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# **CLARK REGIONAL WASTEWATER DISTRICT**

**VANCOUVER, WASHINGTON**

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**COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2008**

# **CLARK REGIONAL WASTEWATER DISTRICT**

**Vancouver, Washington**

## **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**FOR THE FISCAL YEAR ENDED DECEMBER 31, 2008**

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

### **DISTRICT STAFF**

Ken Andrews  
John M. Peterson

Finance Director  
General Manager

### **BOARD OF COMMISSIONERS**

L. Neil Kimsey  
John "Denny" Kiggins  
Norm Harker

President  
Vice President  
Secretary



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**CLARK REGIONAL WASTEWATER DISTRICT  
VANCOUVER, WASHINGTON**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

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For the fiscal year ended December 31, 2008

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May 6, 2009

President Kimsey and Members  
Of the Board of Sewer Commissioners

We are pleased to submit the Comprehensive Annual Financial Report for Clark Regional Wastewater District (the District) for the fiscal year ended December 31, 2008. The financial statements are presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by independent auditors, represented by the Washington State Auditor's Office.

This report has been prepared to conform to the principles of accounting and reporting established by the Governmental Accounting Standards Board (GASB) and by the American Institute of Certified Public Accountants. Specific accounting treatments are detailed in the Notes to the Financial Statements and found in the Financial Section of this report (see pages 27-60).

The Comprehensive Annual Financial Report (CAFR) is developed to provide meaningful financial information to legislative bodies, creditors, investors, teachers and many others. The Finance department prepares the report, and the District is responsible for the accuracy, completeness and fairness of all data presented and representations made. We believe the data presented is accurate in all material aspects and that the manner in which it is presented fairly discloses the financial position of the District at December 31, 2008, and the results of operations and cash flows for the year ending December 31, 2008.

Management is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are protected from loss, theft or misuse, and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of control should not exceed the benefits likely to be derived, and (2) the valuation of costs and benefits requires estimates and judgments by management.

Pursuant to chapter 43.09.310 RCW, an independent audit is performed annually. The Washington State Auditor's Office performs the audit which, in addition to meeting the requirements of state statutes, is also designed (if applicable) to meet the requirements of the Single Audit Act of 1984 and related Circular A-133. The auditor's report on our financial statements and related notes are included in the Financial Section of this report.

Although the District is not required by state statute or administrative rule to formally adopt a budget, the Board of Commissioners formally adopts the annual budget as a financial plan and to use as a budgetary control for District expenses. The budget process starts with the submission of budget decision packages, which are reviewed by management and brought to the Board of Commissioners (BOC) for consideration at a budget workshop. Finance staff prepares a preliminary detailed budget based upon the goals, decision packages and policies adopted by the BOC at the budget workshop. Budget proceedings occur at the regular commission meetings, which is open to the public for questions and comments. At the final meeting, the BOC approves and adopts the budget.

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

## **DISTRICT PROFILE**

This report includes all activities for the Clark Regional Wastewater District. The District is not a segment of any other local (Clark County) government nor is it a component unit thereof. Clark Regional Wastewater District is 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 provides sewer service to approximately 80,000 people who live in unincorporated Clark County. Clark Regional Wastewater District is a public agency, formed by public election on May 22, 1958 by a group of businessmen, who realized that septic systems would be inadequate to meet the sanitary sewer needs of the area's growing population.

Oversight of the District is provided by three elected officials forming the Board of Commissioners, who reside within District boundaries and are elected at large by voters from the District service area. The Board of Commissioners is responsible for the management, control, direction and operation of the District and its policies and business procedures.

The District is located three miles north of the Vancouver, Washington downtown area. Access to the District is provided by two major highway systems: Interstates 5 and 205. The District employs forty-four (44) people, who work out of the District office. Four operating departments within the District include Administration, Finance, Engineering, and Maintenance. Below is a definition of scope and operations for each of these functional areas.

The Administration department (staff of five) provides oversight and support of all District departments, essential administrative support for the governing body and initiates contracting for professional support as needed. Department staff provides oversight for the Phase IV capital expansion of the Salmon Creek Wastewater Management system. The expansion is expected to be completed in 2009 with costs totaling \$77 million, expended over the seven-year construction period. The District coordinates several facets of the construction project with two partner agencies, Clark County and the City of Battle Ground. Once the capital expansion project is complete, capacity levels will increase from the current 10.3 million gallons per day (MGDs) to 14.95 MGDs per day, an increase of 4.65 MGDs.

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

The Finance department (staff of eight) provides the following services: accounting functions, such as payroll and accounts payable; treasury; budget oversight and forecasting; financial application system development and customer service to approximately 29,000 District customers. In 2008, the Finance department continued to streamline and upgrade its internal processes to promote greater efficiencies and at the same time strive to provide excellent customer service. The department answered over 29,000 phone calls from customers, mailed out over 150,000 customer bills, and assisted over 6,000 walk-in customers.

The Engineering department (staff of fourteen) provides engineering services to the District and District customers under the direction of a licensed professional engineer. The services include: development review, facility planning, full geographic information services (GIS), design, construction management, inspection services, along with operation of a pretreatment program.

In 2008, the Engineering department successfully recruited a new Capital Projects engineer, who will provide professional insight into necessary capital construction projects and replacement and restoration projects. Long-range planning precedes sub-basin planning and provides valuable information about the infrastructure needed to support urban incorporation by Clark County. This insight will be crucial for the successful planning of future infrastructure needs for current and future District customers.

The Maintenance department (staff of seventeen) maintains over 513 miles of sewer mainlines and laterals and 50 pump stations, which are encompassed in the approximate 44 square mile service area. The department also operates and maintains four satellite sewer systems in the areas of Van Ridge, Ridgefield, Meadow Glade and Hockinson. These satellite systems include over 715 individual STEP (Septic Tank Effluent Pumping) tanks and their associated force mains. In addition to mainline maintenance, the department is

responsible for maintaining the grounds and buildings on the District campus, as well as performs minor repairs and maintenance to District vehicles. The department continues to use technology to assist with pump station monitoring using the SCADA (Supervisory Control and Data Acquisition) system and the Master Series Asset Management System to assist with the scheduling of line maintenance.

## **ECONOMIC CONDITIONS AND OUTLOOK**

The District is located in southwest Washington and its boundaries reside within Clark County, Washington. Clark County borders northwest Oregon, including Multnomah County and the greater Portland metropolitan area. Since productivity is vital for economic growth in Clark County, it is appropriate to evaluate the state, regional and local employment situation, realizing that growth or contraction in the employment sector directly impacts growth in the local, state and national economies.

During 2008, unemployment rates in Clark County steadily increased from the December 31, 2007 rate of 5.5% to a high of 8.6% at the end of 2008. Until 2008 the unemployment rate in Clark County had continued a steady decline from the 2004 rate of 7.5% to 5.5% at the end of 2007. The Vancouver Metro area unemployment rate was 6.8% and the collective unemployment rate for the three county areas of Clark, Cowlitz and Wahkiakum counties averaged 9.2% at the end of December 2008. Washington State lost 22,200 jobs in December alone, the worst loss since 1990. By the end of 2008, the state's unemployment rate rose to 7.1% compared to the 2008 national average unemployment rate, which at the end of 2008 was 7.2%.

All sectors of employment in Clark County remained flat or showed a decrease in the number of employed workers, confirming that we were in the firm grip of a recession, locally and nationally. The only figure to rise during the fourth quarter of 2008 was the number of bankruptcy filings, which increased 30% over the same period in 2007. As we will note, Oregon's employment situation appeared even worse economically.

Oregon's unemployment figures rose from 5.3% at the end of 2007 to 9% at the end of 2008. The only sectors to add jobs in Oregon were healthcare and information services. The construction and logging industries experienced the greatest impact from the housing meltdown that occurred during the year. The contraction in the residential construction industry also had a direct impact on the District.

During a weakened economic period, the most vulnerable sectors of unemployment tend to be in construction, manufacturing, finance, insurance and retail trade. Turmoil in the housing and mortgage markets caused a dramatic slow down in the continued job growth of the residential construction and financial service industries at the end of 2008 in Clark County. The 46% decline in the number of housing permits issued by the District in 2008 vs. 2007 confirms this trend. Interest rates began to rise on adjustable rate mortgage loans causing



numerous homeowners to default on their mortgages and face foreclosure action by their lenders. Newly constructed homes sat empty, causing many builders to close their doors for business. The foreclosures began to have an adverse affect on the lending and banking industry, making it difficult for commercial construction to borrow money as well.

Commercial construction activity throughout Clark County also started to show a steady decrease from the mid point of 2008 to year-end. This trend was evidenced in the Clark Regional Wastewater District service areas as well. In 2007, the District permitted over 190 new commercial and multi-family equivalent residential units (ERUs), while 2008 commercial and multi-family ERUs were slightly lower at 180. Most of the commercial construction in the District service area occurred in the first half of 2008. Construction in proximity to the hospital (Legacy Salmon Creek Hospital) continued in 2008 with the addition of several new medical office buildings. Additional equivalent residential units (ERUS) were added for the hospital itself as they phased in usage of their campus. The Hazel Dell Towne Center project added a few new tenants, but took a huge hit when Best Buy opted to move across the river to the Janzen Beach mall in Portland. Center Square in Salmon Creek also continued to add various new businesses to their complex. One large multi-family complex, Prairie Park Apartments, finished construction of its last phase of apartment buildings at the end of May 2008. The residential commercial sector added a net 103 ERUs in 2008 due to the addition of this apartment complex.

Over the past several years, economic development (as well as residential home construction), has fueled and sustained the local economy in Clark County. Examples of growth and significant construction projects in the Clark Regional Wastewater District service area that required new sewer services during the past few years include:

	<u>2008</u>	<u>2007</u>	<u>2006</u>
New subdivisions	30	29	46
New single family lots	610	595	819
Commercial developments	8	5	20
Commercial equivalent residential units	27	12	170
Apartment units	-	197	-

The District will continue to monitor construction projects for trends to assess potential impacts on its operations and current customers. The District's steady growth of its customer base, as well as its ability to strategically plan adequate resources for future capital needs for its customers will reduce the chance of over-commitment of District resources in recessionary periods within the region.

Preserving the financial condition of the District and building upon its financial health are primary goals. The District continues to seek out better economies of scale and eliminate redundancies in its operations.

Some significant elements in maintaining a healthy financial condition include:

1. Instituting and maintaining fiscal and debt policies which adequately cover the management and planning of system improvements, replacements and other capital disbursements.
2. Optimizing operating costs to meet customer needs (use of SCADA's electronic monitoring of pump stations, instituting building permits module for use by all departments, GIS mapping, etc.).
3. Maintaining adequate but favorable rates through low-cost financing of capital projects to meet the District's objectives and facilitate customer growth.
4. Assessing financial input from advisors, the public and other interested parties.
5. Closely monitor and make necessary improvements to the existing system of pump stations, collection and transportation lines.

In 2007, the District updated its twenty (20) year Comprehensive General Sewer Plan, an action it performs every six years, in conjunction with Clark County's update of the Growth Management Act (GMA). The plan provides a summary of the capital improvement projects (CIP) and the associated costs for the period. The plan is reviewed annually for changes in population and demographic conditions. With the addition of nine square miles to the District's future service territory through the updated GMA plan adoption, the District is developing plans for the construction and financing of infrastructure needs to service new areas, as well as maintain current infrastructure in the existing service territory.

The District currently uses a methodology of "growth pays for growth" in its rate policy. This policy reflects provisions within state statutes for new connections of service to pay for the debt with regard to capital expansion costs for facilities and infrastructure. This allows monthly service rates to be kept at a lower level but instills a degree of uncertainty regarding future funding of debt service and the effects this will have on rates, since the revenue stream depends on new connections associated with growth.

Since the District has no taxing authority, it must rely solely on revenues from monthly sewer service charges, Regional Facility connection charges and General Facility connection charges. Monthly sewer service charges fund operations and the costs for collection, transportation and treatment of wastewater. A portion of the monthly service charge is held in reserve for the restoration and/or replacement of existing infrastructure and future vehicle and equipment needs. A third portion is held in reserve to meet any shortfall that may occur in paying the debt service relating to Phase IV expansion at the County's Salmon Creek Treatment Plant. The District increased rates in 2004, 2005 and 2006 by \$3.50 per month for

each year to fund the debt service and direct capital costs related to the Salmon Creek Treatment Plant Phase IV expansion. In 2008, the District used over \$7,000,000 of District reserves for continuing construction of the Phase IV expansion project of the Salmon Creek Wastewater Management System.

The Regional Facility connection charge is a fee paid on new commercial and residential connections whose wastewater flow is treated by the Salmon Creek Treatment Plant. The funds are held in reserve and restricted to pay the majority of the debt service costs related to the Phase III construction and expansion of the County's Salmon Creek Wastewater Management System.

The General Facility connection charge is paid on new connections whose wastewater flows to the Salmon Creek or Vancouver treatment plants. State statute authorizes entities providing sewer service to assess this charge in order to pay for capital improvements (extensions) that will facilitate the collection of wastewater associated with growth (like the growth contemplated in the Comprehensive General Sewer Plan mentioned earlier).

In 2008, construction of the Phase IV Salmon Creek Wastewater Management System expansion continued. As mentioned earlier, the District tapped into some of its reserves to pay for a portion of the construction costs. In addition, the District was approved to receive an additional Public Works Trust Fund (PWTF) loan of \$8 million, which it began to draw down in the first quarter of 2008. All reserves from the 2005 revenue bonds and 2006 State Revolving Fund (SRF) loan were expended for construction in 2007.

In 2007, the District participated in two separate studies with Clark County and Clark Public Utilities (CPU) and the second study with the City of Vancouver. The studies were to explore the potential for improved efficiencies in providing wastewater services to Clark County residents inside the City of Vancouver's urban growth area. In 2008, the study with the City of Vancouver was completed. The District began discussions with the City of Vancouver in an effort to coordinate the provision of regional wastewater services to residents within the District's service area. The discussion is focused on a list of guiding principles to define each entity's roles as they relate to coordination of services and annexation. What this means is that the City may opt to annex parts of the District service area but retain District services for sewer collection for the foreseeable future.

The District is the coordinating entity for a Regional Sewer Coalition, whose focus includes ongoing discussion in relation to a more regional approach for North Clark County sewer services. A memorandum of understanding has been formulated and agreed upon by the participating signatory agencies: Town of Yacolt, City of La Center, City of Ridgefield, City of Battle Ground, City of Vancouver and the District. The study, currently in process, will look at what the present and future demands for sewer might be and what the most efficient means will be to meet those demands for service. The coalition has received state grant monies from the Department of Ecology to pay for the cost of the consultant work.

During 2008, the District contracted with the City of La Center, the City of Woodland and the City of Ridgefield to provide line cleaning and camera evaluation of these entities' collection and transmission lines. The costs for the work were reimbursed by the entities when the work was completed. The District will continue to seek out opportunities to assist other entities in the county as the need arises.

## **AWARDS AND ACKNOWLEDGEMENTS**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Clark Regional Wastewater District for its Comprehensive Annual Financial Report for the fiscal year ended December 31, 2007. This was the twenty-first consecutive year that the District has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized Comprehensive Annual Financial Report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current Comprehensive Annual Financial Report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

In 2003, the District received a certificate of award from the State of Washington Auditor's Office for achieving twenty-one consecutive years of audits without a finding. The District was one of only a few local governmental entities in the State of Washington to not have an audit finding through year-end 2002. As of December 31, 2007, it has been twenty-six consecutive years without an audit finding.

The *American Public Works Association* (APWA) has compiled from public works entities throughout the U.S. and Canada, studies of recommended management practices developed over many years and published as a guidance manual for other public works entities to assess the adequacy of their management practices. During 2002, the District started the APWA's self-assessment process to determine whether the District has developed all the necessary practices, policies and procedures and whether the current practices have the depth and scope necessary to meet the recommended practices outlined in the APWA manual. In August 2005, the District was awarded the prestigious APWA Certificate of Accreditation for having fully complied with 270 of their practices and substantially complied with the remaining four practices. Out of the 274 practices, the APWA used eight of the District's procedures as model practices to be used as a standard for other entities. The District was the first special purpose district in the nation and the second public entity in the State of Washington to receive such an award. In 2008, the District ensured that all of its policies, procedures, plans and practices were updated to reflect changes that have occurred since they were adopted, in anticipation of the APWA re-accreditation site visit, which will take place in August 2009. The current certification is effective from 2005 to 2009.

**Acknowledgments**

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

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

Respectfully submitted,

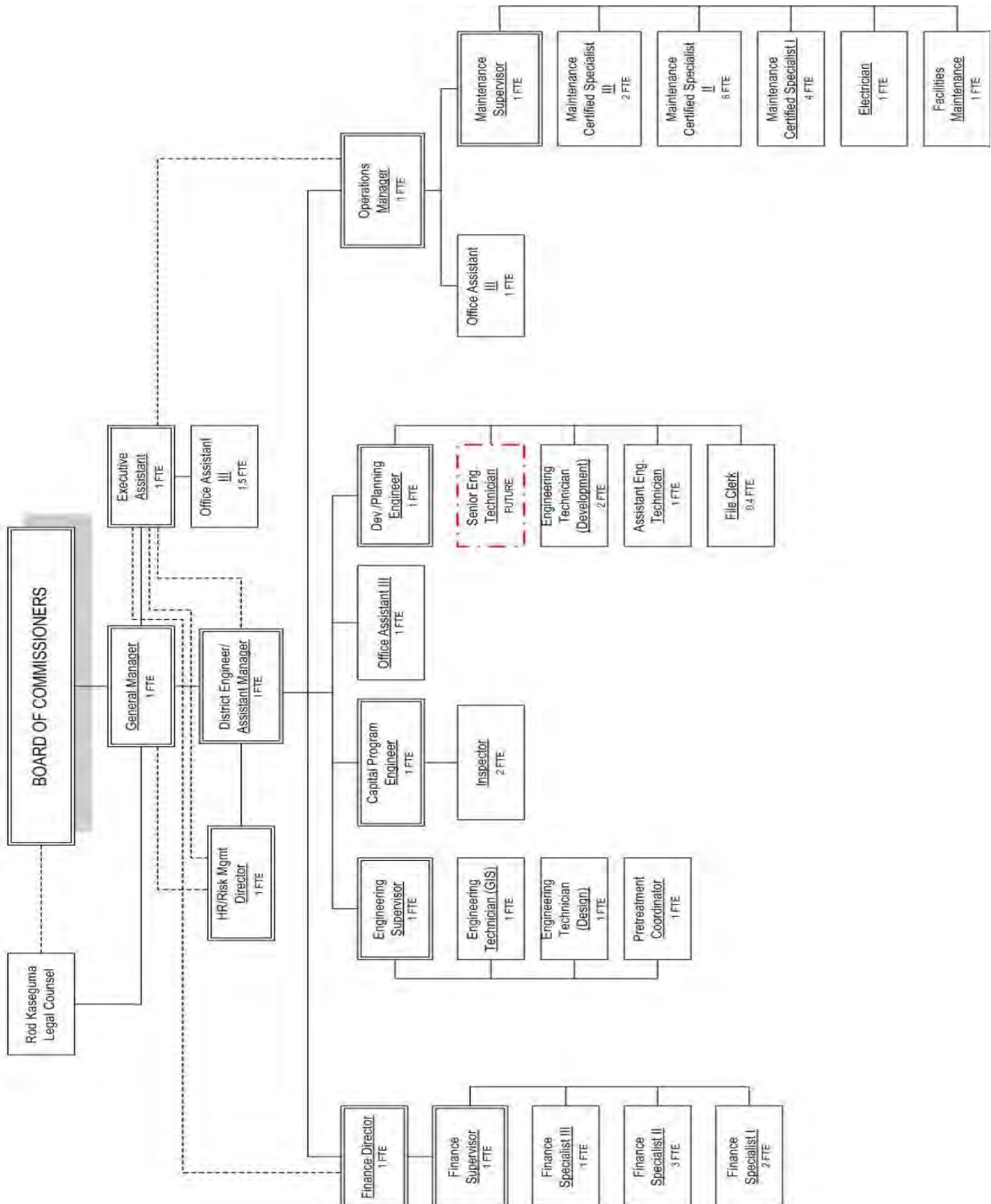
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Ken Andrews, CPA  
Finance Director

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John M. Peterson, PE  
General Manager

## CLARK REGIONAL WASTEWATER DISTRICT ORGANIZATIONAL CHART



**CLARK REGIONAL WASTEWATER DISTRICT  
DIRECTORY OF OFFICIALS**

RCW 57.12.010 provides for a Board of commissioners consisting of three members to serve as governing body for the District. Each Commissioner serves a 6-year term with elections held every two years.

