Office of the Washington State Auditor
Pat McCarthy

Financial Statements and Federal Single Audit Report

Clark Regional Wastewater District

For the period January 1, 2023 through December 31, 2023

Published May 30, 2024

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Office of the Washington State Auditor
Pat McCarthy

May 30, 2024

Board of Commissioners
Clark Regional Wastewater District
Vancouver, Washington

Report on Financial Statements and Federal Single Audit

Please find attached our report on the Clark Regional Wastewater District's financial statements and compliance with federal laws and regulations.

We are issuing this report in order to provide information on the District's financial activities and condition.

Sincerely,

Pat McCarthy, State Auditor

Olympia, WA

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Clark Regional Wastewater District
January 1, 2023 through December 31, 2023

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The results of our audit of the Clark Regional Wastewater District are summarized below in accordance with Title 2 *U.S. Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

Financial Statements

We issued an unmodified opinion on the fair presentation of the basic financial statements in accordance with accounting principles generally accepted in the United States of America (GAAP).

Internal Control over Financial Reporting:

- *Significant Deficiencies:* We reported no deficiencies in the design or operation of internal control over financial reporting that we consider to be significant deficiencies.
- *Material Weaknesses:* We identified no deficiencies that we consider to be material weaknesses.

We noted no instances of noncompliance that were material to the financial statements of the District.

Federal Awards

Internal Control over Major Programs:

- *Significant Deficiencies:* We reported no deficiencies in the design or operation of internal control over major federal programs that we consider to be significant deficiencies.
- *Material Weaknesses:* We identified no deficiencies that we consider to be material weaknesses.

We issued an unmodified opinion on the District's compliance with requirements applicable to its major federal program.

We reported no findings that are required to be disclosed in accordance with 2 CFR 200.516(a).

Identification of Major Federal Programs

The following program was selected as a major program in our audit of compliance in accordance with the Uniform Guidance.

ALN	Program or Cluster Title
66.202	Congressionally Mandated Projects

The dollar threshold used to distinguish between Type A and Type B programs, as prescribed by the Uniform Guidance, was $750,000.

The District did not qualify as a low-risk auditee under the Uniform Guidance.

SECTION II – FINANCIAL STATEMENT FINDINGS

None reported.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None reported.

INDEPENDENT AUDITOR'S REPORT

Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Clark Regional Wastewater District
January 1, 2023 through December 31, 2023

Board of Commissioners
Clark Regional Wastewater District
Vancouver, Washington

We have audited, 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, the financial statements of the Clark Regional Wastewater District, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated May 23, 2024.

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described above and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified.

Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses.

We noted certain other matters that we have reported to the management of the District in a separate letter dated May 23, 2024.

REPORT ON COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

PURPOSE OF THIS REPORT

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, this report is a matter of public record and its distribution is not limited. It also serves to disseminate information to the public as a reporting tool to help citizens assess government operations.

Pat McCarthy

Pat McCarthy, State Auditor

Olympia, WA

May 23, 2024

INDEPENDENT AUDITOR'S REPORT

Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance in Accordance with the Uniform Guidance

Clark Regional Wastewater District
January 1, 2023 through December 31, 2023

Board of Commissioners
Clark Regional Wastewater District
Vancouver, Washington

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM

Opinion on Each Major Federal Program

We have audited the compliance of the Clark Regional Wastewater District, with the types of compliance requirements identified as subject to audit in the U.S. *Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended December 31, 2023. The District's major federal programs are identified in the auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States*;* and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)* are further described in the Auditor's Responsibilities for the Audit of Compliance 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination on the District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the District's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. 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, *Government Auditing Standards* and the Uniform Guidance will always detect a material noncompliance when it exists. The risk of not detecting a material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgement made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit;
- Identify and assess the risks of material noncompliance, 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 District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances;
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed; and

- We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

We noted certain matters related to compliance that we have reported to the management of the District in a separate letter dated May 23, 2024.

REPORT ON INTERNAL CONTROL OVER COMPLIANCE

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed. Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified.

Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

We noted certain other matters that we have reported to the management of the District in a separate letter dated May 23, 2024.

Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose. However, this report is a matter of public record and its distribution is not limited. It also serves to disseminate information to the public as a reporting tool to help citizens assess government operations.

Pat McCarthy, State Auditor

Olympia, WA

May 23, 2024

INDEPENDENT AUDITOR'S REPORT

Report on the Audit of the Financial Statements

Clark Regional Wastewater District
January 1, 2023 through December 31, 2023

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 the Clark Regional Wastewater District, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the financial section of our report.

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

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information listed in the financial section of our report 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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by Title 2 *U.S. Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). This supplementary information is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we have also issued our report dated May 23, 2024 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. 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 the effectiveness of the District's 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.

