Office of the Washington State Auditor
Pat McCarthy

Financial Statements Audit Report

Washington State Potato Commission

For the period July 1, 2019 through June 30, 2021

Published August 25, 2022

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Office of the Washington State Auditor
Pat McCarthy

August 25, 2022

Board of Commissioners
Washington State Potato Commission
Moses Lake, Washington

Report on Financial Statements

Please find attached our report on the Washington State Potato Commission's financial statements.

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

Sincerely,

Pat McCarthy, State Auditor

Olympia, WA

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Washington State Potato Commission
July 1, 2019 through June 30, 2021

Board of Commissioners
Washington State Potato Commission
Moses Lake, 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 Washington State Potato Commission, as of and for the years ended June 30, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements, and have issued our report thereon dated August 9, 2022.

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audits of the financial statements, we considered the Commission's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of the Commission'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 Commission's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described above and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

REPORT ON COMPLIANCE AND OTHER MATTERS

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

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

PURPOSE OF THIS REPORT

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Commission'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 Commission'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.

Pat McCarthy

Pat McCarthy, State Auditor

Olympia, WA

August 9, 2022

INDEPENDENT AUDITOR'S REPORT

Report on the Audit of the Financial Statements

Washington State Potato Commission
July 1, 2019 through June 30, 2021

Board of Commissioners
Washington State Potato Commission
Moses Lake, Washington

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinions

We have audited the accompanying financial statements of the Washington State Potato Commission, as of and for the years ended June 30, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Washington State Potato Commission, as of June 30, 2021 and 2020, and the changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Matters of Emphasis

As discussed in Note 14 to the financial statements, the full extent of the COVID-19 pandemic's direct or indirect financial impact on the Commission is unknown. However, management has mitigated any material impacts to the Commission. Our opinion is not modified with respect to this matter.

Responsibilities of Management 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, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit;
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements;

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control. Accordingly, no such opinion is expressed;
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements;
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Commission's ability to continue as a going concern for a reasonable period of time; and
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with 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.

Management has omitted the management's discussion and analysis information that governmental accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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.

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we have also issued our report dated August 9, 2022 on our consideration of the Commission'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 the effectiveness of the Commission's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Commission's internal control over financial reporting and compliance.

Pat McCarthy

Pat McCarthy, State Auditor

Olympia, WA

August 9, 2022

FINANCIAL SECTION

Washington State Potato Commission
July 1, 2019 through June 30, 2021

BASIC FINANCIAL STATEMENTS

REQUIRED SUPPLEMENTARY INFORMATION

WASHINGTON STATE POTATO COMMISSION
Statements of Net Position
June 30, 2021 and 2020

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

		2021		2020
ASSETS				
CURRENT ASSETS				
Cash - unrestricted	$	958,251	$	476,302
Money market deposits		609,166		610,789
Time certificates of deposit		1,576,513		1,553,676
U.S. Government securities		1,903,592		2,219,056
Net assessments receivable		473,156		368,857
Other receivables		66,977		12,833
Prepaid expenses		108,578		108,446
Total current assets		5,696,233		5,349,959
NON-CURRENT ASSETS				
Buildings and equipment		744,725		740,485
Less: accumulated depreciation		(522,262)		(486,945)
		222,463		253,540
Land		18,057		18,057
Total capital assets		240,520		271,597
Net pension asset		519,896		-
Total non-current assets		760,416		271,597
Total assets		6,456,649		5,621,556
DEFERRED OUTFLOWS OF RESOURCES		35,010		36,764
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$	6,491,659	$	5,658,320

The accompanying notes are an integral part of this statement

LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION

	2021	2020
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable	$ 28,214	$ 35,234
Accrued vacation pay and payroll taxes	65,723	60,346
Other post-employment benefit liability - current	5,688	3,996
Total current liabilities	99,625	99,576
NON-CURRENT LIABILITIES		
Net pension liability	59,315	242,323
Other post-employment benefit liability - noncurrent	414,271	489,496
Total non-current liabilities	473,586	731,819
Total liabilities	573,211	831,395
DEFERRED INFLOWS OF RESOURCES	577,353	101,311
NET POSITION		
Net investment in capital assets	240,520	271,597
Restricted	43,374	-
Unrestricted	5,057,201	4,454,017
Total net position	5,341,095	4,725,614
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	$ 6,491,659	$ 5,658,320

The accompanying notes are an integral part of this statement

WASHINGTON STATE POTATO COMMISSION
Statements of Revenue, Expenses and Changes in Net Position
For the Years Ended June 30, 2021 and 2020

	2021	2020
OPERATING ACTIVITIES		
REVENUE		
Assessments	$ 3,656,895	$ 3,807,586
Administration contracts	-	500
Total revenue	3,656,895	3,808,086
EXPENSES		
Administration -		
Salaries and compensation	503,474	867,368
Administration travel	15,233	11,629
Staff training and recruitment	245	4,168
Vehicle expenses	3,486	6,107
Building maintenance and utilities	24,955	22,892
Communications	8,737	8,511
Office supplies and expenses	8,257	12,289
Postage and freight	10,384	12,135
Equipment maintenance and leases	3,726	8,409
Computer supplies and maintenance	6,893	10,574
Legal	195	-
Audit and accounting	10,000	61,881
Insurance and bonds	16,415	16,603
Other	6,293	6,901
Depreciation	35,317	30,537
Total administration expenses	653,610	1,080,004
Market and industry affairs	622,468	903,947
Research and technical	1,112,566	1,582,951
Government affairs	679,147	777,735
Total expenses	3,067,791	4,344,637
Net operating activities	589,104	(536,551)

