



CLARK REGIONAL WASTEWATER DISTRICT

VANCOUVER, WASHINGTON



**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2017**

CLARK REGIONAL WASTEWATER DISTRICT

Vancouver, Washington

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2017

**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

John “Denny” Kiggins
Norm Harker
L. Neil Kimsey

President
Vice President
Secretary



www.crwwd.com

**CLARK REGIONAL WASTEWATER DISTRICT
VANCOUVER, WASHINGTON**

COMPREHENSIVE ANNUAL FINANCIAL REPORT

TABLE OF CONTENTS

For the fiscal year ended December 31, 2017

	PAGES
INTRODUCTION	
Letter of Transmittal	1-6
Organizational Chart	7
Directory of Officials	8
GFOA Certificate of Achievement	9
FINANCIAL SECTION	
State Auditor's Office opinion	11-13
Management's discussion and analysis	15-20
Basic financial statements	
Statement of net position	22-23
Statement of revenues, expenses and changes in fund net position	24
Statement of cash flows	25-26
Notes to financial statements	27-55
Required supplementary information	
Schedule of funding progress - retiree medical benefits	56
Schedule of proportionate share of the net pension liability	57-58
Schedule of employer contributions	59-60
Notes to required supplementary information - pension	61
STATISTICAL SECTION	
Description of statistical section	63
Schedule 1 - Net position - last ten fiscal years	64
Schedule 2 - Changes in net position - last ten fiscal years	65
Schedule 3 - Revenues by source - last ten fiscal years	66
Schedule 4 - Expenses by use - last ten fiscal years	67
Schedule 5 - Non-operating revenues and expenses - last ten fiscal years	68
Schedule 6 - Capital contributions by source - last ten fiscal years	69
Schedule 7 - Outstanding debt by type - last ten fiscal years	70
Schedule 8 - Bond coverage ratio - last ten fiscal years	71
Schedule 9 - Operating expense and debt principle coverage - last ten fiscal years	72
Schedule 10 - Demographic statistics - last ten fiscal years	73
Schedule 11 - Employees for ten principal employers - current and nine fiscal years ago	74
Schedule 12 - Customer accounts by type - last ten fiscal years	75
Schedule 13 - Ten largest customers - current and nine fiscal years ago	76
Schedule 14 - Equivalent residential units - last ten fiscal years	77
Schedule 15 - Wastewater treated - last ten fiscal years	78
Schedule 16 - Operating and capital indicators - last ten fiscal years	79
Schedule 17 - Construction sewer permits - last ten fiscal years	80
Schedule 18 - Service and connection charges - last ten fiscal years	81
Schedule 19 - District employees by function - last ten fiscal years	82



May 3, 2018

President Kiggins 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, 2017. 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, 2017, and the results of operations and cash flows for the year ending December 31, 2017.

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 Office of Management and Budget's (OMB) *Uniform Administrative Requirements, Cost Principles,*

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

Although the District is not required by state statute or administrative rule to formally adopt a budget, the Board of Commissioners (Board) formally adopts an annual budget as a financial plan and to use as a budgetary control for District expenses. The budget process starts with the submission of budget decision packages, which are reviewed by Management and brought to the Board for consideration at a budget workshop. Finance staff prepares a 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 32,000 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-four (54) 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 680 miles of sewer mainlines and laterals and 69 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 852 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 eleven (11), 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 eleven (11), 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 32,000 District utility accounts in 2017. The Finance department continues to streamline and upgrade its internal processes to promote greater efficiencies and provide excellent customer service. The department answered approximately 32,000 phone calls from customers, mailed over 175,000 customer bills, e-mailed over 28,000 e-bills and assisted about 1,200 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 fourteen (14), 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 2017 and anticipates these benefits to continue in 2018. At the end of 2017, the unemployment rate in Clark County was 5.0%, compared to the 5.9% rate at the end of 2016. In addition, the state and national average unemployment rates were 4.9% and 3.9%, respectively, as of December 2017, both less than the

5.3% and 4.5% rates reported in December 2016. Over the year, Washington personal income grew 4.6%, easily surpassing the 2.6% national rate.

Private-sector and public-sector employment in the State increased 3.1% and 2.0%, respectively, in 2017. All thirteen major industries saw growth from December 2016 to December 2017. The top three industry sectors with the largest employment gains in 2017 are:

- Professional and business services
- Construction
- Education and health services

District sewer permits issued for new connections reflected the continued economic recovery, with significant increases in sewer permits issued since 2016. New construction connections to the public sewer system increased by 168 or 12.9% in 2017 from 2016, with a total of 1,463 permits issued in 2017 (see Schedule 17 for details). Construction projects in the District service area that required new sewer services from 2015 through 2017 were as follows:

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Construction Projects:			
New subdivisions	25	40	15
New single family lots	1108	1437	784
Commercial developments	11	8	7
Commercial equivalent residential units	32	13	2
Apartment units	328	109	244

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 currently in the process of updating its Comprehensive General Sewer Plan. The plan is scheduled to be complete and adopted in 2018. It is reviewed every six years in conjunction with Clark County's Comprehensive Plan Update which was most recently completed in 2016. The District is developing a plan for the future expansion of the wastewater system throughout the approximate forty-six square-mile service territory, which now includes approximately nine square-miles of new service territory in Ridgefield, effective January 1, 2014. The plan is based upon current adopted land use planning assumptions and population and demographic projections. It includes forecasting construction and financing of infrastructure needs to provide new service, as well as the restoration and replacement of existing infrastructure for the 20-year planning horizon.

Since the District has no taxing authority, it must rely solely on revenues from monthly sewer service and connection charges. Monthly sewer service charges fund operations and the costs for collection, transportation and treatment of wastewater. The base monthly service rate was unchanged in 2017. 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, 2016. This was the twenty-ninth (29) 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. As of December 31, 2016, it has been thirty-six (36) 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

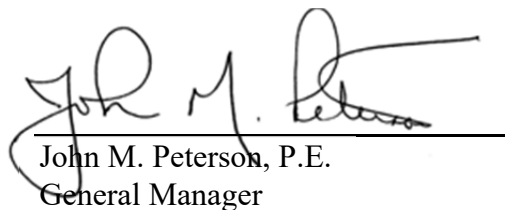
This report was made possible by the staff of the Finance department, the (Washington) Water and Sewer Risk Management Pool, the Washington Department of Retirement Systems (DRS) and all other departments of the District. Each member of the District, the President, Commissioners, General Manager and 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.

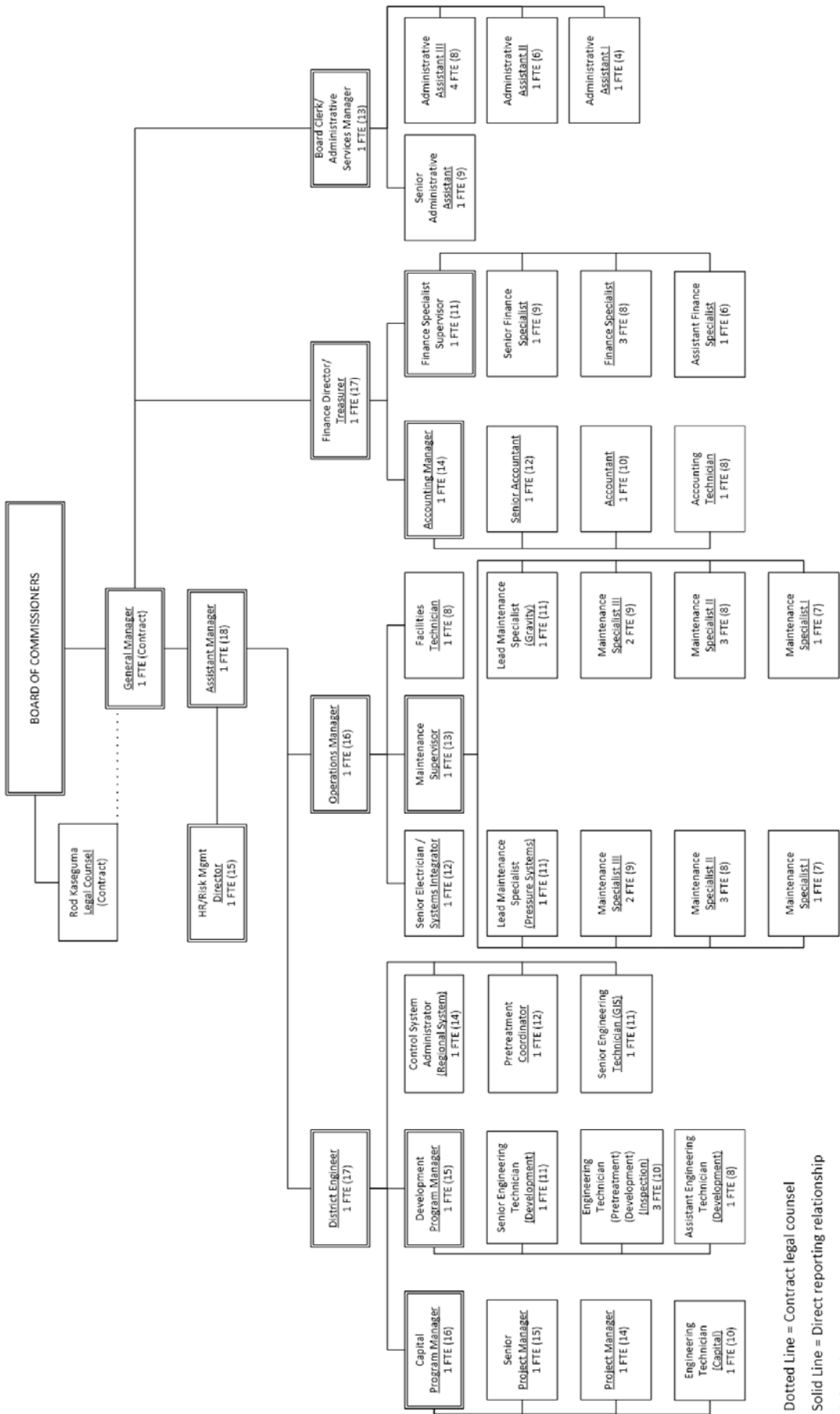
Respectfully submitted,



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 FTE: 54

**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 2017

<u>Position</u>	<u>Elected Official</u>	<u>Term Expiration</u>
President	John “Denny” Kiggins	December 2023
Vice President	Norm Harker	December 2021
Secretary	L. Neil Kimsey	December 2019

APPOINTIVE

<u>Position</u>	<u>Appointed Employee</u>
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, 2016

Christopher P. Morill

Executive Director/CEO

This page left intentionally blank.



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

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

May 3, 2018

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, 2017, 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, as of December 31, 2017, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information listed in the table of contents 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

Our audit was conducted for the sole purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements as a whole. The Introduction and Statistical Section are 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 3, 2018, 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,

A handwritten signature in black ink that reads "Pat McCarthy". The signature is written in a cursive, flowing style.

Pat McCarthy

State Auditor

Olympia, WA

This page left intentionally blank.

**CLARK REGIONAL WASTEWATER DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2017**

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, 2017. 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 27-55.

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

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

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

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

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

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

**CLARK REGIONAL WASTEWATER DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2017**

Financial Highlights

- The District had a total net position of \$198,967,117 at December 31, 2017. Of this amount, \$35,103,924 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, 2017 for debt service reserve.
- The District's change in net position was \$7,251,574 for 2017. The 2017 increase is primarily a result of capital contributions from developers and connection charges totaling \$15,890,237. Additionally, the District has recorded a prior period adjustment increasing beginning net position by \$2,088,548, leading to a total change in net position from 2016 to 2017 of \$9,340,122 (see Note 12 for further details).
- In 2017, the District made regular principal payments on its outstanding sewer revenue bonds of \$535,741 and PWTF loans of \$1,225,162.

