

"WORKING TOWARD A BETTER ENVIRONMENT"

*Valley View*  
SEWER DISTRICT

**Valley View Sewer District  
General Sewer Plan Update**

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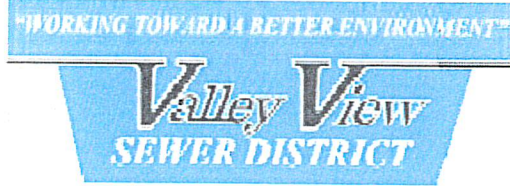
**Appendix D  
Financial Statements**

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**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**YEARS ENDED DECEMBER 31, 2020 AND 2019**

**VALLEY VIEW SEWER DISTRICT  
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YEARS ENDED DECEMBER 31, 2020 AND 2019**

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## INDEPENDENT ACCOUNTANTS' REVIEW REPORT

Board of Commissioners  
Valley View Sewer District  
Seattle, Washington

We have reviewed the accompanying financial statements of Valley View Sewer District (the District), which comprise the statements of net position as of December 31, 2020 and 2019, and the related statements of revenues, expenses, and changes in fund net position, and cash flows for the years then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of District management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

### ***Management's Responsibility 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; this includes 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.

### ***Accountants' Responsibility***

Our responsibility is to conduct the review engagements in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

### ***Accountants' Conclusion***

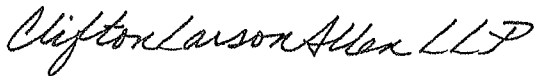
Based on our reviews, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and the required supplementary information listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a required 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 and for placing the basic financial statements in an appropriate operational, economic, or historical context. Such information is the responsibility of management. We have not audited, reviewed, or compiled the management's discussion and analysis and, accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on it. We have reviewed the schedules of proportionate share of the net pension liability and employer contributions. Such information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the financial statements. We are not aware of any material modifications that should be made to the schedules of proportionate share of the net pension liability and employer contributions. We have not audited the schedules of proportionate share of the net pension liability and employer contributions and do not express an opinion on such information.

***Additional Supplementary Information***

The accompanying additional supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the financial statements. The supplementary information has been subjected to the review procedures applied in our reviews of the basic financial statements. We are not aware of any material modifications that should be made to the supplementary information. We have not audited the supplementary information and do not express an opinion on such information.



**CliftonLarsonAllen LLP**

Bellevue, Washington  
October 12, 2022

**VALLEY VIEW SEWER DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2020 AND 2019  
(SEE INDEPENDENT ACCOUNTANTS' REVIEW REPORT)**

**INTRODUCTION**

Valley View Sewer District (the District) was organized in 1946 to provide sewer services to customers residing within the District boundaries. Our mission is to provide our ratepayers with excellent customer service by offering safe, reliable, and efficient sewer service and to provide our employees a working environment that protects their health and safety and encourages professional development. The District is dedicated to working toward a better environment.

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

This section of management's discussion and analysis presents our review of the District's financial position as of December 31, 2020 and 2019 and our financial performance for the years then ended. Please read these comments in conjunction with the District's financial statements, which follow this section.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

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

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

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

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

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

**VALLEY VIEW SEWER DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2020 AND 2019  
(SEE INDEPENDENT ACCOUNTANTS' REVIEW REPORT)**

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

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Capital Assets	\$ 40,994,753	\$ 41,637,729	\$ 40,548,843
Other Assets	<u>12,677,810</u>	<u>11,481,760</u>	<u>9,130,423</u>
Total Assets	53,672,563	53,119,489	49,679,266
Deferred Outflows of Resources	159,471	140,614	143,382
Long-Term Liabilities	5,158,887	6,027,387	6,336,033
Other Liabilities	<u>1,387,098</u>	<u>1,396,666</u>	<u>1,343,640</u>
Total Liabilities	6,545,985	7,424,053	7,679,673
Deferred Inflows of Resources	<u>171,539</u>	<u>308,928</u>	<u>275,766</u>
Net Investment in Capital Assets	35,340,985	35,022,684	33,944,058
Restricted Net Position	575,438	750,902	822,359
Unrestricted Net Position	<u>11,198,087</u>	<u>9,753,536</u>	<u>7,100,792</u>
Total Net Position	<u>\$ 47,114,510</u>	<u>\$ 45,527,122</u>	<u>\$ 41,867,209</u>

**VALLEY VIEW SEWER DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2020 AND 2019  
(SEE INDEPENDENT ACCOUNTANTS' REVIEW REPORT)**

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

	2020	2019	2018
Sewer Service Charges	\$ 13,226,125	\$ 13,704,890	\$ 12,922,239
Other Operating Revenue	230,763	839,989	537,447
Total Operating Revenues	<u>13,456,888</u>	<u>14,544,879</u>	<u>13,459,686</u>
Operating Costs	9,904,615	10,169,311	9,629,896
General and Administrative Expenses	2,217,461	2,035,465	1,716,955
Depreciation and Amortization	1,317,510	1,264,890	1,220,211
Total Operating Expenses	<u>13,439,586</u>	<u>13,469,666</u>	<u>12,567,062</u>
Operating Income	17,302	1,075,213	892,624
Nonoperating Revenue (Expense):			
Investment and Interest Income	176,744	279,945	194,783
Net Gain (Loss) on Disposal and Abandonment of Assets	-	-	500
Noncapital Grant	53,871	-	-
Private Property Improvements	6,957	(398,491)	(176,628)
Interest and Amortization on Long-Term Debt	(85,700)	(98,906)	(93,328)
Income Before Capital Contributions	<u>169,174</u>	<u>857,761</u>	<u>817,951</u>
Capital Contributions	<u>1,418,214</u>	<u>2,802,152</u>	<u>5,120,906</u>
Increase in Net Position	1,587,388	3,659,913	5,938,857
Net Position, January 1	<u>45,527,122</u>	<u>41,867,209</u>	<u>35,928,352</u>
Net Position, December 31	<u>\$ 47,114,510</u>	<u>\$ 45,527,122</u>	<u>\$ 41,867,209</u>

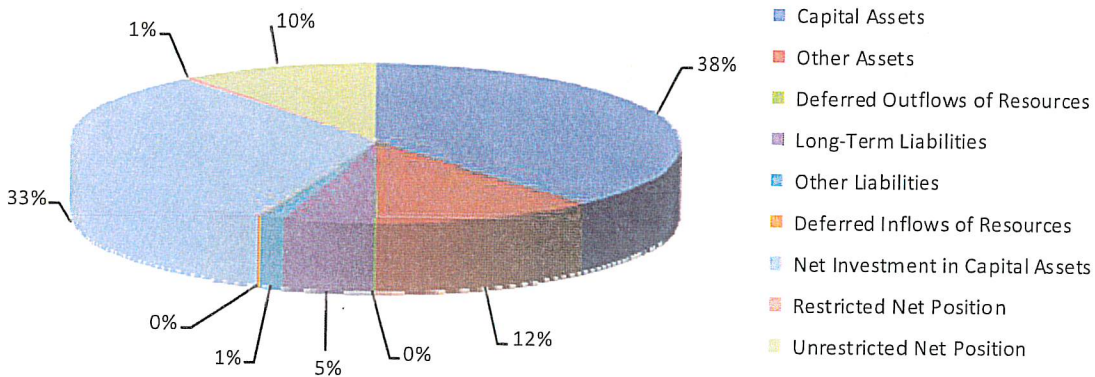
**VALLEY VIEW SEWER DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2020 AND 2019  
(SEE INDEPENDENT ACCOUNTANTS' REVIEW REPORT)**

**FINANCIAL POSITION**

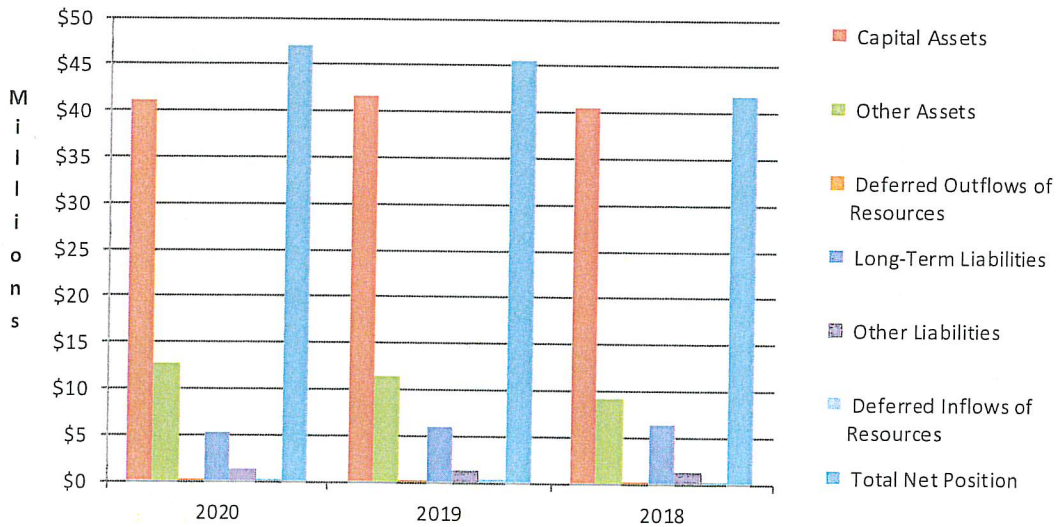
The District's overall financial position continues to be strong. The District is financed primarily by equity. Sufficient liquid assets are available to fund liabilities and construction. Capital assets decreased in 2020 due to depreciation in excess of construction activity and donated systems and increased 2019 due to growth in the customer base and construction activity to upgrade the system.

