



Office of the Washington State Auditor
Pat McCarthy

Financial Statements Audit Report

Sammamish Plateau Water and Sewer District

For the period January 1, 2021 through December 31, 2022

Published April 18, 2024

Report No. 1034628



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

April 18, 2024

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

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TABLE OF CONTENTS

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	4
Independent Auditor's Report on the Financial Statements	6
Financial Section	10
About the State Auditor's Office	57

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, 2021 through December 31, 2022

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, 2022 and 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated April 10, 2024.

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.

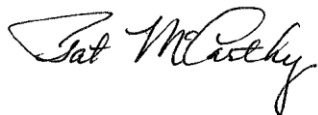
REPORT ON COMPLIANCE AND OTHER MATTERS

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.

A handwritten signature in black ink, reading "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

April 10, 2024

INDEPENDENT AUDITOR'S REPORT

Report on the Audit of the Financial Statements

Sammamish Plateau Water and Sewer District January 1, 2021 through December 31, 2022

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, 2022 and 2021, 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, 2022 and 2021, 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.

Matters of Emphasis

As discussed in Note 1 to the financial statements, in 2022, the District adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 87, *Leases*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the 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 April 10, 2024 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, reading "Pat McCarthy". The signature is written in a cursive, flowing style.

Pat McCarthy, State Auditor

Olympia, WA

April 10, 2024

FINANCIAL SECTION

Sammamish Plateau Water and Sewer District January 1, 2021 through December 31, 2022

REQUIRED SUPPLEMENTARY INFORMATION

Management's Discussion and Analysis – 2022 and 2021

BASIC FINANCIAL STATEMENTS

Statement of Net Position – 2022 and 2021

Statement of Revenues, Expenses and Changes in Net Position – 2022 and 2021

Statement of Cash Flows – 2022 and 2021

Notes to Financial Statements – 2022 and 2021

REQUIRED SUPPLEMENTARY INFORMATION

Schedules of Proportionate Share of the Net Pension Liability – PERS 1, PERS 2/3 –
2022

Schedules of Employer Pension Contributions – PERS 1, PERS 2/3 – 2022

**SAMMAMISH PLATEAU WATER AND SEWER DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2022 AND 2021**

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, 2022 and 2021 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, 2022 AND 2021**

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

CONDENSED STATEMENTS OF NET POSITION AT DECEMBER 31

	2022	2021	* 2020
Capital Assets	\$ 224,867,956	\$ 221,486,792	\$ 216,914,454
Other Assets	138,859,606	133,419,136	117,702,985
Total Assets	<u>363,727,562</u>	<u>354,905,928</u>	<u>334,617,439</u>
Deferred Outflows of Resources	1,684,664	511,592	565,518
Long-Term Liabilities	4,025,552	4,052,948	5,918,230
Other Liabilities	6,008,362	4,875,001	5,127,865
Total Liabilities	<u>10,033,914</u>	<u>8,927,949</u>	<u>11,046,095</u>
Deferred Inflows of Resources	<u>1,984,407</u>	<u>5,053,956</u>	<u>513,878</u>
Net Investment in Capital Assets	221,988,052	218,004,828	212,903,329
Restricted Amounts	3,379,834	6,369,957	1,996,323
Unrestricted Amounts	<u>128,026,019</u>	<u>117,060,830</u>	<u>108,723,332</u>
Total Net Position	<u><u>\$ 353,393,905</u></u>	<u><u>\$ 341,435,615</u></u>	<u><u>\$ 323,622,984</u></u>

* The 2020 financial statements have not been restated to reflect the change in accounting for leases.

**SAMMAMISH PLATEAU WATER AND SEWER DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2022 AND 2021**

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

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

	2022	2021	* 2020
Water Distribution Revenue	\$ 19,094,064	\$ 18,968,635	\$ 16,766,461
Sewer Service Revenue	17,978,325	17,076,179	16,305,078
Other Revenues	<u>1,328,364</u>	<u>1,139,271</u>	<u>1,267,120</u>
Total Operating Revenues	38,400,753	37,184,085	34,338,659
Water and Sewer Operating Expenses	27,053,163	23,435,594	22,787,759
Depreciation and Amortization	<u>4,852,932</u>	<u>4,892,577</u>	<u>4,609,373</u>
Total Operating Expenses	<u>31,906,095</u>	<u>28,328,171</u>	<u>27,397,132</u>
Operating Income	6,494,658	8,855,914	6,941,527
Nonoperating Revenue (Expense):			
Investment and Interest Income	(1,810,587)	(398,650)	1,877,004
Rental and Other Income	257,987	296,935	600,866
Net Gain (Loss) on Disposition of Assets and Abandonment of Assets and Preliminary Studies	28,495	51,630	62,629
Interest and Amortization	<u>(33,482)</u>	<u>(38,229)</u>	<u>(63,747)</u>
Income Before Capital Contributions	4,937,071	8,767,600	9,418,279
Capital Contributions	<u>7,021,219</u>	<u>9,045,031</u>	<u>8,309,515</u>
Increase in Net Position	11,958,290	17,812,631	17,727,794
Net Position - January 1	<u>341,435,615</u>	<u>323,622,984</u>	<u>305,895,190</u>
Net Position - December 31	<u><u>\$ 353,393,905</u></u>	<u><u>\$ 341,435,615</u></u>	<u><u>\$ 323,622,984</u></u>

* The 2020 financial statements have not been restated to reflect the change in accounting for leases.

**SAMMAMISH PLATEAU WATER AND SEWER DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2022 AND 2021**

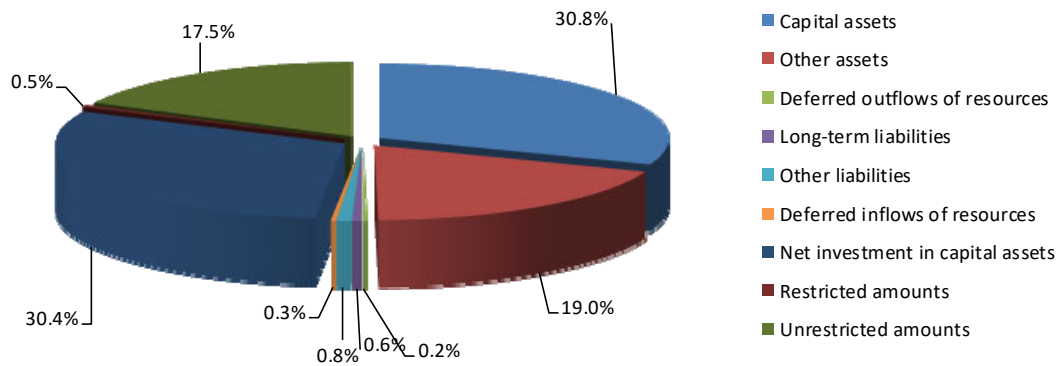
FINANCIAL POSITION

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 2022 and 2021 primarily due to construction activity and 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.

