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# **CLARK REGIONAL WASTEWATER DISTRICT**

**VANCOUVER, WASHINGTON**

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**COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2015**



# **CLARK REGIONAL WASTEWATER DISTRICT**

**Vancouver, Washington**

## **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**FOR THE FISCAL YEAR ENDED DECEMBER 31, 2015**

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

### **DISTRICT STAFF**

Ken Andrews, CPA  
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



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**CLARK REGIONAL WASTEWATER DISTRICT  
VANCOUVER, WASHINGTON**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

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For the fiscal year ended December 31, 2015

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May 12, 2016

President Harker and Members  
of the Board of Commissioners

We are pleased to submit the Comprehensive Annual Financial Report (CAFR) for Clark Regional Wastewater District (District) for the fiscal year ended December 31, 2015. 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 Washington State Auditor's Office.

This report has been prepared to conform to the principles of accounting and reporting established by the Governmental Accounting Standards Board (GASB) and by the American Institute of Certified Public Accountants (AICPA). Specific accounting treatments are detailed in the Notes to the Financial Statements and found in the Financial Section of this report (see pages 27-56).

The CAFR is developed to provide meaningful financial information to legislative bodies, creditors, investors, community partners and others with interest 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 the manner in which it is presented fairly discloses the financial position of the District at December 31, 2015, and the results of operations and cash flows for the year ending December 31, 2015.

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 Washington State Auditor's Office (WSAO) performs the audit which, in addition to meeting the requirements of state statutes, is also designed (if applicable) to meet the requirements of

the Single Audit Act of 1984 and related Circular A-133. 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 preliminary detailed budget based upon 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 it is considered within the context of the accompanying Management's Discussion and Analysis (pages 15-20) and Notes (pages 27-56).

## **DISTRICT PROFILE**

This report includes all activities for the Clark Regional Wastewater District. The District is an independent local utility and not a segment or component unit of any other local government. The District is a Special Purpose District organized under the laws of the State of Washington, RCW Title 57, to provide sanitary sewer service to specific areas in Clark County, Washington. The District provides sewer services to over 29,000 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 businessmen 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. Access to the District office is provided by two major highway systems: Interstates 5 and 205. The District employs fifty (50) people who work at the District office and in the field. Four departments within the District include Operations, Finance, Administration and Engineering. Below is a definition and scope for each of these departments.

The Operations department, staff of eighteen (18), manages over 607 miles of sewer mainlines and laterals and 63 pump stations, which are encompassed throughout the approximate 46 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 814 individual Septic Tank Effluent Pumping (STEP) tanks and their associated force mains. In addition to mainline maintenance, the department is responsible for maintaining the grounds and buildings on the District campus, as well as performs minor repairs and maintenance to District vehicles. 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 Administration department, staff of ten (10), provides oversight and support to all District departments, essential administrative support for the governing body and initiates contracting for professional support as needed. Discovery Clean Water Alliance (Alliance) was incorporated on January 4, 2013. The District's Administration department, via an Administrative Lead Contract, has provided executive and administrative services for the Alliance since incorporation in 2013.

Human Resources are an integral part of the Administration department, providing risk management oversight and administering all aspects of the Human Resources program including employment, compensation/classification, employee relations, training and employee development, personnel record management, personnel policies, procedure development, legal compliance and internal consulting.

The Finance department, staff of ten (10), provides accounting functions such as payroll, accounts payable and financial reporting, treasury management, forecasting and budget oversight, financial application systems development, and customer service to approximately 29,000 District utility accounts in 2015. The Finance department continues to streamline and upgrade its internal processes to promote greater efficiencies and provide excellent customer service. The department answered approximately 31,000 phone calls from customers, mailed over 166,000 customer bills, e-mailed over 17,000 e-bills and assisted about 1,850 walk-in customers. The District's Finance department, via an Administrative Lead Contract, has provided accounting and treasury services for the Alliance since incorporation in 2013.

The Engineering department, staff of twelve (12), 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, inspection services and the operation of a pretreatment program. The District's Engineering department, via an Administrative Lead Contract, began providing capital program management and capital project delivery services for the Alliance January 1, 2015.

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.

The District has realized benefits related to the continued economic recovery throughout 2015 and anticipates these benefits to continue in 2016. At the end of 2015, unemployment rates in Clark County were 6.0%, a substantial improvement over the 7.2% rate at the end of 2014. In addition, the state and national average unemployment rates were 5.9% and 4.8%, respectively, as of December 2015, both less than the 6.2% and 5.4% rates reported in December 2014.

Private-sector and public-sector employment increased 2.3% and 1.7%, respectively, in 2015. The top four industry sectors with the largest employment gains in 2015 from 2014 are:

- Retail Trade
- Leisure and Hospitality
- Government
- Professional and Business Services

Eleven of thirteen major industries saw growth from December 2014 to December 2015. Employment levels in the mining and logging industries dipped slightly with a loss of 200 and 600 jobs, respectively.

District sewer permits issued for new connections reflected the continued economic recovery, with significant increases in sewer permits issued since 2013. New construction connections to the public sewer system increased by 267 or 34.0% in 2015 from 2014, with a total of 1,062 permits issued in 2015 (see Schedule 17 for details). Construction projects in the District service area that required new sewer services from 2013 through 2015 were as follows:

Construction Projects	<u>2015</u>	<u>2014</u>	<u>2013</u>
New subdivisions	15	24	8
New single family lots	784	770	355
Commercial developments	7	4	3
Commercial equivalent residential units	2	3	4
Apartment units	244	195	107

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.

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 is on track to update its twenty (20) year Comprehensive General Sewer Plan (GSP) in 2016, an action it performs every six years, in conjunction with Clark County's update of the Growth Management Act (GMA). The plan provides a summary of the Capital Improvement Projects (CIP) and the associated costs for the period. The plan is reviewed annually for changes in population and demographic conditions. With the addition of nine square miles to the District's future service territory through the 2007 updated GMA plan adoption, as well as the addition of five square miles of the City of Ridgefield service territory as of January 1, 2014, the District is developing plans for the construction and financing of infrastructure needs to provide new service, as well as maintain current infrastructure in the approximate 46 square miles of service territory.

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. Starting in 2013, the District Board approved rate increases of \$1.00 per month per year through 2016. 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, City of Vancouver or City of Ridgefield treatment plants. 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 of agreed upon service levels, providing for coordination of wastewater services with the City of Vancouver (Vancouver). The principles allow for 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 together on the delivery of those services to the public within Clark County. This opportunity to jointly own and jointly 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 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 Comprehensive Annual Financial Report (CAFR) for the fiscal year ended December 31, 2014. This was the twenty-seventh (27) 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 CAFR. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We anticipate that our current CAFR 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.

In 2003, the District received a certificate of award from the State of Washington Auditor's Office for achieving twenty-one consecutive years of audits without a finding. The District was one of only a few local governmental entities in the State of Washington to not have an audit finding through year-end 2002. As of December 31, 2015, it has been thirty-four (34) 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 originally accredited in 2005 and re-accredited in 2009 and 2015. 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 completely 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.

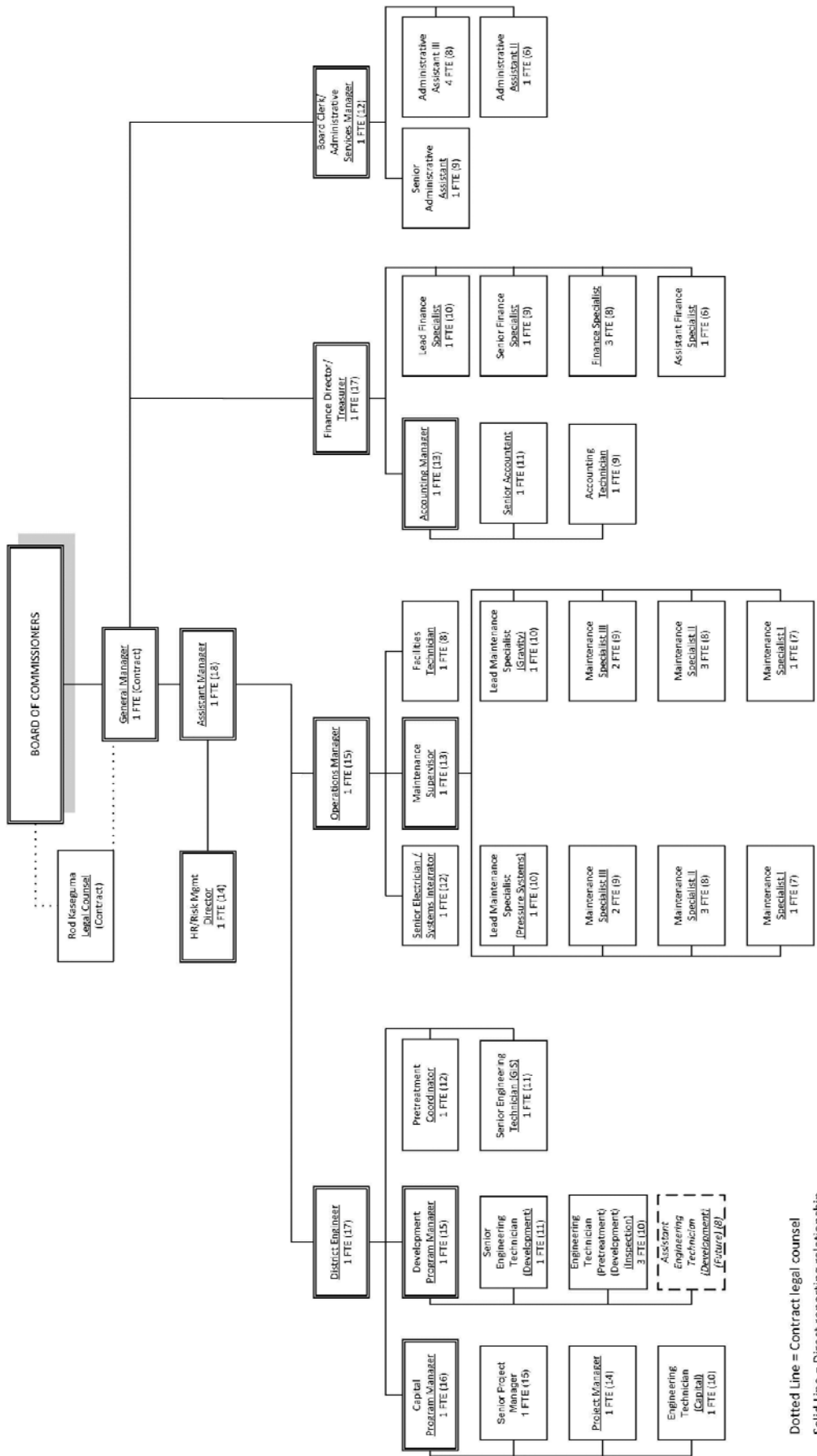
Respectfully submitted,



Ken Andrews, CPA  
Finance Director

  
John M. Peterson, P.E.  
General Manager

CLARK REGIONAL WASTEWATER DISTRICT  
ORGANIZATIONAL CHART



Dotted Line = Contract legal counsel  
Solid Line = Direct reporting relationship  
( ) = Salary Range  
Total Positions: 50; Total FTE: 50

**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 2015**

<b><u>Position</u></b>	<b><u>Elected Official</u></b>	<b><u>Term Expiration</u></b>
President	L. Neil Kimsey	December 2019
Vice President	John “Denny” Kiggins	December 2017
Secretary	Norm Harker	December 2021

**APPOINTIVE**

<b><u>Position</u></b>	<b><u>Appointed Employee</u></b>
General Manager	John M. Peterson, P.E.
Assistant Manager	Shawn Moore, P.E.
Finance Director/Treasurer	Ken Andrews, CPA
Attorney	Rod Kaseguma

**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 Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**December 31, 2014**

A handwritten signature in black ink, reading "Jeffrey R. Emen". The signature is fluid and cursive.

Executive Director/CEO

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## Washington State Auditor

### INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

May 12, 2016

Board of Commissioners  
Clark Regional Wastewater District  
Vancouver, Washington

#### REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the Clark Regional Wastewater District, Clark County, Washington, as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

#### Management's Responsibility for the Financial Statements

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

#### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements 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, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Clark Regional Wastewater District, Clark County, Washington, as of December 31, 2015, 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.

## **Matters of Emphasis**

As described in Note 2, during the year ended December 31, 2015, the District has implemented the Governmental Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27 and Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68. Our opinion is not modified with respect to this matter.

## **Other Matters**

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 15 through 20, information on postemployment benefits other than pensions on page 57 and pension plan information on pages 58 through 62 be presented to supplement the basic financial statements. Such information, 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.

### ***Supplementary and Other Information***

The information identified in the table of contents as the introduction and statistical sections is presented for purposes of additional analysis and is not a required part of the basic financial statements of the District. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

**OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS**

In accordance with *Government Auditing Standards*, we will also issue our report dated May 12, 2016, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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,



TROY KELLEY  
STATE AUDITOR  
OLYMPIA, WA

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**CLARK REGIONAL WASTEWATER DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2015**

## **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, 2015. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages 1-6 of this report.

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 regarding capital asset and long-term liability activity, which can be found on pages 27-56.

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 an enterprise fund, which is a type of proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities; as such, the District uses the enterprise fund to account for all its activities.

The *Statement of Net Position* presents information on all the District's assets and liabilities with the difference between the two 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.

**CLARK REGIONAL WASTEWATER DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2015**

**Financial Highlights**

- For 2015, the assets of the District exceeded its liabilities by \$184,651,293. Of this amount, \$29,917,794 is classified as unrestricted and may be used to meet the District's ongoing obligations. The District has restricted funds of \$541,765 at December 31, 2015.
- The District's change in net position was \$27,532,914 for 2015. The 2015 increase is mostly a result of the transfer of debt to the Discovery Clean Water Alliance (Alliance) and the significant progress on the Discovery Corridor Wastewater Transmission System (DCWTS) construction project.
- Total liabilities decreased \$13,060,638 in 2015 from 2014. The main drivers for the decrease in liabilities are the defeasance of the 2005 Sewer Revenue Bonds and the transfer of debt to the Alliance (see Note 3 for details).
- In 2015, the District made regular principal payments on its outstanding sewer revenue bonds of \$515,041 and PWTF loans of \$1,294,970.

