



Annual Comprehensive Financial Report

For the Fiscal Years Ended
June 30, 2023 and 2022



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Portland, OR 97225

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WEST SLOPE WATER DISTRICT
Washington County, Oregon

Annual Comprehensive Financial Report
For the Fiscal Years Ended June 30, 2023 and 2022

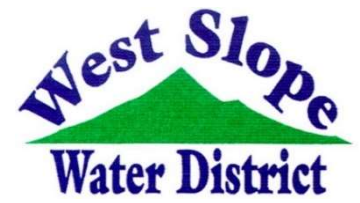
Prepared by Wendy K. Irwin, CPA
Finance Manager

WEST SLOPE WATER DISTRICT

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INTRODUCTORY SECTION



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November 9, 2023

Board of Commissioners
Citizens of West Slope Water District
Portland, Oregon

To: The Board of Commissioners and Citizens

State law requires that every municipal corporation publish, within six months of the close of each fiscal year, unless extended, a complete set of audited financial statements. This report is published to fulfill that requirement for the fiscal year ended June 30, 2023.

Management has full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Grove, Mueller & Swank, P.C., Certified Public Accountants, have issued an unmodified ("clean") opinion on the West Slope Water District's financial statements for the year ended June 30, 2023. The independent auditor's report is located at the front of the financial section of this report.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it.

Profile of the District

The West Slope Water District provides domestic water service to residential and commercial customers as well as water for fire protection. The District is in eastern Washington County, Oregon with a current service area of approximately three-and-one-half square miles and over 10,300 residents. Washington County is in northwestern Oregon and is one of the counties that comprise the Portland Metropolitan Statistical Area. The District was formed in 1922, operating as authorized by Oregon Revised Statutes Chapter 264. The District is not a component of any other entity, nor does the District have potential component units, as defined by the Governmental Accounting Standards Board. A five-member Board of Commissioners, elected to overlapping four-year terms governs the District. The Board of Commissioners set policy and hire and oversee the General Manager, who is charged with the daily management of the District.

The District is organized into two units reporting to the General Manager, operations and finance. Three Water Works Operators report directly to the Operations Manager and the Customer Service and Operations Specialist reports directly to the Finance Manager.

The District's Board of Commissioners is required to adopt a budget each year by July 1st. The annual budget serves as the foundation for the financial planning and control of the District's activities. The District maintains accounting records by object within each fund and the budget is prepared, adopted, and appropriated on that same basis within each fund. All budget changes after adoption require a resolution by the Board of Commissioners.

West Slope Water District purchases one hundred percent of its water from the City of Portland (City). The District's Board of Commissioners signed a 20-year Regional Water Sales Agreement (Agreement) with the City of Portland that became effective July 1, 2006, and secured water resources from the Bull Run Watershed and Columbia South Shore well fields through June 30, 2026. The District along with the other wholesale water purchasers in the region are currently negotiating a new wholesale water sales agreement with the City to be effective when the current Agreement ends. Thus, securing a long-term source of water supply for the District for another 30 years.

In addition to the City, the District is fortunate to have a backup intertie with the Tualatin Valley Water District (TVWD). The intertie supplies the District with on-demand water supply for emergencies and scheduled maintenance. District staff monitor interties with Portland and TVWD utilizing Supervisory Control and Data Acquisition (SCADA) controls.

The District's transmission and distribution systems total 48 miles of water main ranging in size from 2 to 18 inches in diameter, containing one 2.25-million-gallon concrete reservoir, one 3-million-gallon concrete reservoir and one 0.8-million-gallon steel tank. All reservoirs are covered and secured. The District maintains over 450 hydrants, 800 valves, and 3,200 water meters.

The City of Beaverton withdrew approximately five percent of the District's service territory in May 2009. The District and the City of Beaverton finalized an Intergovernmental Agreement (IGA) on May 18, 2011, for debt service and unclaimed water reimbursement. Additional information about the IGA with the City of Beaverton can be found in the Notes to the Financial Statement on page 51.

Local Economy

The District serves an area fully developed with minimal vacant land. The development experienced is generally in-fill. Therefore, the expected growth for the District's service territory is minimal, at 0.3 percent. Most of the District's service territory is residential with a mix of commercial running down Canyon Road and Beaverton-Hillsdale Highway.

Most of the District's operating revenue comes from the sale of water to residential and commercial customers. Because, as noted above, the District has very little available property for additional development, fluctuations in revenue are driven primarily by variations in outdoor temperature and the responsive demand for landscape irrigation by both residential and commercial customers.

Under the terms of the 20-year Regional Water Sales Agreement between the City of Portland, as wholesale water provider, and the District, as one of multiple wholesale water purchasers, the District's purchased water costs can be significantly impacted by capital improvement costs undertaken by the City of Portland. The District closely monitors its five-year financial plan which utilizes among other variables the wholesale water rate forecasts provided by the City of Portland. Recent forecasts from the City of Portland have shown increases to their wholesale water rates over the next five years. To meet increased purchased water costs as well as fund future capital improvement projects the District anticipates that it will be required to increase customer rates correspondingly.

The District receives minimal revenues from the assessment of System Development Charges (SDC). This revenue source is statutorily restricted to be used for purchase or construction of new or expansion of existing facilities, improvements, and land within the District. Effective April 1, 2023, the SDC for a standard residential meter (5/8 x 3/4) is \$1,956. Additional SDC fee historical data is in the Statistical Section on page 74.

Historically as funds are available, the District has paid one bond interest payment from the SDC fund. This does not change how the District calculates debt coverage and related debt covenants. For the fiscal year ended June 30, 2023 and 2022, the District again paid bond interest payments from the SDC fund of \$31,628 and \$37,066, respectively. Information about debt covenants is in the Management Discussion and Analysis on page 22, the Notes to the Financial Statement on pages 37-38, and the Statistical Section on page 76. Management regularly monitors water sales, expenses, and debt coverage.

Long-term financial planning

The District currently has a 20-year water system master plan which serves as its planning document to ensure that facilities, equipment, and infrastructure are well maintained and operating in peak condition. The water system master plan was updated and approved by the Board of Commissioners on February 19, 2014. The master plan was developed with a team comprised of District staff and professionals in engineering and finance. Replacement of infrastructure is identified and rated by importance related to critical District operations. A few of the factors in the decision-making process are the fire flow capabilities and age and repair history of infrastructure.

Since the current master plan is now over ten years old and did not include a seismic study for earthquake resiliency, which is required under current law, the District has budgeted for a new 20-year water system master plan to be conducted in the fiscal year ending June 30, 2024. This new master plan will be used to plan for future capital improvement projects undertaken by the District.

The District's bond rating by Moody's Global Rating Scale was upgraded from A1 to Aa3 in May 2023. The upgrade reflects the District's very strong debt service coverage and liquidity levels. The District has no immediate plans for long-term borrowing. However, more than likely, the District will need to borrow funds to replace the 2.25 MG concrete reservoir with a new 3.0 MG earthquake resilient reservoir in about five years. Current financial plans continue to include annual contributions into the Capital Improvement Reserve Fund which are utilized for pipe replacement projects on a pay-as-you-go basis.

The District's Commissioners and staff have a responsibility to protect District assets from fraud. With a small finance staff, we have addressed the limited separation of duties, a leading fraud prevention measure. The District maintains a system of internal accounting controls that is reviewed annually by management. The controls are designed to safeguard District assets and ensure accurate recording of transactions. District controls include oversight by the District's Commissioners and General Manager of bank reconciliations, issued checks, investments, financial reports, and other District business as necessary.

Financial Policies

Consistent with the Government Finance Officers Association (GFOA) best practice, the District maintains General Fund reserves equal to at least three months of General Fund operating expenses.

Capital projects are primarily pre-funded via budgeted accumulations of transfers from the General Fund into the Capital Improvement Reserve Fund.

Equipment replacement costs are primarily pre-funded via budgeted transfers from the General Fund into the Equipment Reserve Fund based on equipment and vehicle replacement schedules.

SDC funds will be utilized when available to make debt service payments on outstanding bonds whose proceeds were utilized for capital improvements.

Cash and investments include amounts held in the District's Umpqua bank checking account plus amounts held in the Local Government Investment Pool (LGIP).

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 West Slope Water District for its annual comprehensive financial report for the fiscal year ended June 30, 2022. This was the seventeenth year the District has achieved this prestigious award. To be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized annual comprehensive financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement for Excellence in Financial Reporting is valid for a period of one year only. We believe that our current annual comprehensive financial report continues to meet the Certificate of Achievement Program's requirements and will be submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report could not have been accomplished without the efficient and dedicated services of the entire District staff. We wish to express our appreciation to all members of the District staff who assisted and contributed to the timely completion of this report.

Credit also must be given to the Board of Commissioners for their support in maintaining high standards of professionalism in the management of the District finances. Their guidance and leadership are of invaluable service to the financial management and stability of the District.

Respectfully Submitted,



Michael W. Grimm, P.E.
General Manager



Wendy K. Irwin, CPA
Finance Manager



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

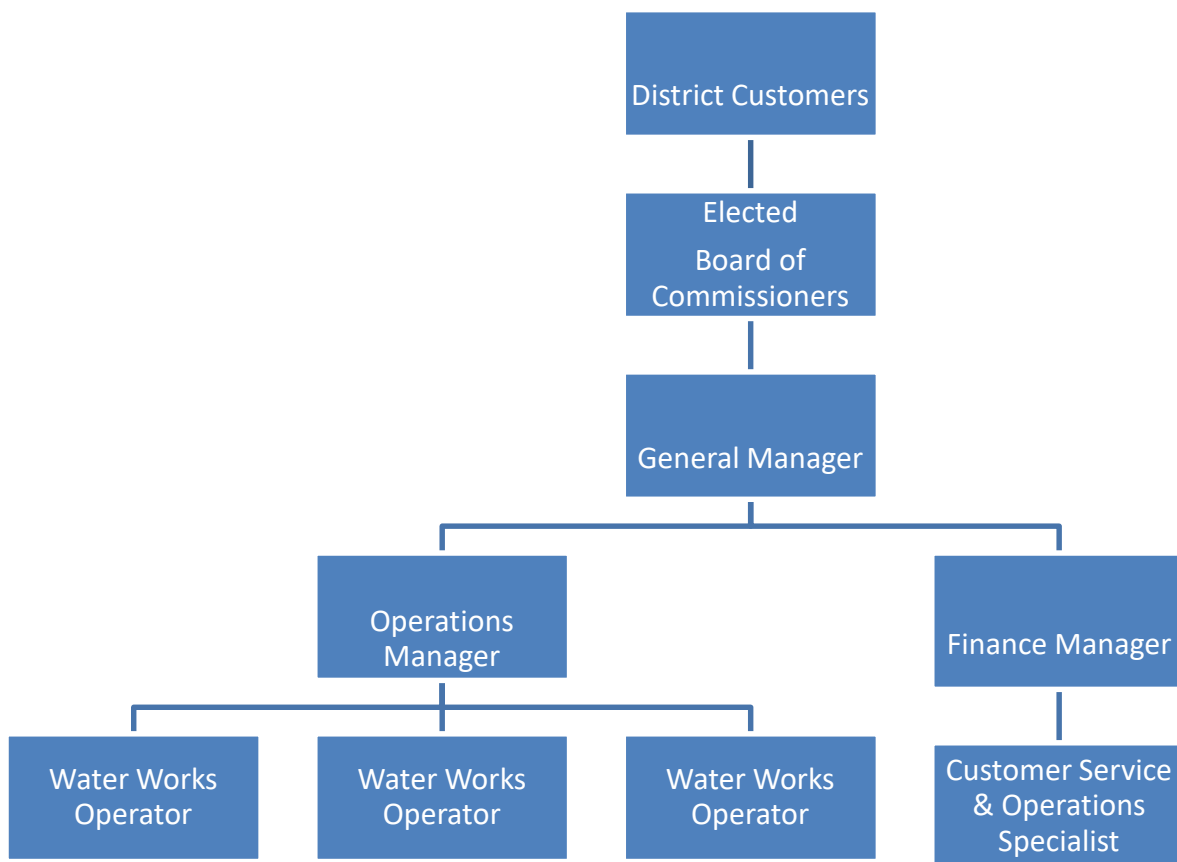
Presented to

**West Slope Water District
Oregon**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2022

West Slope Water District Organization Structure



| <u>Board of Commissioners</u> | <u>Term Expires</u> |
|-------------------------------|---------------------|
| Paul Schuler, Chair | June 30, 2025 |
| Susan Meamber, Treasurer | June 30, 2025 |
| Carol Wild, Secretary | June 30, 2023 |
| Ramesh Krishnamurthy | June 30, 2025 |
| Andrew Smith | June 30, 2023 |

Commissioners may be contacted at the address(s) below.


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Michael W. Grimm, P.E.

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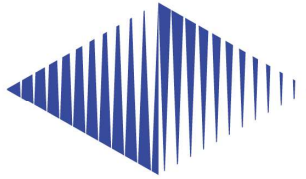
Via Email: customer.service@wswd.org.

Via voice message: 503-292-2777



West Slope
Water District

FINANCIAL
SECTION



GROVE, MUELLER & SWANK, P.C.

Certified Public Accountants and Consultants

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(503) 581-7788 • FAX (503) 581-0152 • www.gms.cpa

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
West Slope Water District
Portland, Oregon

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the business-type activity of West Slope Water District (the District), as of and for the years ended June 30, 2023 and 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the business-type activities of the District, as of June 30, 2023 and 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (MD&A), the schedule of changes in total liability and related ratios other post-employment benefits (OPEB), the schedule of the District's proportionate share of the net pension liability (asset) - OPERS, and the schedule of the District's OPERS contributions be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The other supplementary information as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The other supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.


Other Information Included in the Annual Comprehensive Financial Report (ACFR)

Management is responsible for the other information included in the ACFR. The other information comprises the introductory and statistical sections but does not include the financial statements and our auditor's report thereon. Our opinions on the financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Minimum Standards for Audits of Oregon Municipal Corporations

In accordance with *Minimum Standards for Audits of Oregon Municipal Corporations*, we have issued our report dated November 9, 2023 on our consideration of the District's compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.

GROVE, MUELLER & SWANK, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

By: 
Devan W. Esch, Shareholder
November 9, 2023

The management of West Slope Water District (District) offers the readers this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2023 (FY 2023). We encourage readers to consider the information presented here in conjunction with the additional information provided in our letter of transmittal and the accompanying financial statements.

Financial Highlights

- Cash and investments including restricted cash at year end totaled \$7.7M, an increase of \$1.6M from the previous year.
- Accounts receivable, net of allowance at year end totaled \$622K, an increase of \$200K from the previous year, due to higher water sales in May/June.
- Accounts payable and accrued liabilities at year end totaled \$587K, an increase of \$361K from the previous year, due to payables related to the start of the Beaverton-Hillsdale pipe replacement project.
- Long-term debt at year end totaled \$1.7M, a decrease of \$223K from the previous year.
- Net position at year end totaled \$15.5M, an increase of \$2.1M million from the previous year.

Overview of the Financial Statements

The discussion and analysis are intended to serve as an introduction to the West Slope Water District's basic financial statements. The District is a self-supporting entity and follows enterprise fund reporting. Accordingly, the financial statements are presented using the economic resources measurement focus and accrual basis of accounting. The District's basic financial statements are comprised of four components as noted below. This report also contains supplementary information intended to furnish additional detail to support the basic financial statements.

Statement of Net Position

This statement presents information on all of the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference between the four reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

Statement of Activities

This statement presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., earned but unused vacation leave).

Statement of Cash Flows

This statement shows the sources and uses of cash. It details cash flows from operating activities, capital and related financing activities, and investing activities.

Notes to Basic Financial Statements

Beginning on page 30, the notes provide additional information essential to a full understanding of the data provided in the financial statements.

Financial Analysis

Net Position

As noted earlier, net position can serve as a useful indicator of the District’s financial position. As shown below in Table 1, the District’s assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$15.5M at the close of FY 2023, \$13.4M at the close of FY 2022, and \$12.1M at the close of FY 2021. Over the last several years, the District’s net position at year end has continued to increase.

Also as shown below, the largest portion of the District’s net position reflects the investment in capital assets (e.g., pipelines, meters, valves, reservoirs, land, buildings, and equipment) less any related outstanding debt that was used to acquire those assets. The District uses these assets to provide water services to ratepayers; consequently, these assets are not available for future spending. In contrast, the amount included as unrestricted in the District’s net position is available for future expenditures.

Table 1
Net Position
FY 2023 – FY 2021

| | <u>2023</u> | <u>2022</u> | <u>2021</u> | <u>Difference 2023-2022</u> | <u>Percent Change</u> |
|--|----------------------|----------------------|----------------------|---------------------------------|---------------------------|
| Current and Other Assets | \$ 8,418,932 | \$ 6,678,918 | \$ 5,492,297 | \$ 1,740,014 | 26.1% |
| Capital Assets | 10,327,034 | 9,907,817 | 10,140,880 | 419,217 | 4.2% |
| Total Assets | 18,745,966 | 16,586,735 | 15,633,177 | 2,159,231 | 13.0% |
| Deferred Outflows of Resources | 323,702 | 440,316 | 560,641 | (116,614) | -26.5% |
| Total Assets & Deferred Outflows of Resources | <u>\$ 19,069,668</u> | <u>\$ 17,027,051</u> | <u>\$ 16,193,818</u> | <u>\$ 2,042,617</u> | 12.0% |
| Current Liabilities | \$ 1,003,349 | \$ 596,938 | \$ 618,046 | \$ 406,411 | 68.1% |
| Noncurrent Liabilities | 2,153,692 | 2,342,437 | 3,336,595 | (188,745) | -8.1% |
| Total Liabilities | 3,157,041 | 2,939,375 | 3,954,641 | 217,666 | 7.4% |
| Deferred Inflows of Resources | 433,242 | 661,473 | 106,608 | (228,231) | -34.5% |
| Total Liabilities & Deferred Inflows of Resources | <u>3,590,283</u> | <u>3,600,848</u> | <u>4,061,249</u> | <u>(10,565)</u> | -0.3% |
| Net Investment in Capital Assets | 8,626,920 | 7,984,304 | 7,934,982 | 642,616 | 8.0% |
| Restricted for Capital Projects | 16,907 | 27,903 | 54,753 | (10,996) | -39.4% |
| Unrestricted | 6,835,558 | 5,413,996 | 4,142,834 | 1,421,562 | 26.3% |
| Total Net Position | <u>15,479,385</u> | <u>13,426,203</u> | <u>12,132,569</u> | <u>2,053,182</u> | 15.3% |
| Total Liabilities, Deferred Inflows of Resources and Net Position | <u>\$ 19,069,668</u> | <u>\$ 17,027,051</u> | <u>\$ 16,193,818</u> | <u>\$ 2,042,617</u> | 12.0% |

Change in Net Position

As shown below in Table 2, the District's change in net position for FY 2023 was \$2.1M with an increase of \$760K or 59% over FY 2022. The change in net position for FY 2022 was \$1.3M with an increase of \$446 or 53% over FY 2021. Generally, increases from year-to-year result from water revenue that exceed operating expenses. In FY 2023 the increase in net position resulted not only from increased operating income but also from higher non-operating revenues of interest income, due to higher interest rates earned on reserve accounts.