**ELECTED COMMISSIONERS DURING 2008**

		<u>Term Expiration</u>
President	John “Denny” Kiggins	December 2011
Vice President	Norm Harker	December 2009
Secretary	L. Neil Kimsey	December 2013

**APPOINTIVE**

General Manager	John M. Peterson
District Engineer/Assistant Manager	Shawn Moore
Finance Director	Ken Andrews
Attorney	Rod Kaseguma

**MAILING ADDRESSES**

Office:	P.O. Box 8979 Vancouver, WA 98668-8979
Attorney:	Inslee, Best, Doezie & Ryder, P.S. P.O. Box C-90016 Bellevue, WA 98009-9016

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

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

Presented to

**Clark Regional Wastewater  
District, Washington**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
December 31, 2007

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

Executive Director





**Washington State Auditor  
Brian Sonntag**

**INDEPENDENT AUDITOR'S REPORT**

May 6, 2009

Board of Commissioners  
Clark Regional Wastewater District  
Vancouver, Washington

We have audited the accompanying basic financial statements of the Clark Regional Wastewater District, Clark County, Washington, as of and for the years ended December 31, 2008 and 2007, as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Clark Regional Wastewater District, Clark County, Washington, as of December 31, 2008 and 2007, and the changes in financial position and, where applicable, cash flows thereof, for the years then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis on pages 15 through 20 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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FAX (360) 753-0646 • <http://www.sao.wa.gov>

The information identified in the table of contents as the Introductory and Statistical Sections is presented for purposes of additional analysis and is not a required part of the basic financial statements of the District. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

Sincerely,

A handwritten signature in black ink, appearing to read "Brian Sonntag", written in a cursive style.

**BRIAN SONNTAG, CGFM**  
STATE AUDITOR

**CLARK REGIONAL WASTEWATER DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2008**

## **INTRODUCTION**

As management of the Clark Regional Wastewater District (the District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities for the fiscal year ended December 31, 2008. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages 1-9 of this report.

The following Management's Discussion and Analysis is intended to serve as an introduction to the Clark Regional Wastewater District's basic financial statements, the notes to the financial statements and, if applicable, any other supplementary information required as part of the basic financial statements. Please refer to the accompanying notes to the financial statements regarding capital asset and long-term liability activity, which can be found on pages 27-60.

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

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

The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities (i.e. sewer service). Clark Regional Wastewater District reports its activities as an enterprise fund, which is a type of proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities; as such, the District uses the enterprise fund to account for all its activities.

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

The *Statement of Revenues, Expenses and Changes in Net Assets* presents information showing how the District's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event occurs, regardless of the timing of related cash flows.

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

**CLARK REGIONAL WASTEWATER DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2008**

**Financial Highlights**

- The District issued \$14 million in sewer revenue bonds on December 22, 2005. This was the District's first bond issuance, and the District received a strong underlying rating of A2 from Moody's. The District used bond insurance with regard to the reserve requirement, as well as its issuance rating to achieve a better pricing for its ratepayers. The District's third debt payment on these revenue bonds was made in December 2008, reducing the outstanding principal balance at year-end 2008 to \$12,570,000.
- For 2008, the assets of the District exceeded its liabilities by \$127,168,975. Of this amount, \$22,135,683 is depicted as unrestricted and may be used to meet the District's ongoing obligations; however, the District has restrictions on the use of funds it collects for the capital expansions with regard to the Salmon Creek Wastewater Management System. These restricted funds amounted to \$11,024,935, of which \$726,040 reflects state of Washington Public Works Trust Fund proceeds for the current Phase IV capital expansion, while the remaining \$10,298,895 relates to connection charges (Regional Facility Charges) that are collected for the purpose of paying the ongoing debt service from the previous (Phase III) capital expansion. The Joint Interlocal Agreement (see Note 2, Long-Term Liabilities, pages 33-39) requires the Regional Facility Charges to be restricted for the payment of such debt service.
- The District's total net assets increased by \$7,378,660 and \$9,017,566 for 2008 and 2007, respectively. The increases are attributable to capital contributions from developers and connection charges amounting to \$4,519,562 and \$1,045,890 for 2008 and \$3,299,924 and \$1,724,779 for 2007, respectively. The remaining \$1,813,208 and \$3,992,863, respectively, are from income before contributions.
- The change in liabilities was \$3,227,765 and (\$2,012,388) for 2008 and 2007, respectively. During 2008, the District has drawn down on its Public Works Trust Fund loans by \$7,600,000. That said, the District made principal payments on its outstanding sewer revenue bonds of (\$480,000), Public Works Trust Fund loans of (\$786,259), State Revolving Fund loan of (\$40,572) and its ongoing obligation to Clark County by an amount of (\$2,436,885). The remainder also reflects the decrease in deferred revenues from the system development charges of (\$909,023).

**CLARK REGIONAL WASTEWATER DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2008**

<b>December 31</b>	2008	2007	2008 to 2007		Restated 2006	2007 to 2006	
			Change	%		Change	%
<i>Assets</i>							
Current assets	\$ 43,164,619	\$ 49,391,172	\$ (6,226,553)	-13%	\$ 52,469,414	\$ (3,078,242)	-5.9%
Noncurrent assets							
Contracts receivable and deferred	590,388	714,961	(124,573)	-17%	668,322	46,639	7.0%
Capital assets (net of depreciation)							
and construction work in progress	148,233,488	131,275,938	16,957,550	13%	121,239,157	10,036,781	8.3%
Total assets	<u>191,988,496</u>	<u>181,382,071</u>	<u>10,606,425</u>		<u>174,376,893</u>	<u>7,005,178</u>	
<i>Liabilities</i>							
Current liabilities	8,679,587	8,494,074	185,513	2.2%	8,444,738	49,336	0.6%
Long term liabilities	56,139,933	53,097,682	3,042,251	5.7%	55,159,406	(2,061,724)	-3.7%
Total liabilities	<u>64,819,520</u>	<u>61,591,756</u>	<u>3,227,764</u>		<u>63,604,144</u>	<u>(2,012,388)</u>	
<i>Net assets</i>							
Invested in capital assets, net related debt	94,008,357	80,887,984	13,120,373	16%	74,397,129	6,490,855	8.7%
Restricted	11,024,935	10,890,151	134,784	1.2%	15,904,386	(5,014,235)	-31.5%
Unrestricted	22,135,683	28,012,180	(5,876,497)	-21%	20,471,234	7,540,946	36.8%
Total net assets	<u>\$ 127,168,975</u>	<u>\$ 119,790,315</u>	<u>\$ 7,378,660</u>		<u>\$ 110,772,749</u>	<u>\$ 9,017,566</u>	

## CAPITAL ASSET AND DEBT ADMINISTRATION

### Capital Assets

The District's total investment in capital assets, including construction work in progress and future treatment capacity rights, as of December 31, 2008, amounted to \$148 million (net of accumulated depreciation and amortization) or an increase of \$17 million for 2008. This investment in capital assets includes land, buildings, pump stations, collection and transmission lines, machinery and equipment, construction in progress on collection and transmission systems, and future treatment capacity rights. It does not include infrastructure projects that were completed prior to January 1, 2008. Major capital assets events during the fiscal year included the following:

- The Salmon Creek Wastewater Management System (SCWMS) projects worked on in 2008 included progress on the 117<sup>th</sup> Street pump station and expansion of the Salmon Creek Treatment Plant. These projects are captured in the future treatment capacity rights. The District, being the guarantor in the Joint Interlocal Agreement between the County and the District, provides the funding for all costs associated with the County's asset. The District's SCWMS construction costs amounted to \$14.4 million for 2008, which are accounted for in the future treatment capacity rights.
- Also during 2008, the District purchased three pump station impeller pumps and two pump discharge adapters for an aggregate \$30,824.

**CLARK REGIONAL WASTEWATER DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2008**

**Capital Assets (Continued)**

- Updates to vehicles and equipment in 2008 include purchases of a used Ford F550 utility truck, used office furniture, two close-captioned television camera systems for surveying lines, and two servers totaling \$127,871.
- For further explanations of the capital asset activity of the District, please refer to Note 3, Capital Assets, pages 40-41.

**Long-Term Liabilities**

- At December 31, 2008, the District had a contractual obligation payable to Clark County for \$21,479,185. This contractual obligation was brought about through a Joint Interlocal agreement with Clark County and represents the capital expansion made to the County's Salmon Creek Wastewater Management System. The outstanding debt is secured through the rates charged to customers, as well as through connection fees charged for new connections. This obligation was reduced by \$6,760,000 through the partial defeasance related to the deferred revenues owed by the City of Battle Ground in 2004.
- Deferred revenues - Regional Facility Charges reflects the connection charges collected since the capital expansion occurred at the Salmon Creek Treatment Plant less the debt service (Contractual Obligation Payable - Clark County) paid during the same time period (1995-2008). This deferred revenue account will increase until capacity is reached at the Salmon Creek Treatment Plant, which was originally estimated to be about 15 years. Likewise, the connection charge (RFC) was calculated in a manner that took into account the debt service needs over 20 years. Thus, the balance in Deferred Revenues - Regional facilities will ultimately fund a portion of the future debt service (Contractual Obligation Payable - Clark County). For 2008, the balance in this account is \$8,273,370.
- On December 22, 2005, the District issued \$14,000,000 in sewer revenue bonds. The total proceeds, including the premium on the issuance, amounted to \$14,380,554. After the third debt service payment was made in December 2008, the outstanding balance at year end 2008 on the bonds plus premium totals \$12,893,232.
- Loans payable amounted to \$19,852,715 at year end and reflects the PWTF loans (see Note 2, Long-Term Liabilities, pages 33-39) granted for the construction of the District's Glenwood and Hockinson pump stations, additional draws from the 2008 PWTF construction loan of \$7,600,000, and the remaining balance owing on the State Revolving Fund (SRF) loan for the next phase (Phase IV) of capital expansion to the Salmon Creek Wastewater Management System.
- Please refer to the Long-Term Liabilities, Note 2, pages 33-39, for more detailed information regarding long-term debt activity.

**CLARK REGIONAL WASTEWATER DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2008**

**Revenues and Expenses**

	2008	2007	2008 to 2007		2006	2007 vs 2006	
			Change	%		Change	%
OPERATING REVENUES							
Charges for services	\$ 14,027,161	\$ 13,854,483	\$ 172,678	1.2%	\$ 13,379,670	\$ 474,813	3.5%
Connection charges	2,914,911	2,945,849	(30,938)	-1.1%	3,024,875	(79,026)	-2.6%
Permits	44,955	80,356	(35,401)	-44.1%	98,590	(18,234)	-18.5%
Miscellaneous	485,723	563,120	(77,397)	-13.7%	627,467	(64,347)	-10.3%
Interest and investment income	1,507,678	2,824,249	(1,316,571)	-46.6%	2,734,759	89,490	3.3%
Nonoperating	27,841	13,436	14,405	107.2%	35,429	(21,993)	-62.1%
Total revenues	<u>19,008,269</u>	<u>20,281,493</u>	<u>(1,273,226)</u>		<u>19,900,790</u>	<u>380,703</u>	<u>1.9%</u>
Operating expenses	16,492,615	15,580,378	912,237	5.9%	13,255,790	2,324,588	17.5%
Interest expense	702,445	708,252	(5,807)	-0.8%	676,501	31,751	4.7%
Total expenses	<u>17,195,060</u>	<u>16,288,630</u>	<u>906,430</u>		<u>13,932,291</u>	<u>2,356,339</u>	<u>16.9%</u>
INCOME BEFORE CONTRIBUTIONS	1,813,208	3,992,863	(2,179,655)	-54.6%	5,968,499	(1,975,636)	-33.1%
CAPITAL CONTRIBUTIONS	5,565,452	5,024,703	540,749	10.8%	7,544,528	(2,519,825)	-33.4%
CHANGE IN NET ASSETS	7,378,660	9,017,566	(1,638,904)	-18.2%	13,513,027	(4,495,461)	-33.3%
NET ASSETS, beginning of year	119,790,315	110,772,749	9,017,566	8.1%	97,259,722	13,513,027	13.9%
NET ASSETS, end of year	<u>\$ 127,168,975</u>	<u>\$ 119,790,315</u>	<u>\$ 7,378,660</u>		<u>\$ 110,772,749</u>	<u>\$ 9,017,566</u>	

- Service revenues increased in 2008 and 2007 by \$172,678 or 1.2% and \$474,813 or 3.5%, respectively. The smaller increase for 2008 was due primarily to a slowdown in ratepayer growth, while holding sewer service rates steady at \$34.00/month per equivalent residential unit (ERU). Actual ERU growth in customers was 492 and 767 ERUs for 2008 and 2007, respectively. The District saw slowed growth in its permitting arena for 2008, down (44.1%) from 2007. The District expects growth in 2009 to remain at a level relatively consistent with that seen in 2008. The slight decrease in the Regional Facility Charges is due to slight differences in debt service scheduled over the term of the outstanding contractual obligation with Clark County. However, the Regional Facility Charges collected during the year amounted to \$2,010,332. The reduction in RFC collections in 2008 from 2007 was the result of fewer permits issued due to fewer connections, while the fee per connection remained constant at \$4,444. Interest earnings dropped dramatically to \$1,507,678 in 2008 vs. \$2,824,249 in 2007.
- Operating expenses for 2008 increased over 2007 by \$912,237 or 5.9%. Treatment costs were lower by (\$452,908) as the District did not fund the budgeted debt service reserve transfer at year-end 2008. Depreciation and amortization costs increased by \$1,312,510 as future treatment capacity rights were amortized with a larger portion of the Salmon Creek Wastewater Management System Phase IV expansion projects placed into service. Labor and benefit costs continue to rise with inflation, as well as the rise in healthcare. They contributed \$111,002 and \$122,978, respectively, to the overall increase. For sewer revenue bonds issued in 2005 and additional draws from the 2008 P WTF construction loan, interest expense totaled \$702,445 and \$708,252 for 2008 and 2007, respectively.

**CLARK REGIONAL WASTEWATER DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2008**

### **Cash Flows**

With the adoption of an update to Clark County's Growth Management Act in 2007, Clark Regional Wastewater District saw an additional nine (9) square miles added to its service area. The District correspondingly completed an update to its Comprehensive Sewer Plan in 2007 to begin planning for infrastructure to service this additional area. Growth in sewer service customers and potential service charge increases will help fund the next phase of capital expansion to the County's Salmon Creek Wastewater Management System. Growth and potential increases in rates will provide the needed annual cash flow from operating activities (see page 25) to fund the District's capital needs in the future.

### **Infrastructure**

Governmental Accounting Standards Board Statement No. 34 allows for two methods of reporting infrastructure for a local government. One is called the modified approach and the other is based upon historical cost. The District has always reported its infrastructure on a historical cost basis with a corresponding offset to accumulated depreciation. The District will continue to use historical cost as the basis of reporting its infrastructure and use straight-line depreciation as the method to depict the value of the asset being used over time.

### **Overall**

The District continues to experiencing positive operating income for 2008 and is staying ahead of the debt service curve with regard to the next (Phase IV) capital expansion to the Salmon Creek Wastewater Management System. The District increased rates in 2004, 2005 and 2006 by \$3.50, \$3.50 and \$3.50/month per equivalent residential unit (ERU). These rate increases are primarily used to fund the Phase IV capital expansion and provide the cash flow for the related debt service. The District has been fortunate in qualifying for \$20 million in low cost (0.5%) financing from the State of Washington Public Works Trust Fund loan program and \$1 million in low cost (2.6%) financing from the State of Washington State Revolving Fund loan program. This has allowed the District to keep its current rates lower to its ratepayers than anticipated. The District works to stabilize its future rate impacts, as well as pay for its ongoing operating, capital and replacement and restoration needs by providing a rate structure that will accommodate all three aspects of disbursements into the future. The District continues to experience healthy financial results, but future rate development and review remains a continued priority for District staff as we plan for the future with 20 year forecast modeling.



