOTE 8 PENSION PLAN (CONTINUED)

Deferred Outflows of Resources and Deferred Inflows of Resources

At December 31, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
<u>2024</u>		
PERS 1:		
Differences Between Expected and Actual Experience	\$ -	\$ -
Net Difference Between Projected and Actual		
Investment Earnings on Pension Plan Investments	-	32,354
Changes of Assumptions	-	-
Changes in Proportion and Differences Between		
Contributions and Proportionate Share of Contributions	-	-
Contributions Subsequent to the Measurement Date	67,397	-
Total	\$ 67,397	\$ 32,354
 PERS 2/3:		
Differences Between Expected and Actual Experience	\$ 550,041	\$ 2,241
Net Difference Between Projected and Actual		
Investment Earnings on Pension Plan Investments	-	277,403
Changes of Assumptions	534,535	61,333
Changes in Proportion and Differences Between		
Contributions and Proportionate Share of Contributions	49,800	28,598
Contributions Subsequent to the Measurement Date	166,413	-
Total	\$ 1,300,789	\$ 369,575
 Total All Plans	\$ 1,368,186	\$ 401,929

**WOODINVILLE WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023**

NOTE 8 PENSION PLAN (CONTINUED)

Deferred Outflows of Resources and Deferred Inflows of Resources (Continued)

	Deferred Outflows of Resources	Deferred Inflows of Resources
<u>2023</u>		
PERS 1:		
Differences Between Expected and Actual Experience	\$ -	\$ -
Net Difference Between Projected and Actual		
Investment Earnings on Pension Plan Investments	-	60,879
Changes of Assumptions	-	-
Changes in Proportion and Differences Between		
Contributions and Proportionate Share of Contributions	-	-
Contributions Subsequent to the Measurement Date	65,904	-
Total	\$ 65,904	\$ 60,879
PERS 2/3:		
Differences Between Expected and Actual Experience	\$ 254,427	\$ 13,956
Net Difference Between Projected and Actual		
Investment Earnings on Pension Plan Investments	-	470,711
Changes of Assumptions	524,387	114,296
Changes in Proportion and Differences Between		
Contributions and Proportionate Share of Contributions	7,499	41,296
Contributions Subsequent to the Measurement Date	138,445	-
Total	\$ 924,758	\$ 640,259
Total All Plans	\$ 990,662	\$ 701,138

Deferred outflows of resources related to pensions resulting from the District's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability or an addition to the net pension asset in the following year. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending December 31,	PERS 1	PERS 2/3
2025	\$ (53,544)	\$ (209,969)
2026	27,508	427,902
2027	(2,913)	187,778
2028	(3,405)	184,272
2029	-	92,460
Thereafter	-	82,358
Total	\$ (32,354)	\$ 764,801

**WOODINVILLE WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023**

NOTE 9 DEFERRED COMPENSATION PLAN

The District offers its employees two deferred compensation plans created in accordance with Internal Revenue Code Section 457. The plans are with the International City Managers Association and Nationwide Retirement. The plans, available to all employees, permit 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. In addition to voluntary employee deferrals, the District matches 100% of eligible employee deferrals up to 4% (2% in 2023) of the participating employees' salaries. Employee deferrals totaled \$311,441 and \$284,906 in 2024 and 2023, respectively. District matching contributions totaled \$109,903 and \$79,624 in 2024 and 2023, respectively.

NOTE 10 RISK MANAGEMENT

The District is a member of the Water and Sewer Risk Management Pool (Pool). Chapter 48.62 RCW authorizes the governing body of any one or more governmental entities to form together into or join a pool or organization for the joint purchasing of insurance, and/or joint self-insuring, and/or joint hiring or contracting for risk management services to the same extent that they may individually purchase insurance, self-insurance, or hire or contract for risk management services. An agreement to form a pooling arrangement was made pursuant to the provisions of Chapter 39.34 RCW, the Interlocal Cooperation Act. The Pool was formed in November 1987 when water and sewer districts in the state of Washington joined together by signing an Interlocal Governmental Agreement to pool their self-insured losses and jointly purchase insurance and administrative services. The Pool currently has 77 members. The Pool's fiscal year is November 1 through October 31.

