

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

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**FOR THE YEARS ENDED JUNE 30, 2019 AND 2018**



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

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**FOR THE YEARS ENDED JUNE 30, 2019 AND 2018**



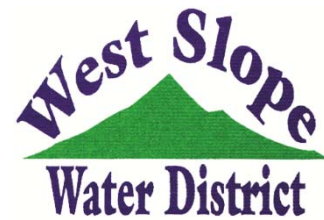
Prepared by  
Lucy Dawes  
Manager, Finance and Customer Service

**WEST SLOPE WATER DISTRICT**  
**TABLE OF CONTENTS**  
*For the Years Ended June 30, 2019 and 2018*

---

	<u>Page</u>
<b>INTRODUCTORY SECTION</b>	
Letter of Transmittal .....	i-iv
Certificate of Achievement for Excellence in Financial Reporting .....	v
Organizational Structure .....	vi
Board of Commissioners .....	vii
<b>FINANCIAL SECTION</b>	
Independent Auditor’s Report .....	1-2
Management Discussion and Analysis .....	3-12
<b><u>Basic Financial Statements</u></b>	
Statements of Net Position .....	13
Statements of Revenues, Expenses, and Changes in Net Position .....	14
Statements of Cash Flows .....	15
Notes to the Basic Financial Statements .....	16-37
<b><u>Required Supplemental Information</u></b>	
Schedule of Changes in Total OPEB Liability and Related Ratios .....	38
Schedule of the District’s Proportionate Share of the Net Pension Liability (Asset) – Oregon Public Employee’s Retirement System .....	39
Schedule of the District’s Contributions – Oregon Public Employee’s Retirement System .....	40
<b><u>Other Supplementary Information</u></b>	
Reconciliation of Budgetary Basis Change in Fund Balance to GAAP Basis Change in Net Position .....	41
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual	
General Fund .....	42
Rate Stabilization Reserve Fund .....	43
Equipment Reserve Fund .....	44
Capital Improvement Reserve Fund .....	45
System Development Charge Fund .....	46
Notes to the Other Supplementary Information .....	47
<b>STATISTICAL SECTION (10 YEAR SCHEDULES)</b>	
Net Position by Component .....	48
Changes in Net Position .....	49-50
Revenues by Source .....	51
Water Rate Schedule .....	52
System Development Charges Schedule .....	53
Uncollectable Debt .....	54
Revenue Bond Debt Coverage .....	55
Debt Per Service Connection .....	56
Full-Time Equivalent Employees by Function .....	57
Top Ten Rate Payers .....	58
Schedule of Water Sales and Purchases .....	59
Gallons of Water Used by Customers .....	60
Water Purchased and Consumed .....	61
<b>INDEPENDENT AUDITOR’S REPORT REQUIRED BY OREGON STATE REGULATIONS .....</b>	<b>62-63</b>

December 05, 2019



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, 2019.

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 PC, Certified Public Accountants, have issued an unmodified (“clean”) opinion on the West Slope Water District’s financial statements for the year ended June 30, 2019. 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 located 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 located 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 36.

### **Local Economy**

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

The majority 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 substantial 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 since April 1, 2019 the SDC for a standard residential meter (5/8 x 3/4) is \$1,552. Additional SDC fee historical data is located in the Statistical Section on page 53.

Historically as funds are available in the SDC fund, the Districts has paid one bond interest payment of around \$56,000 from SDC funds. This practice was suspended for fiscal year ended June 30, 2019 due to diminished SDC fund balance, and all bond payments were made from the General Fund. This does not change how the District calculates debt coverage and related debt covenants. Information about debt covenants is located in the Management Discussion and Analysis on page 12, the Notes to the Financial Statement on page 24, and the Statistical Section on page 55. 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 30, 2018 the District established a rate stabilization reserve fund and has made transfers through June 30, 2019 totaling \$400,000 from the General Fund into the Rate Stabilization Fund as is allowed under the Master Resolution for the 2008 Revenue Bonds. The rate stabilization reserve funds will be utilized as needed in future years to ensure that debt coverage covenants can be met in unpredictable situations. One such situation would be extended cool weather combined with a rate spike for water purchased from the City of Portland under the Regional Water Sales Agreement. Funds can be transferred into and out of the rate stabilization fund as designated by the District's Board of Commissioners. Based upon current eight year purchased water rate forecasts provided by the City of Portland, in order to avoid substantial customer rate spikes in one or more future years, the District's current eight year financial plan indicates increases to the rate stabilization reserve fund will be needed through the fiscal year end June 30, 2022, and withdrawals will be needed to meet bond debt covenants in fiscal year end June 30, 2023.

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.

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.

### **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, 2018. This was the thirteenth year the District has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement 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 unfailing support for maintaining high standards of professionalism in the management of the District finances. Their guidance and leadership are of invaluable service to the financial management and stability of the District.

Respectfully Submitted,



Michael Grimm  
General Manager



Lucy Dawes  
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 Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

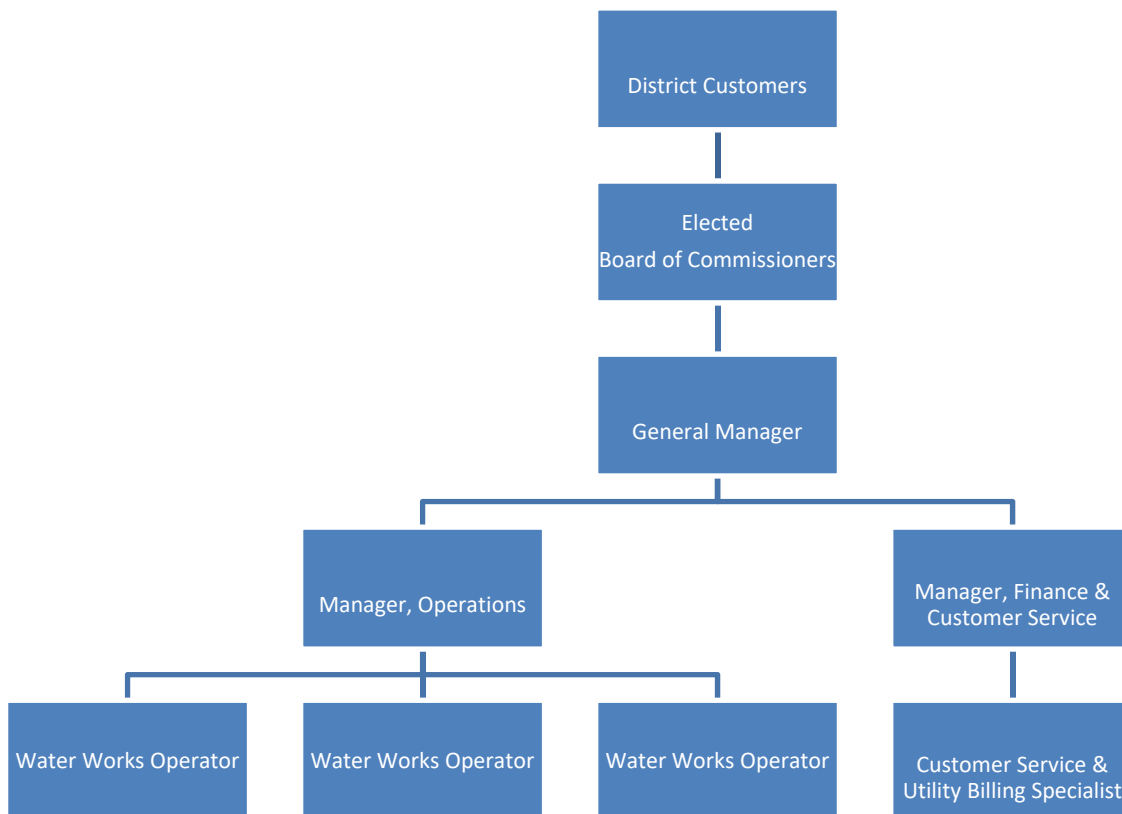
**June 30, 2018**

*Christopher P. Morill*

Executive Director/CEO



## West Slope Water District Organization Structure



**WEST SLOPE WATER DISTRICT**  
**BOARD OF COMMISSIONERS**  
*June 30, 2019*

---

<u>Board of Commissioners</u>	<u>Term Expires</u>
Michael Hoffman, Chair	June 30, 2021
Carol Wild, Treasurer	June 30, 2019
Charlie Conrad, Secretary	June 30, 2021
Noel Reiersen	June 30, 2021
Paul Schuler	June 30, 2019

Commissioners may be contacted at the address 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



## GROVE, MUELLER & SWANK, P.C.

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS  
475 Cottage Street NE, Suite 200, Salem, Oregon 97301  
(503) 581-7788

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

Board of Commissioners  
West Slope Water District  
Portland, Oregon

#### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the business-type activity of the West Slope Water District (the District) as of and for the years ended June 30, 2019 and 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

#### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

#### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements 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, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activity of the West Slope Water District as of June 30, 2019 and 2018, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

***Other Matters***

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management’s discussion and analysis, schedule of changes in total other post-employment benefits liability and related ratios, schedule of the District’s proportionate share of the net pension liability, and the schedule of pension plan contributions be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

***Other Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District’s basic financial statements. The 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 supplemental information have been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplemental information is fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subject to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

***Report on Other Legal and Regulatory Requirements***

In accordance with Minimum Standards for Audits of Municipal Corporation, we have issued our report dated December 5, 2019, 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.



CERTIFIED PUBLIC ACCOUNTANTS  
December 5, 2019

**West Slope Water District  
Management's Discussion and Analysis  
June 30, 2019**

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, 2019. 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, 2019 by \$10,901,671 (*net position*). Of this amount, \$3,014,569 (unrestricted assets) may be used to meet the District's obligations to its creditors.
- The District's net position increased by \$877,462 or 8.8%. Unrestricted net position increased \$541,999 or 21.9%.
- The District's total assets & deferred outflows of resources increased \$844,226 or 5.8%.

**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 and liabilities, with the difference between the two 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 assets 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 16 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 net position exceeded liabilities and deferred inflows by \$10.9 million this current fiscal year, \$10 million at the close of the prior fiscal year, and \$9.6 million at the close of fiscal year 2017.