The following charts indicate the components of financial position.

**2020 STATEMENT OF NET POSITION**



**COMPARATIVE STATEMENT OF NET POSITION**

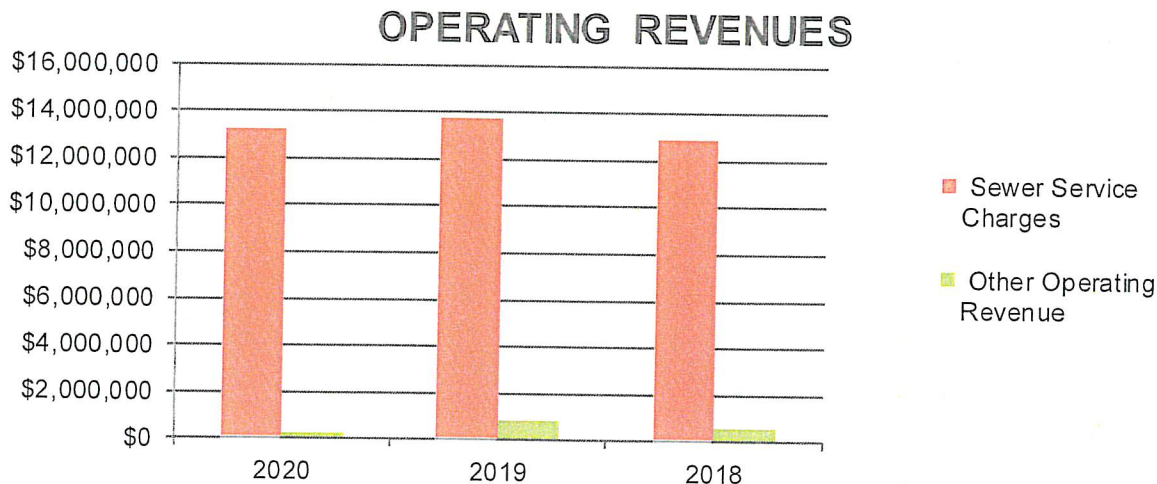


**VALLEY VIEW SEWER DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2020 AND 2019  
(SEE INDEPENDENT ACCOUNTANTS' REVIEW REPORT)**

**RESULTS OF OPERATIONS**

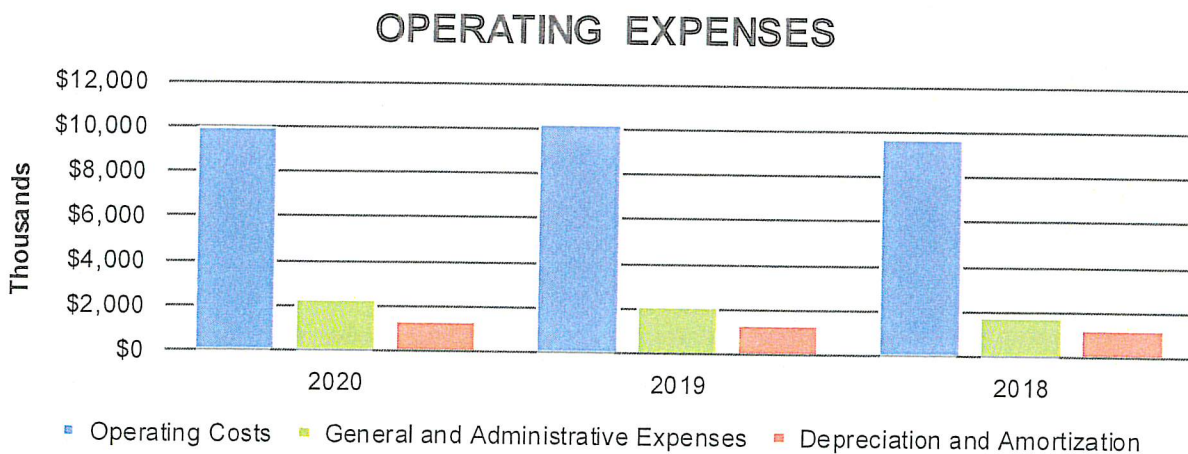
Operating revenues are received primarily from sewer service charges.

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



Operating revenues decreased in 2020 due to decreases in consumption as a result of business closures and decreased activity at SeaTac airport as a result of Covid-19. Operating revenues increased in 2019 due to variances in consumption and rates increases. The variances in consumption were caused primarily by changes in the amount of rainfall and related storm water runoff during the winter months.

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



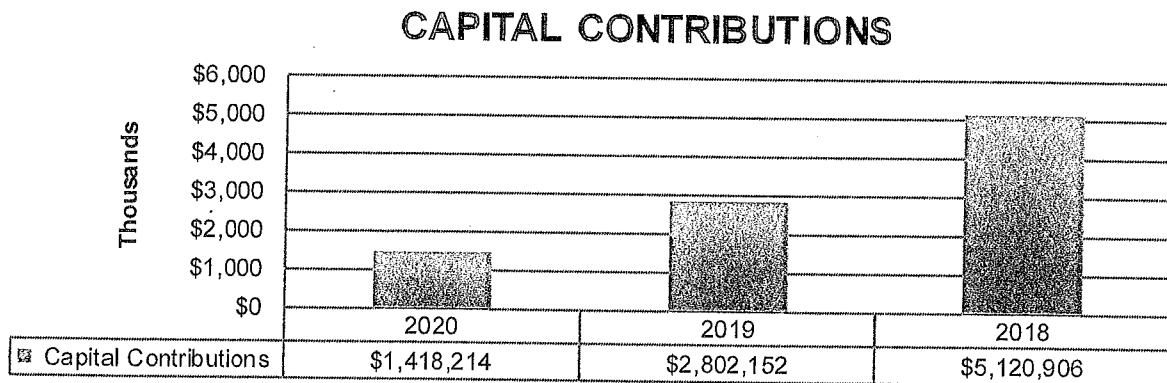
**VALLEY VIEW SEWER DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2020 AND 2019  
(SEE INDEPENDENT ACCOUNTANTS' REVIEW REPORT)**

**RESULTS OF OPERATIONS (CONTINUED)**

The decrease in operating costs in 2020 was primarily due to less maintenance of the system being needed. The increase in operating costs in 2019 was primarily due to increases in treatment costs and additional maintenance activities. The increase in general and administrative expenses in 2020 was primarily due to increased engineering due to a line break. The increase in general and administrative expenses in 2019 was primarily due to increased personnel costs and increased maintenance activities. The District's philosophy generally is not to provide for all depreciation through rates based on the principle that connection charges and other fees also contribute to the cost of the sewer system. Operating results are augmented by earnings on investments and other nonoperating revenues and capital contributions.

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

The following chart indicates capital contributions over the past three years.



The contributions are indicative of the growth of the District and include donated systems totaling \$140,700, \$99,200, and \$-0- for the years ended December 31, 2020, 2019, and 2018, respectively, and grants (including forgiven loans) totaling \$282,887, \$1,532,485, and \$3,619,162 for the years ended December 31, 2020, 2019, and 2018, respectively.

**VALLEY VIEW SEWER DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2020 AND 2019  
(SEE INDEPENDENT ACCOUNTANTS' REVIEW REPORT)**

**CAPITAL ASSETS AND LONG-TERM LIABILITIES**

Capital assets decreased in 2020 due to depreciation in excess of construction activity and donated systems and increased 2019 due to growth in the customer base and construction activity to upgrade the system.

Significant capital asset additions during the years included the following:

2020		2019	
Duwamish Line Break	\$ 147,985	The Loop	\$ 1,615,180
Thorndyke Slide	262,460	40/42 Wastewater Bypass	400,763
40/42 Wastewater Bypass	51,663	S 127th St Sewer Extension	121,703
Donated Systems	140,700	Donated Systems	99,200

The decrease in long-term liabilities in 2020 and 2019 was mainly due to decreases in the net pension liability and principal payments on outstanding debt.

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

**ADDITIONAL COMMENTS**

The District is dependent on King County Wastewater Treatment Division (KCWTD/METRO) for the treatment of sewage collected by the District. The cost for this service charged to the District continues to increase. The District intends to adjust rates to compensate for increases in its direct treatment cost.

