Office of the Washington State Auditor
Pat McCarthy

Financial Statements Audit Report

Northeast Sammamish Sewer and Water District

For the period January 1, 2020 through December 31, 2021

Published December 15, 2022

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Office of the Washington State Auditor
Pat McCarthy

December 15,2022

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

Report on Financial Statements

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

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

Sincerely,

Pat McCarthy, State Auditor

Olympia, WA

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Northeast Sammamish Sewer and Water District
January 1, 2020 through December 31, 2021

Board of Commissioners
Northeast Sammamish Sewer and Water 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 Northeast Sammamish Sewer and Water District, as of and for the years ended December 31, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 7, 2022.

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

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

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

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

REPORT ON COMPLIANCE AND OTHER MATTERS

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

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

PURPOSE OF THIS REPORT

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

Pat McCarthy, State Auditor

Olympia, WA

December 7, 2022

INDEPENDENT AUDITOR'S REPORT

Report on the Audit of the Financial Statements

Northeast Sammamish Sewer and Water District
January 1, 2020 through December 31, 2021

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

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinions

We have audited the accompanying financial statements of the Northeast Sammamish Sewer and Water District, as of and for the years ended December 31, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Northeast Sammamish Sewer and Water District, as of December 31, 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 District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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 District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements 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 District's internal control. Accordingly, no such opinion is expressed;
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements;
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time; and
- 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.

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we have also issued our report dated December 7, 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 the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Pat McCarthy, State Auditor

Olympia, WA

December 7, 2022

FINANCIAL SECTION

Northeast Sammamish Sewer and Water District
January 1, 2020 through December 31, 2021

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NORTHEAST SAMMAMISH SEWER AND WATER DISTRICT
December 31, 2021 and 2020
Management Discussion and Analysis

Annual Financial Statements

The annual financial statements include a statement of net position, a statement of revenues, expenses and changes in net position and a statement of cash flows. The statement of net position provides information on all of the District's assets, liabilities and deferred inflows and outflows. The difference between assets and deferred outflows of resources, and liabilities and deferred inflows or resources is called net position. The statement of revenues, expenses and changes in net position shows the annual change in net position based on the excess of revenues over expenses under the accrual basis. The statement of cash flows details cash inflow and outflow from operating, investing, non-capital financing and capital financing activities. It also reconciles operating income to net cash provided by operating activities.

Condensed Financial Information and Financial Analysis

Table 1 summarizes significant asset, deferred outflows, liability, deferred inflows and net position categories and compares the current year to the prior year.

Total Assets

In 2021, total assets increased by $216,139. Of this amount, current assets increased by $183,275, capital assets decreased by $638,051 and other assets increased by $670,915.

The 2021 increase in current assets is largely due to an increase in cash and cash equivalents of $90,212. In addition, accounts receivable increased $76,950. This was mainly because the District was unable to read water meters for the November and December billing period due to snow and the billing for water usage didn't take place until February 2022 resulting in a larger than normal accrual. Also, other current assets increased $17,931 due to increased insurance premiums.

The 2021 increase in capital assets results from an increase in plant and service being depreciated of $518,130 offset by an increase in accumulated depreciation of $1,289,273. The increase in plant in service being depreciated was mostly due to capitalizing the lift station 14 generator project, the well 4 motor re-build and purchase of meter registers.

The $670,915 increase in other assets was a result of having a net pension asset in 2021 while there was no net pension asset in 2020.

In 2020, total assets decreased by $386,488. Of this amount, current assets decreased by $828,625 and capital assets increased by $442,137.

The 2020 decrease in current assets is largely due to a decrease in cash and cash equivalents of $952,505. Sewer and water cash equivalents increased by $270,206 and $167,724, respectively.

This was due to rate increases of three percent. This was offset by construction fund decrease in cash and cash equivalents of $1,399,786. This decrease was due to the District spending the remaining proceeds of the 2016 bonds and operating reserves on construction projects.

The 2020 increase in capital assets results from an increase in plant and service being depreciated of $1,673,404 offset by an increase in accumulated depreciation of $1,215,639. The increase in plant in service being depreciated was mostly due to capitalizing the lift station 3 basin pipe lining and manhole rehabilitation projects, Supervisory Control and Data Acquisition (SCADA) improvements and replacements at District wells and the master control panel, well 2R pump replacement and purchase of a vacuum truck.

Total Liabilities
Total liabilities decreased by $946,398 in 2021. Current liabilities decreased by $134,097 and non-current liabilities decreased by $812,301.

The 2021 decrease in current liabilities is mainly due to a decrease in the current portion of long-term debt of $124,948. This was due to the 2001 lift station 3 replacement public works trust fund loan being fully paid off in 2021.

The 2021 decrease in non-current liabilities is mainly due to principal payments on revenue bonds and public work trust fund loans. There was also a decrease of $247,957 in net pension liability.

Total liabilities decreased by $812,232 in 2020. Current liabilities decreased by $165,692 and non-current liabilities decreased by $646,540.

The 2020 decrease in current liabilities is mainly due to a decrease in accounts payable of $185,831. Sewer, water and construction accounts payable decreased by $64,660, $22,092 and $99,079, respectively. This was offset by an increase in retainage payable of $27,015.

The 2020 decrease in non-current liabilities is mainly due to principal payments on revenue bonds and public work trust fund loans. This was offset by an increase in pension liability of $44,830.

Net Position
Net position is the difference between total assets and total liabilities discussed above and the difference between deferred inflows and outflows related to pensions. Net position increased $527,905 and $538,320 in 2021 and 2020, respectively, as shown in Table 2.

Operating Revenue
2021 operating revenue increased by $433,312 or about 6.6%. Sewer and water operating revenue increased $169,083 and $264,229, respectively, as a result of rate increases and higher water consumption. Also, the Washington State Governor's proclamation prohibiting, the District

from disconnecting customers for non-payment nor charging late fees due to the Covid-19 pandemic ended effective October 1, 2021.

2020 operating revenue increased by $57,788 or less than one percent. Service revenue increased $178,479 as a result of rate increases. Other operating income decreased $120,822. Due to the COVID-19 pandemic, the District was unable to disconnect customers for non-payment nor charge late fees per the Washington State Governor's proclamation in March 2020

Operating Expenses
2021 operating expenses increased by $278,104 or approximately 4.59%. This is mainly due to a periodic purchase of arsenic filtration media of $115,546, increased King County sewage treatment costs of $101,997 and increased depreciation of $207,429 offset by a decrease of general and administrative expenses of $145,303.

2020 operating expenses increased by $133,691 or approximately 2.2%. This is mainly due to a $97,063 increase in general and administrative expenses and a $53,462 increase in field labor. There were also increases in sewage treatment costs of $15,367, depreciation expense of$ 16,244 and pumping expenses of $10,405. This was offset by a decrease in collection, transmission and distribution system expenses of $58,850.

Non-Operating Revenue/Expense
Total Non-Operating Revenue/Expense decreased $201,825 in 2021. This is mostly due a decrease in interest income of $212,392. A portion of this is due to differences in net asset value at fair value prices per share of cash and cash equivalents held with the County Investment Pool between 2021 and 2020. This was offset by decreasing interest expense on debt of $10,555.

Total Non-Operating Revenue/Expense decreased $67,857 in 2020. This is mostly due to a decrease in interest income of $129,549.