The accompanying notes are an integral part of this statement

	2021	2020
NON-OPERATING ACTIVITIES		
Investment gain	26,377	133,522
Total non-operating activities	26,377	133,522
CHANGE IN NET POSITION	615,481	(403,029)
TOTAL NET POSITION - BEGINNING OF YEAR	4,725,614	5,128,643
TOTAL NET POSITION - END OF YEAR	$ 5,341,095	$ 4,725,614

The accompanying notes are an integral part of this statement

WASHINGTON STATE POTATO COMMISSION
Statements of Cash Flows
For the Years Ended June 30, 2021 and 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received as assessments from growers	$ 3,552,596	$ 3,720,229
Cash received from administrative contracts	-	500
Cash payments for goods and services	(2,834,967)	(3,696,925)
Cash payments to employees	(552,067)	(584,604)
Net cash provided (used) by operating activities	165,562	(560,800)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	-	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchase of equipment	(4,240)	(50,509)
CASH FLOWS FROM INVESTING ACTIVITIES		
Net funds transferred from (to) government securities and certificates of deposit with original maturities greater than three months	313,098	954,687
Investment income received	5,906	11,768
Net cash provided by investing activities	319,004	966,455
NET INCREASE IN CASH AND CASH EQUIVALENTS	480,326	355,146
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	1,087,091	731,945
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 1,567,417	$ 1,087,091

	2021	2020
RECONCILIATION OF CASH AND MONEY MARKET DEPOSITS TO CASH AND CASH EQUIVALENTS		
Cash - unrestricted	$ 958,251	$ 476,302
Money market deposits	609,166	610,789
Cash and cash equivalents	$ 1,567,417	$ 1,087,091

The accompanying notes are an integral part of this statement

	2021	2020
RECONCILIATION OF NET OPERATING ACTIVITIES TO NET CASH (USED) PROVIDED BY OPERATING ACTIVITIES		
Net operating activities	$ 589,104	$ (536,551)
Depreciation	35,317	30,537
(Increase) decrease in receivables and prepaid expenses	(158,575)	(63,668)
Decrease in accounts payable and accrued liabilities	(1,643)	(28,298)
Net increase (decrease) in deferred inflows, deferred outflows, and pension liability	(298,641)	37,180
Net cash provided (used) by operating activities	$ 165,562	$ (560,800)

SCHEDULE OF NON-CASH ITEMS		
Unrealized (loss) gain on investments	$ (2,423)	$ 96,266

The accompanying notes are an integral part of this statement

NOTE 1 - REPORTING ENTITY

The Washington State Potato Commission is a Washington State corporate organization established in 1956 by the State of Washington Department of Agriculture. The Commission is governed by a fifteen-member board of commissioners. The "Marketing Order for Washington Potatoes" enables the Commission to levy assessments on all potatoes grown in Washington except those used for seed, charity and livestock feed. The Marketing Order also provides for the Commission to engage in the following activities:

Public education to increase the sale and consumption of Washington produced potatoes.

Research relating to the marketing, production, processing, or handling of potatoes.

Establish, define, and provide labeling requirements, standards, and grades of potatoes.

Investigate and take necessary action to prevent and correct unfair trade practices which hinder marketing of Washington produced potatoes or potato products.

The accounting and reporting policies of the Commission conform to generally accepted accounting principles. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. As required by generally accepted accounting principles, management has considered all potential component units in defining the reporting entity and believe that the Commission has no component units required to be included as part of the reporting entity.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Pursuant to GASB Statement 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, a summary of the Commission's significant accounting policies is given below.

Assessment revenues and related receivables are determined based upon receipts sent to the Commission by shippers, processors, and packers of Washington potatoes. The Commission's revenue is substantially dependent upon the yearly volume of Washington potatoes.

Operating revenues are revenues and other amounts accruing from the primary operations of the Commission. Non-operating revenues are those that are generated from investing and financing activities.

The Commission provides allowances for uncollectible accounts equal to the estimated losses that will be incurred in collection of receivables. The estimated losses are based on historical collection experience together with a review of the current status of the receivables. The allowance for uncollectible accounts was $1,000 at June 30, 2021 and 2020. At June 30, 2021 and 2020, less than 0.01% and less than 0.1% of accounts receivable were outstanding more than ninety days, respectively.

Prepaid expenses include undistributed publication and promotional items, postage, insurance, and trade show expenses.

From time to time the Commission classifies a portion of its net position as restricted. The classification is due to externally imposed restrictions on assets of the Commission which may not be removed without the consent of those imposing the restriction.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

The Commission was organized and given the power to levy assessments by the state of Washington and as part of the state government is not liable for income taxes.

