



CLARK REGIONAL WASTEWATER DISTRICT

VANCOUVER, WASHINGTON



**ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2021**

CLARK REGIONAL WASTEWATER DISTRICT

Vancouver, Washington

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2021

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

DISTRICT STAFF

David Logan
John M. Peterson, P.E.

Finance Director/Treasurer
General Manager

BOARD OF COMMISSIONERS

L. Neil Kimsey
John “Denny” Kiggins
Norm Harker

President
Vice President
Secretary



www.crwwd.com

**CLARK REGIONAL WASTEWATER DISTRICT
VANCOUVER, WASHINGTON**

ANNUAL COMPREHENSIVE FINANCIAL REPORT

TABLE OF CONTENTS

For the fiscal year ended December 31, 2021

	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
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	27-57
Required supplementary information	
Schedule of changes in total OPEB liability and related ratios	59
Schedule of proportionate share of the net pension liability	60-61
Schedule of employer contributions	62-63
Notes to required supplementary information	64
STATISTICAL SECTION	
Description of statistical section	65
Schedule 1 - Net position - last ten fiscal years	66
Schedule 2 - Changes in net position - last ten fiscal years	67
Schedule 3 - Revenues by source - last ten fiscal years	68
Schedule 4 - Expenses by use - last ten fiscal years	69
Schedule 5 - Non-operating revenues and expenses - last ten fiscal years	70
Schedule 6 - Capital contributions by source - last ten fiscal years	71
Schedule 7 - Customer by type - last ten fiscal years	72
Schedule 8 - Ten largest customers – current and nine fiscal years ago	73
Schedule 9 - Equivalent residential units - last ten fiscal years	74
Schedule 10 - Service and connection charges - last ten fiscal years	75
Schedule 11 - Ratio of outstanding debt by type - last ten fiscal years	76
Schedule 12 - Bond coverage ratio - last ten fiscal years	77
Schedule 13 - Demographic statistics - last ten fiscal years	78
Schedule 14 - Employees for ten principal employers - current and nine fiscal years ago	79
Schedule 15 - Wastewater treated - last ten fiscal years	80
Schedule 16 - Operating and capital indicators - last ten fiscal years	81
Schedule 17 - Construction sewer permits - last ten fiscal years	82
Schedule 18 - District employees by function - last ten fiscal years	83



May 23, 2022

President Kimsey and Members
of the Board of Commissioners

We are pleased to submit the Annual Comprehensive Financial Report (Annual Report) for Clark Regional Wastewater District (District) for the fiscal year ended December 31, 2021. The financial statements are presented in conformity with Generally Accepted Accounting Principles (GAAP) and audited in accordance with Generally Accepted Auditing Standards (GAAS) by independent auditors represented by the Office of the Washington State Auditor.

This report has been prepared to conform to the principles of accounting and reporting established by the Governmental Accounting Standards Board (GASB). Specific accounting treatments are detailed in the Notes to the Financial Statements and found in the Financial Section of this report (pages 27-57).

The Annual Report 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, 2021, and the results of operations and cash flows for the year ending December 31, 2021.

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

Pursuant to Chapter 43.09.310 Revised Code of Washington (RCW), an independent audit is performed annually. The Office of the Washington State Auditor 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 on the goals, strategies, decision packages, prior year budget to actual performance, and policies adopted by the Board at the budget workshops. Budget proceedings occur at the regular commissioner meetings, which are open to the public for questions and comments. After a formal public hearing is conducted for ratepayer input on the proposed budget, the Board approves and adopts a final budget in December.

The information presented in the financial statements is perhaps best understood when considered within the context of the accompanying Management's Discussion and Analysis (pages 15-20) and Notes (pages 27-57).

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 approximately 37,600 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. Two major highway systems provide access to the District office: Interstates 5 and 205. The District has ended the year with sixty-seven (67) employees, or sixty-six and a half (66.5) full-time equivalent (FTE) who work at the District office and in the field. Five departments within the District include Operations, Administration, Business Services, Finance, and Engineering. The District has contracted with the Discovery Clean Water Alliance to operate the Salmon Creek Treatment Plant beginning on July 1, 2022. As a result, the District approved an updated organizational chart in 2021 (see page 7) that includes sixteen (16) additional positions dedicated to Salmon Creek Treatment Plant operations and other new positions to support the District's continued growth. Below is a definition and scope for each of these departments along with the number of budgeted FTEs for the fiscal year 2022.

The Operations department, staff of thirty-seven (37), manages over 730 miles of sewer mainlines and laterals and 74 pump stations, which are encompassed throughout the approximate 47 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 877 individual Septic Tank Effluent Pumping (STEP) tanks and their associated force mains. The department continues to use technology to assist with pump station monitoring using the Supervisory Control and Data Acquisition (SCADA) system and the Master Series Asset Management System (MMS) to assist with the scheduling of line maintenance. The District serves as a Contract Operator for the Discovery Clean Water Alliance (Alliance). In 2021, the department operated seven of ten regional assets of the Alliance, including the Ridgefield Treatment Plant.

The Administration department, staff of fourteen (14), provides oversight and support to all District departments, essential administrative support for the governing body, and initiates contracting for professional support. The District's Administration department, via an Administrative Lead Contract with the Alliance, has provided executive, administrative, pretreatment, and project management services for the Alliance since incorporation in 2013 and began providing pretreatment, capital program management, and capital project delivery services for the Alliance January 1, 2015.

The Business Services department, staff of six (6), provides Human Resources, Risk Management, Succession Planning, IT, and Facilities services. Human Resources administers employment, compensation/classification, employee relations, training, employee development, personnel record management, personnel policies, procedure development, legal compliance, and internal consulting.

The Finance department, staff of twelve (12.5 FTE), provides accounting functions such as payroll, accounts payable and financial reporting, treasury management, forecasting, budget oversight, financial application systems development, and customer service. The Finance department continues to streamline and upgrade its internal processes to promote greater efficiencies and excellent customer service. The department answered over 27,000 phone calls from customers, mailed over 184,000 customer bills, e-mailed over 46,000 e-bills, and assisted about 100 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 seventeen (17.5 FTE), provides engineering services to the District and District customers under the direction of a licensed Professional Engineer. The services include development review, facility planning, Geographic Information Services (GIS), design, construction management, and inspection services.

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

ECONOMIC CONDITIONS AND OUTLOOK

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

At the end of 2021, the unemployment rate in Clark County fell to 3.7%, from 6.6% in 2020. In addition, the state and national average unemployment rates were 4.5% and 3.9%, respectively, as of December 2021, compared to the 7.1% and 6.7% rates reported in December 2020.

Private-sector and public-sector employment in the state decreased 6.5% and 8.1%, respectively, in 2021. The top three industry sectors with the largest employment gains were:

- Leisure and hospitality
- Professional and business services
- Government

Washington State’s economic forecast for 2022 projects a continuation of strength in the real estate market, with increases in state personal income, construction employment and housing permits. The District benefited from the strength in the construction industry as the District added new system connections resulting in an increase in total utility accounts of 4.5%.

New construction connections to the public sewer system increased by 108 or 7.3% in 2021 from 2020, with a total of 1,578 permits issued in 2021 (see Schedule 17 for details). Construction projects in the District service area that required new sewer services from 2019 through 2021 were as follows:

Construction Projects	2021	2020	2019
New subdivisions	24	34	34
New single-family lots	871	984	1,460
Commercial developments	5	12	12
Commercial equivalent residential units	20	1	3
Apartment units	492	72	285

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.

The District continues with full operations during the COVID-19 pandemic. Funding for operations is anticipated to remain stable as rate revenues, which make up 60.4% of budgeted 2022 sources, are expected to increase by 5.3%. Development-related revenues are expected to remain strong in 2022 as 1,461 new equivalent residential units (ERUs) are added, resulting in \$10.3 million of connection revenue.

Some significant elements in maintaining a healthy financial condition include:

1. Instituting and maintaining fiscal and debt policies which adequately cover the management and planning of system improvements, replacements, and other capital disbursements.
2. Optimizing operating costs to meet customer needs (electronic monitoring of pump stations, instituting building permits module for use by all departments, GIS mapping, etc.).

3. Maintaining adequate but favorable rates through low-cost financing of capital projects to meet the District's objectives and facilitate customer growth.
4. Assessing financial input from advisors, the public and other interested parties.
5. Closely monitoring and making necessary improvements to the existing system of pump stations, collection and transmission lines.

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

Since the District has no taxing authority, it must rely solely on revenues from monthly sewer service and connection charges. Monthly sewer service charges fund operations and the costs for collection, transportation and treatment of wastewater. In 2021, the base monthly service rate increased by \$1 per month per ERU from 2020. A portion of the monthly service charge is held in reserve for the restoration and/or replacement of existing infrastructure and future vehicle and equipment needs. In addition, a portion is held in reserve to meet debt service requirements. System Development Charges (SDCs) are paid on new connections whose wastewater flows to the Salmon Creek and Ridgefield treatment plants (owned by the Alliance) or the City of Vancouver's Westside treatment plant. State statute authorizes entities providing sewer service to assess this charge representing the owner's equitable share of the system as a condition to granting the right to connect.

In May of 2013, the District adopted two agreements outlining guiding principles for agreed-upon service levels, providing for coordination of wastewater services with the City of Vancouver (Vancouver). The principles allow 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 on the delivery of those services to the public within Clark County. This opportunity to jointly own and manage regional infrastructure relied on by vested parties was an underlying theme that future members came to support to manage both long-term costs and long-term capacity needs. The Alliance owns and operates transmission lines, pump stations and treatment plants to provide sewer treatment service to the mid-Clark County region (Cities of Ridgefield and Battle Ground and the District's central service area) effective January 1, 2015.

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Clark Regional Wastewater District for its Annual Report for the fiscal year ended December 31, 2020. This was the thirty-third (33) consecutive year that the District has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized Annual Report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for one year only. We anticipate that our current Annual Report will continue to meet the Certificate of Achievement program’s requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate. As of December 31, 2020, it has been forty (40) consecutive years without an audit finding.

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

Acknowledgments

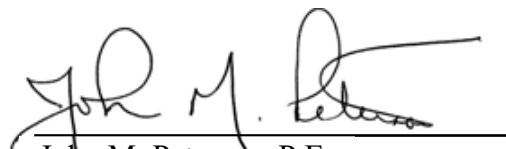
This report was made possible by the staff of the Finance department, the (Washington) Water and Sewer Risk Management Pool, the Washington Department of Retirement Systems (DRS) and all other departments of the District. Each member of the District, the President, Commissioners, General Manager and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