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

<b>December 31</b>	<b>2015</b>	<b>2014</b>	<b>2015 to 2014 Change</b>	<b>%</b>
<i>Assets</i>				
Current and other assets	\$ 41,123,278	\$ 44,955,737	\$ (3,832,459)	-8.5%
Capital assets (net of depreciation) and construction work in progress	177,778,137	162,224,667	15,553,470	9.6%
Total assets	<u>218,901,415</u>	<u>207,180,404</u>	<u>11,721,011</u>	
Deferred Outflows	368,348	-	368,348	-
<i>Liabilities</i>				
Long-term liabilities	27,812,301	38,730,717	(10,918,416)	-28.2%
Other liabilities	6,355,303	8,497,525	(2,142,222)	-25.2%
Total liabilities	<u>34,167,604</u>	<u>47,228,242</u>	<u>(13,060,638)</u>	
Deferred Inflows	450,866	-	450,866	-
<i>Net position</i>				
Net investment in capital assets	154,191,734	122,930,994	31,260,740	25.4%
Restricted	541,765	-	541,765	
Unrestricted	29,917,794	37,021,168	(7,103,374)	-19.2%
Total net position	<u>\$ 184,651,293</u>	<u>\$ 159,952,162</u>	<u>\$ 24,699,131</u>	

**CLARK REGIONAL WASTEWATER DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2015**

**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, 2015, were \$177.8 million. This increase of \$15.6 million or 9.6% from 2014 is major capital assets events during the fiscal year, including the following:

- The District expended significant dollars in the DCWTS project throughout 2015. The District's construction work in progress balance on this project is \$27.7 million, an increase of \$12.8 million from 2014. As of December 31, 2015, the project is considered 95.0% complete with anticipation of full completion by June of 2016.
- During 2015, the District purchased an optical zoom digital camera system for closed circuit television video (CCTV) inspection at a cost of \$104,417. The camera system will be used to inspect District-owned sewer pipeline.
- For further explanations of the capital asset activity of the District, please refer to Note 4, Capital Assets, pages 35-36.

**Long-Term Liabilities**

- During 2015, the District decreased its loan liabilities by a total of \$5,778,641. This decrease was driven by the transfer of five (5) PWTF and SRF loans to the Alliance, offset by \$8,507,244 million in draws on PWTF loans associated with the DCWTS project.
- On November 28, 2012, the District issued \$5,417,645 in sewer revenue bonds. The outstanding balance owed at year end 2015 is \$3,903,947.
- On December 22, 2005, the District issued \$14.0 million in sewer revenue bonds. The total proceeds, including the premium on the issuance, amounted to \$14,382,147. The bond was defeased in September 2015, when it had a net carrying amount of \$8,693,751.
- Loans payable of \$19,682,456 at year end include the following:
  - ❑ \$27,870 for the PWTF loan granted for the construction of the District's Hockinson pump station
  - ❑ \$839,837 on the PWTF loan for the Gee Creek Trunk Sewer T7 line transferred from the City of Ridgefield on January 1, 2014
  - ❑ \$18,814,749 in PWTF loans for the DCWTS project

**CLARK REGIONAL WASTEWATER DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2015**

- Please refer to the Long-Term Liabilities, Note 3, pages 31-34, for more detailed information regarding long-term debt activity.

**Revenues and Expenses**

	2015	2014	2015 to 2014 Change	%
Total Revenues				
Operating revenue				
Charges for services	\$ 17,542,643	\$ 17,396,279	\$ 146,364	0.8%
Permits	127,150	101,725	25,425	25.0%
Miscellaneous	455,941	356,716	99,225	27.8%
Non-operating revenue				
Interest and investment income	307,304	271,600	35,704	13.1%
Non-operating	552,060	358,454	193,606	54.0%
Total revenues	<u>18,985,098</u>	<u>18,484,774</u>	<u>500,324</u>	
Total Expenses				
Operating expenses	23,078,519	20,888,301	2,190,218	10.5%
Other non-operating expenses	271,965	139,507	132,458	94.9%
Loss on disposal of asset	123,718	-	123,718	
Interest expense	508,173	670,994	(162,821)	-24.3%
Total expenses	<u>23,982,375</u>	<u>21,698,802</u>	<u>2,283,573</u>	
EXCESS (DEFICIENCY) BEFORE CONTRIBUTIONS	<u>(4,997,277)</u>	<u>(3,214,028)</u>	<u>(1,783,249)</u>	55.5%
CAPITAL CONTRIBUTIONS	11,377,064	8,753,630	2,623,434	30.0%
SPECIAL ITEM	<u>21,153,127</u>	<u>11,842,196</u>	<u>9,310,931</u>	78.6%
CHANGE IN NET POSITION	27,532,914	17,381,798	10,151,116	58.4%
NET POSITION, January 1	159,952,162	142,570,364	17,381,798	12.2%
PRIOR PERIOD ADJUSTMENT	233,794	-	233,794	-
CHANGE IN APPLICATION OF ACCOUNTING PRINCIPLE	<u>(3,067,577)</u>	<u>-</u>	<u>(3,067,577)</u>	-
NET POSITION, December 31	<u>\$ 184,651,293</u>	<u>\$ 159,952,162</u>	<u>\$ 24,699,131</u>	

- Service revenues increased only slightly in 2015 by \$146,364 or 0.8%. Miscellaneous revenues increased by 27.8% over 2014, to \$455,941. This increase was primarily due to the collection of the city operating fee from Ridgefield residents.
- Actual ERU growth in customers was 1,299 and 1,022 ERUs for 2015 and 2014, respectively. The District saw a revenue increase of 25.0% in permit fees for 2015 compared to 2014, driven by increased development in the District's service area.
- Interest and investment income in 2015 increased by 13.1% from 2014. The District continues to actively manage and diversify its investments outside of the State and County pools to maximize interest earnings.



**CLARK REGIONAL WASTEWATER DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2015**

- Non-operating revenues increased by 54.0% over 2014, to \$522,060. This increase was primarily due to increased administrative lead revenue from the Alliance, which became fully operational in 2015.
- 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. The revenue from this charge is used for new infrastructure and capital projects within the District service area. Connection fee revenues (SDCs) for 2015 totaled \$6,489,814 compared to \$4,885,217 in 2014. These charges did not change in 2015 from 2014. The charges per connection are as follows:

Tier	Treatment Plant	SDC
1	Vancouver (VTP)	\$ 1,720
2	Salmon Creek (SCTP)	\$ 4,708
3	Ridgefield (RFTP)	\$ 7,550

- The remaining increase in capital contributions is a result of increased donated capital. The District received \$4,724,174 in 2015 compared to \$3,552,365 in 2014. This 33.0% increase is a result of increased development within the District's service area.
- Operating expenses for 2015 increased over 2014 by \$2.2 million or 10.5%. The main drivers for this increase are:
  - ❑ Treatment contract services are the largest category of operating expenses. It increased \$1,322,532 or 22.7%, mainly due to transferring Clark County and City of Ridgefield sewer treatment operations to the Alliance.
  - ❑ Labor and related benefits costs overall reflect an increase of \$235,642 and \$192,193, respectively, for 2015 due to an increase in the cost of benefits and annual salary merit and cost of living increases.

### **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 46 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 to the Alliance-owned Salmon Creek and Ridgefield wastewater treatment plants. Growth and increased rates provide the necessary annual cash flow to cover operating activities and partially support capital needs of the District.

### **Economic Factors and 2015 Budget**

The District experienced a negative operating income for 2015, continuing to spend down some cash reserves while, at the same time, servicing debt for the Discovery Corridor Wastewater Transmission

**CLARK REGIONAL WASTEWATER DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2015**

System. The District increased rates in 2015 by \$1.00 per month per ERU. The rate increase was primarily used to fund capital expansion and provide the cash flow for the related debt service.

The District has been fortunate in qualifying for low cost financing from the State of Washington Public Works Trust Fund (PWTF) loan (0.5%) program for major capital projects. This has allowed the District to keep its rates relatively steady for its ratepayers. The District worked diligently to stabilize rate impacts, while at the same time paying for its ongoing operating, capital and replacement and restoration needs by providing a rate structure that accommodates all three aspects of disbursements.

**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>

**CLARK REGIONAL WASTEWATER DISTRICT**  
**2015**  
**FINANCIAL STATEMENTS**

**CLARK REGIONAL WASTEWATER DISTRICT  
STATEMENT OF NET POSITION  
DECEMBER 31, 2015**

**ASSETS**

	<u>2015</u>
<b>CURRENT ASSETS</b>	
Cash and cash equivalents	\$ 16,765,046
Investments (at fair value)	2,026,637
Receivables	
Customer accounts	1,531,302
Contracts (current and delinquent)	93,127
Special assessment receivable	-
Interest	35,202
Due from other governments	553,778
Prepaid expenses	<u>208,052</u>
Total current assets	<u>21,213,144</u>
<b>NONCURRENT ASSETS</b>	
Investments (at fair value)	\$ 18,947,297
Cash and cash equivalents, restricted	541,765
Contracts receivable	421,072
Unamortized bond insurance, net	<u>-</u>
Total long-term assets	<u>19,910,134</u>
Capital assets not being depreciated:	
Land and land rights	753,751
Construction work in progress	<u>32,147,948</u>
	32,901,699
Capital assets being depreciated:	
Buildings	3,727,071
Improvements other than buildings	147,307,047
Equipment	2,803,267
Less: accumulated depreciation	<u>(43,149,555)</u>
	110,687,830
Capital assets being amortized:	
Intangible assets, including future treatment capacity rights	85,757,438
Less: accumulated amortization	<u>(51,568,830)</u>
	34,188,608
Total noncurrent assets	<u>197,688,271</u>
Total assets	<u>\$ 218,901,415</u>
<b>DEFERRED OUTFLOWS</b>	
Amounts deferred for pensions	<u>368,348</u>
Total deferred outflows	<u>\$ 368,348</u>

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

**CLARK REGIONAL WASTEWATER DISTRICT**  
**STATEMENT OF NET POSITION**  
**DECEMBER 31, 2015**

**LIABILITIES AND NET POSITION**

	<u>2015</u>
<b>CURRENT LIABILITIES</b>	
Warrants payable	\$ 3,344,171
Accounts payable	472,780
Due to other governments	7,316
Loans payable	1,253,032
Interest payable	65,565
Revenue collected in advance	424,465
SDC credits	75,500
Construction deposits	147,147
Compensated absences	40,038
Sewer revenue bonds	525,289
Total current liabilities	<u>6,355,303</u>
<b>NONCURRENT LIABILITIES</b>	
Compensated absences	404,824
Other postemployment benefits (OPEB)	1,142,571
SDC credits	1,532,910
Net pension liability	2,923,914
Loans payable	18,429,424
Sewer revenue bonds	3,378,658
Total noncurrent liabilities	<u>27,812,301</u>
Total liabilities	<u>34,167,604</u>
<b>DEFERRED INFLOWS</b>	
Amounts deferred for pensions	<u>450,866</u>
Total deferred inflows	<u>450,866</u>
<b>NET POSITION</b>	
Net investment in capital assets	154,191,734
Restricted	541,765
Unrestricted	<u>29,917,794</u>
Total net position	<u>\$ 184,651,293</u>

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, 2015**

	2015
<b>OPERATING REVENUES</b>	
Charges for services	\$ 17,542,643
Permits	127,150
Other operating revenue	455,941
Total utility operating revenues	<u>18,125,734</u>
<b>OPERATING EXPENSES</b>	
Salaries and wages	3,373,517
Personnel benefits	1,621,362
Supplies	480,779
Professional services	440,329
Insurance	128,479
Treatment contract services	7,141,646
Taxes	432,108
Other operating expense	1,235,876
Depreciation and amortization	8,224,423
Total operating expenses	<u>23,078,519</u>
<b>OPERATING INCOME (LOSS)</b>	<u>(4,952,785)</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>	
Interest and investment revenue	307,304
Other non-operating revenue	552,060
Loss on disposal of asset	(123,718)
Interest expense	(508,173)
Other non-operating expense	(271,965)
Total non-operating revenue (expenses)	<u>(44,492)</u>
<b>INCOME BEFORE CONTRIBUTIONS AND SPECIAL ITEMS</b>	(4,997,277)
<b>CAPITAL CONTRIBUTIONS</b>	11,377,064
<b>SPECIAL ITEM - DEBT EXTINGUISHMENT</b>	<u>21,153,127</u>
<b>CHANGE IN NET POSITION</b>	27,532,914
<b>TOTAL NET POSITION, January 1</b>	159,952,162
<b>PRIOR PERIOD ADJUSTMENT</b>	233,794
<b>CHANGE IN APPLICATION OF ACCOUNTING PRINCIPLE</b>	<u>(3,067,577)</u>
<b>TOTAL NET POSITION, December 31</b>	<u><u>\$ 184,651,293</u></u>

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, 2015**

	<u>2015</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Receipts from customers and users	\$ 18,469,024
Payments to suppliers	(9,858,799)
Payments to employees	(4,787,488)
Other reimbursements	(453,482)
Other revenues	458,109
Net cash from operating activities	<u>3,827,364</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Capital contributed by assessments	860
Receipts for future system improvements	6,666,613
Proceeds from capital loans	8,507,224
Principal paid on long-term debt	(3,001,530)
Interest paid on long-term debt	(560,609)
Acquisition and construction of capital assets	(19,546,498)
Net cash from capital and related financing	<u>(7,933,940)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Purchase of investments	(10,962,227)
Proceeds from maturing or called investments	4,980,009
Interest on investments	276,180
Interest on assessments	103
Interest on contracts	24,184
Net cash from investing activities	<u>(5,681,751)</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(9,788,327)
<b>CASH AND CASH EQUIVALENTS, January 1</b>	<u>27,095,138</u>
<b>CASH AND CASH EQUIVALENTS, December 31</b>	<u><u>\$ 17,306,811</u></u>

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, 2015**

	<u>2015</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH FROM	
OPERATING ACTIVITIES	
Utility operating income (loss)	\$ (4,952,785)
Adjustments to reconcile operating income to net from operating activities	
Depreciation and amortization expense	8,224,423
Amortization - bond premium insurance	3,063
(Increase) decrease in accounts receivable	(31,088)
(Increase) decrease in due from other governments	(158,217)
(Increase) decrease in prepaid expenses	157,747
(Increase) decrease in deferred outflows	(216,965)
Increase (decrease) in warrants payable	142,601
Increase (decrease) in accounts payable	(22,013)
Increase (decrease) in accrued employee benefits	264,148
Increase (decrease) in SDC credits	(15,100)
Increase (decrease) in revenue collected in advance	(4,365)
Increase (decrease) in pension obligation (net)	693,998
Increase (decrease) in deferred inflows	(538,178)
Non-operating revenues	552,060
Non-operating expenses	(271,965)
Total adjustments	<u>8,780,149</u>
Net cash from operating activities	<u>\$ 3,827,364</u>
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES	
Contributions of capital assets from developers or governments	4,724,174
Increase (decrease) in fair value of investments	3,877
Debt transferred to Alliance	12,459,376
Bond defeasance	8,693,751
Capital assets constructed by operator	237,813
Amortization of bond premium	59,836
Issuance (receipt) of capital contract receivable	174,981
Change in Capital Related Contracts Receivable	(13,723)
Change in Capital Related Accounts Payable	(602,855)

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 Hazel Dell Sewer District (District) was formed May 22, 1958, as a Special Purpose District 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 District changed its legal name to Clark Regional Wastewater District effective January 1, 2006.