For purposes of the statement of cash flows, the Commission considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents. The Commission's checking account, money market, and time certificates of deposit are maintained in deposit accounts through bank branches and savings and loan institutions or in brokerage firms. Deposit accounts are covered by the Federal Depository Insurance Corporation (FDIC) up to the applicable FDIC limit, or by collateral held in a multiple financial institution collateral pool administered by the Washington Public Deposit Protection Commission. At June 30, 2021, balances in depository accounts in excess of the FDIC were approximately $1,587,819.

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses.

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.

Certain reclassifications have been made to the prior year amounts for comparative purposes to conform with the presentation in the current year financial statements.

NOTE 3 - INVESTMENTS

As of June 30, 2021, and 2020 the Commission had the following investments:

	Fiscal - Year Maturities	2021 Fair Value	2020 Fair Value	Credit Rating
Money Market Accounts	N/A	$ 609,166	$ 610,789	
Certificates of Deposit	2020	-	518,244	
Certificates of Deposit	2021	530,655	778,652	
Certificates of Deposit	2022	788,503	256,780	
Certificates of Deposit	2023	257,355	-	
U.S. Government Securities	2020	-	312,032	AA+/AAA
U.S. Government Securities	2021	372,781	641,562	AA+/AAA
U.S. Government Securities	2022	520,362	520,699	AA+/AAA
U.S. Government Securities	2023	744,726	744,763	AA+/AAA
U.S. Government Securities	2024	-	-	AA+/AAA
U.S. Government Securities	2025	-	-	AA+/AAA
U.S. Government Securities	2026	265,723	-	AA+/AAA
		$ 4,089,271	$ 4,383,521	

NOTE 3 - INVESTMENTS - CONTINUED

Custodial credit risk is the risk that in the event of a failure of the counterparty to an investment transaction the Commission would not be able to recover the value of the investment or collateral securities. The Commission's positions with brokerage firms are covered by Securities Investors Protection Corporation (SIPC) Insurance and by excess SIPC coverage, as applicable. As of June 30, 2021, the Commission had no custodial credit risk related to investments held at brokerage firms.

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The exposure to interest rate risk experienced by the Commission is managed by purchasing both short term and long term investments and by timing cash flows from maturities to ensure the cash needed for operations will be available.

The Commission's investment policy contains no limitations of the amount that can be invested in any issuer. The Commission is limited to making deposits in public depositories located in Washington State and/or institutions expressly permitted by Washington State statute. Investments in single issuers that exceed 5% of total investments are as follows:

Issuer	Investment Type	2021 Fair Value	2020 Fair Value
Banner Bank/Am West	Certificate of Deposit	$ 257,355	$ 255,632
Umpqua Bank	Certificate of Deposit	$ 269,118	$ 262,611
US Bank	Certificate of Deposit	$ 263,201	$ 256,779
WA Federal Bank	Certificate of Deposit	$ 261,537	$ 259,066
Inland Northwest Bank	Certificates of Deposit	$ 525,302	$ 519,587
KeyBank	Money Market Deposit	$ 608,652	$ 608,807
Resolution FDG Corp	US Sponsored Bonds	$ -	$ 261,976
US Treasury	US Treasury Notes	$ 1,634,537	$ 1,633,563

NOTE 4 - PROPERTY AND EQUIPMENT

	Beginning Balance	Additions	Deletions	Ending Balance
Fiscal year ending June 30, 2021				
Buildings and equipment	$ 740,485	$ 4,240	$ -	$ 744,725
Accumulated depreciation	(486,945)	(35,317)	-	(522,262)
	253,540	(31,077)	-	222,463
Land	18,057	-	-	18,057
	$ 271,597	$ (31,077)	$ -	$ 240,520

NOTE 4 - PROPERTY AND EQUIPMENT - CONTINUED

	Beginning Balance	Additions	Deletions	Ending Balance
Fiscal year ending June 30, 2020				
Buildings and equipment	$ 689,976	$ 50,509	$ -	$ 740,485
Accumulated depreciation	(456,408)	(30,537)	-	(486,945)
	233,568	19,972	-	253,540
Land	18,057	-	-	18,057
	$ 251,625	$ 19,972	$ -	$ 271,597

Property and equipment are stated at cost. Depreciation is computed on the straight line method generally over estimated useful lives of five (5) to ten (10) years for equipment and thirty (30) years for the building. The policy of the Commission is to capitalize to property and equipment those purchases of assets exceeding $3,000 and having an expected useful life at no less than one year. Purchases not meeting these criteria are expensed.

NOTE 5 - ASSESSMENTS REVENUE

Washington grown potatoes are assessed at four (4) cents per hundred weight. The assessment is mandatory under the Commission Enabling Act.