**CLARK REGIONAL WASTEWATER DISTRICT**

**2008**

**Financial Statements**

# CLARK REGIONAL WASTEWATER DISTRICT COMPARATIVE STATEMENT OF NET ASSETS

## ASSETS

	DECEMBER 31,	
	2008	2007
<b>CURRENT ASSETS</b>		
Unrestricted current assets		
Cash and cash equivalents	\$ 24,945,160	\$ 29,006,045
Investments securities (at fair value)	5,293,132	7,730,487
Receivables		
Customer accounts, less allowance	1,640,477	1,463,512
Contracts (current and delinquent)	31,501	39,519
Special assessment receivable, current, delinquent and deferred	54,119	70,599
Interest	70,055	92,652
Prepaid expenses	105,239	98,207
Total unrestricted current assets	<u>32,139,683</u>	<u>38,501,021</u>
Restricted current assets		
Restricted cash and cash equivalents	2,845,698	1,969,017
Restricted investments securities (at fair value)	364,734	946,176
Total restricted current assets	<u>3,210,432</u>	<u>2,915,193</u>
Total current assets	<u>35,350,115</u>	<u>41,416,214</u>
<b>NONCURRENT ASSETS</b>		
Contracts receivable	218,776	199,556
Deferred engineering and unamortized bond issuance, net	371,613	515,405
Restricted long-term assets		
Restricted cash and cash equivalents	6,667,255	5,386,549
Restricted investments securities (at fair value)	1,147,248	2,588,409
Total long-term assets	<u>8,404,892</u>	<u>8,689,919</u>
Capital assets		
Land and land rights	578,266	573,854
Buildings	3,509,398	3,509,398
Improvements other than buildings	101,817,605	91,906,432
Equipment	2,888,926	2,769,808
Construction work in progress	670,636	1,480,640
	<u>109,464,831</u>	<u>100,240,132</u>
Less accumulated depreciation	<u>(26,110,112)</u>	<u>(24,038,181)</u>
	83,354,719	76,201,951
Future treatment capacity rights, net of amortization	<u>64,878,770</u>	<u>55,073,987</u>
Net capital assets	<u>148,233,489</u>	<u>131,275,938</u>
Total noncurrent assets	<u>156,638,381</u>	<u>139,965,857</u>
Total assets	<u>\$ 191,988,496</u>	<u>\$ 181,382,071</u>

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

# CLARK REGIONAL WASTEWATER DISTRICT COMPARATIVE STATEMENT OF NET ASSETS

## LIABILITIES

	DECEMBER 31,	
	2008	2007
<b>CURRENT LIABILITIES</b>		
Warrants payable	\$ 540,712	\$ 407,622
Accounts payable	651,435	624,475
Loans payable	827,898	827,205
Interest payable	169,377	182,153
Revenue collected in advance	317,983	302,682
Construction deposits	268,479	278,406
Compensated absences	23,422	20,346
Contract obligation payable to Clark County	2,490,058	2,436,885
Sewer revenue bonds, net of unamortized bond premium	519,107	499,108
Total current liabilities	<u>5,808,471</u>	<u>5,578,882</u>
Current liabilities payable from restricted assets		
Deferred revenues - regional and general facilities	<u>2,871,117</u>	<u>2,915,193</u>
<b>NONCURRENT LIABILITIES</b>		
Compensated absences	236,820	205,726
Loans payable	19,024,816	12,252,341
Net OPEB obligation	112,792	-
Deferred revenues - regional and general facilities	5,402,253	6,267,200
Contract obligation payable to Clark County	18,989,127	21,479,183
Sewer revenue bonds, net of unamortized bond premium	12,374,125	12,893,231
Total noncurrent liabilities	<u>56,139,933</u>	<u>53,097,681</u>
Total liabilities	<u>64,819,521</u>	<u>61,591,756</u>
<b>NET ASSETS</b>		
Invested in capital assets, net of related debt	94,008,357	80,887,984
Restricted assets - regional facilities and PWTF	11,024,935	10,890,151
Unrestricted	22,135,683	28,012,180
Total net assets	<u>127,168,975</u>	<u>119,790,315</u>
Total liabilities and net assets	<u>\$ 191,988,496</u>	<u>\$ 181,382,071</u>

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

**CLARK REGIONAL WASTEWATER DISTRICT  
COMPARATIVE STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN NET ASSETS**

	YEAR ENDED DECEMBER 31,	
	2008	2007
<b>UTILITY OPERATING INCOME</b>		
Operating revenues		
Charges for services	\$ 14,027,161	\$ 13,854,483
Connection charges	2,914,911	2,945,849
Permits	44,955	80,356
Other operating revenue	485,723	563,120
Total utility operating revenues	17,472,750	17,443,808
Operating expenses		
Salaries and wages	2,318,547	2,207,525
Personnel benefits	1,012,088	889,110
Supplies	300,033	281,651
Professional services	150,459	263,140
Insurance	88,520	68,912
Treatment contract services	7,516,303	7,969,211
Taxes	235,801	290,211
Other operating expense	480,835	533,098
Depreciation and amortization	4,390,030	3,077,520
Total operating expenses	16,492,616	15,580,378
Total utility operating income	980,134	1,863,430
<b>NON-OPERATING REVENUES (EXPENSES)</b>		
Interest and investment revenue	1,507,678	2,824,249
Other non-operating revenue	27,841	13,436
Interest expense	(702,445)	(708,252)
Total non-operating revenues	833,074	2,129,433
<b>INCOME BEFORE CONTRIBUTIONS</b>	1,813,208	3,992,863
<b>CAPITAL CONTRIBUTIONS</b>	5,565,452	5,024,703
<b>CHANGE IN NET ASSETS</b>	7,378,660	9,017,566
<b>NET ASSETS, beginning of year</b>	119,790,315	110,772,749
<b>NET ASSETS, end of year</b>	\$ 127,168,975	\$ 119,790,315

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

# **CLARK REGIONAL WASTEWATER DISTRICT COMPARATIVE STATEMENT OF CASH FLOWS**

	YEAR ENDED DECEMBER 31,	
	2008	2007
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from customers and users	\$ 16,390,862	\$ 17,555,931
Payments to suppliers	(8,712,333)	(9,291,913)
Payment to employees	(3,233,199)	(3,133,475)
Other revenues and reimbursements	27,841	13,436
Net cash from operating activities	<u>4,473,171</u>	<u>5,143,979</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Receipts collected (payments) for other agencies	26,186	(36,465)
Net cash from noncapital financing activities	<u>26,186</u>	<u>(36,465)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Proceeds received and in transit from loans payable	7,600,000	1,500,000
Capital contributed by assessments	16,481	57,577
Receipts for future system improvements	1,045,890	1,719,140
Principal and interest paid on long-term contracts	(2,121,483)	(1,734,096)
Payments to Clark County capital obligation	(14,211,217)	(10,755,622)
Payments on building and land improvements	(4,412)	-
Payments on equipment acquisition	(122,679)	(271,058)
Payments on system improvements	(4,583,384)	(1,441,305)
Net receipts on construction deposits	(9,927)	(55,452)
Net cash from capital and related financing	<u>(12,390,731)</u>	<u>(10,980,816)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of investments	(3,521,755)	(9,239,413)
Proceeds from maturing or called investments	8,010,000	9,702,051
Interest on investments	1,484,534	2,666,088
Interest on assessments	4,800	9,584
Interest on contracts	10,297	15,775
Net cash from investing activities	<u>5,987,876</u>	<u>3,154,085</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(1,903,498)	(2,719,216)
<b>CASH AND CASH EQUIVALENTS, beginning of year</b>	<u>36,361,611</u>	<u>39,080,827</u>
<b>CASH AND CASH EQUIVALENTS, end of year</b>	<u>\$ 34,458,113</u>	<u>\$ 36,361,611</u>

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

# CLARK REGIONAL WASTEWATER DISTRICT COMPARATIVE STATEMENT OF CASH FLOWS

	YEAR ENDED DECEMBER 31,	
	2008	2007
RECONCILIATION OF OPERATING INCOME TO NET CASH FROM		
OPERATING ACTIVITIES		
Utility operating income (loss)	\$ 980,134	\$ 1,863,430
Adjustments to reconcile operating income to net from operating activities		
Depreciation and amortization expense	4,390,030	3,077,520
(Increase) decrease in accounts receivable	(176,965)	(48,276)
(Increase) decrease in contracts receivable	(8,118)	34,680
(Increase) decrease in deferred charges	2,436,884	2,336,884
(Increase) decrease in prepaid expenses	(7,032)	320
(Increase) decrease in warrants payable	133,090	199,849
(Increase) decrease in accounts payable	26,960	(144,421)
(Increase) decrease in accrued employee benefits	34,169	(30,520)
(Increase) decrease in deferred revenue	(909,023)	135,946
(Increase) decrease in contract obligation to Clark County	(2,436,885)	(2,336,884)
(Increase) decrease in revenue collected in advance	9,927	55,451
Total adjustments	<u>3,493,037</u>	<u>3,280,549</u>
Net cash from operating activities	<u>\$ 4,473,171</u>	<u>\$ 5,143,979</u>
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES		
Contributions of capital assets from developers or governments	\$ 4,519,562	\$ 3,299,924
Increase (Decrease) in fair value of investments	\$ 64,208	\$ 33,564

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

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

The Hazel Dell Sewer District (the District) was formed May 22, 1958, as a Special Purpose District to provide sanitary sewers in the collection, transport and treatment of wastewater within its legal boundaries. The District operates under an independent, three-member elected Board of Commissioners as provided by revised code of Washington (RCW) Title 57, with the General Manager responsible for the daily management of operation and administrative activities of the District. The District changed its legal name to Clark Regional Wastewater District effective January 1, 2006.

**Reporting entity** - The District is a political subdivision of the State of Washington. The Governmental Accounting Standards Board (GASB) has established the generally accepted accounting principles, which qualifies a Special Purpose District to be the primary government. The District meets all three criteria:

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

In evaluating the criteria set forth by GASB for component units, the District has looked at all potential legal entities that would qualify as a component unit and be included in the financial statements of the District. The three tests that are considered in establishing a component unit of the District are as follows:

1. The ability for the District to impose its will on a separate legal entity by the appointment of a governing body;
2. A fiscal dependence of a separate legal entity on the District; and
3. The potential that exclusion of the separate legal entity as a component unit would mislead the financial reporting of the District.

In applying the above tests and considering all potential legal entities, the District concludes that no component units should be included in the financial statements of the District. 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 District's financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP).

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

The District uses the flow of economic resources measurement focus and the accrual basis of accounting. The accrual basis of accounting recognizes revenues when earned and expenses when incurred. Assets are capitalized based upon the District's capitalization policy, (see Note 3, page 40) and long-term liabilities are accounted for in the appropriate accounts.

Of the eleven fund types established by GAAP, two are classified as proprietary funds. These are the enterprise funds and the internal service funds.

The District accounts for its operations within an enterprise fund, which is similar to a private business enterprise. The District provides for the collection, transport and treatment of sewer services to the public on a continuing basis, and this activity is funded through a variety of user, connection and capital construction charges and is recorded within the enterprise fund. Debt may be used at various times to fund capital construction costs and the financing costs are secured through these same charges. The District uses the enterprise fund to capture the cost of providing its services and its capital improvements by using the economic resources measurement focus. This means the District's assets and liabilities are segregated between current and non-current, with its equity reported as capital contributions and changes in net assets. The operating statement of the District presents the revenues, expenses and the change in net assets.

The District has chosen to observe only those Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or before November 30, 1989. This practice is in accordance with GASB 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, which establishes guidance for applying standards established by FASB Statements and Interpretations to the preparation of financial statements for proprietary fund activities.

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 our District. Revenue is also generated from the recovery of cost of connecting new customers to our system. Operating expenses include the cost of providing these sewer services (i.e. maintenance, engineering, treatment and administration), as well as depreciation on our 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, as well as facilities lease income.

**Cash and cash equivalents** - For the purposes of the Statements of Net Assets 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 in pooled accounts are considered to be cash equivalents. Investments purchased with an original maturity of more than three months are classified as investments.



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

**Investments** - Investments are reported at fair value on quoted market prices for securities purchased by the District and as reported by the state's local government investment pool in which the District participates. All investments held have readily available market prices. The change in fair value is reported in the statement of revenues, expenses and changes in net assets as investment earnings. Realized gains or losses on the maturity or disposition of securities are not separately disclosed.

**Receivables** - Accounts receivables represent user charges for sewer services, which are recognized as earned. All accounts receivables are due from users within the service area of the District. Since the District is allowed to record a lien on the property served and, ultimately, may foreclose on such property, payment on delinquent accounts are ultimately received.

Special assessment 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. Special assessments are provided under state statutes and direct the process in which the District extends sanitary sewer and services to properties. Special assessments are recorded as a lien on the property when they are levied. Special assessment receivables consist of current, delinquent and deferred assessments with related interest and penalties. As of December 31, 2008 and 2007, special assessment receivables that were delinquent were \$10,819 and \$8,981, respectively.

**Restricted assets** - The District has two types of restricted assets at December 31, 2008, as follows:

1. Connection fees collected for Regional Facility Charges.
2. Public Works Trust Fund – Loan proceeds for the Salmon Creek Wastewater Management System capital improvements.

The District collects a connection fee called the Regional Facility Charge. This charge pays for about 82% of the debt service related to the Phase III capital expansion at the County's Salmon Creek Treatment Plant. This percentage was derived by the amount of capital expansion related to growth and not to environmental or regulatory concerns. These funds are restricted within an account called the "Regional Facility Charge" account, which was established in 1994 by a Joint Interlocal agreement, the sole purpose being to provide the reserves to meet the current and future debt service concerning the capital expansions at the Salmon Creek Treatment Plant and related conveyances. Due to the Joint Interlocal Agreement, as well as the bond covenants related to the Phase III capital expansion, the connection fees are collected and restricted for the payment of the Contract Obligation payable to Clark County. The schedule below depicts the balances of the funds as of December 31, 2008 and 2007.

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

The District is currently in the next phase of capital expansion at the County's Salmon Creek Treatment Plant, including the overall Salmon Creek Wastewater Management System that includes the conveyance (force main and pump stations) into the treatment plant. The Phase IV capital expansion is underway with design completed but construction being done concurrently for different sections of the capital expansion. The District acquired low-cost, state financing (\$20 million) for a portion of the overall design (\$2 million) and construction (\$18 million) of the Phase IV capital expansion. The low-cost financing is through the State of Washington Public Works Trust Fund (PWTF) Loan Program, which restricts by agreement, the funds that are drawn down to be used for their specific purpose (Phase IV capital expansion). As of December 31, 2008, the District has drawn down 100% of the \$2,000,000 for design (pre-construction) PWTF loans and \$17,600,000 of the construction PWTF loans. Any interest earnings on the funds drawn down are restricted to be used for the same purpose. In addition, a State of Washington State Revolving Fund loan of \$1 million was both funded and completely expended in 2007 for construction costs of the Phase IV capital expansion. The Phase IV capital expansion has incurred \$46,618,293 of costs as of December 31, 2008, of which 11,700,797 has been paid from unrestricted funds.

The following schedule depicts the restricted assets as of December 31:

	2008	2007
Regional facilities account *		
Cash and cash equivalents	\$ 4,418	\$ 7,355,566
Investments (at fair value)	10,294,477	3,534,585
	10,298,895	10,890,151
Public Works Trust Fund Loan Proceeds **		
Cash and cash equivalents	726,040	-
Total restricted assets	\$ 11,024,935	\$ 10,890,151

\* The Regional Facility connection fees are collected and restricted and are included as part of cash and cash equivalents and investments.

\*\* The District receives low cost funding from the state of Washington's Public Works Trust Loan (PWTF) program. The District received \$7,600,000 in 2008, used toward the Phase IV capital construction at the Salmon Creek Wastewater Management System. The balance reflected equals the funds remaining from the draws from the PWTF program (see Note 2, Long-Term Debt) at December 31, 2008.

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

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

Interest is capitalized on assets acquired with tax-exempt debt. The amount of interest capitalized is calculated by offsetting interest expense incurred from the date of the borrowing until completion of the project with interest earned on invested proceeds over the same period. The District does not reflect any capitalized interest for 2008 or 2007.

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

Estimating the useful lives of capital assets require the exercise of management judgment, and actual lives may differ from these estimates. Changes to these initial estimates are made when appropriate. Depreciation is computed on capital assets when the assets are placed into service using the straight-line method over their estimated useful life as follows:

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

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

**Compensated absences** - Accumulated but unpaid compensated absences (vacation) are recorded as liabilities as earned. Vacation may accumulate up to a maximum of 240 hours or, for those restricted to contracts, the contract amount. Sick leave earned, vested and unused by District employees is compensable at 50% of its value upon voluntary termination, retirement or death and is 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 \$260,242 and \$226,072 at December 31, 2008 and 2007, respectively.

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

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

**New pronouncements** - The Governmental Accounting Standards Board (GASB) continues to issue new pronouncements which must be reflected in the comprehensive annual financial report. Recent pronouncements include:

GASB Statement No. 45, “*Accounting and Financial Reporting by Employees for Postemployment Benefits Other Than Pensions*,” is in effect for the District’s Comprehensive Annual Financial Report for the fiscal year ended December 31, 2008. The computed liability for fiscal year ended December 31, 2008 is further explained in Note 10, page 59.

GASB Statement No. 49, “*Accounting and Financial Reporting for Pollution Remediation Obligations*,” is in effect for the District’s Comprehensive Annual Financial Report for fiscal year ended December 31, 2008. With no site identified as polluted in the District’s service area, nor any recognition triggers in effect, the District has recognized no liability for pollution remediation obligations.

GASB Statement No. 50, “*Pension Disclosures – an amendment of GASB Statements No. 25 and No. 27*,” is in effect for the District’s Comprehensive Annual Financial Report for the fiscal year ended December 31, 2008, and included in Note 6, page 51.

GASB Statement No. 51, “*Accounting and Financial Reporting for Intangible Assets*,” will be in effect for the District’s comprehensive annual financial report for the fiscal year ending December 31, 2010. The District is currently recognizing its future treatment capacity rights in Clark County’s Salmon Creek Treatment Plant as a component (intangible asset) of the District’s net capital assets.

## Note 2 - Long-Term Liabilities

Special assessment revenue bonds are authorized and adopted by the Board of Commissioners for the installation of sanitary sewers in Utility Local Improvement Districts. Special assessments and the general accounts receivables of the District provide the security for the repayment of the debt.

**Loans payable** - The State of Washington has a low-cost financing program that allows public entities in the state to finance public works (i.e. roads, bridges, building and sewer treatment; collection transmission facilities). This program is administered by the State of Washington Public Works Trust Fund (PTWF) Board, who has approved six loans to the District, all with twenty-year repayment periods. Below is a schedule with outstanding balances as of December 31, 2008, and a corresponding description of each loan and its intended use.

