

FOR THE FISCAL  
YEAR ENDED  
JUNE 30,  
2024

A scenic photograph of a calm lake with several ducks swimming. The background is filled with trees in vibrant autumn colors (yellows, oranges, and reds) under a bright blue sky with scattered white clouds. The water reflects the sky and the surrounding foliage.

# ANNUAL COMPREHENSIVE FINANCIAL REPORT

A COMPONENT UNIT OF WASHINGTON COUNTY, OREGON  
Clean Water Services • 2550 SW Hillsboro Highway Hillsboro, Oregon 97123 • [cleanwaterservices.org](http://cleanwaterservices.org)



A Component Unit of Washington County, Oregon

# Annual Comprehensive Financial Report

Fiscal Year Ended June 30, 2024

Prepared by CWS's Business  
Services Department



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# Introductory Section

## about us



Everything we do at Clean Water Services aims to protect public health, while enhancing the natural environment of the Tualatin River Watershed.



**3,050** students participated in classroom and field programs



**32,000** Supervisory control and data acquisition (SCADA) tags active



Launched or maintained habitat projects along more than **177** stream miles

November 27, 2024

Chair Kathryn Harrington,  
Members of the Board of Directors,  
and Clean Water Services Customers

We are pleased to submit the Annual Comprehensive Financial Report of Clean Water Services (the District), a component unit of Washington County, Oregon, for the fiscal year ended June 30, 2024, together with the report thereon of the District's independent auditors.

This report is published to provide the District Board of Directors, our customers and other readers with detailed information concerning the financial position and activities of the District. District management is responsible for the accuracy of the data and the completeness and fairness of the presentation, including all disclosures. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner that presents fairly the financial position, results of operations and cash flows of the various funds and component units of the District.

District management is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are protected from loss, theft or misuse and to ensure adequate accounting data is compiled to allow for the preparation of financial statements in conformity with accounting principles generally accepted in the United State of America.

In addition, the District maintains extensive budgetary controls. The District Board of Directors is required to adopt a budget prior to the beginning of the fiscal year. This annual budget serves as the foundation of the District's financial planning and controls to ensure compliance with legal provisions embodied in the annual appropriated budget. The legal level of budgetary control is by fund and organizational unit or other specified category, in accordance with Oregon Revised Statutes Local Budget Law. Activities of all funds are included in the annual adopted budget.

Clean Water Services' accounting records are maintained by fund on a modified accrual accounting basis for budgetary reporting purposes. For financial reporting purposes, the financial statements are presented on a full accrual basis.

### **THE REPORT**

The Annual Comprehensive Financial Report is presented in four main sections: Introductory, Financial, Statistical, and Independent Auditor's Report. The **Introductory Section** includes this transmittal letter, a list of principal officials, organizational charts, and a copy of the last fiscal year's *Certificate of Achievement for Excellence in Financial Reporting* awarded by the Government Finance Officers Association of the United States and Canada.

The **Financial Section** is prepared in accordance with accounting principles generally accepted in the United States of America. This section includes the Management's Discussion and Analysis (MD&A), which can be found immediately following the report of the independent auditor. These are followed by the basic financial statements, required supplementary information, and combining and budgetary schedules.

The MD&A provides a narrative introduction, overview and analysis to accompany the basic financial statements and should be read in conjunction with this letter of transmittal.

The **Statistical Section** includes selected financial and demographic information, generally presented on a multi-year basis.

Lastly, the **Independent Auditor's Report** contains financially related comments and disclosures required by the *Minimum Standards for Audits of Oregon Municipal Corporations*.

## **DISTRICT PROFILE**

Clean Water Services is a county service district, which, in close cooperation with cities within its service area, provides sanitary sewer and surface water management utility services for the urbanized portion of Washington County (County) and small portions of the City of Portland, the City of Lake Oswego, and Multnomah and Clackamas counties. Clean Water Services' service area encompasses most of the developed part of the Tualatin River watershed, an area of approximately 123 square miles and more than 95% of Washington County's population. Cities located within and served by the District are as follows: Banks, Beaverton, Cornelius, Durham, Forest Grove, Gaston, Hillsboro, King City, North Plains, Sherwood, Tigard, Tualatin, and small portions of Lake Oswego and Portland.

The District began operation as Unified Sewerage Agency of Washington County on February 4, 1970 after its formation was authorized by popular vote. On July 1, 1990 it assumed responsibility for surface water management. Effective June 5, 2001, Unified Sewerage Agency of Washington County changed its name to "Clean Water Services." The name change was made to better reflect the roles and responsibilities for providing cost-effective, environmentally sensitive management of water resources in the Tualatin River Basin.

The Clean Water Services' Board of Directors is comprised of the same individuals who are elected to the Board of County Commissioners of Washington County. Although Clean Water Services maintains a close working relationship with Washington County, the District is a separately managed and financed municipal corporation under Oregon Revised Statutes Chapter 451. Administration and management of the District is the responsibility of the Chief Executive Officer, who is appointed by the Board of Directors. Under the criteria of the Governmental Accounting Standards Board (GASB), the District is considered a component unit of Washington County for financial reporting purposes.

Operational and technical input to the Board is provided by Clean Water Services' Advisory Commission (CWAC), a Board-appointed commission of 15 members.

## **ECONOMIC CONDITION AND OUTLOOK**

The economy of the District's service area reflects a diversity of industry characteristic of the Portland metropolitan area. The county relies more heavily on the high-tech industry than other counties in the metropolitan area and is less dependent on the forest products industry than the state as a whole. Major employment industries in Washington County include professional and business services (18%), wholesale/retail trade (15%), healthcare and social services (11%), computer and electronic equipment manufacturing (10%), leisure and hospitality (9%), government services (8%), and construction (6%).



Washington County continues to outpace state and national indicators. Washington County's per capita personal income continues to show signs of modest growth. Washington County's per capita personal income has consistently outpaced the state average and the unemployment rate remains among the lowest in the region.

Washington County, the second most populous county in Oregon, continues to grow at a modest and steady pace. Although official population estimates are not available for special districts, Clean Water Services estimates the population of its service area at approximately 610,000. Population growth within the District's service area has consistently outpaced population growth within the region over the past decade or more and the county is expected to add an additional 80,000 people by 2030.

### **LONG RANGE FINANCIAL PLANNING AND RELEVANT FINANCIAL POLICIES**

The District Board of Directors has adopted and adheres to a set of Comprehensive Financial Management Policies. These policies provide a framework for overall fiscal management to ensure fiscal stability and sustainability, ensuring the District is financially able to meet its immediate and long-term service objectives.

To the District is poised for the future to respond to continued economic growth at affordable customer rates, District rate increases are planned to be regular, predictable and relatively affordable, with capital plans that are phased so that revisions can be made to improve operational efficiencies and respond to changes in customer demand. In concert with the above, fund balances shall be kept at levels that provide appropriate working capital, funding for operating contingencies and planned capital improvements, while ensuring favorable credit ratings and maintaining strong coverage ratios. Moreover, financial forecasts are conservatively constructed so the District does not overestimate concomitant revenue growth.

The District's policies on rates and careful management of resources have allowed the District to limit estimated average annual combined residential sanitary sewer and surface water management fee increases for the last 10 years to less than 3.44%.

### **MAJOR NEW AND ONGOING INITIATIVES**

#### **Delivering Value to Customers**

This is a time of thoughtful transformation for CWS. We are transforming our business and our workforce as we respond to challenges and build toward long-term solutions by:

- Harnessing scientific innovation to increase efficiency and adapt to climate extremes.
- Planning for renewal and replacement of infrastructure to enhance our capacity to provide services to a growing population.
- Working with our partner cities to create new intergovernmental agreements about how we collaborate to deliver sewer and stormwater services to the region.
- Ensuring knowledge and expertise are shared and transferred as we experience a generational shift in our workforce.

This budget lays out our financial priorities for the coming year, but the foundation of our budget is long-range planning. We're planning for the coming year, but we're also looking ahead 5, 10, 15, even 40 years so we can be nimble and adaptable. We're taking a mindful approach to transforming how we do business in response to economic concerns as well as the challenges related to increasingly stringent regulatory requirements, water

resource limitations, climate change impacts, assessing and addressing equity and environmental justice needs, planning for natural hazard mitigation, addressing the impacts of the emerald ash borer beetle, and meeting the needs of diverse people. We invest in research and innovation today to better understand our challenges and save ratepayers money in the future. Consider these initiatives:

**Steady, predictable rates:** We are committed to being practical, pragmatic, and strategic with our investments while keeping rates steady and predictable. To serve a growing community we must maintain our collection system and treatment facilities, invest in infrastructure renewal and replacement, adapt to climate change, and meet stricter environmental requirements. Every investment we make is building toward a long-term solution.

**Cost of service study:** We continue to work on a comprehensive financial review and cost of service study. The study will help increase transparency around how ratepayer funds are spent in the region on programs and services and help us optimize a financial plan that ensures sanitary sewer and surface water management rates and SDC adjustments are incremental over time. We are accountable to those struggling economically and we are committed to equity in providing services. We strive to keep our rate increases predictable, to spend money wisely, and to maintain adequate funding for operations, maintenance, and capital investment needs for today and well into the future.

**Investments:** Meeting regulatory and other compliance requirements is crucial for every part of our organization. We invest in groundbreaking research on water resources management topics including PFAS, continuous sensing, co-digestion, data management, and environmental DNA to get ahead of the next round of regulatory requirements, and we invest in renewing and replacing aging assets. We also invest in emergency operations, so we're prepared to respond to the unexpected – a world-changing pandemic, record-breaking heat and wildfires, water supply issues, or an infestation of invasive species that threatens the trees that shade our rivers and streams.

**Facilities:** We're making strategic investments in the buildings where we work to better serve our employees, our community, and the Tualatin River Watershed. The new Research+Innovation+Partners+Labs (RIPL) facility will house state-of-the-art laboratory facilities to support DEQ permit compliance and resource recovery facility operational control testing. The new Springer Street Operations facility will be the nerve center for emergency operations, and we purchased a centrally located, accessible building in Beaverton to better meet the needs of our growing organization. We also began construction on a new primary clarifier at Rock Creek and began work on a new digester at Durham and primary treatment process infrastructure at Forest Grove.

**Planning for growth:** We continue to work on a West Basin Master Plan to account for the area's booming industrial growth and to help address the challenges of population growth, increasing regulatory requirements, and aging infrastructure. The West Basin Master Plan will be a comprehensive examination of the 20-year infrastructure needs of the Rock Creek, Forest Grove, and Hillsboro water resource recovery facilities that serve Hillsboro, Forest Grove, Cornelius, North Plains, Banks, Gaston, Aloha, North Bethany, and portions of Beaverton. The plan will include recommendations to prepare for challenges such as climate adaptation and seismic resilience while planning for necessary improvements to the West Basin collection and treatment systems assets. We expect to complete the plan in 2024. We completed an East Basin Master Plan in 2022.

**Long-term regulatory compliance strategy:** Our current NPDES permit went into effect Jan. 1, 2023; we're well into planning for our next permit — and the one after that. We're developing a long-term regulatory compliance strategy and roadmap to address current and future regulatory requirements. Based on that roadmap, we'll provide a regulatory plan to DEQ that will be environmentally meaningful, avoid ineffective expenditures, and be responsible to our ratepayers. Our integrated, watershed-based permit requires increased partnerships and continued innovation focused on a healthy Tualatin River and centered on delivering unparalleled value to our ratepayers, whose typical sewer and stormwater bills are lower than those of others in the region. At the same

time, we provide a higher level of wastewater treatment than nearly all local, regional, and national providers of comparable services. The roadmap development process provides a systematic way to proactively identify and mitigate risk associated with regulatory compliance while maximizing our benefit to the watershed and leveraging partnerships with external stakeholders. Partnerships are key to the work we do in our region, allowing us to accomplish more than any one organization can alone.

**Stormwater:** Our permit requires an update of our Stormwater Management Plan, which lays out how we and our co-implementing cities meet stormwater-related permit requirements. We formed a Stormwater Program Coordination Team to organize and restructure our stormwater program, with co-implementer feedback, focusing on adaptive management and strengthening CWS' relationships with the co-implementers. We submitted a straightforward update of the Stormwater Management Plan in the spring of 2024 and we're planning a more detailed update to address new requirements such as onsite stormwater retention more thoroughly.

**High-strength waste pilot program:** We launched a pilot project to create renewable natural gas from high-strength waste from local industries. Biogas is one of the major resources that can be generated at water resource recovery facilities, and we have traditionally utilized this resource in a co-generation system for heat and power. High-strength waste is stronger and has more potential for energy creation than residential waste. Our goal is to form a partnership with Northwest Natural to utilize the gas. We estimate this partnership would result in annual savings of approximately \$1 million.

**Federal funding:** We received \$959,752 to repair and rehabilitate aging sanitary sewer lines in Forest Grove with the support of U.S. Rep. Suzanne Bonamici and Sens. Ron Wyden and Jeff Merkley. We sought funding for this project, also known as the Western Washington County Inflow & Infiltration Rehabilitation project, after identifying significant levels of stormwater and groundwater entering the sanitary sewer system in Forest Grove. These extra flows are called inflow and infiltration (I/I). Rehabilitating or replacing deficient sewer lines and private laterals throughout Forest Grove will reduce I/I impacts on the system and reduce flows that create capacity challenges for our Forest Grove Water Resource Recovery Facility. The improvements will also protect water quality by reducing the chances of sanitary sewer overflows. The project will also benefit the cities and ratepayers of Cornelius and Gaston.

We also received a \$500,000 FEMA grant, in partnership with the Tualatin River Watershed Council and Tualatin Soil & Water Conservation District, to support the Tualatin River Watershed Navigator Program. The grant will fund a position that will provide community resources including outreach and education, reinforcing the Watershed Navigator website as a central information hub.

**Intergovernmental agreements:** We have intergovernmental agreements (IGAs) with Washington County and the cities in our service area that govern how we provide sanitary sewer and surface water management services to people in the urban areas of the Tualatin River Watershed. In December 2023, we completed a new IGA with the City of Hillsboro that redefines how we work together to meet the needs of our customers and the region. We're close to completing a new IGA with the City of Beaverton and we've started working on new agreements with Washington County and the City of Cornelius.

**Performance Excellence and roadmaps:** We adopted the National Institute of Standards and Technology Baldrige Excellence Framework, an integrated systems approach for evaluating business process maturity and organizational performance. We're using the framework to assess process maturity across the business, operations, and engineering functional areas and determine opportunities for improvement. We submitted a Performance Excellence Lite Application and in September hosted a team of examiners who provided feedback that will help us become more systematic and effective through cycles of learning and improvement. Part of the Performance Excellence process is developing roadmaps at the strategic, departmental, and programmatic

levels for the entire organization. The roadmaps help guide our work and align program-level activities with department roadmaps and the overall CWS strategic approach.

**People:** One of the biggest investments we make is in our people. We continue to create and manage strategies that make CWS a place where every employee can learn, grow, and thrive. We facilitate equity, diversity, and inclusion learning for our workforce and peer-to-peer learning in which more experienced employees share knowledge with staff who are new to the workforce or the organization. We're also engaging communities that have less access to water jobs through apprentice programs in hopes of bringing new perspectives into our organization.