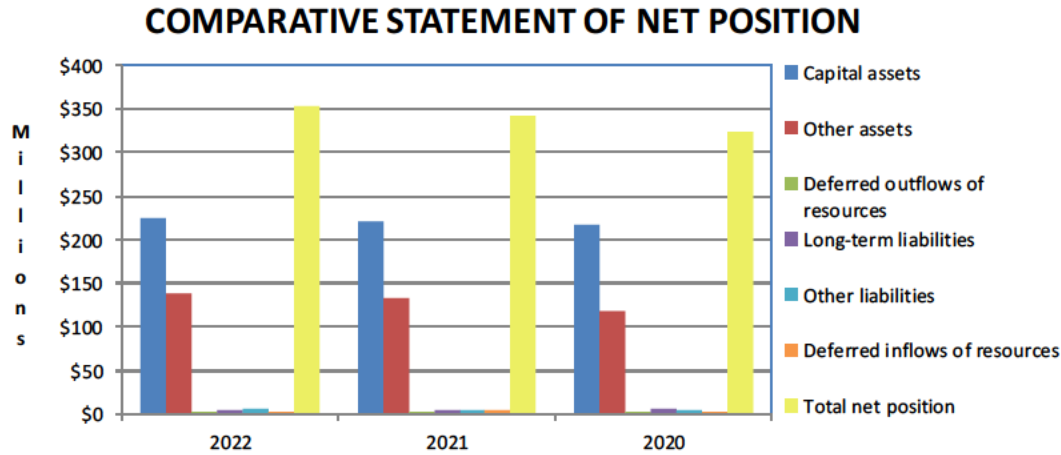
The following charts indicate the components of financial position:

2022 STATEMENT OF NET POSITION



**SAMMAMISH PLATEAU WATER AND SEWER DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2022 AND 2021**

FINANCIAL POSITION (CONTINUED)



The following table summarizes the growth in the District's water and sewer customer base from 2017 through 2022:

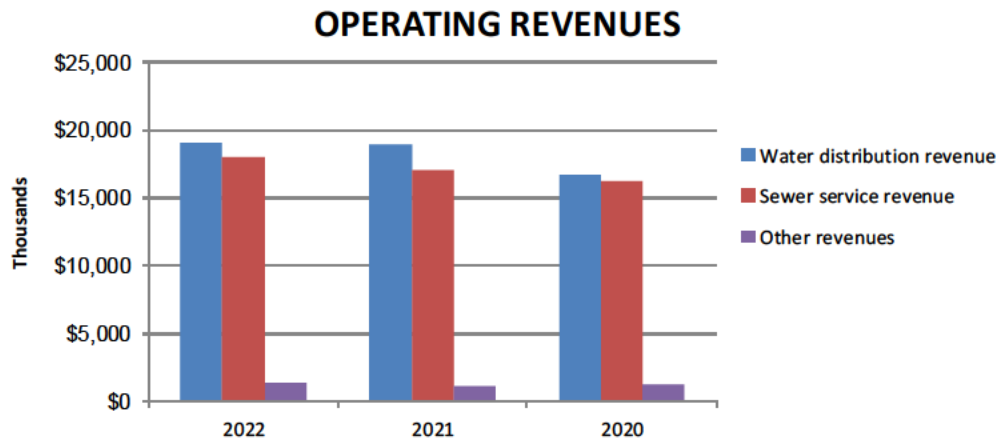
YEAR	WATER ACCOUNTS	TOTAL INCREASE - ACCOUNTS	YEAR	SEWER ACCOUNTS	TOTAL INCREASE - ACCOUNTS
2017	18,675	472	2017	12,320	485
2018	19,014	339	2018	12,650	330
2019	19,246	232	2019	12,885	235
2020	19,427	181	2020	13,081	196
2021	19,564	137	2021	13,234	153
2022	19,651	87	2022	13,319	85

**SAMMAMISH PLATEAU WATER AND SEWER DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2022 AND 2021**

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 re-initiated 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:



In 2022, water distribution revenue was 0.7 percent higher than 2021 primarily due to unusually warm and dry weather in September and October. In 2021, water distribution revenue was 13.1 percent higher than 2020 due to: 1) extremely hot and dry summer weather; and 2) an increase in residential water use related to the COVID-19 pandemic (residential customers account for 90 percent of the District's customer base). Sewer service revenue was 5.3 percent higher in 2022 versus 2021 and 4.7 percent higher in 2021 versus 2020 due to sewer rate increases by the District and the King County Wastewater Treatment Division and higher water usage in both years. Other revenues in 2022 were up 16.6 percent compared to 2021, reflecting a return to the District's normal billing and collection policies in January 2022, as noted above.

As part of the Automated Metering Infrastructure (AMI) implementation, which provides the ability to read water meters electronically, the District changed its billing practice, moving from 8 cycles over a bi-monthly period to 2 cycles every month in 2020. Both cycles are billed for the same consumption period.

**SAMMAMISH PLATEAU WATER AND SEWER DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2022 AND 2021**

RESULTS OF OPERATIONS (CONTINUED)

The District's adopted rate structure reflects the true cost of providing water and sewer services while providing revenue stability to fund fixed costs during periods of fluctuating demands. The rate structure reflects a greater reliance on fixed monthly base charges for water and sewer services 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 2022 and 2021 had a minor effect on revenues.

Historical Water Rate Adjustments:

<u>Year</u>	<u>Rate</u>	<u>% Increase</u>
2017	\$ 40.15	5.02%
2018	\$ 41.45	3.24%
2019	\$ 42.99	3.72%
2020	\$ 44.15	2.70%
2021	\$ 45.47	2.99%
2022	\$ 47.19	3.78%

*Based on monthly single family customer with water use of 600 cubic feet.

Historical Sewer Rate Adjustments:

<u>Year</u>	<u>Rate</u>	<u>% Increase</u>
2017	\$ 78.20	4.00%
2018	\$ 79.13	1.19%
2019	\$ 81.38	2.84%
2020	\$ 82.55	1.44%
2021	\$ 85.33	3.37%
2022	\$ 88.56	3.79%

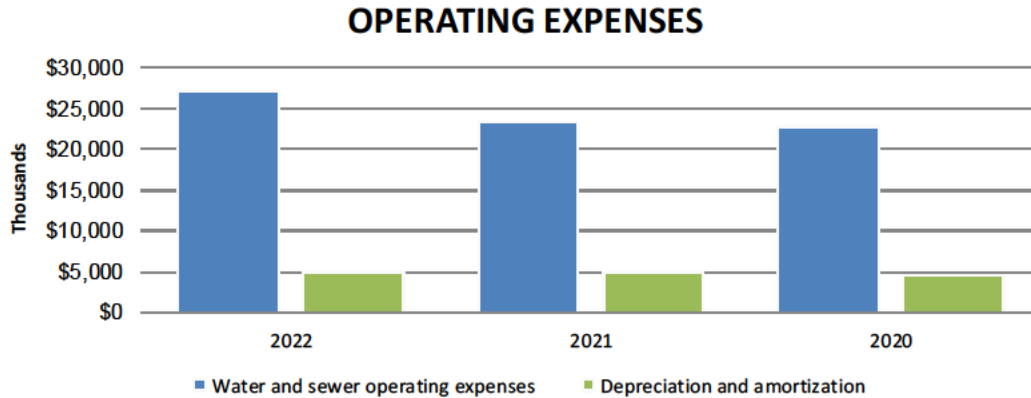
** Based on monthly single family customer, includes King County Metro charges passed through to sewer customers.

The water and sewer rate adjustments were necessary to fund cost increases related to water treatment and wholesale sewage treatment as well as inflationary increases related to other expenses and the District's water and sewer capital replacement program.

