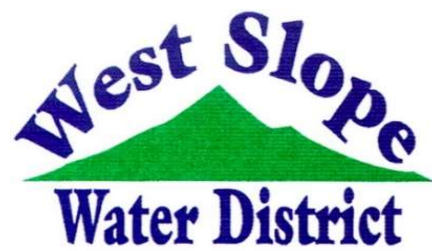


**WEST SLOPE  
WATER DISTRICT  
WASHINGTON COUNTY, OREGON**

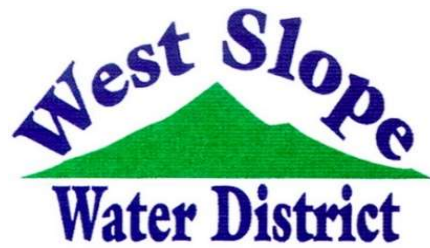
**ANNUAL COMPREHENSIVE FINANCIAL REPORT  
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021**



**WEST SLOPE  
WATER DISTRICT  
WASHINGTON COUNTY, OREGON**

**ANNUAL COMPREHENSIVE FINANCIAL REPORT**

**FOR THE YEARS ENDED JUNE 30, 2022 AND 2021**



Prepared by  
Wendy K. Irwin, CPA  
Manager, Finance and Customer Service

**WEST SLOPE WATER DISTRICT**  
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*For the Years Ended June 30, 2022 and 2021*

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December 2, 2022



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, 2022.

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, 2022. 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 10,000 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 of office governs the District. The Board of Commissioners set policy and appoint a General Manager, who is charged with management of the District.

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

The District’s Board of Commissioners is required to adopt a budget each year by July 1<sup>st</sup>. The annual budget serves as the foundation for the District’s financial planning and control for 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. Most budget changes after adoption require a resolution by the Board of Commissioners.

West Slope Water District purchases 100% of its water from the City of Portland. The District Board of Commissioners signed a 20-year Regional Water Sales Agreement with the City of Portland effective July 1, 2006 which secured water resources from the Bull Run Watershed and Columbia South Shore well fields through June 30, 2026.

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 5% 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 38.

### **Local Economy**

The District serves an area fully developed with minimal vacant land. The development experienced is generally infill. 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 eight-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 eight years. To meet increased purchased water costs the District 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, 2022, the SDC for a standard residential meter (5/8 x 3/4) is \$1,774. Additional SDC fee historical data is in the Statistical Section on page 57.

Historically as funds are available in the SDC fund, the District has paid one bond interest payment from SDC funds. This practice was suspended for fiscal year ended June 30, 2021, due to diminished SDC fund balance, and all bond payments were made from the General Fund for this year. This does not change how the District calculates debt coverage and related debt covenants. For the fiscal year ended June 30, 2022, the District again paid one bond interest payment from the SDC fund of about \$37,000. Information about debt covenants is in the Management Discussion and Analysis on page 13, the Notes to the Financial Statement on page 26, and the Statistical Section on page 59. Management regularly monitors water sales, expenses, and debt coverage.

### **Long-term financial planning**

The District maintains a Ten-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.

The District's current bond rating by Moody's Global Rating Scale is A1. The District has no plans for future borrowing. The District historically borrowed money to build replacement reservoirs. Current financial plans include annual contributions into the Capital Improvement Reserve Fund which are utilized to provide needed system replacement on a pay-as-you-go basis.

Effective June 20, 2018, the Board of Commissioners adopted resolution 04-2018 to establish a rate stabilization fund which provides the ability as per the 2008 bond master resolution to smooth variations in revenue for purposes of meeting the bond debt service covenants. As of June 30, 2022, \$800,000 has been accumulated in the Rate Stabilization fund. The fund was established in response to significant projected future rate increases from the City of Portland (the City) which were provided to the District in March 2018. More recent projections from the City show their rates will still increase but the increases should be more gradual and should occur over a longer period of time. The intention of the District is to utilize the rate stabilization funds as needed to absorb some of the impact to customer rates from any substantial increases made by the City.

The District commissioners and staff have a responsibility to protect the 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 GFOA best practice, the District maintains a General Fund operating expense contingency equal to three months of General Fund operating expenses. Additionally, the budget for the fiscal year ended June 30, 2023, includes a \$500,000 operating contingency in the Capital Improvements Reserve Fund due to a \$2,600,000 main line replacement project scheduled in that fiscal year.

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

Equipment replacement is pre-funded as per depreciation schedules.

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

Cash is held in the Local Government Investment Pool and a combined checking and depository bank account.

### **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 comprehensive annual financial report for the fiscal year ended June 30, 2021. This was the sixteenth 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 comprehensive annual 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 comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

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,

Handwritten signature of Michael Grimm in black ink.

Michael Grimm  
General Manager

Handwritten signature of Wendy K. Irwin in black ink.

Wendy K. Irwin, CPA  
Manager, Finance & Customer Service



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

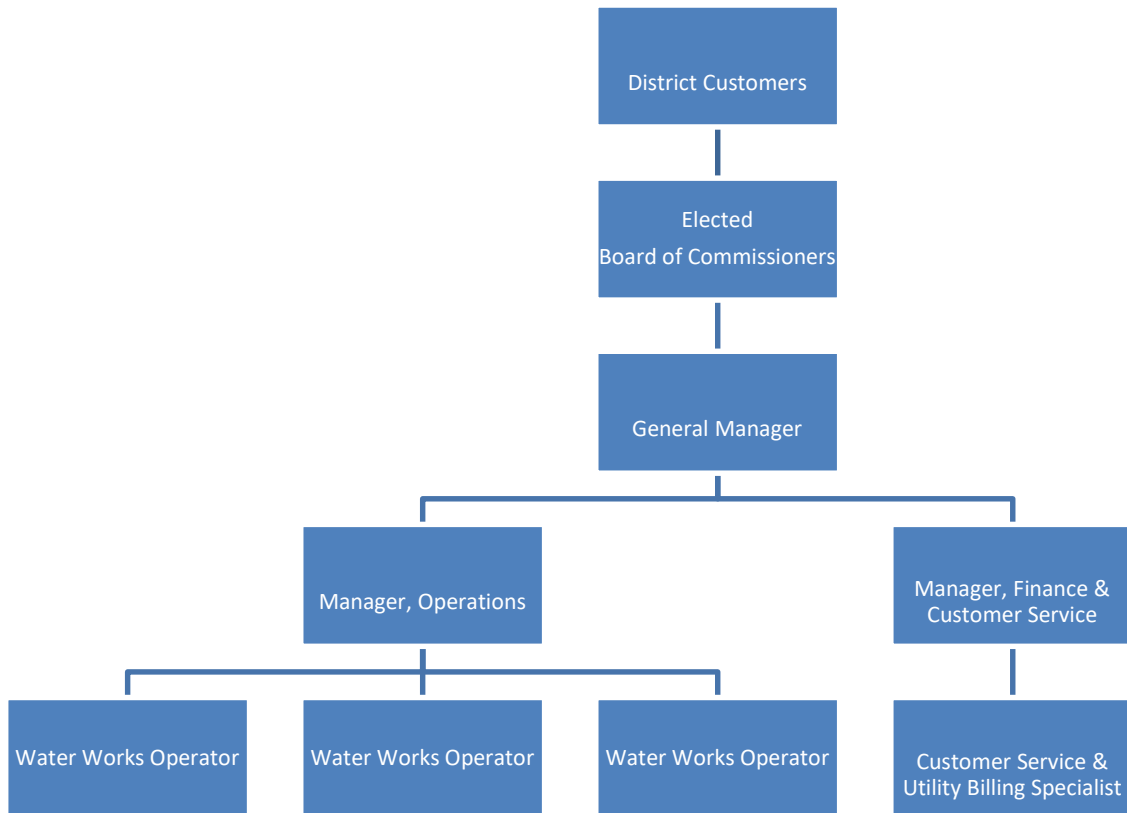
June 30, 2021

*Christopher P. Morill*

Executive Director/CEO



## West Slope Water District Organization Structure



**WEST SLOPE WATER DISTRICT**  
**BOARD OF COMMISSIONERS**  
*June 30, 2022*

---

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

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

Registered Agent  
Michael W. Grimm, P.E.

In Person  
3105 SW 89<sup>th</sup> Avenue  
Portland, Oregon 97225

Via US Mail  
P.O. Box 25140  
Portland, Oregon 97298

Via Email: [customer.service@wswd.org](mailto:customer.service@wswd.org).

Via voice message: 503-292-2777



# GROVE, MUELLER & SWANK, P.C.

Certified Public Accountants and Consultants

475 Cottage Street NE, Suite 200, Salem, OR 97301  
(503) 581-7788 • FAX (503) 581-0152 • [www.gms.cpa](http://www.gms.cpa)

## ***INDEPENDENT AUDITOR'S REPORT***

Board of Commissioners  
West Slope Water District  
Portland, Oregon

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

We have audited the financial statements of the business-type activity of the West Slope Water District (the District), as of and for the year ended June 30, 2022 and 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the business-type activities of the District, as of June 30, 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 Opinion***

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 opinion.

#### ***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 opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS 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 other post-employment benefits liability and related ratios, the schedule of the District's proportionate share of the net pension liability (assets) - 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 opinion 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 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 opinion 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 December 2, 2022 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  
December 2, 2022

**West Slope Water District  
Management's Discussion and Analysis  
June 30, 2022**

As management of the West Slope Water District (District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2022 (FY 2022). We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, and financial statements.

**Financial Highlights**

- The District's total assets & deferred outflows of resources exceeded its total liabilities & deferred inflows of resources at the close of the fiscal year ended June 30, 2022, by \$13.4 million (*net position*). Of this amount, \$5.4 million (unrestricted net position) may be used to meet the District's obligations to its creditors.
- The District's net position increased by \$1.3 million or 10.7%. Unrestricted net position increased \$1.3 million or 30.7%.
- The District's total assets and deferred outflows of resources increased \$833 thousand or 5.1%.
- The District's total liabilities and deferred inflows of resources decreased \$460 thousand or 11.3%

**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: 1) Statements of Net Position, 2) Statements of Revenues, Expenses and Changes in Net Position, 3) Statements of Cash Flows, and 4) Notes to the Basic Financial Statements. This report also contains supplementary information intended to furnish additional detail to support the basic financial statements.

The Statement of Net Position 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. The Statement of Revenues, Expenses, and Changes in Net Position present 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).

The Statement of Cash Flows shows the sources and uses of cash. It details cash flows from the operating activities, capital and related financing activities and investing activities. The Notes to the Financial Statements beginning on page 18 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 may serve over time as a useful indicator of the District's financial position. As shown below in Table 1, the District's assets and deferred outflows exceeded liabilities and deferred inflows by \$13.4 million this current fiscal year, \$12.1 million at the close of FY 2021, and \$11.3 million at the close of FY 2020.

By far 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.

