



CLARK REGIONAL WASTEWATER DISTRICT

VANCOUVER, WASHINGTON



**ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2023**



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Vancouver, Washington

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2023

**PREPARED BY THE
CLARK REGIONAL WASTEWATER DISTRICT FINANCE DEPARTMENT**

DISTRICT STAFF

David Logan
John M. Peterson, P.E.

Finance Director/Treasurer
General Manager

BOARD OF COMMISSIONERS

L. Neil Kimsey
John “Denny” Kiggins
Norm Harker

President
Vice President
Secretary



www.crwwd.com

**CLARK REGIONAL WASTEWATER DISTRICT
VANCOUVER, WASHINGTON**

ANNUAL COMPREHENSIVE FINANCIAL REPORT

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May 23, 2024

President Kiggins and Members
of the Board of Commissioners
& District Ratepayers

We are pleased to submit the Annual Comprehensive Financial Report (Annual Report) for Clark Regional Wastewater District (District) for the fiscal year ended December 31, 2023. The financial statements are presented in conformity with Generally Accepted Accounting Principles (GAAP) and audited in accordance with Generally Accepted Auditing Standards (GAAS) by independent auditors represented by the Office of the Washington State Auditor.

This report has been prepared to conform to the principles of accounting and reporting established by the Governmental Accounting Standards Board (GASB). Specific accounting treatments are detailed in the Notes to the Financial Statements and found in the Financial Section of this report.

The Annual Report is developed to provide meaningful financial information to legislative bodies, creditors, investors, community partners, and others interested in the District's financial position. The Finance department prepares the report, and the District is responsible for the accuracy, completeness, and fairness of all data presented and representations made. We believe the data presented is accurate in all material aspects and that how it is presented fairly discloses the District's financial position at December 31, 2023, and the results of operations and cash flows for the year ending December 31, 2023.

Management is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are protected from loss, theft, or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with GAAP. The internal control structure is designed to provide reasonable assurance that these objectives are met. The concept of reasonable assurance recognizes that the cost of control should not exceed the benefits likely to be derived, and the valuation of costs and benefits requires estimates and judgments by management.

Pursuant to Chapter 43.09.310 Revised Code of Washington (RCW), an independent audit is performed annually. The Office of the Washington State Auditor conducts the audit, which, in addition to meeting the requirements of state statutes, is also designed (if applicable) to meet the requirements of the Office of Management and Budget's (OMB) *Uniform Administrative Requirements, Cost Principles, and Audit*

Requirements for Federal Awards. The auditor's report on our financial statements and related notes are included in the Financial Section of this report.

Although the District is not required by state statute or administrative rule to formally adopt a budget, the Board of Commissioners (Board) formally adopts an annual budget as a financial plan and to use as a budgetary control for District expenses. The budget process starts with the submission of budget decision packages, which are reviewed by management and brought to the Board for consideration at a budget workshop. Finance staff prepares a detailed preliminary budget based on the goals, strategies, decision packages, prior year budget to actual performance, and policies adopted by the Board at the budget workshops. Budget proceedings occur at the regular commissioner meetings, which are open to the public for questions and comments. After a formal public hearing is conducted for ratepayer input on the proposed budget, the Board approves and adopts a final budget in December.

The information presented in the financial statements is perhaps best understood when considered within the context of the accompanying Management's Discussion and Analysis and Notes section.

DISTRICT PROFILE

This report includes all activities for the Clark Regional Wastewater District. The District is an independent local utility, not a segment or component unit of any other local government. The District is a Special Purpose District organized under the State of Washington, RCW Title 57 laws to provide sanitary sewer service to specific areas in Clark County, Washington. The District provides sewer services to approximately 39,000 accounts in unincorporated Clark County and the City of Ridgefield. The District's customer base is comprised of both residential and commercial customers. The District is a public agency formed by public election on May 22, 1958, by a group of business interests who realized that septic systems would be inadequate to meet the sanitary sewer needs of the area's growing population.

Oversight of the District is provided by three elected officials forming the Board of Commissioners, who reside within District boundaries and are elected at large by voters from the District service area. The Board is responsible for the management, control, direction, and operation of the District and its policies and business procedures.

The District office is located three miles north of the Vancouver, Washington, downtown area. Two major highway systems provide access to the District Office, Interstates 5 and 205. The District has ended the year with ninety-two and one-half (92.5) employees who work at the District office and in the field. Five departments within the District include Operations, Administration, Business Services, Finance, and Engineering. The District had two and one-half (2.5) positions unfilled at December 31, 2023.

The Operations department, staff of forty-two (42 FTE), manages over 775 miles of sewer mainlines and laterals and 86 pump stations, encompassed throughout the approximate 49 square miles of service area. The department also operates and maintains three satellite sewer systems in the areas of Van Ridge, Meadow Glade, and Hockinson. These satellite systems include up to 900 individual Septic Tank Effluent Pumping (STEP) tanks and their associated force mains. The department continues to use technology to assist with pump station monitoring using the Supervisory Control and Data Acquisition (SCADA) System and the Master Series Asset Management System (MMS) to assist with the scheduling of line maintenance. The District serves as a Contract Operator for the Discovery Clean

Water Alliance (Alliance) and, as such, operated all ten regional assets of the Alliance, including the Salmon Creek and Ridgefield Treatment Plants.

The Administration department, staff of eleven (11 FTE), provides oversight and support to all District departments, essential administrative support for the governing body, and initiates contracting for professional support. The District's Administration department, via an Administrative Lead Contract with the Alliance, has provided executive, administrative, pretreatment, and project management services for the Alliance since incorporation in 2013, and began providing pretreatment, capital program management, and capital project delivery services for the Alliance on January 1, 2015.

The Business Services department, staff of five (5 FTE), provides Human Resources, Risk Management, Succession Planning, IT, and Facilities Services. Human Resources administers employment, compensation/classification, employee relations, training, employee development, personnel record management, personnel policies, procedure development, legal compliance, and internal consulting.

The Finance department, staff of thirteen (13 FTE), provides accounting functions such as payroll, accounts payable and financial reporting, treasury management, forecasting, budget oversight, financial application systems development, and customer service. The Finance department continues to streamline and upgrade its internal processes to promote greater efficiencies and excellent customer service. The department answered over 24,300 phone calls from customers, mailed over 186,000 customer bills, e-mailed over 59,000 e-bills, and assisted about 470 walk-in customers. The District's Finance department, via an Administrative Lead contract, has provided accounting and treasury services for the Alliance since its incorporation in 2013.

The Engineering department, staff of twenty-one and a half (21.5 FTE), provides engineering services to the District and District customers under the direction of a licensed Professional Engineer. The services include development review, facility planning, Geographic Information Services (GIS), design, construction management, and inspection services.

A capital projects engineer provides professional insight into necessary capital construction projects and replacement and restoration projects. Long-range planning precedes sub-basin planning and provides valuable information about the infrastructure needed to support urban incorporation by Clark County. This insight remains crucial for the successful planning of future infrastructure needs for current and future District customers.

ECONOMIC CONDITIONS AND OUTLOOK

The District is located in southwest Washington, and its boundaries reside within Clark County, Washington. Clark County borders northwest Oregon, including Multnomah County and the greater Portland metropolitan area.

At the end of 2023, the unemployment rate in Clark County dropped to 4.2%, from 4.6% in 2022. In addition, the state and national average unemployment rates were 4.4% and 3.7%, respectively, as of December 2023, compared to the 4.2% and 3.5% rates reported in December 2022.

Private-sector unemployment in the state was 3.7% in December 2023. The top three industry sectors with the largest employment gains were:

- Manufacturing
- Arts, entertainment, and recreation
- Government

Washington State’s economic forecast for 2024 projects a decline in the real estate market after several years of strong growth, with increases in state personal income and high inflation rates. In 2023, the District experienced growth in total utility accounts of approximately 2.4%. The new connections can be attributed to the strength of the local construction industry.

New construction connections to the public sewer system increased by 89 or 9.2% in 2023 from 2022, with a total of 1,061 permits issued in 2023 (see Schedule 17 for details). Construction projects in the District service area that required new sewer services from 2021 through 2023 were as follows:

Construction Projects	2023	2022	2021
New subdivisions	20	25	24
New single-family lots	980	900	871
Commercial developments	15	11	5
Commercial equivalent residential units	19.6	347.1	20
Apartment units	158	12	492

The District will continue to monitor construction projects for trends, to assess potential impacts on operations and customers. The District’s ability to strategically plan adequate resources for future capital needs for its customers will ensure that appropriate and adequate investments are made in collection system assets throughout the service area. Preserving the financial condition of the District and building upon its financial health are primary goals. The District continues to seek better economies of scale and eliminate redundancies in its operations.

Funding for operations is anticipated to remain stable as rate revenues, which make up 48.5% of budgeted 2024 sources, are expected to increase by 10.9%. Development-related revenues are expected to remain strong in 2024, as 1,846 new equivalent residential units (ERUs) are added, resulting in \$14.3 million of connection revenue.

Some significant elements in maintaining a healthy financial condition include:

1. Instituting and maintaining fiscal and debt policies which adequately cover the management and planning of system improvements, replacements, and other capital disbursements.
2. Optimizing operating costs to meet customer needs (electronic monitoring of pump stations, instituting building permits module for use by all departments, GIS mapping, etc.).
3. Maintaining adequate but favorable rates through low-cost financing of capital projects to meet the District’s objectives and facilitate customer growth.
4. Assessing financial input from advisors, the public, and other interested parties.
5. Closely monitoring and making necessary improvements to the existing system of pump stations, collection, and transmission lines.

The District adopted its updated Comprehensive General Sewer Plan in December 2017. It is reviewed every six years in conjunction with Clark County's Comprehensive Plan Update and is currently in progress on the most recent update. The District is developing a plan for the future expansion of the wastewater system throughout the approximate 49 square-mile service area. The plan is based upon current adopted land use planning assumptions and population and demographic projections. It includes forecasting construction and financing of infrastructure needs to provide new service, as well as the restoration and replacement of existing infrastructure for the 20-year planning horizon.

Since the District has no taxing authority, it must rely solely on revenues from monthly sewer service and connection charges. Monthly sewer service charges fund operations and the costs for collection, transportation, and treatment of wastewater. In 2023, the base monthly service rate increased by \$1.50 per month per ERU from 2022. A portion of the monthly service charge is held in reserve for the restoration and/or replacement of existing infrastructure and future vehicle and equipment needs. In addition, a portion is held in reserve to meet debt service requirements. System Development Charges (SDCs) are paid on new connections whose wastewater flows to the Salmon Creek and Ridgefield treatment plants (owned by the Alliance) or the City of Vancouver's Westside treatment plant. State statute authorizes entities providing sewer service to assess this charge representing the owner's equitable share of the system as a condition to granting the right to connect.

In May of 2013, the District adopted two agreements outlining guiding principles for agreed-upon service levels, providing for coordination of wastewater services with the City of Vancouver (Vancouver). The principles allow Vancouver to annex parts of the District's service area within the Vancouver Urban Growth Boundary over time but maintain the cost-effective District services for sewer collection for the foreseeable future.

In 2014, the City of Ridgefield (Ridgefield) transferred ownership of all its sewer utility collection system physical assets and all (approximately 2,000) sewer utility customers to the District.

In 2013, Discovery Clean Water Alliance (Alliance) was formally incorporated by the four partner agencies (the District, Clark County, City of Ridgefield, and City of Battle Ground). The Alliance was formed to support a framework where all parties charged with owning, operating, or using wastewater treatment services could collectively make decisions on the delivery of those services to the public within Clark County. This opportunity to jointly own and manage regional infrastructure relied on by vested parties was an underlying theme that future members came to support to manage both long-term costs and long-term capacity needs. The Alliance owns and operates transmission lines, pump stations, and treatment plants to provide sewer treatment service to the mid-Clark County region (Cities of Ridgefield and Battle Ground and the District's central service area) effective January 1, 2015.

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Clark Regional Wastewater District for its Annual Report for the fiscal year ended December 31, 2022. This was the thirty-fifth (35) consecutive year that the District has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized Annual Report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for one year only. We anticipate that our current Annual Report will continue to meet the Certificate of Achievement program’s requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate. As of December 31, 2022, it has been forty-two (42) consecutive years without an audit finding.


The American Public Works Association (APWA) compiles best practices and recommended management practices from across the U.S. and Canada. It then provides that information and a guidance manual for other public works entities to assess the adequacy of their management practices. Public works organizations can then seek accreditation by the APWA through a multi-day onsite evaluation of their practices outlined by the APWA. The District was initially accredited in 2005 and re-accredited in 2009, 2015, 2020, and 2023. The District is the first and only Special Purpose Government to carry the APWA Accreditation in North America. The purpose of the accreditation process is to provide a means of formally verifying and recognizing public works agencies for compliance with the recommended practices set forth in the Public Works Management Practices Manual. The accreditation process is entirely voluntary.

Acknowledgments

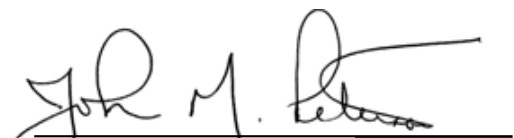
This report was made possible by the staff of the Finance Department, the (Washington) Water and Sewer Risk Management Pool, the Washington Department of Retirement Systems (DRS), and all other departments of the District. Each member of the District, the President, Commissioners, General Manager, and the related agencies above have our sincere appreciation for the contributions made in the preparation of this report.

This report is intended to provide complete and reliable information that can be used to make management decisions, determine compliance with legal provisions and evaluate responsible stewardship of District assets.

Respectfully submitted,

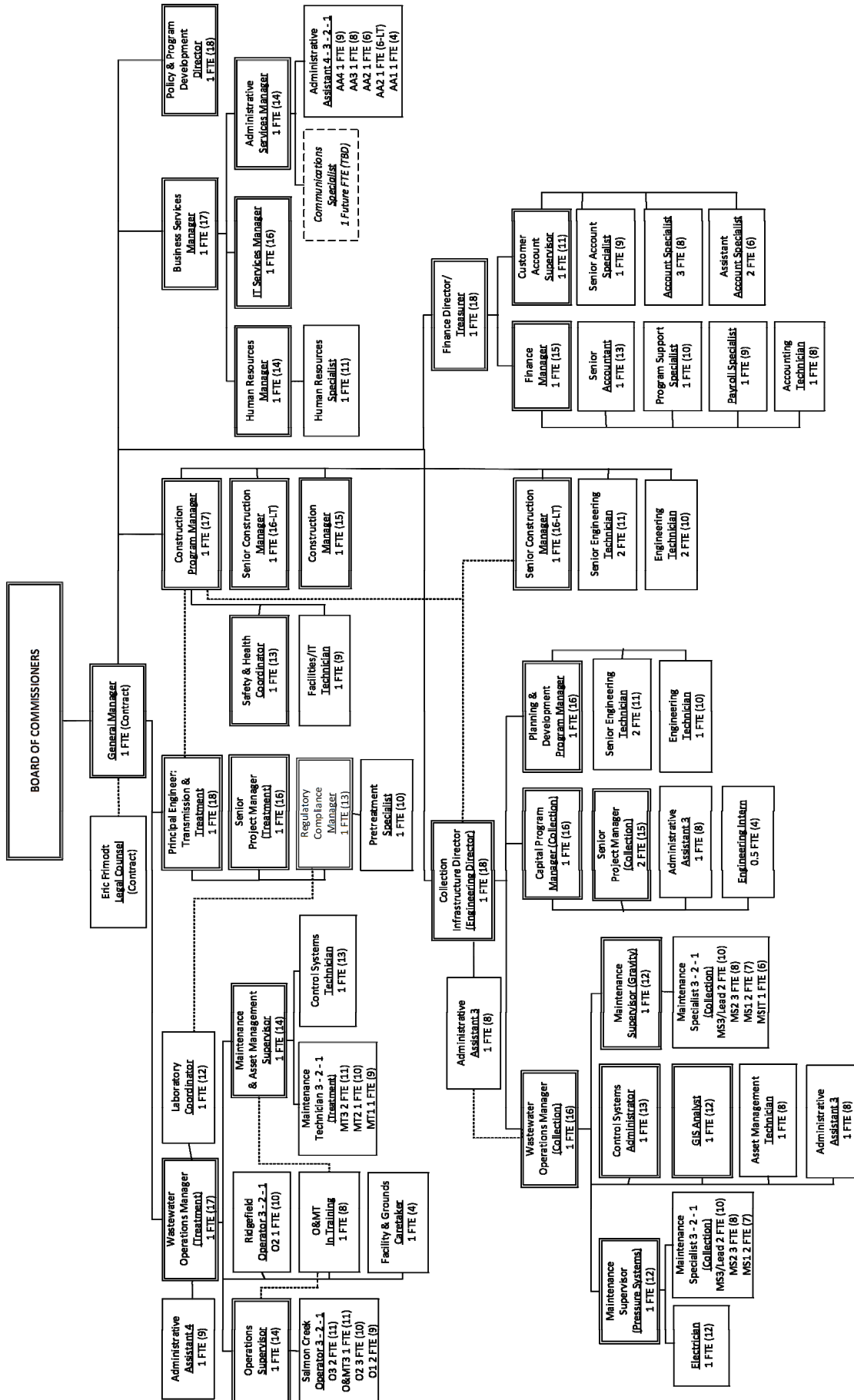


 David Logan
 Finance Director/Treasurer



 John M. Peterson, P.E.
 General Manager

CLARK REGIONAL WASTEWATER DISTRICT ORGANIZATIONAL CHART



**CLARK REGIONAL WASTEWATER DISTRICT
 DIRECTORY OF OFFICIALS**

RCW 57.12.010 provides for a Board of Commissioners consisting of three members to serve as governing body for the District. Each Commissioner serves a 6-year term with elections held every two years.

