



Office of the Washington State Auditor  
Pat McCarthy

## **Financial Statements Audit Report**

# **Sammamish Plateau Water and Sewer District**

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

*Published July 10, 2023*

Report No. 1032857



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

July 10, 2023

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

**Report on Financial Statements**

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

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

Sincerely,

Pat McCarthy, State Auditor  
Olympia, WA

***Americans with Disabilities***

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## INDEPENDENT AUDITOR'S REPORT

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

#### **Sammamish Plateau Water and Sewer District January 1, 2020 through December 31, 2021**

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the Sammamish Plateau Water and Sewer District, as of and for the years ended December 31, 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 June 26, 2023.

### **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 and therefore, material weaknesses or significant deficiencies may exist that were not identified.

Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses.

## **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.

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Pat McCarthy, State Auditor

Olympia, WA

June 26, 2023

# INDEPENDENT AUDITOR'S REPORT

## Report on the Audit of the Financial Statements

### **Sammamish Plateau Water and Sewer District January 1, 2020 through December 31, 2021**

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

## **REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS**

### **Opinions**

We have audited the accompanying financial statements of the Sammamish Plateau Water and Sewer 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 financial section of our report.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Sammamish Plateau Water and Sewer District, as of December 31, 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 financial section of our report 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 June 26, 2023 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.

A handwritten signature in black ink, appearing to read "Pat McCarthy". The signature is fluid and cursive, with the first name "Pat" and last name "McCarthy" clearly distinguishable.

Pat McCarthy, State Auditor

Olympia, WA

June 26, 2023



## **FINANCIAL SECTION**

### **Sammamish Plateau Water and Sewer District January 1, 2020 through December 31, 2021**

#### **REQUIRED SUPPLEMENTARY INFORMATION**

Management's Discussion and Analysis – 2021 and 2020

#### **BASIC FINANCIAL STATEMENTS**

Statements of Net Position – 2021 and 2020

Statements of Revenues, Expenses and Changes in Fund Net Position – 2021 and 2020

Statements of Cash Flows – 2021 and 2020

Notes to Financial Statements – 2021 and 2020

#### **REQUIRED SUPPLEMENTARY INFORMATION**

Schedules of Proportionate Share of the Net Pension Liability – PERS 1, PERS 2/3 –  
2021

Schedules of Employer Pension Contributions – PERS 1, PERS 2/3 – 2021

**SAMMAMISH PLATEAU WATER AND SEWER DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2021 AND 2020**

## **INTRODUCTION**

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

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

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

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

This section of management's discussion and analysis presents our review of the District's financial position as of December 31, 2021 and 2020 and our financial performance for the years then ended. Please read these comments in conjunction with the District's financial statements, which follow this section.

## **OVERVIEW OF THE FINANCIAL STATEMENTS**

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

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

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

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

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

**SAMMAMISH PLATEAU WATER AND SEWER DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2021 AND 2020**

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

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Capital Assets	\$ 221,486,792	\$ 216,914,454	\$ 211,527,385
Other Assets	<u>132,996,661</u>	<u>117,702,985</u>	<u>106,125,674</u>
Total Assets	354,483,453	334,617,439	317,653,059
 Deferred Outflows of Resources	 511,592	 565,518	 507,187
 Long-Term Liabilities	 4,052,948	 5,918,230	 6,600,391
Other Liabilities	<u>4,875,000</u>	<u>5,127,865</u>	<u>4,644,118</u>
Total Liabilities	8,927,948	11,046,095	11,244,509
 Deferred Inflows of Resources	 <u>4,650,329</u>	 <u>513,878</u>	 <u>1,020,547</u>
 Net Investment in Capital Assets	 218,004,828	 212,903,329	 206,796,139
Restricted Amounts	6,369,957	1,996,323	2,398,561
Unrestricted Amounts	<u>117,041,983</u>	<u>108,723,332</u>	<u>96,700,490</u>
 Total Net Position	 <u><u>\$ 341,416,768</u></u>	 <u><u>\$ 323,622,984</u></u>	 <u><u>\$ 305,895,190</u></u>

**SAMMAMISH PLATEAU WATER AND SEWER DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2021 AND 2020**

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

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

	2021	2020	2019
Water Distribution Revenue	\$ 18,968,635	\$ 16,766,461	\$ 15,968,043
Sewer Service Revenue	17,076,179	16,305,078	16,341,756
Other Revenues	1,139,271	1,267,120	1,593,787
Total Operating Revenues	37,184,085	34,338,659	33,903,586
Water and Sewer Operating Expenses	23,435,594	22,787,759	23,270,331
Depreciation and Amortization	4,892,577	4,609,373	4,355,786
Total Operating Expenses	28,328,171	27,397,132	27,626,117
Operating Income	8,855,914	6,941,527	6,277,469
Nonoperating Revenue (Expense):			
Investment and Interest Income	(398,650)	1,877,004	2,852,736
Rental and Other Income	278,088	600,866	265,793
Net Gain (Loss) on Disposition of Assets and Abandonment of Assets and Preliminary Studies	51,630	62,629	(330,476)
Interest and Amortization	(38,229)	(63,747)	(185,671)
Income Before Capital Contributions	8,748,753	9,418,279	8,879,851
Capital Contributions	9,045,031	8,309,515	14,128,913
Increase in Net Position	17,793,784	17,727,794	23,008,764
Net Position - January 1	323,622,984	305,895,190	282,886,426
Net Position - December 31	<u>\$ 341,416,768</u>	<u>\$ 323,622,984</u>	<u>\$ 305,895,190</u>

**SAMMAMISH PLATEAU WATER AND SEWER DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2021 AND 2020**

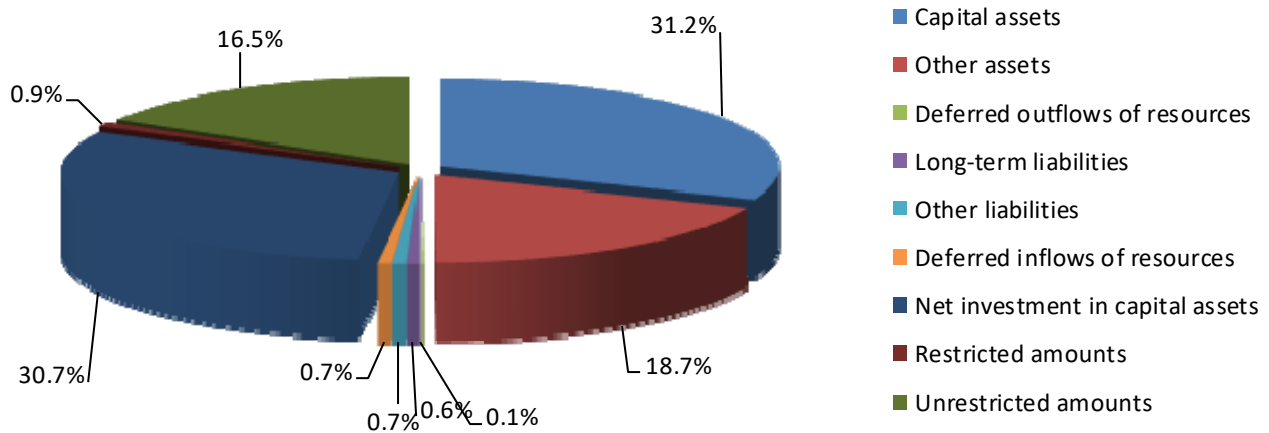
**FINANCIAL POSITION**

The District's overall financial position continues to be strong with sufficient liquidity, revenues, and debt capacity to finance large future capital improvements, when necessary. The District is financed primarily by equity and substantial liquid assets are available to fund liabilities and construction. Capital assets increased in 2021 and 2020 primarily due to significant donated systems. Investments are continuing to be made to upgrade and replace capital infrastructure and facilities. Net position has also increased each year. An increase in net position over time typically indicates improving financial condition.

