



Office of the Washington State Auditor  
Pat McCarthy

## **Financial Statements Audit Report**

# **Sammamish Plateau Water and Sewer District**

**For the period January 1, 2019 through December 31, 2020**

*Published April 18, 2022*

Report No. 1030337



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

April 18, 2022

Board of Commissioners  
Sammamish Plateau Water and Sewer District  
Sammamish, Washington

**Report on Financial Statements**

Please find attached our report on the Sammamish Plateau Water and Sewer District's financial statements.

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

Sincerely,

Pat McCarthy, State Auditor  
Olympia, WA

***Americans with Disabilities***

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## INDEPENDENT AUDITOR'S REPORT

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

### **Sammamish Plateau Water and Sewer District January 1, 2019 through December 31, 2020**

Board of Commissioners  
Sammamish Plateau Water and Sewer District  
Sammamish, Washington

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the Sammamish Plateau Water and Sewer District, as of and for the years ended December 31, 2020 and 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated April 11, 2022.

As discussed in Note 14 to the 2020 financial statements, the full extent of the COVID-19 pandemic's direct or indirect financial impact on the District is unknown.

### **INTERNAL CONTROL OVER FINANCIAL REPORTING**

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

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

Our consideration of internal control was for the limited purpose described 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 may exist that have not been identified.

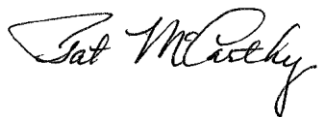
## COMPLIANCE AND OTHER MATTERS

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

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

## PURPOSE OF THIS REPORT

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, this report is a matter of public record and its distribution is not limited. It also serves to disseminate information to the public as a reporting tool to help citizens assess government operations.

A handwritten signature in black ink, reading "Pat McCarthy". The signature is written in a cursive, flowing style.

Pat McCarthy, State Auditor

Olympia, WA

April 11, 2022

# INDEPENDENT AUDITOR'S REPORT

## Report on the Financial Statements

### **Sammamish Plateau Water and Sewer District January 1, 2019 through December 31, 2020**

Board of Commissioners  
Sammamish Plateau Water and Sewer District  
Sammamish, Washington

## **REPORT ON THE FINANCIAL STATEMENTS**

We have audited the accompanying financial statements of the Sammamish Plateau Water and Sewer District, as of and for the years ended December 31, 2020 and 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed on page 9.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we

express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Sammamish Plateau Water and Sewer District, as of December 31, 2020 and 2019, 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.

## **Matters of Emphasis**

As discussed in Note 14 to the 2020 financial statements, the full extent of the COVID-19 pandemic's direct or indirect financial impact on the District is unknown. Our opinion is not modified with respect to this matter.

## **Other Matters**

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information listed on page 9 be presented to supplement the basic financial statements. Such information, 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 auditing standards generally accepted in the United States of America, 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 audit 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.

## OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we have also issued our report dated April 11, 2022 on our consideration of the 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 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

A handwritten signature in black ink, reading "Pat McCarthy". The signature is written in a cursive, flowing style.

Pat McCarthy, State Auditor

Olympia, WA

April 11, 2022

## **FINANCIAL SECTION**

### **Sammamish Plateau Water and Sewer District January 1, 2019 through December 31, 2020**

#### **REQUIRED SUPPLEMENTARY INFORMATION**

Management's Discussion and Analysis – 2020 and 2019

#### **BASIC FINANCIAL STATEMENTS**

Statement of Net Position – 2020 and 2019

Statement of Revenues, Expenses and Changes in Fund Net Position – 2020 and 2019

Statement of Cash Flows – 2020 and 2019

Notes to Financial Statements – 2020 and 2019

#### **REQUIRED SUPPLEMENTARY INFORMATION**

Schedules of Proportionate Share of the Net Pension Liability – PERS 1, PERS 2/3 –  
2020

Schedules of Employer Pension Contributions – PERS 1, PERS 2/3 – 2020

**SAMMAMISH PLATEAU WATER AND SEWER DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2020 AND 2019**

## **INTRODUCTION**

Sammamish Plateau Water and Sewer District (the District) was founded in 1948 and provides water and sewer services to customers residing within the District boundaries.

The District is located adjacent to Lake Sammamish approximately 15 miles east of the City of Seattle and within the boundaries of King County. The District boundaries include areas within the City of Sammamish, City of Issaquah, and unincorporated King County and encompasses approximately 30 square miles.

The District's mission is to provide safe, efficient, and reliable water and sewer services by being a leader in the planning and practice of fiscal and environmental stewardship.

## **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, 2020 and 2019 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. It provides 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). It provides 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. It presents information regarding where cash came from and what it was used for.

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.

**SAMMAMISH PLATEAU WATER AND SEWER DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2020 AND 2019**

**OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)**

**CONDENSED STATEMENTS OF NET POSITION AT DECEMBER 31**

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Capital Assets	\$ 216,914,454	\$ 211,527,385	\$ 201,992,642
Other Assets	<u>117,702,985</u>	<u>106,125,674</u>	<u>96,081,730</u>
Total Assets	<u>334,617,439</u>	<u>317,653,059</u>	<u>298,074,372</u>
 Deferred Outflows of Resources	 565,518	 507,187	 499,671
 Long-Term Liabilities	 5,918,230	 6,600,391	 7,807,371
Other Liabilities	<u>5,127,865</u>	<u>4,644,118</u>	<u>6,953,591</u>
Total Liabilities	<u>11,046,095</u>	<u>11,244,509</u>	<u>14,760,962</u>
 Deferred Inflows of Resources	 <u>513,878</u>	 <u>1,020,547</u>	 <u>926,655</u>
 Net Investment in Capital Assets	 212,903,329	 206,796,139	 194,217,167
Restricted Amounts	1,996,323	2,398,561	4,471,824
Unrestricted Amounts	<u>108,723,332</u>	<u>96,700,490</u>	<u>84,197,435</u>
 Total Net Position	 <u><u>\$ 323,622,984</u></u>	 <u><u>\$ 305,895,190</u></u>	 <u><u>\$ 282,886,426</u></u>

**SAMMAMISH PLATEAU WATER AND SEWER DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2020 AND 2019**

**OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)**

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

	2020	2019	2018
Water Distribution Revenue	\$ 16,766,461	\$ 15,968,043	\$ 16,042,824
Sewer Service Revenue	16,305,078	16,341,756	15,421,415
Other Revenues	1,267,120	1,593,787	1,604,893
Total Operating Revenues	<u>34,338,659</u>	<u>33,903,586</u>	<u>33,069,132</u>
Water and Sewer Operating Expenses	22,787,759	23,270,331	20,582,384
Depreciation and Amortization	4,609,373	4,355,786	4,308,540
Total Operating Expenses	<u>27,397,132</u>	<u>27,626,117</u>	<u>24,890,924</u>
Operating Income	6,941,527	6,277,469	8,178,208
Nonoperating Revenue (Expense):			
Investment and Interest Income	1,877,004	2,852,736	1,558,307
Rental and Other Income	600,866	265,793	288,234
Net Gain (Loss) on Disposition of Assets and Abandonment of Assets and Preliminary Studies	62,629	(330,476)	19,161
Interest and Amortization	(63,747)	(185,671)	(235,918)
Income Before Capital Contributions	<u>9,418,279</u>	<u>8,879,851</u>	<u>9,807,992</u>
Capital Contributions	<u>8,309,515</u>	<u>14,128,913</u>	<u>11,089,932</u>
Increase in Net Position	17,727,794	23,008,764	20,897,924
Net Position - January 1	<u>305,895,190</u>	<u>282,886,426</u>	<u>261,988,502</u>
Net Position - December 31	<u><u>\$ 323,622,984</u></u>	<u><u>\$ 305,895,190</u></u>	<u><u>\$ 282,886,426</u></u>

**SAMMAMISH PLATEAU WATER AND SEWER DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2020 AND 2019**

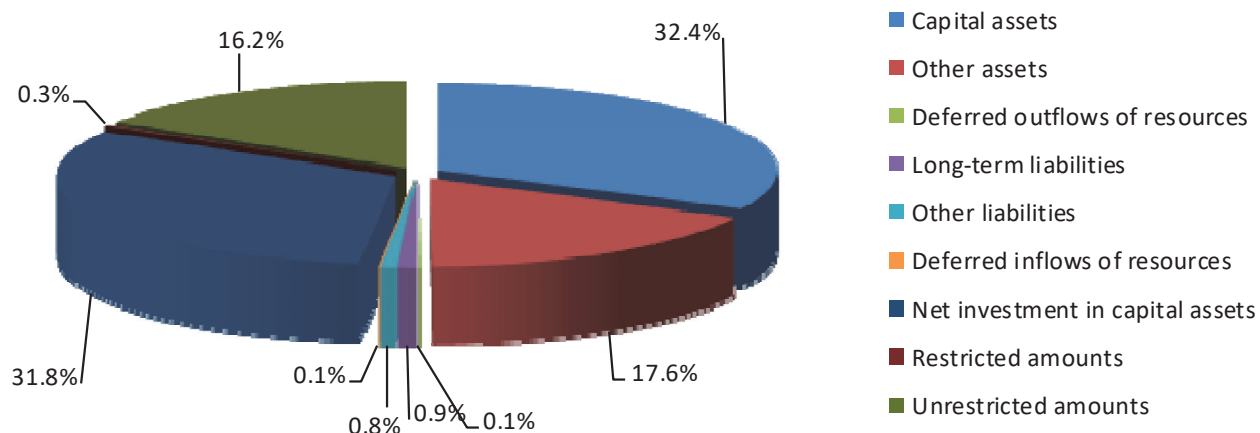
**FINANCIAL POSITION**

The District's overall financial position continues to be strong with sufficient liquidity, revenues, and debt capacity to finance large future capital improvements, when necessary. The District is financed primarily by equity and substantial liquid assets are available to fund liabilities and construction. Capital assets increased in 2020 and 2019 primarily due to significant donated systems. Investments are continuing to be made to upgrade and replace capital infrastructure and facilities. Net position has also increased each year. An increase in net position over time typically indicates improving financial condition.

Standard and Poor's, a national credit rating agency, reviewed the District's financial position in 2013. As a result of the review, the District's credit rating continues to be AAA.