ELECTED COMMISSIONERS DURING 2023

<u>Position</u>	<u>Elected Official</u>	<u>Term Expiration</u>
President	John “Denny” Kiggins	December 2029
Vice President	Norm Harker	December 2027
Secretary	L. Neil Kimsey	December 2025

APPOINTIVE

<u>Position</u>	<u>Appointed Employee</u>
General Manager	John M. Peterson, P.E.
Business Services Manager	Kim Thur
Finance Director/Treasurer	David Logan
Attorney	Eric Frimodt

MAILING ADDRESSES

Office: P.O. Box 8979
 Vancouver, WA 98668-8979

Attorney: Inslee, Best, Doezie & Ryder, P.S.
 P.O. Box C-90016
 Bellevue, WA 98009-9016

**CLARK REGIONAL WASTEWATER DISTRICT
GFOA CERTIFICATE OF ACHIEVEMENT**



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**Clark Regional Wastewater District
Washington**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

December 31, 2022

Christopher P. Morrill

Executive Director/CEO

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

**INDEPENDENT AUDITOR'S REPORT ON THE AUDIT OF THE
FINANCIAL STATEMENTS**

Board of Commissioners
Clark Regional Wastewater District
Vancouver, Washington

May 23, 2024

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the accompanying financial statements of the Clark Regional Wastewater District as of and for the year then ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the

design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

Required Supplementary Information

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

Other Information

The other information comprises the Introduction and Statistical Sections but does not include the basic financial statements and our auditor's report thereon. Management is responsible for the other information included in the financial statements. Our opinion on the basic financial statements does not cover the other information, and we do not express an opinion or provide any assurance thereon.

In connection with the audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we will also issue our report dated May 23, 2024, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report will be issued under separate cover in the District's Single Audit Report. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance

with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Sincerely,

A handwritten signature in black ink that reads "Pat McCarthy". The signature is written in a cursive style with a large, sweeping initial "P".

Pat McCarthy, State Auditor

Olympia, WA

**CLARK REGIONAL WASTEWATER DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2023**

INTRODUCTION

As management of the Clark Regional Wastewater District (District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities for the fiscal year ended December 31, 2023. We encourage readers to consider the information presented herein in conjunction with additional information that we have furnished in our letter of transmittal.

The following Management's Discussion and Analysis is intended to serve as an introduction to the District's basic financial statements, the notes to the financial statements, and, if applicable, any other supplementary information required as part of the basic financial statements. Please refer to the accompanying Notes to the Financial Statements.

The District is not legally required to adopt a budget, however, does so as a measure of monitoring revenues and controlling expenses. The Board of Commissioners adopts an annual budget and uses it as a financial plan for the District. The District has not reported budgetary comparison schedules herein as required supplementary information.

The District's financial statements present a Special Purpose District organized under the laws of the State of Washington, Revised Code of Washington (RCW), Title 57, to provide sanitary sewer service to specific areas in Clark County, Washington. The District is not a segment of any other local government, nor is it a component unit thereof. The financial statements are presented in a manner similar to a private-sector business.

The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities (i.e. sewer service). The District reports its activities as a single enterprise fund, which is a type of proprietary fund.

The *Statement of Net Position* presents information on all the District's assets, deferred outflows, liabilities, and deferred inflows, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The *Statement of Revenues, Expenses, and Changes in Fund Net Position* display the change in the District's net position during the most recent fiscal year. All changes in net position are reported as soon as the underlying event occurs regardless of the timing of related cash flows.

The *Statement of Cash Flows* presents the cash flow from operations, non-capital financing, and from capital and related financing, as well as from investing activities.

Financial Highlights

- The District had a total net position of \$280.2 million at December 31, 2023. Of this amount, \$52.2 million is classified as unrestricted and may be used to meet the District’s ongoing obligations.
- The District’s change in net position was \$14.4 million for 2023. The 2023 increase is primarily a result of capital contributions from developers and connection charges totaling \$20.0 million and an operating loss of \$9.7 million.
- In 2023, the District made regular principal payments on its outstanding sewer revenue bonds of \$340,000 and PWB loans of \$1,225,162.

Assets, Deferred Outflows, Liabilities, Deferred Inflows and Net Position

December 31	2023	2022	2022 to 2023 Change	%
<i>Assets</i>				
Current and other assets	\$ 64,614,538	\$ 69,455,504	\$ (4,840,966)	-7.0%
Capital assets (net of depreciation/amortization) and construction work in progress	249,239,909	235,614,133	13,625,776	5.8%
Total assets	<u>313,854,447</u>	<u>305,069,637</u>	<u>8,784,810</u>	
Deferred Outflows	1,962,732	1,927,457	35,275	1.8%
<i>Liabilities</i>				
Other liabilities	13,111,274	16,792,825	(3,681,551)	-21.9%
Long-term liabilities	20,931,805	22,606,585	(1,674,780)	-7.4%
Total liabilities	<u>34,043,079</u>	<u>39,399,410</u>	<u>(5,356,331)</u>	
Deferred Inflows	1,590,125	1,842,272	(252,147)	-13.7%
<i>Net position</i>				
Net investment in capital assets	225,619,684	210,752,933	14,866,751	7.1%
Restricted - pensions	2,337,274	1,736,192	601,082	34.6%
Unrestricted	52,227,017	53,266,287	(1,039,270)	-2.0%
Total net position	<u>\$ 280,183,975</u>	<u>\$ 265,755,412</u>	<u>\$ 14,428,563</u>	

- Current and other assets decreased in 2023 by \$4.8 million or 7.0%, due to a decrease in cash and cash equivalents (of \$4.9 million) that is driven by a paydown of outstanding accounts payable.
- Other liabilities decreased in 2023 by \$3.7 million or 21.9% primarily due to a \$3.2 million decrease in accounts payable.
- Deferred outflows and deferred inflows of resources fluctuate annually due to the change in the proportionate share of state-calculated pension deferred outflows and inflows. In 2023, deferred outflows increased by an immaterial amount from 2022, while deferred inflows decreased by 13.7% or \$0.3 million from 2022.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

Investment in capital assets includes land, buildings, pump stations, collection and transmission lines, machinery and equipment, construction work in progress, and intangible assets. The District's total net capital assets as of December 31, 2023, were \$249.2 million. This increase of \$13.6 million or 5.8% from 2022 is due to several major capital assets events during the fiscal year, including the following:

- In 2023, donated capital assets from developers totaled \$8.8 million.
- During 2023, the District placed \$15.3 million of construction work in progress into service.

For further explanations of the capital asset activity of the District, please refer to Note 4, Capital Assets.

Long-Term Liabilities

During 2023, the District decreased its long-term liabilities by a total of \$1.7 million. This decrease was driven primarily due to regular principal payments. Please refer to Note 7, Long-Term Liabilities, for more detailed information regarding long-term debt activity.

Revenues, Expenses and Changes in Net Position

	2023	2022	2022 to 2023 Change	%
Revenues				
Operating revenue				
Charges for services	\$ 27,661,843	\$ 26,040,247	\$ 1,621,596	6.2%
Permits	131,035	116,710	14,325	12.3%
Contract operator*	7,035,748	3,202,101	3,833,647	119.7%
Miscellaneous	834,707	902,616	(67,909)	-7.5%
Non-operating revenue				
Interest and investment income	2,625,157	-	2,625,157	100.0%
Other non-operating revenue	2,239,820	1,310,292	929,528	70.9%
Total revenues	<u>40,528,310</u>	<u>31,571,966</u>	<u>8,956,344</u>	
Expenses				
Operating expenses	45,328,625	40,172,416	5,156,209	12.8%
Non-operating expenses				
Interest and investment loss	-	538,871	(538,871)	-100.0%
Other non-operating expenses	394,674	462,815	(68,141)	-14.7%
Loss on disposal of asset	-	152,326	(152,326)	-100.0%
Interest expense	419,618	442,477	(22,859)	-5.2%
Total expenses	<u>46,142,917</u>	<u>41,768,905</u>	<u>4,374,012</u>	
EXCESS (DEFICIENCY) BEFORE CONTRIBUTIONS	(5,614,607)	(10,196,939)	4,582,332	-44.9%
CAPITAL CONTRIBUTIONS	20,001,846	19,923,334	78,512	0.4%
CHANGE IN NET POSITION	14,387,239	9,726,395	4,660,844	47.9%
NET POSITION, January 1	<u>265,755,412</u>	<u>256,029,017</u>	<u>9,726,395</u>	3.8%
CHANGE IN ACCOUNTING PRINCIPLE	41,324	-	41,324	
NET POSITION, December 31	<u>\$ 280,183,975</u>	<u>\$ 265,755,412</u>	<u>\$ 14,428,563</u>	

*Contract Operator revenue was historically combined with Miscellaneous revenue. Beginning in 2023, Contract Operator revenue is reported separately. 2022 amounts have been restated to reflect this change.

- Service revenues increased in 2023 by \$1.6 million or 6.2% due both to an increase in the number of connections to sewer service and a rate increase of \$1.50 or 3.6% per Equivalent Residential Unit (ERU) per month.
- Actual ERU growth was 1,557 and 1,476 ERUs for 2023 and 2022, respectively.
- In 2023, the District recorded interest and investment income of \$2.6 million, an increase of \$3.2 million from the loss reported in 2022. This is due to rising interest rates in 2023. The District continues to actively manage and diversify its investments outside of the State and County pools to maximize interest earnings.
- 2023 was the first full year the District acted as Contract Operator for the Salmon Creek Treatment Plant. Accordingly, in 2023 Contract Operator revenue increased by \$3.8 million, or 119.7%.
- Operating expenses for 2023 increased from 2022 by \$5.2 million or 13.1%. The main drivers for this increase are:
 - Salaries and wages reflect an increase of \$1.4 million, or 20.0%, due to 2023 being the first full year the District employed the employees at the SCTP, as well as annual salary wage and cost of living increases.
 - Treatment contract services costs increased \$2.2 million or 17.5% in 2023 over 2022. This increase is due to increased Regional Service Charge rates charged by the Alliance as it expands operations and capital activity.
 - Other operating expenses increased \$1.2 million or 34.1% over 2022. This is due to the increase in operating expenses of SCTP from 2023 being the first full year of District operations.
- The District receives System Development Charge (SDC) revenues, based on a tiered system, in an effort to support economic development within the District service area. These charges are classified as capital contributions. The revenue from this charge is used for new infrastructure and capital projects within the District service area. SDCs for 2023 total \$10.8 million compared to \$10.0 million in 2022. These charges per connection increased in 2023 from 2022. The 2023 charges per connection are as follows:

Tier	Treatment Plant	SDC
1	Vancouver (VTP)	\$ 3,154
2	Salmon Creek (SCTP)	\$ 6,381
3	Ridgefield (RFTP)	\$ 9,450

Cash Flows

Wastewater collection is a very capital and asset-intensive utility service. The District’s current system, inclusive of the Ridgefield service area, is spread across 49 square miles. Significant portions of the

service area are undeveloped and require major infrastructure improvements and investments. Other portions of the system are over 50 years old and are beginning to reach their useful life. Growth in sewer service customers and service charges help fund capital expansion of the Alliance-owned Salmon Creek and Ridgefield wastewater treatment plants. Customer utility payments provide the necessary annual cash flow to cover operating activities and partially support the capital needs of the District.

Economic Factors and Next Year's Budget and Rates

The District's economic condition improved in 2023. These improvements are due largely to the District's customer base growing by 2.4% from 38,718 customer accounts in 2022 to 39,653 in 2023 and continued substantial capital contributions from development-related activity.

The following economic factors currently affect the District and were considered in developing the 2024 fiscal year budget:

- Service charges will increase by \$1.5 per month per Equivalent Residential Unit.
- Capital spending on existing infrastructure is driven by the results of a criticality assessment performed by the District in 2018, in conjunction with the General Sewer Plan prepared and adopted by the District in 2019.
- Increases in inflation and interest rates are expected during 2024.
- The District continues to purchase a pooled group liability insurance policy to protect itself from unforeseen losses in excess of the member deductible. Insurance premiums are expected to continue to increase in 2024 and beyond.
- Total ERUs are anticipated to increase by 1,846, or 3.4%, in 2024.

Requests for Information

This financial report is designed and intended to provide a general overview of the District's financial position. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Clark Regional Wastewater District, Finance Director/Treasurer, PO Box 8979, Vancouver, WA 98668-8979 or <http://www.crwwd.com>.

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CLARK REGIONAL WASTEWATER DISTRICT
2023
FINANCIAL STATEMENTS

**CLARK REGIONAL WASTEWATER DISTRICT
STATEMENT OF NET POSITION
DECEMBER 31, 2023**

	2023
ASSETS	
Current Assets:	
Cash and cash equivalents	20,386,188
Investments (at fair value)	18,220,995
Receivables	
Customer accounts	2,241,135
Contracts (current and delinquent)	37,594
Interest	242,795
Due from other governments	5,481,099
Prepaid expenses	573,352
Total current assets	47,183,158
Noncurrent Assets:	
Investments (at fair value)	14,880,142
Contracts receivable	213,964
Capital assets not being depreciated/amortized:	
Land and land rights	613,226
Construction work in progress	6,097,922
Subscription-based IT arrangements work in progress	10,000
Total capital assets not being depreciated	6,721,148
Capital assets being depreciated/amortized:	
Collection and transmission system	250,837,797
Buildings	12,238,693
Improvements other than buildings	3,559,398
Pump Stations	49,990,278
Equipment	5,056,474
Subscription-based IT arrangements	581,741
Intangible assets, including future treatment capacity rights	49,335,521
Less: accumulated depreciation/amortization	(129,081,141)
Total capital assets being depreciated	242,518,761
Net pension asset	2,337,274
Total noncurrent assets	266,671,289
TOTAL ASSETS	313,854,447
DEFERRED OUTFLOWS of RESOURCES	
Amounts related to pension	1,942,524
Amounts related to OPEB	20,208
TOTAL DEFERRED OUTFLOWS of RESOURCES	1,962,732

Continued on next page

The notes to the financial statements are an integral part of this statement.

**CLARK REGIONAL WASTEWATER DISTRICT
STATEMENT OF NET POSITION
DECEMBER 31, 2023**

Continued from previous page

	2023
LIABILITIES	
Current Liabilities:	
Accounts payable	6,229,698
Interest payable	67,485
Retainage payable	239,471
Revenue collected in advance	499,999
IT subscriptions payable	38,541
System development charge (SDC) credits	84,611
Construction deposits	248,458
Compensated absences	83,438
Notes from direct borrowings	1,225,162
Directly placed sewer revenue bonds	464,619
Total other postemployment benefits (OPEB) liability	40,416
Total current liabilities	9,221,898
Noncurrent Liabilities:	
Contracts payable	936,121
Compensated absences	843,651
IT subscriptions payable	395,089
Notes from direct borrowings	8,628,125
Directly placed sewer revenue bonds	10,613,899
Net pension liability	1,009,333
Total Other postemployment benefits (OPEB) liability	2,394,963
Total noncurrent liabilities	24,821,181
TOTAL LIABILITIES	34,043,079
DEFERRED INFLOWS of RESOURCES	
Amounts related to pensions	1,590,125
TOTAL DEFERRED INFLOWS of RESOURCES	1,590,125
NET POSITION	
Net investment in capital assets	225,619,684
Restricted - pensions	2,337,274
Unrestricted	52,227,017
TOTAL NET POSITON	280,183,975

The notes to the financial statements are an integral part of this statement.

**CLARK REGIONAL WASTEWATER DISTRICT
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
YEAR ENDED DECEMBER 31, 2023**

	2023
OPERATING REVENUES	
Charges for services	27,661,843
Permits	131,035
Contract operator revenue	7,035,748
Other operating revenue	834,707
Total operating revenues	35,663,333
OPERATING EXPENSES	
Salaries and wages	8,204,866
Personnel benefits	2,246,119
Supplies	1,452,776
Professional services	1,531,726
Insurance	319,974
Repairs and maintenance	1,433,206
Treatment contract services	15,017,268
Taxes	729,997
Other operating expense	4,638,815
Depreciation and amortization	9,753,878
Total operating expenses	45,328,625
Operating income (loss)	(9,665,292)
NON-OPERATING REVENUES (EXPENSES)	
Interest and investment revenue (loss)	2,625,157
Other non-operating revenue	2,239,820
Interest expense	(419,618)
Other non-operating expense	(394,674)
Total non-operating revenue (expenses)	4,050,685
Income before contributions	(5,614,607)
CAPITAL CONTRIBUTIONS	20,001,846
Change in net position	14,387,239
TOTAL NET POSITION, January 1	265,755,412
Change in accounting principle	41,324
TOTAL NET POSITION, December 31	280,183,975

The notes to the financial statements are an integral part of this statement.