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

**WOODINVILLE WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023**

NOTE 10 RISK MANAGEMENT (CONTINUED)

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

Type of Coverage	Member Deductible	Self-Insured Retention/Group	Excess Limits
Property Loss:			
Buildings and Contents	\$1,000 and See (C) below	\$25,000	\$200,000,000
Flood	See (A) below	See (A) below	\$20,000,000
Earthquake	See (B) below	See (B) below	\$80,000,000 (\$50,000,000 shared by all members and \$30,000,000 dedicated to Alderwood)
Terrorism	\$1,000	\$25,000 Primary layer	\$700,000,000 Primary layer
Boiler and Machinery	\$1,000 - \$350,000 depending on object	\$25,000 - \$350,000 depending on object	\$100,000,000
Auto – Physical Damage	\$1,000	\$25,000	

Type of Coverage	Member Deductible	Self-Insured Retention/Group	Excess Limits
Liability:			
Commercial General Liability	\$1,000	\$500,000	\$10,000,000
Auto Liability	\$1,000	Same as above	\$10,000,000
Public Officials Errors and Omissions	\$1,000	Same as above	\$10,000,000
Employment Practices	\$1,000	Same as above	\$10,000,000
Other:			
Cyber Liability	\$50,000	N/A	\$2,000,000
Public Officials Bonds	Various	N/A	Various
Crime	\$1,000	\$25,000	\$2,000,000
Identity Fraud	\$0	\$0	\$25,000

- A. \$100,000 member deductibles, per occurrence, in Flood Zones except Zones A&V, \$250,000 member deductible per occurrence, in Flood Zones A&V.
- B. Member deductible for earthquakes is 5% subject to \$100,000 minimum Earthquake Shock. The deductible will apply per occurrence on a per unit basis, as defined in the policy form, subject to the stated minimum.
- C. Member deductible for Cyber liability is \$50,000 and where applicable the dollar amount of the business interruption loss during the policy's required eight-hour waiting period.

**WOODINVILLE WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023**

NOTE 10 RISK MANAGEMENT (CONTINUED)

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

Upon joining, the members contract to remain in the Pool for one full policy period. Following completion of one full policy period, members must give six months' notice before terminating participation (e.g., to withdraw from the Pool on November 1, 2025, written notice must be in possession of the Pool by April 30, 2025). The Interlocal Governmental Agreement is renewed automatically each year. Even after termination of relationship with the Pool, a member is still responsible for contributions to the Pool for any unresolved, unreported, and in process claims, for the period that the District was a signatory to the Interlocal Governmental Agreement.

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

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

In the past three years (2024, 2023, and 2022), there have been no claim settlements, per occurrence or in aggregate, that have exceeded the coverage provided by excess/reinsurance contracts.

NOTE 11 HEALTH AND WELFARE

The District is a member of the Association of Washington Cities Employee Benefit Trust Health Care Program (AWC Trust HCP). Chapter 48.62 RCW provides that two or more local government entities may, by Interlocal agreement under Chapter 39.34 RCW, form together or join a pool or organization for the joint purchasing of insurance, and/or joint self-insurance, to the same extent that they may individually purchase insurance or self-insure.

**WOODINVILLE WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023**

NOTE 11 HEALTH AND WELFARE (CONTINUED)

An agreement to form a pooling arrangement was made pursuant to the provisions of Chapter 39.34 RCW, the Interlocal Cooperation Act. The AWC Trust HCP was formed on January 1, 2014, when participating cities, towns, and non-city entities of the AWC Employee Benefit Trust in the state of Washington joined together by signing an Interlocal Governmental Agreement to jointly self-insure certain health benefit plans and programs for participating employees, their covered dependents and other beneficiaries through a designated account within the Trust.

As of December 31, 2024, 268 cities/towns/non-city entities participate in the AWC Trust HCP.

The AWC Trust HCP allows members to establish a program of joint insurance and provides health and welfare services to all participating members.

In April 2020, the board of trustees adopted a large employer policy, requiring newly enrolling groups with 600 or more employees to submit medical claims experience data in order to receive a quote for medical coverage. Outside of this, the AWC Trust HCP pools claims without regard to individual member experience. The pool is actuarially rated each year with the assumption of projected claims run-out for all current members.

The AWC Trust HCP includes medical, dental and vision insurance through the following carriers: Kaiser Foundation Health Plan of Washington, Kaiser Foundation Health Plan of Washington Options, Inc., Regence BlueShield, Asuris Northwest Health, Delta Dental of Washington, Willamette Dental Group, and Vision Service Plan. Eligible members are cities and towns within the state of Washington. Non-City Entities (public agency, public corporation, intergovernmental agency, or political subdivision within the state of Washington) are eligible to apply for coverage into the AWC Trust HCP, submitting application to the board of trustees for review as required in the Trust Agreement.