Developer Contributions
Developer contributions increased $36,202 in 2021 and decreased $156,104 in 2020. Developer contributions consist of general facility connection charges and donated plant. Generally, developer contributions are a reflection of the amount of new development in the District. Developer contributions will, therefore, vary annually as new developments are permitted. However, the District is near build-out and the extent of new development over the long term is anticipated to decrease unless there is a change in zoning.

Table 1 - Net Position

	2021	2020	2019
Assets			
Current Assets	$11,642,274	$11,458,999	$12,287,624
Capital Assets, net of Depreciation	$25,713,974	$26,352,025	$25,909,888
Other Assets	$670,915		
Total Assets	**$38,027,163**	**$37,811,024**	**$38,197,512**
Deferred Outflows of Resources			
Deferred Outflows - Bond Refunding			
Deferred Outflows - Pensions	$102,391	$122,744	$77,916
Total Deferred Outflows	**$102,391**	**$122,744**	**$77,916**
Liabilities			
Current Liabilities	$874,541	$1,008,638	$1,174,330
Non-Current Liabilities	$5,791,302	$6,603,603	$7,250,143
Total Liabilities	**$6,665,843**	**$7,612,241**	**$8,424,473**
Deferred Inflows of Resources			
Deferred Inflows - Pensions	$720,019	$105,740	$173,488
Total Deferred Inflows	**$720,019**	**$105,740**	**$173,488**
Net Position			
Net Investment in Capital Assets	$19,418,817	$18,816,138	$18,368,932
Restricted for Debt Service	$1,193,540	$524,443	$515,091
Unrestricted	$10,131,335	$10,875,206	$10,793,444
Total Net Position	**$30,743,692**	**$30,215,787**	**$29,677,467**

Table 2 - Changes in Net Position

Operating Revenue		2021		2020		2019
Sewer System	$	4,429,136	$	4,260,053	$	4,265,925
Water System	$	2,540,538	$	2,276,309	$	2,212,649
Total Operating Revenue	**$**	**6,969,674**	**$**	**6,536,362**	**$**	**6,478,574**
Operating Expenses						
Sewer System	$	4,330,558	$	4,249,878	$	4,191,399
Water System	$	2,008,156	$	1,810,732	$	1,735,520
Total Operating Expenses	**$**	**6,338,714**	**$**	**6,060,610**	**$**	**5,926,919**
Non Operating Revenue/Expenses						
Interest Income	$	(20,061)	$	192,331	$	321,880
Interest Expense	$	(148,873)	$	(159,428)	$	(220,386)
Other	$	(345)	$	(357)	$	(1,091)
Total Non-Operating Revenue/(Expense)	**$**	**(169,279)**	**$**	**32,546**	**$**	**100,403**
Developer Contributions	**$**	**66,224**	**$**	**30,022**	**$**	**186,126**
Increase in Net Position	**$**	**527,905**	**$**	**538,320**	**$**	**838,184**

Summary

The District remains in a strong financial condition.

The District increased its net position by $527,905 and $538,320 in 2021 and 2020, respectively. This was accomplished while meeting operating expenses, making capital improvements, repaying debt and maintaining necessary operating and debt reserves. The District is committed to providing high quality service and drinking water. In fact, the District's water has won numerous taste awards. The District strives to continue this performance level.

Northeast Sammamish Sewer and Water District

Statement of Net Position

As of December 31, 2021 and 2020

	Total 12/31/21	Total 12/31/20
ASSETS		
Current Assets		
Cash and Cash Equivalents	$8,549,052	$8,458,840
Cash and Cash Equivalents - Rate Stabilization Account	$300,000	$300,000
Cash and Cash Equivalents - Restricted for Debt Service	$522,625	$524,443
Accounts Receivable	$2,176,712	$2,099,762
Other Current Assets	$93,885	$75,954
Total Current Assets	**$11,642,274**	**$11,458,999**
Non-Current Assets		
Capital Assets		
Plant in Service being Depreciated	$56,226,852	$55,708,722
Less Accumulated Depreciation	($32,386,800)	($31,097,527)
	$23,840,052	**$24,611,195**
Leased Assets	$10,170	$10,170
Less Accumulated Depreciation	($5,227)	($3,531)
	$4,943	**$6,639**
Land and Land Rights	$1,000,369	$1,000,369
Construction in Progress	$868,610	$733,822
Total Capital Assets	**$25,713,974**	**$26,352,025**
Other Assets		
Net Pension Assets	$670,915	$0
Total Other Assets	**$670,915**	$0
Total Assets	**$38,027,163**	**$37,811,024**
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Outflows - Pensions	$102,391	$122,744
Total Deferred Outflows of Resources	**$102,391**	**$122,744**

Northeast Sammamish Sewer and Water District

Statement of Net Position

As of December 31, 2021 and 2020

		Total 12/31/21	Total 12/31/20
LIABILITIES			
Current Liabilities			
Accounts Payable		$129,583	$115,825
Retainage Payable		$5,643	$33,081
Deposits		$69,110	$64,991
Current Portion of Accrued Leave Payable		$59,292	$63,783
Current Portion of Long-Term Debt		$571,140	$696,088
Current Portion of Lease Payable		$1,724	$1,660
Developer Deposits		$21,786	$15,288
Accrued Interest Payable		$16,263	$17,922
Total Current Liabilities		**$874,541**	**$1,008,638**
Non-Current Liabilities			
Non-Current Portion of Accrued Leave Payable		$61,516	$52,996
Non-Current Portion of Lease Payable		$3,489	$5,213
Net Pension Liability		$64,188	$312,145
Sewer/Water Bonds		$4,962,391	$5,300,292
Public Works Trust Fund Loans		$699,718	$932,957
Total Non-Current Liabilities		**$5,791,302**	**$6,603,603**
Total Liabilities		**$6,665,843**	**$7,612,241**
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows - Pensions		$720,019	$105,740
Total Deferred Inflows of Resources		**$720,019**	**$105,740**
NET POSITION			
Net Investment in Capital Assets	$	19,418,817	$18,816,138
Restricted	$	1,193,540	$524,443
Unrestricted	$	10,131,335	$10,875,206
Total Net Position	$	**30,743,692**	**$30,215,787**

The accompanying notes are an integral part of this statement.