**VALLEY VIEW SEWER DISTRICT  
STATEMENTS OF NET POSITION  
DECEMBER 31, 2020 AND 2019  
(SEE INDEPENDENT ACCOUNTANTS' REVIEW REPORT)**

<b>ASSETS</b>	2020	2019
<b>CURRENT ASSETS</b>		
Unrestricted:		
Cash and Cash Equivalents	\$ 9,096,762	\$ 6,851,931
Accounts Receivable - Users	783,691	719,076
Accounts Receivable - Other	120,130	111,994
Unbilled Utility Service Receivable	574,472	672,011
Interest Receivable	59,282	121,525
Prepaid Expenses	140,785	121,174
Contracts Receivable - Current Portion	300,703	193,797
Grant Receivable	262,460	971,338
Total Unrestricted	11,338,285	9,762,846
Restricted:		
Cash and Cash Equivalents	270,955	349,223
Interest Receivable	125	387
Assessments Receivable - Current Portion	112,243	100,859
Total Restricted	383,323	450,469
Total Current Assets	11,721,608	10,213,315
Noncurrent Assets:		
Unrestricted:		
Contracts Receivable, Less Current Portion	707,111	917,968
Preliminary Surveys and Investigations	56,976	50,044
Total Unrestricted	764,087	968,012
Restricted:		
Assessments Receivable, Less Current Portion	192,115	300,433
Capital Assets Not Being Depreciated:		
Land, Land Rights, and Other	628,310	628,310
Construction in Progress	430,333	455,149
Capital Assets Being Depreciated:		
Plant in Service	67,865,177	67,165,827
Less: Accumulated Depreciation	(27,929,067)	(26,611,557)
Net Capital Assets	40,994,753	41,637,729
Total Noncurrent Assets	41,950,955	42,906,174
Total Assets	53,672,563	53,119,489
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred Loss on Refunding of Debt	577	1,885
Deferred Outflows Related to Pensions	158,894	138,729
Total Deferred Outflows of Resources	159,471	140,614
Total Assets and Deferred Outflows or Resources	\$ 53,832,034	\$ 53,260,103

See accompanying Notes to Financial Statements.

**VALLEY VIEW SEWER DISTRICT**  
**STATEMENTS OF NET POSITION (CONTINUED)**  
**DECEMBER 31, 2020 AND 2019**  
(SEE INDEPENDENT ACCOUNTANTS' REVIEW REPORT)

<b>LIABILITIES</b>	2020	2019
<b>CURRENT LIABILITIES</b>		
Payable from Unrestricted Assets:		
Accounts Payable	\$ 230,779	\$ 203,871
Side Sewer Deposits Payable	-	6,957
Compensated Absences	147,600	135,300
Retainage Payable	7,346	30,238
Accrued Interest	28,925	35,764
Long-Term Debt - Current Maturities	972,448	984,536
Total Current Liabilities	1,387,098	1,396,666
 <b>NONCURRENT LIABILITIES</b>		
Long-Term Debt, Net of Current Maturities	4,673,821	5,494,445
Compensated Absences	10,365	36,648
Net Pension Liability	474,701	496,294
Total Noncurrent Liabilities	5,158,887	6,027,387
 Total Liabilities	 6,545,985	 7,424,053
 <b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred Inflows Related to Pensions	171,539	308,928
 Total Liabilities and Deferred Inflows of Resources	 6,717,524	 7,732,981
 <b>NET POSITION</b>		
Net Investment in Capital Assets	35,340,985	35,022,684
Restricted for Debt Service	571,843	746,130
Restricted for Impaired Investments	3,595	4,772
Unrestricted	11,198,087	9,753,536
Total Net Position	47,114,510	45,527,122
 Total Liabilities and Deferred Inflows of Resources and Net Position	 \$ 53,832,034	 \$ 53,260,103

See accompanying Notes to Financial Statements.

**VALLEY VIEW SEWER DISTRICT**  
**STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION**  
**YEARS ENDED DECEMBER 31, 2020 AND 2019**  
(SEE INDEPENDENT ACCOUNTANTS' REVIEW REPORT)

	<u>2020</u>	<u>2019</u>
<b>OPERATING REVENUES</b>		
Service Charges:		
Commercial	\$ 7,784,647	\$ 8,294,840
Residential	5,441,478	5,410,050
Total Service Charges	<u>13,226,125</u>	<u>13,704,890</u>
Late Charges	39,386	137,394
Permit Fees	24,172	18,289
Rental of Flush Truck	820	420
Miscellaneous	166,385	683,886
Total Operating Revenues	<u>13,456,888</u>	<u>14,544,879</u>
<b>OPERATING EXPENSES</b>		
Collection and Transmission	9,594,790	9,856,423
Pumping	309,825	312,888
General and Administrative	2,217,461	2,035,465
Depreciation and Amortization	1,317,510	1,264,890
Total Operating Expenses	<u>13,439,586</u>	<u>13,469,666</u>
<b>OPERATING INCOME</b>	17,302	1,075,213
<b>NONOPERATING REVENUE (EXPENSE)</b>		
Investment Income	155,733	170,306
Interest on Assessments	14,974	21,064
Interest on Contracts	6,037	88,532
Other Interest	-	43
Noncapital Grant	53,871	-
Private Property Improvements	6,957	(398,491)
Interest and Amortization on Long-Term Debt	(85,700)	(98,906)
Total Nonoperating Revenue (Expense)	<u>151,872</u>	<u>(217,452)</u>
<b>INCOME BEFORE CAPITAL CONTRIBUTIONS</b>	169,174	857,761
Capital Contributions	<u>1,418,214</u>	<u>2,802,152</u>
<b>CHANGE IN NET POSITION</b>	1,587,388	3,659,913
Net Position - Beginning of Year	<u>45,527,122</u>	<u>41,867,209</u>
<b>NET POSITION - END OF YEAR</b>	<u>\$ 47,114,510</u>	<u>\$ 45,527,122</u>

See accompanying Notes to Financial Statements.

**VALLEY VIEW SEWER DISTRICT  
STATEMENTS OF CASH FLOWS  
YEARS ENDED DECEMBER 31, 2020 AND 2019  
(SEE INDEPENDENT ACCOUNTANTS' REVIEW REPORT)**

	<u>2020</u>	<u>2019</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash Received from Customers	\$ 13,481,676	\$ 14,442,744
Cash Paid to Vendors	(10,090,345)	(10,389,600)
Cash Paid to and for Employees and Commissioners	(2,110,583)	(2,025,948)
Cash Received (Paid) for Private Property Improvements	6,957	(398,491)
Issuance of Side Sewer Contracts Receivable	(65,917)	(145,447)
Collections on Side Sewer Contracts Receivable	85,812	69,729
Interest Received	10,381	14,633
Net Cash Provided by Operating Activities	<u>1,317,981</u>	<u>1,567,620</u>
<b>CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Noncapital Grant Received	53,871	-
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Capital Contributions	1,798,045	3,139,022
Collections on ULID Assessments Receivable	96,934	107,778
Collections on Contracts Receivable	213,345	332,073
Interest Received on Contracts and Assessments	66,861	64,113
Expenditures for Plant in Service and Construction	(670,639)	(2,156,849)
Proceeds from Issuance of Long-Term Debt	142,884	2,484,828
Payment on Long-Term Debt	(975,596)	(1,525,179)
Interest Paid on Long-Term Debt	(91,231)	(83,032)
Net Cash Provided by Capital and Related Financing Activities	<u>580,603</u>	<u>2,362,754</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Collections on Contract with City of Tukwila	52,101	-
Interest Received on Investments	162,007	162,484
Net Cash Provided by Investing Activities	<u>214,108</u>	<u>162,484</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	2,166,563	4,092,858
Cash and Cash Equivalents - Beginning of Year	<u>7,201,154</u>	<u>3,108,296</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u>\$ 9,367,717</u>	<u>\$ 7,201,154</u>
Cash and Cash Equivalents Balance is Comprised of the Following at December 31:		
Cash and Cash Equivalents - Unrestricted	\$ 9,096,762	\$ 6,851,931
Cash and Cash Equivalents - Restricted	270,955	349,223
Total	<u>\$ 9,367,717</u>	<u>\$ 7,201,154</u>

See accompanying Notes to Financial Statements.

**VALLEY VIEW SEWER DISTRICT  
STATEMENTS OF CASH FLOWS (CONTINUED)  
YEARS ENDED DECEMBER 31, 2020 AND 2019  
(SEE INDEPENDENT ACCOUNTANTS' REVIEW REPORT)**

	2020	2019
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>		
Operating Income	\$ 17,302	\$ 1,075,213
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Depreciation and Amortization	1,317,510	1,264,890
(Increase) Decrease in Assets and Deferred Outflows of Resources:		
Accounts Receivable	24,788	(102,135)
Prepaid Expenses	(19,611)	(2,890)
Side Sewer Contracts	26,852	(40,160)
Deferred Outflows Related to Pensions	(20,165)	384
Increase (Decrease) in Liabilities and Deferred Inflows of Resources:		
Accounts Payable	133,889	(7,909)
Side Sewer Deposits Payable	(6,957)	(35,558)
Compensated Absences	(13,983)	(59,631)
Net Pension Liability	(21,593)	(173,888)
Deferred Inflows Related to Pensions	(137,389)	33,162
Private Property Improvements	6,957	(398,491)
Other Income	10,381	14,633
Net Cash Provided by Operating Activities	\$ 1,317,981	\$ 1,567,620

**SUPPLEMENTAL SCHEDULE OF SIGNIFICANT NONCASH  
FINANCING AND INVESTING ACTIVITIES**

Contract Assessments	\$ 188,347	\$ 212,513
Utility Plant Donations Received	\$ 140,700	\$ 99,200
Forgiven Loans	\$ -	\$ 1,049,500

See accompanying Notes to Financial Statements.