Pat McCarthy, State Auditor

Olympia, WA

May 23, 2024

FINANCIAL SECTION

Clark Regional Wastewater District
January 1, 2023 through December 31, 2023

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

INTRODUCTION

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

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

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

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

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

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

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

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

Financial Highlights

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

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

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

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

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

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

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

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

Long-Term Liabilities

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

Revenues, Expenses and Changes in Net Position

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

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

- Service revenues increased in 2023 by $1.6 million or 6.2% due both to an increase in the number of connections to sewer service and a rate increase of $1.50 or 3.6% per Equivalent Residential Unit (ERU) per month.

- Actual ERU growth was 1,557 and 1,476 ERUs for 2023 and 2022, respectively.

- In 2023, the District recorded interest and investment income of $2.6 million, an increase of $3.2 million from the loss reported in 2022. This is due to rising interest rates in 2023. The District continues to actively manage and diversify its investments outside of the State and County pools to maximize interest earnings.

- 2023 was the first full year the District acted as Contract Operator for the Salmon Creek Treatment Plant. Accordingly, in 2023 Contract Operator revenue increased by $3.8 million, or 119.7%.

- Operating expenses for 2023 increased from 2022 by $5.2 million or 13.1%. The main drivers for this increase are:

    - Salaries and wages reflect an increase of $1.4 million, or 20.0%, due to 2023 being the first full year the District employed the employees at the SCTP, as well as annual salary wage and cost of living increases.

    - Treatment contract services costs increased $2.2 million or 17.5% in 2023 over 2022. This increase is due to increased Regional Service Charge rates charged by the Alliance as it expands operations and capital activity.

    - Other operating expenses increased $1.2 million or 34.1% over 2022. This is due to the increase in operating expenses of SCTP from 2023 being the first full year of District operations.

- The District receives System Development Charge (SDC) revenues, based on a tiered system, in an effort to support economic development within the District service area. These charges are classified as capital contributions. The revenue from this charge is used for new infrastructure and capital projects within the District service area. SDCs for 2023 total $10.8 million compared to $10.0 million in 2022. These charges per connection increased in 2023 from 2022. The 2023 charges per connection are as follows:

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

Cash Flows

Wastewater collection is a very capital and asset-intensive utility service. The District's current system, inclusive of the Ridgefield service area, is spread across 49 square miles. Significant portions of the service area are undeveloped and require major infrastructure improvements and investments. Other portions of the system are over 50 years old and are beginning to reach their useful life. Growth in sewer service customers and service charges help fund capital expansion of the Alliance-owned Salmon Creek and Ridgefield wastewater treatment plants. Customer utility payments provide the necessary annual cash flow to cover operating activities and partially support the capital needs of the District.

Economic Factors and Next Year's Budget and Rates

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

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

- Service charges will increase by $1.5 per month per Equivalent Residential Unit.

- Capital spending on existing infrastructure is driven by the results of a criticality assessment performed by the District in 2018, in conjunction with the General Sewer Plan prepared and adopted by the District in 2019.

- Increases in inflation and interest rates are expected during 2024.

- The District continues to purchase a pooled group liability insurance policy to protect itself from unforeseen losses in excess of the member deductible. Insurance premiums are expected to continue to increase in 2024 and beyond.

- Total ERUs are anticipated to increase by 1,846, or 3.4%, in 2024.

Requests for Information

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

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

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

Continued on next page

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

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

Continued from previous page

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

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

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

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

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

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

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

Continued on next page

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

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

Continued from previous page

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Note 2 – Accounting and Reporting Changes

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

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

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

Note 3 – Deposits and Investments

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

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

<u>Custodial Credit Risk</u>: 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:

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

Note 3 – Deposits and Investments (Continued)

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

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

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

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

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

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

Note 3 – Deposits and Investments (Continued)

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

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

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

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

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

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

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

Note 3 – Deposits and Investments (Continued)

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

*The District's investment in the Clark County Investment Pool is not required to be categorized within the fair value heirarchy.
**Matrix pricing was used to measure fair value for Level 2 investments.

Investments Measured at Amortized Cost	
Washington State Local Government Investment Pool	$ 13,325,481
Total Investments measured at amortized cost	$ 13,325,481

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

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

Note 4 – Capital Assets

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

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

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

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

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

General ledger accounting system:

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

HR management system:

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

Environmental systems software:

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

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

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

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

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

Note 6 – Construction Commitments

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

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

Note 7 – Long-Term Liabilities

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

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

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

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

- Gee Creek Trunk Sewer project with loans, issued notices of completion, and final draws were executed by the City of Ridgefield in 2008. This loan was transferred to the District on January 1, 2014, as part of the collection system transfer of operations.