Public Works Trust Fund Loans	Loan Number	Notice of Completion	Approved Loan Amount	Balance	Interest Rate
Glenwood pump station, force main and gravity sanitary sewer project	PW-5-95-791-010	September 1998	\$ 2,185,960	\$ 814,828	1.0%
Hockinson pump station and pressure sanitary sewer project	PW-5-96-791-018	September 1999	\$ 502,670	\$ 222,959	1.0%
Salmon Creek treatment plant - Preconstruction engineering and planning (Phase IV)	PW-03-691-PRE-107	October 2003	\$ 1,000,000	\$ 789,474	0.5%
Salmon Creek treatment plant - Construction (Phase IV)	PW-04-691-033	May 2004	\$ 10,000,000	\$ 8,587,547	0.5%
Salmon Creek treatment plant - Preconstruction engineering and planning (Phase IV)	PW-05-691-PRE-116	June 2005	\$ 1,000,000	\$ 894,737	0.5%
Salmon Creek treatment plant - Construction (Phase IV)	PC-08-951-009	March 2008	\$ 8,000,000	\$ 7,600,000 *	0.5%
				<u>\$ 18,909,546</u>	

\* Amounts reflect draws from approved amount

**Note 2 - Long-Term Liabilities (Continued)**

The District funded construction of the Glenwood and Hockinson pump station projects with PWTF loans, issued notices of completion and a final draw has been executed, bringing each loan amount to the amounts depicted above. With regard to the four Salmon Creek Treatment Plant loans, notices of completion have been filed for the 2003, 2004 and 2005 PWTF loans (total of \$12,000,000) and the funds fully drawn down. For the 2008 PWTF construction loan, approved for \$8,000,000, a total of \$7,600,000 of the funds were drawn down in 2008, with the certificate of completion and the final draw down of the remaining \$400,000 to take place in 2009. The total loan amounts that have been approved for design (pre-construction) and construction activities are \$2 million and \$18 million, respectively. The above loans from the state Public Works Trust Fund (PWTF) will be repaid over a period not to exceed 20 years at the above interest rates.

For 2008, the District paid \$851,780 (\$786,259 principal and \$65,521 interest) on these PWTF loans. The annual debt service requirements for the maximum authorized PWTF loans payable are as follows:

State of Washington - Public Works Trust Fund Loans									
Year	Glenwood Pump Station		Hockinson Pump Station		SCWWMS*		Total		
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Payments
2009	\$ 116,404	\$ 8,148	\$ 27,870	\$ 2,230	\$ 641,985	\$ 90,859	\$ 786,259	\$ 101,237	\$ 887,496
2010	116,404	6,984	27,870	1,951	1,041,985	86,149	1,186,259	95,084	1,281,343
2011	116,404	5,820	27,870	1,672	1,041,985	80,939	1,186,259	88,431	1,274,690
2012	116,404	4,656	27,870	1,393	1,041,985	75,729	1,186,259	81,779	1,268,038
2013	116,404	3,492	27,870	1,115	1,041,985	70,519	1,186,259	75,126	1,261,385
2014-2018	232,808	3,492	83,610	1,672	5,209,924	274,447	5,526,342	279,611	5,805,953
2019-2023	-	-	-	-	5,209,924	144,198	5,209,924	144,198	5,354,123
2024-2028	-	-	-	-	2,641,985	33,473	2,641,985	33,473	2,675,458
Total	\$ 814,828	\$ 32,593	\$ 222,959	\$ 10,033	\$ 17,871,758	\$ 856,313	\$ 18,909,546	\$ 898,939	\$ 19,808,485

\* Salmon Creek Wastewater Management System, Public Works Trust Fund Loans.

In 2006, the District was granted a Washington State Revolving Fund (SRF) loan of \$1 million, which was fully drawn and expended in 2007. Below is a schedule with a description of the loan and its use.

State Revolving Fund	Loan Number	Notice of Completion	Approved Loan Amount	Balance	Interest Rate
Salmon Creek treatment plant - Construction (Phase IV)	L0700014	March 2007	\$ 1,000,000	\$ 943,169	2.6%

Debt service on this loan for the year totaled \$66,025 (\$40,572 principal and \$25,453 interest). The annual debt service requirements for this SRF loan payable are as follows:

State of Washington - State Revolving Fund Loan			
Year	Principal	Interest	Payments
2009	\$ 41,640	\$ 24,385	\$ 66,025
2010	42,735	23,290	66,025
2011	43,860	22,165	66,025
2012	45,014	21,011	66,025
2013	46,198	19,827	66,025
2014-2018	249,877	80,248	330,124
2019-2023	284,526	45,598	330,124
2024-2026	189,320	8,755	198,075
Total	\$ 943,169	\$ 245,278	\$ 1,188,447

**Note 2 - Long-Term Liabilities (Continued)**

The District issued sewer revenue bonds totaling \$14 million in 2005 to help finance Phase IV capital construction costs of the Salmon Creek Wastewater Management System. The bond proceeds were fully drawn and expended by 2007 to fund those construction costs. This debt issuance is subject to a federal arbitrage calculation which will be conducted within the next two years. Debt service on the loan for the year totaled \$1,092,790 (\$480,000 principal and \$612,790 interest). The annual debt service requirements for these sewer revenue bonds are as follows:

Year	2005 Sewer Revenue Bonds		Total Debt Service
	Principal	Interest	
2009	\$ 500,000	\$ 595,990	\$ 1,095,990
2010	525,000	567,240	1,092,240
2011	545,000	546,240	1,091,240
2012	570,000	524,440	1,094,440
2013	600,000	491,665	1,091,665
2014-2018	3,435,000	2,033,675	5,468,675
2019-2023	4,350,000	1,119,260	5,469,260
2024-2025	2,045,000	143,686	2,188,686
Total	\$ 12,570,000	\$ 6,022,196	\$ 18,592,196

**Long-term interlocal agreement** - In 1995, the Clark Regional Wastewater District entered into a Joint Interlocal (three-way) agreement with Clark County, Washington and the City of Battle Ground regarding costs associated with sanitary sewer treatment services at the Salmon Creek Treatment Plant and its related facilities called the Salmon Creek Wastewater Management System (SCWMS). The SCWMS is owned and operated by Clark County; however, pursuant to the three-way agreement, the District is obligated as guarantor, to pay all the costs associated with the SCWMS, which includes the operations, maintenance, repair, replacement and debt service costs thereof. The District is the County's sole wholesale customer and provides the security needed for the issuance and payment of the debt (i.e. sewer revenue bonds). Through a (two-way) agreement with the City of Battle Ground, the District recovers its costs from the City of Battle Ground as to their flow into the SCWMS. The City of Battle Ground is the District's sole wholesale customer. The operations, maintenance and funding for equipment and facility replacement is allocated to each party within the two-way agreement based upon wastewater flow. The three-way and two-way agreements address the question where capital improvement obligations are issued in Clark County's name for the benefit of both parties (i.e. the District and the City of Battle Ground). Under each phase of capital improvements for the SCWMS, the District and the City of Battle Ground determine their future capacity (capacity is measured by million gallons per day) needs. Their share of the future capacity in turn determines their share of the debt service costs that are ultimately paid by their respective ratepayers.

**Note 2 - Long-Term Liabilities (Continued)**

**Long-term interlocal agreement (continued)** - In the Phase III capital expansion, which looked mostly at improvements at the Salmon Creek Treatment Plant, the capacity needs for the District and the City of Battle Ground were 82% and 18%, respectively. The Phase III capital expansion was brought on line (in service) in 1998, but the debt is outstanding until 2016. In addition, the District collects from the City of Battle Ground their share of the operation, maintenance and repair and replacement costs incurred by Clark County and allocated based upon their wastewater flow being sent through the Salmon Creek Wastewater Management System (SCWMS).

The debt service for Phase III capital improvements is funded through rates and a connection fee called the Regional Facility Charge (RFC). This latter charge is assessed to new customers connecting to service, with the underlying premise that growth pays for growth (explained further below). The County originally issued debt for capital improvements for the SCWMS in an amount of \$58,707,412. The original sewer revenue bonds were issued in 1995 and 1996. The 1996 bonds of \$45,395,000 are due in annual installments of \$1,355,000 to \$3,635,000 in 2016, with interest rates starting from 4.6% to 6.1%.

In April 2001, Clark County refinanced the original sewer revenue bonds, through an advanced refunding and partial defeasement of the original debt. The refinancing introduced two new series of sewer revenues bonds. The 2001A series bonds of \$5,425,000 are due in annual installments of \$440,000 to \$640,000 in 2015, with interest rates starting from 3.2% to 4.75%. The 2001B series bonds of \$25,765,000 are due in annual installments of \$2,040,000 to \$3,155,000 in 2016 with interest rates starting from 3.2% to 5.25%. For the above revenue bonds 1995, 1996, 2001A, and 2001B, the interest rates are not variable or tied to a specific benchmark but instead are specific to a year and series. The 1995 bonds were fully retired in 2005, and the 1996 bonds were fully retired in 2006.

On November 23, 2004, the City of Battle Ground defeased their share of the Phase III capital improvement obligations (sewer revenue bonds). This defeasance reduced the County's 1995, 1996, 2001A and 2001B sewer revenues bonds by \$145,000, \$1,065,000, \$960,000 and \$4,590,000, respectively. The outstanding principal balances owed to the County with regard to the sewer revenue bonds at December 31, 2008 for the 1995, 1996, 2001A and 2001B sewer revenue bonds are \$0, \$0, \$710,000 and \$3,840,000, respectively. Please see note 9, Other Disclosures, page 56 with regard to this defeasance.

The Public Works Trust Fund (PWTF) loans used toward the Phase III capital expansion have interest rates of 1% to 2% on the amounts outstanding.

The Regional Facility Charge (RFC) is a connection charge that is applied to newly connected properties. The RFC was calculated to fund approximately 82.3% of the Contract Obligation Payable to Clark County for the Phase III capital expansion at the SCWMS. The premise being that growth should pay for growth and existing ratepayers pay the remaining share of the annual debt service costs. The RFC is collected over a 10-12 year period or until capacity is reached, however the term of debt service payments is over a twenty (20) year period. Theoretically, the reserve that is built up over time from new customers connecting to service, less the annual debt service payments, will pay for the debt service over the remaining years (approximately 8 years).



**Note 2 - Long-Term Liabilities (Continued)**

Based upon two primary factors; growth (new customers), and the investment rate of return on the reserve balance, will enable the District to meet its future debt obligations (82.3%) with just the Regional Facility Charge (RFC) reserve. The District has established a Rate Stabilization account that is funded from rates to be used, if the initial primary factors in determining the RFC are not sufficient in meeting the future debt service obligations of the District.

The RFC for the past ten years can be found in the Statistical section of this report on Schedule 18, page 79. The RFC for 2008 is \$4,444 per equivalent residential unit, consistent with the 2007 rate. For 2008, the District collected \$2,010,332 in RFCs. The portion realized as revenues amounted to \$2,914,911 or approximately 82.3% of the debt service (contractual obligation payable to Clark County) for 2008. This amount, along with the 17.7% included in rates, reflects the total contractual obligation payable to Clark County for 2008 and is included as part of the District's treatment costs. The accumulated and outstanding reserve balance of \$8,273,370 is recorded as a deferred credit and will be realized as revenue in the year it is matched against the debt service for that year. Any shortfall that may occur in future years will be made up through rates and/or the Rate Stabilization account.

During 2008, the District incurred \$7,516,303 of treatment costs for treatment services with Clark County and the City of Vancouver, out of which \$6,703,691, \$764,957 and \$47,655 was paid to Clark County, the City of Vancouver, and the City of Battle Ground, respectively. Of the amount paid to Clark County, \$3,457,741 was related to the capital improvement obligations and \$3,245,950 was for operation and maintenance costs. The following schedule depicts the contract obligation payable to Clark County until maturity.

Year	Contract Obligation Payable to Clark County						Total
	1995	1996	2001A	2001B	PWTF	Interest	
2009	\$ -	\$ -	\$ 410,000	\$ 1,840,000	\$ 240,058	\$ 1,027,692	\$ 3,517,750
2010	-	-	425,000	1,935,000	153,216	916,379	3,429,594
2011	-	-	445,000	2,020,000	153,216	814,547	3,432,762
2012	-	-	465,000	2,105,000	153,216	707,019	3,430,235
2013	-	-	485,000	2,215,000	29,479	574,282	3,303,761
2014-2016	-	-	1,025,000	7,380,000	-	860,908	9,265,908
Total	\$ -	\$ -	\$ 3,255,000	\$ 17,495,000	\$ 729,183	\$ 4,900,826	\$ 26,380,010

The previous discussion relates to the Phase III capital expansion for the Salmon Creek Wastewater Management System. During 1995 and 1996, (Phase III construction), the District and the City of Battle Ground found that it was in their ratepayers' best interests to have Clark County be the issuer of the debt with the District as guarantor and the City of Battle Ground paying the District (two-way agreement) their share of the capital expansion.

**Note 2 - Long-Term Liabilities (Continued)**

The next phase (Phase IV) of capital improvements for the Salmon Creek Wastewater Management System (which includes the treatment plant, interceptors and main pump stations); the City of Battle Ground is funding their share of the capital expansion on their own. The District, too, is self-funding its portion of Phase IV capital expansion costs through low-cost loans, sewer revenue bonds and District reserves.

The District drew down the \$7,600,000 from the approved \$8,000,000 PWTF construction loan in 2008 to fund ongoing work related to the Phase IV expansion project. Additional construction obligations paid in 2008 were funded from District reserves.

In 2006, the District was awarded a State of Washington State Revolving Fund (SRF) loan of \$1 million at an interest rate of 2.6 %, for which it completely drew and expended for Phase IV construction costs in 2007. The outstanding balance on this SRF loan at December 31, 2008 totaled \$943,169.

The District's future treatment capacity rights related to the Salmon Creek Treatment Plant will increase as construction costs are incurred through project completion scheduled for mid-year 2009.

Changes in long-term liabilities as a summary for the year ended December 31, 2008:

	Balance Jan. 1, 2008	Additions	Reductions	Balance Dec. 31, 2008	Due Within One Year
Compensated absences	\$ 226,071	\$ 37,379	\$ 3,208	\$ 260,242	\$ -
Contract payable	-	-	-	-	-
Loans payable	13,079,546	7,600,000	826,831	19,852,715	827,898
Deferred revenues - regional and general facilities	9,182,392	2,005,888	2,914,911	8,273,369	2,879,499
Sewer Revenue Bonds					
2005 Sewer Revenue Bonds	13,050,000	-	480,000	12,570,000	500,000
For issuance and premium	342,340	-	19,107	323,233	19,107
Contract obligation payable - Clark County					
1995 Sewer revenue bonds	-	-	-	-	-
1996 Sewer revenue bonds	-	-	-	-	-
2001A Refunded Sewer revenue bonds	3,645,000	-	390,000	3,255,000	410,000
2001B Refunded Sewer revenue bonds	19,255,000	-	1,760,000	17,495,000	1,840,000
Public Works Trust Fund - 1988 1a	46,828	-	46,828	-	-
Public Works Trust Fund - 1989 1b	173,684	-	86,842	86,842	86,842
Public Works Trust Fund - 1992 1b	618,685	-	123,737	494,948	123,737
Public Works Trust Fund - 1993 PS	176,871	-	29,478	147,393	29,479
Total contract obligation payable	23,916,068	-	2,436,885	21,479,183	2,490,058
Total long term liabilities	\$ 59,796,417	\$ 9,643,267	\$ 6,680,942	\$ 62,758,741	\$ 6,716,562

For 2008, accrued benefits increased primarily due to a larger workforce and wage and salary increases. During 2008, retirement and termination payouts amounted to \$3,208 and accruals for ongoing staff amounted to \$37,379.

**Note 2 - Long-Term Liabilities (Continued)**

Changes in long-term liabilities as a summary for the year ended December 31, 2007:

	Balance Jan. 1, 2007	Additions	Reductions	Balance Dec. 31, 2007	Due Within One Year
Compensated absences	\$ 256,592	\$ 2,276	\$ 32,797	\$ 226,071	\$ 20,347
Contract payable	-	-	-	-	-
Loans payable	12,352,652	1,500,000	773,106	13,079,546	827,205
Deferred revenues - regional and general facilities	9,046,446	3,081,795	2,945,849	9,182,392	2,923,596
Sewer Revenue Bonds					
2005 Sewer Revenue Bonds	13,515,000	-	465,000	13,050,000	480,000
For issuance and premium	361,447	-	19,107	342,340	19,107
Contract obligation payable - Clark County					
1995 Sewer revenue bonds	-	-	-	-	-
1996 Sewer revenue bonds	-	-	-	-	-
2001A Refunded Sewer revenue bonds	4,020,000	-	375,000	3,645,000	390,000
2001B Refunded Sewer revenue bonds	20,930,000	-	1,675,000	19,255,000	1,760,000
Public Works Trust Fund - 1988 1a	93,655	-	46,827	46,828	46,827
Public Works Trust Fund - 1989 1b	260,526	-	86,842	173,684	86,842
Public Works Trust Fund - 1992 1b	742,422	-	123,737	618,685	123,737
Public Works Trust Fund - 1993 PS	206,350	-	29,479	176,871	29,479
Total contract obligation payable	26,252,953	-	2,336,885	23,916,068	2,436,885
Total long term liabilities	<u>\$ 61,785,090</u>	<u>\$ 4,584,071</u>	<u>\$ 6,572,744</u>	<u>\$ 59,796,417</u>	<u>\$ 6,707,140</u>

**Note 3 - Capital Assets**

Effective with the adoption of Governmental Accounting Standards Board, No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, which occurred for the year ended December 2001, the District does not use the modified approach to accounting for its capital assets (i.e. collection lines and pump stations). The following schedule of capital assets is recorded at historical costs with any related additions due to purchases or utility plant brought into service. The District, for 2008, incurred \$11,647,406 of construction work in process projects (i.e. pump stations, pump station improvements, force mains and treatment plant expansion) and transferred \$12,457,411 from construction work in process into service and to future treatment capacity rights. With ongoing construction of Phase IV in the Salmon Creek Wastewater Management System, owned by Clark County, wastewater treatment capacity at the Salmon Creek Treatment Plant is being increased to 14.95 million gallons per day (MGD) from 10.3 MGD currently. Although Clark Regional Wastewater District doesn't have ownership of the physical asset it does, via interlocal agreement between Clark County, City of Battle Ground and the District, own 77% of the increased treatment capacity of the plant being constructed with this newest phase of construction to be completed in 2009. This intangible asset is recognized in our capital assets as "future treatment capacity rights, net of amortization," at a value for 2008 and 2007 of \$64,878,770 and \$55,073,987, respectively.

