



Office of the Washington State Auditor
Pat McCarthy

Financial Statements Audit Report

Roza Irrigation District

For the period January 1, 2020 through December 31, 2023

Published March 6, 2025

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

March 6, 2025

Board of Directors
Roza Irrigation District
Sunnyside, Washington

Report on Financial Statements

Please find attached our report on the Roza Irrigation District's financial statements.

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

Sincerely,

Pat McCarthy, State Auditor
Olympia, WA

Americans with Disabilities

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INDEPENDENT AUDITOR'S REPORT

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

Roza Irrigation District January 1, 2020 through December 31, 2023

Board of Directors
Roza Irrigation District
Sunnyside, 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 Roza Irrigation District, as of and for the years ended December 31, 2023, 2022, 2021, and 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated February 26, 2025.

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

February 26, 2025

INDEPENDENT AUDITOR'S REPORT

Report on the Audit of the Financial Statements

Roza Irrigation District January 1, 2020 through December 31, 2023

Board of Directors
Roza Irrigation District
Sunnyside, Washington

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinions

We have audited the accompanying financial statements of the Roza Irrigation District, as of and for the years ended December 31, 2023, 2022, 2021, and 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the financial section of our report.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Roza Irrigation District, as of December 31, 2023, 2022, 2021, and 2020, and the changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit;
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements;
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed;
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements;
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time; and
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information listed in the financial section of our report be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we have also issued our report dated February 26, 2025 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 fluid and cursive, with the first name "Pat" and last name "McCarthy" clearly distinguishable.

Pat McCarthy, State Auditor

Olympia, WA

February 26, 2025

FINANCIAL SECTION

Roza Irrigation District January 1, 2020 through December 31, 2023

REQUIRED SUPPLEMENTARY INFORMATION

Management's Discussion and Analysis – 2023, 2022, 2021 and 2020

BASIC FINANCIAL STATEMENTS

Comparative Statement of Net Position – 2023, 2022, 2021 and 2020

Comparative Statement of Revenues, Expenses and Changes in Net Position – 2023,
2022, 2021 and 2020

Comparative Statement of Cash Flows – 2023, 2022, 2021 and 2020

Notes to Financial Statements – 2023, 2022, 2021 and 2020

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Proportionate Share of Net Pension Liability – PERS 1 – 2023, 2022, 2021
and 2020

Schedule of Proportionate Share of Net Pension Liability – PERS 2/3 – 2023, 2022, 2021
and 2020

Schedule of Employer Contributions – PERS 1 – 2023, 2022, 2021 and 2020

Schedule of Employer Contributions – PERS 2/3 – 2023, 2022, 2021 and 2020

ROZA IRRIGATION DISTRICT

Management's Discussion and Analysis

Roza Irrigation District's management's discussion and analysis is to assist readers on significant financial issues, their financial activity and any changes in their financial position. Readers should also review the notes to the financial statements to enhance their understanding of Roza's financial performance.

Financial Highlights

2023 Net Position increased by \$ 2,493,463.36

2022 Net Position increased by \$ 2,353,527.55

2021 Net Position increased by \$ 3,277,024.48

2023 Operating Revenues decreased by \$ 119,691.96

2022 Operating Revenues decreased by \$ 60,671.08

2021 Operating Revenues increased by \$ 720,066.10

2023 Total Operating Expenses increased by \$ 268,500.84

2022 Total Operating Expenses increased by \$ 284,097.62

2021 Total Operating Expenses decreased by \$ 163,513.60

Roza's cash accounts show healthy balances at year end for 2023, 2022 and 2021. The overall financial condition remains strong.

In 2023 Roza Irrigation District purchased construction and maintenance equipment for \$664,464.57, miscellaneous equipment for \$100,602.43, office equipment for \$12,658.31 and capitalized the enclosed conduit system and pump upgrades for \$2,403,067.95.

In 2022 Roza Irrigation District purchased construction and maintenance equipment for \$51,242.24, miscellaneous equipment for \$117,315.32, office equipment for \$11,636.34 and capitalized the enclosed conduit system and pump upgrades for \$2,228,963.32.

In 2021 Roza Irrigation District purchased construction and maintenance equipment for \$357,064.66, miscellaneous equipment for \$24,499.05, and capitalized the enclosed conduit system and pump upgrades for \$1,077,607.89.

Basic Financial Statements

Roza Irrigation District's basic financial statements include a Comparative Statement of Net Position. The statement reports all financial and capital resources for Roza Irrigation District and is presented where assets, minus liabilities, equals Net Position. Assets and Liabilities are classified as Current (convertible into cash within 1 year) and Noncurrent.

The Net Position is reported in three categories:

Net Investment in Capital Assets

This category consists of net capital assets, reduced by accumulated depreciation.

Restricted

This category consists of restricted assets to the USBR in accordance to the contract and special construction related to the construction of Interstate 82 and the offset to the water users impacted annually against the water users construction assessment, and net pension asset.

Unrestricted

This category consists of Net Assets that do not meet the definition of Net Position, Net Invested in Capital Assets or Restricted Net Assets.

Roza Irrigation District's financial statements also include a Comparative Statement of Revenues, Expenses and Changes in Fund Net Position. This statement shows operations for the year and includes Operating Revenues, such as irrigation assessment income. Operating Expenses such as operation & maintenance, depreciation, utilities and administrative. Non Operating Revenues such as grants, interest and gains (losses) on Capital Asset disposition.

Condensed versions of the Statement of Net Position and the Statement of Revenues, Expenses and Changes in Fund Net Position are included as part of the M D & A.

(Condensed) Comparative Statement of Net Position

| | <u>2023</u> | <u>2022</u> | <u>2021</u> |
|---|-----------------------------|-----------------------------|-----------------------------|
| Unrestricted Current and Other Assets | \$ 17,549,204.12 | \$ 16,275,071.34 | \$ 14,929,167.70 |
| Restricted Assets | 1,924,211.00 | 1,486,882.97 | 3,607,645.00 |
| Capital Assets, Net | <u>60,963,758.36</u> | <u>59,677,887.00</u> | <u>59,134,179.93</u> |
| TOTAL ASSETS | \$ 80,437,173.48 | \$ 77,439,841.31 | \$ 77,670,992.63 |
| Total Deferred Outflows of Resources | 1,008,435.02 | 1,161,227.02 | 391,672.02 |
| TOTAL ASSETS & DEFERRED OUTFLOWS | \$ 81,445,608.50 | \$ 78,601,068.33 | \$ 78,062,664.65 |
| Current Liabilities | \$ 2,595,113.10 | \$ 2,238,722.32 | \$ 2,201,192.16 |
| Noncurrent Liabilities | <u>1,255,261.00</u> | <u>713,323.97</u> | <u>427,401.00</u> |
| TOTAL LIABILITIES | \$ 3,850,374.10 | \$ 2,952,046.29 | \$ 2,628,593.16 |
| Total Deferred Inflows of Resources | 663,451.00 | 1,210,702.00 | 3,349,279.00 |
| <u>NET POSITION</u> | | | |
| Invested in Capital Assets, Net of Related Debt | 60,963,758.36 | 59,677,887.00 | 59,134,179.93 |
| Restricted | 1,517,370.00 | 1,421,854.00 | 793,251.00 |
| Unrestricted | <u>14,450,655.04</u> | <u>13,338,579.04</u> | <u>12,157,361.56</u> |
| TOTAL NET POSITION | <u>76,931,783.40</u> | <u>74,438,320.04</u> | <u>72,084,792.49</u> |
| TOTAL NET POSITION, LIABILITIES & DEFERRED INFLOWS | \$ 81,445,608.50 | \$ 78,601,068.33 | \$ 78,062,664.65 |

For more detailed information see the Comparative Statement of Net Position.

Major factors affecting the Statement of Net Position:

The largest portion of Roza's total assets is in capital assets. Roza uses these capital assets to provide operation and maintenance for the District. The unrestricted net assets are available for future use to provide operation and maintenance.

The largest portion of Roza's total liabilities (67%) in 2023, (76%) in 2022 and (84%) in 2021 is current liabilities which consist of payables, accrued expenses, annual leave, sick leave and pre-paid assessments. Any significant increase or decrease in total assets or total liabilities will have a correlating effect on the statement of net position.

(Condensed) Comparative Statement of Revenues and Changes in Fund Net Position

| | <u>2023</u> | <u>2022</u> | <u>2021</u> |
|------------------------------------|------------------------|------------------------|------------------------|
| Operating Revenues | \$14,421,217.18 | \$14,540,909.14 | \$14,601,580.22 |
| Irrigation Assessments and Other | | | |
| Non-Operating Revenues: | | | |
| Interest Income | 940,413.25 | 295,878.84 | 31,917.51 |
| Grants, Capital & Other | <u>170,078.83</u> | <u>286,484.63</u> | <u>1,129,174.19</u> |
| TOTAL NON-OPERATING REVENUES | 1,110,492.08 | 582,363.47 | 1,161,091.70 |
| TOTAL REVENUES | \$15,531,709.26 | \$15,123,272.61 | \$15,762,671.92 |
| Operating Expenses | | | |
| O & M | 8,305,450.26 | 8,298,011.35 | 7,912,278.37 |
| Administration, Utilities, General | 2,821,755.86 | 2,595,357.64 | 2,560,823.36 |
| Depreciation & Other | <u>1,911,039.78</u> | <u>1,876,376.07</u> | <u>2,012,545.71</u> |
| TOTAL OPERATING EXPENSE | <u>13,038,245.90</u> | <u>12,769,745.06</u> | <u>12,485,647.44</u> |
| Change in Net Position | \$2,493,463.36 | \$2,353,527.55 | \$3,277,024.48 |
| NET POSITION, BEGINNING OF YEAR | <u>74,438,320.04</u> | <u>72,084,792.49</u> | <u>68,807,768.01</u> |
| RESTATED/PENSIONS GASB 68 | 0.00 | 0.00 | 0.00 |
| NET POSITION, END OF YEAR | <u>\$76,931,783.40</u> | <u>\$74,438,320.04</u> | <u>\$72,084,792.49</u> |

For more detailed information see the Comparative Statement of Revenues, Expenses and changes in Fund Net Position.

The majority of revenue received by Roza (93%) in 2023, (96%) in 2022 and (93%) in 2021 was collected from irrigation assessments levied annually by Roza's board of directors. Other revenue consists of interest income and grants received.

Expenses are affected by numerous factors, Such as variations in fuel costs, medical insurance, utility rates and building materials impact the total expenses of Roza Irrigation.

Capital Assets

| | <u>2023</u> | <u>2022</u> | <u>2021</u> |
|--------------------------------------|-----------------------------|----------------------------|----------------------------|
| Land | \$ 467,633.44 | \$ 467,633.44 | \$ 467,633.44 |
| Buildings | 90,689.05 | 90,689.05 | 90,689.05 |
| Rereg Facilities | 31,767,891.54 | 31,767,891.54 | 31,767,891.54 |
| Construction & Maintenance Equipment | 8,313,797.25 | 7,673,094.98 | 7,644,454.76 |
| Miscellaneous Equipment | 1,215,965.23 | 1,146,162.37 | 1,028,847.05 |
| Office Equipment & Software | 149,436.27 | 147,836.48 | 136,200.14 |
| Pump Upgrades | 619,008.10 | 580,422.09 | 356,459.35 |
| Enclosed Conduit System | <u>40,269,019.02</u> | <u>37,904,537.08</u> | <u>35,899,536.50</u> |
| Accumulated Depreciation | <u>(21,929,681.54)</u> | <u>(20,100,380.03)</u> | <u>(18,257,531.90)</u> |
| TOTAL | <u>\$ 60,963,758.36</u> | <u>\$59,677,887.00</u> | <u>\$59,134,179.93</u> |

The following reconciliation summarizes the changes in capital assets. For more detailed information see Note 2 – Capital Assets and Depreciation

Change in Capital Assets

| | <u>2023</u> | <u>2022</u> | <u>2021</u> |
|-------------------------------|-----------------------------|-----------------------------|-----------------------------|
| Beginning Balance, January 1 | \$ 79,778,267.03 | \$ 77,391,711.83 | \$ 75,993,478.04 |
| Net change | 3,115,172.87 | 2,386,555.20 | 1,398,233.79 |
| Depreciation and Amortization | <u>(21,929,681.54)</u> | <u>(20,100,380.03)</u> | <u>(18,257,531.90)</u> |
| TOTAL | <u>\$ 60,963,758.36</u> | <u>\$ 59,677,887.00</u> | <u>\$ 59,134,179.93</u> |

The following is a summary of long term debt activity. For more detailed information see Note 4 – Debt Service Requirements.

Changes in Long Term Debt

| | <u>Beginning Balance 1/1/23</u> | <u>Payments Made</u> | <u>Ending Balance 12/31/23</u> |
|-------------------------|-------------------------------------|----------------------|------------------------------------|
| USBR – Contract/Const | \$ 50,087.97 | \$ 50,087.97 | \$ 0.00 |
| USBR – Contract/Kachess | 0.00 | 368,807.00 | <u>748,791.00</u> |
| | | | 748,791.00 |

| | <u>Beginning Balance 1/1/22</u> | <u>Payments Made</u> | <u>Ending Balance 12/31/22</u> |
|-----------------|-------------------------------------|----------------------|------------------------------------|
| USBR – Contract | \$ 122,666.00 | \$ 72,578.03 | \$ 50,087.97 |

| | <u>Beginning Balance 1/1/21</u> | <u>Payments Made</u> | <u>Ending Balance 12/31/21</u> |
|-----------------|-------------------------------------|----------------------|------------------------------------|
| USBR – Contract | \$ 192,870.86 | \$ 70,204.86 | \$ 122,666.00 |

ROZA IRRIGATION DISTRICT

Management's Discussion and Analysis

Roza Irrigation District's management's discussion and analysis is to assist readers on significant financial issues, their financial activity and any changes in their financial position. Readers should also review the notes to the financial statements to enhance their understanding of Roza's financial performance.

Financial Highlights

2022 Net Position increased by \$ 2,353,527.55

2021 Net Position increased by \$ 3,277,024.48

2020 Net Position increased by \$ 2,337,121.28

2022 Operating Revenues decreased by \$ 60,671.08

2021 Operating Revenues increased by \$ 720,066.10

2020 Operating Revenues increased by \$ 526,090.73

2022 Total Operating Expenses increased by \$ 284,097.62

2021 Total Operating Expenses decreased by \$ 163,513.60

2020 Total Operating Expenses decreased by \$ 166,982.65

Roza's cash accounts show healthy balances at year end for 2022, 2021 and 2020. The overall financial condition remains strong.

In 2022 Roza Irrigation District purchased construction and maintenance equipment for \$51,242.24, miscellaneous equipment for \$117,315.32, office equipment for \$11,636.34 and capitalized the enclosed conduit system and pump upgrades for \$2,228,963.32.

In 2021 Roza Irrigation District purchased construction and maintenance equipment for \$357,064.66, miscellaneous equipment for \$24,499.05, and capitalized the enclosed conduit system and pump upgrades for \$1,077,607.89.

In 2020 Roza Irrigation District purchased construction and maintenance equipment for \$472,299.49, miscellaneous equipment for \$94,214.67 and capitalized the enclosed conduit system and pump upgrades for \$1,847,377.83.

Basic Financial Statements

Roza Irrigation District's basic financial statements include a Comparative Statement of Net Position. The statement reports all financial and capital resources for Roza Irrigation District and is presented where assets, minus liabilities, equals Net Position. Assets and Liabilities are classified as Current (convertible into cash within 1 year) and Noncurrent.

The Net Position is reported in three categories:

Net Investment in Capital Assets

This category consists of net capital assets, reduced by accumulated depreciation.

Restricted

This category consists of restricted assets to the USBR in accordance to the contract and special construction related to the construction of Interstate 82 and the offset to the water users impacted annually against the water users construction assessment, and net pension asset.

Unrestricted

This category consists of Net Assets that do not meet the definition of Net Position, Net Invested in Capital Assets or Restricted Net Assets.

Roza Irrigation District's financial statements also include a Comparative Statement of Revenues, Expenses and Changes in Fund Net Position. This statement shows operations for the year and includes Operating Revenues, such as irrigation assessment income. Operating Expenses such as operation & maintenance, depreciation, utilities and administrative. Non Operating Revenues such as grants, interest and gains (losses) on Capital Asset disposition.

Condensed versions of the Statement of Net Position and the Statement of Revenues, Expenses and Changes in Fund Net Position are included as part of the M D & A.

(Condensed) Comparative Statement of Net Position

| | <u>2022</u> | <u>2021</u> | <u>2020</u> |
|---|-----------------------------|-----------------------------|-----------------------------|
| Unrestricted Current and Other Assets | \$ 16,275,071.34 | \$ 14,929,167.70 | \$ 13,089,439.15 |
| Restricted Assets | 1,486,882.97 | 3,607,645.00 | 480,870.86 |
| Capital Assets, Net | <u>59,677,887.00</u> | <u>59,134,179.93</u> | <u>59,550,256.92</u> |
| TOTAL ASSETS | \$ 77,439,841.31 | \$ 77,670,992.63 | \$ 73,120,566.93 |
| Total Deferred Outflows of Resources | 1,161,227.02 | 391,672.02 | 452,783.02 |
| TOTAL ASSETS & DEFERRED OUTFLOWS | \$ 78,601,068.33 | \$ 78,062,664.65 | \$ 73,573,349.95 |
| Current Liabilities | \$ 2,238,722.32 | \$ 2,201,192.16 | \$ 2,805,682.08 |
| Noncurrent Liabilities | <u>713,323.97</u> | <u>427,401.00</u> | <u>1,523,266.86</u> |
| TOTAL LIABILITIES | \$ 2,952,046.29 | \$ 2,628,593.16 | \$ 4,328,948.94 |
| Total Deferred Inflows of Resources | 1,210,702.00 | 3,349,279.00 | 436,633.00 |
| <u>NET POSITION</u> | | | |
| Invested in Capital Assets, Net of Related Debt | 59,677,887.00 | 59,134,179.93 | 59,550,256.92 |
| Restricted | 1,421,854.00 | 793,251.00 | 288,000.00 |
| Unrestricted | <u>13,338,579.04</u> | <u>12,157,361.56</u> | <u>8,969,511.09</u> |
| TOTAL NET POSITION | <u>74,438,320.04</u> | <u>72,084,792.49</u> | <u>68,807,768.01</u> |
| TOTAL NET POSITION, LIABILITIES & DEFERRED INFLOWS | \$ 78,601,068.33 | \$ 78,062,664.65 | \$ 73,573,349.95 |

For more detailed information see the Comparative Statement of Net Position.

Major factors affecting the Statement of Net Position:

The largest portion of Roza's total assets is in capital assets. Roza uses these capital assets to provide operation and maintenance for the District. The unrestricted net assets are available for future use to provide operation and maintenance.

The largest portion of Roza's total liabilities (76%) in 2022, (84%) in 2021 and (65%) in 2020 is current liabilities which consist of payables, accrued expenses, annual leave, sick leave and pre-paid assessments.

Any significant increase or decrease in total assets or total liabilities will have a correlating effect on the statement of net position.

(Condensed) Comparative Statement of Revenues and Changes in Fund Net Position

| | <u>2022</u> | <u>2021</u> | <u>2020</u> |
|------------------------------------|------------------------|------------------------|------------------------|
| Operating Revenues | \$14,540,909.14 | \$14,601,580.22 | \$13,881,520.12 |
| Irrigation Assessments and Other | | | |
| Non-Operating Revenues: | | | |
| Interest Income | 295,878.84 | 31,917.51 | 111,336.05 |
| Grants, Capital & Other | <u>286,484.63</u> | <u>1,129,174.19</u> | <u>993,426.15</u> |
| TOTAL NON-OPERATING REVENUES | 582,363.47 | 1,161,091.70 | 1,104,762.20 |
| TOTAL REVENUES | \$15,123,272.61 | \$15,762,671.92 | \$14,986,282.32 |
| Operating Expenses | | | |
| O & M | 8,298,011.35 | 7,912,278.37 | 8,525,056.44 |
| Administration, Utilities, General | 2,595,357.64 | 2,560,823.36 | 2,269,080.26 |
| Depreciation & Other | <u>1,876,376.07</u> | <u>2,012,545.71</u> | <u>1,855,024.34</u> |
| TOTAL OPERATING EXPENSE | <u>12,769,745.06</u> | <u>12,485,647.44</u> | <u>12,649,161.04</u> |
| Change in Net Position | \$2,353,527.55 | \$3,277,024.48 | \$2,337,121.28 |
| NET POSITION, BEGINNING OF YEAR | <u>72,084,792.49</u> | <u>68,807,768.01</u> | <u>66,470,646.73</u> |
| RESTATED/PENSIONS GASB 68 | 0.00 | 0.00 | 0.00 |
| NET POSITION, END OF YEAR | <u>\$74,438,320.04</u> | <u>\$72,084,792.49</u> | <u>\$68,807,768.01</u> |

For more detailed information see the Comparative Statement of Revenues, Expenses and changes in Fund Net Position.

The majority of revenue received by Roza (96%) in 2022, (93%) in 2021 and (93%) in 2020 was collected from irrigation assessments levied annually by Roza's board of directors. Other revenue consists of interest income and grants received.

Expenses are affected by numerous factors, Such as variations in fuel costs, medical insurance, utility rates and building materials impact the total expenses of Roza Irrigation.

Capital Assets

| | <u>2022</u> | <u>2021</u> | <u>2020</u> |
|--------------------------------------|-----------------------------|----------------------------|----------------------------|
| Land | \$ 467,633.44 | \$ 467,633.44 | \$ 467,633.44 |
| Buildings | 90,689.05 | 90,689.05 | 90,689.05 |
| Rereg Facilities | 31,767,891.54 | 31,767,891.54 | 31,767,891.54 |
| Construction & Maintenance Equipment | 7,673,094.98 | 7,644,454.76 | 7,329,984.91 |
| Miscellaneous Equipment | 1,146,162.37 | 1,028,847.05 | 1,004,348.00 |
| Office Equipment & Software | 147,836.48 | 136,200.14 | 154,543.14 |
| Pump Upgrades | 580,422.09 | 356,459.35 | 70,256.95 |
| Enclosed Conduit System | <u>37,904,537.08</u> | <u>35,899,536.50</u> | <u>35,108,131.01</u> |
| Accumulated Depreciation | <u>(20,100,380.03)</u> | <u>(18,257,531.90)</u> | <u>(16,443,221.12)</u> |
| TOTAL | <u>\$ 59,677,887.00</u> | <u>\$59,134,179.93</u> | <u>\$59,550,256.92</u> |

The following reconciliation summarizes the changes in capital assets. For more detailed information see Note 2 – Capital Assets and Depreciation

Change in Capital Assets

| | <u>2022</u> | <u>2021</u> | <u>2020</u> |
|-------------------------------|-----------------------------|-----------------------------|-----------------------------|
| Beginning Balance, January 1 | \$ 77,391,711.83 | \$ 75,993,478.04 | \$ 73,658,852.76 |
| Net change | 2,386,555.20 | 1,398,233.79 | 2,334,625.28 |
| Depreciation and Amortization | <u>(20,100,380.03)</u> | <u>(18,257,531.90)</u> | <u>(16,443,221.12)</u> |
| TOTAL | <u>\$ 59,677,887.00</u> | <u>\$ 59,134,179.93</u> | <u>\$ 59,550,256.92</u> |

The following is a summary of long term debt activity. For more detailed information see Note 4 – Debt Service Requirements.

Changes in Long Term Debt

| | <u>Beginning Balance 1/1/22</u> | <u>Payments Made</u> | <u>Ending Balance 12/31/22</u> |
|-----------------|-------------------------------------|----------------------|------------------------------------|
| USBR – Contract | \$ 122,666.00 | \$ 72,578.03 | \$ 50,087.97 |

| | <u>Beginning Balance 1/1/21</u> | <u>Payments Made</u> | <u>Ending Balance 12/31/21</u> |
|-----------------|-------------------------------------|----------------------|------------------------------------|
| USBR – Contract | \$ 192,870.86 | \$ 70,204.86 | \$ 122,666.00 |

| | <u>Beginning Balance 1/1/20</u> | <u>Payments Made</u> | <u>Ending Balance 12/31/20</u> |
|-----------------|-------------------------------------|----------------------|------------------------------------|
| USBR – Contract | \$ 262,142.41 | \$ 69,271.55 | \$ 192,870.86 |

ROZA IRRIGATION DISTRICT

Management's Discussion and Analysis

Roza Irrigation District's management's discussion and analysis is to assist readers on significant financial issues, their financial activity and any changes in their financial position. Readers should also review the notes to the financial statements to enhance their understanding of Roza's financial performance.