NORTHEAST SAMMAMISH SEWER AND WATER DISTRICT

Statement of Revenues, Expenses and Changes in Net Position

For the Years Ended December 31, 2021 and 2020

	Total 12/31/21	Total 12/31/20
Operating Revenue		
Service to Customers	$6,834,250	$6,448,155
Street lights	$54,851	$53,207
Less Power	($42,835)	($40,369)
Other Income	$123,408	$75,369
Total Operating Income	**$6,969,674**	**$6,536,362**
Operating Expenses		
Collection, Transmission, Distrib.:		
Repairs and Maintenance	$10,505	$49,712
Supplies and Other Expense	$2,586	$3,445
Water Sampling	$15,363	$12,113
Total Collection and Transmission	**$28,454**	**$65,270**
Pumping:		
Repairs and Maintenance	$36,255	$30,494
Supplies and Other Expense	$12,278	$7,475
Station Utilities	$178,690	$161,183
Water Filtration Media	$115,546	$0
Total Pumping	**$342,769**	**$199,152**
Field Labor	$516,888	$509,708
Sewage Treatment - King County	$2,737,891	$2,635,894
General & Administrative	$1,211,208	$1,356,511
Depreciation	$1,499,809	$1,292,380
Lease Amortization	$1,695	$1,695
Total Operating Expenses	**$6,338,714**	**$6,060,610**
Income (Loss) From Operations	**$630,960**	**$475,752**
Non-Operating Revenue/(Expense)		
Interest Income	($20,061)	$192,331
Gain/(Loss) on Disposition of Assets	($345)	($357)
Interest Expense	($148,873)	($159,428)
Total Non-Operating Revenue/(Expense)	**($169,279)**	**$32,546**
Inc/(Loss) Before Capital Contributions	**$461,681**	**$508,298**
Developer Contributions	$66,224	$30,022
Increase (Decrease) in Net Position	**$527,905**	**$538,320**
Net Position		
Balance January 1	$30,215,787	$29,677,467
Ending Net Position	**$30,743,692**	**$30,215,787**

The accompanying notes are an integral part of this statement.

NORTHEAST SAMMAMISH SEWER AND WATER DISTRICT

Statement of Cash Flows

For the Years Ended December 31, 2021 and 2020

		Total 12/31/21		Total 12/31/20
Cash Flows From Operating Activities				
Cash Received from Customers	$	6,760,356	$	6,342,312
Cash Payments to Suppliers, Employees, etc.	$	(5,140,071)	$	(4,993,185)
Other Operating Revenues	$	123,412	$	72,548
Net Cash Provided by Oper. Activities	$	**1,743,697**	$	**1,421,675**
Cash Flows From Investing Activities				
Interest and Dividends	$	(20,061)	$	192,331
Net Cash Prov. by Investing Activities	$	**(20,061)**	$	**192,331**
Cash Flows From Noncapital Financing Activities				
Net Cash Prov. From Noncap. Financing	$	-	$	
Cash Flows From Capital and Related Financing Activities				
Principal Payment on Long-Term Debt	$	(663,187)	$	(653,187)
Principal Payment on Equipment Lease	$	(1,660)	$	(1,600)
Interest Paid on Long-Term Debt	$	(183,203)	$	(193,672)
Interest Paid on Equipment Lease	$	(229)	$	(290)
Developer Deposits/Retainage	$	10,617	$	(11,217)
Contributions in Aid of Construction	$	66,224	$	28,147
Utility Plant	$	(863,804)	$	(1,734,692)
Net Cash Used by Capital and Financing Activities	$	**(1,635,242)**	$	**(2,566,511)**
Increase (Decrease) in Cash Equivalents	$	**88,394**	$	**(952,505)**
Beginning Cash Equivalent Balance	$	9,283,283	$	10,235,788
Ending Cash Equivalent Balance	$	**9,371,677**	$	**9,283,283**

The accompanying notes are an integral part of this statement.

NORTHEAST SAMMAMISH SEWER AND WATER DISTRICT

Statement of Cash Flows

For the Years Ended December 31, 2021 and 2020

		Total 12/31/21		Total 12/31/20
Operating Income (Loss)	$	**630,960**	$	**475,752**
Adjustment to Reconcile Oper. Income to Net Cash Provided by Oper. Activities				
Depreciation	$	1,499,809	$	1,292,380
Lease Amortization	$	1,696	$	1,696
Change in Deferred Outflows/Inflows & Net Pension Liability	$	(284,237)	$	(67,745)
Decrease (Increase) in Assets:				
Accounts Receivable	$	(76,951)	$	(113,480)
Other Current Assets	$	(17,931)	$	(10,402)
Interfund Transfers	$	-	$	
Increase (Decrease) in Liabilities:				
Accounts Payable	$	13,759	$	(185,832)
Retainage Payable	$	(27,437)	$	27,015
Accrued Benefits	$	4,029	$	5,111
Unearned Revenue	$	-	$	(2,820)
Total Adjustments	$	**1,112,737**	$	**945,923**
Net Cash Provided by Oper. Activities	$	**1,743,697**	$	**1,421,675**
Non-cash Investing, Capital and Financing Activities				
Non-Cash Capital Contributions			$	**1,875**

The accompanying notes are an integral part of this statement

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the district have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The significant accounting policies are described below.

A. Reporting Entity

The Northeast Sammamish Sewer and Water District was incorporated in 1969 and operates under the laws of the state of Washington applicable to sewer and water districts. It is governed by an elected three-member board. As required by generally accepted accounting principles, management has considered all potential component units in defining the reporting entity. The Northeast Sammamish Sewer and Water District has no component units.

B. Basis of Accounting and Presentation

The accounting records of the District are maintained in accordance with methods prescribed by the State Auditor under the authority of Chapter 43.09 RCW. The District uses the National Association of Regulatory Utility Commissioners' Uniform System of Accounts for Class A Sewer Utilities and the Uniform System of Accounts for Class A Water Utilities.

The District statements are reported using the economic resources measurement focus and full-accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when liability is incurred regardless of the timing of cash flows.

The District distinguishes between operating and nonoperating revenues and expenses. Operating revenues and expenses result from providing services and producing and delivering goods in connection with the District's principal ongoing operations. The principal operating revenues of the District are charges to customers for water and sewer service. Operating expenses include the cost of services, administrative expenses, and depreciation. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Capital asset purchases are capitalized, and long-term liabilities are accounted for in the appropriate funds. Unbilled utility service receivables are recorded at year-end. Income includes gains and losses from the sale of utility plant.

C. Assets, Liabilities, Net Position

1. Cash and Cash Equivalents
   It is the District's policy to invest all temporary cash surpluses. For purposes of the Statement of Cash Flows, the District considers all highly liquid investments, including restricted assets, with a maturity of three months or less when purchased to be cash equivalents.

2. Investments

   See Note 2.

3. Receivables

   Accounts Receivable represents the amount of services and goods provided for which payment has not yet been received. Since the District has the power to terminate service, lien and foreclose, all receivables are considered collectible. Unbilled sewer and water service receivable are recorded at year end.

4. Restricted Assets

   In accordance with bond resolutions, separate restricted funds are required to be established. The assets held in these funds are restricted for debt service. Unspent bond proceeds are restricted for capital purposes. Specific debt service reserve requirements are described in Note 5, Long-Term Debt. Net pension assets are also restricted assets.

5. Capital Assets

   See Note 3.

6. Compensated Absences

   Compensated absences are absences for which employees will be paid, such as vacation and sick leave. The District records unpaid leave for compensated absences as an expense and liability when incurred. Vacation pay, which may be accumulated up to 320 hours, is payable upon resignation, retirement, or death. Compensatory time, which may be accumulated up to 240 hours, is also payable upon resignation, retirement, or death. Upon resignation, accumulated sick leave may be cashed out at 25% of the straight time rate of pay. Cash outs of vacation and sick leave are in the form of a cash contribution to the employee's Health Reimbursement Arrangement account, except that if the termination is due to the employee's death then the cash out is in the form of a cash payment to the employee's estate. The current and non-current portion of leave is shown below:

	2021		2020	
	Current	Non-Current	Current	Non-Current
Vacation	$49,880	$17,435	$50,533	$16,377
Sick Leave	$ 9,165	$24,978	$11,387	$19,791
Compensatory Time	$ 247	$19,103	$ 1,863	$16,828
	$59,292	$61,516	$63,783	$52,996

7. Long-Term Debt.

See note 5.