**Table 1**  
**Net Position**  
**FY 2022 – FY 2020**

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<b>Difference 2022-2021</b>	<b>Percent Change</b>
Current and Other Assets	\$ 6,678,918	\$ 5,492,297	\$ 4,645,998	\$ 1,186,621	21.6%
Capital Assets	<u>9,907,817</u>	<u>10,140,880</u>	<u>10,303,370</u>	<u>(233,063)</u>	-2.3%
Total Assets	16,586,735	15,633,177	14,949,368	953,558	6.1%
Deferred Outflows of Resources	<u>440,316</u>	<u>560,641</u>	<u>511,724</u>	<u>(120,325)</u>	-21.5%
Total Assets & Deferred Outflows of Resources	<u>\$ 17,027,051</u>	<u>\$ 16,193,818</u>	<u>\$ 15,461,092</u>	<u>\$ 833,233</u>	5.1%
Current Liabilities	\$ 596,938	\$ 618,046	\$ 656,495	\$ (21,108)	-3.4%
Noncurrent Liabilities	<u>2,342,437</u>	<u>3,336,595</u>	<u>3,370,761</u>	<u>(994,158)</u>	-29.8%
Total Liabilities	2,939,375	3,954,641	4,027,256	(1,015,266)	-25.7%
Deferred Inflows of Resources	<u>661,473</u>	<u>106,608</u>	<u>149,201</u>	<u>554,865</u>	520.5%
Total Liabilities & Deferred Inflows of Resources	<u>3,600,848</u>	<u>4,061,249</u>	<u>4,176,457</u>	<u>(460,401)</u>	-11.3%
Net Investment in Capital Assets	7,984,304	7,934,982	7,825,088	49,322	0.6%
Restricted for Capital Projects	27,903	54,753	30,789	(26,850)	-49.0%
Unrestricted	<u>5,413,996</u>	<u>4,142,834</u>	<u>3,428,758</u>	<u>1,271,162</u>	30.7%
Total Net Position	<u>13,426,203</u>	<u>12,132,569</u>	<u>11,284,635</u>	<u>1,293,634</u>	10.7%
Total Liabilities, Deferred Inflows of Resources and Net Position	<u>\$ 17,027,051</u>	<u>\$ 16,193,818</u>	<u>\$ 15,461,092</u>	<u>\$ 833,233</u>	5.1%

*Change in Net Position*

As shown below in Table 2, the District's change in net position for FY 2022 was an increase of \$1.3 million which is 52.6% more than the increase in the FY 2021. The change in net position for FY 2021 was an increase of \$848 thousand which was 121.4% more than the increase in FY 2020. Generally, the increase each year is generated primarily by operating income from water sales that exceed operating expenses. In FY 2022 there was a decrease in personnel services and water purchases expense resulting in higher net operating income. FY 2021 experienced extremely hot dry weather which caused the increase over FY 2020.

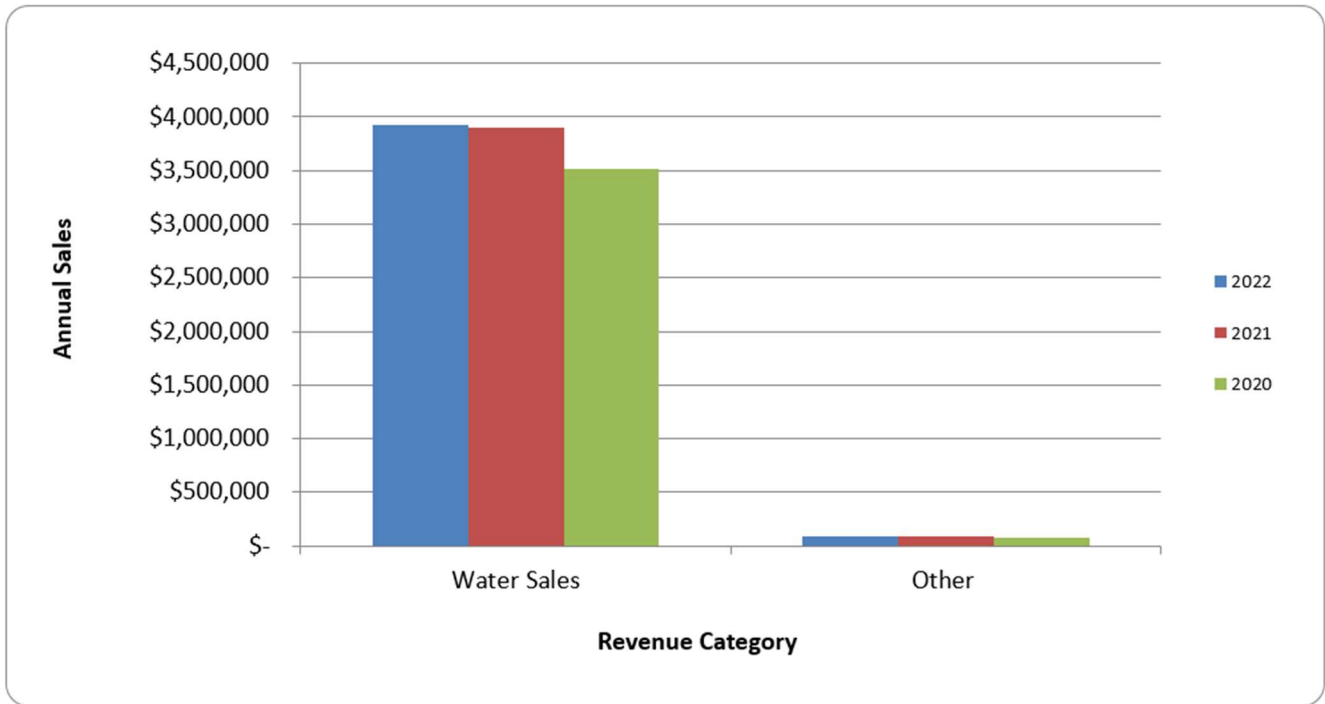
Operating Income. The District generated \$1.3 million of operating income in FY 2022, which is \$435 thousand or 47.5% more than the operating income generated in FY 2021. The District generated \$915 thousand of operating income in FY 2021 which is an increase of \$531 thousand or 138.2% more than the operating profit generated in FY 2020. See the next pages for explanations of these variances.

**Table 2**  
**Change in Net Position**  
**FY 2022 – FY 2020**

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>Difference</u> <u>2022-2021</u>	<u>Percent</u> <u>Change</u>
<b>OPERATING REVENUES:</b>					
Water sales	\$ 3,923,266	\$ 3,901,044	\$ 3,515,801	\$ 22,222	0.6%
Other services	92,098	85,661	74,246	6,437	7.5%
Total operating revenues	4,015,364	3,986,705	3,590,047	28,659	0.7%
<b>OPERATING EXPENSES:</b>					
Personnel services	819,111	1,094,844	1,054,065	(275,733)	-25.2%
Water purchases	1,053,177	1,220,019	1,359,983	(166,842)	-13.7%
Materials and services	378,159	350,530	386,859	27,629	7.9%
Depreciation and amortization	414,347	405,831	404,775	8,516	2.1%
Total operating expenses	2,664,794	3,071,224	3,205,682	(406,430)	-13.2%
Operating income	1,350,570	915,481	384,365	435,089	47.5%
<b>NON-OPERATING REVENUES (EXPENSES):</b>					
Interest income	27,619	29,613	71,661	(1,994)	-6.7%
Interest expense	(74,302)	(84,431)	(88,579)	10,129	-12.0%
Loss on disposition of assets	(20,210)	(36,401)	-	16,191	
Net non-operating revenue (expenses)	(66,893)	(91,219)	(16,918)	24,326	-26.7%
Excess before capital contributions	1,283,677	824,262	367,447	459,415	55.7%
<b>CAPITAL CONTRIBUTIONS:</b>	9,957	23,672	15,517	(13,715)	-57.9%
<b>CHANGE IN NET POSITION:</b>	1,293,634	847,934	382,964	445,700	52.6%
<b>NET POSITION, BEGINNING OF YEAR</b>	12,132,569	11,284,635	10,901,671	847,934	7.5%
<b>NET POSITION, ENDING</b>	<u>\$13,426,203</u>	<u>\$12,132,569</u>	<u>\$11,284,635</u>	<u>\$1,293,634</u>	10.7%



**Figure 1  
Operating Revenue Comparison  
FY 2022 – FY 2020**

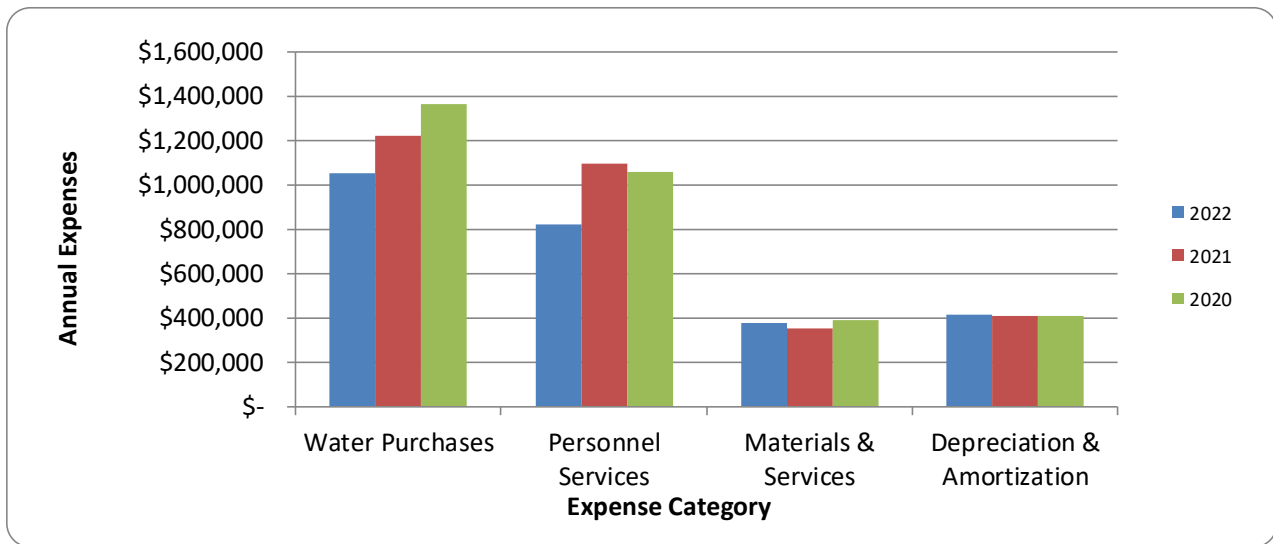


Operating Revenues. The District’s total operating revenues for FY 2022 was \$29 thousand or 0.7% more than FY 2021 due primarily to increased water sales of \$22 thousand or 0.6%. Total operating revenues for FY 2021 increased by \$397 thousand or 11.0% over FY 2020 due to increases in water sales of \$385 thousand or 11.0%.

Water sales in FY 2022 increased slightly over FY 2021. Even though there was a decreased usage of 17,820 units caused by cooler weather it was offset by a 6% water rate increase effective June 17, 2021. Water sales increased significantly during FY 2021 due to increased usage of 45,316 units caused primarily by hot dry weather.

FY 2022 other services revenue of \$92 thousand is a minimal increase of \$6 thousand or 7.5% compared to \$86 thousand in FY 2021. FY 2022 increase is related primarily to increased penalty fee revenue and higher collected row fees. For FY 2021, other services revenue of \$85 thousand increased \$11 thousand or 15.4% over FY 2020. This is due to increases in new service installations, meter moves, higher collected row fees, and scrap revenue from copper in removed meters. The increases were partially offset by declines in penalty fees which were suspended due to the Covid-19 pandemic.