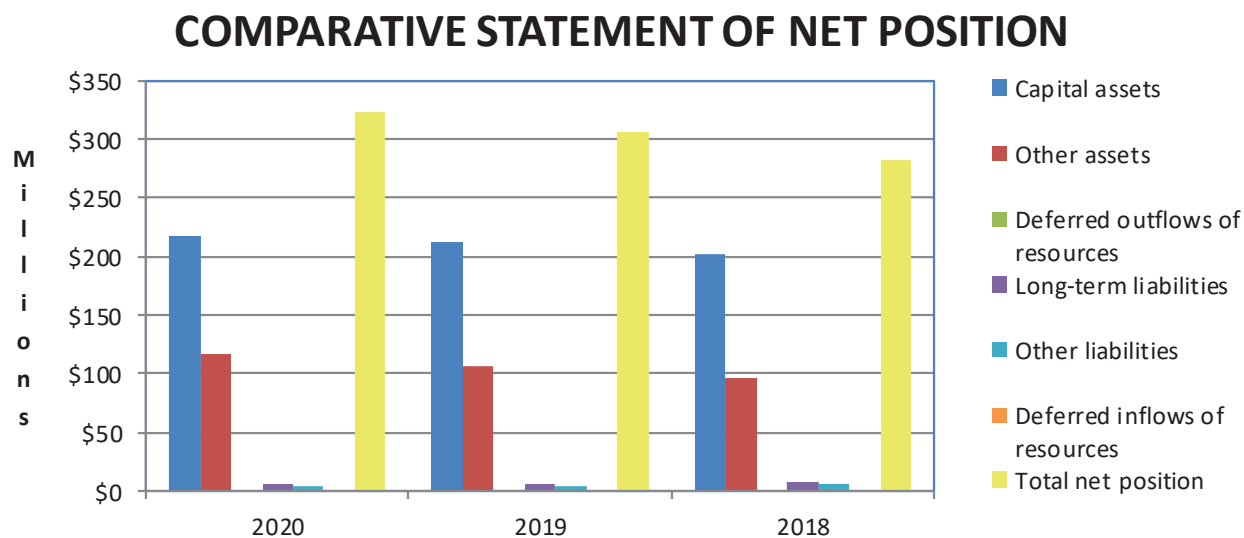
The following charts indicate the components of financial position:

**2020 STATEMENT OF NET POSITION**



**SAMMAMISH PLATEAU WATER AND SEWER DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2020 AND 2019**

**FINANCIAL POSITION (CONTINUED)**



The following table summarizes the growth in the District's water and sewer customer base from 2015 through 2020:

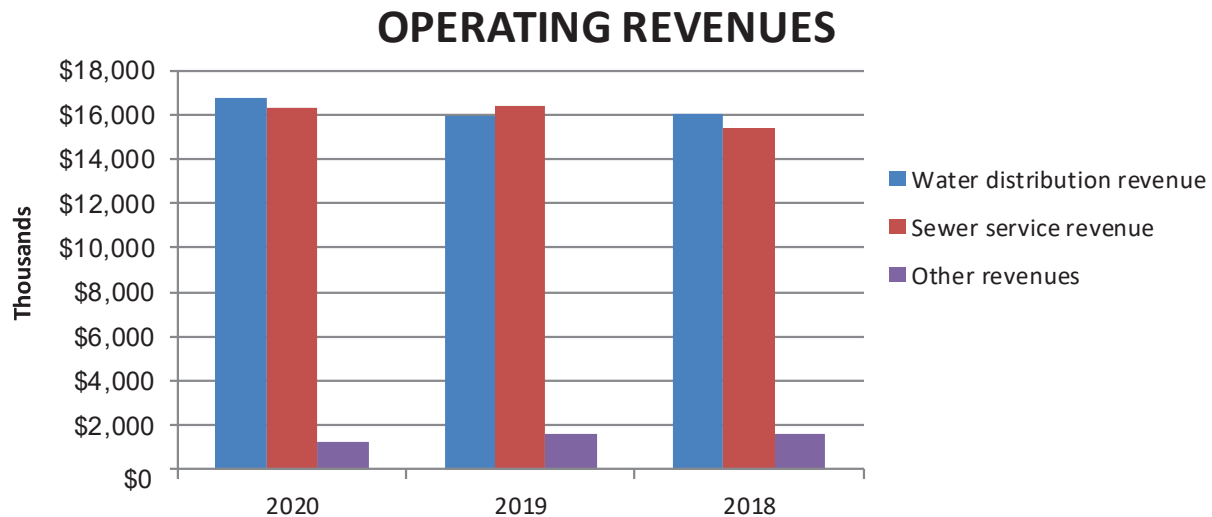
<u>YEAR</u>	<u>WATER CONNECTIONS</u>	<u>TOTAL INCREASE - CONNECTIONS</u>	<u>YEAR</u>	<u>SEWER CONNECTIONS</u>	<u>TOTAL INCREASE - CONNECTIONS</u>
2015	17,766	280	2015	11,406	260
2016	18,180	414	2016	11,836	430
2017	18,658	478	2017	12,315	479
2018	18,989	331	2018	12,586	271
2019	19,226	237	2019	12,817	231
2020	19,340	114	2020	13,021	204

**SAMMAMISH PLATEAU WATER AND SEWER DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2020 AND 2019**

**RESULTS OF OPERATIONS**

On March 16, 2020 Sammamish Plateau Board of Commissioners declared by Resolution, an emergency relating to the COVID-19 virus. Additionally, on April 6, 2020 the Board of Commissioners approved temporary billing and collection policies relating to COVID-19, including discontinuing lock offs of water service for delinquencies, suspending the imposition of late charges and interest for delinquent water and/or sewer services and re-establishing existing locked off accounts needing access to water. These temporary billing and collections policies are approved for a period up to 60 days beyond the date the District rescinds the declaration of emergency. At this time, the declaration of emergency remains in effect.

Operating revenues are received principally from two sources: water service and sewer service. The following chart indicates operating revenue over the last three years:



The water revenue in 2020 was higher than 2019 as a result of warmer and dryer summer weather. In addition, the District recognized an increase in residential water use due to the COVID-19 pandemic. The District's customer base is comprised of 90% residential accounts. The District's sewer revenue in 2020 was slightly lower than 2019 due to the impact of the COVID-19 pandemic on non-residential accounts. Other revenues were lower in 2020 mainly due to the impact of COVID-19 in the reduction of late fees and shut off fees as part of the temporary billing and collections policies approved in April 2020. In addition, the rate of investment earnings declined. The water revenue in 2019 was lower than 2018 as a result of the cooler and wetter summer weather.

As part of the District's implementation of Automated Metering Infrastructure ("AMI"), which provides the ability to obtain water meter readings electronically, the District moved from billing customers in 8 cycles bi-monthly to 2 cycles monthly billing in 2020. With monthly billing, all water customers are billed for consumption for the same monthly usage period.

**SAMMAMISH PLATEAU WATER AND SEWER DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2020 AND 2019**

**RESULTS OF OPERATIONS (CONTINUED)**

The District's adopted rate structure reflects the true costs of providing water and sewer service while providing revenue stability to fund fixed costs during periods of fluctuating demands. This structure is focused on a greater reliance on fixed monthly base charges for water and sewer service to enhance revenue certainty for the District. An additional component of the District's annual rate requirement is the continued funding of capital reserves to provide for future system repair and replacement.

The growth in additional water and sewer customers in 2020 and 2019 had a minor effect on revenues.

**Historical Water Rate Adjustments:**

(Based on monthly single family customer with water use of 600 cubic feet)

<u>Year</u>	<u>Rate</u>	<u>% Increase</u>
2015	\$ 36.39	5.46%
2016	\$ 38.23	5.07%
2017	\$ 40.15	5.03%
2018	\$ 41.45	3.24%
2019	\$ 42.99	3.72%
2020	\$ 44.15	2.69%

**Historical Sewer Rate Adjustments:**

(Includes King County Metro charges passed through to sewer customers. Based on monthly single family customer)

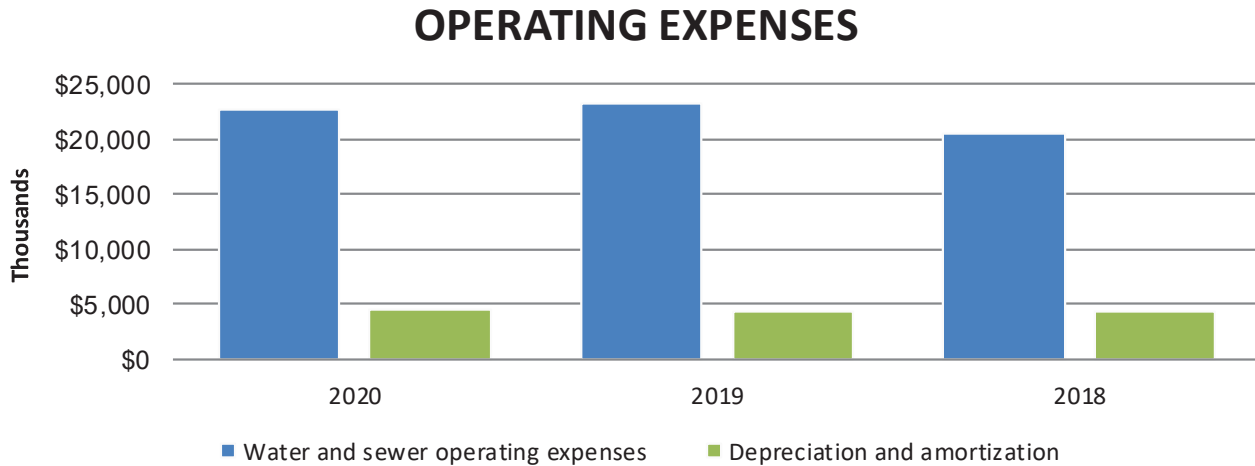
<u>Year</u>	<u>Rate</u>	<u>% Increase</u>
2015	\$ 74.22	4.92%
2016	\$ 75.19	1.31%
2017	\$ 78.20	4.00%
2018	\$ 79.13	1.19%
2019	\$ 81.38	2.84%
2020	\$ 82.55	1.44%

The rate adjustments were necessary due to the continued increase in the cost to treat water and wholesale sewage treatment costs as well as inflationary increases in other expenses and for funding the District's Water and Sewer Capital Replacement Funds.

**SAMMAMISH PLATEAU WATER AND SEWER DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2020 AND 2019**

**RESULTS OF OPERATIONS (CONTINUED)**

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



The District had net income before capital contributions of \$9,418,279 in 2020 and \$8,879,851 in 2019.

The decrease in operating expenses in 2020 was a net result of 1) decrease in water operating costs for major maintenance of water tanks in 2019, 2) increase in sewer treatment charges from King County Wastewater Treatment Divisions (KCWTD/Metro), 3) increase in Cascade Water Alliance dues and demand share, 4) increase in grinder pump maintenance, and 5) an increase in employee leave accruals due to COVID-19. There were some minor decreases due to COVID-19 in employee conference and training and reduction of seasonal employees.