8. Restricted Component of Net Position

The statement of net position reports restricted net position of $1,193,540 and $524,443 at December 31, 2021 and 2020, respectively. The restricted component of net position is restricted by enabling legislation. The components of restricted net position are as follows:

	2021	2020
Bond Reserve	$ 522,625	$ 524,443
Net Pension Asset	$ 670,915	$ 0
	$1,193,540	$ 524,443

9. Pensions

For purposes of measuring the net pension liability, net pension asset, 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.

10. Net Position Classification

The difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources is called net position. Net position is comprised of three components: net investment in capital assets, restricted, and unrestricted.

Sometimes the district will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the district's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

NOTE 2 - DEPOSITS AND INVESTMENTS

In accordance with State law, the district's governing body has entered into a formal interlocal agreement with the district's ex officio treasurer, King County, to have all its funds not required for immediate expenditure to be invested in the King County Investment Pool (Pool). The District has both a cash management services agreement and an investment pool agreement with King County. Under the cash management agreement, King County provides cash management services for all of the District funds that are invested in the King County Investment Pool. Cash management services include conducting daily sweeps of the District's cash balances using zero balance accounts and automatically investing such balances into the King County Investment Pool. This agreement may be terminated upon 90 days written notice by either party. Under the investment pool agreement, King County has the authority and responsibility for determining and executing the specific investments for the pool, consistent with state law and the investment policies adopted by the King County Executive Finance Committee. The pool is not rated or registered with the SEC. Rather, the Executive Finance Committee (EFC) establishes County investment policies and oversees the investment portfolio to ensure that specific investments comply with both those investment policies and State law. The District may terminate the Investment Pool Agreement with 45 days written notice.

The district measures and reports investments at fair value. As of December 31, 2021 and 2020, the district had the following investments:

Year	Investment Type	Fair Value	Effective Duration
2021	King County Investment Pool	$ 9,031,223	1.24 Years
2020	King County Investment Pool	$ 9,006,292	1.20 Years

Impaired Investments. As of December 31, 2021 and 2020, all impaired commercial paper investments have completed enforcement events. The King County impaired investment pool (Impaired Pool) held one commercial paper asset where the Impaired Pool accepted an exchange offer and is receiving the cash flows from the investment's underlying securities. The District's share of the impaired investment pool principal is $6,926 and $8,174 at December 31, 2021 and 2020, respectively. The district's fair value of these investments is $4,381.93 and $5,098 at December 31, 2021 and 2020, respectively

Interest Rate Risk. As of December 31, 2021 and 2020, the Pool's average duration was 1.24 and 1.20 years, respectively. As a means of limiting its exposure to rising interest rates, securities purchased in the Pool must have a final maturity, or weighted average life, no longer than five years. While the Pool's market value is calculated on a monthly basis, unrealized gains and losses are not distributed to participants. The Pool distributes earnings monthly using an amortized cost methodology.

Credit Risk. As of December 31, 2021 and 2020, 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"), municipal securities (rated at least "A" by two NRSROs), commercial paper (rated at least the equivalent of "A-1"), certificates of deposits issued by qualified public depositaries, repurchase agreements, and the Local Government Investment Pool managed by the Washington State Treasurer's office.

NOTE 3 – CAPITAL ASSETS

Capital assets include property, plant, equipment and infrastructure assets Capital assets are defined by the district as assets with a cost of more than $500 and an estimated useful life in excess of one year. Such assets are recorded at historical cost.   Where historical cost is not known, assets are recorded at fair market value. Donations by developers and customers are recorded at the donor's cost or estimated value. Costs for additions or improvements to capital assets are capitalized when they increase the effectiveness or efficiency of the asset or increase the useful life. Maintenance, repairs, and minor renewals are accounted for as expenses when incurred.

The original cost of property retired or otherwise disposed of is charged to accumulated depreciation and the net gain or loss on disposition is credited or charged to income.

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

Asset Class	Years
Pumping	5-45
Source of Supply	5-40
Collection Transmission & Distribution	5-45
Treatment	35
General Plant	5-15

Intangible assets are amortized over 5 to 40 years.

Costs relating to projects ultimately constructed or completed are transferred to utility plant; charges that relate to abandoned projects are expensed.

Capital assets activity for the year ended December 31, 2021 was as follows:

	Balance 12/31/2020	2021 Increase	2021 Decrease	Balance 12/31/2021
Utility Plant not Being Depreciated				
Land & Land Rights	$ 1,000,369	$ -	$ -	$ 1,000,369
Construction In Process	$ 733,822	$ 392,972	$ 258,184	$ 868,610
Plant Held for Future Use	$ -	$ -	$ -	$ -
Total Plant not Depreciated	**$ 1,734,191**	**$ 392,972**	**$ 258,184**	**$ 1,868,979**
Utility Plant Being Depreciated				
Intangible Assets	$ 1,293,438	$ 192,665	$ 190,223	$ 1,295,880
Pumping	$ 15,212,301	$ 310,907	$ 6,642	$ 15,516,566
Source of Supply	$ 12,915,329	$ -	$ -	$ 12,915,329
Collection, Transmission & Distribution	$ 24,975,109	$ 196,619	$ 14,017	$ 25,157,711
Treatment	$ 19,909	$ -	$ -	$ 19,909
General Plant	$ 1,292,636	$ 28,821	$ -	$ 1,321,457
Total Utility Plant Being Depreciated	**$ 55,708,722**	**$ 729,012**	**$ 210,882**	**$ 56,226,852**
Less Accumulated Depreciation for:				
Intangible Assets	$ 1,276,518	$ 86,765	$ 190,223	$ 1,173,060
Pumping	$ 7,732,579	$ 434,344	$ 6,642	$ 8,160,281
Source of Supply	$ 6,012,855	$ 338,302	$ -	$ 6,351,157
Collection, Transmission & Distribution	$ 15,342,697	$ 532,300	$ 13,672	$ 15,861,325
Treatment	$ 18,775	$ 569	$ -	$ 19,344
General Plant	$ 714,103	$ 107,530	$ -	$ 821,633
Total Accumulated Depreciation	**$ 31,097,527**	**$ 1,499,810**	**$ 210,537**	**$ 32,386,800**
Total Utility Plant Being Depreciated, Net	**$ 24,611,195**	**$ (770,798)**	**$ 345**	**$ 23,840,052**
Total Plant, Net	**$ 26,345,386**	**$ (377,826)**	**$ 258,529**	**$ 25,709,031**

Capital assets activity for the year ended December 31, 2020 was as follows:

	Balance 12/31/2019	2020 Increase	2020 Decrease	Balance 12/31/2020
Utility not Being Depreciated				
Land & Land Rights	$ 1,000,369	$ -	$ -	$ 1,000,369
Construction In Process	$ 747,755	$ 399,368	$ 413,301	$ 733,822
Plant Held for Future Use	$ -	$ -	$ -	$ -
Total Plant not Depreciated	**$ 1,748,124**	**$ 399,368**	**$ 413,301**	**$ 1,734,191**
Utility Plant Being Depreciated				
Intangible Assets	$ 1,293,438	$ -	$ -	$ 1,293,438
Pumping	$ 13,902,842	$ 1,337,466	$ 28,007	$ 15,212,301
Source of Supply	$ 12,869,303	$ 46,026	$ -	$ 12,915,329
Collection, Transmission & Distribution	$ 24,964,559	$ 10,550	$ -	$ 24,975,109
Treatment	$ 19,909	$ -	$ -	$ 19,909
General Plant	$ 985,267	$ 356,461	$ 49,092	$ 1,292,636
Total Utility Plant Being Depreciated	**$ 54,035,318**	**$ 1,750,503**	**$ 77,099**	**$ 55,708,722**
Less Accumulated Depreciation for:				
Intangible Assets	$ 1,268,017	$ 8,501	$ -	$ 1,276,518
Pumping	$ 7,462,267	$ 297,962	$ 27,650	$ 7,732,579
Source of Supply	$ 5,671,808	$ 341,047	$ -	$ 6,012,855
Collection, Transmission & Distribution	$ 14,779,183	$ 563,514	$ -	$ 15,342,697
Treatment	$ 18,206	$ 569	$ -	$ 18,775
General Plant	$ 682,407	$ 80,788	$ 49,092	$ 714,103
Total Accumulated Depreciation	**$ 29,881,888**	**$ 1,292,381**	**$ 76,742**	**$ 31,097,527**
Total Utility Plant Being Depreciated, Net	**$ 24,153,430**	**$ 458,122**	**$ 357**	**$ 24,611,195**
Total Plant, Net	**$ 25,901,554**	**$ 857,490**	**$ 413,658**	**$ 26,345,386**

NOTE 4 - CONSTRUCTION IN PROGRESS AND CONSTRUCTION COMMITMENTS

Construction in progress represents expenses on the following projects as of December 31, 2021 and 2020:

	2021	2020
SCADA 216th Intertie	$ 8,244	$
Microsoft Dynamics GP	$ 37,016	$
Emergency Chlorination	$ 225,449	$ 191,424
Shop Loft	$ 92,085	$
Lift Station 8 Re-Build	$ 16,563	$
A/C Pipe Replacement	$ 2,682	$
.5 MG Reservoir SCADA	$ 6,218	$
.3 MG Reservoir SCADA	$ 4,465	$
Lift Station 8 SCADA	$ 9,197	$
Lift Station 10 SCADA	$ 3,745	$
Lift Station 14 SCADA	$ 931	$
Lift Station 15 SCADA	$ 236	$
Sahalee Way Water Main Replacement	$ 218	$ 218
SCADA Upgrades – Master Control Panel	$ 763	$ 0
ShakeAlert	$	$ 0
Sewer Comp Plan Update	$ 136,482	$ 109,191
Water Comprehensive Plan	$ 0	$ 101,009
SR202 Force-Main Relocation	$ 75,918	$ 75,918
Well Field Emergency Transfer Switches	$ 0	$ 234
Lift Station 15 Generator	$ 53,882	$ 31,858
Lift Station 3 Basin Pipe Lining Phase 2	$ 50,575	$ 0
Manhole Rehab Phase 2	$ 5,028	$ 0
Hydrant Replacements	$ 20,027	$ 20,027
Allegro Meter Reading System	$ 86,667	$ 27,755
Lift Station 14 Generator	$	$ 45,795
Emergency Response App	$ 0	$ 90,815
Well Field Generator	$ 32,219	$ 9,931
Lift Station 3 Basin Pipe Lining Phase 2	$	$ 9,318
Well 4 Motor and Rehab	$ 0	$ 20,329
Total	**$ 868,610**	**$ 733,822**

These construction projects are funded by District reserves and bond proceeds.

As of December 31, 2021 the district's commitments with contractors are as follows:

	Spent thru 12/31/2021	Contract Amount	Remaining Commitment
Microsoft Dynamics GP	$37,016	$ 45,650	$ 8,634
Shop Loft	$55,693	$ 86,423	$ 30,730
Allegro Meter Reading System	$ 0	$ 123,730	$ 123,730
	$92,709	**$ 255,803**	**$ 163,094**

As of December 31, 2020 the district's commitments with contractors are as follows:

	Spent thru 12/31/2020	Contract Amount	Remaining Commitment
Lift Station 14 Generator	**$0**	**$ 75,350**	**$75,350**

NOTE 5 – LONG-TERM DEBT

The district issues revenue bonds to finance capital projects.

During the year ended December 31, 2021, the following changes occurred in long-term liabilities.

	Beginning Outstanding Debt 1/1/2021	Amount Increased	Amount Decreased	Ending Outstanding Debt 12/31/2021	Due Within One-Year
Revenue Bonds					
2016 Sewer and Water Revenue Bonds	$ 5,643,193	$ -	$ 342,901	$ 5,300,292	$ 337,901
Total Bonds	**$ 5,643,193**	**$ -**	**$ 342,901**	**$ 5,300,292**	**$ 337,901**
Public Works Trust Funds Loans					
Lift Station 3 Replacement Loan #3	$ 119,948	$ -	$ 119,948	$ (0)	$ -
Welll ¾ Treatment Plant and Storage	$ 1,166,196	$ -	$ 233,239	$ 932,957	$ 233,239
Total Loans	**$ 1,286,144**	**$ -**	**$ 353,187**	**$ 932,957**	**$ 233,239**

Compensated Absences	**$ 52,996**	**8,520**	**$ -**	**$ 61,516**	
Net Pension Liability	**$ 312,145**	**$ -**	**$ 247,957**	**$ 64,188**	
Total Long-Term Liabilities	**$ 7,294,478**	**$ 8,520**	**$ 944,045**	**$ 6,358,953**	**$ 571,140**

During the year ended December 31, 2020, the following changes occurred in long-term liabilities.

	Beginning Outstanding Debt 1/1/2020	Amount Increased	Amount Decreased	Ending Outstanding Debt 12/31/2020	Due Within One-Year
Revenue Bonds					
2016 Sewer and Water Revenue Bonds	$ 5,976,095	$ -	$ 332,902	$ 5,643,193	$ 342,901
Total Bonds	**$ 5,976,095**	**$ -**	**$ 332,902**	**$ 5,643,193**	**$ 342,901**
Public Works Trust Funds Loans					
L/S 3 Replacement Loan	$ 239,895	$ -	$ 119,947	$ 119,948	$ 119,948
Welll 3/4 Treatment Plant and Storage	$ 1,399,435	$ -	$ 233,239	$ 1,166,196	$ 233,239
Total Loans	**$ 1,639,330**	**$ -**	**$ 353,186**	**$ 1,286,144**	**$ 353,187**
Compensated Absences	**$ 46,620**	**$ 6,376**	**$ -**	**$ 52,996**	
Net Pension Liability	**$ 267,315**	**$ 44,830**		**$ 312,145**	
Total Long-Term Liabilities	**$ 7,929,360**	**$ 51,206**	**$ 686,088**	**$ 7,294,478**	**$ 696,088**

In prior years, the District issued $6,070,000 in revenue and refunding bonds. $3,385,000 in existing bonds were refunded. A portion of the proceeds was used to purchase U.S. Government and State and Local Government Series securities that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments on the refunded debt. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the statement of net position. The advance refunding was undertaken to reduce total debt service payments and resulted in an economic gain of $354,937. The remaining proceeds were used for capital improvements.