**Figure 2  
Operating Expense Comparison FY 2022 – FY 2020**



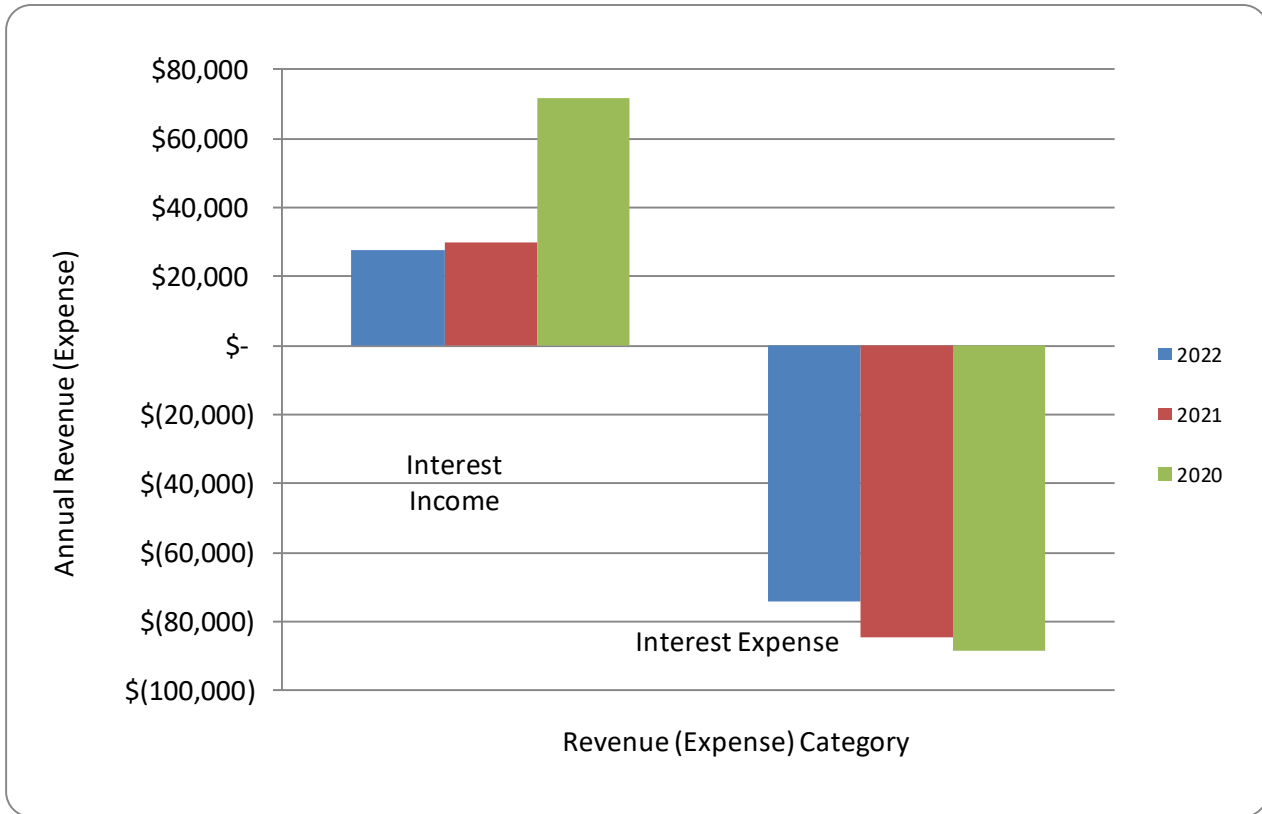
Operating Expenses. Total operating expenses for FY 2022 decreased \$406 thousand or 13.2% from FY 2021. Total operating expense in FY 2021 decreased \$134 thousand or 4.2% compared to FY 2020.

Water purchased by the District is the largest single operating expense. FY 2022 purchased water cost decreased \$167 thousand or 13.7% from FY 2021. In FY 2021 purchased water cost decreased \$140 thousand, or 10.3% from FY 2020. For the past two years, the wholesale water rate charged by the City of Portland (City) has declined due to decreases in the City’s rate base for wholesale water customers.

Total personnel costs for FY 2022 decreased by \$276 thousand or 25.2% from FY 2021. The decrease is primarily related to the retirement of the District’s long-term operations manager and operating with one less operations staff 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 and customer service manager position for training before the retirement of the current manager. The total personnel costs for FY 2021 increased \$41 thousand or 3.9% from FY 2020. The increase in this fiscal year is due primarily to increases in employee pension costs related to the Oregon Public Employee’s Pension Plan (PERS).

Materials and services other than purchased water in FY 2022 increase by \$28 thousand or 7.9% from FY 2021. The increase is primarily related to increase in bad debt expense related to the Covid-19 pandemic, increase in professional expense, and additional amounts expended for staff education and memberships. Materials and services other than purchased water in FY 2021 decreased \$36 thousand or 9.4% from FY 2020 due primarily to declines in professional services and water tests.

**Figure 3  
Non-operating Revenue (Expense) Comparison  
FY 2022 – FY 2020**



Non-operating Revenues (Expenses). FY 2022 net non-operating (expense) decreased \$24 thousand or 26.7% compared to FY 2021. The FY 2021 net non-operating (expense) increased \$74 thousand or 439.2% from FY 2020..

The decrease in net non-operating (expense) 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 the current fiscal year.

The increase to non-operating (expense) in FY 2021 is a combination of declines in interest income of \$42 thousand, and an increased loss on disposition of assets of \$36 thousand. Market interest rates available on investments took a sharp drop during 2021 and a loss was taken on meters which failed and were removed from service before the end of their estimated useful life. Comparatively, gain (loss) on disposal of fixed assets was \$0 in FY 2020.

**Table 3**  
**Total Revenues and Total Expenses**  
**FY 2022 – FY 2020**

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>Difference 2022-2021</u>	<u>Percent Change</u>
Operating Revenues	\$ 4,015,364	\$ 3,986,705	\$ 3,590,047	\$ 28,659	0.7%
Non-operating Revenues	7,409	(6,788)	71,661	14,197	-209.1%
Capital Contributions	9,957	23,672	15,517	(13,715)	-57.9%
<b>Total Revenues</b>	<u>4,032,730</u>	<u>4,003,589</u>	<u>3,677,225</u>	<u>29,141</u>	<u>0.7%</u>
Operating Expenses	2,664,794	3,071,224	3,205,682	(406,430)	-13.2%
Non-operating Expenses	74,302	84,431	88,579	(10,129)	-12.0%
<b>Total Expenses</b>	<u>2,739,096</u>	<u>3,155,655</u>	<u>3,294,261</u>	<u>(416,559)</u>	<u>-13.2%</u>
<b>Change in Net Position</b>	<u>\$ 1,293,634</u>	<u>\$ 847,934</u>	<u>\$ 382,964</u>	<u>\$ 445,700</u>	<u>52.6%</u>

*Total Revenues and Expenses*

Total FY 2022 to FY 2020 revenues and expenses for the District is shown in Table 3 above.

FY 2022 total revenues increased \$29 thousand or 0.7% over FY 2021. FY 2021 total revenues increased \$326 thousand or 8.9% compared to FY 2020.

Total FY 2022 expenses decreased \$417 thousand or 13.2% from the previous fiscal year. FY 2021 total expenses decreased \$139 thousand or 4.2% compared to FY 2020.

**Table 4**  
**Capital Assets FY 2022**

	<i><b>Beginning Balance</b></i>	<i><b>Additions</b></i>	<i><b>Deletions</b></i>	<i><b>Ending Balance</b></i>
<b>Capital assets, non-depreciable:</b>				
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>
<b>Capital assets, depreciable:</b>				
Buildings	364,724	-	-	364,724
Water systems	15,745,008	-	-	15,745,008
Equipment	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>
<b>Less: accumulated depreciation</b>				
Buildings	(191,419)	(8,864)	-	(200,283)
Water systems	(6,485,320)	(330,203)	-	(6,815,523)
Equipment	(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>
<b>Net capital assets</b>	<u><u>\$ 10,140,880</u></u>	<u><u>\$ (189,839)</u></u>	<u><u>\$ (43,224)</u></u>	<u><u>\$ 9,907,817</u></u>

*Capital Assets Activity*

As shown in Table 4 above, West Slope Water District's capital assets, net of depreciation on June 30, 2022, are \$9.9 million. The District's net capital assets included \$220 thousand in projects in progress related to a main line replacement, \$45 thousand in land, and \$9.6 million in buildings, reservoirs, pipelines, automotive and construction equipment net of accumulated depreciation. The total decrease in the District's investment in capital assets (net of accumulated depreciation) for FY 2022 was \$233 thousand or 2.3% from FY 2021.

This decrease consists primarily of current year's depreciation of \$414 thousand combined with net disposals of \$23 thousand which more than offset the current year's additions of \$204 thousand.

**Figure 4**  
**Distribution of Capital Assets**  
**FY 2022**

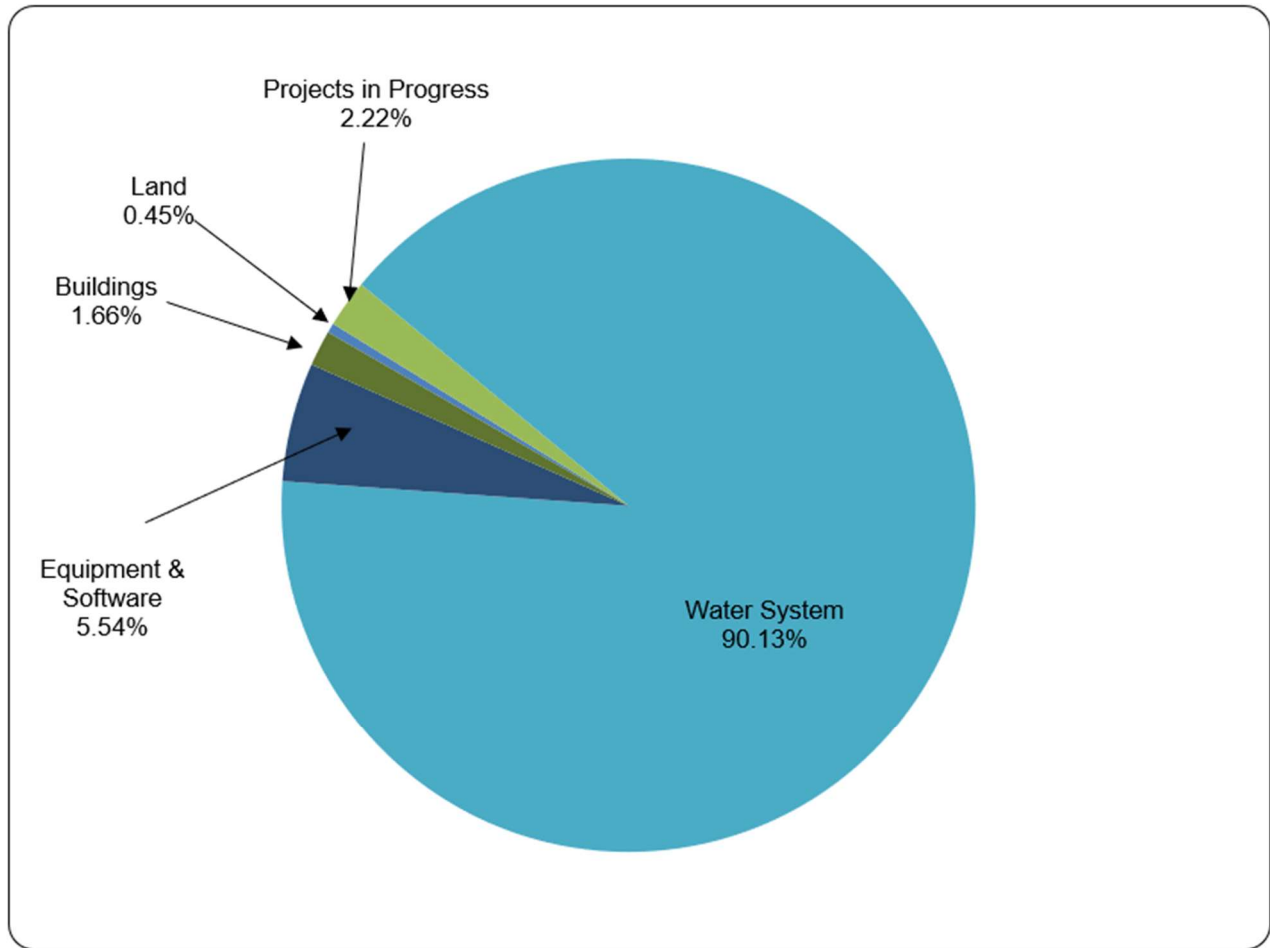


Figure 4 above shows the District's capital asset categories and their portion (percentage) of the District's total asset value in FY 2022. Additional information on the District's capital assets can be found on pages 23 and 24 in the Notes to the Financial Statements.