Table 2
Change in Net Position
FY 2023 – FY 2021

| | <u>2023</u> | <u>2022</u> | <u>2021</u> | <u>2023-2022</u> | <u>Change</u> |
|--|----------------------|----------------------|----------------------|---------------------|---------------|
| OPERATING REVENUES | | | | | |
| Sale of Water | \$ 4,588,104 | \$ 3,923,266 | \$ 3,901,044 | \$ 664,838 | 16.9% |
| Other operating revenue | 92,770 | 92,098 | 85,661 | 672 | 0.7% |
| Total operating revenues | 4,680,874 | 4,015,364 | 3,986,705 | 665,510 | 16.6% |
| OPERATING EXPENSES | | | | | |
| Personnel services | 857,942 | 819,111 | 1,094,844 | 38,831 | 4.7% |
| Water purchases | 1,005,579 | 1,053,177 | 1,220,019 | (47,598) | -4.5% |
| Materials and services | 462,719 | 378,159 | 350,530 | 84,560 | 22.4% |
| Depreciation and amortization | 435,370 | 414,347 | 405,831 | 21,023 | 5.1% |
| Total operating expenses | 2,761,610 | 2,664,794 | 3,071,224 | 96,816 | 3.6% |
| Operating income | 1,919,264 | 1,350,570 | 915,481 | 568,694 | 42.1% |
| NON-OPERATING REVENUES (EXPENSES) | | | | | |
| Interest income | 184,699 | 27,619 | 29,613 | 157,080 | 568.7% |
| Interest expense | (63,795) | (74,302) | (84,431) | 10,507 | -14.1% |
| Loss on disposition of assets | (6,864) | (20,210) | (36,401) | 13,346 | |
| Net non-operating revenues (expenses) | 114,040 | (66,893) | (91,219) | 180,933 | -270.5% |
| Excess before capital contributions | 2,033,304 | 1,283,677 | 824,262 | 749,627 | 58.4% |
| CAPITAL CONTRIBUTIONS | 19,878 | 9,957 | 23,672 | 9,921 | 99.6% |
| CHANGE IN NET POSITION | 2,053,182 | 1,293,634 | 847,934 | 759,548 | 58.7% |
| NET POSITION, BEGINNING OF YEAR | 13,426,203 | 12,132,569 | 11,284,635 | 1,293,634 | 10.7% |
| NET POSITION, ENDING | <u>\$ 15,479,385</u> | <u>\$ 13,426,203</u> | <u>\$ 12,132,569</u> | <u>\$ 2,053,182</u> | 15.3% |

Net Operating Income

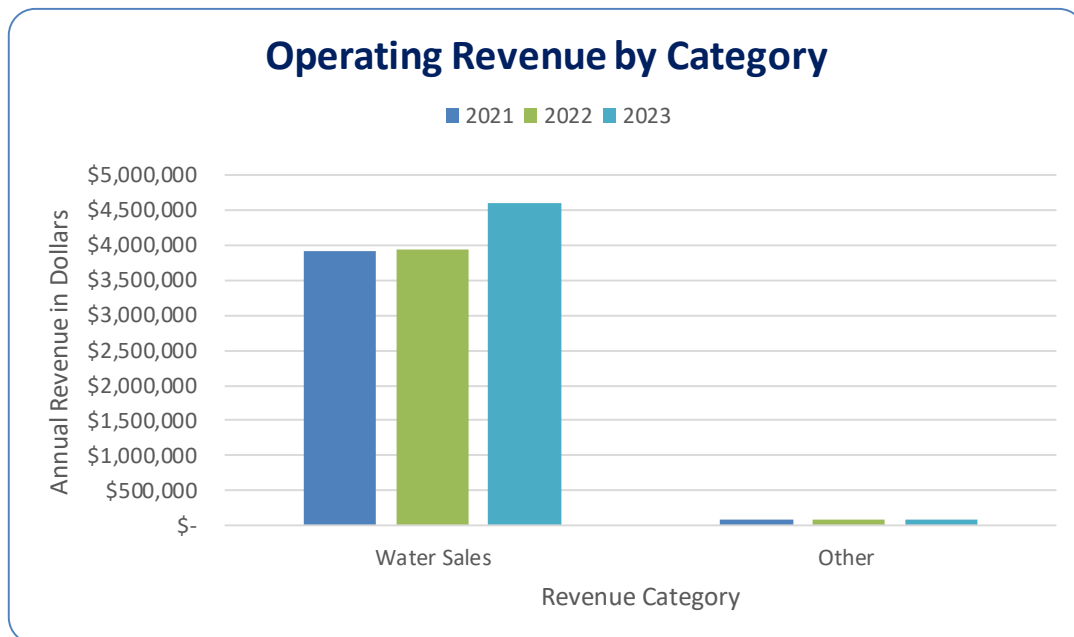
The District generated \$1.9M of net operating income in FY 2023, which is \$569K or 42% more than the operating income generated in FY 2022. The District generated \$1.4M of operating income in FY 2022, which is an increase of \$435K or 48% more than the operating income generated in FY 2021. The following pages provide explanations of these increases.

Operating Revenues

Figure 1 below compares operating revenues over the last three years by category. The District's total operating revenues for FY 2023 increased by \$666K or 17% more than FY 2022. The increase is from higher waters sales in May and June due to hotter weather and more water use by customers to irrigate landscape. In addition, at the beginning of FY 2023, rates increased 10% for water consumption and 6% for the flat rate meter charge. Amounts included in other operating revenue are penalty fees (late payment, NSF, and shut off), right of way fees collected from City of Beaverton customers, and debt reimbursement income per IGA with City of Beaverton. These amounts included in other operating revenue remained relatively consistent from FY 2022 to FY 2023. Therefore, the combination of higher water consumption and increased rates resulted in most of the increase in total operating revenues for FY 2023.

The District's total operating revenues for FY 2022 remained relatively consistent with FY 2021, increasing slightly by \$29K or 0.7% from FY 2021. Even though there was a decrease in water consumption due to cooler weather during the year, it was offset by a 6% increase in both water consumption rate and the flat rate meter charge for FY 2022. For amounts included in other operating revenue in FY 2022, there was a minimal increase of \$6K or 7.5% compared to FY 2021 due to increased penalty fees and additional row fees collected from customers.

Figure 1
FY 2021 – FY 2023



Operating Expenses

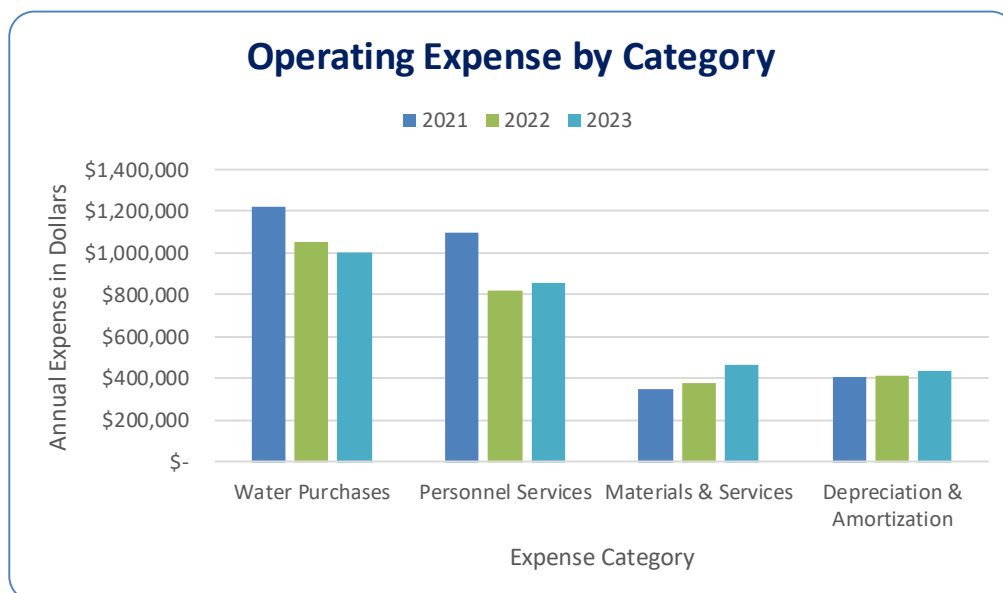
Figure 2 below compares operating expenses by category over the past three years. Water purchased by the District is the largest single operating expense, followed by personnel services which includes salaries/wages, benefits, retirement contributions, and payroll taxes.

The District's total operating expenses for FY 2023 increased by \$97K or 4% from FY 2022. This small increase in operating expenses is due to increased personnel expenses, materials and services, and depreciation expenses offset by a decrease in purchased water costs. Personnel services increased by \$39K or 5% in FY 2023 from the previous year due to a cost-of-living adjustment, additional water worker hired in April, and rate increase for health insurance. Materials and services increased by \$85K or 22% in FY 2023 from the previous year due to increased costs including main break repairs, technology upgrades, merchant fees, and staff development. Depreciation and amortization expense increased by \$21K or 5% in FY 2023 from the previous year due to additional amortization expense related to implementation of recent *GASB Statement 87, Leases*, and *GASB Statement 96, Subscription-Based Information Technology Agreements (SBITA)*, which required recording a right-to-use asset and then amortizing the asset over the useful life or contract period.

While other operating expenses increased, the cost of purchased water decreased by \$48K or 5% in FY 2023 from the previous year. This was due to a decrease in the per unit wholesale water rate charged by the City of Portland (City) from \$1.542 in FY 2022 to \$1.473 in FY 2023, or 5%, while the guaranteed minimum purchase of units remained the same. For the past two years, the wholesale water rate charged by the City has declined due to decreases in the City's rate base for wholesale water customers, which includes capital expenditures taken on by the City.

The District's total operating expenses for FY 2022 decreased \$406K or 13% from FY 2021. This decrease is primarily due to a decrease in both personnel and purchased water costs. Total personnel costs for FY 2022 decreased by \$276K, or 25% from FY 2021. The decrease is primarily related to the retirement of the District's long-term operations manager and operating with one less water worker for most of the fiscal year. This decrease in operation salaries and related employee benefits was slightly offset by the increase in office salaries due to a three-month overlap of the finance manager position for training before the retirement of the current manager. The decrease in purchased water is a result of a decrease in the City's per unit wholesale rate from \$1.777 in FY 2021 to \$1.542 in FY 2022, or 13%, while the guaranteed minimum purchase of units remained the same.

Figure 2
FY 2021 – FY 2023



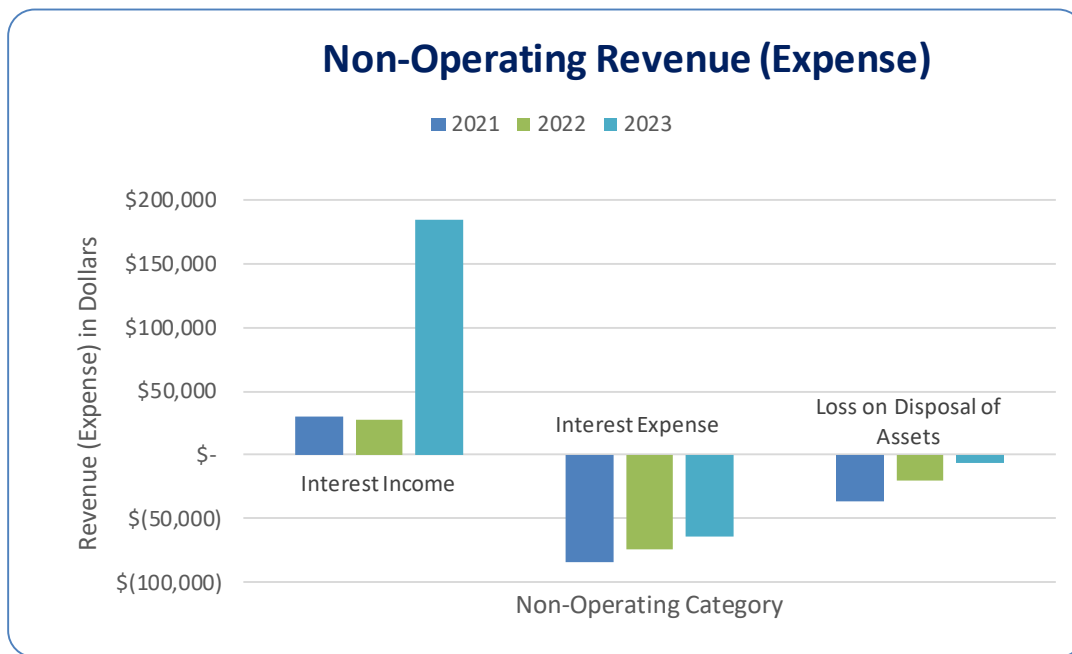
Non-operating Revenues (Expenses)

Included in non-operating revenues and expenses is interest income and interest expense in addition to the gain (loss) on disposition of capital assets. Figure 3 below compares interest income and interest expense over the past three years.

The District’s total net non-operating revenues and expenses for FY 2023 increased by \$181K or 271% from FY 2022. As noted above, this was primarily due to increased revenue from higher interest rates earned on reserve funds as well as less interest expense as outstanding debt decreases. The loss on disposition of capital assets also decreased in FY 2023 as fewer radio read meters were replaced.

The District’s total net non-operating revenues and expenses for FY 2022 increased by \$24K or 27% from FY 2021. The net increase is related to a decrease in interest expense as the District’s outstanding debt decreases. In addition, the loss on disposal of capital assets decreased in FY 2022.

Figure 3
FY 2021 – FY 2023



Total Revenues and Expenses

In Table 3 below, the District's total revenues and expenses are summarized and the resulting net changes in position are compared for the past three years. Detailed description of the changes from year to year is discussed in the previous pages.

For FY 2023, total revenues increased by \$846K or 21% and total expenses increased by \$86K or 3% from the preceding year.

In FY 2022, total revenues increased by \$29K or 0.7% and total expenses decreased by \$417K or 13% from the preceding year.

Table 3
Total Revenues and Total Expenses
FY 2023 – FY 2021

| | <u>2023</u> | <u>2022</u> | <u>2021</u> | <u>Difference 2023-2022</u> | <u>Percent Change</u> |
|-------------------------------|---------------------|---------------------|-------------------|---------------------------------|---------------------------|
| Operating Revenues | \$ 4,680,874 | \$ 4,015,364 | \$ 3,986,705 | \$ 665,510 | 16.6% |
| Non-operating Revenues | 177,835 | 7,409 | (6,788) | 170,426 | 2300.3% |
| Capital Contributions | 19,878 | 9,957 | 23,672 | 9,921 | 99.6% |
| Total Revenues | <u>4,878,587</u> | <u>4,032,730</u> | <u>4,003,589</u> | <u>845,857</u> | 21.0% |
| Operating Expenses | 2,761,610 | 2,664,794 | 3,071,224 | 96,816 | 3.6% |
| Non-operating Expenses | 63,795 | 74,302 | 84,431 | (10,507) | -14.1% |
| Total Expenses | <u>2,825,405</u> | <u>2,739,096</u> | <u>3,155,655</u> | <u>86,309</u> | 3.2% |
| Change in Net Position | <u>\$ 2,053,182</u> | <u>\$ 1,293,634</u> | <u>\$ 847,934</u> | <u>\$ 759,548</u> | 58.7% |

Capital Assets Activity

As shown in Table 4 below, West Slope Water District's capital assets, net of depreciation on June 30, 2023, are \$10.3M. The District's net capital assets included \$913K in projects in progress related to the main line replacement on Beaverton-Hillsdale, \$45K in land, and \$9.4M in buildings, reservoirs, pipelines, automotive and construction equipment, and right-to-use assets net of accumulated depreciation. The total increase in the District's capital assets (net of accumulated depreciation and amortization) for FY 2023 was \$419K or 4% from FY 2022.

Capital asset purchases for FY 2023 totaled \$861K and included the following:

- \$33K for radio read meters;
- \$9K for electronic yard gate;
- \$8K for GIS equipment;
- \$11K for computers and conference room video equipment;
- \$92K for right-to-use copier/printers and subscription-based software contracts;
- \$16K for accounting/billing software upgrade; and
- \$692K for the Beaverton-Hillsdale capital project.

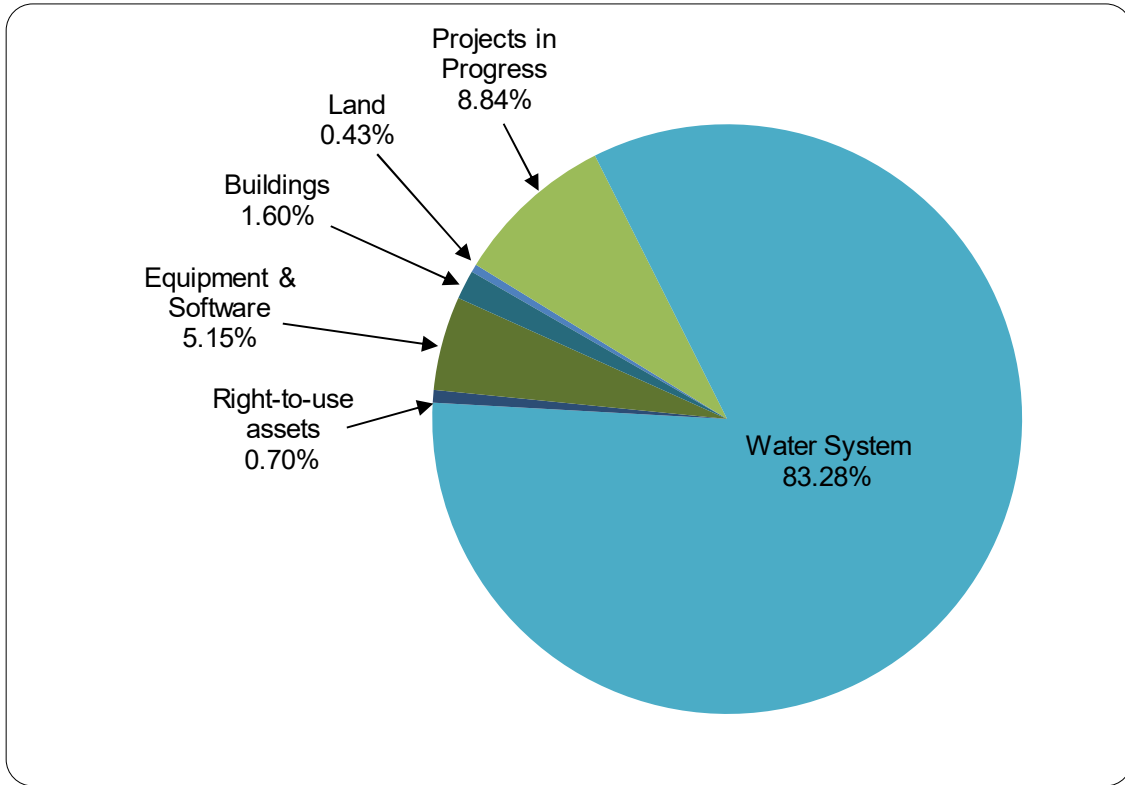
For the fiscal year ended 2023, depreciation and amortization expense was \$435K and net loss on disposition of capital assets was \$7K.