Financial Highlights

2021 Net Position increased by \$ 3,277,024.48

2020 Net Position increased by \$ 2,337,121.28

2019 Net Position increased by \$ 1,430,514.50

2021 Operating Revenues increased by \$ 720,066.10

2020 Operating Revenues increased by \$ 526,090.73

2019 Operating Revenues decreased by \$ 130,051.65

2021 Total Operating Expenses decreased by \$ 163,513.60

2020 Total Operating Expenses decreased by \$ 166,982.65

2019 Total Operating Expenses increased by \$ 1,271,529.45

Roza's cash accounts show healthy balances at year end for 2021, 2020 and 2019. The overall financial condition remains strong.

In 2021 Roza Irrigation District purchased construction and maintenance equipment for \$357,064.66, miscellaneous equipment for \$24,499.05, and capitalized the enclosed conduit system and pump upgrades for \$1,077,607.89.

In 2020 Roza Irrigation District purchased construction and maintenance equipment for \$472,299.49, miscellaneous equipment for \$94,214.67 and capitalized the enclosed conduit system and pump upgrades for \$1,847,377.83.

In 2019 Roza Irrigation District purchased construction and maintenance equipment for \$232,158.03, miscellaneous equipment for \$108,416.85, computer software for \$10,999.71 and capitalized the enclosed conduit system and pump upgrades for \$2,488,377.81.

Basic Financial Statements

Roza Irrigation District's basic financial statements include a Comparative Statement of Net Position. The statement reports all financial and capital resources for Roza Irrigation District and is presented where assets, minus liabilities, equals Net Position. Assets and Liabilities are classified as Current (convertible into cash within 1 year) and Noncurrent.

The Net Position is reported in three categories:

Net Investment in Capital Assets

This category consists of net capital assets, reduced by accumulated depreciation.

Restricted

This category consists of restricted assets to the USBR in accordance to the contract and special construction related to the construction of Interstate 82 and the offset to the water users impacted annually against the water users construction assessment, and net pension asset.

Unrestricted

This category consists of Net Assets that do not meet the definition of Net Position, Net Invested in Capital Assets or Restricted Net Assets.

Roza Irrigation District's financial statements also include a Comparative Statement of Revenues, Expenses and Changes in Fund Net Position. This statement shows operations for the year and includes Operating Revenues, such as irrigation assessment income. Operating Expenses such as operation & maintenance, depreciation, utilities and administrative. Non Operating Revenues such as grants, interest and gains (losses) on Capital Asset disposition.

Condensed versions of the Statement of Net Position and the Statement of Revenues, Expenses and Changes in Fund Net Position are included as part of the M D & A.

(Condensed) Comparative Statement of Net Position

| | <u>2021</u> | <u>2020</u> | <u>2019</u> |
|---|-----------------------------|-----------------------------|-----------------------------|
| Unrestricted Current and Other Assets | \$ 14,929,167.70 | \$ 13,089,439.15 | \$ 11,790,934.72 |
| Restricted Assets | 3,607,645.00 | 480,870.86 | 550,142.41 |
| Capital Assets, Net | <u>59,134,179.93</u> | <u>59,550,256.92</u> | <u>58,966,302.32</u> |
| TOTAL ASSETS | \$ 77,670,992.63 | \$ 73,120,566.93 | \$ 71,307,379.45 |
| Total Deferred Outflows of Resources | 391,672.02 | 452,783.02 | 423,343.02 |
| TOTAL ASSETS & DEFERRED OUTFLOWS | \$ 78,062,664.65 | \$ 73,573,349.95 | \$ 71,730,722.47 |
| Current Liabilities | \$ 2,201,192.16 | \$ 2,805,682.08 | \$ 2,819,234.33 |
| Noncurrent Liabilities | <u>427,401.00</u> | <u>1,523,266.86</u> | <u>1,625,843.41</u> |
| TOTAL LIABILITIES | \$ 2,628,593.16 | \$ 4,328,948.94 | \$ 4,445,077.74 |
| Total Deferred Inflows of Resources | 3,349,279.00 | 436,633.00 | 814,998.00 |
| <u>NET POSITION</u> | | | |
| Invested in Capital Assets, Net of Related Debt | 59,134,179.93 | 59,550,256.92 | 58,966,302.32 |
| Restricted | 793,251.00 | 288,000.00 | 288,000.00 |
| Unrestricted | <u>12,157,361.56</u> | <u>8,969,511.09</u> | <u>7,216,344.41</u> |
| TOTAL NET POSITION | <u>72,084,792.49</u> | <u>68,807,768.01</u> | <u>66,470,646.73</u> |
| TOTAL NET POSITION, LIABILITIES & DEFERRED INFLOWS | \$ 78,062,664.65 | \$ 73,573,349.95 | \$ 71,730,722.47 |

For more detailed information see the Comparative Statement of Net Position.

Major factors affecting the Statement of Net Position:

The largest portion of Roza's total assets is in capital assets. Roza uses these capital assets to provide operation and maintenance for the District. The unrestricted net assets are available for future use to provide operation and maintenance.

The largest portion of Roza's total liabilities (84%) in 2021, (65%) in 2020 and (63%) in 2019 is current liabilities which consist of payables, accrued expenses, annual leave, sick leave and pre-paid assessments.

Any significant increase or decrease in total assets or total liabilities will have a correlating effect on the statement of net position.

(Condensed) Comparative Statement of Revenues and Changes in Fund Net Position

| | <u>2021</u> | <u>2020</u> | <u>2019</u> |
|------------------------------------|------------------------|------------------------|------------------------|
| Operating Revenues | \$14,601,580.22 | \$13,881,520.12 | \$13,355,429.39 |
| Irrigation Assessments and Other | | | |
| Non-Operating Revenues: | | | |
| Interest Income | 31,917.51 | 111,336.05 | 318,211.04 |
| Grants, Capital & Other | <u>1,129,174.19</u> | <u>993,426.15</u> | <u>573,017.76</u> |
| TOTAL NON-OPERATING REVENUES | 1,161,091.70 | 1,104,762.20 | 891,228.80 |
| TOTAL REVENUES | \$15,762,671.92 | \$14,986,282.32 | \$14,246,658.19 |
| Operating Expenses | | | |
| O & M | 7,912,278.37 | 8,525,056.44 | 8,444,742.92 |
| Administration, Utilities, General | 2,560,823.36 | 2,269,080.26 | 2,449,901.71 |
| Depreciation & Other | <u>2,012,545.71</u> | <u>1,855,024.34</u> | <u>1,921,499.06</u> |
| TOTAL OPERATING EXPENSE | <u>12,485,647.44</u> | <u>12,649,161.04</u> | <u>12,816,143.69</u> |
| Change in Net Position | \$3,277,024.48 | \$2,337,121.28 | \$1,430,514.50 |
| NET POSITION, BEGINNING OF YEAR | <u>68,807,768.01</u> | <u>66,470,646.73</u> | <u>65,040,132.23</u> |
| RESTATED/PENSIONS GASB 68 | 0.00 | 0.00 | 0.00 |
| NET POSITION, END OF YEAR | <u>\$72,084,792.49</u> | <u>\$68,807,768.01</u> | <u>\$66,470,646.73</u> |

For more detailed information see the Comparative Statement of Revenues, Expenses and changes in Fund Net Position.

The majority of revenue received by Roza (93%) in 2021, (93%) in 2020 and (94%) in 2019 was collected from irrigation assessments levied annually by Roza's board of directors. Other revenue consists of interest income and grants received.

Expenses are affected by numerous factors, Such as variations in fuel costs, medical insurance, utility rates and building materials impact the total expenses of Roza Irrigation.

Capital Assets

| | <u>2021</u> | <u>2020</u> | <u>2019</u> |
|--------------------------------------|-----------------------------|----------------------------|----------------------------|
| Land | \$ 467,633.44 | \$ 467,633.44 | \$ 467,633.44 |
| Buildings | 90,689.05 | 90,689.05 | 90,689.05 |
| Rereg Facilities | 31,767,891.54 | 31,767,891.54 | 31,767,891.54 |
| Construction & Maintenance Equipment | 7,644,454.76 | 7,329,984.91 | 6,936,952.13 |
| Miscellaneous Equipment | 1,028,847.05 | 1,004,348.00 | 910,133.33 |
| Office Equipment & Software | 136,200.14 | 154,543.14 | 154,543.14 |
| Pump Upgrades | 356,459.35 | 70,256.95 | 7,008.63 |
| Enclosed Conduit System | <u>35,899,536.50</u> | <u>35,108,131.01</u> | <u>33,324,001.50</u> |
| Accumulated Depreciation | <u>(18,257,531.90)</u> | <u>(16,443,221.12)</u> | <u>(14,692,550.44)</u> |
| TOTAL | <u>\$ 59,134,179.93</u> | <u>\$59,550,256.92</u> | <u>\$58,966,302.32</u> |

The following reconciliation summarizes the changes in capital assets. For more detailed information see Note 2 – Capital Assets and Depreciation

Change in Capital Assets

| | <u>2021</u> | <u>2020</u> | <u>2019</u> |
|-------------------------------|-----------------------------|-----------------------------|--------------------------|
| Beginning Balance, January 1 | \$ 75,993,478.04 | \$ 73,658,852.76 | \$ 70,911,057.66 |
| Net change | 1,398,233.79 | 2,334,625.28 | 2,747,795.10 |
| Depreciation and Amortization | <u>(18,257,531.90)</u> | <u>(16,443,221.12)</u> | <u>(14,692,550.44)</u> |
| TOTAL | <u>\$ 59,134,179.93</u> | <u>\$ 59,550,256.92</u> | <u>58,966,302.32</u> |

The following is a summary of long term debt activity. For more detailed information see Note 4 – Debt Service Requirements.

Changes in Long Term Debt

| | <u>Beginning Balance 1/1/21</u> | <u>Payments Made</u> | <u>Ending Balance 12/31/21</u> |
|-----------------|-------------------------------------|----------------------|------------------------------------|
| USBR – Contract | \$ 192,870.86 | \$ 70,204.86 | \$ 122,666.00 |

| | <u>Beginning Balance 1/1/20</u> | <u>Payments Made</u> | <u>Ending Balance 12/31/20</u> |
|-----------------|-------------------------------------|----------------------|------------------------------------|
| USBR – Contract | \$ 262,142.41 | \$ 69,271.55 | \$ 192,870.86 |

| | <u>Beginning Balance 1/1/19</u> | <u>Payments Made</u> | <u>Ending Balance 12/31/19</u> |
|-----------------|-------------------------------------|----------------------|------------------------------------|
| USBR – Contract | \$ 342,491.19 | \$ 80,348.78 | \$ 262,142.41 |

ROZA IRRIGATION DISTRICT
Comparative Statement of Net Position
As of December 31, 2023 and 2022

| <u>ASSETS</u> | <u>2023</u> | <u>2022</u> |
|--|-------------------------|-------------------------|
| Current Assets: | | |
| Cash and Cash Equivalents | \$ 14,710,286.23 | \$ 13,308,328.29 |
| Receivables (Net): | | |
| Assessments Receivable | 114,113.98 | 237,312.69 |
| Grants Receivable | 78,020.00 | 0.00 |
| Accounts Receivable | 44,058.80 | 153,993.32 |
| Inventory | 681,677.92 | 594,544.73 |
| Prepaid Expenses | 586,781.41 | 707,707.04 |
| USBR Prepaids | 1,334,265.78 | 1,273,185.27 |
| TOTAL CURRENT ASSETS | <u>17,549,204.12</u> | <u>16,275,071.34</u> |
| Current Assets - Restricted | | |
| Cash USBR Contract / Const | 0.00 | 288,000.00 |
| USBR Contract Receivable / Const | 0.00 | 50,087.97 |
| USBR Contract Receivable / Kachess | 603,503.00 | 0.00 |
| TOTAL CURRENT RESTRICTED ASSETS | <u>603,503.00</u> | <u>338,087.97</u> |
| TOTAL CURRENT ASSETS | <u>18,152,707.12</u> | <u>16,613,159.31</u> |
| Noncurrent Assets - Restricted: | | |
| USBR Contract Receivable / Const | 0.00 | 0.00 |
| USBR Contract Receivable / Kachess | 145,288.00 | 0.00 |
| Net Pension Asset | 1,175,420.00 | 1,148,795.00 |
| TOTAL NONCURRENT RESTRICTED ASSETS | <u>1,320,708.00</u> | <u>1,148,795.00</u> |
| Capital Assets | | |
| Land | 467,633.44 | 467,633.44 |
| WW5 Rereg | 30,891,678.06 | 30,891,678.06 |
| Buildings | 90,689.05 | 90,689.05 |
| Rereg Facilities | 876,213.48 | 876,213.48 |
| Construction and Maintenance Equipment | 8,313,797.25 | 7,673,094.98 |
| Miscellaneous Equipment | 1,215,965.23 | 1,146,162.37 |
| Office Equipment | 104,622.86 | 103,023.07 |
| Computer Software | 44,813.41 | 44,813.41 |
| Enclosed Conduit System - Construction in Progress | 1,855,493.76 | 2,191,961.55 |
| Enclosed Conduit System | 38,413,525.26 | 35,712,575.53 |
| Pump Upgrades - Construction in Progress | <u>619,008.10</u> | <u>580,422.09</u> |
| | 82,893,439.90 | 79,778,267.03 |
| Less Accumulated Depreciation | <u>(21,929,681.54)</u> | <u>(20,100,380.03)</u> |
| NET INVESTMENT IN CAPITAL ASSETS | <u>60,963,758.36</u> | <u>59,677,887.00</u> |
| TOTAL NONCURRENT ASSETS | <u>62,284,466.36</u> | <u>60,826,682.00</u> |
| TOTAL ASSETS | <u>\$ 80,437,173.48</u> | <u>\$ 77,439,841.31</u> |
| Deferred Outflows of Resources | | |
| Deferred Outflows/Pensions | 1,008,435.02 | 1,161,227.02 |
| TOTAL DEFERRED OUTFLOWS OF RESOURCES | <u>1,008,435.02</u> | <u>1,161,227.02</u> |
| TOTAL ASSETS AND DEFERRED OUTFLOWS | \$ 81,445,608.50 | \$ 78,601,068.33 |

ROZA IRRIGATION DISTRICT
Comparative Statement of Net Position
As of December 31, 2023 and 2022

| <u>LIABILITIES</u> | <u>2023</u> | <u>2022</u> |
|---|-----------------------------|-----------------------------|
| Current Liabilities | | |
| Vouchers Payable | \$ 679,566.02 | \$ 678,604.35 |
| Accrued Expenses | 251,756.93 | 248,403.07 |
| Accrued Annual Leave | 443,419.46 | 424,370.68 |
| Accrued Sick Leave | 606,037.89 | 576,482.78 |
| Deposits/Full Cost Water | - | - |
| Pre-paid Assessments | <u>614,332.80</u> | <u>310,861.44</u> |
| TOTAL CURRENT LIABILITIES | <u>2,595,113.10</u> | <u>2,238,722.32</u> |
| Payables from Restricted Assets: | | |
| Contract Payable-USBR / Const | - | 50,087.97 |
| Contract Payable-USBR / Kachess | 748,791.00 | |
| Total Payables from Restricted Assets | <u>748,791.00</u> | <u>50,087.97</u> |
| Non-Current Liabilities | | |
| Net Pension Liability | <u>506,470.00</u> | <u>663,236.00</u> |
| TOTAL NONCURRENT LIABILITES | <u>1,255,261.00</u> | <u>713,323.97</u> |
| TOTAL LIABILITIES | <u>3,850,374.10</u> | <u>2,952,046.29</u> |
| Deferred Inflows of Resources | | |
| Deferred Inflows/Pensions | 663,451.00 | 1,210,702.00 |
| TOTAL DEFERRED INFLOWS OF RESOURCES | <u>663,451.00</u> | <u>1,210,702.00</u> |
| NET POSITION | | |
| Net Investment in Capital Assets | 60,963,758.36 | 59,677,887.00 |
| Restricted for Pensions/USBR | 1,517,370.00 | 1,421,854.00 |
| Unrestricted | <u>14,450,655.04</u> | <u>13,338,579.04</u> |
| TOTAL NET POSITION | <u>\$ 76,931,783.40</u> | <u>\$ 74,438,320.04</u> |
| TOTAL NET POSITION, LIABILITIES, & DEFERRED INFLOWS | 81,445,608.50 | 78,601,068.33 |

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THIS STATEMENT

ROZA IRRIGATION DISTRICT
Comparative Statement of Net Position
As of December 31, 2022 and 2021

| <u>ASSETS</u> | <u>2022</u> | <u>2021</u> |
|--|-------------------------|-------------------------|
| Current Assets: | | |
| Cash and Cash Equivalents | \$ 13,308,328.29 | \$ 12,008,654.21 |
| Receivables (Net): | | |
| Assessments Receivable | 237,312.69 | 205,218.95 |
| Grants Receivable | 0.00 | 337,204.03 |
| Accounts Receivable | 153,993.32 | 189,257.04 |
| Inventory | 594,544.73 | 523,955.77 |
| Prepaid Expenses | 707,707.04 | 783,159.76 |
| USBR Prepays | 1,273,185.27 | 881,717.94 |
| TOTAL CURRENT ASSETS | <u>16,275,071.34</u> | <u>14,929,167.70</u> |
| Current Assets - Restricted | | |
| Cash USBR Contract | 288,000.00 | 288,000.00 |
| USBR Contract Receivable | 50,087.97 | 68,748.80 |
| TOTAL CURRENT RESTRICTED ASSETS | <u>338,087.97</u> | <u>356,748.80</u> |
| TOTAL CURRENT ASSETS | <u>16,613,159.31</u> | <u>15,285,916.50</u> |
| Noncurrent Assets - Restricted: | | |
| USBR Contract Receivable | 0.00 | 53,917.20 |
| Net Pension Asset | 1,148,795.00 | 3,196,979.00 |
| TOTAL NONCURRENT RESTRICTED ASSETS | <u>1,148,795.00</u> | <u>3,250,896.20</u> |
| Capital Assets | | |
| Land | 467,633.44 | 467,633.44 |
| WW5 Rereg | 30,891,678.06 | 30,891,678.06 |
| Buildings | 90,689.05 | 90,689.05 |
| Rereg Facilities | 876,213.48 | 876,213.48 |
| Construction and Maintenance Equipment | 7,673,094.98 | 7,644,454.76 |
| Miscellaneous Equipment | 1,146,162.37 | 1,028,847.05 |
| Office Equipment | 103,023.07 | 91,386.73 |
| Computer Software | 44,813.41 | 44,813.41 |
| Enclosed Conduit System - Construction in Progress | 2,191,961.55 | 186,960.97 |
| Enclosed Conduit System | 35,712,575.53 | 35,712,575.53 |
| Pump Upgrades - Construction in Progress | <u>580,422.09</u> | <u>356,459.35</u> |
| | 79,778,267.03 | 77,391,711.83 |
| Less Accumulated Depreciation | <u>(20,100,380.03)</u> | <u>(18,257,531.90)</u> |
| NET INVESTMENT IN CAPITAL ASSETS | <u>59,677,887.00</u> | <u>59,134,179.93</u> |
| TOTAL NONCURRENT ASSETS | <u>60,826,682.00</u> | <u>62,385,076.13</u> |
| TOTAL ASSETS | <u>\$ 77,439,841.31</u> | <u>\$ 77,670,992.63</u> |
| Deferred Outflows of Resources | | |
| Deferred Outflows/Pensions | 1,161,227.02 | 391,672.02 |
| TOTAL DEFERRED OUTFLOWS OF RESOURCES | <u>1,161,227.02</u> | <u>391,672.02</u> |
| TOTAL ASSETS AND DEFERRED OUTFLOWS | \$ 78,601,068.33 | \$ 78,062,664.65 |

ROZA IRRIGATION DISTRICT
Comparative Statement of Net Position
As of December 31, 2022 and 2021

| <u>LIABILITIES</u> | <u>2022</u> | <u>2021</u> |
|---|-----------------------------|-----------------------------|
| Current Liabilities | | |
| Vouchers Payable | \$ 678,604.35 | \$ 858,442.90 |
| Accrued Expenses | 248,403.07 | 272,162.20 |
| Accrued Annual Leave | 424,370.68 | 400,997.70 |
| Accrued Sick Leave | 576,482.78 | 533,157.57 |
| Deposits/Full Cost Water | - | 4,365.91 |
| Pre-paid Assessments | <u>310,861.44</u> | <u>132,065.88</u> |
| TOTAL CURRENT LIABILITIES | <u>2,238,722.32</u> | <u>2,201,192.16</u> |
| Payables from Restricted Assets: | | |
| Contract Payable-USBR | 50,087.97 | 122,666.00 |
| Total Payables from Restricted Assets | <u>50,087.97</u> | <u>122,666.00</u> |
| Non-Current Liabilities | | |
| Net Pension Liability | <u>663,236.00</u> | <u>304,735.00</u> |
| TOTAL NONCURRENT LIABILITIES | <u>713,323.97</u> | <u>427,401.00</u> |
| TOTAL LIABILITIES | <u>2,952,046.29</u> | <u>2,628,593.16</u> |
| Deferred Inflows of Resources | | |
| Deferred Inflows/Pensions | 1,210,702.00 | 3,349,279.00 |
| TOTAL DEFERRED INFLOWS OF RESOURCES | <u>1,210,702.00</u> | <u>3,349,279.00</u> |
| NET POSITION | | |
| Net Investment in Capital Assets | 59,677,887.00 | 59,134,179.93 |
| Restricted for USBR/Pensions | 1,421,854.00 | 793,251.00 |
| Unrestricted | <u>13,338,579.04</u> | <u>12,157,361.56</u> |
| TOTAL NET POSITION | <u>\$ 74,438,320.04</u> | <u>\$ 72,084,792.49</u> |
| TOTAL NET POSITION, LIABILITIES, & DEFERRED INFLOWS | 78,601,068.33 | 78,062,664.65 |

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THIS STATEMENT

ROZA IRRIGATION DISTRICT
Comparative Statement of Net Position
As of December 31, 2021 and 2020

| <u>ASSETS</u> | <u>2021</u> | <u>2020</u> |
|--|-------------------------|-------------------------|
| Current Assets: | | |
| Cash and Cash Equivalents | \$ 12,008,654.21 | \$ 10,345,092.68 |
| Receivables (Net): | | |
| Assessments Receivable | 205,218.95 | 181,288.60 |
| Grants Receivable | 337,204.03 | 77,566.70 |
| Accounts Receivable | 189,257.04 | 73,742.21 |
| Inventory | 523,955.77 | 506,206.02 |
| Prepaid Expenses | 783,159.76 | 856,073.29 |
| USBR Prepays | 881,717.94 | 1,049,469.65 |
| TOTAL CURRENT ASSETS | <u>14,929,167.70</u> | <u>13,089,439.15</u> |
| Current Assets - Restricted | | |
| Cash USBR Contract | 288,000.00 | 288,000.00 |
| USBR Contract Receivable | 68,748.80 | 69,271.53 |
| TOTAL CURRENT RESTRICTED ASSETS | <u>356,748.80</u> | <u>357,271.53</u> |
| TOTAL CURRENT ASSETS | <u>15,285,916.50</u> | <u>13,446,710.68</u> |
| Noncurrent Assets - Restricted: | | |
| USBR Contract Receivable | 53,917.20 | 123,599.33 |
| Net Pension Asset | 3,196,979.00 | - |
| TOTAL NONCURRENT RESTRICTED ASSETS | <u>3,250,896.20</u> | <u>123,599.33</u> |
| Capital Assets | | |
| Land | 467,633.44 | 467,633.44 |
| WW5 Rereg | 30,891,678.06 | 30,891,678.06 |
| Buildings | 90,689.05 | 90,689.05 |
| Rereg Facilities | 876,213.48 | 876,213.48 |
| Construction and Maintenance Equipment | 7,644,454.76 | 7,329,984.91 |
| Miscellaneous Equipment | 1,028,847.05 | 1,004,348.00 |
| Office Equipment | 91,386.73 | 109,729.73 |
| Computer Software | 44,813.41 | 44,813.41 |
| Enclosed Conduit System - Construction in Progress | 186,960.97 | 1,539,023.77 |
| Enclosed Conduit System | 35,712,575.53 | 33,569,107.24 |
| Pump Upgrades - Construction in Progress | <u>356,459.35</u> | <u>70,256.95</u> |
| | 77,391,711.83 | 75,993,478.04 |
| Less Accumulated Depreciation | <u>(18,257,531.90)</u> | <u>(16,443,221.12)</u> |
| NET INVESTMENT IN CAPITAL ASSETS | <u>59,134,179.93</u> | <u>59,550,256.92</u> |
| TOTAL NONCURRENT ASSETS | <u>62,385,076.13</u> | <u>59,673,856.25</u> |
| TOTAL ASSETS | <u>\$ 77,670,992.63</u> | <u>\$ 73,120,566.93</u> |
| Deferred Outflows of Resources | | |
| Deferred Outflows/Pensions | 391,672.02 | 452,783.02 |
| TOTAL DEFERRED OUTFLOWS OF RESOURCES | <u>391,672.02</u> | <u>452,783.02</u> |
| TOTAL ASSETS AND DEFERRED OUTFLOWS | \$ 78,062,664.65 | \$ 73,573,349.95 |