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

December 31	2017	2016	2017 to 2016 Change	%
<i>Assets</i>				
Current and other assets	\$ 45,633,049	\$ 43,253,905	\$ 2,379,144	5.5%
Capital assets (net of depreciation) and construction work in progress	183,368,605	179,865,064	3,503,541	1.9%
Total assets	229,001,654	223,118,969	5,882,685	
Deferred Outflows	401,171	634,345	(233,174)	-36.8%
<i>Liabilities</i>				
Long-term liabilities	24,268,405	26,867,336	(2,598,931)	-9.7%
Other liabilities	5,619,551	7,194,661	(1,575,110)	-21.9%
Total liabilities	29,887,956	34,061,997	(4,174,041)	
Deferred Inflows	547,752	64,322	483,430	751.6%
<i>Net position</i>				
Net investment in capital assets	163,321,428	158,056,983	5,264,445	3.3%
Restricted - debt service reserve	541,765	541,765	-	0.0%
Unrestricted	35,103,924	31,028,247	4,075,677	13.1%
Total net position	\$ 198,967,117	\$ 189,626,995	\$ 9,340,122	

- Current and other assets increased in 2017 by \$2,379,144 or 5.5% due primarily to an increase of cash reserves.

**CLARK REGIONAL WASTEWATER DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2017**

- Other liabilities decreased in 2017 by \$1,575,110 or 21.9% due to fewer outstanding warrants payable at December 31, 2017.
- Deferred outflows and deferred inflows of resources fluctuate annually due to the change in proportionate share of state-calculated pension deferred outflows and inflows.

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, 2017, were \$183.4 million. This increase of \$3.5 million or 1.9% from 2016 is due to several major capital assets events during the fiscal year, including the following:

- In 2017, donated capital assets from developers totaled \$7,093,412.
- During 2017, the District placed \$6.9 million of construction work in progress into service as infrastructure projects were completed.
- For further explanations of the capital asset activity of the District, please refer to Note 3, Capital Assets, page 33.

Long-Term Liabilities

- During 2017, the District decreased its loan liabilities by a total of \$1,225,162. This decrease was solely driven by regular principal payments on outstanding loans.
- On November 28, 2012, the District issued \$5,417,645 in sewer revenue bonds. The outstanding balance owed at year end 2017 is \$2,842,917.
- Loans payable of \$17,204,261 at year end include the following:
 - \$671,869 on the PWTF loan for the Gee Creek Trunk Sewer T7 line transferred from the City of Ridgefield on January 1, 2014.
 - \$16,532,392 in PWTF loans for the DCWTS project.
- Please refer to the Long-Term Liabilities, Note 2, pages 30-32, for more detailed information regarding long-term debt activity.

**CLARK REGIONAL WASTEWATER DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2017**

Revenues, Expenses and Changes in Net Position

	2017	2016	2017 to 2016 Change	%
Revenues				
Operating revenue				
Charges for services	\$ 19,443,672	\$ 18,691,943	\$ 751,729	4.0%
Permits	173,785	150,445	23,340	15.5%
Miscellaneous	645,946	541,129	104,817	19.4%
Non-operating revenue				
Interest and investment income	301,509	339,891	(38,382)	-11.3%
Other non-operating revenue	785,426	872,136	(86,710)	-9.9%
Gain on disposal of asset		5,999	(5,999)	-100.0%
Total revenues	<u>21,350,338</u>	<u>20,601,543</u>	<u>748,795</u>	
Expenses				
Operating expenses	28,405,062	29,062,822	(657,760)	-2.3%
Non-operating expenses				
Other non-operating expenses	394,473	300,287	94,186	31.4%
Loss on disposal of asset	1,033,913	-	1,033,913	
Interest expense	155,553	172,641	(17,088)	-9.9%
Total expenses	<u>29,989,001</u>	<u>29,535,750</u>	<u>453,251</u>	
EXCESS (DEFICIENCY) BEFORE CONTRIBUTIONS	<u>(8,638,663)</u>	<u>(8,934,207)</u>	<u>295,544</u>	-3.3%
CAPITAL CONTRIBUTIONS	<u>15,890,237</u>	<u>14,711,919</u>	<u>1,178,318</u>	8.0%
CHANGE IN NET POSITION	<u>7,251,574</u>	<u>5,777,712</u>	<u>1,473,862</u>	25.5%
NET POSITION, January 1	189,626,995	184,651,293	4,975,702	2.7%
PRIOR PERIOD ADJUSTMENT	<u>2,088,548</u>	<u>(802,010)</u>	<u>2,890,558</u>	-360.4%
NET POSITION, December 31	<u>\$ 198,967,117</u>	<u>\$ 189,626,995</u>	<u>\$ 9,340,122</u>	

- Service revenues increased in 2017 by \$751,729 or 4.0% due primarily to an increase in number of connections to sewer service. Miscellaneous revenues increased by 19.4% over 2016, to \$645,946. This increase was primarily due to increased development activity in the District service area in 2017.
- Actual Equivalent Residential Unit (ERU) growth was 1,802 and 1,418 ERUs for 2017 and 2016, respectively. The District saw a revenue increase of 15.5% in permit fees for 2017 compared to 2016, driven by continued increased development in the District's service area.
- Interest and investment income in 2017 decreased by 11.3% from 2016. The primary factor for the decrease was an unrealized loss on investments of \$125,202 due to rising interest rates. The District continues to actively manage and diversify its investments outside of the State and County pools to maximize interest earnings.
- Other non-operating revenue decreased by \$86,710 or 9.9% in 2017. This decrease was primarily driven by the receipt of a Federal Emergency Management Agency (FEMA) grant of \$227,875 received for inclement weather-related repairs on District pump stations in 2016 that did not occur in 2017.

**CLARK REGIONAL WASTEWATER DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2017**

- 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 2017 totaled \$8,618,681 compared to \$7,583,679 in 2016. These charges per connection did not change in 2017 from 2016. 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 \$7,093,412 in 2017 compared to \$7,015,528 in 2016. This 1.1% increase is a result of sustained development activity within the District's service area.
- The District had a loss on disposal of capital assets of \$1,033,913 in 2017. This loss is comprised predominantly of a loss on the replacement of the Glenwood pump station prior to the end of its useful life. The District installed larger pumps and made electrical upgrades in order to meet capacity needs of the area.
- Operating expenses for 2017 decreased over 2016 by \$0.7 million or 2.3%. The main drivers for this decrease are:
 - Treatment contract services are the largest category of operating expenses. It increased \$322,355 or 3.6%, mainly due to increased rates due to the Alliance as it expands operations.
 - Labor costs reflect an increase of \$225,082 due to annual salary merit and cost of living increases. Related benefit costs decreased by \$106,168 for 2017 primarily due to a reduction in 2017 pension expense related to the change in net pension liability.
 - Repairs and maintenance expense decreased to \$836,065 in 2017 (a decrease of \$2,443,697 or 74.5%) due to the application of a new capital assets policy, adopted in 2017, which more clearly defines capital assets as opposed to repair and maintenance projects that should be expensed.

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

**CLARK REGIONAL WASTEWATER DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2017**

Creek and Ridgefield wastewater treatment plants. Customer utility payments provide the necessary annual cash flow to cover operating activities and partially support capital needs of the District.

Economic Factors and Next Year's Budget and Rates

The District's economic condition improved during 2017. Unrestricted net position increased by \$4 million or 13.1% from 2016. Unrestricted cash and investments increased by \$2.2 million or 5.6%. These improvements are due largely to the District's customer base growing by 5% from 30,599 customer accounts in 2016 to 32,139 in 2017 and an increase of \$1.2 million in capital contributions from development related activity.

The following economic factors currently affect the District and were considered in developing the 2018 fiscal year budget:

- Service charges remain unchanged.
- Capital spending on existing infrastructure is driven by the results of a criticality assessment performed by the District during 2017.
- Increases in inflation and interest rates are expected during 2018.
- On the expenditures side, increases are expected in health insurance premiums, as well as pension and other employee benefit costs.
- The District continues to purchase a pooled group liability insurance policy to protect itself from unforeseen losses in excess of the member deductible.
- Total Equivalent Residential Units (ERUs) are anticipated to increase by 1,460, or 3.1% in 2018.

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
2017
FINANCIAL STATEMENTS

CLARK REGIONAL WASTEWATER DISTRICT
STATEMENT OF NET POSITION
DECEMBER 31, 2017

	<u>2017</u>
ASSETS	
Current Assets:	
Cash and cash equivalents	\$ 21,961,593
Investments (at fair value)	9,986,140
Receivables	
Customer accounts	1,737,922
Contracts (current and delinquent)	68,688
Interest	80,148
Due from other governments	802,303
Prepaid expenses	<u>240,075</u>
Total current assets	<u>34,876,869</u>
Noncurrent Assets:	
Investments (at fair value)	9,906,870
Restricted cash and cash equivalents	541,765
Contracts receivable	307,545
Capital assets not being depreciated:	
Land and land rights	578,745
Construction work in progress	<u>6,208,347</u>
Total capital assets not being depreciated	<u>6,787,092</u>
Capital assets being depreciated:	
Buildings	3,822,689
Infrastructure	195,381,901
Equipment	3,494,313
Less: accumulated depreciation	<u>(50,218,948)</u>
Total capital assets being depreciated	152,479,955
Capital assets being amortized:	
Intangible assets, including future treatment capacity rights	85,763,587
Less: accumulated amortization	<u>(61,662,029)</u>
Total capital assets being amortized	<u>24,101,558</u>
Total noncurrent assets	<u>194,124,785</u>
TOTAL ASSETS	229,001,654
DEFERRED OUTFLOWS of RESOURCES	
Amounts deferred for pensions	<u>401,171</u>
TOTAL DEFERRED OUTFLOWS of RESOURCES	<u>\$ 401,171</u>

Continued on next page

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

**CLARK REGIONAL WASTEWATER DISTRICT
STATEMENT OF NET POSITION
DECEMBER 31, 2017**

Continued from previous page

	<u>2017</u>
LIABILITIES	
Current Liabilities:	
Warrants payable	\$ 2,520,442
Accounts payable	544,892
Interest payable	56,270
Revenue collected in advance	400,245
System development charge (SDC) credits	75,500
Construction deposits	206,008
Compensated absences	44,630
Loans payable	1,225,162
Sewer revenue bonds	546,402
Total current liabilities	<u>5,619,551</u>
Noncurrent Liabilities:	
Compensated absences	451,262
System development charge (SDC) credits	1,532,910
Loans payable	15,979,099
Sewer revenue bonds	2,296,514
Net pension liability	2,509,400
Other postemployment benefits (OPEB)	1,499,220
Total noncurrent liabilities	<u>24,268,405</u>
TOTAL LIABILITIES	<u>29,887,956</u>
DEFERRED INFLOWS of RESOURCES	
Amounts deferred for pensions	<u>547,752</u>
TOTAL DEFERRED INFLOWS of RESOURCES	<u>547,752</u>
NET POSITION	
Net investment in capital assets	163,321,428
Restricted - debt service reserve	541,765
Unrestricted	<u>35,103,924</u>
TOTAL NET POSITON	<u><u>\$ 198,967,117</u></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, 2017**