**Organization functional areas:** In FY 2023-24 we restructured our organization into two functional areas — Business Services and Utility Operations — to improve the implementation of the cost of service study allocations between regional and local expenditures as well as between sanitary sewer and stormwater expenditures. This year we're adding a third functional area, Engineering Services, to help integrate capital planning, engineering, construction management, and our research and innovation groups.

**Scoggins Dam:** After a period of low activity, the Bureau of Reclamation is developing an Environmental Impact Statement (EIS) for the Scoggins Dam Safety Modifications Project. CWS has a vested interest in providing input on elements of the EIS that affect water supply and water quality and will solicit professional support to review and comment on EIS deliverables.

**Unwavering commitment:** We are committed to protecting the health of our employees and the public. We look at our community's needs and tailor our actions accordingly as we continue to build our resilience and strengthen our organization for the important work we do 24 hours a day, 7 days a week, 365 days a year. As we evolve, what will never change is our dedication to protecting public health and the environment. Ensuring our water is safe and clean requires vigilance, and our vigilance to serve our community is unwavering. You can count on Clean Water Services.

## Priorities

The FY 2024-25 Adopted Budget supports our dedication to public health, the environment, our employees, and our infrastructure assets by:

- Investing in the talented people who make up our accomplished staff and recruiting talented people to ensure we have a resilient and effective workforce into the future. We will convert temporary employee positions to full-time employee positions when the workflow is sustained. We will continue to prioritize and sequence hiring for current vacancies and new positions.
- Managing inflation, pricing, regulatory, and economic factors.
- Implementing the planned sequenced and strategic delivery of capital investments.
- Increasing our capability to respond to industrial economic development in the region with additional planning and predesign so we are ready to deploy capital and technology solutions promptly and to be ready for infrastructure grant opportunities.
- Promoting equity, diversity, and inclusion in our organization.



## **BETTER TOGETHER**

We are committed to protecting the health of our community and environment — 24 hours a day, 7 days a week, 365 days a year. Our work is rooted in three core CWS values. We are:

- Dedicated to the river, our communities, and each other.
- Guided by science.
- Making great things happen by working and solving problems together.

These values are apparent in the budget and our approach to advanced water resource recovery and comprehensive stormwater management. Our conveyance and treatment of wastewater produce billions of gallons of clean water. We return most of that water to the Tualatin River, improving the river's quality and flow. We also reuse millions of gallons of cleaned water to irrigate parks, schools, and golf courses and for wetland plants and ecological restoration.

We are a leader in the industry's transformation from advanced wastewater treatment to recovering valuable resources that include clean water, renewable energy, and nutrients. We've shifted from conventional treatment systems of pipes, pumps, and plants into resource recovery facilities to minimize waste, maximize resources, and save ratepayers money.

Over the past 10 years, CWS and our co-implementer cities have invested more than \$580 million to expand, replace, and upgrade our community's four water resource recovery facilities, 44 pump stations, sewer lines, and storm sewers. CWS is responsible for 883 of the 19,116 miles of sanitary sewer lines and 541 of the 1,602 miles of storm sewer lines.

### **Dedicated to the river, our communities, and each other**

We build trust, awareness, and understanding to motivate and inspire actions that support the natural and built environment of the Tualatin River Watershed. By creating positive experiences and co-developing relevant, place-based programs, we ensure community values are reflected in projects and learning opportunities. We also work with partners to achieve together what none of us could alone. We continue to build and strengthen relationships with culturally specific organizations, city and county partners, environmental advocacy groups, school districts, and community groups to build trust and co-develop relevant programs. Natural resource partners focus on innovation and resilience to enhance the benefits that natural resources provide to the community. Working together we each gain strength.

### **Guided by science**

As a first-class regional utility, we control our destiny through research and innovation in the face of population growth and water quality demands to return water to the sensitive Tualatin River. That sensitivity requires us to operate under some of the most stringent water quality standards in the nation and to utilize innovative management techniques in the nation to ensure the continuous improvement and protection of the river. Our watershed-based permit remains a rarity, and no other permits that exist today are as complex as the one regulating the Tualatin River Watershed. The Environmental Protection Agency even uses our permit as a case study.

We're in a new era with new challenges — climate change, more complex treatment, larger facilities, and aging infrastructure. Technology is more complex. We need to replace assets and take advantage of more modern technology. What was once new, now needs renewal.

## **Making great things happen by working and solving problems together**

We have spent more than 50 years pursuing a cohesive strategy to advance the health of the Tualatin River Watershed for more than 610,000 residents in 12 cities and Washington County. Through innovation, scientific knowledge, and creativity, we work to improve environmental health and value for our customers. These efforts have paid dividends for water quality, public health, and our community. The Tualatin River is healthier than it has been in generations and has become a valued recreational asset.

Here are highlights of some of the work we did together in FY 2023-24:

**Grants:** In FY 2022-23 we received a \$1 million grant from DEQ to assist eligible homeowners with the cost of converting septic systems to public sewer, or under limited circumstances replacing faulty septic systems. In partnership with Washington County, we funded seven completed projects in FY 2023-24 for \$170,210 and there is an additional \$447,825 obligated for 29 more projects. We have received 122 applications and anticipate a waiting list after we spend the initial grant funds.

**Partnerships:** We continued to build our relationship with the Vientiane Capital Water Supply State Enterprise and Vientiane City Office for Management and Services of Laos. A delegation from Laos visited Oregon in September 2023 and toured the Fernhill Natural Treatment System at Fernhill and the Rock Creek facility. CWS delegations visited Laos in February and June. Our partnership with Laos is part of a U.S. State Department initiative called Water Smart Engagements Program, which partners water utilities in the Association of Southeast Asian Nations Smart Cities Network with innovative water utilities in the United States. The program's goals are to establish and build international relationships among water managers to improve water security; exchange ideas and methodologies; and increase the flow of goods, services, and technologies.

**In the classroom, in the field:** In FY 2023-24, local elementary and middle school students raised salmon in their classrooms before releasing them into the Tualatin River at Rood Bridge Park as part of the Fish Eggs to Fry program. At the release, students also participated in activities including a nature walk, macroinvertebrate investigation, water chemistry testing, and a salmon migration game. In total, CWS and partners engaged 12 schools, 35 classes, and 878 students in release activities at Rood Bridge Park, a 30% increase from last season. To serve this many students CWS education staff coordinated with a network of 20+ volunteers and staff from 6 organizations. We also hosted the fifth annual teacher externship in collaboration with the Portland Metro STEM Partnership and Portland Community College. The training provides a day of learning to raise awareness about natural resource careers and helps educators bring relevant, real-world experiences to classroom lessons.

**Climate action:** In conjunction with the Scoggins Dam project, we are expanding our water reuse program, increasing the Tree for All riparian shading program, and optimizing existing water supplies. We installed a reuse line at Rock Creek Water Resource Recovery Facility to serve new partners, including the Reserve Golf Course. Cleaning water for its specific use saves energy and chemicals and can help our communities be more resilient and our water supply more stable as we adapt to a changing climate and growing population. We developed a Climate Action Roadmap to enhance collaboration and align CWS climate-conscious policies, programs, and investments across departments. We also began implementing actions in our Natural Hazard Mitigation Plan that address the impact of natural hazards on utility operations and infrastructure including sewer and stormwater pipelines, pump stations, water resource recovery facilities, and regional water quality and detention facilities.

**Plants:** We partnered with the Tualatin Soil and Water Conservation District to grow and study plants that are more tolerant to heat and drought. So far, we've collected and planted 7,000 seeds and cuttings as a key milestone for the Climate Adaptive Plant Management program. The goal is to mitigate the impacts of climate change on CWS projects that provide shade credit. We also increased the native plant palette for the plant

material program to include important and culturally significant indigenous plants like camas and wapato. With our partners including Friends of Trees, Tualatin SWCD, and Backyard Habitat, we distributed more than 1,300 native plants to about 350 participating families at our annual native plant event and shared valuable information and resources about watershed health, volunteer opportunities, and workshops.

**People:** We developed a new leadership program, Clean Water LEADERS, to offer employees growth opportunities, chances to develop new skills, and a learning experience that creates a strong peer network. For our employees in supervisory positions, we implemented regular All Leaders meetings to provide training and information. We're also updating or creating new organization policies and procedures. Policies guide the coordinated work of all groups at CWS. They establish a framework of management philosophies and objectives that guides operational decision-making while allowing flexibility in implementation. Procedures spell out specific steps for implementing policies. Examples of our policies include a new bilingual pay policy; a high and extreme heat policy, which specifies requirements for shade, water, check-ins, and cool-downs; and an information security policy, which specifies requirements to change passwords.

**Engagement:** We are partnering with Gallup, the nationally recognized firm, to measure engagement levels and help us take practical steps to strengthen our connections. Gallup data is shaping our approach to everything we do — including developing this budget.

**Values:** Last year we asked our employees to help us review and update the values that bind us as an organization. These values exist to serve all of us at CWS and we'll put them into practice throughout our systems, policies, and business processes.

CWS joined regional partners in signing a memorandum of understanding to support the Tualatin Basin Beaver Strategy. The strategy will focus on education and outreach, maximizing resources and efficient technical response to beaver activity, and developing a long-term proactive management strategy in which beavers and people can benefit from one another.

**Ops challenge:** A CWS team won its division in the Operations Challenge at the Water Environment Federation's WEFTEC conference in October, a first for our organization. Two five-member teams qualified to represent CWS at the international conference. The challenge demonstrates what goes on behind the scenes at water resource recovery facilities and highlights the skills of wastewater collection and treatment professionals in the areas of collection systems, laboratory, process control, maintenance, and safety. One analyst called the Ops Challenge "the very best workforce development program in existence."

**Safety:** CWS employees will be featured in an Oregon OSHA confined space rescue training video that will be made available worldwide. The Oregon OSHA education team attended a quarterly training for the CWS confined space rescue team in the fall of 2023 and offered to feature the team in a training video. The team answered questions about workplace safety and performed a mannequin rescue on video.

**Balm Grove Dam:** Gales Creek outside Forest Grove has been dam-free for almost two years, but the work isn't over. Community partners are working on revegetation and habitat restoration for the long-term health of the site. Gales Creek is one of the highest-quality habitat streams in the Tualatin River Basin. The primary benefit of removing the dam is restoring the fish passage so aquatic species can travel upstream and seek out cool-water refuges.

### **Capital projects**

- We completed the construction of enhancements on West Bethany Creek that will improve stormwater management, connect wildlife habitats, and provide nature-based community amenities.

- We completed several major construction projects at our water resource recovery facilities, installing two new cogeneration engines at Durham and new centrifuges at Rock Creek, and reactivating a digester at Durham.
- We installed a new E911 system, replacing an antiquated system that was no longer working. A proper E911 solution is critical for life and safety in the workplace.
- We purchased a high-pressure liquid chromatography with tandem triple quadrupole mass spectrometry to bring PFAS analyses in-house. The in-house capability allows us to answer more questions, faster. It improves the quality assurance of sample testing results, reduces shipping and sample preparation, and improves turnaround time for results. We are also exploring opportunities to support analytical needs from other agencies for a fee and have received several inquiries from public agencies. We will be prepared to provide analytical results for a wide variety of matrices including drinking water, influent, effluent, biosolids, and soils.

## Regulatory Climate

Our permit, like our river, is unique. In 2004, we worked with the DEQ to create the nation's first integrated watershed-based NPDES permit — combining the seven permits for Washington County's four water resource recovery facilities and Municipal Separate Storm Sewer System (MS4) into one permit that allows CWS, Washington County, and our 12 partner cities to consider the entire watershed when managing water resources. This kind of permit remains a rarity, and none of the watershed-based permits that exist today is as complex as the one regulating the Tualatin River Watershed.

The 2004 permit provided an opportunity for us to take advantage of creative approaches that are still in use today, such as:

- Implementing a water quality credit trading program for temperature under which stored water is released from Hagg Lake and Barney Reservoir and streamside shading is conducted outside and inside the organization's service boundary to offset thermal loads discharged from water resource recovery facilities.
- Establishing performance benchmarks for the sanitary and stormwater management activities of CWS, our co-implementer cities, and Washington County.

The NPDES permit is issued under the federal Clean Water Act. It is regularly renewed to ensure it keeps up with the needs of the nation's waterways and growing population while adapting to a rapidly changing climate. CWS was issued a new permit on Dec. 8, 2022. It became effective Jan. 1, 2023, and expires Nov. 30, 2027. CWS is implementing the new regulatory requirements and is conducting studies necessary to support the next permit renewal process.

The 2022 permit expands opportunities to respond to growth, maintain current infrastructure investments, provide new discharges, and achieve water quality standards. Some of the elements in the permit include:

- Flexibility in natural treatment system operation conditions and limits that provide substantial water quality and ecological benefits.
- Continued use and expansion of our innovative trading program, which includes riparian planting and stored water releases, to offset the thermal loads discharged to the river from our water resource recovery facilities.



- Clarified monitoring and reporting requirements.
- Innovative permit conditions to allow for continued improvement in effluent quality while preparing for anticipated regulatory requirements and population, industrial, and commercial growth in the basin.
- Allowance for CWS to continue projects that integrate stream enhancement with upland stormwater treatment and flow control to achieve our MS4 goals.

We face a challenging regulatory environment due to the relative size of discharges from the municipal water resource recovery facilities and the size and characteristics of the Tualatin River. The Tualatin is a small, slow-moving river with summer flows of 100 cubic feet per second at Hillsboro. Much of the flow in the river can be attributed to CWS, which releases stored water to provide sustainable base flows. The lower segment of the river is essentially a reservoir; it takes more than 10 days for a parcel of water to make it from Hillsboro to the Oswego dam at the lower end of the reservoir reach.

The river is very sensitive to inputs and the associated regulatory issues are quite complex. As a result, we provide a high level of treatment at our facilities, including nutrient removal and filtration, and implement a water quality credit trading program to offset the thermal loads of the water discharged from the water resource recovery facilities. The NPDES permit maximizes the flexibility we have under the regulatory framework, which results in a highly complex permit.

Planning and innovation are key. If we do not plan and innovate — and if we do not give ourselves enough time to bring strategies to fruition — we will default to the more expensive options to get the job done, a strategy that may not provide the greatest environmental benefit and will significantly affect rates. This means a proactive strategy to address the reasonable potential for water quality limitations before they become a Total Maximum Daily Load (TMDL) allocation and permit conditions. A Regulatory Affairs department that can act is critical to our success.

We face many challenges — replacing aging infrastructure, population growth, increasingly strict regulatory requirements, water resource limitations, climate change impacts, and maintaining a sustainable rate structure. As part of the permit application process, we developed an integrated plan to establish a long-term permitting strategy for CWS. The strategy describes current activities and long-term objectives related to permit compliance. These efforts are designed to integrate our compliance objectives with broader strategic efforts for the entire basin. The long-term efforts focus on improving watershed health and resilience, responding to growth and the anticipated impacts of climate change on our basin, and continuing to provide a high level of treatment. Many of the strategies we want to implement require regulatory support and action and will take time to implement. These actions include:

- Implementing a watershed-based approach for all CWS strategies.
- Incorporating the Integrated Plan to guide future permitting.
- Applying a subbasin approach for stormwater management to provide resilience in urban streams and respond to anticipated climate change by integrating stream enhancement, treatment, and upland stormwater controls.
- Incorporating the observed benefits of the Natural Treatment System into the compliance regulatory permitting structure at the Forest Grove Water Resource Recovery Facility and Fernhill Natural Treatment System.