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

Respectfully submitted,

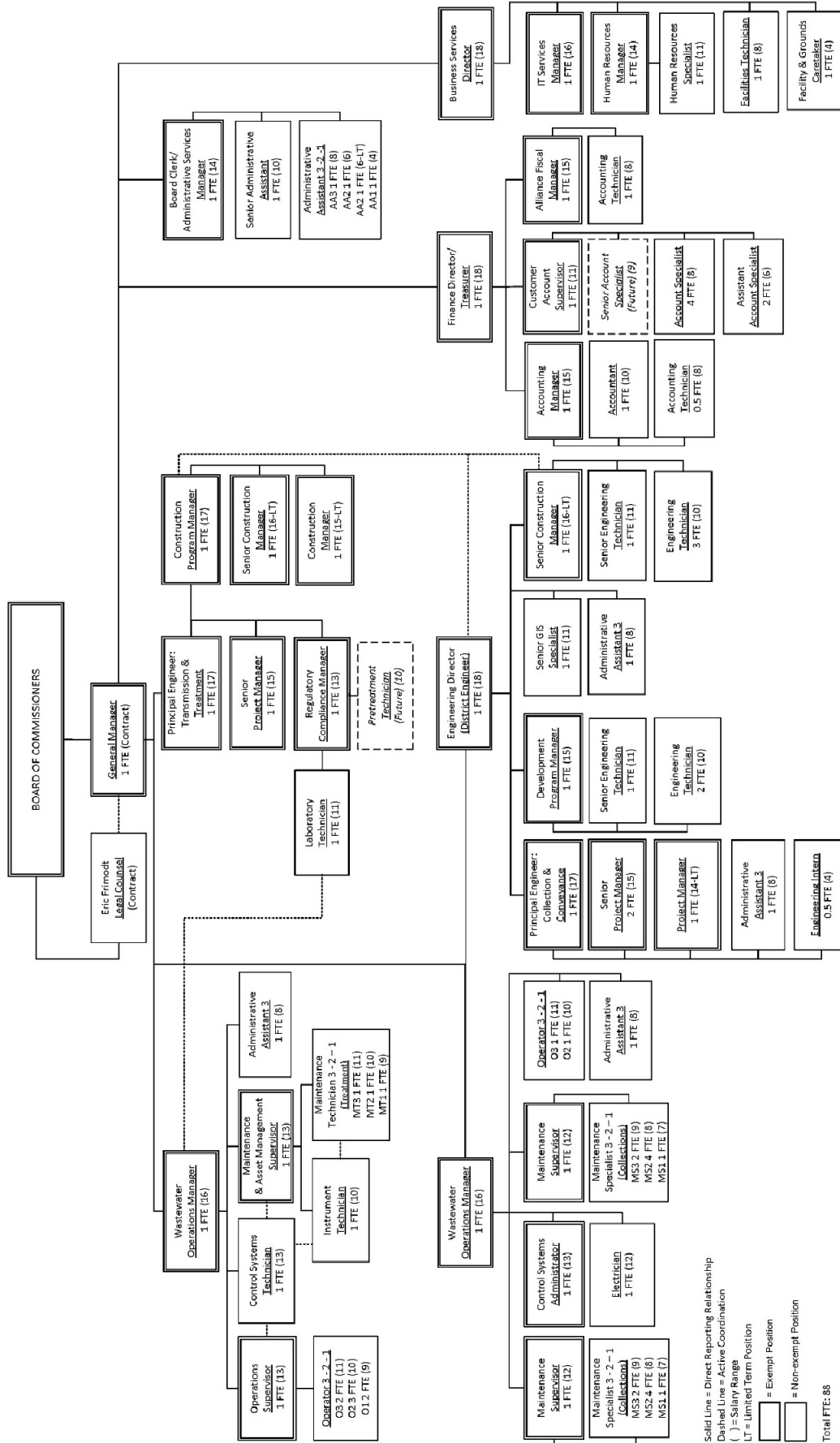


David Logan
Finance Director/Treasurer



John M. Peterson, P.E.
General Manager

CLARK REGIONAL WASTEWATER DISTRICT ORGANIZATIONAL CHART



Solid Line = Direct Reporting Relationship
 Dashed Line = Active Coordination
 () = Salary Range
 LT = Limited Term Position
 = Exempt Position
 = Non-exempt Position
 Total FTE: 88

**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 2021

<u>Position</u>	<u>Elected Official</u>	<u>Term Expiration</u>
President	L. Neil Kimsey	December 2025
Vice President	John “Denny” Kiggins	December 2023
Secretary	Norm Harker	December 2021

APPOINTIVE

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

MAILING ADDRESSES

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

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

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



Government Finance Officers Association

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

Presented to

**Clark Regional Wastewater District
Washington**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

December 31, 2020

Christopher P. Morill

Executive Director/CEO

This page left intentionally blank.



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

INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS

May 23, 2022

Board of Commissioners
Clark Regional Wastewater District
Vancouver, Washington

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the accompanying financial statements of Clark Regional Wastewater District, as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, financial position Clark Regional Wastewater District, as of year ended December 31, 2021 and changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis For Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

Required Supplementary Information

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

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

Other Information

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

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

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we will also issue our report dated May 23, 2022, 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,



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, 2021**

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, 2021. We encourage readers to consider the information presented herein in conjunction with additional information that we have furnished in our letter of transmittal.

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

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

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

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

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

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

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

Financial Highlights

- The District had a total net position of \$256.0 million at December 31, 2021. Of this amount, \$50.8 million is classified as unrestricted and may be used to meet the District's ongoing obligations.
- The District's change in net position was \$14.0 million for 2021. The 2021 increase is primarily a result of capital contributions from developers and connection charges totaling \$21.0 million and an operating loss of \$6.8 million.
- In 2021, the District made regular principal payments on its outstanding sewer revenue bonds of \$310,000 and PWB loans of \$1,225,162.

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

December 31	2021	2020	2020 to 2021 Change	%
<i>Assets</i>				
Current and other assets	\$ 70,143,722	\$ 60,393,254	\$ 9,750,468	16.1%
Capital assets (net of depreciation) and construction work in progress	225,363,295	219,124,914	6,238,381	2.8%
Total assets	295,507,017	279,518,168	15,988,849	
Deferred Outflows	671,734	717,838	(46,104)	-6.4%
<i>Liabilities</i>				
Current and other liabilities	7,699,345	6,325,940	1,373,405	21.7%
Long-term liabilities	27,993,719	31,275,311	(3,281,592)	-10.5%
Total liabilities	35,693,064	37,601,251	(1,908,187)	
Deferred Inflows	4,456,670	575,546	3,881,124	674.3%
<i>Net position</i>				
Net investment in capital assets	200,994,189	197,428,439	3,565,750	1.8%
Restricted - pensions	4,266,358	-	4,266,358	100.0%
Unrestricted	50,768,470	44,630,770	6,137,700	13.8%
Total net position	\$ 256,029,017	\$ 242,059,209	\$ 13,969,808	

- Current and other assets increased in 2021 by \$9.8 million or 16.1%, due to an increase in cash and investment balances (of \$3.7 million) that is primarily associated with strong residential construction as 2,018 Equivalent Residential Units (ERUs) were added, as well as a net pension asset that did not exist in prior years (\$4.3 million).
- Long-term liabilities decreased in 2021 by \$3.3 million or 11.8% partially due to the District's net pension liability of \$1.3 million in 2020 becoming an asset in 2021.
- Deferred outflows and deferred inflows of resources fluctuate annually due to the change in the proportionate share of state-calculated pension deferred outflows and inflows. In 2021, deferred

outflows decreased by 6.4% from 2020, while deferred inflows increased by 674.3%, or \$3.9 million from 2020.

- The net pension asset results in a restricted net position of \$4.3 million, which did not exist in 2020.

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, 2021, were \$225.4 million. This increase of \$6.2 million or 2.8% from 2020 is due to several major capital assets events during the fiscal year, including the following:

- In 2021, donated capital assets from developers totaled \$6.9 million.
- During 2021, the District placed \$12.5 million of construction work in progress into service, mainly from \$11.7 million of completed District campus improvements.

For further explanations of the capital asset activity of the District, please refer to Note 3, Capital Assets.

Long-Term Liabilities

During 2021, the District decreased its long-term liabilities by a total of \$3.3 million. This decrease was driven primarily by the following factors:

- In 2021, the District's loan and bond liabilities decreased by \$1.5 million from 2020 due to regular principal payments. Please refer to Note 4, Long-Term Liabilities, for more detailed information regarding long-term debt activity.
- In 2021, the District's net pension liability decreased by \$1.3 million from 2020, as the state's pension liability became an asset in 2021. See Note 5, Pension Plans, for further details.

Revenues, Expenses and Changes in Net Position

	2021	2020	<u>2020 to 2021</u> Change	%
Revenues				
Operating revenue				
Charges for services	\$ 24,548,882	\$ 22,977,020	\$ 1,571,862	6.8%
Permits	183,905	172,930	10,975	6.3%
Miscellaneous	1,271,088	1,251,327	19,761	1.6%
Non-operating revenue				
Interest and investment income	-	1,037,917	(1,037,917)	-100.0%
Other non-operating revenue	1,000,471	1,050,589	(50,118)	-4.8%
Gain on disposal of asset	-	24,672	(24,672)	-100.0%
Total revenues	<u>27,004,346</u>	<u>26,514,455</u>	<u>489,891</u>	
Expenses				
Operating expenses	32,834,200	32,397,590	436,610	1.3%
Non-operating expenses				
Interest and investment loss	113,040	-	113,040	100.0%
Other non-operating expenses	312,810	295,787	17,023	5.8%
Loss on disposal of asset	334,825	-	334,825	100.0%
Interest expense	464,585	360,358	104,227	28.9%
Total expenses	<u>34,059,460</u>	<u>33,053,735</u>	<u>1,005,725</u>	
EXCESS (DEFICIENCY) BEFORE CONTRIBUTIONS	(7,055,114)	(6,539,280)	(515,834)	7.9%
CAPITAL CONTRIBUTIONS	<u>21,024,922</u>	<u>21,296,735</u>	<u>(271,813)</u>	-1.3%
CHANGE IN NET POSITION	13,969,808	14,757,455	(787,647)	-5.3%
NET POSITION, January 1	<u>242,059,209</u>	<u>227,301,754</u>	<u>14,757,455</u>	6.5%
NET POSITION, December 31	<u>\$ 256,029,017</u>	<u>\$ 242,059,209</u>	<u>\$ 13,969,808</u>	

- Service revenues increased in 2021 by \$1.6 million or 6.8% due both to an increase in the number of connections to sewer service and a rate increase of \$1 per month per ERU.
- Actual ERU growth was 2,018 and 1,879 ERUs for 2021 and 2020, respectively.
- In 2021, the District recorded interest and investment income as an expense in the amount of \$0.1 million. This expense is the net of interest earnings of \$0.5 million and an unrealized loss of \$0.6 million from a decline in the fair market value of District investments 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.
- Operating expenses for 2021 increased from 2020 by \$0.4 million or 1.3%. The main drivers for this increase are:
 - Depreciation and amortization increased by \$0.5 million or 6.2%, due an increase in depreciation expense as the District Campus Improvement project was placed into service in 2021.
 - Salaries and wages reflect an increase of \$0.4 million or 7.6% due to annual salary wage and cost of living increases, as well as an addition of just over four employees to the District in 2021. Related benefit costs decreased by \$2.2 million or 88.5% for 2021, as a result of pension activity for the year.

- Treatment contract services costs increased \$1.1 million or 9.4% in 2021 over 2020. This increase is due to increased Regional Service Charge rates charged by the Alliance as it expands operations and capital activity.
- 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. SDCs for 2021 totaled \$13.9 million compared to \$12.4 million in 2020. These charges per connection increase by \$400 in each tier in 2021 from 2020. The 2021 charges per connection are as follows:

Tier	Treatment Plant	SDC
1	Vancouver (VTP)	\$ 2,920
2	Salmon Creek (SCTP)	\$ 5,908
3	Ridgefield (RFTP)	\$ 8,750

- The remaining increase in capital contributions is a result of increased donated capital. The District received \$6.9 million in 2021 compared to \$8.6 million in 2020. This 19.8% decrease is a result of decreased development activity within the District’s service area.

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

Economic Factors and Next Year’s Budget and Rates

The District’s economic condition improved during 2021. These improvements are due largely to the District’s customer base growing by 4.5% from 35,974 customer accounts in 2020 to 37,603 in 2021 and continued substantial capital contributions from development-related activity.

The following economic factors currently affect the District and were considered in developing the 2022 fiscal year budget:

- Service charges will increase by \$1 per month per Equivalent Residential Unit.
- Capital spending on existing infrastructure is driven by the results of a criticality assessment performed by the District in 2018, in conjunction with the General Sewer Plan prepared and adopted by the District in 2019.
- Increases in inflation and interest rates are expected during 2022.

- The District has contracted with the Alliance to operate the Salmon Creek Treatment Plant (SCTP), a regional asset owned by the Alliance, effective July 1, 2022. The District has budgeted an additional sixteen (16) FTE to operate the plant.
- 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 1,461, or 2.9% in 2022.