**CLARK REGIONAL WASTEWATER DISTRICT
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2023**

	2023
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers and users	\$ 27,656,101
Payments to suppliers	(28,040,360)
Payments to employees	(11,447,660)
Payments for taxes	(843,974)
Payments for other activities	(393,345)
Receipts from other activities	7,241,138
Net cash from operating activities	(5,828,100)
 CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Proceeds from capital grants	802,042
Receipts for future system improvements	11,220,329
Principal paid on long-term debt	(1,674,780)
Interest paid on long-term debt	(534,402)
Acquisition and construction of capital assets	(14,026,601)
Net cash from capital and related financing	(4,213,412)
 CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of investments	(14,884,743)
Proceeds from maturing or called investments	18,488,211
Interest on investments	1,560,102
Interest on contracts	15,303
Net cash from investing activities	5,178,873
 NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	 (4,862,639)
 CASH AND CASH EQUIVALENTS, January 1	 25,248,827
 CASH AND CASH EQUIVALENTS, December 31	 \$ 20,386,188

Continued on next page

The notes to the financial statements are an integral part of this statement.

**CLARK REGIONAL WASTEWATER DISTRICT
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2023**

Continued from previous page

	2023
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET	
CASH FROM OPERATING ACTIVITIES	
Utility operating income (loss)	\$ (9,665,292)
Adjustments to reconcile operating income to net from operating activities	
Depreciation and amortization expense	9,753,878
(Increase) decrease in accounts receivable	(128,541)
(Increase) decrease in due from other governments	(1,637,791)
(Increase) decrease in prepaid expenses	(194,763)
(Increase) decrease in deferred outflows & deferred inflows	(287,422)
Increase (decrease) in accounts payable	(3,268,931)
Increase (decrease) in accrued employee benefits	(413,688)
Increase (decrease) in revenue collected in advance	577
Increase (decrease) in contract payable	(438,117)
Increase (decrease) in pension obligation (net)	(591,114)
Non-operating expenses	(394,674)
Non-operating revenues	1,437,778
Total adjustments	3,837,192
Net cash from operating activities	\$ (5,828,100)
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES	
Contributions of capital assets from developers or governments	8,768,304
Increase (decrease) in fair value of investments	895,053
Financed by retainage payable	(45,359)
Change in capital related accounts payable	45,534

The notes to the financial statements are an integral part of this statement.

Note 1 – General Description of the District and Summary of Significant Accounting Policies

The financial statements of the District have been prepared in conformity with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The significant accounting policies are described below.

Reporting Entity – Clark Regional Wastewater District (District) operates under the laws of the State of Washington applicable to Special Purpose Districts in order to provide sanitary sewers in the collection, transport, and treatment of wastewater within its legal boundaries. The District operates under an independent, three-member elected Board of Commissioners as provided by Revised Code of Washington (RCW) Title 57, with the General Manager responsible for the daily management of operational and administrative activities of the District. The Hazel Dell Sewer District was incorporated on May 22, 1958. Effective January 1, 2006, the District changed its legal name to Clark Regional Wastewater District.

As required by GAAP, management has considered all potential component units in defining the reporting entity. Utilizing the criteria set forth by GASB for component units, the District has evaluated all legal entities that would potentially qualify as a component unit and be included in the financial statements of the District. The District concludes it has no component units. The District's financial statements include the financial position and results of operation of a single enterprise that the District manages and has custodial responsibility over the assets and liabilities therein.

Basis of Accounting and Presentation – The accounting records of the District are maintained in accordance with methods prescribed by the State Auditor under authority chapter 43.09. The District uses the Uniform Chart of Accounts as prescribed within the Budgeting, Accounting and Reporting System (BARS) Manual for Special Purpose Districts reporting in conformity with GAAP.

The District accounts for its operations within a proprietary fund, which is similar to a private business enterprise. The District's statements are reported using the economic resources measurement focus and full-accrual basis of accounting. Revenues are recorded when earned, and expenses are recorded when liability is incurred, regardless of the timing of the cash flows.

The District distinguishes between operating revenues and expenses from non-operating items. Operating revenues are derived from the sewer services provided to the ratepayers of the District. Operating expenses include the cost of providing sewer services (i.e., maintenance, engineering, treatment, and administration), as well as depreciation and amortization of capital assets. All revenues and expenses not meeting the above criteria are reported as non-operating revenues and expenses, such as interest income and expense.

Cash and Cash Equivalents – It is the District's policy to invest all temporary cash surpluses. For the purposes of the Statements of Net Position and Cash Flows, the District considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. All amounts held in the Local Government Investment Pool (LGIP) and Clark County Investment Pool (CCIP) accounts are considered to be cash equivalents. Investments purchased with an original maturity of more than three months are classified as investments. See Note 3 for detailed information about the District's deposits and investments.

Note 1 – General Description of the District and Summary of Significant Accounting Policies (Continued)

Investments – Certain investments are reported at fair value in accordance with GASB Statement No. 72, *Fair Value Measurement and Application*, on quoted market prices for securities purchased by the District. All investments held have readily available market prices. The change in fair value is reported in the Statement of Revenues, Expenses and Changes in Net Position as an increase or decrease in investment assets and investment income. Realized gains or losses on the maturity or disposition of securities are not separately disclosed. Likewise, some investments are reported at amortized cost. See Note 3, Deposits and Investments, for additional information.

Receivables – Customer accounts receivable represent user charges owed from private individuals or organizations for sewer services, which are recognized as earned. All accounts receivables are due from users within the service area of the District. Since the District records liens on the property served and, ultimately, may foreclose on such property, payments on delinquent accounts are eventually received.

Contracts receivables are related to construction costs, as well as any applicable financing costs corresponding to such sanitary sewer construction for a particular property or group of properties. Contracts are provided under state statutes and direct the process in which the District extends sanitary sewer services to properties. Contracts are recorded as an enforceable lien on the property when they are levied. These receivables consist of current, delinquent, and deferred billed principal with related interest and penalties.

Interest receivables represent interest revenue earned on investments that have not been received.

Due from Other Governments are receivables resulting from the contractual relationship between the District and the Alliance. The District is contracted by the Alliance to provide Administrative Lead services. The District invoices the Alliance monthly for Administrative Lead services provided, which includes staff time and expenses for professional consulting, IT support, project management, and delivery.

Prepaid Expenses – The District uses the consumption method to account for prepaid expenses.

Capital Assets – Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., collection and transmission system and pumping stations), are reported at historical cost. Capital assets are defined by the District as assets with an initial cost of more than \$10,000 and a useful life of more than one year. Donated capital assets are recorded at acquisition value at the date of donation.

Costs for additions or improvements to capital assets are capitalized when they increase the effectiveness or efficiency of the asset. Major outlays for capital assets, and improvements are capitalized as projects are constructed. The costs for normal maintenance and repairs are not capitalized.

Property, plant, and equipment of the District are depreciated using the straight-line method over the following estimated useful lives:

Note 1 – General Description of the District and Summary of Significant Accounting Policies (Continued)

Building components	10-75 years
Pump station components	10-50 years
Collection and transmission system	75 years
Machinery, furniture and equipment	5-20 years
Intangible assets	5-20 years

See Note 4, for detailed information about the District’s capital assets.

Intangible Assets – The District currently recognizes its future treatment capacity rights in the Alliance’s Salmon Creek Treatment Plant as a component of the District’s net capital assets, in compliance with GASB Statement No. 51, “Accounting and Financial Reporting for Intangible Assets.”

SBITA Liability and Right to Use Asset - SBITA liabilities consist of amounts recorded in compliance with GASB 96, Subscription-Based Information Technology Arrangements (SBITAs). The District has recorded the SBITA liability and associated intangible, right to use, SBITA asset.

At the commencement of a subscription-based information technology arrangement, the District initially measures the SBITA liability at the present value of payments expected to be made during the SBITA term. Subsequently, the SBITA liability is reduced by the principal portion of SBITA payments made. The SBITA asset is initially measured as the initial amount of the SBITA liability, adjusted for payments made at or before the implementation date, plus certain initial direct costs. Subsequently, the SBITA asset is amortized using the straight-line basis over the same useful lives as the SBITA term.

Payables – Accounts payable and other current liabilities consist of amounts owed to private individuals or organizations for goods and services and employees for amounts for which checks have not yet been prepared.

Revenues Collected in Advance – This account includes amounts recognized as receivables but not revenues because the revenue recognition criteria have not been met.

SDC Credits – Prior to transferring its collection system to the District, the City of Ridgefield issued System Development Charge (SDC) credits to developers. The developers retain these credits that are available to be used upon connecting to the District’s collection system. By policy, these SDC credits are all considered current liabilities.

Construction Deposits – The District enters into Developer Extension Agreements (DEA) with developers that require deposits for sewer plugs and performance guarantees.

Compensated Absences – Accumulated but unpaid compensated absences (vacation and sick leave) are recorded as liabilities as earned. Vacation may accumulate up to a maximum of 360 hours or, for those restricted to contracts, the contract amount, although the maximum compensable payout allowed is 240 hours. Sick leave earned, vested, and unused by District employees is compensable at 50% of its value upon voluntary termination, retirement, or death and is also recorded as a District liability. Sick leave may accumulate beyond 960 hours for an employee; however, 50% of 960 hours is the maximum payout allowed. Total accrued unpaid compensated absences (vacation and sick leave) amounted to \$927,089 at December 31, 2023.

Note 1 – General Description of the District and Summary of Significant Accounting Policies (Continued)

Long-Term Debt – See Note 7, Long-Term Liabilities, for detailed information about the District’s long-term debt.

Pensions – For purposes of measuring the net pension liability, net pension asset, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of all state-sponsored pension plans and additions to/deductions from those plans’ fiduciary net position have been determined on the same basis as they are reported by the Washington State Department of Retirement Systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. See Note 8, Pension Plans, for detailed information about the District’s pension plans.

Total Other Postemployment Benefits (OPEB) Liability – See Note 9, Defined Benefit Other Postemployment Benefit (OPEB) Plan, for detailed information about the District’s defined OPEB plan.

Deferred Inflows / Outflows of Resources – The Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This element represents a consumption of net assets that applies to future periods and will not be recognized as an outflow of resources (expense) until then. The District currently reports amounts related to pensions and OPEB as deferred outflows of resources.

The Statement of Net Position will also sometimes report a separate section for deferred inflows of resources. This element represents an acquisition of net assets that applies to future periods and will not be recognized as an inflow of resources (revenue) until then. On the Statement of Net Position, the District reports only amounts related to pensions in this category.

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

Note 2 – Accounting and Reporting Changes

At January 1, 2023, The District implemented the following GASB Statements:

GASB 96, *Subscription-Based Information Technology Arrangements (SBITAs)*. This statement requires recognition of certain subscription assets and liabilities for arrangements that previously were classified as operating expense and recognized as outflows of resources based on the payment provisions of the contract. It establishes a single model for SBITA accounting based on the foundational principle that SBITAs are financings of the rights to use an underlying information technology software asset.

As a result of implementing this GASB, the District has recorded the intangible, right to use, SBITA asset and SBITA liability of \$163,993 on January 1, 2023, and an additional asset of \$417,748 and liability of \$354,859 on April 1, 2023 with respective accumulated amortization and reduction of SBITA liability in fiscal year 2023 of \$55,190 and \$85,222. As a result of implementing this standard, the District recognized \$41,324 as a change in accounting principle due to expenses from a prior year that were capitalized in 2023 as implementation costs.

Note 3 – Deposits and Investments

The District is legally authorized to invest in the types of investments included in the Revised Code of Washington (RCW) 36.29.020. All of the investments and deposits held at December 31, 2023, comply with the provisions of that code section and with the District's investment policy adopted by Board Resolution. The District's deposits and investments are managed daily by the District Finance Director/Treasurer.

Deposits – Cash on hand at December 31, 2023, was \$2,600,378, held entirely in a checking account and as cash on hand.

Custodial Credit Risk: Custodial credit risk for deposits is the risk that, in the 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 has an adopted policy that addresses deposit custodial risk; however, the District's deposits and certificates of deposit are mostly 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) or through the Securities Investor Protection Corporation (SIPC). No bank balances are exposed to custodial credit risk.

Investments – The District's investment policy provides that whenever there are more than sufficient funds or cash balances to meet current expenses payable, a portion of such funds or balances, as deemed expedient, may be invested as either short-term or long-term investments.

It is the District's policy to invest funds in a manner that:

1. Provides maximum security that the investment proceeds will be returned upon maturity
2. Provides adequate liquidity to meet cash needs
3. Provides the greatest return on investment

Investments are subject to the following risks:

Interest Rate Risk: Interest rate risk is the risk the District may face should interest rate variances affect the fair value of investments. The District's investment policy requires that investments be matched to anticipated cash flow requirements to the extent possible. Unless matched to a specified time period with regard to cash flows, investments in securities shall be five (5) years or less from the date of purchase, providing that the average maturity of the portfolio shall not exceed two and one-half (2-1/2) years. This policy assists the District in limiting its exposure to changes in the fair value of its investments.

Note 3 – Deposits and Investments (Continued)

Investment Type	Fair Value	Investment Maturities (in Years)	
		Less than 1	1 - 5
Clark County Investment Pool	\$ 4,460,329	\$ 4,460,329	\$ -
Local Government Investment Pool	13,325,481	13,325,481	-
Federal National Mortgage Association	1,083,730	-	1,083,730
Federal Farm Credit Bank	3,839,565	2,947,695	891,870
Federal Home Loan Bank	3,013,890	999,610	2,014,280
U.S. Treasury Notes	21,676,130	14,273,690	7,402,440
Domestic Corporate Bonds	2,986,592	-	2,986,592
Foreign Corporate Bonds	501,230	-	501,230
	<u>\$ 50,886,947</u>	<u>\$ 36,006,805</u>	<u>\$ 14,880,142</u>
Investment by maturity		<u>71%</u>	<u>29%</u>

In addition to the interest rate risk disclosed above, the District includes investments with fair value highly sensitive to interest rate changes.

Credit Risk: Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The District’s investment policy states that the Finance Director is empowered to invest in the security instruments authorized in Washington RCW 36.29.020. All investments held by the District at year-end 2023 had a credit quality rating of AA+ by Standard and Poor’s.

Concentration of Credit Risk: Concentration of credit risk is the risk of loss attributable to the magnitude of an investment in a single issuer. The District’s investment policy has the following diversification constraints based on the total investment of funds:

Issue Type	Maximum % Holdings	Maximum % per Issuer	Ratings S&P	Ratings Moody's	Ratings Fitch
US Treasury Obligations	100%	None	N/A	N/A	N/A
US Agency Obligations - Primary FHLB, FNMA, FHLMC, FFCB	100%	35%	N/A	N/A	N/A
US Agency Obligations - Secondary FICO, FARMER MAC etc.	10%	5%	AA-	Aa3	AA-
Municipal Bonds (GO only outside WA)	20%	10%	AA-	Aa3	AA-
Corporate Notes	25%*	3% for AA-	AA-	Aa3	AA-
Commercial Paper		3%	A1+ Long Term AA-	P1 Long Term Aa3	F1+ Long Term AA-
Certificates of Deposit	10%	10%	Deposits in PDPC approved banks	Deposits in PDPC approved banks	Deposits in PDPC approved banks
Bank Time Deposits/Savings	15%	10%	Deposits in PDPC approved banks	Deposits in PDPC approved banks	Deposits in PDPC approved banks
Banker’s Acceptance	20%	5%	N/A	N/A	N/A
Clark County LGIP	50%	None	N/A	N/A	N/A
State LGIP	100%	None	N/A	N/A	N/A

*Issuer constraints apply to the combined issues in corporate and commercial paper holdings.

Note 3 – Deposits and Investments (Continued)

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

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

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

Investments in Clark County Investment Pool (CCIP) – The District is a participant in the Clark County Investment Pool (CCIP), an external investment pool. The District reports its investment in the Pool at the fair value amount, which is the same as the value of the Pool per share. The responsibility for managing the Pool resides with the County Treasurer. The Pool is established from the RCW 36.29, which authorizes the County Treasurer to invest the funds of participants. Regulatory oversight is provided by the finance committee, which, by statute, consists of the county treasurer, the county auditor and the chair of the Board of County Commissioners. The CCIP is an unrated fund.

Investments Measured at Fair Value – The District measures and records its investments within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. These guidelines recognize a three-tiered fair value hierarchy as follows:

- Level 1: Quoted process in active markets for identical assets.
- Level 2: These are quoted market prices for similar assets, quoted prices for identical or similar assets in markets that are not active, or other than quoted prices that are observable.
- Level 3: Unobservable inputs for an asset.

At December 31, 2023, the District had the following recurring fair value measurements:

Note 3 – Deposits and Investments (Continued)

	Total	Fair Value Measurement Using:		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)**	Significant Unobservable Inputs (Level 3)
Investment by Fair Value Level				
Clark County Investment Pool*	\$ 4,460,329			
Investment Securities				
Federal National Mortgage Association	1,083,730	-	1,083,730	-
Federal Farm Credit Bank	3,839,565	-	3,839,565	-
Federal Home Loan Bank	3,013,890	-	3,013,890	-
U.S. Treasury Notes	21,676,130	21,676,130	-	-
Domestic Corporate Bonds	2,986,592	-	2,986,592	-
Foreign Corporate Bonds	501,230	-	501,230	-
Total Investments measured at fair value	<u>37,561,466</u>	<u>21,676,130</u>	<u>11,425,007</u>	<u>-</u>

*The District's investment in the Clark County Investment Pool is not required to be categorized within the fair value hierarchy.