VALLEY VIEW SEWER DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020 AND 2019  
(SEE INDEPENDENT ACCOUNTANTS' REVIEW REPORT)

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

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

Valley View Sewer District (the District), a municipal corporation organized under the laws of the state of Washington, was created for the purpose of constructing, maintaining and operating a sewer system within its boundaries, which encompass a portion of the cities of SeaTac, Burien, and Tukwila, Washington, and surrounding unincorporated areas. The District is governed by an elected three-member board and has no component units.

**Basis of Presentation and Accounting**

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

**Newly Implemented Accounting Standards**

The Districted implemented GASB 88 *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements* which improves the consistency in the information that is disclosed in the notes related to debt, including direct borrowings and direct placements. The implementation of this standard had no impact on the statement of net position or net income and had a minimal impact in the debt related footnotes.

**Cash and Cash Equivalents**

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

**Accounts Receivable**

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

**Capital Assets**

Capital assets are stated at cost and include the capitalized portion of District employees' wages and related overhead costs. For sewer systems installed by developers or customers and conveyed to the District by bill of sale, the District records the cost of the system at acquisition value, which is estimated using the contributing party's cost. 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. When capital assets are retired or otherwise disposed of, the cost and accumulated depreciation are removed from the accounts and any resulting gain or loss is recognized in income for the period.

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

**Capital Assets (Continued)**

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

	<u>Estimated Useful Lives</u>
Sewer Mains and Extensions	50 Years
Sewer Structures and Intangibles	5 to 50 Years
Equipment	3 to 10 Years
Office Building	5 to 40 Years

**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.

**Deferred Outflows/Inflows of Resources**

Deferred outflows of resources represent a consumption of net position that applies to future periods and will not be recognized as an outflow of resources (expense) until that time. Deferred outflows of resources consist of losses on refunding of debt, contributions to pension plans subsequent to the June 30 measurement date and the District's proportionate share of deferred outflows related to those plans. The deferred loss on refunding of debt results from a difference in the carrying value of refunded debt and its reacquisition price. Losses on refunding of debt are amortized by the interest method over the life of the refunded or refunding debt, whichever is shorter. Pension plan contributions subsequent to the measurement date are recognized as a reduction of the net pension liability in the following year. Deferred outflows of resources related to pensions for the net difference between projected and actual earnings on plan investments are amortized over a closed five-year period. The remaining deferred outflows of resources related to pensions are amortized over the average expected service lives of all employees provided with pensions through each plan.

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

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

**Compensated Absences**

Employees earn vacation and sick leave based upon date of hire and years of service. Unused vacation and sick leave at retirement or normal termination is considered vested and payable to the employee at 100% of vacation (up to 576 hours) and 75% of accrued sick leave for retirement or 25% of accrued sick leave for normal termination. Vacation and the vested portion of sick leave, 50% based on historical turnover, which is earned but not used at December 31 each year is accrued as a liability of the District.

**Long-Term Debt**

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

**Net Position**

Net position is classified in the following three components:

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

*Restricted* – This component of net position consists of assets restricted by external creditors (such as through debt covenants), grantors, contributors or others reduced by related liabilities and deferred inflows of resources.

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

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

**Revenues and Expenses**

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

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

**Capital Contributions**

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

**Use of Estimates in Financial Statement Preparation**

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

**NOTE 2 DEPOSITS AND INVESTMENTS**

**Deposits**

Cash on hand at December 31, 2020 and 2019 was \$1,200 and \$1,200, respectively. The District's bank balances as of December 31, 2020 and 2019 were \$88,218 and \$48,700, respectively.

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

**Investments**

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

**VALLEY VIEW SEWER DISTRICT  
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**NOTE 2 DEPOSITS AND INVESTMENTS (CONTINUED)**

**Investments (Continued)**

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

<u>Investment Type</u>	<u>Fair Value</u>	<u>Average Effective Duration</u>
<u>2020</u>		
King County Investment Pool:		
Main Pool	\$ 9,314,222	1.20 Years
Impaired Pool	3,595	
<u>2019</u>		
King County Investment Pool:		
Main Pool	\$ 7,106,964	0.92 Years
Impaired Pool	4,772	

**Impaired Investments**

As of December 31, 2020 and 2019, all impaired commercial paper investments have completed enforcement events. The King County Impaired Investment Pool (Impaired Pool) held one commercial paper asset where the Impaired Pool accepted an exchange offer and is receiving the cash flows from the investment's underlying securities. As of December 31, 2019, the Impaired Pool also held the residual investments in one commercial paper asset that was part of completed enforcement events, where the Impaired Pool accepted the cash-out option. The District's share of the impaired investment pool principal was \$5,752 and \$7,090 at December 31, 2020 and 2019, respectively. The District's unrealized loss for these investments is \$2,157 and \$2,318 at December 31, 2020 and 2019, respectively.

**Interest Rate Risk**

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

**Credit Risk**

As of December 31, 2020 and 2019, the District's investment in the Pool was not rated by a nationally recognized statistical rating organization (NRSRO). In compliance with state statutes, Pool policies authorize investments in U.S. treasury securities, U.S. agency securities and mortgage-backed securities, corporate notes (rated at least "A" by one NRSROs), municipal securities (rated at least "A" by two NRSROs), commercial paper (rated at least the equivalent of "A-1" by one NRSROs), certificates of deposits issued by qualified public depositories, repurchase agreements, and the Local Government Investment Pool managed by the Washington State Treasurer's office.

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**NOTE 3 RESTRICTED ASSETS**

In accordance with certain agreements, separate restricted accounts are required to be established. The assets held in these accounts are restricted for specific uses. Restricted assets are as follows:

	<u>Cash and Cash Equivalents</u>	<u>Interest Receivable</u>	<u>Current Assessments Receivable</u>	<u>Long-Term Assessments Receivable</u>
<u>December 31, 2020</u>				
Current Restricted Assets:				
Impaired Investment Pool	\$ 3,595	\$ -	\$ -	\$ -
Revenue Bond Reserve Account	117,084	-	-	-
Revenue Bond Fund Debt Service Account	<u>150,276</u>	<u>125</u>	<u>112,243</u>	<u>192,115</u>
Total	<u>\$ 270,955</u>	<u>\$ 125</u>	<u>\$ 112,243</u>	<u>\$ 192,115</u>
<u>December 31, 2019</u>				
Current Restricted Assets:				
Impaired Investment Pool	\$ 4,772	\$ -	\$ -	\$ -
Revenue Bond Reserve Account	153,224	-	-	-
Revenue Bond Fund Debt Service Account	<u>191,227</u>	<u>387</u>	<u>100,859</u>	<u>300,433</u>
Total	<u>\$ 349,223</u>	<u>\$ 387</u>	<u>\$ 100,859</u>	<u>\$ 300,433</u>

Terms of the revenue bond issues require the District to establish and maintain a reserve account. The reserve account is to provide security for bondholders. The amount to be reserved is the lesser of the maximum annual debt service, 125% of average annual debt service, or 10% of the proceeds of the bonds. As of December 31, 2020 and 2019, the required reserve is \$117,084 and \$153,224, respectively. As of December 31, 2020 and 2019, the reserve account was fully funded.

**VALLEY VIEW SEWER DISTRICT  
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**NOTE 4 CAPITAL ASSETS**

Major classes of capital assets and capital asset activity were as follows for December 31, 2020:

	Balance - Beginning of Year	Increase	Decrease	Balance - End of Year
Capital Assets Not Being Depreciated:				
Land, Land Rights, and Other	\$ 628,310	\$ -	\$ -	\$ 628,310
Construction in Progress	455,149	531,356	(556,172)	430,333
Total	<u>1,083,459</u>	<u>531,356</u>	<u>(556,172)</u>	<u>1,058,643</u>
Capital Assets Being Depreciated:				
Sewer Mains and Extensions	57,582,618	694,934	-	58,277,552
Sewer Structures and Intangibles	3,614,754	-	-	3,614,754
Equipment	1,562,756	-	-	1,562,756
Office Building	4,405,699	4,416	-	4,410,115
Total	<u>67,165,827</u>	<u>699,350</u>	<u>-</u>	<u>67,865,177</u>
Accumulated Depreciation:				
Sewer Mains and Extensions	(20,946,150)	(1,136,377)	-	(22,082,527)
Sewer Structures and Intangibles	(2,561,318)	(52,248)	-	(2,613,566)
Equipment	(1,496,403)	(21,242)	-	(1,517,645)
Office Building	(1,607,686)	(107,643)	-	(1,715,329)
Total	<u>(26,611,557)</u>	<u>(1,317,510)</u>	<u>-</u>	<u>(27,929,067)</u>
Net Capital Assets	<u>\$ 41,637,729</u>	<u>\$ (86,804)</u>	<u>\$ (556,172)</u>	<u>\$ 40,994,753</u>

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**NOTE 4 CAPITAL ASSETS (CONTINUED)**

Major classes of capital assets and capital asset activity were as follows for December 31, 2019:

	Balance - Beginning of Year	Increase	Decrease	Balance - End of Year
Capital Assets Not Being Depreciated:				
Land, Land Rights, and Other	\$ 628,310	\$ -	\$ -	\$ 628,310
Construction in Progress	4,821,929	2,230,759	(6,597,539)	455,149
Total	5,450,239	2,230,759	(6,597,539)	1,083,459
Capital Assets Being Depreciated:				
Sewer Mains and Extensions	50,874,729	6,707,889	-	57,582,618
Sewer Structures and Intangibles	3,614,754	-	-	3,614,754
Equipment	1,556,943	5,813	-	1,562,756
Office Building	4,398,844	6,855	-	4,405,699
Total	60,445,270	6,720,557	-	67,165,827
Accumulated Depreciation:				
Sewer Mains and Extensions	(19,883,845)	(1,062,305)	-	(20,946,150)
Sewer Structures and Intangibles	(2,503,509)	(57,809)	-	(2,561,318)
Equipment	(1,460,969)	(35,434)	-	(1,496,403)
Office Building	(1,498,343)	(109,343)	-	(1,607,686)
Total	(25,346,666)	(1,264,891)	-	(26,611,557)
Net Capital Assets	<u>\$ 40,548,843</u>	<u>\$ 7,686,425</u>	<u>\$ (6,597,539)</u>	<u>\$ 41,637,729</u>

**NOTE 5 LONG-TERM DEBT PAYABLE**

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

<u>Description</u>	<u>2020</u>	<u>2019</u>
Revenue and Refunding Bonds: \$1,835,000 issued September 18, 2008 for utility construction, due serially through the year 2023, with interest payable semi-annually at 4.30 annual percentage rate.	\$ 455,000	\$ 595,000
Total Revenue and Refunding Bonds	<u>455,000</u>	<u>595,000</u>
Direct Borrowings and Direct Placements: Revenue and Refunding Bond: \$1,013,087 issued March 3, 2016 for refunding, due serially through the year 2022, with interest payable semi-annually at 1.89 annual percentage rate.	156,900	310,409

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**NOTE 5 LONG-TERM DEBT PAYABLE (CONTINUED)**

<u>Description</u>	<u>2020</u>	<u>2019</u>
Public Works Trust Fund Loans: All issued for utility construction and secured by the revenue of the system.		
2001 \$1,394,170 loan: Payable \$73,581 annually through the year 2021, plus interest at 0.50 annual percentage rate.	\$ 73,581	\$ 147,162
2002 \$1,908,250 loan: Payable \$101,025 annually through the year 2022, plus interest at 0.50 annual percentage rate.	202,050	303,075
2003 \$1,280,058 loan: Payable \$68,755 annually through the year 2023, plus interest at 0.50 annual percentage rate.	206,264	275,019
2004 \$88,230 loan: Payable \$4,780 annually through the year 2023, plus interest at 0.50 annual percentage rate.	14,341	19,121
2004 \$1,609,050 loan: Payable \$85,185 annually through the year 2024, plus interest at 0.50 annual percentage rate.	340,740	425,925
2006 \$3,320,632 loan: Payable \$185,219 annually through the year 2026, plus interest at 0.50 annual percentage rate.	1,111,317	1,296,536
2012 \$1,950,000 loan: Payable \$100,685 annually through the year 2031, plus interest at 0.25 annual percentage rate.	1,107,540	1,208,225
2020 \$638,000 Public Works Trust Fund Loan: \$-0- drawn to December 31, 2020, payable annually through the year 2039, plus interest at 1.58 annual percentage rate.	-	-

**VALLEY VIEW SEWER DISTRICT  
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**NOTE 5 LONG-TERM DEBT PAYABLE (CONTINUED)**

<u>Description</u>	<u>2020</u>	<u>2019</u>
Clean Water State Revolving Fund Loans: All issued for utility construction and secured by the revenue of the system.		
2017 \$171,412 loan: Payable \$5,285 semi-annually through the year 2038, plus interest at 2.0 annual percentage rate.	\$ 158,996	\$ 166,263
2017 \$1,875,130 loan: Payable \$56,616 semi-annually through the year 2039, plus interest at 2.0 annual percentage rate.	1,819,540	1,732,246
Total Direct Borrowings and Direct Placements	<u>5,191,269</u>	<u>5,883,981</u>
Total Long-Term Debt	5,646,269	6,478,981
Less: Current Maturities	<u>972,448</u>	<u>984,536</u>
Total	<u>\$ 4,673,821</u>	<u>\$ 5,494,445</u>

Long-term debt service requirements to maturity are as follows:

<u>Year Ending December 31,</u>	<u>Revenue and Refunding Bonds</u>		<u>Direct Placements and Direct Borrowings</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2021	\$ 150,000	\$ 19,565	\$ 822,448	\$ 72,287	\$ 1,064,300
2022	150,000	13,115	709,923	47,946	920,984
2023	155,000	6,665	533,364	42,253	737,282
2024	-	-	461,620	38,490	500,110
2025	-	-	378,262	35,059	413,321
2026-2030	-	-	1,179,159	134,458	1,313,617
2031-2035	-	-	642,741	77,207	719,948
2036-2039	-	-	463,752	20,886	484,638
Total	<u>\$ 455,000</u>	<u>\$ 39,345</u>	<u>\$ 5,191,269</u>	<u>\$ 468,586</u>	<u>\$ 6,154,200</u>

**VALLEY VIEW SEWER DISTRICT  
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**NOTE 6 CHANGES IN LONG-TERM LIABILITIES**

Changes in long-term liabilities were as follows:

	Balance - Beginning of Year	Additions	Reductions	Balance - End of Year	Amounts Due Within One Year
<u>2020</u>					
Public Works Trust					
Fund Loans	\$ 3,675,063	\$ -	\$ (619,230)	\$ 3,055,833	\$ 619,231
Clean Water State Revolving					
Loans	1,898,509	142,884	(62,857)	1,978,536	123,607
Revenue Bonds	905,409	-	(293,509)	611,900	229,610
Compensated Absences	171,948	168,771	(182,754)	157,965	147,600
Net Pension Liability	496,294	-	(21,593)	474,701	-
Total	<u>\$ 7,147,223</u>	<u>\$ 311,655</u>	<u>\$ (1,179,943)</u>	<u>\$ 6,278,935</u>	<u>\$ 1,120,048</u>
<u>2019</u>					
Public Works Trust					
Fund Loans	\$ 4,294,295	\$ -	\$ (619,232)	\$ 3,675,063	\$ 619,231
Clean Water State Revolving					
Loans	468,329	2,484,829	(1,054,649)	1,898,509	71,796
Revenue Bonds	1,806,208	-	(900,799)	905,409	293,509
Compensated Absences	231,579	157,110	(216,741)	171,948	135,300
Net Pension Liability	670,182	-	(173,888)	496,294	-
Total	<u>\$ 7,470,593</u>	<u>\$ 2,641,939</u>	<u>\$ (2,965,309)</u>	<u>\$ 7,147,223</u>	<u>\$ 1,119,836</u>

**NOTE 8 PENSION PLAN**

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

Aggregate Pension Amounts - All Plans		
	2020	2019
Net Pension Liabilities	\$ 474,701	\$ 496,294
Deferred Outflows of Resources	158,894	138,729
Deferred Inflows of Resources	171,539	308,928
Pension Expense	1,967	31,482

**State Sponsored Pension Plans**

Substantially all of the District's full-time and qualifying part-time employees participate in one of the following statewide retirement systems administered by the Washington State Department of Retirement Systems, under cost-sharing, multiemployer 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.

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NOTE 8 PENSION PLAN (CONTINUED)

**State Sponsored Pension Plans (Continued)**

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

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

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

**Public Employees Retirement System (PERS)**

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

**PERS Plan 1** – provides retirement, disability, and death benefits. Retirement benefits are determined as 2% of the member's average final compensation (AFC) times the member's years of service. The AFC is the average of the member's 24 highest consecutive service months. Members are eligible for retirement from active status at any age with at least 30 years of service, at age 55 with at least 25 years of service, or at age 60 with at least 5 years of service.

Members retiring from active status prior to the age of 65 may receive actuarially reduced benefits. Retirement benefits are actuarially reduced to reflect the choice of a survivor benefit. Other benefits include duty and nonduty disability payments, an optional cost-of-living adjustment (COLA), and a one-time duty-related death benefit, if found eligible by the Department of Labor and Industries. PERS 1 members were vested after the completion of five years of eligible service. The plan was closed to new entrants on September 30, 1977.

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

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**NOTE 8 PENSION PLAN (CONTINUED)**

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

**Contributions (Continued)**

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

<u>PERS Plan 1 Actual Contribution Rates</u>	<u>Employer</u>	<u>Employee</u>
<u>2020</u>		
January through August		
PERS Plan 1	7.92%	6.00%
PERS Plan 1 UAAL	4.76%	-
Administrative Fee	0.18%	-
Total	<u>12.86%</u>	<u>6.00%</u>
September through December		
PERS Plan 1	7.92%	6.00%
PERS Plan 1 UAAL	4.87%	-
Administrative Fee	0.18%	-
Total	<u>12.97%</u>	<u>6.00%</u>
<u>2019</u>		
January through June		
PERS Plan 1	7.52%	6.00%
PERS Plan 1 UAAL	5.13%	-
Administrative Fee	0.18%	-
Total	<u>12.83%</u>	<u>6.00%</u>
July through December		
PERS Plan 1	7.92%	6.00%
PERS Plan 1 UAAL	4.76%	-
Administrative Fee	0.18%	-
Total	<u>12.86%</u>	<u>6.00%</u>

The District's actual contributions to the plan were \$68,309 and \$67,085 for the years ended December 31, 2020 and 2019, respectively.