Table 4
Capital Assets FY 2023

| | <u>Beginning Balance</u> | <u>Additions</u> | <u>Deletions</u> | <u>Ending Balance</u> |
|---|------------------------------|-------------------|-------------------|-----------------------|
| Capital assets, non-depreciable | | | | |
| Land | \$ 44,724 | \$ - | \$ - | \$ 44,724 |
| Projects in progress | 220,297 | 692,427 | - | 912,724 |
| Total capital assets, non-depreciable | <u>265,021</u> | <u>692,427</u> | <u>-</u> | <u>957,448</u> |
| Capital assets, depreciable | | | | |
| Buildings and improvements | 364,724 | 9,152 | - | 373,876 |
| Water systems | 15,745,008 | - | - | 15,745,008 |
| Equipment and software | 1,124,730 | 68,170 | (82,809) | 1,110,091 |
| | <u>17,234,462</u> | <u>77,322</u> | <u>(82,809)</u> | <u>17,228,975</u> |
| Right-to-use lease asset | - | 24,685 | - | 24,685 |
| Right-to-use SBITA asset | - | 67,017 | - | 67,017 |
| Total capital assets, depreciable | <u>17,234,462</u> | <u>169,024</u> | <u>(82,809)</u> | <u>17,320,677</u> |
| Accumulated depreciation and amortization | | | | |
| Buildings and improvements | (200,283) | (8,395) | - | (208,678) |
| Water systems | (6,815,523) | (329,564) | - | (7,145,087) |
| Equipment and software | (575,860) | (77,972) | 75,945 | (577,887) |
| Accumulated depreciation | <u>(7,591,666)</u> | <u>(415,931)</u> | <u>75,945</u> | <u>(7,931,652)</u> |
| Right-to-use lease asset, amortization | - | (823) | - | (823) |
| Right-to-use SBITA asset, amortization | - | (18,616) | - | (18,616) |
| Total accumulated depreciation and amortization | <u>(7,591,666)</u> | <u>(435,370)</u> | <u>75,945</u> | <u>(7,951,091)</u> |
| Net depreciable capital assets | <u>9,642,796</u> | <u>(266,346)</u> | <u>(6,864)</u> | <u>9,369,586</u> |
| Net capital assets | <u>\$ 9,907,817</u> | <u>\$ 426,081</u> | <u>\$ (6,864)</u> | <u>\$ 10,327,034</u> |

Figure 4 below shows the District’s capital asset categories and their percentage of the District’s total asset value for the fiscal year ended June 30, 2023. Additional information on the District’s capital assets can be found on page 31, 35 and 36 in the Notes to the Financial Statements.

**Figure 4
Distribution of Capital Assets
FY 2023**



Long-Term Debt Activity

At the end of FY 2023, the West Slope Water District had total outstanding long-term debt of \$1.7M as shown in Table 5 below.

**Table 5
Outstanding Long-Term Debt
FY 2023 – FY 2021**

| | <u>2023</u> | <u>2022</u> | <u>2021</u> |
|---------------------|---------------------|---------------------|---------------------|
| Water revenue bonds | \$ 1,631,129 | \$ 1,923,513 | \$ 2,205,898 |
| Lease liability | 23,957 | - | - |
| SBITA liability | 45,028 | - | - |
| | <u>\$ 1,700,114</u> | <u>\$ 1,923,513</u> | <u>\$ 2,205,898</u> |

Water revenue bonds

At June 30, 2023, the District had outstanding debt for water revenue bonds of \$1.6M. This long-term debt relates to issuance of 20-year bonds in FY 2008 for \$5M to finance a new 3MG water reservoir which replaced an existing reservoir that was failing. The bonds mature during FY 2028 and are insured with Financial Security Assurance Inc. (FSA). The District has a current underlying rating from Moody's of Aa3 which was upgraded from A1 in May 2023. The upgrade reflects the District's very strong debt service coverage and liquidity levels.

In FY 2008 when the revenue bonds were issued, the Board of Commissioners adopted a resolution to maintain annual net operating revenues that equal or exceed the required revenue bond covenants. To meet the bond covenants, the District is required to have at least annual net operating revenues 1.25 times bond debt service and at least 1.15 times bond debt service less system development charges collected for the fiscal year. The District has been in compliance with these requirements since the revenue bonds were issued. See page 76 for calculation of the annual revenue bond debt covenants for the past ten years.

In FY 2018 the Board of Commissioners adopted a resolution to establish a rate stabilization fund which provides the ability to smooth variations in revenue for purposes of meeting the revenue bond debt covenants. The fund was established in response to significant projected future rate increases from the City of Portland which were provided to the District in March 2018. Since then, the City of Portland has not increased their rates as quickly as first projected. The most recent intention of the District is to continue to hold these funds as needed to assist with smoothing of customer rate increases in years when higher purchased water costs are incurred. No contributions to this fund have been made since FY 2020. At the end of FY 2023, the Rate Stabilization fund had a balance of \$800K.

Lease Liability

During FY 2023, the District entered into a new 60-month lease for the right-to-use office copier/printer equipment. Amounts were recorded in the financial statements per *GASB Statement 87, Leases*, which requires both a lease liability and a right-to-use lease asset to be recognized on the statement of net position at the net present value of lease payments, if the term of the lease is greater than one year. In the previous year, during FY 2022, no amount for a lease liability was recognized in the financial statements.

Subscription-Based Information Technology Arrangement (SBITA) Liability

During FY 2023, the District entered into a new 3-year agreement for the right-to-use subscription-based accounting and billing software and implemented *GASB Statement 96, Subscription-Based Information Technology Arrangements*. This new GASB statement requires recognition of both a SBITA liability and a right-to-use SBITA asset to be recognized on the statement of net position at the net present value of contract payments, if the term of the agreement is greater than one year.

The Notes to the Financial Statements of this report contain more detailed information regarding the status of long-term debt for FY 2023, including schedules of future debt service requirements which begin on page 37. In addition, further detailed information regarding debt activity is contained in the statistical section of this report beginning on page 76.

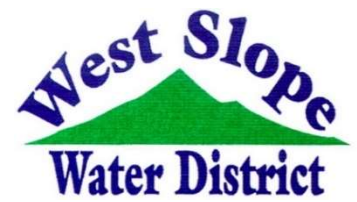
Conditions Affecting Current Financial Position

Management is unaware of any conditions not disclosed in this report that would have a significant impact on the District's financial position (net position) or operating results.

Requests for Information

The financial report is designed to provide a general overview of West Slope Water District's finances for all those with an interest in the District's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Finance Manager, West Slope Water District, PO Box 25140, Portland, Oregon 97298, or wirwin@wswd.org.

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BASIC FINANCIAL STATEMENTS

WEST SLOPE WATER DISTRICT
STATEMENTS OF NET POSITION
June 30, 2023 and 2022

| | <u>2023</u> | <u>2022</u> |
|--|----------------------|----------------------|
| ASSETS | | |
| Current Assets | | |
| Cash and investments | \$ 7,684,359 | \$ 6,128,403 |
| Accounts receivable, net of allowance | 621,532 | 421,831 |
| Prepaid expenses | 49,750 | 56,170 |
| Inventories | 46,384 | 44,611 |
| Total Current Assets | <u>8,402,025</u> | <u>6,651,015</u> |
| Noncurrent Assets | | |
| Restricted cash | 16,907 | 27,903 |
| Non-depreciable capital assets | 957,448 | 265,021 |
| Depreciable capital assets, net of depreciation and amortization | 9,369,586 | 9,642,796 |
| Total Noncurrent Assets | <u>10,343,941</u> | <u>9,935,720</u> |
| Total Assets | <u>18,745,966</u> | <u>16,586,735</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | |
| Deferred outflows - related to other post employment benefits | 6,233 | 7,459 |
| Deferred outflows - related to pension liability | 317,469 | 432,857 |
| Total Deferred Outflows of Resources | <u>323,702</u> | <u>440,316</u> |
| Total assets and deferred outflows of resources | <u>\$ 19,069,668</u> | <u>\$ 17,027,051</u> |

Continued on next page.

The accompanying notes are an integral part of the basic financial statements.

WEST SLOPE WATER DISTRICT
STATEMENTS OF NET POSITION
June 30, 2023 and 2022

| | <u>2023</u> | <u>2022</u> |
|---|----------------------|----------------------|
| LIABILITIES | | |
| Current Liabilities | | |
| Accounts payable and accrued liabilities | \$ 517,722 | \$ 158,580 |
| Accrued payroll liabilities | 69,675 | 67,471 |
| Customer deposits | 21,200 | 15,622 |
| Compensated absences | 51,007 | 44,347 |
| Interest payable | 15,814 | 18,533 |
| Current portion of long-term debt | 327,931 | 292,385 |
| Total Current Liabilities | <u>1,003,349</u> | <u>596,938</u> |
| Noncurrent Liabilities | | |
| Other post employment benefits | 52,644 | 55,448 |
| Net pension liability | 728,865 | 655,861 |
| Noncurrent portion of long-term debt: | | |
| Water revenue bonds | 1,328,744 | 1,631,128 |
| Lease liability | 19,463 | - |
| Subscription-based information technology arrangement liability | 23,976 | - |
| Total Noncurrent Portion of Long-Term Debt | <u>1,372,183</u> | <u>1,631,128</u> |
| Total Noncurrent Liabilities | <u>2,153,692</u> | <u>2,342,437</u> |
| Total Liabilities | <u>3,157,041</u> | <u>2,939,375</u> |
| DEFERRED INFLOWS OF RESOURCES | | |
| Deferred inflows - related to other post employment benefits | 56,200 | 50,808 |
| Deferred inflows - related to pension liability | 377,042 | 610,665 |
| Total Deferred Inflows of Resources | <u>433,242</u> | <u>661,473</u> |
| NET POSITION | | |
| Net investment in capital assets | 8,626,920 | 7,984,304 |
| Restricted for capital projects | 16,907 | 27,903 |
| Unrestricted | 6,835,558 | 5,413,996 |
| Total Net Position | <u>15,479,385</u> | <u>13,426,203</u> |
| Total liabilities, deferred inflows of resources and net position | <u>\$ 19,069,668</u> | <u>\$ 17,027,051</u> |

Continued from previous page.

The accompanying notes are an integral part of the basic financial statements.

WEST SLOPE WATER DISTRICT
STATEMENTS OF ACTIVITIES
For the Fiscal Years Ended June 30, 2023 and 2022

| | 2023 | 2022 |
|--|----------------------|----------------------|
| OPERATING REVENUES | | |
| Sale of Water | \$ 4,588,104 | \$ 3,923,266 |
| Service installations | 3,508 | 8,187 |
| Penalties | 9,170 | 7,300 |
| Service modifications | 310 | 3,545 |
| Beaverton reimbursement | 15,652 | 15,676 |
| Miscellaneous | 7,805 | 7,076 |
| Rights of way fees | 56,325 | 50,314 |
| Total Operating Revenues | <u>4,680,874</u> | <u>4,015,364</u> |
| OPERATING EXPENSES | | |
| Salaries and wages | 585,906 | 560,858 |
| Payroll taxes and benefits | 272,036 | 258,253 |
| Water purchases | 1,005,579 | 1,053,177 |
| Repair and maintenance | 152,403 | 128,703 |
| Depreciation and amortization | 435,370 | 414,347 |
| Supplies | 108,860 | 87,252 |
| Utilities | 13,808 | 11,446 |
| Rights of way fees | 56,381 | 50,389 |
| Administration | 94,504 | 71,529 |
| Professional services | 36,763 | 28,840 |
| Total Operating Expenses | <u>2,761,610</u> | <u>2,664,794</u> |
| Operating Income | 1,919,264 | 1,350,570 |
| NON-OPERATING REVENUES (EXPENSES) | | |
| Interest income | 184,699 | 27,619 |
| Interest expense | (63,795) | (74,302) |
| Loss on disposition of assets | (6,864) | (20,210) |
| Net Non-Operating Revenues (Expenses) | <u>114,040</u> | <u>(66,893)</u> |
| CAPITAL CONTRIBUTIONS | <u>19,878</u> | <u>9,957</u> |
| CHANGE IN NET POSITION | 2,053,182 | 1,293,634 |
| NET POSITION, Beginning of Year | <u>13,426,203</u> | <u>12,132,569</u> |
| NET POSITION, End of Year | <u>\$ 15,479,385</u> | <u>\$ 13,426,203</u> |

The accompanying notes are an integral part of the basic financial statements.

WEST SLOPE WATER DISTRICT**STATEMENTS OF CASH FLOWS**

For the Fiscal Years Ended June 30, 2023 and 2022

| | 2023 | 2022 |
|--|--------------|--------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Received from customers | \$ 4,486,751 | \$ 4,103,448 |
| Payments to employees | (618,459) | (588,916) |
| Payments to suppliers for goods and services | (1,376,545) | (1,745,752) |
| Net Cash Provided by Operating Activities | 2,491,747 | 1,768,780 |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | |
| Capital asset purchases | (861,451) | (204,574) |
| Proceeds from issuance of debt | 91,702 | - |
| Debt principal payments | (312,717) | (280,000) |
| Interest paid | (68,898) | (79,242) |
| Capital contributions | 19,878 | 9,957 |
| Net Cash Used by Capital and Related Financing Activities | (1,131,486) | (553,859) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Proceeds from sale of automotive equipment | - | 3,080 |
| Interest received | 184,699 | 27,619 |
| Net Cash Provided by Investing Activities | 184,699 | 30,699 |
| NET CHANGE IN CASH AND INVESTMENTS | 1,544,960 | 1,245,620 |
| CASH AND INVESTMENTS, Beginning of year | 6,156,306 | 4,910,686 |
| CASH AND INVESTMENTS, End of year | \$ 7,701,266 | \$ 6,156,306 |
| RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES | | |
| Operating income | \$ 1,919,264 | \$ 1,350,570 |
| Adjustments | | |
| Depreciation and amortization | 435,370 | 414,347 |
| Provision for losses on accounts receivable | - | 2,000 |
| <i>(Increase) decrease in:</i> | | |
| Accounts receivable | (199,701) | 85,534 |
| Prepaid expenses | 6,420 | (10,893) |
| Inventory | (1,773) | (17,642) |
| Deferred outflows of resources | 116,614 | 120,325 |
| <i>Increase (decrease) in:</i> | | |
| Accounts payable and accrued liabilities | 359,142 | (27,628) |
| Accrued payroll liabilities | 2,204 | 2,819 |
| Customer deposits | 5,578 | 550 |
| Compensated absences | 6,660 | (4,294) |
| Net OPEB obligation | (2,804) | (28,224) |
| Net pension liability | 73,004 | (673,549) |
| Deferred inflows of resources | (228,231) | 554,865 |
| Net Cash Provided by Operating Activities | \$ 2,491,747 | \$ 1,768,780 |

The accompanying notes are an integral part of the basic financial statements.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the District have been prepared in accordance with Generally Accepted Accounting Principles (GAAP) as applied to government units in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the district's accounting policies are described below.

Description of Reporting Entity

West Slope Water District is a municipal corporation governed by an elected five-member board. The District was organized under provisions of Oregon Revised Statutes Chapter 264 for the purpose of operating a water district. All the District's activities are included in its financial statements. The District has no component units to consider for inclusion in its financial statements.

Basic Financial Statements Measurement Focus and Basis of Accounting

The District's accounting records are maintained on a fund accounting basis for budgetary and legal purposes; but, for financial reporting purposes, the financial statements are presented as a unitary enterprise operation, and as such, are reported as a single enterprise fund in the basic financial statements.

The District's financial statements are prepared on the accrual basis of accounting using the "economic resources" measurement focus. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recognized when liabilities are incurred, regardless of the timing of the related cash flow. Accordingly, all assets and liabilities are reflected within the balance sheet with the equity section representing "total net position".

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District are charges to customers for water sales. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Cash and Investments

For purposes of the statement of cash flows, cash and cash equivalents are defined as short-term, highly liquid investments that are both:

- a. Readily convertible to known amounts of cash.
- b. So near their maturity that they present insignificant risk of changes in value because of changes in interest rates.

Generally, only investments with original maturities of three months or less meet this definition.

The District follows GASB 72, which requires investments to be valued at fair value. The difference between cost and fair value was not material.

Accounts Receivable

Water revenues are recorded when earned. Residential and commercial billings are prepared once per month. The District accrues estimated revenue for water used by customers, but not yet billed. An allowance for doubtful accounts is reviewed periodically for adequacy using an analysis of the age of accounts outstanding.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Inventories

Inventory of materials is valued using the average-costing method of accounting.

Prepaid Insurance

Unexpired insurance premiums on policies in effect on June 30, 2023, are recorded as prepaid insurance and are recorded as expense when used.

Restricted Assets

Assets, the use of which is restricted to specific purposes by state statute, bond indenture, or other outside party, are segregated on the Statement of Net Position.

Capital Assets

Capital assets, which include land and improvements, buildings and improvements, and equipment, are valued at cost. Water systems acquired before June 30, 1954, are valued at estimated cost as determined by a consulting engineer. All subsequent additions to the water systems are valued at cost. Donated capital assets, works of art and similar items, and capital assets received in service concession arrangements are recorded at their acquisition value on the date donated. Right-to-use assets, which include lease assets and subscription-based information technology arrangement (SBITA) assets are recorded at their net present value of future contract payments.

Capital assets are defined by the District as assets with an initial, individual cost of \$5,000 or more, and having useful lives extending beyond a single reporting period. Additions or improvements and other capital outlays that significantly extend the useful life of an asset, or that significantly increase the capacity of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

Depreciation and amortization of capital assets, including right-to-use lease and SBITA assets, have been recognized and reflected in the basic financial statements. Depreciation is not budgeted under the provisions of local budget law. Capital assets are depreciated or amortized using the straight-line method using the following estimated useful lives.

| Asset | Years |
|----------------------------|--------|
| Water Systems | 50 |
| Buildings and Improvements | 39 |
| Equipment and Software | 5 - 20 |

Equipment and software includes heavy and light duty vehicles, water meters, office equipment, computers, and software. Monthly depreciation is taken in the year the assets are acquired or retired. Gains or losses from sales or retirements of capital assets are included in operations of the current period.

Compensated Absences

Vacation pay is vested when earned. Employees earn annual leave based on length of service to the District. As allowed by Code of Federal Regulations 29 553.21 for public employees, District employees are allowed to “bank” up to 240 hours of compensatory time off for overtime pay and pager duty pay. Unpaid vested vacation and “banked” compensatory time is shown as a current liability for compensated absences on the statement of net position and is recorded as an expense when earned. Because vested vacation and accumulated compensatory pay are payable in full upon demand they are recorded as a current liability. Sick pay does not vest and is recorded as expense when paid.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows*, represents a consumption of net assets that applies to future periods and so will not be recognized as an outflow of resources until then. The District reports deferred outflow of resources related to pensions for contributions made after the June 30, 2022, measurement date.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows*, represents an acquisition of net assets that applies to future periods and so will not be recognized as an inflow of resources until that time. The District reports deferred inflows related to pension for changes in projected earnings versus actual earnings and actual contributions versus proportionate share of contributions.