- Updating the Thermal Load Management Plan to expand water resource strategies.
- Adopting more modern, cost-effective compliance monitoring.
- Expanding the recycled water use program to provide more opportunities to apply recycled water, including natural resource restoration.
- Updating the phosphorus Total Maximum Daily Load to focus on biological processes to remove phosphorus and reduce chemical usage at the water resource recovery facilities.

In 2011, the Environmental Protection Agency developed a framework for integrated plans to help entities more efficiently use their resources to make important, cost-effective environmental improvements that align with community priorities and encourage innovative solutions. Historically, the EPA requires an integrated plan as a response to enforcement action. That's not the case with CWS, which is in compliance with existing permits. We consider our integrated plan a planning tool to prioritize activities that address infrastructure needs, enhance watershed health, and anticipate and meet regulatory requirements in a cost-effective, sustainable manner.

We want to work with DEQ to plan more strategically, remain in compliance, and look ahead to adjust to population growth and climate change. CWS is the first entity in the state and one of the first in EPA Region 10 to take this approach.

While water quality has improved in the Tualatin River and its tributaries in the past decade, new and more complex challenges have arisen that cannot be solved through pollution control alone. These challenges to the health of the Tualatin Basin require a cohesive, watershed-based strategy that reaches beyond the existing regulatory framework. The watershed-based permit allows regulators, permit holders, and community stakeholders to consider the entire watershed, not just individual point sources, when managing the water resources in the basin.

Our successful record of implementing complex water quality regulations through partnerships and collaboration is widely recognized as a national model. Investments by our customers in a highly advanced wastewater treatment program and a comprehensive surface water management program have paid off in a watershed that is healthier than it has been in generations.

## **Utility Rates**

Clean Water Services' Board of Directors is authorized by state law to set fees and charges for connection to, and use of, the public sewer system and public facilities and public services related to surface water management, including storm water drainage. The District is 100% fee and charge supported. Sanitary Sewer fees for residential and commercial customers are calculated by adding a consumption component to a base rate component (Dwelling Unit (DU) for residential customers or Equivalent Dwelling Unit (EDU) based on fixture counts for commercial customers). Surface Water Management (SWM) fees are based on measured impervious surface areas, including roofs, paved areas such as parking lots and roads, and charged against an average residential measurement (2,640 square feet) or equivalent service unit (ESU).

The District sets the regional sanitary sewer and surface water management utility rates, which are charged to all customers. The District also sets local sanitary sewer and surface water management rates which are charged to residents of unincorporated Washington County and the cities of Banks, North Plains, Gaston, King City and Durham.

The Cities of Beaverton, Tigard, Hillsboro, Tualatin, Forest Grove, Cornelius and Sherwood bill residential and non-industrial customers within their city limits and remit the District's set regional rates for sanitary sewer and storm water management services under established agreements. These seven largest cities set their own city rates to deliver local services and meet local needs.

The cities of Portland and Lake Oswego bill residential and non-industrial customers within the District's service area and remit a portion of fees collected to the District by agreement. The Cities of Portland and Lake Oswego may bill at different rates but remit funds for District customers based on District rates.

The District directly bills all industrial permit holders. Industrial customers are billed for domestic wastewater flows in a manner that is essentially identical to the process outlined above for residential and other non-industrial customers. Industrial and commercial customers with high-waste flows and high-strength wastes are monitored for permit compliance (including onsite pretreatment) and billed based on four components: volume, biochemical oxygen demand, suspended solids, and customer service.

The District's average residential, commercial and industrial Sanitary Sewer fees for fiscal year 2024 increased by approximately 4% from fiscal year 2023. The District's SWM fees for fiscal year 2024 increased by 4% from fiscal year 2023.

### **CERTIFICATE OF ACHIEVEMENT**

The Government Finance Officers Association (GFOA) has awarded the District with a *Certificate of Achievement for Excellence in Financial Reporting* consecutively for the last 37 fiscal years. To be awarded a Certificate of Achievement, the District must publish an easily readable and efficiently organized Annual Comprehensive Financial Report with contents that conform to program standards. Such reports must satisfy both accounting principles generally accepted in the United States and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only.

This year's financial report is intended to meet the Certificated of Achievement Program's requirements and will be submitted to GFOA for their consideration of another certificate *award*.

The GFOA also has awarded the District with the *Distinguished Budget Presentation Award* for its Annual Budget consecutively for the last 36 fiscal years. To receive this award, the District must satisfy nationally recognized guidelines for effective budget presentation to assess how well the budget serves as a policy document, a financial plan, an operations guide, and a communication device.

### **INDEPENDENT AUDIT**

State Statutes require an annual audit by independent certified public accountants. The District selected the firm of Moss Adams, LLP, Certified Public Accountants to perform its annual audit. The auditors conducted the engagement using auditing standards generally accepted in the United States of America and *Government Auditing Standards*. Their audit opinion is located in the Financial Section of this report.

## **ACKNOWLEDGMENTS**

The preparation of this report could not have been accomplished without the effective and dedicated services of the Finance Team. We express our appreciation to all members of the District staff who assisted and contributed to the preparation of this report.

The District closes with a word of thanks for the continuing support of the Board of Directors in providing District staff with the tools necessary to assist in the careful stewardship of public resources.

Respectfully submitted,



Diane Taniguchi-Dennis  
Chief Executive Officer



Kathleen Leader  
Chief Financial Officer



Clean Water Services

Governing Body in accordance with ORS 451.485  
Board of Directors

Washington County, Oregon  
155 North First Avenue  
Hillsboro, OR 97124

Directors as of June 30, 2024

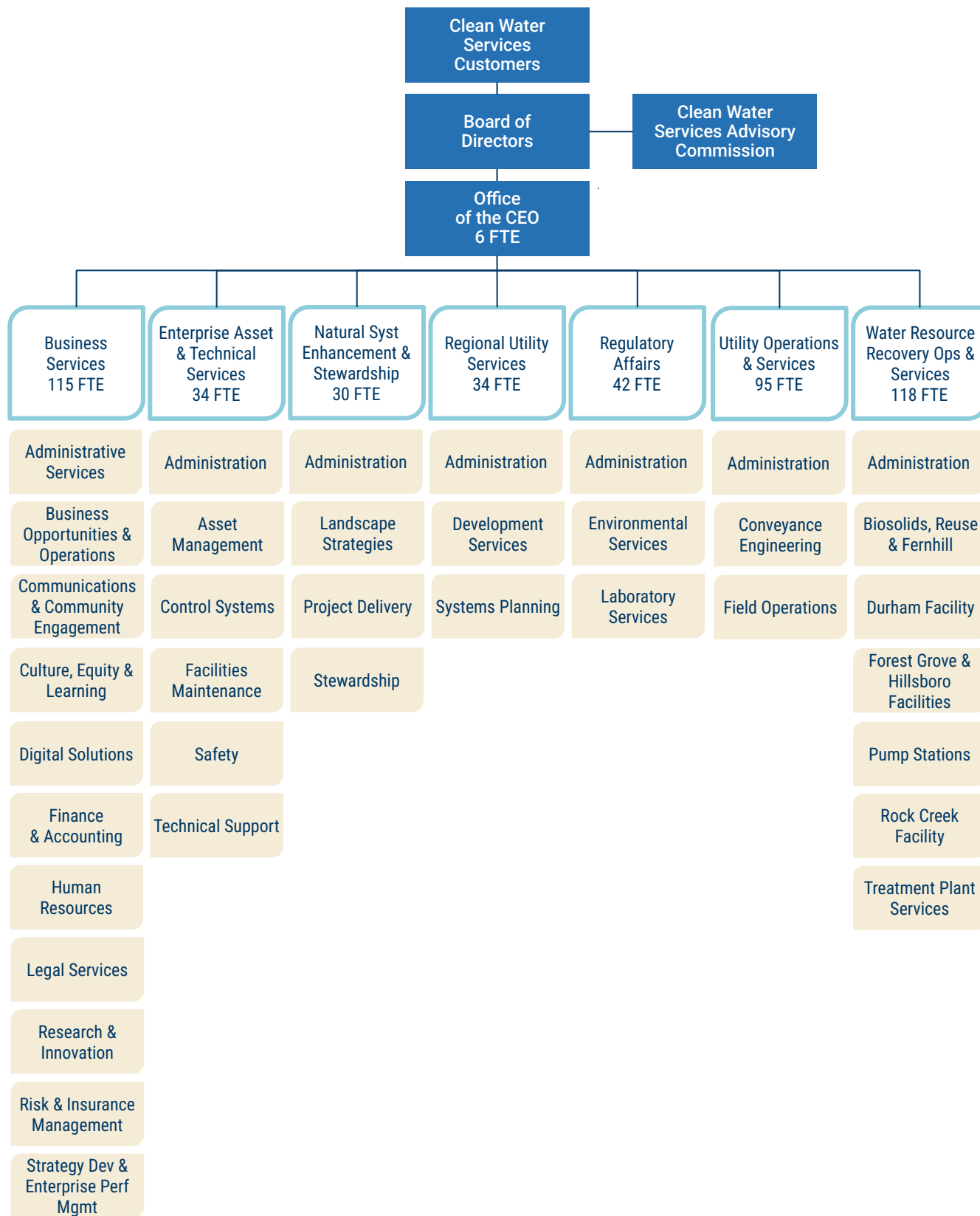
ELECTED:	Term Expires
Kathryn Harrington, Chair	December 31, 2026
Nafisa Fai, District 1 Director	December 31, 2024
Pam Treece, District 2 Director	December 31, 2026
Roy Rogers, District 3 Director	December 31, 2024
Jerry Willey, District 4 Director	December 31, 2026

APPOINTED:  
Diane Taniguchi-Dennis, CEO

REGISTERED AGENT:  
Diane Taniguchi-Dennis, CEO

REGISTERED OFFICE:  
2550 SW Hillsboro Highway  
Hillsboro, OR 97123

## CWS Organizational Chart





Government Finance Officers Association

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

Presented to

**Clean Water Services  
Oregon**

For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

June 30, 2023

*Christopher P. Morill*

Executive Director/CEO



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# Financial Section

## about us



We work in partnership with 12 partner cities to safeguard the river's health and vitality, ensure the economic success of our region, and protect public health for more than 600,000 residents and businesses in urban Washington County.



Contributed about **75%** of the Tualatin River's summer flow by releasing clean water from reservoirs and treatment facilities



Since 2005, Tree for All partners have planted more than **15+** million plants along **167+** river miles



Released **83%** of the Hagg Lakewater and **100%** of the Barney Reservoir water allocated for stream and river flow restoration





# Report of Independent Auditors



## **Report of Independent Auditors**

The Board of Directors  
Clean Water Services  
(A component unit of Washington County, Oregon)  
Hillsboro, Oregon

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

#### ***Opinion***

We have audited the financial statements of Clean Water Services (the District), which comprise the statement of net position as of June 30, 2024, and the related statements of revenue, expenses, changes in net position, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Clean Water Services as of June 30, 2024, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinion***

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

#### ***Responsibilities of Management for the Financial Statements***

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Clean Water Services' ability to continue as a going concern within one year after the date that the financial statements are issued.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

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

In performing an audit in accordance with GAAS, we:

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

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

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information as listed in the table of contents, 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, then comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Clean Water Service's basic financial statements. The combining and budgetary schedules and related notes are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information as described above is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

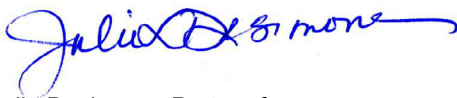
### ***Other Information***

Management is responsible for the other information included in the annual report. The other information comprises the Introductory and Statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

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

In accordance with the *Minimum Standards for Audits of Oregon Municipal Corporations*, we have also issued our report dated November 27, 2024, on our consideration of the District's compliance with certain provisions of laws, regulations, contracts, and grant agreements, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-010-0000 through 162-010-0330 of the Minimum Standards for Audits of Oregon Municipal Corporations. 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.



Julie Desimone, Partner for,  
Moss Adams LLP  
Portland, Oregon  
November 27, 2024



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# Management's Discussion and Analysis



Management of Clean Water Services (the District), a component unit of Washington County, Oregon, offers readers of the District's Annual Comprehensive Financial Report, this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2024. The analysis focuses on significant financial issues, major financial activities, resulting changes in financial position, and budget and economic factors affecting the District. Readers are encouraged to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal (which can be found on [pages 9-22](#) of this report), and in the financial statements and notes to the basic financial statements (which immediately follow this discussion).

## Financial Highlights

- The assets and deferred outflows of resources of the District exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$1.2 billion (net position). Of this amount, \$371.3 million represents unrestricted net position, which may be used to meet the District's ongoing obligations to ratepayers and creditors.
- The District's total net position increased by \$57.2 million mainly due to net proceeds from current year operations and capital contributions from developers.
- The District's total net capital assets increased \$27.8 million primarily due to capital assets constructed and purchased in the current year totaling \$81.7 million, lease and subscription based information technology right-of-use asset additions \$0.8 million, and contributions of infrastructure systems and easements by developers totaling \$7.0 million less loss on asset disposals totaling \$4.4 million, capital donations totaling \$10.9 million and current year depreciation and amortization of \$46.4 million.
- Debt service coverage for senior debt was 7.4, which exceeded the 1.2 required by the bond covenants. The District had no subordinate debt outstanding during the year.
- Operating revenues total \$185.0 million, an increase of \$7.5 million. This is primarily attributed to a rate increase for sanitary and storm service charges during the year and customer growth.
- Operating expenses total \$158.1 million, an increase of \$16.6 million. The primary contributing factor was an increase in the labor and fringe benefits of \$7.4 million, an increase in materials and services of \$7.2 million, and an increase in depreciation of \$2.1 million.
- Long-term debt outstanding decreased by \$12.4 million due to payment of outstanding bonds and amortization of related premium. The District had \$113.4 million in net debt outstanding at year-end.

## Overview of the Financial Statements

This Management's Discussion and Analysis (MD&A) section provides users of the basic financial statements with a narrative introduction, overview, and analysis of the statements. The basic financial statements consist of the Statement of Net Position, Statement of Revenues, Expenses and Changes in Net Position, Statement of Cash Flows and Notes to Basic Financial Statements.

## Financial Statements

The *Statement of Net Position* includes all of the District's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as net position. This statement provides information about the nature and amounts of investments in resources (assets) and the obligations to the District's creditors (liabilities). They also provide the basis for computing rate of return, evaluating the capital structure of the District and assessing

the liquidity and financial flexibility of the District. 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.

All of the current year's revenues and expenses are accounted for in the *Statement of Revenues, Expenses and Changes in Net Position*. This statement measures the success of the District's operations over the past year and can be used to determine whether the District has successfully recovered all its costs through its user fees and other charges, and its profitability and credit worthiness.

The last financial statement is the *Statement of Cash Flows*. The primary purpose of this statement is to provide information about the District's cash receipts and cash payments during the reporting period. The statement reports cash receipts, cash payments and net changes in cash resulting from operations, investing and financing activities and provides answers to such questions as where did the cash come from, what was the cash used for and what was the change in cash balance during the reporting period.

Clean Water Services maintains two operations, Sanitary Sewer and Surface Water Management (SWM) and a captive insurance component unit Clean Water Insurance Company (CWIC), which the District accounts for and discloses separately in the Combining and Individual Schedules on [pages 101-104](#) of this report. These statements offer short and long-term financial information about the activities of the two operations.