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

The following charts indicate the components of financial position:

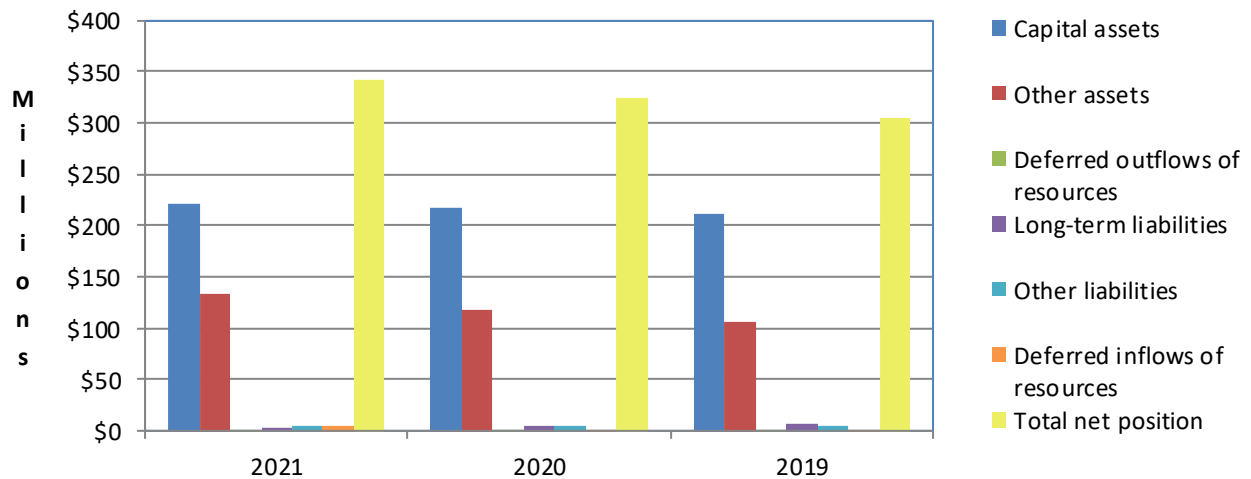
**2021 STATEMENT OF NET POSITION**



**SAMMAMISH PLATEAU WATER AND SEWER DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2021 AND 2020**

**FINANCIAL POSITION (CONTINUED)**

**COMPARATIVE STATEMENT OF NET POSITION**



The following table summarizes the growth in the District's water and sewer customer base from 2016 through 2021:

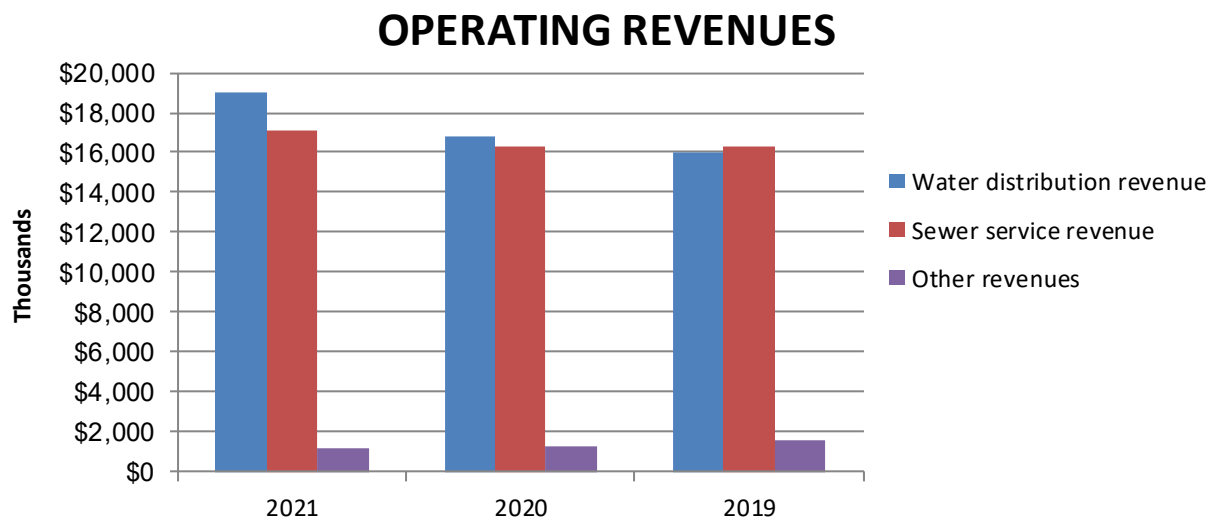
<u>YEAR</u>	<u>WATER CONNECTIONS</u>	<u>TOTAL INCREASE - CONNECTIONS</u>	<u>YEAR</u>	<u>SEWER CONNECTIONS</u>	<u>TOTAL INCREASE - CONNECTIONS</u>
2016	18,180	414	2016	11,836	430
2017	18,658	478	2017	12,315	479
2018	18,989	331	2018	12,586	271
2019	19,226	237	2019	12,817	231
2020	19,431	205	2020	13,021	204
2021	19,564	133	2021	13,234	213

**SAMMAMISH PLATEAU WATER AND SEWER DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2021 AND 2020**

**RESULTS OF OPERATIONS**

On March 16, 2020 Sammamish Plateau Board of Commissioners declared by Resolution, an emergency relating to the COVID-19 virus. Additionally, on April 6, 2020 the Board of Commissioners approved temporary billing and collection policies relating to COVID-19, including discontinuing lock offs of water service for delinquencies, suspending the imposition of late charges and interest for delinquent water and/or sewer services and re-establishing existing locked off accounts needing access to water. These temporary billing and collections policies were approved for a period up to 60 days beyond the date the District rescinds the declaration of emergency. The District rescinded the declaration of emergency in November 2021 and will re-initiate utility billing collections in January 2022.

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



The water revenue in 2021 was higher than 2020 as a result of an extremely warmer and dryer summer. The water revenue in 2020 was higher than 2019 as a result of warmer and dryer summer weather. In addition, the District recognized an increase in residential water use due to the COVID-19 pandemic. The District's customer base is comprised of 90% residential accounts. The District's sewer revenue in 2021 was higher than 2020 and 2020 was slightly lower than 2019 due to the impact of the COVID-19 pandemic on non-residential accounts in 2020. Other revenues were lower in 2021 and 2020 mainly due to the impact of COVID-19 in the reduction of late fees and shut off fees as part of the temporary billing and collections policies approved in April 2020.

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

**SAMMAMISH PLATEAU WATER AND SEWER DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2021 AND 2020**

**RESULTS OF OPERATIONS (CONTINUED)**

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

The growth in additional water and sewer customers in 2021 and 2020 had a minor effect on revenues.

**Historical Water Rate Adjustments:**

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

<u>Year</u>	<u>Rate</u>	<u>% Increase</u>
2016	\$ 38.23	5.07%
2017	\$ 40.15	5.03%
2018	\$ 41.45	3.24%
2019	\$ 42.99	3.72%
2020	\$ 44.15	2.69%
2021	\$ 45.47	2.99%

**Historical Sewer Rate Adjustments:**

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

<u>Year</u>	<u>Rate</u>	<u>% Increase</u>
2016	\$ 75.19	1.31%
2017	\$ 78.20	4.00%
2018	\$ 79.13	1.19%
2019	\$ 81.38	2.84%
2020	\$ 82.55	1.44%
2021	\$ 82.55	3.37%

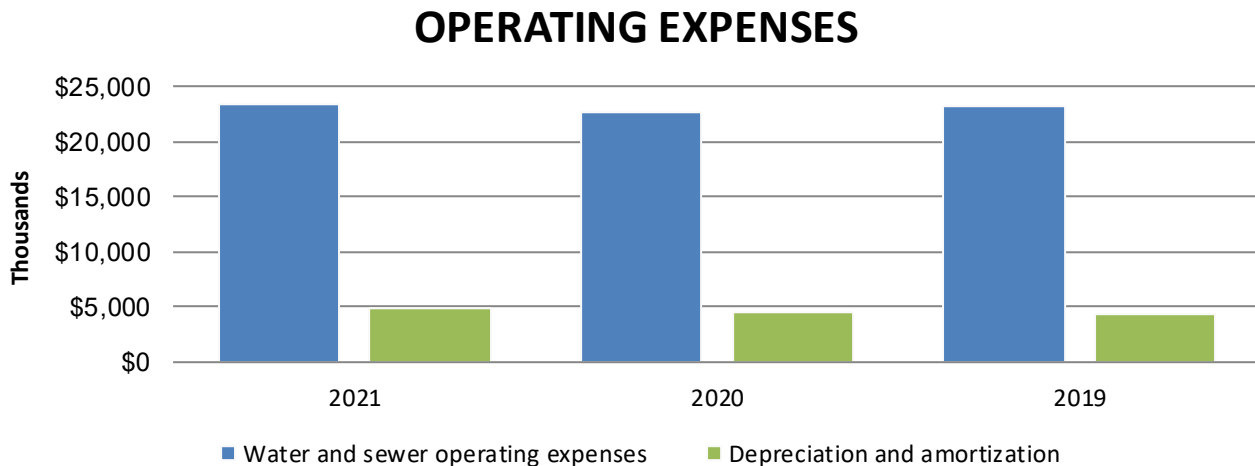
The rate adjustments were necessary due to the continued increase in the cost to treat water and wholesale sewage treatment costs as well as inflationary increases in other expenses and for funding the District's Water and Sewer Capital Replacement Funds.



