Office of the Washington State Auditor
Pat McCarthy

Financial Statements Audit Report

Clark Regional Wastewater District

For the period January 1, 2024 through December 31, 2024

Published June 26, 2025

Report No. 1037540

Office of the Washington State Auditor
Pat McCarthy

June 26, 2025

Board of Commissioners
Clark Regional Wastewater District
Vancouver, Washington

Report on Financial Statements

Please find attached our report on the Clark Regional Wastewater District's financial statements.

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

Americans with Disabilities

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Clark Regional Wastewater District
January 1, 2024 through December 31, 2024

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, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated June 16, 2025.

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.

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

June 16, 2025

INDEPENDENT AUDITOR'S REPORT

Report on the Audit of the Financial Statements

Clark Regional Wastewater District
January 1, 2024 through December 31, 2024

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, 2024, 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, 2024, 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.

Matters of Emphasis

As discussed in Note 2 to the financial statements, in 2024, the District adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 101, *Compensated Absences*. Our opinion is not modified with respect to this matter.

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.

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we have also issued our report dated June 16, 2025 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

Pat McCarthy, State Auditor

Olympia, WA

June 16, 2025

FINANCIAL SECTION

Clark Regional Wastewater District
January 1, 2024 through December 31, 2024

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CLARK REGIONAL WASTEWATER DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2024

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 economic activities for the fiscal year ended December 31, 2024. 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 for the basic financial statements. Please refer to the accompanying notes in the financial statements.

Although the District is not legally required to adopt a budget, it does so to monitor revenues and control 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 neither a segment of any other local government nor a component unit thereof. The financial statements are presented like 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 used to maintain control over resources segregated for specific activities (e.g., sewer service). The District reports its activities as a single enterprise fund, a 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 district's financial position is improving or deteriorating.

The *Statement of Revenues, Expenses, and Changes in Fund Net Position* displays the District's net position change 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, capital and related financing, and investing activities.

Financial Highlights

- The District had a total net position of $294.1 million on December 31, 2024. Of this amount, $56.3 million is classified as unrestricted and may be used to meet the District's ongoing obligations.

- The District's change in net position was $14.1 million for 2024. The 2024 increase is primarily a result of capital contributions from developers and connection charges totaling $21.2 million and an operating loss of $10.5 million.

- In 2024, the District made regular principal payments on its outstanding sewer revenue bonds of $355,000 and PWB loans of $1,225,163.

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

December 31	2024	2023	2023 to 2024 Change	%
Assets				
Current and other assets	$ 66,380,415	$ 64,614,538	$ 1,765,877	2.7%
Capital assets (net of depreciation/amortization) and construction work in progress	257,174,022	249,239,909	7,934,113	3.2%
Total assets	323,554,437	313,854,447	9,699,990	
Deferred Outflows	2,563,718	1,962,732	600,986	30.6%
Liabilities				
Other liabilities	8,472,359	9,221,898	(749,539)	-8.1%
Long-term liabilities	22,532,618	24,821,181	(2,288,563)	-9.2%
Total liabilities	31,004,977	34,043,079	(3,038,102)	
Deferred Inflows	1,003,003	1,590,125	(587,122)	-36.9%
Net position				
Net investment in capital assets	235,980,063	225,619,684	10,360,379	4.6%
Restricted - pensions	1,860,586	2,337,274	(476,688)	-20.4%
Unrestricted	56,269,526	52,227,017	4,042,509	7.7%
Total net position	$ 294,110,175	$ 280,183,975	$ 13,926,200	

- Current and other assets increased in 2024 by $1.8 million or 2.7% due to an increase in cash and cash equivalents (of $0.3 million) driven by an increase in investments resulting from an unexpected underspend of planned expenditures in 2024.

- Long-term liabilities decreased in 2024 by $2.3 million or 9.2%, due to a combination of regular principal payments of $1.6 million on long-term debt, offset by loan draws of $0.7 million, and a decrease in Total other postemployment benefits liability of $1.0 million.

- 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 2024, deferred outflows increased by 30.6% or $0.6 million from 2023, while deferred inflows decreased by 36.9% or $0.6 million from 2023.

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, 2024, were $257.2 million. This increase of $7.9 million or 3.2% from 2023 is due to several major capital assets events during the fiscal year, including the following:

- In 2024, donated capital assets from developers totaled $9.5 million.
- During 2024, the District placed $10.7 million of construction work in progress into service.

Please refer to Note 4, Capital Assets, for further explanations of the district's capital asset activity.

Long-Term Liabilities

During 2024, the District decreased its long-term liabilities by $0.9 million. This decrease was driven primarily due to regular principal payments, combined with draws on a PWB loan awarded in 2023. Please refer to Note 7, Long-Term Liabilities, for more detailed information regarding long-term debt activity.