Long-term Obligations

Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as expense when incurred.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Net Position

Net position comprises the various net earnings from operations, non-operating revenues, expenses, and contributions of capital. Net position is classified in the following three categories.

- Net investment in capital assets consists of all capital assets, net of accumulated depreciation and amortization, and reduced by outstanding debt that is attributable to the acquisition, construction, and improvement of those assets.
- Restricted consists of external constraints placed on net position use by creditors, grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
- Unrestricted consists of the remaining net position that is not included in the other categories previously mentioned.

System Development Charges are the only source of District's restricted funds. They may be used for capital improvement projects or debt service on past capital improvement projects. The District utilizes restricted SDC funds for bond payments against the 2008 revenue bonds when balances are large enough to cover one payment. The proceeds from the 2008 revenue bond issue were used to build infrastructure in 2008. Any remaining bond payments are made from unrestricted funds.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Leases

In accordance with *GASB Statement 87, Leases*, the District recognizes a lease liability and an intangible right-to-use lease asset in the financial statements for all leases with a noncancelable term of more than twelve months. A lease liability is recognized at the net present value of the lease payments expected to be made during the lease term. The lease liability is then reduced by principal payments made over the lease term. The lease asset is measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. The lease asset is amortized on a straight-line basis over the shorter of the lease term or the estimated useful life of the underlying asset.

To determine the rate used to discount the expected lease payments to the present value, the District uses the interest rate charged by the lessor as the discount rate. When the interest charged by the lessor is not provided, the District will generally use its estimated incremental borrowing rate as the discount rate.

The District monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease liability and asset if certain changes occur that are expected to significantly affect the amount of the lease liability. Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

Subscription-Based Information Technology Arrangements (SBITA)

In accordance with *GASB Statement 96, Subscription-Based Information Technology Arrangements (SBITA)*, the District recognizes a SBITA liability and an intangible right-to-use SBITA asset in the financial statements for subscription-based contracts with a noncancelable term more than twelve months. A SBITA liability is recognized at the net present value of the contract payments expected to be made during the contract term, which is the noncancellable period of the contract. The SBITA liability is then reduced by principal payments made over the contract term. The SBITA asset is measured as the initial amount of the related liability, adjusted for payments made at or before the commencement date, plus certain initial direct costs. The SBITA asset is amortized on a straight-line basis over the contract term.

To determine the rate used to discount the expected contract payments to the present value, the District uses the interest rate charged by the vendor as the discount rate. When the interest charged by the vendor is not known, the District will generally use its estimated incremental borrowing rate as the discount rate.

The District monitors changes in circumstances that would require a remeasurement of its SBITA and will remeasure the liability and asset if certain changes occur that are expected to significantly affect the amount of the liability. SBITA assets are reported with other capital assets and SBITA liabilities are reported with long-term debt on the statement of net position.

CASH AND CASH EQUIVALENTS

At June 30, 2023, investments included in cash and cash equivalents consisted of:

| | <u>Weighted Average Maturity (Years)</u> | <u>Cost/ Fair Value</u> |
|---|--|-----------------------------|
| Investments in the Oregon State Treasury Local Government Investment Pool | <u>0.00</u> | <u>\$7,063,626</u> |

At June 30, 2022, investments included in cash and cash equivalents consisted of:

| | <u>Weighted Average Maturity (Years)</u> | <u>Cost/ Fair Value</u> |
|---|--|-----------------------------|
| Investments in the Oregon State Treasury Local Government Investment Pool | <u>0.00</u> | <u>\$5,487,623</u> |

Interest Rate Risk

The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

The weighted average maturity of the State Treasurer’s Local Government Investment Pool (the pool) at June 30, 2023 and 2022 was 150 and 183 days respectively. The Pool’s investment policy requires that 50% of the portfolio must mature in 93 days. A maximum of 25% of the portfolio may mature over one year, and no investment may mature later than three years from its settlement date.

Credit Risk

State statutes authorize the District to invest in general obligations of the U.S. Government and its agencies, certain bonded obligations of Oregon municipalities, bank repurchase agreements, bankers’ acceptances, and the Oregon State Treasury Local Government Investment Pool, among others. The District has no investment policy that would further limit its investment choices.

Concentration Of Credit Risk

The District does not currently have an investment policy for concentration of credit risk. The Oregon State Treasury Local Government Investment Pool operates in accordance with appropriate state laws and regulations, but is not regulated by other laws, organizations, or regulations. The reported value of the Pool is the same as the fair value of Pool shares. Investments are regulated by the Oregon Short Term Fund Board and approved by the Oregon Investment Council (ORS 294.805 to 294.895). The Pool is not registered with the SEC as an investment company and is unrated.

Custodial Credit Risk – Deposits

This is the risk that in the event of a bank failure, the District’s deposits may not be returned. As of June 30, 2023, and June 30, 2022 the book values of the District’s bank deposits were \$637,190 and \$668,233 and the bank balances were \$636,229 and \$691,468. The amount of the bank balance covered by FDIC insurance is \$250,000. As required by Oregon Revised Statutes, deposits more than federal depository insurance are held at a qualified depository for public funds. All qualified depositories for public funds are included in the multiple financial institution collateral pool that is maintained by and in the name of the Office of the State Treasurer. As a result, the District’s remaining deposits more than FDIC insurance are considered to be fully collateralized.

WEST SLOPE WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2023 and 2022

ACCOUNTS RECEIVABLE

The District bills its customers for water services on a monthly basis. Additionally, the District bills the City of Beaverton annually for unclaimed water reimbursement as per the terms of the May 18, 2011, IGA related to the City of Beaverton withdrawal of 5% of the District's territory. Receivables net of allowance at June 30, 2023 and 2022 were as follows:

| | <u>2023</u> | <u>2022</u> |
|--|-------------------|-------------------|
| Water service receivable | \$ 598,337 | \$ 386,899 |
| Allowance for uncollectible water service receivable | (7,000) | (7,000) |
| Net water service receivable | <u>591,337</u> | <u>379,899</u> |
| Beaverton unclaimed water reimbursement receivable | 30,195 | 41,932 |
| | <u>\$ 621,532</u> | <u>\$ 421,831</u> |

CAPITAL ASSETS

The changes in capital assets for the year ended June 30, 2023, are summarized below:

| | <u>Beginning Balance</u> | <u>Additions</u> | <u>Deletions</u> | <u>Ending Balance</u> |
|---|------------------------------|-------------------|-------------------|-----------------------|
| Capital assets, non-depreciable | | | | |
| Land | \$ 44,724 | \$ - | \$ - | \$ 44,724 |
| Projects in progress | 220,297 | 692,427 | - | 912,724 |
| Total capital assets, non-depreciable | <u>265,021</u> | <u>692,427</u> | <u>-</u> | <u>957,448</u> |
| Capital assets, depreciable | | | | |
| Buildings and improvements | 364,724 | 9,152 | - | 373,876 |
| Water systems | 15,745,008 | - | - | 15,745,008 |
| Equipment and software | 1,124,730 | 68,170 | (82,809) | 1,110,091 |
| | <u>17,234,462</u> | <u>77,322</u> | <u>(82,809)</u> | <u>17,228,975</u> |
| Right-to-use lease asset | - | 24,685 | - | 24,685 |
| Right-to-use SBITA asset | - | 67,017 | - | 67,017 |
| Total capital assets, depreciable | <u>17,234,462</u> | <u>169,024</u> | <u>(82,809)</u> | <u>17,320,677</u> |
| Accumulated depreciation and amortization | | | | |
| Buildings and improvements | (200,283) | (8,395) | - | (208,678) |
| Water systems | (6,815,523) | (329,564) | - | (7,145,087) |
| Equipment and software | (575,860) | (77,972) | 75,945 | (577,887) |
| Accumulated depreciation | <u>(7,591,666)</u> | <u>(415,931)</u> | <u>75,945</u> | <u>(7,931,652)</u> |
| Right-to-use lease asset, amortization | - | (823) | - | (823) |
| Right-to-use SBITA asset, amortization | - | (18,616) | - | (18,616) |
| Total accumulated depreciation and amortization | <u>(7,591,666)</u> | <u>(435,370)</u> | <u>75,945</u> | <u>(7,951,091)</u> |
| Net depreciable capital assets | <u>9,642,796</u> | <u>(266,346)</u> | <u>(6,864)</u> | <u>9,369,586</u> |
| Net capital assets | <u>\$ 9,907,817</u> | <u>\$ 426,081</u> | <u>\$ (6,864)</u> | <u>\$ 10,327,034</u> |

WEST SLOPE WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2023 and 2022

CAPITAL ASSETS (continued)

The changes in capital assets for the year ended June 30, 2022, are summarized below:

| | Beginning Balance | Additions | Deletions | Ending Balance |
|---------------------------------------|------------------------------|---------------------|--------------------|-----------------------|
| Capital assets, non-depreciable | | | | |
| Land | \$ 44,724 | \$ - | \$ - | \$ 44,724 |
| Projects in progress | 115,132 | 125,099 | (19,934) | 220,297 |
| Total capital assets, non-depreciable | <u>159,856</u> | <u>125,099</u> | <u>(19,934)</u> | <u>265,021</u> |
| Capital assets, depreciable | | | | |
| Buildings and improvements | 364,724 | - | - | 364,724 |
| Water systems | 15,745,008 | - | - | 15,745,008 |
| Equipment and software | 1,104,335 | 99,409 | (79,014) | 1,124,730 |
| Total capital assets, depreciable | <u>17,214,067</u> | <u>99,409</u> | <u>(79,014)</u> | <u>17,234,462</u> |
| Accumulated depreciation | | | | |
| Buildings and improvements | (191,419) | (8,864) | - | (200,283) |
| Water systems | (6,485,320) | (330,203) | - | (6,815,523) |
| Equipment and software | (556,304) | (75,280) | 55,724 | (575,860) |
| Total accumulated depreciation | <u>(7,233,043)</u> | <u>(414,347)</u> | <u>55,724</u> | <u>(7,591,666)</u> |
| Net depreciable capital assets | <u>9,981,024</u> | <u>(314,938)</u> | <u>(23,290)</u> | <u>9,642,796</u> |
| Net capital assets | <u>\$ 10,140,880</u> | <u>\$ (189,839)</u> | <u>\$ (43,224)</u> | <u>\$ 9,907,817</u> |

The cost of certain water mains and service installations since July 1, 1973, has been financed by contributions from persons requesting the extensions. Records are not adequate to determine amounts prior to July 1, 1973.

LONG-TERM DEBT

Changes in Long-Term Debt

Changes in the District's water revenue bonds, lease liability, and SBITA liability for the year ended June 30, 2023, are as follows:

| | Beginning Balance | Additions | Deletions | Ending Balance | Due within one year | Due in More Than one year |
|---------------------|------------------------------|------------------|---------------------|---------------------------|--------------------------------|--|
| Water Revenue Bonds | \$ 1,910,000 | \$ - | \$ (290,000) | \$ 1,620,000 | \$ 300,000 | \$ 1,320,000 |
| Bond premiums | 13,513 | - | (2,384) | 11,129 | 2,385 | 8,744 |
| | <u>1,923,513</u> | <u>-</u> | <u>(292,384)</u> | <u>1,631,129</u> | <u>302,385</u> | <u>1,328,744</u> |
| Lease Liability | - | 24,685 | (728) | 23,957 | 4,494 | 19,463 |
| SBITA Liability | - | 67,017 | (21,989) | 45,028 | 21,052 | 23,976 |
| | <u>\$ 1,923,513</u> | <u>\$ 91,702</u> | <u>\$ (315,101)</u> | <u>\$ 1,700,114</u> | <u>\$ 327,931</u> | <u>\$ 1,372,183</u> |

WEST SLOPE WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2023 and 2022

Changes in the District’s water revenue bonds for the year ended June 30, 2022, are as follows:

| | <u>Beginning Balance</u> | <u>Additions</u> | <u>Deletions</u> | <u>Ending Balance</u> | <u>Due within one year</u> | <u>Due in More Than one year</u> |
|---------------------|------------------------------|------------------|---------------------|---------------------------|--------------------------------|--|
| Water Revenue Bonds | \$ 2,190,000 | \$ - | \$ (280,000) | \$ 1,910,000 | \$ 290,000 | \$ 1,620,000 |
| Bond premiums | 15,898 | - | (2,385) | 13,513 | 2,385 | 11,128 |
| | <u>\$ 2,205,898</u> | <u>\$ -</u> | <u>\$ (282,385)</u> | <u>\$ 1,923,513</u> | <u>\$ 292,385</u> | <u>\$ 1,631,128</u> |

Water Revenue Bonds

In February 2008, the District issued \$5,000,000 of revenue bonds to finance the costs of additions, replacements, expansions and/or improvements to the District’s water system. The District’s net revenues are pledged to the payment of principal and interest on the bonds. Revenue bonds outstanding at year end are as follows:

| <u>Purpose</u> | <u>Interest Rates</u> | <u>Original Issue Amount</u> |
|----------------|-----------------------|----------------------------------|
| Reservior 3 | 3.5% - 4% | \$ 5,000,000 |

Revenue bond debt service requirements to maturity are as follows:

| <u>Fiscal Year</u> | <u>Revenue Bond</u> | | |
|--------------------|---------------------|-----------------|--------------|
| | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
| 2024 | \$ 300,000 | \$ 57,631 | \$ 357,631 |
| 2025 | 310,000 | 46,000 | 356,000 |
| 2026 | 325,000 | 33,697 | 358,697 |
| 2027 | 335,000 | 20,700 | 355,700 |
| 2028 | 350,000 | 7,000 | 357,000 |
| | 1,620,000 | \$ 165,028 | \$ 1,785,028 |
| Bond premium | 11,129 | | |
| | <u>\$ 1,631,129</u> | | |

The interest rate for the revenue bond debt service is as follows:

| <u>Periods Ending</u> | <u>Interest Rate</u> |
|-----------------------|----------------------|
| 2023-2024 | 3.750% |
| 2025-2026 | 3.875% |
| 2027-2028 | 4.000% |

In addition to pledging the District’s net revenues to the payment of principal and interest on the bonds, the bonds are subject to certain requirements related to financial reporting, maintaining insurance, maintaining good operational condition of the systems assets, complying with all safety and environmental regulations, restrictions on the sale or transfer of property, and restrictions on the minimum rates charged for water.

LONG-TERM DEBT (continued)

Water Revenue Bonds (continued)

The District must establish and maintain rates and fees in connection with the operation of the water system which when combined with other gross revenues, are adequate to generate:

- 1) Net revenues at least equal to 125% of the annual debt service due in that fiscal year;
- 2) Net revenues excluding System Development Charge Revenues, at least equal to 115% of the annual debt service due in that fiscal year; and
- 3) Net revenues excluding transfers in from the rate stabilization account, at least equal to 100% of the annual debt service due in that fiscal year.

The District met these financial requirements for the years ended June 30, 2023 and 2022.

Effective June 20, 2018, the Board authorized the establishment of a rate stabilization account as is allowed by the Bond Master Resolution and Official Statement. The rate stabilization account can be used at the discretion of the District to meet the requirements of the rate covenants by transferring funds into the rate stabilization account in years when net revenues generated exceed the required debt service coverage and funds may be transferred out of the rate stabilization account to supplement revenues and smooth rate increases.

Lease Liability

The District entered into a sixty-month lease agreement for three operating copier/printers, effective April 13, 2023. An initial lease liability was recorded in the amount of \$24,685, during the current fiscal year, calculated using the District's estimated incremental borrowing rate of 5%. As of June 30, 2023, the value of the lease liability was \$23,957. The District made total principal and interest payments of \$728 and \$204, respectively, for the fiscal year 2023. The value of the right-to-use lease asset as of June 30, 2023, was \$23,862, net of accumulated amortization of \$823.

Future minimum payments for the length of the lease are as follows:

| <u>Fiscal Year</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|--------------------|------------------|-----------------|------------------|
| 2024 | \$ 4,494 | \$ 1,096 | \$ 5,590 |
| 2025 | 4,724 | 866 | 5,590 |
| 2026 | 4,966 | 624 | 5,590 |
| 2027 | 5,220 | 370 | 5,590 |
| 2028 | 4,553 | 105 | 4,658 |
| | <u>\$ 23,957</u> | <u>\$ 3,061</u> | <u>\$ 27,018</u> |

Subscription-Based Information Technology Arrangement (SBITA) Liability

The District entered into a three-year agreement for a subscription-based accounting and utility billing software package, effective August 25, 2022. An initial SBITA liability was recorded in the amount of \$67,017, during the current fiscal year, calculated using the District's estimated incremental borrowing rate of 5.5%. The District made a principal payment of \$21,989 at the start of the agreement. As of June 30, 2023, the value of the SBITA liability was \$45,028. The value of the right-to-use SBITA asset as of June 30, 2023, was \$48,401, net of accumulated amortization of \$18,616.

LONG-TERM DEBT (continued)

Subscription-Based Information Technology Arrangement (SBITA) Liability (continued)

Future minimum payments for the length of the contract are as follows:

| <u>Fiscal Year</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|--------------------|------------------|-----------------|------------------|
| 2024 | \$ 21,052 | \$ 2,476 | \$ 23,528 |
| 2025 | 23,976 | 1,199 | 25,175 |
| | <u>\$ 45,028</u> | <u>\$ 3,675</u> | <u>\$ 48,703</u> |

PENSION PLAN – OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM

Plan Description

Substantially all District employees are members in the Oregon Public Employees Retirement System (PERS); a cost-sharing multiple-employer defined benefit and defined contribution pension plan that acts as a common investment and administrative agent for government units in the State of Oregon. Employees hired before August 29, 2003, belong to the Tier One/Tier Two Retirement Benefit Program (established pursuant to ORS Chapter 238), while employees hired on or after August 29, 2003, belong to the Oregon Public Service Retirement Plan (OPSRP) Pension Program (established pursuant to ORS Chapter 238A). OPERS produces an independently audited Annual Comprehensive Financial Report which can be found at:

<https://www.oregon.gov/pers/EMP/Pages/Actuarial-Financial-Information.aspx>

Benefits Provided

Tier One/Tier Two Pension Program

Pension Benefits. The PERS retirement allowance is payable monthly for life. It may be selected from 13 retirement benefit options. These options include survivorship benefits and lump-sum refunds. The basic benefit is based on years of service and final average salary. A percentage (1.67% for general service employees) is multiplied by the number of years of service and the final average salary. Benefits may also be calculated under either a formula plus annuity (for members who were contributing before August 21, 1981), or a money match computation, if a greater benefit results.

A member is considered vested and will be eligible at a minimum retirement age for a service retirement allowance if he or she has had contributions in each of five prior calendar years or has reached at least 50 years of age before ceasing employment with a participating employer. General Service employees may retire after reaching age 55. Tier One general service employee benefits are reduced if retirement occurs prior to age 58 with fewer than 30 years of service. Tier Two members are eligible for full benefits at age 60. The ORS Chapter 238 Defined Benefit Pension Plan is closed to new members hired on or after August 29, 2003.