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**NOTE 8 PENSION PLAN (CONTINUED)**

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

**PERS Plan 2/3** – provides retirement, disability, and death benefits. Retirement benefits are determined as 2% of the member's average final compensation (AFC) times the member's years of service for Plan 2 and 1% of AFC for Plan 3. The AFC is the average of the member's 60 highest-paid consecutive service months. There is no cap on years of service credit. Members are eligible for retirement with a full benefit at 65 with at least 5 years of service credit. Retirement before age 65 is considered an early retirement. PERS Plan 2/3 members who have at least 20 years of service credit and are 55 years of age or older, are eligible for early retirement with a benefit that is reduced by a factor that varies according to age for each year before age 65.

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

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

PERS Plan 2/3 members hired on or after May 1, 2013 have the option to retire early by accepting a reduction of 5% for each year of retirement before age 65. This option is available only to those who are age 55 or older and have at least 30 years of service credit. PERS Plan 2/3 retirement benefits are also actuarially reduced to reflect the choice of a survivor benefit. Other PERS Plan 2/3 benefits include duty and nonduty disability payments, a cost-of-living allowance (based on the CPI), capped at 3% annually and a one-time duty related death benefit, if found eligible by the Department of Labor and Industries. PERS 2 members are vested after completing 5 years of eligible service. Plan 3 members are vested in the defined benefit portion of their plan after 10 years of service; or after 5 years of service if 12 months of that service are earned after age 44.

**PERS Plan 3** – defined contribution benefits are totally dependent on employee contributions and investment earnings on those contributions. PERS Plan 3 members choose their contribution rate upon joining membership and have a chance to change rates upon changing employers. As established by statute, Plan 3 required defined contribution rates are set at a minimum of 5% and escalate to 15% with a choice of 6 options. Employers do not contribute to the defined contribution benefits. PERS Plan 3 members are immediately vested in the defined contribution portion of their plan.

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

**VALLEY VIEW SEWER DISTRICT  
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**NOTE 8 PENSION PLAN (CONTINUED)**

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

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

<u>PERS Plan 2/3 Actual Contribution Rates</u>	<u>Employer 2/3</u>	<u>Employee 2</u>	<u>Employee 3</u>
<u>2020</u>			
January through August			
PERS Plan 2	7.92%	7.90%	Varies
PERS Plan 1 UAAL	4.76%	-	Varies
Administrative Fee	0.18%	-	Varies
Total	12.86%	7.90%	
September through December			
PERS Plan 2	7.92%	7.90%	Varies
PERS Plan 1 UAAL	4.87%	-	Varies
Administrative Fee	0.18%	-	Varies
Total	12.97%	7.90%	
<u>2019</u>			
January through June			
PERS Plan 2	7.52%	7.41%	Varies
PERS Plan 1 UAAL	5.13%	-	Varies
Administrative Fee	0.18%	-	Varies
Total	12.83%	7.41%	
July through December			
PERS Plan 2	7.92%	7.90%	Varies
PERS Plan 1 UAAL	4.76%	-	Varies
Administrative Fee	0.18%	-	Varies
Total	12.86%	7.90%	

The District's actual contributions to the plan were \$112,805 and \$104,741 for the years ended December 31, 2020 and 2019, respectively.

**Actuarial Assumptions**

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

The 2019 TPL for each of the DRS plans was determined using the actuarial valuation completed in 2019, with a valuation date of June 30, 2018. The actuarial assumptions used in the valuation were based on the results of the Office of the State Actuary's (OSA) 2007-2012 Experience Study and the 2017 Economic experience Study.

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NOTE 8 PENSION PLAN (CONTINUED)

Actuarial Assumptions (Continued)

Additional 2020 assumptions for subsequent events and law changes are current as of the 2019 actuarial valuation report. Additional 2019 assumptions for subsequent events and law changes are current as of the 2018 actuarial valuation report. The TPL was calculated as of the valuation date and rolled forward to the measurement date of June 30, 2020 and June 30, 2019. 2020 Plan liabilities were rolled forward from June 30, 2019, to June 30, 2020, and 2019 Plan liabilities were rolled forward from June 30, 2018, to June 30, 2019, reflecting each plan's normal cost (using the entry-age cost method), assumed interest and actual benefit payments.

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

2020 Mortality rates were developed using the Society of Actuaries' Pub. H-2020 mortality rates, which vary by member status, as the base table. The OSA applied age offsets for each system, as appropriate, to better tailor the mortality rates to the demographics of each plan. OSA applied the long-term MP-2017 generational improvement scale, also developed by the Society Actuaries, to project mortality rates for every year after the 2010 base table. Mortality rates are applied on a generational basis; meaning, each member is assumed to receive additional mortality improvements in each future year throughout his or her lifetime.

2019 Mortality rates were based on the RP-2000 report's Combined Healthy Table and Combined Disabled Table, published by the Society of Actuaries. The OSA applied offsets to the base table and recognized future improvements in mortality by projecting the mortality rates using 100% Scale BB. Mortality rates are applied on a generational basis; meaning, each member is assumed to receive additional mortality improvements in each future year throughout his or her lifetime.

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

- OSA updated its demographic assumptions based on the results of its latest demographic experience study. See OSA's 2013-2018 Demographic Experience Study at [leg.wa.gov/osa](http://leg.wa.gov/osa).
- OSA updated the Early Retirement Factors and Joint-and-Survivor factors used in its model to match the ones implemented by DRS on October 1, 2020. These factors are used to value benefits for members who elect to retire early and for survivors of members that die prior to retirement.
- The valuation includes liabilities and assets for Plan 3 members purchasing Total Allocation Portfolio annuities when determining contribution rates and funded status.

**VALLEY VIEW SEWER DISTRICT  
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**NOTE 8 PENSION PLAN (CONTINUED)**

**Actuarial Assumptions (Continued)**

- OSA changed its method of updating certain data items that change annually, including the public safety duty-related death lump sum and Washington state average wage. OSA set these values at 2018 and will project them into the future using assumptions until the next Demographic Experience Study in 2025. See [leg.wa.gov/osa](http://leg.wa.gov/osa) for more information on this method change.

There were changes in methods and assumptions between the 2019 and 2018 valuations.

- OSA updated modeling to reflect providing benefit payments to the date of the initial retirement eligibility for terminated vested members who delay application for retirement benefits.
- OSA updated COLA programming to reflect legislation signed during the 2018 legislative session that provides PERS Plan 1 annuitants who are not receiving a basic minimum, alternate minimum, or temporary disability benefit with a one-time permanent 1.5% increase to their monthly retirement benefit, not to exceed a maximum of \$62.50 per month.

**Discount Rate**

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

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

**Long-Term Expected Rate of Return**

The long-term expected rate of return on the DRS pension plan investments of 7.4% was determined using a building-block-method. In selecting this assumption, the Office of the State Actuary (OSA) reviewed the historical experience data, considered the historical conditions that produced past annual investment returns, and considered capital market assumptions and simulated expected investment returns provided by the Washington State Investment Board (WSIB). The WSIB uses the capital market assumptions and their target asset allocation to simulate future investment returns over various time horizons.

**Estimated Rates of Return by Asset Class**

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

**VALLEY VIEW SEWER DISTRICT  
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**NOTE 8 PENSION PLAN (CONTINUED)**

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

As of June 30, 2020 and 2019:

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

**Sensitivity of Net Pension Liability (NPL)**

The table below presents the District's proportionate share of the net pension liability calculated using the applicable discount rate, as well as what the 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 or 1-percentage point higher than applicable discount rate.

	<u>1% Decrease (6.4%)</u>	<u>Current Discount Rate (7.4%)</u>	<u>1% Increase (8.4%)</u>
<u>2020</u>			
PERS 1	\$ 403,334	\$ 322,009	\$ 251,084
PERS 2/3	950,089	152,692	(503,965)
<u>2019</u>			
PERS 1	\$ 468,722	\$ 374,284	\$ 292,346
PERS 2/3	935,767	122,010	(545,732)

**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.

**VALLEY VIEW SEWER DISTRICT  
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**NOTE 8 PENSION PLAN (CONTINUED)**

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

At December 31, 2020 and 2019, the District reported a total pension liability (asset) for its proportionate share of the net pension liabilities as follows (measured as of June 30, 2020 and 2019):

	2020	2019
PERS 1	\$ 322,009	\$ 374,284
PERS 2/3	152,692	122,010
Total	<u>\$ 474,701</u>	<u>\$ 496,294</u>

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

	Proportionate Share 6/30/19	Proportionate Share 6/30/20	Change in Proportion
PERS 1	0.009733%	0.009121%	-0.000612%
PERS 2/3	0.012561%	0.011939%	-0.000622%

	Proportionate Share 6/30/18	Proportionate Share 6/30/19	Change in Proportion
PERS 1	0.010050%	0.009733%	-0.000317%
PERS 2/3	0.012964%	0.012561%	-0.000403%

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

The 2020 and 2019 collective net pension liability (asset) was measured as of June 30, 2020 and 2019, respectively, and the actuarial valuation date on which the total pension liability (asset) is based was as of June 30, 2019 and 2018, respectively, with update procedures used to roll forward the total pension liability to the measurement date.