### *Long-Term Debt Activity*

On June 30, 2022, the West Slope Water District had total outstanding bonded indebtedness of \$1.9 million as shown in Table 5 below. The District issued the water revenue bonds to finance capital improvements, most importantly a new 3-million-gallon water reservoir replacing the failing Reservoir 1. The bond matures during FY 2029 and is insured with Financial Security Assurance Inc. (FSA). The District has an underlying rating from Moody's of A1.

On January 16, 2008 the Board of Commissioners adopted the master resolution including covenants to maintain annual net operating revenues that equal or exceed 1.25 times revenue bond debt service for the fiscal year and at least 1.15 times debt service less system development charges collected during the fiscal year. As of fiscal year-end 2022 and 2021 the District maintained compliance with these water revenue bond debt service coverage requirements. FY 2022 net operating revenues plus SDC revenue totaled \$1,787 million, or 5.04-times debt service.

On June 20, 2018 the Board of Commissioners adopted resolution 04-2018 to establish a rate stabilization fund which provides the ability as per the 2008 bond master resolution to smooth variations in revenue for purposes of meeting the bond debt service covenants. As of June 30, 2022, \$800,000 has been accumulated in the Rate Stabilization fund. 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 highly variable purchased water costs are incurred.

**Table 5**  
**Outstanding Revenue Bond Debt**  
**FY 2022 – FY 2020**

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Revenue Bond	<u>\$ 1,923,513</u>	<u>\$ 2,205,898</u>	<u>\$ 2,478,282</u>

The Notes to the Financial Statements of this report contain more detailed information regarding the status of bonded debt as of June 30, 2022, including schedules of future debt service requirements which begin on page 24. In addition, further detailed information regarding debt activity is contained in the statistical section of this report beginning on page 59.

### *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 positions, net position, or operating results in terms of past, present, and future.

### *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](mailto:wirwin@wswd.org).

## **BASIC FINANCIAL STATEMENTS**

The basic financial statements include interrelated sets of financial statements as required by the GASB. In addition, the notes to the basic financial statements are included to provide information that is essential to a user's understanding of the basic financial statements.



**WEST SLOPE WATER DISTRICT**  
**WASHINGTON COUNTY, OREGON**  
**STATEMENTS OF NET POSITION**  
*June 30, 2022 and 2021*

	<u>2022</u>	<u>2021</u>
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and investments	\$ 6,128,403	\$ 4,855,933
Accounts receivable, net of allowance	421,831	509,365
Prepaid expenses	56,170	45,277
Inventories	44,611	26,969
<i>Total Current Assets</i>	<u>6,651,015</u>	<u>5,437,544</u>
<b>Noncurrent Assets</b>		
Restricted cash	27,903	54,753
Non-depreciable capital assets	265,021	159,856
Depreciable capital assets, net of depreciation	9,642,796	9,981,024
<i>Total Noncurrent Assets</i>	<u>9,935,720</u>	<u>10,195,633</u>
<i>Total Assets</i>	<u>16,586,735</u>	<u>15,633,177</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred outflows - related to other post employment benefits	7,459	6,014
Deferred outflows - related to pension liability	432,857	554,627
<i>Total Deferred Outflows of Resources</i>	<u>440,316</u>	<u>560,641</u>
<i>Total assets and deferred outflows of resources</i>	<u>\$ 17,027,051</u>	<u>\$ 16,193,818</u>
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued liabilities	\$ 158,580	\$ 186,208
Accrued payroll liabilities	67,471	64,652
Customer deposits	15,622	15,072
Compensated absences	44,347	48,641
Interest payable	18,533	21,088
Current portion of long-term debt	292,385	282,385
<i>Total Current Liabilities</i>	<u>596,938</u>	<u>618,046</u>
<b>Noncurrent Liabilities</b>		
Other post employment benefits	55,448	83,672
Net pension liability	655,861	1,329,410
Noncurrent portion of long-term debt	1,631,128	1,923,513
<i>Total Noncurrent Liabilities</i>	<u>2,342,437</u>	<u>3,336,595</u>
<i>Total Liabilities</i>	<u>2,939,375</u>	<u>3,954,641</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred inflows - related to other post employment benefits	50,808	17,816
Deferred inflows - related to pension liability	610,665	88,792
<i>Total Deferred Inflows of Resources</i>	<u>661,473</u>	<u>106,608</u>
<b>NET POSITION</b>		
Net investment in capital assets	7,984,304	7,934,982
Restricted for capital projects	27,903	54,753
Unrestricted	5,413,996	4,142,834
<i>Total Net Position</i>	<u>13,426,203</u>	<u>12,132,569</u>
<i>Total liabilities, deferred inflows of resources and net position</i>	<u>\$ 17,027,051</u>	<u>\$ 16,193,818</u>

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

**WEST SLOPE WATER DISTRICT**  
**WASHINGTON COUNTY, OREGON**  
**STATEMENTS OF ACTIVITIES**  
*For the Fiscal Years Ended June 30, 2022 and 2021*

	<u>2022</u>	<u>2021</u>
<b>OPERATING REVENUES</b>		
Water service	\$ 3,923,266	\$ 3,901,044
Service installations	8,187	8,510
Penalties	7,300	1,780
Service modifications	3,545	5,161
Beaverton reimbursement	15,676	15,678
Miscellaneous	7,076	7,286
Rights of way fees	50,314	47,246
	<hr/>	<hr/>
<i>Total Operating Revenues</i>	4,015,364	3,986,705
<b>OPERATING EXPENSES</b>		
Salaries and wages	560,858	591,499
Payroll taxes and benefits	258,253	503,345
Water purchases	1,053,177	1,220,019
Repair and maintenance	128,703	127,331
Depreciation and amortization	414,347	405,831
Supplies	87,252	73,152
Utilities	11,446	11,843
Rights of way fees	50,389	47,288
Administration	71,529	59,658
Professional services	28,840	31,258
	<hr/>	<hr/>
<i>Total Operating Expenses</i>	2,664,794	3,071,224
<i>Operating Income</i>	1,350,570	915,481
<b>NON-OPERATING REVENUES (EXPENSES)</b>		
Interest income	27,619	29,613
Interest expense	(74,302)	(84,431)
Loss on disposition of assets	(20,210)	(36,401)
	<hr/>	<hr/>
<i>Net Non-Operating Revenues (Expenses)</i>	(66,893)	(91,219)
<b>CAPITAL CONTRIBUTIONS</b>	9,957	23,672
	<hr/>	<hr/>
<b>CHANGE IN NET POSITION</b>	1,293,634	847,934
<b>NET POSITION, Beginning of Year</b>	12,132,569	11,284,635
	<hr/>	<hr/>
<b>NET POSITION, End of Year</b>	<u>\$ 13,426,203</u>	<u>\$ 12,132,569</u>

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

**WEST SLOPE WATER DISTRICT**  
**WASHINGTON COUNTY, OREGON**  
**STATEMENTS OF CASH FLOWS**  
*For the Fiscal Years Ended June 30, 2022 and 2021*

	<u>2022</u>	<u>2021</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Received from customers	\$ 4,103,448	\$ 3,932,048
Payments to employees	(588,916)	(458,595)
Payments to suppliers for goods and services	(1,745,752)	(2,078,012)
	<hr/>	<hr/>
<i>Net Cash Provided by Operating Activities</i>	1,768,780	1,395,441
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Capital asset purchases	(204,574)	(279,742)
Debt principal payments	(280,000)	(270,000)
Interest paid	(79,242)	(89,278)
Capital contributions	9,957	23,672
	<hr/>	<hr/>
<i>Net Cash Used by Capital and Related Financing Activities</i>	(553,859)	(615,348)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sale of automotive equipment	3,080	-
Interest received	27,619	29,613
	<hr/>	<hr/>
<i>Net Cash Provided by Investing Activities</i>	30,699	29,613
<b>NET CHANGE IN CASH AND INVESTMENTS</b>		
	1,245,620	809,706
<b>CASH AND INVESTMENTS, Beginning of year</b>		
	4,910,686	4,100,980
	<hr/>	<hr/>
<b>CASH AND INVESTMENTS, End of year</b>		
	\$ 6,156,306	\$ 4,910,686
	<hr/>	<hr/>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>		
Operating income	\$ 1,350,570	\$ 915,481
Adjustments		
Depreciation	414,347	405,831
Provision for losses on accounts receivable	2,000	(5,000)
<i>(Increase) decrease in:</i>		
Accounts receivable	85,534	(49,157)
Prepaid expenses	(10,893)	(7,014)
Inventory	(17,642)	24,578
Deferred outflows of resources	120,325	(48,917)
<i>Increase (decrease) in:</i>		
Accounts payable and accrued liabilities	(27,628)	(21,682)
Accrued payroll liabilities	2,819	1,736
Customer deposits	550	(500)
Compensated absences	(4,294)	(25,541)
Net OPEB obligation	(28,224)	5,969
Net pension liability	(673,549)	242,250
Deferred inflows of resources	554,865	(42,593)
	<hr/>	<hr/>
<i>Net Cash Provided by Operating Activities</i>	\$ 1,768,780	\$ 1,395,441
	<hr/>	<hr/>

*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.

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*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.

*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, 2022 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.

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 of capital assets has been recognized and reflected in the basic financial statements. Depreciation is not budgeted under the provisions of local budget law.

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

Equipment and software includes heavy and light duty vehicles, water meters, office equipment, computers, and software. Depreciation for all categories is calculated on the straight-line method based upon management’s assessment of the estimated useful lives of the assets.

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.

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

*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.

*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*, represent 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, 2021 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*, represent 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 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.

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

*Net Position (continued)*

System Development Charges are the only source of restricted funds at the District. 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.

**CASH AND CASH EQUIVALENTS**

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 State Treasurer’s Local Government Investment Pool	<u>0.00</u>	<u>\$5,487,623</u>

At June 30, 2021, investments included in cash and cash equivalents consisted of:

	<u>Weighted Average Maturity (Years)</u>	<u>Cost/ Fair Value</u>
Investments in the State Treasurer’s Local Government Investment Pool	<u>0.00</u>	<u>\$4,169,245</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, 2022 and 2021 was 183 and 231 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 State Treasurer’s Oregon Local Government Investment Pool, among others. The District has no investment policy that would further limit its investment choices.

**WEST SLOPE WATER DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
*June 30, 2022 and 2021*

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**CASH AND CASH EQUIVALENTS (Continued)**

*Concentration Of Credit Risk*

The District does not currently have an investment policy for concentration of credit risk. The State Treasurer’s 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, 2022, and June 30, 2021 the book values of the District’s bank deposits were \$668,233 and \$740,991 and the bank balances were \$691,468 and \$753,840. \$250,000 of the bank balance was covered by FDIC insurance. 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.