NOTE 6 - PENSION PLANS

The following table represents the total pension amounts for all plans subject to the requirements of GASB Statement 68, *Accounting and Financial Reporting for Pensions* for the fiscal years 2021 and 2020:

Total Pension Amounts – All Plans	2021	2020
Pension liabilities	$ 59,315	$ 242,323
Pension assets	$ 519,896	$ -
Deferred outflows of resources	$ 35,010	$ 36,764
Deferred inflows of resources	$ 577,353	$ 101,311
Pension (benefit) expense	$ (225,104)	$ (10,730)

State Sponsored Pension Plans

Substantially all Washington State Potato Commission 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 Washington State Legislature establishes and amends laws pertaining to the creation and administration of all public retirement systems.

NOTE 6 - PENSION PLANS - CONTINUED

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

Department of Retirement Systems
Communications Unit
P.O. Box 48380
Olympia, WA 98540-8380

Or the DRS CAFR may be downloaded from the DRS website at www.drs.wa.gov.

Public Employees' Retirement System (PERS)

PERS members include elected officials; state employees; employees of 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 two percent 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 five years of service. Members retiring from active status prior to the age of 65 may receive actuarially reduced benefits. Retirement benefits are actuarially reduced to reflect the choice of a survivor benefit. Other benefits include duty and non-duty 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 five years of eligible service. The plan was closed to new entrants September 30, 1977.

Contributions

The **PERS Plan 1** member contribution rate is established by State statute at 6.00%. 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) for 2021 and 2020 were as follows:

PERS Plan 1	Actual Contribution Rates: Employer	Employee
July 1, 2019 to August 31, 2020	12.86%	6.00%
September 1, 2020 to June 30, 2021	12.97%	6.00%

The Commission's contributions to the plan were $36,173 and $35,614 for the years ended June 30, 2021 and 2020, respectively. Employee contributions to the plan were $2,767 and $2,753 for the years ended June 30, 2021 and 2020, respectively.

NOTE 6 - PENSION PLANS - CONTINUED

PERS Plan 2/3 provides retirement, disability, and death benefits. Retirement benefits are determined as 2.00% of the member's average final compensation (AFC) times the member's years of service for Plan 2 and 1.00% 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 five years of service credit. Retirement before age 65 is considered an early retirement. PERS Plan 2/3 members who have at least 20 years of service credit and are 55 years of age or older, are eligible for early retirement with a benefit that is reduced by a factor that varies according to age for each year before age 65. PERS Plan 2/3 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 three percent 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 five percent 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 non-duty disability payments, a cost-of-living allowance (based on the CPI), capped at 3.00% 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 five years of eligible service. Plan 3 members are vested in the defined benefit portion of their plan after ten years of service; or after five years of service if 12 months of that service are earned after age 44.

PERS Plan 3 defined contribution benefits are completely 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 5.00% and escalate to 15.00% with a choice of six 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 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. The PERS Plan 2/3 required contribution rates (expressed as a percentage of covered payroll) for 2021 and 2020 were as follows:

PERS Plan 2/3	**Actual Contribution Rates:**		
	Employer 2/3	**Employee 2**	**Employee 3**
July 1, 2019 to August 31, 2020	12.86%	7.90%	variable
September 1, 2020 to June 30, 2021	12.97%	7.90%	variable

NOTE 6 - PENSION PLANS - CONTINUED

The Commission's contributions to the plan were $49,437 and $49,576 for the years ended June 30, 2021 and 2020, respectively. Employee contributions to the plan were $37,819 and $37,947 for the years ended June 30, 2021 and 2020, respectively.

Actuarial Assumptions

The total pension liability (TPL) for each of the DRS plans was determined using the most recent actuarial valuation completed in 2021 with a valuation date of June 30, 2020. The actuarial assumptions used in the valuation are summarized in the Actuarial Section of DRS' ACFR located on the DRS website. The assumptions used in the June 30, 2020 valuation were based on the results of the Office of the State Actuary's (OSA) *2008-2013 Experience Study Report* and the *2017 Economic Experience Study.* Additional assumptions for subsequent events and law changes are current as of the 2020 Actuarial Valuation Report.

The TPL was calculated as of the valuation date and rolled forward to the measurement date of June 30, 2021. Plan liabilities were rolled forward from June 30, 2020 to June 30, 2021, 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:** 7.40%

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

Actuarial results OSA provided reflect the following changes in assumptions and methods:

- There were no assumption changes.

- For purposes of the June 30, 2020 Actuarial Valuation Report (AVR), a non-contribution rate setting valuation under current funding policy, the Office of the State Actuary (OSA) introduced temporary method changes to produce asset and liability measures as of the valuation date. ISA will revert back to the methods outlined in their 2019 AVR when preparing the 2021 AVR, a contribution rate-setting valuation, which will serve as the basis for 2022 ACFR results.

NOTE 6 - PENSION PLANS - CONTINUED

Discount Rate

The discount rate used to measure the total pension liability for all DRS plans was 7.40 percent. 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 the assumptions described in OSA's certification letter within the DRS CAFR, the pension pam's 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 7.40% was used to determine the total liability.

Long-Term Expected Rate of Return

The OSA selected a 7.40% long-term rate of return on pension plan investments using a building-block method. In selecting this assumption, OSA reviewed the historical experience data, considered the historical conditions that produced past annual investment return, and considered Capital Market Assumptions (CMAs) and simulated expected investment returns the Washington State Investment Board (WSIB) provided.