The District implemented a low income discount/rebate program effective July 1, 2018. The discount program is available to customers who receive their water and/or sewer utility bill directly from the District. The rebate program is available to customers who pay for their water and sewer service to a third-party or through monthly rent (typically multi-family accounts). During 2020 the program was revised to recognize the impact of COVID-19 on customer income. The program was renamed Utility Billing Assistance Program ("UBAP"), and allows for credit and rebates in 3-month increments. A summary of the costs for the UBAP is shown below:

Number of Accounts Participating

- 26 Water Only Accounts
- 38 Water and Sewer Accounts
- 3 Multi-family Unit with Water and Sewer

**SAMMAMISH PLATEAU WATER AND SEWER DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2020 AND 2019**

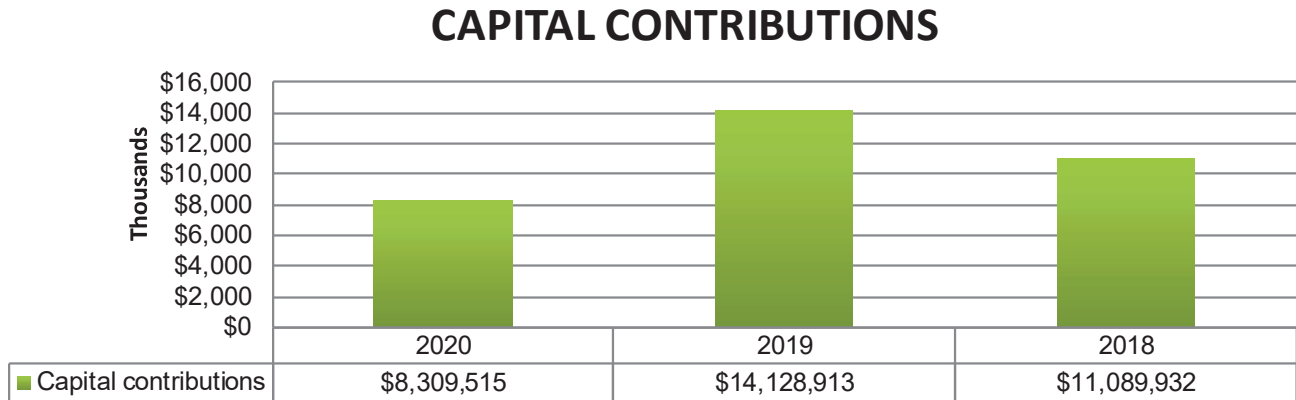
**RESULTS OF OPERATIONS (CONTINUED)**

2020 Discounts

	2020 Estimated Budget	2020 Actual	(Over) / Under Budget	2021 Budget
Water	\$ 37,690	\$ 12,308	\$ 25,382	\$ 38,820
Sewer	19,460	5,882	13,578	19,850
Total	<u>\$ 57,150</u>	<u>\$ 18,190</u>	<u>\$ 38,960</u>	<u>\$ 58,670</u>

The District collects capital contributions from new customers and developers. These contributions consist of connection charges, grants, ULID assessments, and donated systems.

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



The contributions are indicative of the growth of the District and include donated systems totaling \$6,336,463, \$9,527,441, and \$8,898,882 for the years ended December 31, 2020, 2019, and 2018, respectively.

**CAPITAL ASSETS AND LONG-TERM DEBT**

Capital assets increased in 2020 and in 2019 primarily due to significant donated systems.

The District's total plant, property, and equipment value, not including accumulated depreciation, is \$318,708,471. The estimated replacement cost of these assets utilizing the District's Asset Management data which includes the assumption of open cut and trenchless options for main replacement or rehabilitation, is estimated to be \$1,175,521,000.

**SAMMAMISH PLATEAU WATER AND SEWER DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2020 AND 2019**

**CAPITAL ASSETS AND LONG-TERM DEBT (CONTINUED)**

As part of the District's Asset Management Plan, the District plans for the repair and replacement of the water and sewer systems. By cataloging assets, determining asset useful life and criticality and performing asset condition assessments, the District is able to set a funding strategy to plan for the future.

In July 2008, the District established Utility Capital Facilities Replacement Accounts for the purpose of accumulating funding for future replacement of all the major components of the water and sewer system facilities. In 2020, the annual funding for water and sewer capital replacement was \$7,064,000 and \$3,683,000, respectively. As of December 31, 2020, the District has accumulated \$38,688,730 for Water Capital Replacement and \$17,862,670 for Sewer Capital Replacement.

The District's Capital Program is focused on replacing aging critical infrastructure, identifying opportunities to expand or improve the District's facilities in conjunction with other public works projects to take advantage of the economies of scale, and constructing key infrastructure components to provide for the expansion of water and sewer facilities into previously un-served areas within the District's corporate boundaries.

The 2021 Capital Plan expenditures and funding of approximately \$13,634,710 was revised with the 2021 District Budget and include the following:

<b>Water and Sewer Capital Plan by Category</b>		<b>Water and Sewer Capital Plan by Fund</b>	
<b>Combined Water and Sewer General Projects</b>			
<b>General</b>	<b>\$ 685,617</b>		
<b>Water Capital Projects</b>		<b>Water Funds</b>	
General	\$ 305,605	Water Operating Fund	\$ 6,312,790
Supply - Wells	6,000,000	Water Capital Replacement Fund	1,816,490
Booster Pumps	50,000	Water General Facilities Fund	3,778,650
Storage - Reservoirs	3,612,291	Water Local Facilities Fund	70,500
Water Mains	1,671,682		
<b>Total</b>	<b>\$ 11,639,578</b>	<b>Total</b>	<b>\$ 11,978,430</b>
<b>Sewer Capital Projects</b>		<b>Sewer Funds</b>	
General	\$ 528,713	Sewer Operating Fund	\$ 798,040
Lift Stations	405,500	Sewer Capital Replacement Fund	391,720
Grinder Pumps	160,000	Sewer General Facilities Fund	466,250
Sewer Mains	215,302		
<b>Total</b>	<b>\$ 1,309,515</b>	<b>Total</b>	<b>\$ 1,656,010</b>
<b>Combined Total</b>	<b>\$ 13,634,710</b>	<b>Combined Total</b>	<b>\$ 13,634,440</b>

The District anticipates funding the capital plan from rates, long-term debt, existing cash, and Developer funding.

**SAMMAMISH PLATEAU WATER AND SEWER DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2020 AND 2019**

**CAPITAL ASSETS AND LONG-TERM DEBT (CONTINUED)**

In 2019 the District's outstanding revenue bond debt service obligation dropped significantly, from approximately \$3,100,000 to \$400,000 annually, as part of the standard debt service schedule. In addition, on December 1, 2020, the District paid off the remaining \$435,000 principle balance of the 2010 outstanding bonds. This resulted in a savings of future interest payments in the amount of \$60,300.

This early payment reduced the District's annual debt service for 2021 through 2025 by approximately \$100,000 per year.

See Notes 4, 5, and 6 in the financial statements for detail activity in capital assets and long-term debt.

**ADDITIONAL COMMENTS**

The District depends on other government entities for the treatment of sewage collected and transmitted by the District. The cost for this service continues to increase. The District to adjust customer rates to account for these flow-through costs.

While many local governments in the Seattle metropolitan area purchase water from the City of Seattle, the District maintains its own independent source of supply. In order to provide adequate supply for the future, the District joined with the City of Bellevue, the City of Issaquah, the City of Kirkland, the City of Redmond, Skyway Water and Sewer District, and the City of Tukwila in forming the Cascade Water Alliance (CWA). CWA was formed pursuant to the Interlocal Cooperation Act on April 1, 1999 and the District joined on November 8, 1999. The purpose of CWA is to provide for the water supply needs of its members in a cost-effective and environmentally sound manner.

The District has a supply commitment from CWA. This commitment means that CWA will provide water supply for the District's needs over that which can be supplied by the District's independent supply. In order to meet the supply commitment to the District and its other members, CWA has completed a Transmission and Supply Plan that defines a resource strategy to meet the projected supply needs of its members through 2050. That strategy includes purchase of water from the cities of Seattle and Tacoma, acquisition and development of transmission facilities, and development of new water supply sources and treatment facilities.

This financial report is designed to provide a general overview of Sammamish Plateau Water and Sewer District's finances for all those with an interest in the District's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Finance Department, Sammamish Plateau Water and Sewer District, 1510 228<sup>th</sup> Avenue SE, Sammamish, WA 98075.

**SAMMAMISH PLATEAU WATER AND SEWER DISTRICT**  
**STATEMENTS OF NET POSITION**  
**DECEMBER 31, 2020 AND 2019**

	2020	2019
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>		
<b>CURRENT ASSETS</b>		
Unrestricted:		
Cash and Cash Equivalents	\$ 109,128,872	\$ 96,599,467
Accounts Receivable - Users	3,994,791	4,583,151
Accounts Receivable - Other	221,073	139,141
Interest Receivable	84,421	187,105
General Facility and in Lieu of Assessment Charges		
Receivable - Current Portion	9,717	12,453
Inventory	392,324	415,675
Prepaid Expenses	477,265	427,952
Deposits	3,915	13,023
Total Unrestricted	<u>114,312,378</u>	<u>102,377,967</u>
Restricted:		
Cash and Cash Equivalents	2,206,174	2,360,392
Interest Receivable	650	2,690
Assessments Receivable - Current Portion	115,836	151,161
Total Restricted	<u>2,322,660</u>	<u>2,514,243</u>
Total Current Assets	116,635,038	104,892,210
<b>NONCURRENT ASSETS</b>		
Unrestricted:		
General Facility and in Lieu of Assessment Charges		
Receivable, Less Current Portion	58,925	74,367
Annexation and Connection Charges Receivable	31,478	31,478
	<u>90,403</u>	<u>105,845</u>
Restricted:		
Assessments Receivable, Less Current Portion	977,544	1,127,619
Capital Assets not being Depreciated:		
Land and Land Rights	4,619,029	4,619,029
Construction in Progress	5,942,682	4,483,834
Capital Assets being Depreciated:		
Plant in Service	314,089,442	307,200,984
Less: Accumulated Depreciation	(107,736,699)	(104,776,462)
Net Capital Assets	<u>216,914,454</u>	<u>211,527,385</u>
Total Noncurrent Assets	<u>217,982,401</u>	<u>212,760,849</u>
Total Assets	334,617,439	317,653,059
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred Loss on Refunding of Debt	-	-
Deferred Outflows Related to Pensions	565,518	507,187
Total Deferred Outflows of Resources	<u>565,518</u>	<u>507,187</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 335,182,957</u>	<u>\$ 318,160,246</u>

See accompanying Notes to Financial Statements.