	2017
OPERATING REVENUES	
Charges for services	\$ 19,443,672
Permits	173,785
Other operating revenue	645,946
Total operating revenues	<u>20,263,403</u>
OPERATING EXPENSES	
Salaries and wages	3,936,017
Personnel benefits	1,603,398
Supplies	510,830
Professional services	379,085
Insurance	161,388
Repairs and maintenance	836,065
Treatment contract services	9,198,767
Taxes	491,254
Other operating expense	1,250,789
Depreciation and amortization	10,037,469
Total operating expenses	<u>28,405,062</u>
Operating income (loss)	<u>(8,141,659)</u>
NON-OPERATING REVENUES (EXPENSES)	
Interest and investment revenue	301,509
Other non-operating revenue	785,426
Gain/loss on disposal of capital assets	(1,033,913)
Interest expense	(155,553)
Other non-operating expense	(394,473)
Total non-operating revenue (expenses)	<u>(497,004)</u>
Income before contributions	(8,638,663)
CAPITAL CONTRIBUTIONS	<u>15,890,237</u>
Change in net position	7,251,574
TOTAL NET POSITION, January 1	189,626,995
Prior period adjustment	<u>2,088,548</u>
TOTAL NET POSITION, December 31	<u><u>\$ 198,967,117</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, 2017**

	<u>2017</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers and users	\$ 20,324,659
Payments to suppliers	(12,484,585)
Payments to employees	(5,552,535)
Payments for taxes	(433,486)
Other reimbursements	(361,353)
Other revenues	<u>500,328</u>
Net cash from operating activities	<u>1,993,028</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Receipts for future system improvements	8,859,779
Proceeds from sale of capital assets	148,795
Principal paid on long-term debt	(1,760,903)
Interest paid on long-term debt	(160,186)
Acquisition and construction of capital assets	<u>(7,116,454)</u>
Net cash from capital and related financing	<u>(28,969)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of investments	(10,000,217)
Proceeds from maturing or called investments	9,958,624
Interest on investments	367,933
Interest on contracts	<u>15,819</u>
Net cash from investing activities	<u>342,159</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	2,306,218
CASH AND CASH EQUIVALENTS, January 1	<u>20,197,140</u>
CASH AND CASH EQUIVALENTS, December 31	<u>\$ 22,503,358</u>
Cash and cash equivalents	21,961,593
Restricted cash and cash equivalents	<u>541,765</u>
CASH AND CASH EQUIVALENTS, December 31	<u>\$ 22,503,358</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, 2017**

	<u>2017</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH FROM	
OPERATING ACTIVITIES	
Utility operating income (loss)	\$(8,141,659)
Adjustments to reconcile operating income to net from operating activities	
Depreciation and amortization expense	10,037,469
(Increase) decrease in accounts receivable	(93,453)
(Increase) decrease in due from other governments	(92,215)
(Increase) decrease in prepaid expenses	7,356
(Increase) decrease in deferred outflows	233,174
Increase (decrease) in warrants payable	(43,764)
Increase (decrease) in accounts payable	72,769
Increase (decrease) in accrued employee benefits	236,101
Increase (decrease) in revenue collected in advance	(38,174)
Increase (decrease) in pension obligation (net)	(1,058,959)
Increase (decrease) in deferred inflows	483,430
Non-operating expenses	(394,473)
Non-operating revenues	785,426
Total adjustments	<u>10,134,687</u>
Net cash from operating activities	<u><u>\$ 1,993,028</u></u>
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES	
Contributions of capital assets from developers or governments	7,093,412
Increase (decrease) in fair value of investments	(125,202)
Issuance (receipt) of capital contract receivable	99,585
Change in capital related accounts payable	(1,575,069)
Gain (loss) on sale or disposition of capital assets	(1,182,708)

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

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

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

Reporting Entity – The Hazel Dell Sewer District (District) was incorporated on May 22, 1958, and operates under the laws of the state of Washington applicable to Special Purpose Districts in order to provide sanitary sewers in the collection, transport and treatment of wastewater within its legal boundaries. The District changed its legal name to Clark Regional Wastewater District effective January 1, 2006. 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.

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

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

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

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

Deposits and Investments – For the purposes of the Statements of Net Position and Cash Flows, the District considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. All amounts held in the Local Government Investment Pool (LGIP) and Clark County Investment Pool (CCIP) accounts are considered to be cash equivalents. Investments purchased with an original maturity of more than three months are classified as investments. See Note 4 on pages 34 through 37 for detailed information about the District's deposits and investments.

Investments – Certain investments are reported at fair value in accordance with GASB Statement No. 72, *Fair Value Measurement and Application*, on quoted market prices for securities purchased by the

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

District. All investments held have readily available market prices. The change in fair value is reported in the Statement of Revenues, Expenses and Changes in Net Position as an increase or decrease to investment assets and investment income. Realized gains or losses on the maturity or disposition of securities are not separately disclosed. Likewise, some investments are reported at amortized cost. See Note 4 on pages 34 through 37 for detailed information about the District's investments.

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

Contracts receivables are related to construction costs, as well as any applicable financing costs corresponding to such sanitary sewer construction for a particular property or group of properties. Contracts are provided under state statutes and direct the process in which the District extends sanitary sewer services to properties. Contracts are recorded as an enforceable lien on the property when they are levied. These receivables consist of current, delinquent and deferred billed principal with related interest and penalties. As of December 31, 2017, delinquent contract receivables were \$21,500.

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.

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

Restricted Assets – The District maintains reserves for debt service. Reserves set aside for the repayment of revenue bonds are classified as restricted assets on the Statement of Net Position because their use is limited by applicable bond covenants. Specific debt service reserve requirements are described in Note 2, Long-Term Liabilities (pages 30-32).

Capital Assets – Capital assets, which include property, plant, equipment and infrastructure assets (e.g. collection and transmission system and pumping stations), are reported at historical cost. Capital assets are defined by the District as assets with an initial cost of more than \$5,000 and a useful life of more than one year. Donated capital assets are recorded at acquisition value at the date of donation.

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

In 2017, the District began to use group depreciation for its collection and transmission system, where previously the collection and transmission system was depreciated using the straight-line method. Sewer pipe is grouped by size and depreciated as a whole. Property, plant and equipment of the District is depreciated using the straight-line method over the following estimated useful lives:

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

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

See Note 3 on page 33 for detailed information about the District's capital assets.

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

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

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

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 \$495,892 at December 31, 2017.

Long-Term Debt – See Note 2, Long-Term Liabilities (pages 30-32) for detailed information about the District's long-term debt.

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 6 – Pension Plans, pages 41 through 48.

Note 2 – 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 2017 totaled \$600,000 (\$535,742 principal and \$64,258 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	
2018	\$ 546,402	\$ 53,598	\$ 600,000
2019	557,274	42,726	600,000
2020	568,362	31,638	600,000
2021	579,672	20,328	600,000
2022	591,206	8,794	600,000
Total	<u>\$ 2,842,916</u>	<u>\$ 157,084</u>	<u>\$ 3,000,000</u>

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, 2017, \$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, 2017 were met.

The Tax Recovery Act of 1986 established regulations for rebate of arbitrage earning to the federal government on certain local government bonds. Issuing governments must calculate and remit annually any rebate due at least every five years. The District has a cumulative negative rebate amount for its bonds. No liability was recorded at December 31, 2017.

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 three loans to the District through December 31, 2017. 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:

- 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 2 – Long-Term Liabilities (Continued)

- Discovery Corridor Wastewater Transmission System was completed in 2016. The District and the City of Ridgefield were each directly approved for \$10,000,000 loans. The total \$20,000,000 of approved loans funded 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, 2017, the District is fully drawn on both the loan directly issued to the District and the loan transferred from Ridgefield.

Below is a schedule of loans containing a description of each loan, its use, and outstanding balance as of December 31, 2017:

Public Works Trust Fund Loans	Loan Number	Notice of Completion	Approved Loan Amount	Balance	Interest Rate
Gee Creek Trunk Sewer	PW-05-691-047	February 2008	\$ 1,597,606	\$ 671,869	1.0%
Discovery Corridor Wastewater Transmission System	PC-12-951-034	March 2017	10,000,000	8,194,050	0.5%
Discovery Corridor Wastewater Transmission System	PC-13-961-040	March 2017	10,000,000	<u>8,338,342</u>	0.5%
				<u>\$17,204,261</u>	

For 2017, the District paid \$1,321,089 (\$1,225,162 principal and \$95,927 interest) on the PWTF loans the District is carrying an outstanding balance on as of December 31, 2017.

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

State of Washington - Public Works Trust Fund Loans							
Year	Gee Creek Trunk Sewer		DCWTS*		Total		
	Principal	Interest	Principal	Interest	Principal	Interest	Payments
2018	\$ 83,983	\$ 6,719	\$ 1,141,179	\$ 82,662	\$ 1,225,162	\$ 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	83,984	4,199	1,141,179	65,544	1,225,163	69,743	1,294,906
2022	83,984	3,359	1,141,179	59,838	1,225,163	63,197	1,288,360
2023-2027	251,950	5,039	5,705,894	213,604	5,957,844	218,643	6,176,487
2028-2032	-	-	5,120,603	70,956	5,120,603	70,956	5,191,559
Total	<u>\$ 671,869</u>	<u>\$ 30,234</u>	<u>\$ 16,532,392</u>	<u>\$ 640,811</u>	<u>\$ 17,204,261</u>	<u>\$ 671,045</u>	<u>\$ 17,875,306</u>

* Discovery Corridor Wastewater Transmission System

Note 2 – Long-Term Liabilities (Continued)

Changes in long-term liabilities as a summary for the year ended December 31, 2017:

	Balance Jan. 1, 2017	Additions	Reductions	Balance Dec. 31, 2017	Due Within One Year
Compensated absences	\$ 445,799	\$ 424,147	\$ 374,054	\$ 495,892	\$ 44,630
Other post employment benefits	1,313,212	186,008	-	1,499,220	-
Pension liability	3,568,359	-	1,058,959	2,509,400	-
SDC credits	1,608,410	-	-	1,608,410	75,500
Loans payable	18,429,423	-	1,225,162	17,204,261	1,225,162
2012 sewer revenue bonds	3,378,658	-	535,742	2,842,916	546,402
Total long-term liabilities	<u>\$ 28,743,861</u>	<u>\$ 610,155</u>	<u>\$ 3,193,917</u>	<u>\$26,160,099</u>	<u>\$1,891,694</u>

Note 3 – Capital Assets

The District records 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 2017, the District incurred \$6,072,981 in CWIP project costs (i.e. pump stations, pump station improvements, and force mains) of which \$1,259,961 was for the construction of the Royle Road pump station. The District transferred \$6,890,386 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 net value at December 31, 2017 of \$24,101,558.

Capital assets activity for the year ended December 31, 2017, is as follows:

	Balance Jan. 1, 2017	Prior period adjustment*	Balance Jan. 1, 2017**	Additions & Transfers	Retirements & Transfers	Balance Dec. 31, 2017
CAPITAL ASSETS - NONDEPRECIABLE:						
Land and land rights	\$ 753,751	\$ -	\$ 753,751	\$ -	\$ 175,006	\$ 578,745
Construction work-in-progress	4,505,285	2,520,467	7,025,752	6,072,981	6,890,386	6,208,347
Total capital assets - nondepreciable	5,259,036	2,520,467	7,779,503	6,072,981	7,065,392	6,787,092
CAPITAL ASSETS - DEPRECIABLE:						
Collection and transmission system	157,769,571	(480,794)	157,288,777	9,276,901	985,251	165,580,427
Buildings	3,727,071	-	3,727,071	95,618	-	3,822,689
Pumping stations	27,712,485	-	27,712,485	3,797,377	1,708,388	29,801,474
Machinery, furniture and equipment	3,238,602	-	3,238,602	282,306	26,595	3,494,313
Intangible assets, including future treatment capacity rights	85,763,587	-	85,763,587	-	-	85,763,587
Total capital assets - depreciable	278,211,316	(480,794)	277,730,522	13,452,202	2,720,234	288,462,490
LESS ACCUMULATED DEPRECIATION:						
Collection and transmission system	(37,611,867)	48,875	(37,562,992)	(2,715,844)	(1,128,331)	(39,150,505)
Buildings	(1,411,709)	-	(1,411,709)	(82,204)	-	(1,493,913)
Pumping stations	(5,615,781)	-	(5,615,781)	(2,391,810)	(907,400)	(7,100,191)
Machinery, furniture and equipment	(2,348,718)	-	(2,348,718)	(152,214)	(26,593)	(2,474,339)
Intangible assets, including future treatment capacity rights	(56,617,213)	-	(56,617,213)	(5,044,816)	-	(61,662,029)
Total accumulated depreciation	(103,605,288)	48,875	(103,556,413)	(10,386,888)	(2,062,324)	(111,880,977)
Total capital assets - depreciable, Net	174,606,028	(431,919)	174,174,109	3,065,314	657,910	176,581,513
Total capital assets, Net	\$ 179,865,064	\$ 2,088,548	\$ 181,953,612	\$ 9,138,295	\$ 7,723,302	\$ 183,368,605

*See Note 12 (page 56) for further information regarding the prior period adjustment.