**SAMMAMISH PLATEAU WATER AND SEWER DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2022 AND 2021**

RESULTS OF OPERATIONS (CONTINUED)

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



The District had net income before capital contributions of \$4,935,744 in 2022 and \$8,764,618 in 2021.

Total operating expenses increased 12.6 percent in 2022 compared to 2021 primarily due to: 1) a very significant increase in sewer treatment charges from the King County Wastewater Treatment Division, reflecting an accrual of the January 2023 invoice back to 2022 and a 2022 rate increase; 2) an increase in payroll taxes and pensions related to a negative \$1.7 million state public employee retirement system (PERS) adjustment in 2021; and 3) an increase in salaries and wages driven by a higher than normal cost of living adjustment, a newly authorized position in the Finance Department, and additional costs related to staff turnover in the Finance Department.

In 2021, total operating expenses were 3.4 percent higher than 2020 primarily due to: 1) an increase in sewer treatment charges from the King County Wastewater Treatment Division; and 2) an increase in Cascade Water Alliance dues and demand share.

**SAMMAMISH PLATEAU WATER AND SEWER DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2022 AND 2021**

RESULTS OF OPERATIONS (CONTINUED)

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 bills 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). In 2020, the program was revised to recognize the impact of COVID-19 on customer income. The program was renamed the Utility Billing Assistance Program (UBAP) and allows for credits and rebates in 3-month increments. A summary of the number of customers receiving discounts, rebates, and credits as well as their corresponding costs is shown below:

Number of Customers Receiving Discounts, Credits, and Rebates (as of December 31, 2022)

Discounts	
Water and sewer accounts	25
Water only accounts	13
Multi-family units (water and sewer)	2
Credits	
Short-term	7
Rebates	
Short-term	4
Long-term	4

Cost of Discounts/Credits and Rebates (2022 vs. 2021)

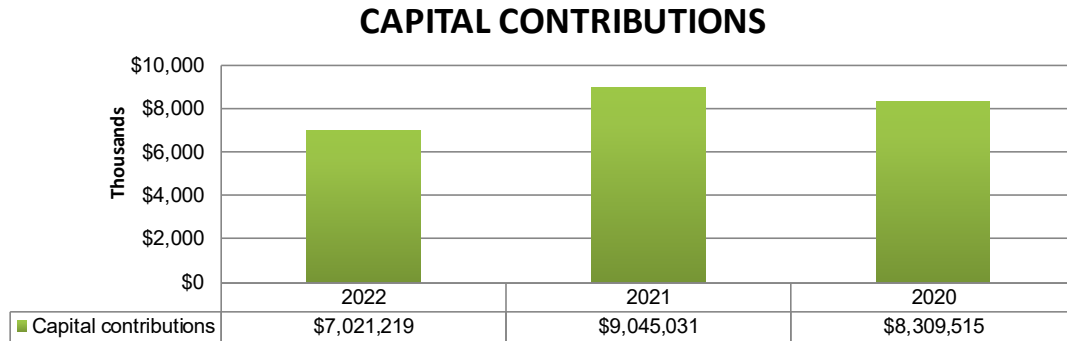
	<u>2022 Actual</u>	<u>2021 Actual</u>
Discounts/Credits		
Water	\$ 14,363	\$ 15,593
Sewer	9,545	8,713
Rebates		
Water	2,131	2,434
Sewer	2,244	2,273
Total	<u><u>\$ 28,283</u></u>	<u><u>\$ 29,013</u></u>

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

**SAMMAMISH PLATEAU WATER AND SEWER DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2022 AND 2021**

RESULTS OF OPERATIONS (CONTINUED)

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



The contributions are indicative of the growth of the District and include donated systems totaling \$4,980,363, \$7,116,693, and \$6,336,463 for the years ended December 31, 2022, 2021, and 2020, respectively.

CAPITAL ASSETS AND LONG-TERM DEBT

Capital assets increased in 2022 and in 2021 primarily due to construction activity and significant donated systems.

The District's total plant, property, and equipment value, not including accumulated depreciation, was \$335,100,169 as of December 31, 2022. The estimated replacement cost of these assets utilizing the District's Asset Management Plan data, which includes the assumption of open cut and trenchless options for main replacement or rehabilitation, is estimated to be \$1,431,830,000 as of December 31, 2022.

**SAMMAMISH PLATEAU WATER AND SEWER DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2022 AND 2021**

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 the future replacement of all the major components of the water and sewer system facilities. In 2022, the annual funding for water and sewer capital replacement was \$7,727,000 and \$4,093,000, respectively. As of December 31, 2022, the District has accumulated \$52,788,236 for water capital replacement and \$25,796,633 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 unserved areas within the District's corporate boundaries.

The 2023 Capital Plan by category and by fund, which totals \$33,201,860, was incorporated into the 2023 District Budget and is presented below:

Water and Sewer Capital Plan by Category		Water and Sewer Capital Plan by Fund	
Water Capital Projects		Water Funds	
General	\$ 2,829,170	Water Operating Fund	\$ 12,861,850
Supply - Wells	15,451,860	Water Capital Replacement Fund	1,010,800
Booster Pumps	-	Water General Facilities Fund	5,783,650
Storage - Reservoirs	375,000	Water Local Facilities Fund	141,000
Water Mains	1,141,270	Water Debt Service Fund	-
Total	\$ 19,797,300	Total	\$ 19,797,300
Sewer Capital Projects		Sewer Funds	
General	\$ 1,553,380	Sewer Operating Fund	\$ 1,994,330
Lift Stations	5,005,060	Sewer Capital Replacement Fund	102,020
Grinder Pumps	6,664,120	Sewer General Facilities Fund	11,308,210
Sewer Mains	182,000	Sewer Local Facilities Fund	-
		Sewer Other	-
Total	\$ 13,404,560	Total	\$ 13,404,560
Combined Total	\$ 33,201,860	Combined Total	\$ 33,201,860

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

**SAMMAMISH PLATEAU WATER AND SEWER DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2022 AND 2021**

CAPITAL ASSETS AND LONG-TERM DEBT (CONTINUED)

Long-term debt outstanding as of December 31, 2022 and 2021 was \$1,964,810 and \$2,469,803, respectively, net of current maturities.

In 2019, the District's outstanding revenue bond debt service obligation dropped significantly from approximately \$3,100,000 to \$400,000 annually. In addition, on December 1, 2020, the District paid off the remaining \$435,000 principal balance on the 2010 outstanding bonds. This resulted in a \$60,300 savings in future interest payments and reduced the District's annual debt service for 2021 through 2025 by approximately \$100,000 per year.

See Notes 5, 6, and 7 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 adjusts customer rates to account for these pass-through costs.

While many local governments in the Seattle metropolitan area purchase water from the City of Seattle, the District maintains its own independent supply source. 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 the 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 for the District's needs over and above 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 the 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 intended to provide a general overview of the Sammamish Plateau Water and Sewer District's finances for all interested parties. 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 228th Avenue SE, Sammamish, WA 98075.