**Matrix pricing was used to measure fair value for Level 2 investments.

Investments Measured at Amortized Cost

Washington State Local Government Investment Pool	<u>\$ 13,325,481</u>
Total Investments measured at amortized cost	<u>\$ 13,325,481</u>

Summary of Deposit and Investment Balances – A reconciliation of deposits and investment balances as of December 31, 2023, is as follows:

Cash on Hand	\$ 1,250
Amount of Deposits with Private Financial Institutions	2,599,128
Deposits with State LGIP	13,325,481
Deposits with CCIP	4,460,329
Non-Pooled Investments	<u>33,101,137</u>
Total Deposits and Investments	<u><u>53,487,325</u></u>
Deposits	
Current:	
Cash and Cash Equivalents	<u>20,386,188</u>
Total Deposits	<u><u>20,386,188</u></u>
Investments	
Current:	
Short-term Investments	18,220,995
Noncurrent	
Long-term Investments	<u>14,880,142</u>
Total Investments	<u><u>33,101,137</u></u>
Total Deposits and Investments	<u><u>\$ 53,487,325</u></u>

Note 4 – Capital Assets

Capital assets activity for the year ended December 31, 2023, is as follows:

	Balance Jan. 1, 2023*	Additions & Transfers	Retirements & Transfers	Balance Dec. 31, 2023
CAPITAL ASSETS - NONDEPRECIABLE:				
Land and land rights	\$ 613,226	\$ -	\$ -	\$ 613,226
Construction work-in-progress	5,968,848	15,493,602	15,364,528	6,097,922
Subscription-based IT arrangements work-in-progress	-	10,000	-	10,000
Total capital assets - nondepreciable	<u>6,582,074</u>	<u>15,503,602</u>	<u>15,364,528</u>	<u>6,721,148</u>
CAPITAL ASSETS - DEPRECIABLE:				
Collection and transmission system	228,915,771	21,922,026	-	250,837,797
Buildings	12,248,807	-	10,114	12,238,693
Improvements other than buildings	3,559,398	-	-	3,559,398
Pump stations	49,573,765	416,513	-	49,990,278
Machinery, furniture and equipment	4,726,060	330,414	-	5,056,474
Intangible assets, including future treatment capacity rights	49,383,521	-	48,000	49,335,521
Subscription-based IT arrangements	163,993	417,748	-	581,741
Total capital assets - depreciable	<u>348,571,315</u>	<u>23,086,701</u>	<u>58,114</u>	<u>371,599,902</u>
LESS ACCUMULATED DEPRECIATION:				
Collection and transmission system	(52,776,785)	(3,334,880)	-	(56,111,665)
Buildings	(1,842,763)	(411,047)	-	(2,253,810)
Improvements other than buildings	(480,315)	(84,554)	-	(564,869)
Pump stations	(20,202,227)	(2,756,487)	-	(22,958,714)
Machinery, furniture and equipment	(3,110,013)	(304,933)	-	(3,414,946)
Intangible assets, including future treatment capacity rights	(40,963,160)	(2,806,787)	(48,000)	(43,721,947)
Subscription-based IT arrangements	-	(55,190)	-	(55,190)
Total accumulated depreciation	<u>(119,375,263)</u>	<u>(9,753,878)</u>	<u>(48,000)</u>	<u>(129,081,141)</u>
Total capital assets - depreciable, Net	<u>229,196,052</u>	<u>13,332,823</u>	<u>10,114</u>	<u>242,518,761</u>
Total capital assets, Net	<u>\$ 235,778,126</u>	<u>\$ 28,836,425</u>	<u>\$ 15,374,642</u>	<u>\$ 249,239,909</u>

*Beginning capital assets balances as of January 1, 2023 do not agree to the December 31, 2022 ending balances as January 1, 2023 balances have been restated for the implementation of GASB Statement 96, Subscription-Based Information Technology Arrangements.

Note 5 – Subscription-Based Information Technology Arrangements (SBITAs)

At January 1, 2023, the District evaluated financial agreements that are potential SBITAs. At January 1, 2023, the District has three SBITA liabilities as follows:

General ledger accounting system:

- Annual agreement having non-cancelable renewal terms with expected renewals through 2028

HR management system:

- Initial contract of five (5) years ending October 2027 with non-cancelable annual renewal terms with expected renewals through October 2037

Environmental systems software:

- Initial contract of three (3) years ending August 2024 and will be renegotiated at that time.

The right-to-use (RTU) intangible capital assets associated with the lessee SBITAs are as follows:

	Beginning Balance	Increase	Decrease	Ending Balance
Capital assets being amortized				
RTU SBITA-Software Subscription	163,993	417,748	-	581,741
Less accumulated amortization for:				
RTU SBITA-Software Subscription	-	55,190	-	55,190

The District is in the process of developing Capital Improvement Planning software expected to be implemented in 2024, costs are being tracked in a Capital Works in Progress (CWIP) account so the SBITA asset and liability can be recorded accurately at implementation. Payments are expected to be consistent through the extension terms. The District’s schedule of future payments included in the measurement of the SBITA payable is as follows:

	SBITAs		
	Principal	Interest	Total
2024	\$ 38,541	\$ 21,682	\$ 60,223
2025	40,468	19,754	60,222
2026	42,491	17,731	60,222
2027	44,616	15,607	60,223
2028	46,846	13,376	60,222
2029-2033	127,690	43,020	170,710
2034-2036	92,978	9,449	102,427
	\$ 433,630	\$ 140,619	\$ 574,249

Note 6 – Construction Commitments

The District has construction commitments resulting from active consultant and construction projects, including restoration and replacement projects, as of December 31, 2023, exceeding \$100,000 as follows:

Project	Total Awarded Contract Commitment	Spent to Date	Remaining on Contract
NE 99th Street CRP (94th Ave to SR 503)	\$ 2,047,341	\$ 1,730,275	\$ 317,066
Pioneer Street Extension Roundabout	313,464	282,890	30,574
Knollridge North and West Pump Stations	1,922,545	139,794	1,782,751
	<u>\$ 4,283,350</u>	<u>\$ 2,152,959</u>	<u>\$ 2,130,391</u>

Note 7 – Long-Term Liabilities

Direct Placement Revenue Bonds – Revenue bonds are authorized and adopted by the Board of Commissioners for the construction of capital additions. Sewer revenues of the District provide the security for repayment of District debt. On April 8, 2020, the District issued \$10,190,000 in Sewer Revenue Bonds to fund the District Campus Improvements Project, an expansion of the District’s current facilities that is expected to accommodate the District growth forecasted over the next 20 years. The bonds bear an interest rate of 5.0%. Principal installments range from \$310,000 to \$780,000, with a final maturity date of December 1, 2040. In 2023, the District paid \$817,750 (\$340,000 principal and \$477,750 interest) on these bonds. The annual debt service requirements for these 2020 sewer revenue bonds are as follows:

Year	2020 Sewer Revenue Bonds		Total Debt Service
	Principal	Interest	
2024	\$ 355,000	\$ 460,750	\$ 815,750
2025	375,000	443,000	818,000
2026	395,000	424,250	819,250
2027	415,000	404,500	819,500
2028	435,000	383,750	818,750
2029-2033	2,515,000	1,570,750	4,085,750
2034-2038	3,205,000	876,250	4,081,250
2039-2040	1,520,000	115,000	1,635,000
Total	\$ 9,215,000	\$ 4,678,250	\$ 13,893,250

Direct Borrowings – The State of Washington has a low-cost financing program that allows public entities in the State to finance public works (i.e., collection transmission facilities). This program is administered by the State of Washington Public Works Board (PWB). The remaining loans from the State PWB will be repaid over a period not to exceed twenty (20) years at the stated interest rates.

Construction was funded through the use of these loans as follows:

- Gee Creek Trunk Sewer project with loans, issued notices of completion, and final draws were executed by the City of Ridgefield in 2008. This loan was transferred to the District on January 1, 2014, as part of the collection system transfer of operations.
- Discovery Corridor Wastewater Transmission System was completed in 2016. The District and the City of Ridgefield were each directly approved for \$10,000,000 loans. The total \$20,000,000 of approved loans funded the design and substantial construction activities. The initial loan draws were made in June 2013 and July 2013, respectively. On January 1, 2014, the City’s loan was transferred to the District as part of the transfer of its collection system operations. As of December 31, 2019, the District is fully drawn on both the loan directly issued to the District and the loan transferred from Ridgefield.

In 2023, the District was awarded a \$10,000,000 PWB loan for construction of the Phase 2 of the Discovery Corridor Wastewater Transmission System. No draws were made in 2023.

Note 7 – Long-Term Liabilities (Continued)

Below is a schedule of loans containing a description of each loan, its use, and outstanding balance as of December 31, 2023:

Public Works Board Loans	Loan Number	Notice of Completion	Approved Loan Amount	Balance	Interest Rate
Gee Creek Trunk Sewer	PW-05-691-047	February 2008	\$ 1,597,606	\$ 167,967	1.0%
Discovery Corridor Wastewater Transmission System	PC-12-951-034	March 2017	10,000,000	4,682,315	0.5%
Discovery Corridor Wastewater Transmission System	PC-13-961-040	March 2017	10,000,000	<u>5,003,005</u>	0.5%
				<u>\$ 9,853,287</u>	

For 2023, the District paid \$1,281,815 (\$1,225,163 principal and \$56,652 interest) on the PWB loans outstanding as of December 31, 2023. In the event the District defaults on a payment on these loans, a monthly penalty of 1% (12% per annum) will be assessed.

The annual debt service requirements for the outstanding PWB loans payable are as follows:

Year Ending December 31	State of Washington - Public Works Board Loans						
	Gee Creek Trunk Sewer		DCWTS*		Total		
	Principal	Interest	Principal	Interest	Principal	Interest	Payments
2024	\$ 83,984	\$ 1,680	\$ 1,141,178	\$ 48,427	\$ 1,225,162	\$ 50,107	\$ 1,275,269
2025	83,983	840	1,141,179	42,721	1,225,162	43,561	1,268,723
2026	-	-	1,141,179	37,015	1,141,179	37,015	1,178,194
2027	-	-	1,141,179	31,309	1,141,179	31,309	1,172,488
2028	-	-	1,141,179	25,603	1,141,179	25,603	1,166,782
2029-2032	-	-	3,979,426	70,956	3,979,426	70,956	4,050,382
Total	<u>\$ 167,967</u>	<u>\$ 2,520</u>	<u>\$ 9,685,320</u>	<u>\$ 256,030</u>	<u>\$ 9,853,287</u>	<u>\$ 258,550</u>	<u>\$ 10,111,837</u>

* Discovery Corridor Wastewater Transmission System

Changes in long-term liabilities as a summary for the year ended December 31, 2023:

	Balance Jan. 1, 2023*	Additions	Reductions	Balance Dec. 31, 2023	Due Within One Year
Compensated absences	\$ 778,643	\$ 854,225	\$ 705,779	\$ 927,089	\$ 83,438
Total other postemployment benefits liability	2,997,513	-	562,134	2,435,379	40,416
Net pension liability	999,365	9,968	-	1,009,333	-
Contract payable	1,374,238	-	438,117	936,121	-
Notes from direct borrowings	11,078,449	-	1,225,162	9,853,287	1,225,162
Directly place sewer revenue bonds	9,555,000	-	340,000	9,215,000	355,000
Directly place sewer revenue bonds - issuance premiums	1,973,136	-	109,618	1,863,518	109,619
Subscription-based IT arrangements liability	163,993	354,859	85,222	433,630	38,541
Total long-term liabilities	<u>\$ 28,920,337</u>	<u>\$ 1,219,052</u>	<u>\$ 3,466,032</u>	<u>\$ 26,673,357</u>	<u>\$ 1,852,176</u>

* Beginning balances as of January 1, 2023 has been restated for the implementation of GASB 96, Subscription-Based IT Arrangements and to remove a portion of the Contract payable that is not associated with a long-term liability.

Note 8 – Pension Plans

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

Aggregate Pension Amounts – All Plans	
Pension liabilities	\$ 1,009,333
Pension assets	2,337,274
Deferred outflows of resources	1,942,524
Deferred inflows of resources	1,590,125
Pension expense/expenditures	(53,764)

State-Sponsored Pension Plans

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

The Department of Retirement Systems (DRS), a department within the primary government of the State of Washington, issues a publicly available Annual Comprehensive Financial Report (ACFR) that includes financial statements and required supplementary information for each plan.

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

Public Employees' Retirement System (PERS)

PERS members include elected officials, state employees, employees of local governments; and higher education employees not participating in higher education retirement programs.

PERS is composed of and reported as three separate plans for accounting purposes: Plan 1, Plan 2/3 and Plan 3. Plan 1 accounts for the defined benefits of Plan 1 members. Plan 2/3 accounts for the defined benefits of Plan 2 members and the defined benefit portion of benefits for Plan 3 members. Plan 3 accounts for the defined contribution portion of benefits for Plan 3 members. Although employees can be a member of only Plan 2 or Plan 3, the defined benefits of Plan 2 and Plan 3 are accounted for in the same pension trust fund. All assets of Plan 2/3 may legally be used to pay the defined benefits of any Plan 2 or Plan 3 members or beneficiaries.

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

Note 8 – Pension Plans (Continued)

Contributions

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

PERS Plan 1		
Actual Contribution Rates:	Employer	Employee
January – June 2023		
PERS Plan 1	6.36%	6.00%
PERS Plan 1 UAAL	3.85%	
Administrative Fee	0.18%	
Total	10.39%	6.00%
July – August 2023		
PERS Plan 1	6.36%	6.00%
PERS Plan 1 UAAL	2.85%	
Administrative Fee	0.18%	
Total	9.39%	6.00%
September – December 2023		
PERS Plan 1	6.36%	6.00%
Plan 1 UAAL	2.97%	
Administrative Fee	0.20%	
Total	9.53%	6.00%

PERS Plan 2/3 provides retirement, disability and death benefits. Retirement benefits are determined as 2% of the member’s AFC times the member’s years of service for Plan 2 and 1% of AFC for Plan 3. The AFC is the average of the member’s 60 highest-paid consecutive service months. Members are eligible for retirement with a full benefit at 65 with at least five years of service credit. Retirement before age 65 is considered an early retirement. PERS Plan 2/3 members who have at least 20 years of service credit and are 55 years of age or older are eligible for early retirement with a benefit that is reduced by a factor that varies according to age for each year before age 65. PERS Plan 2/3 retirement benefits are actuarially reduced if a survivor benefit is chosen. Other PERS Plan 2/3 benefits include a COLA based on the CPI, capped at 3% annually. PERS 2 members are vested after completing five years of eligible service. Plan 3 members are vested in the defined benefit portion of their plan after ten years of service or after five years of service if 12 months of that service are earned after age 44.

PERS Plan 3 defined contribution benefits are totally dependent on employee contributions and investment earnings on those contributions. Members are eligible to withdraw their defined contributions upon separation. Members have multiple withdrawal options, including purchase of an annuity. PERS Plan 3 members are immediately vested in the defined contribution portion of their plan.

Note 8 – Pension Plans (Continued)Contributions

The **PERS Plan 2/3** employer and employee contribution rates are developed by the Office of the State Actuary to fully fund Plan 2 and the defined benefit portion of Plan 3. The rates are adopted by the Pension Funding Council and are subject to change by the Legislature. The employer rate includes a component to address the PERS Plan 1 Unfunded Actuarial Accrued Liability (UAAL).

As established by Chapter 41.34 RCW, Plan 3 defined contribution rates are set at a minimum of 5% and a maximum of 15%. PERS Plan 3 members choose their contribution rate from six options when joining membership and can change rates only when changing employers. Employers do not contribute to the defined contribution benefits.

The PERS Plan 2/3 defined benefit required contribution rates (expressed as a percentage of covered payroll) for 2023 were as follows:

PERS Plan 2/3			
Actual Contribution Rates:	Employer 2/3	Employee 2	Employee 3
January – June 2023			
PERS Plan 2/3	6.36%	6.36%	Varies
PERS Plan 1 UAAL	3.85%		
Administrative Fee	0.18%		
Total	10.39%	6.36%	
July – August 2023			
PERS Plan 2/3	6.36%	6.36%	Varies
PERS Plan 1 UAAL	2.85%		
Administrative Fee	0.18%		
Total	9.39%	6.36%	
July – August 2023			
PERS Plan 2/3	6.36%	6.36%	Varies
PERS Plan 1 UAAL	2.97%		
Administrative Fee	0.20%		
Total	9.53%	6.36%	

The District's actual PERS plan contributions were \$283,229 to PERS Plan 1 and \$533,078 to PERS Plan 2/3 for the year ended December 31, 2023.

Actuarial Assumptions

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

Note 8 – Pension Plans (Continued)

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

- **Inflation:** 2.75% total economic inflation; 3.25% salary inflation
- **Salary increases:** In addition to the base 3.25% salary inflation assumption, salaries are also expected to grow by service-based salary increases.
- **Investment rate of return:** 7.00%

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

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

Discount Rate

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

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 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 of 7.0% was used to determine the total liability.

Long-Term Expected Rate of Return

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

Note 8 – Pension Plans (Continued)**Estimated Rates of Return by Asset Class**

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

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

Sensitivity of Net Pension Liability

The table below presents the District’s proportionate share of the net pension liability calculated using the discount rate of 7.0%, 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 (6.0%) or 1-percentage point higher (8.0%) than the current rate.