**Beginning capital assets balances as of January 1, 2017 do not agree to ending capital asset balance as of December 31, 2016 due to the separation of pumping stations from collection and transmission system into appropriate accounts. Costs of \$12,794,614 and related accumulated depreciation of \$2,754,419 were transferred from collection and transmission system to pumping stations.

Note 4 – Deposits and Investments

The District is legally authorized to invest in the types of investments included in the Revised Code of Washington (RCW) 36.29.020. All of the investments and deposits held at December 31, 2017, comply with the provisions of that code section and with the District's investment policy adopted by Board Resolution. The District's deposits and investments are managed daily by the District Finance Director/Treasurer.

Deposits – Cash on hand at December 31, 2017 was \$3,137,736, held entirely in a checking account and as cash on hand.

Custodial Credit Risk: Custodial credit risk for deposits is the risk that, in the event of a failure of a depository financial institution, the District would not be able to recover deposits or will not be able to recover collateral securities that are in possession of an outside party. The District has an adopted policy that addresses deposit custodial risk; however, the District's deposits and certificates of deposit are mostly covered by federal depository insurance (FDIC) or by collateral held in a multiple financial institution collateral pool administered by the Washington Public Deposit Protection Commission (PDPC) or through the Securities Investor Protection Corporation (SIPC). No bank balances are exposed to custodial credit risk.

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

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

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

Investments are subject to the following risks:

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

Note 4 – Deposits and Investments (Continued)

Investment Type	Fair Value	Investment Maturities (in Years)	
		Less than 1	1 - 5
Clark County Investment Pool	\$ 15,853,494	\$ 15,853,494	\$ -
Federal Farm Credit Bank	987,590	-	987,590
Federal Home Loan Bank	1,978,520	-	1,978,520
U.S. Treasury Notes	9,982,230	8,986,210	996,020
Federal Home Loan Mortgage Corporation	6,944,670	999,930	5,944,740
	<u>\$ 35,746,504</u>	<u>\$ 25,839,634</u>	<u>\$ 9,906,870</u>
Maximum investment by maturity	<u>100%</u>	<u>72%</u>	<u>28%</u>

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

Credit Risk: Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The District's investment policy states 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 2017 had a credit quality rating of AA+ by Standard and Poor's.

Concentration of Credit Risk: Concentration of credit risk is the risk of loss attributable to the magnitude of an investment in a single issuer. The District's investment policy 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.

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

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

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

Note 4 – Deposits and Investments (Continued)

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

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

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

At December 31, 2017, the District had the following recurring fair value measurements:

	Total	Fair Value Measurement Using:		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investment by Fair Value Level				
Clark County Investment Pool	\$ 15,853,494	\$ 15,853,494	\$ -	\$ -
Investment Securities				
Federal Farm Credit Bank	987,590	-	987,590	-
Federal Home Loan Bank	1,978,520	-	1,978,520	-
U.S. Treasury Notes	9,982,230	9,982,230	-	-
Federal Home Loan Mortgage Corporation	6,944,670	-	6,944,670	-
Total Investments measured at fair value	<u>\$ 35,746,504</u>	<u>\$ 25,835,724</u>	<u>\$ 9,910,780</u>	<u>\$ -</u>
Investments Measured at Amortized Cost				
Washington State Local Government Investment Pool	<u>\$ 3,512,128</u>			
Total Investments measured at amortized cost	<u>\$ 3,512,128</u>			

Note 4 – Deposits and Investments (Continued)

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

	2017
Cash on Hand	\$ 1,250
Amount of Deposits with Private Financial Institutions	3,136,486
Deposits with State LGIP	3,512,128
Deposits with CCIP	15,853,494
Non-Pooled Investments	19,893,010
Total Deposits and Investments	<u>\$ 42,396,368</u>
Deposits	
Current:	
Cash and Cash Equivalents	\$ 2,595,971
Noncurrent	
Restricted Cash and Cash Equivalents	541,765
Total Deposits	<u>\$ 3,137,736</u>
Investments	
Current:	
Short-term Investments	\$ 29,351,762
Noncurrent	
Long-term Investments	9,906,870
Total Investments	<u>\$ 39,258,632</u>
Total Deposits and Investments	<u>\$ 42,396,368</u>

Note 5 – 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 62 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:

Note 5 – Risk Management (Continued)

TYPE OF COVERAGE	MEMBER DEDUCTIBLE	SELF-INSURED RETENTION/GROUP	EXCESS LIMITS
Property Loss:			
Buildings and Contents	\$1,000 - \$25,000 and See (C) below	\$25,000	\$1,000,000,000
Flood	See (A) below	See (A) below	\$50,000,000
Earthquake	See (B) below	See (B) below	\$110,000,000 (\$75,000,000 shared by all members, \$25,000,000 dedicated to Alderwood, \$5,000,000 dedicated to Sammamish Plateau, and \$5,000,000 dedicated to Cascade Water Alliance)
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
Liability:			
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
Other:			
Public Officials Bonds	Various	N/A	Various
Crime	\$1,000 - \$25,000	\$25,000	\$2,000,000
Identity Fraud	\$0	\$0	\$25,000
A. \$100,000 member deductibles, per occurrence, in Flood zones except Zones A&V; \$250,000 member deductible per occurrence, in Flood Zones A&V.			
B. Member deductible for earthquakes is 5% subject to \$100,000 minimum Earthquake Shock. The deductible will apply per occurrence on a per unit basis, as defined in the policy form, subject to the stated minimum.			
C. Member deductible for Cyber liability is \$100,000 and where applicable the dollar amount of the business interruption loss during the policy's required 8 hour waiting period			

Pool members are responsible for a deductible on each coverage 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, 2018, written notice must be in possession of the Pool by April 30, 2018). The Interlocal Governmental Agreement is renewed automatically each year. Even after termination of relationship with the Pool, a member is still responsible for contributions to the Pool for any unresolved, unreported, and in process claims, for the period that the District was a signatory to the Interlocal Governmental Agreement.

Note 5 – Risk Management (Continued)

The Pool is fully funded by its member participants. Claims are filed by members with the Pool who determines coverage and performs claims adjustment in consultation with 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 2017, 2016 and 2015 and the amounts covered by insurance.

<u>Years</u>	<u>Claims Settlements</u>	<u>Insurance Coverage</u>	<u>Excess of Claim Cost Over Coverage</u>
2017	\$ 14,497	\$ 12,497	\$ 2,000
2016	13,280	11,280	2,000
2015	89,118	85,812	3,306

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

Note 6 – 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 2017:

<u>Aggregate Pension Amounts – All Plans</u>	
Pension liabilities	\$ 2,509,400
Deferred outflows of resources	401,171
Deferred inflows of resources	547,752
Pension expense/expenditures	113,913

State Sponsored Pension Plans

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

The Department of Retirement Systems (DRS), a department within the primary government of the State of Washington, issues a publicly available 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.

Public Employees' Retirement System (PERS)

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

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

Note 6 – Pension Plans (Continued)

completion of five years of eligible service. The plan was closed to new entrants on September 30, 1977.

Contributions

The **PERS Plan 1** member contribution rate is established by State statute at 6 percent. The employer contribution rate is developed by the Office of the State Actuary and includes an administrative expense component that is currently set at 0.18 percent. Each biennium, the state Pension Funding Council adopts Plan 1 employer contribution rates. The PERS Plan 1 required contribution rates (expressed as a percentage of covered payroll) for 2017 were as follows:

PERS Plan 1		
Actual Contribution Rates:	Employer	Employee
January – June 2017		
PERS Plan 1	6.23%	6.00%
PERS Plan 1 UAAL	4.77%	
Administrative Fee	0.18%	
Total	11.18%	6.00%
July - December 2017		
PERS Plan 1	7.49%	6.00%
PERS Plan 1 UAAL	5.03%	
Administrative Fee	0.18%	
Total	12.70%	6.00%

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

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

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

Note 6 – Pension Plans (Continued)

3 members are vested in the defined benefit portion of their plan after ten years of service; or after five years of service if 12 months of that service are earned after age 44.

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

Contributions

The **PERS Plan 2/3** employer and employee contribution rates are developed by the Office of the State Actuary to fully fund Plan 2 and the defined benefit portion of Plan 3. The Plan 2/3 employer rates include a component to address the PERS Plan 1 UAAL and an administrative expense that is currently set at 0.18 percent. Each biennium, the state Pension Funding Council adopts Plan 2 employer and employee contribution rates and Plan 3 contribution rates. The PERS Plan 2/3 required contribution rates (expressed as a percentage of covered payroll) for 2017 were as follows:

PERS Plan 2/3		
Actual Contribution Rates:	Employer 2/3	Employee 2
January – June 2017		
PERS Plan 2/3	6.23%	6.12%
PERS Plan 1 UAAL	4.77%	
Administrative Fee	0.18%	
Employee PERS Plan 3		varies
Total	11.18%	6.12%
July - December 2017		
PERS Plan 2/3	7.49%	7.38%
PERS Plan 1 UAAL	5.03%	
Administrative Fee	0.18%	
Employee PERS Plan 3		varies
Total	12.70%	7.38%

The District's actual PERS plan contributions were \$189,985 to PERS Plan 1 and \$266,283 to PERS Plan 2/3 for the year ended December 31, 2017.

Actuarial Assumptions

The total pension liability (TPL) for each of the DRS plans was determined using the most recent actuarial valuation completed in 2017 with a valuation date of June 30, 2016. The actuarial assumptions used in the valuation were based on the results of the Office of the State Actuary's (OSA) *2007-2012 Experience Study* and the *2015 Economic Experience Study*.

Additional assumptions for subsequent events and law changes are current as of the 2016 actuarial valuation report. The TPL was calculated as of the valuation date and rolled forward to the measurement date of June 30, 2017. Plan liabilities were rolled forward from June 30, 2016, to June 30,

Note 6 – Pension Plans (Continued)

2017, 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 percent 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.

- For all plans, how terminated and vested member benefits are valued was corrected.
- How the basic minimum COLA in PERS Plan 1 is valued for legal order payees was improved.
- For all plans, the average expected remaining service lives calculation was revised.

Discount Rate

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

To determine that rate, an asset sufficiency test included an assumed 7.7 percent long-term discount rate to determine funding liabilities for calculating future contribution rate requirements. (All plans use 7.7 percent except LEOFF 2, which has assumed 7.5 percent). Consistent with the long-term expected rate of return, a 7.5 percent 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 percent was used to determine the total liability.

Long-Term Expected Rate of Return

The long-term expected rate of return on the DRS pension plan investments of 7.5 percent was determined using a building-block-method. In selecting this assumption, the Office of the State Actuary (OSA) reviewed the historical experience data, considered the historical conditions that produced past annual investment returns, and considered capital market assumptions and simulated expected investment returns provided by the Washington State Investment Board (WSIB). The WSIB uses the

Note 6 – Pension Plans (Continued)

capital market assumptions and their target asset allocation to simulate future investment returns over various time horizons.

