



**WASHINGTON SUBURBAN SANITARY COMMISSION  
EMPLOYEES' RETIREMENT PLAN**

**FINANCIAL STATEMENTS AND SUPPLEMENTAL  
SCHEDULES WITH INDEPENDENT AUDITORS' REPORT**

DECEMBER 31, 2022 AND 2021



A COMPONENT UNIT OF THE  
WASHINGTON SUBURBAN SANITARY COMMISSION

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**WASHINGTON SUBURBAN SANITARY COMMISSION  
EMPLOYEES' RETIREMENT PLAN  
STATEMENTS OF FIDUCIARY NET POSITION  
YEARS ENDED DECEMBER 31, 2022 AND 2021**

|   | 2022           | 2021             |
|---|----------------|------------------|
| <b><u>ASSETS</u></b>                        |                |                  |
| Cash and Cash Equivalents (Note D)          | \$ 3,153,146   | \$ 4,406,523     |
| Collateral Received under                   |                |                  |
| Securities Lending Agreements (Note E)      | 57,294,296     | 62,797,840       |
| Investments at Fair Value (Note F):         |                |                  |
| Mutual Funds                                | 463,456,929    | 591,510,612      |
| Commingled Funds                            | 150,819,346    | 166,047,777      |
| U.S. Government and Agency Bonds            | 70,199,850     | 73,404,618       |
| Corporate Bonds                             | 19,669,920     | 27,928,856       |
| Common Stock                                | 38,633,690     | 54,562,015       |
| Investment Contracts with Insurance Company | 82,531,314     | 94,293,034       |
| Limited Partnership Units                   | 20,000         | 20,000           |
| Other Fixed Holdings                        | 1,477          | 2,347            |
| Total Investments                           | 825,332,526    | 1,007,769,259    |
| Dividends and accrued interest receivable   | 682,061        | 503,027          |
| Contributions receivable from employees     | 606,404        | 268,260          |
| Total Assets                                | 887,068,433    | 1,075,744,909    |
| <b><u>LIABILITIES</u></b>                   |                |                  |
| Payable for Collateral Received under       |                |                  |
| Securities Lending Agreements (Note E)      | 57,294,296     | 62,797,840       |
| Benefits Payable and Accrued Expenses       | 1,179,019      | 856,108          |
| Total Liabilities                           | 58,473,315     | 63,653,948       |
| Net Position Restricted for Pension         | \$ 828,595,118 | \$ 1,012,090,961 |

The accompanying notes are an integral part of these financial statements.

**WASHINGTON SUBURBAN SANITARY COMMISSION  
EMPLOYEES' RETIREMENT PLAN  
STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION  
YEARS ENDED DECEMBER 31, 2022 AND 2021**

|  | 2022             | 2021             |
|--|------------------|------------------|
| <b><u>ADDITIONS</u></b>  |                  |                  |
| Investment Income:   |                  |                  |
| Net Appreciation/(Depreciation) in the<br>Fair Value of Plan Investments | \$ (154,046,497) | \$ 125,272,333   |
| Dividends and Interest   | 16,177,609       | 17,059,621       |
|  | (137,868,888)    | 142,331,954      |
| Less Investment Expenses   | (2,644,731)      | (1,879,432)      |
| Net Investment Income (Loss)   | (140,513,619)    | 140,452,522      |
| Contributions  |                  |                  |
| WSSC Water Contributions   | 27,437,417       | 38,242,914       |
| Employee Contributions   | 4,913,386        | 4,680,969        |
| Total Contributions  | 32,350,803       | 42,923,883       |
| Total Additions  | (108,162,816)    | 183,376,405      |
| <b><u>DEDUCTIONS</u></b>   |                  |                  |
| Benefit Payments to Retirees and Refunds                                 | 74,111,603       | 68,130,068       |
| Administrative Expenses  | 1,221,424        | 759,672          |
| Total Deductions   | 75,333,027       | 68,889,740       |
| Net Increase/(Decrease) in Net Position                                  | (183,495,843)    | 114,486,665      |
| Net Position Restricted for Pension                                      |                  |                  |
| Beginning of Year  | 1,012,090,961    | 897,604,296      |
| End of Year  | \$ 828,595,118   | \$ 1,012,090,961 |

The accompanying notes are an integral part of these financial statements

**WASHINGTON SUBURBAN SANITARY COMMISSION  
EMPLOYEES' RETIREMENT PLAN  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022 AND 2021**

**NOTE A. DESCRIPTION OF PLAN**

General

The Washington Suburban Sanitary Commission Employees' Retirement Plan (the Plan), a single employer contributory defined benefit retirement plan, was established in 1967 to provide retirement and death benefits for the employees of the WSSC Water under conditions set forth in the Plan Document based on an employee's age, length of service and compensation. The Retirement Plan Document is amended from time to time. As of December 31, 2022, the Plan was last amended in April 2019. The Plan may be amended by Commission resolution or by the Executive Director on behalf of the Commission.

WSSC Water implemented the Open Version of the Plan on July 1, 1978. Members of the Plan as of June 30, 1978 had an option to be included in the Open Version. This option expired December 31, 1978. The Open Version is mandatory for new employees. It generally provides for reduced employee contributions and benefits.

As of December 31, 2022, and 2021, there were 1,589 and 1,670 employees, respectively, participating in the Open Version of the Plan, and 3 and 4 employees, respectively, participating in the Closed Version of the Plan, a total of 1,592 and 1,674 employee participants, respectively.

As of December 31, 2022, and 2021, there were 1,693 and 1,706 retirees and/or beneficiaries, respectively, receiving benefits from the Plan, and there were 149 and 124 terminated vested employees, respectively, not yet receiving benefits. Eleven and twenty-five employees retired in fiscal years 2022 and 2021, respectively, and began receiving benefits in subsequent fiscal years.

The Plan provides a review process for participants whose claim for benefits is denied. There were no reviews pending as of December 31, 2022 and 2021.

Contributions

The Plan requires employees under the Closed Version to contribute 6% of gross wages and employees under the Open Version to contribute 3% of gross wages as a condition of employment. WSSC Water contributions are determined through the budget process as recommended by the Executive Director annually based upon a level percentage of payroll costs based on the advice and recommendation of an Actuary based on generally accepted actuarial principles.

**WASHINGTON SUBURBAN SANITARY COMMISSION  
EMPLOYEES' RETIREMENT PLAN  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022 AND 2021**

**NOTE A. DESCRIPTION OF PLAN (Continued)**

Expenses

WSSC Water pays the administrative expenses of the Plan, other than investment management, legal, and consulting fees. WSSC Water is reimbursed by the Plan for the paid administrative expenses per Plan amendment of July 2, 2019. As of December 31, 2022 and 2021, the Plan reimbursed WSSC Water of \$1,221,424 and \$759,672, respectively, for paid administrative expenses.