ROZA IRRIGATION DISTRICT
Comparative Statement of Net Position
As of December 31, 2021 and 2020

| <u>LIABILITIES</u> | <u>2021</u> | <u>2020</u> |
|---|-----------------------------|-----------------------------|
| Current Liabilities | | |
| Vouchers Payable | \$ 858,442.90 | \$ 1,275,861.01 |
| Accrued Expenses | 272,162.20 | 294,635.33 |
| Accrued Annual Leave | 400,997.70 | 447,753.76 |
| Accrued Sick Leave | 533,157.57 | 649,897.44 |
| Deposits/Full Cost Water | 4,365.91 | - |
| Pre-paid Assessments | <u>132,065.88</u> | <u>137,534.54</u> |
| TOTAL CURRENT LIABILITIES | <u>2,201,192.16</u> | <u>2,805,682.08</u> |
| Payables from Restricted Assets: | | |
| Contract Payable-USBR | 122,666.00 | 192,870.86 |
| Total Payables from Restricted Assets | <u>122,666.00</u> | <u>192,870.86</u> |
| Non-Current Liabilities | | |
| Net Pension Liability | <u>304,735.00</u> | <u>1,330,396.00</u> |
| TOTAL NONCURRENT LIABILITIES | <u>427,401.00</u> | <u>1,523,266.86</u> |
| TOTAL LIABILITIES | <u>2,628,593.16</u> | <u>4,328,948.94</u> |
| Deferred Inflows of Resources | | |
| Deferred Inflows/Pensions | 3,349,279.00 | 436,633.00 |
| TOTAL DEFERRED INFLOWS OF RESOURCES | <u>3,349,279.00</u> | <u>436,633.00</u> |
| NET POSITION | | |
| Net Investment in Capital Assets | 59,134,179.93 | 59,550,256.92 |
| Restricted for USBR/Pensions | 793,251.00 | 288,000.00 |
| Unrestricted | <u>12,157,361.56</u> | <u>8,969,511.09</u> |
| TOTAL NET POSITION | <u>\$ 72,084,792.49</u> | <u>\$ 68,807,768.01</u> |
| TOTAL NET POSITION, LIABILITIES, & DEFERRED INFLOWS | 78,062,664.65 | 73,573,349.95 |

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THIS STATEMENT

ROZA IRRIGATION DISTRICT
Comparative Statement of Revenues, Expenses and Changes in Fund Net Position
For the Years Ended December 31, 2023 and 2022

| OPERATING REVENUES: | <u>2023</u> | <u>2022</u> |
|--|--------------------------------|--------------------------------|
| Charges for Services, etc. | \$ 14,421,217.18 | \$ 14,540,909.14 |
| TOTAL OPERATING REVENUE: | <u>14,421,217.18</u> | <u>14,540,909.14</u> |
| Operating Expenses: | | |
| O & M | 8,305,450.26 | 8,298,011.35 |
| General | 2,821,755.86 | 2,595,357.64 |
| Amortization and Depreciation | 1,890,907.36 | 1,860,929.75 |
| Contract Work | <u>20,132.42</u> | <u>15,446.32</u> |
| TOTAL OPERATING EXPENSES: | <u>13,038,245.90</u> | <u>12,769,745.06</u> |
| OPERATING INCOME/(LOSS) | <u>1,382,971.28</u> | <u>1,771,164.08</u> |
| Non-Operating Revenues (Expenses): | | |
| Interest | 940,413.25 | 295,878.84 |
| Gain on Sale of Assets | 2,910.33 | 969.60 |
| Property Rental | 6,740.90 | 6,360.10 |
| Non-Operating Grants | <u>160,427.60</u> | <u>279,154.93</u> |
| TOTAL NON-OPERATING REVENUES (EXPENSES): | <u>1,110,492.08</u> | <u>582,363.47</u> |
| CHANGE IN NET POSITION | 2,493,463.36 | 2,353,527.55 |
| Total Net Position, January 1 | <u>74,438,320.04</u> | <u>72,084,792.49</u> |
| TOTAL NET POSITION, DECEMBER 31 | <u><u>\$ 76,931,783.40</u></u> | <u><u>\$ 74,438,320.04</u></u> |

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THIS STATEMENT

ROZA IRRIGATION DISTRICT
Comparative Statement of Revenues, Expenses and Changes in Fund Net Position
For the Years Ended December 31, 2022 and 2021

| OPERATING REVENUES: | <u>2022</u> | <u>2021</u> |
|--|--------------------------------|--------------------------------|
| Charges for Services, etc. | \$ 14,540,909.14 | \$ 14,601,580.22 |
| TOTAL OPERATING REVENUE: | <u>14,540,909.14</u> | <u>14,601,580.22</u> |
| Operating Expenses: | | |
| O & M | 8,298,011.35 | 7,912,278.37 |
| General | 2,595,357.64 | 2,560,823.36 |
| Amortization and Depreciation | 1,860,929.75 | 1,866,784.25 |
| Contract Work | <u>15,446.32</u> | <u>145,761.46</u> |
| TOTAL OPERATING EXPENSES: | <u>12,769,745.06</u> | <u>12,485,647.44</u> |
| OPERATING INCOME/(LOSS) | <u>1,771,164.08</u> | <u>2,115,932.78</u> |
| Non-Operating Revenues (Expenses): | | |
| Interest | 295,878.84 | 31,917.51 |
| Gain on Sale of Assets | 969.60 | 9,015.66 |
| Property Rental | 6,360.10 | 6,510.09 |
| Non-Operating Grants | <u>279,154.93</u> | <u>1,113,648.44</u> |
| TOTAL NON-OPERATING REVENUES (EXPENSES): | <u>582,363.47</u> | <u>1,161,091.70</u> |
| CHANGE IN NET POSITION | 2,353,527.55 | 3,277,024.48 |
| Total Net Position, January 1 | <u>72,084,792.49</u> | <u>68,807,768.01</u> |
| TOTAL NET POSITION, DECEMBER 31 | <u><u>\$ 74,438,320.04</u></u> | <u><u>\$ 72,084,792.49</u></u> |

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THIS STATEMENT

ROZA IRRIGATION DISTRICT
Comparative Statement of Revenues, Expenses and Changes in Fund Net Position
For the Years Ended December 31, 2021 and 2020

| OPERATING REVENUES: | <u>2021</u> | <u>2020</u> |
|--|--------------------------------|--------------------------------|
| Charges for Services, etc. | \$ 14,601,580.22 | \$ 13,881,520.12 |
| TOTAL OPERATING REVENUE: | <u>14,601,580.22</u> | <u>13,881,520.12</u> |
| Operating Expenses: | | |
| O & M | 7,912,278.37 | 8,525,056.44 |
| General | 2,560,823.36 | 2,269,080.26 |
| Amortization and Depreciation | 1,866,784.25 | 1,814,084.04 |
| Contract Work | <u>145,761.46</u> | <u>40,940.30</u> |
| TOTAL OPERATING EXPENSES: | <u>12,485,647.44</u> | <u>12,649,161.04</u> |
| OPERATING INCOME/(LOSS) | <u>2,115,932.78</u> | <u>1,232,359.08</u> |
| Non-Operating Revenues (Expenses): | | |
| Interest | 31,917.51 | 111,336.05 |
| Gain on Sale of Assets | 9,015.66 | (1,588.35) |
| Property Rental | 6,510.09 | 6,057.73 |
| Non-Operating Grants | <u>1,113,648.44</u> | <u>988,956.77</u> |
| TOTAL NON-OPERATING REVENUES (EXPENSES): | <u>1,161,091.70</u> | <u>1,104,762.20</u> |
| CHANGE IN NET POSITION | 3,277,024.48 | 2,337,121.28 |
| Total Net Position, January 1 | <u>68,807,768.01</u> | <u>66,470,646.73</u> |
| TOTAL NET POSITION, DECEMBER 31 | <u><u>\$ 72,084,792.49</u></u> | <u><u>\$ 68,807,768.01</u></u> |

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THIS STATEMENT

ROZA IRRIGATION DISTRICT
Comparative Statement of Cash Flows
For the Years Ended December 31, 2023 and 2022

| | <u>2023</u> | <u>2022</u> |
|---|-------------------------|-------------------------|
| Cash flows from operating activities | | |
| Cash received from customers | \$ 14,879,801.77 | \$ 15,055,712.80 |
| Cash paid to suppliers | (6,132,962.03) | (6,566,636.79) |
| Cash paid to employees | (5,566,595.16) | (5,367,128.58) |
| Net cash provided (used) by operating activities | <u>3,180,244.58</u> | <u>3,121,947.43</u> |
| Cash flows from noncapital financing activities | | |
| Disposal of Fixed Assets | 2,910.33 | 969.60 |
| Property Rental | 6,740.90 | 6,360.10 |
| Net cash provided (used) by noncapital financing activities | <u>9,651.23</u> | <u>7,329.70</u> |
| Cash flows from capital financing activities | | |
| Acquisition of capital assets | (3,180,793.26) | (2,409,157.22) |
| Grants proceeds | 160,427.60 | 279,154.93 |
| Contract Payments | 418,894.97 | 72,578.03 |
| Principal paid on Long Term Debt | (418,894.97) | (72,578.03) |
| Proceeds from sale of vehicles & office equipment | 4,014.54 | 4,520.40 |
| Net cash (used) provided by capital financing activities | <u>(3,016,351.12)</u> | <u>(2,125,481.89)</u> |
| Cash flows from investing activities | | |
| Interest on investments | 940,413.25 | 295,878.84 |
| Net cash provided by investing activities | <u>940,413.25</u> | <u>295,878.84</u> |
| Net increase (decrease) in cash and cash equivalents | 1,113,957.94 | 1,299,674.08 |
| Cash and cash equivalents January 1 | <u>13,596,328.29</u> | <u>12,296,654.21</u> |
| Cash and cash equivalents December 31 | <u>\$ 14,710,286.23</u> | <u>\$ 13,596,328.29</u> |
| Cash and Cash Equivalents Consists of: | | |
| Unrestricted Cash and Cash Equivalents | 14,710,286.23 | 13,308,328.29 |
| Restricted Cash and Cash Equivalents | <u>-</u> | <u>288,000.00</u> |
| Total Cash and Cash Equivalents | <u>\$ 14,710,286.23</u> | <u>\$ 13,596,328.29</u> |

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THIS STATEMENT

ROZA IRRIGATION DISTRICT
Comparative Statement of Cash Flows
For the Years Ended December 31, 2023 and 2022

| | <u>2023</u> | <u>2022</u> |
|--|------------------------|------------------------|
| Reconciliation of operating income to net cash provided by operating activities: | | |
| Operating Income | \$ 1,382,971.28 | \$ 1,771,164.08 |
| Adjustment to reconcile operating income to net cash provided by operating activities: | | |
| Depreciation | \$ 1,890,907.36 | \$ 1,860,929.75 |
| Change in assets and liabilities: | | |
| Decrease (Increase) in Accounts Receivable | 155,113.23 | 340,374.01 |
| (Increase) Decrease in Inventory | (87,133.19) | (70,588.96) |
| Decrease (Increase) in Prepaid Expense | 59,845.12 | (316,014.61) |
| Increase (Decrease) in Accounts Payable | 961.67 | (179,838.55) |
| Increase (Decrease) in Accrued Liabilities | 51,957.75 | 42,939.06 |
| Increase (Decrease) in Deposits | 303,471.36 | 174,429.65 |
| (Decrease) Increase in Net Pension Liability | (577,850.00) | (501,447.00) |
| Total Adjustments | <u>1,797,273.30</u> | <u>1,350,783.35</u> |
| Net cash provided by operating activities | <u>\$ 3,180,244.58</u> | <u>\$ 3,121,947.43</u> |

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THIS STATEMENT

ROZA IRRIGATION DISTRICT
Comparative Statement of Cash Flows
For the Years Ended December 31, 2022 and 2021

| | <u>2022</u> | <u>2021</u> |
|---|-------------------------|-------------------------|
| Cash flows from operating activities | | |
| Cash received from customers | \$ 15,055,712.80 | \$ 14,076,521.98 |
| Cash paid to suppliers | (6,566,636.79) | (6,551,749.73) |
| Cash paid to employees | (5,367,128.58) | (5,571,595.16) |
| Net cash provided (used) by operating activities | <u>3,121,947.43</u> | <u>1,953,177.09</u> |
| Cash flows from noncapital financing activities | | |
| Disposal of Fixed Assets | 969.60 | 9,015.66 |
| Property Rental | 6,360.10 | 6,510.09 |
| Net cash provided (used) by noncapital financing activities | <u>7,329.70</u> | <u>15,525.75</u> |
| Cash flows from capital financing activities | | |
| Acquisition of capital assets | (2,409,157.22) | (1,459,171.60) |
| Grants proceeds | 279,154.93 | 1,113,648.44 |
| Contract Payments | 72,578.03 | 70,204.86 |
| Principal paid on Long Term Debt | (72,578.03) | (70,204.86) |
| Proceeds from sale of vehicles & office equipment | 4,520.40 | 8,464.34 |
| Net cash (used) provided by capital financing activities | <u>(2,125,481.89)</u> | <u>(337,058.82)</u> |
| Cash flows from investing activities | | |
| Interest on investments | 295,878.84 | 31,917.51 |
| Net cash provided by investing activities | <u>295,878.84</u> | <u>31,917.51</u> |
| Net increase (decrease) in cash and cash equivalents | 1,299,674.08 | 1,663,561.53 |
| Cash and cash equivalents January 1 | <u>12,296,654.21</u> | <u>10,633,092.68</u> |
| Cash and cash equivalents December 31 | <u>\$ 13,596,328.29</u> | <u>\$ 12,296,654.21</u> |
| Cash and Cash Equivalents Consists of: | | |
| Unrestricted Cash and Cash Equivalents | 13,308,328.29 | 12,008,654.21 |
| Restricted Cash and Cash Equivalents | <u>288,000.00</u> | <u>288,000.00</u> |
| Total Cash and Cash Equivalents | <u>\$ 13,596,328.29</u> | <u>\$ 12,296,654.21</u> |

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THIS STATEMENT

ROZA IRRIGATION DISTRICT
Comparative Statement of Cash Flows
For the Years Ended December 31, 2022 and 2021

| | <u>2022</u> | <u>2021</u> |
|--|-----------------|-----------------|
| Reconciliation of operating income to net cash provided by operating activities: | | |
| Operating Income | \$ 1,771,164.08 | \$ 2,115,932.78 |
| Adjustment to reconcile operating income to net cash provided by operating activities: | | |
| Depreciation | \$ 1,860,929.75 | \$ 1,866,784.25 |
| Change in assets and liabilities: | | |
| Decrease (Increase) in Accounts Receivable | 340,374.01 | (399,082.51) |
| (Increase) Decrease in Inventory | (70,588.96) | (17,749.75) |
| (Increase) Decrease in Prepaid Expense | (316,014.61) | 240,665.24 |
| (Decrease) Increase in Accounts Payable | (179,838.55) | (417,418.11) |
| Increase (Decrease) in Accrued Liabilities | 42,939.06 | (185,969.06) |
| Increase (Decrease) in Deposits | 174,429.65 | (1,102.75) |
| (Decrease) Increase in Net Pension Liability | (501,447.00) | (1,248,883.00) |
| Total Adjustments | 1,350,783.35 | (162,755.69) |
| Net cash provided by operating activities | \$ 3,121,947.43 | \$ 1,953,177.09 |

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THIS STATEMENT

ROZA IRRIGATION DISTRICT
Comparative Statement of Cash Flows
For the Years Ended December 31, 2021 and 2020

| | <u>2021</u> | <u>2020</u> |
|---|-------------------------|-------------------------|
| Cash flows from operating activities | | |
| Cash received from customers | \$ 14,076,521.98 | \$ 13,384,880.89 |
| Cash paid to suppliers | (6,551,749.73) | (4,900,339.93) |
| Cash paid to employees | (5,571,595.16) | (5,413,804.39) |
| Net cash provided (used) by operating activities | <u>1,953,177.09</u> | <u>3,070,736.57</u> |
| Cash flows from noncapital financing activities | | |
| Disposal of Fixed Assets | 9,015.66 | (1,588.35) |
| Property Rental | 6,510.09 | 6,057.73 |
| Net cash provided (used) by noncapital financing activities | <u>15,525.75</u> | <u>4,469.38</u> |
| Cash flows from capital financing activities | | |
| Acquisition of capital assets | (1,459,171.60) | (2,413,891.99) |
| Grants proceeds | 1,113,648.44 | 988,956.77 |
| Contract Payments | 70,204.86 | 69,271.55 |
| Principal paid on Long Term Debt | (70,204.86) | (69,271.55) |
| Proceeds from sale of vehicles & office equipment | 8,464.34 | 15,853.35 |
| Net cash provided (used) by capital financing activities | <u>(337,058.82)</u> | <u>(1,409,081.87)</u> |
| Cash flows from investing activities | | |
| Interest on investments | 31,917.51 | 111,336.05 |
| Net cash provided by investing activities | <u>31,917.51</u> | <u>111,336.05</u> |
| Net (decrease) increase in cash and cash equivalents | 1,663,561.53 | 1,777,460.13 |
| Cash and cash equivalents January 1 | <u>10,633,092.68</u> | <u>8,855,632.55</u> |
| Cash and cash equivalents December 31 | <u>\$ 12,296,654.21</u> | <u>\$ 10,633,092.68</u> |
| Cash and Cash Equivalents Consists of: | | |
| Unrestricted Cash and Cash Equivalents | 12,008,654.21 | 10,345,092.68 |
| Restricted Cash and Cash Equivalents | <u>288,000.00</u> | <u>288,000.00</u> |
| Total Cash and Cash Equivalents | <u>\$ 12,296,654.21</u> | <u>\$ 10,633,092.68</u> |

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THIS STATEMENT

ROZA IRRIGATION DISTRICT
Comparative Statement of Cash Flows
For the Years Ended December 31, 2021 and 2020

| | <u>2021</u> | <u>2020</u> |
|--|-----------------|-----------------|
| Reconciliation of operating income to net cash provided by operating activities: | | |
| Operating Income | \$ 2,115,932.78 | \$ 1,232,359.08 |
| Adjustment to reconcile operating income to net cash provided by operating activities: | | |
| Depreciation | \$ 1,866,784.25 | \$ 1,814,084.04 |
| Change in assets and liabilities: | | |
| (Increase) Decrease in Accounts Receivable | (399,082.51) | 156,699.24 |
| (Increase) Decrease in Inventory | (17,749.75) | (90,735.03) |
| (Increase) Decrease in Prepaid Expense | 240,665.24 | 412,991.49 |
| (Decrease) Increase in Accounts Payable | (417,418.11) | 507,533.23 |
| (Decrease) Increase in Accrued Liabilities | (185,969.06) | 132,252.99 |
| (Decrease) Increase in Deposits | (1,102.75) | (653,338.47) |
| (Decrease) Increase in Net Pension Liability | (1,248,883.00) | (441,110.00) |
| Total Adjustments | (162,755.69) | 1,838,377.49 |
| Net cash provided by operating activities | \$ 1,953,177.09 | \$ 3,070,736.57 |

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THIS STATEMENT

ROZA IRRIGATION DISTRICT

NOTES TO FINANCIAL STATEMENTS January 1, 2022 through December 31, 2023

The following notes are an integral part of the accompanying financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Roza Irrigation District conform to generally accepted accounting principles (GAAP) as applicable to proprietary funds of governments. The following is a summary of the most significant policies (including identification of those policies which result in material departures from generally accepted accounting principles).

a. Reporting Entity

Roza Irrigation District is a municipal corporation governed by an elected 5-member board. As required by generally accepted accounting principles, management has considered all potential component units in defining the reporting entity. The Roza Irrigation District has no component units.

b. Basis of Accounting and Presentation

The Accounting records of the district are maintained in accordance with methods prescribed by the State Auditor under the authority of Chapter 43.09 RCW. The district uses the Uniform System of Accounts for Irrigation Districts.

The district uses the full-accrual basis of accounting where revenues are recognized when earned and expenses are recognized when incurred. Operating revenues are charges for irrigation assessments and other services. Other operating revenue consists of a non cash transaction which credits revenue for the sale of gravel and debits the expense account for an agreement for removal of material. Non-operating revenues consist of property rental, sale of assets, interest and non-operating grants. Operating expenses consist of operation and maintenance, depreciation, utilities and administrative. Fixed asset purchases of \$10,000.00 or more are capitalized and long-term liabilities are accounted for in the appropriate funds. GASB 63 and 65 were implemented for Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position. GASB 68 was implemented for Pensions. GASB 87 was implemented for leases. Implementation of GASB 87 did not have a material impact on the financial statements.

c. Cash and Cash Equivalents

For purposes of the statement of cash flows, the district considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

d. Capital Assets and Depreciation

See Note 2.

e. Restricted Assets

In accordance with the United States Bureau of Reclamation (USBR) loan agreement, separate restricted fund accounts, including restricted net position, are required to be maintained. The current portion of related liabilities are shown as payable from restricted accounts.

The restricted funds of the district are composed of the following:

Current Restricted Assets

| | <u>2023</u> | <u>2022</u> |
|---------------------------|-------------------|---------------|
| USBR Contract/Const | \$ 0.00 | \$ 288,000.00 |
| USBR Contract Rec/Const | 0.00 | 50,087.97 |
| USBR Contract Rec/Kachess | <u>603,503.00</u> | <u>0.00</u> |
| | \$ 603,503.00 | \$ 338,087.97 |

Noncurrent Restricted Assets

| | | |
|---------------------------------|---------------------|---------------------|
| USBR Contract Rec/Kachess | \$ 145,288.00 | \$ 0.00 |
| Net Pension Asset | <u>1,175,420.00</u> | <u>1,148,795.00</u> |
| | 1,320,708.00 | 1,148,795.00 |
| Total Current/Noncurrent Assets | \$ 1,320,708.00 | \$ 1,148,795.00 |

Payables from Restricted Assets

| | | |
|---------------------------------|-------------------|-------------|
| Contract Payable – USBR/Const | 0.00 | 50,087.97 |
| Contract Payable – USBR/Kachess | <u>748,791.00</u> | <u>0.00</u> |
| | 748,791.00 | 50,087.97 |

| | | |
|-----------------------------|-----------------|-----------------|
| Total Restricted Net Assets | \$ 1,517,370.00 | \$ 1,421,854.00 |
|-----------------------------|-----------------|-----------------|

The USBR restricted retained earnings is a requirement of the initial loan agreement. The Special Construction restricted retained earnings relate to the construction of I-82 and are offset to the users impacted annually against the user's construction assessment.