Death Benefits. Upon the death of a non-retired member, the beneficiary receives a lump-sum refund of the member’s account balance (accumulated contributions and interest). In addition, the beneficiary will receive a lump-sum payment from employer funds equal to the account balance, provided one or more of the following conditions are met:

- the member was employed by a PERS employer at the time of death;
- the member died within 120 days after termination of PERS-covered employment;
- the member died as a result of injury sustained while employed in a PERS-covered job; or
- the member was on an official leave of absence from a PERS-covered job at the time of death.

PENSION PLAN – OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM (continued)

Benefits Provided (continued)

Disability Benefits. A member with 10 or more years of creditable service who becomes disabled from other than duty-connected causes may receive a non-duty disability benefit. A disability resulting from a job-incurred injury or illness qualifies a member for a disability benefit regardless of the length of PERS-covered service. Upon qualifying for either a non-duty or duty disability, service time is computed to age 58 when determining the monthly benefit.

Benefit Changes After Retirement. Members may choose to continue participation in a variable equities investment account after retiring and may experience annual benefit fluctuations due to changes in the market value of equity investments. Under ORS 238.360 monthly benefits are adjusted annually for Cost-of-Living Adjustments (COLA) based on the Portland Consumer Price Index. The COLA is capped at 2% annually.

Oregon Public Service Retirement Plan (OPSRP)

The 2003 Oregon legislature enacted HB 2020, codified as ORS 238A, which created the Oregon Public Service Retirement Plan (OPSRP). OPSRP consists of the defined benefit Pension Program and the defined contribution Individual Account Program (IAP). Membership in the Pension Program includes public employees hired on or after August 29, 2003. Beginning January 1, 2004, PERS active Tier One and Tier Two members also became members of the IAP portion of OPSRP. PERS members retain their existing Regular or Variable accounts, but member contributions are now deposited into the member's defined contribution IAP account.

Pension Benefits. This portion of OPSRP provides a life pension funded by employer contributions. Benefits are calculated by formula for members who attain normal retirement age. For general service members, 1.5% is multiplied by the number of years of service and the final average salary. Normal retirement age for general service members is age 65, or age 58 with 30 years of retirement credit. A member of the OPSRP Pension Program becomes vested on the earliest of the following dates: the date the member completes 600 hours of service in each of five calendar years, the date the member reaches normal retirement age, and if the pension program is terminated, the date on which termination becomes effective.

Death Benefits. Upon the death of a non-retired member, the spouse or other person who is constitutionally required to be treated in the same manner as the spouse receives, for life, 50 percent of the pension that would otherwise have been paid to the deceased member.

Disability Benefits. A member who has accrued 10 or more years of retirement credits before the member becomes disabled or a member who becomes disabled due to job-related injury shall receive a disability benefit of 45 percent of the member's salary determined as of the last full month of employment before the disability occurred.

Benefit Changes After Retirement. Under ORS 238A.210 monthly benefits are adjusted annually through cost-of-living changes. Under current law, the cap on the COLA for service on or before October 1, 2013, is 2% annually, for service after October 1, 2013, the COLA is capped at 1.25% on the first \$60,000 of annual benefits and 0.15% on annual benefits above \$60,000.

PENSION PLAN – OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM (continued)

Contributions

PERS funding policy provides for monthly employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. Employer contribution rates for the period were based on the December 31, 2019, actuarial valuation. The rates based on a percentage of payroll, first became effective July 1, 2021. The District's contribution rates for the period excluding the employee paid 6% to IAP were 28.48% for Tier One/Tier Two members, and 22.23% for OPSRP General Service members. The District's contribution excluding 0.05% paid for RHIA (see below other postemployment benefits), and employee paid 6% for IAP, was \$126,671 in fiscal year ended June 30, 2023, and \$120,128 in fiscal year ended June 30, 2022.

Covered employees are required to contribute 6% of their salary to the Plan. Employers are allowed to pay any or all of the employee's contribution in addition to the required employer's contribution. The District has elected to have employees pay the 6% employee IAP contribution.

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

At June 30, 2023 and 2022 respectively, the District reported a liability of \$728,865 and \$655,861 for its proportionate share of the State and Local Government Rate Pool (SLGRP), PERS net pension asset/liability. The June 30, 2023, net pension liability was measured as of June 30, 2022, and determined by an actuarial valuation as of December 31, 2020, rolled forward to June 30, 2022. The District's proportion of the net pension asset/liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At the June 30, 2022 measurement date (used for June 30, 2023 reporting), the District's proportion was 0.004760%, which is a decrease from its proportionate share of 0.005481% measured as of June 30, 2021 (used for June 30, 2022 reporting).

For the years ended June 30, 2023 and 2022, the District recognized pension expense of \$81,510 and \$90,304 respectively.

PENSION PLAN – OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM (continued)

At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|---|---|--|
| Differences between expected and actual experience | \$ 35,381 | \$ 4,545 |
| Changes in assumptions | 114,363 | 1,045 |
| Net difference between projected and actual earnings on investments | - | 130,307 |
| Changes in proportionate share | 22,842 | 176,898 |
| Differences between employer contributions and employer's proportionate share of system contributions | 18,212 | 64,247 |
| Contributions subsequent to measurement date | 126,671 | - |
| Total | <u>\$ 317,469</u> | <u>\$ 377,042</u> |

Deferred outflows of resources resulting from the District's contributions subsequent to the measurement date of \$126,671 included above will be recognized as either a reduction of the net pension liability or an increase in the net pension asset in the year ending June 30, 2024.

The amounts other than subsequent contributions reported above as deferred inflows and outflows of resources related to pensions will be recognized in pension expense in the following years:

| <u>Fiscal Year Ending June 30</u> | |
|---|---------------------|
| 2024 | \$ (24,410) |
| 2025 | (63,798) |
| 2026 | (104,556) |
| 2027 | 22,304 |
| 2028 | (15,784) |
| Thereafter | - |
| Total | <u>\$ (186,244)</u> |

PENSION PLAN – OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM (continued)

At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|---|---|--|
| Differences between expected and actual experience | \$ 61,393 | \$ - |
| Changes in assumptions | 164,182 | 1,726 |
| Net difference between projected and actual earnings on investments | - | 485,529 |
| Changes in proportionate share | 53,477 | 114,276 |
| Differences between employer contributions and employer's proportionate share of system contributions | 33,677 | 9,134 |
| Contributions subsequent to measurement date | 120,128 | - |
| Total | <u>\$ 432,857</u> | <u>\$ 610,665</u> |

Deferred outflows of resources related to pensions resulting from the District's contributions subsequent to the measurement date of \$120,128 were recognized as a reduction of the net pension liability in the year ended June 30, 2023.

The amounts other than subsequent contributions reported above as deferred inflows and outflows of resources related to pensions will be recognized in pension expense in the following years:

| <u>Fiscal Year Ending June 30</u> | |
|---|---------------------|
| 2023 | \$ (35,140) |
| 2024 | (46,561) |
| 2025 | (88,738) |
| 2026 | (135,871) |
| 2027 | 8,374 |
| Thereafter | - |
| Total | <u>\$ (297,936)</u> |

PENSION PLAN – OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM (continued)

Actuarial Methods and Assumptions

The December 31, 2020, system-wide Actuarial Valuation was used to develop the GASB Statement 67 financial reporting results for the Defined Benefit Pension Plan as of June 30, 2022, using standard roll-forward procedures. Key actuarial methods and assumptions used to measure the total pension liability are shown below:

| | |
|-----------------------------------|---|
| Valuation Date | December 31, 2020 |
| Measurement Date | June 30, 2022 |
| Experience Study | 2020, Published July 20, 2021 |
| | |
| Amortization Method | UAL is amortized as a level percentage of combined valuation payroll (Tier one/Tier two plus OPSRP payroll) over 20 years for Tier 1/Tier 2 and over 16 years for OPSRP. |
| | |
| Asset Valuation Method | Market value of assets |
| | |
| Actuarial Assumptions: | |
| Actuarial cost method | Entry Age Normal |
| Inflation Rate | 2.40% |
| Long-term expected rate of return | 6.90% |
| Discount rate | 6.90% |
| Projected Salary Increases | 3.40% compounded annually |
| Cost-of-living adjustments (COLA) | Blend of 2.00% COLA and graded COLA (1.25%/0.15%) in accordance with <i>Moro</i> decision; blend based on service. |
| | |
| Mortality | Healthy retirees and beneficiaries: Pub-2010 Healthy Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation. Active members: Pub-2010 Employee, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation. Disabled retirees: Pub-2010 Disabled Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation. |

Actuarial valuations of an ongoing plan involve estimates of the value of projected benefits and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Experience studies are performed as of December 31 of even numbered years. The methods and assumptions shown above are based on the 2020 experience study which reviewed experience for the four-year period ending on December 31, 2020.

PENSION PLAN – OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM (continued)

Long-Term Expected Rate of Return

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in June 2021 the PERS Board reviewed long-term assumptions developed by both Milliman’s capital market assumptions team and the Oregon Investment Council’s (OIC) investment advisors. The table below shows Milliman’s assumptions for each of the asset classes in which the plan was invested at that time based on the OIC long-term target asset allocation. The OIC’s description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions and includes adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

| Long-Term Expected Rate of Return (1) | | |
|--|--------------------------|--|
| Asset Class | Target Allocation | 20-Year Annualized Geometric Mean |
| Global Equity | 30.62 % | 5.85 % |
| Private Equity | 25.50 | 7.71 |
| Core Fixed Income | 23.75 | 2.73 |
| Real Estate | 12.25 | 5.66 |
| Master Limited Partnerships | 0.75 | 5.71 |
| Infrastructure | 1.50 | 6.26 |
| Commodities | 0.63 | 3.10 |
| Hedge Fund of Funds - Multistrategy | 1.25 | 5.11 |
| Hedge Fund Equity - Hedge | 0.63 | 5.31 |
| Hedge Fund - Macro | 5.62 | 5.06 |
| US Cash | (2.50) (2) | 1.76 |
| Assumed Inflation - Mean | | 2.40 % |

(1) Based on the OIC Statement of Investment Objectives and Policy Framework for the Oregon Public Employees Retirement Fund, including revisions adopted at the OIC meeting on June 2, 2021.

(2) Negative allocation to cash represents levered exposure from allocation to Risk Parity strategy.

PENSION PLAN – OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM (continued)

Discount Rate

The discount rate used to measure the total pension liability for the Defined Benefit Pension Plan was 6.9% at June 30, 2023 and 2022. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the Defined Benefit Pension Plan was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity Of The District’s Proportionate Share Of The Net Pension Liability To Changes In The Discount Rate

The following presents the District’s proportionate share of the net pension liability (asset) as of the June 30, 2022, and as of the June 30, 2021, measurement dates. Both years utilized a discount rate of 6.9%. The table also shows what the District’s proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (5.9%) or 1-percentage-point higher (7.9%) than the current rate.

| Proportionate share of the net pension liability/(asset): | | |
|--|------------|------------|
| Measurement Date | 6/30/2022 | 6/30/2021 |
| Reporting Date | 6/30/2023 | 6/30/2022 |
| Discount Rate | 6.9% | 6.9% |
| Proportionate share at above rate | \$ 728,865 | \$ 655,861 |
| Proportionate share at 1% decrease | 1,292,580 | 1,287,955 |
| Proportionate share at 1% increase | 257,062 | 127,029 |

Pension Plan Fiduciary Net Position

Detailed information about the pension plan’s fiduciary net position is available in the separately issued PERS financial report at:

www.oregon.gov/pers/Documents/Financials/ACFR/2022-Annual-Comprehensive-Financial-Report.pdf.

POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS

Implicit Rate Subsidy

Plan Description

The District provides subsidized health benefits to retirees under age 65, as required by ORS 243.303. Under ORS 243.303 retirees electing to remain on the District-sponsored health plans may pay all or a portion of the premium to maintain coverage. Even when the District does not directly contribute to the cost of the premium for these retirees, the premium itself does not represent the full cost of covering these retirees (since they are older than the active population, retirees can be expected to generate higher medical claims and therefore higher premiums for the active population). This additional cost is called the “implicit rate subsidy” and is required to be valued under GASB Statement 75.

The plan does not have a separate report. No assets are accumulated into a trust that meets the criteria of GASB codification P22.101 or P52.101 to pay related benefits for the pension/OPEB plan.

Benefits Provided

Retirement Eligibility: To be eligible for health insurance continuation under ORS 243.303, retirees must be receiving benefits from Oregon PERS. The Oregon PERS eligibility requirements to begin receiving retirement benefits for Tier One/Tier Two members are the earlier of age 55, or any age with 30 years of service, for OPSRP members the requirements are age 55 with 5 years of service. This other post-employment benefit (OPEB) applies to all classes of District employees and covers qualified spouses, domestic partners, and children. Employees electing to remain on the District’s sponsored health care plan pay the entire premium to maintain coverage.

The actual monthly health care premium for plan members at June 30, 2023, was:

| | |
|---------------------|--------|
| Single | \$ 787 |
| Employee & Children | 1,456 |
| Couple | 1,574 |
| Family | 2,243 |

Employees covered by benefit terms: At June 30, 2023, the following employees were covered by the benefit terms:

| |
|---|
| Active Employees - 7 |
| Retired Employees Utilizing Coverage - 0 |
| Retired Employees Eligible for Coverage - 2 |

Funding Policy

Retirees pay the entire cost of the premium at blended rates. The District’s only contribution is the implicit rate subsidy which continues to be financed on a pay-as-you-go basis. The District’s Board of Commissioners and the Oregon State Legislature have the authority to establish or amend the funding policy.

POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (continued)

Implicit Rate Subsidy (continued)

Actuarial Assumptions and Other Inputs

The July 1, 2021, actuarial valuation upon which the June 30, 2023 and 2022, OPEB liability is based, was determined using the following actuarial assumptions and other inputs.

| | |
|---|---|
| Actuarial Valuation Date | July 1, 2021 |
| Measurement Dates | June 30, 2022 and June 30, 2023 |
| Actuarial Cost Method | Entry Age Normal, level percent of salary |
| Assumptions: | |
| Interest Rate for Discounting Future Liabilities | 2.25% per year, based on all years discounted at municipal bond rate (based on Bond Buyer 20-Bond General Obligation Index as of November 2021); updated to 3.75% for fiscal year ended June 30, 2023 |
| General Inflation Rate | 2.0% per year |
| Payroll Growth | 3.0% per year |
| Salary Merit Scale | Total payroll increase is overall payroll growth plus merit table below. Sample rates are as follows: |

| <u>Duration</u> | <u>General Service</u> |
|-----------------|------------------------|
| 0 | 4.06% |
| 5 | 2.60% |
| 10 | 1.52% |
| 15 | 0.79% |
| 20 | 0.36% |
| 25 | 0.19% |
| 30+ | 0.18% |

| | | | | |
|------------------------------|-------------|-------------|-------------|-------------|
| Annual Premium Increase Rate | <u>Year</u> | <u>Rate</u> | <u>Year</u> | <u>Rate</u> |
| | 2021-22 | 6.4% | 2031-32 | 5.4% |
| | 2022-23 | 6.3% | 2032-33 | 5.3% |
| | 2023-24 | 6.2% | 2033-34 | 5.2% |
| | 2024-25 | 6.1% | 2034-35 | 5.1% |
| | 2025-26 | 6.0% | 2035-36 | 5.0% |
| | 2026-27 | 5.9% | 2036-37 | 4.9% |
| | 2027-28 | 5.8% | 2037-38 | 4.8% |
| | 2028-29 | 5.7% | 2038-39 | 4.7% |
| | 2029-30 | 5.6% | 2039-40 | 4.6% |
| | 2030-31 | 5.5% | 2040+ | 4.5% |

Mortality **General Service and Beneficiary Table:**
 Pub-2010 General Employees table, separate Employee/Healthy Annuitant, sex distinct, generational, set back 12 months for males, no set back for females.
 Mortality rates for active male participants are 115% of the above rates, and for active female participants are 125% of the above rates.
Improvement Scale:
 Unisex Social Security Data Scale (60 year average), with data through 2017.

POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (continued)

Implicit Rate Subsidy (continued)

Changes in the Total OPEB Liability

| | |
|--|------------------|
| Balance at June 30, 2022 | \$ 55,448 |
| Changes for the year: | |
| Service Cost | 10,160 |
| Interest | 1,457 |
| Changes of benefit terms | - |
| Differences between expected and actual experience | - |
| Changes of assumptions or other input | (12,688) |
| Benefit payments | (1,733) |
| Net changes | <u>(2,804)</u> |
| Balance at June 30, 2023 | <u>\$ 52,644</u> |
| Sensitivity of the Net OPEB Liability to Changes in the Discount Rate | |
| 1% Decrease | \$ 60,842 |
| 1% Increase | 45,467 |
| Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rate | |
| 1% Decrease | \$ 41,344 |
| 1% Increase | 67,418 |

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2023 and 2022, the District recognized OPEB expense of \$3,814 and \$3,323, respectively.

At June 30, 2023, the District reported \$6,233 of deferred outflows of resources and \$56,200 of deferred inflows of resources related to OPEB from all sources. At June 30, 2022, the District reported \$7,459 of deferred outflows of resources and \$50,808 deferred inflows of resources.

POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (continued)

Retirement Health Insurance Account (RHIA)

The District's total RHIA OPEB liability and amounts required by GASB 75 are immaterial to the District's financials and therefore are not included in the Financial Statements or the footnotes. A description of the plan and benefits provided is below.

Plan Description

As a member of Oregon Public Employees Retirement System (PERS), the District contributes to the Retirement Health Insurance Account (RHIA) for each of its eligible Tier One/Tier Two employees. RHIA is a cost-sharing defined benefit multiple-employer other post-employment benefit plan administered by the PERS trust. Oregon Revised Statute (ORS) 238.420 established this trust fund. PERS issues a publicly available financial report that includes financial statements and required supplementary information. That report is available at

<https://www.oregon.gov/pers/EMP/Pages/Actuarial-Financial-Information.aspx>.

Benefits Provided

ORS require that an amount equal to \$60 or the total monthly cost of Medicare companion health insurance premiums coverage, whichever is less, shall be paid from the RHIA established by the employer, and any monthly cost more than \$60 shall be paid by the eligible retired member in the manner provided in ORS 238.410.

Authority to establish and amend the benefit provision of RHIA resides with the Oregon Legislature. Because RHIA was created by enabling legislation (ORS 238.420), contribution requirements of the plan members and the participating employers were established and may be amended only by the Oregon Legislature. The plan is closed to new entrants after January 1, 2004.

Retirement Eligibility

To be eligible to receive this monthly payment toward the premium cost the member must: (1) have eight years or more of qualifying creditable service in PERS, (2) receive both Medicare Parts A and B coverage, and (3) enroll in a PERS-sponsored health plan. A surviving spouse or dependent of a deceased PERS retiree who was eligible to receive the subsidy is eligible if he or she (1) is receiving a retirement benefit or allowance from PERS or (2) was insured at the time the member died and the member retired before May 1, 1991.

Funding Policy

RHIA funding policy provides for monthly employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. Employer contribution rates for the period were based on the December 31, 2019 actuarial valuation. The rates first became effective July 1, 2021. The District's contributions in fiscal year ended June 30, 2023 and June 30, 2022 respectively were \$70 and \$82.