Estimated Rates of Return by Asset Class

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2017, are summarized in the table below. The inflation component used to create the table is 2.2 percent and represents the WSIB's most recent long-term estimate of broad economic inflation.

Asset Class	Target Allocation	% Long-Term Expected Real Rate of Return Arithmetic
Fixed Income	20%	1.70%
Tangible Assets	5%	4.90%
Real Estate	15%	5.80%
Global Equity	37%	6.30%
Private Equity	23%	9.30%
	100%	

Sensitivity of Net Pension Liability

The table below presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.5%, 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.

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
PERS 1	\$ 1,574,237	\$ 1,292,275	\$ 1,048,034
PERS 2/3	3,279,062	1,217,125	(472,327)

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

At June 30, 2017, the District reported a total pension liability of \$2,509,400 for its proportionate share of the net pension liabilities as follows:

Note 6 – Pension Plans (Continued)

	<u>Liability</u>
PERS 1	\$ 1,292,275
PERS 2/3	1,217,125

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

	<u>Proportionate Share 6/30/16</u>	<u>Proportionate Share 6/30/17</u>	<u>Change in Proportion</u>
PERS 1	0.030163%	0.027234%	-0.002929%
PERS 2/3	0.038699%	0.035030%	-0.003669%

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.

The collective net pension liability (asset) was measured as of June 30, 2017, and the actuarial valuation date on which the total pension liability (asset) is based was as of June 30, 2016, with update procedures used to roll forward the total pension liability to the measurement date.

Pension Expense

For the year ended December 31, 2017, the District recognized pension expense as follows:

	<u>Pension Expense</u>
PERS 1	\$ (60,019)
PERS 2/3	173,932
TOTAL	<u>\$ 113,913</u>

Deferred Outflows of Resources and Deferred Inflows of Resources

At December 31, 2017, 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	\$ -	\$ (48,224)
Contributions subsequent to the measurement date	99,330	-
TOTAL	99,330	(48,224)

Note 6 – Pension Plans (Continued)

PERS 2/3	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 123,324	\$ (40,030)
Net difference between projected and actual investment earnings on pension plan investments	-	(324,456)
Changes of assumptions	12,928	-
Changes in proportion and differences between contributions and proportionate share of contributions	17,709	(135,042)
Contributions subsequent to the measurement date	147,880	-
TOTAL	301,841	(499,528)

Total	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 123,324	\$ (40,030)
Net difference between projected and actual investment earnings on pension plan investments	-	(372,680)
Changes of assumptions	12,928	-
Changes in proportion and differences between contributions and proportionate share of contributions	17,709	(135,042)
Contributions subsequent to the measurement date	247,210	-
TOTAL	401,171	(547,752)

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, 2018. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31:	PERS 1	PERS 2/3
2018	\$ (32,596)	\$ (139,980)
2019	10,291	19,399
2020	(2,390)	(48,972)
2021	(23,529)	(151,933)
2022	-	(10,470)
Thereafter	-	(13,611)

Note 7 – 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 8 – Construction and Other Significant Commitments

The District has construction commitments resulting from active consultant and construction projects, including restoration and replacement projects, as of December 31, 2017 exceeding \$100,000 as follows:

Project	Total Awarded Contract Commitment	Spent to Date	Remaining on Contract
NE 10th Avenue Bridge CRP (NE 152 St to NE 164 St)	\$ 1,431,016	\$ 175,896	\$ 1,255,120
NE 119th Street CRP (NE 50 Ave to NE 72 Ave)	1,003,496	594,562	408,934
St. Johns Woods Pump Station	837,870	108,167	729,703
NE 78th Street Trunk	299,102	219,726	79,376
Royle Road Pump Station	2,823,027	2,696,511	126,516
Taverner Ridge Phases 8 & 9	652,875	415,008	237,867
	<u>\$ 7,047,386</u>	<u>\$ 4,209,870</u>	<u>\$ 2,837,516</u>

There are no other significant commitments as of December 31, 2017.

Note 9 – Other Postemployment Benefits (OPEB)

Plan Description – The District participates in an agent 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 2017, there were four 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 \$214,016 at December 31, 2017; \$4,593 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 \$1,499,220 is the actuarial accrued liability recognized on the *Statement of Net Position* at December 31, 2017.

The total Unfunded Actuarial Accrued Liability (UAAL) is \$1,559,257 at December 31, 2017. The covered payroll (annual payroll of active employees covered by the plan) was \$3,875,441 and the ratio of the UAAL to the covered payroll was 40.2%.

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
2017	\$ 190,602	\$ 4,593	2.4%	\$ 1,499,220
2016	183,000	12,359	6.8%	1,313,212
2015	200,655	6,732	3.4%	1,142,571

Note 9 – Other Postemployment Benefits (OPEB) (Continued)

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, 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.

	2017
Actuarial Required Contribution	\$ 214,016
Interest on Net OPEB Obligation (NOO)	52,528
Adjustment to NOO	(75,943)
Annual OPEB Cost	190,601
Employer Contributions	(4,593)
Increase (Decrease) in NOO	186,008
Net OPEB Obligation January 1	1,313,212
Net OPEB Obligation December 31	\$ 1,499,220

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	12/31/2017
Actuarial Cost Method	Projected Unit Credit
Method used to determine the actuarial value of assets	N/A
Interest Rate for Discounting Future Liabilities	4.00%
Projected Payroll Growth	3.75%
Investment Return	N/A
Healthcare Cost Trend Rate - Initial	6.7%
Healthcare Cost Trend Rate - Ultimate	4.5%
Amortization Period - Open	30

Note 9 – Other Postemployment Benefits (OPEB) (Continued)

The Distrist 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 10 – Capital Contributions

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

	<u>2017</u>
Capital contributions from developers, governments and other sources	\$ 7,093,412
Capital contributions from system development charges	8,618,681
Capital contributions from local facility reimbursements	<u>178,144</u>
Total	<u><u>\$ 15,890,237</u></u>

Note 11 – 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 2017, the District paid \$8,516,033 to the Alliance for Regional Service Charges, as budgeted by the District and Alliance. The District billed the Alliance \$721,486 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 2017 Comprehensive Annual Financial Report, can be found on their website at <http://www.discoverycwa.org/>.

Note 12 – Prior Period Adjustments

Prior period adjustments have been recorded related to the following:

<u>Description</u>	<u>Amount</u>
Change in capital asset policy resulting in expensing of assets previously capitalized	\$ (431,919)
Change in capital asset policy resulting in capitalizing assets previously expensed	<u>2,520,467</u>
Total prior period adjustments	<u>\$ 2,088,548</u>

**REQUIRED SUPPLEMENTARY INFORMATION
POSTEMPLOYMENT BENEFIT PLAN OTHER THAN PENSION
RETIREE MEDICAL BENEFITS
SCHEDULE OF FUNDING PROGRESS
YEAR ENDED DECEMBER 31, 2017**

Actuarial Valuation Date	Fiscal Year Ended	Actuarial Value of Assets	Actuarial Accrued Liabilities Projected Unit Credit	Unfunded Actuarial Accrued Liabilities (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
12/31/15	12/31/15	-	1,525,759	1,525,759	0.0%	3,503,486	43.5%
12/31/16	12/31/16	-	1,498,961	1,498,961	0.0%	3,653,591	41.0%
12/31/17	12/31/17	-	1,559,257	1,559,257	0.0%	3,875,441	40.2%

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
PERS 1
AS OF JUNE 30
LAST FOUR 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>Covered payroll</u>	<u>Employer's proportionate share of the net pension liability as a percentage of covered payroll</u>	<u>Plan fiduciary net position as a percentage of the total pension liability</u>
2014	0.029187%	\$ 1,470,309	\$ 3,188,944	46.11%	61.19%
2015	0.029695%	1,553,325	3,403,683	45.64%	59.10%
2016	0.030163%	1,619,895	3,586,324	45.17%	57.03%
2017	0.027234%	1,292,275	3,744,045	34.52%	61.24%

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 FOUR 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>Covered payroll</u>	<u>Employer's proportionate share of the net pension liability as a percentage of covered payroll</u>	<u>Plan fiduciary net position as a percentage of the total pension liability</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%
2016	0.038699%	1,948,464	3,586,324	54.33%	85.82%
2017	0.035030%	1,217,126	3,744,045	32.51%	90.97%

See notes to Required Supplementary Information.

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

<u>Year Ended December 31,</u>	<u>Statutorily or contractually required contributions</u>	<u>Contributions in relation to the statutorily or contractually required contributions</u>	<u>Contribution deficiency (excess)</u>	<u>Covered payroll</u>	<u>Contributions as a percentage of covered payroll</u>
2014	\$ 132,731	\$ (132,731)	\$ -	\$ 3,289,190	4.04%
2015	153,801	(153,801)	-	\$ 3,503,486	4.39%
2016	174,276	(174,276)	-	\$ 3,653,591	4.77%
2017	189,985	(189,985)	-	\$ 3,875,441	4.90%

See notes to Required Supplementary Information.

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

<u>Year Ended December 31,</u>	<u>Statutorily or contractually required contributions</u>	<u>Contributions in relation to the statutorily or contractually required contributions</u>	<u>Contribution deficiency (excess)</u>	<u>Covered payroll</u>	<u>Contributions as a percentage of covered payroll</u>
2014	\$ 164,282	\$ (164,282)	\$ -	\$ 3,289,190	4.99%
2015	197,516	(197,516)	-	3,503,486	5.64%
2016	227,619	(227,619)	-	3,653,591	6.23%
2017	266,283	(266,283)	-	3,875,441	6.87%

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. The pension schedules included in the required supplementary information are intended to show information for ten years, and that additional years' information will be displayed as it becomes available.

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 – Covered Payroll

Covered payroll is the payroll on which a contribution to a pension plan is based.

This page left intentionally blank.

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.

Contents	Page
<i>Financial Trends</i> These schedules contain trend information to help the reader understand how the District’s financial performance and well-being changed over time.	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>
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
2016	158,056,983	541,765	31,028,247	189,626,995
2017	163,321,428	541,765	35,103,924	198,967,117

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

Schedule 2

Fiscal Year	Operating Revenues	Operating Expenses	Operating Income	Total Non-operating Revenues (Expenses)	Income/Loss Before Capital Contributions	Capital Contributions	Special Item	Change In Net Position
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	11,842,196	17,381,798 *
2015	18,125,734	23,078,519	(4,952,785)	(44,492)	(4,997,277)	11,377,064	21,153,127	27,532,914 **
2016	19,383,517	26,542,355	(7,158,838)	745,098	(6,413,740)	14,711,919	-	8,298,179
2017	20,263,403	28,405,062	(8,141,659)	(497,004)	(8,638,663)	15,890,237	-	7,251,574