The Contract Receivable/Payable to the USBR/Const is a no interest loan to be repaid by the users through a \$4.10 per acre construction assessment per year. The District is a conduit to pass these funds through to the USBR annually. This contract has been paid in full effective 12-5-2023.

The Contract Receivable/Payable to the USBR/Kachess is a no interest loan to be repaid by Roza Irrigation District for Safety of Dams Modification/Kachess. This will be paid in installments due every September 1st through September 1, 2027.

f. Receivables

Accounts receivable consists of delinquent assessments and of receivables for miscellaneous billings.

There is no provision for uncollectable accounts receivable because assessments represent liens against the property and the direct method is used for other accounts receivable.

g. Inventories

Inventories consisting mainly of canal repair parts that are valued at the average cost, which approximates market value. Fuel inventories are valued at the current year average cost, which approximates market value. Total inventories are valued at \$681,677.92 in 2023 and \$594,544.73 in 2022.

h. Investments

See Note 3.

i. Compensated Absences

Compensated absences are absences for which employees will be paid, such as vacation and sick leave. The district records unpaid leave for compensated absences as an expense and liability when incurred.

Vacation pay, which may be accumulated up to 9 hours per pay period and a maximum of 320 hours per year carry over, is payable upon resignation, retirement or death. Sick leave accrues at 4 hours per pay period with no maximum. Unused sick leave is payable upon resignation, retirement or death at the rate of 1.5% times years of service times unused balance.

j. Construction Financing

See Note 4.

k. Pensions

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

NOTE 2 - CAPITAL ASSETS AND DEPRECIATION

Major expenses for capital assets, including capital leases and major repairs that increase useful lives, are capitalized. Maintenance, repairs and minor renewals are accounted for as expenses when incurred.

Capital assets in service are recorded at cost. The original cost of operating property retired or otherwise disposed of and the cost of installation, less salvage, is charged to accumulated depreciation related to the property sold, and the net gain or loss on disposition is credited or charged to income.

Depreciation is computed on the straight line method with useful lives of 5 to 50 years. Vehicles are depreciated based upon a useful life of 7 years, less salvage value. Operating equipment items are depreciated based upon a useful life of 15 years, less salvage value. The Enclosed Conduit System and WW5 Re-Reg are depreciated based upon a useful life of 50 years.

The following is a summary of the capital assets as of December 31, 2023 and 2022.

| | <u>Balance</u> <u>1-1-23</u> | <u>Increase</u> | <u>Decrease</u> | <u>Balance</u> <u>12-31-23</u> |
|---|---------------------------------|-----------------|-----------------|-----------------------------------|
| Capital assets, not being depreciated: | | | | |
| Land | 467,633.44 | 0.00 | 0.00 | 467,633.44 |
| Pump Upgrades (CIP) | 580,422.09 | 38,586.01 | 0.00 | 619,008.10 |
| Enclosed Conduit System (CIP) | 2,191,961.55 | 2,364,481.94 | 2,700,949.73 | 1,855,493.76 |
| Total capital assets, not being depreciated: | 3,240,017.08 | 2,403,067.95 | 2,700,949.73 | 2,942,135.30 |
| Capital assets, being depreciated: | | | | |
| Plant | 966,902.53 | 0.00 | 0.00 | 966,902.53 |
| Machinery Equipment | 8,819,257.35 | 765,067.00 | 54,561.87 | 9,529,762.48 |
| Office Equipment | 147,836.48 | 12,658.31 | 11,058.52 | 149,436.27 |
| Enclosed Conduit System | 35,712,575.53 | 2,700,949.73 | 0.00 | 38,413,525.26 |
| WW5 Re-Reg | 30,891,678.06 | 0.00 | 0.00 | 30,891,678.06 |
| Total capital assets, being depreciated: | 76,538,249.95 | 3,478,675.04 | 65,620.39 | 79,951,304.60 |
| Less accumulated depreciation for: | | | | |
| Plant | 808,786.58 | 27,902.81 | 0.00 | 836,689.39 |
| Machinery Equipment | 5,177,571.73 | 488,756.17 | 55,847.01 | 5,610,480.89 |
| Office Equipment | 130,315.13 | 7,812.15 | 7,420.34 | 130,706.94 |
| Enclosed Conduit System | 11,254,941.74 | 750,264.17 | 0.00 | 12,005,205.91 |
| WW5 Re-Reg | 2,728,764.85 | 617,833.56 | 0.00 | 3,346,598.41 |
| Total accumulated depreciation: | 20,100,380.03 | 1,892,568.86 | 63,267.35 | 21,929,681.54 |
| Total capital assets, being depreciated, net: | 56,437,869.92 | 1,586,106.18 | 2,353.04 | 58,021,623.06 |

| | | | | |
|-------------------------------|---------------|--------------|--------------|---------------|
| TOTAL CAPITAL ASSETS, NET: | 59,677,887.00 | 3,989,174.13 | 2,703,302.77 | 60,963,758.36 |
|-------------------------------|---------------|--------------|--------------|---------------|

| | <u>Balance</u> <u>1-1-22</u> | <u>Increase</u> | <u>Decrease</u> | <u>Balance</u> <u>12-31-22</u> |
|---|---------------------------------|-----------------|-----------------|-----------------------------------|
| Capital assets, not being depreciated: | | | | |
| Land | 467,633.44 | 0.00 | 0.00 | 467,633.44 |
| Pump Upgrades (CIP) | 356,459.35 | 223,962.74 | 0.00 | 580,422.09 |
| Enclosed Conduit System (CIP) | 186,960.97 | 2,005,000.58 | 0.00 | 2,191,961.55 |
| Total capital assets, not being depreciated: | 1,011,053.76 | 2,228,963.32 | 0.00 | 3,240,017.08 |
| Capital assets, being depreciated: | | | | |
| Plant | 966,902.53 | 0.00 | 0.00 | 966,902.53 |
| Machinery Equipment | 8,673,301.81 | 168,557.56 | 22,602.02 | 8,819,257.35 |
| Office Equipment | 136,200.14 | 11,636.34 | 0.00 | 147,836.48 |
| Enclosed Conduit System | 35,712,575.53 | 0.00 | 0.00 | 35,712,575.53 |
| WW5 Re-Reg | 30,891,678.06 | 0.00 | 0.00 | 30,891,678.06 |
| Total capital assets, being depreciated: | 76,380,658.07 | 180,193.90 | 22,602.02 | 76,538,249.95 |
| Less accumulated depreciation for: | | | | |
| Plant | 780,883.77 | 27,902.81 | 0.00 | 808,786.58 |
| Machinery Equipment | 4,705,784.63 | 489,868.72 | 18,081.62 | 5,177,571.73 |
| Office Equipment | 119,241.97 | 11,073.16 | 0.00 | 130,315.13 |
| Enclosed Conduit System | 10,540,690.23 | 714,251.51 | 0.00 | 11,254,941.74 |
| WW5 Re-Reg | 2,110,931.30 | 617,833.55 | 0.00 | 2,728,764.85 |
| Total accumulated depreciation: | 18,257,531.90 | 1,860,929.75 | 18,081.62 | 20,100,380.03 |
| Total capital assets, being depreciated, net: | 58,123,126.17 | 1,680,735.85 | 4,520.40 | 56,437,869.92 |
| TOTAL CAPITAL ASSETS, NET: | 59,134,179.93 | 548,227.47 | 4,520.40 | 59,677,887.00 |

NOTE 3 - DEPOSITS AND INVESTMENTS

As required by state law, all deposits and investments of the district's funds are deposits with Washington State banks and saving and loan institutions, or other investments allowed by Chapter 39.59 RCW.

The district's deposits and certificates of deposit are entirely 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).

The district is a participant in the Local Government Investment Pool was authorized by Chapter 294, Laws of 1986, and is managed and operated by the Washington State Treasurer. The State Finance Committee is the administrator of the statute that created the pool and adopts rules. The State Treasurer is responsible for establishing the investment policy for the pool and reviews the policy annually and proposed changes are reviewed by the LGIP advisory Committee.

Investments in the LGIP, a qualified external investment pool, are reported at amortized cost which approximates fair value. The LGIP is an unrated external investment pool. The pool portfolio is invested in a manner that meets the maturity, quality, diversification and liquidity requirements set forth by the GASBS 79 for external investments pools that elect to measure, for financial reporting purposes, investments at amortized cost. The LGIP does not have any legally binding guarantees of share values. The LGIP does not impose liquidity fees or redemption gates on participant withdrawals.

The Office of the State Treasurer prepares a stand-alone LGIP financial report. A copy of the report is available from the Office of the State Treasurer, P.O. Box 40200, Olympia, Wa 98504-0200, online at <http://www.tre.wa.gov>.

As of December 31, 2023 and 2022, the District held the following investments at amortized cost:

| | <u>2023</u> | <u>2022</u> |
|----------------------------------|-----------------------------------|-----------------------------------|
| <u>Type of Investment</u> | <u>District's own Investments</u> | <u>District's own Investments</u> |
| Local Government Investment Pool | \$ 14,068,651.95 | \$ 13,246,760.40 |
| TOTAL | \$ <u>14,068,651.95</u> | \$ <u>13,246,760.40</u> |

NOTE 4 – DEBT SERVICE REQUIREMENTS

The annual requirements to amortize all debts outstanding to the USBR for the original construction of the irrigation system and Safety of Dams Modification/Kachess as of December 31, 2023 and December 31, 2022 are as follows:

| | <u>2023</u> | | <u>2022</u> |
|-------|----------------------|-------|---------------------|
| 2024 | 603,503.00 | 2023 | 50,087.00 |
| 2025 | 73,761.00 | | |
| 2026 | 39,116.00 | | |
| 2027 | 32,411 | | |
| TOTAL | \$ <u>748,791.00</u> | TOTAL | \$ <u>50,087.97</u> |

As indicated in Note 1 (e), the various long-term contracts contain commitments and restrictions regarding cash reserve balances and debt service requirements. The district is in compliance with all significant limitations and restrictions.

NOTE 5 – PENSION PLANS

The following table represents the aggregate pension amounts for all plans for the year 2023 and 2022:

| Aggregate Pension Amounts – All Plans - 2023 | |
|---|--------------|
| Pension liabilities | \$ (506,470) |
| Pension assets | \$ 1,175,420 |
| Deferred outflows of resources | \$ 1,008,433 |
| Deferred inflows of resources | \$ (663,447) |
| Pension expense/expenditures | \$ (184,541) |

| Aggregate Pension Amounts – All Plans - 2022 | |
|---|----------------|
| Pension liabilities | \$ (663,236) |
| Pension assets | \$1,148,795 |
| Deferred outflows of resources | \$1,161,225 |
| Deferred inflows of resources | \$ (1,210,698) |
| Pension expense/expenditures | \$ (107,952) |

State Sponsored Pension Plans

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

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

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

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

Public Employees' Retirement System (PERS)

PERS members include elected officials; state employees; employees of local governments; and higher education employees not participating in higher education retirement programs. PERS is composed of and reported as three separate plans for accounting purposes: Plan 1, Plan 2/3 and Plan 3. Plan 1 accounts for the defined benefits of Plan 1 members. Plan 2/3 accounts for the defined benefits of Plan 2 members and the defined benefit portion of benefits for Plan 3 members. Plan 3 accounts for the defined contribution portion of benefits for Plan 3 members. Although employees can be a member of

only Plan 2 or Plan 3, the defined benefits of Plan 2 and Plan 3 are accounted for in the same pension trust fund. All assets of Plan 2/3 may legally be used to pay the defined benefits of any Plan 2 or Plan 3 members or beneficiaries.

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

Contributions

The **PERS Plan 1** member contribution rate is established by State statute at 6%. The employer contribution rate is developed by the Office of the State Actuary, adopted by the Pension Funding Council and is subject to change by the legislature. The PERS Plan 1 required contribution rates (expressed as a percentage of covered payroll) for 2023 and 2022 were as follows:

| PERS Plan 1 - 2023 | | | |
|-----------------------------------|-----------------|-----------------|--|
| Actual Contribution Rates: | Employer | Employee | |
| January – June 2023: | | | |
| PERS Plan 1 | 6.36% | 6.00% | |
| PERS Plan 1 UAAL | 3.85% | | |
| Administrative Fee | 0.18% | | |
| Total | 10.39% | 6.00% | |
| July – August 2023: | | | |
| PERS Plan 1 | 6.36% | 6.00% | |
| PERS Plan 1 UAAL | 2.85% | | |
| Administrative Fee | 0.18% | | |
| Total | 9.39% | 6.00% | |
| Sept – December 2023: | | | |
| PERS Plan 1 | 6.36% | 6.00% | |
| PERS Plan 1 UAAL | 2.97% | | |
| Administrative Fee | 0.20% | | |
| Total | 9.53% | 6.00% | |
| PERS Plan 1 - 2022 | | | |
| Actual Contribution Rates: | Employer | Employee | |
| January – August 2022: | | | |
| PERS Plan 1 | 6.36% | 6.00% | |
| PERS Plan 1 UAAL | 3.71% | | |
| Administrative Fee | 0.18% | | |
| Total | 10.25% | 6.00% | |
| Sept- Dec 2022: | | | |
| PERS Plan 1 | 6.36% | 6.00% | |

| | | |
|--------------------|---------------|--------------|
| PERS Plan 1 UAAL | 3.85% | |
| Administrative Fee | 0.18% | |
| Total | 10.39% | 6.00% |

PERS Plan 2/3 provides retirement, disability and death benefits. Retirement benefits are determined as 2% of the member's 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. Members are eligible for retirement with a full benefit at 65 with at least five years of service credit. Retirement before age 65 is considered an early retirement. PERS Plan 2/3 members who have at least 20 years of service credit and are 55 years of age or older, are eligible for early retirement with a benefit that is reduced by a factor that varies according to age for each year before age 65. PERS Plan 2/3 retirement benefits are actuarially reduced if a survivor benefit is chosen. Other PERS Plan 2/3 benefits include a COLA based on the CPI, capped at 3% annually. PERS 2 members are vested after completing five years of eligible service. Plan 3 members are vested in the defined benefit portion of their plan after ten years of service; or after five years of service if 12 months of that service are earned after age 44.

PERS Plan 3 defined contribution benefits are totally dependent on employee contributions and investment earnings on those contributions. Members are eligible to withdraw their defined contributions upon separation. Members have multiple withdrawal options, including purchase of an annuity. 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 rates are adopted by the Pension Funding Council, and are subject to change by the Legislature. The employer rate includes a component to address the PERS Plan 1 Unfunded Actuarial Accrued Liability (UAAL).

As established by Chapter 41.34 RCW, Plan 3 defined contribution rates are set at a minimum of 5% and a maximum of 15%. PERS Plan 3 members choose their contribution rate from six options when joining membership and can change rates only when changing employers. Employers do not contribute to the defined contribution benefits. The PERS Plan 2/3 required contribution rates (expressed as a percentage of covered payroll) for 2023 and 2022 were as follows:

| PERS Plan 2/3 - 2023 | | | |
|-----------------------------|---------------------|---------------------|-------------------|
| Actual | Contribution | Employer 2/3 | Employee 2 |
| Rates: | | | |
| January – June 2023: | | | |
| PERS Plan 2/3 | | 6.36% | 6.36% |
| PERS Plan 1 UAAL | | 3.85% | |
| Administrative Fee | | 0.18% | |
| Employee PERS Plan 3 | | | varies |
| Total | | 10.39% | 6.36% |
| July – August 2023: | | | |
| PERS Plan 2/3 | | 6.36% | 6.36% |
| PERS Plan 1 UAAL | | 2.85% | |
| Administrative Fee | | 0.18% | |
| Employee PERS Plan 3 | | | varies |
| Total | | 9.39% | 6.36% |
| Sept – December 2023: | | | |
| PERS Plan 2/3 | | 6.36% | 6.36% |

| | | |
|----------------------|--------------|--------------|
| PERS Plan 1 UAAL | 2.97% | |
| Administrative Fee | 0.20% | |
| Employee PERS Plan 3 | | varies |
| Total | 9.53% | 6.36% |

| PERS Plan 2/3 - 2022 | | | |
|----------------------------|---------------|--------------|--|
| Actual Contribution Rates: | Employer 2/3 | Employee 2 | |
| January – August 2022: | | | |
| PERS Plan 2/3 | 6.36% | 6.36% | |
| PERS Plan 1 UAAL | 3.71% | | |
| Administrative Fee | 0.18% | | |
| Employee PERS Plan 3 | | varies | |
| Total | 10.25% | 6.36% | |
| Sept – December 2022: | | | |
| PERS Plan 2/3 | 6.36% | 6.36% | |
| PERS Plan 1 UAAL | 3.85% | | |
| Administrative Fee | 0.18% | | |
| Employee PERS Plan 3 | | varies | |
| Total | 10.39% | 6.36% | |

The Roza Irrigation District's actual PERS plan contributions were \$136,538.38 to PERS Plan 1 and \$256,771.66 to PERS Plan 2/3 for the year ended December 31, 2023 and \$145,425.01 to PERS Plan 1 and \$246,207.35 to PERS Plan 2/3 for the year ended December 31, 2022.

Actuarial Assumptions

The total pension liability (TPL) for each of the DRS plans was determined using the most recent actuarial valuation completed in 2023 with a valuation date of June 30, 2022. 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.

Additional assumptions for subsequent events and law changes are current as of the 2022 actuarial valuation report. The TPL was calculated as of the valuation date and rolled forward to the measurement date of June 30, 2023. Plan liabilities were rolled forward from June 30, 2022, to June 30, 2023, reflecting each plan's normal cost (using the entry-age cost method), assumed interest and actual benefit payments.

- **Inflation:** 2.75% total economic inflation; 3.25% salary inflation
- **Salary increases:** In addition to the base 3.25% salary inflation assumption, salaries are also expected to grow by service-based salary increase.
- **Investment rate of return:** 7.0%

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

Methods did not change from the prior contribution rate setting June 30, 2021 Actuarial Valuation Report (AVR). OSA did make an assumption change to adjust TRS Plan 1 assets, LEOFF Plan 1 / 2 assets, and LEOFF participant data to reflect certain material changes occurring after the June 30, 2022 measurement date.

Discount Rate

The discount rate used to measure the total pension liability for all DRS plans was 7.0 percent.

To determine that rate, an asset sufficiency test was completed to test whether each pension plan's fiduciary net position was sufficient to make all projected future benefit payments for current plan members. Based on 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 percent was used to determine the total liability.

Long-Term Expected Rate of Return

The long-term expected rate of return on the DRS pension plan investments of 7.0 percent was determined using a building-block-method. In selecting this assumption, the Office of the State Actuary (OSA) reviewed the historical experience data, considered the historical conditions that produced past annual investment returns, and considered Capital Market Assumptions (CMA's) and simulated expected investment returns provided by the Washington State Investment Board (WSIB). The WSIB uses the CMA's and their target asset allocation to simulate future investment returns at various future times.

Estimated Rates of Return by Asset Class

The table below summarizes the best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2023 and June 30, 2022. The inflation component used to create the table is 2.2% and represents the WSIB's most recent long-term estimate of broad economic inflation.

| Asset Class | Target Allocation | % Long-Term Expected Real Rate of Return Arithmetic |
|-----------------|-------------------|---|
| 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% |
| 2023 | 100% | |
| Asset Class | Target Allocation | % Long-Term Expected Real Rate of Return Arithmetic |
| 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% |
| 2022 | 100% | |

Sensitivity of the Net Pension Liability (Asset)

The table below presents the Roza Irrigation District's proportionate share of the net pension liability calculated using the discount rate of 7.0 percent, as well as what the Roza Irrigation District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.0 percent) or 1-percentage point higher (8.0 percent) than the current rate.

| 2023 | 1% Decrease (6.0%) | Current Discount Rate (7.0%) | 1% Increase (8.0%) |
|----------|-----------------------|------------------------------------|-----------------------|
| PERS 1 | 707,576 | 506,470 | 330,951 |
| PERS 2/3 | 1,278,410 | (1,175,420) | (3,191,397) |

| 2022 | 1% Decrease (6.0%) | Current Discount Rate (7.0%) | 1% Increase (8.0%) |
|----------|-----------------------|------------------------------------|-----------------------|
| PERS 1 | 886,074 | 663,236 | 468,751 |
| PERS 2/3 | 1,352,856 | (1,148,795) | (3,204,060) |

Pension Plan Fiduciary Net Position

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

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

At June 30, 2023, the Roza Irrigation District reported a pension liability of \$ 506,470 and a pension asset of \$1,175,420 and at June 30, 2022 reported a pension liability of \$663,236 and a pension asset of \$1,148,795 for its proportionate share of the net pension liabilities as follows:

| 2023 | Liability (or Asset) |
|----------|----------------------|
| PERS 1 | \$ 506,470 |
| PERS 2/3 | \$ (1,175,420) |

| 2022 | Liability (or Asset) |
|----------|----------------------|
| PERS 1 | \$ 663,236 |
| PERS 2/3 | \$ (1,148,795) |

At June 30, 2023 and 2022 the Roza Irrigation District's proportionate share of the collective net pension liabilities was as follows:

| 2023 | Proportionate Share 6/30/22 | Proportionate Share 6/30/23 | Change in Proportion |
|----------|--------------------------------|--------------------------------|-------------------------|
| PERS 1 | 0.023820% | 0.022187% | 0.001633% |
| PERS 2/3 | 0.030975% | 0.028678% | 0.002297% |

| 2022 | Proportionate Share 6/30/21 | Proportionate Share 6/30/22 | Change in Proportion |
|----------|-----------------------------|-----------------------------|----------------------|
| PERS 1 | 0.024953% | 0.023820% | 0.001133% |
| PERS 2/3 | 0.032093% | 0.030975% | 0.001118% |

Employer contribution transmittals received and processed by the DRS for the fiscal year ended June 30, 2023 are used as the basis for determining each employer's proportionate share of the collective pension amounts reported by the DRS in the *Schedules of Employer and Nonemployer Allocations for all plans except Leoff 1*.

In fiscal year 2023, the State of Washington contributed 39 percent of LEOFF 2 employer contributions pursuant to RCW 41.26.725 and all other employers contributed the remaining 61 percent of employer contributions.