**ACCOUNTS RECEIVABLE**

The District bills water users monthly. 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, 2022 and 2021 were as follows:

	<u>2022</u>	<u>2021</u>
Water service receivable	\$ 386,899	\$ 478,367
Allowance for uncollectible water service receivables	(7,000)	(5,000)
Beaverton unclaimed water reimbursement receivable	41,932	35,998
	<u>\$ 421,831</u>	<u>\$ 509,365</u>



**WEST SLOPE WATER DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
*June 30, 2022 and 2021*

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**CAPITAL ASSETS**

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

	<i><b>Beginning Balance</b></i>	<i><b>Additions</b></i>	<i><b>Deletions</b></i>	<i><b>Ending Balance</b></i>
<b>Capital assets, non-depreciable:</b>				
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>
<b>Capital assets, depreciable:</b>				
Buildings	364,724	-	-	364,724
Water systems	15,745,008	-	-	15,745,008
Equipment	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>
<b>Less: accumulated depreciation</b>				
Buildings	(191,419)	(8,864)	-	(200,283)
Water systems	(6,485,320)	(330,203)	-	(6,815,523)
Equipment	(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>
<b>Net capital assets</b>	<u>\$ 10,140,880</u>	<u>\$ (189,839)</u>	<u>\$ (43,224)</u>	<u>\$ 9,907,817</u>

**WEST SLOPE WATER DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
*June 30, 2022 and 2021*

**CAPITAL ASSETS (Continued)**

The changes in capital assets for the year ended June 30, 2021 are summarized below:

	<i><b>Beginning Balance</b></i>	<i><b>Additions</b></i>	<i><b>Deletions</b></i>	<i><b>Ending Balance</b></i>
<b>Capital assets, non-depreciable:</b>				
Land	\$ 44,724	\$ -	\$ -	\$ 44,724
Projects in progress	-	115,132	-	115,132
Total capital assets, non-depreciable	<u>44,724</u>	<u>115,132</u>	<u>-</u>	<u>159,856</u>
<b>Capital assets, depreciable:</b>				
Buildings	364,724	-	-	364,724
Water systems	15,727,453	17,555	-	15,745,008
Equipment	1,066,192	147,055	(108,912)	1,104,335
Total capital assets, depreciable	<u>17,158,369</u>	<u>164,610</u>	<u>(108,912)</u>	<u>17,214,067</u>
<b>Less: accumulated depreciation</b>				
Buildings	(181,897)	(9,522)	-	(191,419)
Water systems	(6,155,117)	(330,203)	-	(6,485,320)
Equipment	(562,709)	(66,106)	72,511	(556,304)
Total accumulated depreciation	<u>(6,899,723)</u>	<u>(405,831)</u>	<u>72,511</u>	<u>(7,233,043)</u>
Net depreciable capital assets	<u>10,258,646</u>	<u>(241,221)</u>	<u>(36,401)</u>	<u>9,981,024</u>
<b>Net capital assets</b>	<u>\$ 10,303,370</u>	<u>\$ (126,089)</u>	<u>\$ (36,401)</u>	<u>\$ 10,140,880</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**

During the year ended June 30, 2022, long-term debt activity was as follows:

	<i><b>Beginning Balance</b></i>	<i><b>Additions</b></i>	<i><b>Deletions</b></i>	<i><b>Ending Balance</b></i>	<i><b>Due within one year</b></i>	<i><b>Due in More Than one year</b></i>
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
Total bonds payable	<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>

**WEST SLOPE WATER DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
*June 30, 2022 and 2021*

**LONG-TERM DEBT (Continued)**

During the year ended June 30, 2021, long-term debt activity was 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>
Bonds	\$ 2,460,000	\$ -	\$ (270,000)	\$ 2,190,000	\$ 280,000	\$ 1,910,000
Bond premiums	18,282	-	(2,384)	15,898	2,385	13,513
Total bonds payable	<u>\$ 2,478,282</u>	<u>\$ -</u>	<u>\$ (272,384)</u>	<u>\$ 2,205,898</u>	<u>\$ 282,385</u>	<u>\$ 1,923,513</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>
2023	\$ 290,000	\$ 68,694	\$ 358,694
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
	1,910,000	\$ 233,722	\$ 2,143,722
Bond premium	13,513		
	<u>\$ 1,923,513</u>		

**LONG-TERM DEBT** (Continued)

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.

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,
- 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, 2022 and 2021.

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.

**PENSION PLAN – OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM**

*Plan Description*

Substantially all District employees are members in the Oregon Public Employees Retirement System (OPERS); 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 OPSRP Pension Program (established pursuant to ORS Chapter 238A). OPERS produces an independently audited CAFR which can be found at: <https://www.oregon.gov/pers/EMP/Pages/Actuarial-Financial-Information.aspx>.

**PENSION PLAN – OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM (Continued)**

*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 contribution in each of five 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.

*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 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 PLAN – OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM (Continued)**

*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.

*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 .06% paid for RHIA (see below other postemployment benefits), and employee paid 6% for IAP, was \$120,128 in fiscal year ended June 30, 2022, and \$147,315 in fiscal year ended June 30, 2021.

Covered employees are required to contribute 6% of their salary to the Plan. Employers are allowed to pay any or all of the employees' contribution in addition to the required employers' 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, 2022 and 2021 respectively, the District reported a liability of \$655,861 and \$1,329,410 for its proportionate share of the State and Local Government Rate Pool (SLGRP), OPERS net pension asset/liability. The June 30, 2022, net pension liability was measured as of June 30, 2021, and determined by an actuarial valuation as of December 31, 2019, rolled forward to June 30, 2021. 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, 2021 measurement date (used for June 30, 2022 reporting), the District's proportion was 0.005481%, which is a decrease from its proportionate share of 0.006092% measured as of June 30, 2020 (used for June 30, 2021 reporting).

**WEST SLOPE WATER DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
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**PENSION PLAN – OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM** (Continued)

For the years ended June 30, 2022 and June 30, 2021, the District recognized pension expense of \$90,304 and \$300,188 respectively.

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

	<i>Deferred Outflows of Resources</i>	<i>Deferred Inflows of Resources</i>
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 porportionate 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 resulting from the District's contributions subsequent to the measurement date of \$120,128 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, 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:

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

**WEST SLOPE WATER DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
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**PENSION PLAN – OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM** (Continued)

At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<i>Deferred Outflows of Resources</i>	<i>Deferred Inflows of Resources</i>
Differences between expected and actual experience	\$ 58,510	\$ -
Changes in assumptions	71,345	2,500
Net difference between projected and actual earnings on investments	156,321	-
Changes in porportionate share	84,112	74,390
Differences between employer contributions and employer's proportionate share of system contributions	37,024	11,902
Contributions subsequent to measurement date	147,315	-
	<hr/>	<hr/>
Total	<u>\$ 554,627</u>	<u>\$ 88,792</u>

Deferred outflows of resources related to pensions resulting from the District's contributions subsequent to the measurement date of \$147,315 were recognized as a reduction of the net pension liability in the year ended June 30, 2022.

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:

<i>Fiscal Year Ending June 30,</i>	
2022	\$ 64,565
2023	107,906
2024	95,887
2025	51,348
2026	(1,186)
Thereafter	-
	<hr/>
Total	<u>\$ 318,520</u>



**PENSION PLAN – OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM (Continued)**

*Actuarial Methods and Assumptions*

The total pension liability in the December 31, 2019 actuarial valuation was determined using the following actuarial methods and assumptions:

Valuation Date	December 31, 2019
Measurement Date	June 30, 2021
Experience Study	2018, Published July 24, 2019
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 Moro decision; blend based on service.
Mortality	<p><b>Healthy retirees and beneficiaries:</b>  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.</p> <p><b>Active members:</b>  Pub-2010 Employee, Sex-Distinct, Generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.</p> <p><b>Disabled retirees:</b>  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.</p>

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 2018 experience study which reviewed experience for the four-year period ending on December 31, 2018.

**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 was 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.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>20-Year Annualized Geometric Mean</u>
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	1.76
Assumed Inflation - Mean		2.40 %

**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, 2022, and 7.2% at June 30, 2021. 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, 2021 measurement date and as of the June 30, 2020 measurement date. The June 30, 2021, period utilized a discount rate of 6.9% and the June 30, 2020, period utilized a discount rate of 7.2%. 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% and 6.2%) or 1-percentage-point higher (7.9% and 8.2%) than the current rate.

	Proportionate share of the net pension liability/(asset):	
Measurement Date	6/30/2021	6/30/2020
Reporting Date	6/30/2022	6/30/2021
Discount Rate	6.9%	7.2%
Proportionate share at above rate	\$ 655,861	\$ 1,329,410
Proportionate share at 1% decrease	1,287,955	1,974,064
Proportionate share at 1% increase	127,029	788,838

*Pension Plan Fiduciary Net Position*

Detailed information about the pension plan’s fiduciary net position is available in the separately issued OPERS financial report at <https://www.oregon.gov/pers/Documents/Financials/CAFR/2021-ACFR.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 (GASB 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.

**POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS** (Continued)

**Implicit Rate Subsidy** (Continued)

*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 1 or Tier 2 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. The OPEB benefit 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, 2022, was:

Single	\$ 599
Employee & Children	1,108
Couple	1,198
Family	1,706

*Employees covered by benefit terms:* At June 30, 2022, the following employees were covered by the benefit terms:

- Active Employees - 6
- 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.

**WEST SLOPE WATER DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
*June 30, 2022 and 2021*

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**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, 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	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)
Future Liabilities	
General Inflation Rate	2.0% per year
Payroll Growth	3.0% per year, total payroll increase is overall payroll growth plus Salary Merit Scale below.
Mortality	<b>Basic Table</b> Pub-2010 General Employees table, separate Employee/Healthy Annuitant, sex distinct, generational <b>Improvement Scale:</b> Unisex Social Security Data Scale (60 year average), with data through 2017 <b>Male Adjustments:</b> 115% of above rates 12 month set back. <b>Female Adjustments:</b> 125% of above rates, no set back.

Salary Merit Scale:	Duration	Increase
	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%

**WEST SLOPE WATER DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
*June 30, 2022 and 2021*

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**POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)**

**Implicit Rate Subsidy (Continued)**

*Changes in the Total OPEB Liability*

Balance at June 30, 2021	\$	83,672
Changes for the year:		
Service Cost		6,372
Interest		2,469
Changes of benefit terms		-
Differences between expected and actual experience		(39,231)
Changes of assumptions or other input		2,671
Benefit payments		(505)
Net changes		<u>(28,224)</u>
Balance at June 30, 2022	\$	<u>55,448</u>
Sensitivity of the Net OPEB Liability to Changes in the Discount Rate		
1% Decrease	\$	63,853
1% Increase		47,951
Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rate		
1% Decrease	\$	43,283
1% Increase		71,331

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

For the years ended June 30, 2022 and June 30, 2021, the District recognized OPEB expense of \$3,323, and \$4,002.

At June 30, 2022, the District reported \$7,459 of deferred outflows of resources and \$50,808 of deferred inflows of resources related to OPEB from all sources. At June 30, 2021, the District reported \$6,014 of deferred outflows of resources and \$17,816 deferred inflows of resources.

**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.

**POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS** *(Continued)*

**Retirement Health Insurance Account (RHIA)** *(Continued)*

*Plan Description*

As a member of Oregon Public Employees Retirement System (OPERS), the District contributes to the Retirement Health Insurance Account (RHIA) for each of its eligible T1/T2 employees. RHIA is a cost-sharing defined benefit multiple-employer other post-employment benefit plan administered by the OPERS trust. Oregon Revised Statute (ORS) 238.420 established this trust fund. OPERS 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, 2020. The District's contributions in fiscal year ended June 30, 2022 and June 30, 2021 respectively were \$82 and \$166.

**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 5% 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 City of Portland. For the years ended June 30, 2022, and June 30, 2021 the amounts of debt service reimbursement totaled \$15,676, and \$15,678 respectively, and water reimbursement totaled \$41,932 and \$35,998 respectively.

**ADOPTION OF NEW GASB PRONOUNCEMENTS**

The District will implement new GASB pronouncements no later than the required fiscal year. The District has evaluated all pronouncements issued through June 2022 with various required dates after June 30, 2022. The District has determined none of these pronouncements have a significant impact to the District financial statements.