Revenues, Expenses, and Changes in Net Position

	2024	2023	2023 to 2024 Change	%
Revenues				
Operating revenue				
Charges for services	$ 29,323,715	$ 27,661,843	$ 1,661,872	6.0%
Permits	107,160	131,035	(23,875)	-18.2%
Contract operator	6,353,953	7,035,748	(681,795)	-9.7%
Miscellaneous	897,087	834,707	62,380	7.5%
Non-operating revenue				
Interest and investment income	2,340,962	2,625,157	(284,195)	-10.8%
Other non-operating revenue	1,824,424	2,239,820	(415,396)	-18.5%
Total revenues	40,847,301	40,528,310	318,991	
Expenses				
Operating expenses	47,171,686	45,328,625	1,843,061	4.1%
Non-operating expenses				
Other non-operating expenses	301,054	394,674	(93,620)	-23.7%
Loss on disposal of asset	7,741	-	7,741	100.0%
Interest expense	425,185	419,618	5,567	1.3%
Total expenses	47,905,666	46,142,917	1,762,749	
EXCESS (DEFICIENCY) BEFORE CONTRIBUTIONS	(7,058,365)	(5,614,607)	(1,443,758)	25.7%
CAPITAL CONTRIBUTIONS	21,172,310	20,001,846	1,170,464	5.9%
CHANGE IN NET POSITION	14,113,945	14,387,239	(273,294)	-1.9%
NET POSITION, January 1	280,183,975	265,755,412	14,428,563	5.4%
CHANGE IN ACCOUNTING PRINCIPLE	(187,745)	41,324	(229,069)	
NET POSITION, December 31	$ 294,110,175	$ 280,183,975	$ 13,926,200	

- Service revenues increased in 2024 by $1.7 million or 6.0% due to increased connections to sewer service and a monthly rate increase of $1.50 or 3.6% per Equivalent Residential Unit (ERU).

- Actual ERU growth was 1,452 and 1,557 ERUs for 2024 and 2023, respectively.

- In 2024, the District recorded interest and investment income of $2.3 million, a decrease of $0.3 million from 2023. This is due to a lower reinvested fund balance in 2024. The District continues actively managing and diversifying its investments outside the State and County pools to maximize interest earnings.

- In 2024, Contract Operator revenue decreased by $0.7 million, or 9.7% due to an underspend of budgeted expenses under the Contract Operator Agreement.

- Operating expenses for 2024 increased from 2023 by $1.8 million or 4.1%. The main drivers for this increase are:

  - Salaries and wages reflect an increase of $0.7 million, or 8.2%, due to an annual salary and cost of living increase.

  - Repairs and Maintenance increased by $0.5 million, or 32.5%, due to an increase in infrastructure repair projects in 2024.

- The District receives System Development Charge (SDC) revenues based on a tiered system 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 2024 total $11.1 million compared to $10.8 million in 2023. These charges per connection increased in 2024 from 2023. The 2024 charges per connection are as follows:

Tier	Treatment Plant	SDC
1	Vancouver (VTP)	$ 3,375
2	Salmon Creek (SCTP)	$ 6,828
3	Ridgefield (RFTP)	$ 10,112
4	Urban Holding Area (UHA)	$ 8,600

Cash Flows

Wastewater collection is a very capital and asset-intensive utility service. The District's current system, including 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 District's capital needs.

Economic Factors and Next Year's Budget and Rates

The District's economic condition improved in 2024. These improvements are primarily due to the District's customer base growing by 2.4% from 39,653 customer accounts in 2023 to 40,607 in 2024 and continued substantial capital contributions from development-related activity.

The following economic factors currently affect the District and were considered in developing the 2025 fiscal year budget:

- Service charges will increase by $1.50 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 2025.
- The District continues to purchase a pooled group liability insurance policy to protect itself from unforeseen losses above the member deductible. Insurance premiums are expected to continue to increase in 2025 and beyond.
- Total ERUs are budgeted to increase by 1,594, or 2.9%, in 2025.

Requests for Information

This financial report provides 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, 2024

	2024
ASSETS	
Current Assets:	
Cash and cash equivalents	20,642,456
Investments (at fair value)	9,488,895
Receivables	
Customer accounts	2,283,228
Contracts (current and delinquent)	38,008
Interest	342,969
Due from other governments	1,824,975
Prepaid expenses	763,620
Total current assets	35,384,151
Noncurrent Assets:	
Investments (at fair value)	28,871,700
Contracts receivable	263,978
Capital assets not being depreciated/amortized:	
Land and land rights	613,226
Construction work in progress	3,889,264
Total capital assets not being depreciated	4,502,490
Capital assets being depreciated/amortized:	
Collection and transmission system	263,768,795
Buildings	12,238,693
Improvements other than buildings	3,559,398
Pump Stations	55,857,009
Equipment	6,142,969
Subscription-based IT arrangements	640,521
Intangible assets, including future treatment capacity rights	49,349,184
Less: accumulated depreciation/amortization	(138,885,037)
Total capital assets being depreciated	252,671,532
Net pension asset	1,860,586
Total noncurrent assets	288,170,286
TOTAL ASSETS	323,554,437
DEFERRED OUTFLOWS of RESOURCES	
Amounts related to pension	2,551,299
Amounts related to OPEB	12,419
TOTAL DEFERRED OUTFLOWS of RESOURCES	2,563,718