The accounting policies of the District conform to Generally Accepted Accounting Principles (GAAP) as applicable to proprietary funds of governments. The following is a summary of the most significant policies (including identification of those policies which result in material departures from GAAP):

**Reporting entity** – The District is a municipal corporation and a political subdivision of the State of Washington. The Governmental Accounting Standards Board (GASB) has established GAAP, which qualifies a Special Purpose District to be a primary government. The District meets all three criteria:

1. An independent, elected governing body that is directly accountable to its citizens within the District;
2. A separate legal entity having legal autonomy to act within its statutory purpose; and
3. Financial accountability is focused on the independent elected governing body and such governing body has the autonomy, authority to approve and modify its budget or to set rates or charges to maintain its fiscal independence.

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 Water and Sewer Districts reporting in conformity with GAAP. The District's financial statements have been prepared in conformity with GAAP.

The District uses the full-accrual basis of accounting where revenues are recognized when earned and expenses are recognized when incurred. Assets are capitalized based upon the District's capitalization policy and long-term liabilities are accounted for in the appropriate accounts.

Of the eleven fund types established by GAAP, two are classified as proprietary funds. These are the enterprise funds and the internal service funds. The District accounts for its operations within an enterprise fund, which is similar to a private business enterprise.

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

The District distinguishes between operating revenues and expenses from non-operating ones. 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** – 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.

**Investments** – Investments are reported at fair value on quoted market prices for securities purchased by the District and as reported by the County and State local government investment pools in which the District participates. 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 investment earnings. Realized gains or losses on the maturity or disposition of securities are not separately disclosed.

**Receivables** – Accounts receivables represent user charges 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. As of December 31, 2015, delinquent contract receivables were \$26,112.

**Due from other governments** – 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 expense for professional consulting, IT support, and various utilities expenses.

**Restricted assets** – This account contain reserves for debt service. Reserves set aside for the repayment of revenue bonds are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants. Specific debt service reserve requirements are described in Note 3, Long Term Liabilities (pages 31-34).

**Capital assets** – The District's capital assets include but are not limited to land, buildings, treatment capacity rights, construction work in progress, machinery, equipment, furniture and software. See Note 4, Capital Assets (pages 35-36) for detailed information about the District's capital assets.

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

**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 \$444,862 at December 31, 2015.

**Pensions and deferred inflows / outflows of resources** – For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of all state sponsored pension plans and additions to/deductions from those plans' fiduciary net position have been determined on the same basis as they are reported by the Washington State Department of Retirement Systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. Amounts relating to pensions are further detailed in Note 7, Pension Plans (pages 42-48).

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

**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." Intangible assets, software and future treatment capacity rights, are amortized over periods of 5 years and 20 years, respectively, using the straight line method.

**Note 2 – Accounting and Reporting Changes****Pension Liability**

The District implemented GASB 68, *Accounting and Financial Reporting for Pensions* and GASB 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. Pension liabilities and assets, and related deferred inflows and outflows, are now required to be reported on the Statement of Net Position. Pension contributions made subsequent to the DRS measurement date, June 30, 2015, but before the District's year end are recorded as deferred outflows. At January 1, 2015, as a result of implementing this standard, pension liabilities totaling \$2,229,916, deferred outflows of \$151,384, and deferred inflows of \$989,045 were recorded to add the District's portion of pension liability, resulting in a negative adjustment to beginning net position of \$3,067,577. See Note 7 – Pension Plans.

### Note 3 – Long-Term Liabilities

**Revenue Bonds** – Revenue bonds are authorized and adopted by the Board of Commissioners for construction of capital additions. Sewer revenues of the District provide the security for repayment of District debt. The District issued sewer revenue bonds totaling \$5,417,645 in November 2012. Debt service on the loan for 2015 totaled \$600,000 (\$515,041 principal and \$84,959 interest). These bonds have an interest rate of 1.98%. Proceeds were used to reimburse the District for reserves used to retire Clark County's 2001 sewer revenue bonds. The annual debt service requirements for these 2012 sewer revenue bonds are as follows:

Year	2012 Sewer Revenue Bonds		Total Debt Service
	Principal	Interest	
2016	525,289	74,711	600,000
2017	535,741	64,259	600,000
2018	546,402	53,598	600,000
2019	557,274	42,726	600,000
2020	568,363	31,637	600,000
2021-2022	1,170,878	29,122	1,200,000
Total	\$ 3,903,947	\$ 296,053	\$ 4,200,000

The District must meet reserve requirements for the bonds. The lessor of (1) maximum annual debt service, (2) 1.25 times the average annual debt service, or (3) 10% of original bond proceeds, in the debt service account in compliance with bond covenants. At December 31, 2015, \$541,765 has been set aside to meet this requirement.

The District is also required by bond covenants to maintain debt service coverage of its revenue bonded debt of a minimum of the sum of: (1) 1.10 times the annual debt service on all outstanding bonds during the fiscal year, and (2) any amount required to be deposited in the debt service reserve account during that year. Debt service coverage requirements for the year ended December 31, 2015 were met.

**Loans** – 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 Trust Fund (PWTF) Board, who has approved nine loans to the District through December 31, 2015; four (4) of these have been transferred to the Alliance as of January 1, 2015 and one loan was paid in full July 1, 2015. Remaining loans from the state PWTF will be repaid over a period not to exceed twenty (20) years at the stated interest rates.

Construction was funded through use of these loans as follows:

- Hockinson pump station project with loans, issued notices of completion and final draws were executed in 1999.
- 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.

**Note 3 – Long-Term Liabilities (Continued)**

- Discovery Corridor Wastewater Transmission System is anticipated for completion 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 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, 2015, the District is fully drawn on both the loan directly issued to the District the loan transferred from Ridgefield.

On the following page is a schedule of loans containing a description of each loan, its use, and outstanding balance as of December 31, 2015:

<u>Public Works Trust Fund Loans</u>	<u>Loan Number</u>	<u>Notice of Completion</u>	<u>Approved Loan Amount</u>	<u>Balance</u>	<u>Interest Rate</u>
Hockinson Pump Station	PW-5-96-791-018	September 1999	502,670	27,870	1.0%
Gee Creek Trunk Sewer	PW-05-691-047	February 2008	1,597,606	839,837	1.0%
Discovery Corridor Wastewater Transmission System	PC-12-951-034	N/A	10,000,000	9,364,629	0.5%
Discovery Corridor Wastewater Transmission System	PC-13-961-040	N/A	10,000,000	<u>9,450,120</u>	0.5%
				<u>\$ 19,682,456</u>	

For 2015, the District paid \$1,239,896 (\$1,178,566 principal and \$61,331 interest) on the PWTF loans the District is carrying an outstanding balance on as of December 31, 2015. The District also made the final payment of \$117,568 (\$116,404 principal and \$1,164 interest) on the Glenwood pump station PWTF.

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

State of Washington - Public Works Trust Fund Loans									
Year	Hockinson Pump Station		Gee Creek Trunk Sewer		DCWTS**		Total		Payments
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	
2016	27,870	279	83,984	8,398	1,141,179	93,916	1,253,033	102,593	1,355,626
2017	-	-	83,984	7,559	1,141,179	88,368	1,225,163	95,926	1,321,089
2018	-	-	83,984	6,719	1,141,179	82,662	1,225,163	89,381	1,314,543
2019	-	-	83,984	5,879	1,141,179	76,956	1,225,163	82,835	1,307,998
2020	-	-	83,984	5,039	1,141,179	71,250	1,225,163	76,289	1,301,452
2021-2025	-	-	419,917	12,598	5,705,894	270,662	6,125,811	283,260	6,409,071
2026-2030	-	-	-	-	5,705,894	128,015	5,705,894	128,015	5,833,909
2031-2034	-	-	-	-	1,697,068	11,265	1,697,068	11,265	1,708,333
Total	<u>\$ 27,870</u>	<u>\$ 279</u>	<u>\$ 839,837</u>	<u>\$ 46,191</u>	<u>\$ 18,814,749</u>	<u>\$ 823,094</u>	<u>\$ 19,682,456</u>	<u>\$ 869,564</u>	<u>\$ 20,552,021</u>

\*\* Discovery Corridor Wastewater Transmission System

### Note 3 – Long-Term Liabilities (Continued)

#### Extinguishment of Debt

##### Transfer of Debt to Alliance

As indicated in Note 12, the Alliance was incorporated with the Washington Secretary of State on January 4, 2013. Throughout 2013 and 2014, work was ongoing to bring the Alliance operational as a regional wastewater transmission and treatment provider. Asset transfer agreements were signed in 2013 and 2014, with respective debt and assets of the Clark County owned Salmon Creek Treatment Plant transferring to the Alliance as of January 1, 2015.

In prior years the District increased its capacity rights to the treatment plant by funding plant expansions, in part through debt. Four public works trust fund loans and one state revolving fund loan, with outstanding balances (including member accrued interest) of \$13,021,680 were transferred to the Alliance as of January 1, 2015. Of the loans transferred to the Alliance, \$531,519 was member accrued principal and \$30,786 was member accrued interest that the District was responsible for. The District transferred cash of \$562,305 to the Alliance for the District's accrued principal and interest of loans payable. As there were no disposal costs, the District recognized a gain on disposal of debt in the Statement of Revenues and Changes of Fund Net Position for the full outstanding amount of \$12,459,376. The following loans were transferred to the Alliance as of January 1, 2015:

<u>Loan Transferred</u>	<u>SCTP - Phase IV</u>	<u>Balance</u>
PWTF	Preconstruction	\$ 473,684
PWTF	Preconstruction	578,947
PWTF	Construction	5,367,217
PWTF	Construction	5,894,737
SRF	Construction	676,309

##### Defeased Revenue Bonds

The 2005 revenue bonds, originally scheduled to mature in 2025, were defeased in September 2015. Proceeds from an issuance of new revenue bonds by the Alliance were used to defease the 2005 bonds. The net carrying amount of the District's bonds at the time of retirement was \$8,693,751. Because there was no reacquisition cost paid by the District to retire the bonds, the full carrying amount was recognized as a gain in the District's Statement of Revenues, Expenses, and Changes in Fund Net Position.

Both of these debt extinguishments are shown on the Statement of Revenues and Changes of Fund Net Position as Special Item – Debt Extinguishment in the amount of \$21,153,127.

Changes in long-term liabilities as a summary for the year ended December 31, 2015:

**Note 3 – Long-Term Liabilities (Continued)**

	Balance Jan. 1, 2015	Additions	Reductions	Balance Dec. 31, 2015	Due Within One Year
Compensated absences	\$ 374,638	\$ 382,309	\$ 312,085	\$ 444,862	\$ 40,038
Other post employment benefits	948,647	193,924		1,142,571	
Pension Liability**	2,229,916	693,998		2,923,914	
Loans payable	25,461,097	8,507,224	14,285,865	19,682,456	1,253,032
Sewer revenue bonds					
2005 sewer revenue bonds	9,205,000	-	9,205,000	-	-
For issuance and premium	208,589	-	208,589	-	-
2012 sewer revenue bonds	4,418,987	-	515,040	3,903,947	525,289
Total long-term liabilities	<u>\$ 42,846,875</u>	<u>\$ 9,777,455</u>	<u>\$ 24,526,579</u>	<u>\$ 28,097,751</u>	<u>\$ 1,818,359</u>

\*\*Beginning balance adjusted for implementation of GASB 68



## Note 4 – Capital Assets

Capital assets are stated at historical cost. Whenever historical cost is not known, assets are recorded based upon engineering study estimates. Projects constructed or donated by developers, local governments or customers are stated at estimated fair value at the time contributed.

Major additions, improvements and replacements are capitalized if the District's capitalization threshold is met – a purchase or construction cost greater than \$5,000 and with a useful life of two or more years. Normal maintenance and repairs are charged to operations as incurred. Gains or losses realized from the sale or disposition of capital assets are reflected in the Statement of Revenues, Expenses and Changes in Fund Net Position.

Estimating the useful lives of capital assets requires the exercise of management judgment and actual lives may differ from these estimates. Changes to these initial estimates are made when appropriate.

Depreciation is computed on capital assets when the assets are placed into service using the straight-line method over their estimated useful life as follows:

Buildings	50 years
Improvements other than buildings	50 years
Machinery, furniture and equipment	5 - 15 years

The District records the preliminary project costs, as well as construction disbursements, in a construction work-in-progress account (CWIP) until final completion is determined before transferring these costs to a utility plant in service account.

The following schedule of capital assets is recorded at historical costs with any related additions due to purchases or utility plant brought into service. In 2015, the District incurred \$18,639,785 in CWIP project costs (i.e. pump stations, pump station improvements, force mains and treatment plant expansion) of which \$12,865,196 or 69% were on the Discovery Corridor Wastewater Transmission System (DCWTS) project. The District transferred \$5,550,440 from CWIP into service.

The District and the City of Battle Ground, through an Interlocal Agreement, own 100% of the treatment capacity rights of the Salmon Creek Treatment Plant, owned by the Alliance, with the District having the majority share. This intangible asset, per GASB Statement No. 51, "*Accounting and Financial Reporting for Intangible Assets*," is recognized in our capital assets as "future treatment capacity rights," at a value at December 31, 2015 of \$34,144,853.

Capital assets activity for the year ended December 31, 2015, is as follows:

**Note 4 – Capital Assets (Continued)**

	Balance Jan. 1, 2015*	Additions & Transfers	Retirements & Transfers	Balance Dec. 31, 2015
<b>CAPITAL ASSETS - NONDEPRECIABLE:</b>				
Land and land rights	\$ 578,745	\$ 175,006	\$ -	\$ 753,751
Construction work-in-progress	19,058,603	18,639,785	5,550,440	32,147,948
Total capital assets - nondepreciable	19,637,348	18,814,791	5,550,440	32,901,699
<b>CAPITAL ASSETS - DEPRECIABLE:</b>				
Collection and transmission system	125,597,292	6,987,694	128,538	132,456,448
Buildings	3,727,071	-	-	3,727,071
Pumping stations	11,563,678	3,286,921	-	14,850,599
Machinery, furniture and equipment	2,681,185	122,082	-	2,803,267
Intangible assets, including future treatment capacity rights	85,750,669	6,769	-	85,757,438
Total capital assets - depreciable	229,319,895	10,403,466	128,538	239,594,823
<b>LESS ACCUMULATED DEPRECIATION:</b>				
Collection and transmission system	(34,362,849)	(2,677,854)	(4,820)	(37,035,883)
Buildings	(1,249,213)	(81,248)	-	(1,330,461)
Pumping stations	(2,261,866)	(272,274)	-	(2,534,140)
Machinery, furniture and equipment	(2,103,873)	(145,198)	-	(2,249,071)
Intangible assets, including future treatment capacity rights	(46,520,981)	(5,047,849)	-	(51,568,830)
Total accumulated depreciation	(86,498,782)	(8,224,423)	(4,820)	(94,718,385)
Total capital assets - depreciable, Net	142,821,113	2,179,043	123,718	144,876,438
Total capital assets, Net	\$ 162,458,461	\$ 20,993,834	\$ 5,674,158	\$ 177,778,137

\* Beginning capital assets balances as of January 1, 2015 do not agree to ending capital assets balances as of December 31, 2014 due to a prior period adjustment. See Note 13, Prior Period Adjustments (page 56) for further details.