DEFERRED COMPENSATION

The District offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all district employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. All amounts of compensation deferred under the plan, are held in trust by the plan administrator for the sole benefit of the participants.

LAND USE AGREEMENT

In June 1994, the District transferred property to the Tualatin Hills Park and Recreation District for the purpose of a neighborhood park. If the property is used for any purpose other than a park, the land will revert to the possession of West Slope Water District and cause a sale thereof with all proceeds going directly to the District.

RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District purchases commercial insurance to minimize its exposure to these risks. Settled claims have not exceeded this commercial coverage in any of the past three years.

INTERGOVERNMENTAL AGREEMENT

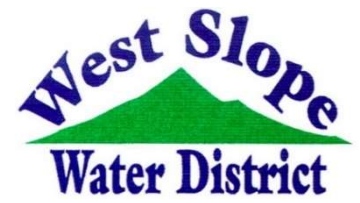
The District and the City of Beaverton have an intergovernmental agreement (IGA) related to the withdrawal of service territory from the District into the City of Beaverton. The City of Beaverton withdrew approximately five percent of the District's service territory in May 2009. The IGA states the City of Beaverton will provide debt service reimbursement to the District of approximately \$15,000 annually until year 2028 when the last bond payment is due or a mutually agreed upon lump-sum payment.

In addition, the IGA states the City of Beaverton has agreed to pay the District for a portion of unclaimed water the District would have sold to the withdrawn territory. This is to help offset the expense incurred by the District from the minimum purchase agreement in the District's 20-year Regional Water Sales Agreement with the City of Portland. For the years ended June 30, 2023 and 2022, the amounts of debt service reimbursement totaled \$15,652 and \$15,676 respectively, and water reimbursement totaled \$30,197 and \$41,932 respectively.

ADOPTION OF NEW GASB PRONOUNCEMENTS

The District has evaluated all pronouncements issued through June 2023 with various required dates by June 30, 2023. As determined by management, the District has implemented all new GASB pronouncements that have a material impact to the District's financial statements as of June 30, 2023.

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**REQUIRED
SUPPLEMENTAL
INFORMATION**

WEST SLOPE WATER DISTRICT**SCHEDULE OF CHANGES IN TOTAL LIABILITY AND RELATED RATIOS****OTHER POST EMPLOYMENT BENEFITS (OPEB)**

Last Six Years**

Other Post-employment Benefits
Retiree Medical Benefit Implicit Rate Subsidy

| | Fiscal Year Ended June 30 | | | | | |
|---|----------------------------------|-------------|-------------|-------------|-------------|-------------|
| | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 |
| Total OPEB Liability - Beginning | \$ 55,448 | \$ 83,672 | \$ 77,703 | \$ 85,511 | \$ 78,141 | \$ 70,038 |
| Changes for the year: | | | | | | |
| Service Cost | 10,160 | 6,372 | 6,157 | 5,873 | 5,730 | 5,730 |
| Interest | 1,457 | 2,469 | 2,272 | 3,179 | 2,815 | 2,549 |
| Changes of benefit terms | - | - | - | - | - | - |
| Differences between expected and and actual experience | - | (39,231) | - | (23,756) | - | - |
| Changes of assumptions or other input | (12,688) | 2,671 | - | 8,020 | - | - |
| Benefit payments | (1,733) | (505) | (2,460) | (1,124) | (1,175) | (176) |
| Net changes | (2,804) | (28,224) | 5,969 | (7,808) | 7,370 | 8,103 |
| Total OPEB Liability - Ending | \$ 52,644 | \$ 55,448 | \$ 83,672 | \$ 77,703 | \$ 85,511 | \$ 78,141 |
| | | | | | | |
| Covered-Employee Payroll | \$ 509,642 | \$ 494,798 | \$ 608,580 | \$ 590,706 | \$ 568,020 | \$ 552,766 |
| Total OPEB Liability as a % of Covered Payroll | 10.33% | 11.21% | 13.75% | 13.15% | 15.05% | 14.14% |

No assets for this plan are accumulated into a trust that meets the criteria of GASB codification P22.101 or P52.101 to pay related benefits for the pension/OPEB Plan. The District funds the plan on a pay as you go basis.

**10-year trend information will be presented prospectively

WEST SLOPE WATER DISTRICT

**SCHEDULE OF THE DISTRICT’S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)
OREGON PUBLIC EMPLOYEES’ RETIREMENT SYSTEM**

Last Ten Years

| Fiscal Year Ended | Measurement Date | District's Proportion of Net Pension Liability (Asset) | District's Proportionate Share of Net Pension Liability (Asset) | District's Covered Payroll | District's Proportionate Share of NPL(A) as % of Payroll | Plan's Fiduciary Net Position as % of Total Pension Liability |
|-------------------|------------------|--|---|----------------------------|--|---|
| 6/30/2023 | 6/30/2022 | 0.0048% | \$ 728,865 | \$ 544,734 | 133.8% | 84.5% |
| 6/30/2022 | 6/30/2021 | 0.0055% | 655,861 | 604,497 | 108.5% | 87.6% |
| 6/30/2021 | 6/30/2020 | 0.0061% | 1,329,410 | 514,975 | 258.2% | 75.8% |
| 6/30/2020 | 6/30/2019 | 0.0063% | 1,087,160 | 553,431 | 196.4% | 80.2% |
| 6/30/2019 | 6/30/2018 | 0.0055% | 840,357 | 519,845 | 161.7% | 82.1% |
| 6/30/2018 | 6/30/2017 | 0.0048% | 652,438 | 502,837 | 129.8% | 83.1% |
| 6/30/2017 | 6/30/2016 | 0.0073% | 1,088,476 | 425,820 | 255.6% | 80.5% |
| 6/30/2016 | 6/30/2015 | 0.0079% | 451,442 | 549,701 | 82.1% | 91.9% |
| 6/30/2015 | 6/30/2014 | 0.0074% | (168,169) | 503,986 | -33.4% | 103.6% |
| 6/30/2014 | 6/30/2013 | 0.0074% | 378,607 | 495,035 | 76.5% | 92.0% |

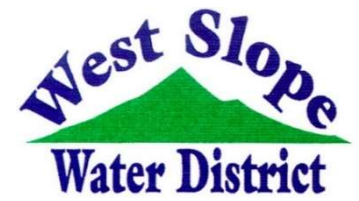
Changes in Benefit Terms and Assumptions:

Benefit Terms: The 2013 Oregon Legislature made a series of changes to PERS that lowered projected future benefit payments from the System. These changes included reductions to future Cost of Living Adjustments (COLA) made through Senate Bills 822 and 861. Senate Bill 822 also required the contribution rates scheduled to be in effect from July 2013 to June 2015 to be reduced. The Oregon Supreme Court decision in *Moro v. State of Oregon*, issued on April 30, 2015, reversed a significant portion of the reductions the 2013 Oregon Legislature made to future System Cost of Living Adjustments (COLA) through Senate Bills 822 and 861. This reversal increased the total pension liability as of June 30, 2015 compared to June 30, 2014 total pension liability.

Assumptions: The PERS Board adopted assumption changes that were used to measure the June 30, 2016, 2018, and 2022 total pension liability. For June 30, 2016, the changes included the lowering of the long-term expected rate of return to 7.50 percent and lowering of the assumed inflation rate to 2.50 percent. For June 30, 2018, the long-term expected rate of return was lowered to 7.20 percent. In addition, the healthy mortality assumption was changed to reflect an updated mortality improvement scale for all groups, and assumptions were updated for merit increases, unused sick leave, and vacation pay were updated. For June 30, 2022, the changes included the lowering of the long-term expected rate of return to 6.90 percent and lowering of the assumed inflation rate to 2.40 percent.

WEST SLOPE WATER DISTRICT
SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS
OREGON PUBLIC EMPLOYEES' RETIREMENT SYSTEM
Last Ten Years

| <u>Fiscal Year Ended June 30</u> | <u>Contractually required contributions</u> | <u>Contributions in relation to contractually required contributions</u> | <u>Contribution deficiency (excess)</u> | <u>District's covered payroll</u> | <u>Contributions as a percentage of covered payroll</u> |
|--------------------------------------|---|--|---|---------------------------------------|---|
| 2023 | \$ 126,671 | \$ (126,671) | \$ - | \$ 563,940 | 22% |
| 2022 | 120,128 | (120,128) | - | 544,734 | 22% |
| 2021 | 147,315 | (147,315) | - | 604,497 | 24% |
| 2020 | 124,996 | (124,996) | - | 514,975 | 24% |
| 2019 | 108,924 | (108,924) | - | 553,431 | 20% |
| 2018 | 100,095 | (100,095) | - | 519,845 | 19% |
| 2017 | 74,891 | (74,891) | - | 502,837 | 15% |
| 2016 | 66,170 | (66,170) | - | 425,820 | 16% |
| 2015 | 81,691 | (81,691) | - | 549,701 | 15% |
| 2014 | 87,845 | (87,845) | - | 503,986 | 17% |



**OTHER
SUPPLEMENTARY
INFORMATION**

WEST SLOPE WATER DISTRICT

INTRODUCTION TO OTHER SUPPLEMENTARY INFORMATION - BUDGETARY BASIS

For the Fiscal Year Ended June 30, 2023

Pursuant to the provisions of Oregon Revised Statute, an individual schedule of revenues, expenditures, and changes in fund balances, budget and actual, be displayed for each fund where legally adopted budgets are required. For Generally Accepted Accounting Principles purposes, these funds are consolidated and reported as one enterprise fund. Budgetary comparison schedules of water operations include the funds listed below.

| <u>Contents</u> | <u>Page</u> |
|---|--------------------|
| Reconciliation of Budgetary Basis to GAAP Basis..... | 59 |
| Accounts for differences between the budgetary basis change in fund balance to GAAP basis change in net position as shown on the Statement of Activities in the Basic Financial Statements. | |
| General Fund..... | 60 |
| Accounts for all financial resources and expenses of the District, except those required to be accounted for in another fund. The fund’s principal source of revenue is water sales. | |
| Rate Stabilization Reserve Fund..... | 61 |
| Accounts for monies accumulated for purpose of assisting with meeting bond debt covenants while smoothing rate spikes. The source of revenue is operating transfers from the General Fund. | |
| Equipment Reserve Fund..... | 62 |
| Accounts for monies accumulated for future equipment acquisitions or replacements. The principal source of revenue is operating transfers from the General Fund. | |
| Capital Improvement Reserve Fund..... | 63 |
| Accounts for monies accumulated for future capital improvements and monies spent on capital improvements. The principal source of revenue is operating transfers from the General Fund. | |
| System Development Charge Fund..... | 64 |
| This fund accounts for system improvement charges. The principal source of revenue is system development charges collected for all new meter connections or meter size upgrades. | |
| Notes to the Other Supplementary Information..... | 65 |

WEST SLOPE WATER DISTRICT**RECONCILIATION OF BUDGETARY BASIS CHANGE IN FUND BALANCE
TO GAAP BASIS CHANGE IN NET POSITION
For the Fiscal Year Ended June 30, 2023**

| | <u>Total Revenues</u> | <u>Total Expenditures</u> | <u>Net</u> |
|---|---------------------------|-------------------------------|---------------------|
| BUDGETARY BASIS | | | |
| General Fund | \$ 4,731,584 | \$ 2,713,979 | \$ 2,017,605 |
| Equipment Reserve Fund | 10,114 | 66,010 | (55,896) |
| Capital Improvement Reserve Fund | 123,120 | 701,579 | (578,459) |
| System Development Charge Fund | 20,633 | 31,628 | (10,995) |
| | <u>\$ 4,885,451</u> | <u>\$ 3,513,196</u> | <u>1,372,255</u> |
| ADD (DEDUCT) ITEMS TO RECONCILE TO NET INCOME ON A FINANCIAL REPORTING BASIS | | | |
| Payment of long-term debt | | | 290,000 |
| Capital outlay | | | 767,589 |
| Depreciation and amortization | | | (435,370) |
| Payments on lease and SBITA liabilities | | | 22,717 |
| Change in prepaid expenses | | | (3,665) |
| Change in accrued bond interest payable | | | 2,719 |
| Bond premium amortization | | | 2,384 |
| Change in net OPEB obligation | | | 2,804 |
| Change in deferred inflows/outflows of resources | | | 111,617 |
| Loss on disposition of assets | | | (6,864) |
| Change in net pension liability/asset | | | (73,004) |
| CHANGE IN NET POSITION | | | <u>\$ 2,053,182</u> |

WEST SLOPE WATER DISTRICT
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2023

| | Budget Amounts | | Actual | Variance |
|---|-----------------------|--------------------|---------------------|---------------------|
| | Original | Final | | |
| REVENUES | | | | |
| Sale of Water | \$ 4,366,000 | \$ 4,366,000 | \$ 4,588,104 | \$ 222,104 |
| Penalites | 6,000 | 6,000 | 9,170 | 3,170 |
| Rights of way fees | 56,000 | 56,000 | 56,325 | 325 |
| Miscellaneous | 31,000 | 31,000 | 77,985 | 46,985 |
| <i>Total Revenues</i> | <u>4,459,000</u> | <u>4,459,000</u> | <u>4,731,584</u> | <u>272,584</u> |
| EXPENDITURES | | | | |
| Personnel services | 955,000 | 955,000 | 899,359 | 55,641 |
| Materials and services | 1,517,000 | 1,517,000 | 1,487,554 | 29,446 |
| Debt service | | | | |
| Principal | 290,000 | 290,000 | 290,000 | - |
| Interest | 38,000 | 38,000 | 37,066 | 934 |
| Contingency | 933,000 | 918,000 | - | 918,000 |
| <i>Total Expenditures</i> | <u>3,733,000</u> | <u>3,718,000</u> | <u>2,713,979</u> | <u>1,004,021</u> |
| REVENUES OVER (UNDER) EXPENDITURES | 726,000 | 741,000 | 2,017,605 | 1,276,605 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers out | (2,256,000) | (2,271,000) | (2,271,000) | - |
| NET CHANGE IN FUND BALANCE | (1,530,000) | (1,530,000) | (253,395) | 1,276,605 |
| FUND BALANCE, Beginning of year | 1,530,000 | 1,530,000 | 1,315,103 | (214,897) |
| FUND BALANCE, End of year | \$ - | \$ - | \$ 1,061,708 | \$ 1,061,708 |

WEST SLOPE WATER DISTRICT
 RATE STABILIZATION RESERVE FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
 For the Fiscal Year Ended June 30, 2023

| | Budget Amounts | | Actual | Variance |
|--|-----------------------|--------------|---------------|-----------------|
| | Original | Final | | |
| EXPENDITURES | | | | |
| Contingency | \$ - | \$ - | \$ - | \$ - |
| REVENUES OVER (UNDER) | | | | |
| EXPENDITURES | - | - | - | - |
| NET CHANGE IN FUND BALANCE | - | - | - | - |
| FUND BALANCE, Beginning of year | 800,000 | 800,000 | 800,000 | - |
| FUND BALANCE, End of year | \$ 800,000 | \$ 800,000 | \$ 800,000 | \$ - |

WEST SLOPE WATER DISTRICT
EQUIPMENT RESERVE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2023

| | Budget Amounts | | Actual | Variance |
|---|-----------------------|-------------------|-------------------|-------------------|
| | Original | Final | | |
| REVENUES | | | | |
| Interest income | \$ 2,000 | \$ 2,000 | \$ 10,114 | \$ 8,114 |
| EXPENDITURES | | | | |
| Capital outlay | 172,000 | 182,000 | 66,010 | 115,990 |
| REVENUES OVER (UNDER) EXPENDITURES | (170,000) | (180,000) | (55,896) | 124,104 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | 160,000 | 170,000 | 170,000 | - |
| NET CHANGE IN FUND BALANCE | (10,000) | (10,000) | 114,104 | 124,104 |
| FUND BALANCE, Beginning of year | 295,000 | 295,000 | 288,051 | (6,949) |
| FUND BALANCE, End of year | <u>\$ 285,000</u> | <u>\$ 285,000</u> | <u>\$ 402,155</u> | <u>\$ 117,155</u> |

WEST SLOPE WATER DISTRICT
CAPITAL IMPROVEMENT RESERVE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2023

| | Budget Amounts | | Actual | Variance |
|--|-----------------------|---------------------|---------------------|---------------------|
| | Original | Final | | |
| REVENUES | | | | |
| Interest income | \$ 22,000 | \$ 22,000 | \$ 123,120 | \$ 101,120 |
| EXPENDITURES | | | | |
| Capital outlay | 2,605,000 | 2,610,000 | 701,579 | 1,908,421 |
| Contingency | 500,000 | 500,000 | - | 500,000 |
| <i>Total Expenditures</i> | <u>3,105,000</u> | <u>3,110,000</u> | <u>701,579</u> | <u>2,408,421</u> |
| REVENUES OVER (UNDER) | | | | |
| EXPENDITURES | (3,083,000) | (3,088,000) | (578,459) | 2,509,541 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | <u>2,096,000</u> | <u>2,101,000</u> | <u>2,101,000</u> | <u>-</u> |
| NET CHANGE IN FUND BALANCE | (987,000) | (987,000) | 1,522,541 | 2,509,541 |
| FUND BALANCE, Beginning of year | <u>4,003,000</u> | <u>4,003,000</u> | <u>3,991,191</u> | <u>(11,809)</u> |
| FUND BALANCE, End of year | <u>\$ 3,016,000</u> | <u>\$ 3,016,000</u> | <u>\$ 5,513,732</u> | <u>\$ 2,497,732</u> |

WEST SLOPE WATER DISTRICT
SYSTEM DEVELOPMENT CHARGE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2023

| | Budget Amounts | | Actual | Variance |
|--|-----------------------|------------------|------------------|-----------------|
| | Original | Final | | |
| REVENUES | | | | |
| System development charges | \$ 16,000 | \$ 16,000 | \$ 19,878 | \$ 3,878 |
| Interest income | - | - | 755 | 755 |
| <i>Total Revenues</i> | <u>16,000</u> | <u>16,000</u> | <u>20,633</u> | <u>4,633</u> |
| EXPENDITURES | | | | |
| Debt service | | | | |
| Interest | 32,000 | 32,000 | 31,628 | 372 |
| NET CHANGE IN FUND BALANCE | (16,000) | (16,000) | (10,995) | 5,005 |
| FUND BALANCE, Beginning of year | <u>33,000</u> | <u>33,000</u> | <u>27,904</u> | <u>(5,096)</u> |
| FUND BALANCE, End of year | <u>\$ 17,000</u> | <u>\$ 17,000</u> | <u>\$ 16,909</u> | <u>\$ (91)</u> |

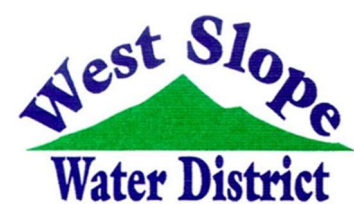
Budgetary Information

On or before June 30 of each year, the District enacts a resolution approving the budget and appropriating expenditures. Prior to enacting this resolution, the proposed budget is presented to a budget committee consisting of members of the District Board of Commissioners and a like number of interested citizens. The budget committee presents the budget to the District Board of Commissioners for budget hearings prior to enactment of the resolution. The District budgets all funds as required by Oregon Local Budget Law.