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 2019 – FY 2017**

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>Difference</u> <u>2018-2019</u>	<u>Percent</u> <u>Change</u>
Current and Other Assets	\$ 4,246,928	\$ 3,613,842	\$ 3,646,038	\$ 633,086	17.5%
Capital Assets	<u>10,613,376</u>	<u>10,541,439</u>	<u>10,335,392</u>	<u>71,937</u>	0.7%
Total Assets	14,860,304	14,155,281	13,981,430	705,023	5.0%
Deferred outflows of resources	<u>448,683</u>	<u>309,480</u>	<u>581,563</u>	<u>139,203</u>	45.0%
Total Assets & Deferred Outflows of Resources	<u>15,308,987</u>	<u>14,464,761</u>	<u>14,562,993</u>	<u>844,226</u>	5.8%
Current Liabilities	666,719	605,366	546,122	61,353	10.1%
Noncurrent Liabilities	<u>3,559,299</u>	<u>3,644,819</u>	<u>4,340,509</u>	<u>(85,520)</u>	-2.3%
Total Liabilities	4,226,018	4,250,185	4,886,631	(24,167)	-0.6%
Deferred Inflows of Resources	<u>181,298</u>	<u>190,367</u>	<u>35,521</u>	<u>(9,069)</u>	-4.8%
Total Liabilities & Deferred Inflows of Resources	<u>4,407,316</u>	<u>4,440,552</u>	<u>4,922,152</u>	<u>(33,236)</u>	-0.7%
Net Investment in Capital Assets	7,872,710	7,548,389	7,099,958	324,321	4.3%
Restricted for Capital Projects	14,392	3,250	53,252	11,142	342.8%
Unrestricted	<u>3,014,569</u>	<u>2,472,570</u>	<u>2,487,631</u>	<u>541,999</u>	21.9%
Total Net Position	<u>\$ 10,901,671</u>	<u>\$ 10,024,209</u>	<u>\$ 9,640,841</u>	<u>\$ 877,462</u>	8.8%

*Change in Net Position*

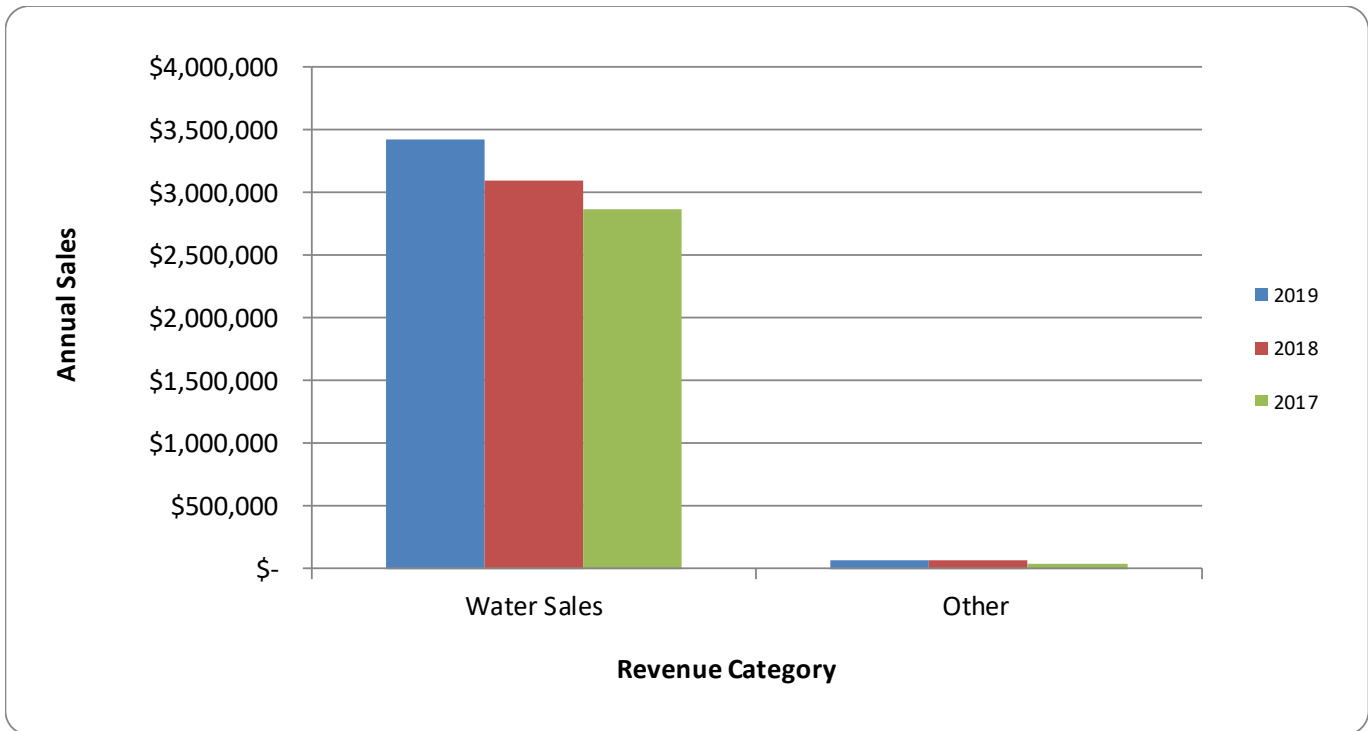
As shown below in Table 2, the District's change in net position for FYE June 30, 2019 was an increase of \$877,462 or 8.8% from prior year. The change in net position for FYE June 30, 2018 was an increase of \$383,368 or 4% from FYE June 30, 2017. The increase each year is generated primarily by operating income from water sales that exceed operating expenses, however in the current year two capital contributions of service lines by builders added \$349,371 to the increase.

Operating Income. The District generated \$570,647 of operating income in the FYE June 30, 2019, which is an increase of \$125,277 or 28.1% from FYE June 30, 2018. The District generated \$445,420 of operating income in the FYE June 30, 2018 which is a decrease of \$9,693 or 21% less than FYE June 30, 2017.

**Table 2**  
**Change in Net Position**  
**FY 2019 – FY 2017**

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>Difference</u> <u>2018-2019</u>	<u>Percent</u> <u>Change</u>
<b>OPERATING REVENUES:</b>					
Water and other services	\$ 3,505,075	\$ 3,172,059	\$ 2,921,406	\$ 333,016	10.5%
<b>OPERATING EXPENSES:</b>					
Personnel services	919,143	840,609	863,385	78,534	9.3%
Water purchases	1,222,219	1,222,744	962,458	(525)	0.0%
Materials and services	392,762	295,297	303,333	97,465	33.0%
Depreciation and amortization	400,304	367,989	337,117	32,315	8.8%
Total operating expenses	<u>2,934,428</u>	<u>2,726,639</u>	<u>2,466,293</u>	<u>207,789</u>	7.6%
Operating income	570,647	445,420	455,113	125,227	28.1%
<b>NON-OPERATING REVENUES (EXPENSES):</b>					
Interest income	69,215	46,827	33,164	22,388	47.8%
Interest expense	(117,212)	(126,254)	(136,187)	9,042	-7.2%
Gain on trade-in of assets	5,441	12,000	-	(6,559)	
Net non-operating revenue (expenses)	<u>(42,556)</u>	<u>(67,427)</u>	<u>(103,023)</u>	<u>24,871</u>	36.9%
Excess before capital contributions	528,091	377,993	352,090	150,098	-39.7%
<b>CAPITAL CONTRIBUTIONS:</b>	<u>349,371</u>	<u>5,375</u>	<u>2,688</u>	<u>343,996</u>	0.0%
<b>CHANGE IN NET POSITION:</b>	877,462	383,368	354,778	494,094	128.9%
<b>NET POSITION, BEGINNING OF YEAR</b>	<u>10,024,209</u>	<u>9,640,841</u>	<u>9,286,063</u>	<u>383,368</u>	4.0%
<b>NET POSITION, ENDING</b>	<u>\$ 10,901,671</u>	<u>\$ 10,024,209</u>	<u>\$ 9,640,841</u>	<u>\$ 877,462</u>	8.8%

**Figure 1  
Operating Revenue Comparison  
FY 2019 – FY 2017**



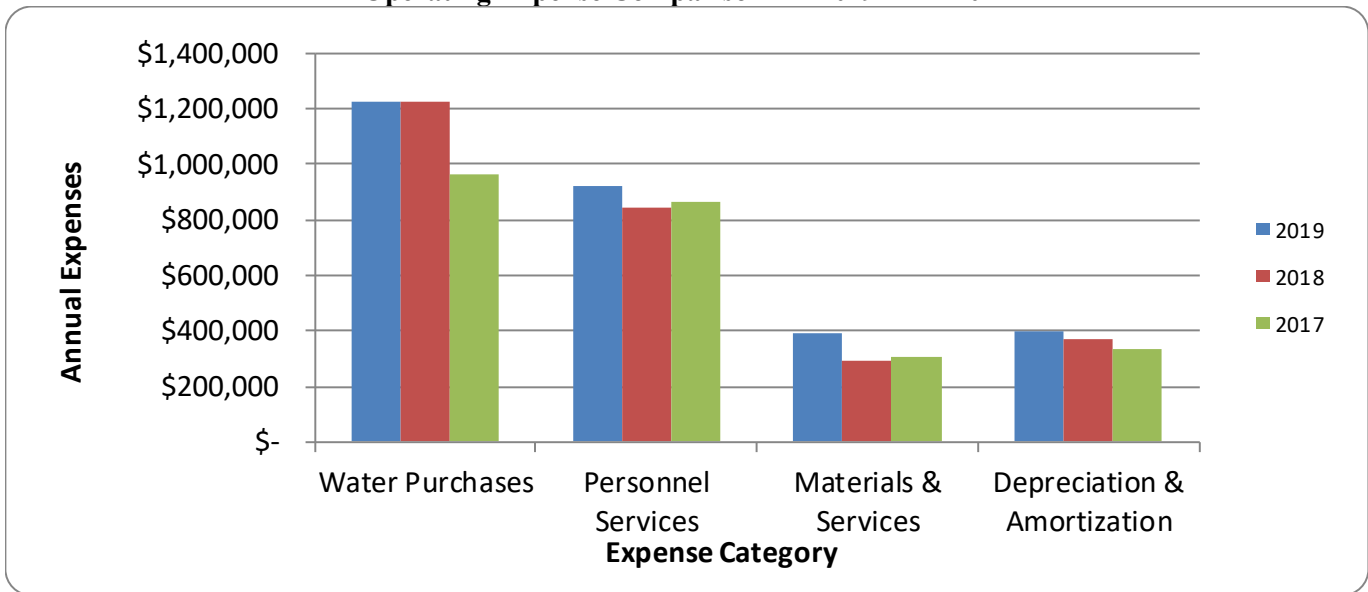
Operating Revenues. The District’s total operating revenue in FY 2019 increased by \$333,016 or 10.5% due primarily to increased water revenue of \$327,170 or 10.5% compared to FY 2018. Total operating revenues for FY 2018 increased by \$250,653 or 8.6% due to increased water revenue of \$228,309 or 7.9% compared to FY 2017.

The increased revenue in FY 2019 was due to increased usage of 10,595 units of water billed combined with a 12% increase in rates effective 09/18/2018. FY 2018 units billed were 52,408 higher than FY 2017 due to warmer weather during FY 2018 compared to FY 2017

*Other Revenue* of \$76,556 shown above in Figure 1 for FY 2019 is a minimal increase of \$5,846 or 8.3% compared to \$70,710 in FY 2018. FY 2018 increased \$22,344 or 46.2% over FY 2017 primarily due to a full year of the new Rights of Way Fee revenue which is charged to District customers residing within the Beaverton city limits. This revenue is passed on to the City of Beaverton in payment of their newly imposed ROW fee which became effective November 2016.



**Figure 2  
Operating Expense Comparison FY 2019 – FY 2017**



Operating Expenses. Total operating expenses for FY 2019 increased \$207,789 or 7.6% from FY 2018. Total operating expenses for FY 2018 increased \$260,346 or 10.6% from FY 2017.