**SAMMAMISH PLATEAU WATER AND SEWER DISTRICT  
STATEMENTS OF NET POSITION (CONTINUED)  
DECEMBER 31, 2020 AND 2019**

	<u>2020</u>	<u>2019</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</b>		
<b>CURRENT LIABILITIES</b>		
Payable from Unrestricted Assets:		
Accounts Payable	\$ 1,473,199	\$ 943,127
Accrued Salaries and Benefits	267,398	177,709
Compensated Absences	623,647	659,681
Unearned Rent	2,718	5,485
Deposits Payable	75,781	75,808
Developer Deposits	897,804	834,840
Retainage Payable	7,480	106,555
Accrued Interest	8,353	11,633
Long-Term Debt - Current Maturities	467,603	585,978
Total Payable from Unrestricted Assets	<u>3,823,983</u>	<u>3,400,816</u>
Payable from Restricted Assets:		
Accounts Payable	1,303,882	1,243,302
Total Payable from Restricted Assets	<u>1,303,882</u>	<u>1,243,302</u>
Total Current Liabilities	5,127,865	4,644,118
<b>NONCURRENT LIABILITIES</b>		
Long-Term Debt, Net of Current Maturities	2,973,726	3,906,581
Compensated Absences	245,229	-
Net Pension Liability	1,804,275	1,783,810
Developer Extension Service Deposits Payable	895,000	910,000
Total Noncurrent Liabilities	<u>5,918,230</u>	<u>6,600,391</u>
Total Liabilities	11,046,095	11,244,509
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred Inflows Related to Pensions	513,878	1,020,547
Total Liabilities and Deferred Inflows of Resources	11,559,973	12,265,056
<b>NET POSITION</b>		
Net Investment in Capital Assets	212,903,329	206,796,139
Restricted for Debt Service	1,977,928	2,374,046
Restricted for Impaired Investments	18,395	24,515
Unrestricted	108,723,332	96,700,490
Total Net Position	<u>323,622,984</u>	<u>305,895,190</u>
Total Liabilities, Deferred Inflows of Resources, and Net Position	<u>\$ 335,182,957</u>	<u>\$ 318,160,246</u>

See accompanying Notes to Financial Statements.

**SAMMAMISH PLATEAU WATER AND SEWER DISTRICT  
STATEMENTS OF REVENUES, EXPENSES, AND  
CHANGES IN FUND NET POSITION  
YEARS ENDED DECEMBER 31, 2020 AND 2019**

	2020	2019
<b>OPERATING REVENUES</b>		
Water Service	\$ 16,766,461	\$ 15,968,043
Sewer Service	16,305,078	16,341,756
Street Lights	193,338	171,168
Sewer Inspections	107,550	113,953
Developer Fees	672,780	752,903
Miscellaneous Revenue	293,452	555,763
Total Operating Revenues	<u>34,338,659</u>	<u>33,903,586</u>
<b>OPERATING EXPENSES</b>		
Salaries and Wages	5,559,331	5,249,430
Payroll Taxes and Pensions	576,616	523,793
Employee Benefits	1,263,131	1,246,821
Other Personnel Costs	57,462	122,136
Sewage Treatment	8,682,826	8,391,399
Repairs and Maintenance	1,254,041	2,377,878
Chemicals	147,558	154,118
Water Purchases	1,168,075	1,127,323
Professional Services	311,296	767,016
Business Taxes	981,418	861,131
Dues and Memberships	506,743	495,808
Office and Administration	958,399	612,086
Insurance	298,386	281,142
Miscellaneous	3,949	48,629
Utilities	797,409	784,810
Street Lights	103,279	110,831
Water Conservation Dues	117,840	115,980
Depreciation	4,609,373	4,355,786
Total Operating Expenses	<u>27,397,132</u>	<u>27,626,117</u>
<b>OPERATING INCOME</b>	6,941,527	6,277,469

**SAMMAMISH PLATEAU WATER AND SEWER DISTRICT  
STATEMENTS OF REVENUES, EXPENSES, AND  
CHANGES IN FUND NET POSITION (CONTINUED)  
YEARS ENDED DECEMBER 31, 2020 AND 2019**

	<u>2020</u>	<u>2019</u>
<b>NONOPERATING REVENUES</b>		
Investment Income, Net of Service Fees	\$ 1,828,173	\$ 2,804,728
Assessment and in Lieu of Assessment		
Interest Income	48,831	48,008
Rental Income	190,027	106,613
Miscellaneous Revenue	410,839	159,180
Net Gain (Loss) on Disposition of Assets		
and Preliminary Studies	62,629	(330,476)
Interest and Amortization on Long-Term Debt - Net of		
Amount Capitalized	(63,747)	(185,671)
Total Nonoperating Revenues	<u>2,476,752</u>	<u>2,602,382</u>
<b>INCOME BEFORE CAPITAL CONTRIBUTIONS</b>	9,418,279	8,879,851
Capital Contributions	<u>8,309,515</u>	<u>14,128,913</u>
<b>CHANGE IN NET POSITION</b>	17,727,794	23,008,764
Net Position - Beginning of Year	<u>305,895,190</u>	<u>282,886,426</u>
<b>NET POSITION - END OF YEAR</b>	<u><u>\$ 323,622,984</u></u>	<u><u>\$ 305,895,190</u></u>

**SAMMAMISH PLATEAU WATER AND SEWER DISTRICT  
STATEMENTS OF CASH FLOWS  
YEARS ENDED DECEMBER 31, 2020 AND 2019**

	2020	2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash Received from Customers	\$ 34,845,087	\$ 33,638,155
Cash Paid to Suppliers	(15,133,821)	(16,091,648)
Cash Paid to and for Employees and Commissioners	(7,708,039)	(7,594,345)
Rental and Other Income	598,099	230,582
Net Cash Provided by Operating Activities	<u>12,601,326</u>	<u>10,182,744</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Contributions in Aid of Construction	1,973,052	3,282,430
Collections on ULID Assessments Receivable	185,400	180,426
Collections on General Facility and in Lieu of Assessment Charges Receivable	18,179	33,548
Interest Received on Contracts and Assessments	48,831	48,008
Proceeds from Sale of Assets	64,071	33,750
Recovery of Annexation Costs	-	1,310
Expenditures for Plant in Service and Construction	(3,330,312)	(3,620,414)
Payment of Long-Term Debt	(1,020,978)	(3,200,978)
Interest Paid on Long-Term Debt	(97,279)	(215,514)
Net Cash Used by Capital and Related Financing Activities	<u>(2,159,036)</u>	<u>(3,457,434)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest Received on Investments	<u>1,932,897</u>	<u>2,773,696</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	12,375,187	9,499,006
Cash and Cash Equivalents - Beginning of Year	<u>98,959,859</u>	<u>89,460,853</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u><u>\$ 111,335,046</u></u>	<u><u>\$ 98,959,859</u></u>
Cash and Cash Equivalents Balance is Composed of the Following at December 31:		
Cash and Cash Equivalents - Current Assets	\$ 109,128,872	\$ 96,599,467
Cash and Cash Equivalents - Current Restricted Assets	2,206,174	2,360,392
Total	<u><u>\$ 111,335,046</u></u>	<u><u>\$ 98,959,859</u></u>

See accompanying Notes to Financial Statements.

**SAMMAMISH PLATEAU WATER AND SEWER DISTRICT  
STATEMENTS OF CASH FLOWS (CONTINUED)  
YEARS ENDED DECEMBER 31, 2020 AND 2019**

	<u>2020</u>	<u>2019</u>
<b>RECONCILIATION OF NET OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>		
Net Operating Income	\$ 6,941,527	\$ 6,277,469
Adjustments to Reconcile Net Operating Income to Net Cash Provided by Operating Activities:		
Depreciation	4,609,373	4,355,786
(Increase) Decrease in Assets and Deferred Outflows of Resources:		
Accounts Receivable - Users	588,360	(301,971)
Accounts Receivable - Other	(81,932)	22,503
Prepaid Expenses	(49,313)	(23,054)
Inventory	23,351	38,052
Deposits	9,108	-
Deferred Outflows Related to Pensions	(58,331)	(47,483)
Increase (Decrease) in Liabilities and Deferred Inflows of Resources:		
Accounts Payable, Accrued Expenses, and Deposits	459,324	(12,342)
Unearned Rent	(2,767)	(35,211)
Developer Deposits	47,964	121,004
Net Pension Liability	20,465	(571,694)
Deferred Inflows Related to Pensions	(506,669)	93,892
Rental and Other Income	600,866	265,793
Net Cash Provided by Operating Activities	<u>\$ 12,601,326</u>	<u>\$ 10,182,744</u>
<b>SUPPLEMENTAL DISCLOSURES OF SIGNIFICANT NONCASH FINANCING AND INVESTING ACTIVITIES</b>		
Utility Plant Donations Received	<u>\$ 6,336,463</u>	<u>\$ 10,458,252</u>
ULID Assessments	<u>\$ -</u>	<u>\$ 464,720</u>

See accompanying Notes to Financial Statements.

**SAMMAMISH PLATEAU WATER AND SEWER DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020 AND 2019**

**NOTE 1 DESCRIPTION OF BUSINESS, NATURE OF OPERATIONS, AND SIGNIFICANT ACCOUNTING POLICIES**

**Description of Business, Nature of Operations, and Reporting Entity**

Sammamish Plateau Water and Sewer 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 encompass an area located in unincorporated King County, the city of Issaquah, and the city of Sammamish. 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.

**Newly Implemented Accounting Standards**

The District implemented GASB 88 *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements* which improves the consistency in the information that is disclosed in the notes related to debt, including direct borrowings and direct placements. The implementation of this standard had no impact on the statement of net position or net income and had a minimal impact in the debt related footnotes.

**Cash and Cash Equivalents**

The District considers investments in the King County Investment Pool to be cash equivalents. These investments are stated at 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.

**Inventory**

Inventory consists of materials and supplies available for future use and is stated at the lower of cost, using the first-in, first-out (FIFO) method or net realizable value.

**SAMMAMISH PLATEAU WATER AND SEWER DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020 AND 2019**

**NOTE 1 DESCRIPTION OF BUSINESS, NATURE OF OPERATIONS, AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Capital Assets**

Capital assets are stated at cost when known and include the capitalized portion of District employees' wages and related overhead costs. When historical cost is not known, assets are recorded at the District's engineers estimated 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 costs, contract price, or appraisal value. Major expenses for capital assets exceeding \$2,500, including capital leases and major 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:

Water Systems	10 to 120 Years
Sewer Systems	10 to 89 Years
Office Building	10 to 40 Years
Equipment	5 to 20 Years
Intangibles and Miscellaneous Assets	6 to 10 Years

**Pensions**

For purposes of measuring the net pension 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.