The resolution authorizing appropriations for each fund sets the legal level of control by which expenditures cannot legally exceed appropriations. The District adopts its budget at the object level within each fund: Personal Services, Materials and Services, Capital Outlay, Contingency, and Transfers to Other Funds. The detail budget document, however, is required to contain more specific information for the above-mentioned expenditure categories. Unexpected additional resources may be added to the budget by a supplemental budget. A supplemental budget requires hearings before the public, publications in newspapers, and adoption by the District Board of Commissioners. Management may modify original and supplemental budgets using appropriation transfers between the legal levels of control within a fund. Management may not amend the budget without seeking the approval of the Board of Commissioners.

Subsequent to the resolution approving the budget and appropriating expenditures for the fiscal year ended June 30, 2023, the Board passed Resolution 11-2022 authorizing a \$10,000 and \$5,000 transfer from the General Fund contingency to the Equipment Reserve Fund and Capital Improvement Fund, capital outlay, respectively.

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STATISTICAL SECTION

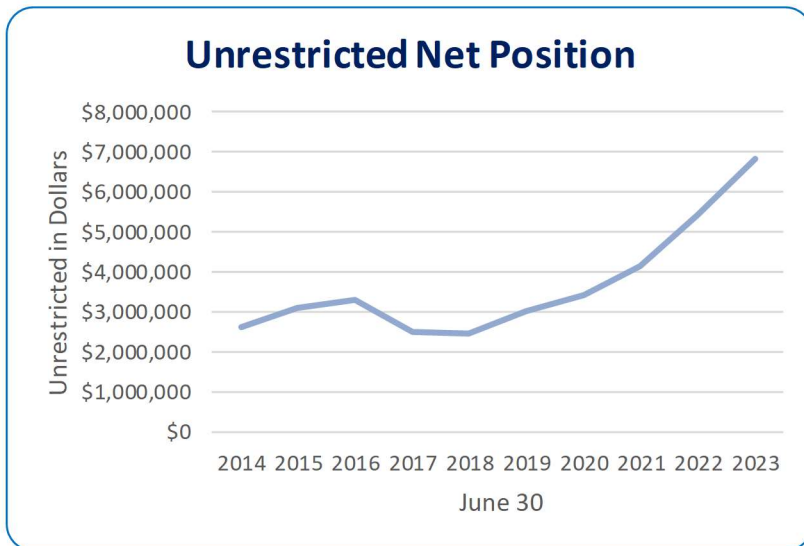
This section of the West Slope Water District’s annual comprehensive financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the District’s overall financial health.

| <u>Contents</u> | <u>Page</u> |
|---|--------------------|
| Financial Trends..... | 69-71 |
| These schedules contain trend information to help the reader understand how the District’s financial performance and well-being have changed over time. | |
| Revenue Capacity..... | 72-75 |
| These schedules contain information to help the reader assess the District’s most significant local revenue source, sale of water. | |
| Debt Capacity..... | 76-77 |
| These schedules present information to help the reader assess the affordability of the District’s current levels of outstanding debt and the District’s ability to issue additional debt in the future. | |
| Demographic Information..... | 78-79 |
| These schedules offer demographic information to help the reader understand the environment within which the District’s financial activities take place. | |
| Operating Information..... | 80-82 |
| These schedules contain service and infrastructure data to help the reader understand how the information in the District’s financial report relates to services provided and activities performed. | |

WEST SLOPE WATER DISTRICT
NET POSITION BY COMPONENT
 Last Ten Years

| As of June 30 | Net Investment in | | | Total Net Position |
|----------------------|--------------------------|---------------------|-------------------|---------------------------|
| | Capital Assets | Unrestricted | Restricted | |
| 2023 | \$ 8,626,920 | \$ 6,835,558 | \$ 16,907 | \$ 15,479,385 |
| 2022 | 7,984,304 | 5,413,996 | 27,903 | 13,426,203 |
| 2021 | 7,934,982 | 4,142,834 | 54,753 | 12,132,569 |
| 2020 | 7,825,088 | 3,428,758 | 30,789 | 11,284,635 |
| 2019 | 7,872,710 | 3,014,569 | 14,392 | 10,901,671 |
| 2018 | 7,548,389 | 2,472,570 | 3,250 | 10,024,209 |
| 2017 | 7,099,958 | 2,487,631 | 53,252 | 9,640,841 |
| 2016 | 5,863,471 | 3,312,080 | 110,512 | 9,286,063 |
| 2015 | 5,762,949 | 3,102,909 | 92,106 | 8,957,964 |
| 2014 | 5,863,722 | 2,606,512 | 127,433 | 8,597,667 |

Source: West Slope Water District Financial Statements



WEST SLOPE WATER DISTRICT
CHANGES IN NET POSITION (Page 1 of 2)
 Last Ten Years

| | Fiscal Year Ended June 30 | | | |
|---|----------------------------------|----------------------|----------------------|----------------------|
| | 2023 | 2022 | 2021 | 2020 |
| OPERATING REVENUES: | | | | |
| Sale of Water | \$ 4,588,104 | \$ 3,923,266 | \$ 3,901,044 | \$ 3,515,801 |
| Service installations | 3,508 | 8,187 | 8,510 | 5,059 |
| Penalties | 9,170 | 7,300 | 1,780 | 6,900 |
| Service modifications | 310 | 3,545 | 5,161 | 2,300 |
| Beaverton reimbursement | 15,652 | 15,676 | 15,678 | 15,655 |
| Miscellaneous | 7,805 | 7,076 | 7,286 | 508 |
| Rights of way fees | 56,325 | 50,314 | 47,246 | 43,824 |
| Total operating revenues | 4,680,874 | 4,015,364 | 3,986,705 | 3,590,047 |
| OPERATING EXPENSES: | | | | |
| Salaries and wages | 585,906 | 560,858 | 591,499 | 590,706 |
| Payroll taxes and benefits | 272,036 | 258,253 | 503,345 | 463,359 |
| Water purchases | 1,005,579 | 1,053,177 | 1,220,019 | 1,359,983 |
| Repair and maintenance | 152,403 | 128,703 | 127,331 | 91,639 |
| Depreciation and amortization | 435,370 | 414,347 | 405,831 | 404,775 |
| Cost of services | - | - | - | - |
| Supplies | 108,860 | 87,252 | 73,152 | 83,186 |
| Utilities | 13,808 | 11,446 | 11,843 | 12,826 |
| Rights of way fees | 56,381 | 50,389 | 59,658 | 43,970 |
| Administration | 94,504 | 71,529 | 47,288 | 74,334 |
| Professional services | 36,763 | 28,840 | 31,258 | 80,904 |
| Total operating expenses | 2,761,610 | 2,664,794 | 3,071,224 | 3,205,682 |
| Operating income (loss) | 1,919,264 | 1,350,570 | 915,481 | 384,365 |
| NON-OPERATING INCOME (EXPENSE): | | | | |
| Interest income | 184,699 | 27,619 | 29,613 | 71,661 |
| Interest expense | (63,795) | (74,302) | (84,431) | (88,579) |
| Gain (Loss) on disposal of asset | (6,864) | (20,210) | (36,401) | - |
| Total non-operating income (expenses) | 114,040 | (66,893) | (91,219) | (16,918) |
| CAPITAL CONTRIBUTIONS: | | | | |
| SDC | 19,878 | 9,957 | 23,672 | 15,517 |
| Donated Infrastructure | - | - | - | - |
| Change in net position | 2,053,182 | 1,293,634 | 847,934 | 382,964 |
| NET POSITION, BEGINNING | 13,426,203 | 12,132,569 | 11,284,635 | 10,901,671 |
| Accumulative adjustment for change in accounting principal | - | - | - | - |
| NET POSITION, ENDING | <u>\$ 15,479,385</u> | <u>\$ 13,426,203</u> | <u>\$ 12,132,569</u> | <u>\$ 11,284,635</u> |

*FY 2015 Prior Period adjustment reflects compliance with GASB No. 68 Acctg & Financial Report for Pensions
 Source: West Slope Water District Financial Statements

WEST SLOPE WATER DISTRICT

CHANGES IN NET POSITION (continued page 2 of 2)

Last Ten Years

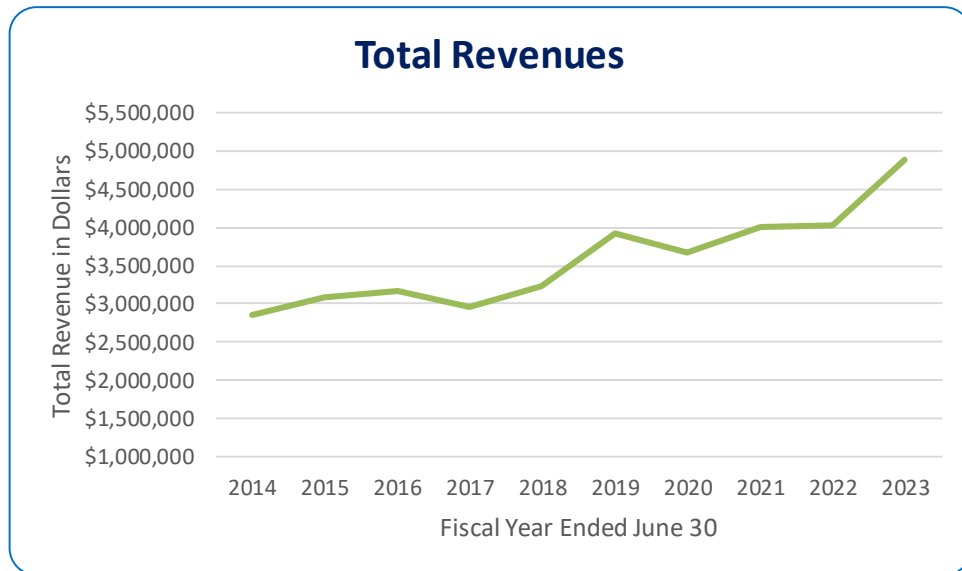
| Fiscal Year Ended June 30 | | | | | |
|----------------------------------|----------------------|---------------------|---------------------|---------------------|---------------------|
| 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
| \$ 3,428,519 | \$ 3,101,349 | \$ 2,873,040 | \$ 3,097,839 | \$ 3,001,360 | \$ 2,767,456 |
| 1,706 | 4,801 | 819 | 12,741 | 4,072 | 4,676 |
| 9,355 | 6,605 | 6,429 | 5,451 | 6,195 | 9,695 |
| 2,543 | 4,021 | 4,749 | 3,916 | 446 | 340 |
| 18,848 | 15,572 | 15,546 | 15,725 | 15,649 | 15,533 |
| 1,024 | 576 | 438 | 2,579 | 3,019 | 3,722 |
| 43,080 | 39,135 | 20,385 | - | - | - |
| <u>3,505,075</u> | <u>3,172,059</u> | <u>2,921,406</u> | <u>3,138,251</u> | <u>3,030,741</u> | <u>2,801,422</u> |
| 568,020 | 552,766 | 523,005 | 529,018 | 544,032 | 518,856 |
| 351,123 | 287,843 | 340,380 | 610,988 | 8,002 | 220,298 |
| 1,222,219 | 1,222,744 | 962,458 | 927,791 | 877,072 | 824,241 |
| 149,739 | 87,890 | 107,297 | 97,108 | 84,272 | 128,322 |
| 400,304 | 367,989 | 337,117 | 345,390 | 344,741 | 339,724 |
| - | - | - | - | - | 94 |
| 67,713 | 63,129 | 55,352 | 51,664 | 54,842 | 48,658 |
| 12,753 | 14,006 | 16,431 | 13,989 | 13,630 | 21,817 |
| 43,241 | 39,173 | 20,499 | - | - | - |
| 64,187 | 58,117 | 67,093 | 63,267 | 57,104 | 65,407 |
| 55,129 | 32,982 | 36,661 | 61,089 | 73,610 | 54,841 |
| <u>2,934,428</u> | <u>2,726,639</u> | <u>2,466,293</u> | <u>2,700,304</u> | <u>2,057,305</u> | <u>2,222,258</u> |
| 570,647 | 445,420 | 455,113 | 437,947 | 973,436 | 579,164 |
| 69,215 | 46,827 | 33,164 | 17,852 | 11,582 | 9,473 |
| (117,212) | (126,254) | (136,187) | (145,608) | (154,367) | (146,790) |
| 5,441 | 12,000 | - | - | - | 10,000 |
| <u>(42,556)</u> | <u>(67,427)</u> | <u>(103,023)</u> | <u>(127,756)</u> | <u>(142,785)</u> | <u>(127,317)</u> |
| 11,371 | 5,375 | 2,688 | 17,908 | 34,130 | 37,812 |
| <u>338,000</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| 877,462 | 383,368 | 354,778 | 328,099 | 864,781 | 489,659 |
| 10,024,209 | 9,640,841 | 9,286,063 | 8,957,964 | 8,597,667 | 8,108,008 |
| - | - | - | - | (504,484) | - |
| <u>\$ 10,901,671</u> | <u>\$ 10,024,209</u> | <u>\$ 9,640,841</u> | <u>\$ 9,286,063</u> | <u>\$ 8,957,964</u> | <u>\$ 8,597,667</u> |

*FY 2015 Prior Period adjustment reflects compliance with GASB No. 68 Acctg & Financial Report for Pensions
 Source: West Slope Water District Financial Statements

WEST SLOPE WATER DISTRICT
REVENUES BY SOURCE
 Last Ten Years

| Fiscal Year Ended June 30 | Sale of Water | Services Billed | Other | Interest Income | Capital Contributions | Total Revenues |
|----------------------------------|----------------------|------------------------|--------------|------------------------|------------------------------|-----------------------|
| 2023 | \$ 4,588,104 | \$ 3,818 | \$ 82,088 | \$ 184,699 | \$ 19,878 | \$ 4,878,587 |
| 2022 | 3,923,266 | 11,732 | 60,156 | 27,619 | 9,957 | 4,032,730 |
| 2021 | 3,901,044 | 13,671 | 35,589 | 29,613 | 23,672 | 4,003,589 |
| 2020 | 3,515,801 | 5,059 | 69,187 | 71,661 | 15,517 | 3,677,225 |
| 2019 | 3,428,519 | 4,249 | 77,748 | 69,215 | 349,371 | 3,929,102 |
| 2018 | 3,101,349 | 8,822 | 73,888 | 46,827 | 5,375 | 3,236,261 |
| 2017 | 2,873,040 | 5,568 | 42,798 | 33,164 | 2,688 | 2,957,258 |
| 2016 | 3,097,839 | 16,657 | 23,755 | 17,852 | 17,908 | 3,174,011 |
| 2015 | 3,001,360 | 4,518 | 24,863 | 11,582 | 34,130 | 3,076,453 |
| 2014 | 2,767,456 | 5,016 | 28,950 | 9,473 | 37,812 | 2,848,707 |

Source: West Slope Water District Financial Statements



WEST SLOPE WATER DISTRICT
WATER RATE SCHEDULE
 Last Ten Years

| | | Historical Water Rates - Date of Rate Change ** | | | | | |
|--|--------|--|------------------|------------------|------------------|------------------|------------------|
| | | 6/22/2023 | 6/16/2022 | 6/17/2021 | 9/19/2019 | 9/30/2018 | 11/1/2014 |
| Commodity Charge Per 100 Cubic Feet (CCF) | | \$ 7.18 | \$ 6.30 | \$ 5.73 | \$ 5.41 | \$ 4.83 | \$ 4.31 |
| Monthly Service Charge Per Meter Size | | | | | | | |
| | 3/4" | 20.52 | 19.83 | 18.71 | 17.65 | 15.76 | 14.07 |
| | 1" | 34.89 | 33.71 | 31.80 | 30.00 | 26.79 | 23.92 |
| | 1-1/2" | 57.29 | 55.35 | 52.22 | 49.26 | 43.98 | 39.27 |
| | 2" | 87.75 | 84.78 | 79.98 | 75.45 | 67.37 | 60.15 |
| | 3" | 190.84 | 184.39 | 173.95 | 164.10 | 146.52 | 130.82 |
| | 4" | 288.53 | 278.77 | 262.99 | 248.10 | 221.52 | 197.79 |
| | 6" | 529.89 | 511.97 | 482.99 | 455.65 | 406.83 | 363.24 |

**No Rate Increase in 2013, 2015, 2016, 2017, and 2020.

Conversions: 748 gallons equals one CCF

Source: West Slope Water District Utility Billing Records

WEST SLOPE WATER DISTRICT
SYSTEM DEVELOPMENT CHARGE RATE SCHEDULE
 Last Ten Years

| Meter Size | Historical SDC Rates - Date of Rate Change ** | | | | | | | |
|------------|---|----------|----------|-----------|----------|-----------|----------|----------|
| | 4/1/2023 | 4/1/2022 | 4/1/2021 | 10/1/2020 | 4/1/2019 | 12/1/2015 | 2/1/2015 | 2/1/2014 |
| 3/4" | \$ 1,956 | \$ 1,774 | \$ 1,660 | \$ 1,567 | \$ 1,552 | \$ 1,344 | \$ 3,127 | \$ 3,054 |
| 1" | 3,910 | 3,546 | 3,319 | 3,132 | 3,103 | 2,687 | 7,812 | 7,629 |
| 1-1/2" | 9,697 | 8,794 | 8,299 | 7,832 | 7,758 | 6,718 | 15,633 | 15,266 |
| 2" | 15,643 | 14,186 | 13,279 | 12,532 | 12,414 | 10,749 | 25,011 | 24,425 |
| 3" | 31,285 | 28,372 | 26,558 | 25,062 | 24,827 | 21,498 | 49,932 | 48,763 |
| 4" | 48,884 | 44,331 | 41,497 | 39,161 | 38,793 | 33,591 | 78,469 | 76,630 |
| 6" | 97,768 | 86,663 | 82,994 | 78,323 | 77,586 | 67,182 | 156,325 | 152,661 |

** No rate changes between 4/1/2019 and 12/1/2015

In 2015, the District hired a financial consultant to update the District's SDC rates. As a result of the findings, a new SDC rate with an effective date of 12/1/2015 was adopted by the Board.