Bonds are presented net of premium or discount. Annual interest expense is decreased by amortization of debt premium.

The annual debt service requirements to maturity for revenue bond debt outstanding as of December 31, 2021, including interest, are as follows:

	Principal	Interest	Total
2022	305,000	167,175	472,175
2023	325,000	158,025	483,025
2024	340,000	145,025	485,025
2025	350,000	131,425	481,425
2026	320,000	117,425	437,425
2027-31	1,650,000	427,125	2,077,125
2032-36	1,525,000	135,400	1,660,400

The annual debt service requirements to maturity for revenue bond debt outstanding as of December 31, 2020, including interest, are as follows:

	Principal	Interest	Total
2021	310,000	176,475	486,475
2022	305,000	167,175	472,175
2023	325,000	158,025	483,025
2024	340,000	145,025	485,025
2025	350,000	131,425	481,425
2026-30	1,620,000	564,650	2,184,650
2031-35	1,875,000	201,425	2,076,425

There is $522,625 and $524,443 at December 31, 2021 and 2020, respectively, in restricted assets for reserve requirements as contained in the various indentures. A rate stabilization account was authorized by Resolution No. 3426 in 2006. The rate stabilization account is to help alleviate the need for short-term rate adjustments. The District may make payments into the rate stabilization account from the maintenance funds at any time. Money in the rate stabilization account may be withdrawn at any time and used for the purposes for which the gross revenue of the system may be used. There is $300,000 in the fund at December 31, 2021 and 2020.

The District is required to maintain gross revenues of at least 1.25 of annual debt service. There are a number of other limitations and restrictions contained in the various bond indentures. The District is in compliance with all significant limitations and restrictions.

In 2001 and 2005 the District entered into loans with the Washington State Department of Community, Trade and Economic Development. The loan purposes and amounts are as listed below:

Replacement of Lift Station 3 (2001)	$2,279,000
Wells 3 and 4 Treatment Plant and Storage (2005)	$4,154,970
Total Loans	**$6,433,970**

As of December 31, 2021 and 2020, principal payments had reduced the total amount of loans outstanding to $932,957 and $1,286,144, respectively. The Lift Station 3 Replacement loan was paid off in 2021. The interest rate on the loans is half a percent. The loan repayment period is 20 years.

The estimated annual requirements to pay off the Lift Station 3 Loan at December 31, 2020 were:

	Principal	Interest	Total
2021	199,947	600	200,547

The estimated annual requirements to repay the Well 3 and 4 Treatment Plant and Storage loan at December 31, 2021 are as follows:

	Principal	Interest	Total
2022	233,239	4,665	237,904
2023	233,239	3,499	236,738
2024	233,239	2,332	235,571
2025	233,239	1,166	234,405

The estimated annual requirements to repay the Well 3 and 4 Treatment Plant and Storage loan at December 31, 2020 are as follows:

	Principal	Interest	Total
2021	353,187	6,431	359,618
2022	233,239	4,665	237,904
2023	233,239	3,499	236,738
2024	233,239	2,332	235,571
2025	233,239	1,166	234,405

NOTE 6 - Pension Plans

The following table represents the aggregate pension amounts for all plans for the years 2021 and 2020:

Aggregate Pension Amounts – All Plans		
	2021	**2020**
Pension liabilities	$ 64,188	$312,145
Pension assets	$ 670,915	
Deferred outflows of resources	$ 102,391	$ 122.744
Deferred inflows of resources	$ 720,019	$ 105,740
Pension expense/expenditures	$ (183,881)	$ 43,736

State Sponsored Pension Plans

Substantially all 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 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 ACFR may be downloaded from the DRS website at www.drs.wa.gov.

Public Employees' Retirement System (PERS)

PERS members include elected officials; state employees; employees of 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 on September 30, 1977.

Contributions

The **PERS Plan 1** member contribution rate is established by State statute at 6 percent. 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 percent. 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 were as follows:

PERS Plan 1		
Actual Contribution Rates	**Employer**	**Employee***
January – June 2021		
PERS Plan 1	7.92%	6.00%
PERS Plan 1 UAAL	4.87%	
Administrative Fee	0.18%	
Total	**12.97%**	**6.00%**
July – December 2021		
PERS Plan 1	10.07%	6.00%
Administrative Fee	0.18%	
Total	**10.25%**	**6.00%**

* For employees participating in JBM, the contribution rate was 12.26%.

The PERS Plan 1 required contribution rates (expressed as a percentage of covered payroll) for 2020 were as follows:

PERS Plan 1		
Actual Contribution Rates	Employer	**Employee***
January – August 2020:		
PERS Plan 1	7.92%	6.00%
PERS Plan 1 UAAL	4.76%	
Administrative Fee	0.18%	
Total	12.86%	**6.00%**
September - December 2020:		
PERS Plan 1	7.92%	6.00%
PERS Plan 1 UAAL	4.87%	
Administrative Fee	0.18%	
Total	12.97%	**6.00%**

*For employees participating in JBM, the contribution rate was 12.26%.

PERS Plan 2/3 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 for Plan 2 and 1 percent 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 three percent 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 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 percent and escalate to 15 percent 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 percent. 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 were as follows:

PERS Plan 2/3		
Actual Contribution Rates	**Employer 2/3**	**Employee 2***
January – June 2021		
PERS Plan 2/3	7.92%	7.90%
PERS Plan 1 UAAL	4.87%	
Administrative Fee	0.18%	
Employee PERS Plan 3		Varies
Total	**12.97%**	**7.90%**
July – December 2021		
PERS Plan 2/3	6.36%	6.36%
PERS Plan 1 UAAL	3.71%	
Administrative Fee	0.18%	
Employee PERS Plan 3		Varies
Total	**10.25%**	**6.36%**

* For employees participating in JBM, the contribution rate was 15.90%.

The PERS Plan 2/3 required contribution rates (expressed as a percentage of covered payroll) for 2020 were as follows:

PERS Plan 2/3		
Actual Contribution Rates	**Employer 2/3**	**Employee 2***
January – August 2020:		
PERS Plan 2/3	7.92%	7.90%
PERS Plan 1 UAAL	4.76%	
Administrative Fee	0.18%	

Employee PERS Plan 3		Varies
Total	**12.86%**	**7.90%**
September – December 2020:		
PERS Plan 2/3	7.92%	7.90%
PERS Plan 1 UAAL	4.87%	
Administrative Fee	0.18%	
Employee PERS Plan 3		Varies
Total	**12.97%**	**7.90%**

The district's actual PERS plan contributions to PERS Plan 1 were $37,669 and $42,047 for the years ended December 31, 2021 and 2020, respectively. The district's actual PERS plan contributions to PERS Plan 2 were $62,689 and $69,422 for the years ended December 31, 2021 and 2020, respectively.

Actuarial Assumptions

The total 2021 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 were based on the results of the Office of the State Actuary's (OSA) *2013-2018 Demographic Experience Study* and the *2019 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:** 7.4%

2021 mortality rates were developed using the Society of Actuaries' Pub. H-2010 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 their lifetime.

There were no changes in assumptions since the last valuation. There were changes in methods since the last valuation.