### Notes to Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide statements. The Notes to Basic Financial Statements can be found on [pages 49-91](#) of this report.

### Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the District's progress in funding other post-employment health benefits and pension plans. Required supplementary information can be found on [pages 94-99](#) of this report.

The fund combining and budgetary schedules are presented immediately following the required supplemental information.

## Financial Analysis

### Financial Position

As noted earlier, net position over time may serve as a useful indicator of financial position. In the case of Clean Water Services, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$1.2 billion at the close of the most recent fiscal year, an increase of \$57.2 million. The table below provides a summary of net position at fiscal year-end.

#### Changes in Net Position

(in thousands)

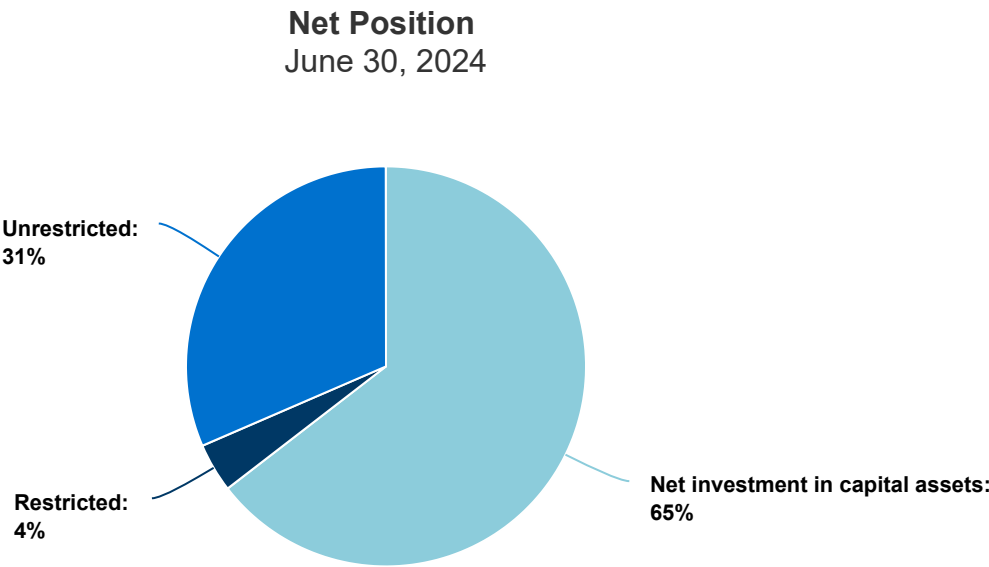
	2024	2023	Change	
			Amount	%
<b>ASSETS</b>				
Current assets	\$ 426,657	\$ 398,874	\$ 27,783	7.00%
Noncurrent assets				
Cash and investments – restricted	45,754	45,447	307	0.70%
Capital assets, net	883,640	855,816	27,824	3.30%
Investment in joint venture	1,911	1,980	(69)	(3.50%)
Other noncurrent assets	3,329	2,816	513	18.20%
Total assets	1,361,291	1,304,933	56,358	4.30%
Deferred outflows of resources	21,118	25,565	(4,447)	(17.40%)
<b>LIABILITIES</b>				
Current liabilities	43,693	35,792	7,901	22.10%
Noncurrent liabilities	152,570	156,813	(4,243)	(2.70%)
Total liabilities	196,263	192,605	3,658	1.90%
Deferred inflows of resources	6,814	15,713	(8,899)	(56.60%)
<b>NET POSITION</b>				
Net investment in capital assets	761,242	729,083	32,159	4.40%
Restricted	46,816	53,050	(6,234)	(11.80%)
Unrestricted	371,274	340,047	31,227	9.20%
Total net position, end of year	\$ 1,179,332	\$ 1,122,180	\$ 57,152	5.10%

Net Position

By far the largest portion of Clean Water Services’ net position (\$761.2 million or 64.6%) reflects its investment in capital assets (e.g., treatment facilities, collection and conveyance systems, land, sewer lines, stormwater management improvements, buildings, plant and office equipment and automotive equipment), less any related outstanding debt used to acquire or construct those assets. Clean Water Services uses these capital assets to provide services to ratepayers; consequently, these assets are not available for future spending. Although Clean Water Services’ investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from services to customers (ratepayers) or other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of Clean Water Services’ net position (\$46.8 million or 4.0%) represents resources that are subject to external restrictions on how they may be used. These restricted net assets include System Development Charges (SDC’s) collected from District customers when they connect to the sanitary sewer system to pay the cost of infrastructure expansion as needed to meet demands of population growth and to share cost burdens with existing customers for collection and treatment systems already built and funds restricted for debt service.

The remaining balance of unrestricted net position (\$371.3 million or 31.5%) may be used to meet the District’s ongoing obligations to ratepayers and creditors.



## Results of Operations

In addition to the analysis of net position, it is useful to analyze the financial operations that took place during the year. The following table provides a summary of the changes in net position:

### Statement of Activities

(in thousands)

	2024	2023	Change	
			Amount	%
REVENUES				
Operating revenues:				
Service fees	\$ 175,100	\$ 166,477	\$ 8,623	5.20%
Other revenues	9,854	10,962	(1,108)	(10.10%)
Total operating revenues	184,954	177,439	7,515	4.20%
Nonoperating revenues:				
Investment income (loss)	20,195	2,712	17,483	644.70%
Total revenues	205,149	180,151	24,998	13.90%
EXPENSES				
Operating expenses	158,133	141,557	16,576	11.70%
Nonoperating expenses				
Interest	4,931	5,243	(312)	(6.00%)
Loss on disposal of capital assets	3,945	3,171	774	24.40%
Loss on equity in joint venture	69	76	(7)	(9.20%)
Lease revenue	(33)	(123)	90	(73.20%)
Capital donations	10,863	70	10,793	15418.60%
Total expenses	177,908	149,994	27,914	18.60%
Income before contributions	27,241	30,157	(2,916)	(9.70%)
Capital contributions	29,911	45,036	(15,125)	(33.60%)
Change in net position	57,152	75,193	(18,041)	(24.00%)
Net position, beginning of year	1,122,180	1,046,987	75,193	7.20%
Net position, end of year	<u>\$ 1,179,332</u>	<u>\$ 1,122,180</u>	<u>\$ 57,152</u>	<u>5.10%</u>

Revenues

Total revenues for FY 2024, including operating revenues, non-operating revenues and contributed capital, totaled \$235.1 million, an increase of approximately 4.3% from FY 2023. The increase in total revenues was primarily due to an increase in service fees. The net increase was also impacted by investment gains in the current year and a decrease in System Development Charges (SDC’s) collected and donated easements.

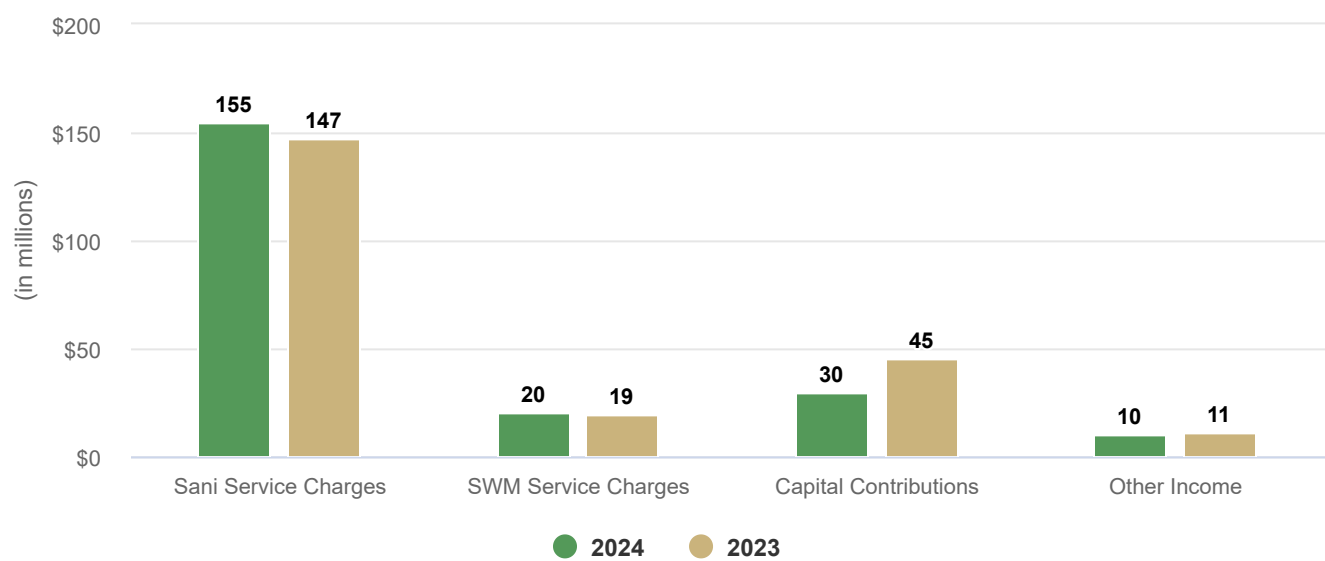
**Sanitary & SWM Service Charges:** Operating revenue consists mainly of user charges for sewage and storm services. Monthly service charge revenues increased by 5.2% totaling \$175.1 million. This increase was primarily related to the sanitary sewer rate increase of 4% and a corresponding rate increase for the SWM service charge of 4% along with customer growth.

**Capital Contributions:** This revenue source includes System Development Charges (SDC’s), developer donated infrastructure, donated easements and third-party contributions for District projects. Capital contributions totaled \$29.9 million, a decrease of \$15.1 million, or 33.6% compared to the prior year. The decrease is due to a decrease in SDC fees of \$12.1 million and developer donated infrastructure and easements of \$5.1 million. Third party contributions for District projects increased by \$2.1 million.

**Other Income:** This revenue source includes all other fees, grant revenues, subsidy payments and refunds. Other income totaled \$9.9 million, a decrease of \$1.1 million, or 10.1%, as compared to the prior year. Fluctuations in this revenue type year-to-year relate to the one-time nature of these revenue sources. In the current year, this decrease reflects the \$1.5 million Federal American Rescue Plan Act (ARPA) grant award received for utility assistance in the prior year as a one time funding source.

**Investment Income:** Investment gain totaled \$20.2 million in 2024, an increase of \$17.5 million compared to 2023, attributed to higher investment earnings and investment valuation at year-end.

Revenues by Source





## Expenses

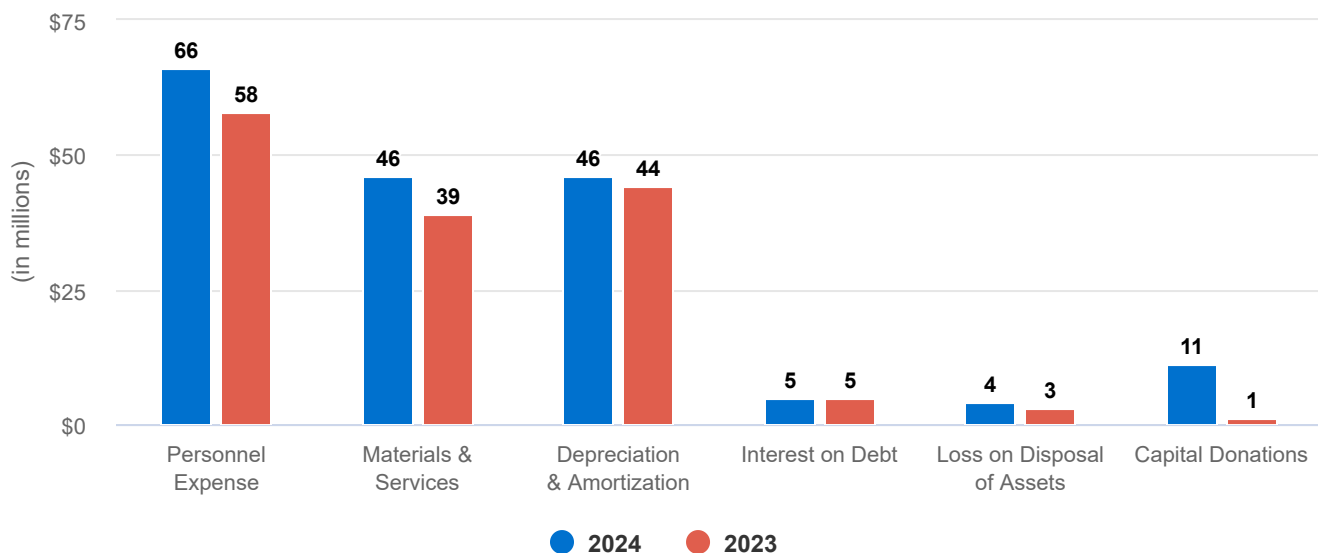
Total expenses for FY 2024, including operating expenses, non-operating expenses and donated capital, totaled \$177.9 million, an increase of approximately 18.5% over FY 2023. The increase in total expenses was primarily due to an increase in the operating costs and capital donations in the current year.

Operating costs increased by \$16.6 million or 11.7%. This increase was primarily due to a 12.7% increase in labor costs (\$7.4 million). This increase reflects FTE adds, pay for performance, class and compensation reclasses for non-represented employees, and benefit cost increases. All other operating costs increased by \$9.2 million, an increase of 11.0%. The main increases in costs include \$2.0 million in depreciation expense reflecting the addition of \$83.9 million in capital assets brought into operations, \$2.8 million in contracted and professional services reflecting the District's investment in consultants with a wider range of knowledge and expertise to solve complex business and operational challenges faced by CWS and contracted services used to help bridge vacancy gaps during this challenging time for recruitment for positions difficult to find candidates for, and \$1.6 million in insurance costs due to the increased valuation of the Durham Water Resource Recovery Facility and the addition of cybersecurity coverage.

Non-operating costs increased by \$11.3 million or 131.4%. The increase is primarily due to the increase in capital donations of \$10.8 million. Bond debt interest decreased by \$0.3 million as outstanding debt is paid off.

The District's financial condition remains strong, with adequate liquid assets for ongoing operations, treatment plants and collection systems functioning at a level necessary to meet demand and a reasonable level of unrestricted net position. The strong liquidity also allows the District to better withstand any economic impacts due to inflation and supply chain issues and avoid immediate distress due to these financial effects.

### Expenses by Type



## Capital Assets

As of year-end, the District has \$883.6 million (net of accumulated depreciation and amortization) invested in capital assets, as reflected in the table below. Capital assets include treatment facilities, collection and conveyance systems, land, sewer lines, stormwater management improvements, buildings, plant and office equipment, automotive equipment and intangible assets including easements and patents. Total additions to capital assets from current year activity, before depreciation and amortization, were \$81.7 million. The net change in capital assets from current year activity was an increase of \$27.8 million over FY 2023.