Capital assets activity for the year ended December 31, 2008, is as follows:

	Balance Jan. 1, 2008	Additions & Transfers	Retirements & Transfers	Balance Dec. 31, 2008
Capital assets - nondepreciable:				
Land and land rights	\$ 573,854	\$ 4,412	\$ -	\$ 578,266
Construction work in progress	1,480,640	4,542,748	5,352,753	670,636
Total capital assets - nondepreciable	2,054,494	4,547,160	5,352,753	1,248,902
Capital assets - depreciable:				
Collection and transmission system	83,765,161	9,880,350		93,645,511
Buildings	3,509,398	-		3,509,398
Pumping stations	8,141,271	30,824		8,172,094
Machinery, furniture and equipment	2,769,808	127,871	8,753	2,888,926
Total capital assets - depreciable	98,185,638	10,039,045	8,753	108,215,929
Less accumulated depreciation:				
Collection and transmission system	(20,723,009)	(1,615,079)		(22,338,089)
Buildings	(715,217)	(73,543)		(788,760)
Pumping stations	(943,052)	(167,138)		(1,110,190)
Machinery, furniture and equipment	(1,656,903)	(224,921)	(8,753)	(1,873,071)
Total accumulated depreciation	(24,038,181)	(2,080,682)	(8,753)	(26,110,110)
Total capital assets - depreciable (net)	74,147,456	7,958,363	-	82,105,819
Future treatment capacity rights, net	55,073,987	9,804,783	-	64,878,770
Total capital assets - net	\$ 131,275,938	\$ 22,310,306	\$ 5,352,753	\$ 148,233,490

**Note 3 - Capital Assets (Continued)**

The District's capitalization policy requires purchases or project costs greater than \$5,000 and with a useful life of two or more years to be capitalized. The District uses straight-line depreciation and the estimated useful lives of the asset to appropriately allocate depreciation expense to current and future periods. The District does *not* use the modified approach in connection with its asset reporting.

Capital assets activity for the year ended December 31, 2007, is as follows:

	Balance Jan. 1, 2007	Additions & Transfers	Retirements & Transfers	Balance Dec. 31, 2007
Capital assets - nondepreciable:				
Land and land rights	\$ 573,854	\$ -	\$ -	\$ 573,854
Construction work in progress	1,565,795	1,217,569	1,302,723	1,480,641
Total capital assets - nondepreciable	2,139,649	1,217,569	1,302,723	2,054,495
Capital assets - depreciable:				
Collection and transmission system	79,546,172	4,218,989		83,765,161
Buildings	3,509,398	-		3,509,398
Pumping stations	7,946,329	194,942		8,141,271
Machinery, furniture and equipment	2,533,576	271,058	34,826	2,769,808
Total capital assets - depreciable	93,535,475	4,684,989	34,826	98,185,638
Less accumulated depreciation:				
Collection and transmission system	(19,312,736)	(1,410,274)		(20,723,010)
Buildings	(641,253)	(73,964)		(715,217)
Pumping stations	(779,404)	(163,648)		(943,052)
Machinery, furniture and equipment	(1,451,655)	(240,075)	(34,826)	(1,656,904)
Total accumulated depreciation	(22,185,048)	(1,887,961)	(34,826)	(24,038,183)
Total capital assets - depreciable (net)	71,350,427	2,797,028	-	74,147,455
Future treatment capacity rights, net	47,749,081	7,324,906	-	55,073,987
Total capital assets - net	\$ 121,239,157	\$ 11,339,503	\$ 1,302,723	\$ 131,275,937

**Note 4 - Deposits and Investments**

The District is legally authorized to invest in the types of investments included in the Revised Code of Washington (RCW) 36.29.020. All of the investments and deposits held at December 31, 2008, comply with the provisions of that section and with District Code Chapter 3.20.

**Deposits** - The District's deposits are managed by the District Finance Director and are held in qualified bank depositories meeting the requirements specified by the Washington Public Deposit Protection Commission, as well as the District's investment policy. It is the District's policy to invest funds in a manner that: provides maximum assurance that the investment proceeds will be returned upon maturity, provides adequate liquidity to meet cash needs and provides the greatest return on investment. The level of custodial credit risk relates to the level of insurance a financial institution will provide if financial difficulties were to occur that would affect District deposits. The amount of collateral a financial institution will pledge as security for the deposits and the level of creditworthiness the financial institution has with regard to such security will determine the level of custodial credit risk that exists.

The Governmental Accounting Standards Board (GASB) Statement No. 40, *Deposit and Investment Risk Disclosures*, requires governmental entities to disclose an indication of the level of risk assumed by the entity at year-end. If the bank deposits at year-end are not entirely insured or collateralized with securities held by the District or by its agent in the District's name, the District must disclose the custodial credit risk that exists. In 2005, the District implemented GASB Statement No. 40, *Deposit and Investment Risk*, which is disclosed in the following note.

The District deposits are entirely insured by the Federal Deposit Insurance Corporation (FDIC) or by collateral held in the Washington State Local Government Pool administered by the Washington Public Deposit Protection Commission (WPDP) or through the Securities Investor Protection Corporation (SIPC). The District Code (3.20.010) provides that whenever there are more than sufficient funds or cash balances to meet current expenses payable, a portion of such funds or balances as deemed expedient may be invested in securities authorized within its investment policy.

The Washington State Local Government Investment Pool (LGIP) is classified as an unrated 2a-7 investment pool per the Securities and Exchange Commission. Cash investments are not subject to interest rate risk or any market value reporting requirement as defined by GASB 31. The weighted average maturity of the investment pool is less than 90 days meaning the proceeds are defined as a cash equivalent liquid investment and not subject to interest rate risk. All LGIP investments are either obligations of the United States government, government sponsored enterprises, or insured demand deposit accounts and certificates of deposits meaning credit risk is very limited. All investments or deposits held by the LGIP are all classified as a category 1 risk level investment. The investments are either fully insured or fully held by a third party custody provider in the name of the LGIP. The LGIP is audited by the Washington State Auditor's Office and regulated by Washington RCWs and the LGIP Advisory Committee.

**Note 4 - Deposits and Investments (Continued)**

As of December 31, 2008, the carrying amount of District's deposits and bank balances are as follows:

	<u>Book Balance</u>	<u>Bank Balance</u>
Money market accounts	\$ 3,021	\$ 3,021
Certificates of deposits	-	-
Bank depository and checking accounts	<u>492,762</u>	<u>442,002</u>
Total deposits	<u>\$ 495,783</u>	<u>\$ 445,023</u>

**Investments** - District investments are managed by the Finance Director in accordance with guidelines outlined in RCW (36.29.020), as well as the District's investment policy. The District's investment policy limits to twenty-five percent (25%) any one type of issuer of security, but excludes this limitation in relation to obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government, as well as the Washington State Local Government Investment Pool (LGIP). Investments in securities issued by U.S. government sponsored enterprises, repurchase agreements, banker's acceptances, certificates of deposits and notes of designated public depositories are held to this limitation.

The Governmental Accounting Standards Board (GASB) Statement No. 40, *Deposit and Investment Risk Disclosures*, requires governmental entities to disclose an indication of the level of risk assumed by the entity at year-end. If the bank deposits at year-end are not entirely insured or collateralized with securities held by the District or by its agent in the District's name, the District must disclose the custodial risk that exists.

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

**Note 4 - Deposits and Investments (Continued)**

As to credit risk, which is a risk that an issuer of an investment will not fulfill its obligations, the District's investment policy states the Finance Director is empowered to invest in the security instruments authorized in Washington RCW 36.29.020 (savings or time accounts in designated qualified public depositories or in certificates, notes, or bonds of the United States, or other obligations of the United States or its agencies, or of any corporation wholly owned by the government of the United States; in bankers' acceptances purchased on the secondary market, in federal home loan bank notes and bonds, federal land bank bonds and federal national mortgage association notes, debentures and guaranteed certificates of participation, or the obligations of any other government sponsored corporation whose obligations are or may become eligible as collateral for advances to member banks as determined by the board of governors of the federal reserve system or deposit such funds or any portion thereof in investment deposits as defined in RCW 39.58.010 secured by collateral in accordance with the provisions of chapters 39.58 and 39.59 RCW). The District invests in no more than twenty-five percent 25% of any one type of issuer except as stated above. All investments held by the District at year-end 2008 had a credit quality rating of AAA.

Custodial credit risk relates to the failure of the counterparty and whether the District will be able to recover the value of its investments or collateral that is held with counterparty or in the possession of an outside party. The District at year-end did not have any security lending or reverse repurchase agreements. Investments are either insured or held by an agent in the District's name.

In following GASB Statement No. 40, *Deposit and Investment Risk Disclosures*, the District has chosen to use the segmented time distribution format and include the credit ratings of the security issuers with regard to its investments as of December 31, 2008 and 2007.

December 31, 2008

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less than 1	1 - 5	6 - 10	More than 10
Washington State Local Government					
Investment pool	\$33,959,831	\$33,959,831	\$ -	\$ -	\$ -
U.S. Treasuries	513,440	513,440	-	-	-
Federal National Mortgage Association	3,783,768	1,024,380	2,759,388	-	-
Federal Home Loan Bank	510,600	-	510,600	-	-
Federal Home Loan Mortgage Corporation	1,997,306	999,792	497,374	500,140	-
	<u>\$40,764,945</u>	<u>\$36,497,443</u>	<u>\$ 3,767,362</u>	<u>\$ 500,140</u>	<u>\$ -</u>
Maximum investment by maturity		<u>90%</u>	<u>9%</u>	<u>1%</u>	<u>0%</u>



**Note 4 - Deposits and Investments (Continued)**

December 31, 2007

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less than 1	1 - 5	6 - 10	More than 10
Washington State Local Government					
Investment pool	\$36,139,321	\$36,139,321	\$ -	\$ -	\$ -
U.S. Treasuries	504,415	-	504,415	-	-
Federal National Mortgage Association	3,253,484		3,253,484	-	-
Federal Home Loan Bank	4,008,795	-	3,509,295	499,500	-
Federal Home Loan Mortgage Corporation	1,498,378	498,110	1,000,268	-	-
	<u>\$45,404,393</u>	<u>\$36,637,431</u>	<u>\$ 8,267,462</u>	<u>\$ 499,500</u>	<u>\$ -</u>
Maximum investment by maturity		<u>81%</u>	<u>18%</u>	<u>1%</u>	<u>0%</u>

December 31, 2008

Investment Type	Credit Quality	Type of Issuer	Carrying Cost
Washington State Local Government			
Investment pool	Not Rated	84%	\$ 33,959,831
U.S. Treasuries		1%	499,280
Federal National Mortgage Association	AAA	9%	3,750,976
Federal Home Loan Bank	AAA	1%	494,400
Federal Home Loan Mortgage Corporation	AAA	5%	1,996,250
		<u>100%</u>	<u>\$ 42,880,228</u>

December 31, 2007

Investment Type	Credit Quality	Type of Issuer	Carrying Cost
Washington State Local Government			
Investment pool	Not Rated	81%	\$ 36,139,321
U.S. Treasuries		1%	499,280
Federal National Mortgage Association	AAA	7%	3,243,489
Federal Home Loan Bank	AAA	9%	3,992,175
Federal Home Loan Mortgage Corporation	AAA	2%	1,496,565
		<u>100%</u>	<u>\$ 45,370,830</u>

**Note 4 - Deposits and Investments (Continued)**

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

	2008	2007
Cash and cash equivalents and investments:		
Bank depository and checking accounts	\$ 492,762	\$ 217,197
Money market	3,021	2,592
Petty cash and travel advance	2,500	2,500
Washington state local government investment pool	33,959,831	36,139,321
Certificates of deposits	-	2,000,000
U.S. government agency securities (at fair value)	6,805,114	9,265,072
	<u>\$ 41,263,227</u>	<u>\$ 47,626,683</u>

Statement of net assets at December 31 is as follows:

	2008	2007
Current assets		
Cash and cash equivalents	\$ 27,102,548	\$ 29,006,045
Cash and cash equivalents - PWTf draws and revenue bonds	-	-
Cash and cash equivalents - Regional facilities account	8,786,913	7,355,566
	<u>35,889,461</u>	<u>36,361,611</u>
Investments securities (at fair value)	5,293,132	7,730,487
Investments securities (at fair value) - Regional facilities	1,511,982	3,534,585
	<u>6,805,114</u>	<u>11,265,072</u>
Total cash and cash equivalents and investments	<u>\$ 42,694,575</u>	<u>\$ 47,626,683</u>

The investments are stated at fair value on the District's balance sheet for the fiscal years ended December 31, 2008 and 2007. The net increase in the fair value of the investments for year-end 2007 is \$33,564 and the net increase in the fair value of the investments for year-end 2008 is \$64,208.

**Note 4 - Deposits and Investments (Continued)**

The restricted assets depicted as the Regional Facility account is part of cash and cash equivalents, as well as investments, and represents the restriction to funds collected by the District and outlined in the Joint Interlocal agreement (three-way) between the District, Clark County (the County) and the City of Battle Ground. The agreement was created for the purpose of financing the construction costs related to the Phase III capital expansion at the Salmon Creek Treatment Plant and its related conveyance. The District collects a Regional Facility connection fee from newly connected customers whose flow is treated at the Salmon Creek Treatment Plant. The amount of the Regional Facility connection fee is determined based upon a forecast of growth in the area and the investment return on reserves over the term of the debt service (see Note 2, Long-Term Liabilities, page 33). The Joint Interlocal Agreement requires that the Regional Facility connection fees be collected and restricted for the purpose of paying the debt service issued to complete the Phase III capital expansion of the Salmon Creek Wastewater Management System (SCWMS). The historical growth, connection activity and investment returns for the District may or may not be sustained at the same level that was calculated in the initial forecast of the Regional Facility connection fee. With that in mind, the District authorized additional funds be reserved from a portion of the rates charged to customers. These additional amounts (not to be considered restricted) are held in the “rate stabilization” account and are to assist the District in its ability to comply with the Joint Interlocal Agreement in paying the annual debt service cost. The Rate Stabilization account is authorized to accumulate funds to a level that would approximate the annual debt service (approx. \$3.3 million) for the Phase III capital expansion, and has a balance as of December 31, 2008, of \$3,534,960.

In 2002, the District became actively involved with construction of the next phase (Phase IV) of capital expansion for the Salmon Creek Wastewater Management System (SCWMS). The District’s share of the Phase IV construction costs (totaling approximately \$77 million) will be approximately 73%, resulting in an aggregated 77% of the overall SCWMS total capacity. The District is setting aside a portion of its rates into a “Debt Stabilization” account to be used for the payment of the Phase IV capital expansion (either in capital costs or in debt service payments) and to offset any economic downturn that may occur if growth does not occur according to the initial projections included in the Phase IV capital facilities plan. In 2008, the District used \$6,316,763 of debt stabilization reserves to pay for the Phase IV capital expansion costs and \$728,698 for the PWTF Phase IV debt service payment. The “Debt Stabilization” account is an unrestricted account with a balance as of December 31, 2008 of \$565,137.

**Note 5 - Risk Management**

The District is a member of the Washington Water and Sewer Risk Management Pool (Pool). Chapter 48.62 of the Revised Code of Washington (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 64 members. The Pool's fiscal year is November 1<sup>st</sup> through October 31<sup>st</sup>.

The Pool allows members to jointly purchase insurance coverage, establish a plan of self-insurance coverage and provide related services such as risk management and loss prevention. The Pool provides the following forms of group purchased insurance coverage for its members: Property (including building, electronic data processing, boiler and machinery and mobile equipment); General Liability; Automotive Liability; Excess Liability, Crime; Public Officials Liability; and bonds of various types. All coverage's are on an "occurrence" basis. Members make an annual contribution to fund the Pool. The Pool purchases insurance policies from unrelated underwriters which are subject to a per occurrence deductible or self-insured retention as follows: General Liability of \$200,000 (including general liability, public officials liability and automotive liability); Property Insurance of \$25,000 (except earthquake and flood); Boiler and Machinery of \$25,000; and Crime of \$15,000 per occurrence. Earthquake insurance is subject to a deductible of 5% of the values at risk at the time of the loss subject to a minimum of \$100,000. Flood insurance is available for those properties that are not located in NFIP flood zones A and V and are subject to a \$100,000 deductible while those properties located in NFIP Flood Zones A and V are subject to a \$250,000 deductible. Pool members are responsible for selecting a deductible for each category of liability coverage, and the Pool is responsible for the remainder of the self-insured retention. 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.)

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, 2008, written notice must be in the Pool possession by April 31, 2008). The Interlocal Governmental Agreement is renewed automatically each year. Even after termination, a member is still responsible for contributions to the Pool for any unresolved, unreported, and in process claims, for the period that the District was a signatory to the Interlocal Governmental Agreement.

The Pool is 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 conducting the business affairs of the Pool and providing direction to the Pool's Executive Director.

**Note 5 - Risk Management (Continued)**

The following schedule depicts the property claims filed by the District with the Pool for the years 2006, 2007 and 2008, and the amounts covered by insurance.

<u>Years</u>	<u>Claims Settlements</u>	<u>Insurance Coverage</u>	<u>Excess of Claim Cost Over Coverage</u>
2008	19,977	17,977	2,000
2007	31,095	29,095	2,000
2006	136,344	121,276	15,068

At December 31, 2008, there was one outstanding claim filed with the Pool against the District, expected to be settled for \$5,656 in the first quarter 2009. The District recognizes no potential liability for any additional settlements for outstanding future claims. The amount of settlements did not exceed insurance coverage in each of the past three years 2006, 2007 or 2008.