- 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. See high-level summary below. OSA will revert back to the methods outlined in the 2019 AVR when preparing the 2021 AVR, a contribution rate-setting valuation, which will serve as the basis for 2022 ACFR results.
- To produce measures at June 30, 2020, unless otherwise noted in the 2020 AVR, OSA relied on the same data, assets, methods, and assumptions as the June 30, 2019 AVR. OSA projected the data forward one year reflecting assumed new hires and current members exiting the plan as expected. OSA estimated June 30, 2020, assets by relying on the fiscal year end 2019 assets, reflecting actual investment performance over FY 2020, and reflecting assumed contribution amounts and benefit payments during FY 2020. OSA reviewed the actual June 30, 2020, participant and financial data to determine if any material changes to projection assumptions were necessary. OSA also considered any material impacts to the plans from 2021 legislation. See the 2020 AVR for more information.

The total 2020 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*.

Additional assumptions for subsequent events and law changes are current as of the 2019 actuarial valuation report. The TPL was calculated as of the valuation date and rolled forward to the measurement date of June 30, 2020. Plan liabilities were rolled forward from June 30, 2019, to June 30, 2020, 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 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.

There were changes in methods and assumptions since the last valuation.

- 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.
- 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.

- OSA simplified its modeling of medical premium reimbursements for survivors of duty-related deaths in LEOFF 2.

- 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 for more information on this method change.

Discount Rate

The discount rate used to measure the total pension liability for all DRS plans was 7.4 percent in 2021 and 2020.

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 percent was used to determine the total liability in 2021 and 2020.

Long-Term Expected Rate of Return

The long-term expected rate of return on the DRS pension plan investments of 7.4 percent in 2021 and 2020 was determined using a building-block-method. In selecting this assumption, the OSA reviewed the historical experience data, considered the historical conditions that produced past annual investment returns, and considered Capital Market Assumptions (CMA's) and simulated expected investment returns provided by the Washington State Investment Board (WSIB). The WSIB uses the CMA's and their target asset allocation to simulate future investment returns at various future times.

Estimated Rates of Return by Asset Class

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 and June 20, 2020 are summarized in the table below. The inflation component used to create the table is 2.2 percent 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%	2.20%
Tangible Assets	7%	5.10%
Real Estate	18%	5.80%
Global Equity	32%	6.30%
Private Equity	23%	9.30%
	100%	

Sensitivity of the Net Pension Liability/(Asset)

The tables below present the district's proportionate share of the net pension liability calculated using the discount rate of 7.4 percent, as well as what the district's proportionate share of the net pension liability/ (asset) would be if it were calculated using a discount rate that is 1-percentage point lower (6.4 percent) or 1-percentage point higher (8.4 percent) than the current rate.

2021	1% Decrease (6.4%)	Current Discount Rate (7.4%)	1% Increase (8.4%)
PERS 1	$ 109,348	$ 64.188	$ 24,804
PERS 2/3	$ (191,130)	$ (670,915)	$ (1,066,017)

2020	1% Decrease (6.4%)	Current Discount Rate (7.4%)	1% Increase (8.4%)
PERS 1	$ 265,244	$ 211,762	$ 165,120
PERS 2/3	$ 624,618	$ 100,384	$ (331,322)

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, the district reported its proportionate share of the net pension liabilities/(assets) as follows:

	Liability (or Asset) 2021	Liability (or Asset) 2020
PERS 1	$ 64,188	$ 211,762
PERS 2/3	$ (670,915)	$ 100,384

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

	Proportionate Share 6/30/20	Proportionate Share 6/30/21	Change in Proportion
PERS 1	.005998%	.005256%	(.000742)%
PERS 2/3	.007849%	.006735%	(.001114)%

At June 30, 2020 the district's proportionate share of the collective net pension liabilities/(assets) was as follows:

	Proportionate Share 6/30/19	Proportionate Share 6/30/20	Change in Proportion
PERS 1	.005243%	.005998%	.000755%
PERS 2/3	.006764%	.007849%	.001085%

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 except LEOFF 1.

Pension Expense
For the year ended December 31, 2021 and 2020, the district recognized pension expense as follows:

	Pension Expense	
	2021	2020
PERS 1	$ (35,194)	$ 38,149
PERS 2/3	$ (148,687)	$ 5,587
Total	**$ (183,881)**	**$ 43,736**

Deferred Outflows of Resources and Deferred Inflows of Resources

At December 31, 2021, the district reported deferred outflows of resources and deferred inflows of resources related to pensions from the following:

PERS 1	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience		
Net difference between projected and actual investment earnings on pension plan investments		$71,227
Changes of assumptions		
Changes in proportion and differences between contributions and proportionate share of contributions		
Contributions subsequent to the measurement date	$16,367	
TOTAL	**$16,367**	**$71,227**

PERS 2/3	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$32,586	$ 8,225
Net difference between projected and actual investment earnings on pension plan investments		$ 560,727
Changes of assumptions	$ 981	$ 47,646

Changes in proportion and differences between contributions and proportionate share of contributions	$24,410	$ 32,194
Contributions subsequent to the measurement date	$28,047	
TOTAL	**$86,024**	**$ 648,792**

2021 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 year ended December 31, 2022. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follow:

Year ended December 31:	PERS 1
2022	$ (18,868)
2023	$ (17,290)
2024	$ (16,348)
2025	$ (18,721)
2026	
Thereafter	

Year ended December 31:	PERS 2/3
2022	$ (155,176)
2023	$ (145,101)
2024	$ (139,879)
2025	$ (148,471)
2026	$ (940)
Thereafter	$ (1,252)

At December 31, 2020, the district reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

PERS 1	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience		
Net difference between projected and actual investment earnings on pension plan investments		$1,179
Changes of assumptions		
Changes in proportion and differences between contributions and proportionate share of contributions		
Contributions subsequent to the measurement date	$21,030	
TOTAL	**$21,030**	**$1,179**

PERS 2/3	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$35,936	$12,581
Net difference between projected and actual investment earnings on pension plan investments		$ 5,098
Changes of assumptions	$ 1,430	$68,571
Changes in proportion and differences between contributions and proportionate share of contributions	$29,898	$18,311
Contributions subsequent to the measurement date	$34,451	
TOTAL	**$101,715**	**$104,561**

2020 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 year ended December 31, 2021. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31:	PERS 1
2021	$(5,350)
2022	$ (168)
2022	$ 1,633
2022	$ 2,707
2022	$
Thereafter	$

Year ended December 31:	PERS 2/3
2021	$ (40,344)
2022	$ (8,647)
2023	$ 3,094
2024	$ 9,344
2025	$ (1,045)
Thereafter	$ (430)

NOTE 7 – 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 ofChapter 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 72 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; and bonds of various types. Most coverages are on an "occurrence" basis.

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

TYPE OF COVERAGE	MEMBER DEDUCTIBLE	SELF-INSURED RETENTION/GROUP	EXCESS LIMITS
Property Loss:			
Buildings and Contents	$1,000 - $25,000 and See (C) below	$25,000	$275,000,000
Flood	See (A) below	See (A) below	$25,000,000
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	$1,000 - $25,000	$25,000 Primary layer	$700,000,000 Primary layer
Boiler & Machinery	$1,000 - $350,000 depending on object	$25,000 - $350,000 depending on object	$100,000,000
Auto - Physical Damage	$1,000-$25,000	$25,000	Replacement Value Coverage
Liability:			
Commercial General Liability	$1,000 - $25,000	$500,000	$10,000,000
Auto Liability	$1,000 - $25,000	Same as above	$10,000,000
Public Officials Errors and Omissions	$1,000 - $25,000	Same as above	$10,000,000
Employment Practices	$1,000 - $25,000	Same as above	$10,000,000
Other:			
Cyber Liability	$50,000	N/A	$2,000,000

Public Officials Bonds	Various	N/A	Various
Crime	$1,000 - $25,000	$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 8 hour waiting period			

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, 2022, written notice must be in possession of the Pool by April 30, 2022). 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.