Source: West Slope Water District Utility Billing Records

WEST SLOPE WATER DISTRICT
UNCOLLECTABLE DEBT WRITE-OFF
Last Ten Years

| Fiscal Year Ended June 30 | Write Off | Sale of Water | % of Revenue |
|--|------------------|----------------------|---------------------|
| 2023 | \$ 1,746 | \$ 4,588,104 | 0.038% |
| 2022 | 1,525 | 3,923,266 | 0.039% |
| 2021 | 705 | 3,901,044 | 0.018% |
| 2020 | - | 3,515,801 | 0.000% |
| 2019 | - | 3,428,519 | 0.000% |
| 2018 | - | 3,101,349 | 0.000% |
| 2017 | - | 2,873,040 | 0.000% |
| 2016 | 1,908 | 3,097,839 | 0.062% |
| 2015 | - | 3,001,360 | 0.000% |
| 2014 | 1,194 | 2,767,456 | 0.043% |

Source: West Slope Water District Utility Billing Records

WEST SLOPE WATER DISTRICT
REVENUE BOND DEBT COVERAGE
Last Ten Years

| Fiscal Year Ended June 30 | Income & Revenue* | Operating Expense** | Net Available Revenue | SDC Revenue | Revenue Bond Debt Service | | | Coverage Ratios | |
|---|----------------------|------------------------|--------------------------|----------------|---------------------------|-----------|------------|-----------------|----------------|
| | | | | | Principal | Interest | Total | With SDC | Without SDC |
| <i>Required ratio of net revenue to debt service as per the District's bond resolution:</i> | | | | | | | | 1.25 | 1.15 |
| 2023 | \$ 4,849,921 | \$ 2,326,240 | \$ 2,523,681 | \$ 19,878 | \$ 290,000 | \$ 63,591 | \$ 353,591 | 7.194 | 7.137 |
| 2022 | 4,027,307 | 2,250,447 | 1,776,860 | 9,957 | 280,000 | 74,302 | 354,302 | 5.043 | 5.015 |
| 2021 | 4,000,640 | 2,665,393 | 1,335,247 | 23,672 | 270,000 | 84,431 | 354,431 | 3.834 | 3.767 |
| 2020 | 3,246,053 | 2,800,907 | 445,146 | 15,517 | 260,000 | 94,097 | 354,097 | 1.301 | 1.257 |
| 2019 | 3,355,442 | 2,534,124 | 821,318 | 11,371 | 250,000 | 107,681 | 357,681 | 2.328 | 2.296 |
| 2018 | 3,003,314 | 2,358,650 | 644,664 | 5,375 | 240,000 | 116,856 | 356,856 | 1.822 | 1.807 |
| 2017 | 2,918,639 | 2,108,677 | 809,962 | 2,688 | 230,000 | 126,256 | 356,256 | 2.281 | 2.274 |
| 2016 | 3,140,378 | 2,354,914 | 785,464 | 17,908 | 225,000 | 135,356 | 360,356 | 2.229 | 2.180 |
| 2015 | 3,026,674 | 1,712,565 | 1,314,109 | 34,130 | 215,000 | 143,619 | 358,619 | 3.760 | 3.664 |
| 2014 | 2,795,363 | 1,882,534 | 912,829 | 37,812 | 205,000 | 150,969 | 355,969 | 2.671 | 2.564 |

* Income excludes Beaverton reimbursement, insurance proceeds, gain (loss) on asset disposition, and includes interest income. In addition income is reduced by transfers to the rate stabilization fund as follows:

| | | |
|------|--------------|--------------------------------|
| 2020 | \$ (400,000) | Transfer to rate stabilization |
| 2019 | \$ (200,000) | Transfer to rate stabilization |
| 2018 | \$ (200,000) | Transfer to rate stabilization |

** Operating expense excludes depreciation expense

Source: West Slope Water District Financial Statements

WEST SLOPE WATER DISTRICT
DEBT PER SERVICE CONNECTION
 Last Ten Years

| <u>As of June 30</u> | <u>Revenue Bond Debt</u> | <u>Service Connections</u> | <u>Debt Per Service Connection</u> |
|----------------------|------------------------------|--------------------------------|--|
| 2023 | \$ 1,631,129 | 3,252 | \$ 502 |
| 2022 | 1,923,513 | 3,242 | 593 |
| 2021 | 2,205,898 | 3,243 | 680 |
| 2020 | 2,478,282 | 3,237 | 766 |
| 2019 | 2,740,666 | 3,224 | 850 |
| 2018 | 2,993,050 | 3,225 | 928 |
| 2017 | 3,235,434 | 3,221 | 1,004 |
| 2016 | 3,467,818 | 3,216 | 1,078 |
| 2015 | 3,695,203 | 3,218 | 1,148 |
| 2014 | 3,912,588 | 3,308 | 1,183 |

Source: West Slope Water District Financial Statements
 West Slope Water District Utility Billing Records

Additional information on Long-Term Debt is located in the Notes to
 Basic Financial Statements

WEST SLOPE WATER DISTRICT
FULL-TIME EQUIVALENT EMPLOYEES BY FUNCTION
 Last Ten Years

| As of June 30 | Administration | Field Operations | Total | Service Connections | District Population (Estimated) | Employees Per 1,000 population |
|--------------------------|-----------------------|-----------------------------|--------------|--------------------------------|--|---|
| 2023 | 3.00 | 4.00 | 7.00 | 3,252 | 10,343 | 0.68 |
| 2022 | 3.00 | 3.00 | 6.00 | 3,242 | 10,343 | 0.58 |
| 2021 | 3.00 | 4.00 | 7.00 | 3,243 | 10,343 | 0.68 |
| 2020 | 3.00 | 4.00 | 7.00 | 3,237 | 10,337 | 0.68 |
| 2019 | 3.00 | 4.00 | 7.00 | 3,224 | 10,334 | 0.68 |
| 2018 | 3.00 | 4.00 | 7.00 | 3,225 | 10,316 | 0.68 |
| 2017 | 3.00 | 4.00 | 7.00 | 3,221 | 10,302 | 0.68 |
| 2016 | 3.00 | 4.00 | 7.00 | 3,216 | 10,288 | 0.68 |
| 2015 | 3.00 | 4.00 | 7.00 | 3,218 | 10,324 | 0.68 |
| 2014 | 3.00 | 4.00 | 7.00 | 3,308 | 10,324 | 0.68 |

Source: West Slope Water District Payroll Records
 Portland State University Center for Population Research and Census

WEST SLOPE WATER DISTRICT
TOP TEN RATE PAYERS
 Last Ten Years

| Rate Payer | Fiscal Year 2023 | | | Fiscal Year 2014 | | |
|----------------------------|------------------|------|---------------------------------|------------------|------|---------------------------------|
| | Billed in CCF | Rank | Percentage of District Total | Billed in CCF | Rank | Percentage of District Total |
| Canyon Park Apts | 17,148 | 1 | 3.10% | 14,783 | 1 | 3.05% |
| Commerce Properties | 14,783 | 2 | 2.67% | 14,132 | 2 | 2.92% |
| Kaady Car Wash | 9,612 | 3 | 1.74% | 8,451 | 4 | 1.74% |
| Canyon Court Condo | 8,583 | 4 | 1.55% | 4,345 | 9 | 0.90% |
| Lanphere Enterprises | 8,291 | 5 | 1.50% | 3,840 | 11 | 0.79% |
| Prestige Senior Living | 8,106 | 6 | 1.47% | 1,388 | 34 | 0.29% |
| Jesuit High School | 7,334 | 7 | 1.33% | 5,234 | 7 | 1.08% |
| Param Canyon LLC | 6,196 | 8 | 1.12% | 9,932 | 3 | 2.05% |
| Cambridge Real Estate Serv | 5,528 | 9 | 1.00% | n/a | n/a | n/a |
| Bristol Equities Inc. | 5,098 | 10 | 0.92% | n/a | n/a | n/a |
| TOTALS | 90,679 | | 18.71% | 62,105 | | 10.04% |

1 CCF (Hundred Cubic Feet) = 748 Gallons

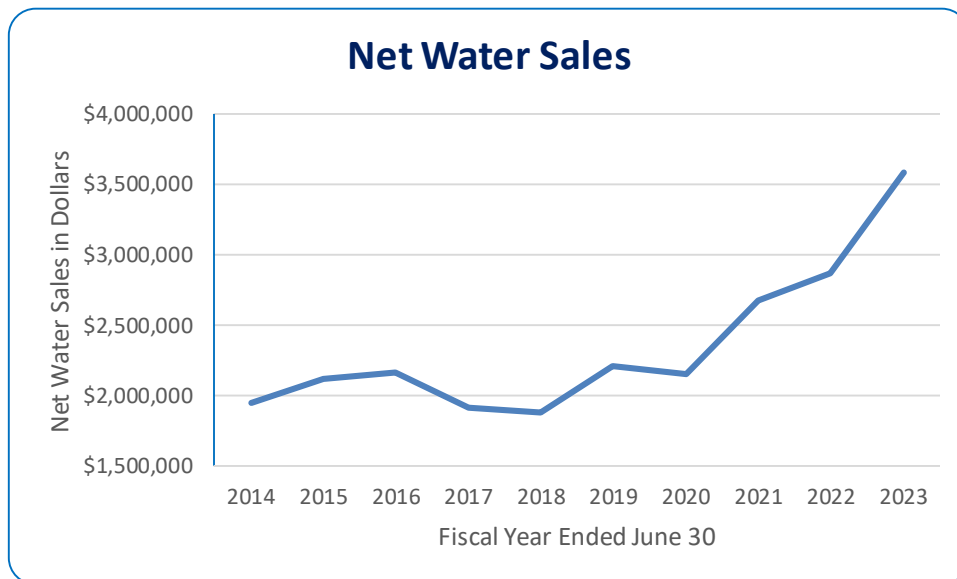
Total CCF Billed for the Fiscal Year: 552,933 in 2022 and 484,741 in 2014

Source: West Slope Water District Utility Billing Records

WEST SLOPE WATER DISTRICT
SCHEDULE OF WATER SALES AND PURCHASES
 Last Ten Years

| Fiscal Year Ended June 30 | Water Sales | Water Purchases | Water Purchases as a Percent of Sales | Net Water Sales | Net as a Percent of Sales |
|--------------------------------------|--------------------|------------------------|--|------------------------|----------------------------------|
| 2023 | \$ 4,588,104 | \$ 1,005,579 | 21.9% | \$ 3,582,525 | 78.1% |
| 2022 | 3,923,266 | 1,053,177 | 26.8% | 2,870,089 | 73.2% |
| 2021 | 3,901,044 | 1,220,019 | 31.3% | 2,681,025 | 68.7% |
| 2020 | 3,515,801 | 1,359,983 | 38.7% | 2,155,818 | 61.3% |
| 2019 | 3,428,519 | 1,222,219 | 35.6% | 2,206,300 | 64.4% |
| 2018 | 3,101,349 | 1,222,744 | 39.4% | 1,878,605 | 60.6% |
| 2017 | 2,873,040 | 962,458 | 33.5% | 1,910,582 | 66.5% |
| 2016 | 3,097,839 | 927,791 | 29.9% | 2,170,048 | 70.1% |
| 2015 | 3,001,360 | 877,072 | 29.2% | 2,124,288 | 70.8% |
| 2014 | 2,767,456 | 824,240 | 29.8% | 1,943,216 | 70.2% |

Source: West Slope Water District Financial Statements

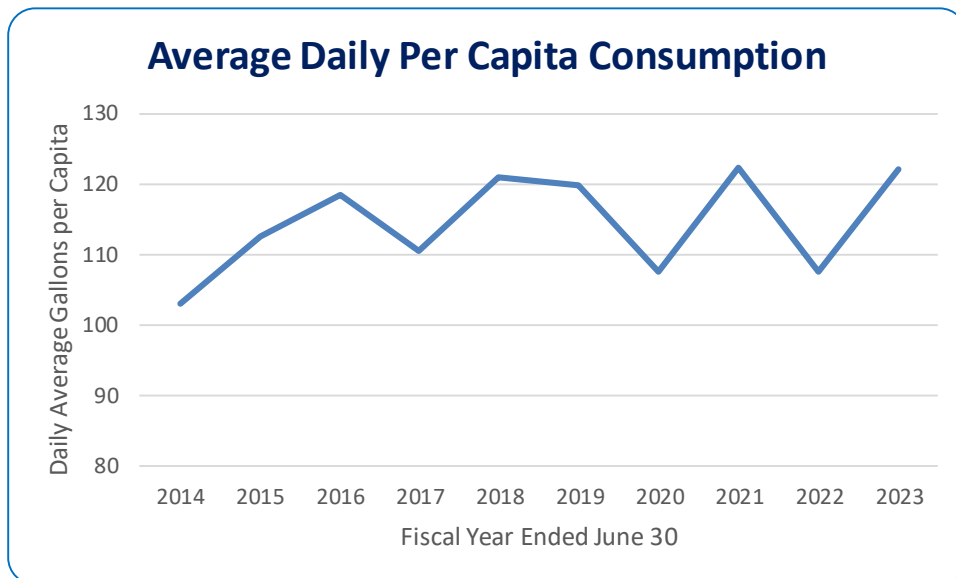


WEST SLOPE WATER DISTRICT
GALLONS OF WATER CONSUMED
 Last Ten Years

| Fiscal Year Ended June 30 | Water Consumed in CCF | Water Consumed in Gallons | Average Daily Consumption in Gallons | Average Daily Per Capita Consumption | District Population (Estimated) |
|--------------------------------------|--------------------------------------|--|---|---|--|
| 2023 | 616,940 | 461,471,120 | 1,264,304 | 122 | 10,343 |
| 2022 | 543,254 | 406,353,992 | 1,113,299 | 108 | 10,343 |
| 2021 | 617,807 | 462,119,636 | 1,266,081 | 122 | 10,343 |
| 2020 | 543,034 | 406,189,432 | 1,112,848 | 108 | 10,337 |
| 2019 | 604,104 | 451,869,792 | 1,237,999 | 120 | 10,334 |
| 2018 | 609,197 | 455,679,356 | 1,248,437 | 121 | 10,316 |
| 2017 | 555,831 | 415,761,588 | 1,139,073 | 111 | 10,302 |
| 2016 | 595,211 | 445,217,828 | 1,219,775 | 119 | 10,288 |
| 2015 | 566,770 | 423,943,960 | 1,161,490 | 113 | 10,324 |
| 2014 | 519,054 | 388,252,392 | 1,063,705 | 103 | 10,324 |

1 CCF (Hundred Cubic Feet) = 748 Gallons

Source: West Slope Water District Payables, City of Portland Invoices Meter Reads
 Portland State University Center for Population Research and Census



WEST SLOPE WATER DISTRICT
WATER PURCHASED, CONSUMED, AND BILLED
 Last Ten Years

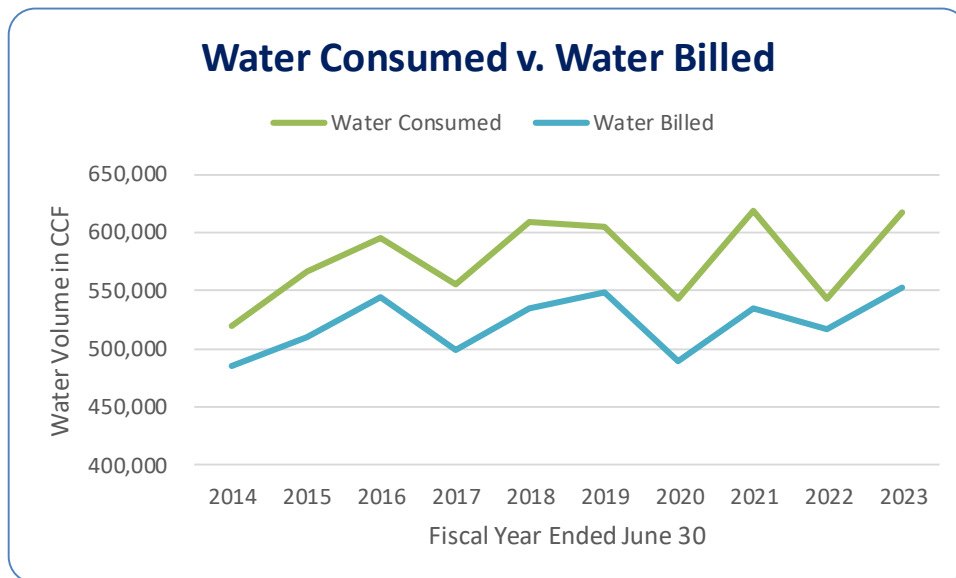
| Fiscal Year Ended June 30 | Water Purchased | | Water Consumed in CCF | Water Billed in CCF | Unbilled CCF | Annual Percent Unbilled |
|------------------------------|--------------------------------|-----------------------|-----------------------------|------------------------|-----------------|-------------------------------|
| | Wholesale Rate Per CCF * | Quantity in CCF ** | | | | |
| 2023 | \$ 1.471 | 683,155 | 616,940 | 552,933 | 64,007 | 10.37% |
| 2022 | 1.542 | 683,155 | 543,254 | 517,409 | 25,845 | 4.76% |
| 2021 | 1.777 | 683,155 | 617,807 | 535,229 | 82,578 | 13.37% |
| 2020 | 1.977 | 685,027 | 543,034 | 489,913 | 53,121 | 9.78% |
| 2019 | 1.776 | 683,155 | 604,104 | 547,929 | 56,175 | 9.30% |
| 2018 | 1.757 | 683,155 | 609,197 | 534,842 | 74,355 | 12.21% |
| 2017 | 1.405 | 683,155 | 555,831 | 498,768 | 57,063 | 10.27% |
| 2016 | 1.301 | 685,024 | 595,211 | 544,543 | 50,668 | 8.51% |
| 2015 | 1.263 | 683,155 | 566,770 | 509,771 | 56,999 | 10.06% |
| 2014 | 1.190 | 683,155 | 519,054 | 484,741 | 34,313 | 6.61% |

1 CCF (Hundred Cubic Feet) = 748 Gallons

* Annual wholesale rate for the year per contract with City of Portland

** Annual guaranteed minimum purchase quantity per contract with City of Portland

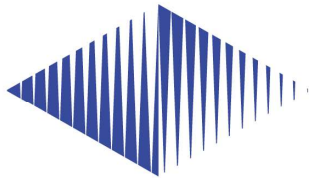
Source: West Slope Water District Payables, City of Portland Invoices
 West Slope Water District Billing Records





West Slope
Water District

COMPLIANCE
SECTION



GROVE, MUELLER & SWANK, P.C.

Certified Public Accountants and Consultants

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(503) 581-7788 • FAX (503) 581-0152 • www.gms.cpa

INDEPENDENT AUDITOR'S REPORT REQUIRED BY OREGON STATE REGULATIONS

Board of Commissioners
West Slope Water District
Portland, Oregon

We have audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of West Slope Water District (the District) as of and for the year ended June 30, 2023, and have issued our report thereon dated November 9, 2023.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations, noncompliance with which could have a direct and material effect on the determination of financial statements amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

We performed procedures to the extent we considered necessary to address the required comments and disclosures which included, but were not limited to the following:

- **Deposit of public funds with financial institutions (ORS Chapter 295).**
- **Indebtedness limitations, restrictions and repayment.**
- **Budgets legally required (ORS Chapter 294).**
- **Insurance and fidelity bonds in force or required by law.**
- **Programs funded from outside sources.**
- **Authorized investment of surplus funds (ORS Chapter 294).**
- **Public contracts and purchasing (ORS Chapters 279A, 279B, 279C).**
- **Accountability for collecting or receiving money by elected officials – no money was collected or received by elected officials.**

In connection with our testing nothing came to our attention that caused us to believe the District was not in substantial compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations.


Internal Control Over Financial Reporting

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

Restriction on Use

This report is intended solely for the information and use of the Board of Commissioners and management of the District and the Oregon Secretary of State and is not intended to be and should not be used by anyone other than these parties.

GROVE, MUELLER & SWANK, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

By: 

Devan W. Esch, Shareholder
November 9, 2023