Pension Expense

For the year ended December 31, 2023 and 2022 the Roza Irrigation District's recognized pension expense as follows:

| 2023 | Pension Expense |
|----------|-----------------|
| PERS 1 | \$ 57,795 |
| PERS 2/3 | \$ 126,746 |
| TOTAL | \$ 184,541 |

| 2022 | Pension Expense |
|----------|-----------------|
| PERS 1 | \$ (272,580) |
| PERS 2/3 | \$ 380,532 |
| TOTAL | \$ 107,952 |

Deferred Outflows of Resources and Deferred Inflows of Resources

At December 31, 2023 and 2022 the Roza Irrigation District's reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources :

| PERS 1 – 2023 | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|--------------------------------|-------------------------------|
| Differences between expected and actual experience | \$ | \$ |
| Net difference between projected and actual investment earnings on pension plan investments | \$ | \$ (57,132) |
| Changes of assumptions | \$ | \$ |
| Changes in proportion and differences between contributions and proportionate share of contributions | \$ | \$ |
| Contributions subsequent to the measurement date | \$ 60,168 | \$ |
| TOTAL | \$ 60,168 | \$ (57,132) |
| | | |

| PERS 2 – 2023 | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|---------------------------------------|--------------------------------------|
| Differences between expected and actual experience | \$ 239,432 | \$ (13,133) |
| Net difference between projected and actual investment earnings on pension plan investments | \$ | \$ (442,969) |
| Changes of assumptions | \$ 493,482 | \$ (107,560) |
| Changes in proportion and differences between contributions and proportionate share of contributions | \$ 84,740 | \$ (42,653) |
| Contributions subsequent to the measurement date | \$ 130,611 | \$ |
| TOTAL | \$ 948,265 | \$ (606,315) |
| | | |

| PERS 1 – 2022 | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|---------------------------------------|--------------------------------------|
| Differences between expected and actual experience | \$ | \$ |
| Net difference between projected and actual investment earnings on pension plan investments | \$ | \$ (109,918) |
| Changes of assumptions | \$ | \$ |
| Changes in proportion and differences between contributions and proportionate share of contributions | \$ | \$ |
| Contributions subsequent to the measurement date | \$ 75,387 | \$ |
| TOTAL | \$ 75,387 | \$ (109,918) |
| | | |

| PERS 2 – 2022 | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|---------------------------------------|--------------------------------------|
| Differences between expected and actual experience | \$ 284,644 | \$ (26,006) |
| Net difference between projected and actual investment earnings on pension plan investments | \$ | \$ (849,313) |
| Changes of assumptions | \$ 640,295 | \$ (167,652) |
| Changes in proportion and differences between contributions and proportionate share of contributions | \$ 34,758 | \$ (57,810) |
| Contributions subsequent to the measurement date | \$ 126,141 | \$ |
| TOTAL | \$ 1,085,839 | \$ (1,100,780) |
| | | |

Deferred outflows of resources related to pensions resulting from the Roza Irrigation District's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2023 and 2022. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| Year ended December 31: | PERS 1 |
|------------------------------------|---------------------|
| 2024 | \$ (38,870) |
| 2025 | \$ (48,884) |
| 2026 | \$ 30,141 |
| 2027 | \$ 481 |
| 2028 | \$ |
| Thereafter | \$ |
| TOTAL | \$ (57,132) |

| Year ended December 31: | PERS 2/3 |
|------------------------------------|-------------------|
| 2024 | \$ (203,674) |
| 2025 | \$ (256,692) |
| 2026 | \$ 370,773 |
| 2027 | \$ 142,206 |
| 2028 | \$ 143,492 |
| Thereafter | \$ 15,234 |
| TOTAL | \$ 211,339 |

| Year ended December 31: | PERS 1 |
|------------------------------------|----------------------|
| 2023 | \$ (46,515) |
| 2024 | \$ (42,248) |
| 2025 | \$ (52,998) |
| 2026 | \$ 31,843 |
| 2027 | \$ |
| Thereafter | \$ |
| TOTAL | \$ (109,918) |

| Year ended December 31: | PERS 2/3 |
|------------------------------------|---------------------|
| 2023 | \$ (261,473) |
| 2024 | \$ (238,321) |
| 2025 | \$ (295,044) |
| 2026 | \$ 382,257 |
| 2027 | \$ 134,962 |
| Thereafter | \$ 136,535 |
| TOTAL | \$ (141,083) |

NOTE 6 - JOINT VENTURES

In 1996, Roza Irrigation District and Sunnyside Division Board of Control formed the Roza-Sunnyside Board of Joint Control under Title 87, Revised Code of Washington. Roza and Sunnyside Valley

Irrigation Districts share the costs of the Roza-Sunnyside Board of Joint Control proportionally based upon the acreage in each district. The purpose of the joint venture is to provide for economies of scale with regards to joint drainage facilities, water conservation, water quality improvement, and future water use planning and resource management. A copy of the joint agreement is available at the offices of both districts for review.

Roza Irrigation District
125 S. 13th St.
Sunnyside, WA 98944

Sunnyside Valley Irrigation District
120 S. 11th St.
Sunnyside, WA 98944

NOTE 7 - RISK MANAGEMENT

The Roza Irrigation District is a member of Cities Insurance Association of Washington (CIAW). Chapter 48.62 RCW authorizes the governing body of any one or more governmental entities to form together into or join a program 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-insure, 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 program was formed on September 1, 1988, when 34 cities in the state of Washington joined together by signing an Interlocal Government Agreement to pool their self-insured losses and jointly purchase insurance and administrative services. As of November 30, 2023 there are 196 members in the program.

The program provides the following forms of joint self-insurance and reinsurance coverage for its members: Property, including Automobile Comprehensive and Collision; Equipment Breakdown; and Crime Protection; and Liability, including General, Automobile, and Wrongful Acts, and Cyber which are included to fit members various needs.

The program acquires liability insurance through their administrator, Clear Risk Solutions. Liability coverage is purchased to a group aggregate limit of \$50,000,000 with a self insured retention (SIR) of \$750,000. Members are responsible for a \$1,000 to \$50,000 deductible for each claim (can vary by member), while the program is responsible for the \$750,000 SIR. Since the program is a cooperative program, there is a joint liability among the participating members toward the sharing of the \$750,000 SIR, in addition to the deductible. The program also purchases a Stop Loss Policy as another layer of protection to its membership, with an attachment point of \$8,347,047, which is fully funded in its annual budget..

Property insurance is subject to a per-occurrence SIR of \$750,000. Roza Irrigation District is responsible for a \$10,000 deductible for each claim. The program bears the \$750,000 SIR, in addition to the deductible.

Crime insurance is subject to a per occurrence self-insured retention of \$25,000. Members are responsible for a \$1,000 deductible for each claim (some member deductibles vary). The program bears the \$25,000 SIR, in addition to the deductible.

Equipment Breakdown insurance is subject to a per-occurrence deductible of \$2,500, which may vary per member, with the exception of Pumps & Motors, which is \$10,000. Roza Irrigation District is responsible for the deductible amount of each claim. There is no program SIR on this coverage, with the exception of Pumps & Motors, which is \$15,000 and is covered by CIAW.

Cyber liability insurance is subject to a per-occurrence SIR of \$50,000. Members are responsible for a \$10,000 deductible for each claim, while the program is responsible for the remaining \$40,000 SIR.

Roza Irrigation District contracts with their local broker, Hub International to remain in the program for a minimum of one year, and must give notice before December 1, to terminate participation the following December 1. The Interlocal Agreement is renewed automatically each year. In the event of termination, Roza Irrigation District is still responsible for contributions to the program for any unresolved, unreported, and in-process claims for the period they were a signatory to the Interlocal Agreement.

A board of ten members is selected by the membership from three geographic areas of the state on a staggered term basis and is responsible for conducting the business affairs of the program.

The program has no employees. Claims are filed by members/brokers with Clear Risk Solutions, who has been contracted to perform program administration, underwriting, claims adjustment, and loss prevention for the program. Fees paid to the third party administrator under this arrangement for the year ending December 1, 2023 were \$3,172,937.

The program provides Roza Irrigation District the following forms of joint self-insurance and excess coverage

| <u>TYPE OF COVERAGE</u> | <u>DEDUCTIBLE</u> | <u>CHANGE FROM PRIOR YEAR?</u> |
|--------------------------------|-------------------|------------------------------------|
| PROPERTY COVERAGE | \$10,000/\$50,000 | NO |
| AUTOMOBILE LIABILITY | 10,000 | NO |
| PUBLIC OFFICIALS LIABILITY | 10,000 | NO |
| BOILER & MACHINERY COVERAGE | 2,500/10,000 | NO |
| CRIME COVERAGE | 10,000 | NO |
| EMPLOYMENT PRACTICES LIABILITY | 10,000 | NO |
| PRIVACY & NETWORK LIABILITY | 10,000/50,000 | NO |

Roza Irrigation District has not had any settlements that exceeded insurance coverage from 2013-2023.

NOTE 8 – CONTINGENCIES AND LITIGATIONS

The Roza Irrigation District has recorded in its financial statements all material liabilities, including an estimate for situations which are not yet resolved but where, based on available information, management believes it is probable that Roza Irrigation District will have to make payment. In the opinion of management, Roza Irrigation District 's insurance policys are adequate to pay all known or pending claims.

The Roza Irrigation District participates in a number of federal and state-assisted programs. These grants are subject to audit by the grantors or their representatives. Such audits could result in requests for reimbursement to grantor agencies for expenditures disallowed under the terms of the grants. (Other than the instances described above,) Roza Irrigation District management believes that such disallowances, if any, will be immaterial.

Roza is a party in the case of *Wa. State Dept. of Ecology v Acquavella*. This is a general adjudication of the water rights in the Yakima River Basin. All entities which divert water from the Yakima River and its tributaries are parties in this action. This case started in 1977 and is on-going thru Yakima County Superior Court Cause No. 77-2-01484-5. The district has presented the proof to support its water right and has received a Conditional Final Order granting its full entitlement. Roza will continue to be involved in this case until the final decree adjudication of all the rights have been entered and any appeals have been heard. This case is now closed effective May 2019.

The County of Yakima has street right of ways which cross the Roza Irrigation District Main Canal. The County grants to other public utilities the right to use the County bridges to cross the canal. The County granted permission to the Terrace Heights Sewer District to use the County crossing on Terrace Heights Drive. On August 29, 2018, Roza was notified that the Terrace Heights Sewer District's sanitary sewer line had leaked into the Roza Main Canal. Roza took action to notify its water users of the potential contamination of the irrigation water in the Main Canal. There was a potential for contamination of crops from water which may have occurred before the water users were notified. Roza Irrigation District has received Notice of Claims from 2 water users with claims totaling approximately \$250,000.00. These Notice of Claims have been referred to Terrace Heights Sewer District and to Yakima County for response. If the claims are not resolved by Terrace Heights Sewer District or Yakima County, there is a potential that the water users may pursue these claims against Roza Irrigation District.

Roza Irrigation District has a culvert under I-82 which returns water to the river, which was put in by WSDOT when I-82 was built. On February 12, 2024 WSDOT discovered a sink hole on the Interstate. This has been fixed temporarily and a permanent fix will be done late 2024.

ROZA IRRIGATION DISTRICT

NOTES TO FINANCIAL STATEMENTS January 1, 2021 through December 31, 2022

The following notes are an integral part of the accompanying financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Roza Irrigation District conform to generally accepted accounting principles (GAAP) as applicable to proprietary funds of governments. The following is a summary of the most significant policies (including identification of those policies which result in material departures from generally accepted accounting principles).

a. Reporting Entity

Roza Irrigation District is a municipal corporation governed by an elected 5-member board. As required by generally accepted accounting principles, management has considered all potential component units in defining the reporting entity. The Roza Irrigation District has no component units.

b. Basis of Accounting and Presentation

The Accounting records of the district are maintained in accordance with methods prescribed by the State Auditor under the authority of Chapter 43.09 RCW. The district uses the Uniform System of Accounts for Irrigation Districts.

The district uses the full-accrual basis of accounting where revenues are recognized when earned and expenses are recognized when incurred. Operating revenues are charges for irrigation assessments and other services. Other operating revenue consists of a non cash transaction which credits revenue for the sale of gravel and debits the expense account for an agreement for removal of material. Non-operating revenues consist of property rental, sale of assets, interest and non-operating grants. Operating expenses consist of operation and maintenance, depreciation, utilities and administrative. Fixed asset purchases of \$10,000.00 or more are capitalized and long-term liabilities are accounted for in the appropriate funds. GASB 63 and 65 were implemented for Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position. GASB 68 was implemented for Pensions. GASB 87 was implemented for leases. Implementation of GASB 87 did not have a material impact on the financial statements.

c. Cash and Cash Equivalents

For purposes of the statement of cash flows, the district considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

d. Capital Assets and Depreciation

See Note 2.

e. Restricted Assets

In accordance with the United States Bureau of Reclamation (USBR) loan agreement, separate restricted fund accounts, including restricted net position, are required to be maintained. The current portion of related liabilities are shown as payable from restricted accounts.

The restricted funds of the district are composed of the following:

Current Restricted Assets

| | <u>2022</u> | <u>2021</u> |
|--------------------------|------------------|------------------|
| USBR Contract | \$ 288,000.00 | \$ 288,000.00 |
| USBR Contract Receivable | <u>50,087.97</u> | <u>68,748.80</u> |
| | \$ 338,087.97 | \$ 356,748.80 |

Noncurrent Restricted Assets

| | | |
|--------------------------|---------------------|---------------------|
| USBR Contract Receivable | \$ - | \$ 53,917.20 |
| Net Pension Asset | <u>1,148,795.00</u> | <u>3,196,979.00</u> |
| | 1,148,795.00 | 3,250,896.20 |

| | | |
|---------------------------------|-----------------|-----------------|
| Total Current/Noncurrent Assets | \$ 1,148,795.00 | \$ 3,250,896.20 |
|---------------------------------|-----------------|-----------------|

Payables from Restricted Assets

| | | |
|-------------------------|------------------|-------------------|
| Contract Payable – USBR | <u>50,087.97</u> | <u>122,666.00</u> |
| | <u>50,087.97</u> | <u>122,666.00</u> |

| | | |
|-----------------------------|-----------------|---------------|
| Total Restricted Net Assets | \$ 1,421,854.00 | \$ 793,251.00 |
|-----------------------------|-----------------|---------------|

The USBR restricted retained earnings is a requirement of the initial loan agreement. The Special Construction restricted retained earnings relate to the construction of I-82 and are offset to the users impacted annually against the user's construction assessment.

The Contract Receivable/Payable to the USBR is a no interest loan to be repaid by the users through a \$4.10 per acre construction assessment per year. The District is a conduit to pass these funds through to the USBR annually.

f. Receivables

Accounts receivable consists of delinquent assessments and of receivables for miscellaneous billings.

There is no provision for uncollectable accounts receivable because assessments represent liens against the property and the direct method is used for other accounts receivable.

g. Inventories

Inventories consisting mainly of canal repair parts that are valued at the average cost, which approximates market value. Fuel inventories are valued at the current year average cost, which approximates market value. Total inventories are valued at \$594,544.73 in 2022 and \$523,955.77 in 2021.

h. Investments

See Note 3.

i. Compensated Absences

Compensated absences are absences for which employees will be paid, such as vacation and sick leave. The district records unpaid leave for compensated absences as an expense and liability when incurred.

Vacation pay, which may be accumulated up to 9 hours per pay period and a maximum of 320 hours per year carry over, is payable upon resignation, retirement or death. Sick leave accrues at 4 hours per pay period with no maximum. Unused sick leave is payable upon resignation, retirement or death at the rate of 1.5% times years of service times unused balance.

j. Construction Financing

See Note 4.

k. Pensions

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

NOTE 2 - CAPITAL ASSETS AND DEPRECIATION

Major expenses for capital assets, including capital leases and major repairs that increase useful lives, are capitalized. Maintenance, repairs and minor renewals are accounted for as expenses when incurred.

Capital assets in service are recorded at cost. The original cost of operating property retired or otherwise disposed of and the cost of installation, less salvage, is charged to accumulated depreciation related to the property sold, and the net gain or loss on disposition is credited or charged to income.

Depreciation is computed on the straight line method with useful lives of 5 to 50 years. Vehicles are depreciated based upon a useful life of 7 years, less salvage value. Operating equipment items are depreciated based upon a useful life of 15 years, less salvage value. The Enclosed Conduit System and WW5 Re-Reg are depreciated based upon a useful life of 50 years.

The following is a summary of the capital assets as of December 31, 2022 and 2021.

| | <u>Balance</u> <u>1-1-22</u> | <u>Increase</u> | <u>Decrease</u> | <u>Balance</u> <u>12-31-22</u> |
|---|---------------------------------|-----------------|-----------------|-----------------------------------|
| Capital assets, not being depreciated: | | | | |
| Land | 467,633.44 | 0.00 | 0.00 | 467,633.44 |
| Pump Upgrades (CIP) | 356,459.35 | 223,962.74 | 0.00 | 580,422.09 |
| Enclosed Conduit System (CIP) | 186,960.97 | 2,005,000.58 | 0.00 | 2,191,961.55 |
| Total capital assets, not being depreciated: | 1,011,053.76 | 2,228,963.32 | 0.00 | 3,240,017.08 |
| Capital assets, being depreciated: | | | | |
| Plant | 966,902.53 | 0.00 | 0.00 | 966,902.53 |
| Machinery Equipment | 8,673,301.81 | 168,557.56 | 22,602.02 | 8,819,257.35 |
| Office Equipment | 136,200.14 | 11,636.34 | 0.00 | 147,836.48 |
| Enclosed Conduit System | 35,712,575.53 | 0.00 | 0.00 | 35,712,575.53 |
| WW5 Re-Reg | 30,891,678.06 | 0.00 | 0.00 | 30,891,678.06 |
| Total capital assets, being depreciated: | 76,380,658.07 | 180,193.90 | 22,602.02 | 76,538,249.95 |
| Less accumulated depreciation for: | | | | |
| Plant | 780,883.77 | 27,902.81 | 0.00 | 808,786.58 |
| Machinery Equipment | 4,705,784.63 | 489,868.72 | 18,081.62 | 5,177,571.73 |
| Office Equipment | 119,241.97 | 11,073.16 | 0.00 | 130,315.13 |
| Enclosed Conduit System | 10,540,690.23 | 714,251.51 | 0.00 | 11,254,941.74 |
| WW5 Re-Reg | 2,110,931.30 | 617,833.55 | 0.00 | 2,728,764.85 |
| Total accumulated depreciation: | 18,257,531.90 | 1,860,929.75 | 18,081.62 | 20,100,380.03 |
| Total capital assets, being depreciated, net: | 58,123,126.17 | -1,680,735.85 | 4,520.40 | 56,437,869.92 |
| TOTAL CAPITAL ASSETS, NET: | 59,134,179.93 | 548,227.47 | 4,520.40 | 59,677,887.00 |
| | <u>Balance</u> <u>1-1-21</u> | <u>Increase</u> | <u>Decrease</u> | <u>Balance</u> <u>12-31-21</u> |
| Capital assets, not being depreciated: | | | | |
| Land | 467,633.44 | 0.00 | 0.00 | 467,633.44 |
| Pump Upgrades (CIP) | 70,256.95 | 286,202.40 | 0.00 | 356,459.35 |
| Enclosed Conduit System (CIP) | 1,539,023.77 | 791,405.49 | 2,143,468.29 | 186,960.97 |

| | | | | |
|---|---------------|--------------|--------------|---------------|
| Total capital assets, not being depreciated: | 2,076,914.16 | 1,077,607.89 | 2,143,468.29 | 1,011,053.76 |
| Capital assets, being depreciated: | | | | |
| Plant | 966,902.53 | 0.00 | 0.00 | 966,902.53 |
| Machinery Equipment | 8,334,332.91 | 381,563.71 | 42,594.81 | 8,673,301.81 |
| Office Equipment | 154,543.14 | 0.00 | 18,343.00 | 136,200.14 |
| Enclosed Conduit System | 33,569,107.24 | 2,143,468.29 | 0.00 | 35,712,575.53 |
| WW5 Re-Reg | 30,891,678.06 | 0.00 | 0.00 | 30,891,678.06 |
| Total capital assets, being depreciated: | 73,916,563.88 | 2,525,032.00 | 60,937.81 | 76,380,658.07 |
| Less accumulated depreciation for: | | | | |
| Plant | 752,980.96 | 27,902.81 | 0.00 | 780,883.77 |
| Machinery Equipment | 4,225,509.34 | 514,405.76 | 34,130.47 | 4,705,784.63 |
| Office Equipment | 127,332.11 | 10,252.86 | 18,343.00 | 119,241.97 |
| Enclosed Conduit System | 9,844,300.96 | 696,389.27 | 0.00 | 10,540,690.23 |
| WW5 Re-Reg | 1,493,097.75 | 617,833.55 | 0.00 | 2,110,931.30 |
| Total accumulated depreciation: | 16,443,221.12 | 1,866,784.25 | 52,473.47 | 18,257,531.90 |
| Total capital assets, being depreciated, net: | 57,473,342.76 | 658,247.75 | 8,464.34 | 58,123,126.17 |
| TOTAL CAPITAL ASSETS, NET: | 59,550,256.92 | 1,735,855.64 | 2,151,932.63 | 59,134,179.93 |

NOTE 3 - DEPOSITS AND INVESTMENTS

As required by state law, all deposits and investments of the district's funds are deposits with Washington State banks and saving and loan institutions, or other investments allowed by Chapter 39.59 RCW.

The district's deposits and certificates of deposit are entirely 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).

The district is a participant in the Local Government Investment Pool was authorized by Chapter 294, Laws of 1986, and is managed and operated by the Washington State Treasurer. The State Finance Committee is the administrator of the statute that created the pool and adopts rules. The State Treasurer is responsible for establishing the investment policy for the pool and reviews the policy annually and proposed changes are reviewed by the LGIP advisory Committee.

Investments in the LGIP, a qualified external investment pool, are reported at amortized cost which approximates fair value. The LGIP is an unrated external investment pool. The pool portfolio is invested in a manner that meets the maturity, quality, diversification and liquidity requirements set forth by the GASBS 79 for external investments pools that elect to measure, for financial reporting purposes, investments at amortized cost. The LGIP does not have any legally binding guarantees of share values. The LGIP does not impose liquidity fees or redemption gates on participant withdrawals.

The Office of the State Treasurer prepares a stand-alone LGIP financial report. A copy of the report is available from the Office of the State Treasurer, P.O. Box 40200, Olympia, Wa 98504-0200, online at <http://www.tre.wa.gov>.

As of December 31, 2022 and 2021, the District held the following investments at amortized cost:

| | <u>2022</u> | <u>2021</u> |
|----------------------------------|--------------------------------------|--------------------------------------|
| <u>Type of Investment</u> | District's own <u>Investments</u> | District's own <u>Investments</u> |
| Local Government Investment Pool | \$ 13,246,760.40 | \$ 12,071,196.20 |
| TOTAL | \$ <u>13,246,760.40</u> | \$ <u>12,071,196.20</u> |

NOTE 4 – DEBT SERVICE REQUIREMENTS

The annual requirements to amortize all debts outstanding to the USBR for the original construction of the irrigation system as of December 31, 2021 and December 31, 2020 are as follows:

| | <u>2022</u> | | <u>2021</u> |
|-------|---------------------|-------|----------------------|
| 2023 | 50,087.97 | 2022 | 68,748.80 |
| | | 2023 | 53,917.20 |
| TOTAL | \$ <u>50,087.97</u> | TOTAL | \$ <u>122,666.00</u> |

As indicated in Note 1 (e), the various long-term contracts contain commitments and restrictions regarding cash reserve balances and debt service requirements. The district is in compliance with all significant limitations and restrictions.

NOTE 5 – PENSION PLANS

The following table represents the aggregate pension amounts for all plans for the year 2022 and 2021:

| Aggregate Pension Amounts – All Plans - 2022 | |
|---|----------------|
| Pension liabilities | \$ (663,236) |
| Pension assets | \$ 1,148,795 |
| Deferred outflows of resources | \$ 1,161,225 |
| Deferred inflows of resources | \$ (1,210,698) |
| Pension expense/expenditures | \$ (107,952) |

| Aggregate Pension Amounts – All Plans - 2021 | |
|---|----------------|
| Pension liabilities | \$ (304,735) |
| Pension assets | \$3,196,979 |
| Deferred outflows of resources | \$ 391,671 |
| Deferred inflows of resources | \$ (3,349,276) |
| Pension expense/expenditures | \$ (808,179) |

State Sponsored Pension Plans

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

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

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

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

Public Employees' Retirement System (PERS)

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

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

Contributions

The **PERS Plan 1** member contribution rate is established by State statute at 6 percent. The employer contribution rate is developed by the Office of the State Actuary and includes an administrative expense component that is currently set at 0.18 percent. Each biennium, the state Pension Funding Council adopts Plan 1 employer contribution rates. The PERS Plan 1 required contribution rates (expressed as a percentage of covered payroll) for 2022 and 2021 were as follows:

| PERS Plan 1 - 2022 | | | |
|-----------------------------------|-----------------|-----------------|--|
| Actual Contribution Rates: | Employer | Employee | |
| January – August 2022: | | | |
| PERS Plan 1 | 6.36% | 6.00% | |
| PERS Plan 1 UAAL | 3.71% | | |
| Administrative Fee | 0.18% | | |
| Total | 10.25% | 6.00% | |
| Sept – December 2022: | | | |
| PERS Plan 1 | 6.36% | 6.00% | |
| PERS Plan 1 UAAL | 3.85% | | |
| Administrative Fee | 0.18% | | |
| Total | 10.39% | 6.00% | |
| PERS Plan 1 - 2021 | | | |
| Actual Contribution Rates: | Employer | Employee | |
| January – June 2021: | | | |
| PERS Plan 1 | 7.92% | 6.00% | |
| PERS Plan 1 UAAL | 4.87% | | |
| Administrative Fee | 0.18% | | |
| Total | 12.97% | 6.00% | |
| July- Dec 2021: | | | |
| PERS Plan 1 | 10.07% | 6.00% | |
| PERS Plan 1 UAAL | | | |
| Administrative Fee | 0.18% | | |
| Total | 10.25% | 6.00% | |

PERS Plan 2/3 provides retirement, disability and death benefits. Retirement benefits are determined as two percent of the member's average final compensation (AFC) times the member's years of service for Plan 2 and 1 percent of AFC for Plan 3. The AFC is the average of the member's 60 highest-paid consecutive service months. There is no cap on years of service credit. Members are eligible for retirement with a full benefit at 65 with at least five years of service credit. Retirement before age 65 is considered an early retirement. PERS Plan 2/3 members who have at least 20 years of service credit and are 55 years of age or older, are eligible for early retirement with a benefit that is reduced by a factor that varies according to age for each year before age 65. PERS Plan 2/3 members who have 30 or more years of service credit and are at least 55 years old can retire under one of two provisions:

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

PERS Plan 2/3 members hired on or after May 1, 2013 have the option to retire early by accepting a reduction of five percent for each year of retirement before age 65. This option is available only to those who are age 55 or older and have at least 30 years of service credit. PERS Plan 2/3 retirement benefits are also actuarially reduced to reflect the choice of a survivor benefit. Other PERS Plan 2/3 benefits include duty and non-duty disability payments, a cost-of-living allowance (based on the CPI), capped at three percent annually and a one-time duty related death benefit, if found eligible by the Department of Labor and Industries. PERS 2 members are vested after completing five years of eligible service. Plan 3 members are vested in the defined benefit portion of their plan after ten years of service; or after five years of service if 12 months of that service are earned after age 44.