**Pension Expense**

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

	2020	2019
PERS 1	\$ (9,385)	\$ 2,408
PERS 2/3	11,352	29,074
Total	<u>\$ 1,967</u>	<u>\$ 31,482</u>

**VALLEY VIEW SEWER DISTRICT  
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**NOTE 8 PENSION PLAN (CONTINUED)**

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

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
<u>2020</u>		
PERS 1:		
Differences Between Expected and Actual Experience	\$ -	\$ -
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	-	1,793
Changes of Assumptions	-	-
Changes in Proportion and Differences Between Contributions and Proportionate Share of Contributions	-	-
Contributions Subsequent to the Measurement Date	34,541	-
Total	\$ 34,541	\$ 1,793
PERS 2/3:		
Differences Between Expected and Actual Experience	\$ 54,661	\$ 19,136
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	-	7,755
Changes of Assumptions	2,175	104,302
Changes in Proportion and Differences Between Contributions and Proportionate Share of Contributions	10,898	38,553
Contributions Subsequent to the Measurement Date	56,619	-
Total	\$ 124,353	\$ 169,746
Total All Plans	\$ 158,894	\$ 171,539

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NOTE 8 PENSION PLAN (CONTINUED)

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
<u>2019</u>		
PERS 1:		
Differences Between Expected and Actual Experience	\$ -	\$ -
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	-	25,005
Changes of Assumptions	-	-
Changes in Proportion and Differences Between Contributions and Proportionate Share of Contributions	-	-
Contributions Subsequent to the Measurement Date	32,334	-
Total	\$ 32,334	\$ 25,005
PERS 2/3:		
Differences Between Expected and Actual Experience	\$ 34,956	\$ 26,231
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	-	177,597
Changes of Assumptions	3,124	51,191
Changes in Proportion and Differences Between Contributions and Proportionate Share of Contributions	14,515	28,904
Contributions Subsequent to the Measurement Date	53,800	-
Total	\$ 106,395	\$ 283,923
Total All Plans	\$ 138,729	\$ 308,928

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**NOTE 8 PENSION PLAN (CONTINUED)**

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

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

<u>Year Ending December 31,</u>	<u>PERS 1</u>	<u>PERS 2/3</u>
2021	\$ (8,136)	\$ (67,663)
2022	(256)	(19,450)
2023	2,482	(1,592)
2024	4,117	7,117
2025	-	(10,509)
Thereafter	-	(9,915)
Total	<u>\$ (1,793)</u>	<u>\$ (102,012)</u>

**NOTE 9 DEFERRED COMPENSATION PLAN**

The District offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. This plan is with Aetna Life Insurance and Annuity Company and the state of Washington. The plan, available to all eligible employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to the employees until termination, retirement, death, or unforeseeable emergency. The District made no contributions to the plan in 2020 or 2019.

**NOTE 10 RISK MANAGEMENT**

Valley View Sewer District is a member of Enduris. Chapter 48.62 RCW provides the exclusive source of local government entity authority to individually or jointly self-insure risks, jointly purchase insurance or reinsurance, and to contract for risk management, claims, and administrative services. The Pool was formed July 10, 1987 pursuant to the provisions of Chapter 48.62 RCW, Chapter 200-100 WAC, and Chapter 39.34 RCW when two counties and two cities in the state of Washington joined together by signing an interlocal governmental agreement to fund their self-insured losses and jointly purchase insurance and administrative services. As of August 31, 2020, there are 547 Enduris members representing a broad array of special purpose districts throughout the state. Enduris provides property and liability coverage as well as risk management services and other related administrative services.

**VALLEY VIEW SEWER DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
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**NOTE 10 RISK MANAGEMENT (CONTINUED)**

Members make an annual contribution to fund the Pool and share in the self-insured retention. The self-insured retention is:

- \$1,000,000 self-insured retention on liability loss – The member is responsible for the first \$1,000 of the amount of each claim, while Enduris is responsible for the remaining \$999,000 on a liability loss.
- \$250,000 self-insured retention on property loss – The member is responsible for the first \$1,000 of the amount of each claim, while Enduris is responsible for the remaining \$249,000 on a property loss. For property losses related to boiler and machinery Enduris is responsible for the first \$4,000 of the claim.

Enduris acquires reinsurance from unrelated insurance companies on a “per occurrence” basis to cover all losses over the self-insured retentions as shown on the policy maximum limits. Liability coverage is for all lines of liability coverage including Public Official's Liability. The Property coverage is written on an “all risk”, blanket basis using current Statement of Values. The Property coverage includes but is not limited to mobile equipment, boiler and machinery, electronic data processing equipment, business interruption, course of construction and additions, property in transit, fine arts, cyber and automobile physical damage to insured vehicles. Liability coverage limit is \$20 million per occurrence and property coverage limit is \$800 million per occurrence. Enduris offers crime coverage up to a limit of \$1 million per occurrence.

Since Enduris is a cooperative program, there is joint liability among the participating members.

The contract requires members to remain in the Pool for a minimum of one year and must give notice 60 days before terminating participation. The Master Agreement (Intergovernmental Contract) is automatically renewed after the initial one (1) full fiscal year commitment. Even after termination, a member is still responsible for contribution to Enduris for any unresolved, unreported and in-process claims for the period they were a signatory to the Master Agreement.

Enduris is fully funded by its member participants. Claims are filed by members with the Pool and are administered in house.

The Pool is governed by a board of directors which is comprised of seven board members. The Pool's members elect the board and the positions are filled on a rotating basis. The board meets quarterly and is responsible for conducting the business affairs of Enduris.

In the past three years (2020, 2019, and 2018), there have been no claim settlements, per occurrence or in aggregate, that have exceeded the coverage provided by excess/reinsurance contracts.

**VALLEY VIEW SEWER DISTRICT  
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**NOTE 11 HEALTH AND WELFARE**

The Valley View Sewer District is a member of the Association of Washington Cities Employee Benefit Trust Health Care Program (AWC Trust HCP). Chapter 48.62 RCW provides that two or more local government entities may, by Interlocal agreement under Chapter 39.34 RCW, form together or join a pool or organization for the joint purchasing of insurance, and/or joint self-insurance, to the same extent that they may individually purchase insurance, or self-insure.

An agreement to form a pooling arrangement was made pursuant to the provisions of Chapter 39.34 RCW, the Interlocal Cooperation Act. The AWC Trust HCP was formed on January 1, 2014 when participating cities, towns, and non-city entities of the AWC Employee Benefit Trust in the state of Washington joined together by signing an Interlocal Governmental Agreement to jointly self-insure certain health benefit plans and programs for participating employees, their covered dependents and other beneficiaries through a designated account within the Trust.

As of December 31, 2020, 262 cities/towns/non-city entities participate in the AWC Trust HCP.

In April 2020, the board of trustees adopted a large employer policy, requiring newly enrolling groups with 600 or more employees to submit medical claims experience data in order to receive a quote for medical coverage. Outside of this, the AWC Trust HCP pools claims without regard to individual member experience. The pool is actuarially rated each year with the assumption of projected claims run-out for all current members.

The AWC Trust HCP includes medical, dental and vision insurance through the following carriers: Kaiser Foundation Health Plan of Washington, Kaiser Foundation Health Plan of Washington Options, Inc., Regence BlueShield, Asuris Northwest Health, Delta Dental of Washington, and Vision Service Plan. Eligible members are cities and towns within the state of Washington. Non-City Entities (public agency, public corporation, intergovernmental agency, or political subdivision within the state of Washington) are eligible to apply for coverage into the AWC Trust HCP, submitting application to the board of trustees for review as required in the Trust Agreement.

Participating employers pay monthly premiums to the AWC Trust HCP. The AWC Trust HCP is responsible for payment of all covered claims. In 2020, the AWC Trust HCP purchased stop loss insurance for Regence/Asuris plans at an Individual Stop Loss (ISL) of \$1.5 million through Commencement Bay Risk Management, and Kaiser ISL at \$1 million with Companion Life through ASG Risk Management. The aggregate policy is for 200% of expected medical claims.

**VALLEY VIEW SEWER DISTRICT  
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**NOTE 11 HEALTH AND WELFARE (CONTINUED)**

Participating employers' contract to remain in the AWC HCP for a minimum of three years. Participating employers with over 250 employees must provide written notice of termination of all coverage a minimum of 12 months in advance of the termination date, and participating employers with under 250 employees must provide written notice of termination of all coverage a minimum of six months in advance of termination date. When all coverage is being terminated, termination will only occur on December 31. Participating employers terminating a group or line of coverage must notify the HCP a minimum of 60 days prior to termination. A participating employer's termination will not obligate that member to past debts, or further contributions to the HCP. Similarly, the terminating member forfeits all rights and interest to the HCP Account.