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

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

Note 7 – Long-Term Liabilities (Continued)

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

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

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

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

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

* Discovery Corridor Wastewater Transmission System

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

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

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

Note 8 – Pension Plans

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

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

State-Sponsored Pension Plans

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

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

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

Public Employees' Retirement System (PERS)

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

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

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

Note 8 – Pension Plans (Continued)

Contributions

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

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

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

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

Note 8 – Pension Plans (Continued)

Contributions

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

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

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

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

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

Actuarial Assumptions

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

Note 8 – Pension Plans (Continued)

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

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

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

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

Discount Rate

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

To determine that rate, an asset sufficiency test was completed to test whether each pension plan's fiduciary net position was sufficient to make all projected future benefit payments for current plan members. Based on OSA's assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return of 7.0% was used to determine the total liability.

Long-Term Expected Rate of Return

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

Note 8 – Pension Plans (Continued)

Estimated Rates of Return by Asset Class

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

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

Sensitivity of Net Pension Liability

The table below presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.0%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.0%) or 1-percentage point higher (8.0%) than the current rate.

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

Pension Plan Fiduciary Net Position

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

Note 8 – Pension Plans (Continued)

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

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

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

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

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

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

Pension Expense

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

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

Deferred Outflows of Resources and Deferred Inflows of Resources

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

Note 8 – Pension Plans (Continued)

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

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

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

Note 8 – Pension Plans (Continued)

Deferred outflows of resources related to pensions resulting from the District's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2024. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Sensitivity of the Total Liability to Changes in the Healthcare Cost Trend Rates – The following presents the total OPEB liability of the District calculated using the healthcare trend rates of 2-16 percent reaching an ultimate range of 3.8 percent, as well as what the OPEB liability would be if it were calculated using healthcare trend rates that are 1 percentage point lower or 1 percentage point higher than the current rate.

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

Sensitivity of the Total Liability to Changes in the Discount Rate - The following presents the total OPEB liability of the District calculated using the discount rate of 3.65 percent, as well as what the OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate.

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

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

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

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

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

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

Note 10 – Capital Contributions

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

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

Note 11 – Risk Management

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

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

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

Note 11 – Risk Management (Continued)

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

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

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

Note 11 – Risk Management (Continued)

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

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

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

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

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

Note 12 – Defined Contribution Plan

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

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

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

Note 13 – Joint Venture/Related Party Transactions

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

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

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

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

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

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

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

See notes to Required Supplementary Information.

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

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

See notes to Required Supplementary Information.

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

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

See notes to Required Supplementary Information.

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

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	$ 132,731	$ (132,731)	$ -	$ 3,289,190	4.04%
2015	153,801	(153,801)	-	3,503,486	4.39%
2016	174,276	(174,276)	-	3,653,591	4.77%
2017	189,985	(189,985)	-	3,875,441	4.90%
2018	214,397	(214,397)	-	4,233,472	5.06%
2019	233,609	(233,609)	-	4,724,615	4.94%
2020	238,782	(238,782)	-	4,977,955	4.80%
2021	230,979	(230,979)	-	5,392,363	4.28%
2022	263,237	(263,237)	-	6,999,153	3.76%
2023	283,229	(283,229)	-	8,381,724	3.38%

See notes to Required Supplementary Information.

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

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

See notes to Required Supplementary Information.

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - OPEB

Note 1 – Information Provided

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

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - PENSION

Note 1 – Significant Factors

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

Note 2 – Covered Payroll

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

Clark Regional Wastewater District
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2023

				Expenditures				
Federal Agency (Pass-Through Agency)	Federal Program	ALN Number	Other Award Number	From Pass-Through Awards	From Direct Awards	Total	Passed through to Subrecipients	Note
ENVIRONMENTAL PROTECTION AGENCY, ENVIRONMENTAL PROTECTION AGENCY	Congressionally Mandated Projects	66.202		-	800,000	800,000	-	
			Total Federal Awards Expended:	**-**	**800,000**	**800,000**	**-**	

The accompanying notes are an integral part of this schedule.

Clark Regional Wastewater District
December 31, 2023
Notes to the Schedule of Expenditures of Federal Awards

Note 1 – Basis of Accounting
This Schedule is prepared on the same basis of accounting as the District's financial statements. The District uses the accrual basis of accounting.

Note 2 – Federal Indirect Cost Rate
The District has not elected to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance. The amount expended includes no indirect costs.

Note 3 – Program Costs
The amounts shown as current year expenditures represent only the federal award portion of the program costs. Entire program costs, including the District's portion, are more than shown. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

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