PERS Plan 3 defined contribution benefits are totally dependent on employee contributions and investment earnings on those contributions. PERS Plan 3 members choose their contribution rate upon joining membership and have a chance to change rates upon changing employers. As established by statute, Plan 3 required defined contribution rates are set at a minimum of 5 percent and escalate to 15 percent with a choice of six options. Employers do not contribute to the defined contribution benefits. PERS Plan 3 members are immediately vested in the defined contribution portion of their plan.

Contributions

The **PERS Plan 2/3** employer and employee contribution rates are developed by the Office of the State Actuary to fully fund Plan 2 and the defined benefit portion of Plan 3. The Plan 2/3 employer rates include a component to address the PERS Plan 1 UAAL and an administrative expense that is currently set at 0.18 percent. Each biennium, the state Pension Funding Council adopts Plan 2 employer and employee contribution rates and Plan 3 contribution rates. The PERS Plan 2/3 required contribution rates (expressed as a percentage of covered payroll) for 2022 and 2021 were as follows:

| PERS Plan 2/3 - 2022 | | | |
|-----------------------------------|---------------------|-------------------|--|
| Actual Contribution Rates: | Employer 2/3 | Employee 2 | |
| January – August 2022: | | | |
| PERS Plan 2/3 | 6.36% | 6.36% | |
| PERS Plan 1 UAAL | 3.71% | | |
| Administrative Fee | 0.18% | | |
| Employee PERS Plan 3 | | varies | |
| Total | 10.25% | 6.36% | |
| Sept – December 2022: | | | |
| PERS Plan 2/3 | 6.36% | 6.36% | |
| PERS Plan 1 UAAL | 3.85% | | |
| Administrative Fee | 0.18% | | |
| Employee PERS Plan 3 | | varies | |
| Total | 10.39% | 6.36% | |

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

The Roza Irrigation District's actual PERS plan contributions were \$145,425.01 to PERS Plan 1 and \$246,207.35 to PERS Plan 2/3 for the year ended December 31, 2022 and \$165,383.65 to PERS Plan 1 and \$275,321.63 to PERS Plan 2/3 for the year ended December 31, 2021.

Actuarial Assumptions

The total pension liability (TPL) 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 Experience Study* and the 2021 Economic Experience Study.

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

- **Inflation:** 2.75% total economic inflation; 3.25% salary inflation
- **Salary increases:** In addition to the base 3.25% salary inflation assumption, salaries are also expected to grow by promotions and longevity.
- **Investment rate of return:** 7.0%

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

Methods did not change from the prior contribution rate setting June 30, 2019 Actuarial Valuation Report (AVR), however OSA introduced a temporary method change to produce asset and liability measures for the June 30, 2020 AVR. There were also the following assumption changes:

- 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 PFC and the LEOFF Plan 2 Retirement Board. The investment return assumption was reduced from 7.5% (7.4% for LEOFF 2) 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.

Discount Rate

The discount rate used to measure the total pension liability for all DRS plans was 7.0 percent.

To determine that rate, an asset sufficiency test was completed to test whether each pension plan's fiduciary net position was sufficient to make all projected future benefit payments for current plan members. Based on 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 percent was used to determine the total liability.

Long-Term Expected Rate of Return

The long-term expected rate of return on the DRS pension plan investments of 7.0 percent was determined using a building-block-method. In selecting this assumption, the Office of the State Actuary (OSA) reviewed the historical experience data, considered the historical conditions that produced past annual investment returns, and considered Capital Market Assumptions (CMA's) and simulated expected investment returns provided by the Washington State Investment Board (WSIB). The WSIB uses the CMA's and their target asset allocation to simulate future investment returns at various future times.

Estimated Rates of Return by Asset Class

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2022 and June 30, 2021 are summarized in the table below. The inflation component used to create the table is 2.2 percent and represents the WSIB's most recent long-term estimate of broad economic inflation.

| Asset Class | Target Allocation | % Long-Term Expected Real Rate of Return Arithmetic |
|-----------------|-------------------|---|
| Fixed Income | 20% | 1.50% |
| Tangible Assets | 7% | 4.70% |
| Real Estate | 18% | 5.40% |
| Global Equity | 32% | 5.90% |
| Private Equity | 23% | 8.90% |
| 2022 | 100% | |
| Asset Class | Target Allocation | % Long-Term Expected Real Rate of Return Arithmetic |
| Fixed Income | 20% | 2.20% |
| Tangible Assets | 7% | 5.10% |
| Real Estate | 18% | 5.80% |
| Global Equity | 32% | 6.30% |
| Private Equity | 23% | 9.30% |
| 2021 | 100% | |

Sensitivity of the Net Pension Liability (Asset)

The table below presents the Roza Irrigation District's proportionate share of the net pension liability calculated using the discount rate of 7.0 percent, as well as what the Roza Irrigation District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.0 percent) or 1-percentage point higher (8.0 percent) than the current rate.

| 2022 | 1% Decrease (6.0%) | Current Discount Rate (7.0%) | 1% Increase (8.0%) |
|----------|--------------------|------------------------------|--------------------|
| PERS 1 | 886,074 | 663,236 | 468,751 |
| PERS 2/3 | 1,352,856 | (1,148,795) | (3,204,060) |

| 2021 | 1% Decrease (6.4%) | Current Discount Rate (7.4%) | 1% Increase (8.4%) |
|----------|-----------------------|------------------------------------|-----------------------|
| PERS 1 | 519,132 | 304,735 | 117,757 |
| PERS 2/3 | (910,757) | (3,196,979) | (5,079,684) |

Pension Plan Fiduciary Net Position

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

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

At June 30, 2022, the Roza Irrigation District reported a pension liability of \$ 663,236 and a pension asset of \$1,148,795 and at June 30, 2021 reported a pension liability of \$304,735 and a pension asset of \$3,196,979 for its proportionate share of the net pension liabilities as follows:

| 2022 | Liability (or Asset) |
|----------|----------------------|
| PERS 1 | \$ 663,236 |
| PERS 2/3 | \$ (1,148,795) |

| 2021 | Liability (or Asset) |
|----------|----------------------|
| PERS 1 | \$ 304,735 |
| PERS 2/3 | \$ (3,196,979) |

At June 30, 2022 and 2021 the Roza Irrigation District's proportionate share of the collective net pension liabilities was as follows:

| 2022 | Proportionate Share 6/30/21 | Proportionate Share 6/30/22 | Change in Proportion |
|----------|--------------------------------|--------------------------------|-------------------------|
| PERS 1 | 0.024953% | 0.023820% | 0.001133% |
| PERS 2/3 | 0.032093% | 0.030975% | 0.001118% |

| 2021 | Proportionate Share 6/30/20 | Proportionate Share 6/30/21 | Change in Proportion |
|----------|--------------------------------|--------------------------------|-------------------------|
| PERS 1 | 0.025642% | 0.024953% | 0.000689% |
| PERS 2/3 | 0.033238% | 0.032093% | 0.001145% |

Employer contribution transmittals received and processed by the DRS for the fiscal year ended June 30, 2022 are used as the basis for determining each employer's proportionate share of the collective pension amounts reported by the DRS in the *Schedules of Employer and Nonemployer Allocations for all plans except Leoff 1*.

In fiscal year 2022, the State of Washington contributed 39 percent of LEOFF 2 employer contributions pursuant to RCW 41.26.725 and all other employers contributed the remaining 61 percent of employer contributions.

Pension Expense

For the year ended December 31, 2022 and 2021 the Roza Irrigation District's recognized pension expense as follows:

| 2022 | Pension Expense |
|----------|-----------------|
| PERS 1 | \$ (272,580) |
| PERS 2/3 | \$ 380,532 |
| TOTAL | \$ 107,952 |

| 2021 | Pension Expense |
|----------|-----------------|
| PERS 1 | \$ 81,222 |
| PERS 2/3 | \$ 726,956 |
| TOTAL | \$ 808,179 |

Deferred Outflows of Resources and Deferred Inflows of Resources

At December 31, 2022 and 2021 the Roza Irrigation District's reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources :

| PERS 1 – 2022 | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|--------------------------------|-------------------------------|
| Differences between expected and actual experience | \$ | \$ |
| Net difference between projected and actual investment earnings on pension plan investments | \$ | \$ (109,918) |
| Changes of assumptions | \$ | \$ |
| Changes in proportion and differences between contributions and proportionate share of contributions | \$ | \$ |
| Contributions subsequent to the measurement date | \$ 75,387 | \$ |
| TOTAL | \$ 75,387 | \$ (109,918) |
| | | |

| PERS 2 – 2022 | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|--------------------------------|-------------------------------|
| Differences between expected and actual experience | \$ 284,644 | \$ (26,006) |
| Net difference between projected and actual investment earnings on pension plan investments | \$ | \$ (849,313) |
| Changes of assumptions | \$ 640,295 | \$ (167,652) |
| Changes in proportion and differences between contributions and proportionate share of contributions | \$ 34,758 | \$ (57,810) |

| | | |
|--|--------------|----------------|
| Contributions subsequent to the measurement date | \$ 126,141 | \$ |
| TOTAL | \$ 1,085,839 | \$ (1,100,780) |
| | | |

| PERS 1 – 2021 | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|---------------------------------------|--------------------------------------|
| Differences between expected and actual experience | \$ | \$ |
| Net difference between projected and actual investment earnings on pension plan investments | \$ | \$ (338,153) |
| Changes of assumptions | \$ | \$ |
| Changes in proportion and differences between contributions and proportionate share of contributions | \$ | \$ |
| Contributions subsequent to the measurement date | \$ 72,276 | \$ |
| TOTAL | \$ 72,276 | \$ (338,153) |
| | | |

| PERS 2 – 2021 | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|---------------------------------------|--------------------------------------|
| Differences between expected and actual experience | \$ 155,273 | \$ (39,192) |
| Net difference between projected and actual investment earnings on pension plan investments | \$ | \$ (2,671,925) |
| Changes of assumptions | \$ 4,672 | \$ (227,038) |
| Changes in proportion and differences between contributions and proportionate share of contributions | \$ 35,548 | \$ (72,968) |
| Contributions subsequent to the measurement date | \$ 123,902 | \$ |
| TOTAL | \$ 319,395 | \$ (3,011,123) |
| | | |

Deferred outflows of resources related to pensions resulting from the Roza Irrigation District's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2023 and 2022. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| Year ended December 31: | PERS 1 |
|--------------------------------|---------------|
| 2023 | \$ (46,515) |
| 2024 | \$ (42,248) |
| 2025 | \$ (52,998) |
| 2026 | \$ 31,843 |
| 2027 | \$ |
| Thereafter | \$ |

| | |
|-------|---------------|
| TOTAL | \$ (109,918) |
|-------|---------------|

| Year ended December 31: | PERS 2/3 |
|----------------------------|---------------|
| 2023 | \$ (261,473) |
| 2024 | \$ (238,321) |
| 2025 | \$ (295,044) |
| 2026 | \$ 382,257 |
| 2027 | \$ 134,962 |
| Thereafter | \$ 136,535 |
| TOTAL | \$ (141,083) |

| Year ended December 31: | PERS 1 |
|----------------------------|---------------|
| 2022 | \$ (89,577) |
| 2023 | \$ (82,085) |
| 2024 | \$ (77,615) |
| 2025 | \$ (88,877) |
| 2026 | \$ |
| Thereafter | \$ |
| TOTAL | \$ (338,153) |

| Year ended December 31: | PERS 2/3 |
|----------------------------|----------------|
| 2022 | \$ (732,641) |
| 2023 | \$ (684,635) |
| 2024 | \$ (660,452) |
| 2025 | \$ (718,979) |
| 2026 | \$ (17,421) |
| Thereafter | \$ (1,502) |
| TOTAL | \$ (2,815,630) |

NOTE 6 - JOINT VENTURES

In 1996, Roza Irrigation District and Sunnyside Division Board of Control formed the Roza-Sunnyside Board of Joint Control under Title 87, Revised Code of Washington. Roza and Sunnyside Valley Irrigation Districts share the costs of the Roza-Sunnyside Board of Joint Control proportionally based upon the acreage in each district. The purpose of the joint venture is to provide for economies of scale with regards to joint drainage facilities, water conservation, water quality improvement, and future water use planning and resource management. A copy of the joint agreement is available at the offices of both districts for review.

Roza Irrigation District
125 S. 13th St.
Sunnyside, WA 98944

Sunnyside Valley Irrigation District
120 S. 11th St.
Sunnyside, WA 98944

NOTE 7 - RISK MANAGEMENT

The Roza Irrigation District is a member of Cities Insurance Association of Washington (CIAW). Chapter 48.62 RCW authorizes the governing body of any one or more governmental entities to form together into or join a program 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-insure, 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 program was formed on September 1, 1988, when 34 cities in the state of Washington joined together by signing an Interlocal Government Agreement to pool their self-insured losses and jointly purchase insurance and administrative services. As of November 30, 2022 there are 195 members in the program.

The program provides the following forms of joint self-insurance and reinsurance coverage for its members: Property, including Automobile Comprehensive and Collision; Equipment Breakdown; and Crime Protection; and Liability, including General, Automobile, and Wrongful Acts, and Cyber which are included to fit members various needs.

The program acquires liability insurance through their administrator, Clear Risk Solutions. Liability coverage is purchased to an aggregate limit of \$50,000,000 with a self insured retention (SIR) of \$500,000. Members are responsible for a \$1,000 to \$50,000 deductible for each claim (can vary by member), while the program is responsible for the \$500,000 SIR. Since the program is a cooperative program, there is a joint liability among the participating members toward the sharing of the \$500,000 SIR, in addition to the deductible. The program also purchases a Stop Loss Policy as another layer of protection to its membership, with an attachment point of \$7,110,058, which is fully funded in its annual budget..

Property insurance is subject to a per-occurrence SIR of \$500,000. . Roza Irrigation District is responsible for a \$10,000 deductible for each claim. The program bears the \$500,000 SIR, in addition to the deductible.

Crime insurance is subject to a per occurrence self-insured retention of \$25,000. Members are responsible for a \$1,000 deductible for each claim (some member deductibles vary). The program bears the \$25,000 SIR, in addition to the deductible.

Equipment Breakdown insurance is subject to a per-occurrence deductible of \$2,500, which may vary per member, with the exception of Pumps & Motors, which is \$10,000. Roza Irrigation District is responsible for the deductible amount of each claim. There is no program SIR on this coverage, with the exception of Pumps & Motors, which is \$15,000 and is covered by CIAW.

Cyber liability insurance is subject to a per-occurrence SIR of \$50,000. Members are responsible for a \$10,000 deductible for each claim, while the program is responsible for the remaining \$40,000 SIR.

Roza Irrigation District contracts with their local broker, Hub International to remain in the program for a minimum of one year, and must give notice before December 1, to terminate participation the following December 1. The Interlocal Agreement is renewed automatically each year. In the event of termination, Roza Irrigation District is still responsible for contributions to the program for any unresolved, unreported, and in-process claims for the period they were a signatory to the Interlocal Agreement.

A board of ten members is selected by the membership from three geographic areas of the state on a staggered term basis and is responsible for conducting the business affairs of the program.

The program has no employees. Claims are filed by members/brokers with Clear Risk Solutions, who has been contracted to perform program administration, underwriting, claims adjustment, and loss prevention for the program. Fees paid to the third party administrator under this arrangement for the year ending December 1, 2022 were \$2,747,183.56.

The program provides Roza Irrigation District the following forms of joint self-insurance and excess coverage

| <u>TYPE OF COVERAGE</u> | <u>DEDUCTIBLE</u> | <u>CHANGE FROM PRIOR YEAR?</u> |
|--------------------------------|-------------------|--------------------------------|
| PROPERTY COVERAGE | \$10,000/\$50,000 | NO |
| AUTOMOBILE LIABILITY | 10,000 | NO |
| PUBLIC OFFICIALS LIABILITY | 10,000 | NO |
| BOILER & MACHINERY COVERAGE | 2,500/10,000 | NO |
| CRIME COVERAGE | 10,000 | NO |
| EMPLOYMENT PRACTICES LIABILITY | 10,000 | NO |
| PRIVACY & NETWORK LIABILITY | 10,000/50,000 | NO |

Roza Irrigation District has not had any settlements that exceeded insurance coverage from 2013-2022.

NOTE 8 – CONTINGENCIES AND LITIGATIONS

The Roza Irrigation District has recorded in its financial statements all material liabilities, including an estimate for situations which are not yet resolved but where, based on available information, management believes it is probable that Roza Irrigation District will have to make payment. In the opinion of management, Roza Irrigation District 's insurance policys are adequate to pay all known or pending claims.

The Roza Irrigation District participates in a number of federal and state-assisted programs. These grants are subject to audit by the grantors or their representatives. Such audits could result in requests for reimbursement to grantor agencies for expenditures disallowed under the terms of the grants. (Other than the instances described above,) Roza Irrigation District management believes that such disallowances, if any, will be immaterial.

Roza is a party in the case of Wa. State Dept. of Ecology v Acquavella. This is a general adjudication of the water rights in the Yakima River Basin. All entities which divert water from the Yakima River and its tributaries are parties in this action. This case started in 1977 and is on-going thru Yakima County Superior Court Cause No. 77-2-01484-5. The district has presented the proof to support its water right and has received a Conditional Final Order granting its full entitlement. Roza will continue to be involved in this case until the final decree adjudication of all the rights have been entered and any appeals have been heard. This case is now closed effective May 2019.

The County of Yakima has street right of ways which cross the Roza Irrigation District Main Canal. The County grants to other public utilities the right to use the County bridges to cross the canal. The County granted permission to the Terrace Heights Sewer District to use the County crossing on Terrace Heights Drive. On August 29, 2018, Roza was notified that the Terrace Heights Sewer District's sanitary sewer line had leaked into the Roza Main Canal. Roza took action to notify its water users of the potential contamination of the irrigation water in the Main Canal. There was a potential for contamination of crops from water which may have occurred before the water users were notified. Roza Irrigation District has received Notice of Claims from 2 water users with claims totaling approximately \$250,000.00. These Notice of Claims have been referred to Terrace Heights Sewer District and to Yakima County for response. If the claims are not resolved by Terrace Heights Sewer District or Yakima County, there is a potential that the water users may pursue these claims against Roza Irrigation District.

ROZA IRRIGATION DISTRICT

NOTES TO FINANCIAL STATEMENTS January 1, 2020 through December 31, 2021

The following notes are an integral part of the accompanying financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Roza Irrigation District conform to generally accepted accounting principles (GAAP) as applicable to proprietary funds of governments. The following is a summary of the most significant policies (including identification of those policies which result in material departures from generally accepted accounting principles).

a. Reporting Entity

Roza Irrigation District is a municipal corporation governed by an elected 5-member board. As required by generally accepted accounting principles, management has considered all potential component units in defining the reporting entity. The Roza Irrigation District has no component units.

b. Basis of Accounting and Presentation

The Accounting records of the district are maintained in accordance with methods prescribed by the State Auditor under the authority of Chapter 43.09 RCW. The district uses the Uniform System of Accounts for Irrigation Districts.

The district uses the full-accrual basis of accounting where revenues are recognized when earned and expenses are recognized when incurred. Assessment interest is not accrued it is only recognized when paid. This approach is not in accordance with general accepted accounting principles (GAAP). Effective in 2020 Assessment interest is accrued monthly, as prescribed by GAAP. Operating revenues are charges for irrigation assessments and other services. Other operating revenue consists of a non cash transaction which credits revenue for the sale of gravel and debits the expense account for an agreement for removal of material. Non-operating revenues consist of property rental, sale of assets, interest and non-operating grants. Operating expenses consist of operation and maintenance, depreciation, utilities and administrative. Fixed asset purchases of \$10,000.00 or more are capitalized and long-term liabilities are accounted for in the appropriate funds. GASB 63 and 65 were implemented for Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position. GASB 68 was implemented for Pensions.

c. Cash and Cash Equivalents

For purposes of the statement of cash flows, the district considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

d. Capital Assets and Depreciation

See Note 2.

e. Restricted Assets

In accordance with the United States Bureau of Reclamation (USBR) loan agreement, separate restricted fund accounts, including restricted net position, are required to be maintained. The current portion of related liabilities are shown as payable from restricted accounts.

The restricted funds of the district are composed of the following:

Current Restricted Assets

| | <u>2021</u> | <u>2020</u> |
|--------------------------|------------------|------------------|
| USBR Contract | \$ 288,000.00 | \$ 288,000.00 |
| USBR Contract Receivable | <u>68,748.80</u> | <u>69,271.53</u> |
| | \$ 356,748.80 | \$ 357,271.53 |

Noncurrent Restricted Assets

| | | |
|--------------------------|---------------------|---------------|
| USBR Contract Receivable | \$ 53,917.20 | \$ 123,599.33 |
| Net Pension Asset | <u>3,196,979.00</u> | - |
| | 3,250,896.20 | 123,599.33 |

| | | |
|---------------------------------|-----------------|----------------------|
| Total Current/Noncurrent Assets | \$ 3,250,896.20 | \$ <u>123,599.33</u> |
|---------------------------------|-----------------|----------------------|

Payables from Restricted Assets

| | | |
|-------------------------|-------------------|-------------------|
| Contract Payable – USBR | <u>122,666.00</u> | <u>192,870.86</u> |
| | <u>122,666.00</u> | <u>192,870.86</u> |

| | | |
|-----------------------------|---------------|---------------|
| Total Restricted Net Assets | \$ 793,251.00 | \$ 288,000.00 |
|-----------------------------|---------------|---------------|

The USBR restricted retained earnings is a requirement of the initial loan agreement. The Special Construction restricted retained earnings relate to the construction of I-82 and are offset to the users impacted annually against the user's construction assessment.

The Contract Receivable/Payable to the USBR is a no interest loan to be repaid by the users through a \$4.10 per acre construction assessment per year. The District is a conduit to pass these funds through to the USBR annually.

f. Receivables

Accounts receivable consists of delinquent assessments and of receivables for miscellaneous billings.

There is no provision for uncollectable accounts receivable because assessments represent liens against the property and the direct method is used for other accounts receivable.

g. Inventories

Inventories consisting mainly of canal repair parts that are valued at the average cost, which approximates market value. Fuel inventories are valued at the current year average cost, which approximates market value. Total inventories are valued at \$523,955.77 in 2021 and \$506,206.02 in 2020.

h. Investments

See Note 3.

i. Compensated Absences

Compensated absences are absences for which employees will be paid, such as vacation and sick leave. The district records unpaid leave for compensated absences as an expense and liability when incurred.