## Note 5 - Risk Management (Continued)

## Water and Sewer Risk Management Pool

SUMMARY OF FY2009 (November 1 2008 - Oct. 31, 2009) INSURANCE COVERAGES, POLICY LIMITS AND POOL/MEMBER DEDUCTIBLES **		
Coverage	Insurance Co. and Limits	Pool Deductibles/Member
<b>Liability:</b>	<i>Water and Sewer Risk Management Pool Reinsured by Munich Reinsurance America, Inc.</i>	\$200,000 per Occurrence Self-Insured Retention
<b>Primary Layer</b>	\$10M per occ for all members/\$10M annual aggregate per member for General Liability \$10M per occ for all members/\$10M annual agg per member for Products Completed Liability \$10M per occ for all members/\$10M annual agg per member for Public Officials Liability \$10M per occ for all members/\$10M ann agg per member for Employment Practices Liability \$10M per occ for all members/\$10M ann agg per member for Employee Benefits Liability \$10M per occ for all members for auto liability	<b>Member Deductible:</b> BI or PD - \$250, \$1,000, or \$5,000 per Occurrence
<b>Property: incl. Autos</b>	<i>Public Entity Property Insurance Program (PEPIP) Insurance Carriers (Various)</i>  \$1,000,000,000 per occurrence "All Risk" \$40,000,000 dedicated Flood limit per occurrence and annual aggregate \$50,000,000 Earthquake limit per occurrence and annual aggregate \$100,000,000 Combined Business Interruption, Rental Income \$40,000,000 Per Occurrence for Extra Expense \$1,000,000 Unscheduled Landscaping (\$25,000/25 gallon max per tree) \$5,000,000 Scheduled landscaping (\$25,000/25 gallon max per tree) \$10,000,000 Miscellaneous Unnamed Locations excl. EQ and Zone A&V flood \$25,000,000 Automatic Acquisition for new locations excl. EQ and Zone A&V flood \$40,000,000 Errors & Omissions \$25,000,000 Course of Construction including New Projects \$2,500,000 Money & Securities \$2,500,000 Unscheduled Fine Arts \$250,000 Accidental Contamination per occurrence and annual aggregate \$500,000 Unscheduled Tunnels, bridges, dams, catwalks, roadways, etc. (except EQ) \$110,000,000 Terrorism per occurrence \$200,000,000 Ann. Aggregate (all PEPIP Mmbrs) \$200,000,000 XS Terrorism per occ./all PEPIP members \$400,000,000 XS Terrorism annual aggregate/all PEPIP members  <i>Property, Contents, EDP, and Contractor's Equipment limits based on property values at beginning of policy subject to additions/deletions of property.</i>	\$25,000 per occurrence with the exception of EQ and flood losses) \$500,000 per occurrence for Unscheduled tunnels, bridges dams, catwalks, roadways, etc.  <b>Member Deductible:</b> Damage to District Property and Automobile - \$250, \$1,000, or \$5,000 per occurrence Flood - \$100,000 All Flood Zones per Occurrence excl. Flood Zones A & V Flood Zones A & V - \$250,000 Per Occurrence Flood Zones A & V Earthquake - 5% Per Occurrence for Earthquake Shock per unit of insurance subject to \$100,000 minimum except 10% with \$100,000 minimum for buildings constructed prior to 1940 where Earthquake coverage is purchased.
<b>Commercial Automobile:</b>	<i>Water and Sewer Risk Management Pool</i>  \$10,000,000 Owned Automobile \$10,000,000 Hired/Nonowned Automobile	See Liability Coverage for Deductibles  <b>Member Deductible:</b> \$250, \$1,000, \$5,000 per occurrence
<b>Boiler &amp; Machinery</b>	<i>Public Entity Property Insurance Program (PEPIP) Insurance Carriers (Various)</i> \$100,000,000 Limits of Liability per occurrence \$10,000,000 Expediting Expenses per occurrence \$10,000,000 Errors & Omissions per occurrence \$10,000,000 Utility Interruption for Utilities Owned by Others \$10,000,000 Ammonia Contamination \$10,000,000 Water Damage \$10,000,000 Consequential Damage \$2,000,000 Electronic Data Processing Media \$10,000,000 Demolition and Increased Cost of Construction \$1,000,000 Hazardous Substance \$1,000,000 Building Ordinance Coverages \$2,000,000 Earthquake Result & Damage	\$25,000 for Specific Objects or Perils \$25,000 for Electronic Data Processing Media \$25,000 for Consequential Damage \$25,000 for objects over 200 hp \$50,000 for objects over 350 hp \$100,000 for objects over 500 hp \$250,000 for objects over 750 hp \$350,000 for objects over 25,000 hp \$10 per foot/\$2,500 min. for Deep Water Wells 24 hr waiting period for Utility Interruption 24 hr waiting period for BI except 30 day for Revenue Bond <b>Member Deductible:</b> \$250, \$1,000, or \$5,000 per occurrence
<b>Identify Fraud Reimbursement Program</b>	<i>St. Paul Travelers Bond</i> \$25,000 Per Person Lost Wages up to \$500 per week including wrongful incarceration Costs for notarizing fraud affidavits or similar documents Costs for certified mail Loan re-application fees Charges for long distance telephone calls Reasonable attorney fees incurred (with St. Paul Travelers' prior consent)	<b>Member Deductible:</b> \$0
<b>Crime:</b>	<i>American International Group, Inc (AIG)</i>  \$2,000,000 per occurrence for Employee Dishonesty \$2,000,000 per occurrence for Forgery or Alteration \$250,000 per occurrence for Computer Fraud & Funds Transfer Fraud \$250,000 per occurrence for Money Orders and Counterfeit Paper Currency \$250,000 per occurrence for Theft, Disappearance, & Destruction	\$15,000 max per occurrence  <b>Member Deductible:</b> \$250, \$1,000, or \$5,000 per occurrence

**Note 6 - Employer Participation in Defined Benefit and Defined Contribution Plans**

All of the District's full-time and qualifying part-time employees can 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 Department of Retirement Systems (DRS), a department within the primary government of the State of Washington, issues a publicly available comprehensive annual financial report (CAFR) that includes financial statements and required supplementary information for each plan. The DRS CAFR may be obtained by writing to: Department of Retirement Systems, Communications Unit, P.O. Box 48380, Olympia, WA 98504-8380. The following disclosures are made pursuant to GASB Statement No. 27, *Accounting for Pensions by State and Local Government Employers* and Statement No. 50, *Pension Disclosures, an Amendment of GASB Statements No. 25 and No 27*.

**Public Employees' Retirement Systems (PERS) Plans 1, 2, and 3 - Plan Description** - PERS is a cost-sharing multiple-employer retirement system comprised of three separate plans for membership purposes: Plans 1 and 2 are defined benefit plans and Plan 3 is a combination defined benefit/defined contribution plan.

District membership in the system includes elected officials and District employees. PERS participants who joined the system by September 30, 1977, are Plan 1 members. Those who joined on or after October 1, 1977 are Plan 2 members unless they exercise an option to transfer their membership to Plan 3. PERS participants joining the system on or after September 1, 2002 have the irrevocable option of choosing membership in either PERS Plan 2 or PERS Plan 3. The option must be exercised within ninety (90) days of employment. Employees who fail to choose within ninety (90) days default to PERS Plan 3. PERS defined benefit retirement benefits are financed from a combination of investment earnings and employer and employee contributions. Notwithstanding, PERS Plan 2 and Plan 3 members may opt out of a plan membership if terminally ill, with less than five years to live.

PERS retirement benefit provisions are established in state statute and may be amended only by the State Legislature. The District has one employee each participating in Plan 1 and Plan 3 with all remaining employees electing to participate in Plan 2.

PERS Plan 1 retirement benefits are vested after an employee completes five (5) years of eligible service. Plan 1 members are eligible for retirement at any age after thirty (30) years of service, or at age sixty (60) with five (5) years of service, or at age fifty-five (55) with twenty-five (25) years of service. The annual pension is 2 percent (2%) of the average final compensation (AFC) per year of service, capped at 60 percent (60%). The average final compensation is based on the greatest compensation during any twenty-four (24) eligible consecutive compensation months. If qualified, after reaching the age of sixty-six (66), a cost-of-living allowance is granted based on years of service credit and is capped at 3 percent (3%) annually. Plan 1 members may also elect to receive an optional COLA amount that provides an automatic annual adjustment based on the Consumer Price Index. The adjustment is capped at three percent annually. To offset the cost of this annual adjustment, the benefit is reduced.

**Note 6 - Employer Participation in Defined Benefit and Defined Contribution Plans (Continued)**

PERS Plan 2 retirement benefits are vested after an employee completes five (5) years of eligible service. Plan 2 members may retire at the age of sixty-five (65) with five (5) years of service, or at the age of fifty-five (55) with twenty (20) years of service, with an allowance of 2 percent (2%) of the average final compensation per year of service. The average final compensation (AFC) is based on the greatest compensation during any eligible consecutive 60-month period. Plan 2 members who retire prior to the age of sixty-five (65) receive reduced benefits. If retirement is at age fifty-five (55) or older with at least thirty (30) years of service, a 3 percent (3%) per year reduction applies; otherwise, an actuarial reduction will apply. There is no cap on years of service credit; and a cost-of-living allowance is granted (based on the Consumer Price Index), capped at 3 percent (3%) annually.

PERS Plan 3 has a dual benefit structure. Employer contributions finance a defined benefit component, and member contributions finance a defined contribution component. The defined benefit portion provides a benefit calculated at 1 percent (1%) of the average final compensation per year of service. The average final compensation is based on the greatest compensation during any eligible consecutive 60-month period. Plan 3 members become eligible for retirement if they have: at least ten (10) years of service; or five (5) years including twelve (12) months that were earned after age fifty-four (54); or five (5) service credit years earned in PERS Plan 2 prior to June 1, 2003. Plan 3 retirements prior to the age of sixty-five (65) receive reduced benefits. If retirement is at age fifty-five (55) or older with at least 30 years of service, a 3 percent (3%) per year reduction applies; otherwise, an actuarial reduction will apply. There is no cap on years of service credit, and Plan 3 provides the same cost-of-living allowance as Plan 2.

The defined contribution portion can be distributed in accordance with an option selected by the member, either as a lump sum or pursuant to other options authorized by the Employee Retirement Benefits Board.

There are 1,190 participating employers in PERS. Membership in PERS consisted of the following as of the latest actuarial valuation date for the plans of June 30, 2007.

Retirees and Beneficiaries Receiving Benefits	\$ 71,244
Terminated Plan Members Entitled to but not yet Receiving Benefits	26,583
Active Plan Members Vested	105,447
Active Plan Members Non-vested	<u>52,575</u>
Total	<u><u>\$ 255,849</u></u>

**Public Employees' Retirement Systems (PERS) Plans 1, 2, and 3 - Funding Policy** - Each biennium, the state Pension Funding Council adopts Plan 1 employer contribution rates, Plan 2 employer and employee contribution rates and Plan 3 employer contribution rates. Employee contribution rates for Plan 1 are established by statute at 6 percent (6%) for state agencies and local government unit employees, and seven and one-half percent (7.5%) for state government elected officers. The employer and employee contribution rates for Plan 2 and the employer contribution rate for Plan 3 are developed by the Office of the State Actuary to fully fund Plan 2 and the defined benefit portion of Plan 3. All employers are required to contribute at the level established by the Legislature. PERS Plan 3 defined



**Note 6 - Employer Participation in Defined Benefit and Defined Contribution Plans (Continued)**

contribution is a non-contributing plan for employers. Employees who participate in the defined contribution portion of PERS Plan 3 do not contribute to the defined benefit portion of PERS plan 3.

The Employee Retirement Benefits Board sets Plan 3 employee contribution rates. Six rate options are available ranging from five percent (5%) to fifteen percent (15%); two of the options are graduated rates dependent on the employee's age. The methods used to determine the contribution requirements are established under state statute in accordance with chapters 41.40 and 41.45 RCW.

The required contribution rates expressed as a percentage of current year covered payroll as of December 31, 2008, were as follows:

	PERS		
	Plan 1	Plan 2	Plan 3
Employer*	8.31%	8.31%	8.31% **
Employee	6.00%	5.45%	***

\* The employer rates include the employer administrative fee currently set at 0.16%

\*\* Plan 3 defined benefit portion only

\*\*\* Variable from 5.0% minimum to 15.0% maximum based on rate selected by the PERS 3 member

Both the District and the employees made the required contributions. The District's required contributions for the years ended December 31 were as follows:

Year	PERS		
	Plan 1	Plan 2	Plan 3
2008	\$ 1,449	\$ 163,359	\$ 3,391
2007	6,863	120,003	686
2006	3,633	60,666	-
2005	1,897	37,180	-

**Note 7 - Deferred Compensation Plan**

The District offers its employees two deferred compensation plans created in accordance with Internal Revenue Code Section 457. The International City Managers Association (ICMA) and the Washington Department of Retirement Services (DRS) each administer one of the two plans. The plans are available to all District employees, which allow a deferral of a portion of their taxable wages until future years. A distribution from the deferred compensation plans to an employee is allowed at termination of employment, retirement, death, or under certain emergencies.

Effective December 1998, the District removed deferred compensation plan assets and corresponding liabilities from the balance sheet per GASB 32, *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*. The District does not administer or manage the deferred compensation plans but instead all amounts are the property of the employee.

**Note 8 - Net Assets**

**Capital contributions** - Capital contributions recognized annually include assets constructed by developers then donated to the District, connections fees charged for future capital improvements and reimbursement for local facility improvements previously funded by the District.

	<u>2008</u>	<u>2007</u>	<u>2006</u>
Capital contributions from developers, governments and other sources	\$ 4,519,562	\$ 3,299,924	\$ 5,329,091
Capital contributions from to general facility charges	900,544	1,449,007	1,943,448
Capital contributions from local facility reimbursements	<u>145,346</u>	<u>275,772</u>	<u>271,989</u>
Total	<u>\$ 5,565,452</u>	<u>\$ 5,024,703</u>	<u>\$ 7,544,528</u>

**Note 9 - Other Disclosures**

**Long-term contracts receivable** - In 1995, the District entered into an Interlocal (Two-way) agreement with the City of Battle Ground (the City) with regard to the cost associated with sanitary sewer treatment services provided by the Clark County Salmon Creek Wastewater Management System (see also Note 2, Long-Term Liabilities). Pursuant to the agreement, the City shall pay their pro-rata share of the sanitary sewer treatment costs, which include the operation and maintenance costs, contributions to a repair and replacement reserve, debt service costs relating to the capital improvements at the Salmon Creek Treatment Plant and an administrative fee charged by the District. The City's pro-rata share of the original capital improvement costs, for which Clark County issued bonds and obtained loans, was \$10,127,732. However, the City of Battle Ground, on November 23, 2004, defeased their share of the outstanding principal. The following schedule depicts the remaining balance of the bond debt from the City's defeasance of their contractual obligation to the District for their pro-rata share of the Clark County Contractual Obligation (sewer revenue bonds) associated with the Phase III capital expansion at the Salmon Creek Treatment Plant.

Fiscal Year	City of Battle Ground				
	Bonds				
	1995	1996	2001A	2001B	Total
2009	\$ -	\$ -	\$ 90,000	\$ 400,000	\$ 490,000
2010			94,000	425,000	519,000
2011			95,000	450,000	545,000
2012			100,000	460,000	560,000
2013			106,000	485,000	591,000
2014-2016			225,000	1,620,000	1,845,000
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 710,000</u>	<u>\$ 3,840,000</u>	<u>4,550,000</u>
Interest					<u>1,072,022</u>
Total remaining funds in trust for defeasance					<u>\$5,622,022</u>

**Note 9 - Other Disclosures (Continued)**

**Commitments** - The District has construction commitments resulting from active construction projects as of December 31, 2008. These construction projects include an interceptor, commercial development, and basin collection line/pump station.

<u>Projects</u>	<u>Spent to Date</u>	<u>Commitment</u>
Millcreek Extension	\$36,129	\$ 40,609
Glenwood PS Upgrade	96,904	107,500
NE 110th Street PS	41,079	45,000
NE 88th Street CRP	66,139	159,375
Village on the Glen Extensions	4,865	25,749
NE 119th Street Subdivision	-	139,516
	<u>\$ 245,114</u>	<u>\$ 517,749</u>

**Short-term debt** - The District did not incur any short-term debt during its fiscal years ending December 31, 2008 or 2007 or have any outstanding short-term debt as of those dates.

**Related party transactions** - The District is not a component unit of another public reporting entity and does not include any component units of other public reporting entities within its financial statements. During its fiscal years ended December 31, 2008 or 2007, the District did not incur or have any related party transactions.

**Contingencies and legal matters - Litigation** - As of December 31, 2008, there have been no lawsuits outstanding regarding claims or allegations against the District.

**Contingencies and legal matters - Contingency** - As of December 31, 2008, there are no contingencies being recorded or being considered by the District regarding its activities and operations.

**Contingencies and legal matters - Environmental matters** - As of December 31, 2008, the District has not been named nor has any knowledge of any potential environmental matters that would result in any material adverse effect to the District.

**Note 9 - Other Disclosures (Continued)**

**Subsequent events** - The District received approval in 2008 for an additional \$8 million from the State of Washington Public Works Trust Fund to be used for the continuing capital construction costs for the Salmon Creek Treatment Plant expansion. As of December 31, 2008, \$400,000 of the loan proceeds are remaining and available to be drawn to pay billed construction costs in 2009.

In 2008, the District completed a study with the City of Vancouver (CoV) to explore the potential for improved efficiencies in wastewater services to Clark County residents inside the CoV's urban growth area. Discussions between the two entities continue regarding the guiding principles for a possible future coordination of services agreement, including possible future annexation.

Six Clark County government agencies are participating in a North Clark County focused regional sewer planning effort. The six agencies (Town of Yacolt, City of La Center, City of Ridgefield, City of Battle Ground, City of Vancouver and the District) in 2008 approved and signed a Cities and District Sewer Coalition Memorandum of Understanding (MOU). The study is being funded by a Washington Department of Ecology Centennial Clean Water Fund grant of \$900,000. The District, acting as the coordinating agency/administrative agent for the coalition, is the contract signatory for the proviso monies with the Department of Ecology. Receipt of the grant funds will occur in 2009 with the study to be completed around June. The District has no financial obligations to the coalition MOU outside of the grant funds.

In 2001, Clark County issued Sewer Revenue Refunding Bonds totaling \$31,190,000, of which the District is the 100% financial obligor of the debt. These bonds were used to refinance debt incurred for Phase III expansion of the Salmon Creek Wastewater Management System (SCWMS), issued in 1995 and 1996. When issued, bond insurance was purchased from Ambac Financial Group, Inc. (Ambac), to eliminate the need for funding of a debt service reserve. With the downgrade of Ambac twice in 2008, the bond covenants around debt service reserves or bond insurance were no longer met. After discussion around various options, it was concluded that the most expeditious option was to create the debt service reserve of \$3,119,000, which the District did by transferring that amount of funds to the County in 2009 from its *Rate Stabilization Fund*. Though this reserve will now reside on the County's financial statement as an asset rather than the District's, both annual interest earnings from the reserve account and the actual reserve itself will go toward retirement of these 2001 bonds, scheduled to be fully retired in 2016.

## Note 10 - Other Post Employment Benefit (OPEB) Plans

The District has adopted implementation of GASB Statement No. 45 (GASB 45) *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions*, effective December 31, 2008.

**Plan Description** - The District contracts with the Washington Public Employees Benefit Board (PEBB) for all medical group coverage provided to active (currently working) District employees. The PEBB also provides a retiree health care plan for pool members who have retired and meet certain age criteria or are permanently disabled and are PERS qualified. The plan provides post-employment medical, dental and limited life insurance coverage for eligible retirees, their spouses, domestic partners and dependents on a self-pay basis. Under the direction of the Washington Health Care Authority, the PEBB establishes the benefit provisions, eligibility requirements, approves premium contributions and benefits of all participating health insurance plans for the more than 300,000 employees and retirees (inactive employees) who are eligible to participate.