### Capital Assets (Net of Depreciation and Amortization) (in thousands)

	2024	2023	Change	
			Amount	%
Land	\$ 22,425	\$ 17,333	\$ 5,092	29.40%
Easements	37,270	35,377	1,893	5.40%
Construction in progress	109,789	126,516	(16,727)	(13.20%)
Buildings and improvements	85,025	69,991	15,034	21.50%
Land improvements	81,238	82,163	(925)	(1.10%)
Treatment plants	286,935	279,440	7,495	2.70%
Sewer lines	225,409	210,518	14,891	7.10%
Plant equipment	18,198	20,246	(2,048)	(10.10%)
Automotive equipment	3,010	2,324	686	29.50%
Plans and studies	5,540	2,891	2,649	91.60%
Office equipment	7,334	7,732	(398)	(5.10%)
RTU Asset	1,355	1,212	143	11.80%
Temporary easements	28	31	(3)	(9.70%)
Patents	81	42	39	92.90%
Trademarks	1	-	1	100.00%
Total capital assets	<u>\$ 883,638</u>	<u>\$ 855,816</u>	<u>\$ 27,822</u>	<u>3.30%</u>

Capital additions by category during FY 2024 included the following:

Treatment plant facilities	\$ 39,647,702
Sanitary conveyance systems	10,827,620
Stormwater conveyance systems	768,289
Pump stations	5,846,613
Watershed	4,973,328
Other (facilities, fleet, IT)	19,601,739
	<u>\$ 81,665,291</u>

Additional information on Clean Water Services' capital assets can be found in note 5 on [page 64](#) of this report.

## Long-term debt

Debt outstanding at year-end is summarized in the table below. Revenue bonds, which are the District's principal source of debt financing, are paid from sanitary sewer system operating revenues.

### Long-term Debt (Net of Premiums and Discounts) (in thousands)

	2024	2023	Change	
			Amount	%
Sewer revenue bonds	\$ 107,007	\$ 117,955	\$ (10,948)	(9.30%)
Revenue pension bonds	6,350	7,765	(1,415)	(18.20%)
Total Long-term Debt	<u>\$ 113,357</u>	<u>\$ 125,720</u>	<u>\$ (12,363)</u>	<u>(9.80%)</u>

As of year-end, the District had total net bonded debt outstanding of \$113.4 million versus \$125.7 million at the end of fiscal year 2023, and of that amount \$12.8 million is due within one year. All of this debt (i.e., revenue bonds) is secured solely by specified revenue sources of the sanitary sewer operations.

Sewer revenue bonds are expected to be the preferred debt instrument for the District. The District's strong financial position is reflected in the ratings from Standard & Poor's of AAA and Moody's of Aa1.

Historically, District bond credit ratings have been enhanced by funding required debt service reserves with bond surety insurance policies. District bond surety providers experienced significant credit rating downgrades in 2008, which created the need to fund debt service reserve requirements on the District's recent issues with cash from bond proceeds. This change in practice will also enhance the District's capacity to market future bond issues.

Additional information on Clean Water Services long-term debt can be found in note 8 on [pages 66-68](#) of this report.

## Economic Factors and Next Year's Budgets and Rates

- The adopted budget for 2025 reflects a 5.4% increase in operating expenses. Labor costs increased by \$5.4 million or 7.1% due to requested position adds. Materials and services are expected to increase by \$1.3 million or 2.7%. Software costs continue to go up, along with regulatory drivers such as chemicals and electricity. The increase also reflects the transition of natural systems stewardship projects from capital into operations.
- Budgeted positions for fiscal year 2025 increased by 3 FTE, or 0.6% from the prior year.
- Adopted sanitary sewer fees increased by 4% for fiscal year 2025. This will add an estimated \$2.08 per month to the average residential customer's bill. Storm water maintenance fees are increasing by 4%, which will add an estimated 42 cents per month to the average residential customer bill.
- The District has budgeted for an estimated \$101.4 million in new sanitary sewer system improvements and \$3 million in new surface water management system improvements in FY 2025. These projects will be funded using a combination of cash reserves from system development charges and service fees and contributions from developers or partnering agencies. These investments are planned to increase system capacity, meet regulatory requirements for water quality, and enhance overall watershed health.

- The adopted budget for FY 2025 reflects an decrease in debt service by \$1.8 million, or 9.4% from the prior year. CWS did not issue a budgeted bond sale in FY 2024. This decrease is returning the debt service to levels shown in FY 2023 actuals.
- Other fund level outlays include utility bad debt expense, franchise fees, pass-through revenues to cities, self-insurance claims costs, and other miscellaneous non-departmental outlays. This category is budgeted to increase by just under \$1.0 million, or 9.8% from the prior year. This increase reflects a Board approved mid-year budget transfer of just under \$1.0 million in FY 2024 for employee class and compensation adjustments and added FTE, which transferred the appropriations to operational programs. The budgeted amount for this category in FY 2025 is in-line with the prior year.

The District annually prepares a 10-year financial outlook that incorporates capital improvement planning (CIP) with operational planning. The 10-year CIP plans are developed using new project requests and updates to the status of existing projects. The CIP plans are developed by division and program managers and reviewed with recommendations as to projects needing funding incorporated into the financial forecast. Project spending is then matched with either cash reserves or debt financing. Depending upon the reserves needed, the financial plan then becomes a model of integrating productivity improvements, growth projections, rate increases, debt restructuring and debt financing of capital. The first year of the CIP becomes the basis for the next year's budget with respect to investments in capital improvements.

The current 10-year forecast for sanitary sewer and SWM operations assumes reasonable and predictable rate increase of 4% annually. The forecast projects that estimated future sanitary operating revenues will safely cover operating expenses and all current and future debt service requirements. The current 10-year forecast for SWM operations indicates ending reserves will continue to grow if the District manages SWM capital expenditures with modest annual increases going forward. The District is currently performing a cost-of-service study which will result in an updated financial forecast, proposed rates, and reserve policy for both utilities.

## Requests for Information

The District's financial statements are designed to present users, including ratepayers, citizens, customers, investors, and creditors with a general overview of the District's finances and overall accountability. If you have questions about the contents of this report or need additional financial information, please contact the Chief Financial Officer, Clean Water Services, 2550 SW Hillsboro Highway, Hillsboro, Oregon 97123.



# Basic Financial Statements

## Statement of Net Position June 30, 2024

### Assets and Deferred Outflows of Resources

Current assets (unrestricted):	
Cash and investments	\$ 344,410,937
Cash and investments (dedicated to capital construction)	49,677,319
Accounts receivable (net of allowance for uncollectibles)	24,971,521
Investment interest receivable	2,267,867
Interest receivable	108,508
Contracts receivable	193,990
Lease receivable	49,759
Materials and supplies inventory	2,401,550
Prepaid expenses	1,033,440
Current assets (restricted):	
Connection fees receivable	1,109,097
Contributions receivable from local governments	127,298
Build America Bonds (BABs) subsidy receivable	282,923
Interest receivable - Connection fees	22,703
Total current assets	<u>426,656,912</u>
Noncurrent assets (unrestricted):	
Contracts receivable	1,420,659
Capital assets, not being depreciated or amortized	
Land	22,425,153
Permanent easements	37,270,580
Construction in progress	109,788,123
Capital assets, net of accumulated depreciation	712,690,728
Intangible assets, not being amortized	1,221
Intangible assets, net of accumulated amortization	108,922
RTU assets, net of accumulated amortization	1,355,374
Investment in joint venture	1,911,488
Lease receivable	277,622
Prepaid expenses	221,649
Noncurrent assets (restricted)	
Cash and investments	45,754,233
Contracts receivable	496,057
Net OPEB asset	912,777
Total noncurrent assets	<u>934,634,586</u>
Total assets	<u>1,361,291,498</u>
Deferred outflows of resources:	
Deferred loss on refunding	1,409,660
Pension related	19,224,030
OPEB related	484,746
Total deferred outflows of resources	<u>21,118,436</u>
Total assets and deferred outflows of resources	<u>\$ 1,382,409,934</u>

See notes to basic financial statements



### Statement of Net Position June 30, 2024

#### Liabilities, Deferred Inflows of Resources, and Net Position

Current liabilities (unrestricted):	
Accounts payable	\$ 7,074,433
Accrued payroll	2,972,404
Compensated absences	4,032,787
Accrued self-insurance	209,301
Unearned premiums	323,426
Accrued interest payable	1,352,893
Subscription liability	641,840
Current portion of bonds payable, net	12,749,226
Current liabilities (restricted):	
Accounts payable	14,301,658
Accrued interest payable	35,185
Total current liabilities	<u>43,693,153</u>
Noncurrent liabilities (unrestricted):	
Bonds payable, net	100,607,841
Net pension liability	50,053,265
Postemployment benefits other than pensions	1,470,239
Accrued self-insurance	148,650
Subscription liability	289,967
Total noncurrent liabilities	<u>152,569,962</u>
Total liabilities	<u>196,263,115</u>
Deferred inflows of resources:	
Pension related	5,415,049
OPEB related	468,065
Deferred gain on refunding	623,304
Leases	307,561
Total deferred inflows of resources	<u>6,813,979</u>
Total liabilities and deferred inflows of resources	<u>203,077,094</u>
Net position:	
Net investment in capital assets	761,242,044
Restricted for net assets	
Capital construction	26,439,480
Debt service	19,213,743
Net OPEB asset	912,777
Captive Insurance	250,000
Unrestricted	371,274,796
Total net position	<u>1,179,332,840</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 1,382,409,934</u>

See notes to basic financial statements

**Statement of Revenues, Expenses and Changes in Net Position**  
**For the year ended June 30, 2024**

Operating revenues:	
Service fees	\$ 175,099,924
Other	9,854,336
Total operating revenues	<u>184,954,260</u>
Operating expenses:	
Labor and fringe benefits	65,731,734
Utilities	6,193,570
Professional services	16,567,334
Supplies	6,424,262
Administrative costs	4,883,262
Repairs and maintenance	1,036,553
Insurance	5,025,871
Chemicals	5,828,028
Depreciation and amortization expense	46,442,705
Total operating expenses	<u>158,133,319</u>
Operating income	<u>26,820,941</u>
Nonoperating revenues (expenses):	
Investment income	20,125,388
Interest on assessments, contracts and leases	69,453
Net loss on disposal of capital assets	(3,945,256)
Lease income	33,082
Loss on equity in joint venture	(68,671)
Interest expense	(4,930,961)
Capital donations - intergovernmental agreements	(10,863,345)
Total nonoperating expense	<u>419,690</u>
Income before contributions	27,240,631
Capital contributions:	
System development charges	19,925,510
Infrastructure donated by developers	9,986,233
Total capital contributions	<u>29,911,743</u>
Change in net position	57,152,374
Net position, beginning of year	<u>1,122,180,466</u>
Net position, end of year	<u><u>\$ 1,179,332,840</u></u>

See notes to basic financial statements

**Statement of Cash Flows**  
**For the year ended June 30, 2024**

Cash flows from operating activities:	
Received from customers	\$ 179,566,111
Payments to suppliers	(45,108,918)
Payments to employees for services	(61,559,869)
Other operating revenue	7,265,210
Net cash provided by (used for) operating activities	<u>80,162,534</u>
Cash flows from noncapital financing activities:	
Principal paid on pension bonds	(1,415,000)
Interest paid on pension bonds	(465,436)
Capital donations to others	(10,863,345)
Net cash provided by (used for) noncapital financing activities	<u>(12,743,781)</u>
Cash flows from capital and related financing activities:	
Acquisition and construction of capital assets	(65,441,947)
Lease payments received	25,801
Principal and interest on subscription contracts	(35,639)
Principal paid on bonds	(9,590,000)
Interest paid on bonds	(5,718,851)
Principal received on assessments and contracts	5,038,600
Interest received on assessments and contracts	49,659
Capital contributed by customers and cities	23,647,251
Proceeds from sale of capital assets	396,431
Net cash provided by (used for) capital related financing activities	<u>(51,628,695)</u>
Cash flows from investing activities:	
Interest received on investments	19,367,103
Net cash provided by (used for) investing activities	<u>19,367,103</u>
Net increase (decrease) in cash and cash equivalents	35,157,160
Cash and cash equivalents, beginning of year	<u>404,685,330</u>
Cash and cash equivalents, end of year	<u>\$ 439,842,489</u>
 Unrestricted cash and investments	 \$ 344,410,937
Dedicated cash and investments	49,677,319
Restricted cash and investments	45,754,233
Total cash and investments	<u>\$ 439,842,489</u>

See notes to basic financial statements

**Statement of Cash Flows**  
**For the year ended June 30, 2024**

Reconciliation of operating income to net cash from operating activities:	
Operating income (loss)	\$ 26,820,941
Adjustments to reconcile operating income to net cash from operating activities:	
Depreciation and amortization	46,442,705
BABs subsidy	16,371
Changes in assets and liabilities:	
Accounts receivable	1,731,319
Net pension liability	4,192,164
Net OPEB asset and related deferrals	(108,151)
Materials and supplies inventory	(130,082)
Prepaid expenses	589,131
Unearned premiums	129,372
Accrued expenses	209,990
Accounts payable	268,774
Total adjustments	<u>53,341,593</u>
Net cash from operating activities	<u>\$ 80,162,534</u>
Schedule of non-cash capital and related financing activities:	
Contributions of capital assets by developers	\$ 9,986,233
Loss on equity in joint venture	(68,671)

See notes to basic financial statements



# Notes to Basic Financial Statements

## 1. Summary of Significant Accounting Policies

### A. Reporting Entity

Clean Water Services (the District) (formerly known as the Unified Sewerage Agency of Washington County), a Component Unit of Washington County, Oregon was formed February 4, 1970 under the provisions of Oregon Revised Statutes (ORS) Chapter 451 to operate a sanitary sewer system in the Tualatin River Drainage Basin. Sixteen individual sanitary districts were consolidated to form the District. Subsequently, thirteen municipalities selected the District to perform sewage collection and treatment of waste. On July 1, 1990, the District assumed responsibility for surface water management in the Basin. As required by ORS 451.485, the Washington County Board of Commissioners is the governing body of the District. Principal funding sources are charges to users and system development charges (SDCs).

The District is considered a component unit of Washington County, Oregon (County) because the elected officials of the County also serve as the Board for the District. The District is presented in the Annual Comprehensive Financial Report of the County as a discretely presented component unit.

### Clean Water Institute

On March 2, 2010, the Clean Water Services Board of Directors instructed the District to form Clean Water Institute (CWI). One of the District's Board Members currently serves on CWI's Board.

CWI is a nonprofit 501(c)(3) formed to advance watershed restoration and resource recovery through innovative strategies and to promote scientific research, education, and environmental protection activities that benefit watersheds throughout the country and around the world. For the fiscal year ended June 30, 2024, the transactions between the District and CWI are deemed to be immaterial, and therefore, CWI is not reported as a component unit of the District.

### Clean Water Insurance Company

On February 16, 2016, the Clean Water Services Board of Directors instructed the District to form Clean Water Insurance Company (CWIC or "the Captive"), a wholly owned subsidiary of the District, domiciled in the state of Hawaii. The District is the sole member of this captive insurance company.

The Captive is a registered Limited Liability Company (LLC) formed to advance long term risk management program savings through the use of a formalized self-insurance program that can access the reinsurance markets for additional seismic coverages as well as provide a potential for funding of loss prevention and mitigation projects to further protect District assets or recover from a seismic event.

The Captive is considered a component unit of the District and is presented in the Annual Comprehensive Financial Report of the District as a blended component unit because it provides services exclusively to the District. CWIC issues separate financial statements and they can be obtained upon request from the District.

### B. Basis of Presentation and Accounting

The District's financial statements are maintained on a flow of economic resources measurement focus. With this measurement focus, all assets and liabilities are included in the Statement of Net Position. The Statement of Revenues, Expenses and Changes in Net Position presents increases (e.g. revenues) and decreases (e.g. expenses) in total net position.