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, 2024

	2024
LIABILITIES	
Current Liabilities:	
Accounts payable	4,657,015
Interest payable	69,750
Retainage payable	145,683
Revenue collected in advance	435,583
IT subscriptions payable	67,044
System development charge (SDC) credits	84,611
Construction deposits	280,002
Compensated absences	966,152
Notes from direct borrowings	1,257,062
Directly placed sewer revenue bonds	484,619
Total other postemployment benefits (OPEB) liability	24,838
Total current liabilities	8,472,359
Noncurrent Liabilities:	
Contracts payable	1,264,557
Compensated absences	417,553
IT subscriptions payable	382,526
Notes from direct borrowings	8,124,893
Directly placed sewer revenue bonds	10,129,280
Net pension liability	774,009
Total Other postemployment benefits (OPEB) liability	1,439,800
Total noncurrent liabilities	22,532,618
TOTAL LIABILITIES	31,004,977
DEFERRED INFLOWS of RESOURCES	
Amounts related to pensions	1,003,003
TOTAL DEFERRED INFLOWS of RESOURCES	1,003,003
NET POSITION	
Net investment in capital assets	235,980,063
Restricted - pensions	1,860,586
Unrestricted	56,269,526
TOTAL NET POSITON	294,110,175

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, 2024

	2024
OPERATING REVENUES	
Charges for services	29,323,715
Permits	107,160
Contract operator revenue	6,353,953
Other operating revenue	897,087
Total operating revenues	36,681,915
OPERATING EXPENSES	
Salaries and wages	8,879,462
Personnel benefits	2,304,730
Supplies	1,288,302
Professional services	1,768,153
Insurance	473,953
Repairs and maintenance	1,899,174
Treatment contract services	15,007,677
Taxes	771,718
Other operating expense	4,765,925
Depreciation and amortization	10,012,592
Total operating expenses	47,171,686
Operating income (loss)	(10,489,771)
NON-OPERATING REVENUES (EXPENSES)	
Interest and investment revenue	2,340,962
Other non-operating revenue	1,824,424
Gain/(loss) on disposal of capital assets	(7,741)
Interest expense	(425,185)
Other non-operating expense	(301,054)
Total non-operating revenue (expenses)	3,431,406
Income before contributions	(7,058,365)
CAPITAL CONTRIBUTIONS	21,172,310
Change in net position	14,113,945
TOTAL NET POSITION, January 1	280,183,975
Change in accounting principle	(187,745)
TOTAL NET POSITION, December 31	294,110,175

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, 2024

		2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers and users	$	34,231,583
Payments to suppliers		(25,633,063)
Payments to employees		(12,814,417)
Payments for taxes		(710,711)
Payments for other activities		(269,511)
Receipts from other activities		7,376,807
Net cash from operating activities		2,180,688
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds from capital grants		776,000
Receipts for future system improvements		11,591,771
Proceeds from capital debt		753,831
Principal paid on long-term debt		(1,580,163)
Interest paid on long-term debt		(510,857)
Acquisition and construction of capital assets		(9,936,332)
Net cash from capital and related financing		1,094,250
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments		(23,407,284)
Proceeds from maturing or called investments		18,325,519
Interest on investments		2,040,560
Interest on contracts		22,535
Net cash from investing activities		(3,018,670)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		256,268
CASH AND CASH EQUIVALENTS, January 1		20,386,188
CASH AND CASH EQUIVALENTS, December 31	$	20,642,456

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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, 2024

Continued from previous page

	2024
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES	
Utility operating income (loss)	$ (10,489,771)
Adjustments to reconcile operating income to net from operating activities	
Depreciation and amortization expense	10,012,592
(Increase) decrease in accounts receivable	(42,093)
(Increase) decrease in due from other governments	3,656,124
(Increase) decrease in prepaid expenses	(190,268)
(Increase) decrease in deferred outflows & deferred inflows	(1,188,108)
Increase (decrease) in accounts payable	(128,673)
Increase (decrease) in accrued employee benefits	(701,869)
Increase (decrease) in revenue collected in advance	(64,417)
Increase (decrease) in contract payable	328,436
Increase (decrease) in pension obligation (net)	241,364
Non-operating expenses	(301,054)
Non-operating revenues	1,048,424
Total adjustments	12,670,459
Net cash from operating activities	$ 2,180,688
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES	
Contributions of capital assets from developers or governments	9,530,112
Increase (decrease) in fair value of investments	177,692
Financed by retainage payable	(93,788)
Change in capital related accounts payable	(1,412,467)
SBITA additions	83,781

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

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

than three months are classified as investments. See Note 3 for detailed information about the District's deposits and investments.

Investments – Certain investments are reported at fair value in accordance with GASB Statement No. 72, *Fair Value Measurement and Application*, on quoted market prices for securities purchased by the 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 – The District accounts for compensated absences, such as vacation leave, sick leave, and similar benefits. Liabilities for compensated absences are recognized when earned by employees, can be used in a subsequent period, and expected to be paid.

Key policies include:

- Accrued liabilities are recognized in the financial statements for amounts attributable to employees' services rendered through the end of the reporting period.

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

- Liabilities for compensated absences are measured based on pay rates in effect at the reporting date and include applicable salary-related payments.

- The liability is categorized as a current or noncurrent liability based on the timing of expected payments.

- Accrual of sick leave liabilities is based on policies allowing employees to receive payment for unused balances upon termination or retirement, subject to the probability of payment.

- The FIFO flow assumption was used.

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 $1,383,705, at December 31, 2024.