Pension Benefits

The Plan provides for 100% vesting of retirement benefits after five years of credited service.

Generally, the normal retirement benefits payable to an eligible participant are equal to the sum of:

1. 2.1% of final average monthly compensation multiplied by the Closed Version credited service, plus
2. 1.4% of final average monthly compensation multiplied by the Open Version credited service where the sum of Closed Version credited service and Open Version credited service, exclusive of accumulated sick leave service is subject to a maximum of 36 years.

The Plan provides options for disability and early retirement to eligible participants or their surviving spouses.

The Plan provides for periodic cost of living increases to retirement benefits. Participants covered by the Closed Version will receive an increase two months following a sustained increase (over two consecutive months) in the Consumer Price Index of 3% or more. Participants in the Open Version receive an increase each March 1, based on the preceding calendar year's increase in the Consumer Price Index. The first increase may be pro-rated depending on the time of retirement.

Plan Termination

In the event of termination, Plan assets are to be allocated in the following priorities:

1. Expenses, fees and other charges under the Plan, not previously paid.
2. Pension benefits based upon contributions made by employees and interest earned thereon.
3. Pension benefits based upon contributions made by the employer which are vested.
4. All other pension benefits under the Plan.

**WASHINGTON SUBURBAN SANITARY COMMISSION  
EMPLOYEES' RETIREMENT PLAN  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022 AND 2021**

**NOTE A. DESCRIPTION OF PLAN (Continued)**

Plan Governance

WSSC Water established a Board of Trustees (the “Board”) for the Plan to be responsible for the investment management of the Plan’s assets for the exclusive benefit of the Plan’s participants. The trustees are governed by a Trust Agreement. The agreement provides for trustees to be appointed by WSSC Water and for the eleven-member Board to be composed of two Commissioners, four employees who are participants of the Plan, two representatives of the public, two retirees who are participants in the Plan, and the Executive Director of the Plan.

The administration of the Plan is managed by the Executive Director of the Washington Suburban Sanitary Commission Employees’ Retirement Plan who is appointed by the General Manager of WSSC Water.

**NOTE B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Reporting Entity and Basis of Accounting

The reporting entity consists of the Plan, which is a component unit of the WSSC Water. The financial statements of the Plan are presented using the economic resources measurement focus and the accrual basis of accounting. Member contributions are recognized as revenue in the period in which the contributions are due. Employer contributions are recognized when due and a formal commitment has been made to provide the contributions. Benefits and refunds are recognized when due and payable. Investment income is recognized when earned.

Use of Estimates

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 amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Plan considers all cash and highly liquid investments with an original maturity of three months or less to be cash and cash equivalents.

**WASHINGTON SUBURBAN SANITARY COMMISSION  
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DECEMBER 31, 2022 AND 2021**

**NOTE B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Investments

The Plan categorize fair value measurements within the fair value hierarchy established by GASB Statement No. 72, *Fair Value Measurement and Application*. The valuation technique uses a three-level hierarchy of inputs to measure the fair value of the asset and gives the highest priority to unadjusted quoted prices in active markets (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements).

These classifications are summarized as follows:

- *Level 1 Inputs:* Quoted prices (unadjusted) for identical assets or liabilities in active markets that a reporting entity can access at the measurement date.
- *Level 2 Inputs:* Inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly or indirectly.
- *Level 3 Inputs:* Unobservable inputs for an asset or liability.

Fair value of certain investments that do not have a readily determinable fair value is established using net asset value (or its equivalent) as a practical expedient. These investments are not categorized according to the fair value hierarchy.

The Plan holds investment contracts with Empower/Prudential Financial. The fair value of these contracts is determined based on the fair value of the underlying pooled assets and is an estimate only and not the result of a precise calculation which would be done at contract discontinuance or to measure the impact of excess withdrawals in any calendar year. It does not constitute an offer by Empower/Prudential Financial or a final experience adjustment.

Net appreciation (depreciation) in the fair value of investments reflected in the Statement of Changes in Fiduciary Net Position includes realized gains and losses on investments that were sold during the year and unrealized appreciation (depreciation) in the fair value of investments.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date.

**NOTE C. TAX STATUS**

The Plan obtained its latest determination letter dated April 26, 2017, in which the Internal Revenue Services stated that the Plan, as then designed, was in compliance with the applicable requirements of the Internal Revenue Code. The Plan is currently designed and being operated in compliance with the applicable requirements of the Internal Revenue Code; therefore, the Plan was qualified, and the related Trust was tax exempt as of December 31, 2022 and 2021.

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**NOTE D. CASH AND CASH EQUIVALENTS**

Cash and cash equivalents consisted of short-term investments funds of \$3,153,146 and \$4,406,523 as of December 31, 2022 and 2021, respectively.

At December 31, 2022, the weighted average maturity (WAM) for the Trust's Short Term Investments was 23 days. At December 30, 2022 the rating for Short Term Investments was A1+ by Standard & Poors.

**NOTE E. SECURITY LENDING**

The Board of Trustees permits the Plan to lend its securities to broker-dealers and other entities (the "Borrowers") for collateral that will be returned for the same securities in the future. The Plan's custodian is the agent in lending the Plan's securities for collateral of 102 percent for domestic securities and 105 percent for international securities. The custodian receives cash, securities, or irrevocable bank letters of credit as collateral. All securities loans can be terminated on demand by either the Plan or the Borrowers. Cash collateral received from the Borrowers is invested by the lending agent, as an agent for the Plan, in a short-term investment pool in the name of the Plan, with guidelines approved by the Board. Such investments are considered a collateralized investment pool. The relationship between the maturities of the investment pool and the Plan's loans is affected by the maturities of securities loans made by other plan entities that invest cash collateral in the investment pool, and which the Plan cannot determine. The Plan records a liability for the return of the cash collateral shown as collateral held for securities lending in the Statements of Plan Net Position. The Board does not restrict the amount of loans the lending agent may make on its behalf. The agent indemnifies the Plan by agreeing to purchase replacement securities, or return the cash collateral thereof, in the event a Borrower fails to return loaned securities or pay distributions thereon.

As of December 31, 2022, and 2021, the fair value of securities on loan was \$55,949,396 and \$61,126,835, respectively. Cash received as collateral and the related liability of \$57,294,296 and \$62,797,840 as of December 31, 2022 and 2021 are shown on the Statements of Plan Net Position. Securities received as collateral are not reported as assets since the Plan does not have the ability to pledge or sell the collateral securities.