## Note 5 – Cash and Cash Equivalents 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, 2015, comply with the provisions of that code section and with the District's investment policy found within District Code Chapter 3.20. The District's deposits and investments are managed daily by the District Finance Director/Treasurer.

**Cash and Cash Equivalents** – The District deposits and certificates of deposit are entirely insured by the Federal Depository Insurance Corporation (FDIC) or by collateral held in a municipal financial institution collateral pool administered by the Washington Public Deposit Protection Commission (WPDPC) or through the Securities Investor Protection Corporation (SIPC). The District Code 3.20.010 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.

For short term investments, cash equivalents, the District utilizes both the Washington State Local Government Investment Pool (LGIP) and Clark County Investment Pool (CCIP). The LGIP is classified as an unrated 2a-7 investment pool per the Securities and Exchange Commission. The CCIP is also an unrated fund. The weighted average maturities of the LGIP and CCIP are less than three (3) months and approximately one (1) year, respectively, with cash available to the District on demand. The on demand availability of these funds defines them as cash equivalent liquid investments and not subject to interest rate risk. Cash investments are not subject to interest rate risk or any market value reporting requirement as defined by GASB 31. All LGIP investments are either obligations of the United States government, government-sponsored enterprises, or insured demand deposit accounts and certificates of deposits, meaning credit risk is very limited. The investments are either fully insured or fully held by a third party custody provider in the name of the LGIP. The LGIP is audited by the Washington State Auditor's Office and regulated by Washington RCWs and the LGIP Advisory Committee. The CCIP is overseen by the Clark County Finance Committee and is audited annually by the Washington State Auditor's Office and regulated by Washington RCWs.

As of December 31, 2015, the District's cash and cash equivalents are as follows:

	2015
Cash and cash equivalents and investments:	
Bank depository and checking accounts	\$ 1,907,281
Travel advance	2,500
Petty cash / change drawers	1,000
Washington State Local Government Investment Pool	3,462,435
Clark County Investment Pool	11,933,595
Total cash and cash equivalents and investments	<u>\$ 17,306,811</u>

**Note 5 – Cash and Cash Equivalents and Investments (Continued)**

**Investments** – The District Code 3.20.010 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; and
3. Provides the greatest return on investment.

The District's investment policy limits to 25.0% any one type of issuer of security, but excludes this limitation in relation to obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government, as well as the Washington State Local Government Investment Pool (LGIP) and Clark County Investment Pool. Investments in securities issued by U.S. government-sponsored enterprises, repurchase agreements, banker's acceptances, certificates of deposits and notes of designated public depositories are held to this limitation.

Custodial credit risk is the risk that in event of a failure of the counterparty to an investment transaction the District would not be able to recover the value of the investment or collateral securities. The level of custodial credit risk relates to the level of insurance a financial institution will provide if financial difficulties were to occur that would affect District deposits. The amount of collateral a financial institution will pledge as security for the deposits and the level of creditworthiness the financial institution has with regard to such security will determine the level of custodial credit risk that exists. The District at year-end did not have any security lending or reverse repurchase agreements. District deposits and investments are either insured or held by an agent in the District's name.

Interest rate risk relates to how the fair value of an investment may adversely be affected by changes in interest rates. With regard to interest rate risk, 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.

As to credit risk, which is a risk that an issuer of an investment will not fulfill its obligations, the District's investment policy states the Finance Director is empowered to invest in the security instruments authorized in Washington RCW 36.29.020. The District invests in no more than 25.0% of any one type of issuer except as stated above. All investments held by the District at year-end 2015 had a credit quality rating of AA+ by Standard and Poor's.

In following GASB Statement No. 40, "*Deposit and Investment Risk Disclosures*," the District has chosen to use the segmented time distribution format and include the credit ratings of the security issuers with regard to its investments as of December 31, 2015.

**Note 5 – Cash and Cash Equivalents and Investments (Continued)**

Investment Type	Fair Value	Investment Maturities (in Years)	
		Less than 1	1 - 5
Washington State Local Government			
Investment pool	\$ 3,462,435	\$ 3,462,435	\$ -
Clark County Investment Pool	11,933,595	11,933,595	-
Federal National Mortgage Association	3,508,005	501,858	3,006,147
Federal Farm Credit Bank	499,923	499,923	-
Federal Home Loan Bank	3,027,592	1,024,856	2,002,736
U.S. Treasury Notes	12,936,990	-	12,936,990
Federal Home Loan Mortgage Corporation	1,001,424	-	1,001,424
	<u>\$ 36,369,964</u>	<u>\$ 17,422,667</u>	<u>\$ 18,947,297</u>
Maximum investment by maturity	<u>100%</u>	<u>48%</u>	<u>52%</u>

Investments by investment type, issuer and carrying costs as of December 31, 2015:

Investment Type	Percent	Carrying Cost
Washington State Local Government		
Investment pool	10%	\$ 3,462,435
Clark County Investment Pool	33%	11,933,595
Federal National Mortgage Association	10%	3,508,005
Federal Farm Credit Bank	1%	499,923
Federal Home Loan Bank	8%	3,027,592
U.S. Treasury Notes	36%	12,936,990
Federal Home Loan Mortgage Corporation	3%	1,001,424
	<u>100%</u>	<u>\$ 36,369,964</u>

A reconciliation of cash and cash equivalents and investments (as stated at fair value) as reported in the Statement of Net Position at December 31 is as follows:

	2015
Cash and cash equivalents	\$ 17,306,811
Investment securities (at fair value)	<u>20,973,934</u>
Total	<u>\$ 38,280,745</u>

## Note 6 – 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 66 members. The Pool's fiscal year is November 1st through October 31st.

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

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

TYPE OF COVERAGE	MEMBER DEDUCTIBLE	SELF-INSURED RETENTION	EXCESS LIMITS
<b>Property Loss:</b>			
Buildings and Contents	\$1,000 - \$25,000 and See (C) below	\$25,000	\$1,000,000,000
Flood	See (A) below	See (A) below	\$50,000,000
Earthquake	See (B) below	See (B) below	\$75,000,000 ((\$50,000,000 shared by all members and \$25,000,000 dedicated to Alderwood))
Terrorism	\$1,000 - \$25,000	\$25,000 Primary layer	\$100,000,000 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
<b>Liability:</b>			
Commercial General Liability	\$1,000 - \$25,000	\$200,000	\$10,000,000
Auto Liability	\$1,000 - \$25,000	\$200,000	\$10,000,000
Public Officials Errors and Omissions	\$1,000 - \$25,000	\$200,000	\$10,000,000
Employment Practices	\$1,000 - \$25,000	\$200,000	\$10,000,000
<b>Other:</b>			
Public Officials Bonds	Various	N/A	Various
Crime	\$1,000 - \$25,000	\$25,000	\$2,000,000
Identity Fraud	\$0	\$25,000	\$0
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. If the stated deductible is on a percentage basis, 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 \$100,000 and where applicable the dollar amount of the business interruption loss during the policy's required 8 hour waiting period			

**Note 6 – Risk Management (Continued)**

Pool members are responsible for a deductible on each coverage and the Pool is responsible for the remainder of the self-insured retention listed in the table above except where noted as follows. The insurance carriers then cover the loss to the maximum limit of the policy. Each member is responsible for the full deductible applicable to the perils of earthquake and flood (the Pool is not responsible for any deductible or self-insured retention for earthquake and flood claims). Each member is also responsible for the full deductible applicable to the Cyber Liability, and that part of a Boiler & 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, 2016, written notice must be in possession of the Pool by April 30, 2016). 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.

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 Arcadia Claims Services and Adjusters Northwest.

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 2015, 2014 and 2013 and the amounts covered by insurance.

Years	Claims Settlements	Insurance Coverage	Excess of Claim Cost Over Coverage
2015	\$ 89,118	\$ 85,812	\$ 3,306
2014	9,085	7,085	2,000
2013	60,564	56,564	4,000

As of December 31, 2015, there were no outstanding claims filed with the pool. The District recognizes no potential liability for any additional settlements for outstanding future claims. The amount of settlements did not exceed insurance coverage in the last three years.

The District is self-insured for employee unemployment claims and has set aside funds to cover the actual cost of unemployment insurance. This unemployment reserve was established as required by Washington State Law for a reimbursable employer.

**Note 7 – Pension Plans**

The following table represents the aggregate pension amounts for all plans subject to the requirements of the GASB Statement 68, *Accounting and Financial Reporting for Pensions* for the year 2015:

Aggregate Pension Amounts – All Plans	
Pension liabilities	\$ 2,923,914
Pension assets	-
Deferred outflows of resources	368,348
Deferred inflows of resources	450,866
Pension expense/expenditures	290,171

**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, 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 comprehensive annual financial report (CAFR) that includes financial statements and required supplementary information for each plan. The DRS CAFR may be obtained by writing to:

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

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

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

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

**PERS Plan 1** provides retirement, disability and death benefits. Retirement benefits are determined as 2.0% 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 7 – Pension Plans (Continued)**Contributions

The **PERS Plan 1** member contribution rate is established by State statute at 6.0%. The employer contribution rate is developed by the Office of the State Actuary and includes an administrative expense component that is currently set at 0.18%. Each biennium, the state Pension Funding Council adopts Plan 1 employer contribution rates. The PERS Plan 1 required contribution rates (expressed as a percentage of covered payroll) for 2015 were as follows:

<b>PERS Plan 1</b>		
<b>Actual Contribution Rates:</b>	<b>Employer</b>	<b>Employee*</b>
January through June 2015	9.21%	6.00%
July through December 2015	11.18%	6.00%

\* For employees participating in JBM, the contribution rate was 12.26%

The District's actual contributions to the plan were \$0 for the year ended December 31, 2015.

**PERS Plan 2/3** provides retirement, disability and death benefits. Retirement benefits are determined as 2.0% of the member's average final compensation (AFC) times the member's years of service for Plan 2 and 1.0% of AFC for Plan 3. The AFC is the average of the member's 60 highest-paid consecutive service months. There is no cap on years of service credit. Members are eligible for retirement with a full benefit at 65 with at least five years of service credit. Retirement before age 65 is considered an early retirement. PERS Plan 2/3 members who have at least 20 years of service credit and are 55 years of age or older, are eligible for early retirement with a benefit that is reduced by a factor that varies according to age for each year before age 65. PERS Plan 2/3 members who have 30 or more years of service credit and are at least 55 years old can retire under one of two provisions:

- With a benefit that is reduced by 3.0% for each year before age 65; or
- With a benefit that has a smaller (or no) reduction (depending on age) that imposes stricter return-to-work rules.

PERS Plan 2/3 members hired on or after May 1, 2013 have the option to retire early by accepting a reduction of 5.0% for each year of retirement before age 65. This option is available only to those who are age 55 or older and have at least 30 years of service credit. PERS Plan 2/3 retirement benefits are also actuarially reduced to reflect the choice of a survivor benefit. Other PERS Plan 2/3 benefits include duty and non-duty disability payments, a cost-of-living allowance (based on the CPI), capped at 3.0% annually and a one-time duty related death benefit, if found eligible by the Department of Labor and Industries. PERS 2 members are vested after completing five years of eligible service. Plan 3 members are vested in the defined benefit portion of their plan after ten years of service; or after five years of service if 12 months of that service are earned after age 44.

**PERS Plan 3** defined contribution benefits are totally dependent on employee contributions and investment earnings on those contributions. PERS Plan 3 members choose their contribution rate upon joining membership and have a chance to change rates upon changing employers. As established by statute, Plan 3 required defined contribution rates are set at a minimum of 5.0% and escalate to 15.0% with a choice of six options. Employers do not contribute to the defined contribution benefits. PERS Plan 3 members are immediately vested in the defined contribution portion of their plan.

**Note 7 – Pension Plans (Continued)**

The **PERS Plan 2/3** employer and employee contribution rates are developed by the Office of the State Actuary to fully fund Plan 2 and the defined benefit portion of Plan 3. The Plan 2/3 employer rates include a component to address the PERS Plan 1 UAAL and an administrative expense that is currently set at 0.18%. Each biennium, the state Pension Funding Council adopts Plan 2 employer and employee contribution rates and Plan 3 contribution rates. The PERS Plan 2/3 required contribution rates (expressed as a percentage of covered payroll) for 2015 were as follows:

<b>PERS Plan 2/3</b>		
<b>Actual Contribution Rates:</b>	<b>Employer 2/3</b>	<b>Employee 2*</b>
January through June 2015	9.21%	4.92%
July through December 2015	11.18%	6.12%
Employee PERS Plan 3		varies

\* For employees participating in JBM, the contribution rate was 15.30%

The District's actual contributions to the plan were \$357,624 for the year ended December 31, 2015.

**Actuarial Assumptions**

The total pension liability (TPL) for each of the DRS plans was determined using the most recent actuarial valuation completed in 2015 with a valuation date of June 30, 2014. The actuarial assumptions used in the valuation were based on the results of the Office of the State Actuary's (OSA) *2007-2012 Experience Study*.

Additional assumptions for subsequent events and law changes are current as of the 2014 actuarial valuation report. The TPL was calculated as of the valuation date and rolled forward to the measurement date of June 30, 2015. Plan liabilities were rolled forward from June 30, 2014, to June 30, 2015, reflecting each plan's normal cost (using the entry-age cost method), assumed interest and actual benefit payments.

- **Inflation:** 3.0% total economic inflation; 3.75% salary inflation
- **Salary increases:** In addition to the base 3.75% salary inflation assumption, salaries are also expected to grow by promotions and longevity.
- **Investment rate of return:** 7.5%

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

There were minor changes in methods and assumptions since the last valuation.

- The OSA updated demographic assumptions, consistent with the changes from the *2007-2012 Experience Study Report*, used when valuing the PERS 1 and TERS 1 Basic Minimum COLA.

## Note 7 – Pension Plans (Continued)

- The OSA corrected how valuation software calculates a member's entry age under the entry age normal actuarial cost method. Previously, the funding age was rounded, resulting in an entry age one year higher in some cases.
- For purposes of calculating the Plan 2/3 Entry Age Normal Cost contribution rates, the OSA now uses the current blend of Plan 2 and Plan 3 salaries rather than using a long-term membership assumption of two-thirds Plan 2 members and one-third Plan 3 members.
- The OSA changed the way it applies salary limits, as described in the *2007-2012 Experience Study Report*.