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 Changes and Error Corrections

New GASB Standard Implementation

On January 1, 2024, The District implemented the following GASB Statements:

GASB 100, Accounting Changes and Error Corrections. Effective for the fiscal year ending December 31, 2024, the District adopted GASB Statement No. 100, *Accounting Changes and Error Corrections—an Amendment of GASB Statement 62*. This Statement prescribes financial reporting for accounting changes and corrections of errors with required descriptive note disclosures. The aggregate amount of adjustments to and restatements of beginning net position will be displayed by reporting unit in the financial statements, and note disclosures will describe the nature of these adjustments. For periods earlier than those included in the basic financial statements, this statement also requires supplementary or required supplementary information to be restated for error corrections.

Accounting changes include changes in accounting principles, accounting estimates or in the financial reporting entity.

GASB 101, *Compensated Absences*. This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. Leave is attributable to services rendered when an employee has performed the services required to earn the leave. Leave that accumulates is carried forward from the reporting period in which it is earned to a future reporting period during which it may be used for time off or otherwise paid or settled. In estimating the leave that is more likely than not to be used or otherwise paid or settled, a government should consider relevant factors such as employment policies related to compensated absences and historical information about the use or payment of compensated absences. However, leave that is more likely than not to be settled through conversion to defined benefit post-employment benefits should not be included in liability for compensated absences.

As a result of implementing this standard, the District recognized -$187,745 as a change in accounting principle due to the restatement of the beginning compensated absences liability balance.

Change in Accounting Estimate

On January 1, 2024, the District changed the method used to estimate its other postemployment benefit liability. In prior years, the District was able to use the Simplified Method to calculate the liability but using the tool provided by the Office of State Actuary. At December 31, 2024, the District exceeded 100 participants in the health insurance plan that produces the other postemployment benefit liability, precluding the District from using the Simplified Method. The District engaged an independent actuary to estimate the other postemployment benefit liability.

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, 2024, 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, 2024, was $5,928,851, held entirely in a checking account and as cash on hand.

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

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

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

1. Provides maximum security that the investment proceeds will be returned upon maturity

2. Provides adequate liquidity to meet cash needs

3. Provides the greatest return on investment

Investments are subject to the following risks:

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

Note 3 – Deposits and Investments (Continued)

Investment Type	Fair Value	Investment Maturities (in Years) Less than 1	1 - 5
Clark County Investment Pool	$ 3,665,432	$ 3,665,432	$ -
Local Government Investment Pool	11,048,173	11,048,173	-
Federal National Mortgage Association	2,497,415	-	2,497,415
Federal Farm Credit Bank	6,098,375	-	6,098,375
Federal Home Loan Bank	6,477,730	1,000,600	5,477,130
U.S. Treasury Notes	15,266,940	5,487,030	9,779,910
Domestic Corporate Bonds	6,495,025	3,001,265	3,493,760
Foreign Corporate Bonds	501,350	-	501,350
Municipal Bonds	1,023,760	-	1,023,760
	$ 53,074,200	$ 24,202,500	$ 28,871,700
Investment by maturity		46%	54%

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 2024 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, 2024, 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*	$ 3,665,432			
Investment Securities				
Federal National Mortgage Association	2,497,415	-	2,497,415	-
Federal Farm Credit Bank	6,098,375	-	6,098,375	-
Federal Home Loan Bank	6,477,730	-	6,477,730	-
U.S. Treasury Notes	15,266,940	15,266,940	-	-
Domestic Corporate Bonds	6,495,025	-	6,495,025	-
Foreign Corporate Bonds	501,350	-	501,350	-
Municipal Bonds	1,023,760	-	1,023,760	
Total Investments measured at fair value	42,026,027	15,266,940	23,093,655	-

*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	$ 11,048,173
Total Investments measured at amortized cost	$ 11,048,173

Summary of Deposit and Investment Balances – A reconciliation of deposits and investment balances as of December 31, 2024, is as follows:

Cash on Hand	$ 1,250
Amount of Deposits with Private Financial Institutions	5,927,601
Deposits with State LGIP	11,048,173
Deposits with CCIP	3,665,432
Non-Pooled Investments	38,360,595
Total Deposits and Investments	59,003,051
Deposits	
Current:	
Cash and Cash Equivalents	20,642,456
Total Deposits	20,642,456
Investments	
Current:	
Short-term Investments	9,488,895
Noncurrent	
Long-term Investments	28,871,700
Total Investments	38,360,595
Total Deposits and Investments	$ 59,003,051

Note 4 – Capital Assets

Capital assets activity for the year ended December 31, 2024, is as follows:

	Balance Jan. 1, 2024	Additions & Transfers	Retirements & Transfers	Balance Dec. 31, 2024
CAPITAL ASSETS - NONDEPRECIABLE:				
Land and land rights	$ 613,226	$ -	$ -	$ 613,226
Construction work-in-progress	6,097,922	8,434,336	10,642,994	3,889,264
Subscription-based IT arrangements work-in-progress	10,000	-	10,000	-
Total capital assets - nondepreciable	6,721,148	8,434,336	10,652,994	4,502,490
CAPITAL ASSETS - DEPRECIABLE:				
Collection and transmission system	250,837,797	12,930,998	-	263,768,795
Buildings	12,238,693	-	-	12,238,693
Improvements other than buildings	3,559,398	-	-	3,559,398
Pump stations	49,990,278	6,058,169	191,438	55,857,009
Machinery, furniture and equipment	5,056,474	1,086,495	-	6,142,969
Intangible assets, including future treatment capacity rights	49,335,521	13,663	-	49,349,184
Subscription-based IT arrangements	581,741	83,781	25,000	640,521
Total capital assets - depreciable	371,599,902	20,173,106	216,438	391,556,569
LESS ACCUMULATED DEPRECIATION:				
Collection and transmission system	(56,111,665)	3,508,125	-	(59,619,790)
Buildings	(2,253,810)	411,047	-	(2,664,858)
Improvements other than buildings	(564,869)	84,554	-	(649,424)
Pump stations	(22,958,714)	2,726,338	183,697	(25,501,356)
Machinery, furniture and equipment	(3,414,946)	395,144	-	(3,810,091)
Intangible assets, including future treatment capacity rights	(43,721,947)	2,806,787	-	(46,528,734)
Subscription-based IT arrangements	(55,190)	80,596	25,000	(110,786)
Total accumulated depreciation	(129,081,141)	10,012,592	208,697	(138,885,037)
Total capital assets - depreciable, Net	242,518,761	30,185,698	425,135	252,671,532
Total capital assets, Net	$ 249,239,909	$ 38,620,034	$ 11,078,129	$ 257,174,022

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

Annually, the District evaluates financial agreements that are potential SBITAs. 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:

- The initial contract of three (3) years ends August 2026 and will be renegotiated then.

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	581,741	83,780	25,000	640,521
Less accumulated amortization for:				
RTU SBITA-Software Subscription	55,190	80,596	25,000	110,786

The District's schedule of future payments included in the measurement of the SBITA payable is as follows:

	Principal	SBITAs Interest	Total
2025	$ 67,044	$ 22,479	$ 89,523
2026	70,396	19,126	89,522
2027	44,616	15,607	60,223
2028	46,846	13,376	60,222
2029	23,109	11,033	34,142
2030-2034	134,075	36,636	170,711
2035-2036	63,484	4,800	68,284
	$ 449,570	$ 123,057	$ 572,627

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, 2024, exceeding $100,000 as follows:

Project	Total Awarded Contract Commitment	Spent to Date	Remaining on Contract
Whipple Creek North Pump Station Upgrade	$ 1,327,956	$ 1,314,435	$ 13,521
Mt.Vista Trunk Upgrade	635,868	507,642	128,225
	$ 1,963,823	$ 1,822,077	$ 141,746

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 2024, the District paid $832,750 ($355,000 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
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	455,000	362,000	817,000
2030 - 2034	2,640,000	1,445,000	4,085,000
2035 - 2039	3,365,000	716,000	4,081,000
2040 - 2041	780,000	39,000	819,000
Total	$ 8,860,000	$4,217,500	$13,077,500

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

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

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

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

Note 7 – Long-Term Liabilities (Continued)

- In 2023, the District was awarded a $10,000,000 PWB loan (PC24-96103-031) for construction of Phase 2 of the Discovery Corridor Wastewater Transmission System, which includes improvements to the Pioneer Canyon, Neil Kimsey Regional, and Legacy pump stations; and associated crossings and appurtenances across the project area. The term of the loan is for 20 years with an interest rate of 1.72% with a 5-year construction performance period. The District has received $753,831 of loan proceeds as of December 31, 2024

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

PWB Loans

Public Works Board Loans	Loan Number	Notice of Completion	Approved Loan Amount	Principal Balance	Interest Rate
Gee Creek Trunk Sewer	PW-05-691-047	February 2008	1,597,606	83,984	1.0%
Regional Trunkline and Pump Station	PC-12-951-034	March 2017	10,000,000	4,097,024	0.5%
Dicovery Corridor Wastewater Transmission System	PC-13-961-040	March 2017	10,000,000	4,447,116	0.5%
Dicovery Corridor Wastewater Transmission System Phase 2	PC24-96103-031	n/a	10,000,000	753,831	1.72%
				$9,381,955	

For 2024, the District paid $1,275,269 ($1,225,163 principal and $50,107 interest) on the PWB loans outstanding as of December 31, 2024. 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 Laons

Year Ending	Gee Creek Trunk Sewer		Regional Trunkline & PS		DCWTS*		DCWTS Phase 2*		Total		
	PW-05-691-047		PC12-951-034		PC13-961-040		PC24-96103-03				
December 31	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Payments
2025	$ 83,984	$ 840	$ 585,289	$ 20,485	$ 555,889	$ 22,236	$ 31,900	$ 12,966	$ 1,257,061	$ 56,526	$ 1,313,587
2026	-	-	585,289	17,559	555,889	19,456	32,448	12,417	1,173,626	49,432	1,223,058
2027	-	-	585,289	14,632	555,889	16,677	33,006	11,859	1,174,184	43,168	1,217,352
2028	-	-	585,289	11,706	555,889	13,897	33,574	11,291	1,174,752	36,894	1,211,646
2029	-	-	585,289	8,779	555,889	11,118	34,152	10,714	1,175,330	30,611	1,205,941
2030 - 2034	-	-	1,170,579	8,779	1,667,671	16,677	179,774	44,554	3,018,024	70,010	3,088,034
2035 - 2039	-	-	-	-	-	-	195,776	28,552	195,776	28,552	224,328
2040 - 2041	-	-	-	-	-	-	213,201	11,126	213,201	11,126	224,327
Total	$ 83,984	$ 840	$ 4,097,024	$ 81,941	$ 4,447,116	$ 100,061	$ 753,831	$ 143,479	$ 9,381,955	$ 326,319	$ 9,708,273