The CMAs contain three pieces of information for each class of assets WSIB invests in: expected annual return, standard deviation of the annual return, and correlation between the annual returns of each asset class with every other asset class.

The WSIB uses CMAs and their target asset allocation to simulate future investment returns at various future times.

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 as of June 30, 2021, are summarized in the table below. The inflation component used to create the table is 2.20% and represents the WSIB's most recent long-term estimate of broad economic inflation.

Asset Class	Target Allocation	% Long-Term Expected Real Rate of Return Arithmetic
Fixed Income	20.00%	2.20%
Tangible Assets	7.00%	5.10%
Real Estate	18.00%	5.80%
Global Equity	32.00%	6.30%
Private Equity	23.00%	9.30%
	100.00%	

NOTE 6 - PENSION PLANS - CONTINUED

Sensitivity of NPL

The table below presents the Commission's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.40%, as well as what the Commission's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.40%) or 1-percentage point higher (8.40%) than the current rate.

Plan	1% Decrease (6.4%)	Current Discount Rate (7.4%)	1% Increase (8.4%)
PERS 1	$ 101,047	$ 59,315	$ 22,921
PERS 2/3	$ (148,108)	$ (519,896)	$ (826,064)

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 June 30, 2021 and 2020, respectively, the Commission reported a total pension liability (asset) as follows:

Plan	2021	2020
PERS 1 Liability	$ 59,315	$ 173,491
PERS 2/3 (Asset)	$ (519,896)	$ 68,832
Total (Asset)/Liability	$ (460,581)	$ 242,323

At June 30, the Commission's proportionate share of the collective net pension liabilities was as follows:

Plan	Proportionate Share 6/30/21	Proportionate Share 6/30/20	Change in Proportion
PERS 1	0.004857%	0.004914%	(0.000057)%
PERS 2/3	0.005219%	0.005382%	(0.000163)%

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

The collective net pension liability was measured as of June 30, 2021, and the actuarial valuation date on which the total pension liability is based was as of June 30, 2020, with update procedures used to roll forward the total pension liability to the measurement date.

NOTE 6 - PENSION PLANS - CONTINUED

Pension Expense

For the years ended June 30, 2021 and 2020, the Commission recognized pension (benefit)/expense as follows:

Plan	2021	2020
PERS 1 Pension (Benefit) Expense	$ (49,321)	$ (11,698)
PERS 2/3 Pension (Benefit)Expense	$ (175,783)	$ 968
Total Pension Expense	$ (225,104)	$ (10,730)

Deferred Outflows of Resources and Deferred Inflows of Resources

At June 30, 2020, the Commission reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Classification of Deferred Inflow/Deferred Outflow	Deferred Outflows of Resources		Deferred Inflows of Resources	
	PERS 1	PERS 2/3	PERS 1	PERS 2/3
Differences between expected and actual experience	$ -	$ 24,641	$ -	$ 8,626
Net difference between projected and actual investment earnings on pension plan investments	-	-	966	3,496
Changes of assumptions	-	980	-	47,019
Changes in proportion and differences between contributions and proportionate share of contributions	-	11,143	-	41,204
Contributions subsequent to the measurement date	-	-	-	-
TOTAL	$ -	$ 36,764	$ 966	$ 100,345

At June 30, 2021, the Commission reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Classification of Deferred Inflow/Deferred Outflow	Deferred Outflows of Resources		Deferred Inflows of Resources	
	PERS 1	PERS 2/3	PERS 1	PERS 2/3
Differences between expected and actual experience	$ -	$ 25,250	$ -	$ 6,374
Net difference between projected and actual investment earnings on pension plan investments	-	-	65,820	434,511
Changes of assumptions	-	760	-	36,921
Changes in proportion and differences between contributions and proportionate share of contributions	-	9,000	-	33,727
Contributions subsequent to the measurement date	-	-	-	-
TOTAL	$ -	$ 35,010	$ 65,820	$ 511,533

NOTE 6 - PENSION PLANS - CONTINUED

Deferred outflows of resources related to pensions resulting from the Commission's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	PERS 1	PERS 2/3
2022	$ (4,333)	$ (127,272)
2023	$ (136)	$ (119,463)
2024	$ 1,322	$ (110,119)
2025	$ 2,192	$ (115,585)
2026	$ -	$ (3,812)
Thereafter	$ -	$ (272)

NOTE 7 - COMMITMENTS

Upon retirement or death, employees receive one day of pay for each four days of accumulated sick leave. At June 30, 2021 and 2020 the contingent liability under this formula was $42,188 and $36,979, respectively.