NOTE 8 – Operating Leases

The District leases a mailing machine under a five-year noncancelable operating lease. At the end of the lease the district may enter into a new lease, purchase the mailing machine or enter into a successive 12-month annual extension. Total cost for the lease was $1,890 for the years ended December 31, 2021 and 2020. Changes in the leased equipment and lease amortization are as follows:

2021

	Beginning Balance	Increases	Decreases	Ending Balance
Leased Equipment	$ 10,170	$ -	$ -	$ 10,170
Accumulated Amortization	$ (3,531)	$ -	$ 1,696	$ (5,227)
Net Leased Equipment	**$ 6,639**	**$ -**	**$ 1,696**	**$ 4,943**

2020

	Beginning Balance	Increases	Decreases	Ending Balance
Leased Equipment	$ 10,170	$ -	$ -	$ 10,170
Accumulated Amortization	$ (1,836)	$ -	$ 1,695	$ (3,531)
Net Leased Equipment	**$ 8,334**	**$ -**	**$ 1,695**	**$ 6,639**

As of December 31, 2021, the principal and interest requirements to maturity are as follows:

Year Ending December 31	Principal	Interest	Total
2022	$1,724	$166	$1,890
2023	$1,789	$101	$1,890
2024	$1,700	$ 32	$1,732

As of December 31, 2020, the principal and interest requirements to maturity are as follows:

Year Ending December 31	Principal	Interest	Total
2021	$1,660	$230	$1,890
2022	$1,724	$166	$1,890
2023	$1,789	$101	$1,890
2024	$1,700	$ 32	$1,732

NOTE 9 – 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. In the weeks 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, prohibiting public and private gatherings, and requiring people to stay home unless they are leaving for an essential function. Utilities are considered an essential function. In March 2020, the Governor issued proclamation 20-23 recommending utilities act to prevent disconnection of services due to non-payment during the term of the statewide emergency declaration and waiving late payments and fees. In April 2020, the Governor prohibited these actions retroactively to March 23, 2020. The proclamation was extended several times and was in effect until September 30, 2021. As a result, the District has reduced late fee income.

NOTE 10 – Reclassification of Capital Assets

Beginning capital assets were reclassified between capital asset categories. There was no change to total beginning capital asset balances.

NOTE 11 – Subsequent Events

The District was notified in April 2022 by the Washington State Department of Health that it had been awarded a drinking water state revolving fund loan of $510,000. The loan has a zero percent interest rate and a ten year pay back period. As of the audit report date, the District has not drawn any funds from the loan.

NORTHEAST SAMMAMISH SEWER AND WATER DISTRICT

Schedule of Proportionate Share of the Net Pension Liability
PERS 1
As of June 30, 2021
Last 10 Fiscal Years*

	2015	2016	2017	2018	2019	2020	2021
Employer's proportion of the net pension liability (asset)	0.005715%	0.005679%	0.005852%	0.005379%	0.005243%	0.005998%	0.005256%
Employer's proportionate share of the net pension liability (asset)	$ 298,948	$ 304,989	$ 277,682	$ 240,228	$ 201,612	$ 211,762	$ 64,188
Employer's covered employee payroll	$ 672,149	$ 708,648	$ 729,165	$ 715,814	$ 784,476	$ 876,538	$ 877,675
Employer's proportionate share of the net pension liability (asset) as a percentage of covered employee payroll	44.48%	43.04%	38.08%	33.56%	25.70%	24.16%	7.31%
Plan fiduciary net position as a percentage of the total pension liability (asset)	59.10%	57.03%	61.24%	63.22%	67.12%	68.64%	88.74%

** Until a full 10-year trend is compiled, Information is presented only for those years for which information is available.*

NORTHEAST SAMMAMISH SEWER AND WATER DISTRICT

Schedule of Proportionate Share of the Net Pension Liability
PERS 2/3
As of June 30, 2021
Last 10 Fiscal Years*

	2015	2016	2017	2018	2019	2020	2021
Employer's proportion of the net pension liability (asset)	0.007381%	0.007284%	0.007527%	0.006938%	0.006764%	0.007849%	0.006735%
Employer's proportionate share of the net pension liability (asset)	$263,727.00	$366,744.00	$261,527.00	$ 118,460	$ 65,701	$ 100,384	$ (670,914)
Employer's covered employee payroll	$ 672,149	$ 708,648	$ 729,165	$ 715,814	$ 784,476	$ 876,538	$ 877,675
Employer's proportionate share of the net pension liability (asset) as a percentage of covered employee payroll	39.24%	51.75%	35.87%	16.55%	8.38%	11.45%	-76.44%
Plan fiduciary net position as a percentage of the total pension liability (asset)	89.20%	85.82%	90.97%	95.77%	97.77%	97.22%	120.29%

** Until a full 10-year trend is compiled, Information is presented only for those years for which information is available.*

NORTHEAST SAMMAMISH SEWER AND WATER DISTRICT

Schedule of Employer Contributions
PERS 1
As of December 31, 2021
Last 10 Fiscal Years*

	2015	2016	2017	2018	2019	2020	2021
Statutorily or contractually required contributions	$ 28,752	$ 33,803	$ 35,699	$ 36,239	$ 38,757	$ 42,047	$ 37,669
Contributions in relation to the statutorily or contractually required contributions	$ (28,752)	$ (33,803)	$ (35,699)	$ (36,239)	$ (38,757)	$ (42,047)	$ (37,669)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered employer payroll	$ 672,149	$ 708,648	$ 729,165	$ 715,814	$ 784,476	$ 876,538	$ 877,675
Contributions as a percentage of covered employee payroll	4.28%	4.77%	4.90%	5.06%	4.94%	4.80%	4.29%

** Until a full 10-year trend is compiled, Information is presented only for those years for which information is available.*

NORTHEAST SAMMAMISH SEWER AND WATER DISTRICT

Schedule of Employer Contributions
PERS 2/3
As of December 31, 2021
Last 10 Fiscal Years*

	2015	2016	2017	2018	2019	2020	2021
Statutorily or contractually required contributions	$ 36,910	$ 44,149	$ 49,877	$ 53,685	$ 60,600	$ 69,422	$ 62,689
Contributions in relation to the statutorily or contractually required contributions	$ (36,910)	$ (44,149)	$ (49,877)	$ (53,685)	$ (60,600)	$ (69,422)	$ (62,689)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered employer payroll	$672,149	$708,648	$729,165	$715,814	$784,476	$876,538	$ 877,675
Contributions as a percentage of covered employee payroll	5.49%	6.23%	6.84%	7.50%	7.72%	7.92%	7.14%

** Until a full 10-year trend is compiled, Information is presented only for those years for which information is available.*

ABOUT THE STATE AUDITOR'S OFFICE

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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.

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