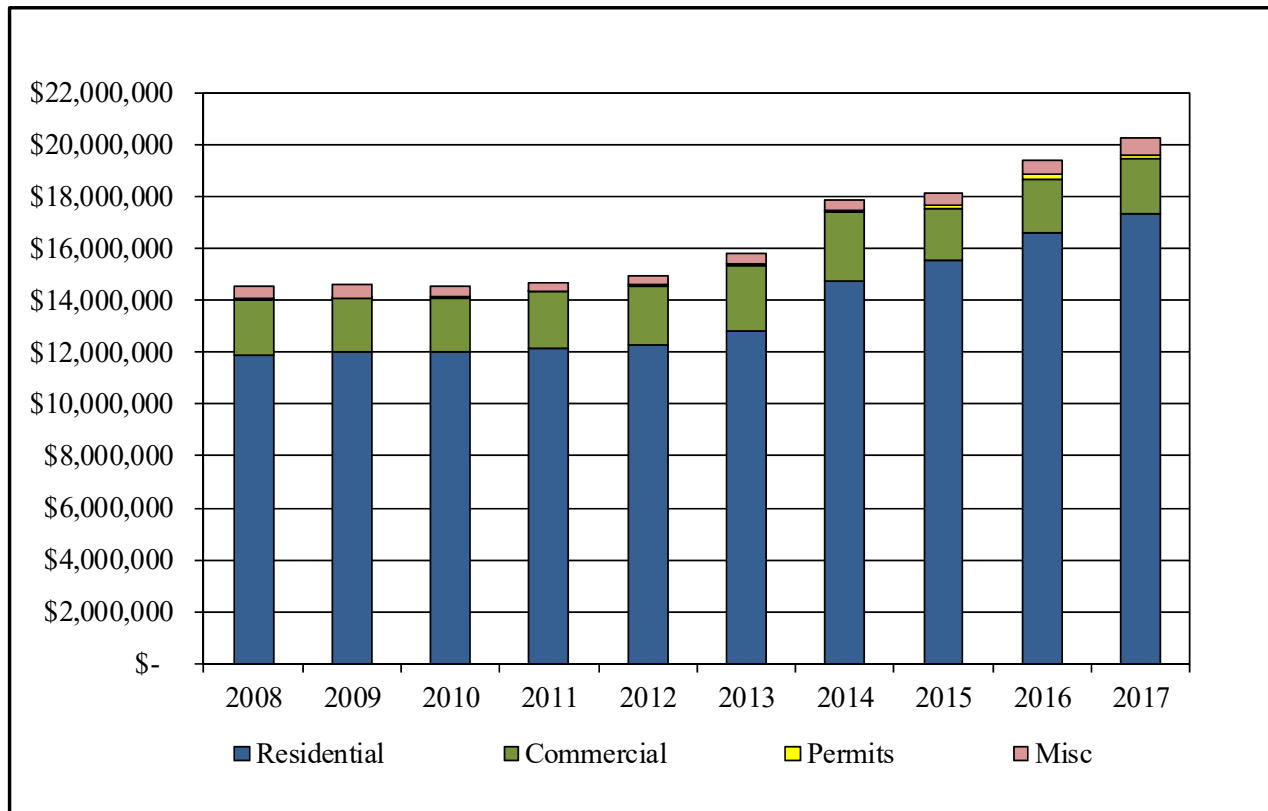
*The City of Ridgefield transferred their collection system operations to the District as of January 1, 2014. As a result of this transfer, the District recognized an increase in Net Position, reported as a special item on the Statement of Revenues, Expenses, and Changes in Fund Net Position, of \$11,842,196.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

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

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

Schedule 3

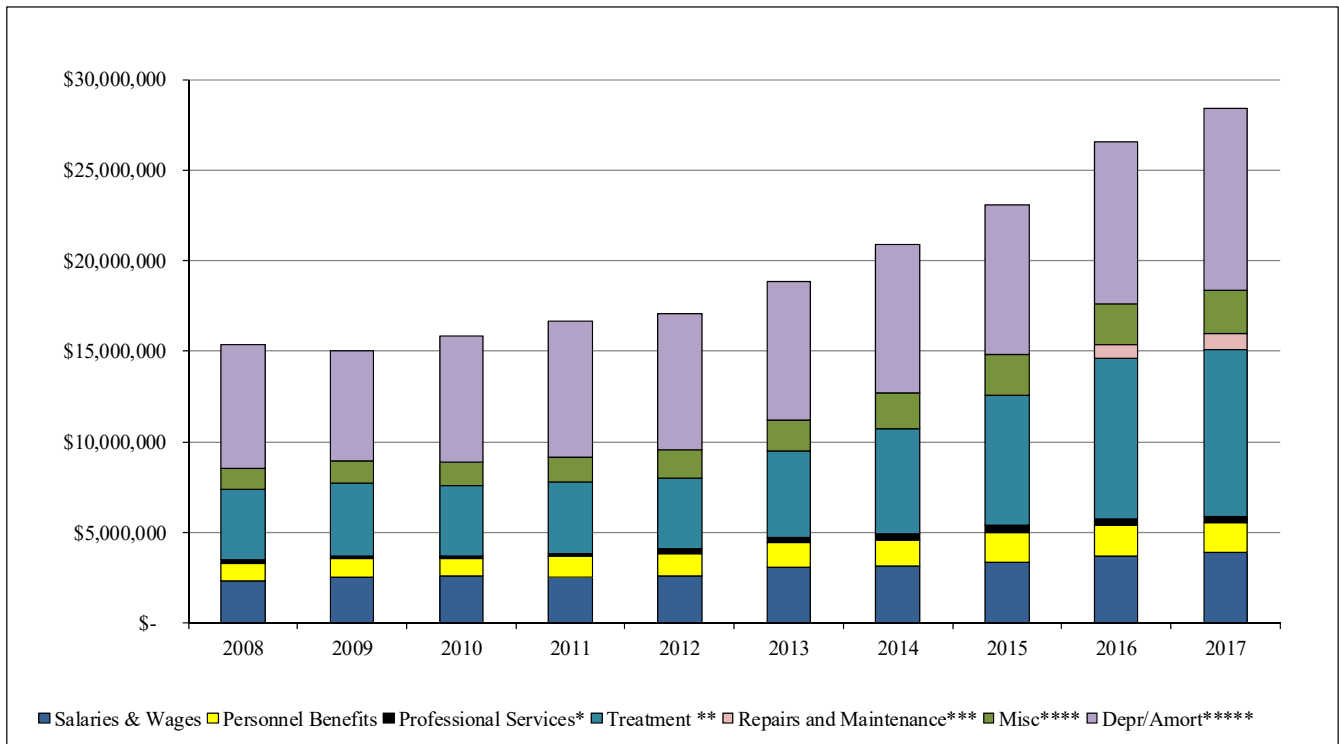
Fiscal Year	Charges for Service				Total
	Residential	Commercial	Permits	Misc	
2008	\$ 11,878,535	\$ 2,148,626	\$ 44,955	\$ 485,723	\$ 14,557,839
2009	11,985,671	2,082,332	30,250	514,225	14,612,478
2010	12,009,830	2,069,828	38,630	419,683	14,537,971
2011	12,155,949	2,171,798	35,800	339,839	14,703,386
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
2016	16,598,142	2,093,801	150,445	541,129	19,383,517
2017	17,325,009	2,118,663	173,785	645,946	20,263,403



CLARK REGIONAL WASTEWATER DISTRICT EXPENSES BY USE LAST TEN FISCAL YEARS

Schedule 4

Fiscal Year	Salaries & Wages	Personnel Benefits	Professional Services*	Treatment **	Repairs and Maintenance***	Misc****	Depr/Amort*****	Total
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
2016	3,710,935	1,709,566	310,235	8,876,412	759,295	2,230,517	8,945,395	26,542,355
2017	3,936,017	1,603,398	379,085	9,198,767	836,065	2,414,261	10,037,469	28,405,062



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

** Treatment costs increased significantly in 2013, 2014, 2015 and 2016, in relation to the transfer of the collection system from Ridgefield to the District in 2014, and the transfer of treatment operations from Clark County and Ridgefield to the Alliance in 2015.

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

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

***** Depreciation/Amortization includes amortization of future treatment capacity rights (intangible asset). Depreciation expense increased in 2016 with the capitalization of the \$28 million DCWTS project and over \$7 million in donated capital assets.

**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)
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)
2016	(172,641)	339,891	5,999	571,849	745,098
2017	(155,553)	301,509	(1,033,913)	390,953	(497,004)

* 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
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
2016	7,583,679	112,712	7,015,528	14,711,919
2017	8,618,681	178,144	7,093,412	15,890,237

**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	
2008	\$ 12,893,232	\$ -	\$ 19,852,714	\$ 20,750,000	\$ 729,185	\$ 54,225,131	\$ 1,618	4.35%
2009	12,374,125	-	19,120,691	18,500,000	489,126	50,483,942	1,491	4.00%
2010	11,830,017	-	17,889,753	16,140,000	335,910	46,195,680	1,350	3.46%
2011	11,265,910	-	16,923,599	13,675,000	182,694	42,047,203	1,217	2.94%
2012	10,676,803	5,417,645	15,671,272	-	-	31,765,720	908	2.20%
2013	10,057,695	4,923,980	15,331,125	-	-	30,312,800	850	1.94%
2014	9,413,588	4,418,988	25,461,097	-	-	39,293,673	1,013	2.31%
2015	-	3,903,947	19,682,456	-	-	23,586,403	588	1.25%
2016	-	3,378,658	18,429,423	-	-	21,808,081	525	1.07%
2017	-	2,842,916	17,204,261	-	-	20,047,177	463	0.91%

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
REVENUES										
Central Monthly Service Rate	\$ 34.00	\$ 34.00	\$ 34.00	\$ 34.00	\$ 34.00	\$ 35.00	\$ 36.00	\$ 37.00	\$ 38.00	\$ 38.00
Ridgefield Monthly Service Rate	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 55.00	\$ 55.80	\$ 56.50	\$ 55.70
Charges for services	\$ 14,027,161	\$ 14,068,003	\$ 14,079,658	\$ 14,327,747	\$ 14,543,675	\$ 15,343,633	\$ 17,396,279	\$ 17,542,643	\$ 18,691,943	\$ 19,443,672
Miscellaneous operating revenue	530,678	544,475	458,313	375,639	416,456	448,922	356,716	583,091	691,574	819,731
Interest on investments	1,507,678	428,139	275,168	289,494	201,405	104,321	271,600	307,304	339,891	301,509
Miscellaneous non-operating revenue	27,841	749,312	1,917	32,802	10,878	116,549	355,404	552,060	872,136	785,426
General Facilities Charge	900,544	668,476	657,707	609,524	866,814	3,010,251	4,885,217	6,489,814	7,583,679	8,618,681
Total Gross Revenues	\$ 16,993,902	\$ 16,458,405	\$ 15,472,763	\$ 15,635,206	\$ 16,039,228	\$ 19,023,676	\$ 23,265,216	\$ 25,474,912	\$ 28,179,223	\$ 29,969,019
MAINTENANCE AND OPERATION EXPENSE										
Salaries, wages and benefits	\$ 3,330,635	\$ 3,555,950	\$ 3,561,293	\$ 3,692,323	\$ 3,877,891	\$ 4,433,927	\$ 4,567,044	\$ 4,994,879	\$ 5,420,501	\$ 5,539,415
Treatment - Clark County	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	7,576,246	8,516,033
Treatment - Other	812,612	798,598	723,072	627,744	550,472	527,273	1,533,938	713,458	1,300,166	682,734
Other operating expenses	1,255,648	1,411,161	1,441,591	1,488,003	1,774,671	1,988,467	2,356,874	2,717,571	3,300,047	3,629,411
Total Maintenance and Operating Expense	\$ 8,531,071	\$ 8,972,577	\$ 8,907,661	\$ 9,147,598	\$ 9,552,162	\$ 11,216,141	\$ 12,743,032	\$ 14,854,096	\$ 17,596,960	\$ 18,367,593
1.10 COVERAGE TEST										
Net Revenue	\$ 8,462,831	\$ 7,485,828	\$ 6,565,102	\$ 6,487,608	\$ 6,487,066	\$ 7,807,535	\$ 10,522,184	\$ 10,620,816	\$ 10,582,263	\$ 11,601,426
Less: General Facilities/ System Development Charge	(900,544)	(668,476)	(657,707)	(609,524)	(866,814)	(3,010,251)	(4,885,217)	(6,489,814)	(7,583,679)	(8,618,681)
Total Revenues	7,562,287	6,817,352	5,907,395	5,878,084	5,620,252	4,797,284	5,636,967	4,131,002	2,998,584	2,982,745
Debt Service	4,366,790	4,366,390	4,363,728	4,367,428	4,369,633	1,691,059	1,692,665	1,175,041	525,289	535,741
Coverage	1.73	1.56	1.35	1.35	1.29	2.84	3.33	3.52	5.71	5.57
1.25 COVERAGE TEST										
Net Revenue	\$ 8,462,831	\$ 7,485,828	\$ 6,565,102	\$ 6,487,608	\$ 6,487,066	\$ 7,807,535	\$ 10,522,184	\$ 10,620,816	\$ 10,582,263	\$ 11,601,426
Plus: Regional Facilities Charge	2,914,911	2,817,951	2,772,522	2,788,098	6,311,547	-	-	-	-	-
Total Revenues	\$ 11,377,742	\$ 10,303,779	\$ 9,337,624	\$ 9,275,706	\$ 12,798,614	\$ 7,807,535	\$ 10,522,184	\$ 10,620,816	\$ 10,582,263	\$ 11,601,426
Debt Service	4,366,790	4,366,390	4,363,728	4,367,428	4,369,633	1,691,059	1,692,665	1,175,041	525,289	535,741
Coverage	2.61	2.36	2.14	2.12	2.93	4.62	6.22	9.04	20.15	21.65