* Discovery Corridor Wastewater Transmission System

Note 7 – Long-Term Liabilities (Continued)

Changes in long-term liabilities as a summary for the year ended December 31, 2024:

	Balance Jan. 1, 2024*	Additions	Reductions	Balance Dec. 31, 2024	Due Within One Year
Compensated absences**	$ 1,113,966	$ 269,739	$ -	$ 1,383,705	$ 966,152
Total other postemployment benefits liability	2,435,379	-	970,741	1,464,638	24,838
Net pension liability	1,009,333	-	235,324	774,009	-
Contract payable	936,121	328,436	-	1,264,557	-
Notes from direct borrowings	9,853,287	753,831	1,225,163	9,381,955	1,257,062
Directly place sewer revenue bonds	9,215,000	-	355,000	8,860,000	375,000
Directly place sewer revenue bonds - issuance premiums	1,863,518	-	109,619	1,753,899	109,619
Subscription-based IT arrangements liability	433,630	83,781	67,841	449,570	67,044
Total long-term liabilities	$ 26,860,234	$ 1,435,787	$ 2,963,688	$ 25,332,333	$ 2,799,715

* Beginning balances as of January 1, 2024 has been restated for the implementation of GASB 101, Compensated Absences.

** For compensated absences, the number disclosed as an increase or a decrease is a net change, not an actual increase or decrease in the liability.

Note 8 – Pension Plans

The following table represents the aggregate pension amounts for all plans for the year 2024:

Aggregate Pension Amounts – All Plans	
Pension liabilities	$ 774,009
Pension assets	1,860,586
Deferred outflows of resources	2,551,299
Deferred inflows of resources	1,003,003
Pension expense/expenditures	(135,566)

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 on creating and administrating all public retirement systems.

The Department of Retirement Systems (DRS), a department within the State of Washington's primary government, 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 members 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, 55 with at least 25 years of service, or 60 with at least five years of service. Members retiring from active status before 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 completing five years of eligible service. The plan was closed to new entrants on September 30, 1977.

Note 8 – Pension Plans (Continued)

Contributions

The **PERS Plan 1** member contribution rate is established by State statute at 6%. The employer contribution rate is developed by the Office of the State Actuary, adopted by the Pension Funding Council, and is subject to change by the Legislature. The PERS Plan 1 required contribution rates (expressed as a percentage of covered payroll) for 2024 were as follows:

PERS Plan 1 Actual Contribution Rates:	**Employer**	**Employee**
January – June 2024		
PERS Plan 1	6.36%	6.00%
PERS Plan 1 UAAL	2.97%	
Administrative Fee	0.20%	
Total	**9.53%**	**6.00%**
July – August 2024		
PERS Plan 1	6.36%	6.00%
PERS Plan 1 UAAL	2.47%	
Administrative Fee	0.20%	
Total	**9.03%**	**6.00%**
September – December 2024		
PERS Plan 1	6.36%	6.00%
Plan 1 UAAL	2.55%	
Administrative Fee	0.20%	
Total	**9.11%**	**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 and 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. PERS 3 members are vested in the defined benefit portion of their plan after ten or five years of service if 12 months of that service are earned after age 44.

PERS Plan 3 defined contribution benefits depend 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 the 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 Office of the State Actuary developed the PERS Plan 2/3 employer and employee contribution rates to fully fund Plan 2 and the defined benefit portion of Plan 3. The Pension Funding Council adopts the rates, which 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 2024 were as follows:

PERS Plan 2			
Actual Contribution Rates:	**Employer 2/3**	**Employee 2**	**Employee 3**
January – June 2024			
PERS Plan 1	6.36%	6.00%	Varies
PERS Plan 1 UAAL	2.97%		
Administrative Fee	0.20%		
Total	**9.53%**	**6.00%**	
July – August 2024			
PERS Plan 1	6.36%	6.00%	Varies
PERS Plan 1 UAAL	2.47%		
Administrative Fee	0.20%		
Total	**9.03%**	**6.00%**	
September – December 2024			
PERS Plan 1	6.36%	6.00%	Varies
Plan 1 UAAL	2.55%		
Administrative Fee	0.20%		
Total	**9.11%**	**6.00%**	

The District's actual PERS plan contributions were $247,203 to PERS Plan 1 and $571,763 to PERS Plan 2/3 for the year ended December 31, 2024.

Actuarial Assumptions

The total pension liability (TPL) for each DRS plan was determined using the most recent actuarial valuation completed in 2024 with a June 30, 2023 valuation date. The actuarial assumptions used in the valuation were based on the results of the Office of the State Actuary's (OSA) *2013-2018 Demographic Experience Study* and the *2023 Economic Experience Study*.

Note 8 – Pension Plans (Continued)

Additional assumptions for subsequent events and law changes are current as of the 2023 actuarial valuation report. The TPL was calculated as of the valuation date and rolled forward to the June 30, 2024 measurement date. Plan liabilities were rolled forward from June 30, 2023, to June 30, 2024, reflecting each plan's standard 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**: Besides 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. As the base table shows, H-2010 mortality rates vary by member status (e.g., active, retiree, or survivor). 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 yearly 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.