### Discount Rate

The discount rate used to measure the total pension liability for all DRS plans was 7.5%.

To determine that rate, an asset sufficiency test included an assumed 7.7% long-term discount rate to determine funding liabilities for calculating future contribution rate requirements. (All plans use 7.7% except LEOFF 2, which has assumed 7.5%). Consistent with the long-term expected rate of return, a 7.5% future investment rate of return on invested assets was assumed for the test. Contributions from plan members and employers are assumed to continue being made at contractually required rates (including PERS 2/3, PSERS 2, SERS 2/3, and TRS 2/3 employers, whose rates include a component for the PERS 1, and TRS 1 plan liabilities). Based on these assumptions, the pension plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return of 7.5% 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 7.5% was determined using a building-block-method. The Washington State Investment Board (WSIB) used a best estimate of expected future rates of return (expected returns, net of pension plan investment expense, including inflation) to develop each major asset class. Those expected returns make up one component of WSIB's capital market assumptions. The WSIB uses the capital market assumptions and their target asset allocation to simulate future investment returns at various future times. The long-term expected rate of return of 7.5% approximately equals the median of the simulated investment returns over a 50-year time horizon.

### Estimated Rates of Return by Asset Class

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2015, are summarized in the table below. The inflation component used to create the table is 2.2% and represents the WSIB's most recent long-term estimate of broad economic inflation.

**Note 7 – Pension Plans (Continued)**

<b>Asset Class</b>	<b>Target Allocation</b>	<b>% Long-Term Expected Real Rate of Return Arithmetic</b>
Fixed Income	20.0%	1.7%
Tangible Assets	5.0%	4.4%
Real Estate	15.0%	5.8%
Global Equity	37.0%	6.6%
Private Equity	23.0%	9.6%
	100%	

**Sensitivity of NPL**

The table below presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.5%, 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 (6.5%) or 1-percentage point higher (8.5%) than the current rate.

	<b>1% Decrease (6.5%)</b>	<b>Current Discount Rate (7.5%)</b>	<b>1% Increase (8.5%)</b>
PERS 1	\$ 1,891,177	\$ 1,553,325	\$ 1,262,803
PERS	\$ 4,007,673	\$ 1,370,589	\$ (648,528)

**Pension Plan Fiduciary Net Position**

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

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

At June 30, 2015, the District reported a total pension liability of \$2,923,914 for its proportionate share of the net pension liabilities as follows:

	<b>Liability (or Asset)</b>
PERS 1	\$ 1,553,325
PERS 2/3	\$ 1,370,589

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

	<b>Proportionate Share 6/30/14</b>	<b>Proportionate Share 6/30/15</b>	<b>Change in Proportion</b>
PERS 1	0.029187%	0.029695%	0.000508%
PERS 2/3	0.037579%	0.038359%	0.000780%

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

**Note 7 – Pension Plans (Continued)**

The collective net pension liability (asset) was measured as of June 30, 2015, and the actuarial valuation date on which the total pension liability (asset) is based was as of June 30, 2014, with update procedures used to roll forward the total pension liability to the measurement date.

**Pension Expense**

For the year ended December 31, 2015, the District recognized pension expense as follows:

	Pension Expense
PERS 1	\$ 120,625
PERS 2/3	169,546
TOTAL	<u>\$ 290,171</u>

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

At December 31, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

PERS 1	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual investment earnings on pension plan investments	\$ -	\$ 84,984
Contributions subsequent to the measurement date	\$ 84,712	\$ -
TOTAL	\$ 84,712	\$ 84,984

PERS 2/3	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 145,694	\$ -
Net difference between projected and actual investment earnings on pension plan investments	\$ -	\$ 365,882
Changes of assumptions	\$ 2,208	\$ -
Changes in proportion and differences between contributions and proportionate share of contributions	\$ 25,097	\$ -
Contributions subsequent to the measurement date	\$ 110,637	\$ -
TOTAL	\$ 283,636	\$ 365,882

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, 2016. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

**Note 7 – Pension Plans (Continued)**

Year ended December 31:	PERS 1	PERS 2/3
2016	\$ (32,937)	\$ (91,957)
2017	\$ (32,937)	\$ (91,957)
2018	\$ (32,937)	\$ (91,957)
2019	\$ 13,827	\$ 82,989
2020	\$ -	\$ -
Thereafter	\$ -	\$ -

**Note 8 – Deferred Compensation Plan**

The District offers its employees two deferred compensation plans created in accordance with Internal Revenue Code Section 457. The International City Managers Association (ICMA) and the Washington Department of Retirement Services (DRS) each administer one of the two plans. The plans are available to all District employees, which allow a deferral of a portion of their taxable wages until future years. A distribution from the deferred compensation plans 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 plans but instead all amounts are the property of the employee.

**Note 9 – Construction and Other Significant Commitments**

**Capital Projects** – The District has construction commitments resulting from active consultant and construction projects, including restoration and replacement projects, as of December 31, 2015 as follows:

Project	Total Awarded Contract Commitment	Spent to Date	Remaining on Contract
Discovery Corridor Wastewater Transmission System	\$ 27,229,136	\$ 26,134,625	\$ 1,094,512
NE 119th Street East CRP (NE 72 Ave to NE 87 Ave)	1,853,552	1,430,023	423,529
NE 94th Avenue CRP (Padden Parkway to NE 99 St)	250,000	79,347	170,653
NE 82 Street DII	99,482	79,725	19,757
NE 78th Street Trunk	248,880	77,325	171,555
Decant Facility	73,041	13,081	59,960
Canterbury Trails	348,829	296,798	52,031
Hawk's Landing	170,918	-	170,918
	<u>\$ 30,273,838</u>	<u>\$ 28,110,924</u>	<u>\$ 2,162,915</u>

There are no other significant commitments as of December 31, 2015.



## Note 10 – Other Postemployment Benefits (OPEB)

**Plan Description** – The District participates in a cost sharing multiple-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 employers 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.

As of year-end 2015, there were three District employees that had retired and were receiving these benefits.

This OPEB plan does not issue a stand-alone financial report but it is included in the report of the State of Washington, Office of Financial Management. This report can be obtained from the following website: <http://www.ofm.wa.gov/cafr/>.

**Funding Policy** – This plan is currently not funded. The District was required to contribute \$217,570 at December 31, 2015; \$6,732 was contributed. The amount contributed differs from the Annual Required Contribution (ARC) because the plan is financed on a pay-as-you-go-basis. The difference between the OPEB Costs and the required contribution is called the Net OPEB Obligation (NOO). This amount of \$1,142,571 is the actuarial accrued liability recognized on the *Statement of Net Position* at December 31, 2015.

The total Unfunded Actuarial Accrued Liability (UAAL) is \$1,525,759 at December 31, 2015. The covered payroll (annual payroll of active employees covered by the plan) was \$3,503,486 and the ratio of the UAAL to the covered payroll was 43.5%.

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation is as follows:

Fiscal Year Ended	Annual OPEB Cost	Contributions	Percentage of Annual OPEB Costs Contributed	Net OPEB Obligation
2015	\$ 200,655	\$ 6,732	3.4%	\$ 1,142,571
2014	\$ 119,506	\$ -	0.0%	\$ 948,647
2013	\$ 149,903	\$ -	0.0%	829,141

**Annual OPEB Cost and Net OPEB Obligation** – The District's annual other postemployment benefit (OPEB) cost (expense) is determined based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the alternative measurement method permitted under GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis,

**Note 10 – Other Postemployment Benefits (OPEB) (Continued)**

is projected to cover normal cost each year and amortize any unfunded liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the District's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the District's net OPEB obligation.

	<u>2015</u>	<u>2014</u>
Actuarial Required Contribution (ARC)	\$ 217,570	\$ 134,289
Interest on Net OPEB Obligation (NOO)	37,946	33,166
Adjustment to NOO	<u>(54,860)</u>	<u>(47,949)</u>
Annual OPEB Cost	200,656	119,506
Employer Contributions	<u>(6,732)</u>	<u>-</u>
Increase (Decrease) in NOO	193,924	119,506
Net OPEB Obligation January 1	<u>948,647</u>	<u>829,141</u>
Net OPEB Obligation December 31	<u><u>\$1,142,571</u></u>	<u><u>\$ 948,647</u></u>

**Actuarial Methods and Assumptions** – 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 actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The required schedule of funding progress, presented as required supplementary information immediately following the notes to the financial statements presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Additionally, calculations are based on the types of benefits provided under the terms of the plan at the time of each valuation and on the pattern of sharing of costs between the employer and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the employer and plan members in the future. Actuarial calculations reflect a long-term perspective. The specific actuarial methods and significant assumptions used to determine the ARC for the current year are as follows:

Valuation Date	12/31/2015
Actuarial Cost Method	Projected Unit Credit
Method used to determine the actuarial value of assets	N/A
Interest Discount Rate - No Pre-Funding	4.5%
Projected Payroll Growth	1.25%
Investment Return	4.5%
Medical Inflation Trend Rate - Initial	7.0%
Medical Inflation Trend Rate - Ultimate	5.0%
Non-Medical Inflation Trend Rate	3.5%
Amortization Period - Open	30

**Note 10 – Other Postemployment Benefits (OPEB) (Continued)**

We used the alternative measurement method permitted under GASB 45. A single retirement age of 62.40 was assumed for all active members to determine the AAL and normal cost. Retirement, disablement, termination, and mortality rates were assumed to follow the PERS 2 rates used in the June 30, 2015 actuarial valuation report issued by the Office of the State Actuary (OSA). Healthcare costs and trends were determined by Milliman and used by OSA in the state-side PEBB study performed in 2015. The results were based on grouped data with 4 active groupings and 4 inactive groups. The actuarial cost method used to determine the AAL was Projected Unit Credit. The AAL and NOO are amortized on an open basis as a level dollar over 30 years. These assumptions are individually and collectively reasonable for the purposes of this valuation.

**Note 11 – 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>2015</u>
Capital contributions from developers, governments and other sources	\$ 4,724,174
Capital contributions from system development charges	6,489,814
Capital contributions from local facility reimbursements	<u>163,076</u>
Total	<u><u>\$ 11,377,064</u></u>

**Note 12 – 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 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 task of implementing steps to fulfill the vision of the partner agencies fell largely to the District. A two year transition work program was initiated in 2013 and continued through 2014. A series of initial resolutions and agreements were approved by the Alliance Board at its first official meeting on January 18, 2013, to establish the legal framework for the Alliance.

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 2015, the District paid \$6,428,188 to the Alliance for Regional Service Charges, as budgeted by the District and Alliance. The District billed the Alliance \$531,250 for Administration Lead services provided, which includes both staff time and expenses for professional consulting, IT support, insurance and various utilities expenses. More information about the Alliance, including the 2015 Comprehensive Annual Financial Report, can be found on their website at <http://www.discoverycwa.org/>.

**Note 13 – Prior Period Adjustments**

The District has recorded a prior period adjustment correcting the amount of construction in progress (CWIP) transferred from the City of Ridgefield in 2014. The transfer shown on the 2014 financial statements was overstated by \$83,532.

In 2014, two pump stations were contributed by WSDOT to the District with a value of \$321,343. These capital contributions and related depreciation of \$4,017 were omitted from the 2014 statements. A prior period adjustment for \$317,326 has been recorded in the current year to reflect the contribution of these assets less the 2014 depreciation expense related to these assets.

**REQUIRED SUPPLEMENTARY INFORMATION**  
**RETIREE MEDICAL BENEFITS**  
**SCHEDULE OF FUNDING PROGRESS**

Actuarial Valuation Date	Fiscal Year Ended	Actuarial Value of Assets	Actuarial Accrued Liabilities Entry Age	Unfunded Actuarial Accrued Liabilities (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
12/31/13	12/31/13	\$ -	\$ 962,341	\$ 962,341	0.0%	\$ 3,197,084	30.1%
12/31/14	12/31/14	-	829,287	829,287	0.0%	3,289,190	25.2%
12/31/15	12/31/15	-	1,525,759	1,525,759	0.0%	3,503,486	43.5%

**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**  
**PERS 1**  
**AS OF JUNE 30**  
**LAST 2 FISCAL YEARS**

<u>Year Ended June 30,</u>	<u>Employer's proportion of the net pension liability (asset)</u>	<u>Employer's proportionate share of the net pension liability</u>	<u>Employer's covered employee payroll</u>	<u>Employer's proportionate share of the net pension liability as a percentage of covered employee</u>	<u>Plan fiduciary net position as a percentage of the total pension liability</u>
2014	0.029187%	\$ 1,470,309	\$ -	N/A	61.19%
2015	0.029695%	1,553,325	-	N/A	59.10%

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 2 FISCAL YEARS**

<u>Year Ended June 30,</u>	<u>Employer's proportion of the net pension</u>	<u>Employer's proportionate share of the net pension</u>	<u>Employer's covered employee payroll</u>	<u>Employer's proportionate share of the net pension liability as a percentage of</u>	<u>Plan fiduciary net position as a percentage of the total pension</u>
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%

See notes to Required Supplementary Information.

**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF EMPLOYER CONTRIBUTIONS**  
**PERS 1**  
**AS OF DECEMBER 31**  
**LAST 2 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</u>	<u>Contribution deficiency (excess)</u>	<u>Covered employer payroll</u>	<u>Contributions as a percentage of covered employee</u>
2014	\$ 135,377	\$ (135,377)	\$ -	\$ -	N/A
2015	156,562	(156,562)	-	-	N/A

See notes to Required Supplementary Information.

**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF EMPLOYER CONTRIBUTIONS**  
**PERS 2/3**  
**AS OF DECEMBER 31**  
**LAST 2 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</u>	<u>Contribution deficiency (excess)</u>	<u>Covered employer payroll</u>	<u>Contributions as a percentage of covered employee</u>
2014	\$ 167,557	\$ (167,557)	\$ -	\$ 3,289,190	5.09%
2015	201,062	(201,062)	-	3,503,486	5.74%

See notes to Required Supplementary Information.

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

The District implemented GASB 68 for the year ended December 31, 2015; therefore, there is no data available for years prior to 2014. There are no District employees participating in the PERS 1 plan in 2014 or 2015; therefore, there is no covered payroll data to report under PERS 1. A portion of the total PERS 1 plan liability is shared by PERS 2/3 employers, and as such the PERS 1 liability and employer's contributions for the District are presented.

**Note 2 – Significant Factors**

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

**Note 3 – Change in Contribution Rate**

The employer contribution rates for both PERS 1 and PERS 2/3 plans increased from 9.21% to 11.18% for pay periods beginning July 2015.

## STATISTICAL SECTION

This portion of Clark Regional Wastewater District’s Comprehensive Annual 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.