SAMMAMISH PLATEAU WATER AND SEWER DISTRICT
STATEMENTS OF NET POSITION
DECEMBER 31, 2022 AND 2021

	2022	Restated 2021
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		
CURRENT ASSETS		
Unrestricted:		
Cash and Cash Equivalents	\$ 127,502,280	\$ 119,738,224
Accounts Receivable - Users	3,922,339	4,084,324
Accounts Receivable - Other	176,265	272,277
Lease Receivables	142,764	126,158
Interest Receivable	246,953	51,376
General Facility and in Lieu of Assessment Charges Receivable - Current Portion	57,552	10,108
Inventory	514,715	432,061
Prepaid Expenses	501,277	538,023
Deposits	12,115	12,115
Total Unrestricted	<u>133,076,260</u>	<u>125,264,666</u>
Restricted:		
Cash and Cash Equivalents	2,579,119	2,310,448
Interest Receivable	1,795	372
Assessments Receivable - Current Portion	72,060	107,282
Total Restricted	<u>2,652,974</u>	<u>2,418,102</u>
Total Current Assets	135,729,234	127,682,768
NONCURRENT ASSETS		
Unrestricted:		
Lease Receivables, Net of Current Portion	153,553	296,317
General Facility and in Lieu of Assessment Charges Receivable, Less Current Portion	707,770	53,816
Annexation and Connection Charges Receivable	31,210	31,457
Total Unrestricted	<u>892,533</u>	<u>381,590</u>
Restricted:		
Assessments Receivable, Less Current Portion	537,956	824,881
Net Pension Asset	1,699,883	4,529,897
Total Restricted	<u>2,237,839</u>	<u>5,354,778</u>
Capital Assets not being Depreciated:		
Land and Land Rights	4,619,029	4,619,029
Construction in Progress	6,749,412	6,777,005
Capital Assets being Depreciated:		
Plant in Service	330,481,140	322,286,365
Less: Accumulated Depreciation	(116,981,625)	(112,195,607)
Net Capital Assets	<u>224,867,956</u>	<u>221,486,792</u>
Total Noncurrent Assets	<u>227,998,328</u>	<u>227,223,160</u>
Total Assets	363,727,562	354,905,928
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Outflows Related to Pensions	1,684,664	511,592
Total Deferred Outflows of Resources	<u>1,684,664</u>	<u>511,592</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 365,412,226</u>	<u>\$ 355,417,520</u>

See accompanying Notes to Financial Statements.

**SAMMAMISH PLATEAU WATER AND SEWER DISTRICT
STATEMENTS OF NET POSITION (CONTINUED)**

	2022	Restated 2021
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION		
CURRENT LIABILITIES		
Payable from Unrestricted Assets:		
Accounts Payable	\$ 2,222,965	\$ 1,128,069
Accrued Salaries and Benefits	401,921	352,260
Compensated Absences	636,026	625,807
Unearned Rent	3,318	3,318
Deposits Payable	78,781	75,781
Developer Deposits	576,385	770,905
Retainage Payable	89,393	31,150
Accrued Interest	5,990	7,184
Long-Term Debt - Current Maturities	482,603	477,603
Total Payable from Unrestricted Assets	<u>4,497,382</u>	<u>3,472,077</u>
Payable from Restricted Assets:		
Accounts Payable	1,510,980	1,402,924
Total Payable from Restricted Assets	<u>1,510,980</u>	<u>1,402,924</u>
Total Current Liabilities	6,008,362	4,875,001
NONCURRENT LIABILITIES		
Long-Term Debt, Net of Current Maturities	1,964,810	2,469,803
Compensated Absences	237,872	265,811
Net Pension Liability	977,870	432,334
Developer Extension Service Deposits Payable	845,000	885,000
Total Noncurrent Liabilities	<u>4,025,552</u>	<u>4,052,948</u>
Total Liabilities	10,033,914	8,927,949
DEFERRED INFLOWS OF RESOURCES		
Deferred Inflows Related to Leases	269,415	403,627
Deferred Inflows Related to Pensions	1,714,992	4,650,329
Total Deferred Inflows of Resources	<u>1,984,407</u>	<u>5,053,956</u>
Total Liabilities and Deferred Inflows of Resources	12,018,321	13,981,905
NET POSITION		
Net Investment in Capital Assets	221,988,052	218,004,828
Restricted for Debt Service	1,667,968	1,824,247
Restricted for Impaired Investments	11,983	15,813
Restricted for Pensions	1,699,883	4,529,897
Unrestricted	128,026,019	117,060,830
Total Net Position	<u>353,393,905</u>	<u>341,435,615</u>
Total Liabilities, Deferred Inflows of Resources, and Net Position	<u>\$ 365,412,226</u>	<u>\$ 355,417,520</u>

SAMMAMISH PLATEAU WATER AND SEWER DISTRICT
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
YEARS ENDED DECEMBER 31, 2022 AND 2021

	2022	Restated 2021
OPERATING REVENUES		
Water Service	\$ 19,094,064	\$ 18,968,635
Sewer Service	17,978,325	17,076,179
Street Lights	193,301	193,350
Sewer Inspections	59,000	67,900
Developer Fees	436,868	519,581
Miscellaneous Revenue	639,195	358,440
Total Operating Revenues	<u>38,400,753</u>	<u>37,184,085</u>
OPERATING EXPENSES		
Salaries and Wages	6,275,683	5,794,690
Payroll Taxes and Pensions	357,459	(633,588)
Employee Benefits	1,299,618	1,205,662
Other Personnel Costs	155,605	75,853
Sewage Treatment	10,920,323	9,424,877
Repairs and Maintenance	1,165,118	1,189,446
Chemicals	247,101	113,150
Water Purchases	1,400,678	1,561,203
Professional Services	938,542	761,382
Business Taxes	1,031,835	1,047,176
Dues and Memberships	551,081	499,530
Office and Administration	1,008,258	954,375
Insurance	436,219	309,544
Miscellaneous	63,148	14,042
Utilities	964,093	903,847
Street Lights	134,612	112,156
Water Conservation Dues	103,790	102,249
Depreciation	4,852,932	4,892,577
Total Operating Expenses	<u>31,906,095</u>	<u>28,328,171</u>
OPERATING INCOME	6,494,658	8,855,914

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, 2022 AND 2021

	2022	Restated 2021
NONOPERATING REVENUES		
Investment Income, Net of Service Fees	\$ (1,883,715)	\$ (434,331)
Assessment and in Lieu of Assessment:		
Interest Income	73,128	35,681
Rental Income	168,800	169,930
Miscellaneous Revenue	89,187	127,005
Net Gain (Loss) on Disposition of Assets and Preliminary Studies	28,495	51,630
Interest and Amortization on Long-Term Debt	(33,482)	(38,229)
Total Nonoperating Revenues	<u>(1,557,587)</u>	<u>(88,314)</u>
INCOME BEFORE CAPITAL CONTRIBUTIONS	4,937,071	8,767,600
Capital Contributions	<u>7,021,219</u>	<u>9,045,031</u>
CHANGE IN NET POSITION	11,958,290	17,812,631
Net Position - Beginning of Year	<u>341,435,615</u>	<u>323,622,984</u>
NET POSITION - END OF YEAR	<u><u>\$ 353,393,905</u></u>	<u><u>\$ 341,435,615</u></u>

See accompanying Notes to Financial Statements.