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
2021
FINANCIAL STATEMENTS

CLARK REGIONAL WASTEWATER DISTRICT
STATEMENT OF NET POSITION
DECEMBER 31, 2021

	2021
ASSETS	
Current Assets:	
Cash and cash equivalents	\$ 31,201,277
Restricted cash and cash equivalents	1,122,549
Investments (at fair value)	6,034,090
Receivables	
Customer accounts	2,003,818
Contracts (current and delinquent)	90,389
Interest	60,865
Due from other governments	3,563,963
Prepaid expenses	331,795
Total current assets	44,408,746
Noncurrent Assets:	
Investments (at fair value)	20,887,455
Contracts receivable	581,163
Capital assets not being depreciated:	
Land and land rights	613,226
Construction work in progress	4,197,308
Total capital assets not being depreciated	4,810,534
Capital assets being depreciated:	
Buildings	12,059,720
Improvements other than buildings	3,541,026
Infrastructure	261,632,788
Equipment	4,277,391
Less: accumulated depreciation	(72,185,313)
Total capital assets being depreciated	209,325,612
Capital assets being amortized:	
Intangible assets, including future treatment capacity rights	49,383,521
Less: accumulated amortization	(38,156,372)
Total capital assets being amortized	11,227,149
Net pension asset	4,266,358
Total noncurrent assets	251,098,271
TOTAL ASSETS	295,507,017
 DEFERRED OUTFLOWS of RESOURCES	
Amounts related to pension	665,243
Amounts related to OPEB	6,491
TOTAL DEFERRED OUTFLOWS of RESOURCES	\$ 671,734

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, 2021

Continued from previous page

	2021
LIABILITIES	
Current Liabilities:	
Accounts payable	\$ 5,950,874
Interest payable	77,752
Retainage payable	67,374
Revenue collected in advance	473,586
System development charge (SDC) credits	84,611
Construction deposits	248,951
Compensated absences	60,629
Accounts payable from restricted assets	722,586
Loans payable	1,225,163
Sewer revenue bonds	434,619
Total other postemployment benefits (OPEB) liability	12,982
Total current liabilities	9,359,127
Noncurrent Liabilities:	
Compensated absences	613,025
Loans payable	11,078,449
Sewer revenue bonds	11,528,136
Net pension liability	407,147
Total Other postemployment benefits (OPEB) liability	2,707,180
Total noncurrent liabilities	26,333,937
TOTAL LIABILITIES	35,693,064
DEFERRED INFLOWS of RESOURCES	
Amounts related to pensions	4,456,670
TOTAL DEFERRED INFLOWS of RESOURCES	4,456,670
NET POSITION	
Net investment in capital assets	200,994,189
Restricted - pensions	4,266,358
Unrestricted	50,768,470
TOTAL NET POSITON	\$ 256,029,017

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, 2021**

	2021
OPERATING REVENUES	
Charges for services	\$ 24,548,882
Permits	183,905
Other operating revenue	1,271,088
Total operating revenues	26,003,875
OPERATING EXPENSES	
Salaries and wages	5,224,193
Personnel benefits	282,974
Supplies	596,448
Professional services	723,870
Insurance	229,867
Repairs and maintenance	772,504
Treatment contract services	12,831,803
Taxes	658,623
Other operating expense	2,167,603
Depreciation and amortization	9,346,315
Total operating expenses	32,834,200
Operating income (loss)	(6,830,325)
NON-OPERATING REVENUES (EXPENSES)	
Interest and investment revenue (loss)	(113,040)
Other non-operating revenue	1,000,471
Gain/(loss) on disposal of capital assets	(334,825)
Interest expense	(464,585)
Other non-operating expense	(312,810)
Total non-operating revenue (expenses)	(224,789)
Income before contributions	(7,055,114)
CAPITAL CONTRIBUTIONS	21,024,922
Change in net position	13,969,808
TOTAL NET POSITION, January 1	242,059,209
TOTAL NET POSITION, December 31	\$ 256,029,017

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, 2021**

	2021
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers and users	\$ 24,340,849
Payments to suppliers	(15,825,435)
Payments to employees	(7,285,278)
Payments for taxes	(617,018)
Payments of other operating activities	(282,303)
Receipts for other operating activities	1,255,190
Net cash from operating activities	1,586,005
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Receipts for future system improvements	13,767,859
Principal paid on long-term debt	(1,644,781)
Interest paid on long-term debt	(469,625)
Acquisition and construction of capital assets	(9,469,301)
Net cash from capital and related financing	2,184,152
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of investments	(12,445,502)
Proceeds from maturing or called investments	9,561,783
Interest on investments	263,077
Interest on contracts	28,253
Net cash from investing activities	(2,592,389)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,177,768
CASH AND CASH EQUIVALENTS, January 1	31,146,058
CASH AND CASH EQUIVALENTS, December 31	\$ 32,323,826
Cash and Cash Equivalents	\$ 31,201,277
Restricted cash and cash equivalents	1,122,549
Total cash and cash equivalents	\$ 32,323,826

Continued on next page

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

**CLARK REGIONAL WASTEWATER DISTRICT
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2021**

Continued from previous page

	2021
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES	
Utility operating income (loss)	\$(6,830,325)
Adjustments to reconcile operating income to net from operating activities	
Depreciation and amortization expense	9,346,315
(Increase) decrease in accounts receivable	(77,393)
(Increase) decrease in due from other governments	(1,353,122)
(Increase) decrease in prepaid expenses	(65,444)
(Increase) decrease in deferred outflows	46,104
Increase (decrease) in accounts payable	1,824,723
Increase (decrease) in accrued employee benefits	(376,328)
Increase (decrease) in revenue collected in advance	22,208
Increase (decrease) in pension obligation (net)	(5,519,518)
Increase (decrease) in deferred inflows	3,881,124
Non-operating expenses	(312,810)
Non-operating revenues	1,000,471
Total adjustments	8,416,330
Net cash from operating activities	\$ 1,586,005
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES	
Contributions of capital assets from developers or governments	6,926,030
Increase (decrease) in fair value of investments	(361,205)
Change in capital related accounts payable	(475,810)
Gain (loss) on sale or disposition of capital assets	(334,825)

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

Cash and Cash Equivalents – It is the District's policy to invest all temporary cash surpluses. For the purposes of the Statements of Net Position and Cash Flows, the District considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. All amounts held in the Local Government Investment Pool (LGIP) and Clark County Investment Pool (CCIP) accounts are considered to be cash equivalents. Investments purchased with an original maturity of more than three months are classified as investments. See Note 2 for detailed information about the District's deposits and investments.

The District has restricted cash and cash equivalents of \$1,122,549, representing unspent bond proceeds from the 2020 Sewer Revenue Bonds. When an expenditure is incurred for purposes for which both

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

restricted and unrestricted resources are available, the District considers restricted resources to be used first.

Investments – Certain investments are reported at fair value in accordance with GASB Statement No. 72, *Fair Value Measurement and Application*, on quoted market prices for securities purchased by the District. All investments held have readily available market prices. The change in fair value is reported in the Statement of Revenues, Expenses and Changes in Net Position as an increase or decrease in investment assets and investment income. Realized gains or losses on the maturity or disposition of securities are not separately disclosed. Likewise, some investments are reported at amortized cost. See Note 2, Deposits and Investments, for additional information.

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

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

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

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

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

Capital Assets – Capital assets, which include property, plant, equipment and infrastructure assets (e.g. collection and transmission system and pumping stations), are reported at historical cost. Capital assets are defined by the District as assets with an initial cost of more than \$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.

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

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

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

See Note 3 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.

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

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

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

Compensated Absences – Accumulated but unpaid compensated absences (vacation and sick leave) are recorded as liabilities as earned. Vacation may accumulate up to a maximum of 360 hours or, for those restricted to contracts, the contract amount, although the maximum compensable payout allowed is 240 hours. Sick leave earned, vested and unused by District employees is compensable at 50% of its value upon voluntary termination, retirement or death and is also recorded as a District liability. Sick leave may accumulate beyond 960 hours for an employee; however, 50% of 960 hours is the maximum payout allowed. Total accrued unpaid compensated absences (vacation and sick leave) amounted to \$673,654 at December 31, 2021.

Long-Term Debt – See Note 4, Long-Term Liabilities for detailed information about the District’s long-term debt.

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

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

terms. Investments are reported at fair value. See Note 5, Pension Plans for detailed information about the District's pension plans.

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

Total Other Postemployment Benefits (OPEB) Liability – See Note 6 for detailed information about the District's defined OPEB plan.

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

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

Note 2 – 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, 2021, 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, 2021, was \$6,239,291, held entirely in a checking account and as cash on hand.

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

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

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

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

Investments are subject to the following risks:

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

Note 2 – Deposits and Investments (Continued)

Investment Type	Fair Value	Investment Maturities (in Years)	
		Less than 1	1 - 5
Clark County Investment Pool	\$ 22,394,267	\$ 22,394,267	\$ -
Local Government Investment Pool	3,690,268	3,690,268	-
Federal National Mortgage Association	994,550	-	994,550
Federal Farm Credit Bank	1,497,840	-	1,497,840
Federal Home Loan Bank	6,053,160	5,033,840	1,019,320
U.S. Treasury Notes	12,407,595	-	12,407,595
Federal Home Loan Mortgage Corporation	5,968,400	1,000,250	4,968,150
	<u>\$ 53,006,080</u>	<u>\$ 32,118,625</u>	<u>\$ 20,887,455</u>
Investment by maturity		61%	39%

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

Credit Risk: Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The District’s investment policy states that the Finance Director is empowered to invest in the security instruments authorized in Washington RCW 36.29.020. All investments held by the District at year-end 2021 had a credit quality rating of AA+ by Standard and Poor’s.

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

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

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

Note 2 – Deposits and Investments (Continued)

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

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

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

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

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

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

At December 31, 2021, the District had the following recurring fair value measurements:

Note 2 – Deposits and Investments (Continued)

	Total	Fair Value Measurement Using:		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)**	Significant Unobservable Inputs (Level 3)
Investment by Fair Value Level				
Clark County Investment Pool*	\$ 22,394,267			
Investment Securities				
Federal National Mortgage Association	994,550	-	994,550	-
Federal Farm Credit Bank	1,497,840	-	1,497,840	-
Federal Home Loan Bank	6,053,160	-	6,053,160	-
U.S. Treasury Notes	12,407,595	12,407,595	-	-
Federal Home Loan Mortgage Corporation	5,968,400	-	5,968,400	-
Total Investments measured at fair value	<u>49,315,812</u>	<u>12,407,595</u>	<u>14,513,950</u>	<u>-</u>

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

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

Investments Measured at Amortized Cost

Washington State Local Government Investment Pool	<u>\$ 3,690,268</u>
Total Investments measured at amortized cost	<u>\$ 3,690,268</u>

Summary of Deposit and Investment Balances – A reconciliation of deposits and investment balances as of December 31, 2021, is as follows:

Cash on Hand	\$ 1,250
Amount of Deposits with Private Financial Institutions	6,238,041
Deposits with State LGIP	3,690,268
Deposits with CCIP	22,394,267
Non-Pooled Investments	26,921,545
Total Deposits and Investments	<u>59,245,371</u>
Deposits	
Current:	
Cash and Cash Equivalents	32,323,826
Total Deposits	<u>32,323,826</u>
Investments	
Current:	
Short-term Investments	6,034,090
Noncurrent	
Long-term Investments	20,887,455
Total Investments	<u>26,921,545</u>
Total Deposits and Investments	<u>\$ 59,245,371</u>

Note 3 – Capital Assets

Capital assets activity for the year ended December 31, 2021, is as follows:

	Balance Jan. 1, 2021	Additions & Transfers	Retirements & Transfers	Balance Dec. 31, 2021
CAPITAL ASSETS - NONDEPRECIABLE:				
Land and land rights	\$ 613,226	\$ -	\$ -	\$ 613,226
Construction work-in-progress	7,741,945	8,993,491	12,538,128	4,197,308
Total capital assets - nondepreciable	<u>8,355,171</u>	<u>8,993,491</u>	<u>12,538,128</u>	<u>4,810,534</u>
CAPITAL ASSETS - DEPRECIABLE:				
Collection and transmission system	207,101,128	7,347,900	-	214,449,028
Buildings	3,263,777	9,418,336	622,393	12,059,720
Improvements other than buildings	1,255,053	2,294,837	8,864	3,541,026
Pump stations	47,288,432	-	104,672	47,183,760
Machinery, furniture and equipment	3,874,306	403,085	-	4,277,391
Intangible assets, including future treatment capacity rights	49,383,521	-	-	49,383,521
Total capital assets - depreciable	<u>312,166,217</u>	<u>19,464,158</u>	<u>735,929</u>	<u>330,894,446</u>
LESS ACCUMULATED DEPRECIATION:				
Collection and transmission system	(47,124,630)	(2,997,281)	-	(50,121,910)
Buildings	(1,436,536)	(315,088)	(298,342)	(1,453,282)
Improvements other than buildings	(347,226)	(36,463)	(6,869)	(376,820)
Pump stations	(14,615,376)	(2,914,571)	(95,892)	(17,434,055)
Machinery, furniture and equipment	(2,523,736)	(275,510)	-	(2,799,246)
Intangible assets, including future treatment capacity rights	(35,348,970)	(2,807,402)	-	(38,156,372)
Total accumulated depreciation	<u>(101,396,473)</u>	<u>(9,346,315)</u>	<u>(401,103)</u>	<u>(110,341,685)</u>
Total capital assets - depreciable, Net	<u>210,769,744</u>	<u>10,117,843</u>	<u>334,826</u>	<u>220,552,761</u>
Total capital assets, Net	<u>\$ 219,124,915</u>	<u>\$ 19,111,334</u>	<u>\$ 12,872,954</u>	<u>\$ 225,363,295</u>

Note 4 – Long-Term Liabilities

Direct Placement Revenue Bonds – Revenue bonds are authorized and adopted by the Board of Commissioners for the construction of capital additions. Sewer revenues of the District provide the security for repayment of District debt. On April 8, 2020, the District issued \$10,190,000 in Sewer Revenue Bonds to fund the District Campus Improvements Project, an expansion of the District’s current facilities that is expected to accommodate the District growth forecasted over the next 20 years. The bonds bear an interest rate of 5.0%. Principal installments range from \$310,000 to \$780,000, with a final maturity date of December 1, 2040. In 2021, the District paid \$819,500 (\$310,000 principal and \$509,500 interest) on these bonds. The annual debt service requirements for these 2020 sewer revenue bonds are as follows:

Year	2020 Sewer Revenue Bonds		Total Debt Service
	Principal	Interest	
2022	325,000	494,000	819,000
2023	340,000	477,750	817,750
2024	355,000	460,750	815,750
2025	375,000	443,000	818,000
2026	395,000	424,250	819,250
2027-2031	2,285,000	1,804,750	4,089,750
2032-2036	2,910,000	1,174,500	4,084,500
2037-2040	2,895,000	371,000	3,266,000
Total	\$ 9,880,000	\$ 5,650,000	\$ 15,530,000

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

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

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

Note 4 – Long-Term Liabilities (Continued)

Below is a schedule of loans containing a description of each loan, its use, and outstanding balance as of December 31, 2021:

Public Works Board Loans	Loan Number	Notice of Completion	Approved Loan Amount	Balance	Interest Rate
Gee Creek Trunk Sewer	PW-05-691-047	February 2008	\$ 1,597,606	\$ 335,935	1.0%
Discovery Corridor Wastewater Transmission System	PC-12-951-034	March 2017	10,000,000	5,852,893	0.5%
Discovery Corridor Wastewater Transmission System	PC-13-961-040	March 2017	10,000,000	<u>6,114,784</u>	0.5%
				<u>\$12,303,612</u>	

For 2021, the District paid \$1,294,906 (\$1,225,162 principal and \$69,743 interest) on the PWB loans outstanding as of December 31, 2021. In the event the District defaults on a payment on these loans, a monthly penalty of 1% (12% per annum) will be assessed.

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

Year Ending December 31	State of Washington - Public Works Board Loans						
	Gee Creek Trunk Sewer		DCWTS*		Total		Payments
	Principal	Interest	Principal	Interest	Principal	Interest	
2022	83,984	3,359	1,141,179	59,838	1,225,163	63,197	1,288,360
2023	83,984	2,520	1,141,179	54,132	1,225,163	56,652	1,281,815
2024	83,984	1,680	1,141,179	48,427	1,225,163	50,107	1,275,270
2025	83,983	840	1,141,179	42,721	1,225,162	43,561	1,268,723
2026	-	-	1,141,178	37,015	1,141,178	37,015	1,178,193
2027-2031	-	-	5,705,894	99,482	5,705,894	99,482	5,805,376
2032	-	-	555,889	2,779	555,889	2,779	558,668
Total	<u>\$335,935</u>	<u>\$ 8,398</u>	<u>\$ 11,967,677</u>	<u>\$344,394</u>	<u>\$ 12,303,612</u>	<u>\$352,793</u>	<u>\$ 12,656,405</u>

* Discovery Corridor Wastewater Transmission System

Changes in long-term liabilities as a summary for the year ended December 31, 2021:

	Balance Jan. 1, 2021	Additions	Reductions	Balance Dec. 31, 2021	Due Within One Year
Compensated absences	\$ 653,452	\$ 589,317	\$ 569,115	\$ 673,654	\$ 60,629
Total other postemployment benefits liability	3,116,691	-	396,529	2,720,162	12,982
Pension liability	1,660,307	-	1,253,160	407,147	-
SDC credits	84,611	-	-	84,611	84,611
Notes from direct borrowings	13,528,774	-	1,225,162	12,303,612	1,225,163
Directly place sewer revenue bonds	10,190,000	-	310,000	9,880,000	325,000
Directly place sewer revenue bonds - issuance premiums	2,192,374	-	109,619	2,082,755	109,619
Total long-term liabilities	<u>\$ 31,426,209</u>	<u>\$ 589,317</u>	<u>\$ 3,863,585</u>	<u>\$28,151,941</u>	<u>\$1,818,004</u>

Note 5 – Pension Plans

The following table represents the aggregate pension amounts for all plans for the year 2021:

<u>Aggregate Pension Amounts – All Plans</u>	
Pension liabilities	\$ 407,147
Pension assets	4,266,358
Deferred outflows of resources	665,243
Deferred inflows of resources	4,456,670
Pension expense/expenditures	55,132

State Sponsored Pension Plans

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

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

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

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

Public Employees’ Retirement System (PERS)

PERS members include elected officials; state employees; employees of 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 completion of five years of eligible service. The plan was closed to new entrants on September 30, 1977.

Note 5 – Pension Plans (Continued)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 2021 were as follows:

PERS Plan 1		
Actual Contribution Rates:	Employer	Employee
January – June 2021		
PERS Plan 1	7.92%	6.00%
PERS Plan 1 UAAL	4.87%	
Administrative Fee	0.18%	
Total	12.97%	6.00%
July – December 2021		
PERS Plan 1	10.07%	6.00%
Administrative Fee	0.18%	
Total	10.25%	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 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.

Note 5 – Pension Plans (Continued)

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 2021 were as follows:

PERS Plan 2/3		
Actual Contribution Rates:	Employer 2/3	Employee 2
January – June 2021		
PERS Plan 2/3	7.92%	7.90%
PERS Plan 1 UAAL	4.87%	
Administrative Fee	0.18%	
Employee PERS Plan 3		varies
Total	12.97%	7.90%
July – December 2021		
PERS Plan 2/3	6.36%	6.36%
PERS Plan 1 UAAL	3.71%	
Administrative Fee	0.18%	
Employee PERS Plan 3		varies
Total	10.25%	6.36%

The District’s actual PERS plan contributions were \$230,979 to PERS Plan 1 and \$384,540 to PERS Plan 2/3 for the year ended December 31, 2021.

Actuarial Assumptions

The total pension liability (TPL) for each of the DRS plans was determined using the most recent actuarial valuation completed in 2021 with a valuation date of June 30, 2020. The actuarial assumptions used in the valuation were based on the results of the Office of the State Actuary’s (OSA) *2013-2018 Experience Study* and the *2019 Economic Experience Study*.

Additional assumptions for subsequent events and law changes are current as of the 2020 actuarial valuation report. The TPL was calculated as of the valuation date and rolled forward to the measurement date of June 30, 2021. Plan liabilities were rolled forward from June 30, 2020, to June 30, 2021, reflecting each plan’s normal cost (using the entry-age cost method), assumed interest and actual benefit payments.

Note 5 – Pension Plans (Continued)

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

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

There were no changes in assumptions since the last valuation. There were changes in methods since the last valuation.

- For purposes of the June 30, 2020, Actuarial Valuation Report (AVR), a non-contribution rate-setting valuation under current funding policy, the Office of the State Actuary (OSA) introduced temporary method changes to produce asset and liability measures as of the valuation date. See the high-level summary below. OSA will revert back to the methods outlined in the 2019 AVR when preparing the 2021 AVR, a contribution rate-setting valuation, which will serve as the basis for 2022 ACFR results.
- To produce measures at June 30, 2020, unless otherwise noted in the 2020 AVR, OSA relied on the same data, assets, methods, and assumptions as of the June 30, 2019, AVR. OSA projected the data forward one year reflecting assumed new hires and current members exiting the plan as expected. OSA estimated June 30, 2020, assets by relying on the fiscal year-end 2019 assets, reflecting actual investment performance over FY 2020, and reflecting assumed contribution amounts and benefit payments during FY 2020. OSA reviewed the actual June 30, 2020, participant and financial data to determine if any material changes to projection assumptions were necessary. OSA also considered any material impacts to the plans from the 2021 legislation. See the 2020 AVR for more information.

Discount Rate

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

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

Note 5 – Pension Plans (Continued)

Long-Term Expected Rate of Return

The long-term expected rate of return on the DRS pension plan investments of 7.4 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 (CMA’s) and simulated expected investment returns provided by the Washington State Investment Board (WSIB). The WSIB uses the CMA’s and their target asset allocation to simulate future investment returns at various future times.

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, 2021, are summarized in the table below. The inflation component used to create the table is 2.2 percent, representing 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%	2.20%
Tangible Assets	7%	5.10%
Real Estate	18%	5.80%
Global Equity	32%	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 7.4%, 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 (6.4%) or 1-percentage point higher (8.4%) than the current rate.

	1% Decrease (6.4%)	Current Discount Rate (7.4%)	1% Increase (8.4%)
PERS 1	\$ 693,598	\$ 407,147	\$ 157,332
PERS 2/3	(1,215,403)	(4,266,358)	(6,778,821)

Pension Plan Fiduciary Net Position

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

Note 5 – Pension Plans (Continued)**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

At June 30, 2021, the District reported its proportionate share of the net pension liabilities as follows:

	<u>Liability (asset)</u>
PERS 1	\$ 407,147
PERS 2/3	(4,266,358)

At June 30, 2021, the District’s proportionate share of the collective net pension liabilities was as follows:

	<u>Proportionate Share 6/30/20</u>	<u>Proportionate Share 6/30/21</u>	<u>Change in Proportion</u>
PERS 1	0.031953%	0.033339%	0.001386%
PERS 2/3	0.041612%	0.042828%	0.001216%

Employer contribution transmittals received and processed by the DRS for the fiscal year ended June 30, 2021, are used as the basis for determining each employer’s proportionate share of the collective pension amounts reported by the DRS in the *Schedules of Employer and Nonemployer Allocations* for all PERS plans.