<b>Contents</b>	<b>Page</b>
<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.	64
<i>Revenue Capacity</i> These schedules contain information to help the reader understand the District’s most significant source of revenue, sewer utility charges.	66
<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.	70
<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.	73
<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.	75

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

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

**Schedule 1**

<u>Fiscal Year</u>	<u>Net Investment In Capital Assets</u>	<u>Restricted Net Position</u>	<u>Unrestricted Net Position</u>	<u>Total Net Position</u>
2006	\$ 74,397,129	\$ 6,830,457	\$ 29,545,163	\$ 110,772,749
2007	80,887,984	1,680,276	37,222,055	119,790,315
2008	94,862,642	2,724,083	30,436,535	128,023,260
2009	102,076,651	2,090,078	28,741,935	132,908,664
2010	97,964,435	2,127,929	34,712,464	134,804,828
2011	97,647,088	2,122,351	35,440,997	135,210,436
2012	105,309,986	-	35,193,401	140,503,387
2013	105,412,741	-	37,157,623	142,570,364
2014	122,930,994	-	37,021,168	159,952,162
2015	154,191,734	541,765	29,917,794	184,651,293

**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	Change In Net Position
2006	\$ 14,105,727	\$ 11,898,735	\$ 2,206,992	\$ 736,632	\$ 2,943,624	\$ 10,569,403	\$ 13,513,027
2007	14,497,959	14,343,661	154,298	892,716	1,047,014	7,970,552	9,017,566
2008	14,557,839	15,369,442	(811,603)	(290,099)	(1,101,702)	8,480,363	7,378,661
2009	14,612,478	15,042,717	(430,238)	(576,947)	(1,007,185)	5,893,290	4,886,105
2010	14,537,971	15,841,185	(1,303,214)	(1,321,779)	(2,624,993)	4,520,457	1,895,464
2011	14,703,386	16,695,257	(1,991,871)	(1,145,787)	(3,137,658)	3,893,612	755,954
2012	14,960,131	17,053,387	(2,093,256)	(2,297,482)	(4,390,738)	9,241,739	4,851,001
2013	15,792,555	18,842,198	(3,049,643)	(502,153)	(3,551,796)	5,618,773	2,066,977
2014	17,854,720	20,888,301	(3,033,581)	(180,447)	(3,214,028)	8,753,630	5,539,602
2015	18,125,734	23,078,519	(4,952,785)	(44,492)	(4,997,277)	11,377,064	6,379,787

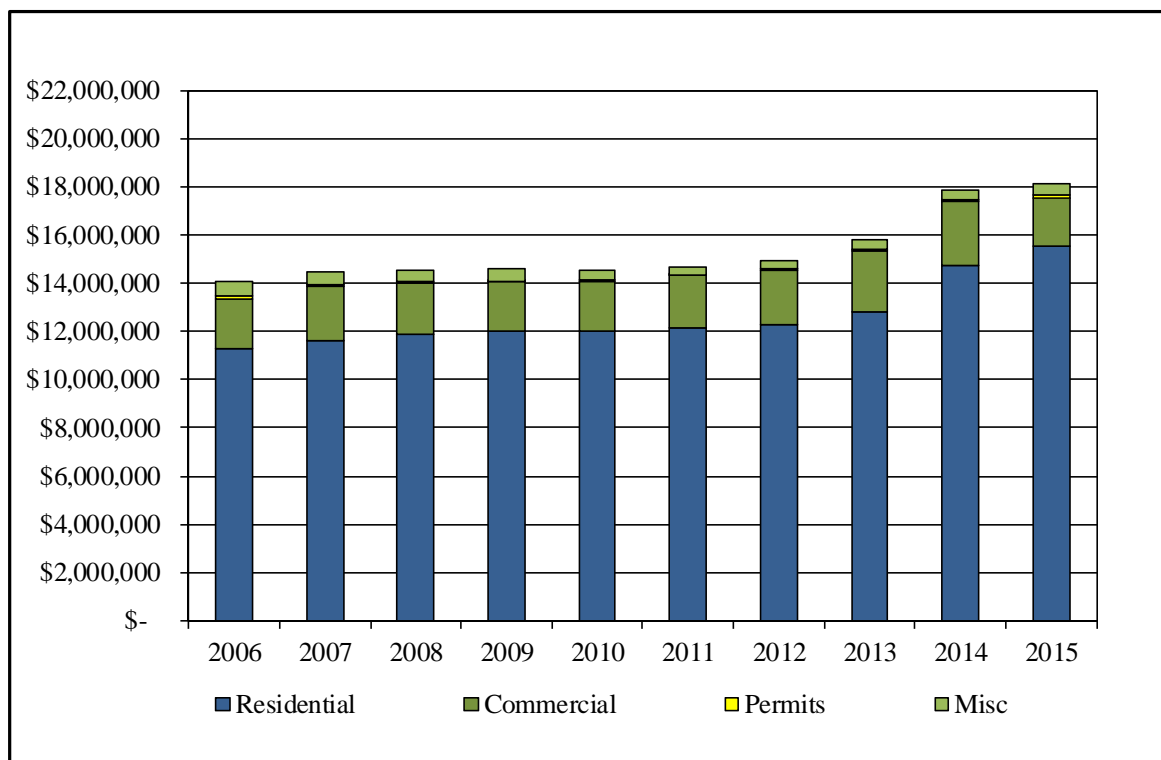
\* The Ridgefield collection system transferred operations to the District as of January 1, 2014. As a result of the transfer of operations, the District recognized assets and liabilities for an overall increase in net position of \$11,842,196 in 2014. This was reported on the Statement of Revenues,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

\*\* In 2015, the District extinguished debt for a gain of \$12,459,376 (see Note 3 for details). The District also defeased bonds for a gain of \$8,693,751 in 2015 (see Note 3 for details). The gains from transfer of debt and bond defeasance were reported on the Statement of Revenues, Expenses and Changes in Fund Net Position as a Special Item. The District had a Change in Application of Accounting Principle and recorded a negative adjustment to beginning net position of \$3,067,577 (see Note 2 for detail). In 2015, the District also had a prior period adjustment of \$233,794 (see Note 13 for detail). The Special Item, Change in Application of Accounting Principle, and Prior Period Adjustment combine to increase the District's total increase in net position to \$24,692,443.

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

**Schedule 3**

Fiscal Year	Charges for Service				Total
	Residential	Commercial	Permits	Misc	
2006	\$ 11,276,601	\$ 2,103,069	\$ 98,590	\$ 627,467	\$ 14,105,728
2007	11,600,666	2,253,817	80,356	563,120	14,497,958
2008	11,878,535	2,148,626	44,955	485,723	14,557,839
2009	11,985,671	2,082,332	30,250	514,225	14,612,478
2010	12,009,830	2,069,828	38,630	419,683	14,537,971
2011	12,155,949	2,171,798	35,800	339,839	14,703,386
2012	12,288,652	2,255,023	43,925	372,531	14,960,131
2013	12,841,516	2,502,117	70,190	378,732	15,792,555
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

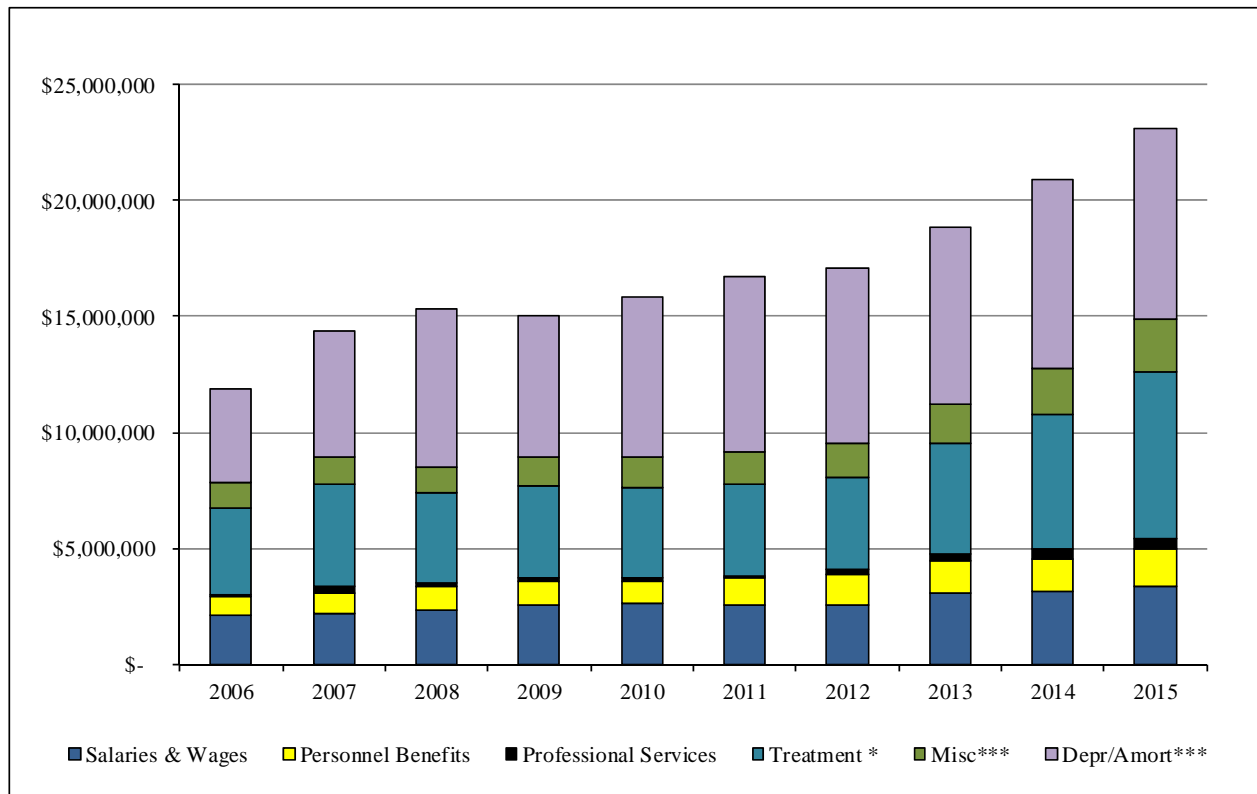




**CLARK REGIONAL WASTEWATER DISTRICT  
EXPENSES BY USE  
LAST TEN FISCAL YEARS**

**Schedule 4**

Fiscal Year	Salaries & Wages	Personnel Benefits	Professional Services	Treatment *	Misc**	Depr/Amort***	Total
2006	\$ 2,083,046	\$ 802,763	\$ 123,185	\$ 3,693,025	\$ 1,139,378	\$ 4,057,339	\$ 11,898,734
2007	2,207,525	889,110	263,140	4,395,611	1,173,872	5,414,405	14,343,663
2008	2,318,547	1,012,088	150,459	3,944,788	1,105,189	6,826,915	15,357,986
2009	2,561,772	994,178	156,611	4,005,466	1,254,548	6,061,020	15,033,595
2010	2,629,587	931,706	145,931	3,904,777	1,295,660	6,933,524	15,841,185
2011	2,541,977	1,150,346	127,792	3,967,274	1,360,211	7,547,657	16,695,257
2012	2,586,476	1,291,415	253,808	3,899,600	1,520,863	7,501,225	17,053,387
2013	3,069,925	1,364,002	295,067	4,793,747	1,693,399	7,626,057	18,842,197
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



\* Treatment costs increased significantly in 2013, 2014 and 2015, in relation to the transfer of the collection system from Ridgefield to the District, and the transfer of treatment operations from Clark County and Ridgefield to the Alliance.

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

\*\*\* Depreciation/Amortization includes amortization of future treatment capacity rights (intangible asset). Depreciation expense increased in 2014 with the additional assets owned by the District as transferred from the City.

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

**Schedule 5**

Fiscal Year	Interest and Fiscal Charges*	Interest Revenue	Disposal of Capital Assets	Other Revenues (Expenses)	Total Non-operating Revenues (Expenses)
2006	\$ (2,033,556)	\$ 2,734,759	\$ -	\$ 35,429	\$ 736,632
2007	(1,944,969)	2,824,249	8,250	5,186	892,716
2008	(1,837,075)	1,507,678	5,251	22,590	(301,556)
2009	(1,763,519)	428,139	4,541	744,771	(586,068)
2010	(1,598,864)	275,168	-	1,917	(1,321,779)
2011	(1,468,083)	289,494	-	32,802	(1,145,787)
2012	(2,471,265)	201,405	-	(27,622)	(2,297,482)
2013	(668,591)	104,321	(15,742)	77,859	(502,153)
2014	(670,994)	271,600	-	218,947	(180,447)
2015	(508,173)	307,304	(123,718)	280,095	(44,492)

\* Net of capitalized amounts.

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

**Schedule 6**

Fiscal Year	Connection Fees	Local Facility Charges	Donated Mains/ Capital Grants	Total
2006	\$ 4,968,323	\$ 271,989	\$ 5,329,091	\$ 10,569,403
2007	4,394,856	275,772	3,299,924	7,970,552
2008	3,815,455	145,346	4,519,562	8,480,363
2009	3,486,427	92,092	2,314,771	5,893,290
2010	3,430,229	118,271	971,956	4,520,456
2011	3,397,622	101,939	394,050	3,893,611
2012	7,178,366	112,808	1,950,565	9,241,739
2013	3,010,250	152,676	2,455,847	5,618,773
2014	4,885,217	316,048	3,552,365	8,753,630
2015	6,489,814	163,076	4,724,174	11,377,064

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

**Schedule 7**

Year	2005 Revenue Bonds	2012 Revenue Bonds	PWTF/SRF Loans	Contract Obligation Payable to Clark County		Total		As a Share of Personal Income
				Revenue Bonds	PWTF Loans	Amount	Per ERU	
2006	\$ 13,876,447	\$ -	\$ 12,352,652	\$ 24,950,000	\$ 1,302,951	\$ 52,482,050	\$ 1,629	4.70%
2007	13,392,340	-	13,079,546	22,900,000	1,016,068	50,387,954	1,526	4.17%
2008	12,893,232	-	19,852,714	20,750,000	729,185	54,225,131	1,618	4.24%
2009	12,374,125	-	19,120,691	18,500,000	489,126	50,483,942	1,491	4.13%
2010	11,830,017	-	17,889,753	16,140,000	335,910	46,195,680	1,350	3.74%
2011	11,265,910	-	16,923,599	13,675,000	182,694	42,047,203	1,217	3.25%
2012	10,676,803	5,417,645	15,671,272	-	-	31,765,720	908	2.29%
2013	10,057,695	4,923,980	15,331,125	-	-	30,312,800	850	2.09%
2014	9,413,588	4,418,988	25,461,097	-	-	39,293,673	1,101	2.72%
2015	-	3,903,947	19,682,456	-	-	23,586,403	588	1.40%