**SAMMAMISH PLATEAU WATER AND SEWER DISTRICT
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2022 AND 2021**

	2022	Restated 2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from Customers	\$ 38,658,750	\$ 37,043,348
Cash Paid to Suppliers	(17,878,871)	(17,422,713)
Cash Paid to and for Employees and Commissioners	(8,789,376)	(8,049,513)
Other Income	89,187	127,605
Net Cash Provided by Operating Activities	<u>12,079,690</u>	<u>11,698,727</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Contributions in Aid of Construction	1,334,350	1,928,338
Lease Payments Received	160,746	151,083
Collections on ULID Assessments Receivable	322,147	161,217
Collections on General Facility and in Lieu of Assessment Charges Receivable	5,108	4,718
Interest Received on Contracts and Assessments	44,868	35,681
Proceeds from Sale of Assets	42,363	85,936
Recovery of Annexation Costs	247	21
Expenditures for Plant in Service and Construction	(3,369,668)	(2,417,766)
Payment of Long-Term Debt	(477,603)	(467,603)
Interest Paid on Long-Term Debt	(57,066)	(65,718)
Net Cash Used by Capital and Related Financing Activities	<u>(1,994,508)</u>	<u>(584,093)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest Received on Investments	<u>(2,052,455)</u>	<u>(401,008)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	8,032,727	10,713,626
Cash and Cash Equivalents - Beginning of Year	<u>122,048,672</u>	<u>111,335,046</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u><u>\$ 130,081,399</u></u>	<u><u>\$ 122,048,672</u></u>
Cash and Cash Equivalents Balance is Composed of the Following at December 31:		
Cash and Cash Equivalents - Current Assets	\$ 127,502,280	\$ 119,738,224
Cash and Cash Equivalents - Current Restricted Assets	2,579,119	2,310,448
Total	<u><u>\$ 130,081,399</u></u>	<u><u>\$ 122,048,672</u></u>

See accompanying Notes to Financial Statements.

**SAMMAMISH PLATEAU WATER AND SEWER DISTRICT
STATEMENTS OF CASH FLOWS (CONTINUED)
YEARS ENDED DECEMBER 31, 2022 AND 2021**

	<u>2022</u>	<u>Restated 2021</u>
RECONCILIATION OF NET OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Net Operating Income	\$ 6,494,658	\$ 8,855,914
Adjustments to Reconcile Net Operating Income to Net Cash Provided by Operating Activities:		
Depreciation	4,852,932	4,892,577
(Increase) Decrease in Assets and Deferred Outflows of Resources:		
Accounts Receivable - Users	161,985	(89,533)
Accounts Receivable - Other	96,012	(51,204)
Prepaid Expenses	36,746	(60,758)
Inventory	(82,654)	(39,737)
Deposits	-	(8,200)
Net Pension Asset	2,830,014	(4,529,897)
Deferred Outflows Related to Pensions	(1,173,072)	53,926
Increase (Decrease) in Liabilities and Deferred Inflows of Resources:		
Accounts Payable, Accrued Expenses, and Deposits	1,398,203	(79,577)
Unearned Rent	-	600
Developer Deposits	(234,520)	(136,899)
Net Pension Liability	545,536	(1,371,941)
Deferred Inflows Related to Pensions	(2,935,337)	4,136,451
Other Income	89,187	127,005
Net Cash Provided by Operating Activities	<u>\$ 12,079,690</u>	<u>\$ 11,698,727</u>
SUPPLEMENTAL DISCLOSURES OF SIGNIFICANT NONCASH FINANCING AND INVESTING ACTIVITIES		
Utility Plant Donations Received	<u>\$ 4,980,363</u>	<u>\$ 7,116,693</u>
Local Facility Charge Contracts Issued	<u>\$ 706,506</u>	<u>\$ -</u>

See accompanying Notes to Financial Statements.

**SAMMAMISH PLATEAU WATER AND SEWER DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

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.

Adoption of New Accounting Standards

In June 2017, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 87, *Leases*. This standard requires the recognition of certain lease assets for leases that previously were classified as operating leases and as inflows of resources recognized based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this standard, a lessor is required to recognize a lease receivable and a deferred inflow of resources.

The District adopted the requirements of the guidance effective January 1, 2022, and has applied the provisions of this standard to the beginning of the earliest comparative period presented. The 2021 financial statements have been restated to include leases receivable of \$422,475, deferred inflows of resources related to leases of \$403,627, increase rental income by \$18,847 and reclassify lease payments received of \$151,083 from operating to capital and related financing activities.

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.

SAMMAMISH PLATEAU WATER AND SEWER DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

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

Leases Receivable

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

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 leases and major repairs that increase useful lives, are capitalized. Maintenance, repairs, and minor renewals are accounted for as expenses when incurred. When capital assets are retired or otherwise disposed of, the cost and accumulated depreciation are removed from the accounts and any resulting gain or loss is recognized in income for the period.

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

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

SAMMAMISH PLATEAU WATER AND SEWER DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

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

Pensions

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

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

Deferred Outflows/Inflows of Resources

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

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

Compensated Absences

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

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.

**SAMMAMISH PLATEAU WATER AND SEWER DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

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

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.

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.

**SAMMAMISH PLATEAU WATER AND SEWER DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

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

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, 2022 and 2021 was \$3,400 and \$3,400, respectively. The District's bank balances as of December 31, 2022 and 2021 were \$335,454 and \$66,847 respectively.

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

Investments

In accordance with state law, the District's governing body has entered into a formal interlocal agreement with the District's ex officio treasurer, King County, to have all its funds not required for immediate expenditure to be invested in the King County Investment Pool (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>2022</u>			
	King County Investment Pool:		
	Main Pool	\$ 129,730,562	.99 Years
	Impaired Pool	11,983	

**SAMMAMISH PLATEAU WATER AND SEWER DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

NOTE 2 DEPOSITS AND INVESTMENTS (CONTINUED)

Investments (Continued)

	<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	15,813	

Impaired Investments

As of December 31, 2022 and 2021, 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 \$21,361 and \$24,994 at December 31, 2022 and 2021, respectively. The District's unrealized loss for these investments was \$9,378 and \$9,181 at December 31, 2022 and 2021, 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.

Credit Risk

As of December 31, 2022 and 2021, 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.

SAMMAMISH PLATEAU WATER AND SEWER DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

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, 2022:					
Revenue Bond Funds	\$ 636,603	\$ 1,082	\$ 72,060	\$ 537,956	\$ -
Revenue Bond Reserve Funds	419,553	713	-	-	-
Northeast Sammamish Sewer and Water District Joint Funds	1,510,980	-	-	-	-
Impaired Investment Pool	11,983	-	-	-	-
PERS 2/3	-	-	-	-	1,699,883
Total	<u>\$ 2,579,119</u>	<u>\$ 1,795</u>	<u>\$ 72,060</u>	<u>\$ 537,956</u>	<u>\$ 1,699,883</u>
December 31, 2021:					
Revenue Bond Funds	\$ 466,225	\$ 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	15,813	-	-	-	-
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>

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, 2022 and 2021 was \$491,251 and \$493,550, respectively. As of December 31, 2022 and 2021, the sinking fund was not fully funded and a transfer will be made in 2023 to the reserve fund to meet the reserve requirement.

NOTE 4 LEASE RECEIVABLES

The District and Northeast Sammamish Sewer and Water District are a lessors of space on jointly owned property for a cell towers. Each District owns 50% of the property and are a 50% lessor under the leases. Accordingly, the District has recognized its proportion of the lease contracts. The District records lease receivables and deferred inflows of resources related to leases based on the present value of expected receipts over the term of the leases. The expected receipts are discounted using an interest rate based on the 10 year treasury bond plus 2%. The District recognized lease revenue of \$134,213 and \$134,213 during the years ended December 31, 2022 and 2021, respectively, and interest income related to the leases of \$10,323 and \$13,842 during the years ended December 31, 2022 and 2021, respectively.