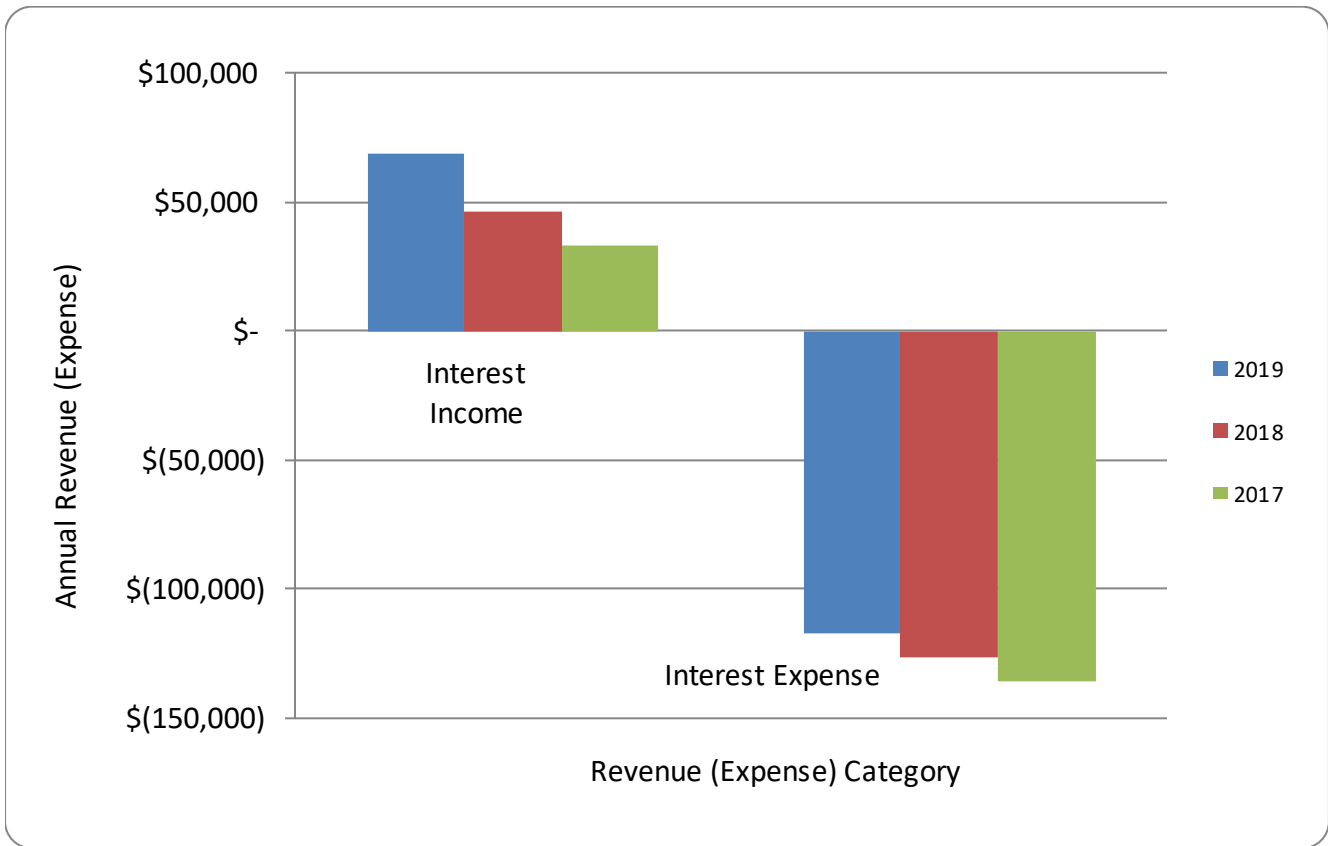
Water purchased by the District is the largest single operating expense and for FY 2019 was essentially no change over FY 2018. FY 2018 water purchases increased \$260,286 or 27.04% from FY 2017. FY 2019 rate increases for the guaranteed minimum quantity from the City of Portland (City) were offset by curtailed purchases of interruptible water which had been used in prior years to reduce peaking factor penalties under the contract with the City. The FY 2018 increase was due to the combination of a purchase of an additional 25,495 units of interruptible water from the City combined with increased rates paid for the guaranteed minimum quantity. As mentioned in the Letter of Transmittal, the District purchases water from the City and has a backup intertie with Tualatin Valley Water District. The District has a 20-year wholesale water contract with the City which includes a minimum purchase requirement and cost variables based on water demand characteristics and Portland Water Bureau capital projects and borrowing costs. The wholesale contract began July 1, 2006.

Personnel services for FY 2019 increased \$78,234 or 9.3% from FY 2018. Personnel services for FY 2018 decreased \$22,776 or 2.6% from the prior fiscal year. The changes in both years are due primarily to swings in the unfunded liability for employee retirement costs which offset other minimal increases in wages and medical insurance.

FY 2019 retirement expense increased \$55,349 from FY 2018, and FY 2018 decreased \$85,179 from FY 2017. The FY 2018 decrease was created primarily by a temporary decline in the District's proportionate share of the pooled unfunded liability at June 30, 2018. Valuation pay utilized for this valuation date was artificially low as two employees were serving the six month wait period. FY 2019 showed a slight increase to the District's proportionate share as a portion of those wages came back into the valuation pay base. Additional information about the District pension plan can be found in the Notes to the Financial Statements starting on page 24.

Materials and services for 2019 increased \$97,465 or 33% from FY 2018. FY 2018 decreased \$8,036 or 2.6% from FY 2017. The FY 2019 increase is due primarily to \$55k of increased system maintenance costs, and \$26K of increased professional services. Increases in maintenances costs were primarily \$30K of control valve rebuilds which is performed every five years and \$15,000 of main break repair costs. Professional services increased by \$26K for public outreach consulting. Other increases in FY 2019 occurred in property maintenance for building painting and asphalt sealing. The FY 2018 decrease is comprised primarily of reductions to system maintenance of \$19,407, increases of \$18,674 due to the full year of rights of way fees imposed by Beaverton, and \$8,976 of decreases in administrations costs.

**Figure 3  
Non-operating Revenue (Expense) Comparison  
FY 2019 – FY 2017**



Non-operating Revenues (Expenses). Total non-operating revenue (expense) decreased \$24,871 or 36.9% in FY 2019 compared to FY 2018. FY 2018 decreased \$35,596 or 34.6% compared to FY 2017.

FY 2019 interest income increased \$22,388 and interest expense decreased \$9,042 compared to FY 2018. FY 2018 interest income increased \$13,663 and interest expense decreased \$9,993 compare to FY 2017. Interest income increases are due to steadily rising market interest rates in both FY 2019 & 2018. Bond interest expense for the District continues to decline each year, due to the scheduled paydown of the outstanding bond balance. In addition to Bond interest, interest expense also includes \$14,185 and \$14,616 in FY 2018 and FY 2017 respectively of interest related to the transitional unfunded liability due to PERS.

Gain on disposal of fixed assets declined \$6,559 in FY 2019 compared to FY 2018. FY 2019 included a gain of \$12,000 on the foreman truck traded-in and an \$8,559 loss on disposal of dead master meters. FY 2018 included a \$12,000 gain on trade-in of the operations work truck.

The District invests available funds with the State of Oregon Local Government Investment Pool. Investments are regulated by the Oregon Short-term Fund Board and approved by the Oregon Investment Council.

**Table 3**  
**Total Revenues and Total Expenses**  
**FY 2019 – FY 2017**

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>Difference 2018-2019</u>	<u>Percent Change</u>
Operating Revenues	\$ 3,505,075	\$ 3,172,059	\$ 2,921,406	\$ 333,016	10.5%
Non-operating Revenues	<u>74,656</u>	<u>58,827</u>	<u>33,164</u>	<u>15,829</u>	26.9%
<b>Total Revenues</b>	<b><u>\$ 3,579,731</u></b>	<b><u>\$ 3,230,886</u></b>	<b><u>\$ 2,954,570</u></b>	<b><u>\$ 348,845</u></b>	<b>10.8%</b>
Operating Expenses	\$ 2,934,428	\$ 2,726,639	\$ 2,466,293	\$ 207,789	7.6%
Non-operating Expenses	<u>117,212</u>	<u>126,254</u>	<u>136,187</u>	<u>(9,042)</u>	-7.2%
<b>Total Expenses</b>	<b><u>\$ 3,051,640</u></b>	<b><u>\$ 2,852,893</u></b>	<b><u>\$ 2,602,480</u></b>	<b><u>\$ 198,747</u></b>	<b>7.0%</b>

*Total Revenues and Expenses*

Total FY 2019-FY 2017 revenue and expense for the District is shown in Table 3 above.

FY 2019 total revenue increased \$348,845 or 10.8% over FY 2018. FY 2018 total revenue increased \$276,316 or 9.4% compared to FY 2017.

Total FY 2019 expense increased \$198,747 or 7% from the previous fiscal year. FY 2018 total expense increased \$250,413 or 9.6% compared to FY 2017.

**Table 4**  
**Capital Assets FY 2019**

	<i><u>Beginning Balance</u></i>	<i><u>Additions</u></i>	<i><u>Deletions</u></i>	<i><u>Ending Balance</u></i>
<b>Capital Assets, non-depreciable:</b>				
Land	\$ 44,724	\$ -	\$ -	\$ 44,724
Construction in progress	8,300	-	(8,300)	-
Total capital assets, non-depreciable	<u>53,024</u>	<u>-</u>	<u>(8,300)</u>	<u>44,724</u>
<b>Capital assets, depreciable:</b>				
Buildings	364,724	-	-	364,724
Water Systems	15,312,221	421,880	(6,648)	15,727,453
Equipment	965,189	67,220	(60,986)	971,423
Total capital assets, depreciable	<u>16,642,134</u>	<u>489,100</u>	<u>(67,634)</u>	<u>17,063,600</u>
<b>Less: accumulated depreciation</b>				
Buildings	(162,303)	(10,620)	-	(172,923)
Water Systems	(5,505,939)	(325,975)	6,648	(5,825,266)
Equipment	(485,477)	(63,709)	52,427	(496,759)
Total accumulated depreciation	<u>(6,153,719)</u>	<u>(400,304)</u>	<u>59,075</u>	<u>(6,494,948)</u>
Net depreciable capital assets	<u>10,488,415</u>	<u>88,796</u>	<u>(8,559)</u>	<u>10,568,652</u>
<b>Net capital assets</b>	<u><u>\$ 10,541,439</u></u>	<u><u>\$ 88,796</u></u>	<u><u>\$ (16,859)</u></u>	<u><u>\$10,613,376</u></u>

*Capital Assets Activity*

As shown in Table 4 above, West Slope Water District's capital assets, net of depreciation as of June 30, 2019 are \$10,613,376. The District's capital assets included \$44,727 in land, and \$10,568,652 in buildings, reservoirs, pipelines, automotive and construction equipment net of accumulated depreciation. The total increase in the District's investment in capital assets (net of accumulated depreciation) for the FY 2019 was \$71,937 or .7% from FY 2018.

This increase consists primarily of additions of two water mains contributed to the District by developers, a new telemetry system, a replacement of the foreman's truck and additional radio read meters, which exceeded the decrease due to the current years depreciation expense of \$400,304.