NOTE 8 - OPERATING LEASES

The Commission leases certain office equipment on operating leases. The lease expense for the years ended June 30, 2021 and 2020 was $2,427 and $5,181, respectively. The approximate total future lease commitments are as follows:

Fiscal Year End		
2022	$	2,470
2023		2,470
2024		1,029
Total	$	5,969

NOTE 9 - TRANSACTIONS WITH ALLIED ENTITIES

The Washington State Potato Commission, in pursuit of the activities authorized by the "Marketing Order for Washington Potatoes" as summarized in Note 1, regularly engages in transactions with other entities that have the shared goal of advancing and promoting the potato industry in Washington State. The details and purposes of these transactions are as follows:

NOTE 9 - TRANSACTIONS WITH ALLIED ENTITIES - CONTINUED

Year Ended June 30, 2021

Payments made or accrued to:	Date	Purpose		Amount
WA Potato & Onion Assoc.	12/21/2020	membership	$	300
WA Potato & Onion Assoc.	1/11/2021	sponsorship		15,000
WA Potato & Onion Assoc.	6/22/2021	convention		9,272
WA State Potato Foundation	4/02/2021	sponsorship		2,000
			$	26,572

Year Ended June 30, 2020

Payments received or accrued from:	Date	Purpose		Amount
State of WA Potato Committee	6/30/2020	administrative contract	$	500
WA Potato & Onion Assoc.	2/06/2020	refund		12,661
			$	13,161

Payments made or accrued to:	Date	Purpose		Amount
WA Potato & Onion Assoc.	12/30/2019	membership	$	300
WA Potato & Onion Assoc.	2/06/2020	sponsorship		10,000
WA State Potato Foundation	11/26/2019	sponsorship		1,000
			$	11,300

NOTE 10 - FAIR VALUE MEASUREMENT

GASB Codification Section 3100, *Fair Value Measurement,* establishes the following fair value hierarchy that prioritizes the inputs used to measure fair value:

Level 1: Quoted prices in active markets for identical assets or liabilities as of the reporting date.
Level 2: Observable inputs other than Level 1 prices which are either directly or indirectly observable as of the reporting date.
Level 3: Unobservable inputs supported by little or no market activity.

NOTE 10 - FAIR VALUE MEASUREMENT - CONTINUED

The following table presents the Commissions' financial assets that were accounted for at fair value on a recurring basis:

	Level 1	Level 2	Level 3
June 30, 2021			
Money market funds	$ 609,166	$ -	$ -
U.S. Government securities	1,903,592	-	-
	$ 2,512,758	$ -	$ -
June 30, 2020			
Money market funds	$ 610,789	$ -	$ -
U.S. Government securities	2,219,056	-	-
	$ 2,829,845	$ -	$ -

Investments not meeting the GASB criteria for measurement at fair value are recorded at cost plus interest accrued or paid as applicable.

NOTE 11 - CONTINGENCIES

The Commission carries commercial insurance for all risks of loss related to claims of liability. There have been no settlements that exceed insurance coverage for any of the last three fiscal years.

NOTE 12 - DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLANS

The following table represents the aggregate OPEB amounts for all plans subject to the requirements of GASB 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions,* for the years ended June 30, 2021 and June 30, 2020:

Aggregate OPEB Amounts	2021	2020
OPEB liabilities	$ 419,959	$ 493,492
OPEB assets	$ -	$ -
OPEB deferred outflows of resources	$ -	$ -
OPEB (benefit) expense	$ (67,435)	$ 136,825

The Commission, through the Washington State Health Care Authority (HCA), administers a single-employer defined benefit other postemployment benefit (OPEB) plan.

Plan Description. Per Revised Code of Washington (RCW) 41.05.065, the Public Employees' Benefits Board (PEBB), created within the HCA, is authorized to design benefits and determine the terms and conditions of employee and retired employee participation and coverage. PEBB establishes eligibility criteria for both active employees and retirees. Benefits purchased by PEBB include medical, dental, life, and long-term disability.

NOTE 12 - DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLANS - CONTINUED

The relationship between the PEBB OPEB plan and its member employers, their employees, and retirees is not formalized in a contract or plan document. Rather, the benefits are provided in accordance with a substantive plan in effect at the time of each valuation. A substantive plan is one in which the plan terms are understood by the employers and plan members. This understanding is based on communications between the HCA, employers, and plan members, and the historical pattern of practice with regard to the sharing of benefit costs. The understanding by the employer and plan members is that there is no contractual obligation to continue the substantive plan as an employee benefit on an ongoing basis. Nevertheless, the actuarial assumption used in valuations presented in this footnote assume that this substantive plan will be carried forward into the future.

The PEBB OPEB plan is funded on a pay-as-you-go basis and is reported using the economic resources measurement focus and the accrual basis of accounting. The PEBB OPEB plan has no assets and does not issue a publicly available financial report.

The PEBB retiree OPEB plan is available to employees who elect at the time they retire to continue coverage and pay the administratively established premiums under the provisions of the retirement system to which they belong. Retirees' access to the PEBB plan depends on the retirement eligibility of their respective retirement system and the participation of the Commission in the PEBB provided health insurance plan. The OPEB liability arises from health insurance cost subsidies, both explicit and implicit, provided by the Commission to qualified retirees.

At June 30, 2021 and June 30, 2020, the following employees were covered by the benefit terms:

Employees Covered by Benefit Terms	2021	2020
Inactive employees or beneficiaries currently receiving benefits	1	1
Inactive employees entitled to but not yet receiving benefits	0	0
Active employees	8	8
Total	9	9

During the year ended June 30, 2021 and June 30, 2020 actuarially determined OPEB benefit payments were $6,098 and $3,728, respectively.