**CONTINGENCIES**

*Litigation*

The District is involved in litigation for work completed in August 2017 under the construction contract to seismically upgrade the District's Green Tank. The Contractor is disputing \$76,125 of liquidated damages withheld by the District from the project retainage. The District has calculated liquidated damages as per the signed construction contract based on a 113-day delay in meeting the substantial completion deadline set forth in the contract. It is the opinion of District management that the matter will be settled in favor of the District.



***REQUIRED SUPPLEMENTAL INFORMATION***

**WEST SLOPE WATER DISTRICT****SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS****LAST FIVE FISCAL YEARS\*\***

**Other Post-employment Benefits**  
 Retiree Medical Benefit Implicit Rate Subsidy

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability - Beginning	\$ 83,672	\$ 77,703	\$ 85,511	\$ 78,141	\$ 70,038
Changes for the year:					
Service Cost	6,372	6,157	5,873	5,730	5,730
Interest	2,469	2,272	3,179	2,815	2,549
Changes of benefit terms	-	-	-	-	-
Differences between expected and actual experience	(39,231)	-	(23,756)	-	-
Changes of assumptions or other input	2,671	-	8,020	-	-
Benefit payments	(505)	(2,460)	(1,124)	(1,175)	(176)
Net changes	<u>(28,224)</u>	<u>5,969</u>	<u>(7,808)</u>	<u>7,370</u>	<u>8,103</u>
Total OPEB Liability - Ending	<u>\$ 55,448</u>	<u>\$ 83,672</u>	<u>\$ 77,703</u>	<u>\$ 85,511</u>	<u>\$ 78,141</u>
Covered Payroll	\$ 494,798	\$ 608,580	\$ 590,706	\$ 568,020	\$ 552,766
Total OPEB Liability as a % of Covered Payroll	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 NINE FISCAL YEARS\*\***

<u>Fiscal Year Ended</u>	<u>Measurement Date</u>	<u>District's Proportion of Net Pension Liability (Asset)</u>	<u>District's Proportionate Share of Net Pension Liability (Asset)</u>	<u>District's Covered Payroll</u>	<u>District's Proportionate Share of NPL(A) as % of Payroll</u>	<u>Plan's Fiduciary Net Position as % of Total Pension Liability</u>
6/30/2022	6/30/2021	0.0055%	\$ 655,861	\$ 494,345	132.7%	87.6%
6/30/2021	6/30/2020	0.0061%	1,329,410	604,497	219.9%	75.8%
6/30/2020	6/30/2019	0.0063%	1,087,160	514,975	211.1%	80.2%
6/30/2019	6/30/2018	0.0055%	840,357	553,431	151.8%	82.1%
6/30/2018	6/30/2017	0.0048%	652,438	519,845	125.5%	83.1%
6/30/2017	6/30/2016	0.0073%	1,088,476	502,837	216.5%	80.5%
6/30/2016	6/30/2015	0.0079%	451,442	425,820	106.0%	91.9%
6/30/2015	6/30/2014	0.0074%	(168,169)	549,701	-30.6%	103.6%
6/30/2014	6/30/2013	0.0074%	378,607	503,986	75.1%	92.0%

\*\* 10-year trend information required by GASB Statement 68 will be presented prospectively

**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 total pension liability and June 30, 2018 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 NINE FISCAL YEARS\*\***

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	<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>
2022	\$ 120,128	\$ (120,128)	\$ -	\$ 494,345	24%
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%

\*\* 10-year trend information required by GASB Statement 68 will be presented prospectively

## **OTHER SUPPLEMENTARY INFORMATION**

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.

Budgetary Comparison schedules of Water Operations include the following funds:

### **General Fund**

Accounts for all financial resources and expenses of the district, except those required to be accounted for in another fund. The funds principal source of revenue is water sales.

### **Rate Stabilization Reserve Fund**

Accounts for monies accumulated for purposes 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**

Accounts for monies accumulated for future work truck acquisitions or replacements. The principal source of revenue is operating transfers from the General Fund.

### **Capital Improvement Reserve Fund**

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**

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 upgrade.

For Generally Accepted Accounting Principles purposes, these funds are consolidated and reported as one Enterprise fund.

**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, 2022*

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	<u>Total</u> <u>Revenues</u>	<u>Total</u> <u>Expenditures</u>	<u>Net</u>
<b>BUDGETARY BASIS</b>			
General Fund	\$ 4,026,728	\$ 2,597,206	\$ 1,429,522
Equipment Replacement Reserve Fund	1,551	97,473	(95,922)
Capital Improvement Reserve Fund	17,525	125,099	(107,574)
System Development Charges Fund	10,216	37,066	(26,850)
	<u>\$ 4,056,020</u>	<u>\$ 2,856,844</u>	<u>1,199,176</u>
 <b>ADD (DEDUCT) ITEMS TO RECONCILE TO NET</b>			
<b>INCOME ON A FINANCIAL REPORTING BASIS</b>			
Payment of long-term debt			280,000
Capital outlay			222,572
Depreciation			(414,347)
Change in allowance for uncollectibles			(2,000)
Change in accrued bond interest payable			2,555
Bond premium amortization			2,385
Change in net OPEB obligation			28,224
Change in deferred inflows/outflows of resources			(675,190)
Loss on disposal of fixed assets			(20,210)
Proceeds from sale of automative equipment			(3,080)
Change in net pension liability/asset			673,549
			<u>1,293,634</u>
<b>CHANGE IN NET POSITION</b>			<u>\$ 1,293,634</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, 2022**

	<b>Budget Amounts</b>		<b>Actual</b>	<b>Variance</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>				
Charges for water	\$4,023,000	\$4,023,000	\$ 3,923,266	\$ (99,734)
Fines and forfeitures	6,000	6,000	7,300	1,300
Rights of way fees	52,000	52,000	50,314	(1,686)
Miscellaneous	30,000	30,000	45,848	15,848
<i>Total Revenues</i>	<u>4,111,000</u>	<u>4,111,000</u>	<u>4,026,728</u>	<u>(84,272)</u>
<b>EXPENDITURES</b>				
Personal services	1,025,000	1,025,000	845,694	179,306
Materials and services	1,505,000	1,505,000	1,429,336	75,664
Debt service				
Principal	280,000	280,000	280,000	-
Interest	42,000	42,000	42,176	(176)
Contingency	951,000	936,000	-	936,000
<i>Total Expenditures</i>	<u>3,803,000</u>	<u>3,788,000</u>	<u>2,597,206</u>	<u>1,190,794</u>
<b>REVENUES OVER (UNDER)</b>				
<b>EXPENDITURES</b>	308,000	323,000	1,429,522	1,106,522
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	(1,426,000)	(1,441,000)	(1,426,000)	(15,000)
<b>NET CHANGE IN FUND BALANCE</b>	<u>(1,118,000)</u>	<u>(1,118,000)</u>	<u>3,522</u>	<u>1,091,522</u>
<b>FUND BALANCE, Beginning of Year</b>	<u>1,118,000</u>	<u>1,118,000</u>	<u>1,311,581</u>	<u>193,581</u>
<b>FUND BALANCE, End of year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,315,103</u>	<u>\$ 1,315,103</u>

**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, 2022**

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



**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, 2022**

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Interest income	\$ 2,000	\$ 2,000	\$ 1,551	\$ (449)
<b>EXPENDITURES</b>				
Capital outlay	100,000	115,000	97,473	17,527
<b>REVENUES OVER (UNDER)</b>				
<b>EXPENDITURES</b>	(98,000)	(113,000)	(95,922)	17,078
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	126,000	141,000	126,000	(15,000)
<b>NET CHANGE IN FUND BALANCE</b>	28,000	28,000	30,078	2,078
<b>FUND BALANCE, Beginning of Year</b>	253,000	253,000	257,973	4,973
<b>FUND BALANCE, End of year</b>	<u>\$ 281,000</u>	<u>\$ 281,000</u>	<u>\$ 288,051</u>	<u>\$ 7,051</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, 2022**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
<b>REVENUES</b>				
Interest income	\$ 20,000	\$ 20,000	\$ 17,525	\$ (2,475)
<b>EXPENDITURES</b>				
Capital outlay	2,600,000	2,600,000	125,099	2,474,901
Contingency	500,000	500,000	-	500,000
<i>Total Expenditures</i>	<u>3,100,000</u>	<u>3,100,000</u>	<u>125,099</u>	<u>2,974,901</u>
<b>REVENUES OVER (UNDER)</b>				
<b>EXPENDITURES</b>	(3,080,000)	(3,080,000)	(107,574)	2,972,426
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	<u>1,300,000</u>	<u>1,300,000</u>	<u>1,300,000</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	(1,780,000)	(1,780,000)	1,192,426	2,972,426
<b>FUND BALANCE, Beginning of year</b>	<u>2,687,000</u>	<u>2,687,000</u>	<u>2,798,765</u>	<u>111,765</u>
<b>FUND BALANCE, End of year</b>	<u>\$ 907,000</u>	<u>\$ 907,000</u>	<u>\$ 3,991,191</u>	<u>\$ 3,084,191</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, 2022*

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	<b>Budget Amounts</b>		<b>Actual</b>	<b>Variance</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>				
System development charges	\$ 16,000	\$ 16,000	\$ 9,957	\$ (6,043)
Interest income	-	-	259	259
<i>Total Revenues</i>	<u>16,000</u>	<u>16,000</u>	<u>10,216</u>	<u>(5,784)</u>
<b>EXPENDITURES</b>				
Debt service				
Interest	37,000	37,000	37,066	(66)
<b>NET CHANGE IN FUND BALANCE</b>	<u>(21,000)</u>	<u>(21,000)</u>	<u>(26,850)</u>	<u>(5,850)</u>
<b>FUND BALANCE, Beginning of year</b>	<u>54,000</u>	<u>54,000</u>	<u>54,754</u>	<u>754</u>
<b>FUND BALANCE, End of year</b>	<u>\$ 33,000</u>	<u>\$ 33,000</u>	<u>\$ 27,904</u>	<u>\$ (5,096)</u>

**WEST SLOPE WATER DISTRICT**  
**NOTES TO THE OTHER SUPPLEMENTARY INFORMATION**  
*For the Fiscal Year Ended June 30, 2022*

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***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, 2022, the board passed resolution 10-2021 authorizing a \$15,000 transfer from the general fund contingency into the equipment reserve fund capital outlay.

## STATISTICAL SECTION

This section of the West Slope Water District's comprehensive annual 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.