**SAMMAMISH PLATEAU WATER AND SEWER DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2021 AND 2020**

**RESULTS OF OPERATIONS (CONTINUED)**

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



The District had net income before capital contributions of \$8,748,753 in 2021 and \$9,418,279 in 2020.

The increase in operating expenses in 2021 was a net result of 1) increase in sewer treatment charges from King County Wastewater Treatment Divisions (KCWTD/Metro), and 2) an increase in Cascade Water Alliance dues and demand share. Similar to the prior year, there were some minor decreases due to COVID-19 in employee conference and training and reduction of seasonal employees.

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

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

**Number of Accounts Participating**

- 18 Water Only Accounts
- 30 Water and Sewer Accounts
- 2 Multi-family Unit with Water and Sewer

**SAMMAMISH PLATEAU WATER AND SEWER DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2021 AND 2020**

**RESULTS OF OPERATIONS (CONTINUED)**

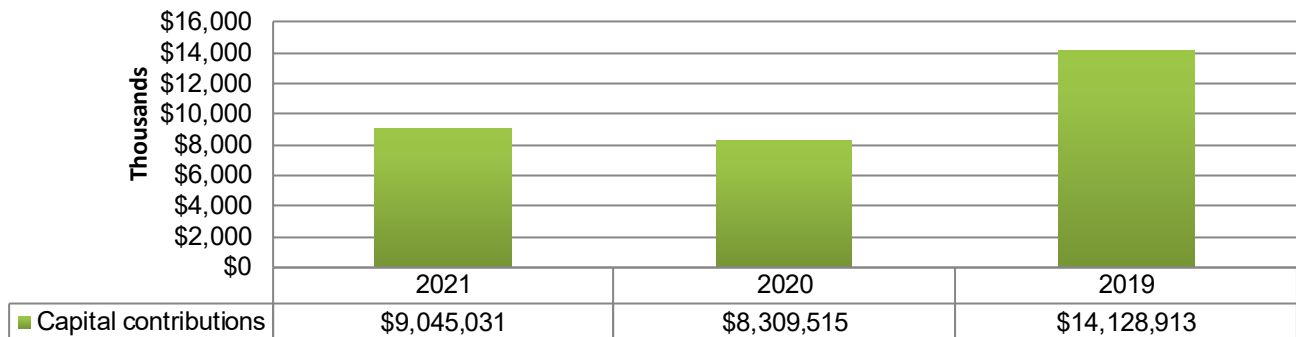
2021 Discounts

	2021 Budget	2021 Actual	(Over) / Under Budget	2022 Budget
Water	\$ 38,820	\$ 17,548	\$ 21,272	\$ 66,200
Sewer	19,850	10,679	9,171	32,110
Total	<u>\$ 58,670</u>	<u>\$ 28,227</u>	<u>\$ 30,443</u>	<u>\$ 98,310</u>

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

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

**CAPITAL CONTRIBUTIONS**



The contributions are indicative of the growth of the District and include donated systems totaling \$7,116,693, \$6,336,463, and \$9,527,441 for the years ended December 31, 2021, 2020, and 2019, respectively.

**CAPITAL ASSETS AND LONG-TERM DEBT**

Capital assets increased in 2021 and in 2020 primarily due to significant donated systems.

The District's total plant, property, and equipment value, not including accumulated depreciation, is \$326,905,394. The estimated replacement cost of these assets utilizing the District's Asset Management data which includes the assumption of open cut and trenchless options for main replacement or rehabilitation, is estimated to be \$1,280,003,000.

**SAMMAMISH PLATEAU WATER AND SEWER DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2021 AND 2020**

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

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

In July 2008, the District established Utility Capital Facilities Replacement Accounts for the purpose of accumulating funding for future replacement of all the major components of the water and sewer system facilities. In 2021, the annual funding for water and sewer capital replacement was \$7,154,000 and \$3,755,000, respectively. As of December 31, 2021, the District has accumulated \$45,769,761 for Water Capital Replacement and \$21,582,346 for Sewer Capital Replacement.

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

The 2022 Capital Plan expenditures and funding of approximately \$29,998,900 was revised with the 2022 District Budget and include the following:

<b>Water and Sewer Capital Plan by Category</b>		<b>Water and Sewer Capital Plan by Fund</b>	
<b>Water Capital Projects</b>		<b>Water Funds</b>	
General	\$ 1,856,127	Water Operating Fund	\$ 13,339,001
Supply - Wells	17,292,248	Water Capital Replacement Fund	1,956,200
Booster Pumps	-	Water General Facilities Fund	6,818,783
Storage - Reservoirs	2,055,000	Water Local Facilities Fund	70,500
Water Mains	981,109	Water Debt Proceeds	-
<b>Total</b>	<b>\$ 22,184,484</b>	<b>Total</b>	<b>\$ 22,184,484</b>
<b>Sewer Capital Projects</b>		<b>Sewer Funds</b>	
General	\$ 1,111,152	Sewer Operating Fund	\$ 1,174,324
Lift Stations	3,024,000	Sewer Capital Replacement Fund	67,300
Grinder Pumps	175,000	Sewer General Facilities Fund	6,043,695
Sewer Mains	3,504,264	Sewer Local Facilities Fund	-
		Sewer Other	529,097
<b>Total</b>	<b>\$ 7,814,416</b>	<b>Total</b>	<b>\$ 7,814,416</b>
<b>Combined Total</b>	<b>\$ 29,998,900</b>	<b>Combined Total</b>	<b>\$ 29,998,900</b>

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

**SAMMAMISH PLATEAU WATER AND SEWER DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2021 AND 2020**

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

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

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

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

**ADDITIONAL COMMENTS**

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

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

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

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

**SAMMAMISH PLATEAU WATER AND SEWER DISTRICT  
STATEMENTS OF NET POSITION  
DECEMBER 31, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>		
<b>CURRENT ASSETS</b>		
Unrestricted:		
Cash and Cash Equivalents	\$ 119,738,224	\$ 109,128,872
Accounts Receivable - Users	4,084,324	3,994,791
Accounts Receivable - Other	272,277	221,073
Interest Receivable	51,376	84,421
General Facility and in Lieu of Assessment Charges		
Receivable - Current Portion	10,108	9,717
Inventory	432,061	392,324
Prepaid Expenses	538,023	477,265
Deposits	12,115	3,915
Total Unrestricted	<u>125,138,508</u>	<u>114,312,378</u>
Restricted:		
Cash and Cash Equivalents	2,310,448	2,206,174
Interest Receivable	372	650
Assessments Receivable - Current Portion	107,282	115,836
Total Restricted	<u>2,418,102</u>	<u>2,322,660</u>
Total Current Assets	127,556,610	116,635,038
<b>NONCURRENT ASSETS</b>		
Unrestricted:		
General Facility and in Lieu of Assessment Charges		
Receivable, Less Current Portion	53,816	58,925
Annexation and Connection Charges Receivable	31,457	31,478
Total Unrestricted	<u>85,273</u>	<u>90,403</u>
Restricted:		
Assessments Receivable, Less Current Portion	824,881	977,544
Net Pension Asset	4,529,897	-
Total Restricted	<u>5,354,778</u>	<u>977,544</u>
Capital Assets not being Depreciated:		
Land and Land Rights	4,619,029	4,619,029
Construction in Progress	6,777,005	5,942,682
Capital Assets being Depreciated:		
Plant in Service	322,286,365	314,089,442
Less: Accumulated Depreciation	(112,195,607)	(107,736,699)
Net Capital Assets	<u>221,486,792</u>	<u>216,914,454</u>
Total Noncurrent Assets	<u>226,926,843</u>	<u>217,982,401</u>
Total Assets	354,483,453	334,617,439
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred Outflows Related to Pensions	511,592	565,518
Total Deferred Outflows of Resources	<u>511,592</u>	<u>565,518</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 354,995,045</u>	<u>\$ 335,182,957</u>

See accompanying Notes to Financial Statements.