SAMMAMISH PLATEAU WATER AND SEWER DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 4 LEASE RECEIVABLES (CONTINUED)

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

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 142,764	\$ 6,386	\$ 149,150
2024	126,853	2,461	129,314
2025	26,700	226	26,926
Total	<u>\$ 296,317</u>	<u>\$ 9,073</u>	<u>\$ 305,390</u>

NOTE 5 CAPITAL ASSETS

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

<u>2022</u>	<u>Balance - Beginning of Year</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance - End of Year</u>
Capital Assets Not Being Depreciated:				
Land and Land Rights	\$ 4,619,029	\$ -	\$ -	\$ 4,619,029
Construction in Progress	6,777,005	3,794,776	(3,822,369)	6,749,412
Total	<u>11,396,034</u>	<u>3,794,776</u>	<u>(3,822,369)</u>	<u>11,368,441</u>
Capital Assets Being Depreciated:				
Water Systems	160,635,056	2,874,171	(8,775)	163,500,452
Sewer Systems	141,916,954	5,168,630	-	147,085,584
Office Building	10,244,247	-	-	10,244,247
Equipment	7,518,573	227,223	(66,474)	7,679,322
Intangibles and Miscellaneous Assets	<u>1,971,535</u>	<u>-</u>	<u>-</u>	<u>1,971,535</u>
Total	<u>322,286,365</u>	<u>8,270,024</u>	<u>(75,249)</u>	<u>330,481,140</u>
Accumulated Depreciation:				
Water Systems	(58,395,688)	(2,531,490)	440	(60,926,738)
Sewer Systems	(42,403,171)	(1,553,395)	-	(43,956,566)
Office Building	(3,997,028)	(250,110)	-	(4,247,138)
Equipment	(5,885,871)	(435,798)	66,474	(6,255,195)
Intangibles and Miscellaneous Assets	<u>(1,513,849)</u>	<u>(82,139)</u>	<u>-</u>	<u>(1,595,988)</u>
Total	<u>(112,195,607)</u>	<u>(4,852,932)</u>	<u>66,914</u>	<u>(116,981,625)</u>
Net Capital Assets	<u>\$ 221,486,792</u>	<u>\$ 7,211,868</u>	<u>\$ (3,830,704)</u>	<u>\$ 224,867,956</u>

SAMMAMISH PLATEAU WATER AND SEWER DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 5 CAPITAL ASSETS (CONTINUED)

<u>2021</u>	Balance - Beginning of Year	Increases	Decreases	Balance - End of Year
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	<u>10,561,711</u>	<u>3,072,990</u>	<u>(2,238,667)</u>	<u>11,396,034</u>
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	<u>314,089,442</u>	<u>8,710,738</u>	<u>(513,815)</u>	<u>322,286,365</u>
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	<u>(107,736,699)</u>	<u>(4,892,577)</u>	<u>433,669</u>	<u>(112,195,607)</u>
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
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 6 LONG-TERM DEBT

Long-term debt outstanding at December 31 2022 and 2021 consisted of revenue and refunding bonds and direct borrowings and direct placements as follows:

<u>Description</u>	<u>2022</u>	<u>2021</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	\$ 1,385,000	\$ 1,640,000
Total Revenue and Refunding Bonds	1,385,000	1,640,000
Direct Borrowings and Direct Placements:		
All issued for utility construction and secured by the revenue of the system.		
\$573,750 loan, payable \$30,197 annually through the year 2025, plus interest at 0.5 annual percentage rate	90,592	120,789
\$2,843,250 loan, payable \$154,682 annually through the year 2026, plus interest at 0.5 annual percentage rate	618,727	773,409
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	301,794	339,518
Total Direct Borrowings and Direct Placements	1,011,113	1,233,716
Total Long-Term Debt	2,396,113	2,873,716
Less: Current Maturities	(482,603)	(477,603)
Unamortized Bond Premiums	51,300	73,690
Total	<u>\$ 1,964,810</u>	<u>\$ 2,469,803</u>

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

<u>Year Ending December 31,</u>	<u>Revenue and Refunding Bonds</u>		<u>Direct Placements and Direct Borrowings</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
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	37,724	1,509	295,000	8,850	343,083
2028-2030	113,176	2,263	-	-	115,439
Total	<u>\$ 1,011,113</u>	<u>\$ 22,219</u>	<u>\$ 1,385,000</u>	<u>\$ 127,200</u>	<u>\$ 2,545,532</u>

SAMMAMISH PLATEAU WATER AND SEWER DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 7 CHANGES IN LONG-TERM LIABILITIES

Changes in long-term liabilities were as follows:

	Balance - Beginning of Year	Additions	Reductions	Balance - End of Year	Amounts Due Within One Year
2022:					
Public Works Trust Fund Loans	\$ 894,198	\$ -	\$ 184,879	\$ 709,319	\$ 184,879
Drinking Water State Revolving Fund Loan	339,518	-	37,724	301,794	37,724
Revenue Bonds	1,640,000	-	255,000	1,385,000	260,000
Bond Premium	73,690	-	22,390	51,300	-
Compensated Absences	891,618	870,719	888,439	873,898	636,026
Net Pension Liability PERS 1	432,334	545,536	-	977,870	-
Developer Extension Service Deposits Payable	885,000	85,000	125,000	845,000	-
Total	<u>\$ 5,156,358</u>	<u>\$ 1,501,255</u>	<u>\$ 1,513,432</u>	<u>\$ 5,144,181</u>	<u>\$ 1,118,629</u>
2021:					
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>

NOTE 8 PENSION PLAN

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

	Aggregate Pension Amounts – All Plans	
	2022	2021
Pension Liabilities	\$ 977,870	\$ 432,334
Pension Assets	(1,699,883)	(4,529,897)
Deferred Outflows of Resources	1,684,664	511,592
Deferred Inflows of Resources	1,714,992	4,650,329
Pension Expense	(133,898)	(1,074,856)

**SAMMAMISH PLATEAU WATER AND SEWER DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

NOTE 8 PENSION PLAN (CONTINUED)

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 required supplementary information for each plan.

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

Public Employees Retirement System (PERS)

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

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

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

**SAMMAMISH PLATEAU WATER AND SEWER DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

NOTE 8 PENSION PLAN (CONTINUED)

Public Employees Retirement System (PERS) (Continued)

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>
2022:		
January through August		
PERS Plan 2/3	6.36 %	6.00 %
PERS Plan 1 UAAL	3.71	
Administrative Fee	0.18	
Total	<u>10.25 %</u>	<u>6.00 %</u>
September through December		
PERS Plan 2/3	6.36 %	6.00 %
PERS Plan 1 UAAL	3.85	
Administrative Fee	0.18	
	<u>10.39 %</u>	<u>6.00 %</u>
2021:		
January through June		
PERS Plan 1	7.92 %	6.00 %
PERS Plan 1 UAAL	4.87	
Administrative Fee	0.18	
Total	<u>12.97 %</u>	<u>6.00 %</u>
July through December		
PERS Plan 1	6.36 %	6.00 %
Administrative Fee	3.71	
Total	<u>10.25 %</u>	<u>6.00 %</u>

The District's actual contributions to the plan were \$222,393 and \$239,174 for the years ended December 31, 2022 and 2021, respectively.

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.