Vacation pay, which may be accumulated up to 9 hours per pay period and a maximum of 320 hours per year carry over, is payable upon resignation, retirement or death. Sick leave accrues at 4 hours per pay period with no maximum. Unused sick leave is payable upon resignation, retirement or death at the rate of 1.5% times years of service times unused balance.

j. Construction Financing

See Note 4.

k. Pensions

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

NOTE 2 - CAPITAL ASSETS AND DEPRECIATION

Major expenses for capital assets, including capital leases and major repairs that increase useful lives, are capitalized. Maintenance, repairs and minor renewals are accounted for as expenses when incurred.

Capital assets in service are recorded at cost. The original cost of operating property retired or otherwise disposed of and the cost of installation, less salvage, is charged to accumulated depreciation related to the property sold, and the net gain or loss on disposition is credited or charged to income.

Depreciation is computed on the straight line method with useful lives of 5 to 50 years. Vehicles are depreciated based upon a useful life of 7 years, less salvage value. Operating equipment items are depreciated based upon a useful life of 15 years, less salvage value. The Enclosed Conduit System and WW5 Re-Reg are depreciated based upon a useful life of 50 years.

The following is a summary of the capital assets as of December 31, 2021 and 2020.

| | <u>Balance</u> <u>1-1-21</u> | <u>Increase</u> | <u>Decrease</u> | <u>Balance</u> <u>12-31-21</u> |
|---|---------------------------------|-----------------|-----------------|-----------------------------------|
| Capital assets, not being depreciated: | | | | |
| Land | 467,633.44 | 0.00 | 0.00 | 467,633.44 |
| Pump Upgrades (CIP) | 70,256.95 | 286,202.40 | 0.00 | 356,459.35 |
| Enclosed Conduit System (CIP) | 1,539,023.77 | 791,405.49 | 2,143,468.29 | 186,960.97 |
| Total capital assets, not being depreciated: | 2,076,914.16 | 1,077,607.89 | 2,143,468.29 | 1,011,053.76 |
| Capital assets, being depreciated: | | | | |
| Plant | 966,902.53 | 0.00 | 0.00 | 966,902.53 |
| Machinery Equipment | 8,334,332.91 | 381,563.71 | 42,594.81 | 8,673,301.81 |
| Office Equipment | 154,543.14 | 0.00 | 18,343.00 | 136,200.14 |
| Enclosed Conduit System | 33,569,107.24 | 2,143,468.29 | 0.00 | 35,712,575.53 |
| WW5 Re-Reg | 30,891,678.06 | 0.00 | 0.00 | 30,891,678.06 |
| Total capital assets, being depreciated: | 73,916,563.88 | 2,525,032.00 | 60,937.81 | 76,380,658.07 |
| Less accumulated depreciation for: | | | | |
| Plant | 752,980.96 | 27,902.81 | 0.00 | 780,883.77 |
| Machinery Equipment | 4,225,509.34 | 514,405.76 | 34,130.47 | 4,705,784.63 |
| Office Equipment | 127,332.11 | 10,252.86 | 18,343.00 | 119,241.97 |
| Enclosed Conduit System | 9,844,300.96 | 696,389.27 | 0.00 | 10,540,690.23 |
| WW5 Re-Reg | 1,493,097.75 | 617,833.55 | 0.00 | 2,110,931.30 |
| Total accumulated depreciation: | 16,443,221.12 | 1,866,784.25 | 52,473.47 | 18,257,531.90 |
| Total capital assets, being depreciated, net: | 57,473,342.76 | 658,247.75 | 8,464.34 | 58,123,126.17 |
| TOTAL CAPITAL ASSETS, NET: | 59,550,256.92 | 1,735,855.64 | 2,151,932.63 | 59,134,179.93 |

| | <u>Balance</u> <u>1-1-20</u> | <u>Increase</u> | <u>Decrease</u> | <u>Balance</u> <u>12-31-20</u> |
|--|---------------------------------|-----------------|-----------------|-----------------------------------|
| Capital assets, not being depreciated: | | | | |
| Land | 467,633.44 | 0.00 | 0.00 | 467,633.44 |

| | | | | |
|---|---------------|--------------|--------------|---------------|
| Pump Upgrades (CIP) | 7008.63 | 63,248.32 | 0.00 | 70,256.95 |
| Enclosed Conduit System (CIP) | 2,005,723.77 | 1,784,129.51 | 2,250,829.51 | 1,539,023.77 |
| Total capital assets, not being depreciated: | 2,480,365.84 | 1,847,377.83 | 2,250,829.51 | 2,076,914.16 |
| Capital assets, being depreciated: | | | | |
| Plant | 966,902.53 | 0.00 | 0.00 | 966,902.53 |
| Machinery Equipment | 7,847,085.46 | 566,514.16 | 79,266.71 | 8,334,332.91 |
| Office Equipment | 154,543.14 | 0.00 | 0.00 | 154,543.14 |
| Enclosed Conduit System | 31,318,277.73 | 2,250,829.51 | 0.00 | 33,569,107.24 |
| WW5 Re-Reg | 30,891,678.06 | 0.00 | 0.00 | 30,891,678.06 |
| Total capital assets, being depreciated: | 71,178,486.92 | 2,817,343.67 | 79,266.71 | 73,916,563.88 |
| Less accumulated depreciation for: | | | | |
| Plant | 725,078.15 | 27,902.81 | 0.00 | 752,980.96 |
| Machinery Equipment | 3,784,374.59 | 504,548.16 | 63,413.41 | 4,225,509.34 |
| Office Equipment | 116,157.73 | 11,174.38 | 0.00 | 127,332.11 |
| Enclosed Conduit System | 9,191,675.77 | 652,625.19 | 0.00 | 9,844,300.96 |
| WW5 Re-Reg | 875,264.20 | 617,833.55 | 0.00 | 1,493,097.75 |
| Total accumulated depreciation: | 14,692,550.44 | 1,814,084.09 | 63,413.41 | 16,443,221.12 |
| Total capital assets, being depreciated, net: | 56,485,936.48 | 1,003,259.58 | 15,853.30 | 57,473,342.76 |
| TOTAL CAPITAL ASSETS, NET: | 58,966,302.32 | 2,850,637.41 | 2,266,682.81 | 59,550,256.92 |

NOTE 3 - DEPOSITS AND INVESTMENTS

As required by state law, all deposits and investments of the district's funds are deposits with Washington State banks and saving and loan institutions, or other investments allowed by Chapter 39.59 RCW.

The district's deposits and certificates of deposit are entirely 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).

The district is a participant in the Local Government Investment Pool was authorized by Chapter 294, Laws of 1986, and is managed and operated by the Washington State Treasurer. The State Finance Committee is the administrator of the statute that created the pool and adopts rules. The State Treasurer is responsible for establishing the investment policy for the pool and reviews the policy annually and proposed changes are reviewed by the LGIP advisory Committee.

Investments in the LGIP, a qualified external investment pool, are reported at amortized cost which approximates fair value. The LGIP is an unrated external investment pool. The pool portfolio is invested in a manner that meets the maturity, quality, diversification and liquidity requirements set forth by the GASBS 79 for external investments pools that elect to measure, for financial reporting purposes,

investments at amortized cost. The LGIP does not have any legally binding guarantees of share values. The LGIP does not impose liquidity fees or redemption gates on participant withdrawals.

The Office of the State Treasurer prepares a stand-alone LGIP financial report. A copy of the report is available from the Office of the State Treasurer, P.O. Box 40200, Olympia, Wa 98504-0200, online at <http://www.tre.wa.gov>.

As of December 31, 2021 and 2020, the District held the following investments at amortized cost:

| | <u>2021</u> | <u>2020</u> |
|----------------------------------|-----------------------------------|-----------------------------------|
| <u>Type of Investment</u> | <u>District's own Investments</u> | <u>District's own Investments</u> |
| Local Government Investment Pool | \$ 12,071,196.20 | \$ 10,255,017.71 |
| TOTAL | \$ <u>12,071,196.20</u> | \$ <u>10,255,017.71</u> |

NOTE 4 – DEBT SERVICE REQUIREMENTS

The annual requirements to amortize all debts outstanding to the USBR for the original construction of the irrigation system as of December 31, 2021 and December 31, 2020 are as follows:

| | <u>2021</u> | | <u>2020</u> |
|-------|----------------------|-------|----------------------|
| 2022 | 68,748.80 | 2021 | 69,271.55 |
| 2023 | 53,917.20 | 2022 | 69,271.55 |
| | | 2023 | 54,327.76 |
| TOTAL | \$ <u>122,666.00</u> | TOTAL | \$ <u>192,870.86</u> |

As indicated in Note 1 (e), the various long-term contracts contain commitments and restrictions regarding cash reserve balances and debt service requirements. The district is in compliance with all significant limitations and restrictions.

NOTE 5 – PENSION PLANS

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

| Aggregate Pension Amounts – All Plans - 2021 | |
|---|----------------|
| Pension liabilities | \$ (304,735) |
| Pension assets | \$ 3,196,979 |
| Deferred outflows of resources | \$ 391,671 |
| Deferred inflows of resources | \$ (3,349,276) |

| | |
|------------------------------|--------------|
| Pension expense/expenditures | \$ (808,179) |
|------------------------------|--------------|

| Aggregate Pension Amounts – All Plans - 2020 | |
|---|----------------|
| Pension liabilities | \$ (1,330,396) |
| Pension assets | \$ |
| Deferred outflows of resources | \$ 452,782 |
| Deferred inflows of resources | \$ (436,630) |
| Pension expense/expenditures | \$ 44,345 |

State Sponsored Pension Plans

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

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

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

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

Public Employees' Retirement System (PERS)

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

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

Contributions

The **PERS Plan 1** member contribution rate is established by State statute at 6 percent. The employer contribution rate is developed by the Office of the State Actuary and includes an administrative expense component that is currently set at 0.18 percent. Each biennium, the state Pension Funding Council adopts Plan 1 employer contribution rates. The PERS Plan 1 required contribution rates (expressed as a percentage of covered payroll) for 2021 and 2020 were as follows:

| PERS Plan 1 - 2021 | | |
|-----------------------------------|-----------------|-----------------|
| Actual Contribution Rates: | Employer | Employee |
| January – June 2021: | | |
| PERS Plan 1 | 7.92% | 6.00% |
| PERS Plan 1 UAAL | 4.87% | |
| Administrative Fee | 0.18% | |
| Total | 12.97% | 6.00% |
| July- Dec 2021: | | |
| PERS Plan 1 | 10.07% | 6.00% |
| PERS Plan 1 UAAL | | |
| Administrative Fee | 0.18% | |
| Total | 10.25% | 6.00% |
| PERS Plan 1 - 2020 | | |
| Actual Contribution Rates: | Employer | Employee |
| January – August 2020: | | |
| PERS Plan 1 | 7.92% | 6.00% |
| PERS Plan 1 UAAL | 4.76% | |
| Administrative Fee | 0.18% | |
| Total | 12.86% | 6.00% |
| Sept – December 2020: | | |
| PERS Plan 1 | 7.92% | 6.00% |
| PERS Plan 1 UAAL | 4.87% | |
| Administrative Fee | 0.18% | |
| Total | 12.97% | 6.00% |

PERS Plan 2/3 provides retirement, disability and death benefits. Retirement benefits are determined as two percent of the member's average final compensation (AFC) times the member's years of service for Plan 2 and 1 percent of AFC for Plan 3. The AFC is the average of the member's 60 highest-paid consecutive service months. There is no cap on years of service credit. Members are eligible for retirement with a full benefit at 65 with at least five years of service credit. Retirement before age 65 is considered an early retirement. PERS Plan 2/3 members who have at least 20 years of service credit and are 55 years of age or older, are eligible for early retirement with a benefit that is reduced by a factor that varies according to age for each year before age 65. PERS Plan 2/3 members who have 30 or more years of service credit and are at least 55 years old can retire under one of two provisions:

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

PERS Plan 2/3 members hired on or after May 1, 2013 have the option to retire early by accepting a reduction of five percent for each year of retirement before age 65. This option is available only to those who are age 55 or older and have at least 30 years of service credit. PERS Plan 2/3 retirement benefits

are also actuarially reduced to reflect the choice of a survivor benefit. Other PERS Plan 2/3 benefits include duty and non-duty disability payments, a cost-of-living allowance (based on the CPI), capped at three percent annually and a one-time duty related death benefit, if found eligible by the Department of Labor and Industries. PERS 2 members are vested after completing five years of eligible service. Plan 3 members are vested in the defined benefit portion of their plan after ten years of service; or after five years of service if 12 months of that service are earned after age 44.

PERS Plan 3 defined contribution benefits are totally dependent on employee contributions and investment earnings on those contributions. PERS Plan 3 members choose their contribution rate upon joining membership and have a chance to change rates upon changing employers. As established by statute, Plan 3 required defined contribution rates are set at a minimum of 5 percent and escalate to 15 percent with a choice of six options. Employers do not contribute to the defined contribution benefits. PERS Plan 3 members are immediately vested in the defined contribution portion of their plan.

Contributions

The **PERS Plan 2/3** employer and employee contribution rates are developed by the Office of the State Actuary to fully fund Plan 2 and the defined benefit portion of Plan 3. The Plan 2/3 employer rates include a component to address the PERS Plan 1 UAAL and an administrative expense that is currently set at 0.18 percent. Each biennium, the state Pension Funding Council adopts Plan 2 employer and employee contribution rates and Plan 3 contribution rates. The PERS Plan 2/3 required contribution rates (expressed as a percentage of covered payroll) for 2021 and 2020 were as follows:

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

| PERS Plan 2/3 - 2020 | | | |
|-----------------------------------|---------------------|-------------------|--|
| Actual Contribution Rates: | Employer 2/3 | Employee 2 | |
| January – August 2020: | | | |
| PERS Plan 2/3 | 7.92% | 7.90% | |
| PERS Plan 1 UAAL | 4.76% | | |
| Administrative Fee | 0.18% | | |
| Employee PERS Plan 3 | | varies | |
| Total | 12.86% | 7.90% | |
| Sept – December 2020: | | | |
| PERS Plan 2/3 | 7.92% | 7.90% | |
| PERS Plan 1 UAAL | 4.87% | | |
| Administrative Fee | 0.18% | | |

| | | |
|----------------------|---------------|--------------|
| Employee PERS Plan 3 | | varies |
| Total | 12.97% | 7.90% |

The Roza Irrigation District's actual PERS plan contributions were \$165,383.65 to PERS Plan 1 and \$275,321.63 to PERS Plan 2/3 for the year ended December 31, 2021 and \$183,122.73 to PERS Plan 1 and \$302,331.59 to PERS Plan 2/3 for the year ended December 31, 2020.

Actuarial Assumptions

The total pension liability (TPL) for each of the DRS plans was determined using the most recent actuarial valuation completed in 2021 with a valuation date of June 30, 2020. The actuarial assumptions used in the valuation were based on the results of the Office of the State Actuary's (OSA) *2013-2018 Experience Study* and the 2019 Economic Experience Study.

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

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

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

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

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

Discount Rate

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

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

Long-Term Expected Rate of Return

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

Estimated Rates of Return by Asset Class

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2021 and June 30, 2020 are summarized in the table below. The inflation component used to create the table is 2.2 percent and represents the WSIB's most recent long-term estimate of broad economic inflation.

| Asset Class | Target Allocation | % Long-Term Expected Real Rate of Return Arithmetic |
|-----------------|-------------------|---|
| Fixed Income | 20% | 2.20% |
| Tangible Assets | 7% | 5.10% |
| Real Estate | 18% | 5.80% |
| Global Equity | 32% | 6.30% |
| Private Equity | 23% | 9.30% |
| 2021 | 100% | |
| Asset Class | Target Allocation | % Long-Term Expected Real Rate of Return Arithmetic |
| Fixed Income | 20% | 2.20% |
| Tangible Assets | 7% | 5.10% |
| Real Estate | 18% | 5.80% |
| Global Equity | 32% | 6.30% |
| Private Equity | 23% | 9.30% |
| 2020 | 100% | |

Sensitivity of the Net Pension Liability (Asset)

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

| 2021 | 1% Decrease (6.4%) | Current Discount Rate (7.4%) | 1% Increase (8.4%) |
|-------------|-------------------------------|---|-------------------------------|
| PERS 1 | 519,132 | 304,735 | 117,757 |
| PERS 2/3 | (910,757) | (3,196,979) | (5,079,684) |

| 2020 | 1% Decrease (6.4%) | Current Discount Rate (7.4%) | 1% Increase (8.4%) |
|-------------|-------------------------------|---|-------------------------------|
| PERS 1 | 1,133,941 | 905,301 | 705,903 |
| PERS 2/3 | 2,645,055 | 425,095 | (1,403,043) |

Pension Plan Fiduciary Net Position

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

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

At June 30, 2021, the Roza Irrigation District reported a pension liability of \$ 304,735 and a pension asset of \$3,196,979 and at June 30, 2020 reported a pension liability of \$1,330,396 for its proportionate share of the net pension liabilities as follows:

| 2021 | Liability (or Asset) |
|-------------|-----------------------------|
| PERS 1 | \$ 304,735 |
| PERS 2/3 | \$ (3,196,979) |

| 2020 | Liability (or Asset) |
|-------------|-----------------------------|
| PERS 1 | \$ 905,301 |
| PERS 2/3 | \$ 425,095 |

At June 30, 2021 and 2020 the Roza Irrigation District's proportionate share of the collective net pension liabilities was as follows:

| 2021 | Proportionate Share 6/30/20 | Proportionate Share 6/30/21 | Change in Proportion |
|-------------|--|--|---------------------------------|
| PERS 1 | 0.025642% | 0.024953% | 0.000689% |
| PERS 2/3 | 0.033238% | 0.032093% | 0.001145% |

| 2020 | Proportionate Share 6/30/19 | Proportionate Share 6/30/20 | Change in Proportion |
|-------------|--|--|---------------------------------|
|-------------|--|--|---------------------------------|

| | | | |
|----------|-----------|-----------|-----------|
| PERS 1 | 0.026738% | 0.025642% | 0.001096% |
| PERS 2/3 | 0.034543% | 0.033238% | 0.001305% |

Employer contribution transmittals received and processed by the DRS for the fiscal year ended June 30, 2021 are used as the basis for determining each employer's proportionate share of the collective pension amounts reported by the DRS in the *Schedules of Employer and Nonemployer Allocations for all plans except Leoff 1*.

In fiscal year 2021, the State of Washington contributed 39 percent of LEOFF 2 employer contributions pursuant to RCW 41.26.725 and all other employers contributed the remaining 61 percent of employer contributions.

Pension Expense

For the year ended December 31, 2021 and 2020 the Roza Irrigation District's recognized pension expense as follows:

| 2021 | Pension Expense |
|----------|-----------------|
| PERS 1 | \$ 81,222 |
| PERS 2/3 | \$ 726,956 |
| TOTAL | \$ 808,179 |

| 2020 | Pension Expense |
|----------|-----------------|
| PERS 1 | \$ 238 |
| PERS 2/3 | \$ (44,583) |
| TOTAL | \$ (44,345) |

Deferred Outflows of Resources and Deferred Inflows of Resources

At December 31, 2021 and 2020 the Roza Irrigation District's reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources :

| PERS 1 – 2021 | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|--------------------------------|-------------------------------|
| Differences between expected and actual experience | \$ | \$ |
| Net difference between projected and actual investment earnings on pension plan investments | \$ | \$ (338,153) |
| Changes of assumptions | \$ | \$ |
| Changes in proportion and differences between contributions and proportionate share of contributions | \$ | \$ |
| Contributions subsequent to the measurement date | \$ 72,276 | \$ |
| TOTAL | \$ 72,276 | \$ (338,153) |
| | | |

| PERS 2 – 2021 | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|---------------------------------------|--------------------------------------|
| Differences between expected and actual experience | \$ 155,273 | \$ (39,192) |
| Net difference between projected and actual investment earnings on pension plan investments | \$ | \$ (2,671,925) |
| Changes of assumptions | \$ 4,672 | \$ (227,038) |
| Changes in proportion and differences between contributions and proportionate share of contributions | \$ 35,548 | \$ (72,968) |
| Contributions subsequent to the measurement date | \$ 123,902 | \$ |
| TOTAL | \$ 319,395 | \$ (3,011,123) |
| | | |

| PERS 1 – 2020 | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|---------------------------------------|--------------------------------------|
| Differences between expected and actual experience | \$ | \$ |
| Net difference between projected and actual investment earnings on pension plan investments | \$ | \$ (5,040) |
| Changes of assumptions | \$ | \$ |
| Changes in proportion and differences between contributions and proportionate share of contributions | \$ | \$ |
| Contributions subsequent to the measurement date | \$ 93,123 | \$ |
| TOTAL | \$ 93.123 | \$ (5,040) |
| | | |

| PERS 2 – 2020 | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|---------------------------------------|--------------------------------------|
| Differences between expected and actual experience | \$ 152,178 | \$ (53,275) |
| Net difference between projected and actual investment earnings on pension plan investments | \$ | \$ (21,589) |
| Changes of assumptions | \$ 6,055 | \$ (290,377) |
| Changes in proportion and differences between contributions and proportionate share of contributions | \$ 48,842 | \$ (66,350) |
| Contributions subsequent to the measurement date | \$ 152,584 | \$ |
| TOTAL | \$ 359,658 | \$ (431,590) |
| | | |

Deferred outflows of resources related to pensions resulting from the Roza Irrigation District's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2022 and 2021. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| Year ended December 31: | PERS 1 |
|------------------------------------|----------------------|
| 2022 | \$ (89,577) |
| 2023 | \$ (82,085) |
| 2024 | \$ (77,615) |
| 2025 | \$ (88,877) |
| 2026 | \$ |
| Thereafter | \$ |
| TOTAL | \$ (338,153) |

| Year ended December 31: | PERS 2/3 |
|------------------------------------|------------------------|
| 2022 | \$ (732,641) |
| 2023 | \$ (684,635) |
| 2024 | \$ (660,452) |
| 2025 | \$ (718,979) |
| 2026 | \$ (17,421) |
| Thereafter | \$ (1,502) |
| TOTAL | \$ (2,815,630) |

| Year ended December 31: | PERS 1 |
|------------------------------------|--------------------|
| 2021 | \$ (22,873) |
| 2022 | \$ (719) |
| 2023 | \$ 6,979 |
| 2024 | \$ 11,573 |
| 2025 | \$ |
| Thereafter | \$ |
| TOTAL | \$ (5,040) |

| Year ended December 31: | PERS 2/3 |
|------------------------------------|---------------------|
| 2021 | \$ (175,011) |
| 2022 | \$ (40,785) |
| 2023 | \$ 8,933 |
| 2024 | \$ 34,173 |
| 2025 | \$ (26,201) |
| Thereafter | \$ (25,624) |
| TOTAL | \$ (224,515) |

NOTE 6 - JOINT VENTURES

In 1996, Roza Irrigation District and Sunnyside Division Board of Control formed the Roza-Sunnyside Board of Joint Control under Title 87, Revised Code of Washington. Roza and Sunnyside Valley Irrigation Districts share the costs of the Roza-Sunnyside Board of Joint Control proportionally based

upon the acreage in each district. The purpose of the joint venture is to provide for economies of scale with regards to joint drainage facilities, water conservation, water quality improvement, and future water use planning and resource management. A copy of the joint agreement is available at the offices of both districts for review.

Roza Irrigation District
125 S. 13th St.
Sunnyside, WA 98944

Sunnyside Valley Irrigation District
120 S. 11th St.
Sunnyside, WA 98944

NOTE 7 - RISK MANAGEMENT

The Roza Irrigation District is a member of Cities Insurance Association of Washington (CIAW). Chapter 48.62 RCW authorizes the governing body of any one or more governmental entities to form together into or join a program 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-insure, 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 program was formed on September 1, 1988, when 34 cities in the state of Washington joined together by signing an Interlocal Government Agreement to pool their self-insured losses and jointly purchase insurance and administrative services. As of November 30, 2021 there are 192 members in the program.

The program provides the following forms of joint self-insurance and reinsurance coverage for its members: Property, including Automobile Comprehensive and Collision; Equipment Breakdown; and Crime Protection; and Liability, including General, Automobile, and Wrongful Acts, and Cyber which are included to fit members various needs.