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Financial Trends <i>These schedules contain trend information to help the reader understand the District's financial performance and well-being have changed over time.</i>	52
Revenue Capacity <i>These schedules contain information to help the reader assess the District's most significant local revenue source, water rates revenue.</i>	55
Debt Capacity <i>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.</i>	59
Demographic Information <i>These schedules offer demographic information to help the reader understand the environment within which the District's financial activities take place.</i>	61
Operating Information <i>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.</i>	63

**WEST SLOPE WATER DISTRICT**  
**NET POSITION BY COMPONENT**  
*Last Ten Fiscal Years*  
*(Accrual Basis of Accounting)*

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<u>Fiscal Year</u>	<u>Net Investment in Capital Assets</u>	<u>Unrestricted</u>	<u>Restricted</u>	<u>Total Net Position</u>
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
2013	5,932,798	2,012,576	162,634	8,108,008

Source: West Slope Water District Financial Statements

**WEST SLOPE WATER DISTRICT**  
**CHANGES IN NET POSITION** Page 1/2  
*Last Ten Fiscal Years*  
*(Accrual Basis of Accounting)*

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
<b>OPERATING REVENUES:</b>				
Water service	\$2,936,698	\$2,767,456	\$3,001,360	\$3,097,839
Service installations	2,050	4,676	4,072	12,741
Penalties	9,880	9,695	6,195	5,451
Service modifications	269	340	446	3,916
Beaverton reimbursement	15,624	15,533	15,649	15,725
Miscellaneous	11,978	3,722	3,019	2,579
Rights of way fees	-	-	-	-
Total operating revenues	<u>2,976,499</u>	<u>2,801,422</u>	<u>3,030,741</u>	<u>3,138,251</u>
<b>OPERATING EXPENSES:</b>				
Salaries and wages	499,973	518,856	544,032	529,018
Payroll taxes and benefits	229,047	220,298	8,002	610,988
Water purchases	1,009,564	824,241	877,072	927,791
Repair and maintenance	84,264	128,322	84,272	97,108
Depreciation and amortization	330,875	339,724	344,741	345,390
Cost of services	10,914	94	-	-
Supplies	3,626	48,658	54,842	51,664
Utilities	15,452	21,817	13,630	13,989
Rights of way fees	-	-	-	-
Administration	125,913	65,407	57,104	63,267
Professional services	<u>68,156</u>	<u>54,841</u>	<u>73,610</u>	<u>61,089</u>
Total operating expenses	<u>2,377,784</u>	<u>2,222,258</u>	<u>2,057,305</u>	<u>2,700,304</u>
Operating income (loss)	598,715	579,164	973,436	437,947
<b>NON-OPERATING INCOME (EXPENSE):</b>				
Interest income	7,974	9,473	11,582	17,852
Interest expense	(153,923)	(146,790)	(154,367)	(145,608)
Gain (Loss) on disposal of asset	<u>10,200</u>	<u>10,000</u>	<u>-</u>	<u>-</u>
Total non-operating income (expenses)	<u>(135,749)</u>	<u>(127,317)</u>	<u>(142,785)</u>	<u>(127,756)</u>
<b>CAPITAL CONTRIBUTIONS:</b>				
SDC	38,859	37,812	34,130	17,908
Donated Infrastructure	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in net position	501,825	489,659	864,781	328,099
<b>NET POSITION, BEGINNING</b>	7,720,719	8,108,008	8,597,667	8,957,964
Accumulative adjustment for change in accounting principal	<u>(114,536)</u>	<u>-</u>	<u>(504,484)</u>	<u>-</u>
<b>NET POSITION, ENDING</b>	<u>\$8,108,008</u>	<u>\$8,597,667</u>	<u>\$8,957,964</u>	<u>\$9,286,063</u>

\*FY 2013 Prior Period Adjustment reflects compliance with GASB No.63 Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position.

\*FY 2015 Prior Period adjustment reflects compliance with GASB No. 68 Accounting and Financial Reporting for Pensions

**WEST SLOPE WATER DISTRICT**  
**CHANGES IN NET POSITION** (continued page 2/2)  
*Last Ten Fiscal Years*  
*(Accrual Basis of Accounting)*

<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
\$2,873,040	\$ 3,101,349	\$ 3,428,519	\$ 3,515,801	\$ 3,901,044	\$ 3,923,266
819	4,801	1,706	5,059	8,510	8,187
6,429	6,605	9,355	6,900	1,780	7,300
4,749	4,021	2,543	2,300	5,161	3,545
15,546	15,572	18,848	15,655	15,678	15,676
438	576	1,024	508	7,286	7,076
20,385	39,135	43,080	43,824	47,246	50,314
2,921,406	3,172,059	3,505,075	3,590,047	3,986,705	4,015,364
523,005	552,766	568,020	590,706	591,499	560,858
340,380	287,843	351,123	463,359	503,345	258,253
962,458	1,222,744	1,222,219	1,359,983	1,220,019	1,053,177
107,297	87,890	149,739	91,639	127,331	128,703
337,117	367,989	400,304	404,775	405,831	414,347
-	-	-	-	-	-
55,352	63,129	67,713	83,186	73,152	87,252
16,431	14,006	12,753	12,826	11,843	11,446
20,499	39,173	43,241	43,970	59,658	50,389
67,093	58,117	64,187	74,334	47,288	71,529
36,661	32,982	55,129	80,904	31,258	28,840
2,466,293	2,726,639	2,934,428	3,205,682	3,071,224	2,664,794
455,113	445,420	570,647	384,365	915,481	1,350,570
33,164	46,827	69,215	71,661	29,613	27,619
(136,187)	(126,254)	(117,212)	(88,579)	(84,431)	(74,302)
-	12,000	5,441	-	(36,401)	(20,210)
<u>(103,023)</u>	<u>(67,427)</u>	<u>(42,556)</u>	<u>(16,918)</u>	<u>(91,219)</u>	<u>(66,893)</u>
2,688	5,375	11,371	15,517	23,672	9,957
-	-	338,000	-	-	-
354,778	383,368	877,462	382,964	847,934	1,293,634
9,286,063	9,640,841	10,024,209	10,901,671	11,284,635	12,132,569
-	-	-	-	-	-
<u>\$9,640,841</u>	<u>\$10,024,209</u>	<u>\$10,901,671</u>	<u>\$11,284,635</u>	<u>\$12,132,569</u>	<u>\$13,426,203</u>



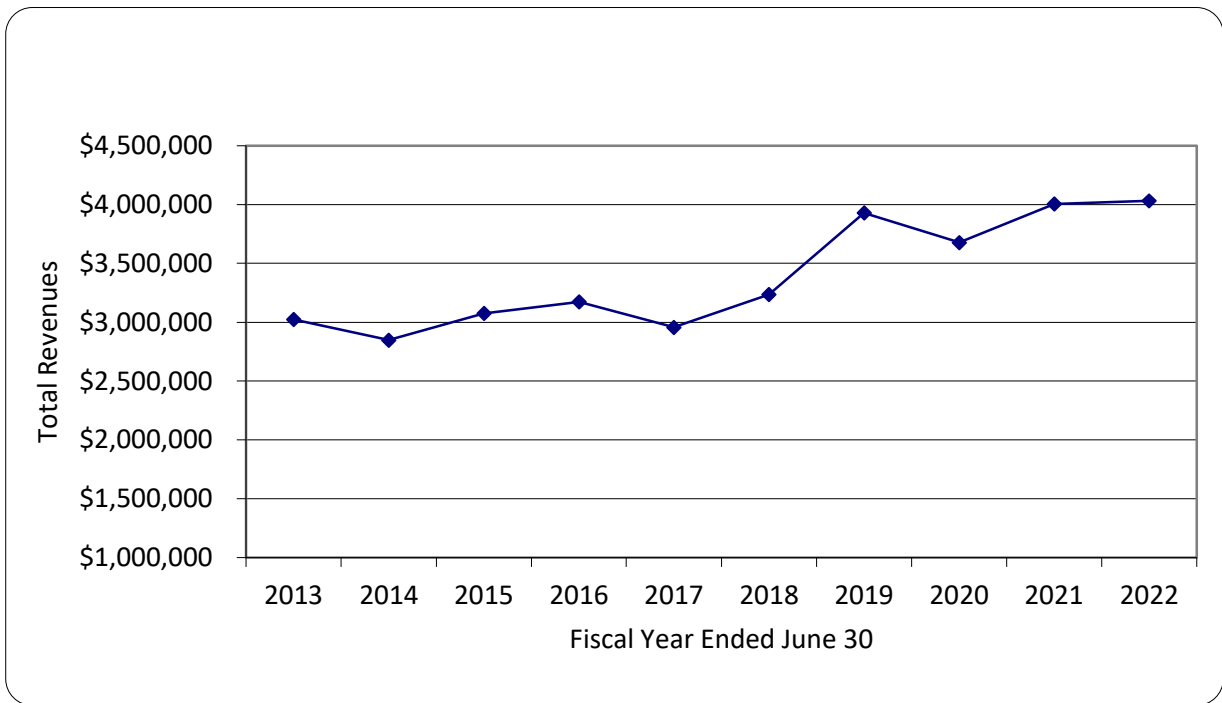
**WEST SLOPE WATER DISTRICT**

**REVENUES BY SOURCE**

*Last Ten Fiscal Years*

*(Accrual Basis of Accounting)*

<i>Fiscal Year</i>	<i>Water Services</i>	<i>Services Billed</i>	<i>Other</i>	<i>Interest Income</i>	<i>Capital Contributions</i>	<i>Total</i>
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
2013	2,936,698	2,319	37,482	7,974	38,859	3,023,332



Source: West Slope Water District Financial Statements

**WEST SLOPE WATER DISTRICT**  
**WATER RATE SCHEDULE**  
*Last Ten Fiscal Years*

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**Historical Water Rates**

<i>Date of Rate Change **:</i>	<u>6/16/2022</u>	<u>6/17/2021</u>	<u>9/19/2019</u>	<u>9/30/2018</u>	<u>11/1/2014</u>
Commodity Charge	\$ 6.30	\$ 5.73	\$ 5.41	\$ 4.83	\$ 4.31
Per 100 Cubic Feet (CCF)					
Monthly Service Charge					
3/4"	19.83	18.71	17.65	15.76	14.07
1"	33.71	31.80	30.00	26.79	23.92
1-1/2"	55.35	52.22	49.26	43.98	39.27
2"	84.78	79.98	75.45	67.37	60.15
3"	184.39	173.95	164.10	146.52	130.82
4"	278.77	262.99	248.10	221.52	197.79
6"	511.97	482.99	455.65	406.83	363.24

<i>Date of Rate Change :</i>	<u>11/1/2012</u>	<u>11/1/2011</u>	<u>7/1/2010</u>	<u>2/1/2010</u>	<u>7/1/2009</u>
Commodity Charge	\$ 4.31	\$ 4.25	\$ 4.10	\$ 3.64	\$ 3.48
Per 100 Cubic Feet (CCF)					
Monthly Service Charge					
3/4"	13.05	11.86	7.22	7.22	6.87
1"	22.19	20.17	14.37	14.37	13.69
1-1/2"	36.43	33.12	26.30	26.30	25.05
2"	55.80	50.73	40.62	40.62	38.69
3"	121.35	110.32	78.79	78.79	75.04
4"	183.48	166.80	121.74	121.74	115.94
6"	336.96	306.33	241.03	241.03	229.55

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

Conversions: 748 gallons equals one CCF

Source: West Slope Water District Utility Billing Records

**WEST SLOPE WATER DISTRICT**  
**SYSTEM DEVELOPMENT CHARGES SCHEDULE**  
*Last Ten Fiscal Years*

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***Historical SDC Rates***

<i>Date of Rate Change:</i>			***		***	
	<u>4/1/2022</u>	<u>4/1/2021</u>	<u>10/1/2020</u>	<u>4/1/2019</u>	<u>12/1/2015</u>	
<b><i>Meter Size</i></b>						
3/4"	\$ 1,774	\$ 1,660	\$ 1,567	\$ 1,552	\$ 1,344	
1"	3,546	3,319	3,132	3,103	2,687	
1-1/2"	8,794	8,299	7,832	7,758	6,718	
2"	14,186	13,279	12,532	12,414	10,749	
3"	28,372	26,558	25,062	24,827	21,498	
4"	44,331	41,497	39,161	38,793	33,591	
6"	86,663	82,994	78,323	77,586	67,182	