**Figure 4**  
**Distribution of Capital Assets**  
**FY 2019**

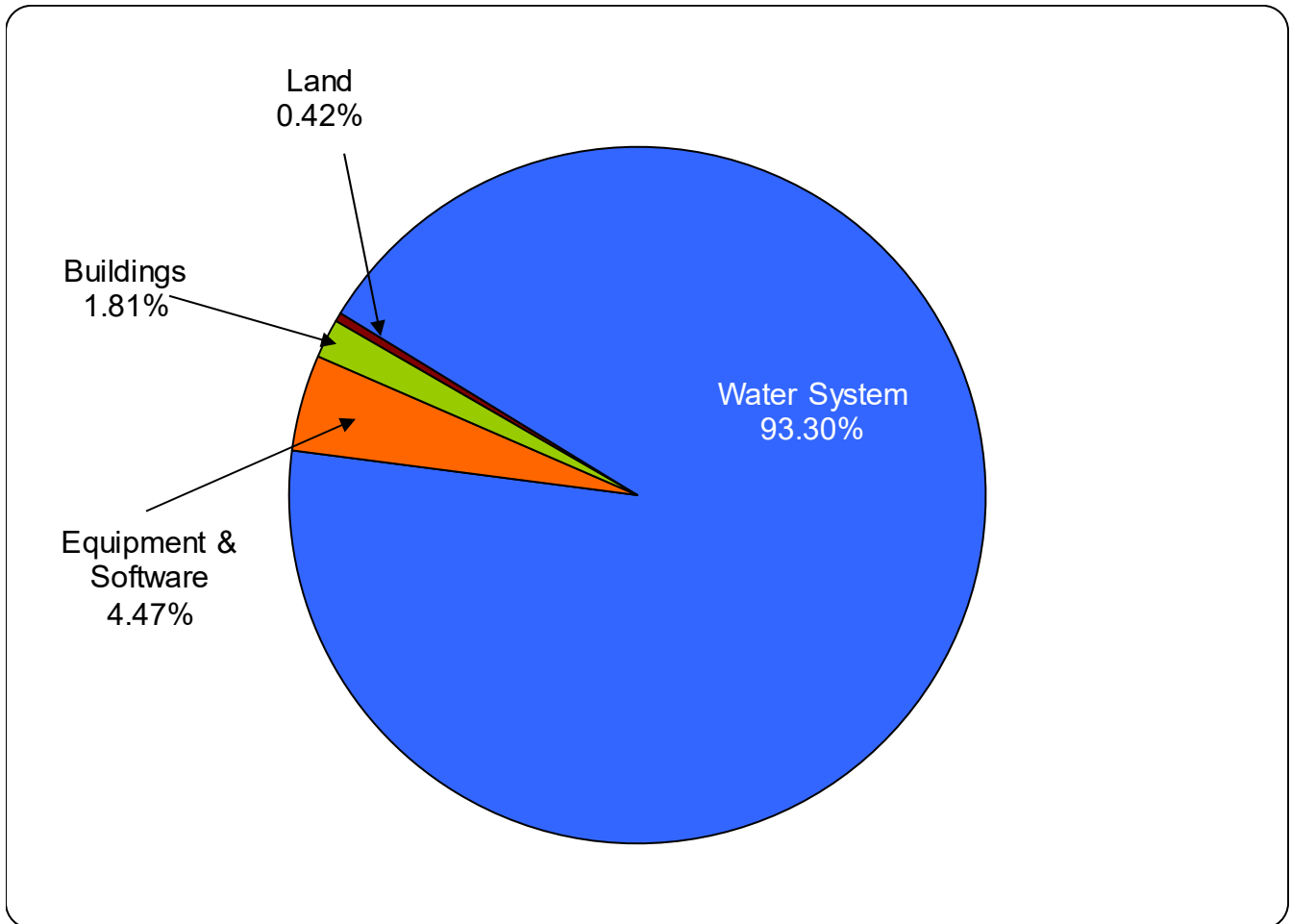


Figure 4 above shows the District's capital asset categories and their portion (percentage) of the District's total asset value in FY 2019. Additional information on the District's capital assets can be found on pages 21 and 22 in the Notes to the Financial Statements.

*Long-Term Debt Activity*

On June 30, 2019 the West Slope Water District had total outstanding bonded indebtedness of \$2.7 million as shown in Table 4 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 2019 and 2018 the District maintained compliance with these water revenue bond debt service coverage requirements. FY 2019 net operating revenues plus SDC revenue minus transfers into the rate stabilization fund totaled \$821,318 or 2.3 times debt service.

On June 20, 2018 the Board of Commissioners adopted resolution 04-2018 to establish a rate stabilization fund which will provide 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, 2019 \$400,000 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.

**Table 4**  
**Outstanding Revenue Bond Debt**  
**FY 2019 – FY 2017**

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Revenue Bond	<u>\$ 2,740,666</u>	<u>\$ 2,993,050</u>	<u>\$ 3,235,433</u>

The Notes to the Financial Statements of this report contain more detailed information regarding the status of bonded debt as of June 30, 2019, including schedules of future debt service requirements which begin on page 22. In addition, further detailed information regarding debt activity is contained in the statistical section of this report beginning on page 55.

*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 [ldawes@wswd.org](mailto:ldawes@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, 2019 and 2018*

	<u>2019</u>	<u>2018</u>
<b>ASSETS</b>		
<i>Current Assets</i>		
Cash and investments	\$ 3,625,533	\$ 3,101,349
Accounts receivable	521,110	460,801
Prepaid expenses	41,016	22,656
Inventories	44,877	25,786
<i>Total Current Assets</i>	<u>4,232,536</u>	<u>3,610,592</u>
<i>Noncurrent Assets</i>		
Restricted cash	14,392	3,250
Non-depreciable capital assets	44,724	53,024
Depreciable capital assets, net of depreciation	10,568,652	10,488,415
<i>Total Noncurrent Assets</i>	<u>10,627,768</u>	<u>10,544,689</u>
<i>Total Assets</i>	14,860,304	14,155,281
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred outflows - related to pension liability	448,683	309,480
<i>Total assets and deferred outflows of resources</i>	<u>\$ 15,308,987</u>	<u>\$ 14,464,761</u>
<b>LIABILITIES</b>		
<i>Current Liabilities</i>		
Accounts payable and accrued liabilities	\$ 231,787	\$ 190,056
Accrued payroll liabilities	64,771	61,156
Customer deposits	14,722	15,722
Compensated absences	52,214	44,976
Interest payable	25,826	28,014
Current portion of pension transitional liability	15,015	13,058
Current portion of long-term debt	262,384	252,384
<i>Total Current Liabilities</i>	<u>666,719</u>	<u>605,366</u>
<i>Noncurrent Liabilities</i>		
Other post employment benefits	85,511	78,141
Net pension liability	840,357	652,438
Noncurrent portion of pension transitional liability	155,149	173,574
Noncurrent portion of long-term debt	2,478,282	2,740,666
<i>Total Noncurrent Liabilities</i>	<u>3,559,299</u>	<u>3,644,819</u>
<i>Total Liabilities</i>	4,226,018	4,250,185
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred inflows - related to pension liability	181,298	190,367
<b>NET POSITION</b>		
Net investment in capital assets	7,872,710	7,548,389
Restricted for capital projects	14,392	3,250
Unrestricted	3,014,569	2,472,570
<i>Total Net Position</i>	<u>10,901,671</u>	<u>10,024,209</u>
<i>Total liabilities, deferred inflows of resources and net position</i>	<u>\$ 15,308,987</u>	<u>\$ 14,464,761</u>

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



**WEST SLOPE WATER DISTRICT**  
**WASHINGTON COUNTY, OREGON**  
**STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
*For the Fiscal Years Ended June 30, 2019 and 2018*

	<u>2019</u>	<u>2018</u>
<b>OPERATING REVENUES</b>		
Water service	\$ 3,428,519	\$ 3,101,349
Service installations	1,706	4,801
Penalties	9,355	6,605
Service modifications	2,543	4,021
Miscellaneous	1,024	576
Rights of way fees	43,080	39,135
Other	18,848	15,572
	<hr/>	<hr/>
<i>Total Operating Revenues</i>	3,505,075	3,172,059
<b>OPERATING EXPENSES</b>		
Salaries and wages	568,020	552,766
Payroll taxes and benefits	351,123	287,843
Water purchases	1,222,219	1,222,744
Repair and maintenance	149,739	87,890
Depreciation and amortization	400,304	367,989
Supplies	67,713	63,129
Utilities	12,753	14,006
Rights of way fees	43,241	39,173
Administration	64,187	58,117
Professional services	55,129	32,982
	<hr/>	<hr/>
<i>Total Operating Expenses</i>	2,934,428	2,726,639
<i>Operating Income</i>	570,647	445,420
<b>NON-OPERATING REVENUES (EXPENSES)</b>		
Interest income	69,215	46,827
Interest expense	(117,212)	(126,254)
Gain on disposition of assets	5,441	12,000
	<hr/>	<hr/>
<i>Net Non-Operating Revenues (Expenses)</i>	(42,556)	(67,427)
<b>CAPITAL CONTRIBUTIONS</b>	349,371	5,375
<b>CHANGE IN NET POSITION</b>	877,462	383,368
<b>NET POSITION, Beginning of Year</b>	10,024,209	9,640,841
	<hr/>	<hr/>
<b>NET POSITION, End of Year</b>	\$ 10,901,671	\$ 10,024,209
	<hr/> <hr/>	<hr/> <hr/>

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, 2019 and 2018*

	<b>2019</b>	<b>2018</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Received from customers	\$ 3,443,766	\$ 3,089,283
Payments to employees	(526,618)	(549,759)
Payments to suppliers for goods and services	(1,961,824)	(1,770,250)
<i>Net Cash Provided by Operating Activities</i>	955,324	769,274
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Capital asset purchases	(128,800)	(562,036)
Debt principal payments	(252,384)	(242,384)
Interest paid	(119,400)	(128,654)
Capital contributions	11,371	5,375
<i>Net Cash Used by Capital and Related Financing Activities</i>	(489,213)	(927,699)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest received	69,215	46,827
<b>NET CHANGE IN CASH AND INVESTMENTS</b>	535,326	(111,598)
<b>CASH AND INVESTMENTS, Beginning of year</b>	3,104,599	3,216,197
<b>CASH AND INVESTMENTS, End of year</b>	\$ 3,639,925	\$ 3,104,599
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>		
Operating income	\$ 570,647	\$ 445,420
Adjustments		
Depreciation	400,304	367,989
<i>(Increase) decrease in assets</i>		
Accounts receivable	(60,309)	(81,782)
Prepaid expenses	(18,360)	(1,362)
Inventory	(19,091)	3,742
<i>Increase (decrease) in liabilities:</i>		
Accounts payable and accrued liabilities	41,731	33,254
Accrued payroll liabilities	3,615	4,404
Customer deposits	(1,000)	(994)
Compensated absences	7,238	7,129
Net OPEB obligation	7,370	14,623
Net Pension Liability	187,919	(436,038)
Pension transitional liability	(16,468)	(14,040)
<i>Deferred outflows of resources</i>	(139,203)	272,083
<i>Deferred inflows of resources</i>	(9,069)	154,846
<i>Net Cash Provided by Operating Activities</i>	\$ 955,324	\$ 769,274
<b>NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Value of asset from trade-in	\$ 14,000	\$ 12,000

*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 average of write-offs to water sales applied to the expected sales for the coming year.

*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, 2019 are recorded as prepaid insurance and are recorded as expense when used.

*Restricted Assets and Liabilities*

Assets, the use of which is restricted to specific purposes by state statute, bond indenture, or other outside party, and related liabilities, are segregated on the Statement of Net Position. Restricted SDC funds are used for bond payments against the 2008 revenue bonds when balances are large enough to cover one payment. SDC proceeds not yet utilized for bond payments remain on the books as restricted net position. The proceeds from the 2008 revenue bond issue were used to build infrastructure in 2008.

*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.

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

*Capital Assets (Continued)*

Monthly depreciation is taken in the year the assets are acquired or retired. Gains or losses from sales or retirements of capital assets are included in operations of the current period.

*Compensated Absences*

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

*Deferred Outflows/Inflows of Resources*

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows*, represents a consumption of net position that applies to a future period(s) 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, 2018 measurement date.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows*, represents an acquisition of net position that applies to a future period(s) 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.

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

*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.

**CASH AND CASH EQUIVALENTS**

At June 30, 2019, 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>\$3,036,025</u>

At June 30, 2018, 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>\$2,624,493</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.

*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.

**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, 2019, and June 30, 2018 the book values of the District's bank deposits were \$603,450 and \$479,656 and the bank balances were \$612,584 and \$493,336. \$250,000 of the bank balance was covered by FDIC insurance. As required by Oregon Revised Statutes, the deposits in excess of federal depository insurance were 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 in excess of FDIC insurance are considered to be fully collateralized.

**ACCOUNTS RECEIVABLE – WATER SERVICE**

The District bills water users monthly. The water service receivables at June 30, 2019 and 2018 were \$345,110 and \$298,346 respectively. At June 30, 2019 and 2018 the District had no recorded allowance for uncollectible accounts.