Assumptions did not change from the prior contribution rate setting June 30, 2022 Actuarial Valuation Report (AVR). OSA adjusted their methods for calculating UAAL contribution rates in PERS 1 to reflect the delay between the measurement date of calculated Plan 1 rates and when the rates are collected. OSA made an adjustment to their model to reflect past inflation experience when modeling future COLAs for current annuitants in all plans except PERS 1.

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

A building block method determined the long-term expected rate of return on the DRS pension plan investments of 7.0%. 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 (CMAs) 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, 2024. The inflation component used to create the table is 2.4%, representing the WSIB's most recent long-term estimate of broad economic inflation.

Asset Class	Target Allocation	% Long-Term Expected Real Rate of Return Arithmetic
Fixed Income	19%	2.1%
Tangible Assets	8%	4.5%
Real Estate	18%	4.8%
Global Equity	30%	5.6%
Private Equity	25%	8.6%
	100%	

Sensitivity of Net Pension Liability

The table below presents the (city/county/district's) proportionate share* of the net pension liability calculated using the discount rate of 7%, as well as what the (city/county/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%) or 1-percentage point higher (8%) than the current rate.

	1% Decrease 6.0%	Current Rate 7.0%	1% Increase 8.0%
PERS 1	$ 1,138,547	$ 774,009	$ 454,299
PERS 2/3	3,354,061	(1,860,586)	(6,143,267)

Pension Plan Fiduciary Net Position

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

Note 8 – Pension Plans (Continued)

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

On June 30, 2024, the District reported its proportionate share of the net pension liabilities as follows:

Plan	Liability or Asset
PERS 1	$ 774,009
PERS 2/3	(1,860,586)

On June 30, 2024, the District's proportionate share of the collective net pension liabilities was as follows:

	Proportionate Share 6/30/23	Proportionate Share 6/30/24	Change in Proportion
PERS 1	0.044216%	0.043561%	-0.000655%
PERS 2/3	0.057025%	0.056440%	-0.000585%

Employer contribution transmittals received and processed by the DRS for the fiscal year ended June 30, 2024, are used to determine 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, 2024, the District recognized pension expenses as follows:

	Pension Expense
PERS 1	$ (28,825)
PERS 2/3	(106,741)
TOTAL	$ (135,566)

Deferred Outflows of Resources and Deferred Inflows of Resources

On December 31, 2024, 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	$ -	$ (61,934)
Contributions subsequent to the measurement date	114,632	-
TOTAL	114,632	(61,934)

PERS 2/3	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$1,057,225	$ (4,308)
Net difference between projected and actual investment earnings on pension plan investments	-	(533,191)
Changes of assumptions	1,027,419	(117,888)
Changes in proportion and differences between contributions and proportionate share of contributions	64,150	(285,682)
Contributions subsequent to the measurement date	287,873	-
TOTAL	2,436,666	(941,069)

Total	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$1,057,225	$ (4,308)
Net difference between projected and actual investment earnings on pension plan investments	-	(595,125)
Changes of assumptions	1,027,419	(117,888)
Changes in proportion and differences between contributions and proportionate share of contributions	64,150	(285,682)
Contributions subsequent to the measurement date	402,505	-
TOTAL	2,551,298	(1,003,003)

Note 8 – Pension Plans (Continued)

Deferred outflows of resources related to pensions resulting from the District's contributions after the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2025. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expenses as follows:

Year ended December 31:	PERS 1	PERS 2/3
2025	$ (102,496)	$ (436,462)
2026	52,658	761,972
2027	(5,575)	303,906
2028	(6,520)	298,079
2029	-	131,400
Thereafter	-	148,830

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 2024:

Aggregate OPEB Amounts - All Plans	
OPEB Liabilities	$ 1,464,638
Deferred outflow of resources	12,419
OPEB Expenses	(962,952)

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 the 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 following 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 when they retire under the provisions of the retirement system to which they belong. The plan is funded pay-as-you-go, and no assets are accumulated in a qualifying trust. HCA does not issue a stand-alone OPEB financial report available to the public.

Employees Covered by Benefit Terms – These benefits cover all full-time employees. On December 31, 2024, membership in the plan consisted of the following:

Inactive employees or beneficiaries currently receiving benefits	5
Active employees	100
Total	105

Benefits Provided – Employees who 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 2024, the District’s estimated monthly implicit rate subsidy was $183 per month.

Actuarial Assumptions and Other Inputs – 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 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 $1,464,638 was measured as of June 30, 2024, with a valuation date of June 30, 2024. Milliman, Inc. provided actuary services and completed the Financial Report Valuation for 2024. The Entry Age actuarial cost method and the recognized immediate amortization method were used in this calculation. This plan has no assets; 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 on December 31, 2024:

Actuarial valuation date	6/30/2024
Actuarial measurement date	6/30/2024
Amortization method	Recognized Immediately
Asset Valuation method	N/A (No Assets)
Inflation rate	2.40%
Projected salary changes	3.25% + Service-Based Increases
Discount rates	3.93%
Healthcare trend rates	Initial rate starts at 6.0%, reaching an ultimate rate of approximately 3.8% in 2074
Post-retirement participation percentage	60%
Percentage with spouse coverage	45%

The Bond Buyer GO 20-Bond Municipal Index establishes discount rates.