The District's financial statements are presented on the accrual basis of accounting. Under the accrual basis of accounting, revenues are recorded at the time they are earned and expenses are recorded at the time liabilities are incurred.

The District reports the following operating segment:

- The sanitary sewer operations segment accounts for the activities of the District which manage the public sanitary system. The District operates four sewage treatment plants, 43 pump stations, and maintains responsibility for 787 miles of sanitary gravity mains, 70 miles of force mains, and 15 miles of reuse mains.

### **C. Operating vs. Non-operating Revenues and Expenses**

The District has defined operating revenues to include all service charges and other applicable charges for services directly attributable to providing either sanitary or surface water management services, plan check, product sales or other related activity.

Operating expenses are defined as those expenses directly related to providing services including administrative expenses and depreciation and amortization, and excludes personnel services utilized directly for capital projects which are charged to capital assets.

Non-operating revenues and expenses are not directly attributable to the services provided. This includes investment interest, capital donations and contributions, gain (loss) on disposal of capital assets, gain (loss) on equity in joint ventures and non-operating grant revenue. Capital donations relate to infrastructure constructed by the District, which is donated to another jurisdiction upon completion. Capital contributions include sewer and storm connections fees collected from customers newly connecting to the system, developer constructed infrastructure donated to the District, and donated easements.

### **D. Cash and Investments**

Cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. The District maintains a cash and investment pool that is available for use by all funds. Investments consist of the State of Oregon Treasurer's Local Government Investment Pool (LGIP), U.S. Government obligations and corporate bonds. Investments are presented on the statement of net position in the basic financial statements at fair value in accordance with GASB Statement No. 31, Accounting and Financial Reporting for Certain Investments and for External Investment Pools, and GASB Statement No. 72, Fair Value Measurement and Application. In general, interest earned from pooled investments is allocated to each fund based on the average earnings rate and daily cash balance of each fund.

The LGIP is administered by the Oregon State Treasury. The LGIP is an open-ended no-load diversified portfolio offered to any agency, political subdivision or public corporation of the State who by law is made the custodian of, or has control of, any public funds. The LGIP is commingled with the State's short-term funds. In seeking to best serve local governments of Oregon, the Oregon Legislature established the Oregon Short-Term Fund Board which is not registered with the U.S. Securities and Exchange Commission as an investment company. The purpose of the Board is to advise the Oregon State Treasury in the management and investment of the LGIP.

## **E. Cash Equivalents/Statement of Cash Flows**

For purposes of the Statement of Cash Flows, cash and cash equivalents include all cash and investments held on behalf of the District, since they have the general characteristics of a demand deposit (i.e. deposits of additional cash may be made at any time and cash may be withdrawn at any time without prior notice or penalty).

## **F. Accounts Receivable**

Accounts receivable represent user charges which are recognized as earned. An allowance for doubtful accounts is established for amounts deemed to be uncollectible, based on historical collection percentages. The allowance for uncollectible accounts for the year ended June 30, 2024 was \$1,270,000.

## **G. Leases**

Leases are recognized in accordance with GASB Statement No. 87 Leases.

A lessor is required to recognize a lease receivable and a deferred inflow of resources. A lease receivable is recognized at the net present value of the leased asset at a borrowing rate either explicitly described in the agreement or implicitly determined by the District and is reduced by principal payments received. The deferred inflow of resources is recognized in an amount equal to the sum of the lease receivable and any payments related to a future period which were received prior to the lease commencement; these deferred inflows of resources are amortized equal to the amount of the annual payments.

A lessee is required to recognize a lease payable and an intangible right-to-use lease asset. A lease payable is recognized at the net present value of future lease payments and is adjusted over time by interest and payments. Future lease payments include fixed payments, variable payments based on index or rate, and reasonably certain residual guarantees. The right-to-use asset is initially recorded at the amount of the lease liability plus prepayments less any lease incentives received prior to lease commencement and is subsequently amortized over the life of the lease. The District currently has no lease payables or right-to-use lease assets for the fiscal year ended June 30, 2024.

## **H. Subscription-based information technology arrangements (SBITAs)**

Subscription-based information technology arrangements (SBITAs) are recognized in accordance with GASB Statement No. 96, Subscription-Based Information Technology Arrangements. This statement defines a SBITA as a contract that conveys control of the right to use another party's (the SBITA vendor's) information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets) as specified in the contract for a period of time in an exchange or exchange-like transaction.

A subscriber is required to recognize an IT subscription liability and an intangible right-to-use SBITA asset. The IT subscription liability is recognized at the net present value of future subscription payments and is adjusted over time by interest and payments. Future subscription payments include fixed and/or variable payments, based on the contract between the subscriber and vendor. The right-to-use asset is initially recorded as the sum of the IT subscription liability plus prepayments less any incentives received prior to the commencement of the subscription term and is subsequently amortized over the life of the subscription. IT subscription and implementation cost payments made prior to the commencement of the subscription are classified as prepaid assets until the subscription commences; after the subscription commences, the prepaid assets are reclassified as an intangible right-to-use IT subscription. Right-to-use assets are reported in the Statement of Net Position.

**I. Contracts Receivable**

Assessments receivable represent amounts assessed against property owners for local sewer improvements. An allowance for doubtful accounts is not deemed necessary as the assessments represent liens against the property. Outstanding assessments are payable over 10 to 20 years at interest rates ranging from 3.39% to 6.22%.

**J. Materials and Supplies Inventory**

Inventories of operating supplies and repair parts are valued at the lower of cost (average cost) or market and are charged against operations as used.

**K. 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.

**L. Dedicated Assets**

Cash and Investments, the use of which are dedicated to finance construction of District capital assets, are segregated on the Statement of Net Position.

**M. Capital Assets**

Capital asset items purchased are valued at historical cost or estimated historical cost if actual historical cost is not available. Contributed capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are reported at acquisition value at the time received.

Major additions, improvements and replacements including related plans and studies are capitalized. Normal maintenance and repairs are charged to operations as incurred. Gains or losses realized from disposal of capital assets are reflected in the Statement of Revenues, Expenses and Changes in Net Position. Assets costing more than \$25,000 with a life of five years or more are capitalized and depreciated over their useful lives. One-half year's depreciation is taken in the year of acquisition and disposal of asset. Depreciation is computed on capital assets placed in service using the straight-line method over their estimated useful lives as follows:

Sewer lines	50 years
Treatment plants	20-50 years
Land improvements	25 years
Plans and studies	5-25 years
Buildings	20-50 years
Plant and office equipment	5-10 years
Automotive equipment	5 years

## **N. Intangible Capital Assets**

Intangible assets, including easements, water rights, patents, leases, right-to-use subscription assets, and internally generated computer software, are reported in the financial statements. Intangible assets purchased are valued at historical cost or estimated historical cost if actual historical cost is not available. Contributed intangible assets are reported at acquisition value at the time received.

Lease assets and Subscription-base Information Technology Arrangements (SBITA) are assets and right-to-use intangibles which the District leases for a term of more than one year, and carry a net present value of at least \$50,000 at the beginning of the agreement term. The value of these agreements is determined by the net present value at the District's incremental borrowing rate at the time of the agreement, and amortized using the straight-line method over the term of the agreement.

Intangible capital assets including easements, water rights and patents, with an individual cost of \$5,000 and a useful life of more than five years are capitalized and amortized over their useful lives. Intangible assets with indefinite lives are not amortized. 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. Normal maintenance and repairs are charged to operations as incurred.

Amortization on exhaustible intangible capital assets is reported on the straight-line basis over the estimated useful life of the asset. One-half year's amortization is taken in the year of acquisition and disposal of the asset. Gains or losses realized from disposal of intangible capital assets are reflected in the Statement of Revenues, Expenses and Changes in Net Position.

## **O. Investments in Joint Venture**

Investments in joint venture with other governments are reported at cost plus or minus the District's share of operating income or loss (equity method).

## **P. Premium on Bonds Payable**

Premiums are amortized by the effective interest method over the life of the respective debt instruments. Bonds payable are reported net of the applicable bond premium.

## **Q. Contributions Other Than Capital Assets**

Contributions which represent non-exchange transactions are comprised of the following:

- *Customers* – Sewer line and storm and surface water management connection fees from sewer patrons and sewer pipe installation fees from developers.
- *Capital Grants* – Funds received from federal and state agencies restricted for acquisition and construction of sewage facilities.
- *Contributions from Local Governments* – Funds received from cities and Washington County for shared construction costs of collection systems owned and maintained by the District, and for other projects with regional benefit undertaken by the District.

## **R. Insurance**

The District is insured under a guaranteed cost plan for workers' compensation and for costs in excess of insurance policy retention (deductible) limits on fire loss, property damage, general liability, auto liability,

and all risk coverage (theft, vandalism, etc.). The District currently provides for estimated losses from pending claims on all self-insured retention risks which are reported as a current expense and liability.

Incurred but not reported (IBNR) claims for general and employment liability are claims that are incurred through the end of the fiscal year but not reported until after that date and are reported as noncurrent liabilities.

#### **S. Accrued Compensated Absences**

The District allows employees to accumulate earned but unused vacation and sick leave benefits and compensatory time balances. Unused sick pay is not recognized as a liability because it does not vest. Accumulated compensation for overtime and vacation pay accrued at the end of each year is used within one year and is reported as a current expense and liability.

#### **T. Deferred Outflows/Inflows of Resources**

The Statement of Net Position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. Included in this category, the District has the deferred charge on refunding of debt reported in the Statement of Net Position and deferred outflows related to pensions and other post-employment benefits. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the Statement of Net Position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. Included in this category, the District has deferred pension and OPEB differences, and deferred lease resources.

For the purpose of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Oregon Public Employees Retirement System (OPERS) and additions to/deductions from OPERS's fiduciary net position have been determined on the same basis as they are reported by OPERS.

#### **U. Pension**

##### **Oregon Public Employees Retirement System (OPERS)**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Oregon Public Employees Retirement System (OPERS) and additions to/deductions from OPERS's fiduciary net position have been determined on the same basis as they are reported by OPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

## V. Postemployment Benefits Other than Pensions (OPEB)

### • *OPERS – Retirement Health Insurance Account (RHIA)*

For purposes of measuring the net OPEB liability/asset, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the OPERS RHIA and additions to/deductions from OPERS's RHIA fiduciary net position have been determined on the same basis as they are reported by OPERS. For this purpose, OPERS recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value.

### • *District Health Insurance*

For the purposes of measuring the OPEB liability, deferred outflows of resources and deferred inflows of resources to OEPB, and OPEB expense, the District has relied on actuarial reports. The District allows retired employees to purchase health insurance at the same rates as active employees. The related expense is recognized as the District pays premiums to the insurance carrier.

## W. Net Position

Net position comprises various net earnings from operating and non-operating revenues, expenses and contributions of capital. Net position is classified in the following three components: net investment in capital assets; restricted net position; and unrestricted net position.

*Net investment in capital assets* consists of all capital assets less accumulated depreciation, and debt less unspent debt proceeds that is attributable to the acquisition, construction and improvement of those assets.

*Restricted net position* consists of net assets for which constraints are placed thereon by external parties, such as lenders, grantors, contributors, laws, regulations and enabling legislation.

*Unrestricted net position* consists of all other net assets not included in the above categories.

The District has not established a formal policy regarding the use of its restricted and unrestricted fund balance amounts.

## X. Use of Estimates

The preparation of the financial statements, in conformity with accounting principles generally accepted 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 on 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.

## Y. Adoption of new GASB pronouncements

During the fiscal year ended June 30, 2024, the District implemented the following GASB Pronouncements:

GASB Statement No. 99, Omnibus 2022. This statement was issued April 2022 and enhances comparability in accounting and financial reporting to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements and accounting and financial reporting for financial guarantees. This Statement addresses a variety of topics including issues related to leases implementation, derivative instruments, nonmonetary transactions, public-private and public-public partnerships and availability payment arrangements,



subscription-based information technology arrangements, LIBOR, SNAP and other terminology updates. Specifically, the paragraphs for future adoption address the following topics:

Classification and reporting of derivative instruments within the scope of Statement No. 53 (paragraphs 4-10) GASB Statement No. 99 paragraphs 4-10 were effective for the District for the fiscal year ending June 30, 2024.

The District did not have any agreements covered by GASB Statement No. 99 in the fiscal year ending June 30, 2024. Therefore, there are no effects on the District's financial statements upon implementation.

GASB Statement No. 100, Accounting Changes and Error Corrections. This statement is an amendment of GASB Statement No. 62 and was issued June 2022 to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. This Statement defines accounting changes as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes the transactions or other events that constitute those changes. As part of those descriptions, for (1) certain changes in accounting principles and (2) certain changes in accounting estimates that result from a change in measurement methodology, a new principle or methodology should be justified on the basis that it is preferable to the principle or methodology used before the change. That preferability should be based on the qualitative characteristics of financial reporting—understandability, reliability, relevance, timeliness, consistency, and comparability. This Statement also addresses corrections of errors in previously issued financial statements. GASB Statement No. 100 is effective for the District for the fiscal year ending June 30, 2024.

The District did not have any accounting changes or error corrections covered by GASB Statement No. 100 in the fiscal year ending June 30, 2024. Therefore, there are no effects on the District's financial statements upon implementation.

## **Z. Future adoption of GASB pronouncements**

The following GASB pronouncements have been issued, but are not effective as of June 30, 2024:

GASB Statement No. 101, Compensated Absences. This statement was issued June 2022 to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through non cash means. Other requirements include that a liability for certain types of compensated absences not be recognized until the leave commences, and that a liability for specific types of compensated absences not be recognized until the leave is used. GASB Statement No. 101 will be effective for the District for the fiscal year ending June 30, 2025.

GASB Statement No. 102, Certain Risk Disclosures. This statement was issued December 2023, and requires a government to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. Additionally, this Statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. GASB Statement No. 102 will be effective for the District for the fiscal year ending June 30, 2025.

GASB Statement No. 103, Financial Reporting Model Improvements. This statement was issued April 2024, the objective of this Statement is to improve key components of the financial reporting model to enhance its

effectiveness in providing information that is essential for decision making and assessing a government's accountability. GASB 103 will be effective for the District's fiscal year ending June 30, 2026. The District is currently evaluating the impact of this standard to the financial statements.

Clean Water Services will implement new GASB pronouncements no later than the required effective date. The District is currently evaluating whether or not the above listed new GASB pronouncements will have a significant impact to the District's financial statements.

2. Stewardship, Compliance, and Accountability

Oregon Local Budget Law requires the District to prepare and adopt a budget by individual funds prior to July 1 of the budget year. The resolution authorizing appropriations, adopted in the categories of operating expenses, debt service, capital outlay, contingency and operating transfers for each fund sets the level by which expenditures cannot legally exceed appropriations. Appropriations lapse at the end of the fiscal year. The District's budget is prepared on the modified accrual basis of accounting.

Unexpected additional resources may be added to the original budget through the use of a supplemental budget and appropriation resolution. A supplemental budget greater than 10% of the fund's original budget requires hearings before the public, publications in newspapers and approval by the Board of Directors. Original and supplemental budgets may be modified by the use of appropriation transfers between the levels of control. Such transfers require approval by the Board of Directors. During the fiscal year ended June 30, 2024, the Board approved two appropriation transfers.

There were no funds that exceeded budget at the legal level of appropriation.