**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 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.

**SAMMAMISH PLATEAU WATER AND SEWER DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020 AND 2019**

**NOTE 1 DESCRIPTION OF BUSINESS, NATURE OF OPERATIONS, AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Deferred Outflows/Inflows of Resources (Continued)**

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 the District's proportionate share of deferred inflows related to pension plans. 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.

District employees accumulate vacation hours for subsequent use or for payment upon termination, retirement, or death. The amount of vacation pay employees may accumulate is limited to 264 hours.

District employees accumulate sick leave hours, subject to certain restrictions, to be paid 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 interest method over the period the related debt is outstanding.

**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 Net Position* – This component of net position consists of assets restricted by external creditors (such as through debt covenants), grantors, contributors, or others 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.

**SAMMAMISH PLATEAU WATER AND SEWER DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020 AND 2019**

**NOTE 1 DESCRIPTION OF BUSINESS, NATURE OF OPERATIONS, AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**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 (including street lights). 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 and liabilities 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.

**Reclassifications**

Certain reclassifications have been made to the 2019 financial statements to conform to the 2020 financial statement presentation.

**NOTE 2 DEPOSITS AND INVESTMENTS**

**Deposits**

Cash on hand at December 31, 2020 and 2019 was \$3,400 and \$3,400, respectively. The District's bank balances as of December 31, 2020 and 2019 were \$171,868 and \$139,947 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).

**SAMMAMISH PLATEAU WATER AND SEWER DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020 AND 2019**

**NOTE 2 DEPOSITS AND INVESTMENTS (CONTINUED)**

**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 (the 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>Investment Type</u>	<u>Fair Value</u>	<u>Average Effective Duration</u>
<u>2020</u>		
King County Investment Pool:		
Main Pool	\$ 111,141,383	1.20 Years
Impaired Pool	18,395	
<u>2019</u>		
King County Investment Pool:		
Main Pool	\$ 98,791,998	0.92 Year
Impaired Pool	24,514	

**Impaired Investments**

As of December 31, 2020 and 2019, all impaired commercial paper investments had 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. As of December 31, 2019, the Impaired Pool also held the residual investments in one commercial paper asset that was part of completed enforcement events, where the Impaired Pool accepted the cash-out option. The District's share of the impaired investment pool principal was \$29,496 and \$36,428 at December 31, 2020 and 2019, respectively. The District's unrealized loss for these investments is \$11,101 and \$11,913 at December 31, 2020 and 2019, respectively.

**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.

**SAMMAMISH PLATEAU WATER AND SEWER DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020 AND 2019**

**NOTE 2 DEPOSITS AND INVESTMENTS (CONTINUED)**

**Credit Risk**

As of December 31, 2020 and 2019, 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 NRSRO), municipal securities (rated at least "A" by two NRSROs), commercial paper (rated at least the equivalent of "A-1" by one NRSRO), 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 separate restricted accounts are required to be established. The assets held in these accounts are restricted for specific uses, including construction, debt service and reserve requirements and other custodial requirements. Restricted assets are as follows:

	Current Restricted			Noncurrent
	Cash and Cash Equivalents	Interest Receivable	Assessments Receivable	Long-Term Assessments Receivable
December 31, 2020:				
Revenue Bond Funds	\$ 457,434	\$ 326	\$ 115,836	\$ 977,544
Revenue Bond Reserve Funds	426,463	324	-	-
Northeast Sammamish Sewer and Water District Joint Funds	1,303,882	-	-	-
Impaired Investment Pool	18,395	-	-	-
Total	<u>\$ 2,206,174</u>	<u>\$ 650</u>	<u>\$ 115,836</u>	<u>\$ 977,544</u>
December 31, 2019:				
Revenue Bond Funds	\$ 675,163	\$ 1,407	\$ 151,161	\$ 1,127,619
Revenue Bond Reserve Funds	417,413	1,283	-	-
Northeast Sammamish Sewer and Water District Joint Funds	1,243,302	-	-	-
Impaired Investment Pool	24,514	-	-	-
Total	<u>\$ 2,360,392</u>	<u>\$ 2,690</u>	<u>\$ 151,161</u>	<u>\$ 1,127,619</u>

The revenue bond issues require the District to establish and maintain principal and interest and reserve accounts. The principal and interest accounts are to accumulate funds for payment of bonds, principal and interest, and the reserve account is to provide security for bond holders.

The required reserve at December 31, 2020 and 2019 was \$493,550 and \$641,382, respectively. As of December 31, 2020 and 2019, the sinking fund was fully funded and a transfer will be made in 2021 to the reserve fund to meet the reserve requirement.

**SAMMAMISH PLATEAU WATER AND SEWER DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020 AND 2019**

**NOTE 4 CAPITAL ASSETS**

Major classes of capital assets and capital asset activity were as follows:

	Balance - Beginning of Year	Increases	Decreases	Balance - End of Year
<u>2020</u>				
Capital Assets Not Being Depreciated:				
Land and Land Rights	\$ 4,619,029	\$ -	\$ -	\$ 4,619,029
Construction in Progress	4,483,834	3,180,767	(1,721,919)	5,942,682
Total	9,102,863	3,180,767	(1,721,919)	10,561,711
Capital Assets Being Depreciated:				
Water Systems	153,736,685	2,760,697	(680)	156,496,702
Sewer Systems	133,566,788	4,362,445	(2,865)	137,926,368
Office Building	10,244,247	-	-	10,244,247
Equipment	6,751,732	957,484	(258,626)	7,450,590
Intangibles and Miscellaneous Assets	2,901,532	471,142	(1,401,139)	1,971,535
Total	307,200,984	8,551,768	(1,663,310)	314,089,442
Accumulated Depreciation:				
Water Systems	(53,451,124)	(2,483,481)	504	(55,934,101)
Sewer Systems	(39,372,356)	(1,487,781)	1,599	(40,858,538)
Office Building	(3,494,262)	(252,656)	-	(3,746,918)
Equipment	(5,816,602)	(294,648)	258,626	(5,852,624)
Intangibles and Miscellaneous Assets	(2,642,118)	(90,807)	1,388,407	(1,344,518)
Total	(104,776,462)	(4,609,373)	1,649,136	(107,736,699)
Net Capital Assets	<u>\$ 211,527,385</u>	<u>\$ 7,123,162</u>	<u>\$ (1,736,093)</u>	<u>\$ 216,914,454</u>

**SAMMAMISH PLATEAU WATER AND SEWER DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 4 CAPITAL ASSETS (CONTINUED)**

	Balance - Beginning of Year	Increases	Decreases	Balance - End of Year
<u>2019</u>				
Capital Assets Not Being Depreciated:				
Land and Land Rights	\$ 4,619,406	\$ -	\$ (377)	\$ 4,619,029
Construction in Progress	9,392,983	4,474,139	(9,383,288)	4,483,834
Total	14,012,389	4,474,139	(9,383,665)	9,102,863
Capital Assets Being Depreciated:				
Water Systems	144,554,536	12,179,862	(2,997,713)	153,736,685
Sewer Systems	127,174,437	6,417,122	(24,771)	133,566,788
Office Building	10,244,247	-	-	10,244,247
Equipment	6,333,285	494,995	(76,548)	6,751,732
Intangibles and Miscellaneous Assets	2,829,230	72,302	-	2,901,532
Total	291,135,735	19,164,281	(3,099,032)	307,200,984
Accumulated Depreciation:				
Water Systems	(53,815,185)	(2,276,583)	2,640,644	(53,451,124)
Sewer Systems	(37,967,965)	(1,422,005)	17,614	(39,372,356)
Office Building	(3,241,605)	(252,657)	-	(3,494,262)
Equipment	(5,579,065)	(314,085)	76,548	(5,816,602)
Intangibles and Miscellaneous Assets	(2,551,662)	(90,456)	-	(2,642,118)
Total	(103,155,482)	(4,355,786)	2,734,806	(104,776,462)
Net Capital Assets	<u>\$ 201,992,642</u>	<u>\$ 19,282,634</u>	<u>\$ (9,747,891)</u>	<u>\$ 211,527,385</u>

**SAMMAMISH PLATEAU WATER AND SEWER DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020 AND 2019**

**NOTE 5 LONG-TERM DEBT**

Long-term debt outstanding at December 31 2020 and 2019 consisted of revenue and refunding bonds and direct borrowings and direct placements as follows:

	<u>2020</u>	<u>2019</u>
Revenue and Refunding Bonds:		
\$10,435,000 dated April 18, 2013 for refunding and utility construction, due serially through the year 2027, with interest payable semi-annually at 3.00 annual percentage rate	\$ 1,885,000	\$ 2,125,000
\$8,980,000 dated October 18, 2010 for refunding and utility construction, due serially through the year 2025, with interest payable semi-annually at 4.00 to 4.50 annual percentage rates. Redeemed in full December 1, 2020.	-	510,000
Total Revenue and Refunding Bonds	<u>1,885,000</u>	<u>2,635,000</u>
Direct Borrowings and Direct Placements:		
All issued for utility construction and secured by the revenue of the system.		
Public Works Trust Fund Loans:		
\$902,195 loan, payable \$48,374 annually through the year 2020, plus interest at 1.0 annual percentage rate	-	48,374
\$573,750 loan, payable \$30,197 annually through the year 2025, plus interest at 0.5 annual percentage rate	150,987	181,184
\$2,843,250 loan, payable \$154,682 annually through the year 2026, plus interest at 0.5 annual percentage rate	928,091	1,082,773
Drinking Water State Revolving Fund Loan:		
\$563,349 loan, payable \$37,724 annually through the year 2030, with interest at 1.0 annual percentage rate	377,242	414,967
Total Direct Borrowings and Direct Placements	<u>1,456,320</u>	<u>1,727,298</u>
Total Long-Term Debt	3,341,320	4,362,298
Less: Current Maturities	(467,603)	(585,978)
Unamortized Bond Premiums	100,009	130,261
Total	<u>\$ 2,973,726</u>	<u>\$ 3,906,581</u>

**SAMMAMISH PLATEAU WATER AND SEWER DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 5 LONG-TERM DEBT (CONTINUED)**

Long-term debt service requirements to maturity, payable by the District from unrestricted assets are as follows:

Year Ending December 31,	Revenue and Refunding Bonds		Direct Placements and Direct Borrowings		Total
	Principal	Interest	Principal	Interest	
2021	\$ 222,603	\$ 9,167	\$ 245,000	\$ 56,550	\$ 533,320
2022	222,603	7,866	255,000	49,200	534,669
2023	222,603	6,565	260,000	41,550	530,718
2024	222,603	5,262	270,000	33,750	531,615
2025	222,603	3,961	275,000	25,650	527,214
2026-2030	343,305	6,432	580,000	26,250	955,987
Total	<u>\$ 1,456,320</u>	<u>\$ 39,253</u>	<u>\$ 1,885,000</u>	<u>\$ 232,950</u>	<u>\$ 3,613,523</u>

**NOTE 6 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>2020</u>					
Public Works Trust Fund Loans	\$ 1,312,331	\$ -	\$ 233,253	\$ 1,079,078	\$ 233,254
Drinking Water State Revolving Fund Loan	414,967	-	37,725	377,242	37,724
Revenue Bonds	2,635,000	-	750,000	1,885,000	245,000
Bond Premium	130,261	-	30,252	100,009	-
Compensated Absences	659,681	759,216	550,021	868,876	623,647
Net Pension Liability	1,783,810	20,465	-	1,804,275	-
Developer Extension Service Deposits Payable	910,000	60,000	75,000	895,000	-
Total	<u>\$ 7,846,050</u>	<u>\$ 839,681</u>	<u>\$ 1,676,251</u>	<u>\$ 7,009,480</u>	<u>\$ 1,139,625</u>
<u>2019</u>					
Public Works Trust Fund Loans	\$ 1,545,585	\$ -	\$ 233,254	\$ 1,312,331	\$ 233,254
Drinking Water State Revolving Fund Loan	452,691	-	37,724	414,967	37,724
Revenue Bonds	5,565,000	-	2,930,000	2,635,000	315,000
Bond Premium	189,569	-	59,308	130,261	-
Compensated Absences	612,831	678,229	631,379	659,681	659,681
Net Pension Liability	2,355,504	-	571,694	1,783,810	-
Developer Extension Service Deposits Payable	900,000	140,000	130,000	910,000	-
Total	<u>\$ 11,621,180</u>	<u>\$ 818,229</u>	<u>\$ 4,593,359</u>	<u>\$ 7,846,050</u>	<u>\$ 1,245,659</u>

**SAMMAMISH PLATEAU WATER AND SEWER DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020 AND 2019**

**NOTE 7 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		
	2020	2019
Pension Liabilities	\$ 1,804,275	\$ 1,783,810
Deferred Outflows of Resources	565,518	507,187
Deferred Inflows of Resources	513,878	1,020,547
Pension Expense	154,000	128,000

**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.

The Department of Retirement Systems (DRS), a department within the primary government of the state of Washington, issues a publicly available comprehensive annual financial report (CAFR) that includes financial statements and required supplementary information for each plan. The DRS CAFR may be obtained by writing to:

Department of Retirement Systems  
Communications Unit  
PO Box 48380  
Olympia, WA 98540-8380

Or the DRS CAFR may be downloaded from the DRS website at [www.drs.wa.gov](http://www.drs.wa.gov)

**Public Employees Retirement System (PERS)**

PERS members include elected officials; state employees; employees of the Supreme, Appeals and Superior Courts; employees of the legislature; employees of district and municipal courts; employees of local governments, and higher education employees not participating in higher education retirement programs. PERS is comprised of three separate pension plans for membership purposes. PERS plans 1 and 2 are defined benefit plans, and PERS plan 3 is a defined benefit plan with a defined contribution component.

**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. Members retiring from active status prior to the age of 65 may receive actuarially reduced benefits.

**SAMMAMISH PLATEAU WATER AND SEWER DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020 AND 2019**

**NOTE 7 PENSION PLAN (CONTINUED)**

**Public Employees Retirement System (PERS) (Continued)**

Retirement benefits are actuarially reduced to reflect the choice of a survivor benefit. Other benefits include duty and nonduty disability payments, an optional cost-of-living adjustment (COLA), and a one-time duty-related death benefit, if found eligible by the Department of Labor and Industries. PERS 1 members were vested after the completion of 5 years of eligible service. The plan was closed to new entrants on September 30, 1977.

**Contributions** – The PERS Plan 1 member contribution rate is established by state statute at 6%. The employer contribution rate is developed by the Office of the State Actuary and includes an administrative expense component that is currently set at 0.18%. Each biennium, the state Pension Funding Council adopts Plan 1 employer contribution rates.

The PERS Plan 1 required contribution rates (expressed as a percentage of covered payroll) were as follows:

<u>PERS Plan 1 Actual Contribution Rates</u>	<u>Employer</u>	<u>Employee</u>
<u>2020</u>		
January through August		
PERS Plan 1	7.92 %	6.00 %
PERS Plan 1 UAAL	4.76	
Administrative Fee	0.18	
Total	<u>12.86 %</u>	<u>6.00 %</u>
September through December		
PERS Plan 1	7.92 %	6.00 %
PERS Plan 1 UAAL	4.87	
Administrative Fee	0.18	
Total	<u>12.97 %</u>	<u>6.00 %</u>
<u>2019</u>		
January through June		
PERS Plan 1	7.52 %	6.00 %
PERS Plan 1 UAAL	5.13	
Administrative Fee	0.18	
Total	<u>12.83 %</u>	<u>6.00 %</u>
July through December		
PERS Plan 1	7.92 %	6.00 %
PERS Plan 1 UAAL	4.76	
Administrative Fee	0.18	
Total	<u>12.86 %</u>	<u>6.00 %</u>

The District's actual contributions to the plan were \$257,249 and \$251,007 for the years ended December 31, 2020 and 2019, respectively.

**SAMMAMISH PLATEAU WATER AND SEWER DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020 AND 2019**

**NOTE 7 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 average final compensation (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. There is no cap on years of service credit. Members are eligible for retirement with a full benefit at 65 with at least 5 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 members who have 30 or more years of service credit and are at least 55 years old can retire under one of two provisions:

- With a benefit that is reduced by 3% for each year before age 65; or
- With a benefit that has a smaller (or no) reduction (depending on age) that imposes stricter return-to-work rules.

PERS Plan 2/3 members hired on or after May 1, 2013 have the option to retire early by accepting a reduction of 5% for each year of retirement before age 65. This option is available only to those who are age 55 or older and have at least 30 years of service credit. PERS Plan 2/3 retirement benefits are also actuarially reduced to reflect the choice of a survivor benefit. Other PERS Plan 2/3 benefits include duty and nonduty disability payments, a cost-of-living allowance (based on the CPI), capped at 3% annually and a one-time duty related death benefit, if found eligible by the Department of Labor and Industries. 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. PERS Plan 3 members choose their contribution rate upon joining membership and have a chance to change rates upon changing employers. As established by statute, Plan 3 required defined contribution rates are set at a minimum of 5% and escalate to 15% with a choice of 6 options. Employers do not contribute to the defined contribution benefits. PERS Plan 3 members are immediately vested in the defined contribution portion of their plan.

**Contributions** – The PERS Plan 2/3 employer and employee contribution rates are developed by the Office of the State Actuary to fully fund Plan 2 and the defined benefit portion of Plan 3. The Plan 2/3 employer rates include a component to address the PERS Plan 1 unfunded actuarially accrued liability (UAAL) and an administrative expense that is currently set at 0.18%. Each biennium, the state Pension Funding Council adopts Plan 2 employer and employee contribution rates and Plan 3 contribution rates.

**SAMMAMISH PLATEAU WATER AND SEWER DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020 AND 2019**

**NOTE 7 PENSION PLAN (CONTINUED)**

**Public Employees Retirement System (PERS) (Continued)**

The PERS Plan 2/3 required contribution rates (expressed as a percentage of covered payroll) were as follows:

<u>PERS Plan 2/3 Actual Contribution Rates</u>	<u>Employer 2/3</u>	<u>Employee 2</u>	<u>Employee 3</u>
<u>2020</u>			
January through August			
PERS Plan 2/3	7.92 %	7.90 %	Varies
PERS Plan 1 UAAL	4.76		
Administrative Fee	0.18		
Total	<u>12.86 %</u>	<u>7.90 %</u>	<u>Varies</u>
September through December			
PERS Plan 2/3	7.92 %	7.90 %	Varies
PERS Plan 1 UAAL	4.87		
Administrative Fee	0.18		
Total	<u>12.97 %</u>	<u>7.90 %</u>	<u>Varies</u>
<u>2019</u>			
January through June			
PERS Plan 2/3	7.52 %	7.41 %	Varies
PERS Plan 1 UAAL	5.13		
Administrative Fee	0.18		
Total	<u>12.83 %</u>	<u>7.41 %</u>	<u>Varies</u>
July through December			
PERS Plan 2/3	7.92 %	7.90 %	Varies
PERS Plan 1 UAAL	4.76		
Administrative Fee	0.18		
Total	<u>12.86 %</u>	<u>7.90 %</u>	<u>Varies</u>

The District's actual contributions to the plan were \$425,071 and \$393,293 for the years ended December 31, 2020 and 2019, respectively.

**Actuarial Assumptions**

The 2020 total pension liability (TPL) for each of the DRS plans was determined using the most recent actuarial valuation completed in 2020 with a valuation date of June 30, 2019. The actuarial assumptions used in the valuation were based on the results of the Office of the State Actuary's (OSA) *2013-2018 Experience Study* and the *2019 Economic Experience Study*.

The 2019 total pension liability (TPL) for each of the DRS plans was determined using the most recent actuarial valuation completed in 2019 with a valuation date of June 30, 2018. The actuarial assumptions used in the valuation were based on the results of the Office of the State Actuary's (OSA) *2007-2012 Experience Study* and the *2017 Economic Experience Study*.

**SAMMAMISH PLATEAU WATER AND SEWER DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
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**NOTE 7 PENSION PLAN (CONTINUED)**

**Actuarial Assumptions (Continued)**

Additional 2020 assumptions for subsequent events and law changes are current as of the 2019 actuarial valuation report. Additional 2019 assumptions for subsequent events and law changes are current as of the 2018 actuarial valuation report. The TPL was calculated as of the valuation date and rolled forward to the measurement date of June 30, 2020 and June 30, 2019. 2020 Plan liabilities were rolled forward from June 30, 2019, to June 30, 2020, and 2019 Plan liabilities were rolled forward from June 30, 2018, to June 30, 2019, reflecting each plan's normal cost (using the entry-age cost method), assumed interest and actual benefit payments.

- **Inflation:** 2.75% total economic inflation; 3.50% salary inflation
- **Salary increases:** In addition to the base 3.50% salary inflation assumption, salaries are also expected to grow by promotions and longevity
- **Investment rate of return:** 7.4%

2020 Mortality rates were developed using the Society of Actuaries' Pub. H-2020 mortality rates, which vary by member status, as the base table. The 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 of 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.