	1% Decrease 6.0%	Current Rate 7.0%	1% Increase 8.0%
PERS 1	\$ 1,410,114	\$ 1,009,333	\$ 659,545
PERS 2/3	2,542,066	(2,337,274)	(6,345,960)

Pension Plan Fiduciary Net Position

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

Note 8 – Pension Plans (Continued)

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

At June 30, 2023, the District reported its proportionate share of the net pension liabilities as follows:

Plan	Liability or Asset
PERS 1	\$ 1,009,333
PERS 2/3	(2,337,274)

At June 30, 2023, the District’s proportionate share of the collective net pension liabilities was as follows:

	<u>Proportionate Share 6/30/22</u>	<u>Proportionate Share 6/30/23</u>	<u>Change in Proportion</u>
PERS 1	0.035892%	0.044216%	0.008324%
PERS 2/3	0.046813%	0.057025%	0.010212%

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

Pension Expense

For the year ended December 31, 2023, the District recognized pension expense as follows:

	Pension Expense
PERS 1	\$ 260,089
PERS 2/3	(313,853)
TOTAL	\$ (53,764)

Deferred Outflows of Resources and Deferred Inflows of Resources

On December 31, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Note 8 – Pension Plans (Continued)

PERS 1	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual investment earnings on pension plan investments	\$ -	\$ (113,857)
Contributions subsequent to the measurement date	125,851	-
TOTAL	125,851	(113,857)

PERS 2/3	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 476,100	\$ (26,115)
Net difference between projected and actual investment earnings on pension plan investments	-	(880,826)
Changes of assumptions	981,268	(213,878)
Changes in proportion and differences between contributions and proportionate share of contributions	86,206	(355,449)
Contributions subsequent to the measurement date	273,099	-
TOTAL	1,816,673	(1,476,268)

Total	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 476,100	\$ (26,115)
Net difference between projected and actual investment earnings on pension plan investments	-	(994,683)
Changes of assumptions	981,268	(213,878)
Changes in proportion and differences between contributions and proportionate share of contributions	86,206	(355,449)
Contributions subsequent to the measurement date	398,950	-
TOTAL	1,942,524	(1,590,125)

Note 8 – Pension Plans (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 year ended December 31, 2024. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31:	PERS 1	PERS 2/3
2024	\$ (77,464)	\$ (440,906)
2025	(97,420)	(539,940)
2026	60,067	671,186
2027	959	208,350
2028	-	202,477
Thereafter	-	(33,860)

Note 9 – Defined Benefit Other Postemployment Benefit (OPEB) Plan

The following table represents the aggregate OPEB amounts for all plans subject to the requirements of GASB Statement 75 for the year 2023:

Aggregate OPEB Amounts - All Plans	
OPEB Liabilities	\$ 2,435,379
Deferred outflow of resources	20,208
OPEB Expenses	(516,749)

Plan Description – The District participates in a single-employer defined benefit Other Postemployment Benefit (OPEB) plan. This plan is administered by the Health Care Authority (HCA) per RCW 41.05.065. The Public Employees Benefits Board (PEBB), created within the HCA, is authorized to design benefits and determine the terms and conditions of employee and retired employee participation and coverage, including establishment of eligibility criteria for both active and retired employees. PEBB programs include medical, dental, life and long-term disability. Benefits are offered to retirees at a subsidized rate.

The benefits are provided in accordance with a substantive plan, in which the plan terms are understood by the employer and plan member but not formalized in a contract or plan document. The PEBB retiree OPEB plan is available to employees who elect to continue coverage and pay the administratively established premiums at the time they retire under the provisions of the retirement system to which they belong. The plan is funded on a pay-as-you-go basis, and there are no assets accumulated in a qualifying trust. HCA does not issue a stand-alone OPEB financial report that is available to the public.

Employees Covered by Benefit Terms – All full-time employees are covered by these benefit terms. At December 31, 2023, membership in the plan consisted of the following:

Inactive employees or beneficiaries currently receiving benefits	6
Active employees	93
Total	99

Benefits Provided – Employees that retire from the District are eligible to continue participation in the PEBB health insurance plan on a self-pay basis. Retirees participating in the plan receive an implicit subsidy. The implicit subsidy exists because retired members pay a premium based on a claims experience for active employees and other retirees. The subsidy is valued using the difference between the age-based claims cost and the premium. In 2023, the District’s estimated monthly implicit rate subsidy was \$3,368 per month.

Actuarial Assumptions and Other Inputs – The actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Examples include assumptions about retirement ages, mortality and the healthcare cost trend. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities, consistent with the long-term perspective of the calculations. The actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

Note 9 – Defined Benefit Other Postemployment Benefit (OPEB) Plan (Continued)

The District’s total OPEB liability of \$2,435,379 was measured as of June 30, 2023, with a valuation date of June 30, 2023. The alternative method permitted under GASB 75 was used to calculate the liability instead of an actuarial valuation. The Entry Age actuarial cost method and the recognized immediate amortization method were used in this calculation. There are no assets in this plan; therefore, no asset valuation method was used.

The total OPEB liability was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement period unless otherwise specified at December 31, 2023:

Actuarial valuation date	6/30/2023
Actuarial measurement date	6/30/2023
Amortization method	Recognized Immediately
Asset Valuation method	N/A (No Assets)
Inflation rate	2.35%
Projected salary changes	3.25% + Service-Based Increases
Discount rates	3.54%-3.65%
Healthcare trend rates	Initial rate ranges from about 2-16%, reaching an ultimate rate of approximately 3.8% in 2075
Post-retirement participation percentage	60%
Percentage with spouse coverage	45%

Discount rates are established by the Bond Buyer GO 20-Bond Municipal Index.

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

Most demographic actuarial assumptions, including mortality and when members are expected to terminate and retire, were based on the results of the 2013-2018 Demographic Experience Study Report. The post-retirement participation percentage and percentage with spouse coverage were reviewed in 2017. Economic assumptions, including inflation and salary increases, were based on the results of the 2019 Economic Experience Study.

It was assumed that three-quarters of members will select a Uniform Medical Plan (UMP) and one-quarter will select a Kaiser Permanente Plan (KP). The specific assumptions are as follows:

- UMP pre- and post-Medicare costs and premiums are equal to the Uniform Medical Plan.
- The KP pre-Medicare costs and premiums are 40/60 blend of KP WA classic and KP WA value.
- The KP post-Medicare costs and premiums are equal to KP WA Medicare.

Note 9 – Defined Benefit Other Postemployment Benefit (OPEB) Plan (Continued)

The estimated retirement service for each active cohort was based on the average entry age of 35, with a minimum service of 1 year. For example, an age 47 member is assumed to have 12 years of service. Service is a component of benefit eligibility.

Assumptions for retirement, disability, termination and mortality are based on the most recent PEBB OPEB Actuarial Valuation Report, with the following changes for simplicity:

- Based on an average expected retirement age of approximately 65, we applied active mortality rates for ages less than 65 and retiree mortality rates for ages 65+.

Each cohort is assumed to be a 50/50 female/male split. It was further assumed that eligible spouses are the same age as the primary member and that there is a 45% likelihood that current and future retirees over a spouse.

Dental benefits were not included when calculating the total OPEB liability.

Sensitivity of the Total Liability to Changes in the Healthcare Cost Trend Rates – The following presents the total OPEB liability of the District calculated using the healthcare trend rates of 2-16 percent reaching an ultimate range of 3.8%, as well as what the OPEB liability would be if it were calculated using healthcare trend rates that are one percentage point lower or one percentage point higher than the current rate.

	1% Decrease	Current Health Care Trend Rate	1% Increase
Total OPEB Liability	\$ 2,009,028	\$ 2,435,379	\$ 2,988,265

Sensitivity of the Total Liability to Changes in the Discount Rate - The following presents the total OPEB liability of the District calculated using the discount rate of 3.65%, as well as what the OPEB 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.

	1% Decrease	Current Discount Rate	1% Increase
Total OPEB Liability	\$ 2,905,102	\$ 2,435,379	\$ 2,060,424

Changes in the Total OPEB Liability - The following table presents the change in the total OPEB liability during 2023:

Service cost	\$ 142,333
Interest cost	110,354
Changes in assumptions	(769,436)
Benefit payments	<u>(45,385)</u>
Net change in total OPEB liability	(562,134)
Total OPEB Liability - beginning	<u>2,997,513</u>
Total OPEB Liability - ending	<u><u>\$ 2,435,379</u></u>

Note 9 – Defined Benefit Other Postemployment Benefit (OPEB) Plan (Continued)

OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to OPEB – For the year ending December 31, 2023, the District recognized OPEB expense of (\$516,749).

On December 31, 2023, the District reported deferred outflows of resources related to OPEB for payments subsequent to the measurement date in the amount of \$20,208. These will be recognized as a reduction of the total OPEB liability in the year ended December 31, 2024.

Note 10 – Capital Contributions

Capital contributions – Capital contributions recognized annually included in changes in net position include assets constructed by developers then donated to the District, connections fees charged for capital improvements and reimbursement for local facility improvements previously funded by the District.

	<u>2023</u>
Capital contributions of assets from developers, governments and other sources	\$ 8,768,304
Capital contributions from system development charges	10,810,952
Capital contributions from local facility reimbursements	<u>422,590</u>
Total	<u>\$ 20,001,846</u>

Note 11 – Risk Management

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

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

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

Note 11 – Risk Management (Continued)

TYPE OF COVERAGE	MEMBER DEDUCTIBLE	SELF-INSURED RETENTION/GROUP	EXCESS LIMITS
Property Loss:			
Buildings and Contents	\$1,000 - \$25,000 and See (C) below	\$25,000	\$275,000,000
Flood	See (A) below	See (A) below	\$20,000,000
Earthquake	See (B) below	See (B) below	\$100,000,000 (\$75,000,000 shared by all members, \$25,000,000 dedicated to Alderwood)
Terrorism	\$1,000 - \$25,000	\$25,000 Primary layer	\$700,000,000 Primary layer
Boiler & Machinery	\$1,000 - \$350,000 depending on object	\$25,000 - \$350,000 depending on object	\$100,000,000
Auto - Physical Damage	\$1,000 - \$25,000	\$25,000	\$10,000,000
Liability:			
Commercial General Liability	\$1,000 - \$25,000	\$500,000	\$10,000,000
Auto Liability	\$1,000 - \$25,000	Same as above	\$10,000,000
Public Officials Errors and Omissions	\$1,000 - \$25,000	Same as above	\$10,000,000
Employment Practices	\$1,000 - \$25,000	Same as above	\$10,000,000
Other:			
Cyber Liability	\$50,000	N/A	\$2,000,000
Public Officials Bonds	Various	N/A	Various
Crime	\$1,000 - \$25,000	\$25,000	\$2,000,000
Identity Fraud	\$0	\$0	\$25,000
A. \$100,000 member deductibles, per occurrence, in Flood zones except Zones A&V; \$250,000 member deductible per occurrence in Flood Zones A&V.			
B. Member deductible for earthquakes is 5%, subject to \$100,000 minimum Earthquake Shock. The deductible will apply per occurrence on a per unit basis, as defined in the policy form, subject to the stated minimum.			
C. Member deductible for Cyber Liability is \$50,000, and where applicable, the dollar amount of the business interruption loss during the policy’s required 8 hour waiting period.			

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

Upon joining, the members contract to remain in the Pool for one full policy period. Following completion of one full policy period, members must give six months’ notice before terminating participation (e.g., to withdraw from the Pool on November 1, 2023, written notice must be in possession of the Pool by April 30, 2023). The Interlocal Governmental Agreement is renewed automatically each year. Even after termination of relationship with the Pool, a member is still responsible for contributions to the Pool for any unresolved, unreported, and in process claims for the period that the District was a signatory to the Interlocal Governmental Agreement.

Note 11 – Risk Management (Continued)

The Pool is fully funded by its member participants. Claims are filed by members with the Pool who determines coverage and performs claims adjustment in consultation with various independent public adjusters.

The Pool is governed by a Board of Directors, which is comprised of one designated representative from each participating member. An Executive Committee is elected at the annual meeting and is responsible for overseeing the business affairs of the Pool and providing policy direction to the Pool’s Executive Director.

The following schedule depicts the property claims filed by the District with the Pool for the years 2023, 2022 and 2021 and the amounts covered by insurance.

Years	Claims Settlements	Insurance Coverage	Excess of Claim Cost Over Coverage
2023	\$ 83,927	\$ 46,414	\$ 37,513
2022	144,198	113,073	31,125
2021	229,390	225,183	4,207

The District is self-insured for employee unemployment claims as allowed by Washington state law for a reimbursable employer and has set aside funds to cover the actual cost of unemployment insurance.

Note 12 – Defined Contribution Plan

Plan Description. The District's Section 457 Plan is a single-employer defined contribution plan. Plan benefit terms have been established by employment contract. The plan is available to all employees, though the District makes matching contributions on behalf of one (1) participating employee. No assets are accumulated in trusts or equivalent arrangements by the District, which meet the criteria in GASB 73, paragraph 101. The plan assets are administered by a private third-party, Mission Square Retirement. Plan assets are held in each employee's name and are the property of the employee immediately.

Contributions. Contribution rates for the District Plan are \$1,000 per month for the participating employee. Defined pension expense for the District was \$12,000.

The District offers its employees one other employee benefit plan (deferred compensation plans) created in accordance with Internal Revenue Code Section 457. Washington Department of Retirement Services (DRS) administers the plan. The plan is available to all District employees, which allow a deferral of a portion of their taxable wages until future years. Additionally, the DRS plan offers a Roth option, which allows an employee to contribute after-tax dollars, which are tax-free upon distribution. A distribution from the deferred compensation plan to an employee is allowed at termination of employment, retirement, death, or under certain emergencies. The District does not administer or manage the deferred compensation plan but instead, all amounts are the property of the employee. The District does not make matching contributions to this plan.

Note 13 – Joint Venture/Related Party Transactions

Discovery Clean Water Alliance (Alliance) – In 2012, Clark County, Clark Regional Wastewater District (District) and the Cities of Battle Ground and Ridgefield reached an agreement on the optimum structure for a regional wastewater transmission and treatment utility to meet the needs of the agencies and community for the next generation. The Interlocal Formation Agreement (IFA), signed on September 27, 2012, represents the culmination of five years of study and provided the foundation to create a new regional utility entity, the Alliance, under the empowerment of Chapter 39.106 RCW – the Joint Municipal Utility Services Act (JMUSA). The Alliance was incorporated with the Washington Secretary of State on January 4, 2013. The Alliance is governed by a four-member board, one elected official from each entity, and was established to provide wastewater transmission and treatment services to the citizenry of the respective participating members.

As the managing partner or “Administrative Lead” for the Alliance, the District provides executive, financial, and engineering services. The District also manages and operates all ten Regional Assets owned by the Alliance, including all Regional Transmission Systems, the Ridgefield Wastewater Treatment Plant, and the Salmon Creek Treatment Plant.

Regional Service Charges, fees paid by members to the Alliance, are consistent with the Financial Policies of the Alliance. The basic principle of the Finance Policies is that each member’s responsibility for Regional Asset operating costs will be based on actual use of the regional services during the previous year or years, as measured by Average Annual Flow in the Regional Assets, and that each member’s responsibility for capital costs will be based on agreed-upon Allocated Capacity in the Regional Assets. With all wastewater flows and allocated capacities in Regional Assets currently coming from two members, the District and City of Battle Ground, these two members now fund all operating and capital costs of the Alliance.

Each member, as pledged through the IFA adoption, also agrees to establish, maintain and collect rates, fees or other charges for wastewater or other services, facilities, and commodities related to the services it receives from the Alliance and its own wastewater utility, and maintain reserves to provide revenues sufficient for the member to make all payments required under this Agreement.

During 2023, the District paid \$14,364,069 to the Alliance for Regional Service Charges, as budgeted by the District and Alliance. The District billed the Alliance \$1,400,241 for Administration Lead services provided, which includes both staff time and expenses for professional consulting, IT support, insurance, and various utility expenses. Additionally, the District billed the Alliance \$6,503,648 and \$532,101 for operations of the Salmon Creek Treatment Plant and other Regional Assets, respectively. More information about the Alliance, including the 2023 Annual Comprehensive Financial Report, can be found on their website at <http://www.discoverycwa.org>.

**REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
 PUBLIC EMPLOYEES BENEFITS BOARD (PEBB)
 FOR THE YEAR ENDED DECEMBER 31
 LAST SIX FISCAL YEARS**

Fiscal Year Ended	Total OPEB Liability - Beginning	Service Cost	Interest	Changes in Benefit Terms	Differences Between Expected and Actual Experience	Benefit Payments	Other Changes	Total OPEB Liability - Ending	Covered- Employee Payroll	Total OPEB Liability as a Percentage of Covered- Employee Payroll
12/31/18	\$2,333,182	\$ 141,364	\$ 88,517	\$ -	\$ (156,111)	\$ (4,019)	\$ -	\$ 2,402,933	\$ 4,233,472	56.76%
12/31/19	2,402,933	120,555	97,441	-	(235,790)	(11,390)	-	2,373,749	4,724,615	50.24%
12/31/20	2,373,749	127,922	87,431	-	534,944	(7,355)	-	3,116,691	4,864,747	64.07%
12/31/21	3,116,691	181,140	72,733	-	(636,836)	(13,566)	-	2,720,162	5,152,328	52.79%
12/31/22	2,720,162	164,700	62,152	-	65,445	(14,946)	-	2,997,513	5,926,849	50.58%
12/31/23	2,997,513	142,333	110,354	-	(769,436)	(45,385)	-	2,435,379	7,886,674	30.88%

See notes to Required Supplementary Information.