**SAMMAMISH PLATEAU WATER AND SEWER DISTRICT  
STATEMENTS OF NET POSITION (CONTINUED)  
DECEMBER 31, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</b>		
<b>CURRENT LIABILITIES</b>		
Payable from Unrestricted Assets:		
Accounts Payable	\$ 1,128,068	\$ 1,473,199
Accrued Salaries and Benefits	352,260	267,398
Compensated Absences	625,807	623,647
Unearned Rent	3,318	2,718
Deposits Payable	75,781	75,781
Developer Deposits	770,905	897,804
Retainage Payable	31,150	7,480
Accrued Interest	7,184	8,353
Long-Term Debt - Current Maturities	477,603	467,603
Total Payable from Unrestricted Assets	<u>3,472,076</u>	<u>3,823,983</u>
Payable from Restricted Assets:		
Accounts Payable	1,402,924	1,303,882
Total Payable from Restricted Assets	<u>1,402,924</u>	<u>1,303,882</u>
Total Current Liabilities	4,875,000	5,127,865
 <b>NONCURRENT LIABILITIES</b>		
Long-Term Debt, Net of Current Maturities	2,469,803	2,973,726
Compensated Absences	265,811	245,229
Net Pension Liability	432,334	1,804,275
Developer Extension Service Deposits Payable	885,000	895,000
Total Noncurrent Liabilities	<u>4,052,948</u>	<u>5,918,230</u>
Total Liabilities	8,927,948	11,046,095
 <b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred Inflows Related to Pensions	4,650,329	513,878
Total Liabilities and Deferred Inflows of Resources	<u>13,578,277</u>	<u>11,559,973</u>
 <b>NET POSITION</b>		
Net Investment in Capital Assets	218,004,828	212,903,329
Restricted for Debt Service	1,824,247	1,977,928
Restricted for Impaired Investments	15,813	18,395
Restricted for Pensions	4,529,897	-
Unrestricted	117,041,983	108,723,332
Total Net Position	<u>341,416,768</u>	<u>323,622,984</u>
Total Liabilities, Deferred Inflows of Resources, and Net Position	<u><u>\$ 354,995,045</u></u>	<u><u>\$ 335,182,957</u></u>

See accompanying Notes to Financial Statements.

**SAMMAMISH PLATEAU WATER AND SEWER DISTRICT**  
**STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION**  
**YEARS ENDED DECEMBER 31, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
<b>OPERATING REVENUES</b>		
Water Service	\$ 18,968,635	\$ 16,766,461
Sewer Service	17,076,179	16,305,078
Street Lights	193,350	193,338
Sewer Inspections	67,900	107,550
Developer Fees	519,581	672,780
Miscellaneous Revenue	358,440	293,452
Total Operating Revenues	<u>37,184,085</u>	<u>34,338,659</u>
<b>OPERATING EXPENSES</b>		
Salaries and Wages	5,794,690	5,559,331
Payroll Taxes and Pensions	(633,588)	576,616
Employee Benefits	1,205,662	1,263,131
Other Personnel Costs	75,853	57,462
Sewage Treatment	9,424,877	8,682,826
Repairs and Maintenance	1,189,446	1,254,041
Chemicals	113,150	147,558
Water Purchases	1,561,203	1,168,075
Professional Services	761,382	311,296
Business Taxes	1,047,176	981,418
Dues and Memberships	499,530	506,743
Office and Administration	954,375	958,399
Insurance	309,544	298,386
Miscellaneous	14,042	3,949
Utilities	903,847	797,409
Street Lights	112,156	103,279
Water Conservation Dues	102,249	117,840
Depreciation	4,892,577	4,609,373
Total Operating Expenses	<u>28,328,171</u>	<u>27,397,132</u>
<b>OPERATING INCOME</b>	8,855,914	6,941,527

See accompanying Notes to Financial Statements.

**SAMMAMISH PLATEAU WATER AND SEWER DISTRICT**  
**STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION (CONTINUED)**  
**YEARS ENDED DECEMBER 31, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
<b>NONOPERATING REVENUES</b>		
Investment Income, Net of Service Fees	\$ (434,331)	\$ 1,828,173
Assessment and in Lieu of Assessment:		
Interest Income	35,681	48,831
Rental Income	151,083	190,027
Miscellaneous Revenue	127,005	410,839
Net Gain (Loss) on Disposition of Assets		
and Preliminary Studies	51,630	62,629
Interest and Amortization on Long-Term Debt	(38,229)	(63,747)
Total Nonoperating Revenues	<u>(107,161)</u>	<u>2,476,752</u>
<b>INCOME BEFORE CAPITAL CONTRIBUTIONS</b>	8,748,753	9,418,279
Capital Contributions	<u>9,045,031</u>	<u>8,309,515</u>
<b>CHANGE IN NET POSITION</b>	17,793,784	17,727,794
Net Position - Beginning of Year	<u>323,622,984</u>	<u>305,895,190</u>
<b>NET POSITION - END OF YEAR</b>	<u><u>\$ 341,416,768</u></u>	<u><u>\$ 323,622,984</u></u>

See accompanying Notes to Financial Statements.



**SAMMAMISH PLATEAU WATER AND SEWER DISTRICT  
STATEMENTS OF CASH FLOWS  
YEARS ENDED DECEMBER 31, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash Received from Customers	\$ 37,043,348	\$ 34,845,087
Cash Paid to Suppliers	(17,422,713)	(15,133,821)
Cash Paid to and for Employees and Commissioners	(8,049,513)	(7,708,039)
Rental and Other Income	278,688	598,099
Net Cash Provided by Operating Activities	<u>11,849,810</u>	<u>12,601,326</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Contributions in Aid of Construction	1,928,338	1,973,052
Collections on ULID Assessments Receivable	161,217	185,400
Collections on General Facility and in Lieu of Assessment Charges Receivable	4,718	18,179
Interest Received on Contracts and Assessments	35,681	48,831
Proceeds from Sale of Assets	85,936	64,071
Recovery of Annexation Costs	21	-
Expenditures for Plant in Service and Construction	(2,417,766)	(3,330,312)
Payment of Long-Term Debt	(467,603)	(1,020,978)
Interest Paid on Long-Term Debt	(65,718)	(97,279)
Net Cash Used by Capital and Related Financing Activities	<u>(735,176)</u>	<u>(2,159,036)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest Received on Investments	<u>(401,008)</u>	<u>1,932,897</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	10,713,626	12,375,187
Cash and Cash Equivalents - Beginning of Year	<u>111,335,046</u>	<u>98,959,859</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u><u>\$ 122,048,672</u></u>	<u><u>\$ 111,335,046</u></u>
Cash and Cash Equivalents Balance is Composed of the Following at December 31:		
Cash and Cash Equivalents - Current Assets	\$ 119,738,224	\$ 109,128,872
Cash and Cash Equivalents - Current Restricted Assets	2,310,448	2,206,174
Total	<u><u>\$ 122,048,672</u></u>	<u><u>\$ 111,335,046</u></u>

See accompanying Notes to Financial Statements.

**SAMMAMISH PLATEAU WATER AND SEWER DISTRICT  
STATEMENTS OF CASH FLOWS (CONTINUED)  
YEARS ENDED DECEMBER 31, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
<b>RECONCILIATION OF NET OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>		
Net Operating Income	\$ 8,855,914	\$ 6,941,527
Adjustments to Reconcile Net Operating Income to Net Cash Provided by Operating Activities:		
Depreciation	4,892,577	4,609,373
(Increase) Decrease in Assets and Deferred Outflows of Resources:		
Accounts Receivable - Users	(89,533)	588,360
Accounts Receivable - Other	(51,204)	(81,932)
Prepaid Expenses	(60,758)	(49,313)
Inventory	(39,737)	23,351
Deposits	(8,200)	9,108
Net Pension Asset	(4,529,897)	-
Deferred Outflows Related to Pensions	53,926	(58,331)
Increase (Decrease) in Liabilities and Deferred Inflows of Resources:		
Accounts Payable, Accrued Expenses, and Deposits	(79,577)	459,324
Unearned Rent	600	(2,767)
Developer Deposits	(136,899)	47,964
Net Pension Liability	(1,371,941)	20,465
Deferred Inflows Related to Pensions	4,136,451	(506,669)
Rental and Other Income	278,088	600,866
Net Cash Provided by Operating Activities	<u>\$ 11,849,810</u>	<u>\$ 12,601,326</u>
<b>SUPPLEMENTAL DISCLOSURE OF SIGNIFICANT NONCASH FINANCING AND INVESTING ACTIVITIES</b>		
Utility Plant Donations Received	<u>\$ 7,116,693</u>	<u>\$ 6,336,463</u>

See accompanying Notes to Financial Statements.