2019 Mortality rates were based on the RP-2000 report's Combined Healthy Table and Combined Disabled Table, published by the Society of Actuaries. The OSA applied offsets to the base table and recognized future improvements in mortality by projecting the mortality rates using 100% Scale BB. 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.

There were changes in methods and assumptions between the 2020 and 2019 valuations.

- OSA updated its demographic assumptions based on the results of its latest demographic experience study. See OSA's 2013-2018 Demographic Experience Study at [leg.wa.gov/osa](http://leg.wa.gov/osa).
- OSA updated the Early Retirement Factors and Joint-and-Survivor factors used in its model to match the ones implemented by DRS on October 1, 2020. These factors are used to value benefits for members who elect to retire early and for survivors of members that die prior to retirement.
- The valuation includes liabilities and assets for Plan 3 members purchasing Total Allocation Portfolio annuities when determining contribution rates and funded status.

**SAMMAMISH PLATEAU WATER AND SEWER DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020 AND 2019**

**NOTE 7 PENSION PLAN (CONTINUED)**

**Actuarial Assumptions (Continued)**

There were changes in methods and assumptions between the 2019 and 2018 valuations.

- OSA changed its method of updating certain data items that change annually, including the public safety duty-related death lump sum and Washington state average wage. OSA set these values at 2018 and will project them into the future using assumptions until the next Demographic Experience Study in 2025. See [leg.wa.gov/osa](http://leg.wa.gov/osa) for more information on this method change.
- OSA updated modeling to reflect providing benefit payments to the date of the initial retirement eligibility for terminated vested members who delay application for retirement benefits.
- OSA updated COLA programming to reflect legislation signed during the 2018 legislative session that provides PERS Plan 1 annuitants who are not receiving a basic minimum, alternate minimum, or temporary disability benefit with a one-time permanent 1.5% increase to their monthly retirement benefit, not to exceed a maximum of \$62.50 per month.

**Discount Rate**

The discount rate used to measure the total pension liability for all DRS plans was 7.4%.

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 7.4% was used to determine the total liability.

**Long-Term Expected Rate of Return**

The long-term expected rate of return on the DRS pension plan investments of 7.4% was determined using a building-block-method. In selecting this assumption, the Office of the State Actuary (OSA) reviewed the historical experience data, considered the historical conditions that produced past annual investment returns, and considered capital market assumptions and simulated expected investment returns provided by the Washington State Investment Board (WSIB). The WSIB uses the capital market assumptions and their target asset allocation to simulate future investment returns over various time horizons.

**Estimated Rates of Return by Asset Class**

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

**SAMMAMISH PLATEAU WATER AND SEWER DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020 AND 2019**

**NOTE 7 PENSION PLAN (CONTINUED)**

**Estimated Rates of Return by Asset Class (Continued)**

As of June 30, 2020 and 2019:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Percent Long-Term Expected Real Rate of Return Arithmetic</u>
Fixed Income	20 %	2.20 %
Tangible Assets	7	5.10
Real Estate	18	5.80
Global Equity	32	6.30
Private Equity	23	9.30
Total	<u>100 %</u>	

**Sensitivity of NPL**

The table below presents the District's proportionate share of the net pension liability calculated using the applicable discount rate, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than applicable discount rate.

	<u>1% Decrease (6.4%)</u>	<u>Current Discount Rate (7.4%)</u>	<u>1% Increase (8.4%)</u>
<u>2020</u>			
PERS 1	\$ 1,534,214	\$ 1,224,866	\$ 955,082
PERS 2/3	3,605,237	579,409	(1,912,632)
<u>2019</u>			
PERS 1	\$ 1,684,624	\$ 1,345,204	\$ 1,050,713
PERS 2/3	3,363,935	438,606	(1,961,820)

**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, 2020 and 2019, the District reported a total pension liability (asset) for its proportionate share of the net pension liabilities as follows (measured as of June 30, 2020 and 2019):

	<u>2020</u>	<u>2019</u>
PERS 1	\$ 1,224,866	\$ 1,345,204
PERS 2/3	579,409	438,606
Total	<u>\$ 1,804,275</u>	<u>\$ 1,783,810</u>

**SAMMAMISH PLATEAU WATER AND SEWER DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020 AND 2019**

**NOTE 7 PENSION PLAN (CONTINUED)**

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

	Proportionate Share 6/30/19	Proportionate Share 6/30/20	Change in Proportion
PERS 1	0.034983 %	0.034693 %	(0.000290)%
PERS 2/3	0.045155	0.045304	0.000149
	Proportionate Share 6/30/18	Proportionate Share 6/30/19	Change in Proportion
PERS 1	0.035349 %	0.034983 %	(0.000366)%
PERS 2/3	0.045496	0.045155	(0.000341)

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 Non-employer Allocations*.

The 2020 and 2019 collective net pension liability (asset) was measured as of June 30, 2020 and 2019, respectively, and the actuarial valuation date on which the total pension liability (asset) is based was as of June 30, 2019 and 2018, respectively, with update procedures used to roll forward the total pension liability to the measurement date.

**Pension Expense**

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

	2020	2019
PERS 1	\$ 57,931	\$ 44,711
PERS 2/3	79,853	74,303
Expenses and Other	16,216	8,986
Total	\$ 154,000	\$ 128,000

**SAMMAMISH PLATEAU WATER AND SEWER DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020 AND 2019**

**NOTE 7 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>2020</u>		
PERS 1:		
Differences Between Expected and Actual Experience	\$ -	\$ -
Net Difference Between Projected and Actual Investment		
Earnings on Pension Plan Investments	-	6,820
Changes of Assumptions	-	-
Changes in Proportion and Differences Between		
Contributions and Proportionate Share of		
Contributions	-	-
Contributions Subsequent to the Measurement Date	119,444	-
Total	<u>119,444</u>	<u>6,820</u>
PERS 2/3:		
Differences Between Expected and Actual Experience	207,420	72,614
Net Difference Between Projected and Actual Investment		
Earnings on Pension Plan Investments	-	29,426
Changes of Assumptions	8,252	395,786
Changes in Proportion and Differences Between		
Contributions and Proportionate Share of		
Contributions	34,620	9,232
Contributions Subsequent to the Measurement Date	195,782	-
Total	<u>446,074</u>	<u>507,058</u>
Total All Plans	<u>\$ 565,518</u>	<u>\$ 513,878</u>

**SAMMAMISH PLATEAU WATER AND SEWER DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020 AND 2019**

**NOTE 7 PENSION PLAN (CONTINUED)**

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
<u>2019</u>		
PERS 1:		
Differences Between Expected and Actual Experience	\$ -	\$ -
Net Difference Between Projected and Actual Investment		
Earnings on Pension Plan Investments	-	89,871
Changes of Assumptions	-	-
Changes in Proportion and Differences Between		
Contributions and Proportionate Share of		
Contributions	-	-
Contributions Subsequent to the Measurement Date	123,516	-
Total	123,516	89,871
PERS 2/3:		
Differences Between Expected and Actual Experience	125,662	94,298
Net Difference Between Projected and Actual Investment		
Earnings on Pension Plan Investments	-	638,432
Changes of Assumptions	11,231	184,024
Changes in Proportion and Differences Between		
Contributions and Proportionate Share of		
Contributions	41,264	13,922
Contributions Subsequent to the Measurement Date	205,514	-
Total	383,671	930,676
Total All Plans	\$ 507,187	\$ 1,020,547

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 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:

<u>Year Ending December 31,</u>	PERS 1	PERS 2/3
2021	\$ (30,947)	\$ (233,358)
2022	(973)	(50,407)
2023	9,442	17,360
2024	15,658	56,822
2025	-	(21,401)
Thereafter	-	(25,782)
Total	\$ (6,820)	\$ (256,766)

**SAMMAMISH PLATEAU WATER AND SEWER DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020 AND 2019**

**NOTE 8 DEFERRED COMPENSATION PLAN**

The District offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan assets are invested with the Washington State Deferred Compensation Program and the International City/County Management Association Program. The plan, available to all employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. The District made no contributions to this plan in 2020 or 2019.

**NOTE 9 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 70 members. The Pool's fiscal year is November 1st through October 31st.

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

**SAMMAMISH PLATEAU WATER AND SEWER DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020 AND 2019**

**NOTE 9 RISK MANAGEMENT (CONTINUED)**

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

<b>TYPE OF COVERAGE</b>	<b>MEMBER DEDUCTIBLE</b>	<b>SELF-INSURED RETENTION/GROUP</b>	<b>EXCESS LIMITS</b>
<b>Property Loss:</b>			
Buildings and Contents	\$5,000 and See (C) below	\$25,000	\$275,000,000
Flood	See (A) below	See (A) below	\$50,000,000
Earthquake	See (B) below	See (B) below	\$110,000,000 (\$75,000,000 shared by all members, \$25,000,000 dedicated to Alderwood, \$10,000,000 dedicated to Sammamish Plateau)
Terrorism	\$5,000	\$25,000 Primary layer	\$700,000,000 Primary layer
Boiler & Machinery	\$5,000 - \$350,000 depending on object	\$25,000 - \$350,000 depending on object	\$100,000,000
Auto - Physical Damage	\$5,000	\$25,000	Replacement Value Coverage
<b>Liability:</b>			
Commercial General Liability	\$5,000	\$300,000, subject to \$150,000 Corridor Deductible	\$15,000,000
Auto Liability	\$5,000	Same as above	\$15,000,000
Public Officials Errors and Omissions	\$5,000	Same as above	\$15,000,000
Employment Practices	\$5,000	Same as above	\$15,000,000
<b>Other:</b>			
Cyber Liability	\$50,000	N/A	\$2,000,000
Deadly Weapon/ Active Shooter	\$10,000	N/A	\$500,000
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.

**SAMMAMISH PLATEAU WATER AND SEWER DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020 AND 2019**

**NOTE 9 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 & 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, 2021, written notice must be in possession of the Pool by April 30, 2021). 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 (2020, 2019, and 2018), there have been no claim settlements, per occurrence or in aggregate, that have exceeded the coverage provided by excess/reinsurance contracts.

**NOTE 10 CASCADE WATER ALLIANCE**

In April 1999, the Sammamish Plateau Water & Sewer District (The District) joined together with seven other cities and districts to create the Cascade Water Alliance (The Alliance). The purpose of the Alliance is to provide water supply to meet current and future needs of the Alliance's Members in a cost-effective and environmentally responsible manner. Collectively, the membership of the Alliance serves over 400,000 residents and 22,000 businesses in the Puget Sound Region.

The Alliance is governed by a board of directors consisting of one individual representative appointed by resolution of the Member's legislative authority. Each Member entity must pay annual dues based on the number of residential units served by the water system within their jurisdiction.