**SAMMAMISH PLATEAU WATER AND SEWER DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

NOTE 8 PENSION PLAN (CONTINUED)

Public Employees Retirement System (PERS) (Continued)

PERS Plan 2/3 members who have 30 or more years of service credit and are at least 55 years old can retire under one of two provisions:

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

PERS Plan 2/3 members hired on or after May 1, 2013 have the option to retire early by accepting a reduction of 5% for each year of retirement before age 65. This option is available only to those who are age 55 or older and have at least 30 years of service credit. PERS Plan 2/3 retirement benefits are also actuarially reduced to reflect the choice of a survivor benefit. Other PERS Plan 2/3 benefits include duty and nonduty disability payments, a cost-of-living allowance (based on the CPI), capped at 3% annually and a one-time duty related death benefit, if found eligible by the Department of Labor and Industries. PERS 2 members are vested after completing 5 years of eligible service. Plan 3 members are vested in the defined benefit portion of their plan after 10 years of service; or after 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
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

NOTE 8 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>
2022:			
January through August			
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>
September through December			
PERS Plan 2/3	6.36 %	6.36 %	Varies
PERS Plan 1 UAAL	3.85		
Administrative Fee	0.18		
Total	<u>10.39 %</u>	<u>6.36 %</u>	<u>Varies</u>
2021:			
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>

The District's actual contributions to the plan were \$376,550 and \$397,430 for the years ended December 31, 2022 and 2021, respectively.

Actuarial Assumptions

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

The 2021 total pension liability/(asset) (TPL/A) for each of the DRS plans was determined using the 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
DECEMBER 31, 2022 AND 2021**

NOTE 8 PENSION PLAN (CONTINUED)

Actuarial Assumptions (Continued)

Additional assumptions for subsequent events and law changes are current as of the 2021 and 2020 actuarial valuation reports. The TPL/A was calculated as of the valuation date and rolled forward to the measurement date of June 30, 2022 and June 30, 2021. 2022 Plan liabilities/(assets) were rolled forward from June 30, 2021, to June 30, 2022, and 2021 Plan liabilities/(assets) were rolled forward from June 30, 2020, to June 30, 2021, reflecting each plan's normal cost (using the entry-age cost method), assumed interest and actual benefit payments.

- **Inflation:** 2.75% total economic inflation for the 2021 and 2020 actuarial valuations, 3.25% and 3.50% salary inflation for the 2021 and 2020 actuarial valuations, respectively.
- **Salary increases:** In addition to the base salary inflation assumptions, salaries are also expected to grow by promotions and longevity.
- **Investment rate of return:** 7.0% and 7.4% for the 2021 and 2020 actuarial valuations, respectively.

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

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

- OSA updated the Joint-and-Survivor Factors and Early Retirement Factors in the model. Those factors are used to value benefits for early retirement and survivors of members that are deceased prior to retirement. These factors match the administrative factors provided to DRS for future implementation that reflect current demographic and economic assumptions.
- OSA updated the economic assumptions based on the 2021 action of the Pension Funding Council. The investment return assumption was reduced from 7.5% to 7.0%, and the salary growth assumption was lowered from 3.5% to 3.25%. This action is a result of recommendations from OSA's biennial economic experience study.

**SAMMAMISH PLATEAU WATER AND SEWER DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

NOTE 8 PENSION PLAN (CONTINUED)

Actuarial Assumptions (Continued)

There were no changes in assumptions between the 2020 and 2019 valuations. There were changes in methods between the 2020 and 2019 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.
- 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.

Discount Rate

The discount rate used to measure the total pension liability/(asset) for all DRS plans was 7.0% and 7.4% for the 2021 and 2020 valuations, respectively.

To determine that rate, an asset sufficiency test was completed to test whether each pension plan's fiduciary net position was sufficient to make all projected future benefit payments for current plan members. Based on OSA's assumptions, the pension plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return of 7.0% and 7.4% was used to determine the total liability/(asset) for the 2021 and 2020 valuations, respectively.

Long-Term Expected Rate of Return

The long-term expected rate of return on the DRS pension plan investments of 7.0% and 7.4% for the 2021 and 2020 valuations, respectively, was determined using a building-block-method. In selecting this assumption, OSA reviewed the historical experience data, considered the historical conditions that produced past annual investment returns, and considered capital market assumptions 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 at various future times.

SAMMAMISH PLATEAU WATER AND SEWER DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 8 PENSION PLAN (CONTINUED)

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 tables is 2.2% for the 2021 and 2020 actuarial valuations and represents the WSIB's most recent long-term estimate of broad economic inflation.

As of June 30, 2021 and 2020 actuarial valuations:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Percent Long-Term Expected Real Rate of Return Arithmetic</u>
2021 Actuarial Valuation:		
Fixed Income	20 %	1.50 %
Tangible Assets	7	4.70
Real Estate	18	5.40
Global Equity	32	5.90
Private Equity	23	8.90
Total	<u>100 %</u>	
2020 Actuarial Valuation:		
Fixed Income	20 %	2.20 %
Tangible Assets	7	5.10
Real Estate	18	5.80
Global Equity	32	6.30
Private Equity	23	9.30
Total	<u>100 %</u>	

Sensitivity of NPL/(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.

	<u>One Percent Decrease (6.0%)</u>	<u>Current Discount Rate (7.0%)</u>	<u>One Percent Increase (8.0%)</u>
2022:			
PERS 1	\$ 1,306,420	\$ 977,870	\$ 691,122
PERS 2/3	2,001,834	(1,699,883)	(4,741,077)

**SAMMAMISH PLATEAU WATER AND SEWER DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

NOTE 8 PENSION PLAN (CONTINUED)

Sensitivity of NPL/(Asset) (Continued)

	One Percent Decrease (6.4%)	Current Discount Rate (7.4%)	One Percent Increase (8.4%)
2021:			
PERS 1	\$ 736,506	\$ 432,334	\$ 167,065
PERS 2/3	(1,290,480)	(4,529,897)	(7,197,558)

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, 2022 and 2021, 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, 2022 and 2021):

	Liability (Asset)	
	2022	2021
PERS 1	\$ 977,870	\$ 432,334
PERS 2/3	(1,699,883)	(4,529,897)
Total	<u>\$ (722,013)</u>	<u>\$ (4,097,563)</u>

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

	Proportionate Share 6/30/21	Proportionate Share 6/30/22	Change in Proportion
PERS 1	0.035401 %	0.035120 %	(0.000281)%
PERS 2/3	0.045474	0.045834	0.000360
	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

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*.