Pension Expense

For the year ended December 31, 2021, the District recognized pension expense as follows:

	<u>Pension Expense</u>
PERS 1	\$ (25,436)
PERS 2/3	(947,842)
TOTAL	<u>\$ (973,278)</u>

Deferred Outflows of Resources and Deferred Inflows of Resources

At December 31, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Note 5 – Pension Plans (Continued)

PERS 1	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual investment earnings on pension plan investments	\$ -	\$ (451,797)
Contributions subsequent to the measurement date	101,159	-
TOTAL	101,159	(451,797)

PERS 2/3	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 207,211	\$ (52,301)
Net difference between projected and actual investment earnings on pension plan investments	-	(3,565,677)
Changes of assumptions	6,235	(302,982)
Changes in proportion and differences between contributions and proportionate share of contributions	177,223	(83,913)
Contributions subsequent to the measurement date	173,415	-
TOTAL	564,084	(4,004,873)

Total	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 207,211	\$ (52,301)
Net difference between projected and actual investment earnings on pension plan investments	-	(4,017,474)
Changes of assumptions	6,235	(302,982)
Changes in proportion and differences between contributions and proportionate share of contributions	177,223	(83,913)
Contributions subsequent to the measurement date	274,574	-
TOTAL	665,243	(4,456,670)

Note 5 – Pension Plans (Continued)

Deferred outflows of resources related to pensions resulting from the District's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2022. 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
2022	\$ (119,681)	\$ (957,802)
2023	(109,671)	(893,739)
2024	(103,699)	(839,203)
2025	(118,746)	(915,334)
2026	-	(12,233)
Thereafter	-	4,109

Note 6 – Defined Benefit Other Postemployment Benefit (OPEB) Plan

The following table represents the aggregate OPEB amounts for all plans subject to the requirements of GASB Statement 75 for the year 2021:

Aggregate OPEB Amounts - All Plans	
Total OPEB liabilities	\$ 2,720,162
Deferred outflow of resources	6,491
OPEB expenses/expenditures	(382,963)

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

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

Employees Covered by Benefit Terms – All full-time employees are covered by these benefit terms. At December 31, 2021, membership in the plan consisted of the following:

Inactive employees or beneficiaries currently receiving benefits	4
Active employees	62
Total	66

Benefits Provided – Employees that retire from the District are eligible to continue participation in the PEBB health insurance plan on a self-pay basis. Retirees participating in the plan receive an implicit subsidy. The implicit subsidy exists because retired members pay a premium based on a claims experience for active employees and other retirees. The subsidy is valued using the difference between the age-based claims cost and the premium. In 2021, the District’s estimated monthly implicit rate subsidy was \$1082 per month.

Actuarial Assumptions and Other Inputs – The actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities, consistent with the long-term perspective of the calculations. 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.

Note 6 – Defined Benefit Other Postemployment Benefit (OPEB) Plan (Continued)

The District’s total OPEB liability of \$2,720,162 was measured as of June 30, 2021, with a valuation date of June 30, 2021. The alternative method permitted under GASB 75 was used to calculate the liability instead of an actuarial valuation. The Entry Age actuarial cost method and the recognized immediate amortization method were used in this calculation. There are no assets in this plan; therefore, no asset valuation method was used.

The total OPEB liability was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement period, unless otherwise specified at December 31, 2021:

Actuarial valuation date	6/30/2021
Actuarial measurement date	6/30/2021
Amortization method	Recognized Immediately
Asset Valuation method	N/A (No Assets)
Inflation rate	2.75%
Projected salary changes	3.50% + Service-Based Increases
Discount rates	2.16%
Healthcare trend rates	Initial rate ranges from about 2-11%, reaching an ultimate rate of approximately 4.3% in 2075
Post-retirement participation percentage	65%
Percentage with spouse coverage	45%

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

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

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

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

- UMP pre and post-Medicare costs and premiums are equal to the Uniform Medical Plan.
- The KP pre-Medicare costs and premiums are 50/50 blend of KP WA classic and KP WA value.
- The KP post-Medicare costs and premiums are equal to KP WA Medicare.

Note 6 – Defined Benefit Other Postemployment Benefit (OPEB) Plan (Continued)

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

Assumptions for retirement, disability, termination and mortality are based on the 2020 PEBB OPEB Actuarial Valuation Report, with the following changes for simplicity:

- Assume Plan 2 decrement rates.
- Assume all employees are retirement eligible at age 55 and all employees retire at age 70.
- Assume an average expected retirement age of 65, applied active mortality rates for ages less than 65 and retiree mortality rates for ages 65+.

Each cohort is assumed to be a 50/50 male/female split. It was further assumed that eligible spouses are the same age as the primary member.

Dental benefits, representing less than 2% of the accrued benefit obligations under the 2020 PEBB OPEB AVR, were not included when calculating the total OPEB liability.

Sensitivity of the Total Liability to Changes in the Healthcare Cost Trend Rates – The following presents the total OPEB liability of the District calculated using the healthcare trend rates of 2-11 percent, reaching an ultimate range of 4.3 percent, as well as what the OPEB liability would be if it were calculated using healthcare trend rates that are 1 percentage point lower (1-10%) or 1 percentage point higher (3-12%) than the current rate.

	1% Decrease (1-10%)	Current Healthcare Cost Trend Rate (2-11%)	1% Increase (3-12%)
Total OPEB Liability	\$ 2,174,355	\$ 2,720,162	\$ 3,446,264

Sensitivity of the Total Liability to Changes in the Discount Rate – The following presents the total OPEB liability of the District calculated using the discount rate of 2.16 percent, as well as what the OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.16 percent) or 1 percentage point higher (3.16 percent) than the current rate.

	1% Decrease (1.16%)	Current Discount Rate (2.16%)	1% Increase (3.16%)
Total OPEB Liability	\$ 3,324,571	\$ 2,720,162	\$ 2,247,773

Note 6 – Defined Benefit Other Postemployment Benefit (OPEB) Plan (Continued)

Changes in the Total OPEB Liability – The following table presents the change in the total OPEB liability during 2021:

Total OPEB Liability at 1/1/2021	\$ 3,116,691
Service cost	181,140
Interest	72,733
Changes in benefit terms	-
Differences in experience data and assumptions	(636,836)
Benefit payments	(13,566)
Other changes	-
Total OPEB Liability at 12/31/2021	2,720,162

OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to OPEB – For the year ending December 31, 2021, the District recognized OPEB expense of (\$382,963).

On December 31, 2021, the District reported deferred outflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Payments subsequent to the measurement date	\$ 6,491	\$ -
Total	\$ 6,491	\$ -

Deferred outflows of resources of \$6,491 resulting from payments subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ended December 31, 2022.

Note 7 – 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>2021</u>
Capital contributions of assets from developers, governments and other sources	\$ 6,926,030
Capital contributions from system development charges	13,892,893
Capital contributions from local facility reimbursements	<u>205,999</u>
Total	<u><u>\$ 21,024,922</u></u>

Note 8 – Risk Management

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

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

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

Note 8 – Risk Management (Continued)

TYPE OF COVERAGE	MEMBER DEDUCTIBLE	SELF-INSURED RETENTION/GROUP	EXCESS LIMITS
Property Loss:			
Buildings and Contents	\$1,000 - \$25,000 and See (C) below	\$25,000	\$275,000,000
Flood	See (A) below	See (A) below	\$25,000,000
Earthquake	See (B) below	See (B) below	\$110,000,000 (\$75,000,000 shared by all members, \$25,000,000 dedicated to Alderwood, \$10,000,000 dedicated to Sammamish Plateau)
Terrorism	\$1,000 - \$25,000	\$25,000 Primary layer	\$700,000,000 Primary layer
Boiler & Machinery	\$1,000 - \$350,000 depending on object	\$25,000 - \$350,000 depending on object	\$100,000,000
Auto - Physical Damage	\$1,000 - \$25,000	\$25,000	Replacement Value Coverage
Liability:			
Commercial General Liability	\$1,000 - \$25,000	\$500,000	\$10,000,000
Auto Liability	\$1,000 - \$25,000	Same as above	\$10,000,000
Public Officials Errors and Omissions	\$1,000 - \$25,000	Same as above	\$10,000,000
Employment Practices	\$1,000 - \$25,000	Same as above	\$10,000,000
Other:			
Cyber Liability	\$50,000	N/A	\$2,000,000
Deadly Weapon/Active Shooter	\$10,000	N/A	\$500,000
Public Officials Bonds	Various	N/A	Various
Crime	\$1,000 - \$25,000	\$25,000	\$2,000,000
Identity Fraud	\$0	\$0	\$25,000
A. \$100,000 member deductibles, per occurrence, in Flood zones except Zones A&V; \$250,000 member deductible per occurrence in Flood Zones A&V.			
B. Member deductible for earthquakes is 5%, subject to \$100,000 minimum Earthquake Shock. The deductible will apply per occurrence on a per unit basis, as defined in the policy form, subject to the stated minimum.			
C. Member deductible for Cyber Liability is \$50,000, and where applicable, the dollar amount of the business interruption loss during the policy’s required 8 hour waiting period.			

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

Note 8 – Risk Management (Continued)

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, 2022, written notice must be in possession of the Pool by April 30, 2022). The Interlocal Governmental Agreement is renewed automatically each year. Even after termination of relationship with the Pool, a member is still responsible for contributions to the Pool for any unresolved, unreported, and in process claims, for the period that the District was a signatory to the Interlocal Governmental Agreement.

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

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

The following schedule depicts the property claims filed by the District with the Pool for the years 2021, 2020 and 2019 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>
2021	\$ 229,390	\$ 225,183	\$ 4,207
2020	84,034	77,034	7,000
2019	36,366	32,366	4,000

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 9 – 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. Additionally, the ICMA plan offers a Roth option, which allows an employee to contribute after-tax dollars, which are tax-free upon distribution. A distribution from the deferred compensation 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 10 – Construction Commitments

The District has construction commitments resulting from active consultant and construction projects, including restoration and replacement projects, as of December 31, 2021, exceeding \$100,000 as follows:

Project	Total Awarded Contract Commitment	Spent to Date	Remaining on Contract
NE 99th Street Trenchless Sewer	\$ 2,813,085	\$ 1,724,901	\$ 1,088,184
NE 10th Avenue Culvert CRP	147,500	29,375	118,125
Facilities Capital Plan for District Campus	11,225,518	11,000,989	224,529
	<u>\$ 14,186,103</u>	<u>\$ 12,755,265</u>	<u>\$ 1,430,838</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 an agreement on the optimum structure for a regional wastewater transmission and treatment utility to meet the needs of the agencies and community for the next generation. The Interlocal Formation Agreement (IFA), signed on September 27, 2012, represents the culmination of five years of study and provided the foundation to create a new regional utility entity, the Alliance, under the empowerment of Chapter 39.106 RCW – the Joint Municipal Utility Services Act (JMUSA). The Alliance was incorporated with the Washington Secretary of State on January 4, 2013. The Alliance is governed by a four-member board, one elected official from each entity, and was established to provide wastewater transmission and treatment services to the citizenry of the respective participating members.

As the managing partner or “Administrative Lead” for the Alliance, the District provides executive, financial, and engineering services. The District also manages and operates three Regional Transmission Systems and the Ridgefield Wastewater Treatment Plant.

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

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

During 2021, the District paid \$12,194,459 to the Alliance for Regional Service Charges, as budgeted by the District and Alliance. The District billed the Alliance \$1,197,546 for Administration Lead services provided, which includes both staff time and expenses for professional consulting, IT support, insurance and various utility expenses. Additionally, the District billed the Alliance \$689,942 for operations of Regional Assets. More information about the Alliance, including the 2021 Annual Comprehensive Financial Report, can be found on their website at <http://www.discoverycwa.org>.

Note 12 – COVID-19 Pandemic

In February 2020, the Governor of the State of Washington declared a state of emergency in response to the spread of COVID-19. In the months following the declaration, precautionary measures to slow the spread of the virus were ordered. These measures included closing schools, canceling public events, limiting public and private gatherings, restricting business operations, travel and non-essential activities.

The Governor's stay-at-home order recognizes wastewater services as an essential service, so the District has continued to operate essentially normally since the beginning of the pandemic. The Governor issued Proclamation 20-23.5 – Ratepayer Assistance and Preservation of Essential Services in May 2020, which prohibits utilities from charging late fees or shutting off essential services. The District returned to assessing penalties for late payments and past due collection practices after this proclamation ended on September 30, 2021.

Development activity in the District service area has remained strong despite the economic impacts of the COVID-19 pandemic. The District has not experienced any direct financial impacts due to the pandemic.

This page left intentionally blank.