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

Schedule 9

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Gross Revenues										
Charges for services	\$ 19,443,672	\$ 18,691,943	\$ 17,542,643	\$ 17,396,279	\$ 15,343,633	\$ 14,543,675	\$ 14,327,747	\$ 14,079,658	\$ 14,068,003	\$ 14,027,161
Other operating revenues	819,731	691,574	583,091	356,716	448,922	416,456	375,639	458,313	544,475	530,678
Interest income	301,509	339,891	307,304	271,600	104,321	201,405	289,494	275,168	428,139	1,507,678
Other non-operating revenues	785,426	872,136	552,060	355,404	116,549	10,878	32,802	1,917	749,312	27,841
Subtotal Gross Revenues	21,350,338	20,595,544	18,985,098	18,379,999	16,013,425	15,172,414	15,025,682	14,815,056	15,789,929	16,093,358
Connection charges - Regional Facilities	-	-	-	-	-	6,311,552	2,788,098	2,772,522	2,817,951	2,914,911
Connection charges - General Facilities	8,618,681	7,583,679	6,489,814	4,885,217	3,010,251	866,814	609,524	657,707	668,476	900,544
Total Gross Revenues	29,969,019	28,179,223	25,474,912	23,265,216	19,023,676	22,350,781	18,423,304	18,245,284	19,276,356	19,908,813
Operating Expenses										
Salaries, wages and benefits	5,539,415	5,420,501	4,994,879	4,567,044	4,433,927	3,877,891	3,692,323	3,561,293	3,555,950	3,330,634
Treatment - Clark County	-	-	-	3,959,748	3,959,749	3,349,128	3,339,528	3,181,705	3,206,868	3,132,176
Treatment - Alliance	8,516,033	7,576,246	6,428,188	325,428	306,725	-	-	-	-	-
Treatment - Other	682,734	1,300,166	713,458	1,533,938	527,273	550,472	627,744	723,072	798,598	812,612
Other operating expenses, including interest	3,784,964	3,472,688	3,225,744	3,027,868	2,657,058	4,246,296	2,956,086	3,040,455	3,174,680	3,092,723
Operating expenses excluding depreciation	18,523,146	17,769,601	15,362,269	13,414,026	11,884,732	12,023,787	10,615,681	10,506,525	10,736,096	10,368,145
Net Revenues Available for Debt Service	11,445,873	10,409,622	10,112,643	9,851,190	7,138,944	10,326,994	7,807,623	7,738,760	8,540,260	9,540,668
Debt service - District (Principal only)										
Sewer Revenue Bonds - Phase 3 Capital Expansion	-	-	-	-	-	2,570,000	2,465,000	2,360,000	2,250,000	2,150,000
PWTF Loans - Phase 3 Capital Expansion	-	-	-	-	-	153,216	153,216	153,216	240,058	286,885
PWTF Loans - Pumping Stations	-	27,870	144,274	144,274	144,274	144,274	144,274	144,274	144,274	144,274
PWTF Loans - Phase 4 Capital Expansion*	-	-	531,519	1,063,038	1,063,037	1,063,037	1,063,039	1,063,037	641,985	641,985
PWTF Loans - Ridgefield Service Area	83,984	83,984	83,984	83,984	-	-	-	-	-	-
Sewer Revenue Bonds - Phase 4 Capital Expansion**	-	-	660,000	625,000	600,000	570,000	545,000	525,000	500,000	480,000
SRF Loan - Phase 4 Capital Expansion*	-	-	-	47,414	46,198	45,014	43,860	42,735	41,640	40,572
Sewer Revenue Bonds - 2012	535,741	525,289	515,040	504,993	493,665	-	-	-	-	-
PWTF Loans - DCWTS Project	1,141,179	1,141,179	1,066,712	118,538	-	-	-	-	-	-
Net Revenue After Payment of Debt Service	<u>\$ 9,684,969</u>	<u>\$ 8,631,301</u>	<u>\$ 7,111,114</u>	<u>\$ 7,263,949</u>	<u>\$ 4,791,770</u>	<u>\$ 5,781,453</u>	<u>\$ 3,393,234</u>	<u>\$ 3,450,498</u>	<u>\$ 4,722,303</u>	<u>\$ 5,796,952</u>
Operating Expenses Covered (not covered) by Rates	<u>\$ 2,827,192</u>	<u>\$ 2,825,943</u>	<u>\$ 3,622,829</u>	<u>\$ 4,965,973</u>	<u>\$ 4,128,693</u>	<u>\$ 3,148,627</u>	<u>\$ 4,410,001</u>	<u>\$ 4,308,531</u>	<u>\$ 5,053,833</u>	<u>\$ 5,725,213</u>

* Loans transferred to Discovery Clean Water Alliance January 1, 2015

** 2005 Sewer Revenue Bonds were defeased as of September 2, 2015

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

Schedule 10

Fiscal Year	Clark County			
	Unincorporated Population*	Per Capita Income **	Total Personal Income	Unemployment ***
2008	202,251	\$ 37,242	\$ 7,532,231,742	7.1%
2009	203,361	37,279	7,581,094,719	13.2%
2010	203,339	39,021	7,934,491,119	13.7%
2011	204,610	41,381	8,466,966,410	12.1%
2012	205,885	41,238	8,490,285,630	8.4%
2013	207,710	43,800	9,097,698,000	7.4%
2014	210,140	45,603	9,583,014,420	7.3%
2015	214,585	47,078	10,102,232,630	6.2%
2016	218,750	48,961	10,710,245,000	5.9%
2017	223,160	50,871	11,352,283,917	5.0%

Notes: Demographic information is from the following sources:

* Washington State Office of Financial Management.

** Federal Reserve Economic Data

Data for the years 2016 and 2017 is not yet available. These figures were calculated by increasing the 2015 and 2016 Per Capita amounts by 4% and 3.9% respectively. These averages are the year-over-year growth rate for the six years prior to each year.

*** Federal Reserve Economic Data

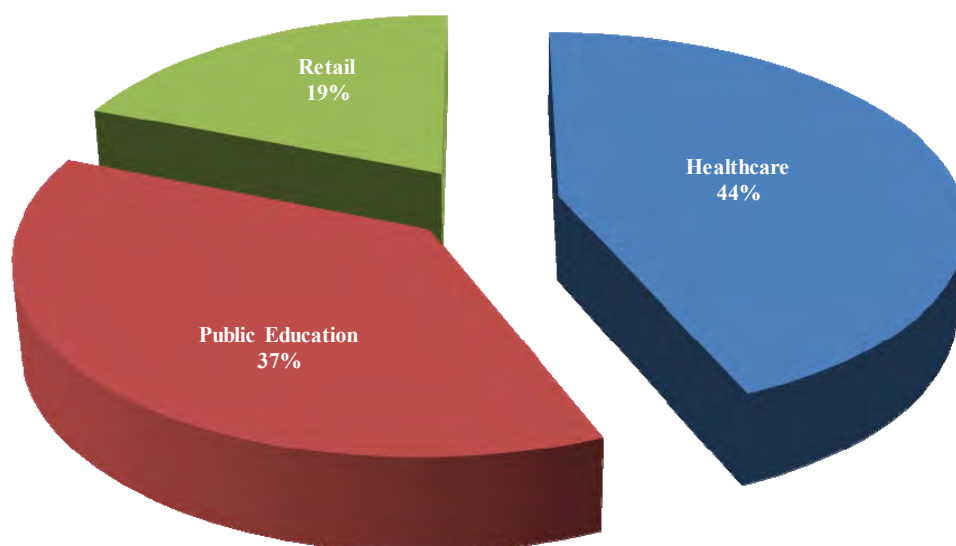
District demographics would be expected to closely follow overall Clark County.

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

Schedule 11

Customer	Type of Business	2017			2008		
		Employees	Rank	Percent of Employment	Employees	Rank	Percent of Employment
Legacy Salmon Creek Hospital	Healthcare	1,778	1	33.054%	1,000	2	24.272%
Vancouver School District	Public Education	922	2	17.141%	1,117	1	27.112%
Fred Meyer	Retail	505	3	9.388%	365	3	8.859%
Washington State University Vancouver	Public Education	449	4	8.347%	355	4	8.617%
Battle Ground Public Schools	Public Education	404	5	7.511%	-	-	-
The Vancouver Clinic	Healthcare	324	6	6.023%	-	-	-
Safeway	Retail	304	7	5.652%	308	5	7.476%
Kaiser Permanente	Healthcare	250	8	4.648%	250	7	6.068%
Ridgefield School District	Public Education	232	9	4.313%	-	-	-
Dollar Tree Distribution Center	Retail	211	10	3.923%	-	-	-
Wal-Mart		-			258	6	6.262%
Hockinson School District		-			159	9	3.859%
Evergreen Public Schools		-			-	-	-
Home Depot		-			148	10	3.592%
Target		-			160	8	3.883%
Total		5,379		100%	4,120		100%

2017 Top Ten Principal Employers by Business Type

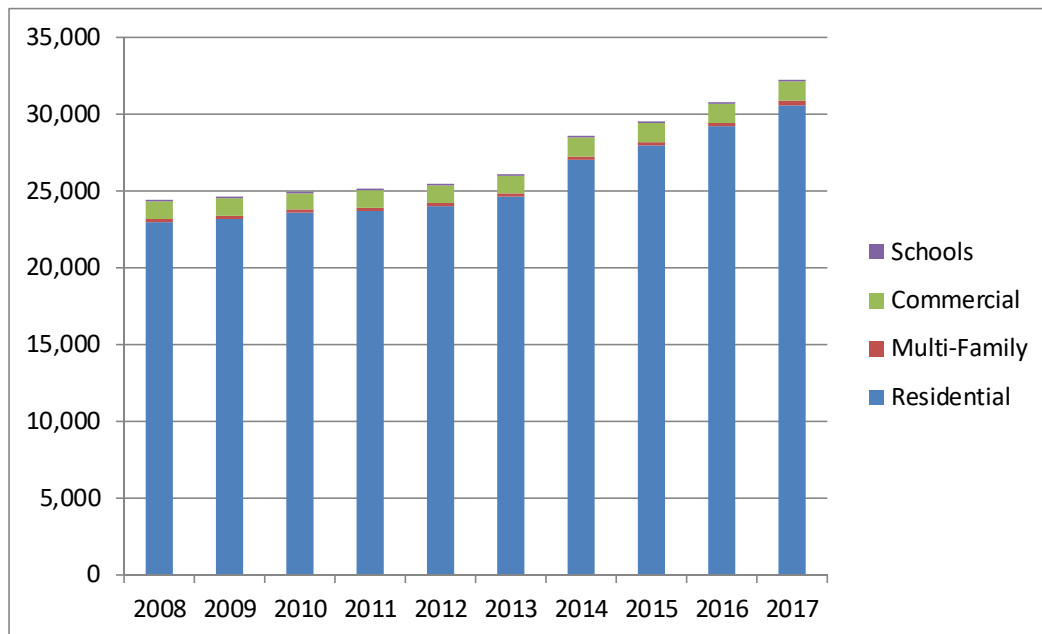


Note: Total employment for Clark Regional Wastewater District's service area alone is not collected in the US census data or able to be calculated as a specific portion of unincorporated Clark County; therefore, a calculation of each employer's percentage of total employment is excluded. Data is obtained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