3. Cash and Investments

The District maintains a common cash and investment pool for all District funds, except Captive Insurance. The types of investments in which the District may invest are restricted by State of Oregon Statutes and a Board adopted investment policy. Authorized investments include general obligations of the United States Government and its agencies, certain bonded obligations of Oregon municipalities, banker's acceptances, certain high-grade commercial paper, repurchase agreements, and the State of Oregon Treasurer's Local Government Investment Pool (LGIP), among others. The District also maintains restricted cash in reserves with the Tualatin Valley Water District as a fiscal agent for the District. The Captive Insurance cash is held in bank demand deposits with the Bank of Hawaii.

Cash and investments for the District at June 30, 2024 are as follows:

Petty cash	\$ 1,200
Cash with fiscal agents	501,832
Bank of Hawaii – Captive Insurance/CWIC	6,350,427
Investments	432,989,030
Total cash and investments	<u>\$ 439,842,489</u>

Cash and investments are reflected on the statement of net position as follows:

Unrestricted cash and investments	\$ 344,410,937
Dedicated cash and investments – capital construction	49,677,319
Restricted cash and investments	45,754,233
Total cash and investments	<u>\$ 439,842,489</u>

Investments at June 30, 2024 were as follows:

State of Oregon Treasurer's Local Government Investment Pool	\$ 48,948,785
Investments held in custody	384,040,245
Total investments	<u>\$ 432,989,030</u>

### Disclosures relating to Custodial Credit Risk:

This is the risk that in the event of bank failure, the District deposits may not be returned to them. The District's deposit policy is in accordance with Oregon Revised Statutes (ORS) 295. As required by ORS 295, deposits in excess of federal depository insurance are held at a qualified depository for public funds. All qualified depositories for public funds are included in the multiple financial institution collateral pool that is maintained by and in the name of the Office of the State Treasurer. As a result, the District's remaining deposits in excess of Federal Depository Insurance Corporation (FDIC) insurance are considered to be fully collateralized.

*Bank of Hawaii – Captive:* Deposits with Bank of Hawaii for the Captive are bank demand deposits. The combined total bank balance is \$6,350,427. Of these deposits, \$250,000 is covered by federal depository insurance. Amounts in excess of available insured depository limits are at risk, however, the District's cash is deposited with a major financial institution in the state of Hawaii, and the District does not believe that this concentration of credit risk represents a material risk of loss.

### Fair value hierarchy:

Various inputs are used in determining the fair value of investments. These inputs to valuation techniques are categorized into a fair value hierarchy consisting of three broad levels for financial statement purposes as follows:

*Level 1* - unadjusted price quotations in active markets/exchanges for identical assets or liabilities that each Fund has the ability to access.

*Level 2* - other observable inputs (including, but not limited to, quoted prices for similar assets or liabilities in markets that are active, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the assets or liabilities (such as interest rates, yield curves, volatilities, loss severities, credit risks and default rates) or other market-corroborated inputs).

*Level 3* - unobservable inputs based on the best information available in the circumstances, to the extent observable inputs are not available (including each Fund's own assumptions used in determining the fair value of investments).

The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (*Level 1* measurements) and the lowest priority to unobservable inputs (*Level 3* measurements).

Accordingly, the degree of judgment exercised in determining fair value is greatest for instruments categorized in *Level 3*. The inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the fair value hierarchy classification is determined based on the lowest level input that is significant to the fair value measurement in its entirety.

The categorization of a value determined for investments is based on the pricing transparency of the investments and is not necessarily an indication of the risks associated with investing in those securities.

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The District has recorded its investments at fair value, and primarily uses the Market Approach to valuing each security. Security pricing is provided by a third-party and is reported daily to the District by its custodian bank. Assets are categorized by asset type, which is a key component of determining hierarchy levels. Asset types allowable per the District's investment policy generally fall within hierarchy *Level 1* and 2.

The District has the following fair value measurements at June 30, 2024:

Investments Measured at Fair Value	Fair Value Measurements Using				
		Quoted Prices in Active Markets for Identical Assets	Significant Other Observable Inputs	Significant Unobservable Inputs	Amortized Cost not Measured
(\$ in millions):	Total	Level One	Level Two	Level Three	at Fair Value
U.S. Agency	\$ 163,222,361	\$ -	\$ 163,222,361	\$ -	\$ -
U.S. Treasury	173,510,940	173,510,940	-	-	-
Corporate bonds	41,403,986	-	41,403,986	-	-
Municipal bonds	5,621,640	-	5,621,640	-	-
Bank deposits	159,721	159,721	-	-	-
Cash & cash equivalents	121,597	121,597	-	-	-
Local Government Investment Pool	48,948,785	-	-	-	48,948,785
Total Investments	<u>\$ 432,989,030</u>	<u>\$ 173,792,258</u>	<u>\$ 210,247,987</u>	<u>\$ -</u>	<u>\$ 48,948,785</u>

#### Disclosures relating to Interest Rate Risk:

Interest rate risk is the risk of losing value or income from an investment should interest rates change. Generally, the longer the maturity of an investment the greater the sensitivity of its value to changes in market interest rates. The District has a formal investment policy that explicitly limits investment maturities as a means of managing its exposure to fair value loss arising from increasing interest rates. District management believes the liquidity in the portfolio is sufficient to meet cash flow requirements and preclude the District from having to sell investments below original cost for that purpose. The District's investment advisors monitor the interest rate risk inherent in its portfolio by comparing the maturity dates of its investments to the minimum maturity dates outlined in the investment policy.

The table below outlines the investment maturity limitations and the actual maturities of the District's investments at June 30, 2024:

Investment Type	Book Value	Fair Value Investment Maturity (Years)			Weighted Avg. Maturity
		Fair Market Value	Less Than 1	1-5	
U.S. Agency	\$ 165,671,698	\$ 163,222,361	\$ 28,826,727	\$ 134,395,634	2.61
U.S. Treasury	178,032,883	173,510,940	32,555,875	140,955,065	2.38
Corporate bonds	42,056,506	41,403,986	3,685,602	37,718,383	2.41
Municipal bonds	5,769,116	5,621,640	229,073	5,392,567	2.53
Cash & cash equivalents	121,794	121,597	121,597	-	-
Bank deposits	159,721	159,721	159,721	-	-
Local Government Investment Pool	48,948,785	48,948,785	48,948,785	-	-
Total Investments	<u>\$ 440,760,503</u>	<u>\$ 432,989,030</u>	<u>\$ 114,527,381</u>	<u>\$ 318,461,649</u>	<u>2.48</u>

#### Disclosures relating to Credit Risk:

This is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. Credit risk is measured by the assignment of a rating by a nationally recognized rating organization and is minimized by purchasing only those securities, which are rated by two of the nationally recognized credit rating agencies, at the time of purchase. The District's investment policy specifies ratings – Standard & Poor's = minimum AA-, and Moody's Investors Services = minimum Aa3. The actual rating at year-end for each investment type is as follows:

#### Rating by Standard & Poor's Investment Services

	AAA	AA+	AA	A-1	Not Rated	Invested Value	Percent Allocation
U.S. Agency	\$ 163,222,361	\$ -	\$ -	\$ -	\$ -	\$ 163,222,361	37.7%
U.S. Treasury	173,510,940	-	-	-	-	173,510,940	40.1%
Corporate bonds	3,076,977	-	12,769,827	25,557,182	-	41,403,986	9.6%
Municipal bonds	851,967	229,073	4,540,600	-	-	5,621,640	1.3%
Bank deposits	-	-	-	-	159,721	159,721	0.0%
Cash & cash equivalents	121,597	-	-	-	-	121,597	0.0%
Local Government Investment Pool	-	-	-	-	48,948,785	48,948,785	11.3%
Total Investments	<u>\$ 340,783,842</u>	<u>\$ 229,073</u>	<u>\$ 17,310,427</u>	<u>\$ 25,557,182</u>	<u>\$ 49,108,506</u>	<u>\$ 432,989,030</u>	<u>100.0%</u>

Investments in the Local Government Investment Pool (LGIP) are included in the Oregon Short-Term Fund, which is an external investment pool that is not a 2a-7 like external investment pool and is not registered with the U.S. Securities and Exchange Commission as an investment company. Investments in the Short-Term Fund are governed by ORS 294.135, Oregon Investment Council, and portfolio guidelines issued by the Oregon Short-Term Fund Board. Investment in the LGIP is neither insured nor guaranteed by the FDIC or any other government agency and is unrated. The State Treasurer is the investment officer for the LGIP and is responsible for all funds in the LGIP. These funds must be invested, and the investments managed, as a prudent investor would, exercising reasonable care, skill and caution. Investments in the LGIP are stated at fair value. Separate financial statements for the Oregon Short Term Fund are available from the Oregon Audits Division, 255 Capital Street NE, Suite 500, Salem, OR 97301.

The table below outlines the LGIP's investment maturity limitations and the actual maturities at June 30, 2024:

	Allowable Per Policy	Actual
LGIP Maturity:		
Up to 93 days	Minimum of 50%	75.12%
94 days to 1 year <sup>(1)</sup>	Maximum of 25%	16.66%
1 to 3 years	Maximum of 25%	8.27%

<sup>(1)</sup> Investment in Local Government Intermediate Fund (OLGIF) is excluded from the percent of portfolio to mature over one year calculation, therefore the actual is imputed.

## 4. Receivables

### Accounts Receivable – Current

	SANI	SWM	CWIC	Total
Service receivable	\$ 22,974,724	\$ 3,136,893	\$ -	\$ 26,111,617
Other	129,904	-	-	129,904
Less: Allowance for doubtful accounts	(1,065,000)	(205,000)	-	(1,270,000)
Accounts receivable (net of allowance for uncollectibles)	22,039,628	2,931,893	-	24,971,521
Interest receivable	2,338,470	-	37,905	2,376,375
Net unrestricted accounts receivable	24,378,098	2,931,893	37,905	27,347,896
Connection fees receivable	1,109,097	-	-	1,109,097
Contributions receivable from local governments	127,298	-	-	127,298
Build America Bonds subsidy receivable	282,923	-	-	282,923
Interest receivable - Connection fees	22,703	-	-	22,703
Restricted accounts receivable	1,542,021	-	-	1,542,021
Total net accounts receivable	\$ 25,920,119	\$ 2,931,893	\$ 37,905	\$ 28,889,917



**Contracts Receivable**

	<b>Current</b>	<b>Non-current</b>	<b>Total</b>
City of Forest Grove IGA's	\$ 193,990	\$ 1,420,659	\$ 1,614,649
Assessments	-	185,033	185,033
Unrestricted contracts receivable	193,990	1,605,692	1,799,682
System development charges	-	311,024	311,024
Restricted contracts receivable	-	311,024	311,024
Total contracts receivable	<u>\$ 193,990</u>	<u>\$ 1,916,716</u>	<u>\$ 2,110,706</u>

**City of Forest Grove Notes Receivable**

Intergovernmental agreement (IGA) between the District and City of Forest Grove for the 19<sup>th</sup> Avenue and Maple Street sanitary sewer inflow and infiltration rehabilitation project in the City of Forest Grove, dated September 17, 2019. The City agreed to reimburse the District for the cost of construction. On January 19, 2021, Forest Grove entered into a 10 year note with a beginning balance of \$1,016,486, annual interest rate of 2.07% and semi-annual payments of \$56,528.

Intergovernmental agreement (IGA) between the District and City of Forest Grove for the construction of Main Street and 23<sup>rd</sup> Avenue inflow and infiltration rehabilitation in the City of Forest Grove, dated April 1, 2022. The City agreed to reimburse the District for the costs of construction. On January 30, 2024, Forest Grove entered into a 10-year note with a beginning balance of \$988,353, annual interest rate of 1.15% and semi-annual payments of \$52,455.

**Lessor lease receivables**

The District is involved in various leasing arrangements for land, buildings, and land use rights which are leased mainly to commercial and retail customers. With the implementation of GASB Statement No. 87, all existing contracts and newly acquired leases during the current fiscal year were analyzed and classified as either qualified or non-qualified leases, for both lessor and lessee positions. With this implementation, a receivable has been recognized.

Leases receivable for the year ended June 30, 2024, are as follows:

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>
Cell towers	\$ 366,179	\$ -	\$ (38,798)	\$ 327,381

Future maturities of lease receivables are as follows:

<b>Fiscal Year Ended June 30,</b>	<b>Principal</b>	<b>Interest</b>
2025	\$ 39,867	\$ 9,892
2026	40,982	8,777
2027	47,471	7,581
2028	51,073	6,164
2029	52,594	4,643
2030-2033	95,394	4,785
Total	<u>\$ 327,381</u>	<u>\$ 41,842</u>

Deferred inflow of resources mirrors the principal payment maturities described above.

**5. Capital Assets**

Activity in capital assets for the year ended June 30, 2024, is as follows:

	<b>Balance 6/30/23</b>	<b>Additions</b>	<b>Transfers</b>	<b>Retirements</b>	<b>Balance 6/30/24</b>
Non-depreciable capital assets:					
Land	\$ 17,332,968	\$ -	\$ 5,092,185	\$ -	\$ 22,425,153
Easements	35,377,098	1,896,246	-	(2,764)	37,270,580
Construction in progress	126,515,813	81,665,294	(83,993,319)	(14,399,665)	109,788,123
Total non-depreciable capital assets	179,225,879	83,561,540	(78,901,134)	(14,402,429)	169,483,856
Depreciable capital assets:					
Building and improvements	136,381,009	-	21,349,108	(687,819)	157,042,298
Land improvements	224,204,992	2,396,170	1,738,530	(48,396)	228,291,296
Treatment plants	801,037,961	-	28,231,364	-	829,269,325
Sewer lines	332,979,885	2,733,516	18,832,698	(203,130)	354,342,969
Plant equipment	119,658,242	-	2,538,048	(79,445)	122,116,845
Automotive equipment	16,058,375	-	1,796,569	(749,443)	17,105,501
Plans and studies	17,068,730	-	2,990,676	-	20,059,406
Office equipment	21,987,352	-	1,341,963	(1,914,418)	21,414,897
Total depreciable capital assets	1,669,376,546	5,129,686	78,818,956	(3,682,651)	1,749,642,537
Less accumulated depreciation for:					
Building and improvements	(66,389,906)	(5,762,025)	-	135,383	(72,016,548)
Land improvements	(142,042,005)	(5,011,536)	-	968	(147,052,573)
Treatment plants	(521,597,501)	(20,736,167)	-	-	(542,333,668)
Sewer lines	(122,461,858)	(6,475,778)	-	4,063	(128,933,573)
Plant equipment	(99,412,755)	(4,584,968)	-	78,851	(103,918,872)
Automotive equipment	(13,734,425)	(1,110,791)	-	749,441	(14,095,775)
Plans and studies	(14,178,241)	(341,296)	-	-	(14,519,537)
Office equipment	(14,254,752)	(1,737,848)	-	1,911,337	(14,081,263)
Total accumulated depreciation	(994,071,443)	(45,760,409)	-	2,880,043	(1,036,951,809)
Total depreciable assets, net	675,305,103	(40,630,723)	78,818,956	(802,608)	712,690,728
Intangible assets, not being amortized					
Trademarks	-	-	1,221	-	1,221
Total intangible assets, not being amortized	-	-	1,221	-	1,221
Amortizable capital assets:					
RTU Asset	1,573,000	780,963	-	(192,574)	2,161,389
Temporary easements	64,905	-	-	-	64,905
Patents	155,252	-	80,957	-	236,209
Total amortizable capital assets	1,793,157	780,963	80,957	(192,574)	2,462,503
Less accumulated amortization for:					
RTU Asset	(361,115)	(637,474)	-	192,574	(806,015)
Temporary easements	(34,075)	(3,246)	-	-	(37,321)
Patents	(113,298)	(41,573)	-	-	(154,871)
Total accumulated amortization	(508,488)	(682,293)	-	192,574	(998,207)
Total amortizable assets, net	1,284,669	98,670	80,957	-	1,464,296
Total capital assets, net	\$ 855,815,651	\$43,029,487	\$ -	\$ (15,205,037)	\$ 883,640,101

## 6. Joint Venture

Investment in Joint Venture	
Investment in joint venture at June 30, 2023	\$ 1,980,159
Income (loss) for the year	(68,671)
Investment in joint venture at June 30, 2024	<u>\$ 1,911,488</u>

The Barney Reservoir Joint Ownership Commission (the Commission) was formed to own, operate, and expand the J.W. Barney Reservoir. Ownership of the joint venture is comprised of the District (10%), Tualatin Valley Water District (35%), and the cities of Hillsboro (31%), Forest Grove (2.5%), and Beaverton (21.5%). The Commission is governed by one member from each entity. The operating costs of the joint venture are shared by the participating agencies and are reported as an operating expense in the District's Sanitary Sewer Fund. The net position of the Commission continues to decline due to depreciation expense, which is not funded by the joint venture partners. There are no significant projects identified in the 10-year capital plan for the Commission. If future projects are identified by the Commission, the District will include its proportionate share of costs in the annual Capital Improvement Plan.