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
PERS 1
AS OF JUNE 30
LAST TEN FISCAL YEARS

Year Ended June 30	Employer's proportion of the net pension liability (asset)	Employer's proportionate share of the net pension liability (asset)	Covered payroll	Employer's proportionate share of the net pension liability (asset) as a percentage of covered payroll	Plan fiduciary net position as a percentage of the total pension liability (asset)
2014	0.029187%	\$ 1,470,309	\$3,188,944	46.11%	61.19%
2015	0.029695%	1,553,325	3,403,683	45.64%	59.10%
2016	0.030163%	1,619,895	3,586,324	45.17%	57.03%
2017	0.027234%	1,292,275	3,744,045	34.52%	61.24%
2018	0.029696%	1,326,233	4,000,682	33.15%	63.22%
2019	0.033597%	1,291,924	4,558,916	28.34%	67.12%
2020	0.031953%	1,128,113	4,864,747	23.19%	68.64%
2021	0.033339%	407,147	5,152,328	7.90%	88.74%
2022	0.035892%	999,365	5,926,849	16.86%	76.56%
2023	0.044216%	1,009,333	7,886,674	12.80%	80.16%

See notes to Required Supplementary Information.

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
PERS 2/3
AS OF JUNE 30
LAST TEN FISCAL YEARS

Year Ended June 30	Employer's proportion of the net pension liability (asset)	Employer's proportionate share of the net pension liability (asset)	Covered payroll	Employer's proportionate share of the net pension liability (asset) as a percentage of covered payroll	Plan fiduciary net position as a percentage of the total pension liability (asset)
2014	0.037579%	\$ 759,607	\$ 3,188,944	23.82%	93.29%
2015	0.038359%	1,370,589	3,403,683	40.27%	89.20%
2016	0.038699%	1,948,464	3,586,324	54.33%	85.82%
2017	0.035030%	1,217,126	3,744,045	32.51%	90.97%
2018	0.037967%	648,253	4,000,682	16.20%	95.77%
2019	0.043388%	421,445	4,558,916	9.24%	97.77%
2020	0.041612%	532,194	4,864,747	10.94%	97.22%
2021	0.042828%	(4,266,358)	5,152,328	-82.80%	120.29%
2022	0.046813%	(1,736,192)	5,926,849	-29.29%	106.73%
2023	0.057025%	(2,337,274)	7,886,674	-29.64%	107.02%

See notes to Required Supplementary Information.

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER CONTRIBUTIONS
PERS 1
AS OF DECEMBER 31
LAST TEN FISCAL YEARS**

<u>Year Ended December 31</u>	<u>Statutorily or contractually required contributions</u>	<u>Contributions in relation to the statutorily or contractually required contributions</u>	<u>Contribution deficiency (excess)</u>	<u>Covered payroll</u>	<u>Contributions as a percentage of covered payroll</u>
2014	\$ 132,731	\$ (132,731)	\$ -	\$ 3,289,190	4.04%
2015	153,801	(153,801)	-	3,503,486	4.39%
2016	174,276	(174,276)	-	3,653,591	4.77%
2017	189,985	(189,985)	-	3,875,441	4.90%
2018	214,397	(214,397)	-	4,233,472	5.06%
2019	233,609	(233,609)	-	4,724,615	4.94%
2020	238,782	(238,782)	-	4,977,955	4.80%
2021	230,979	(230,979)	-	5,392,363	4.28%
2022	263,237	(263,237)	-	6,999,153	3.76%
2023	283,229	(283,229)	-	8,381,724	3.38%

See notes to Required Supplementary Information.

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER CONTRIBUTIONS
PERS 2/3
AS OF DECEMBER 31
LAST TEN FISCAL YEARS**

Year Ended December 31	Statutorily or contractually required contributions	Contributions in relation to the statutorily or contractually required contributions	Contribution deficiency (excess)	Covered payroll	Contributions as a percentage of covered payroll
2014	\$ 164,282	\$ (164,282)	\$ -	\$ 3,289,190	4.99%
2015	197,516	(197,516)	-	3,503,486	5.64%
2016	227,619	(227,619)	-	3,653,591	6.23%
2017	266,283	(266,283)	-	3,875,441	6.87%
2018	317,585	(317,585)	-	4,233,472	7.50%
2019	364,766	(364,766)	-	4,724,615	7.72%
2020	394,254	(394,254)	-	4,977,955	7.92%
2021	384,540	(384,540)	-	5,392,363	7.13%
2022	445,147	(445,147)	-	6,999,153	6.36%
2023	533,078	(533,078)	-	8,381,724	6.36%

See notes to Required Supplementary Information.

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - OPEB**Note 1 – Information Provided**

Until a full 10-year trend is compiled, only information for those years available is presented. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB 75.

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - PENSION**Note 1 – Significant Factors**

There were no changes in benefit terms, significant changes in the employees covered under the benefit terms or in the use of different assumptions.

Note 2 – Covered Payroll

Covered payroll has been presented in accordance with GASB 82, *Pension Issues*. Covered payroll is the payroll on which a contribution to a pension plan is based.

STATISTICAL SECTION

This portion of Clark Regional Wastewater District’s Annual Comprehensive Financial Report presents detailed information to provide a context for understanding the information in the financial statements, notes, disclosures, and required supplementary information about the District’s overall financial health.

Contents	Page
<i>Financial Trends</i> These schedules contain trend information to help the reader understand how the District’s financial performance and well-being changed over time.	66
<i>Revenue Capacity</i> These schedules contain information to help the reader understand the District’s most significant source of revenue, sewer utility charges.	72
<i>Debt Capacity</i> These schedules present information to help the reader evaluate the affordability of the District’s current levels of outstanding debt and the ability to issue additional debt in the future.	76
<i>Demographic and Economic Information</i> These schedules offer demographic and economic indicators to help the reader understand the environment within which the District’s financial activities take place.	78
<i>Operating Information</i> These schedules contain service statistics and personnel data to help the reader understand how the information in the District’s financial report relates to the services provided and activities performed.	80

Sources: Unless otherwise noted, the information in these schedules is derived from the Annual Comprehensive Financial Reports for the relevant year.

**CLARK REGIONAL WASTEWATER DISTRICT
NET POSITION
LAST TEN FISCAL YEARS**

Schedule 1

Fiscal Year	Net Investment In Capital Assets	Restricted Net Position	Unrestricted Net Position	Total Net Position
2014	\$ 122,930,994	\$ -	\$ 37,021,168	\$ 159,952,162
2015	154,191,734	541,765	29,917,794	184,651,293
2016	158,056,983	541,765	31,028,247	189,626,995
2017	163,321,428	541,765	35,103,924	198,967,117
2018	175,959,713	541,765	35,014,931	211,516,409
2019	194,189,964	-	33,111,790	227,301,754
2020	197,428,439	-	44,630,770	242,059,209
2021	200,994,189	4,266,358	50,768,470	256,029,017
2022	210,752,933	1,736,192	53,266,287	265,755,412
2023	225,619,684	2,337,274	52,227,017	280,183,975

**CLARK REGIONAL WASTEWATER DISTRICT
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS**

Schedule 2

Fiscal Year	Operating Revenues	Operating Expenses	Operating Income	Total Non-operating Revenues (Expenses)	Income/Loss Before Capital Contributions	Capital Contributions	Special Item	Change In Accounting Principle	Change In Net Position
2014	\$ 17,854,720	\$ 20,888,301	\$ (3,033,581)	\$ (180,447)	\$ (3,214,028)	\$ 8,753,630	\$ 11,842,196	\$ -	\$ 17,381,798 *
2015	18,125,734	23,078,519	(4,952,785)	(44,492)	(4,997,277)	11,377,064	21,153,127	-	27,532,914 **
2016	19,383,517	26,542,355	(7,158,838)	745,098	(6,413,740)	14,711,919	-	-	8,298,179
2017	20,263,403	28,405,062	(8,141,659)	(497,004)	(8,638,663)	15,890,237	-	-	7,251,574
2018	21,481,927	30,068,732	(8,586,805)	869,755	(7,717,050)	21,098,294	-	-	13,381,244
2019	23,125,164	29,845,244	(6,720,080)	1,626,059	(5,094,021)	20,879,366	-	-	15,785,345
2020	24,401,277	32,397,590	(7,996,313)	1,457,033	(6,539,280)	21,296,735	-	-	14,757,455
2021	26,003,875	32,834,200	(6,830,325)	(224,789)	(7,055,114)	21,024,922	-	-	13,969,808
2022	30,261,674	40,172,416	(9,910,742)	(286,197)	(10,196,939)	19,923,334	-	-	9,726,395
2023	35,663,333	45,328,625	(9,665,292)	4,050,685	(5,614,607)	20,001,846	-	41,324	14,428,563 ***

* The City of Ridgefield transferred its collection system operations to the District as of January 1, 2014. As a result of this transfer, the District recognized an increase in Net Position, reported as a Special Item on the Statement of Revenues, Expenses, and Changes in Fund Net Position, of \$11,842,196. The total increase in net position for 2014, including the increase from the Ridgefield collection system transfer, was \$17,381,798.

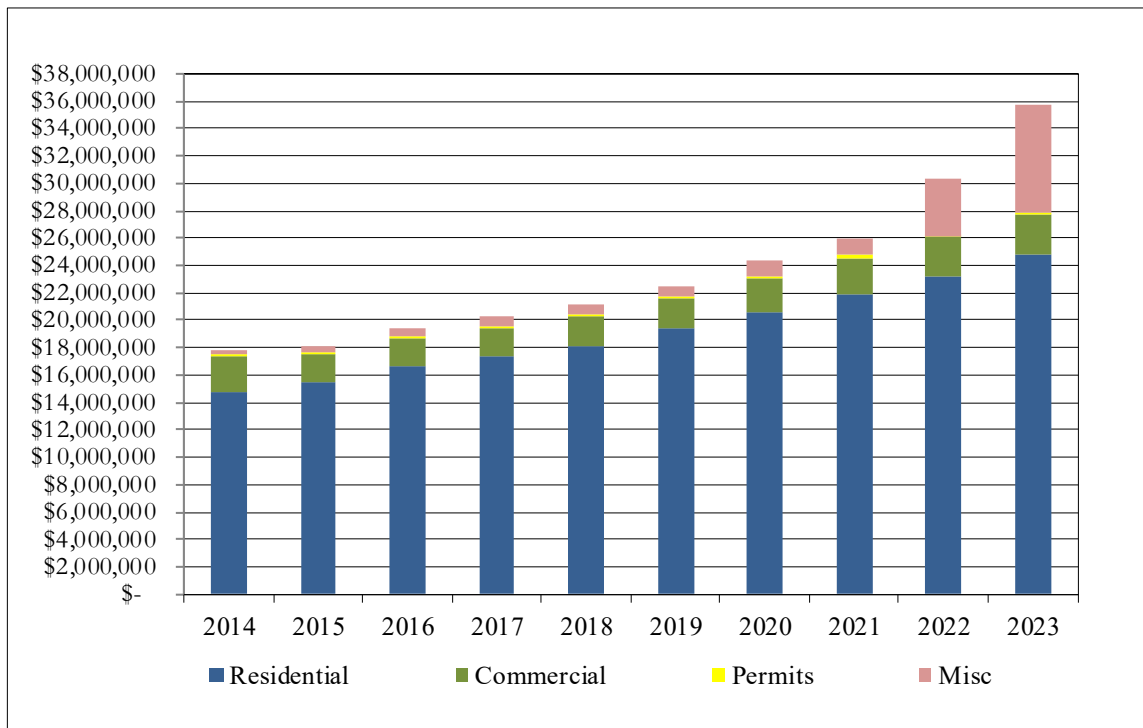
** In 2015, the District transferred debt in the amount of \$12,459,376 to the Alliance. The District also defeased its 2005 sewer revenue bonds that were then re-issued by the Alliance. These gains from the transfer of debt and bond defeasance were reported on the Statement of Revenues, Expenses, and Changes in Net Fund Position as a Special Item of \$21,153,127. The total increase in net position for 2015, including the increase from the Special Items, was \$27,532,914.

*** In 2023, the District implemented GASB Statement 96, Subscription-Based Information Technology Arrangements (SBITAs). As a result of the implementation, the District capitalized implementation costs that had been expensed in the prior year. The increase in net position related to the implementation was \$41,324 and was recorded as a Change in Accounting Principle on the Statement of Revenues, Expenses, and Changes in Net Fund Position.

**CLARK REGIONAL WASTEWATER DISTRICT
OPERATING REVENUES BY SOURCE
LAST TEN FISCAL YEARS**

Schedule 3

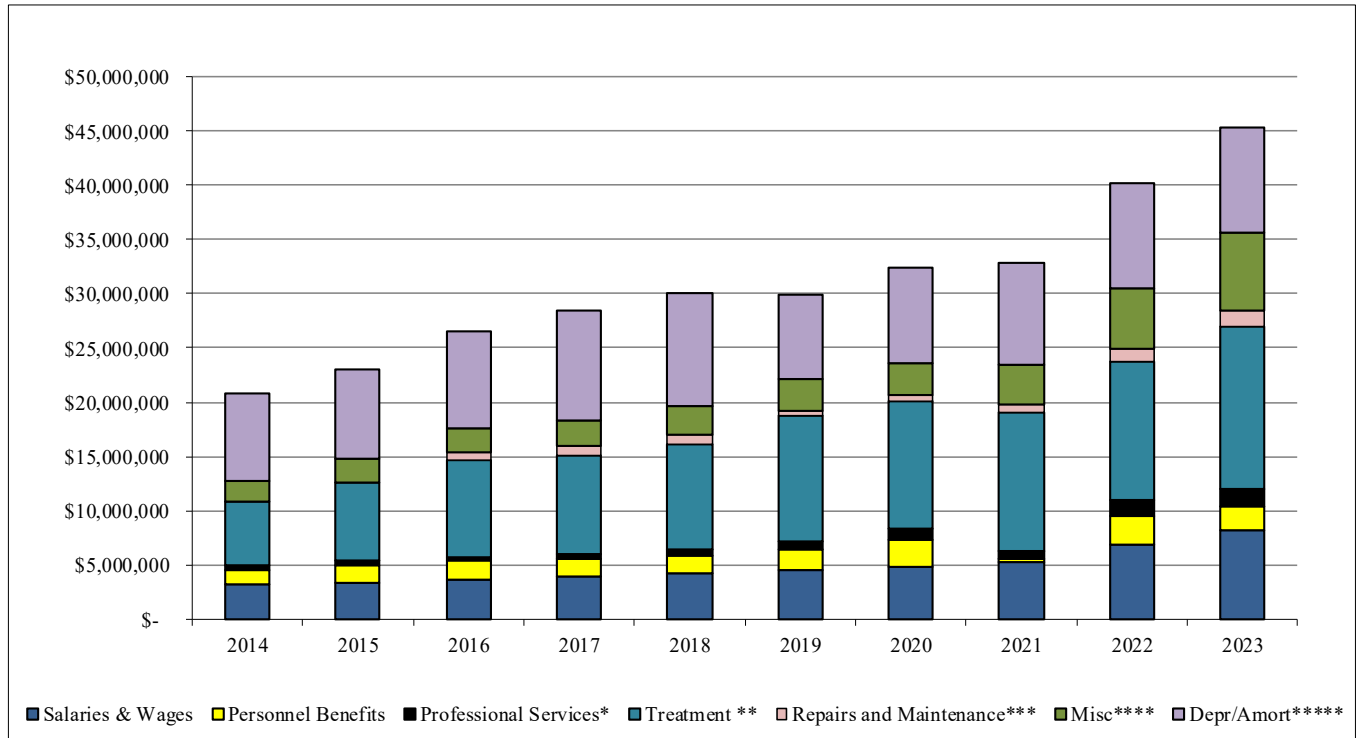
Fiscal Year	Charges for Service				Total
	Residential	Commercial	Permits	Misc	
2014	\$ 14,716,673	\$ 2,679,606	\$ 101,725	\$ 356,716	\$ 17,854,720
2015	15,537,525	2,005,118	127,150	455,941	18,125,734
2016	16,598,142	2,093,801	150,445	541,129	19,383,517
2017	17,325,009	2,118,663	173,785	645,946	20,263,403
2018	18,125,614	2,181,571	166,170	682,217	21,155,572
2019	19,401,206	2,256,156	142,625	731,727	22,531,714
2020	20,572,876	2,404,144	172,930	1,251,327	24,401,277
2021	21,920,582	2,628,300	183,905	1,271,088	26,003,875
2022	23,252,268	2,787,979	116,710	4,104,717	30,261,674
2023	24,759,757	2,902,086	131,035	7,870,455	35,663,333



**CLARK REGIONAL WASTEWATER DISTRICT
OPERATING EXPENSES BY USE
LAST TEN FISCAL YEARS**

Schedule 4

Fiscal Year	Salaries & Wages	Personnel Benefits	Professional Services*	Treatment **	Repairs and Maintenance***	Misc****	Depr/Amort*****	Total
2014	\$ 3,137,875	\$ 1,429,169	\$ 380,770	\$ 5,819,114	\$ -	\$ 1,976,104	\$ 8,145,269	\$ 20,888,301
2015	3,373,517	1,621,362	440,329	7,141,646	-	2,277,242	8,224,423	23,078,519
2016	3,710,935	1,709,566	310,235	8,876,412	759,295	2,230,517	8,945,395	26,542,355
2017	3,936,017	1,603,398	379,085	9,198,767	836,065	2,414,261	10,037,469	28,405,062
2018	4,204,696	1,673,728	581,089	9,611,585	911,590	2,586,231	10,499,813	30,068,732
2019	4,551,023	1,837,831	743,432	11,661,011	387,864	2,939,451	7,724,632	29,845,244
2020	4,855,343	2,452,319	1,046,647	11,732,669	545,322	2,963,766	8,801,524	32,397,590
2021	5,224,193	282,974	723,870	12,831,803	772,504	3,652,541	9,346,315	32,834,200
2022	6,837,305	2,619,148	1,543,606	12,785,838	1,190,733	5,592,198	9,603,588	40,172,416
2023	8,204,866	2,246,119	1,531,726	15,017,268	1,433,206	7,141,562	9,753,878	45,328,625



* Professional Services increased in 2015 due to increased consulting costs related to Discovery Clean Water Alliance (Alliance).