The program acquires liability insurance through their administrator, Clear Risk Solutions, which is subject to a per-occurrence self-insured retention (SIR) of \$100,000. Members are responsible for a \$1,000 to \$10,000 deductible for each claim (can vary by member), while the program is responsible for the \$100,000 SIR. Since the program is a cooperative program, there is a joint liability among the participating members toward the sharing of the \$100,000 SIR, in addition to the deductible. The program also purchases a Stop Loss Policy as another layer of protection to its membership, with an attachment point of \$3,505,566, which is fully funded in its annual budget..

Property insurance is subject to a per-occurrence SIR of \$100,000. . Roza Irrigation District is responsible for a \$10,000 deductible for each claim. The program bears the \$100,000 SIR, in addition to the deductible.

Crime insurance is subject to a per occurrence self-insured retention of \$25,000. Members are responsible for a \$1,000 deductible for each claim (some member deductibles vary). The program bears the \$25,000 SIR, in addition to the deductible.

Equipment Breakdown insurance is subject to a per-occurrence deductible of \$2,500, which may vary per member, with the exception of Pumps & Motors, which is \$10,000. Roza Irrigation District is responsible for the deductible amount of each claim. There is no program SIR on this coverage, with the exception of Pumps & Motors, which is \$15,000 and is covered by CIAW.

Cyber liability insurance is subject to a per-occurrence SIR of \$50,000. Members are responsible for a \$10,000 deductible for each claim, while the program is responsible for the remaining \$40,000 SIR.

Roza Irrigation District contracts with their local broker, Hub International to remain in the program for a minimum of one year, and must give notice before December 1, to terminate participation the following December 1. The Interlocal Agreement is renewed automatically each year. In the event of termination, Roza Irrigation District is still responsible for contributions to the program for any unresolved, unreported, and in-process claims for the period they were a signatory to the Interlocal Agreement.

A board of ten members is selected by the membership from three geographic areas of the state on a staggered term basis and is responsible for conducting the business affairs of the program.

The program has no employees. Claims are filed by members/brokers with Clear Risk Solutions, who has been contracted to perform program administration, underwriting, claims adjustment, and loss prevention for the program. Fees paid to the third party administrator under this arrangement for the year ending December 1, 2021 were \$2,772,986.77.

The program provides Roza Irrigation District the following forms of joint self-insurance and excess coverage

| <u>TYPE OF COVERAGE</u> | <u>DEDUCTIBLE</u> | <u>CHANGE FROM PRIOR YEAR?</u> |
|--------------------------------|-------------------|--------------------------------|
| PROPERTY COVERAGE | \$10,000/\$50,000 | NO |
| AUTOMOBILE LIABILITY | 10,000 | NO |
| PUBLIC OFFICIALS LIABILITY | 10,000 | NO |
| BOILER & MACHINERY COVERAGE | 2,500/10,000 | NO |
| CRIME COVERAGE | 10,000 | NO |
| EMPLOYMENT PRACTICES LIABILITY | 10,000 | NO |
| PRIVACY & NETWORK LIABILITY | 10,000/50,000 | NO |

Roza Irrigation District has not had any settlements that exceeded insurance coverage from 2013-2021.

NOTE 8 – CONTINGENCIES AND LITIGATIONS

The Roza Irrigation District has recorded in its financial statements all material liabilities, including an estimate for situations which are not yet resolved but where, based on available information, management believes it is probable that Roza Irrigation District will have to make payment. In the opinion of management, Roza Irrigation District 's insurance policys are adequate to pay all known or pending claims.

The Roza Irrigation District participates in a number of federal and state-assisted programs. These grants are subject to audit by the grantors or their representatives. Such audits could result in requests for

reimbursement to grantor agencies for expenditures disallowed under the terms of the grants. (Other than the instances described above,) Roza Irrigation District management believes that such disallowances, if any, will be immaterial.

Roza is a party in the case of *Wa. State Dept. of Ecology v Acquavella*. This is a general adjudication of the water rights in the Yakima River Basin. All entities which divert water from the Yakima River and its tributaries are parties in this action. This case started in 1977 and is on-going thru Yakima County Superior Court Cause No. 77-2-01484-5. The district has presented the proof to support its water right and has received a Conditional Final Order granting its full entitlement. Roza will continue to be involved in this case until the final decree adjudication of all the rights have been entered and any appeals have been heard. This case is now closed effective May 2019.

Roza is a defendant in a State Environmental Policy Act (SEPA) appeal and lawsuit filed by Kennewick Irrigation District (KID) in Benton County Superior Court Cause No. 18-2-02736-03. KID appealed Roza's SEPA threshold determination of non-significance related to one of its lateral conservation piping projects (Pump 15H Lateral Enclosed Conduit System Project) in Benton County. Roza has retained outside counsel at Cascadia Law Group to represent and defend it in this action. Roza has filed an Answer and Affirmative Defenses, and this appeal and lawsuit is now closed in 2020. No claims for monetary damages have been asserted against Roza in this action.

The County of Yakima has street right of ways which cross the Roza Irrigation District Main Canal. The County grants to other public utilities the right to use the County bridges to cross the canal. The County granted permission to the Terrace Heights Sewer District to use the County crossing on Terrace Heights Drive. On August 29, 2018, Roza was notified that the Terrace Heights Sewer District's sanitary sewer line had leaked into the Roza Main Canal. Roza took action to notify its water users of the potential contamination of the irrigation water in the Main Canal. There was a potential for contamination of crops from water which may have occurred before the water users were notified. Roza Irrigation District has received Notice of Claims from 2 water users with claims totaling approximately \$250,000.00. These Notice of Claims have been referred to Terrace Heights Sewer District and to Yakima County for response. If the claims are not resolved by Terrace Heights Sewer District or Yakima County, there is a potential that the water users may pursue these claims against Roza Irrigation District.

NOTE 9 – CONSTRUCTION COMMITMENTS

The Roza Irrigation District has an active construction project and has spent \$3,078,955.23 in 2013, \$8,488,079.56 in 2014, \$3,164,905.93 in 2015, \$8,334,118.97 in 2016, \$7,667,702.14 in 2017 and \$157,916.23 in 2018. The project is construction of the Waste Way 5 regulation reservoir with a completion date of 7-31-18. The total cost of the project was \$30,891,678.06 which was funded by USBR through grants and Roza Irrigation District.

NOTE 10 - COVID – 19 PANDEMIC

In February 2020, the Governor of the State of Washington declared a state of emergency in response to the spread of the deadly new virus known as COVID-19. In the months following the declaration, precautionary measures to slow the spread of the virus were ordered. These measures include closing schools, cancelling public events, limiting public and private gatherings, and restricting business operations, travel and non-essential activities.

The length of time these measures will continue to be in place, and the full extent of the financial impact on Roza Irrigation District is unknown at this time. All Roza Irrigation District employees are still working, either at home or minimum time in the office. All maintenance departments activities are fully operational.

Roza Irrigation District
Schedule of Proportionate Share of the Net Pension Liability
PERS 1 Pension Plan
Measurement Date of June 30*

| | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
|---|------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Employer's proportion of the net pension liability (asset) | % | 0.026886% | 0.026385% | 0.027283% | 0.028211% | 0.026738% | 0.025642% | 0.024953% | 0.023820% | 0.022187% |
| Employer's proportionate share of the net pension liability (asset) | \$ | 1,406,388 | 1,416,999 | 1,294,600 | 1,259,913 | 1,028,171 | 905,301 | 304,735 | 663,236 | 506,470 |
| Employer's covered employee payroll | \$ | 3,107,622 | 3,208,594 | 3,439,878 | 3,767,522 | 3,755,200 | 3,913,488 | 3,838,423 | 3,835,969 | 3,967,004 |
| Employer's proportionate share of the net pension liability (asset) as a percentage of covered employee payroll | % | 45.26% | 44.16% | 37.64% | 33.44% | 27.38% | 23.13% | 7.94% | 17.29% | 12.77% |
| Plan fiduciary net position as a percentage of the total pension liability (asset) | % | 59.10% | 57.03% | 61.24% | 63.22% | 67.12% | 68.64% | 88.74% | 76.56% | 80.16% |

Changes of benefit terms - There were no changes of benefit terms or any significant changes in the employees covered under these benefit terms.

Actuarial Assumptions - The total pension liability (TPL) for DRS plans was determined using the most recent actuarial valuation completed in 2023 with a valuation date of June 30, 2022. The actuarial assumptions used in the valuation were based on the results of the Office of the State Actuary's 2013-2018 Experience Study and the 2021 Economic Experience Study.

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

Roza Irrigation District
Schedule of Proportionate Share of the Net Pension Liability
PERS 1 Pension Plan
Measurement Date of June 30*

| | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
|---|------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|------|
| Employer's proportion of the net pension liability (asset) | % | 0.026886% | 0.026385% | 0.027283% | 0.028211% | 0.026738% | 0.025642% | 0.024953% | 0.023820% | |
| Employer's proportionate share of the net pension liability (asset) | \$ | 1,406,388 | 1,416,999 | 1,294,600 | 1,259,913 | 1,028,171 | 905,301 | 304,735 | 663,236 | |
| Employer's covered employee payroll | \$ | 3,107,622 | 3,208,594 | 3,439,878 | 3,767,522 | 3,755,200 | 3,913,488 | 3,838,423 | 3,835,969 | |
| Employer's proportionate share of the net pension liability (asset) as a percentage of covered employee payroll | % | 45.26% | 44.16% | 37.64% | 33.44% | 27.38% | 23.13% | 7.94% | 17.29% | |
| Plan fiduciary net position as a percentage of the total pension liability (asset) | % | 59.10% | 57.03% | 61.24% | 63.22% | 67.12% | 68.64% | 88.74% | 76.56% | |

Changes of benefit terms - There were no changes of benefit terms or any significant changes in the employees covered under these benefit terms.

Actuarial Assumptions - The total pension liability (TPL) for 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 2013-2018 Experience Study and the 2021 Economic Experience Study.

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

Roza Irrigation District
Schedule of Proportionate Share of the Net Pension Liability
PERS 1 Pension Plan
Measurement Date of June 30*

| | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
|---|------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|------|------|
| Employer's proportion of the net pension liability (asset) | % | 0.026886% | 0.026385% | 0.027283% | 0.028211% | 0.026738% | 0.025642% | 0.024953% | | |
| Employer's proportionate share of the net pension liability (asset) | \$ | 1,406,388 | 1,416,999 | 1,294,600 | 1,259,913 | 1,028,171 | 905,301 | 304,735 | | |
| Employer's covered employee payroll | \$ | 3,107,622 | 3,208,594 | 3,439,878 | 3,767,522 | 3,755,200 | 3,913,488 | 3,838,423 | | |
| Employer's proportionate share of the net pension liability (asset) as a percentage of covered employee payroll | % | 45.26% | 44.16% | 37.64% | 33.44% | 27.38% | 23.13% | 7.94% | | |
| Plan fiduciary net position as a percentage of the total pension liability (asset) | % | 59.10% | 57.03% | 61.24% | 63.22% | 67.12% | 68.64% | 88.74% | | |

Changes of benefit terms - There were no changes of benefit terms or any significant changes in the employees covered under these benefit terms.

Actuarial Assumptions - The total pension liability (TPL) for DRS plans was determined using the most recent actuarial valuation completed in 2020 with a valuation date of June 30, 2019. The actuarial assumptions used in the valuation were based on the results of the Office of the State Actuary's 2007-2012 Experience Study and the 2017 Economic Experience Study.

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

Roza Irrigation District
Schedule of Proportionate Share of the Net Pension Liability
PERS 2/3 Pension Plan
Measurement Date of June 30*

| | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
|---|------|-----------|-----------|-----------|-----------|-----------|-----------|------------|------------|------------|
| Employer's proportion of the net pension liability (asset) | % | 0.034730% | 0.033764% | 0.035094% | 0.036058% | 0.034543% | 0.033238% | 0.032093% | 0.030975% | 0.028678% |
| Employer's proportionate share of the net pension liability (asset) | \$ | 1,240,923 | 1,699,991 | 1,219,349 | 615,658 | 335,530 | 425,095 | -3,196,979 | -1,148,795 | -1,175,420 |
| Employer's covered employee payroll | \$ | 3,107,622 | 3,208,594 | 3,439,878 | 3,767,522 | 3,755,200 | 3,913,488 | 3,838,423 | 3,835,969 | 3,967,004 |
| Employer's proportionate share of the net pension liability (asset) as a percentage of covered employee payroll | % | 39.93% | 52.98% | 35.45% | 16.34% | 8.94% | 10.86% | -83.30% | -29.95% | -29.63% |
| Plan fiduciary net position as a percentage of the total pension liability (asset) | % | 89.20% | 85.82% | 90.97% | 95.77% | 97.77% | 97.22% | 120.29% | 106.73% | 107.02% |

Changes of benefit terms - There were no changes of benefit terms or any significant changes in the employees covered under these benefit terms.

Actuarial Assumptions - The total pension liability (TPL) for DRS plans was determined using the most recent actuarial valuation completed in 2023 with a valuation date of June 30, 2022. The actuarial assumptions used in the valuation were based on the results of the Office of the State Actuary's 2013-2018 Experience Study and the 2021 Economic Experience Study.

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

Roza Irrigation District
Schedule of Proportionate Share of the Net Pension Liability
PERS 2/3 Pension Plan
Measurement Date of June 30*

| | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
|---|------|-----------|-----------|-----------|-----------|-----------|-----------|------------|------------|------|
| Employer's proportion of the net pension liability (asset) | % | 0.034730% | 0.033764% | 0.035094% | 0.036058% | 0.034543% | 0.033238% | 0.032093% | 0.030975% | |
| Employer's proportionate share of the net pension liability (asset) | \$ | 1,240,923 | 1,699,991 | 1,219,349 | 615,658 | 335,530 | 425,095 | -3,196,979 | -1,148,795 | |
| Employer's covered employee payroll | \$ | 3,107,622 | 3,208,594 | 3,439,878 | 3,767,522 | 3,755,200 | 3,913,488 | 3,838,423 | 3,835,969 | |
| Employer's proportionate share of the net pension liability (asset) as a percentage of covered employee payroll | % | 39.93% | 52.98% | 35.45% | 16.34% | 8.94% | 10.86% | -83.30% | -29.95% | |
| Plan fiduciary net position as a percentage of the total pension liability (asset) | % | 89.20% | 85.82% | 90.97% | 95.77% | 97.77% | 97.22% | 120.29% | 106.73% | |

Changes of benefit terms - There were no changes of benefit terms or any significant changes in the employees covered under these benefit terms.

Actuarial Assumptions - The total pension liability (TPL) for 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 2013-2018 Experience Study and the 2021 Economic Experience Study.

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

Roza Irrigation District
Schedule of Proportionate Share of the Net Pension Liability
PERS 2/3 Pension Plan
Measurement Date of June 30*

| | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
|---|------|-----------|-----------|-----------|-----------|-----------|-----------|------------|------|------|
| Employer's proportion of the net pension liability (asset) | % | 0.034730% | 0.033764% | 0.035094% | 0.036058% | 0.034543% | 0.033238% | 0.032093% | | |
| Employer's proportionate share of the net pension liability (asset) | \$ | 1,240,923 | 1,699,991 | 1,219,349 | 615,658 | 335,530 | 425,095 | -3,196,979 | | |
| Employer's covered employee payroll | \$ | 3,107,622 | 3,208,594 | 3,439,878 | 3,767,522 | 3,755,200 | 3,913,488 | 3,838,423 | | |
| Employer's proportionate share of the net pension liability (asset) as a percentage of covered employee payroll | % | 39.93% | 52.98% | 35.45% | 16.34% | 8.94% | 10.86% | -83.30% | | |
| Plan fiduciary net position as a percentage of the total pension liability (asset) | % | 89.20% | 85.82% | 90.97% | 95.77% | 97.77% | 97.22% | 120.29% | | |

Changes of benefit terms - There were no changes of benefit terms or any significant changes in the employees covered under these benefit terms.

Actuarial Assumptions - The total pension liability (TPL) for DRS plans was determined using the most recent actuarial valuation completed in 2020 with a valuation date of June 30, 2019. The actuarial assumptions used in the valuation were based on the results of the Office of the State Actuary's 2007-2012 Experience Study and the 2017 Economic Experience Study.

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

Roza Irrigation District
Schedule of Employer Contributions
Pers 1 Pension Plan
Fiscal Year Ended December 31, *

| | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
|---|--------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|------|
| Contractually required contributions | \$ 134,105 | 156,458 | 181,324 | 191,575 | 190,784 | 183,123 | 165,384 | 145,425 | 136,538 | |
| Contributions in relation to the contractually required contributions | \$ 134,105 | 156,458 | 181,324 | 191,575 | 190,784 | 183,123 | 165,384 | 145,425 | 136,538 | |
| Contribution deficiency (excess) | \$ - | - | - | - | - | - | - | - | - | |
| Covered employer payroll | \$ 3,122,619 | 3,280,044 | 3,697,915 | 3,783,239 | 3,864,883 | 3,817,312 | 3,860,005 | 3,871,179 | 4,037,283 | |
| Contributions as a percentage of covered employee payroll | % 4.29% | 4.77% | 4.90% | 5.06% | 4.94% | 4.80% | 4.28% | 3.76% | 3.38% | |

Changes of benefit terms - There were no changes of benefit terms or any significant changes in the employees covered under these benefit terms.

Actuarial Assumptions - The total pension liability (TPL) for DRS plans was determined using the most recent actuarial valuation completed in 2023 with a valuation date of June 30, 2022. The actuarial assumptions used in the valuation were based on the results of the Office of the State Actuary's 2013-2018 Experience Study and the 2021 Economic Experience Study.

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

Roza Irrigation District
Schedule of Employer Contributions
Pers 1 Pension Plan
Fiscal Year Ended December 31, *

| | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
|---|--------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|------|------|
| Contractually required contributions | \$ 134,105 | 156,458 | 181,324 | 191,575 | 190,784 | 183,123 | 165,384 | 145,425 | | |
| Contributions in relation to the contractually required contributions | \$ 134,105 | 156,458 | 181,324 | 191,575 | 190,784 | 183,123 | 165,384 | 145,425 | | |
| Contribution deficiency (excess) | \$ - | - | - | - | - | - | - | | | |
| Covered employer payroll | \$ 3,122,619 | 3,280,044 | 3,697,915 | 3,783,239 | 3,864,883 | 3,817,312 | 3,860,005 | 3,871,179 | | |
| Contributions as a percentage of covered employee payroll | % 4.29% | 4.77% | 4.90% | 5.06% | 4.94% | 4.80% | 4.28% | 3.76% | | |

Changes of benefit terms - There were no changes of benefit terms or any significant changes in the employees covered under these benefit terms.

Actuarial Assumptions - The total pension liability (TPL) for 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 2013-2018 Experience Study and the 2021 Economic Experience Study.

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

Roza Irrigation District
Schedule of Employer Contributions
Pers 1 Pension Plan
Fiscal Year Ended December 31, *

| | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
|---|--------------|-----------|-----------|-----------|-----------|-----------|-----------|------|------|------|
| Contractually required contributions | \$ 134,105 | 156,458 | 181,324 | 191,575 | 190,784 | 183,123 | 165,384 | | | |
| Contributions in relation to the contractually required contributions | \$ 134,105 | 156,458 | 181,324 | 191,575 | 190,784 | 183,123 | 165,384 | | | |
| Contribution deficiency (excess) | \$ - | - | - | - | - | - | - | | | |
| Covered employer payroll | \$ 3,122,619 | 3,280,044 | 3,697,915 | 3,783,239 | 3,864,883 | 3,817,312 | 3,860,005 | | | |
| Contributions as a percentage of covered employee payroll | % 4.29% | 4.77% | 4.90% | 5.06% | 4.94% | 4.80% | 4.28% | | | |

Changes of benefit terms - There were no changes of benefit terms or any significant changes in the employees covered under these benefit terms.

Actuarial Assumptions - The total pension liability (TPL) for DRS plans was determined using the most recent actuarial valuation completed in 2020 with a valuation date of June 30, 2019. The actuarial assumptions used in the valuation were based on the results of the Office of the State Actuary's 2007-2012 Experience Study and the 2017 Economic Experience Study.

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

Roza Irrigation District
Schedule of Employer Contributions
Pers 2/3 Pension Plan
Fiscal Year Ended December 31, *

| | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
|---|--------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|------|
| Contractually required contributions | \$ 171,596 | 204,346 | 254,287 | 283,748 | 298,730 | 302,332 | 275,322 | 246,207 | 256,772 | |
| Contributions in relation to the contractually required contributions | \$ 171,596 | 204,346 | 254,287 | 283,748 | 298,730 | 302,332 | 275,322 | 246,207 | 256,772 | |
| Contribution deficiency (excess) | \$ - | - | - | - | - | - | - | - | - | - |
| Covered employer payroll | \$ 3,122,619 | 3,280,044 | 3,697,915 | 3,783,239 | 3,864,883 | 3,817,312 | 3,860,005 | 3,871,179 | 4,037,283 | |
| Contributions as a percentage of covered employee payroll | % 5.49% | 6.23% | 6.88% | 7.50% | 7.72% | 7.92% | 7.13% | 6.36% | 6.36% | |

Changes of benefit terms - There were no changes of benefit terms or any significant changes in the employees covered under these benefit terms.

Actuarial Assumptions - The total pension liability (TPL) for DRS plans was determined using the most recent actuarial valuation completed in 2023 with a valuation date of June 30, 2022. The actuarial assumptions used in the valuation were based on the results of the Office of the State Actuary's 2013-2018 Experience Study and the 2021 Economic Experience Study.

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

Roza Irrigation District
Schedule of Employer Contributions
Pers 2/3 Pension Plan
Fiscal Year Ended December 31, *

| | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
|---|--------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|------|------|
| Contractually required contributions | \$ 171,596 | 204,346 | 254,287 | 283,748 | 298,730 | 302,332 | 275,322 | 246,207 | | |
| Contributions in relation to the contractually required contributions | \$ 171,596 | 204,346 | 254,287 | 283,748 | 298,730 | 302,332 | 275,322 | 246,207 | | |
| Contribution deficiency (excess) | \$ - | - | - | - | - | - | - | - | | |
| Covered employer payroll | \$ 3,122,619 | 3,280,044 | 3,697,915 | 3,783,239 | 3,864,883 | 3,817,312 | 3,860,005 | 3,871,179 | | |
| Contributions as a percentage of covered employee payroll | % 5.49% | 6.23% | 6.88% | 7.50% | 7.72% | 7.92% | 7.13% | 6.36% | | |

Changes of benefit terms - There were no changes of benefit terms or any significant changes in the employees covered under these benefit terms.

Actuarial Assumptions - The total pension liability (TPL) for 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 2013-2018 Experience Study and the 2021 Economic Experience Study.

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

Roza Irrigation District
Schedule of Employer Contributions
Pers 2/3 Pension Plan
Fiscal Year Ended December 31, *

| | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
|---|--------------|-----------|-----------|-----------|-----------|-----------|-----------|------|------|------|
| Contractually required contributions | \$ 171,596 | 204,346 | 254,287 | 283,748 | 298,730 | 302,332 | 275,322 | | | |
| Contributions in relation to the contractually required contributions | \$ 171,596 | 204,346 | 254,287 | 283,748 | 298,730 | 302,332 | 275,322 | | | |
| Contribution deficiency (excess) | \$ - | - | - | - | - | - | | | | |
| Covered employer payroll | \$ 3,122,619 | 3,280,044 | 3,697,915 | 3,783,239 | 3,864,883 | 3,817,312 | 3,860,005 | | | |
| Contributions as a percentage of covered employee payroll | % 5.49% | 6.23% | 6.88% | 7.50% | 7.72% | 7.92% | 7.13% | | | |

Changes of benefit terms - There were no changes of benefit terms or any significant changes in the employees covered under these benefit terms.

Actuarial Assumptions - The total pension liability (TPL) for DRS plans was determined using the most recent actuarial valuation completed in 2020 with a valuation date of June 30, 2019. The actuarial assumptions used in the valuation were based on the results of the Office of the State Actuary's 2007-2012 Experience Study and the 2017 Economic Experience Study.

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

ABOUT THE STATE AUDITOR'S OFFICE

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

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

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

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

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

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

We take our role as partners in accountability seriously. The Office provides training and technical assistance to governments both directly and through partnerships with other governmental support organizations.

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