Participating employers pay monthly premiums to the AWC Trust HCP. The AWC Trust HCP is responsible for payment of all covered claims. In 2024, the AWC Trust HCP purchased medical stop loss insurance for Regence/Asuris and Kaiser plans at an Individual Stop Loss (ISL) of \$2 million through United States Fire Insurance Company. The aggregate policy is for 200% of expected medical claims.

Participating employers contract to remain in the AWC Trust HCP for a minimum of three years. Participating employers with over 250 employees must provide written notice of termination of all coverage a minimum of 12 months in advance of the termination date, and participating employers with under 250 employees must provide written notice of termination of all coverage a minimum of 6 months in advance of termination date. When all coverage is being terminated, termination will only occur on December 31. Participating employers terminating a group or line of coverage must notify the AWC Trust HCP a minimum of 60 days prior to termination. A participating employer's termination will not obligate that member to past debts, or further contributions to the AWC Trust HCP. Similarly, the terminating member forfeits all rights and interest to the AWC Trust HCP Account.

**WOODINVILLE WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023**

NOTE 11 HEALTH AND WELFARE (CONTINUED)

The operations of the Health Care Program are managed by the board of trustees or its delegates. The board of trustees is comprised of four regionally elected officials from Trust member cities or towns, the Employee Benefit Advisory Committee Chair and Vice Chair, and two appointed individuals from the AWC Board of Directors, who are from Trust member cities or towns. The trustees or its appointed delegates review and analyze Health Care Program related matters and make operational decisions regarding premium contributions, reserves, plan options and benefits in compliance with Chapter 48.62 RCW. The board of trustees has decision authority consistent with the Trust Agreement, Health Care Program policies, Chapter 48.62 RCW and Chapter 200-110-WAC.

The accounting records of the AWC Trust HCP are maintained in accordance with methods prescribed by the State Auditor's office under the authority of Chapter 43.09 RCW. The AWC Trust HCP also follows applicable accounting standards established by the Governmental Accounting Standards Board (GASB). In 2018, the retiree medical plan subsidy was eliminated, and is noted as such in the report for the fiscal year ending December 31, 2018. Year-end financial reporting is done on an accrual basis and submitted to the Office of the State Auditor as required by Chapter 200-110 WAC. The audit report for the AWC Trust HCP is available from the Washington State Auditor's office.

In 2024, 2023, and 2022, there were no claim settlements, per occurrence or in aggregate, that have exceeded the coverage provided by stop loss contracts.

NOTE 12 MAJOR SUPPLIERS

All sewage treatment and water purchased by the District is provided by King County Wastewater Treatment Division and the City of Seattle, respectively.

NOTE 13 COMMITMENTS AND CONTINGENCY

The District is obligated under various contracts for construction in progress in the combined amount of \$5,285,031, of which \$2,897,481 has been expended as of December 31, 2024.

**WOODINVILLE WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023**

NOTE 13 COMMITMENTS AND CONTINGENCY (CONTINUED)

King County has enacted an ordinance to charge utilities a rental fee for use of County right-of-way. The County then issued rules, with an effective date of January 29, 2018, providing rules and procedures to determine the rental compensation utilities subject to the Ordinance would be required to pay King County as part of a franchise to be issued to the respective utility to use County right-of-way. A group of water and sewer districts, including the Woodinville Water District objected to the Ordinance and the rules. The County filed a lawsuit asserting the authority to charge utilities rent to use the right-of-way and the Washington Supreme Court has upheld the County's authority. The case was sent back to the trial court regarding application of the rules. The trial court dismissed the objections to the rules as the compensation are subject to continuing negotiations. Based on notices issued by King County, the District could be required to pay approximately \$607,000 per year in rental compensation. The District believes the amount will be substantially reduced in the negotiations and also believes it is entitled to compensation for fire suppression services in the annual amount of approximately \$937,000. The County has also asserted that the rent began accruing as of January 29, 2018. The District retains the right to challenge the amount of rent imposed by the County through future legal proceedings. The ultimate outcome cannot be determined.

NOTE 14 CHANGE IN ACCOUNTING PRINCIPLE

Effective January 1, 2024, the District adopted Governmental Accounting Standards Board (GASB) No. 101, *Compensated Absences*. In accordance with Governmental Accounting Standards Board (GASB) No. 100, *Accounting Changes and Error Corrections*, the 2023 financial statements have been restated to reflect the application of GASB No. 101. The following table indicates changes to the 2023 financial statements.