**SAMMAMISH PLATEAU WATER AND SEWER DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021 AND 2020**

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

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

Sammamish Plateau Water and Sewer District (the District), a municipal corporation organized under the laws of the state of Washington, was created for the purpose of constructing, maintaining, and operating a water and sewer system within its boundaries, which encompass an area located in unincorporated King County, the city of Issaquah, and the city of Sammamish. The District is governed by an elected five member board and has no component units.

**Basis of Presentation and Accounting**

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

**Cash and Cash Equivalents**

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

**Accounts Receivable**

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

**Inventory**

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

**Capital Assets**

Capital assets are stated at cost when known and include the capitalized portion of District employees' wages and related overhead costs. When historical cost is not known, assets are recorded at the District's engineers' estimated costs. For water and sewer systems installed by developers or customers and conveyed to the District by bill of sale, the District records the cost of the system at acquisition value, which is determined by the contributing party's costs, contract price, or appraisal value. Major expenses for capital assets exceeding \$2,500, including capital leases and major repairs that increase useful lives, are capitalized. Maintenance, repairs, and minor renewals are accounted for as expenses when incurred. When capital assets are retired or otherwise disposed of, the cost and accumulated depreciation are removed from the accounts and any resulting gain or loss is recognized in income for the period.

**SAMMAMISH PLATEAU WATER AND SEWER DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021 AND 2020**

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

**Capital Assets (Continued)**

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

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

**Pensions**

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

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

**Deferred Outflows/Inflows of Resources**

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

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

**SAMMAMISH PLATEAU WATER AND SEWER DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021 AND 2020**

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

**Compensated Absences**

The District accrues accumulated unpaid vacation and sick leave amounts as earned.

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

District employees accumulate sick leave hours, subject to certain restrictions, to be paid upon termination, retirement, or death.

**Long-Term Debt**

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

**Net Position**

Net position is classified in the following three components:

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

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

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

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

**SAMMAMISH PLATEAU WATER AND SEWER DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021 AND 2020**

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

**Revenues and Expenses**

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

**Capital Contributions**

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

**Use of Estimates in Financial Statement Preparation**

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

**NOTE 2 DEPOSITS AND INVESTMENTS**

**Deposits**

Cash on hand at December 31, 2021 and 2020 was \$3,400 and \$3,400, respectively. The District's bank balances as of December 31, 2021 and 2020 were \$66,847 and \$171,868 respectively.

Custodial credit risk for deposits is the risk that, in event of a failure of a depository financial institution, the District would not be able to recover deposits or will not be able to recover collateral securities that are in possession of an outside party. The District's deposits and certificates of deposit are covered by federal depository insurance (FDIC) or by collateral held in a multiple financial institution collateral pool administered by the Washington Public Deposit Protection Commission (PDPC).

**SAMMAMISH PLATEAU WATER AND SEWER DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021 AND 2020**

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

**Investments**

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

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

	<u>Investment Type</u>	<u>Fair Value</u>	<u>Average Effective Duration</u>
<u>2021</u>			
King County Investment Pool:			
	Main Pool	\$ 121,962,613	1.24 Years
	Impaired Pool	15,812	
<u>2020</u>			
King County Investment Pool:			
	Main Pool	\$ 111,141,383	1.20 Years
	Impaired Pool	18,395	

**Impaired Investments**

As of December 31, 2021 and 2020, all impaired commercial paper investments had completed enforcement events. The King County Impaired Investment Pool (Impaired Pool) held one commercial paper asset where the Impaired Pool accepted an exchange offer and is receiving the cash flows from the investment's underlying securities. The District's share of the impaired investment pool principal was \$24,993 and \$29,496 at December 31, 2021 and 2020, respectively. The District's unrealized loss for these investments is \$9,181 and \$11,101 at December 31, 2021 and 2020, respectively.

**Interest Rate Risk**

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

**SAMMAMISH PLATEAU WATER AND SEWER DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021 AND 2020**

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

**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" by one NRSRO), municipal securities (rated at least "A" by two NRSROs), commercial paper (rated at least the equivalent of "A-1" by one NRSRO), certificates of deposits issued by qualified public depositories, repurchase agreements, and the Local Government Investment Pool managed by the Washington State Treasurer's office.

**NOTE 3 RESTRICTED ASSETS**

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

	Current Restricted			Noncurrent	
	Cash and Cash Equivalents	Interest Receivable	Assessments Receivable	Long-Term Assessments Receivable	Net Pension Asset
December 31, 2021:					
Revenue Bond Funds	\$ 466,226	\$ 192	\$ 107,282	\$ 824,881	\$ -
Revenue Bond Reserve Funds	425,486	180	-	-	-
Northeast Sammamish Sewer and Water District Joint Funds	1,402,924	-	-	-	-
Impaired Investment Pool	15,812	-	-	-	-
PERS 2/3	-	-	-	-	4,529,897
Total	<u>\$ 2,310,448</u>	<u>\$ 372</u>	<u>\$ 107,282</u>	<u>\$ 824,881</u>	<u>\$ 4,529,897</u>
December 31, 2020:					
Revenue Bond Funds	\$ 457,434	\$ 326	\$ 115,836	\$ 977,544	\$ -
Revenue Bond Reserve Funds	426,463	324	-	-	-
Northeast Sammamish Sewer and Water District Joint Funds	1,303,882	-	-	-	-
Impaired Investment Pool	18,395	-	-	-	-
Total	<u>\$ 2,206,174</u>	<u>\$ 650</u>	<u>\$ 115,836</u>	<u>\$ 977,544</u>	<u>\$ -</u>

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

The required reserve at December 31, 2021 and 2020 was \$493,550 and \$493,550, respectively. As of December 31, 2021 and 2020, the sinking fund was fully funded and a transfer will be made in 2022 to the reserve fund to meet the reserve requirement.



**SAMMAMISH PLATEAU WATER AND SEWER DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021 AND 2020**

**NOTE 4 CAPITAL ASSETS**

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

	Balance - Beginning of Year	Increases	Decreases	Balance - End of Year
<b>2021</b>				
Capital Assets Not Being Depreciated:				
Land and Land Rights	\$ 4,619,029	\$ -	\$ -	\$ 4,619,029
Construction in Progress	5,942,682	3,072,990	(2,238,667)	6,777,005
Total	10,561,711	3,072,990	(2,238,667)	11,396,034
Capital Assets Being Depreciated:				
Water Systems	156,496,702	4,279,703	(141,349)	160,635,056
Sewer Systems	137,926,368	3,990,586	-	141,916,954
Office Building	10,244,247	-	-	10,244,247
Equipment	7,450,590	440,449	(372,466)	7,518,573
Intangibles and Miscellaneous Assets	1,971,535	-	-	1,971,535
Total	314,089,442	8,710,738	(513,815)	322,286,365
Accumulated Depreciation:				
Water Systems	(55,934,101)	(2,522,790)	61,203	(58,395,688)
Sewer Systems	(40,858,538)	(1,544,633)	-	(42,403,171)
Office Building	(3,746,918)	(250,110)	-	(3,997,028)
Equipment	(5,852,624)	(405,713)	372,466	(5,885,871)
Intangibles and Miscellaneous Assets	(1,344,518)	(169,331)	-	(1,513,849)
Total	(107,736,699)	(4,892,577)	433,669	(112,195,607)
Net Capital Assets	<u>\$ 216,914,454</u>	<u>\$ 6,891,151</u>	<u>\$ (2,318,813)</u>	<u>\$ 221,486,792</u>

**SAMMAMISH PLATEAU WATER AND SEWER DISTRICT**  
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**NOTE 4 CAPITAL ASSETS (CONTINUED)**

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

**SAMMAMISH PLATEAU WATER AND SEWER DISTRICT**  
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**NOTE 5 LONG-TERM DEBT**

Long-term debt outstanding at December 31, 2021 and 2020 consisted of revenue and refunding bonds and direct borrowings and direct placements as follows:

	<u>2021</u>	<u>2020</u>
Revenue and Refunding Bonds:		
\$10,435,000 dated April 18, 2013 for refunding and utility construction, due serially through the year 2027, with interest payable semi-annually at 3.00 annual percentage rate	\$ 1,640,000	\$ 1,885,000
Total Revenue and Refunding Bonds	1,640,000	1,885,000
Direct Borrowings and Direct Placements:		
All issued for utility construction and secured by the revenue of the system		
Public Works Trust Fund Loans:		
\$573,750 loan, payable \$30,197 annually through the year 2025, plus interest at 0.5 annual percentage rate	120,789	150,987
\$2,843,250 loan, payable \$154,682 annually through the year 2026, plus interest at 0.5 annual percentage rate	773,409	928,091
Drinking Water State Revolving Fund Loan:		
\$563,349 loan, payable \$37,724 annually through the year 2030, with interest at 1.0 annual percentage rate	339,518	377,242
Total Direct Borrowings and Direct Placements	<u>1,233,716</u>	<u>1,456,320</u>
Total Long-Term Debt	2,873,716	3,341,320
Less: Current Maturities	(477,603)	(467,603)
Unamortized Bond Premiums	73,690	100,009
Total	<u>\$ 2,469,803</u>	<u>\$ 2,973,726</u>

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

<u>Year Ending December 31,</u>	Revenue and Refunding Bonds		Direct Placements and Direct Borrowings		Total
	Principal	Interest	Principal	Interest	
2022	\$ 222,603	\$ 7,866	\$ 255,000	\$ 49,200	\$ 534,669
2023	222,603	6,565	260,000	41,550	530,718
2024	222,603	5,262	270,000	33,750	531,615
2025	222,603	3,961	275,000	25,650	527,214
2026	192,404	2,659	285,000	17,400	497,463
2027-2030	150,897	3,772	295,000	8,850	458,519
Total	<u>\$ 1,233,713</u>	<u>\$ 30,085</u>	<u>\$ 1,640,000</u>	<u>\$ 176,400</u>	<u>\$ 3,080,198</u>

**SAMMAMISH PLATEAU WATER AND SEWER DISTRICT**  
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**NOTE 6 CHANGES IN LONG-TERM LIABILITIES**

Changes in long-term liabilities were as follows:

	Balance - Beginning of Year	Additions	Reductions	Balance - End of Year	Amounts Due Within One Year
<u>2021</u>					
Public Works Trust Fund Loans	\$ 1,079,078	\$ -	\$ 184,880	\$ 894,198	\$ 184,879
Drinking Water State Revolving Fund Loan	377,242	-	37,724	339,518	37,724
Revenue Bonds	1,885,000	-	245,000	1,640,000	255,000
Bond Premium	100,009	-	26,319	73,690	-
Compensated Absences	868,876	726,991	704,249	891,618	625,807
Net Pension Liability PERS 1	1,224,866	-	792,532	432,334	-
Net Pension Liability PERS 2/3	579,409	-	579,409	-	-
Developer Extension Service Deposits Payable	895,000	50,000	60,000	885,000	-
Total	<u>\$ 7,009,480</u>	<u>\$ 776,991</u>	<u>\$ 2,630,113</u>	<u>\$ 5,156,358</u>	<u>\$ 1,103,410</u>
<u>2020</u>					
Public Works Trust Fund Loans	\$ 1,312,331	\$ -	\$ 233,253	\$ 1,079,078	\$ 184,879
Drinking Water State Revolving Fund Loan	414,967	-	37,725	377,242	37,724
Revenue Bonds	2,635,000	-	750,000	1,885,000	245,000
Bond Premium	130,261	-	30,252	100,009	-
Compensated Absences	659,681	759,216	550,021	868,876	623,647
Net Pension Liability PERS 1	1,345,204	-	120,338	1,224,866	-
Net Pension Liability PERS 2/3	438,606	140,803	-	579,409	-
Developer Extension Service Deposits Payable	910,000	60,000	75,000	895,000	-
Total	<u>\$ 7,846,050</u>	<u>\$ 960,019</u>	<u>\$ 1,796,589</u>	<u>\$ 7,009,480</u>	<u>\$ 1,091,250</u>

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

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

Aggregate Pension Amounts – All Plans		
	2021	2020
Pension Liabilities	\$ 432,334	\$ 1,804,275
Pension Assets	(4,529,897)	-
Deferred Outflows of Resources	511,592	565,518
Deferred Inflows of Resources	4,650,329	513,878
Pension Expense	(1,074,856)	137,784

**State Sponsored Pension Plans**

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

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

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

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

**Public Employees Retirement System (PERS)**

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

**PERS Plan 1** – provides retirement, disability, and death benefits. Retirement benefits are determined as 2% of the member's average final compensation (AFC) times the member's years of service. The AFC is the average of the member's 24 highest consecutive service months. Members are eligible for retirement from active status at any age with at least 30 years of service, at age 55 with at least 25 years of service, or at age 60 with at least five years of service. Members retiring from active status prior to the age of 65 may receive actuarially reduced benefits.

**SAMMAMISH PLATEAU WATER AND SEWER DISTRICT  
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**NOTE 7 PENSION PLAN (CONTINUED)**

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

Retirement benefits are actuarially reduced to reflect the choice of a survivor benefit. Other benefits include duty and nonduty disability payments, an optional cost-of-living adjustment (COLA), and a one-time duty-related death benefit, if found eligible by the Department of Labor and Industries. PERS 1 members were vested after the completion of 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%. The employer contribution rate is developed by the Office of the State Actuary and includes an administrative expense component that is currently set at 0.18%. Each biennium, the state Pension Funding Council adopts Plan 1 employer contribution rates.

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

<u>PERS Plan 1 Actual Contribution Rates</u>	<u>Employer</u>	<u>Employee</u>
<u>2021</u>		
January through June		
PERS Plan 1	7.92 %	6.00 %
PERS Plan 1 UAAL	4.87	
Administrative Fee	0.18	
Total	12.97 %	6.00 %
July through December		
PERS Plan 1	10.07 %	6.00 %
Administrative Fee	0.18	
Total	10.25 %	6.00 %
<u>2020</u>		
January through August		
PERS Plan 1	7.92 %	6.00 %
PERS Plan 1 UAAL	4.76	
Administrative Fee	0.18	
Total	12.86 %	6.00 %
September through December		
PERS Plan 1	7.92 %	6.00 %
PERS Plan 1 UAAL	4.87	
Administrative Fee	0.18	
Total	12.97 %	6.00 %

The District's actual contributions to the plan were \$239,174 and \$257,249 for the years ended December 31, 2021 and 2020, respectively.

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

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

**PERS Plan 2/3** – provides retirement, disability, and death benefits. Retirement benefits are determined as 2% of the member's average final compensation (AFC) times the member's years of service for Plan 2 and 1% of AFC for Plan 3. The AFC is the average of the member's 60 highest-paid consecutive service months. There is no cap on years of service credit. Members are eligible for retirement with a full benefit at 65 with at least 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 3% for each year before age 65, or
- With a benefit that has a smaller (or no) reduction (depending on age) that imposes stricter return-to-work rules.

PERS Plan 2/3 members hired on or after May 1, 2013 have the option to retire early by accepting a reduction of 5% for each year of retirement before age 65. This option is available only to those who are age 55 or older and have at least 30 years of service credit. PERS Plan 2/3 retirement benefits are also actuarially reduced to reflect the choice of a survivor benefit. Other PERS Plan 2/3 benefits include duty and nonduty disability payments, a cost-of-living allowance (based on the CPI), capped at 3% annually and a one-time duty related death benefit, if found eligible by the Department of Labor and Industries. PERS 2 members are vested after completing five years of eligible service. Plan 3 members are vested in the defined benefit portion of their plan after 10 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% and escalate to 15% with a choice of 6 options. Employers do not contribute to the defined contribution benefits. PERS Plan 3 members are immediately vested in the defined contribution portion of their plan.