Securities lending revenues and expenses amounting to \$993,547 and \$897,642, respectively, for December 31, 2022 and \$114,919 and \$47,635, respectively, for December 31, 2021, have been classified with investment income and investment expenses, respectively, in the accompanying financial statements.



**WASHINGTON SUBURBAN SANITARY COMMISSION  
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DECEMBER 31, 2022 AND 2021**

**NOTE E. SECURITY LENDING (Continued)**

The following represents the balances relating to the securities lending transactions as of December 31:

|                                       | 2022                                      |  | 2021                                      |  |
|---------------------------------------|---|--|---|--|
|                                       | Fair Value of<br>Underlying<br>Securities | Cash Collateral<br>Investment<br>Value | Fair Value of<br>Underlying<br>Securities | Cash Collateral<br>Investment<br>Value |
| Securities Loaned for Cash Collateral |   |  |   |  |
| Corporate Bonds                       | \$ 6,501,534                              | \$ 6,670,552                           | \$ 10,289,432                             | \$ 10,560,785                          |
| Common Stock                          | 5,304,230                                 | 5,445,760                              | 3,955,252                                 | 4,068,262                              |
| U.S. Government & Agency Bonds        | 44,143,632                                | 45,177,984                             | 46,882,151                                | 48,168,794                             |
| Total                                 | <u>\$ 55,949,396</u>                      | <u>\$ 57,294,296</u>                   | <u>\$ 61,126,835</u>                      | <u>\$ 62,797,840</u>                   |

The Plan is fully indemnified by its custodial bank against any losses incurred as a result of Borrower default.

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the Plan will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. At December 31, 2022 and 2021, there were no funds held by a counterparty that was acting as the Plan's agent in securities lending transactions.

**NOTE F. INVESTMENTS**

***Investment Policy***

The Plan's investment policy and any changes to the policy are adopted by the Board of Trustees of the Plan. The most recent version of the policy was approved in July 2020 and contains long-term asset allocation ranges.

The primary objective of the investment policy is to assure that assets will be available to pay retirement benefits throughout the life of the Plan and to maintain or improve the market value of the fund relative to vested and accrued benefit liabilities. The objectives seek to preserve the actuarial soundness of the Plan by achieving a long-term return of at least the actuarial return rate and to prudently manage the inherent investment risks that are related to the achievement of this goal.

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**NOTE F. INVESTMENTS (Continued)**

Long-term asset allocation ranges are developed based on several factors including: the long-term investment goals of the Plan; the Trustee's tolerance for short-term losses; the Plan's liquidity needs; and any legal or regulatory requirements.

The Plan has a rebalancing policy, which allows the Executive Director and staff the flexibility to adjust assets classes for purposes of rebalancing without approval from the Board of Trustees.

As of December 31, 2022, and 2021, the Plan's long-term asset allocation ranges were as follows:

|                         | 2022           |                |                | 2021           |                |                |
|-------------------------|----------------|----------------|----------------|----------------|----------------|----------------|
|                         | <u>Target%</u> | <u>Actual%</u> | <u>Range %</u> | <u>Target%</u> | <u>Actual%</u> | <u>Range %</u> |
| U.S. Stocks             | 42.0%          | 42.0%          | 37-47%         | 42.0%          | 45.5%          | 37-47%         |
| Non-U.S. Stocks         | 14.0%          | 16.0%          | 10-18%         | 14.0%          | 15.3%          | 10-18%         |
| Emerging Markets Stocks | <u>5.0%</u>    | <u>4.8%</u>    | 2-8%           | <u>5.0%</u>    | <u>4.4%</u>    | 2-8%           |
| Total equity            | 61.0%          | 62.8%          |                | 61.0%          | 65.2%          |                |
| Fixed Income            | 27.0%          | 27.2%          | 23-31%         | 27.0%          | 24.4%          | 23-31%         |
| Real Return Strategies  | 5.0%           | 3.7%           | 0-10%          | 5.0%           | 3.5%           | 0-10%          |
| Real Estate             | <u>7.0%</u>    | <u>6.3%</u>    | 4-10%          | <u>7.0%</u>    | <u>6.9%</u>    | 4-10%          |
| Total                   | <u>100.0%</u>  | <u>100.0%</u>  |                | <u>100.0%</u>  | <u>100.0%</u>  |                |

***Money-Weighted Rate of Return***

For the years ended December 31, 2022 and 2021, the annual money-weighted rate of return on Plan investments, net of investment expense, was -14.2% and 15.9% respectively. The money-weighted rate of return considers the changing amounts invested during a period and weights the amount of pension plan investments by the proportion of time they are available to earn a return during that period. External cash flows are determined on a monthly basis and are assumed to occur at the end of each month. External cash inflows are netted with external cash outflows, resulting in a net external cash flow in each month. The money-weighted rate of return is calculated net of investment expenses.

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NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022 AND 2021**

**NOTE F. INVESTMENTS (Continued)**

The Plan has the following fair value measurements as of December 31, 2022 and 2021:

|                                    | Quoted Prices in<br>Active Markets for<br>Identical Assets<br>Level 1 | Significant Other<br>Observable Inputs<br>Level 2 | Significant<br>Unobservable<br>Inputs<br>Level 3 | Balance as of<br>December 31, 2022 |
|------------------------------------|---|---|--|------------------------------------|
| Investments by fair value level:   |   |   |  |                                    |
| Fixed Income Securities:           |   |   |  |                                    |
| Government and Agency Bonds        |   |   |  |                                    |
| Domestic Bonds                     | \$ -  | \$ 70,199,850                                     | \$ -   | \$ 70,199,850                      |
| Corporate Bonds and Securities     |   |   |  |                                    |
| Domestic Bonds and Securities      | -   | 16,010,394  | -  | 16,010,394                         |
| International Bonds and Securities | -   | 3,659,526   | -  | 3,659,526                          |
| Common Stock:                      |   |   |  |                                    |
| U.S. Stock                         | 37,606,458  | -   | -  | 37,606,458                         |
| International Stock                | -   | 1,027,232   | -  | 1,027,232                          |
| Mutual Funds:                      |   |   |  |                                    |
| U.S. Equity Funds                  | 338,102,047   | -   | -  | 338,102,047                        |
| Non-U.S. Equity Funds              | -   | 125,354,882                                       | -  | 125,354,882                        |
| Limited partnership units          | -   | 20,000  | -  | 20,000                             |
| Other fixed holdings               | -   | 1,477   | -  | 1,477                              |
|                                    | <u>\$ 375,708,505</u>   | <u>\$ 216,273,361</u>                             | <u>\$ -</u>                                      | <u>\$ 591,981,866</u>              |