The operations of the Health Care Program are managed by the board of trustees or its delegates. The board of trustees is comprised of four regionally elected officials from Trust member cities or towns, the Employee Benefit Advisory Committee Chair and Vice Chair, and two appointed individuals from the AWC Board of Directors, who are from trust member cities or towns. The trustees or its appointed delegates review and analyze Health Care Program related matters and make operational decisions regarding premium contributions, reserves, plan options, and benefits in compliance with Chapter 48.62 RCW. The board of trustees has decision authority consistent with the Trust Agreement, Health Care Program policies, Chapter 48.62 RCW and Chapter 200-110-WAC.

The accounting records of the Trust HCP are maintained in accordance with methods prescribed by the State Auditor's office under the authority of Chapter 43.09 RCW. The Trust HCP also follows applicable accounting standards established by the Governmental Accounting Standards Board (GASB). In 2018, the retiree medical plan subsidy was eliminated, and is noted as such in the report for the fiscal year ended December 31, 2018. Year-end financial reporting is done on an accrual basis and submitted to the Office of the State Auditor as required by Chapter 200-110 WAC. The audit report for the AWC Trust HCP is available from the Washington State Auditor's office.

In the past three years (2020, 2019, and 2018), there have been no claim settlements, per occurrence or in aggregate, that have exceeded the coverage provided by stop loss contracts.

**NOTE 12 COMMITMENTS**

**Joint Administration Building**

On August 14, 2005, the District entered into an agreement with Water District No. 125 of King County for the construction and operation of a joint administration building on property owned by Water District No. 125. The building was completed and occupied in 2007. The Districts are tenants in common, each having a 50% interest in the shared parcel and are operating under a condominium agreement. Details of the agreements are available in the District office.

**VALLEY VIEW SEWER DISTRICT**  
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**NOTE 13 MAJOR SUPPLIER**

Sewage collected by the District is treated by other entities. King County Wastewater Treatment Division (KCWTD/METRO) provides approximately 97% of the District's sewage treatment.

**NOTE 14 COVID-19-PANDEMIC**

In February 2020, the Governor of the state of Washington declared a state of emergency in response to the spread of a deadly new virus known as COVID-19. In the months following the declaration, precautionary measures to slow the spread of the virus were ordered. These measures included closing schools, cancelling public events, limiting public and private gatherings, and restricting business operations, travel and nonessential activities. The full extent of the financial impact on the District is unknown at this time.

**REQUIRED SUPPLEMENTARY INFORMATION**

**VALLEY VIEW SEWER DISTRICT**  
**SCHEDULES OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**  
**JUNE 30 (MEASUREMENT DATE)**  
**LAST 10 FISCAL YEARS\***  
(SEE INDEPENDENT ACCOUNTANTS' REVIEW REPORT)

**PERS 1**

Year	Employer's Proportion of the Net Pension Liability (Asset)	Employer's Proportionate Share of the Net Pension Liability (Asset)	Employer's Covered Payroll	Net Pension Liability (Asset) as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2020	0.009121%	\$ 322,009	\$ 1,388,695	23.19%	68.64%
2019	0.009733%	374,284	1,365,199	27.42%	67.12%
2018	0.010050%	448,837	1,335,520	33.61%	63.22%
2017	0.010507%	498,571	1,325,011	37.63%	61.24%
2016	0.010066%	540,574	1,196,693	45.17%	57.03%
2015	0.009874%	516,479	1,137,451	45.41%	59.10%
2014	0.009227%	464,815	1,060,628	43.82%	61.19%
2013	0.915600%	535,003	1,026,904	52.10%	

**Notes to Schedule:**

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

**PERS 2/3**

Year	Employer's Proportion of the Net Pension Liability (Asset)	Employer's Proportionate Share of the Net Pension Liability (Asset)	Employer's Covered Payroll	Net Pension Liability (Asset) as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2020	0.011939%	\$ 152,692	\$ 1,388,695	11.00%	97.22%
2019	0.012561%	122,010	1,365,199	8.94%	97.77%
2018	0.012964%	221,345	1,335,520	16.57%	95.77%
2017	0.013515%	469,582	1,325,011	35.44%	90.97%
2016	0.012914%	650,233	1,196,693	54.34%	85.82%
2015	0.012755%	455,746	1,137,451	40.07%	89.20%
2014	0.001188%	240,134	1,060,628	22.64%	93.29%
2013	0.001219%	520,648	1,026,924	50.70%	

**Notes to Schedule:**

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

**VALLEY VIEW SEWER DISTRICT  
SCHEDULES OF EMPLOYER PENSION CONTRIBUTIONS  
DECEMBER 31 (EMPLOYER REPORTING DATE)  
LAST 10 FISCAL YEARS\*  
(SEE INDEPENDENT ACCOUNTANTS' REVIEW REPORT)**

**PERS 1**

Year	Statutorily Required Contribution	Contributions in Relation to the Statutorily Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a Percent of Covered Payroll
2020	\$ 68,309	\$ (68,309)	\$ -	\$ 1,424,295	4.80%
2019	67,085	(67,085)	-	1,356,703	4.94%
2018	68,693	(68,693)	-	1,356,798	5.06%
2017	65,409	(65,409)	-	1,334,925	4.90%
2016	60,463	(60,463)	-	1,267,567	4.77%
2015	51,240	(51,240)	-	1,171,860	4.37%
2014	42,553	(42,553)	-	1,060,538	4.01%
2013	32,399	(32,399)	-	1,015,617	3.19%

**Notes to Schedule:**

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

**PERS 2/3**

Year	Statutorily Required Contribution	Contributions in Relation to the Statutorily Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a Percent of Covered Payroll
2020	\$ 112,805	\$ (112,805)	\$ -	\$ 1,424,295	7.92%
2019	104,741	(104,741)	-	1,356,703	7.72%
2018	101,757	(101,757)	-	1,356,798	7.50%
2017	91,564	(91,564)	-	1,334,925	6.86%
2016	78,969	(78,969)	-	1,267,567	6.23%
2015	65,792	(65,792)	-	1,171,860	5.61%
2014	52,676	(52,676)	-	1,060,538	4.97%
2013	49,003	(49,003)	-	1,015,617	4.82%

**Notes to Schedule:**

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

**SUPPLEMENTARY INFORMATION**

**VALLEY VIEW SEWER DISTRICT  
SCHEDULES OF OPERATING EXPENSES  
YEARS ENDED DECEMBER 31, 2020 AND 2019  
(SEE INDEPENDENT ACCOUNTANTS' REVIEW REPORT)**

	<u>2020</u>	<u>2019</u>
<b>COLLECTION AND TRANSMISSION</b>		
Treatment	\$ 9,091,957	\$ 9,092,232
Labor	333,538	388,916
Payroll Taxes	37,211	30,826
Employee Benefits	73,208	114,335
Outside Services - Maintenance	21,246	139,004
Supplies	32,305	84,874
Utility Underground Locate Center	2,654	3,335
Inspections	518	(1,546)
Permits	2,153	4,447
	<u>2,153</u>	<u>4,447</u>
Total	<u>\$ 9,594,790</u>	<u>\$ 9,856,423</u>
<b>PUMPING</b>		
Labor	\$ 181,242	\$ 176,386
Payroll Taxes	20,220	13,980
Employee Benefits	39,781	51,855
Supplies	31,232	36,388
Power and Water	31,122	28,101
Alarm and Telephone	6,228	6,178
	<u>6,228</u>	<u>6,178</u>
Total	<u>\$ 309,825</u>	<u>\$ 312,888</u>

**VALLEY VIEW SEWER DISTRICT**  
**SCHEDULES OF OPERATING EXPENSES (CONTINUED)**  
**YEARS ENDED DECEMBER 31, 2020 AND 2019**  
(SEE INDEPENDENT ACCOUNTANTS' REVIEW REPORT)

	2020	2019
<b>GENERAL AND ADMINISTRATIVE</b>		
Labor	\$ 910,077	\$ 742,354
Commissioners Compensation	15,360	17,408
Payroll Taxes	103,247	64,354
Employee Benefits	203,125	224,426
Taxes and Benefits Capitalized	(2,096)	-
Consulting	90,718	80,333
Legal Services	30,839	36,430
Accounting	28,085	38,035
Outside Services - Engineering	335,220	200,285
Insurance	107,532	97,378
Injuries and Damages	-	2,000
Permits	-	(708)
State Auditor Fees	-	16,264
State Excise Tax	71,729	83,398
Election	16,480	-
Dues and Subscriptions	25,973	27,768
Auto and Truck Expense	27,670	24,670
Shop supplies	7,045	7,986
Travel and Per Diem	880	14,715
Seminars and Workshops	16,230	36,169
Customer Records and Accounts	78,804	173,216
Office Supplies	15,578	9,055
Safety Supplies	7,382	17,422
Postage	16	407
Maintenance	54,211	44,131
Telephone	29,086	23,376
Utilities	17,526	15,059
Miscellaneous	26,744	39,534
	\$ 2,217,461	\$ 2,035,465
Total		