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

Fiscal Year Ended	Total OPEB Liability - Beginning	Service Cost	Interest	Changes in Benefit Terms	Differences Between Expected and Actual Experience	Benefit Payment s	Other Change s	Total OPEB Liability - Ending	Covered- Employee Payroll	Total OPEB Liability as a Percentage of Covered Payroll
12/31/18	\$2,333,182	\$ 141,364	\$88,517	\$ -	\$ (156,111)	\$ (4,019)	\$ -	\$ 2,402,933	\$ 4,233,472	56.76%
12/31/19	2,402,933	120,555	97,441	-	(235,790)	(11,390)	-	2,373,749	4,724,615	50.24%
12/31/20	2,373,749	127,922	87,431	-	534,944	(7,355)	-	3,116,691	4,864,747	64.07%
12/31/21	3,116,691	181,140	72,733	-	(636,836)	(13,566)	-	2,720,162	5,152,328	52.79%

See notes to Required Supplementary Information.

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

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

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 EIGHT FISCAL YEARS

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

See notes to Required Supplementary Information.

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

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

See notes to Required Supplementary Information.

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

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

See notes to Required Supplementary Information.

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - OPEB

Note 1 – Information Provided

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

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - PENSION

Note 1 – 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 in 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.

STATISTICAL SECTION

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

Contents	Page
<p><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.</p>	66
<p><i>Revenue Capacity</i> These schedules contain information to help the reader understand the District’s most significant source of revenue, sewer utility charges.</p>	72
<p><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.</p>	76
<p><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.</p>	78
<p><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.</p>	80

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

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

Schedule 1

Fiscal Year	Net Investment In Capital Assets	Restricted Net Position	Unrestricted Net Position	Total Net Position
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
2018	175,959,713	541,765	35,014,931	211,516,409
2019	194,189,964	-	33,111,790	227,301,754
2020	197,428,439	-	44,630,770	242,059,209
2021	200,994,189	4,266,358	50,768,470	256,029,017

**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
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
2018	21,481,927	30,068,732	(8,586,805)	869,755	(7,717,050)	21,098,294	-	13,381,244
2019	23,125,164	29,845,244	(6,720,080)	1,626,059	(5,094,021)	20,879,366	-	15,785,345
2020	24,401,277	32,397,590	(7,996,313)	1,457,033	(6,539,280)	21,296,735	-	14,757,455
2021	26,003,875	32,834,200	(6,830,325)	(224,789)	(7,055,114)	21,024,922	-	13,969,808

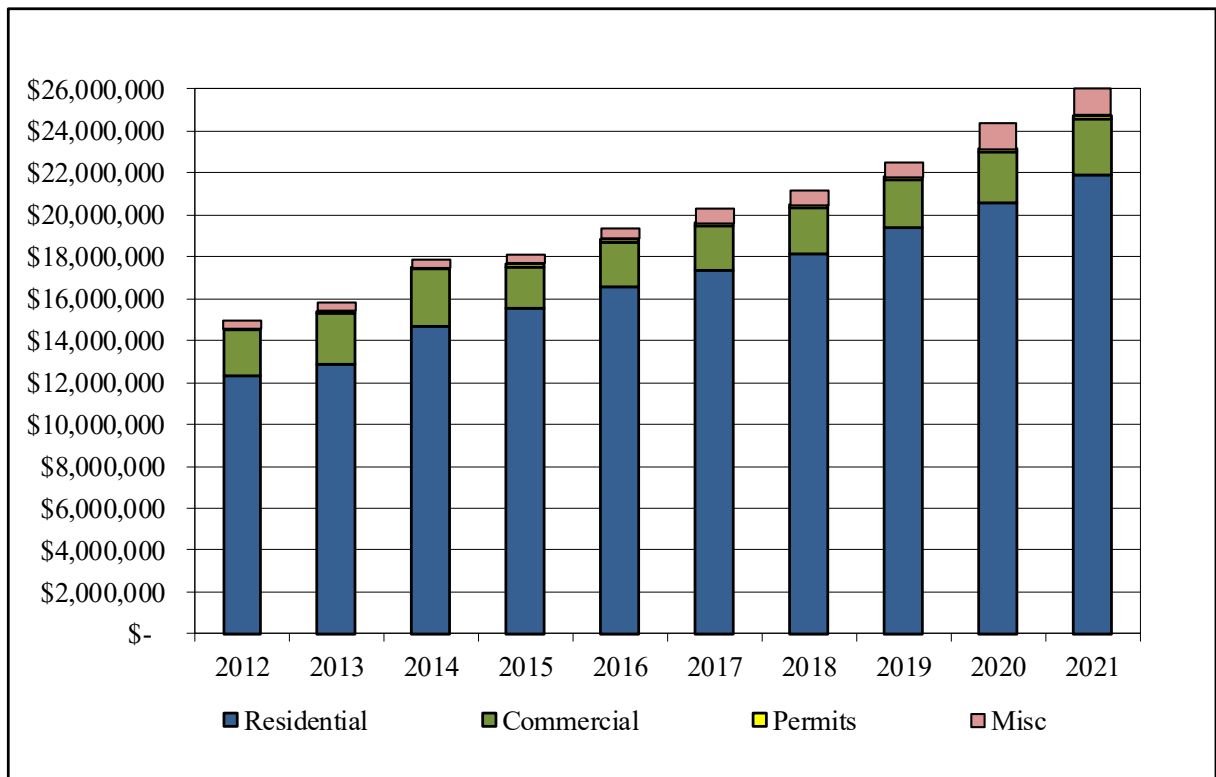
* The City of Ridgefield transferred their collection system operations to the District as of January 1, 2014. As a result of this transfer, the District recognized an increase in Net Position, reported as a Special Item on the Statement of Revenues, Expenses, and Changes in Fund Net Position, of \$11,842,196. 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. The total increase in net position for 2015, including the increase from the Special Items, was \$27,532,914.

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

Schedule 3

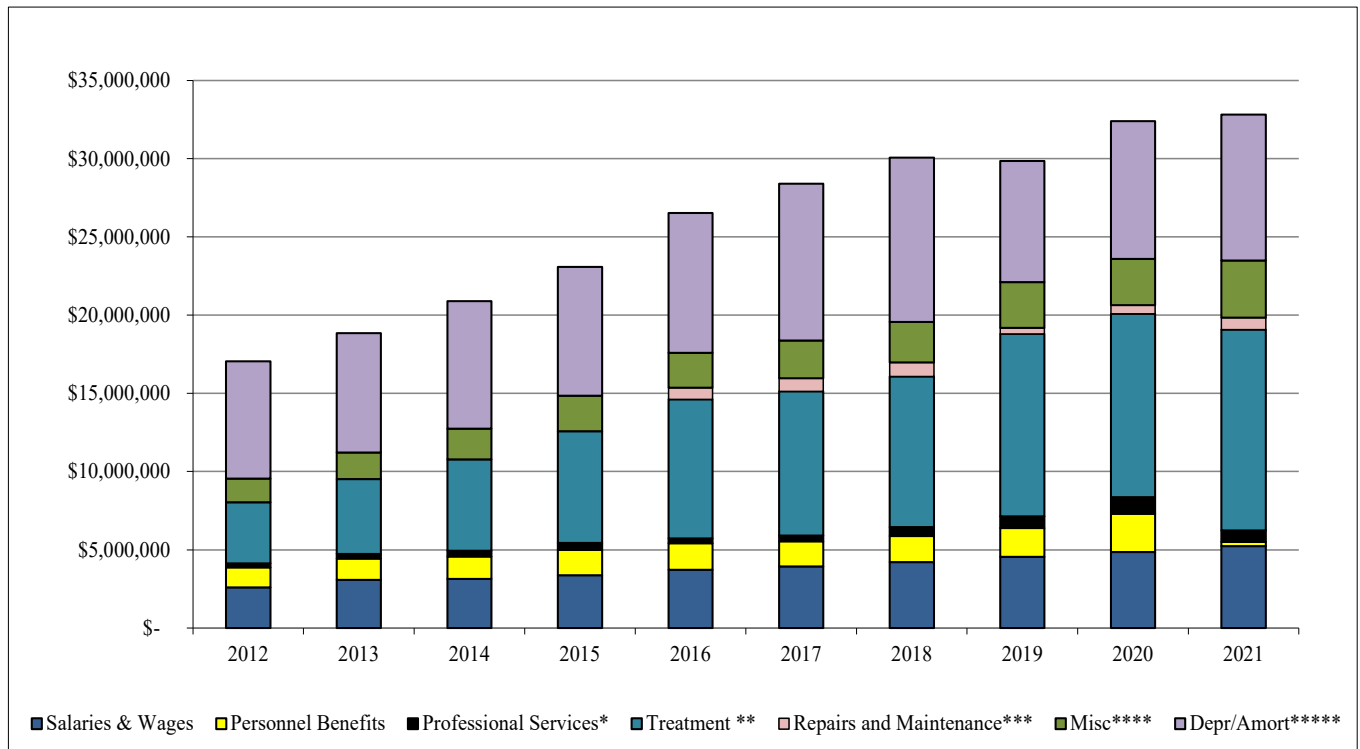
Fiscal Year	Charges for Service				Total
	Residential	Commercial	Permits	Misc	
2012	\$ 12,288,652	\$ 2,255,023	\$ 43,925	\$ 372,531	\$ 14,960,131
2013	12,841,516	2,502,117	70,190	378,732	15,792,555
2014	14,716,673	2,679,606	101,725	356,716	17,854,720
2015	15,537,525	2,005,118	127,150	455,941	18,125,734
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
2018	18,125,614	2,181,571	166,170	682,217	21,155,572
2019	19,401,206	2,256,156	142,625	731,727	22,531,714
2020	20,572,876	2,404,144	172,930	1,251,327	24,401,277
2021	21,920,582	2,628,300	183,905	1,271,088	26,003,875



**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
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
2018	4,204,696	1,673,728	581,089	9,611,585	911,590	2,586,231	10,499,813	30,068,732
2019	4,551,023	1,837,831	743,432	11,661,011	387,864	2,939,451	7,724,632	29,845,244
2020	4,855,343	2,452,319	1,046,647	11,732,669	545,322	2,963,766	8,801,524	32,397,590
2021	5,224,193	282,974	723,870	12,831,803	772,504	3,652,541	9,346,315	32,834,200



* 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).

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

Schedule 5

<u>Fiscal Year</u>	<u>Interest and Fiscal Charges</u>	<u>Interest Revenue</u>	<u>Gain (Loss) on Disposal of Capital Assets</u>	<u>Other Revenues (Expenses) - Net</u>	<u>Total Non-operating Revenues (Expenses)</u>
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)
2018	(138,329)	849,485	(228,256)	386,855	869,755
2019	(119,554)	1,240,450	290	504,873	1,626,059
2020	(360,358)	1,037,917	24,672	754,802	1,457,033
2021	(464,585)	(113,040)	(334,825)	687,661	(224,789)