Investments carried at the Net Asset Value (NAV):

|                          |                              |
|--------------------------|------------------------------|
| Commingled funds         | 150,819,346                  |
| Stable Value funds       | 82,531,314                   |
| <b>Total Investments</b> | <u><u>\$ 825,332,526</u></u> |

|                                    | Quoted Prices in<br>Active Markets for<br>Identical Assets<br>Level 1 | Significant Other<br>Observable Inputs<br>Level 2 | Significant<br>Unobservable<br>Inputs<br>Level 3 | Balance as of<br>December 31, 2021 |
|------------------------------------|---|---|--|------------------------------------|
| Investments by fair value level:   |   |   |  |                                    |
| Fixed Income Securities:           |   |   |  |                                    |
| Government and Agency Bonds        |   |   |  |                                    |
| Domestic Bonds                     | \$ -  | \$ 73,404,618                                     | \$ -   | \$ 73,404,618                      |
| Corporate Bonds and Securities     |   |   |  |                                    |
| Domestic Bonds and Securities      | -   | 21,726,421  | -  | 21,726,421                         |
| International Bonds and Securities | -   | 6,202,435   | -  | 6,202,435                          |
| Common Stock:                      |   |   |  |                                    |
| U.S. Stock                         | 53,160,809  | -   | -  | 53,160,809                         |
| International Stock                | -   | 1,401,206   | -  | 1,401,206                          |
| Mutual Funds:                      |   |   |  |                                    |
| U.S. Equity Funds                  | 446,456,913   | -   | -  | 446,456,913                        |
| Non-U.S. Equity Funds              | -   | 145,053,699                                       | -  | 145,053,699                        |
| Limited partnership units          | -   | 20,000  | -  | 20,000                             |
| Other fixed holdings               | -   | 2,347   | -  | 2,347                              |
|                                    | <u>\$ 499,617,722</u>   | <u>\$ 247,810,726</u>                             | <u>\$ -</u>                                      | <u>\$ 747,428,448</u>              |

Investments carried at the Net Asset Value (NAV):

|                          |                                |
|--------------------------|--------------------------------|
| Commingled funds         | 166,047,777                    |
| Stable Value funds       | 94,293,034                     |
| <b>Total Investments</b> | <u><u>\$ 1,007,769,259</u></u> |

**WASHINGTON SUBURBAN SANITARY COMMISSION  
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**NOTE F. INVESTMENTS (Continued)**

Common stock and mutual funds classified in Level 1 of the fair value hierarchy are valued utilizing prices last quoted sales/bid prices provided by independent pricing vendors. U.S government and agency securities, municipal and corporate bonds, international common stocks, and mutual funds classified in Level 2 of the fair value hierarchy are valued utilizing a matrix pricing technique. Matrix pricing is utilized to value securities based on the securities' relationship to benchmark quoted prices.

Commingled funds consist of investments in three investments trusts, the objectives of these funds are to invest in a diversified portfolio of international equity securities for capital appreciation, approximate the performance of the Russell 1000 Value Index, and investing in a portfolio of equity securities of companies in developed and emerging markets. These investments are valued at the net asset value (NAV) of units of the commingled trust. The NAV, as provided by the trustee, is used as a practical expedient to estimate fair value. The NAV is based on the fair value of the underlying investments held by the fund less its liabilities.

The Empower/Prudential Guaranteed Deposit Fund is a stable value fund that invests in a broadly diversified, fixed-income portfolio. The portfolio is primarily invested in public bonds, commercial mortgages, and private placement bonds. The valuations are based on manager-provided net asset values located in monthly statements.

The valuation method for investments measured at the net asset value (NAV) per share (or its equivalent) as of December 31, 2022 and 2021 is presented on the following tables:

|                                       | December 31, 2022     |                         |                         |                             |
|---------------------------------------|-----------------------|-------------------------|-------------------------|-----------------------------|
|                                       | Fair value            | Unfunded<br>Commitments | Redemption<br>Frequency | Redemption<br>Notice Period |
| Morgan Stanley Asset Management       | \$ 38,273,278         | \$ -                    | Daily                   | Daily                       |
| MFS Low Volatility                    | 63,654,891            | -                       | 30 Days                 | 30 Days                     |
| State Street Global Advisor           | 48,891,177            | -                       | Daily                   | Daily                       |
| Empower/Prudential Guaranteed Deposit | 82,531,314            | -                       | Daily                   | Daily                       |
|                                       | <u>\$ 233,350,660</u> | <u>\$ -</u>             |                         |                             |

|                                 | December 31, 2021     |                         |                         |                             |
|---------------------------------|-----------------------|-------------------------|-------------------------|-----------------------------|
|                                 | Fair value            | Unfunded<br>Commitments | Redemption<br>Frequency | Redemption<br>Notice Period |
| Morgan Stanley Asset Management | \$ 44,374,073         | \$ -                    | Daily                   | Daily                       |
| MFS Low Volatility              | 68,750,000            | -                       | 30 Days                 | 30 Days                     |
| State Street Global Advisor     | 52,923,704            | -                       | Daily                   | Daily                       |
| Prudential Guaranteed Deposit   | 94,293,034            | -                       | Daily                   | Daily                       |
|                                 | <u>\$ 260,340,811</u> | <u>\$ -</u>             |                         |                             |

**WASHINGTON SUBURBAN SANITARY COMMISSION  
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NOTES TO FINANCIAL STATEMENTS  
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**NOTE F. INVESTMENTS (Continued)**

***Risks Common to Investments***

The Plan's investments are subject to the following risks common to investments:

- ***Custodial Credit Risk*** is the risk that, in the event of a failure of the counterparty, the Plan will not be able to recover its investment or collateral securities that are in the possession of an outside party. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the Plan, and are held by either the counterparty or the counterparty's trust department or agent but not in the Plan's name.

The Plan's investments for fiscal year 2022 and 2021 are partially insured and registered in the Plan's name and are generally segregated by the counterparty in a manner to protect them from certain claims by creditors. The Plan also invests in mutual and commingled trust funds which are not generally exposed to custodial credit risks. At December 31, 2022 and 2021, there were no investments subject to custodial credit risk. The Plan has no policy to address any additional amounts potentially at risk.