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

**SAMMAMISH PLATEAU WATER AND SEWER DISTRICT  
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**NOTE 7 PENSION PLAN (CONTINUED)**

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

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

<u>PERS Plan 2/3 Actual Contribution Rates</u>	<u>Employer 2/3</u>	<u>Employee 2</u>	<u>Employee 3</u>
<b><u>2021</u></b>			
January through June			
PERS Plan 2/3	7.92 %	7.90 %	Varies
PERS Plan 1 UAAL	4.87		
Administrative Fee	0.18		
Total	<u>12.97 %</u>	<u>7.90 %</u>	<u>Varies</u>
July through December			
PERS Plan 2/3	6.36 %	6.36 %	Varies
PERS Plan 1 UAAL	3.71		
Administrative Fee	0.18		
Total	<u>10.25 %</u>	<u>6.36 %</u>	<u>Varies</u>
<b><u>2020</u></b>			
January through August			
PERS Plan 2/3	7.92 %	7.90 %	Varies
PERS Plan 1 UAAL	4.76		
Administrative Fee	0.18		
Total	<u>12.86 %</u>	<u>7.90 %</u>	<u>Varies</u>
September through December			
PERS Plan 2/3	7.92 %	7.90 %	Varies
PERS Plan 1 UAAL	4.87		
Administrative Fee	0.18		
Total	<u>12.97 %</u>	<u>7.90 %</u>	<u>Varies</u>

The District's actual contributions to the plan were \$397,430 and \$425,071 for the years ended December 31, 2021 and 2020, respectively.

**Actuarial Assumptions**

The 2021 total pension liability/(asset) (TPL/A) 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*.



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

**Actuarial Assumptions (Continued)**

The 2020 total pension liability/(asset) (TPL/A) 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 2021 assumptions for subsequent events and law changes are current as of the 2020 actuarial valuation report. Additional 2020 assumptions for subsequent events and law changes are current as of the 2019 actuarial valuation report. The TPL/A was calculated as of the valuation date and rolled forward to the measurement date of June 30, 2021 and June 30, 2020. 2021 Plan liabilities/(assets) were rolled forward from June 30, 2020, to June 30, 2021, and 2020 Plan liabilities/(assets) 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%

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 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 no changes in assumptions between the 2021 and 2020 valuations. There were changes in methods between the 2021 and 2020 valuations.

- For purposes of the June 30, 2020 Actuarial Valuation Report (AVR), a noncontribution rate setting valuation under current funding policy, the Office of the State Actuary (OSA) introduced temporary method changes to produce asset and liability/(asset) 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.

**SAMMAMISH PLATEAU WATER AND SEWER DISTRICT  
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**NOTE 7 PENSION PLAN (CONTINUED)**

**Actuarial Assumptions (Continued)**

- 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.
- 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.

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

- OSA updated its demographic assumptions based on the results of its latest demographic experience study. See OSA's 2013-2018 Demographic Experience Study at [leg.wa.gov/osa](http://leg.wa.gov/osa).
- OSA updated the Early Retirement Factors and Joint-and-Survivor factors used in its model to match the ones implemented by DRS on October 1, 2020. These factors are used to value benefits for members who elect to retire early and for survivors of members that die prior to retirement.
- The valuation includes liabilities and assets for Plan 3 members purchasing Total Allocation Portfolio annuities when determining contribution rates and funded status.
- OSA changed its method of updating certain data items that change annually, including the public safety duty-related death lump sum and Washington State average wage. OSA set these values at 2018 and will project them into the future using assumptions until the next Demographic Experience Study in 2025. See [leg.wa.gov/osa](http://leg.wa.gov/osa) for more information on this method change.

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

**Discount Rate**

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

To determine that rate, an asset sufficiency test was completed to test whether each pension plan's fiduciary net position was sufficient to make all projected future benefit payments for current plan members. Based on OSA's assumptions, the pension plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return of 7.4% was used to determine the total liability/(asset).

**Long-Term Expected Rate of Return**

The long-term expected rate of return on the DRS pension plan investments of 7.4% was determined using a building-block-method. In selecting this assumption, the Office of the State Actuary (OSA) reviewed the historical experience data, considered the historical conditions that produced past annual investment returns, and considered capital market assumptions and simulated expected investment returns provided by the Washington State Investment Board (WSIB). The WSIB uses the capital market assumptions and their target asset allocation to simulate future investment returns over various 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, are summarized in the table below. The inflation component used to create the table is 2.2% and represents the WSIB's most recent long-term estimate of broad economic inflation.

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

As of June 30, 2021 and 2020:

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

**SAMMAMISH PLATEAU WATER AND SEWER DISTRICT  
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**NOTE 7 PENSION PLAN (CONTINUED)**

**Sensitivity of NPL/(Asset)**

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

		One Percent Decrease (6.4%)	Current Discount Rate (7.4%)	One Percent Increase (8.4%)
	<u>2021</u>			
PERS 1		\$ 736,506	\$ 432,334	\$ 167,065
PERS 2/3		(1,290,480)	(4,529,897)	(7,197,558)
	<u>2020</u>			
PERS 1		\$ 1,534,214	\$ 1,224,866	\$ 955,082
PERS 2/3		3,605,237	579,409	(1,912,632)

**Pension Plan Fiduciary Net Position**

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

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

At December 31, 2021 and 2020, the District reported a total pension liability (asset) for its proportionate share of the net pension liabilities/(assets) as follows (measured as of June 30, 2021 and 2020):

	2021	2020
PERS 1	\$ 432,334	\$ 1,224,866
PERS 2/3	(4,529,897)	579,409
Total	<u>\$ (4,097,563)</u>	<u>\$ 1,804,275</u>

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

	Proportionate Share 6/30/20	Proportionate Share 6/30/21	Change in Proportion
PERS 1	0.034693 %	0.035401 %	0.000708 %
PERS 2/3	0.045304	0.045474	0.000170
	Proportionate Share 6/30/19	Proportionate Share 6/30/20	Change in Proportion
PERS 1	0.034983 %	0.034693 %	(0.000290)%
PERS 2/3	0.045155	0.045304	0.000149

**SAMMAMISH PLATEAU WATER AND SEWER DISTRICT  
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**NOTE 7 PENSION PLAN (CONTINUED)**

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

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

**Pension Expense**

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

	2021	2020
PERS 1	\$ (55,762)	\$ 57,931
PERS 2/3	(1,019,094)	79,853
Total	<u>\$ (1,074,856)</u>	<u>\$ 137,784</u>

**Deferred Outflows of Resources and Deferred Inflows of Resources**

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
<b>2021</b>		
PERS 1:		
Differences Between Expected and Actual Experience	\$ -	\$ -
Net Difference Between Projected and Actual Investment		
Earnings on Pension Plan Investments	-	479,746
Changes of Assumptions	-	-
Changes in Proportion and Differences Between		
Contributions and Proportionate Share of		
Contributions	-	-
Contributions Subsequent to the Measurement Date	94,775	-
Total	<u>94,775</u>	<u>479,746</u>
PERS 2/3:		
Differences Between Expected and Actual Experience	220,011	55,532
Net Difference Between Projected and Actual Investment		
Earnings on Pension Plan Investments	-	3,785,931
Changes of Assumptions	6,620	321,698
Changes in Proportion and Differences Between		
Contributions and Proportionate Share of		
Contributions	27,715	7,422
Contributions Subsequent to the Measurement Date	162,471	-
Total	<u>416,817</u>	<u>4,170,583</u>
Total All Plans	<u>\$ 511,592</u>	<u>\$ 4,650,329</u>

**SAMMAMISH PLATEAU WATER AND SEWER DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021 AND 2020**

**NOTE 7 PENSION PLAN (CONTINUED)**

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

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

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

<u>Year Ending December 31,</u>	<u>PERS 1</u>	<u>PERS 2/3</u>
2022	\$ (127,085)	\$ (1,028,122)
2023	(116,456)	(960,101)
2024	(110,114)	(920,482)
2025	(126,091)	(998,979)
2026	-	(11,765)
Thereafter	-	3,212
Total	<u>\$ (479,746)</u>	<u>\$ (3,916,237)</u>

**SAMMAMISH PLATEAU WATER AND SEWER DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021 AND 2020**

**NOTE 8 DEFERRED COMPENSATION PLAN**

The District offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan assets are invested with the Washington State Deferred Compensation Program and the International City/County Management Association Program. The plan, available to all employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. The District made no contributions to this plan in 2021 or 2020.

**NOTE 9 RISK MANAGEMENT**

The District is a member of the Water and Sewer Risk Management Pool (the Pool). Chapter 48.62 RCW authorizes the governing body of any one or more governmental entities to form together into or join a pool or organization for the joint purchasing of insurance, and/or joint self-insuring, and/or joint hiring or contracting for risk management services to the same extent that they may individually purchase insurance, self-insurance, or hire or contract for risk management services. An agreement to form a pooling arrangement was made pursuant to the provisions of Chapter 39.34 RCW, the Interlocal Cooperation Act. The Pool was formed in November 1987 when water and sewer districts in the State of Washington joined together by signing an Interlocal Governmental Agreement to pool their self-insured losses and jointly purchase insurance and administrative services. The Pool currently has 72 members. The Pool's fiscal year is November 1 through October 31.