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

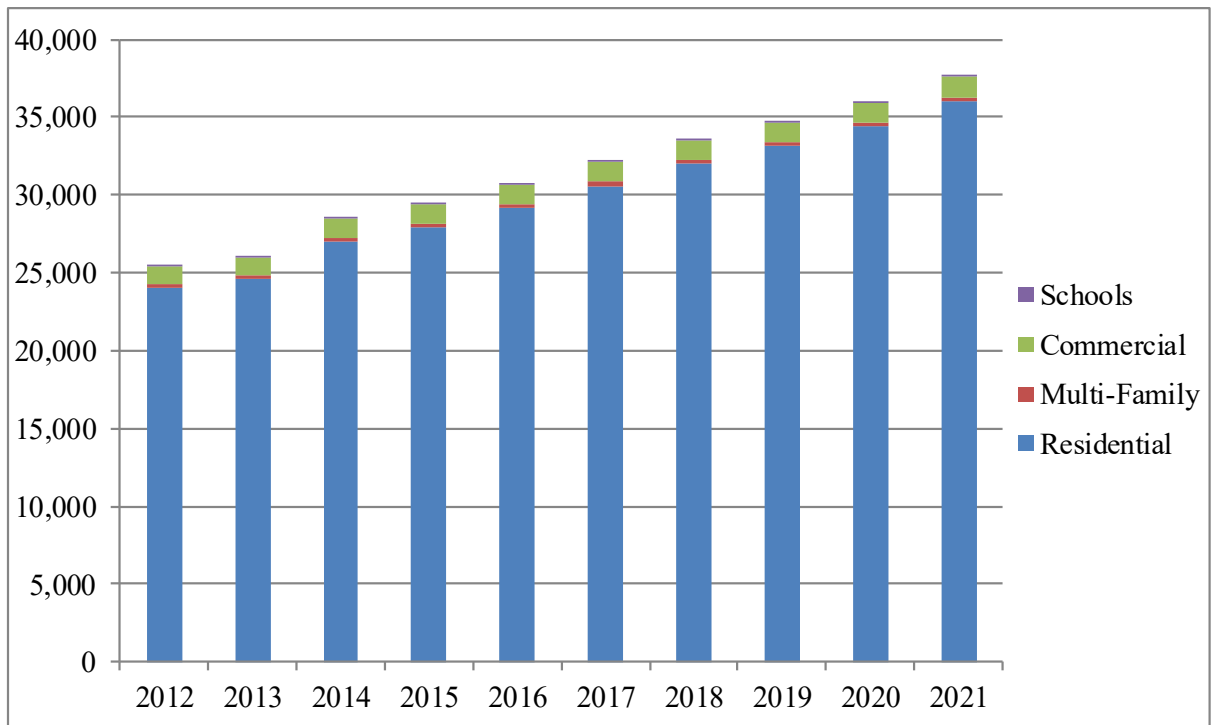
Schedule 6

<u>Fiscal Year</u>	<u>Connection Fees</u>	<u>Local Facility Charges</u>	<u>Donated Mains/ Capital Grants</u>	<u>Total</u>
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
2018	9,977,924	104,909	11,015,461	21,098,294
2019	10,503,265	311,048	10,065,053	20,879,366
2020	12,426,609	301,662	8,568,464	21,296,735
2021	13,892,893	205,999	6,926,030	21,024,922

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

Schedule 7

<u>Fiscal Year</u>	<u>Residential</u>	<u>Multi-Family</u>	<u>Commercial</u>	<u>Schools</u>	<u>Total</u>
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	257	1,228	39	30,691
2017	30,599	261	1,239	40	32,139
2018	31,993	264	1,237	41	33,535
2019	33,116	273	1,235	44	34,668
2020	34,389	278	1,262	45	35,974
2021	35,990	287	1,282	44	37,603



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

Schedule 8

Customer	2021			2012		
	Sewer Revenues	Rank	Percentage of Total Sewer Revenues	Sewer Revenues	Rank	Percentage of Total Sewer Revenues
Acero Ridgefield	\$ 158,482	1	0.65%	\$ -		0.00%
Vancouver Public Schools	153,479	2	0.63%	124,324	1	0.85%
Salmon Creek Estate Condominiums	138,744	3	0.57%	115,056	2	0.78%
Highland Crossing LLC	131,167	4	0.53%	105,223	3	0.72%
Highland Hills Apartments	126,887	5	0.52%	-		-
Prairie View Association	111,684	6	0.45%	92,616	4	0.63%
Alderbrook LLC	107,945	7	0.44%	-		-
Parklane Apartments	102,828	8	0.42%	85,272	5	0.58%
Reflections at the Park*	96,678	9	0.39%	80,172	6	0.55%
Rock Creek Commons	95,448	10	0.39%	-		-
Bridge Creek Apartments**	-		-	68,952	7	0.47%
Crystal Creek Apartments	-		-	67,728	8	0.46%
Willow Pointe Apartments	-		-	63,240	9	0.43%
Legacy Salmon Creek Hospital	-		-	58,058	10	0.40%
Subtotal (ten largest)	1,223,342		4.99%	860,642		5.88%
Revenues from other customers	23,325,540		95.01%	13,807,848		94.12%
Total	\$ 24,548,882		100.00%	\$ 14,668,490		100.00%

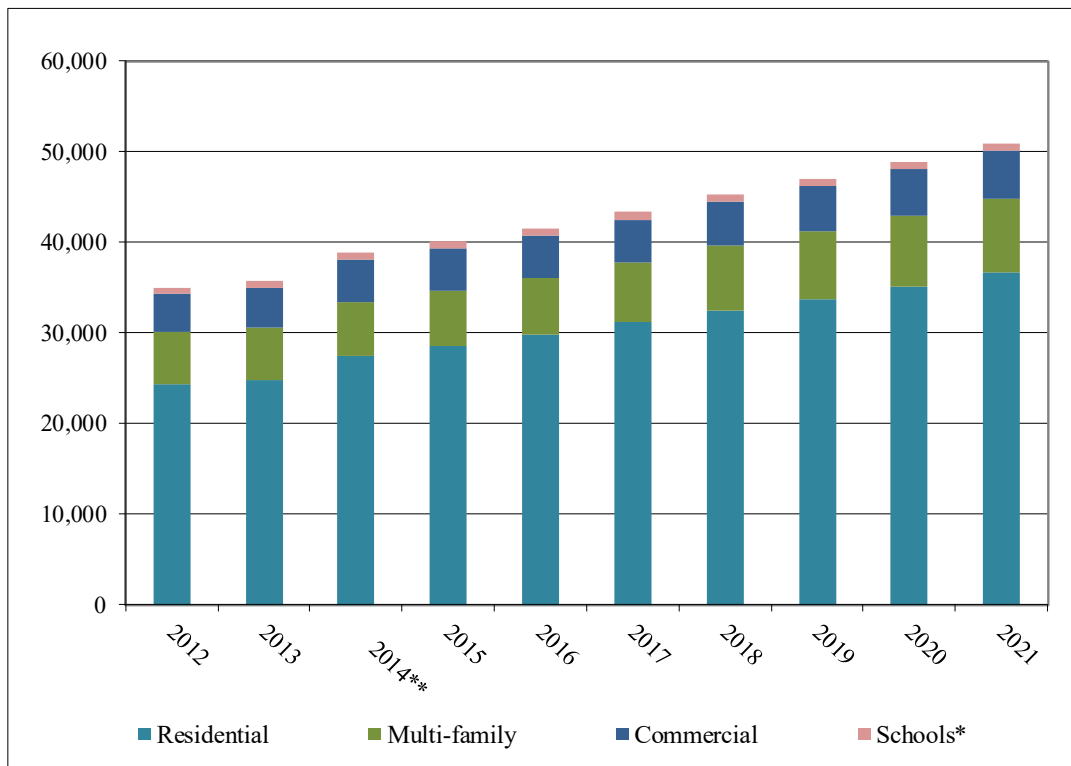
* Formerly Prairie Park Apartments

** Formerly Discovery Park Apartments

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

Schedule 9

<u>Fiscal Year</u>	<u>Residential</u>	<u>Multi-family</u>	<u>Commercial</u>	<u>Schools*</u>	<u>Total</u>
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
2018	32,506	7,086	4,851	823	45,266
2019	33,673	7,507	5,013	801	46,994
2020	35,105	7,743	5,230	794	48,872
2021	36,635	8,159	5,330	766	50,890



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

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

** In January 2014, the District took over the Ridgefield collection system which increased District ERUs by 2,097.

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

Schedule 10

Year	Central Monthly Service	Ridgefield Monthly Service	Regional Facilities Charge *	General Facilities Charge *	System Development Charge		
					VTP **	SCTP ***	RFTP ****
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
2018	38.00	55.00	-	-	1,720	4,708	7,550
2019	39.00	55.60	-	-	2,120	5,108	7,950
2020	40.00	55.60	-	-	2,520	5,508	8,350
2021	41.00	54.80	-	-	2,920	5,908	8,750

Notes: Monthly service rates are based upon one ERU per day per single-family dwelling.

Increases in monthly service rates must be approved by the Board of Commissioners. The above rates and connection charges are the primary sources of revenues for the District. In 2019, the District Board approved a \$1.00 per month rate increase per year starting in 2019 and ending in 2022. The District does not receive any general purpose tax revenues. This increase is necessary to adjust to inflationary costs for goods, services, fuel and labor.

In 2018, the District Board approved a \$400 per ERU rate increase per year, starting in 2019 and ending in 2021. The increase in revenue from this charge will help offset rising construction costs for new infrastructure and capital projects.

* In 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
RATIO OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS**

Schedule 11

Year	2005 Revenue Bonds	2012 Revenue Bonds	2020 Revenue Bonds	PWB/SRF Loans	Total		
					Amount	Per ERU	As a Share of Personal Income
2012	\$ 10,676,803	\$ 5,417,645	\$ -	\$ 15,671,272	\$ 31,765,720	\$ 908	2.17%
2013	10,057,695	4,923,980	-	15,331,125	30,312,800	850	2.03%
2014	9,413,588	4,418,988	-	25,461,097	39,293,673	1,013	2.42%
2015	-	3,903,947	-	19,682,456	23,586,403	588	1.26%
2016	-	3,378,658	-	18,429,423	21,808,081	525	1.08%
2017	-	2,842,916	-	17,204,261	20,047,177	463	0.91%
2018	-	2,296,515	-	15,979,099	18,275,614	404	0.74%
2019	-	-	-	14,753,937	14,753,937	314	0.56%
2020	-	-	12,382,374	13,528,774	25,911,148	530	0.92%
2021	-	-	11,962,755	12,303,612	24,266,367	477	0.79%

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

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

Schedule 12

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
OPERATING REVENUE	\$ 14,960,131	\$ 15,893,660	\$ 18,165,870	\$ 18,125,734	\$ 19,383,517	\$ 20,263,403	\$ 21,481,927	\$ 23,125,164	\$ 24,401,277	\$ 26,003,875
OPERATING EXPENSE*	(9,552,162)	(11,254,831)	(12,882,539)	(14,854,096)	(20,117,427)	(18,367,593)	(19,568,919)	(22,120,612)	(23,596,066)	(23,487,885)
NET OPERATING INCOME	5,407,969	4,638,829	5,283,331	3,271,638	(733,910)	1,895,810	1,913,008	1,004,552	805,211	2,515,990
NON-OPERATING INCOME										
Interest on investments	201,405	104,321	271,600	307,304	339,891	301,509	849,485	1,240,450	1,037,917	(113,040)
Other non-operating revenue	10,878	15,444	47,304	552,060	872,136	785,426	598,802	873,342	1,050,589	1,000,471
Gain/(loss) on disposal of capital assets	-	-	-	(123,718)	5,999	(1,033,913)	(228,256)	290	24,672	(334,825)
Interest Expense	(2,471,265)	(668,591)	(670,994)	(508,173)	(172,641)	(155,553)	(138,329)	(119,554)	(360,358)	(464,585)
Other non-operating expense	(38,500)	(15,742)	-	(271,965)	(300,287)	(394,473)	(211,947)	(368,469)	(295,787)	(312,810)
TOTAL NON-OPERATING INCOME	(2,297,482)	(564,568)	(352,090)	(44,492)	745,098	(497,004)	869,755	1,626,059	1,457,033	(224,789)
CAPITAL CONTRIBUTIONS (CASH)**	7,178,366	3,010,251	5,201,265	6,652,890	7,696,391	8,796,825	10,082,833	10,814,312	12,728,271	14,098,892
NET REVENUE AVAILABLE FOR DEBT SERVICE***	12,760,118	7,753,103	10,803,500	10,388,209	7,880,220	10,351,184	13,003,925	13,564,477	15,350,873	16,854,678
Debt Service on Issued Bonds****	(4,369,633)	(1,691,059)	(1,692,665)	(1,696,415)	(600,000)	(600,000)	(600,000)	(600,000)	(318,438)	(819,500)
Debt Service on Junior Lien Obligations	(1,511,947)	(1,350,157)	(1,561,536)	(1,357,464)	(1,355,625)	(1,321,089)	(1,314,543)	(1,307,998)	(1,301,452)	(1,294,906)
NET REVENUE AVAILABLE FOR OTHER PURPOSES	6,878,538	4,711,887	7,549,299	7,334,330	5,924,595	8,430,095	11,089,382	11,656,479	13,730,983	14,740,272
1.25 COVERAGE RATIO TEST										
PARITY BOND DEBT SERVICE COVERAGE RATIO	2.92	4.58	6.38	6.12	13.13	17.25	21.67	22.61	48.21	20.57
DEBT SERVICE COVERAGE RATIO ON ALL SYSTEM OBLIGATIONS	2.17	2.55	3.32	3.40	4.03	5.39	6.79	7.11	9.48	7.97

Notes

* Excludes depreciation.