Mortality rates were developed using the Society of Actuaries' Pub. The base table shows that h-2010 mortality rates vary according to member status (e.g., active, retiree, or survivor). Milliman applied age offsets for each system, as appropriate, to better tailor the mortality rates to the demographics of each plan. Milliman 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 2023 Demographic Experience Study Report results. The post-retirement participation percentage and percentage with spouse coverage were reviewed in 2023. Economic assumptions, including inflation and salary increases, were based on the 2023 Economic Experience Study results.

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 equal the Uniform Medical Plan.
- The KP pre-Medicare costs and premiums are a 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 40, with a minimum service of 1 year. For example, a member aged 47 is assumed to have 7 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 less than 65 and retiree mortality rates for 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 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 beginning at 6.0% percent and reaching an ultimate range of 3.8%, as well as what the OPEB liability would be if it were calculated using healthcare trend rates that are one percentage point lower or one percentage point higher than the current rate.

	1% Decrease	Current Health Care Trend Rate	1% Increase
Total OPEB Liability	$ 1,192,615	$ 1,464,638	$ 1,827,463

Sensitivity of the Total Liability to Changes in the Discount Rate—The following presents the district's total OPEB liability calculated using the discount rate of 3.65%, as well as the liability 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	$ 1,763,803	$ 1,464,638	$ 1,229,800

Changes in the Total OPEB Liability - The following table presents the change in the total OPEB liability during 2024:

Service cost	$ 85,599
Interest cost	66,367
Changes in assumptions	(1,100,531)
Benefit payments	(22,176)
Net change in total OPEB liability	(970,741)
Total OPEB Liability - beginning	2,435,379
Total OPEB Liability - ending	$ 1,464,638

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, 2024, the District recognized OPEB expense of ($962,952).

On December 31, 2024, the District reported deferred outflows of resources related to OPEB for payments after the measurement date of $12,419. These will be recognized as reducing the total OPEB liability in the year ending December 31, 2025.

Note 10 – Capital Contributions

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

	2024
Capital contributions of assets from developers, governments and other sources	$ 9,530,112
Capital contributions from system development charges	11,050,627
Capital contributions from local facility reimbursements	591,571
Total	$ 21,172,310

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 77 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	$200,000,000
Flood	See (A) below	See (A) below	$20,000,000
Earthquake	See (B) below	See (B) below	$80,000,000 ($50,000,000 shared by all members, $30,000,000 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	
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, 2024, written notice must be in possession of the Pool by April 30, 2024). 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 Pool members who determine coverage and perform claims adjustments 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 2024, 2023, and 2022 and the amounts covered by insurance.

Years	Claims Settlements	Insurance Coverage	Excess of Claim Cost Over Coverage
2024	$ 80,492	$ 5,810	$ 74,682
2023	86,927	49,414	37,514
2022	144,198	113,073	31,125

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 participating members' citizenry.

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 the Alliance owns, including all Regional Transmission Systems, the Ridgefield Wastewater Treatment Plant, and the Salmon Creek Treatment Plant.

Regional service charges paid by members of the Alliance are consistent with the Alliance's financial policies. The basic principle of the Finance Policies is that each member's responsibility for Regional Asset operating costs will be based on the actual use of the regional services during the previous year or years, as measured by the 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 wastewater utility, and maintain reserves to provide revenues sufficient for the member to make all payments required under this Agreement.

During 2024, 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 $1,416,913 for Administration Lead services, including staff time and expenses for professional consulting, IT support, insurance, and various utility expenses. Additionally, the District billed the Alliance $5,737,094 and $616,859 for the Salmon Creek Treatment Plant operations and other Regional Assets, respectively. More information about the Alliance, including the 2024 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 SEVEN 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%
12/31/24	2,435,379	85,599	66,367	-	(1,100,531)	(22,176)	-	1,464,638	8,757,681	16.72%

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)
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%
2024	0.043561%	774,009	7,920,722	9.77%	84.05%

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)
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%
2024	0.056440%	(1,860,586)	7,920,722	-23.49%	105.17%

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
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%
2024	247,203	(247,203)	-	8,989,983	2.75%

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
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%
2024	571,763	(571,763)	-	8,989,983	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.

Note 3 – Accumulated Assets

There are no assets accumulated in a trust that meets the criteria of GASB codification P22.101 or P52.101 to pay related benefits for the pension/OPEB plan.

ABOUT THE STATE AUDITOR'S OFFICE

The State Auditor's Office is established in the Washington State Constitution and is part of the executive branch of state government. The State Auditor is elected by the people of Washington and serves four-year terms.

We work with state agencies, local governments and the public to achieve our vision of increasing trust in government by helping governments work better and deliver higher value.

In fulfilling our mission to provide citizens with independent and transparent examinations of how state and local governments use public funds, we hold ourselves to those same standards by continually improving our audit quality and operational efficiency, and by developing highly engaged and committed employees.

As an agency, the State Auditor's Office has the independence necessary to objectively perform audits, attestation engagements and investigations. Our work is designed to comply with professional standards as well as to satisfy the requirements of federal, state and local laws. The Office also has an extensive quality control program and undergoes regular external peer review to ensure our work meets the highest possible standards of accuracy, objectivity and clarity.

Our audits look at financial information and compliance with federal, state and local laws for all local governments, including schools, and all state agencies, including institutions of higher education. In addition, we conduct performance audits and cybersecurity audits of state agencies and local governments, as well as state whistleblower, fraud and citizen hotline investigations.

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