**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 10 of the CAFR.

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

**Schedule 8**

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>REVENUES</b>										
<i>Central Monthly Service Rate</i>	\$ 34.00	\$ 34.00	\$ 34.00	\$ 34.00	\$ 34.00	\$ 34.00	\$ 34.00	\$ 35.00	\$ 36.00	\$ 37.00
<i>Ridgefield Monthly Service Rate</i>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 55.00	\$ 55.80
Charges for services	\$ 13,379,670	\$ 13,854,483	\$ 14,027,161	\$ 14,068,003	\$ 14,079,658	\$ 14,327,747	\$ 14,543,675	\$ 15,343,633	\$ 17,396,279	\$ 17,542,643
Miscellaneous operating revenue	726,057	643,476	530,678	544,475	458,313	375,639	416,456	448,922	356,716	583,091
Interest on investments	2,734,759	2,824,249	1,507,678	428,139	275,168	289,494	201,405	104,321	271,600	307,304
Miscellaneous non-operating revenue	35,429	13,436	27,841	749,312	1,917	32,802	10,878	116,549	355,404	552,060
General Facilities Charge	1,943,448	1,449,007	900,544	668,476	657,707	609,524	866,814	3,010,251	4,885,217	6,489,814
Deposits to Rate Stabilization Account	-	-	-	-	-	-	-	-	-	-
Withdrawals from Rate Stabilization Account	-	-	-	-	-	-	-	-	-	-
Total Gross Revenues	\$ 18,819,363	\$ 18,784,651	\$ 16,993,902	\$ 16,458,405	\$ 15,472,763	\$ 15,635,206	\$ 16,039,228	\$ 19,023,676	\$ 23,265,216	\$ 25,474,912
<b>MAINTENANCE AND OPERATION EXPENSE</b>										
Salaries, wages and benefits	\$ 2,885,809	\$ 3,096,635	\$ 3,330,635	\$ 3,555,950	\$ 3,561,293	\$ 3,692,323	\$ 3,877,891	\$ 4,433,927	\$ 4,567,044	\$ 4,994,879
Treatment - Clark County	2,973,342	3,562,829	3,132,176	3,206,868	3,181,705	3,339,528	3,349,128	3,959,749	3,959,748	-
Treatment - Alliance	-	-	-	-	-	-	-	306,725	325,428	6,428,188
Treatment - Other	719,683	832,781	812,612	798,598	723,072	627,744	550,472	527,273	1,533,938	713,458
Other operating expenses	1,262,562	1,437,012	1,255,648	1,411,161	1,441,591	1,488,003	1,774,671	1,988,467	2,356,874	2,717,571
Total Maintenance and Operating Expense	\$ 7,841,396	\$ 8,929,256	\$ 8,531,071	\$ 8,972,577	\$ 8,907,661	\$ 9,147,598	\$ 9,552,162	\$ 11,216,141	\$ 12,743,032	\$ 14,854,096
<b>1.10 COVERAGE TEST</b>										
Net Revenue	\$ 10,977,967	\$ 9,855,395	\$ 8,462,831	\$ 7,485,828	\$ 6,565,102	\$ 6,487,608	\$ 6,487,066	\$ 7,807,535	\$ 10,522,184	\$ 10,620,816
Less: General Facilities/System Development Charge	(1,943,448)	(1,449,007)	(900,544)	(668,476)	(657,707)	(609,524)	(866,814)	(3,010,251)	(4,885,217)	(6,489,814)
Total Revenues	9,034,519	8,406,388	7,562,287	6,817,352	5,907,395	5,878,084	5,620,252	4,797,284	5,636,967	4,131,002
Debt Service	4,503,105	4,366,815	4,366,790	4,366,390	4,363,728	4,367,428	4,369,633	1,691,059	1,692,665	1,175,041
<b>Coverage</b>	<b>2.01</b>	<b>1.93</b>	<b>1.73</b>	<b>1.56</b>	<b>1.35</b>	<b>1.35</b>	<b>1.29</b>	<b>2.84</b>	<b>3.33</b>	<b>3.52</b>
<b>1.25 COVERAGE TEST</b>										
Net Revenue	\$ 10,977,967	\$ 9,855,395	\$ 8,462,831	\$ 7,485,828	\$ 6,565,102	\$ 6,487,608	\$ 6,487,066	\$ 7,807,535	\$ 10,522,184	\$ 10,620,816
Plus: Regional Facilities Charge	3,024,875	2,945,849	2,914,911	2,817,951	2,772,522	2,788,098	6,311,547	-	-	-
Total Revenues	14,002,842	12,801,244	11,377,742	10,303,779	9,337,624	9,275,706	12,798,614	7,807,535	10,522,184	10,620,816
Debt Service	4,503,105	4,366,815	4,366,790	4,366,390	4,363,728	4,367,428	4,369,633	1,691,059	1,692,665	1,175,041
<b>Coverage</b>	<b>3.11</b>	<b>2.93</b>	<b>2.61</b>	<b>2.36</b>	<b>2.14</b>	<b>2.12</b>	<b>2.93</b>	<b>4.62</b>	<b>6.22</b>	<b>9.04</b>

**CLARK REGIONAL WASTEWATER DISTRICT  
OPERATING EXPENSE AND DEBT PRINCIPLE COVERAGE  
LAST TEN FISCAL YEARS**

**Schedule 9**

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
<b>Gross Revenues</b>										
Charges for services	\$ 17,542,643	\$ 17,396,279	\$ 15,343,633	\$ 14,543,675	\$ 14,327,747	\$ 14,079,658	\$ 14,068,003	\$ 14,027,161	\$ 13,854,483	\$ 13,379,670
Other operating revenues	583,091	356,716	448,922	416,456	375,639	458,313	544,475	530,678	643,476	726,057
Interest income	307,304	271,600	104,321	201,405	289,494	275,168	428,139	1,507,678	2,824,249	2,734,759
Other non-operating revenues	552,060	355,404	116,549	10,878	32,802	1,917	749,312	27,841	13,436	35,429
Subtotal Gross Revenues	18,985,098	18,379,999	16,013,425	15,172,414	15,025,682	14,815,056	15,789,929	16,093,358	17,335,644	16,875,915
Connection charges - Regional Facilities	-	-	-	6,311,552	2,788,098	2,772,522	2,817,951	2,914,911	2,945,849	3,024,875
Connection charges - General Facilities	6,489,814	4,885,217	3,010,251	866,814	609,524	657,707	668,476	900,544	1,449,007	1,943,448
Total Gross Revenues	25,474,912	23,265,216	19,023,676	22,350,781	18,423,304	18,245,284	19,276,356	19,908,813	21,730,501	21,844,238
<b>Operating Expenses</b>										
Salaries, wages and benefits	4,994,879	4,567,044	4,433,927	3,877,891	3,692,323	3,561,293	3,555,950	3,330,634	3,096,635	2,885,809
Treatment - Clark County	-	3,959,748	3,959,749	3,349,128	3,339,528	3,181,705	3,206,868	3,132,176	3,562,829	2,973,342
Treatment - Alliance	6,428,188	325,428	306,725	-	-	-	-	-	-	-
Treatment - Other	713,458	1,533,938	527,273	550,472	627,744	723,072	798,598	812,612	832,781	719,683
Other operating expenses, including interest	3,225,744	3,027,868	2,657,058	4,246,296	2,956,086	3,040,455	3,174,680	3,092,723	3,381,981	3,296,118
Operating expenses excluding depreciation	15,362,269	13,414,026	11,884,732	12,023,787	10,615,681	10,506,525	10,736,096	10,368,145	10,874,225	9,874,952
<b>Net Revenues Available for Debt Service</b>	10,112,643	9,851,190	7,138,944	10,326,994	7,807,623	7,738,760	8,540,260	9,540,668	10,856,275	11,969,286
<b>Debt service - District (Principal only)</b>										
Sewer Revenue Bonds - Phase 3 Capital Expansion	-	-	-	2,570,000	2,465,000	2,360,000	2,250,000	2,150,000	2,050,000	2,070,000
PWTF Loans - Phase 3 Capital Expansion	-	-	-	153,216	153,216	153,216	240,058	286,885	286,885	286,885
PWTF Loans - Pumping Stations	-	-	-	144,274	144,274	144,274	144,274	144,274	144,274	144,274
St John's GO Bond	-	-	-	-	-	-	-	-	-	-
PWTF Loans - Phase 4 Capital Expansion*	-	1,409,834	1,207,311	1,063,037	1,063,039	1,063,037	641,985	641,985	641,985	421,053
Sewer Revenue Bonds - Phase 4 Capital Expansion*	660,000	625,000	600,000	570,000	545,000	525,000	500,000	480,000	465,000	485,000
SRF Loan - Phase 4 Capital Expansion*	-	47,414	46,198	45,014	43,860	42,735	41,640	40,572	40,049	-
Sewer Revenue Bonds - 2012	515,040	504,993	493,665	-	-	-	-	-	-	-
<b>Net Revenue After Payment of Debt Service</b>	\$ 8,937,603	\$ 7,263,949	\$ 4,791,770	\$ 5,781,453	\$ 3,393,234	\$ 3,450,498	\$ 4,722,303	\$ 5,796,952	\$ 7,228,082	\$ 8,562,074
<b>Operating Expenses Covered (not covered) by Rates</b>	\$ 3,622,829	\$ 4,965,973	\$ 4,128,693	\$ 3,148,627	\$ 4,410,001	\$ 4,308,531	\$ 5,053,833	\$ 5,725,213	\$ 6,461,419	\$ 7,000,963

\* Loans transferred to Discover Clean Water Alliance January 1, 2015

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

**Schedule 10**

Fiscal Year	Unincorporated Population*	Clark County		
		Per Capita Income **	Total Personal Income	Unemployment ***
2006	197,822	34,672	6,858,884,384	5.7%
2007	199,532	36,619	7,306,662,308	5.6%
2008	202,251	38,131	7,712,032,881	7.1%
2009	203,361	36,097	7,340,722,017	13.2%
2010	203,339	36,122	7,345,011,358	13.7%
2011	204,610	37,433	7,659,166,130	12.1%
2012	205,885	39,695	8,172,605,075	8.4%
2013	207,710	40,567	8,426,171,570	7.4%
2014	210,140	41,297	8,678,194,869	7.3%
2015	214,585	42,041	9,021,272,647	6.0%

**Notes:** Demographic information is from the following sources:

\* Washington State Office of Financial Management.

\*\* Federal Reserve Economic Data

Data for the years 2014 and 2015 are not yet available. The 2014 figure was calculated by increasing the 2013 Per Capita Income amount by 1.8%, the average year-over-year growth rate for the prior six years. The 2015 figure was calculated by increasing the estimated 2014 amount by 1.8%.

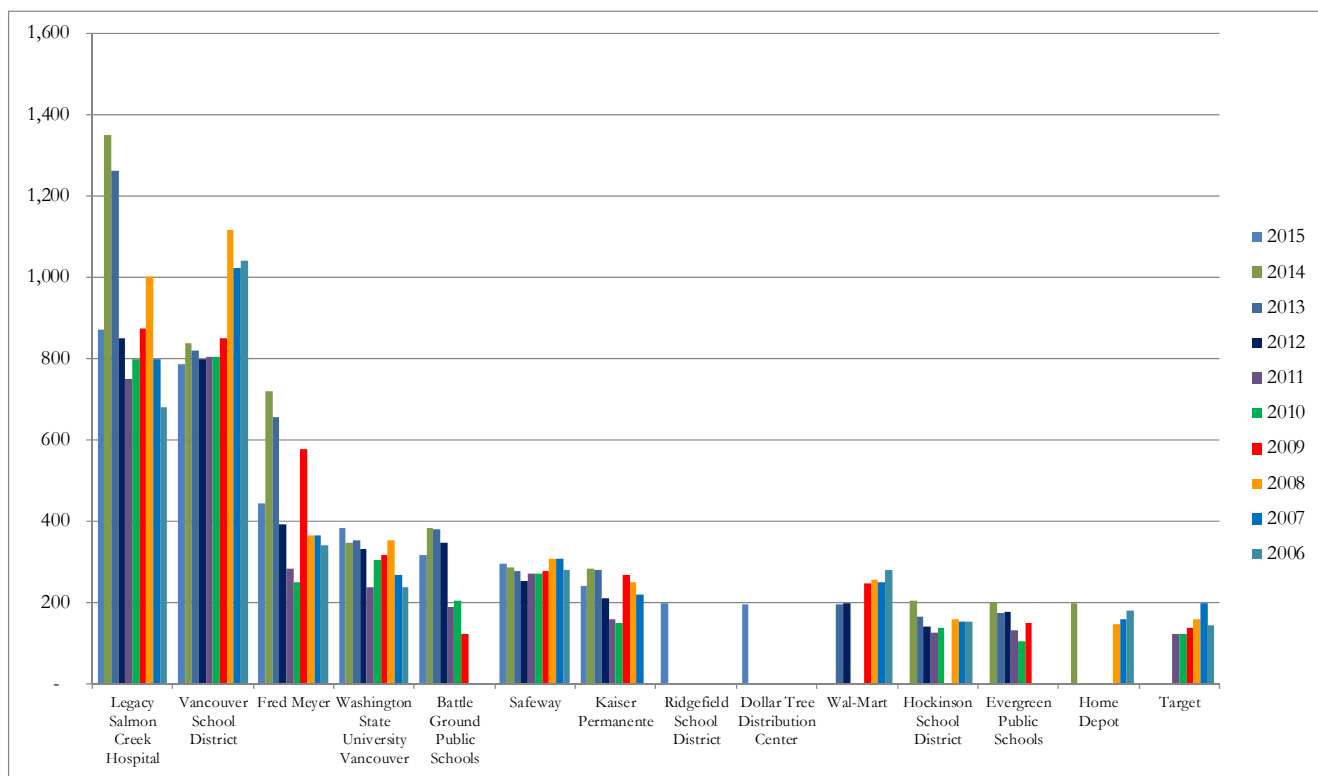
\*\*\* Federal Reserve Economic Data

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

# CLARK REGIONAL WASTEWATER DISTRICT EMPLOYEES FOR TEN PRINCIPAL EMPLOYERS LAST TEN FISCAL YEARS

Schedule 11

Customer	Number of Employees									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Legacy Salmon Creek Hospital	1,460	1,349	1,263	850	749	800	874	1,000	800	681
Vancouver School District	872	839	819	798	804	804	851	1,117	1,023	1,042
Fred Meyer	785	720	655	394	283	251	579	365	365	340
Washington State University Vancouver	443	346	353	333	238	304	318	355	268	238
Battle Ground Public Schools	383	385	380	348	191	205	122	-	-	-
Safeway	316	287	277	255	271	272	278	308	308	280
Kaiser Permanente	295	283	281	210	160	150	270	250	220	-
Ridgefield School District	241	-	-	-	-	-	-	-	-	-
Dollar Tree Distribution Center	200	-	-	-	-	-	-	-	-	-
Wal-Mart	197	-	196	200	-	-	249	258	250	280
Hockinson School District	-	206	167	142	126	140	-	159	155	155
Evergreen Public Schools	-	201	174	178	133	105	152	-	-	-
Home Depot	-	200	-	-	-	-	-	148	160	181
Target	-	-	-	-	122	122	140	160	200	145
Total	5,192	4,816	4,565	3,708	3,077	3,153	3,833	4,120	3,749	3,342



Notes:

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.