**WEST SLOPE WATER DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
*June 30, 2019 and 2018*

---

**CAPITAL ASSETS**

The changes in Capital Assets for the year ended June 30, 2019 are summarized below:

	<i>Beginning Balance</i>	<i>Additions</i>	<i>Deletions</i>	<i>Ending Balance</i>
<b>Capital Assets, non-depreciable:</b>				
Land	\$ 44,724	\$ -	\$ -	\$ 44,724
Construction in progress	8,300	-	(8,300)	-
Total capital assets, non-depreciable	<u>53,024</u>	<u>-</u>	<u>(8,300)</u>	<u>44,724</u>
<b>Capital assets, depreciable:</b>				
Buildings	364,724	-	-	364,724
Water Systems	15,312,221	421,880	(6,648)	15,727,453
Equipment	965,189	67,220	(60,986)	971,423
Total capital assets, depreciable	<u>16,642,134</u>	<u>489,100</u>	<u>(67,634)</u>	<u>17,063,600</u>
<b>Less: accumulated depreciation</b>				
Buildings	(162,303)	(10,620)	-	(172,923)
Water Systems	(5,505,939)	(325,975)	6,648	(5,825,266)
Equipment	(485,477)	(63,709)	52,427	(496,759)
Total accumulated depreciation	<u>(6,153,719)</u>	<u>(400,304)</u>	<u>59,075</u>	<u>(6,494,948)</u>
Net depreciable capital assets	<u>10,488,415</u>	<u>88,796</u>	<u>(8,559)</u>	<u>10,568,652</u>
<b>Net capital assets</b>	<u>\$ 10,541,439</u>	<u>\$ 88,796</u>	<u>\$ (16,859)</u>	<u>\$10,613,376</u>



**WEST SLOPE WATER DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
*June 30, 2019 and 2018*

**CAPITAL ASSETS (Continued)**

The changes in Capital Assets for the year ended June 30, 2018 are summarized below:

	<i>Beginning Balance</i>	<i>Additions</i>	<i>Deletions</i>	<i>Ending Balance</i>
<b>Capital Assets, non-depreciable:</b>				
Land	\$ 44,724	\$ -	\$ -	\$ 44,724
Construction in progress	1,451,305	487,503	(1,930,508)	8,300
Total capital assets, non-depreciable	<u>1,496,029</u>	<u>487,503</u>	<u>(1,930,508)</u>	<u>53,024</u>
<b>Capital assets, depreciable:</b>				
Buildings	354,306	10,418	-	364,724
Water Systems	13,381,713	1,930,508	-	15,312,221
Equipment	913,114	76,115	(24,040)	965,189
Total capital assets, depreciable	<u>14,649,133</u>	<u>2,017,041</u>	<u>(24,040)</u>	<u>16,642,134</u>
<b>Less: accumulated depreciation</b>				
Buildings	(151,683)	(10,620)	-	(162,303)
Water Systems	(5,204,736)	(301,203)	-	(5,505,939)
Equipment	(453,351)	(56,166)	24,040	(485,477)
Total accumulated depreciation	<u>(5,809,770)</u>	<u>(367,989)</u>	<u>24,040</u>	<u>(6,153,719)</u>
Net depreciable capital assets	<u>8,839,363</u>	<u>1,649,052</u>	<u>-</u>	<u>10,488,415</u>
<b>Net capital assets</b>	<u>\$ 10,335,392</u>	<u>\$ 2,136,555</u>	<u>\$(1,930,508)</u>	<u>\$10,541,439</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, 2019, long-term debt activity was as follows:

	<i>Beginning Balance</i>	<i>Additions</i>	<i>Deletions</i>	<i>Ending Balance</i>	<i>Due within one year</i>	<i>Due in More Than one year</i>
Bonds	\$ 2,970,000	\$ -	\$ (250,000)	\$ 2,720,000	\$ 260,000	\$ 2,460,000
Bond premiums	23,050	-	(2,384)	20,666	2,384	18,282
Total bonds payable	<u>\$ 2,993,050</u>	<u>\$ -</u>	<u>\$ (252,384)</u>	<u>\$ 2,740,666</u>	<u>\$ 262,384</u>	<u>\$ 2,478,282</u>

**WEST SLOPE WATER DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
*June 30, 2019 and 2018*

---

**LONG-TERM DEBT** (Continued)

During the year ended June 30, 2018, long-term debt activity was as follows:

	<i>Beginning Balance</i>	<i>Additions</i>	<i>Deletions</i>	<i>Ending Balance</i>	<i>Due within one year</i>	<i>Due in More Than one year</i>
Bonds	\$ 3,210,000	\$ -	\$ (240,000)	\$ 2,970,000	\$ 250,000	\$ 2,720,000
Bond premiums	25,434	-	(2,384)	23,050	2,384	20,666
Total bonds payable	<u>\$ 3,235,434</u>	<u>\$ -</u>	<u>\$ (242,384)</u>	<u>\$ 2,993,050</u>	<u>\$ 252,384</u>	<u>\$ 2,740,666</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>
Reservoir 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>
2020	\$ 260,000	\$ 98,756	\$ 358,756
2021	270,000	89,279	359,279
2022	280,000	79,241	359,241
2023	290,000	68,694	358,694
2024	300,000	57,631	357,631
2025-2028	1,320,000	107,397	1,427,397
	2,720,000	\$ 500,998	\$ 3,220,998
Bond premium	20,666		
	<u>\$ 2,740,666</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>
2019-2020	3.500%
2021-2022	3.650%
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, 2019 and 2018.

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 subsequent to October 1, 2013 the COLA is capped at 1.25% on the first \$60,000 of annual benefits and .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, 2015 actuarial valuation. The rates based on a percentage of payroll, first became effective July 1, 2017. The District's contribution rates for the period excluding the employee paid 6% to IAP and the employer paid 5.63% for pension transitional liability principal and interest were 24.85% for Tier One/Tier Two members, and 15.32% for OPSRP General Service members. The District's contribution excluding 5.63% paid for the transitional liability, .06% paid for RHIA (see below other postemployment benefits), and employee paid 6% for IAP, was \$111,264 in fiscal year ended June 30, 2019, and \$102,468 in fiscal year ended June 30, 2018.

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*

Upon joining the State and Local Government Rate Pool, SLGRP on January 1, 2002 a transition liability was calculated to ensure the District entered the pool on a comparable basis. The transition liability is maintained separately from the SLGRP, and is reduced by separately assessed contributions based on payroll and is increased for interest charges. The employer contribution rate at June 30, 2019 was 5.63%, and at June 30, 2018 was 5.63% of covered payroll. At June 30, 2019 and 2018 the District reported a transitional liability balance of \$170,164 and \$186,632.

**WEST SLOPE WATER DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
*June 30, 2019 and 2018*

---

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

At June 30, 2019 and 2018 respectively, the District reported a liability of \$840,357 and \$652,438 for its proportionate share of the State and Local Government Rate Pool (SLGRP), OPERS net pension asset/liability. The June 30, 2019 net pension liability was measured as of June 30, 2018, and determined by an actuarial valuation as of December 31, 2016 rolled forward to June 30, 2018. 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, 2018 measurement date (used for June 30, 2019 reporting), the District’s proportion was 0.00555%, which is an increase from its proportionate share of 0.00484% measured as of June 30, 2017 (used for June 30, 2018 reporting).

For the years ended June 30, 2019 and June 30, 2018, the District recognized pension expense of \$150,911, and \$95,562 respectively.

At June 30, 2019, 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>
	<u>                    </u>	<u>                    </u>
Differences between expected and actual experience	\$ 28,586	\$ -
Changes in assumptions	195,381	-
Net difference between projected and actual earnings on investments	-	37,317
Changes in proportionate share	60,884	142,928
Differences between employer contributions and employer's proportionate share of system contributions	53,569	1,053
Contributions subsequent to measurement date	110,263	-
	<u>                    </u>	<u>                    </u>
Total	<u>\$ 448,683</u>	<u>\$ 181,298</u>

Deferred outflows of resources resulting from the District’s contributions subsequent to the measurement date of \$110,263 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, 2020.

**WEST SLOPE WATER DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
*June 30, 2019 and 2018*

---

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

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>	
2020	\$ 91,508
2021	57,994
2022	(21,300)
2023	20,204
2024	8,716
Thereafter	-
Total	<u>\$ 157,122</u>

At June 30, 2018 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	\$ 31,552	\$ -
Changes in assumptions	118,928	-
Net difference between projected and actual earnings on investments	6,722	-
Changes in porportionate share	4,157	188,561
Differences between employer contributions and employer's proportionate share of system contributions	45,653	1,806
Contributions subsequent to measurement date	102,468	-
Total	<u>\$ 309,480</u>	<u>\$ 190,367</u>

Deferred outflows of resources related to pensions resulting from the District's contributions subsequent to the measurement date of \$102,468 were recognized as a reduction of the net pension liability in the year ended June 30, 2019.

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

*Actuarial Methods and Assumptions*

The total pension liability in the December 31, 2016 actuarial valuation was determined using the following actuarial methods and assumptions:

Valuation Date	December 31, 2016
Measurement Date	June 30, 2018
Experience Study	2016, published July 2017
Actuarial Cost Method	Entry Age Normal
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:	
Inflation Rate	2.50%
Long-term expected rate of return	7.20%
Discount rate	7.20%
Projected Salary Increases	3.5% compounded annually
Mortality	<p><b>Healthy retirees and beneficiaries:</b>  RP-2014 Healthy annuitant, sex-distinct, generational with Unisex Social Security Data Scale, with collar adjustments and set-backs as described in the valuation.</p> <p><b>Active members:</b>  RP-2014 Employees, sex-distinct, generational with Unisex Social Security Data Scale, with collar adjustments and set-backs as described in the valuation.</p> <p><b>Disabled retirees:</b>  RP-2014 Employees, Disabled retirees, sex distinct, generational with Unisex Social Security Data Scale.</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 2016 experience study which reviewed experience for the four-year period ending on December 31, 2016.



**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 July 2017 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>
Core Fixed Income	8.00 %	3.49 %
Short-Term Bonds	8.00	3.38
Bank/Leveraged Loans	3.00	5.09
High Yield Bonds	1.00	6.45
Large/Mid Cap US Equities	15.75	6.30
Small Cap US Equities	1.31	6.69
Micro Cap US Equities	1.31	6.80
Developed Foreign Equities	13.13	6.71
Emerging Market Equities	4.13	7.45
Non-US Small Cap Equities	1.88	7.01
Private Equity	17.50	7.82
Real Estate (Property)	10.00	5.51
Real Estate (REITS)	2.50	6.37
Hedge Fund of Funds - Diversified	2.50	4.09
Hedge Fund - Event-driven	0.63	5.86
Timber	1.88	5.62
Farmland	1.88	6.15
Infrastructure	3.75	6.60
Commodities	1.88	3.84
Assumed Inflation - Mean		2.5%

*Discount Rate*

The discount rate used to measure the total pension liability at June 30, 2019 was 7.2% and at June 30, 2018 was 7.5% for the Defined Benefit Pension Plan. 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.

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

*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, 2018 measurement date and as of the June 30, 2017 measurement date. The June 30, 2018 period utilized a discount rate of 7.2% and the June 30, 2017 measurement date utilized a rate of 7.5%. 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 (7.2% & 6.5%) or 1-percentage-point higher (8.2% & 8.5%) than the current rate.

	Proportionate share of the net pension liability/(asset):	
Measurement Date	6/30/2018	6/30/2017
Reporting Date	6/30/2019	6/30/2018
Discount Rate	7.2%	7.5%
Proportionate share at above rate	\$ 840,357	\$ 652,438
Proportionate share at 1% decrease	1,404,395	1,111,873
Proportionate share at 1% increase	374,789	268,265

*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/EMP/Pages/Actuarial-Financial-Information.aspx>.

**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 in order 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, and no assets are accumulated into a trust.

*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.

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

**Implicit Rate Subsidy (Continued)**

The current monthly health care premium for plan members at June 30, 2019 was:

Single	\$ 662
Employee&Children	1,225
Couple	1,325
Family	1,888

*Employees covered by benefit terms:* At June 30, 2019, the following employees were covered by the benefit terms:

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

*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, 2019 and 2018*

---

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

**Implicit Rate Subsidy (Continued)**

*Actuarial Assumptions and Other Inputs*

The June 30, 2017 actuarial valuation upon which the June 30, 2019 OPEB liability is based, was determined using the following actuarial assumptions and other inputs.