- ***Credit Risk*** is the risk that an issuer to an investment will not fulfill its obligations. The Plan seeks to maintain a diversified portfolio of fixed income securities in order to obtain the highest total return at an acceptable level of risk. As of December 31, 2022, and 2021, the quality ratings of the Plan's fixed income investments in U.S. Government obligations and corporate bonds were as follows.

| <u>Fiscal Year Quality Rating</u>       | <u>2022</u>          |                            | <u>2021</u>           |                            |
|---|----------------------|----------------------------|-----------------------|----------------------------|
|   | <u>Fair Value</u>    | <u>Percentage of Total</u> | <u>Fair Value</u>     | <u>Percentage of Total</u> |
| <b>U.S Government and Agency Bonds:</b> |                      |                            |                       |                            |
| AAA/AA/A-                               | \$ 65,121,819        | 72.46%                     | \$ 67,614,092         | 66.72%                     |
| BBB                                     | -                    | -                          | -                     | -                          |
| Unrated                                 | 5,078,031            | 5.65%                      | 5,790,526             | 5.71%                      |
|   | <u>70,199,850</u>    | <u>78.11%</u>              | <u>73,404,618</u>     | <u>72.44%</u>              |
| <b>Corporate Bonds:</b>                 |                      |                            |                       |                            |
| AAA                                     | 219,186              | 0.24%                      | -                     | -                          |
| AA                                      | 119,185              | 0.13%                      | 24,790                | 0.02%                      |
| AA-                                     | 236,781              | 0.26%                      | -                     | -                          |
| A+                                      | 913,575              | 1.02%                      | 687,268               | 0.68%                      |
| A                                       | 1,167,806            | 1.30%                      | 424,483               | 0.42%                      |
| A-                                      | 3,604,237            | 4.01%                      | 2,063,040             | 2.04%                      |
| BBB+                                    | 3,382,276            | 3.76%                      | 6,480,890             | 6.40%                      |
| BBB                                     | 3,746,134            | 4.17%                      | 7,850,996             | 7.75%                      |
| BBB-                                    | 2,751,880            | 3.06%                      | 7,575,269             | 7.48%                      |
| BB+                                     | -                    | -                          | 237,811               | 0.23%                      |
| BB                                      | 52,610               | 0.06%                      | -                     | -                          |
| Unrated                                 | 3,476,250            | 3.87%                      | 2,584,309             | 2.55%                      |
| Total Corporate Bonds                   | <u>19,669,920</u>    | <u>21.89%</u>              | <u>27,928,856</u>     | <u>27.56%</u>              |
| Total                                   | <u>\$ 89,869,770</u> | <u>100.00%</u>             | <u>\$ 101,333,474</u> | <u>100.00%</u>             |

**WASHINGTON SUBURBAN SANITARY COMMISSION  
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**NOTE F. INVESTMENTS (Continued)**

Certain mutual funds of the Plan maintain investments that include fixed income securities, such as, the Vanguard High Yield Corporate Fund (Vanguard). As of December 31, 2022, and 2021, the ratings of the underlying securities of the Vanguard Fund were AAA/BBB/BB/B/Below B. The other mutual funds were equity-based, and the investment contracts were unrated. The Plan has no policy to address any additional amounts potentially at risk.

- **Interest Rate Risk** is the risk that changes in interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. Information about the sensitivity of the fair values of the Plan's investments to market interest rate fluctuations is provided by the following table that shows the distribution of the Plan's fixed income investments by maturity:

| <b>Fiscal Year 2022</b>           |                      |   |                            |                           |                                |
|-----------------------------------|----------------------|---|----------------------------|---------------------------|--------------------------------|
| <b>Investment Type</b>            | <b>Total</b>         | <b>Remaining Maturities (In Months)</b> |                            |                           |                                |
|                                   |                      | <b>12 Months<br/>Or Less</b>            | <b>13 to 24<br/>Months</b> | <b>25 - 60<br/>Months</b> | <b>More Than<br/>60 Months</b> |
| U.S. Government and Agency bonds: |                      |   |                            |                           |                                |
| Mortgage-backed securities        | \$ 13,278,190        | \$ 689                                  | \$ 131,869                 | \$ 2,760,253              | \$ 10,385,379                  |
| U.S. Treasury Notes               | 56,921,660           | 4,317,328                               | 12,472,348                 | 20,966,739                | 19,165,245                     |
| Corporate bonds                   | 19,669,920           | 259,217                                 | 693,880                    | 5,982,753                 | 12,734,070                     |
|                                   | <u>\$ 89,869,770</u> | <u>\$ 4,577,234</u>                     | <u>\$ 13,298,097</u>       | <u>\$ 29,709,745</u>      | <u>\$ 42,284,694</u>           |

| <b>Fiscal Year 2021</b>           |                       |   |                            |                           |                                |
|-----------------------------------|-----------------------|---|----------------------------|---------------------------|--------------------------------|
| <b>Investment Type</b>            | <b>Total</b>          | <b>Remaining Maturities (In Months)</b> |                            |                           |                                |
|                                   |                       | <b>12 Months<br/>Or Less</b>            | <b>13 to 24<br/>Months</b> | <b>25 - 60<br/>Months</b> | <b>More Than<br/>60 Months</b> |
| U.S. Government and Agency bonds: |                       |   |                            |                           |                                |
| Mortgage-backed securities        | \$ 9,646,536          | \$ 2,040                                | \$ 665,309                 | \$ 8,950,010              | \$ 29,177                      |
| U.S. Treasury Notes               | 63,758,082            | 4,085,814                               | 15,392,809                 | 25,489,633                | 18,789,826                     |
| Corporate bonds                   | 27,928,856            | 99,408                                  | 62,663                     | 9,780,726                 | 17,986,059                     |
|                                   | <u>\$ 101,333,474</u> | <u>\$ 4,187,262</u>                     | <u>\$ 16,120,781</u>       | <u>\$ 44,220,369</u>      | <u>\$ 36,805,062</u>           |

The mortgage-back securities listed above are considered highly sensitive to interest rate risk. The Plan has no policy to address any additional amounts potentially at risk.