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

Schedule 12

Fiscal Year	Residential	Multi-Family	Commercial	Schools	Total
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	27,934	254	1,223	39	29,450
2016	29,167	243	1,242	39	30,691
2017	30,599	261	1,239	40	32,139



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

Schedule 13

Customer	2017			2008		
	Sewer Revenues	Rank	Percentage of Total Sewer Revenues	Sewer Revenues	Rank	Percentage of Total Sewer Revenues
Vancouver Public Schools	\$ 143,777	1	0.74%	\$ 140,961	1	1.00%
Salmon Creek Estate Condominiums	128,592	2	0.66%	115,056	2	0.82%
Highland Hills Apartments	117,602	3	0.61%	105,223	3	0.75%
Prairie View Association	103,512	4	0.53%	92,616	4	0.66%
Parklane Apartments	95,304	5	0.49%	85,272	6	0.61%
Reflections at the Park*	89,604	6	0.46%	63,866	9	0.00
Rock Creek Commons	88,464	7	0.46%	-	-	-
Bridge Creek Apartments**	77,064	8	0.40%	68,952	7	0.49%
Crystal Creek Apartments	75,696	9	0.39%	67,728	8	0.48%
North Glen Villas	74,146	10	0.38%	-	-	-
Willow Pointe Apartments	-		-	63,240	10	0.45%
Solarworld USA	-		-	88,101	5	0.63%
Subtotal (ten largest)	993,761		5.12%	891,015		6.36%
Balance from other customers	18,397,886		94.88%	13,136,146		93.64%
Total	<u>\$ 19,391,647</u>		<u>100.00%</u>	<u>\$ 14,027,161</u>		<u>100.00%</u>

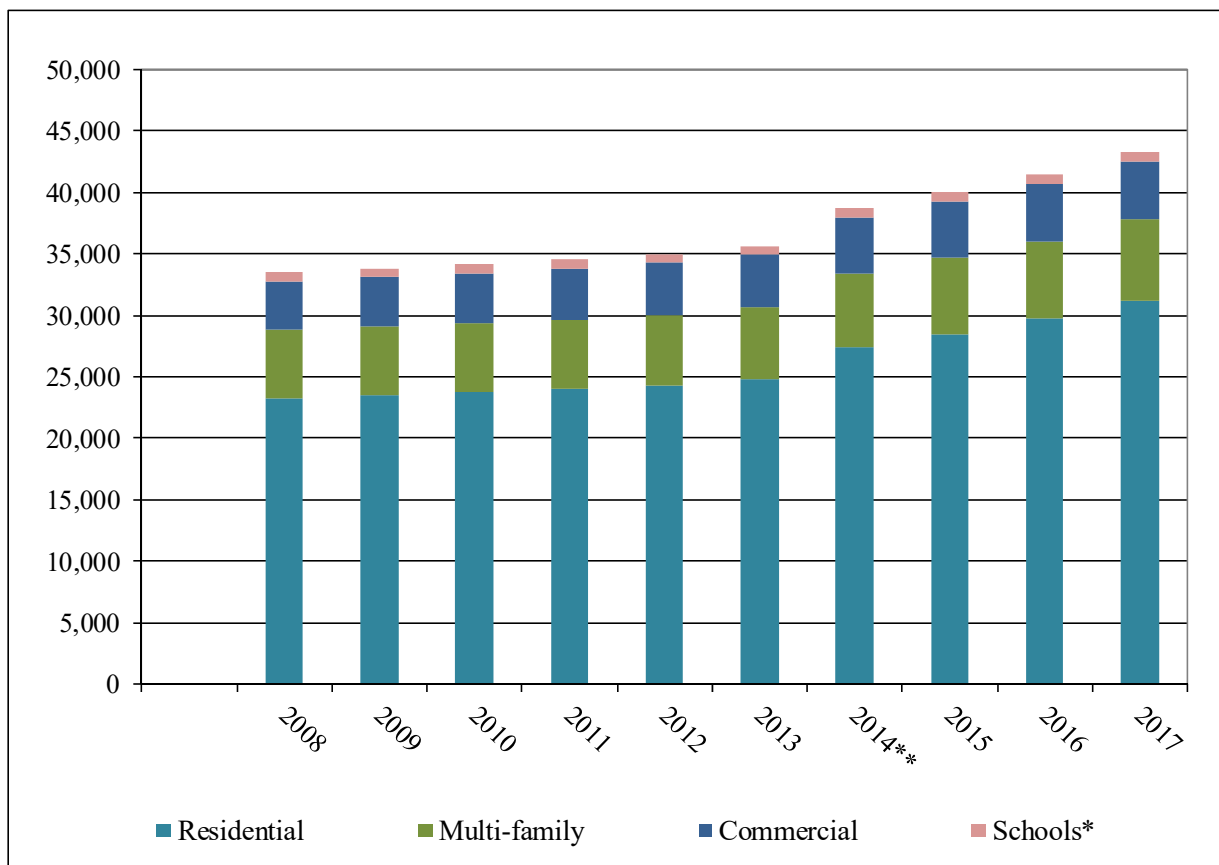
* Formerly Prairie Park Apartments

** Formerly Discovery Park Apartments

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

Schedule 14

<u>Fiscal Year</u>	<u>Residential</u>	<u>Multi-family</u>	<u>Commercial</u>	<u>Schools*</u>	<u>Total</u>
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
2016	29,738	6,322	4,647	801	41,508
2017	31,157	6,655	4,691	812	43,315



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 ERUs 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
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
2016	3,431	1,885	183	9,835	270	2,041
2017	3,906	1,827	164	8,410	299	2,047

* The SCTP is owned by the Alliance. Operations transferred from Clark County to the Alliance on January 1, 2015. About 89.4% of the District's flow is treated at the SCTP.

** In January 2014, the District took over the Ridgefield collection system. Flows from the Ridgefield service area are treated at the Ridgefield Treatment Plant (RFTP), which treats approximately 3.8% 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 6.8% of the District's flow.

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

Schedule 16

	Fiscal Years									
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
WASTEWATER TREATMENT										
Miles of sewer lines	681	659	607	605	539	534	527	522	522	513
Number of treatment plants	2	2	2	2	1	1	1	1	1	1
Treatment capacity (MGD)*	15.65	15.65	15.65	15.65	14.95	14.95	14.95	14.95	14.95	10.30
Annual engineering maximum plant capacity (millions of gallons)**	5,712	5,712	5,712	5,712	5,457	5,457	5,457	5,457	5,457	3,760
Amount treated annually (millions of gallons)***	4,070	3,614	4,135	3,351	2,935	3,234	3,307	3,325	3,048	3,078
Unused capacity (millions of gallons)	1,643	2,098	1,577	2,362	2,522	2,223	2,150	2,132	2,409	682
Percentage of capacity utilized	71.2%	63.3%	72.4%	58.7%	53.8%	59.3%	60.6%	60.9%	55.9%	81.9%

* 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.

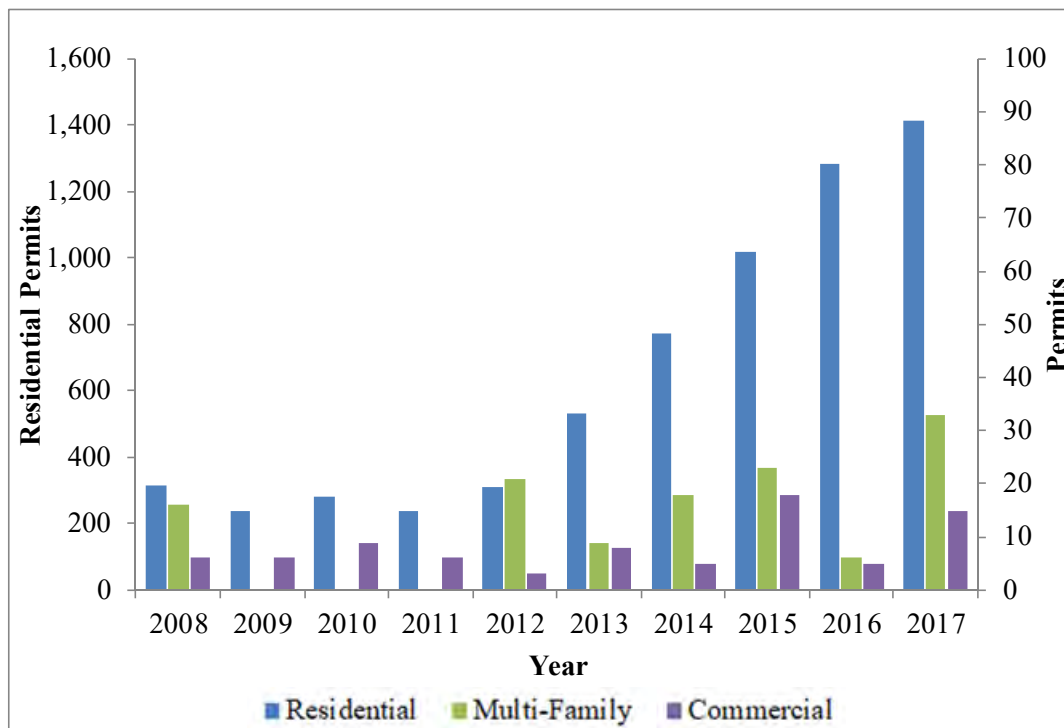
** Maximum monthly flow per Department of Ecology discharge permit to the SCTP and the RFTP. Approximately 89.4% of the District's flows go to the SCTP and 3.8% of its flows go to the RFTP. In addition, the District has an agreement with the City of Vancouver to treat up to 1 million gallons average monthly flow. Currently 6.8% 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
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
2016	1,284	6	5	1,295
2017	1,415	33	15	1,463



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 ****
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
2016	38.00	56.50	-	-	1,720	4,708	7,550
2017	38.00	55.70	-	-	1,720	4,708	7,550

Notes:

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

Increases in monthly service rates must be approved by the Board of Commissioners. The above rates and connection charges are the primary sources of revenues for the District. 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
2008	a.	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	b.	17	8	7	11	43.0
2012	c.	17	10	8.5	11	46.5
2013	d.	19	10	8.5	11	48.5
2014	e.	19	10	9	12	50.0
2015	f.	18	10	10	12	50.0
2016	g.	18	10	10	14	52.0
2017	h.	18	11	11	14	54.0

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 2008, Maintenance added two Maintenance Specialists to support and enhance the line-cleaning program. Engineering added a new Capital Program Engineer. Finally, departmental reorganization resulted in staff reallocations by department.
- b. 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.
- c. 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.
- d. 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.
- e. 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.
- f. In 2015, one Maintenance Support Specialist position was shifted to the Administrative Department and is now titled Administrative Assistant III.
- g. In 2016, Engineering added a Control System Administrator position for the Regional System, as well as an Assistant Engineering Technician position, both of which were added to support continued growth in the District service area.
- h. In 2017, Finance added the position of Accounting Technician and Administration added an Administrative Assistant I. These positions were added to support continued growth within the District's service areas.

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.