The premium rates for eligible retirees and their dependents are based upon the experience level of all plan members, including active employees and retirees. Medical claim costs are generally expected to be higher for retirees than active employees due to the effect of illness as retiree's age. All members, active and inactive, are pooled into one benefit group regardless of age or health history, creating an implicit or explicit employer contribution.

**Funding Policy** - The District's required contribution is based upon the pay-as-you-go financing requirements and, as such, the annual required contributions can fluctuate. No funds were restricted in relation to the potential liability nor was an irrevocable trust or any other arrangement established to account for the liability.

**Annual OPEB Cost and Net OPEB Obligation** - The District's annual other post-employment benefit cost (expense) is calculated based upon the annual required contribution (ARC) of the employer. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year to amortize any unfunded liabilities over a period not to exceed thirty years as of the starting date of January 1, 2009. The ARC can fluctuate since it is based upon the experience rating of the District's active and inactive employee pool. The following table displays the components of the annual OPEB cost as it relates to the District on December 31, 2008, and the beginning net OPEB obligation:

	Fiscal Year Ending 12/31/2008
<b>Determination of Annual Required Contribution:</b>	
Normal cost at year end	\$ 73,035
Amortization of Unfunded Actuarial Accrued Liability	44,616
Interest for the year	-
Annual Required Contribution (ARC)	\$ 117,651
<b>Determination of Net OPEB Obligation:</b>	
Beginning Net OPEB Obligation	\$ -
Annual OPEB Cost (expense)	117,651
Less contributions made	4,859
Net OPEB Obligation (NOO) end of year	\$ 112,792

**Note 10 - Other Post Employment Benefit (OPEB) Plans (Continued)**

The District's annual OPEB cost, the percentage of OPEB cost contributed to the plan and the net OPEB obligation for year-end December 31, 2008 are as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Contribution as a Percentage of OPEB Cost</u>	<u>Net OPEB Obligation</u>
12/31/08	\$ 117,651	4.1%	\$ 112,792

**Funded Status** – As of December 31, 2008, when the actuarial valuation was completed, the District has no plans to fund the liability. The actuarial accrued liability for benefits was determined to be \$726,741. The covered payroll for 2008 (annual payroll of active employees covered by the plan) was \$2,318,547 and the ratio of the UAAL to the covered payroll was 31.3 percent.

**Actuarial Methods and Assumptions** – The District completed the calculation at the end of the year using 2008 data to determine the implicit liability employer contribution for future benefits. The alternative measurement method permitted under GASB 45 was used to determine the liability. A single retirement age of 61.22 was assumed for all active members. Termination and mortality rates were assumed to follow PERS 2 termination and mortality rates used in the September 30, 2005, actuarial valuation report issued by the Office of the State Actuary (OSA). Healthcare costs and trends were determined by Mercer and used by OSA in the statewide PEBB study performed in 2007. The results were based upon grouped data with four active employee age groupings and four inactive employee age groupings. The actuarial costs method used to determine the actuarial accrued liability was Projected Unit Credit. These assumptions are deemed to be individually and collectively reasonable for the purposes of this valuation.



## STATISTICAL SECTION

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

Contents	Page
<i>Financial Trends</i> These schedules contain trend information to help the reader understand how the District's financial performance and well-being changed over time.	62
<i>Revenue Capacity</i> These schedules contain information to help the reader understand the District's most significant source of revenue, sewer utility charges.	64
<i>Debt Capacity</i> These schedules present information to help the reader evaluate the affordability of the District's current levels of outstanding debt and the ability to issue additional debt in the future.	68
<i>Demographic and Economic Information</i> These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.	71
<i>Operating Information</i> These schedules contain service statistics and personnel data to help the reader understand how the information in the District's financial report relates to the services provided and activities performed.	73

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

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

**Schedule 1**

Fiscal Year	Invested In Capital Assets, Net of Related Debt	Restricted Net Assets	Unrestricted Net Assets	Total Net Assets
1999	\$ 42,767,049	\$ 3,206,420	\$ 7,305,120	\$ 53,278,589
2000	47,597,776	3,008,543	8,673,413	59,279,732
2001	56,251,351	1,910,284	10,928,858	69,090,493
2002	59,538,056	2,663,489	11,336,478	73,538,023
2003	63,275,741	4,144,480	11,071,842	78,492,063
2004	68,973,593	7,528,182	10,689,325	87,191,100
2005	64,716,721	23,277,714	9,265,287	97,259,722
2006	74,397,129	15,904,386	20,471,234	110,772,749
2007	80,887,984	10,890,151	28,012,180	119,790,315
2008	94,008,357	11,024,935	22,135,683	127,168,975

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

**Schedule 2**

Fiscal Year	Operating Revenues	Operating Expenses	Operating Income	Total Nonoperating Revenues/ (Expenses)	Income/Loss Before Capital Contributions	Capital Contributions	Change In Net Assets
1999	\$ 10,958,602	\$ 11,002,941	\$ (44,339)	\$ 504,143	\$ 459,804	\$ 4,486,596	\$ 4,946,400
2000	11,322,187	11,368,158	(45,971)	764,363	718,392	5,282,751	6,001,143
2001	11,704,413	11,764,634	(60,221)	696,403	636,182	9,174,576	9,810,758
2002	11,570,721	11,924,865	(354,144)	570,731	216,587	4,418,248	4,634,835
2003	12,643,077	12,260,757	382,320	354,658	736,978	4,217,062	4,954,040
2004	14,079,196	12,250,549	1,828,647	571,808	2,400,455	6,298,582	8,699,037
2005	15,453,924	12,911,647	2,542,277	1,045,758	3,588,035	6,480,587	10,068,622
2006	17,130,602	13,255,790	3,874,812	2,093,687	5,968,499	7,544,528	13,513,027
2007	17,443,808	15,580,378	1,863,430	2,129,433	3,992,863	5,024,703	9,017,566
2008	17,472,750	16,492,616	980,134	833,074	1,813,208	5,565,452	7,378,660

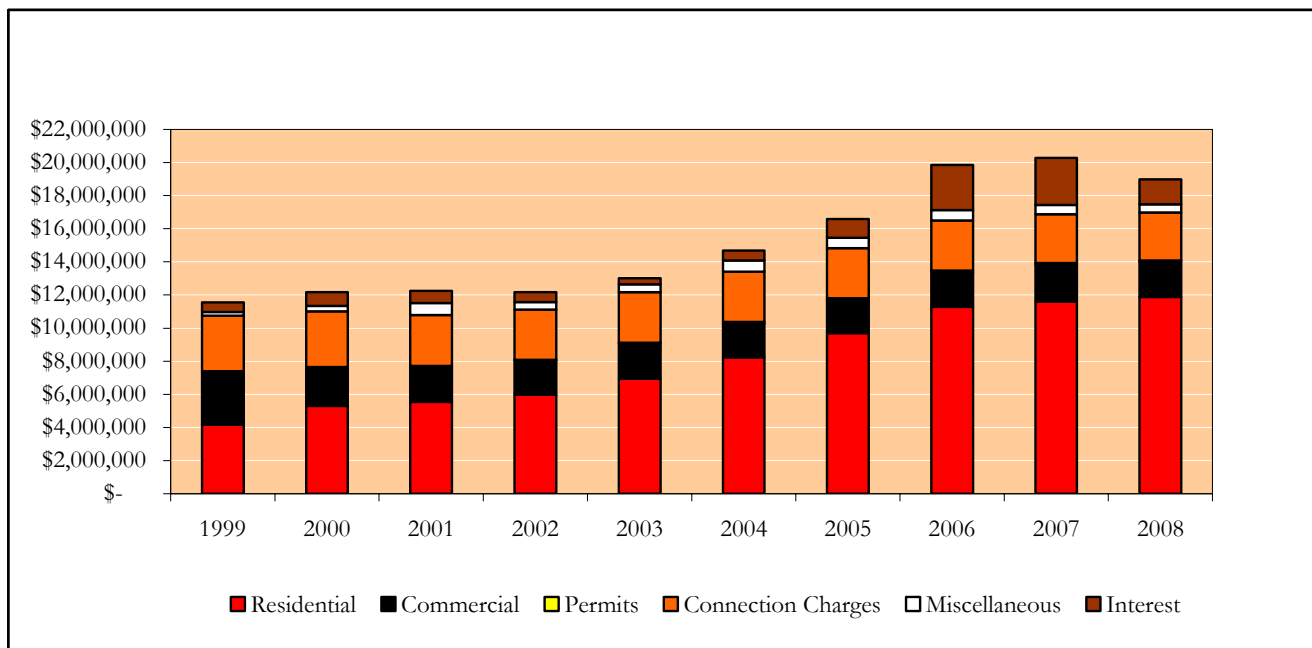
**CLARK REGIONAL WASTEWATER DISTRICT  
REVENUES BY SOURCE  
LAST TEN FISCAL YEARS**

**Schedule 3**

Fiscal Year	Charges for Service		Connection	Permits	Miscellaneous	Interest	Total
	Residential	Commercial	Charge *				
1999	\$ 4,168,710	\$ 3,158,794	\$3,353,878	\$ 74,090	\$ 222,674	\$ 573,796	\$ 11,551,942
2000	5,301,185	2,294,838	3,353,676	58,380	335,003	820,390	12,163,472
2001	5,535,054	2,094,642	3,073,608	83,097	730,709	720,248	12,237,358
2002	5,980,617	2,030,712	3,040,609	73,675	445,108	605,260	12,175,981
2003	6,940,989	2,107,526	3,046,597	68,600	479,364	361,635	13,004,711
2004	8,233,302	2,042,907	3,045,631	93,184	664,172	598,781	14,677,977
2005	9,707,094	1,956,288	3,031,455	138,056	621,031	1,129,716	16,583,640
2006	11,276,601	2,103,069	3,024,875	98,590	627,467	2,734,759	19,865,361
2007	11,600,666	2,253,817	2,945,849	80,356	563,120	2,824,249	20,268,057
2008	11,878,535	2,148,626	2,914,911	44,955	485,723	1,507,678	18,980,428

\*Connection charges otherwise known as Regional Facility Charges fund the debt service related to the capital expansion projects.

\*\*Years 2001 and 2002 residential revenues have been restated.



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

**Schedule 4**

Fiscal Year	Salaries & Wages	Personnel Benefits	Professional Services*	Treatment **	Misc***	Depr/Amort****	Total
1999	\$ 1,276,323	\$ 394,337	\$ 114,390	\$ 7,418,630	\$ 739,396	\$ 1,059,865	\$ 11,002,941
2000	1,340,242	405,575	237,863	7,474,118	706,425	1,203,935	11,368,158
2001	1,356,263	450,734	166,687	7,611,442	769,472	1,410,036	11,764,634
2002	1,705,671	525,068	123,594	7,079,138	834,429	1,656,965	11,924,865
2003	1,803,918	608,976	94,251	7,323,854	887,425	1,542,333	12,260,757
2004	1,861,318	628,144	126,435	6,810,665	975,320	1,848,667	12,250,549
2005	1,957,725	709,291	124,222	7,211,422	1,063,096	1,845,891	12,911,647
2006	2,083,046	802,763	123,185	7,406,965	1,139,378	1,700,454	13,255,790
2007	2,207,525	889,110	263,140	7,969,211	1,173,872	3,077,520	15,580,378
2008	2,318,547	1,012,088	150,459	7,516,303	1,105,189	4,390,030	16,492,616

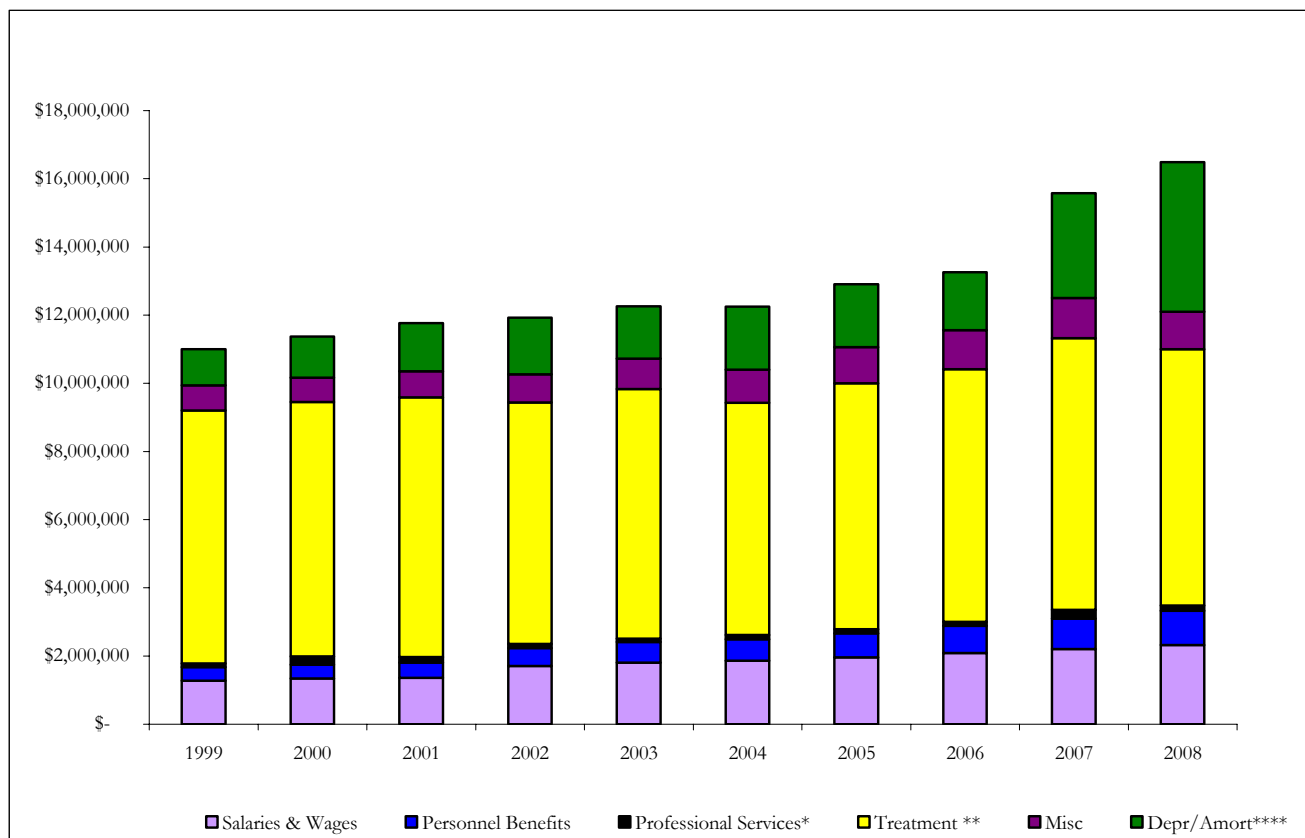
\* Professional services increased in 2000 due to work with an organizational consulting firm.

\* Professional services increased in 2007 due to legal/engineering costs related to annexation discussions and increased foreclosure activity.

\*\* Clark County's wholesale sewer costs that are billed to Clark Regional Wastewater District increased due to the inclusion of replacement costs.

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

\*\*\*\* Depreciation/amortization increased in 2007 and 2008 due to beginning to amortize future treatment capacity rights (intangible asset).



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

**Schedule 5**

Fiscal Year	Interest and Fiscal Charges (a)	Interest Revenue	Disposal of Capital Assets	Other Revenues/ (Expenses)	Total Nonoperating Revenues/ (Expenses)
2001	\$ (52,932)	\$ 720,248	\$ (20,682)	\$ 49,769	\$ 696,403
2002	(45,850)	605,260	900	10,421	570,731
2003	(39,614)	361,635	2,950	29,687	354,658
2004	(40,383)	598,782	-	13,410	571,809
2005	(86,166)	1,129,716	-	2,208	1,045,758
2006	(676,501)	2,734,759	-	35,429	2,093,687
2007	(708,252)	2,824,249	8,250	5,186	2,129,433
2008	(702,445)	1,507,678	5,251	22,590	833,074

(a) Net of capitalized amounts.

Note: 1999 and 2000 data not available. Oldest data available is 2001.

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

**Schedule 6**

<b>Fiscal Year</b>	<b>Connection Fees</b>	<b>Local Facility Charges</b>	<b>Developer Lines/ Infrastructure</b>	<b>Total</b>
2001	\$ 2,185,623	\$ 59,574	\$ 2,308,883	\$ 4,554,080
2002	1,895,898	143,255	1,998,766	4,037,919
2003	1,911,980	312,901	1,992,181	4,217,062
2004	2,403,286	189,388	3,705,908	6,298,582
2005	2,840,592	170,210	3,469,784	6,480,586
2006	1,943,448	271,989	5,329,091	7,544,528
2007	1,449,007	275,772	3,299,924	5,024,703
2008	900,544	145,346	4,519,562	5,565,452

Note: 1999 and 2000 data not available. Oldest data available is 2001.

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

**Schedule 7**

Year	Revenue Bonds	PWTF/SRF Loans	Contract Obligation Payable to Clark County			Total		
			Revenue Bonds	PWTF Loans	G.O. Bond	Amount	Per ERU	As a Share of Personal Income
2001	\$ -	\$ 2,047,706	\$41,790,000	\$2,737,379	\$ 547,580	\$47,122,665	\$ 1,786	6.05%
2002	-	1,903,432	39,745,000	2,450,494	420,641	44,519,567	1,625	5.60%
2003	-	2,509,158	37,600,000	2,163,609	287,479	42,560,246	1,497	5.15%
2004	-	4,364,884	28,975,000	1,876,723	146,850	35,363,457	1,190	3.93%
2005	14,000,000	7,667,978	27,020,000	1,589,838	-	50,277,816	1,616	5.20%
2006	13,515,000	12,352,652	24,950,000	1,302,951	-	52,120,603	1,617	5.07%
2007	13,050,000	13,079,546	22,900,000	1,016,068	-	50,045,614	1,516	4.50%
2008	12,570,000	19,852,714	20,750,000	729,185	-	53,901,899	1,609	4.67%

Note: Equivalent residential units (ERUs) were used instead of population per capita information based upon the District not having a defined base from which to derive population numbers. Personal income for years 2007 and 2008 were not available for Clark County, Washington from the Bureau of Economic Analysis. The District used the average percentage increase in personal income over the prior five years, 2001 to 2006. 1999 and 2000 data not available. Oldest data available is 2001.