**WASHINGTON SUBURBAN SANITARY COMMISSION  
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**NOTE F. INVESTMENTS (Continued)**

- **Foreign Currency Risk** is the risk that changes in exchange rates will adversely affect the fair value of an investment in a foreign financial institution. The Plan mitigates this risk by limiting its investments in non-U.S. securities. As of December 31, 2022, and 2021, the Plan held no investments in foreign currency denominations, however the following mutual and/or comingled funds contained underlying foreign related investments as follows:

|   | <b>2022</b>    | <b>2021</b>    |
|---|----------------|----------------|
| Dodge & Cox Global Stock  | \$ 65,479,075  | \$ 69,507,456  |
| MFS Low Volatility  | 63,654,891     | 68,750,000     |
| Dimensional Fund Advisors                                       | 39,719,647     | 44,496,846     |
| Morgan Stanley Investment Management International Equity Trust | 38,273,278     | 44,374,073     |
| Fidelity International Index                                    | 33,590,118     | 39,166,314     |
| Vanguard Global EX-US R/E Index Fund                            | 18,388,872     | 23,717,498     |
| Total   | \$ 259,105,881 | \$ 290,012,187 |

- **Concentrations** - Individual investments that represent 5 percent or more of the Plan's net position are as follows as of December 31:

|   | <b>2022</b>    | <b>2021</b>    |
|---|----------------|----------------|
| Vanguard Total Stock Market Index Fund                          | \$ 130,900,960 | \$ 211,637,575 |
| Vanguard High Yield Corporate Fund                              | 77,385,680     | 85,013,522     |
| Dodge & Cox Global Stock  | 65,479,075     | 69,507,456     |
| William Blair/Investment Counselors of Maryland                 | 64,189,888     | 72,171,238     |
| MFS Low Volatility Global Equity Fund                           | 63,654,891     | 68,750,000     |
| State Street Global Advisors                                    | 48,891,177     | 52,923,704     |
| Dimensional Fund Advisors                                       | 39,719,647     | -              |
| Morgan Stanley Investment Management International Equity Trust | 38,273,278     | -              |
| Total   | \$ 528,494,596 | \$ 560,003,495 |

**WASHINGTON SUBURBAN SANITARY COMMISSION  
EMPLOYEES' RETIREMENT PLAN  
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DECEMBER 31, 2022 AND 2021**

**NOTE F. INVESTMENTS (Continued)**

For U.S. Government or Agency securities, investment managers invest no more than 7 percent of their portion of Plan assets, at cost, and no more than 10 percent at market, in securities of any one issuer or its subsidiaries or affiliates.

**NOTE G. RISKS AND UNCERTAINTIES**

The Plan invests in various investment securities that are exposed to various risks such as interest rate, market, and credit risk. Due to the level of risk associated with investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such change could materially affect the amounts reported in the statements of plan net position.

**NOTE H. RELATED-PARTY TRANSACTIONS**

An affiliate of the Plan's custodian, Northern Trust Asset Management, became an investment manager for the Plan in fiscal year 2014. At December 31, 2022, funds managed totaled \$59.72 million, and were comprised of cash equivalents and investments of \$1.00 million and \$58.72 million, respectively. For the year ended December 31, 2022, the Plan incurred \$110,511 in management fees with this investment manager.

At December 31, 2021, funds managed totaled \$69.17 million, and were comprised of cash equivalents and investments of \$3.23 million and \$65.94 million, respectively. For the year ended December 31, 2021, the Plan incurred approximately \$112,916 in management fees with this investment manager.



**WASHINGTON SUBURBAN SANITARY COMMISSION  
EMPLOYEES' RETIREMENT PLAN  
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DECEMBER 31, 2022 AND 2021**

**NOTE I. NET PENSION LIABILITY OF WSSC WATER**

The measurement date for implementation of GASB 67 are the Plan's fiscal year ending December 31, 2022 and 2021. Plan assets (Fiduciary Net Position) are measured as of these dates. The total Pension Liability (TPL) were based on an actuarial valuation as of June 30, 2022 and 2021, with adjustments made for the half-year difference. Adjustments include service cost, interest on total pension liability, and expected benefit payments during the half-year. Under GASB 67, the Net Pension Liability (NPL) is established as the difference between the Total Pension Liability and the Plan Fiduciary Net Position.

The components of the net pension liability of WSSC Water at December 31, 2022 and 2021 were as follows:

|   | 2022            | 2021            |
|---|-----------------|-----------------|
| Total Pension Liability   | \$1,082,194,985 | \$1,036,772,230 |
| Plan Fiduciary Net Position   | (828,595,118)   | (1,012,090,961) |
| WSSC Water's Net Pension Liability  | \$ 253,599,867  | \$ 24,681,269   |
| <br>Plan's Fiduciary Net Position as a<br>Percentage of the Total Pension Liability | 76.6%           | 97.6%           |

***Actuarial assumptions***

The total pension liability as of June 30, 2022 and June 30, 2021 was determined by an actuarial valuation using the following actuarial assumptions, applied to all periods included the measurement:

|                           | 2022           | 2021           |
|---------------------------|----------------|----------------|
| Inflation                 | 2.50%          | 2.50%          |
| Salary increases          | 2.75% to 7.50% | 2.75% to 7.50% |
| Investment rate of return | 7.00%          | 7.00%          |

Mortality rates applicable to 2022 and 2021 were based on the Pub-2010(B) Mortality Tables for Males and Females, projected on a generational basis using Scale SSA. A 109% adjustment factor is applied to female mortality rates. The actuarial assumptions used in the June 30, 2022 and 2021 valuations were based on the results of an actuarial experience analysis covering 2015 through 2020.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

**WASHINGTON SUBURBAN SANITARY COMMISSION  
EMPLOYEES' RETIREMENT PLAN  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022 AND 2021**

**NOTE I. NET PENSION LIABILITY OF WSSC WATER (Continued)**

These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. This is then modified through a Monte-Carlo simulation process, by which a (downward) risk adjustment is applied to the baseline expected return. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation and the final investment return assumption, and are summarized in the following table:

|                                    | 2022          | Approximate<br>Portfolio<br>Allocation | 2021         | Approximate<br>Portfolio<br>Allocation |
|------------------------------------|---------------|--|--------------|--|
| <b>Asset class:</b>                |               |  |              |  |
| U.S. Equity                        | 5.90%         | 42.00%                                 | 5.95%        | 42.00%                                 |
| Non-U.S. Equity                    | 6.50%         | 19.00%                                 | 6.65%        | 19.00%                                 |
| U.S. Fixed Income                  | 2.00%         | 32.00%                                 | 1.25%        | 32.00%                                 |
| Real Estate                        | 4.50%         | 7.00%                                  | 4.80%        | 7.00%                                  |
| Total Weighted Average Real Return | <u>4.67%</u>  | <u>100.00%</u>                         | <u>4.50%</u> | <u>100.00%</u>                         |
| Plus Inflation                     | <u>2.50%</u>  |  | <u>2.50%</u> |  |
| Total Return without Adjustment    | <u>7.17%</u>  |  | <u>7.00%</u> |  |
| Risk Adjustment                    | <u>-0.17%</u> |  | <u>0.00%</u> |  |
| Total Expected Return              | <u>7.00%</u>  |  | <u>7.00%</u> |  |

***Discount Rate***

The discount rate used to measure the total pension liability was 7.00% as of December 2022 and 2021. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that Commission contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate.