**SAMMAMISH PLATEAU WATER AND SEWER DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020 AND 2019**

**NOTE 10 CASCADE WATER ALLIANCE (CONTINUED)**

The Alliance assesses a Regional Capital Facility Charge (RCFC) on new District water customers for each additional connection to the Cascade system. Each member collects a Regional Capital Facilities Charge and remits to the Cascade Alliance. During 2020 and 2019, the District collected \$\$1,232,205 and \$1,623,248, respectively, for this charge.

In 2011, the Alliance assigned a minimum demand share of one million gallons per day (1 MGD) to The District in lieu of actual use. If actual demand is greater than the minimum demand, the actual demand will be used in determining the District's demand share.

The Alliance collected charges as follows:

	Alliance Total	District Share
<u>2020</u>		
Membership Administrative Duties	\$ 3,339,859	\$ 474,619
Conservation	829,230	117,840
Demand Share	37,567,001	1,137,858
Total	<u>\$ 41,736,090</u>	<u>\$ 1,730,317</u>
<u>2019</u>		
Membership Administrative Duties	\$ 3,286,899	\$ 464,243
Conservation	821,152	115,980
Demand Share	36,412,424	1,096,443
Total	<u>\$ 40,520,475</u>	<u>\$ 1,676,666</u>

A Member may withdraw from the Alliance with a resolution of its legislative authority expressing such intent. The board will then determine the withdrawing Member's obligations to the Alliance, as well as the withdrawing Member's allocable share of the Alliance's then-existing obligations. The Member's withdrawal shall be effective upon payment of obligations. Members do not hold legal ownership rights in any assets owned by the Alliance.

Cascade Water Alliance's major Debt financing to date:

Twenty-five year \$42,695,000 revenue bond proceeds (2012 revenue bonds) to acquire independent supply production capacity, to restructure the Tacoma Water Contract, to extend the Seattle Water Contract, and to fund Lake Tapps capital improvements.

Fifteen year \$29,220,000 refunding revenue bonds (2014 revenue bonds) to pay a portion of the cost of refunding the callable portion of the outstanding 2006 Bonds. The net proceeds were placed in an irrevocable trust with an escrow agent to provide funds for the future debt service payment on the refunded bonds. As a result, a portion of the 2006 bonds are considered defeased. The government advance refunded the 2006 revenue bonds to reduce its total debt service payments over fourteen years by \$6,270,530 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$5,462,625.

**SAMMAMISH PLATEAU WATER AND SEWER DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020 AND 2019**

**NOTE 10 CASCADE WATER ALLIANCE (CONTINUED)**

Seventeen year \$49,430,000 refunding revenue bond (2019 revenue bonds) to refund the outstanding 2009 revenue bonds to achieve a debt service savings. In addition to the debt service savings it freed up the 2009 bond reserve of \$4,924,951. However, due to limitations on the uses of the bond reserve, the reserve was used to pay down the issuance and Cascade borrowed an additional \$5 million for construction projects.

Seventeen year \$30,005,000 refunding revenue bonds (2020 revenue bonds) to pay the cost of refunding the callable portion of the outstanding 2012 Bonds. The net proceeds were placed in an irrevocable trust with an escrow agent to provide funds for the future debt service payment on the refunded bonds. As a result, a portion of the 2012 bonds are considered defeased. The government advance refunded the 2012 revenue bonds to reduce its total debt service payments over 17 years by \$8,645,088 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$6,313,985.

The outstanding bonds do not pledge the full faith and credit or taxing power of any of the seven current members, nor do the bonds pledge any revenues except as the Members committed through Member Charges under the Joint Agreement. The bonds are payable solely from the Alliance's revenues and are not guaranteed by the District's assets or revenues.

Audited financial information can be obtained by contacting Chris Paulucci, Finance and Administration Manager, Cascade Water Alliance, 520 112th Ave NE, Suite 400, Bellevue, WA 98004.

**NOTE 11 MAJOR SUPPLIER**

Treatment of all sewage collected by the District is provided by King County Wastewater Treatment Division (KCWTD/Metro).

**NOTE 12 LEASES**

The District leases space for cell towers on certain tanks and land and certain tank capacity under cancelable and noncancelable operating leases. Future rental income due to the District is as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2021	\$ 112,868
2022	117,383
2023	122,078
2024	123,834
2025	42,262
Total	<u>\$ 518,425</u>

**SAMMAMISH PLATEAU WATER AND SEWER DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020 AND 2019**

**NOTE 13 COMMITMENTS**

As of December 31, 2020, the District is obligated under construction contracts totaling \$3,323,934, of which \$3,062,073 has been expended.

**NOTE 14 SUBSEQUENT EVENT**

On February 22, 2021, the District Board of Commissioners imposed by resolution a 90-day moratorium on the issuance of certificates of sewer availability and approval of new sewer service connections for certain development activities occurring within the Sammamish Plateau North Sewer Service Area and associated sewer basins. After the initial 90 days, on May 24, 2021, the Board of Commissioners extended the moratorium an additional 90 days through August 23, 2021. The District staff is currently working with consultants to review, evaluate and design sewer system improvements in this area to address sewer capacity issues. The moratorium would have an effect on sewer customer growth for properties wanting to connect to sewer in the North Sewer Service Area, and would have a minimal effect on operating income in future years.

In February 2020, the Governor of the State of Washington declared a state of emergency in response to the spread of the deadly new virus, COVID-19. In the weeks following, the District declared an emergency relating to COVID-19 as a precautionary measure to slow the spread of the virus. These measures included, limiting public and private gatherings, and restricting business operations, travel, and non-essential activities.

As a result of these precautionary measures, there was a potential that water revenues would decrease. While there was lower water use in non-single family accounts, single family water use increased as many customers transitioned to working from home and children stayed home as schools closed. As single family accounts make up approximately 90% of the District's customer base, the District experienced an overall increase in non-peak water revenues

In addition, beginning in March 2020 the District suspended adding late charges to customer accounts and discontinued locking of delinquent accounts resulting in a reduced revenues for late and miscellaneous fees of approximately \$295,000 compared to 2019.

The length of time these measure will be in place, and the full extend of the financial impact on the District, is unknown at this time.

**NOTE 15 RESTATEMENT**

During 2020, management determined that property donated to the District in 2019 and participation agreements due to developers for the District share of developer extensions had not been recorded in the financial statements. As a result, the financial statements as of and for the year ended December 31, 2019 have been restated to record \$930,810 of additional plant in service, \$76,469 of additional accounts payable, and \$854,321 of capital contributions revenue.

**SAMMAMISH PLATEAU WATER AND SEWER DISTRICT  
SCHEDULES OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
AS OF JUNE 30 (MEASUREMENT DATE)  
LAST 10 FISCAL YEARS\***

**PERS 1**

<u>Year</u>	<u>Employer's Proportion of the Net Pension Liability (Asset)</u>	<u>Employer's Proportionate Share of the Net Pension Liability (Asset)</u>	<u>Covered Payroll</u>	<u>Net Pension Liability (Asset) as a Percentage of Covered Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</u>
2020	0.034693 %	\$ 1,224,866	\$ 5,489,930	22.31 %	68.64 %
2019	0.034983	1,345,204	4,915,719	27.37	67.12
2018	0.035349	1,578,702	4,709,821	33.52	63.22
2017	0.034612	1,642,354	4,541,943	36.16	61.24
2016	0.034169	1,835,043	4,166,446	44.04	57.03
2015	0.035060	1,833,985	4,035,264	45.45	59.10
2014	0.037820	1,905,193	4,031,087	47.26	61.19
2013	0.034866	2,037,332	3,842,151	53.03	

**Notes to Schedule:**

1. PERS 1 contributions are from the component of PERS 2 contributions required to address the PERS 1 unfunded actuarially accrued liability (UAAL).

\*Information is presented only for those years for which information is available.

**PERS 2/3**

<u>Year</u>	<u>Employer's Proportion of the Net Pension Liability (Asset)</u>	<u>Employer's Proportionate Share of the Net Pension Liability (Asset)</u>	<u>Covered Payroll</u>	<u>Net Pension Liability (Asset) as a Percentage of Covered Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</u>
2020	0.045304 %	\$ 579,409	\$ 5,489,930	10.55 %	97.22 %
2019	0.045155	438,606	4,915,719	8.92	97.77
2018	0.045496	776,802	4,709,821	16.49	95.77
2017	0.044520	1,546,864	4,541,943	34.06	90.97
2016	0.043828	2,206,722	4,166,446	52.96	85.82
2015	0.045288	1,618,169	4,035,264	40.10	89.20
2014	0.048693	984,264	4,031,087	24.42	93.29
2013	0.046432	1,982,668	3,842,151	51.60	

**Notes to Schedule:**

\*Information is presented only for those years for which information is available.

**SAMMAMISH PLATEAU WATER AND SEWER DISTRICT  
SCHEDULES OF EMPLOYER PENSION CONTRIBUTIONS  
YEARS ENDED DECEMBER 31 (EMPLOYER REPORTING DATE)  
LAST 10 FISCAL YEARS\***

**PERS 1**

Year	Statutorily Required Contribution	Contributions in Relation to the Statutorily Required Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percent of Covered Payroll
2020	\$ 257,249	\$ (257,249)	\$ -	\$ 5,367,052	4.79 %
2019	251,007	(251,007)	-	5,086,902	4.93
2018	242,773	(242,773)	-	4,793,243	5.06
2017	227,289	(227,289)	-	4,637,137	4.90
2016	198,452	(198,452)	-	4,178,273	4.75
2015	176,121	(176,121)	-	4,041,547	4.36
2014	162,354	(162,354)	-	4,039,325	4.02
2013	127,245	(127,245)	-	3,935,490	3.23

**Notes to Schedule:**

1. PERS 1 contributions are from the component of PERS 2 contributions required to address the PERS 1 unfunded actuarially accrued liability (UAAL).

\* Information is presented only for those years for which information is available.

**PERS 2/3**

Year	Statutorily Required Contribution	Contributions in Relation to the Statutorily Required Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percent of Covered Payroll
2020	\$ 425,071	\$ (425,071)	\$ -	\$ 5,367,052	7.92 %
2019	393,293	(393,293)	-	5,086,902	7.73
2018	359,516	(359,516)	-	4,793,243	7.50
2017	319,210	(319,210)	-	4,637,137	6.88
2016	259,195	(259,195)	-	4,178,273	6.20
2015	226,035	(226,035)	-	4,041,547	5.59
2014	200,908	(200,908)	-	4,039,325	4.97
2013	188,398	(188,398)	-	3,935,490	4.79

**Notes to Schedule:**

\* Information is presented only for those years for which information is available.

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