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

**Schedule 8**

Fiscal Year	Operating Revenues	Misc.	Gross Revenues	Less: Operating Expenses (excluding depreciation)	Net Available Revenue	Debt Service *			Coverage Ratio
						Principal	Interest	Total	
1999	\$ 10,958,602	\$ 569,899	\$ 11,528,501	\$ 9,943,076	\$ 1,585,425	\$ 250,833	\$ 65,756	\$ 316,589	5.01
2000	11,322,187	823,907	12,146,094	10,164,223	1,981,871	261,257	59,544	320,801	6.18
2001	11,704,413	749,335	12,453,748	10,354,598	2,099,150	266,235	52,932	319,167	6.58
2002	11,604,301	616,581	12,220,882	10,267,900	1,952,982	271,213	45,850	317,063	6.16
2003	12,643,077	394,272	13,037,349	10,718,424	2,318,925	277,436	39,614	317,050	7.31
2004	14,079,196	612,192	14,691,388	10,401,882	4,289,506	284,903	40,383	325,286	13.19
2005	15,453,924	1,131,924	16,585,848	11,065,756	5,520,092	343,756	86,166	429,922	12.84
2006	17,130,602	2,770,188	19,900,790	11,555,336	8,345,454	1,050,327	676,501	1,726,828	4.83
2007	17,443,808	2,837,685	20,281,493	12,502,858	7,778,634	1,291,307	704,288	1,995,595	3.90
2008	17,472,750	1,535,519	19,008,269	12,102,586	6,905,682	1,306,831	703,764	2,010,595	3.43

\* Debt service of principal and interest relating to the Contract Obligation Payable to Clark County is included in treatment costs on Statement of Revenues, Expenses and Changes in Net Assets.

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

**Schedule 9**

	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
Gross Revenues										
Charges for Services	\$ 14,027,161	\$ 13,854,483	\$ 13,379,670	\$ 11,663,382	\$ 10,276,209	\$ 9,048,516	\$ 8,011,329	\$ 7,816,999	\$ 7,596,023	\$ 7,327,504
Other operating revenues	530,678	643,476	726,057	759,087	757,356	547,964	518,783	813,806	372,488	277,220
Interest income	1,507,678	2,824,249	2,734,759	1,129,716	598,782	361,635	605,260	720,248	820,390	573,796
Other non-operating revenues	27,841	13,436	35,429	2,208	13,410	32,637	11,321	29,087	20,895	19,544
Subtotal Gross Revenues	16,093,358	17,335,644	16,875,915	13,554,393	11,645,757	9,990,752	9,146,693	9,380,140	8,809,796	8,198,064
Connection charges - Regional Facilities	2,914,911	2,945,849	3,024,875	3,031,455	3,045,631	3,046,597	3,040,609	3,073,608	3,353,676	3,353,878
Connection charges - General Facilities	900,544	1,447,109	1,943,448	2,840,592	2,403,286	1,911,980	1,895,898	2,185,623	1,717,510	1,877,813
Total Gross revenues	19,908,813	21,728,602	21,844,238	19,426,440	17,094,674	14,949,329	14,083,200	14,639,371	13,880,982	13,429,755
Operating Expenses										
Salaries, wages and benefits	3,330,634	3,096,635	2,885,809	2,667,016	2,489,462	2,412,894	2,230,739	1,806,997	1,745,817	1,670,660
Sewerage treatment - Clark County	6,703,691	7,136,431	6,687,282	6,515,879	6,104,510	6,650,352	6,394,929	6,962,042	6,796,988	6,774,950
Sewerage treatment - City of Vancouver, Other	812,612	832,781	719,683	695,543	706,155	673,502	684,209	649,400	677,130	643,680
Other operating expenses, including interest	1,958,093	2,145,264	1,939,063	1,273,484	1,142,138	1,021,290	1,003,873	989,091	1,021,210	942,983
Operating expenses excluding depreciation	12,805,030	13,211,110	12,231,837	11,151,922	10,442,265	10,758,038	10,313,750	10,407,530	10,241,145	10,032,273
Net Revenues Available for Debt Service	7,103,783	8,517,492	9,612,401	8,274,518	6,652,409	4,191,291	3,769,450	4,231,841	3,639,837	3,397,482
Debt service - District (Principle only)										
PWTF Loans - Pumping Stations	144,274	144,274	144,274	144,274	144,274	144,274	144,274	144,274	144,274	141,317
St John's GO Bond	-	-	-	146,850	140,629	133,162	126,939	121,961	113,983	109,516
PWTF Loans - Phase 4 Capital Expansion	641,985	641,985	421,053	52,632	-	-	-	-	-	-
Sewer Revenue bonds - Phase 4 Capital Expansion	480,000	465,000	485,000	-	-	-	-	-	-	-
SRF Loan - Phase 4 Capital Expansion	40,572	40,049	-	-	-	-	-	-	-	-
Net Revenue After Payment of Debt Service	\$ 5,796,952	\$ 7,226,185	\$ 8,562,074	\$ 7,930,762	\$ 6,367,506	\$ 3,913,855	\$ 3,498,237	\$ 3,965,606	\$ 3,381,580	\$ 3,146,649
Operating expenses covered(not covered) by rates	\$ 3,288,328	\$ 4,124,534	\$ 4,644,078	\$ 2,402,471	\$ 1,203,492	\$ (767,286)	\$ (1,167,057)	\$ (1,027,390)	\$ (1,431,349)	\$ (1,834,209)

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

**Schedule 10**

Fiscal Year	Clark County			Unemployment *
	Unincorporated Population*	Per Capita Income **	Total Personal Income	
2000	166,279	\$ 28,885	\$ 4,802,968,915	4.2%
2001	170,430	29,570	5,039,615,100	6.3%
2002	175,710	29,060	5,106,132,600	9.1%
2003	179,825	29,457	5,297,105,025	9.9%
2004	184,650	29,565	5,459,177,250	7.6%
2005	188,955	30,922	5,842,866,510	6.2%
2006	196,090	32,970	6,465,087,300	4.8%
2007	201,135	33,717	6,781,650,599	5.5%
2008	206,830	34,481	7,131,651,395	8.6%

Source and Scope: Demographic information is from the (\*) Washington State Employment Security Department and (\*\*) the Bureau of Economic Analysis. The data is for Clark County as a whole as specific information for the District is not available. The District's information would be expected to correlate with information regarding the county, except for population where the unincorporated population figures were used in which the District resides.

Note: 1999 data not available. Oldest data available is 2000.

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

**Schedule 11**

Customer	Number of Employees		
	2008	2007	2006
Vancouver School District	1,117	1,023	1,042
Legacy Salmon Creek Hospital	1,000	800	681
Fred Meyer	365	365	340
Washington State University Vancouver	355	268	238
Safeway	308	308	280
Wal Mart	258	250	280
Kaiser Permanente	250	220	-
Clark Public Utilities	-	-	186
Target	160	200	145
Hockinson School District	159	155	155
Home Depot	148	160	181
<b>Total</b>	<b>4,120</b>	<b>3,749</b>	<b>3,528</b>

Note: 1999 through 2005 data not available. Oldest data available is 2006.

Note: Total employment for CRWWD's service territory alone is not collected in US census data nor is calculable as only a portion of unincorporated Clark County; therefore, a calculation of each employer's percentage of total employment is excluded

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

**Schedule 12**

<u>Fiscal Year</u>	<u>Residential</u>	<u>Multi-Family</u>	<u>Commercial</u>	<u>Schools</u>	<u>Total</u>
2001	17,131	172	883	27	18,213
2002	18,041	173	904	27	19,145
2003	18,870	181	918	28	19,997
2004	19,991	186	951	29	21,157
2005	21,106	207	1,005	29	22,347
2006	22,031	215	1,049	32	23,327
2007	22,768	244	1,124	32	24,168
2008	22,931	247	1,134	32	24,344

Note: 1999 and 2000 data not available. Oldest data available is 2001.

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

**Schedule 13**

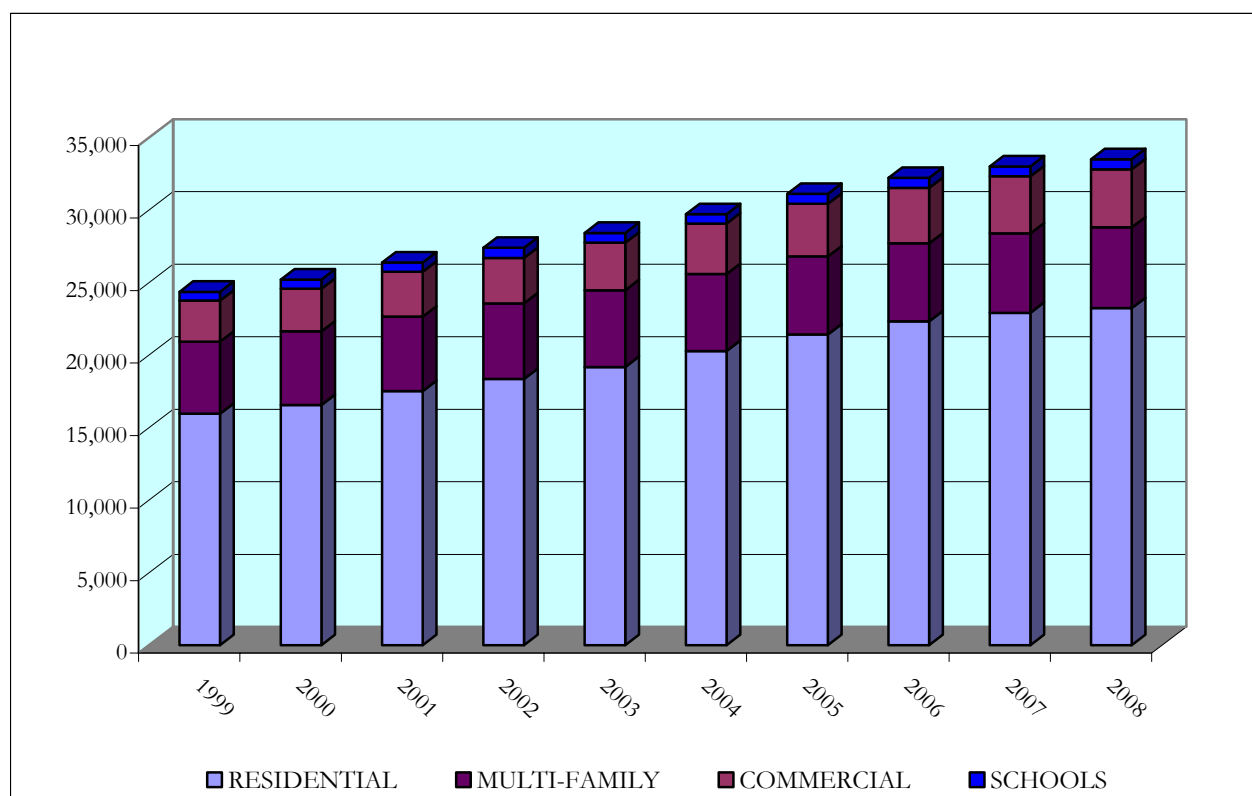
Customer	2008			2000		
	Sewer Revenues	Rank	Percentage of Total Sewer Revenues	Sewer Revenues	Rank	Percentage of Total Sewer Revenues
Vancouver Public Schools	\$ 140,961	1	1.00%	\$ 105,060	1	1.38%
Salmon Creek Estate Condominiums	115,056	2	0.82%	71,910	2	0.95%
Highland Hills Apartments	105,223	3	0.75%	-		-
Prairie View Association	92,616	4	0.66%	57,885	3	0.76%
Solarworld USA	88,101	5	0.63%	46,327	5	0.61%
Parklane Apartments	85,272	6	0.61%	53,295	4	0.70%
Discovery Park Apartments	68,952	7	0.49%	43,095	6	0.57%
Crystal Creek Apartments	67,728	8	0.48%	42,330	7	0.56%
Prairie Park Apartments	63,866	9	0.46%	-		0.00%
Willow Pointe Apartments	63,240	10	0.45%	39,525	8	0.52%
Edgetree Homeowners Association	-		0.00%	35,190	9	0.46%
Maple Knoll	-		-	30,345	10	0.40%
Subtotal (ten largest)	891,015		6.35%	524,962		6.91%
Balance from other customers	13,136,146		93.65%	7,071,061		93.09%
Total	\$ 14,027,161		100.00%	\$ 7,596,023		100.00%

Note: 1999 data not available. Oldest data available is 2000.

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

**Schedule 14**

Fiscal Year	Residential	Multi-family	Commercial	Schools *	Total
1999	15,952	4,969	2,830	624	24,375
2000	16,556	5,077	2,941	633	25,207
2001	17,516	5,138	3,101	632	26,387
2002	18,357	5,208	3,135	701	27,401
2003	19,182	5,298	3,268	680	28,428
2004	20,288	5,301	3,487	642	29,718
2005	21,425	5,379	3,625	692	31,121
2006	22,330	5,379	3,826	691	32,226
2007	22,925	5,472	3,938	677	33,012
2008	23,238	5,576	3,988	707	33,509



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

\* In February 2005 the District modified how ERUs were calculated for schools--elementary and middle schools use 32 students per ERU while high schools use 20 students per ERU.

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

**Schedule 15**

Fiscal Year	Millions of Gallons of Wastewater Treated			
	Salmon Creek Treatment Plant*	Rate	City of Vancouver**	Rate
2001	2,825	\$ 2.46	288	\$ 2.18
2002	2,624	2.44	276	2.39
2003	2,679	2.48	277	2.36
2004	2,887	2.11	271	2.39
2005	2,811	2.25	275	2.38
2006	3,475	1.82	283	2.62
2007	3,117	2.18	277	2.85
2008	3,078	2.18	265	2.89

\* The Salmon Creek treatment plant is owned and operated by Clark County. The District through the Joint Interlocal Agreement is obligated as guarantor to the sewer revenue bonds and other costs incurred at the treatment plant and other parts of the Salmon Creek Wastewater Management System.

\*\* The District has a contract with the City of Vancouver to treat up to 1 million gallons average monthly flow.

Note: 1999 and 2000 data not available. Oldest data available is 2001.



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

**Schedule 16**

	Fiscal Years						
	2008	2007	2006	2005	2004	2003	2002
WASTEWATER TREATMENT							
Miles of sewer lines	513	499	494	489	486	469	461
Number of treatment plants	1	1	1	1	1	1	1
Treatment capacity (MGD)*	10.3	10.3	10.3	10.3	10.3	10.3	10.3
Annual engineering maximum plant capacity (millions of gallons)*	3,760	3,760	3,760	3,760	3,760	3,760	3,760
Amount treated annually (millions of gallons)	3,078	3,117	3,475	2,811	2,887	2,679	2,624
Unused capacity (millions of gallons)	682	643	285	949	873	1,081	1,136
Percentage of capacity utilized	81.9%	82.9%	92.4%	74.8%	76.8%	71.3%	69.8%

Note: MGD = millions of gallons per day. \* Maximum monthly flow per discharge permit per Department of Ecology and included in the Joint Interlocal Agreement. The District is only committed through the Joint Interlocal Agreement as guarantor and provides oversight to the Salmon Creek treatment plant. The District sends approximately 10% of its flows to the City of Vancouver, but is billed based upon flow and has no other liability.

Note: 1999, 2000 and 2001 data not available. Oldest data available is 2002.

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

**Schedule 17**

<u>Year</u>	<u>Residential</u>	<u>Multi-Family</u>	<u>Commercial</u>	<u>Total</u>
2000	621	5	32	658
2001	960	1	45	1,006
2002	841	1	44	886
2003	825	4	31	860
2004	1,106	2	42	1,150
2005	1,195	3	44	1,242
2006	819	-	20	839
2007	595	18	25	638
2008	316	16	6	338

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

Note: 1999 data not available. Oldest data available is 2000.

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

**Schedule 18**

<u>Year</u>	<u>Monthly</u>	<u>Regional Facility</u>	<u>General Facility</u>
1999	\$ 21.25	\$ 3,314	\$ 1,990
2000	21.25	3,491	1,990
2001	21.25	3,491	1,990
2002	21.25	3,676	1,898
2003	23.50	3,871	1,898
2004	27.00	4,077	1,898
2005	30.50	4,256	1,898
2006	34.00	4,444	1,898
2007	34.00	4,444	1,898
2008	34.00	4,444	1,898

Notes:

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

Regional facility charges are connection charges that pay for a portion of the debt service related to the capital expansions of the Salmon Creek Wastewater Management System.

General facility charges are equivalent to system development charges that pay for future capital improvements and which are included in Schedules 3 and 6.

Increases in monthly rates must be approved by the Board of Sewer Commissioners and the above rates and connection charges are the primary sources of revenues for the District. The District does not receive any general purpose tax revenues.

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

**Schedule 19**

Fiscal Year		Maintenance	Engineering	Capital Programs	Administration	Finance	Total
1999		12	11	0	11	0	34
2000		13	12	0	9	0	34
2001	*	14	11	0	11	0	36
2002	**	12	13	0	14	0	39
2002	**	12	13	0	14	0	39
2003	***	15	14	0	10	0	39
2004		15	11	2	3	7	38
2005		15	11	2	3	7	38
2006	****	15	11	2	3	8	39
2007	*****	15	11.4	2.5	3	8	39.9
2008	*****	17	13.4	0	4.5	8	42.9

Maintenance staff handles all collection, transmission and pump station operations and repairs.

Engineering staff provides permitting, developer extension agreements, development review and local facilities.

Capital Programs consist of Phase IV design and construction oversight for the Salmon Creek Wastewater Management System.

Administration consists of executive management, risk management, human resources and the IT network management.

Finance provides customer service, billing, accounting, cash, investments and debt management services.

\* In 2001 the District hired a new Human Resources/Risk Management position included in Administration.

\*\* In 2002 the Electrician and Facilities positions were realigned under Engineering from Maintenance and the Administration function added two office positions.

\*\*\* In 2003, the Electrician and Facilities positions were reclassified into Maintenance and Administration, respectively. Capital Programs and two Administration positions were realigned under Engineering from Administration. In 2004, Capital Programs and Finance became their own departments.

\*\*\*\* In 2006, Finance added an additional position to assist with UB billing, collections, and permitting.

\*\*\*\*\* In 2007, Engineering added a part-time employee (0.4 FTE) to assist with filing and Capital Programs added a part-time employee (0.5 FTE) to assist with capital construction administration.

\*\*\*\*\* In 2008, Maintenance added two Maintenance Specialists to support and enhance line-cleaning program. Engineering added a new Capital Programs Engineer. Finally, departmental reorganization resulted in staff reallocations by department.

Numbers represent full-time equivalents.