Assumptions and Other Inputs

The Commission uses the alternative measurement method (AMM) in determining its total OPEB liability. The AMM is accomplished by utilizing the AMM Online Tool provided by the Washington State Office of the State Actuary (OSA). The OSA relied on its 2020 PEBB OPEB Actuarial Valuation Report and OPEB Actuarial Valuation for the State's June 30, 2021 Fiscal Year-End report for the purpose of developing the AMM Online Tool.

The total OPEB liability was determined using the following methodologies: actuarial valuation date was June 30, 2021 and the measurement date was June 30, 2021. The actuarial cost method was Early Age. The amortization method was immediate recognition.

NOTE 12 - DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLANS - CONTINUED

Projections of benefits for financial reporting purposes are based on the terms of the substantive plan the plan as understood by the employer and the plan members, and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members (active employees and retirees) to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities, consistent with the long-term perspective of the calculations.

The total OPEB liability was determined using the following actuarial assumptions, applied to all period included in the measurement, unless otherwise specified. Inflation rate was 2.75% and the projected salary change was 3.5% plus service-based salary increases. Health care trend rates assumptions vary slightly by medical plan. The initial rate ranges from 2-11%, reaching an ultimate rate of approximately 4.3% in 2075. The post-retirement participation rate is 65% and the percentage with spouse coverage is 45%.

In projecting the growth of the explicit subsidy, a statutory cap on the explicit subsidy is assumed to grow at the health care trend rates. The Washington State Legislature determines the value of the cap and no future increases are guaranteed, however, based on historical growth patterns, future increases to the cap are assumed.

Mortality rates were based on the PubG.H-2010 (General) Table. The Office of the State Actuary applied no offsets and mortality improvements are according to MP-2017 Long-term rates. Mortality rates are applied on a generational basis, meaning members are assumed to receive additional mortality improvements in each future year throughout their lifetime.

For the year ended June 30, 2021 the discount rate used to measure the total OPEB liability was 2.21% at the beginning of the measurement year and 2.16% at the end of the measurement year. For the year ended June 30, 2020 the discount rate used to measure the total OPEB liability was 3.5% at the beginning of the measurement year and 2.21% at the end of the measurement year.

For the years ended June 30, 2021 and 2020, specific assumptions made by the Office of the State Actuary to develop the AMM Online Tool that vary from those described above are: 2/3 of members select a UMP plan and 1/3 select a Kaiser Permanente (KP) plan, UMP pre- and post-Medicare costs and premiums are equal to the Uniform Medical Plan, the KP pre-Medicare costs and premiums are a 50/50 blend of KP WA Classic and KP WA Value, the KP post-Medicare costs and premiums are equal to KP WA Medicare. The estimated retirement service for each active cohort is based on the average entry age of 35. Assumption for retirement, disability, termination, and mortality are based on the 2020 PEBB OPEB Actuarial Valuation Report with the assumptions that all employees are retirement eligible at age 55, and all employees retire at age 70. Based on an average expected retirement age of 65, active mortality rates were applied for ages less than 65 and retiree mortality rates for ages greater than 65. Each cohort is assumed to be a 50/50 male/female split and eligible spouses are the same age as the primary member. The age-based cohorts were based on the overall distribution of Washington State employees and retirees that participate in PEBB. Dental benefits are not included when calculating the Total OPEB Liability.

NOTE 12 - DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLANS - CONTINUED

The following presents the total OPEB liability calculated using the current healthcare cost trend rate (HCTR) as well as what the OPEB liability would be if it were calculated using a discount rate that is 1.0 percentage point lower, or 1.0 percentage point higher than the current rate.

	1.0% Decrease	**Current HCTR**	**1.0% Increase**
2021 OPEB Liability	$ 340,408	$ 419,959	$ 524,702
2020 OPEB Liability	$ 394,979	$ 493,492	$ 624,735

The following presents the total OPEB liability calculated using the current discount rate (DR), as well as what the OPEB liability would be if it were calculated using a discount rate that is 1.0 percentage point lower or 1.0 percentage point higher than the current rate.

	1.0% Decrease	**Current DR**	**1.0% Increase**
2021 OPEB Liability	$ 507,912	$ 419,959	$ 350,699
2020 OPEB Liability	$ 603,460	$ 493,492	$ 407,736

Changes in the Total OPEB liability

For the years ended June 30, 2021, and June 30, 2020 changes in the total OPEB liability are as follows.

	2021	**2020**
Total OPEB Liability at July 1	$ 493,492	$ 360,395
Service cost	23,178	15,416
Interest	11,351	13,089
Changes of benefit terms	-	-
Changes in experience data and assumptions	(101,964)	108,320
Benefit payments	(6,098)	(3,728)
Other charges	-	-
Total OPEB Liability at June 30	$ 419,959	$ 493,492

There were no significant changes in benefit terms, assumptions, or other factors that significantly affect measurement of the total OPEB liability since the prior measurement date. There were no benefit payments in the measurement period attributable to the purchase of allocated insurance contracts. The OPEB measurement date corresponds with the financial statement reporting date. Accordingly, there are no factors to disclose which may affect the OPEB liability between the two dates. The total OPEB (benefit) expense recognized for the years ended June 30, 2021 and June 30, 2020, was $(67,435) and $136,825, respectively.