Valuation Date	July 1, 2017
Measurement Date	June 30, 2018
Actuarial Cost Method	Entry Age Normal, level percent of salary
Inflation Rate	2.50%
Discount rate	3.5% based on the municipal bond rate
Projected Salary Increases	3.5% plus Salary Merit Scale below.
Mortality	<b>Basic Table</b> RP 2014, Employee/Health Annuitant, sex distinct, generation <b>Improvement Scale:</b> Unisex Social Security Data Scale (60 year average) <b>Male Adjustments:</b> Blended 50% blue collar/50% white collar, set back 12 months. <b>Female Adjustments:</b> Blended 50% blue collar/50% white collar, no set back.

Salary Merit Scale:	Duration	Increase
	0	3.38%
	5	1.94%
	10	0.99%
	15	0.43%
	20	0.14%
	25	0.02%
	30+	-0.04%

Annual Premium Increase	Year	Rate
	2017-18	6.4%
	2018-19	6.3%
	2019-20	6.2%
	2020-21	6.1%
	2021-22	6.0%
	2022-23	5.9%
	2023-24	5.8%
	2024-25	5.7%
	2025-26	5.6%
	2026-27	5.5%
	2027-28	5.4%
	2028-29	5.3%
	2029-30	5.2%
	2030-31	5.1%
	2031+	5.0%

**WEST SLOPE WATER DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
*June 30, 2019 and 2018*

---

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

**Implicit Rate Subsidy (Continued)**

*Changes in the Total OPEB Liability*

Balance at June 30, 2018	\$	78,141
Changes for the year:		
Service Cost		5,730
Interest		2,815
Changes of benefit terms		-
Differences between expected and actual experience		-
Changes of assumptions or other input		-
Benefit payments		(1,175)
Net changes		<u>7,370</u>
Balance at June 30, 2019	\$	<u><u>85,511</u></u>

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

1% Decrease	\$	92,525
1% Increase		79,133

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rate

1% Decrease	\$	75,301
1% Increase		98,146

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

For the years ended June 30, 2019 and June 30, 2018, the District recognized OPEB expense of \$7,370, and \$14,623.

At June 30, 2019 and June 30, 2018 the District reported \$0 and \$0, respectively of deferred outflows of resources and deferred inflows of resources related to OPEB from all sources.

**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 in excess of \$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, 2015 actuarial valuation. The rates first became effective July 1, 2017. The District's contributions in fiscal year ended June 30, 2019 and June 30, 2018 respectively were \$2,339 and \$2,377.

**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 back 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, 2019, and June 30, 2018 the amounts of debt service reimbursement totaled \$18,848, and \$15,572 respectively, and water reimbursement was \$40,283 and \$40,283 respectively.

**ADOPTION OF NEW GASB PRONOUNCEMENTS:**

*Adopted*

**GASB Statement No. 88**, This statement was implemented in FY 2019. "Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements". This statement addresses inconsistencies in the information disclosed in notes to governmental financial statements related to debt, including direct borrowings and direct placements, and provides financial statement users with additional essential information about debt. The objective is to improve the consistency of the information presented.

**GASB Statement No. 75**, This statement was implemented in FY 2018. "Accounting and Financial Reporting for Postemployment Benefits Other than Pensions," addresses reporting by governments that provide OPEB to their employees and for governments that finance OPEB for employees of other governments. It requires governments in all types of OPEB plans to present more extensive note disclosures and required supplementary information (RSI) about their OPEB liabilities. The statement is effective for fiscal years beginning after June 15, 2017.

The revalued June 30, 2017 total OPEB liability for the District's implicit rate subsidy for health benefits provided to retirees is immaterial to the District's financials as a whole and is therefore included as a part of FY2018 OPEB expense, rather than a restatement of beginning net position.

The amounts representing the District's portion of the OPEB liability and expense under the cost sharing RHIA OPEB plan administered by the OPERS trust, are immaterial and therefore are not recorded in the District's financial statements. The note disclosure describes the plan and its benefits, and the expense incurred during the year.

**ADOPTION OF NEW GASB PRONOUNCEMENTS** *(Continued)*

**GASB Statement No. 89** This statement was implemented in FY 2018. “Accounting for Interest Incurred before the End of a Construction Period” This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements of business-type activities. FY 2018 year implementation of this statement resulted in \$9,708 of FY 2018 interest being recorded as expense rather than being capitalized under pre-GASB 89 treatment.

*Future adoption of GASB pronouncements*

**GASB Statement No. 87** “ Leases” defines criteria under which certain leases are required to be recognized as a lease liability and an intangible right-to-use lease assets. The statement is effective for fiscal years beginning after December 15, 2019 or fiscal year ending June 30, 2021. While the District will be required to restate payments for certain of its lease obligations the District has not assessed the monetary impact to the financials based on the requirements of this statement.

The District will implement new GASB pronouncements no later than the required fiscal year. The District is currently evaluating whether or not the above pronouncement will 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.

**SUBSEQUENT EVENTS**

On December 1, 2019 the District paid off the \$157,028 balance of pension transitional liability payable to the Oregon Public Employees Retirement System. This resulted in an immediate reduction to the District’s employer pension expense equal to 4.37% of covered payroll.

Management has evaluated subsequent events through December 05, 2019, the date on which the financial statements were available to be issued. Management is not aware of any additional subsequent events that require recognition or disclosure in the financial statements.



***REQUIRED SUPPLEMENTAL INFORMATION***

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

---

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

	<b>2018</b>	<b>2019</b>
Total OPEB Liability - Beginning	\$ 70,038	\$ 78,141
Changes for the year:		
Service Cost	5,730	5,730
Interest	2,549	2,815
Changes of benefit terms	-	-
Differences between expected and actual exp	-	-
Changes of assumptions or other input	-	-
Benefit payments	(176)	(1,175)
Net changes	8,103	7,370
Total OPEB Liability - Ending	\$ 78,141	\$ 85,511
 Covered Payroll	 \$ 552,766	 \$ 568,020
Total OPEB Liability as a % of Covered Payroll	14.14%	15.05%

No assets for this plan are accumulated into a trust that meets the criteria in paragraph 4 of GASB75. 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 SIX FISCAL YEARS\*\***

---

<u>Fiscal Year Ended</u>	<u>Measurement Date</u>	<u>District's Proportion of Net Pension Liability (Asset)</u>	<u>District's Poportionate 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>
6/30/2019	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%	91.97%

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

**WEST SLOPE WATER DISTRICT**  
**SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS**  
**OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM**  
**LAST SIX FISCAL YEARS\*\***

---

	<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>
2019	\$ 110,263	\$ (110,263)	\$ -	\$ 551,277	20%
2018	102,468	(102,468)	-	519,845	20%
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 aforementioned 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, 2019*

---

	<u>Total Revenues</u>	<u>Total Expenditures</u>	<u>Net</u>
<b>BUDGETARY BASIS</b>			
General Fund	\$ 3,519,307	\$ 2,875,359	\$ 643,948
Rate Stabilization Reserve Fund	-	-	-
Equipment Replacement Reserve Fund	6,148	140,158	(134,010)
Capital Improvement Reserve Fund	48,663	6,123	42,540
System Development Charges Fund	11,543	-	11,543
	<u>\$ 3,585,661</u>	<u>\$ 3,021,640</u>	<u>564,021</u>
<b>ADD (DEDUCT) ITEMS TO RECONCILE TO NET INCOME ON A FINANCIAL REPORTING BASIS</b>			
Payment of long-term debt			250,000
Capital outlay			146,281
Depreciation			(400,304)
Gain on trade-in of equipment			5,441
Capital Contributions Income			338,000
Change in accrued bond interest payable			2,188
Bond premium amortization			2,384
Change in net OPEB obligation			(7,370)
Change in deferred inflows/outflows			148,272
Payment of pension transitional liability			16,468
Change in net pension liability/asset			(187,919)
<b>CHANGE IN NET POSITION</b>			<u>\$ 877,462</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, 2019**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
<b>REVENUES</b>				
Charges for services	\$ 3,315,000	\$ 3,315,000	\$ 3,428,519	\$ 113,519
Fines and forfeitures	-	-	9,355	9,355
Rights of way fees	39,000	39,000	43,080	4,080
Miscellaneous	42,000	42,000	38,353	(3,647)
<i>Total Revenues</i>	<u>3,396,000</u>	<u>3,396,000</u>	<u>3,519,307</u>	<u>123,307</u>
<b>EXPENDITURES</b>				
Personal services	915,000	915,000	902,697	12,303
Materials and services	1,708,000	1,708,000	1,614,981	93,019
Debt service				
Principal	250,000	250,000	250,000	-
Interest	109,000	109,000	107,681	1,319
Contingency	975,000	975,000	-	975,000
<i>Total Expenditures</i>	<u>3,957,000</u>	<u>3,957,000</u>	<u>2,875,359</u>	<u>1,081,641</u>
<b>REVENUES OVER (UNDER)</b>				
<b>EXPENDITURES</b>	(561,000)	(561,000)	643,948	1,204,948
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	(373,000)	(373,000)	(359,000)	(14,000)
<b>NET CHANGE IN FUND BALANCE</b>	(934,000)	(934,000)	284,948	1,190,948
<b>FUND BALANCE, Beginning of Year, as originally stated</b>	934,000	934,000	1,188,998	254,998
<b>Correction of 2018 reporting error transfers out (1)</b>	-	-	(200,000)	(200,000)
<b>FUND BALANCE, Beginning of Year, restated</b>	<u>934,000</u>	<u>934,000</u>	<u>988,998</u>	<u>54,998</u>
<b>FUND BALANCE, End of year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,273,946</u>	<u>\$ 1,273,946</u>

(1) FYE 06.30.18 Budgetary statement excluded a \$200,000 transfer from the General Fund into the Rate Stabilization Fund.

**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, 2019*

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
<b>EXPENDITURES</b>				
Contingency	\$ 400,000	\$ 400,000	\$ -	\$ 400,000
<i>Total Expenditures</i>	400,000	400,000	-	400,000
<b>REVENUES OVER (UNDER)</b>				
<b>EXPENDITURES</b>	(400,000)	(400,000)	-	(400,000)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	200,000	200,000	200,000	-
<b>NET CHANGE IN FUND BALANCE</b>	(200,000)	(200,000)	200,000	(400,000)
<b>FUND BALANCE, Beginning of year</b>	200,000	200,000	200,000	-
<b>FUND BALANCE, End of year</b>	\$ -	\$ -	\$ 400,000	\$ 400,000



**WEST SLOPE WATER DISTRICT**  
**EQUIPMENT RESERVE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE – BUDGET AND ACTUAL**  
**For the Fiscal Year Ended June 30, 2019**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
<b>REVENUES</b>				
Miscellaneous	\$ 5,000	\$ 5,000	\$ 6,148	\$ 1,148
<b>EXPENDITURES</b>				
Capital outlay	232,000	232,000	140,158	91,842
<i>Total Expenditures</i>	232,000	232,000	140,158	91,842
<b>REVENUES OVER (UNDER)</b>				
<b>EXPENDITURES</b>	(227,000)	(227,000)	(134,010)	92,990
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	155,000	155,000	141,000	14,000
<b>NET CHANGE IN FUND BALANCE</b>				
	(72,000)	(72,000)	6,990	78,990
<b>FUND BALANCE, Beginning of year, as originally stated</b>	237,000	237,000	267,261	30,261
<b>Correction of 2018 reporting error capital outlay (1)</b>	-	-	12,000	12,000
<b>FUND BALANCE, Beginning of Year, restated</b>	237,000	237,000	279,261	42,261
<b>FUND BALANCE, End of year</b>	\$ 165,000	\$ 165,000	\$ 286,251	\$ 121,251

(1) FYE 06.30.18 capital outlay was overstated by \$12,000.