**CLARK REGIONAL WASTEWATER DISTRICT  
CUSTOMER ACCOUNTS BY TYPE  
LAST TEN FISCAL YEARS**

**Schedule 12**

<u>Fiscal Year</u>	<u>Residential</u>	<u>Multi-Family</u>	<u>Commercial</u>	<u>Schools</u>	<u>Total</u>
2006	22,031	215	1,050	32	23,328
2007	22,768	244	1,125	31	24,168
2008	22,931	247	1,135	31	24,344
2009	23,202	216	1,107	34	24,559
2010	23,539	216	1,084	35	24,874
2011	23,732	215	1,073	35	25,055
2012	24,044	219	1,137	36	25,436
2013	24,617	217	1,161	36	26,031
2014	26,989	251	1,204	39	28,483
2015	29,962	254	1,371	39	31,626

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

**Schedule 13**

Customer	2015			2006		
	Sewer Revenues	Rank	Percentage of Total Sewer Revenues	Sewer Revenues	Rank	Percentage of Total Sewer Revenues
Vancouver Public Schools	\$ 137,129	1	0.78%	\$ 166,175	1	1.24%
Salmon Creek Estate Condominiums	125,208	2	0.72%	115,056	2	0.86%
Highland Hills Apartments	114,508	3	0.65%	105,223	3	0.79%
Prairie View Association	100,788	4	0.58%	92,616	4	0.69%
Parklane Apartments	92,796	5	0.53%	85,272	5	0.64%
Reflections at the Park*	87,246	6	0.50%	-	-	-
Bridge Creek Apartments**	75,036	7	0.43%	68,952	6	0.52%
Crystal Creek Apartments	73,704	8	0.42%	67,728	7	0.51%
North Glen Villas	72,194	9	0.41%	-	-	-
Willow Pointe Apartments	68,820	10	0.39%	63,240	8	0.47%
Solarworld USA	-		-	59,835	9	0.45%
Edgetree Homeowners Association	-		-	56,304	10	0.42%
Subtotal (ten largest)	947,429		5.41%	880,401		6.59%
Balance from other customers	16,537,739		94.59%	12,499,269		93.41%
Total	\$ 17,485,168		100.00%	\$ 13,379,670		100.00%

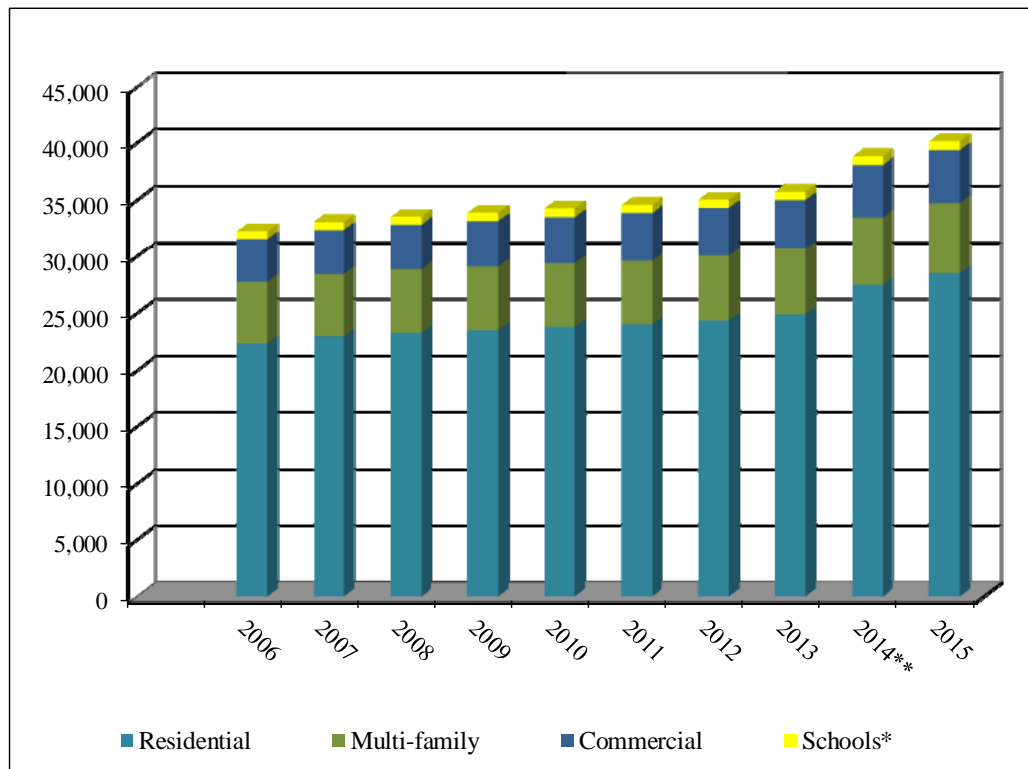
\* Formerly Prairie Park Apartments

\*\* Formerly Discovery Park Apartments

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

**Schedule 14**

Fiscal Year	Residential	Multi-family	Commercial	Schools*	Total
2006	22,330	5,379	3,826	691	32,226
2007	22,925	5,472	3,938	677	33,012
2008	23,238	5,576	3,988	707	33,509
2009	23,473	5,578	4,062	736	33,848
2010	23,757	5,578	4,106	781	34,222
2011	23,996	5,578	4,255	714	34,543
2012	24,307	5,709	4,265	717	34,998
2013	24,839	5,792	4,325	717	35,673
2014**	27,432	6,000	4,582	777	38,791
2015	28,453	6,234	4,625	777	40,089



**Notes:**

The District tracks its customer base by Equivalent Residential Unit (ERU). An ERU is 290 gallons per day per single-family dwelling. Local census data provides that about 2.9 people live in a single-family dwelling. Engineering studies have depicted that a person uses approximately 100 gallons per day.

\* Elementary, middle and high schools are billed at a 32 students per ERU rate calculation and colleges are billed at a 10 students per ERU rate calculation.

\*\* In January 2014, the District took over the Ridgefield collection system which increased District ERU's by 2,097.

**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
2006	3,475	\$ 1,925	\$ -	\$ -	283	\$ 2,376
2007	3,117	2,289	-	-	277	2,851
2008	3,070	2,184	-	-	265	2,886
2009	3,048	2,206	-	-	266	2,838
2010	3,325	1,988	-	-	269	2,498
2011	3,307	2,048	-	-	266	2,163
2012	3,234	1,036	-	-	269	1,867
2013	2,935	1,349	-	-	254	1,873
2014	3,201	1,237	150	6,315	259	1,940
2015	3,916	1,616	219	4,820	260	1,920

\* The SCTP is owned by the Alliance. Operations transferred from Clark County to the Alliance on January 1, 2015. About 89.1% 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 RFTP, which treats approximately 5.0% 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 average monthly flow. The City of Vancouver treats about 5.9% of the District's flow.

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

**Schedule 16**

	Fiscal Years									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
WASTEWATER TREATMENT										
Miles of sewer lines	607	605	539	534	527	522	522	513	499	494
Number of treatment plants	2	2	1	1	1	1	1	1	1	1
Treatment capacity (MGD)*	15.65	15.65	14.95	14.95	14.95	14.95	14.95	10.3	10.3	10.3
Annual engineering maximum plant capacity (millions of gallons)**	5,712	5,712	5,457	5,457	5,457	5,457	5,457	3,760	3,760	3,760
Amount treated annually (millions of gallons)***	4,135	3,351	2,935	3,234	3,307	3,325	3,048	3,078	3,117	3,475
Unused capacity (millions of gallons)	1,577	2,362	2,522	2,223	2,150	2,132	2,409	682	643	285
Percentage of capacity utilized	72.4%	58.7%	53.8%	59.3%	60.6%	60.9%	55.9%	81.9%	82.9%	92.4%

\* 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.

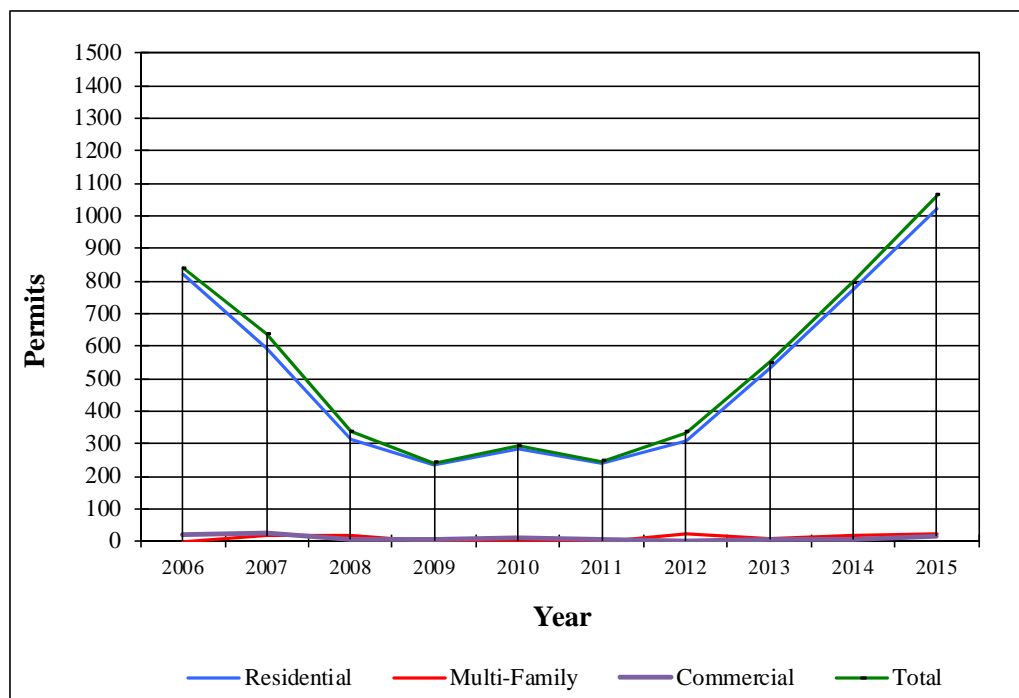
\*\* Maximum monthly flow per Department of Ecology discharge permit to the SCTP and the RFTP. Approximately 89.0% of the District's flows go to the SCTP and 5.0% of its flows go to the RFTP. In addition, the District has an agreement with the City of Vancouver to treat up to 1 million gallons average monthly flow. Currently 6.0% of the District's flows go to the City of Vancouver 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**

Year	Residential	Multi-Family	Commercial	Total
2006	819	0	20	839
2007	595	18	25	638
2008	316	16	6	338
2009	236	0	6	242
2010	283	0	9	292
2011	239	0	6	245
2012	310	21	3	334
2013	531	9	8	548
2014	772	18	5	795
2015	1,021	23	18	1,062



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

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

**Schedule 18**

Year	Central Monthly Service	Ridgefield Monthly Service	Regional Facilities Charge *	General Facilities Charge *	System Development Charge		
					VTP **	SCTP ***	RFTP ****
2006	\$ 34.00	\$ -	\$ 4,444	\$ 1,898	\$ -	\$ -	\$ -
2007	34.00	-	4,444	1,898	-	-	-
2008	34.00	-	4,444	1,898	-	-	-
2009	34.00	-	4,444	1,898	-	-	-
2010	34.00	-	4,444	1,898	-	-	-
2011	34.00	-	4,444	1,898	-	-	-
2012	34.00	-	4,444	1,898	-	-	-
2013	35.00	-	-	-	1,720	4,708	-
2014	36.00	55.00	-	-	1,720	4,708	7,550
2015	37.00	55.80	-	-	1,720	4,708	7,550

**Notes:**

Monthly rates are based upon 290 gallons per day per single-family dwelling.

Increases in monthly rates must be approved by the Board of Commissioners. The above rates and connection charges are the primary sources of revenues for the District. Starting in 2013, the District Board approved rate increases of \$1.00 per month per year through 2016. 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 2012, the District's Regional Facility Charge and General Facility Charge were repealed and replaced with a single System Development Charge (SDC), based on a tiered system, in an effort to support economic development within the District service area. The revenue from this charge will be used for new infrastructure and capital projects.

\*\* Tiered SDC effective January 1, 2013, for all customers served by the District through the Vancouver Treatment Plant (VTP).

\*\*\* Tiered SDC effective January 1, 2013, for all customers served by the District through the Salmon Creek Treatment Plant (SCTP).

\*\*\*\* Tiered SDC effective January 1, 2014, for all customers served by the District through the Ridgefield Treatment Plant (RFTP).

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

**Schedule 19**

Fiscal Year	Notes	Operations	Finance	Administration	Engineering	Total
2006	a.	15	8	3	13	39.0
2007	b.	15	8	3	13.9	39.9
2008	c.	17	8	4.5	13.4	42.9
2009		17	8	4.5	13.4	42.9
2010		17	8	4.5	13.4	42.9
2011	d.	17	8	7	11	43.0
2012	e.	17	10	8.5	11	46.5
2013	f.	19	10	8.5	11	48.5
2014	g.	19	10	9	12	50.0
2015	h.	18	10	10	12	50.0

**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, risk management, human resources and IT network support.  
Engineering staff provides permitting, developer extension agreements, development review and local facilities.

- a. In 2006, Finance added an additional position to assist with UB billing, collections and permitting.
- b. In 2007, Engineering added a part-time employee (0.4 FTE) to assist with filing and Capital Programs. In addition, another part time employee (0.5 FTE) was added to assist with capital construction administration.
- c. In 2008, Maintenance added two Maintenance Specialists to support and enhance the line-cleaning program. Engineering added a new Capital Programs Engineer. Finally, departmental reorganization resulted in staff reallocations by department.
- d. In 2011, the Administrative Assistant I position was transferred from Engineering to Administration and increased from 0.4 FTE to 0.5 FTE. In addition, an Administrative Assistant III position was transferred from Engineering to Administration.
- e. In 2012, An Administrative Assistant II was added to Administration. In addition, an Administrative Assistant III position was increased from .5 FTE to 1 FTE. Finance added a Senior Accountant and a Customer Service Supervisor.
- f. In 2013, Maintenance added two additional Maintenance Specialists to support the additional work that will be created by adding Ridgefield to the District's service area.
- g. In 2014, Engineering added a Senior Project Manager and Administration added an additional Administrative Assistant III position at 1 FTE and eliminated the Administrative Assistant I position at 0.5 FTE.
- h. In 2015, one Maintenance Support Specialist position was shifted to the Administrative Department and is now titled Administrative Assistant III.

This data is summarized from the Board adopted organizational chart presented in the introduction of each years' CAFR. In this schedule we further summarize the changes in the organizational charts presented within the introduction of the CAFR from year to year.