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

*** Excludes interest expense.

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

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

Schedule 13

Fiscal Year	Unincorporated Population*	Clark County		Unemployment ***
		Per Capita Income **	Total Personal Income	
2012	205,885	\$ 41,893	\$ 8,625,140,305	8.9%
2013	207,710	41,852	8,693,078,920	7.6%
2014	210,140	44,620	9,376,446,800	6.7%
2015	214,585	46,686	10,018,115,310	6.2%
2016	218,750	48,692	10,651,375,000	5.7%
2017	223,160	50,766	11,328,940,560	5.0%
2018	222,420	54,542	12,131,231,640	5.0%
2019	226,890	56,401	12,796,822,890	4.2%
2020	230,100	57,863	13,314,276,300	6.6%
2021	236,200	60,409	14,268,599,186	3.7%

Notes: Demographic information is from the following sources:

* Washington State Office of Financial Management.

** Federal Reserve Economic Data

Data for 2021 is not yet available. This figure was calculated by increasing the 2020 Per Capita amount by 4.4%. This average is the year-over-year growth rate for the six years prior.

*** Federal Reserve Economic Data

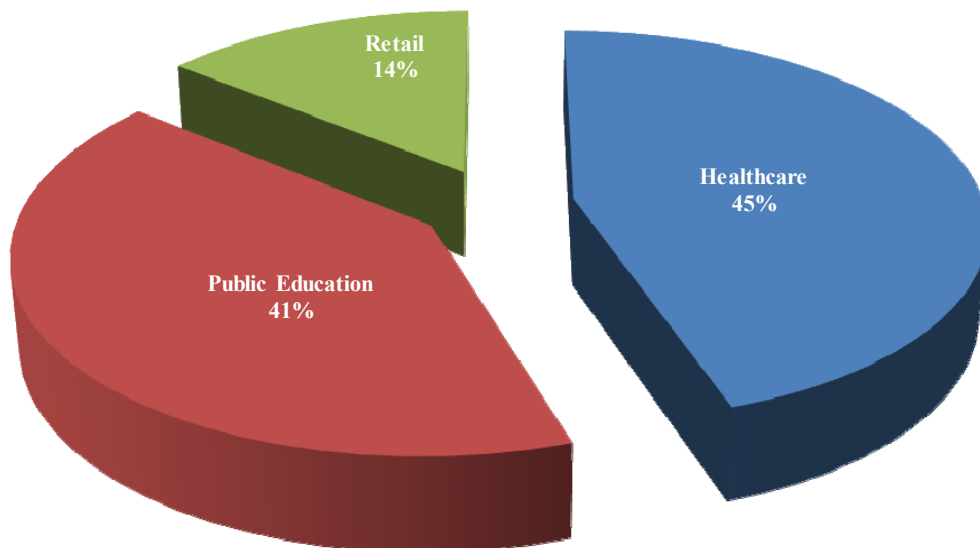
District demographics would be expected to closely follow overall Clark County.

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

Schedule 14

Customer	Type of Business	2021			2012		
		Employees	Rank	Percent of Employment	Employees	Rank	Percent of Employment
Legacy Salmon Creek Hospital	Healthcare	2,023	1	34.07%	850	2	21.38%
Vancouver School District	Public Education	933	2	15.72%	1,065	1	26.79%
Fred Meyer	Retail	495	3	8.34%	394	3	9.91%
Battle Ground Public Schools	Public Education	436	4	7.34%	348	4	8.75%
Washington State University Vancouver	Public Education	430	5	7.24%	333	5	8.38%
The Vancouver Clinic	Healthcare	382	6	6.43%	-	-	-
UNFI	Retail	350	7	5.90%	-	-	-
Ridgefield School District	Public Education	380	8	6.40%	-	-	-
Kaiser Permanente	Healthcare	263	9	4.43%	210	7	5.28%
Evergreen Public Schools	Public Education	245	10	4.13%	178	9	4.48%
Safeway	Retail	-	-	-	255	6	6.42%
Wal-Mart		-	-	-	200	8	5.03%
Hockinson School District	Public Education	-	-	-	142	10	3.57%
Total		5,937		100%	3,975		100%

2021 Top Ten Principal Employers by Business Type



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

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

Schedule 15

Fiscal Year	Millions of Gallons of Wastewater Treated					
	Salmon Creek Treatment Plant*	SCTP Rate \$/MG	Ridgefield Treatment Plant**	RFTP Rate \$/MG	City of Vancouver***	COV Rate \$/MG
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
2018	3,424	2,256	142	9,575	287	1,582
2019	3,343	2,872	153	9,775	288	1,702
2020	3,708	2,554	183	8,929	304	1,846
2021	3,909	2,918	179	7,957	313	1,816

* The Salmon Creek Treatment Plant (SCTP) is owned by the Alliance. Operations transferred from Clark County to the Alliance on January 1, 2015. About 86.4% 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 3.3% of the District's total flow. The RFTP was transferred to the Alliance January 1, 2015.

*** The District has a contract with the City of Vancouver to treat up to 1 million gallons per day. The City of Vancouver treats about 10.3% of the District's flow.

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

Schedule 16

	Fiscal Years									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
WASTEWATER TREATMENT										
Miles of sewer lines	732	726	726	709	681	659	607	605	539	534
Number of treatment plants	2	2	2	2	2	2	2	2	1	1
Treatment capacity (MGD)*	15.65	15.65	15.65	15.65	15.65	15.65	15.65	15.65	14.95	14.95
Annual engineering maximum plant capacity (millions of gallons)**	5,712	5,712	5,712	5,712	5,712	5,712	5,712	5,712	5,457	5,457
Amount treated annually (millions of gallons)***	4,088	3,891	3,496	3,566	4,070	3,614	4,135	3,351	2,935	3,234
Unused capacity (millions of gallons)	1,624	1,821	2,216	2,146	1,643	2,098	1,577	2,362	2,522	2,223
Percentage of capacity utilized	71.6%	68.1%	61.2%	62.4%	71.2%	63.3%	72.4%	58.7%	53.8%	59.3%

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

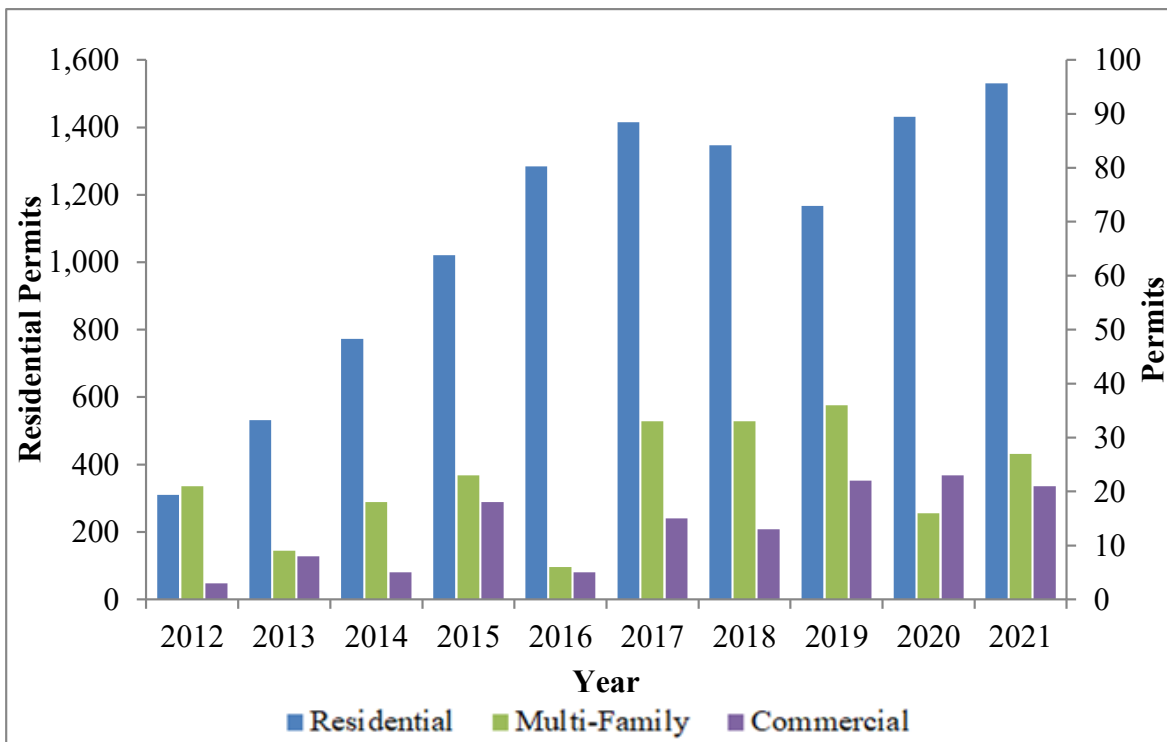
** Maximum monthly flow per Department of Ecology discharge permit to the SCTP and the RFTP. Approximately 86.4% of the District's flows go to the SCTP and 3.3% of its flows go to the RFTP. In addition, the District has an agreement with the City of Vancouver to treat up to 1 million gallons average monthly flow. Currently 10.3% of the District's flows go to the City of Vancouver Westside Treatment Plant.

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

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

Schedule 17

Year	Residential	Multi-Family	Commercial	Total
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
2018	1,347	33	13	1,393
2019	1,167	36	22	1,225
2020	1,431	16	23	1,470
2021	1,530	27	21	1,578



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

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

Schedule 18

Fiscal Year	Notes	Operations	Finance	Administration	Engineering	Business Services	Total
2012		17	10	8.5	11		46.5
2013	a.	19	10	8.5	11		48.5
2014	b.	19	10	9	12		50.0
2015	c.	18	10	10	12		50.0
2016	d.	18	10	10	14		52.0
2017	e.	18	11	11	14		54.0
2018	f.	20	11	9	14.5	4	58.5
2019	g.	21	11	9	16.5	4	61.5
2020	h.	20	11.75	9	16.5	5	62.25
2021	i.	22	12	11	17.5	4	66.5

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

- a. In 2013, Maintenance added two Maintenance Specialists to support the additional work that was created by adding Ridgefield to the District's service area.
- b. In 2014, Engineering added a Senior Project Manager, and Administration added an Administrative Assistant III position at 1 FTE and eliminated the Administrative Assistant I position at 0.5 FTE.
- c. In 2015, one Maintenance Support Specialist position was shifted to the Administrative Department and is now titled Administrative Assistant III.
- d. 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.
- e. 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.
- f. In 2018, the District became the Contract Operator of the Ridgefield Wastewater Treatment Plant. As a result, the District added two Treatment Plant Operators within the Operations Department. The District also reorganized to five departments, the fifth being Business Services which includes the Assistant Manager, Pretreatment Coordinator, IT Services Manager and HR Generalist. Also, to support growth within the District the positions of Construction Program Manager and Alliance Capital Program Manager were added.
- g. In 2019, the District Organization Chart was updated to include 3 new FTE. A Maintenance Specialist I position was added due to continued growth within the District's service area. A limited-term Alliance Construction Program Manager position was added to manage the anticipated Alliance capital construction work. A second limited-term position was added, Development Review Engineer/Deputy Development Program Manager, in anticipation of the retirement of the current Development Program Manager.
- h. In 2020, the Facilities Technician position was shifted to the Business Services Department. Finance added a .75 FTE Account Specialist to support continued growth in the District service area.
- i. In 2021, the Regulatory Compliance Manager position shifted from the Business Services to Administration Department. Additionally, three Administrative Assistant positions were reassigned, one to Operations, and two to Engineering. Four positions were added to Administration for Alliance Capital Program planning and delivery. Operations added an additional Maintenance Specialist. The above table excludes new unfilled positions as of 12/31/21. The Board adopted Organizational Chart presented in the Introduction Section, page 7, includes all authorized positions at 12/31/21.