**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, 2019*

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
<b>REVENUES</b>				
Miscellaneous	\$ 39,000	\$ 39,000	\$ 48,663	\$ 9,663
<b>EXPENDITURES</b>				
Capital outlay	1,010,000	1,010,000	6,123	1,003,877
<i>Total Expenditures</i>	1,010,000	1,010,000	6,123	1,003,877
<b>REVENUES OVER (UNDER)</b>				
<b>EXPENDITURES</b>	(971,000)	(971,000)	42,540	1,013,540
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	18,000	18,000	18,000	-
<b>NET CHANGE IN FUND BALANCE</b>	(953,000)	(953,000)	60,540	1,013,540
<b>FUND BALANCE, Beginning of year</b>	1,867,000	1,867,000	1,871,241	4,241
<b>FUND BALANCE, End of year</b>	\$ 914,000	\$ 914,000	\$ 1,931,781	\$ 1,017,781

**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, 2019*

---

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
<b>REVENUES</b>				
System development charges	\$ 14,000	\$ 14,000	\$ 11,371	\$ (2,629)
Miscellaneous	-	-	172	172
<i>Total Revenues</i>	14,000	14,000	11,543	(2,457)
<b>NET CHANGE IN FUND BALANCE</b>	14,000	14,000	11,543	(2,457)
<b>FUND BALANCE, Beginning of year</b>	2,000	2,000	3,251	1,251
<b>FUND BALANCE, End of year</b>	\$ 16,000	\$ 16,000	\$ 14,794	\$ (1,206)

***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 through the use of 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 by the use of 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.

## STATISTICAL SECTION

This part 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.

<b>Contents</b>	<b>Page</b>
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>	48
Revenue Capacity <i>These schedules contain information to help the reader assess the District's most significant local revenue source, water rates revenue.</i>	51
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>	55
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>	57
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>	59

**WEST SLOPE WATER DISTRICT**  
**NET POSITION BY COMPONENT**  
*Last Ten Fiscal years*  
*(accrual basis of accounting)*

---

<b>Fiscal Year</b>	<b>Net Invested in Capital Assets</b>	<b>Unrestricted</b>	<b>Restricted</b>	<b>Total Net Position</b>
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
2012	5,697,259	1,823,376	200,084	7,720,719
2011	5,696,388	1,441,235	261,375	7,398,998
2010	5,348,034	1,523,095	233,736	7,104,865

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>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
<b>OPERATING REVENUES:</b>				
Water service	\$ 2,157,584	\$ 2,448,556	\$ 2,594,387	\$ 2,936,698
Service installations	4,376	794	2,655	2,050
Penalties	6,760	7,370	9,045	9,880
Service Modifications	1,247	4,586	89	269
Beaverton Reimbursement	-	15,548	15,708	15,624
Miscellaneous	17,783	26,433	5,255	11,978
Rights of way fees	-	-	33,000	-
Total operating revenues	<u>2,187,750</u>	<u>2,503,287</u>	<u>2,660,139</u>	<u>2,976,499</u>
<b>OPERATING EXPENSES:</b>				
Salaries and wages	392,625	460,949	451,128	499,973
Payroll taxes and benefits	234,024	235,724	284,411	229,047
Water purchases	952,460	836,075	896,502	1,009,564
Repair and maintenance	61,860	53,036	48,036	84,264
Depreciation	247,802	307,362	321,879	330,875
Cost of services	13,552	12,016	10,920	10,914
Supplies	2,018	2,594	1,966	3,626
Utilities	14,136	15,023	16,414	15,452
Administrative	102,827	102,838	131,101	125,913
Rights of way fees	-	-	-	-
Professional services	121,088	47,961	40,101	68,156
Total operating expenses	<u>2,142,392</u>	<u>2,073,578</u>	<u>2,202,458</u>	<u>2,377,784</u>
Operating income (loss)	45,358	429,709	457,681	598,715
<b>NON-OPERATING INCOME (EXPENSE):</b>				
Interest income	13,950	5,523	6,571	7,974
Interest expense	(112,466)	(167,615)	(160,878)	(153,923)
Gain (Loss) on disposal of asset	-	-	-	10,200
Total non-operating income (expenses)	<u>(98,516)</u>	<u>(162,092)</u>	<u>(154,307)</u>	<u>(135,749)</u>
<b>CAPITAL CONTRIBUTIONS:</b>				
SDC	17,305	26,516	18,347	38,859
Donated Infrastructure	-	-	-	-
Change in net position	<u>(35,853)</u>	<u>294,133</u>	<u>321,721</u>	<u>501,825</u>
<b>NET POSITION, BEGINNING</b>	7,140,718	7,104,865	7,398,998	7,720,719
Accumulative adjustment for change in accounting principal	-	-	-	(114,536)
<b>NET POSITION, ENDING</b>	<u>\$ 7,104,865</u>	<u>\$ 7,398,998</u>	<u>\$ 7,720,719</u>	<u>\$ 8,108,008</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>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
\$ 2,767,456	\$ 3,001,360	\$ 3,097,839	\$ 2,873,040	\$ 3,101,349	\$ 3,428,519
4,676	4,072	12,741	819	4,801	1,706
9,695	6,195	5,451	6,429	6,605	9,355
340	446	3,916	4,749	4,021	2,543
15,533	15,649	15,725	15,546	15,572	18,848
3,722	3,019	2,579	438	576	1,024
-	-	-	20,385	39,135	43,080
<u>2,801,422</u>	<u>3,030,741</u>	<u>3,138,251</u>	<u>2,921,406</u>	<u>3,172,059</u>	<u>3,505,075</u>
518,856	544,032	529,018	523,005	552,766	568,020
220,298	8,002	610,988	340,380	287,843	351,123
824,241	877,072	927,791	962,458	1,222,744	1,222,219
128,322	84,272	97,108	107,297	87,890	149,739
339,724	344,741	345,390	337,117	367,989	400,304
94	-	-	-	-	-
48,658	54,842	51,664	55,352	63,129	67,713
21,817	13,630	13,989	16,431	14,006	12,753
65,407	57,104	63,267	67,093	58,117	64,187
-	-	-	20,499	39,173	43,241
<u>54,841</u>	<u>73,610</u>	<u>61,089</u>	<u>36,661</u>	<u>32,982</u>	<u>55,129</u>
<u>2,222,258</u>	<u>2,057,305</u>	<u>2,700,304</u>	<u>2,466,293</u>	<u>2,726,639</u>	<u>2,934,428</u>
579,164	973,436	437,947	455,113	445,420	570,647
9,473	11,582	17,852	33,164	46,827	69,215
(146,790)	(154,367)	(145,608)	(136,187)	(126,254)	(117,212)
10,000	-	-	-	12,000	5,441
<u>(127,317)</u>	<u>(142,785)</u>	<u>(127,756)</u>	<u>(103,023)</u>	<u>(67,427)</u>	<u>(42,556)</u>
37,812	34,130	17,908	2,688	5,375	11,371
-	-	-	-	-	338,000
<u>489,659</u>	<u>864,781</u>	<u>328,099</u>	<u>354,778</u>	<u>383,368</u>	<u>877,462</u>
8,108,008	8,597,667	8,957,964	9,286,063	9,640,841	10,024,209
-	(504,484)	-	-	-	-
<u>\$ 8,597,667</u>	<u>\$ 8,957,964</u>	<u>\$ 9,286,063</u>	<u>\$ 9,640,841</u>	<u>\$ 10,024,209</u>	<u>\$ 10,901,671</u>



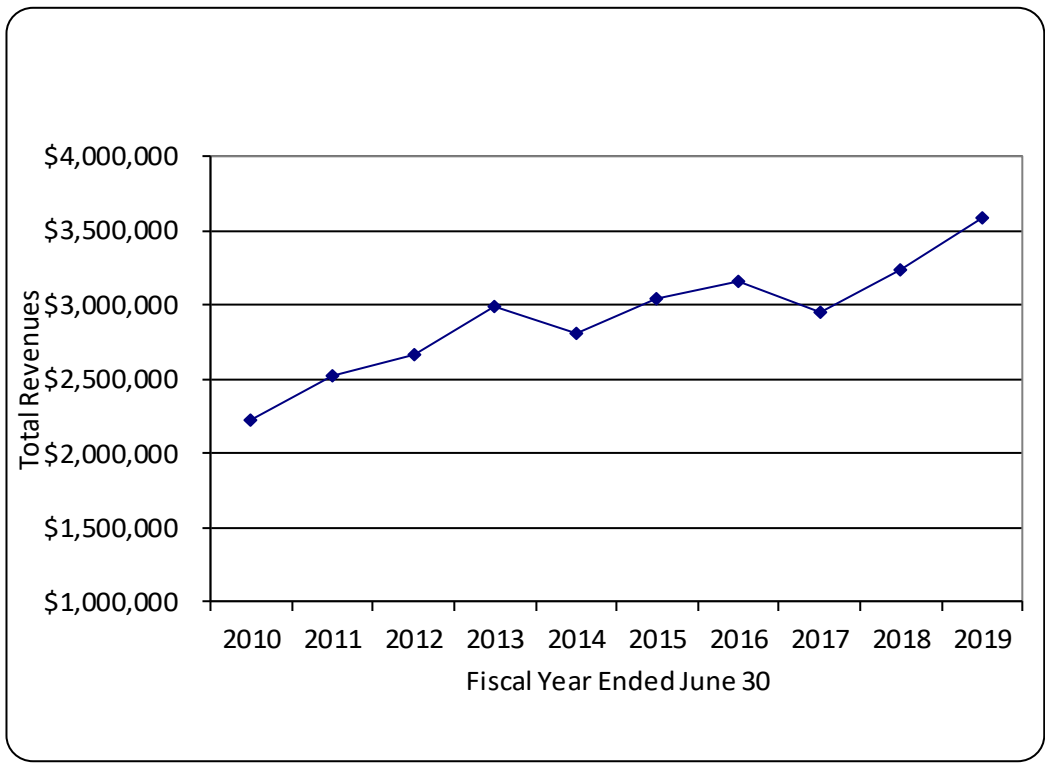
**WEST SLOPE WATER DISTRICT**

**REVENUES BY SOURCE**

*Last Ten Fiscal years*

*(accrual basis of accounting)*

<b><i>Fiscal Year</i></b>	<b><i>Water Services</i></b>	<b><i>Services Billed</i></b>	<b><i>Interest Income</i></b>	<b><i>Other</i></b>	<b><i>Total</i></b>
2019	\$ 3,428,519	\$ 4,249	\$ 69,215	\$ 77,748	\$ 3,579,731
2018	3,101,349	8,822	46,827	73,888	3,230,886
2017	2,873,040	5,568	33,164	42,798	2,954,570
2016	3,097,839	16,657	17,852	23,755	3,156,103
2015	3,001,360	4,518	11,582	24,863	3,042,323
2014	2,767,456	5,016	9,473	28,950	2,810,895
2013	2,936,698	2,319	7,974	37,482	2,984,473
2012	2,594,387	2,744	6,571	63,008	2,666,710
2011	2,448,556	5,380	5,523	60,319	2,519,778
2010	2,157,584	5,623	13,950	41,848	2,219,005



Source: West Slope Water District Financial Statements

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

---

**Historical Water Rates**

<i>Date of Rate Change **:</i>	<u>9/30/2018</u>	<u>11/1/2014</u>	<u>11/1/2012</u>	<u>11/1/2011</u>	<u>7/1/2010</u>
Commodity Charge	\$ 4.83	\$ 4.31	\$ 4.31	\$ 4.25	\$ 4.10
Per 100 Cubic Feet (CCF)					
Monthly Service Charge					
3/4"	15.76	14.07	13.05	11.86	7.22
1"	26.79	23.92	22.19	20.17	14.37
1-1/2"	43.98	39.27	36.43	33.12	26.30
2"	67.37	60.15	55.80	50.73	40.62
3"	146.52	130.82	121.35	110.32	78.79
4"	221.52	197.79	183.48	166.80	121.74
6"	406.83	363.24	336.96	306.33	241.03