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

**SAMMAMISH PLATEAU WATER AND SEWER DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021 AND 2020**

**NOTE 9 RISK MANAGEMENT (CONTINUED)**

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

<b>TYPE OF COVERAGE</b>	<b>MEMBER DEDUCTIBLE</b>	<b>SELF-INSURED RETENTION/GROUP</b>	<b>EXCESS LIMITS</b>
<b>Property Loss:</b>			
Buildings and Contents	\$5,000 and See (C) below	\$25,000	\$275,000,000
Flood	See (A) below	See (A) below	\$50,000,000
Earthquake	See (B) below	See (B) below	\$110,000,000 (\$75,000,000 shared by all members, \$25,000,000 dedicated to Alderwood, \$10,000,000 dedicated to Sammamish Plateau)
Terrorism	\$5,000	\$25,000 Primary layer	\$700,000,000 Primary layer
Boiler & Machinery	\$5,000 - \$350,000 depending on object	\$25,000 - \$350,000 depending on object	\$100,000,000
Auto - Physical Damage	\$5,000	\$25,000	
<b>Liability:</b>			
Commercial General Liability	\$5,000	\$500,000	\$10,000,000
Auto Liability	\$5,000	Same as above	\$10,000,000
Public Officials Errors and Omissions	\$5,000	Same as above	\$10,000,000
Employment Practices	\$5,000	Same as above	\$10,000,000
<b>Other:</b>			
Cyber Liability	\$50,000	N/A	\$2,000,000
Public Officials Bonds	Various	N/A	Various
Crime	\$5,000	\$25,000	\$2,000,000
Identity Fraud	\$0	\$0	\$25,000

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



**SAMMAMISH PLATEAU WATER AND SEWER DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021 AND 2020**

**NOTE 9 RISK MANAGEMENT (CONTINUED)**

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

Upon joining, the members contract to remain in the Pool for one full policy period. Following completion of one full policy period, members must give six months' notice before terminating participation (e.g., to withdraw from the Pool on November 1, 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.

In the past three years (2021, 2020, and 2019), there have been no claim settlements, per occurrence or in aggregate, that have exceeded the coverage provided by excess/reinsurance contracts.

**NOTE 10 CASCADE WATER ALLIANCE**

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

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

**SAMMAMISH PLATEAU WATER AND SEWER DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021 AND 2020**

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

The Alliance assesses a Regional Capital Facility Charge (RCFC) on new District water customers for each additional connection to the Cascade system. Each member collects a Regional Capital Facilities Charge and remits to the Cascade Alliance. During 2021 and 2020, the District collected \$990,419 and \$1,232,205, respectively, for this charge.

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

The Alliance collected charges as follows:

	<u>2021</u>	Alliance Total	District Share
Membership Administrative Duties		\$ 3,382,456	\$ 469,195
Conservation		737,121	102,249
Demand Share		38,534,704	1,532,229
Total		<u>\$ 42,654,281</u>	<u>\$ 2,103,673</u>
	<u>2020</u>		
Membership Administrative Duties		\$ 3,339,859	\$ 474,619
Conservation		829,230	117,840
Demand Share		37,567,001	1,137,858
Total		<u>\$ 41,736,090</u>	<u>\$ 1,730,317</u>

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

Cascade Water Alliance's major Debt financing to date:

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

Fifteen-year \$29,220,000 refunding revenue bonds (2014 revenue bonds) to pay a portion of the cost of refunding the callable portion of the outstanding 2006 Bonds. The net proceeds were placed in an irrevocable trust with an escrow agent to provide funds for the future debt service payment on the refunded bonds. As a result, a portion of the 2006 bonds are considered defeased. The government advance refunded the 2006 revenue bonds to reduce its total debt service payments over 14 years by \$6,270,530 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$5,462,625.

**SAMMAMISH PLATEAU WATER AND SEWER DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021 AND 2020**

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

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

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

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

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

**NOTE 11 MAJOR SUPPLIER**

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

**NOTE 12 LEASES**

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

<u>Year Ending December 31,</u>	<u>Amount</u>
2022	\$ 119,334
2023	124,107
2024	125,944
2025	43,200
2026	-
Total	<u><u>\$ 412,585</u></u>

**SAMMAMISH PLATEAU WATER AND SEWER DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021 AND 2020**

**NOTE 13 COMMITMENTS**

As of December 31, 2021, the District is obligated under construction contracts totaling \$3,184,307, of which \$1,257,304 has been expended.

**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 known as COVID-19. In the months following the declaration, precautionary measures to slow the spread of the virus have been ordered. These measures included closing schools, cancelling public events, limiting public and private gatherings, and restricting business operations, travel and nonessential activities. The full extent of the financial impact on the District is unknown at this time.

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

**PERS 1**

<u>Year</u>	<u>Employer's Proportion of the Net Pension Liability (Asset)</u>	<u>Employer's Proportionate Share of the Net Pension Liability (Asset)</u>	<u>Covered Payroll</u>	<u>Net Pension Liability (Asset) as a Percentage of Covered Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</u>
2021	0.035401 %	\$ 432,334	\$ 5,446,040	7.94 %	88.74 %
2020	0.034693	1,224,866	5,489,930	22.31	68.64
2019	0.034983	1,345,204	4,915,719	27.37	67.12
2018	0.035349	1,578,702	4,709,821	33.52	63.22
2017	0.034612	1,642,354	4,541,943	36.16	61.24
2016	0.034169	1,835,043	4,166,446	44.04	57.03
2015	0.035060	1,833,985	4,035,264	45.45	59.10
2014	0.037820	1,905,193	4,031,087	47.26	61.19
2013	0.034866	2,037,332	3,842,151	53.03	

**Notes to Schedule:**

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

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

**PERS 2/3**

<u>Year</u>	<u>Employer's Proportion of the Net Pension Liability (Asset)</u>	<u>Employer's Proportionate Share of the Net Pension Liability (Asset)</u>	<u>Covered Payroll</u>	<u>Net Pension Liability (Asset) as a Percentage of Covered Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</u>
2021	0.045474 %	\$ (4,529,897)	\$ 5,446,040	(83.18)%	120.29 %
2020	0.045304	579,409	5,489,930	10.55	97.22
2019	0.045155	438,606	4,915,719	8.92	97.77
2018	0.045496	776,802	4,709,821	16.49	95.77
2017	0.044520	1,546,864	4,541,943	34.06	90.97
2016	0.043828	2,206,722	4,166,446	52.96	85.82
2015	0.045288	1,618,169	4,035,264	40.10	89.20
2014	0.048693	984,264	4,031,087	24.42	93.29
2013	0.046432	1,982,668	3,842,151	51.60	

**Notes to Schedule:**

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

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

**PERS 1**

Year	Statutorily Required Contribution	Contributions in Relation to the Statutorily Required Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percent of Covered Payroll
2021	\$ 239,174	\$ (239,174)	\$ -	\$ 5,528,632	4.33 %
2020	257,249	(257,249)	-	5,367,052	4.79
2019	251,007	(251,007)	-	5,086,902	4.93
2018	242,773	(242,773)	-	4,793,243	5.06
2017	227,289	(227,289)	-	4,637,137	4.90
2016	198,452	(198,452)	-	4,178,273	4.75
2015	176,121	(176,121)	-	4,041,547	4.36
2014	162,354	(162,354)	-	4,039,325	4.02
2013	127,245	(127,245)	-	3,935,490	3.23

**Notes to Schedule:**

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

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

**PERS 2/3**

Year	Statutorily Required Contribution	Contributions in Relation to the Statutorily Required Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percent of Covered Payroll
2021	\$ 397,430	\$ (397,430)	\$ -	\$ 5,528,632	7.19 %
2020	425,071	(425,071)	-	5,367,052	7.92
2019	393,293	(393,293)	-	5,086,902	7.73
2018	359,516	(359,516)	-	4,793,243	7.50
2017	319,210	(319,210)	-	4,637,137	6.88
2016	259,195	(259,195)	-	4,178,273	6.20
2015	226,035	(226,035)	-	4,041,547	5.59
2014	200,908	(200,908)	-	4,039,325	4.97
2013	188,398	(188,398)	-	3,935,490	4.79

**Notes to Schedule:**

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

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