**SAMMAMISH PLATEAU WATER AND SEWER DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

NOTE 8 PENSION PLAN (CONTINUED)

Pension Expense

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

	2022	2021
PERS 1	\$ 433,710	\$ (55,762)
Expenses and Other		
Total	<u>\$ (133,898)</u>	<u>\$ (1,074,856)</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
2022:		
PERS 1:		
Differences Between Expected and Actual Experience	\$ -	\$ -
Net Difference Between Projected and Actual Investment		
Earnings on Pension Plan Investments	-	162,062
Changes of Assumptions	-	-
Changes in Proportion and Differences Between		
Contributions and Proportionate Share of		
Contributions	-	-
Contributions Subsequent to the Measurement Date	111,320	-
Total	<u>111,320</u>	<u>162,062</u>
PERS 2/3:		
Differences Between Expected and Actual Experience	421,191	38,481
Net Difference Between Projected and Actual Investment		
Earnings on Pension Plan Investments	-	1,256,736
Changes of Assumptions	947,450	248,076
Changes in Proportion and Differences Between		
Contributions and Proportionate Share of		
Contributions	18,565	9,637
Contributions Subsequent to the Measurement Date	186,138	-
Total	<u>1,573,344</u>	<u>1,552,930</u>
Total All Plans	<u>\$ 1,684,664</u>	<u>\$ 1,714,992</u>

SAMMAMISH PLATEAU WATER AND SEWER DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 8 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>
2021:		
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	<u>94,775</u>	<u>-</u>
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	<u>162,471</u>	<u>-</u>
Total	<u>416,817</u>	<u>4,170,583</u>
Total All Plans	<u><u>\$ 511,592</u></u>	<u><u>\$ 4,650,329</u></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>
2023	\$ (68,582)	\$ (380,561)
2024	(62,289)	(340,610)
2025	(78,140)	(419,689)
2026	46,949	575,346
2027	-	201,512
Thereafter	-	198,278
Total	<u><u>\$ (162,062)</u></u>	<u><u>\$ (165,724)</u></u>

**SAMMAMISH PLATEAU WATER AND SEWER DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

NOTE 9 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 2022 or 2021.

NOTE 10 RISK MANAGEMENT

The District is a member of the Water and Sewer Risk Management Pool (Pool). Chapter 48.62 RCW authorizes the governing body of any one or more governmental entities to form together into or join a pool or organization for the joint purchasing of insurance, and/or joint self-insuring, and/or joint hiring or contracting for risk management services to the same extent that they may individually purchase insurance, self-insurance, or hire or contract for risk management services. An agreement to form a pooling arrangement was made pursuant to the provisions of Chapter 39.34 RCW, the Interlocal Cooperation Act. The Pool was formed in November 1987 when water and sewer districts in the state of Washington joined together by signing an Interlocal Governmental Agreement to pool their self-insured losses and jointly purchase insurance and administrative services. The Pool currently has 70 members. The Pool's fiscal year is November 1st through October 31st.

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

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

TYPE OF COVERAGE	MEMBER DEDUCTIBLE	SELF-INSURED RETENTION/GROUP	EXCESS LIMITS
Property Loss:			
Buildings and Contents	\$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)

**SAMMAMISH PLATEAU WATER AND SEWER DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

NOTE 10 RISK MANAGEMENT (CONTINUED)

TYPE OF COVERAGE	MEMBER DEDUCTIBLE	SELF-INSURED RETENTION/GROUP	EXCESS LIMITS
Property Loss (Continued):			
Terrorism	\$5,000	\$25,000 Primary layer	\$700,000,000 Primary layer
Boiler & Machinery	\$5,000 - \$350,000 depending on object	\$25,000 - \$350,000 depending on object	\$100,000,000
Auto - Physical Damage	\$5,000	\$25,000	Replacement Value Coverage
Liability:			
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
Other:			
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.

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

Upon joining, the members contract to remain in the Pool for one full policy period. Following completion of one full policy period, members must give six months' notice before terminating participation (e.g., to withdraw from the Pool on November 1, 2023, written notice must be in possession of the Pool by April 30, 2023). 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.

**SAMMAMISH PLATEAU WATER AND SEWER DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

NOTE 10 RISK MANAGEMENT (CONTINUED)

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 (2022, 2021, and 2020), there have been no claim settlements, per occurrence or in aggregate, that have exceeded the coverage provided by excess/reinsurance contracts.

NOTE 11 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 380,000 residents and 20,000 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. The Members are each obligated by interlocal agreement to remit costs related to the Alliance based on the number of Cascade equivalent residential units (CERUs) served by its water system, regardless of water usage or capacity, to defray part of the Alliance's administrative costs. In addition, to allocate growth costs to those Members that require capacity increases, the Alliance assesses a Regional Capital Facility Charge (RCFC) on new District water customers for each additional connection to the Cascade system. The RCFC is collected by each Member and remitted to the Alliance. In 2022, the District collected \$646,350 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.

**SAMMAMISH PLATEAU WATER AND SEWER DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

NOTE 11 CASCADE WATER ALLIANCE (CONTINUED)

A comparison of the Alliance's total membership dues, conservation charges, and demand share charges collected and the District's share for 2022 and 2021 is provided in the table below.

<u>Type of Charge</u>	<u>Alliance Total</u>	<u>District Share</u>
2022:		
Membership Administrative Duties	\$ 3,741,337	\$ 521,316
Conservation	744,873	103,790
Demand Share	39,109,467	1,362,345
Total	<u>\$ 43,595,677</u>	<u>\$ 1,987,451</u>
2021:		
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>

A Member may withdraw from the Alliance via 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 its obligations, and the Member shall have no right to or interest in any Water Supply Assets owned by the Alliance.

Cascade Water Alliance's major Debt financing to date:

In 2012, \$42,695,000 in revenue bonds were issued to restructure the Tacoma Water contract, to extend the Seattle Water contract, to acquire independent supply production capacity, and to fund Lake Tapps capital improvements.

In 2014, \$29,220,000 in revenue bonds were issued to advance refund a portion of the 2006 revenue bonds. The net proceeds were used to purchase U.S. government securities, which were deposited into an irrevocable trust with an escrow agent to fund future debt service payments on the refunded bonds. As a result, the refundable bonds are considered to be defeased, and the related liability for the bonds has been removed from the Alliance's liabilities. This advance refunding was undertaken to reduce total debt service payments over the next 15 years by \$17,630,530, resulting in an economic gain of \$5,462,625. The net deferred amount of the advanced refunding was \$862,804 and \$1,073,361 as of December 31, 2022 and 2021, respectively.

In 2019, \$49,430,000 in revenue bonds were issued to advance refund a portion of the 2009 revenue bonds and to fund \$5,181,693 in future capital improvements.

**SAMMAMISH PLATEAU WATER AND SEWER DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

NOTE 11 CASCADE WATER ALLIANCE (CONTINUED)

In 2020, \$30,005,000 in revenue bonds were issued to advance refund a portion of the 2012 revenue bonds. The net proceeds were used to purchase U.S. government securities, which were deposited into an irrevocable trust with an escrow agent to fund future debt service payments on the refunded bonds. As a result, the refundable bonds are considered to be defeased, and the related liability for the bonds has been removed from the Alliance's liabilities. This advance refunding was undertaken to reduce total debt service payments over the next 17 years by \$8,645,088, resulting in an economic gain of \$6,613,985. The net deferred amount of the advanced refunding was \$580,085 and \$625,898 as of December 31, 2022 and 2021, respectively.

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, 11400 SE 8th Street, Suite 400, Bellevue, WA 98004.

NOTE 12 MAJOR SUPPLIER

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

NOTE 13 COMMITMENTS

As of December 31, 2022, the District is obligated under construction contracts totaling \$9,130,616, of which \$3,193,292 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 were 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>
2022	0.035120 %	\$ 977,870	\$ 5,765,119	16.96 %	76.56 %
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>
2022	0.045834 %	\$ (1,699,883)	\$ 5,765,119	(29.49)%	106.73 %
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
2022	\$ 222,393	\$ (222,393)	\$ -	\$ 5,920,582	3.76 %
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
2022	\$ 376,550	\$ (376,550)	\$ -	\$ 5,920,582	6.36 %
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.

ABOUT THE STATE AUDITOR'S OFFICE

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

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