---

<i>Date of Rate Change :</i>	<u>2/1/2010</u>	<u>7/1/2009</u>	<u>2/1/2009</u>	<u>7/1/2008</u>
Commodity Charge	\$ 3.64	\$ 3.48	\$ 3.36	\$ 3.08
Per 100 Cubic Feet (CCF)				
Monthly Service Charge				
3/4"	7.22	6.87	6.87	6.28
1"	14.37	13.69	13.69	12.50
1-1/2"	26.30	25.05	25.05	22.88
2"	40.62	38.69	38.69	35.33
3"	78.79	75.04	75.04	68.53
4"	121.74	115.94	115.94	105.88
6"	241.03	229.55	229.55	209.64

\*\*No Rate Increase 11/1/2013, 11/01/2015, 11/01/2016, 11/01/2017  
 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*

---

<i>Date of Rate Change:</i>	<u>4/1/2019</u>	<u>6/30/2018</u>	<u>12/1/2015</u>	<u>2/1/2015</u>	<u>2/1/2014</u>
<b><u>Meter Size</u></b>					
3/4"	\$ 1,552	\$ 1,344	\$ 1,344	\$ 3,127	\$ 3,054
1"	3,103	2,687	2,687	7,812	7,629
1-1/2"	7,758	6,718	6,718	15,633	15,266
2"	12,414	10,749	10,749	25,011	24,425
3"	24,827	21,498	21,498	49,932	48,763
4"	38,793	33,591	33,591	78,469	76,630
6"	77,586	67,182	67,182	156,325	152,661

***Historical SDC Rates***

<i>Date of Rate Change:</i>	<u>2/1/2013</u>	<u>2/1/2012</u>	<u>2/1/2011</u>	<u>2/1/2010</u>	<u>2/1/2009</u>
<b><u>Meter Size</u></b>					
3/4"	\$ 2,833	\$ 2,779	\$ 2,672	\$ 2,652	\$ 2,679
1"	7,077	6,943	6,676	6,627	6,697
1-1/2"	14,161	13,890	13,356	13,258	13,392
2"	22,658	22,224	21,369	21,212	21,427
3"	45,235	44,370	42,663	42,427	42,855
4"	71,085	69,736	67,054	66,291	66,960
6"	141,615	138,906	133,563	132,582	133,921

Source: West Slope Water District

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

---

<b><i>Fiscal Year Ended June 30</i></b>	<b><i>Write Off</i></b>	<b><i>Water Revenues</i></b>	<b><i>% of Revenue</i></b>
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%
2012	492	2,594,387	0.019%
2011	-	2,157,584	0.000%
2010	336	2,239,438	0.015%

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>
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
2012	2,618,002	1,880,579	737,423	18,347	195,000	164,969	359,969	2.100	2.049
2011	2,493,262	1,766,216	727,046	26,516	185,000	171,619	356,619	2.113	2.039
2010	2,201,700	1,894,590	307,110	17,305	180,000	178,006	358,006	0.906	0.858

\* Income excludes Beaverton reimbursement & insurance proceeds

\* Income is reduced by transfers to the rate stabilization fund as follows:

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*

---

<i>As of June 30</i>	<i>Debt</i>	<i>Service Connections</i>	<i>Debt Per Service Connection</i>
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
2012	4,322,355	3,326	1,300
2011	4,519,740	3,320	1,361
2010	4,707,125	3,318	1,419

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

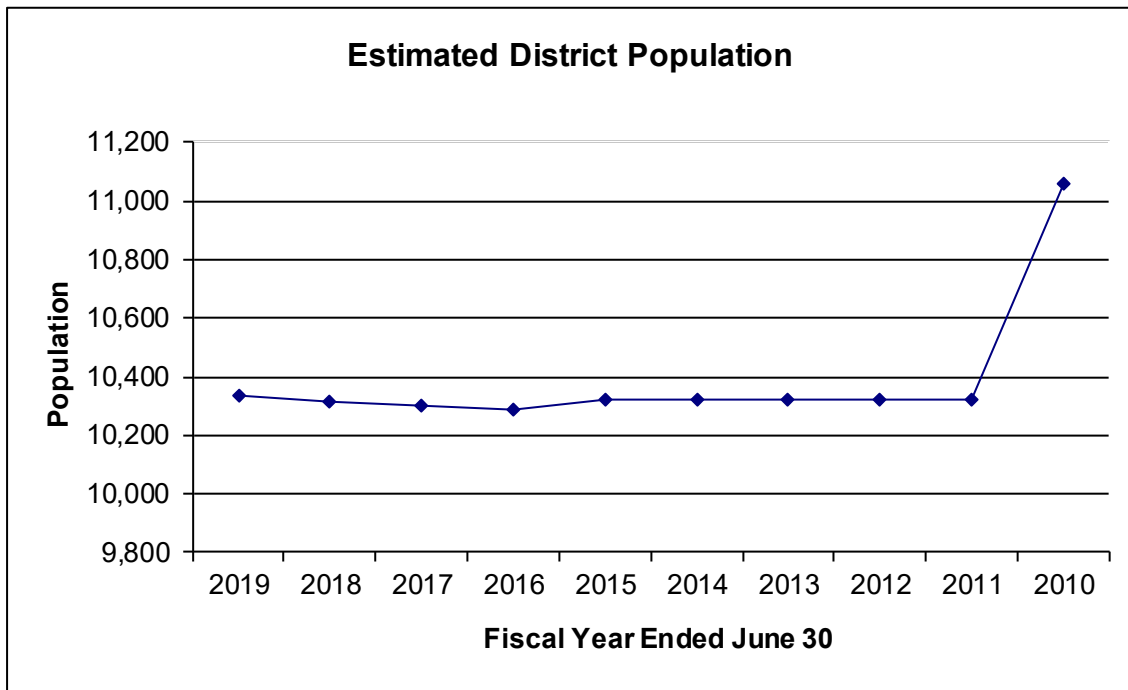
Additional information on Long-Term Debt is located in the Notes  
to Basic Financial Statements

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

---

<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>
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
2012	3.00	4.00	7.00	3,326	10,324	0.68
2011	3.00	4.00	7.00	3,320	10,324	0.68
2010	2.80	3.00	5.80	3,318	11,059	0.52

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*

---

<i>Rate Payer</i>	<i>Fiscal Year 2019</i>			<i>Fiscal Year 2010</i>		
	<i>Usage (CCF*)</i>	<i>Rank</i>	<i>Percentage of District Total</i>	<i>Usage (CCF*)</i>	<i>Rank</i>	<i>Percentage</i>
Canyon Park Apartments	14,998	1	2.74%	14,925	2	2.82%
Commerce Properties	12,412	2	2.27%	15,811	1	2.99%
Kaady Car Wash	9,342	3	1.70%	6,520	5	1.23%
Lanphere Enterprises	8,905	4	1.63%	587	72	0.11%
Jesuit High School	8,842	5	1.61%	7,078	4	1.34%
Shilo Inns	8,527	6	1.56%	8,138	3	1.54%
Canyon Court Condo	7,486	7	1.37%	5,022	7	0.95%
Prestige Senior Living	7,146	8	1.30%	n/a	n/a	n/a
West Slope Terrace	6,315	9	1.15%	n/a	n/a	n/a
School Dist 1-W Sylvan	5,611	10	1.02%	3,400	12	0.64%
<b>TOTALS</b>	<b>89,584</b>		<b>18.48%</b>	<b>61,481</b>		<b>9.94%</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*

---

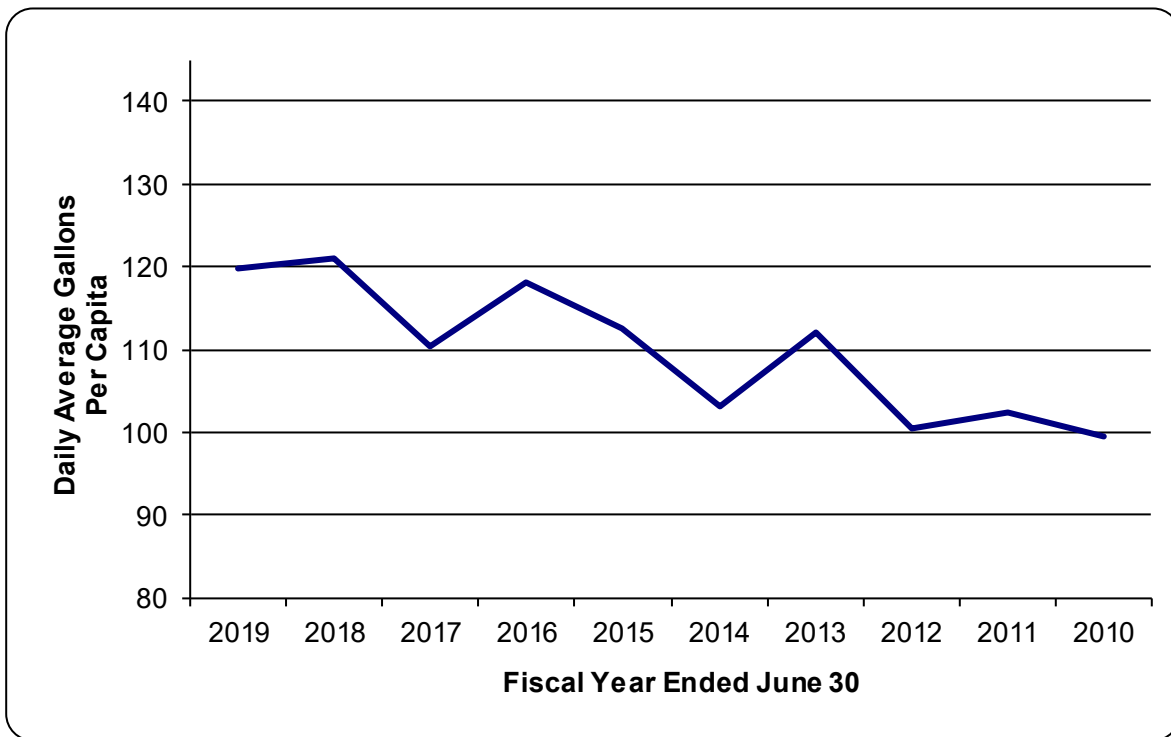
<i><b>Fiscal Year Ended June 30</b></i>	<i><b>Water Sales</b></i>	<i><b>Water Purchases</b></i>	<i><b>Net Amount</b></i>	<i><b>Water Purchases as a Percent of Sales</b></i>
2019	\$ 3,428,519	\$ 1,222,219	\$ 2,206,300	64.4%
2018	3,101,349	1,222,744	1,878,605	60.6%
2017	2,873,040	962,458	1,910,582	66.5%
2016	3,097,839	927,791	2,170,048	70.1%
2015	3,001,360	877,072	2,124,288	70.8%
2014	2,767,456	824,240	1,943,216	70.2%
2013	2,936,698	1,009,564	1,927,134	65.6%
2012	2,594,387	896,502	1,697,885	65.4%
2011	2,448,556	836,075	1,612,481	65.9%
2010	2,157,584	952,460	1,205,124	55.9%

**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>
2019	451,869,792	1,237,999	120	10,324
2018	455,679,356	1,248,437	121	10,324
2017	415,761,588	1,139,073	110	10,324
2016	445,217,828	1,219,775	118	10,324
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
2012	378,900,148	1,038,083	101	10,324
2011	385,852,808	1,057,131	102	10,324
2010	402,075,432	1,101,577	100	11,059

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*

---

<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>
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%
2012	506,551	505,532	1,019	0.20%
2011	515,846	481,632	34,214	6.63%
2010	537,534	529,540	7,994	1.49%

Source: West Slope Water District



## GROVE, MUELLER & SWANK, P.C.

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS  
475 Cottage Street NE, Suite 200, Salem, Oregon 97301  
(503) 581-7788

### ***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 as of and for the year ended June 30, 2019, and have issued our report thereon dated December 5, 2019.

#### ***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).**

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, A Shareholder  
December 5, 2019