Based on those assumptions, the pension plan's 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 on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**WASHINGTON SUBURBAN SANITARY COMMISSION  
EMPLOYEES' RETIREMENT PLAN  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022 AND 2021**

**NOTE I. NET PENSION LIABILITY OF WSSC WATER (Continued)**

*Sensitivity of the Net Pension Liability to Changes in the Discount Rate*

The following presents the net pension liability of the Plan, calculated using the discount rate of 7.00% for 2022 and 2021, as well as what the Plan's 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 the current rate.

|                              | 2022                 |                                   |                      |
|------------------------------|----------------------|-----------------------------------|----------------------|
|                              | 1% Decrease<br>6.00% | Current<br>Discount Rate<br>7.00% | 1% Increase<br>8.00% |
| Net pension liability (2022) | \$ 370,890,990       | \$ 253,599,867                    | \$ 103,126,610       |
|                              |                      |                                   |                      |
|                              | 2021                 |                                   |                      |
|                              | 1% Decrease<br>6.00% | Current<br>Discount Rate<br>7.00% | 1% Increase<br>8.00% |
| Net pension liability (2021) | \$ 136,983,960       | \$ 24,681,269                     | \$ (77,320,365)      |

**WASHINGTON SUBURBAN SANITARY COMMISSION  
EMPLOYEES' RETIREMENT PLAN  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022 AND 2021**

**NOTE I. NET PENSION LIABILITY OF WSSC WATER (Continued)**

The Plan's change in total pension liability, plan fiduciary net position and net pension liability are presented below:

|  | Total Pension<br>Liability | Plan Fiduciary<br>Net Position | Net Pension<br>Liability |
|--|----------------------------|--------------------------------|--------------------------|
| <b>Balance as of December 2020</b>                   | \$ 1,019,217,157           | \$ 897,604,296                 | \$ 121,612,861           |
| Service cost   | 12,356,027                 | -                              | 12,356,027               |
| Interest on total pension liability                  | 69,865,901                 | -                              | 69,865,901               |
| Difference between expected and actual experience    | 3,463,213                  | -                              | 3,463,213                |
| Changes in assumptions                               | -                          | -                              | -                        |
| Benefit payments, including refunds of contributions | (68,130,068)               | (68,130,068)                   | -                        |
| Administrative expenses                              | -                          | (759,672)                      | 759,672                  |
| Employer contributions                               | -                          | 38,242,914                     | (38,242,914)             |
| Member contributions                                 | -                          | 4,680,969                      | (4,680,969)              |
| Investment income net of investment expenses         | -                          | 140,452,522                    | (140,452,522)            |
| Net Change   | <u>17,555,073</u>          | <u>114,486,665</u>             | <u>(96,931,592)</u>      |
| <b>Balance as of December 2021</b>                   | 1,036,772,230              | 1,012,090,961                  | 24,681,269               |
| Service cost   | 11,802,308                 | -                              | 11,802,308               |
| Interest on total pension liability                  | 70,850,182                 | -                              | 70,850,182               |
| Difference between expected and actual experience    | 36,881,868                 | -                              | 36,881,868               |
| Changes in assumptions                               | -                          | -                              | -                        |
| Benefit payments, including refunds of contributions | (74,111,603)               | (74,111,603)                   | -                        |
| Administrative expenses                              | -                          | (1,221,424)                    | 1,221,424                |
| Employer contributions                               | -                          | 27,437,417                     | (27,437,417)             |
| Member contributions                                 | -                          | 4,913,386                      | (4,913,386)              |
| Investment income net of investment expenses         | -                          | (140,513,619)                  | 140,513,619              |
| Net Change   | <u>45,422,755</u>          | <u>(183,495,843)</u>           | <u>228,918,598</u>       |
| <b>Balance as of December 2022</b>                   | <u>\$ 1,082,194,985</u>    | <u>\$ 828,595,118</u>          | <u>\$ 253,599,867</u>    |

**REQUIRED SUPPLEMENTARY INFORMATION**

**WASHINGTON SUBURBAN SANITARY COMMISSION  
EMPLOYEES' RETIREMENT PLAN  
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)  
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS**