NOTE 13 - RESTRICTED NET POSITION

As discussed in Note 6, the Commission participates in cost-sharing, multiple-employer public employee defined benefit, and defined contribution retirement plans. As such, certain assets associated with the plans give rise to restrictions on the Commission's net position due to enabling legislation. The restricted net position due to pension assets (net of associated deferred inflows of resources and deferred outflows of resources) for the years ended June 30, 2021 and June 30, 2020 was $43,374 and $0, respectively.

NOTE 14 - COVID-19 PANDEMIC

In February 2020, the Governor of the state of Washington declared a state of emergency in response to the spread of a deadly new virus (coronavirus). In the months following the declaration, precautionary measures to slow the spread of the virus have been ordered. These measures include closing schools, colleges and universities, cancelling public events, limiting public and private gatherings, and restricting business operation, travel, and non-essential activities.

The Commission relies on the potato growing and processing industries for substantially all its support. Through the date of the issuance of the financial statements the effect of the coronavirus on the potato growing and processing industries has been modest and there have been no material impacts to the Commission other than operational changes required to maintain a safe workplace for Commission employees. The coronavirus pandemic is an ongoing event. The length of time of these measures will continue to be in place, and the fill extent of the financial impact on the Commission is unknown at this time.

WASHINGTON STATE POTATO COMMISSION
Required Supplementary Information
June 30, 2021

Schedule of Proportionate Share of the Net Pension Liability as of June 30
Information is Available for 2021-2018

PERS 1

	2021	2020	2019	2018
Employer's proportion of the net pension liability	0.004857%	0.004914%	0.005406%	0.005039%
Employer's proportionate share of the net pension liability	$ 59,315	$ 173,491	$ 207,880	$ 225,043
Employer's covered employee payroll	$ 670,315	$ 671,840	$ 696,037	$ 617,702
Employer's proportionate share of the net pension liability as a percentage of covered employee payroll	8.85%	25.82%	29.87%	36.43%
Plan fiduciary net position as a percentage of the total pension liability	88.74%	68.64%	67.12%	63.22%

PERS 2/3

	2021	2020	2019	2018
Employer's proportion of the net pension liability	0.005219%	0.005382%	0.006009%	0.005543%
Employer's proportionate share of the net pension liability (asset)	$ (519,896)	$ 68,832	$ 58,368	$ 94,642
Employer's covered employee payroll	$ 624,203	$ 625,959	$ 653,246	$ 580,365
Employer's proportionate share of the net pension liability (asset) as a percentage of covered employee payroll	(83.29%)	11.00%	8.94%	16.31%
Plan fiduciary net position as a percentage of the total pension liability	120.29%	97.22%	97.77%	95.77%

WASHINGTON STATE POTATO COMMISSION
Required Supplementary Information
June 30, 2021

Schedule of Employer Contributions as of June 30
Information is Available for 2021-2018

PERS 1

	2021	2020	2019	2018
Statutorily or contractually required contributions	$ 36,173	$ 35,614	$ 38,763	$ 34,170
Contributions in relation to the statutorily or contractually required contributions	(36,173)	(35,614)	(38,763)	(34,170)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
Covered employer payroll	$ 670,315	$ 671,840	$ 696,037	$ 617,702
Contributions as a percentage of covered employee payroll	5.40%	5.30%	5.57%	5.53%

PERS 2/3

	2021	2020	2019	2018
Statutorily or contractually required contributions	$ 49,437	$ 49,576	$ 49,080	$ 43,395
Contributions in relation to the statutorily or contractually required contributions	(49,437)	(49,576)	(49,080)	(43,395)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
Covered employer payroll	$ 624,203	$ 625,959	$ 653,246	$ 580,365
Contributions as a percentage of covered employee payroll	7.92%	7.92%	7.51%	7.48%

WASHINGTON STATE POTATO COMMISSION
Required Supplementary Information
June 30, 2021

Schedule of Changes in OPEB Liaiblity And Covered Payroll
Information is Available for 2021-2019

	2021	2020	2019
Change in accounting estimate	$ -	$ -	$ 66,588
Service cost	23,178	15,416	18,575
Interest	11,351	13,089	17,669
Changes in experience data and assumptions	(101,964)	108,320	(111,377)
Changes in benefit	-	-	
Benefit payments	(6,098)	(3,728)	(4,863)
Other	-	-	-
Net change in total OPEB liability	$ (73,533)	$ 133,097	$ (13,408)
Total OPEB liability - beginning of year	493,492	360,395	373,803
Total OPEB liability - end of year	$ 419,959	$ 493,492	$ 360,395

Notes to Required Supplementary Information (RSI)

The only significant change of assumptions, benefit terms, or other inputs that affect measurement of the total OPEB liability since the prior measurement date was a change in the covered population.

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Pronouncement 75 to pay OPEB related benefits.

ABOUT THE STATE AUDITOR'S OFFICE

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

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

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

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

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

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

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