***Historical SDC Rates***

<i>Date of Rate Change:</i>						
	<u>2/1/2015</u>	<u>2/1/2014</u>	<u>2/1/2013</u>	<u>2/1/2012</u>	<u>2/1/2011</u>	
<b><i>Meter Size</i></b>						
3/4"	\$ 3,127	\$ 3,054	\$ 2,833	\$ 2,779	\$ 2,672	
1"	7,812	7,629	7,077	6,943	6,676	
1-1/2"	15,633	15,266	14,161	13,890	13,356	
2"	25,011	24,425	22,658	22,224	21,369	
3"	49,932	48,763	45,235	44,370	42,663	
4"	78,469	76,630	71,085	69,736	67,054	
6"	156,325	152,661	141,615	138,906	133,563	

Source: West Slope Water District

\*\*\* There were no rate changes between 12/01/2015 and 04/01/2019

**WEST SLOPE WATER DISTRICT**  
**UNCOLLECTABLE DEBT**  
*Last Ten Fiscal Years*

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<i><u>Fiscal Year</u></i> <i><u>Ended June 30</u></i>	<i><u>Write Off</u></i>	<i><u>Water</u></i> <i><u>Revenues</u></i>	<i><u>% of Revenue</u></i>
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%
2013	-	2,936,698	0.000%

Source: West Slope Water District Utility Billing Records

**WEST SLOPE WATER DISTRICT**  
**REVENUE BOND DEBT COVERAGE**  
*Last Ten Fiscal Years*

Fiscal Year	Income & Revenue*	Operating Expense**	Net Available Revenue	SDC Revenue	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>								<i>1.25</i>	<i>1.15</i>
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
2013	2,968,849	2,046,909	921,940	38,859	200,000	158,056	358,056	2.683	2.575

\* Income excludes Beaverton reimbursement & insurance proceeds

\* 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

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

Source: West Slope Water District Financial Statements

**WEST SLOPE WATER DISTRICT**  
**DEBT PER SERVICE CONNECTION**  
*Last Ten Fiscal Years*

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<i>As of June 30</i>	<i>Debt</i>	<i>Service Connections</i>	<i>Debt Per Service Connection</i>
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
2013	4,119,972	3,329	1,238

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

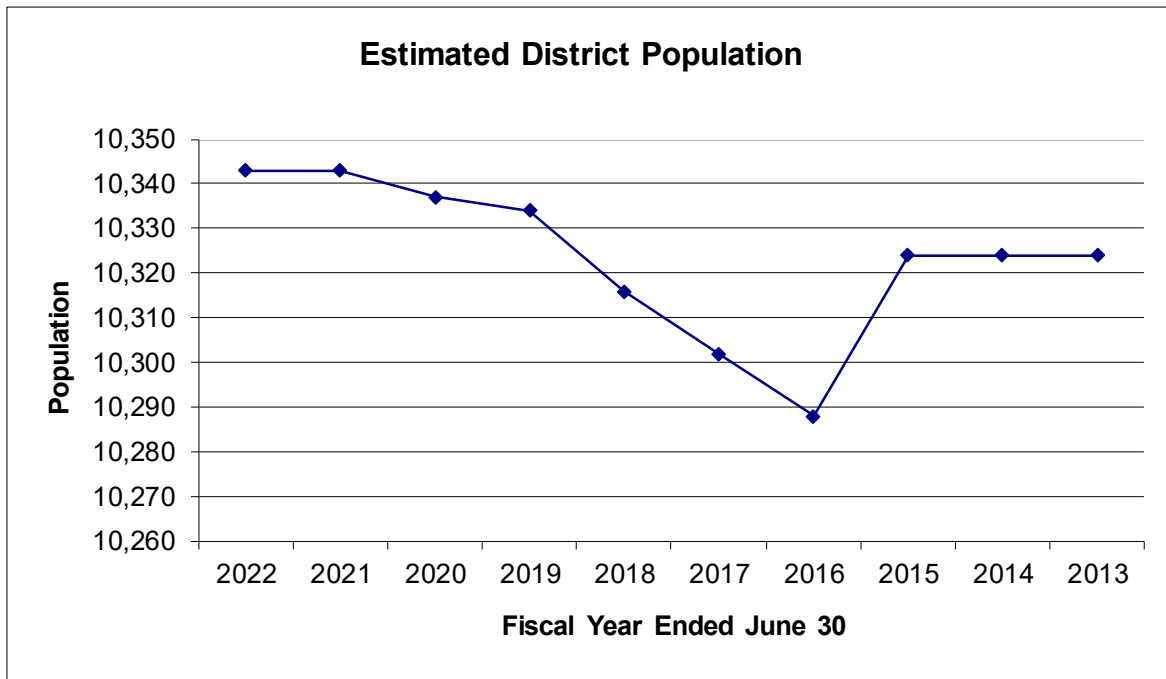
Additional information on Long-Term Debt is located in the Notes to  
Basic Financial Statements

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

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<i>As of June 30</i>	<i>Administration</i>	<i>Field Operations</i>	<i>Total</i>	<i>Service Connections</i>	<i>District Population (Estimated)</i>	<i>Employees Per 1,000 population</i>
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
2013	3.00	4.00	7.00	3,329	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 Fiscal Years*

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<i>Rate Payer</i>	<i>Fiscal Year 2022</i>			<i>Fiscal Year 2013</i>		
	<i>Usage (CCF*)</i>	<i>Rank</i>	<i>Percentage of District Total</i>	<i>Usage (CCF*)</i>	<i>Rank</i>	<i>Percentage of District Total</i>
Commerce Properties	17,648	1	3.41%	17,190	1	3.31%
Canyon Park Apts	15,000	2	2.90%	16,377	2	3.15%
Kaady Car Wash	8,159	3	1.58%	8,250	8	1.59%
Lamphere Enterprises	8,101	4	1.57%	3,496	16	0.67%
Jesuit High School	6,934	5	1.34%	5,130	11	0.99%
Prestige Senior Living	6,754	6	1.31%	n/a	n/a	n/a
Canyon Court Condo	6,621	7	1.28%	3,936	14	0.76%
Lithia Motors Inc	5,413	8	1.05%	1,187	43	0.23%
Param Canyon LLC	5,176	9	1.00%	n/a	n/a	n/a
West Slope Terrace	4,847	10	0.94%	5,481	10	1.05%
<b>TOTALS</b>	<b>84,653</b>		<b>17.46%</b>	<b>61,047</b>		<b>9.87%</b>

Source: West Slope Water District Utility Billing Records

\*1 CCF (Hundred Cubic Feet) = 748 Gallons



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

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<i><u>Fiscal Year</u></i> <i><u>Ended June 30</u></i>	<i><u>Water Sales</u></i>	<i><u>Water</u></i> <i><u>Purchases</u></i>	<i><u>Water</u></i> <i><u>Purchases</u></i> <i><u>as a Percent</u></i> <i><u>of Sales</u></i>	<i><u>Net Amount</u></i>	<i><u>Net as a</u></i> <i><u>Percent of</u></i> <i><u>Sales</u></i>
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%
2013	2,936,698	1,009,564	34.4%	1,927,134	65.6%

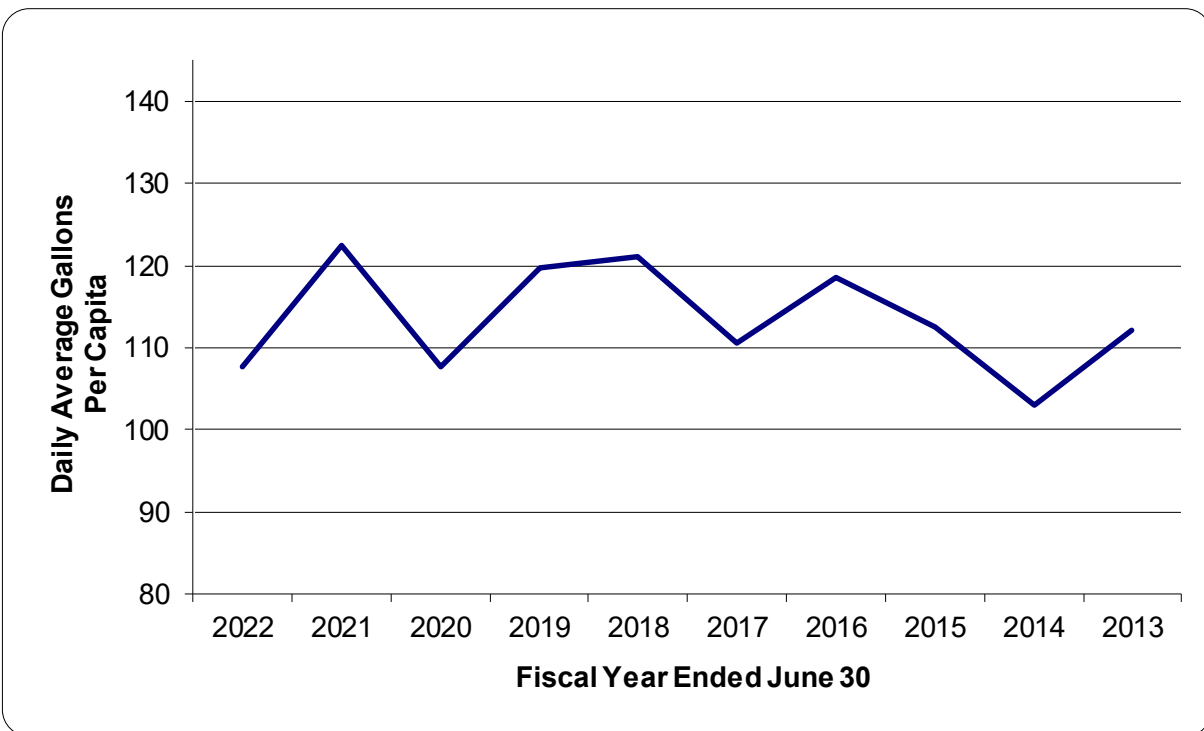
Source: West Slope Water District Financial Statements

**WEST SLOPE WATER DISTRICT**  
**GALLONS OF WATER USED BY CUSTOMERS**  
*Last Ten Fiscal Years*

<i>Fiscal Year Ended June 30</i>	<i>Annual Gallons Consumed</i>	<i>Average Daily Consumption</i>	<i>Average Daily Per Capita Consumption</i>	<i>District Population (Estimated)</i>
2022	406,353,992	1,113,299	108	10,343
2021	462,119,636	1,266,081	122	10,343
2020	406,189,432	1,112,848	108	10,337
2019	451,869,792	1,237,999	120	10,334
2018	455,679,356	1,248,437	121	10,316
2017	415,761,588	1,139,073	111	10,302
2016	445,217,828	1,219,775	119	10,288
2015	423,943,960	1,161,490	113	10,324
2014	388,252,392	1,063,705	103	10,324
2013	422,744,168	1,158,203	112	10,324

Source: West Slope Water District

Portland State University Center for Population Research and Census



**WEST SLOPE WATER DISTRICT**  
**WATER PURCHASED AND CONSUMED**  
*Last Ten Fiscal Years*

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<i>Fiscal Year Ended June 30</i>	<i>Water Purchased in CCF *</i>	<i>Water Sold in CCF *</i>	<i>Unbilled CCF *</i>	<i>Annual Percent Unbilled</i>
2022	543,254	517,409	25,845	4.76%
2021	617,807	535,229	82,578	13.37%
2020	543,034	489,913	53,121	9.78%
2019	604,104	547,929	56,175	9.30%
2018	609,197	534,842	74,355	12.21%
2017	555,831	498,768	57,063	10.27%
2016	595,211	544,543	50,668	8.51%
2015	566,770	509,771	56,999	10.06%
2014	519,054	484,741	34,313	6.61%
2013	565,166	519,738	45,428	8.04%

\*1 CCF (Hundred Cubic Feet) = 748 Gallons

Source: West Slope Water District



# GROVE, MUELLER & SWANK, P.C.

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## ***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, 2022, and have issued our report thereon dated December 2, 2022.

### ***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  
December 2, 2022