** Treatment costs increased significantly in 2014, 2015, and 2016 in relation to the transfer of the collection system from Ridgefield to the District in 2014 and the transfer of treatment operations from Clark County and Ridgefield to the Alliance in 2015.

*** Repairs and maintenance is a new operating expense category in 2016, containing projects that are repair in nature.

**** Miscellaneous expenses include supplies, insurance, taxes and other expenses.

***** Depreciation/Amortization includes amortization of future treatment capacity rights (intangible asset).

**CLARK REGIONAL WASTEWATER DISTRICT
NON-OPERATING REVENUES AND EXPENSES
LAST TEN FISCAL YEARS**

Schedule 5

<u>Fiscal Year</u>	<u>Interest and Fiscal Charges</u>	<u>Interest Revenue</u>	<u>Gain (Loss) on Disposal of Capital Assets</u>	<u>Other Revenues (Expenses) - Net</u>	<u>Total Non-operating Revenues (Expenses)</u>
2014	\$ (670,994)	\$ 271,600	\$ -	\$ 218,947	\$ (180,447)
2015	(508,173)	307,304	(123,718)	280,095	(44,492)
2016	(172,641)	339,891	5,999	571,849	745,098
2017	(155,553)	301,509	(1,033,913)	390,953	(497,004)
2018	(138,329)	849,485	(228,256)	386,855	869,755
2019	(119,554)	1,240,450	290	504,873	1,626,059
2020	(360,358)	1,037,917	24,672	754,802	1,457,033
2021	(464,585)	(113,040)	(334,825)	687,661	(224,789)
2022	(442,477)	(538,872)	(152,325)	847,477	(286,197)
2023	(419,618)	2,625,157	-	1,845,146	4,050,685

**CLARK REGIONAL WASTEWATER DISTRICT
CAPITAL CONTRIBUTIONS BY SOURCE
LAST TEN FISCAL YEARS**

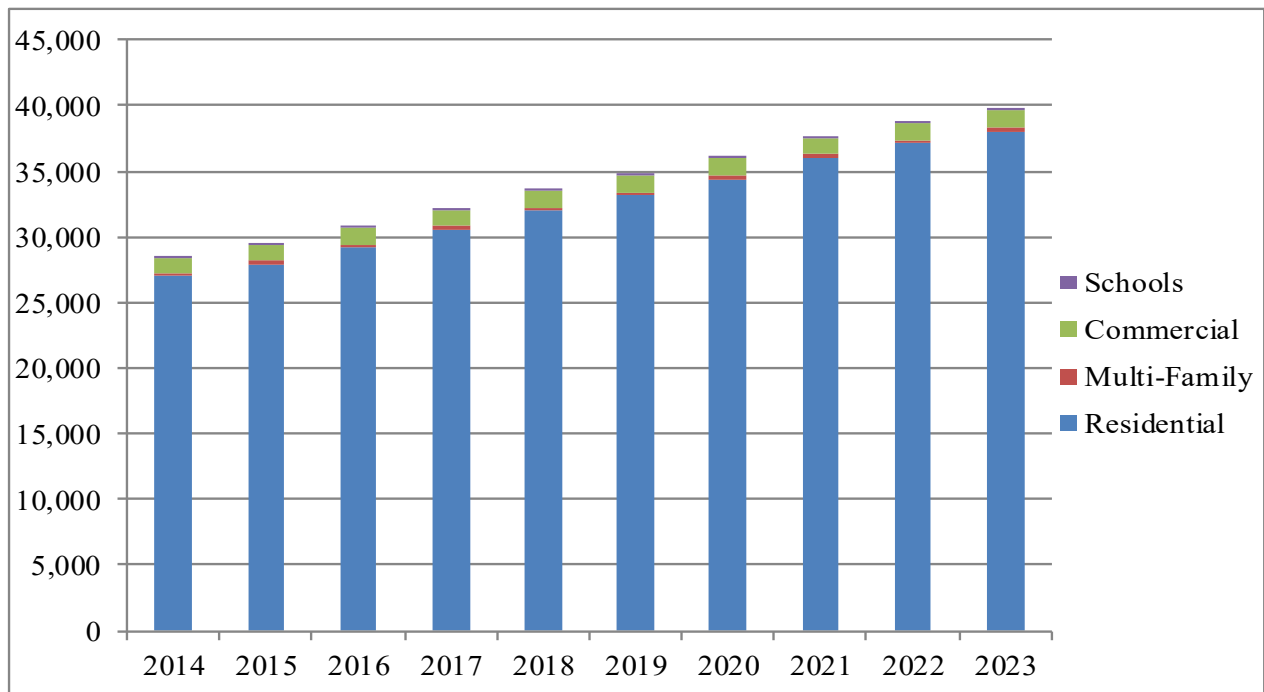
Schedule 6

<u>Fiscal Year</u>	<u>Connection Fees</u>	<u>Local Facility Charges</u>	<u>Donated Mains/ Capital Grants</u>	<u>Total</u>
2014	\$ 4,885,217	\$ 316,048	\$ 3,552,365	\$ 8,753,630
2015	6,489,814	163,076	4,724,174	11,377,064
2016	7,583,679	112,712	7,015,528	14,711,919
2017	8,618,681	178,144	7,093,412	15,890,237
2018	9,977,924	104,909	11,015,461	21,098,294
2019	10,503,265	311,048	10,065,053	20,879,366
2020	12,426,609	301,662	8,568,464	21,296,735
2021	13,892,893	205,999	6,926,030	21,024,922
2022	9,661,527	334,177	9,927,630	19,923,334
2023	10,810,952	422,590	8,768,304	20,001,846

**CLARK REGIONAL WASTEWATER DISTRICT
CUSTOMERS BY TYPE
LAST TEN FISCAL YEARS**

Schedule 7

<u>Fiscal Year</u>	<u>Residential</u>	<u>Multi-Family</u>	<u>Commercial</u>	<u>Schools</u>	<u>Total</u>
2014	26,989	251	1,204	39	28,483
2015	27,934	254	1,223	39	29,450
2016	29,167	257	1,228	39	30,691
2017	30,599	261	1,239	40	32,139
2018	31,993	264	1,237	41	33,535
2019	33,116	273	1,235	44	34,668
2020	34,389	278	1,262	45	35,974
2021	35,990	287	1,282	44	37,603
2022	37,089	290	1,298	41	38,718
2023	37,986	321	1,304	42	39,653



**CLARK REGIONAL WASTEWATER DISTRICT
TEN LARGEST CUSTOMERS
CURRENT AND NINE FISCAL YEARS AGO**

Schedule 8

Customer	2023			2014		
	Sewer Revenues	Rank	Percentage of Total Sewer Revenues	Sewer Revenues	Rank	Percentage of Total Sewer Revenues
Vancouver Public Schools	\$ 159,715	1	0.58%	\$ 132,458	1	0.90%
Acero Ridgefield	154,722	2	0.56%	-		0.00%
Salmon Creek Estate Condominiums	147,204	3	0.53%	121,824	2	0.83%
Highland Crossing LLC	139,165	4	0.50%	111,413	3	0.76%
Highland Hills Apartments	134,624	5	0.49%	-		-
Acero 78th LLC	120,791	6	0.44%	-		-
Prairie View Association	118,494	7	0.43%	98,064	4	0.67%
Alderbrook LLC	114,527	8	0.41%	-		-
Parklane Apartments	109,098	9	0.39%	90,288	5	0.61%
Reflections at the Park*	102,573	10	0.37%	84,888	6	0.58%
Bridge Creek Apartments**	-		-	73,008	7	0.50%
Crystal Creek Apartments	-		-	71,712	8	0.49%
North Glen Villas	-		-	70,243	9	0.48%
Willow Pointe Apartments	-		-	66,960	10	0.45%
Subtotal (ten largest)	1,300,912		4.70%	920,858		6.25%
Revenues from other customers	26,360,931		95.30%	13,807,848		93.75%
Total	\$ 27,661,843		100.00%	\$ 14,728,706		100.00%

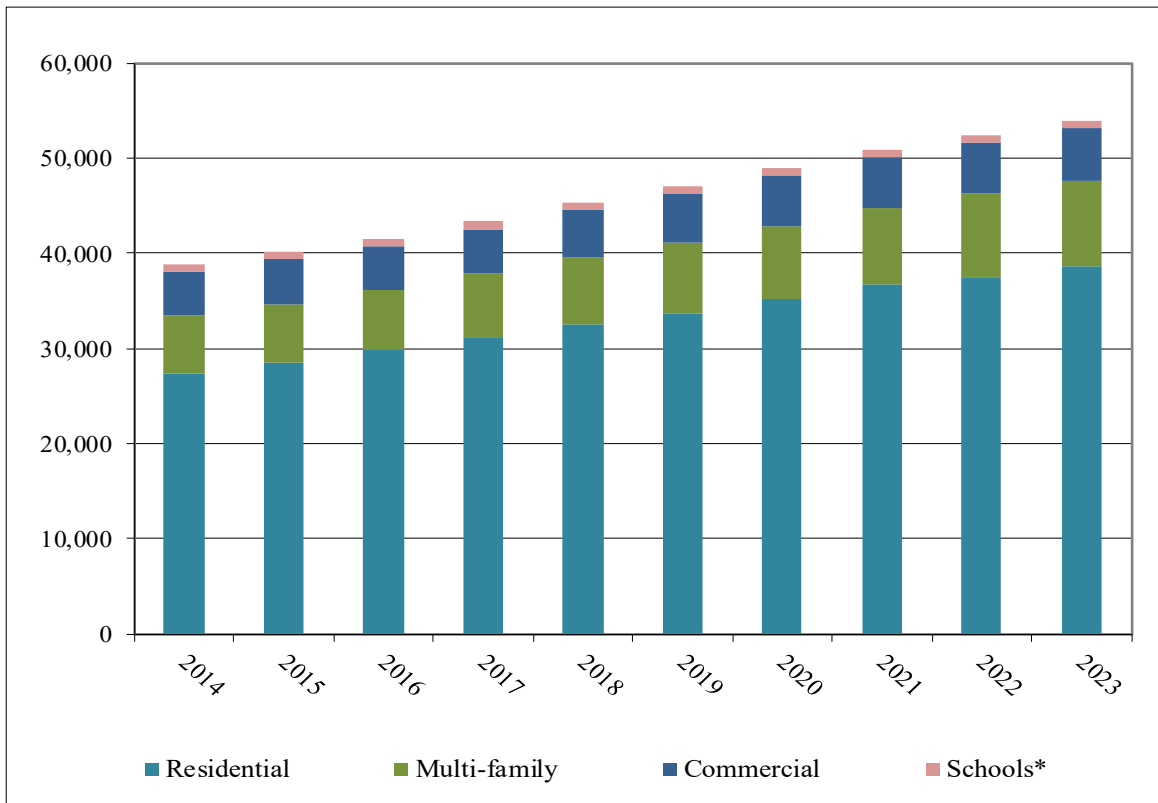
* Formerly Prairie Park Apartments

** Formerly Discovery Park Apartments

**CLARK REGIONAL WASTEWATER DISTRICT
EQUIVALENT RESIDENTIAL UNITS
LAST TEN FISCAL YEARS**

Schedule 9

<u>Fiscal Year</u>	<u>Residential</u>	<u>Multi-family</u>	<u>Commercial</u>	<u>Schools*</u>	<u>Total</u>
2014	27,432	6,000	4,582	777	38,791
2015	28,453	6,234	4,625	777	40,089
2016	29,738	6,322	4,647	801	41,508
2017	31,157	6,655	4,691	812	43,315
2018	32,506	7,086	4,851	823	45,266
2019	33,673	7,507	5,013	801	46,994
2020	35,105	7,743	5,230	794	48,872
2021	36,635	8,159	5,330	766	50,890
2022	37,526	8,658	5,428	755	52,366
2023	38,557	8,961	5,638	767	53,923



Notes: The District tracks its customer base by Equivalent Residential Unit (ERU). Local census data provides that about 2.66 people live in a single-family dwelling. Engineering studies have depicted that a person uses approximately 75 gallons per day.

* Elementary, middle and high schools are billed at 32 students per ERU rate calculation. For the 2019 academic year and going forward, the District began calculating ERUs for Washington State University Vancouver (WSUV) based on water consumption versus the previous model of student count. This change resulted in a decrease in school ERUs from 2018 to 2019.

**CLARK REGIONAL WASTEWATER DISTRICT
SERVICE AND CONNECTION CHARGES
LAST TEN FISCAL YEARS**

Schedule 10

Year	Central	Ridgefield	System Development Charge		
	Monthly Service	Monthly Service	VTP	SCTP	RFTP
2014	\$ 36.00	\$ 55.00	\$ 1,720	\$ 4,708	\$ 7,550
2015	37.00	55.80	1,720	4,708	7,550
2016	38.00	56.50	1,720	4,708	7,550
2017	38.00	55.70	1,720	4,708	7,550
2018	38.00	55.00	1,720	4,708	7,550
2019	39.00	55.60	2,120	5,108	7,950
2020	40.00	55.60	2,520	5,508	8,350
2021	41.00	54.80	2,920	5,908	8,750
2022	42.00	53.60	2,920	5,908	8,750
2023	43.50	53.50	3,154	6,381	9,450

Notes: Monthly service rates are based on one ERU per day per single-family dwelling. Increases in monthly service rates must be approved by the Board of Commissioners. The above rates and connection charges are the primary sources of revenues for the District. In 2019, the District Board approved a \$1.00 per month rate increase per year starting in 2019 and ending in 2022. The District does not receive any general purpose tax revenues. This increase is necessary to adjust to inflationary costs for goods, services, fuel and labor. In 2018, the District Board approved a \$400 per ERU rate increase per year, starting in 2019 and ending in 2021. The increase in revenue from this charge will help offset rising construction costs for new infrastructure and capital projects. In 2022, the District Board approved a \$1.50 per month rate increase per year starting in 2023 and ending in 2026.

**CLARK REGIONAL WASTEWATER DISTRICT
RATIO OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS**

Schedule 11

Year	2005 Revenue Bonds	2012 Revenue Bonds	2020 Revenue Bonds	PWB/SRF Loans	Total		As a Share of Personal Income
					Amount	Per ERU	
2014	\$ 9,413,588	\$ 4,418,988	\$ -	\$ 25,461,097	\$ 39,293,673	\$ 1,013	2.42%
2015	-	3,903,947	-	19,682,456	23,586,403	588	1.26%
2016	-	3,378,658	-	18,429,423	21,808,081	525	1.08%
2017	-	2,842,916	-	17,204,261	20,047,177	463	0.91%
2018	-	2,296,515	-	15,979,099	18,275,614	404	0.74%
2019	-	-	-	14,753,937	14,753,937	314	0.56%
2020	-	-	12,382,374	13,528,774	25,911,148	530	0.92%
2021	-	-	11,962,755	12,303,612	24,266,367	477	0.75%
2022	-	-	11,528,136	11,078,449	22,606,586	432	0.65%
2023	-	-	11,078,518	9,853,287	20,931,804	388	0.59%

Note: Equivalent Residential Units (ERUs) were used instead of population per capita information based upon the District not having a defined base from which to derive population numbers. Personal income data used in calculating the debt as a share of personal income can be found in detail on Schedule 13 of the Annual Comprehensive Financial Report.