	As Previously Reported	Increase (Decrease)	As Restated
Statement of Net Position:			
Compensated Absences			
Noncurrent	\$ 307,052	\$ 148,145	\$ 455,197
Net Position - Unrestricted	31,738,346	(148,262)	31,590,084
Statement of Revenues, Expenses and Changes in Fund Net Position:			
Operating Expenses:			
Personnel Expense	5,156,808	39,255	5,196,063
Plant Expense	3,280,180	(46,770)	3,233,410
Statement of Cash Flows:			
Reconciliation of Operating Income to Net Cash Provided by			
Operating Activities:			
Operating Income	3,347,256	7,514	3,354,770
Accrued Salaries and Compensated Absences	(68,837)	(7,631)	(76,468)

**WOODINVILLE WATER DISTRICT
SCHEDULES OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
DECEMBER 31, 2024 AND 2023**

PERS 1

Year	Employer's Proportion of the Net Pension Liability (Asset)	Employer's Proportionate Share of the Net Pension Liability (Asset)	Employer's Covered Payroll	Net Pension Liability (Asset) as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2024	0.022756 %	\$ 404,337	\$ 4,544,341	8.90 %	84.05 %
2023	0.023642	539,684	4,212,844	12.81	80.16
2022	0.023285	648,344	3,729,814	17.38	78.56
2021	0.023936	292,319	3,549,024	8.24	88.74
2020	0.023077	814,736	3,389,311	24.04	68.64
2019	0.023166	890,833	3,146,528	28.31	67.12
2018	0.023108	1,032,014	2,972,860	34.71	63.22
2017	0.025808	1,129,726	2,918,425	38.71	61.24
2016	0.025404	1,315,970	2,833,272	46.45	57.03
2015	0.025402	1,328,746	2,835,492	46.86	59.10

PERS 2/3

Year	Employer's Proportion of the Net Pension Liability (Asset)	Employer's Proportionate Share of the Net Pension Liability (Asset)	Employer's Covered Payroll	Net Pension Liability (Asset) as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2024	0.029364 %	\$ (968,006)	\$ 4,544,341	(21.30)%	105.17 %
2023	0.030474	(1,249,033)	4,212,844	(29.65)	107.02
2022	0.029451	(1,092,291)	3,687,404	(29.62)	106.73
2021	0.029019	(2,890,748)	3,470,804	(83.29)	120.29
2020	0.028497	364,455	3,314,623	11.00	97.22
2019	0.028321	275,091	3,077,728	8.94	97.77
2018	0.028219	481,817	2,907,103	16.57	95.77
2017	0.029112	1,011,503	2,854,142	35.44	90.97
2016	0.029916	1,506,228	2,772,061	54.34	85.82
2015	0.031272	1,117,353	2,774,687	40.27	89.20

**WOODINVILLE WATER DISTRICT
SCHEDULES OF EMPLOYER PENSION CONTRIBUTIONS
AS OF DECEMBER 31 (EMPLOYER REPORTING DATE)
LAST TEN FISCAL YEARS**

PERS 1

Year	Statorily Required Contribution	Contributions in Relation to the Statorily Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a Percent of Covered Payroll
2024	\$ 137,713	\$ (137,713)	\$ -	\$ 4,984,079	2.76 %
2023	148,389	(148,389)	-	4,319,273	3.44
2022	151,379	(151,379)	-	4,013,216	3.77
2021	160,701	(160,701)	-	3,586,657	4.48
2020	172,419	(172,419)	-	3,468,397	4.97
2019	167,585	(167,585)	-	3,279,387	5.11
2018	157,478	(157,478)	-	3,010,141	5.23
2017	150,128	(150,128)	-	2,972,296	5.05
2016	140,964	(140,964)	-	2,872,449	4.91
2015	124,548	(124,548)	-	2,759,423	4.51

PERS 2/3

Year	Statorily Required Contribution	Contributions in Relation to the Statorily Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a Percent of Covered Payroll
2024	\$ 316,988	\$ (316,988)	\$ -	\$ 4,984,079	6.36 %
2023	274,706	(274,706)	-	4,319,273	6.36
2022	254,562	(254,562)	-	4,002,532	6.36
2021	253,145	(253,145)	-	3,515,675	7.20
2020	268,568	(268,568)	-	3,390,988	7.92
2019	247,759	(247,759)	-	3,207,748	7.72
2018	220,774	(220,774)	-	2,943,406	7.50
2017	199,627	(199,627)	-	2,907,439	6.87
2016	175,005	(175,005)	-	2,809,077	6.23
2015	152,348	(152,348)	-	2,700,173	5.64