|  | 2022           | 2021           | 2020           | 2019           | 2018           | 2017           | 2016           | 2015           | 2013 - 2014** |
|--|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|---------------|
| <b>Total Pension Liability:</b>  |                |                |                |                |                |                |                |                |               |
| Service cost   | \$ 11,802,308  | \$ 12,356,027  | \$ 12,537,197  | \$ 11,958,124  | \$ 11,557,550  | \$ 10,744,774  | \$ 10,576,413  | \$ 9,828,010   |               |
| Interest on total pension liability                                    | 70,850,182     | 69,865,901     | 67,260,129     | 66,286,257     | 65,379,327     | 63,199,824     | 61,935,402     | 61,611,259     |               |
| Difference between expected and actual experience                      | 36,881,868     | 3,463,213      | 2,389,307      | (1,762,139)    | 16,447,791     | 3,474,382      | (10,448,960)   | (53,390,196)   |               |
| Changes in assumptions   | -              | -              | 22,472,183     | -              | -              | -              | -              | 32,257,956     |               |
| Benefit payments, including refunds of contributions                   | (74,111,603)   | (68,130,068)   | (66,403,809)   | (63,732,796)   | (61,533,446)   | (58,642,039)   | (57,554,539)   | (56,672,851)   |               |
| Net change in pension liability  | 45,422,755     | 17,555,073     | 38,255,007     | 12,749,446     | 31,851,222     | 18,776,941     | 4,508,316      | (6,365,822)    |               |
| Total pension liability, beginning of the year                         | 1,036,772,230  | 1,019,217,157  | 980,962,150    | 968,212,704    | 936,361,482    | 917,584,541    | 913,076,225    | 919,442,047    |               |
| Total pension liability, end of year (a)                               | 1,082,194,985  | 1,036,772,230  | 1,019,217,157  | 980,962,150    | 968,212,704    | 936,361,482    | 917,584,541    | 913,076,225    |               |
| <b>Plan Fiduciary Net Pension:</b>                                     |                |                |                |                |                |                |                |                |               |
| Employer contributions   | 27,437,417     | 38,242,914     | 16,412,238     | 26,524,110     | 25,479,895     | 24,193,214     | 22,606,529     | 22,346,849     |               |
| Member contributions   | 4,913,386      | 4,680,969      | 4,928,727      | 4,945,638      | 4,150,303      | 5,290,757      | 4,213,793      | 3,930,364      |               |
| Investment income net of investment expenses                           | (140,513,619)  | 140,452,522    | 82,671,915     | 151,804,808    | (60,337,268)   | 118,185,475    | 61,943,796     | (10,371,883)   |               |
| Benefit payments   | (74,111,603)   | (68,130,068)   | (66,403,809)   | (63,732,796)   | (61,533,446)   | (58,642,039)   | (57,554,539)   | (56,672,851)   |               |
| *Administrative expenses   | (1,221,424)    | (759,672)      | (692,384)      | (438,993)      | -              | -              | -              | -              |               |
| Other  | -              | -              | -              | -              | -              | -              | (91,655)       | -              |               |
| Net change in plan fiduciary position                                  | (183,495,843)  | 114,486,665    | 36,916,687     | 119,102,767    | (92,240,516)   | 89,027,407     | 31,117,924     | (40,767,521)   |               |
| Plan Fiduciary Net Position - Beginning of the Year                    | 1,012,090,961  | 897,604,296    | 860,687,609    | 741,584,842    | 833,825,358    | 744,797,951    | 713,680,027    | 754,447,548    |               |
| Plan Fiduciary Net Position - End of Year (b)                          | 828,595,118    | 1,012,090,961  | 897,604,296    | 860,687,609    | 741,584,842    | 833,825,358    | 744,797,951    | 713,680,027    |               |
| Net Pension Liability - Beginning of Year                              | 24,681,269     | 121,612,861    | 120,274,541    | 226,627,862    | 102,536,124    | 172,786,590    | 199,396,198    | 164,994,499    |               |
| Net Pension Liability - End of Year (a-b)                              | \$ 253,599,867 | \$ 24,681,269  | \$ 121,612,861 | \$ 120,274,541 | \$ 226,627,862 | \$ 102,536,124 | \$ 172,786,590 | \$ 199,396,198 |               |
| Plan Fiduciary Net Position as a percentage of Total Pension Liability | 76.6%          | 97.6%          | 88.1%          | 87.7%          | 76.6%          | 89.0%          | 81.2%          | 78.2%          |               |
| Covered Payroll  | \$ 162,351,580 | \$ 157,298,504 | \$ 156,959,534 | \$ 156,947,396 | \$ 150,768,609 | \$ 143,155,101 | \$ 133,766,444 | \$ 132,229,882 |               |
| Net Pension Liability as a percentage of Covered Payroll               | 156.2%         | 15.7%          | 77.5%          | 76.6%          | 150.3%         | 71.6%          | 129.2%         | 150.8%         |               |
| Average Future Working Lifetime (years)                                | 6              | 6              | 6              | 6              | 6              | 6              | 6              | 6              |               |

\*Administrative expenses are paid directly by WSSC Water and reimbursed by the Plan.

*\*\*This schedule is presented to illustrate the requirement to show information for 10 years. The Plan presents information for available years and additional years will be displayed as they become available.*

**Notes to Schedule of Changes in Net Pension Liability and Related Ratios:**

**Benefit changes** – There have been no changes in benefit assumptions since the implementation of GASB 67.

**Changes in assumptions** – There were no changes in actuarial assumptions since the prior year.

**WASHINGTON SUBURBAN SANITARY COMMISSION  
EMPLOYEES' RETIREMENT PLAN  
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)  
SCHEDULE OF EMPLOYER CONTRIBUTIONS**

| Year Ended<br>December 31, | Actuarially<br>Determined<br>Contribution | Actual Employer<br>Contribution | Contribution<br>Deficiency<br>(Excess) | Covered Payroll | Contribution as a<br>% of Covered<br>Payroll |
|----------------------------|---|---------------------------------|--|-----------------|--|
| 2013                       | \$ 22,739,819                             | \$ 20,498,919                   | \$ 2,240,900                           | \$ 121,295,379  | 16.9%  |
| 2014                       | 25,745,448                                | 20,965,016                      | 4,780,432                              | 124,053,349     | 16.9%  |
| 2015                       | 20,100,358                                | 22,346,850                      | (2,246,492)                            | 132,229,882     | 16.9%  |
| 2016                       | 18,393,733                                | 22,606,529                      | (4,212,796)                            | 133,766,444     | 16.9%  |
| 2017                       | 18,591,764                                | 24,193,212                      | (5,601,448)                            | 143,155,101     | 16.9%  |
| 2018                       | 18,232,265                                | 25,479,895                      | (7,247,630)                            | 150,768,609     | 16.9%  |
| 2019                       | 21,183,914                                | 26,524,110                      | (5,340,196)                            | 156,947,396     | 16.9%  |
| 2020                       | 21,718,200                                | 16,412,238                      | 5,305,962                              | 156,959,534     | 10.5%  |
| 2021                       | 26,140,256                                | 38,242,914                      | (12,102,658)                           | 157,298,504     | 24.3%  |
| 2022                       | 23,112,103                                | 27,437,417                      | (4,325,314)                            | 162,351,580     | 16.9%  |

**Notes to Schedule of Contributions:**

***Valuation date:***

Actuarially determined contribution rates are calculated as of July 1st of the fiscal year in which the contributions are reported. WSSC Water's policy is to complete an actuarial study at least once every two years.

***Methods and assumptions used to determine contribution rates:***

|                            |   |
|----------------------------|---|
| Actuarial cost method      | Entry age normal (funding valuation uses a fixed rate of contribution)  |
| Inflation                  | 2.50%   |
| Salary increases           | 2.75 to 7.50 % including inflation  |
| Investment rate of return  | 7.0% net of pension plan investment expenses, including inflation   |
| Cost of living adjustments | 2.50%   |
| Retirement age             | Table of rates by age and eligibility   |
| Mortality                  | Mortality rates were based on the Pub-2010(B) Mortality Tables for Males and Females, projected on a generational basis using Scale SSA. A 109% adjustment factor is applied to female mortality rates. The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience analysis covering 2015 through 2020. |

**WASHINGTON SUBURBAN SANITARY COMMISSION  
EMPLOYEES' RETIREMENT PLAN  
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)  
SCHEDULE OF INVESTMENT RETURNS**

| Year Ended December 31, | Net Money-weighted<br>Rate of Return (%) |
|-------------------------|--|
| 2013                    | 17.3                                     |
| 2014                    | 5.2                                      |
| 2015                    | (1.4)                                    |
| 2016                    | 9.5                                      |
| 2017                    | 16.2                                     |
| 2018                    | (7.4)                                    |
| 2019                    | 20.9                                     |
| 2020                    | 9.9                                      |
| 2021                    | 15.9                                     |
| 2022                    | (14.2)                                   |

*This schedule is presented to illustrate the requirement to show information for 10 years.*