**CLARK REGIONAL WASTEWATER DISTRICT
BOND COVERAGE RATIO
LAST TEN FISCAL YEARS
COVERAGE TABLE**

Schedule 12

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
OPERATING REVENUE	\$ 18,165,870	\$ 18,125,734	\$ 19,383,517	\$ 20,263,403	\$ 21,481,927	\$ 23,125,164	\$ 24,401,277	\$ 26,003,875	\$ 30,261,674	\$ 35,663,333
OPERATING EXPENSE*	(12,882,539)	(14,854,096)	(20,117,427)	(18,367,593)	(19,568,919)	(22,120,612)	(23,596,066)	(23,487,885)	(30,568,828)	(35,574,747)
NET OPERATING INCOME	5,283,331	3,271,638	(733,910)	1,895,810	1,913,008	1,004,552	805,211	2,515,990	(307,154)	88,586
NON-OPERATING INCOME										
Interest on investments	271,600	307,304	339,891	301,509	849,485	1,240,450	1,037,917	(113,040)	(538,871)	2,625,157
Other non-operating revenue	47,304	552,060	872,136	785,426	598,802	873,342	1,050,589	1,000,471	1,310,292	2,239,820
Gain/(loss) on disposal of capital assets	-	(123,718)	5,999	(1,033,913)	(228,256)	290	24,672	(334,825)	(152,326)	-
Interest Expense	(670,994)	(508,173)	(172,641)	(155,553)	(138,329)	(119,554)	(360,358)	(464,585)	(442,477)	(419,618)
Other non-operating expense	-	(271,965)	(300,287)	(394,473)	(211,947)	(368,469)	(295,787)	(312,810)	(462,815)	(394,674)
TOTAL NON-OPERATING INCOME	(352,090)	(44,492)	745,098	(497,004)	869,755	1,626,059	1,457,033	(224,789)	(286,197)	4,050,685
CAPITAL CONTRIBUTIONS (CASH)**	5,201,265	6,652,890	7,696,391	8,796,825	10,082,833	10,814,312	12,728,271	14,098,892	9,995,703	11,233,542
NET REVENUE AVAILABLE FOR DEBT SERVICE***	10,803,500	10,388,209	7,880,220	10,351,184	13,003,925	13,564,477	15,350,873	16,854,678	9,844,829	15,792,431
Debt Service on Issued Bonds****	(1,692,665)	(1,696,415)	(600,000)	(600,000)	(600,000)	(600,000)	(318,438)	(819,500)	(819,000)	(340,000)
Debt Service on Junior Lien Obligations	(1,561,536)	(1,357,464)	(1,355,625)	(1,321,089)	(1,314,543)	(1,307,998)	(1,301,452)	(1,294,906)	(1,288,360)	(1,225,162)
NET REVENUE AVAILABLE FOR OTHER PURPOSES	7,549,299	7,334,330	5,924,595	8,430,095	11,089,382	11,656,479	13,730,983	14,740,272	7,737,469	14,227,269
1.25 COVERAGE RATIO TEST										
PARITY BOND DEBT SERVICE COVERAGE RATIO	6.38	6.12	13.13	17.25	21.67	22.61	48.21	20.57	12.02	46.45
DEBT SERVICE COVERAGE RATIO ON ALL SYSTEM OBLIGATIONS	3.32	3.40	4.03	5.39	6.79	7.11	9.48	7.97	4.67	10.09

Notes

* Excludes depreciation/amortization.

** Includes System Development Charges (SDCs) and Local Facility Charges (LFCs). Excludes donated capital facilities.

*** Excludes interest expense.

**** Excludes a \$1,739,240.61 principal payment for redemption of outstanding 2012 Sewer Revenue Bonds on December 17, 2019.

**CLARK REGIONAL WASTEWATER DISTRICT
DEMOGRAPHIC STATISTICS
LAST TEN FISCAL YEARS**

Schedule 13

Fiscal Year	Clark County			
	Unincorporated Population*	Per Capita Income **	Total Personal Income	Unemployment ***
2014	210,140	\$ 44,620	\$ 9,376,446,800	6.7%
2015	214,585	46,686	10,018,115,310	6.2%
2016	218,750	48,692	10,651,375,000	5.7%
2017	223,160	50,766	11,328,940,560	5.0%
2018	222,420	54,542	12,131,231,640	5.0%
2019	226,890	56,401	12,796,822,890	4.2%
2020	230,100	57,863	13,314,276,300	6.6%
2021	236,200	63,427	14,981,457,400	4.0%
2022	237,650	66,218	15,736,657,318	4.6%
2023	240,155	65,522	15,735,435,910	4.2%

Notes: Demographic information is from the following sources:

* Washington State Office of Financial Management.

** Federal Reserve Economic Data

Data for 2023 is not yet available. This figure was calculated by increasing the 2022 Per Capita amount by 4.5%. This average is the year-over-year growth rate for the six years prior.

*** Federal Reserve Economic Data

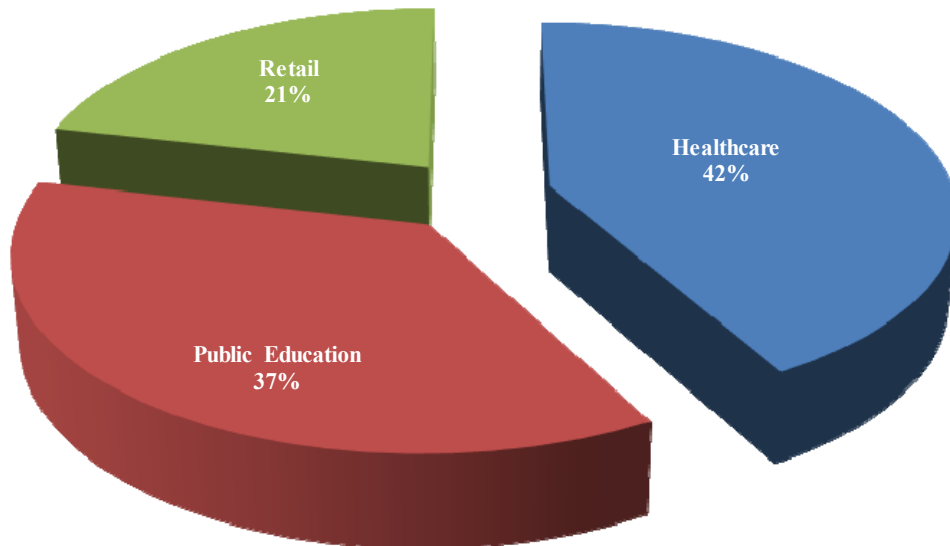
District demographics would be expected to closely follow overall Clark County.

**CLARK REGIONAL WASTEWATER DISTRICT
EMPLOYEES FOR TEN PRINCIPAL EMPLOYERS
CURRENT AND NINE FISCAL YEARS AGO**

Schedule 14

Customer	Type of Business	2023			2014		
		Employees	Rank	Percent of Employment	Employees	Rank	Percent of Employment
Legacy Salmon Creek Hospital	Healthcare	1,796	1	27.93%	1,349	1	27.02%
Vancouver School District	Public Education	925	2	14.37%	1,020	2	20.41%
UNFI	Retail	654	3	10.16%	287	6	5.74%
The Vancouver Clinic	Healthcare	611	4	9.49%	-	-	-
Battle Ground Public Schools	Public Education	504	5	7.83%	385	4	7.70%
Ridgefield School District	Public Education	503	6	7.82%	-	-	-
Fred Meyer	Retail	455	7	7.07%	720	3	14.41%
Washington State University Vancouver	Public Education	423	8	6.57%	346	5	6.92%
Kaiser Permanente	Healthcare	293	9	4.55%	283	7	5.66%
Dollar Tree Distribution Center	Retail	271	10	4.21%	-	-	-
Evergreen Public Schools	Public Education	-	-	-	201	9	4.02%
Home Depot	Retail	-	-	-	200	10	4.00%
Hockinson School District	Public Education	-	-	-	206	8	4.12%
Total		6,435		100%	4,997		100%

2023 Top Ten Principal Employers by Business Type



Note: Total employment for Clark Regional Wastewater District’s service area alone is not collected in the US census data or able to be calculated as a specific portion of unincorporated Clark County; therefore, a calculation of each employer’s percentage of total employment is excluded. Data is obtained directly from employers in the District’s service area.

**CLARK REGIONAL WASTEWATER DISTRICT
WASTEWATER TREATED
LAST TEN FISCAL YEARS**

Schedule 15

Fiscal Year	Millions of Gallons of Wastewater Treated					
	Salmon Creek Treatment Plant*	SCTP Rate \$/MG	Ridgefield Treatment Plant**	RFTP Rate \$/MG	City of Vancouver***	COV Rate \$/MG
2014	3,201	\$ 1,237	150	6,315	259	\$ 1,940
2015	3,916	1,616	219	4,820	260	1,920
2016	3,431	1,885	183	9,835	270	2,041
2017	3,906	1,827	164	8,410	299	2,047
2018	3,424	2,256	142	9,575	287	1,582
2019	3,343	2,872	153	9,775	288	1,702
2020	3,708	2,554	183	8,929	304	1,846
2021	3,909	2,918	179	7,957	313	1,816
2022	3,840	2,882	120	9,365	320	1,621
2023	4,081	3,267	135	7,658	333	1,734

* The Salmon Creek Treatment Plant (SCTP) is owned by the Alliance. Operations transferred from Clark County to the Alliance on January 1, 2015. About 86.5% of the District's flow is treated at the SCTP.

** In January 2014, the District took over the Ridgefield collection system. Flows from the Ridgefield service area are treated at the Ridgefield Treatment Plant (RFTP), which treats approximately 3.0% of the District's total flow. The RFTP was transferred to the Alliance January 1, 2015.

*** The District has a contract with the City of Vancouver to treat up to 1 million gallons per day. The City of Vancouver treats about 10.5% of the District's flow.

**CLARK REGIONAL WASTEWATER DISTRICT
OPERATING AND CAPITAL INDICATORS
LAST TEN FISCAL YEARS**

Schedule 16

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
WASTEWATER TREATMENT										
Miles of sewer lines	775	750	732	726	726	709	681	659	607	605
Number of treatment plants	2	2	2	2	2	2	2	2	2	2
Treatment capacity (MGD)*	15.65	15.65	15.65	15.65	15.65	15.65	15.65	15.65	15.65	15.65
Annual engineering maximum plant capacity (millions of gallons)**	5,712	5,712	5,712	5,712	5,712	5,712	5,712	5,712	5,712	5,712
Amount treated annually (millions of gallons)***	4,216	3,960	4,088	3,891	3,496	3,566	4,070	3,614	4,135	3,351
Unused capacity (millions of gallons)	1,497	1,752	1,624	1,821	2,216	2,146	1,643	2,098	1,577	2,362
Percentage of capacity utilized	73.8%	69.3%	71.6%	68.1%	61.2%	62.4%	71.2%	63.3%	72.4%	58.7%

* MGD = millions of gallons per day. The Salmon Creek Treatment Plant (SCTP) treatment capacity is 14.95 MGD. In January 2014, the District took over the Ridgefield collection system. The City of Ridgefield Treatment Plant (RFTP) capacity is .70 MGD.

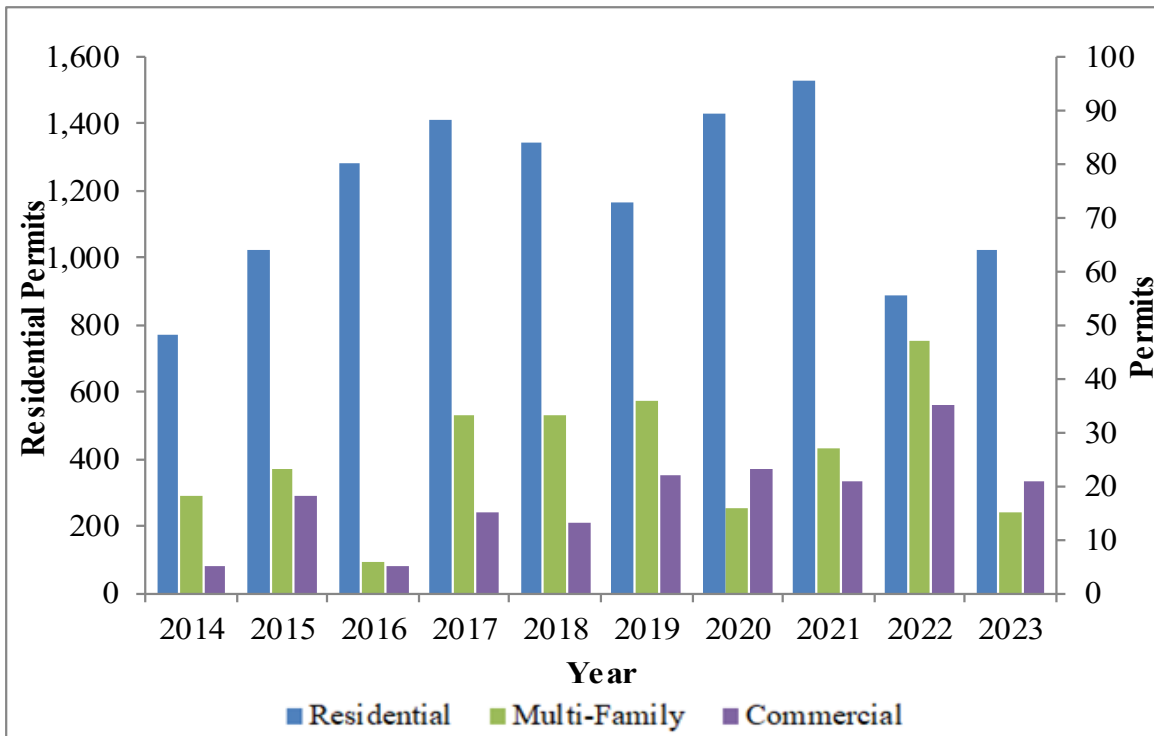
** Maximum monthly flow per Department of Ecology discharge permit to the SCTP and the RFTP. Approximately 86.5% of the District's flows go to the SCTP and 3.0% of its flows go to the RFTP. In addition, the District has an agreement with the City of Vancouver to treat up to 1 million gallons average monthly flow. Currently 10.5% of the District's flows go to the City of Vancouver Westside Treatment Plant.

*** This figure is also called influent flow. Influent flow is calculated through use of the maximum monthly average and extrapolating that for the year. Even if on an annualized basis the rainfall meets average levels, if one month is exceptionally wet causing the influent flow calculation to be out of trend, this will further artificially increase the percentage of capacity utilized.

**CLARK REGIONAL WASTEWATER DISTRICT
CONSTRUCTION SEWER PERMITS
LAST TEN FISCAL YEARS**

Schedule 17

<u>Year</u>	<u>Residential</u>	<u>Multi-Family</u>	<u>Commercial</u>	<u>Total</u>
2014	772	18	5	795
2015	1,021	23	18	1,062
2016	1,284	6	5	1,295
2017	1,415	33	15	1,463
2018	1,347	33	13	1,393
2019	1,167	36	22	1,225
2020	1,431	16	23	1,470
2021	1,530	27	21	1,578
2022	890	47	35	972
2023	1,025	15	21	1,061



Note: The District does not have available construction cost or value for the sewer permits provided its customers.

**CLARK REGIONAL WASTEWATER DISTRICT
DISTRICT EMPLOYEES BY FUNCTION
LAST TEN FISCAL YEARS**

Schedule 18

Fiscal Year	Notes	Operations	Finance	Administration	Engineering	Business Services	Total
2014	a.	19	10	9	12		50
2015	b.	18	10	10	12		50
2016	c.	18	10	10	14		52
2017	d.	18	11	11	14		54
2018	e.	20	11	9	14.5	4	58.5
2019	f.	21	11	9	16.5	4	61.5
2020	g.	20	11.75	9	16.5	5	62.25
2021	h.	22	12	11	17.5	4	66.5
2022	i.	39	12.5	11	18.5	7	88
2023	j.	42	13	11	21.5	5	92.5

Notes: Operations staff handles all collection, transmission and pump station operations and repairs.
 Finance provides customer service, billing, accounting, cash, investments and debt management services.
 Administration provides executive management, Board and overall District department support.
 Engineering staff provides permitting, developer extension agreements, development review and local facilities.
 Business Services staff provides IT, pretreatment, human resource and risk management services.

- a. In 2014, Engineering added a Senior Project Manager, and Administration added an Administrative Assistant III position at 1 FTE and eliminated the Administrative Assistant I position at 0.5 FTE.
- b. In 2015, one Maintenance Support Specialist position was shifted to the Administrative Department and is now titled Administrative Assistant III.
- c. In 2016, Engineering added a Control System Administrator position for the Regional System, as well as an Assistant Engineering Technician position, both of which were added to support continued growth in the District service area.
- d. In 2017, Finance added the position of Accounting Technician, and Administration added an Administrative Assistant I. These positions were added to support continued growth within the District's service areas.
- e. In 2018, the District became the Contract Operator of the Ridgefield Wastewater Treatment Plant. As a result, the District added two Treatment Plant Operators within the Operations Department. The District also reorganized to five departments, the fifth being Business Services which includes the Assistant Manager, Pretreatment Coordinator, IT Services Manager and HR Generalist. Also, to support growth within the District the positions of Construction Program Manager and Alliance Capital Program Manager were added.
- f. In 2019, the District Organization Chart was updated to include three new FTE. A Maintenance Specialist I position was added due to continued growth within the District's service area. A limited-term Alliance Construction Program Manager position was added to manage the anticipated Alliance capital construction work. A second limited-term position was added, Development Review Engineer/Deputy Development Program Manager, in anticipation of the retirement of the current Development Program Manager.
- g. In 2020, the Facilities Technician position was shifted to the Business Services Department. Finance added a .75 FTE Account Specialist to support continued growth in the District service area.
- h. In 2021, the Regulatory Compliance Manager position shifted from the Business Services to Administration Department. Additionally, three Administrative Assistant positions were reassigned, one to Operations, and two to Engineering. Four positions were added to Administration for Alliance Capital Program planning and delivery. Operations added an additional Maintenance Specialist. The above table excludes new unfilled positions as of 12/31/21. The Board adopted Organizational Chart presented in the Introduction Section, page 7, includes all authorized positions at 12/31/21.
- i. In 2022, the District added 17 employees when it became Contract Operator of the Salmon Creek Treatment Plant (SCTP). To support the additional workforce, the Finance Department added a 0.5 FTE Accounting Technician, the Business Services Department added an HR Generalist, Project Manager, and Facility & Grounds Caretaker, and the Engineering Department added a Construction Manager.
- j. In 2023, the District added two Operators-in-Training to the Operations Department, a Pretreatment Specialist to the Administration Department, a Safety & Health Coordinator to the Business Services Department, and increased an Accounting Technician position from 0.5 to 1.0 FTEs.