**WOODINVILLE WATER DISTRICT
DEPARTMENTAL STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET POSITION
YEAR ENDED DECEMBER 31, 2024**

	Water	Sewer	Total
OPERATING REVENUES			
Water Sales	\$ 18,229,825	\$ -	\$ 18,229,825
Sewer Services	-	6,577,048	6,577,048
Street Lights	113,056	-	113,056
Other Revenue	531,973	100,870	632,843
Total Operating Revenues	18,874,854	6,677,918	25,552,772
OPERATING EXPENSES			
Water Purchased	3,676,336	-	3,676,336
Wastewater Disposal Charges	-	3,908,538	3,908,538
Power for Street Lights	127,601	-	127,601
Personnel Expense	6,165,933	361,273	6,527,206
Plant Expense	2,416,431	1,200,361	3,616,792
Professional Services	605,249	186,152	791,401
Depreciation and Amortization	3,568,519	787,911	4,356,430
Total Operating Expenses	16,560,069	6,444,235	23,004,304
INCOME FROM OPERATIONS	2,314,785	233,683	2,548,468
NONOPERATING REVENUES (EXPENSES)			
Investment Income, Net of Service Fees	1,161,505	467,489	1,628,994
Miscellaneous Income	12,291	-	12,291
Gain on Disposal of Assets and Abandoned Projects	2,720	-	2,720
Interest and Amortization on Long-Term Debt	(99,594)	-	(99,594)
Total Nonoperating Revenues	1,076,922	467,489	1,544,411
INCOME BEFORE CAPITAL CONTRIBUTIONS	3,391,707	701,172	4,092,879
Capital Contributions	6,052,832	4,001,676	10,054,508
CHANGE IN NET POSITION	\$ 9,444,539	\$ 4,702,848	14,147,387
Net Position - Beginning of Year			139,829,458
NET POSITION - END OF YEAR			\$ 153,976,845

**WOODINVILLE WATER DISTRICT
DEPARTMENTAL STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET POSITION
YEAR ENDED DECEMBER 31, 2023**

	Water	Sewer	Total
OPERATING REVENUES			
Water Sales	\$ 18,180,872	\$ (1)	\$ 18,180,871
Sewer Services	-	6,113,170	6,113,170
Street Lights	113,554	-	113,554
Other Revenue	269,747	3,480	273,227
Total Operating Revenues	18,564,173	6,116,649	24,680,822
OPERATING EXPENSES			
Water Purchased	4,036,449	-	4,036,449
Wastewater Disposal Charges	-	4,103,506	4,103,506
Power for Street Lights	102,341	-	102,341
Personnel Expense	4,886,276	309,787	5,196,063
Plant Expense	2,080,452	1,152,958	3,233,410
Professional Services	341,490	127,026	468,516
Depreciation and Amortization	3,447,206	738,561	4,185,767
Total Operating Expenses	14,894,214	6,431,838	21,326,052
INCOME (LOSS) FROM OPERATIONS	3,669,959	(315,189)	3,354,770
NONOPERATING REVENUES (EXPENSES)			
Investment Income, Net of Service Fees	1,126,911	477,151	1,604,062
Miscellaneous Income	13,788	-	13,788
Gain on Disposal of Assets and Abandoned Projects	9,149	85,500	94,649
Interest and Amortization on Long-Term Debt	(108,802)	-	(108,802)
Total Nonoperating Revenues	1,041,046	562,651	1,603,697
INCOME BEFORE CAPITAL CONTRIBUTIONS	4,711,005	247,462	4,958,467
Capital Contributions	1,382,933	764,804	2,147,737
CHANGE IN NET POSITION	\$ 6,093,938	\$ 1,012,266	7,106,204
Net Position - Beginning of Year			132,879,030
Restatement - Change in Accounting Principle			(155,776)
Net Position, January 1, as Restated			132,723,254
NET POSITION - END OF YEAR			\$ 139,829,458



INDEPENDENT AUDITORS' 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*

Board of Commissioners
Woodinville Water District
Snohomish, Washington

We have audited, in accordance with the 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 Woodinville Water District (the District) as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated September 30, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit 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 opinion 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 entity'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 in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



CliftonLarsonAllen LLP

Bellevue, Washington
September 30, 2025



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