Financial statements for the Commission may be obtained from the City of Hillsboro, Finance Department at 150 East Main Street, Hillsboro, Oregon, 97123.

## 7. Subscriptions Payable

As of 06/30/2024, Clean Water Services, OR had 27 active subscriptions. The subscriptions have payments that range from \$0 to \$217,182 and interest rates that range from 1.89% to 3.59%. As of 06/30/2024, the total combined value of the subscription liability is \$931,807. The combined value of the right to use asset, as of 06/30/2024 of \$2,161,389 with accumulated amortization of \$806,015 is included within Note 5, Capital Assets. The subscriptions had \$0 of variable payments and \$0 of other payments, not included in the subscription liability, within the fiscal year.

	Beginning Balance	Additions	Reductions	Ending Balance
Subscriptions	<u>\$ 929,607</u>	<u>\$ 780,963</u>	<u>\$ (778,763)</u>	<u>\$ 931,807</u>

Future annual subscription commitments as of June 30, 2024, are as follows:

Fiscal Year Ended June 30,	Principal	Interest	Total Payments
2025	\$ 641,840	\$ 28,034	\$ 669,874
2026	255,926	8,721	264,647
2027	16,208	892	17,100
2028	17,833	467	18,300
Total	<u>\$ 931,807</u>	<u>\$ 38,114</u>	<u>\$ 969,921</u>

## 8. Bonds Payable

The details of the individual bond issues are as follows:

Bonds	Issue Date	Original Issue	Installment Payments	Pledged for Repayment	Purpose	Percent Allocation
<b>Sewer Revenue Bonds:</b>						
2010 Series B Senior Lien	04/28/10	\$ 90,260,000	Annually through 2036	Net sewer revenue	Sewer capital improvement	3.97-5.801%
2016 Series A Senior Lien	10/13/16	33,225,000	Annually through 2028	Net sewer revenue	Refunding	5.00%
2021 Series A Senior Lien	07/13/21	25,405,000	Annually through 2032	Net sewer revenue	Refunding	5.00%
<b>Revenue Pension Bonds:</b>						
2004 Series	05/27/04	15,990,000	Annually through 2028	Gross sewer revenue	Pension liability	4.596-6.095%
		<u>\$ 164,880,000</u>				

Net bond principal transactions for the year ended June 30, 2024, are as follows:

Bonds	Outstanding June 30, 2023	Issued	Matured and Paid	Outstanding June 30, 2024	Due within one year	Long-term portion
<b>Sewer Revenue:</b>						
2010 Series B	\$ 65,150,000	\$ -	\$ 4,030,000	\$ 61,120,000	\$ 4,160,000	\$ 56,960,000
2016 Series A	23,190,000	-	3,690,000	19,500,000	3,880,000	15,620,000
2021 Series A	23,625,000	-	1,870,000	21,755,000	1,965,000	19,790,000
<b>Revenue Pension:</b>						
2004 Series	7,765,000	-	1,415,000	6,350,000	1,585,000	4,765,000
Unamortized premiums	5,989,588	-	1,357,521	4,632,067	1,159,226	3,472,841
	<u>\$125,719,588</u>	<u>\$ -</u>	<u>\$ 12,362,521</u>	<u>\$113,357,067</u>	<u>\$ 12,749,226</u>	<u>\$100,607,841</u>

Future maturities of bond principal and interest at June 30, 2024 are as follows:

Fiscal year	2010B	2016	2021	Total Sewer Revenue Bonds	2004 Revenue Pension Bonds	Total Principal
<b>Principal</b>						
2025	\$ 4,160,000	\$ 3,880,000	\$ 1,965,000	\$ 10,005,000	\$ 1,585,000	\$ 11,590,000
2026	4,295,000	4,080,000	2,070,000	10,445,000	1,765,000	12,210,000
2027	4,445,000	4,290,000	2,175,000	10,910,000	1,960,000	12,870,000
2028	4,610,000	4,510,000	2,285,000	11,405,000	1,040,000	12,445,000
2029	4,780,000	2,740,000	2,400,000	9,920,000	-	9,920,000
2030-2033	20,955,000	-	10,860,000	31,815,000	-	31,815,000
2034-2036	17,875,000	-	-	17,875,000	-	17,875,000
	<u>61,120,000</u>	<u>19,500,000</u>	<u>21,755,000</u>	<u>102,375,000</u>	<u>6,350,000</u>	<u>108,725,000</u>
Bond premium	-	1,019,464	3,612,603	4,632,067	-	4,632,067
Bonds payable, net	<u>\$ 61,120,000</u>	<u>\$ 20,519,464</u>	<u>\$ 25,367,603</u>	<u>\$107,007,067</u>	<u>\$ 6,350,000</u>	<u>\$113,357,067</u>

### Legal Debt Margin

The District's legal debt limitation, as defined by Oregon Revised Statutes 451.545, shall not exceed 13% of the true cash value of all property assessed within the District's boundaries. The limitation applies to the aggregate of all outstanding General Obligation Bonds. The legal debt limit and debt margin for the District are both \$22.8 billion at June 30, 2024, because the District had no outstanding general obligation debt.

### Revenue Bonds

The District issued revenue bonds in accordance with ORS 451.545. The District's revenue bonds are payable exclusively from the District's net sewer revenue as defined in the bond indenture agreement. The bond indenture agreements require the District to maintain net operating revenues, as defined in the indenture agreements, in each fiscal year at least equal to 1.2 times annual debt service on the Senior Lien Bonds and 1.1 times annual debt service on the Subordinate Lien Bonds and to maintain adequate insurance on the facilities. Additionally, the bond indenture agreements establish that bonds are secured by a pledge from the District to maintain separate Senior Lien and Subordinate Lien reserve accounts in an amount equal to annual debt service for each class of bonds. The District has fulfilled the reserve requirements by funding reserves with debt proceeds for the 2010A and 2010B issued in fiscal year 2010. No reserves were required for the Series 2016A refunding bonds issued in October 2016, and the Series 2021 refunding bonds issued in July 2021 respectively. Management believes the District is in compliance with its bond covenants as of, and for the fiscal year ended June 30, 2024.



Future maturities of bond principal and interest at June 30, 2024 are as follows:

Issue	Purpose	Revenue Stream	For the Year Ending June 30, of Final Payments	Future Pledged Revenue Debt Outstanding	Revenue, Net of Related Expenses for the Year Ended June 30, 2024	For the Year Ended June 30, 2024 Debt (P&I) Payments
2010 Series B	Sewer capital replacement	Net sewer revenue	2036	\$ 61,120,000	\$ 103,941,158*	\$ 7,597,261
2016 Series A	Refunding	Net sewer revenue	2029	19,500,000	*	4,757,250
2021 Series A	Refunding	Net sewer revenue	2029	21,755,000	*	2,946,497
				<u>\$ 102,375,000</u>	<u>\$ 103,941,158</u>	<u>\$ 15,301,008</u>

\* Same revenue source pledged for all three bond series outstanding

### Build America Bonds

The District issued \$99,155,000 in Senior Lien Sewer Revenue Bonds in fiscal year 2010 including \$8,895,000 in tax exempt Series 2010A and \$90,260,000 in federally taxable Series 2010B. The Series 2010B Bonds are issued as "Build America Bonds" (BABs) and are eligible under current federal law for a 35% interest subsidy. The District is not able to reduce the annual debt service or maximum annual debt service by the amount of the interest subsidies received for purposes of determining compliance with the District's rate covenant and the tests for issuing additional Senior Lien Parity Obligations. See future pledged revenues table on [page 68](#) of this report for future amendments to the pledge revenue coverage calculation allowed under the master bond resolution.

The federal interest subsidy was reduced by 5.7% for the October 1, 2023 and April 1, 2024 bond interest payments, respectively, which reduced the subsidy by approximately \$71,167. The total reduction in subsidy payments to-date has been \$1,093,992. This was in response to the requirements of the Balanced Budget and Emergency Deficit Control Act of 1985. The District will receive Federal subsidy payments totaling approximately \$7.9 million over the remaining life of the issue. This subsidy may be reduced in the future based on federal balanced budget constraints.

### Pension Related Debt

The revenue pension bond agreement issued in May 2004 requires debt service to be paid from gross sewer revenues. Accordingly, debt service for these bonds will be treated as operating expenses in determining debt service coverage in future periods.

### Defeased Debt

In prior years, the District defeased certain bonds by placing the proceeds of refunding bonds in an irrevocable trust to provide for all future debt service on the old bonds. Accordingly, the trust account assets and the related liability for those defeased bonds are not included in the District's financial statements. As of June 30, 2024, \$19,385,000 of bonds outstanding are considered defeased.

## 9. Long Term Liabilities

Long-term liability activity for the year ended June 30, 2024 are as follows:

	Beginning Balances	Reclassification/ Restatements	Additions	Reductions	Ending Balance
<b>Bond Payable:</b>					
Revenue Bonds	\$ 119,730,000	\$ -	\$ -	\$ (11,005,000)	\$ 108,725,000
Unamortized premium and discounts	5,989,588	-	-	(1,357,521)	4,632,067
Total bonds payable	<u>\$ 125,719,588</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (12,362,521)</u>	<u>\$ 113,357,067</u>
<b>Notes and loans payable-direct borrowings:</b>					
Self-insurance claims	\$ 142,731	\$ -	\$ 5,919	\$ -	\$ 148,650
Subscriptions	929,607	-	780,963	(778,763)	931,807
Net pension liability/(asset) – PERS	41,445,769	-	8,607,496	-	50,053,265
Other Postemployment benefits – HIC	1,389,806	-	80,433	-	1,470,239
Other Postemployment benefits – PERS (asset)	(907,960)	-	(4,817)	-	(912,777)
Total other long-term liabilities	<u>\$ 42,999,953</u>	<u>\$ -</u>	<u>\$ 9,469,994</u>	<u>\$ (778,763)</u>	<u>\$ 51,691,184</u>
Total long-term liabilities	<u>\$ 168,719,541</u>	<u>\$ -</u>	<u>\$ 9,469,994</u>	<u>\$ (13,141,284)</u>	<u>\$ 165,048,251</u>

## 10. Deferred Compensation Plan

During 1977 the District adopted, and has made subsequent amendments to, the Clean Water Services Deferred Compensation Plan. This plan is created in accordance with IRS code section 457(b) and was most recently amended and restated effective June 26, 2012. The Chief Executive Officer and the Risk and Benefits Manager of the District are the Trustee and Administrators of the plan. Plan contributions and assets are set aside in trust, with the custodial trustee and administrator, Empower Retirement, for the exclusive benefit of participants and beneficiaries.

The plan generally covers any full-time employee working 37.5 or more hours per week, and any regular part-time employee working fewer than 40 hours per week. The plan permits participating employees to contribute up to 100% of gross pay or the statutorily prescribed annual dollar limit, whichever is smaller. The District may, at its discretion, make employer contributions. The District's plan as currently adopted does not provide for employer contributions. Plan contributions and earnings thereon are available to participating employees upon termination of employment, retirement, death, or unforeseen emergency.

Contributions from plan members during fiscal year 2024 were \$2,436,207.

## 11. Pension Plan

### Plan Description

Substantially all District employees are members in the Oregon Public Employees Retirement System (OPERS); a cost-sharing, multiple-employer defined benefit 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).

Beginning January 1, 2004, PERS active Tier One and Tier Two members became members of the Individual Account Program (IAP) of OPSRP. PERS members retain their existing Defined Benefit Plan accounts, but member contributions are now deposited into the member's IAP account, not into the member's Defined Benefit Plan account. Accounts are credited with earnings and losses net of administrative expenses.

Detailed information about the pension plan's fiduciary net position is available in the separately issued OPERS financial report.

### Benefits Provided

#### Tier One/Tier Two Retirement Benefit

*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 (2.0% for police and fire employees, 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 result.

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 (age 45 for police and fire members). General service employees may retire after reaching age 55. Police and fire members are eligible after reaching age 50. Tier One general service employee benefits are reduced if retirement occurs prior to age 58 with fewer than 30 years of service. Police and fire member benefits are reduced if retirement occurs prior to age 55 with fewer than 25 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 an OPERS 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 (55 for police and fire members) 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 through cost-of-living changes. The COLA is capped at 2.0%.

### **OPSRP Pension Program**

*Pension Benefits.* The Pension Program (ORS Chapter 238A) provides benefits to members hired on or after August 29, 2003. 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. For police and fire members, 1.8% is multiplied by the number of years of service and the final average salary. Normal retirement age for police and fire members is age 60 or age 53 with 25 years of retirement credit. To be classified as a police and fire member, the individual must have been employed continuously as a police and fire member for at least five years immediately preceding retirement.

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% 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.

### **Contributions**

PERS funding policy provides for monthly employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. Employer contribution rates for the period were based on the December 31, 2019 actuarial valuation. The rates based on a percentage of payroll, first became effective July 1, 2021. The District's contribution rates for the fiscal year ended June 30, 2024 were 17.48% for Tier One/Tier Two members and 13.60% for OPSRP General Service members. The District's total contributions were \$10,325,069.

**OPSRP Individual Account Program (IAP)**

*Pension Benefits.* Participants in OPERS defined benefit pension plans also participate in their defined contribution plan. An IAP member becomes vested on the date the employee account is established or on the date the rollover account was established. If the employer makes optional employer contributions for a member, the member 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, the date the IAP is terminated, the date the active member becomes disabled, or the date the active member dies.

Upon retirement, a member of the OPSRP Individual Account Program (IAP) may receive the amounts in his or her employee account, rollover account, and vested employer account as a lump-sum payment or in equal installments over a 5, 10, 15, 20-year period or an anticipated life span option. Each distribution option has a \$200 minimum distribution limit.

*Death Benefits.* Upon the death of a non-retired member, the beneficiary receives in a lump sum the member's account balance, rollover account balance, and vested employer optional contribution account balance. If a retired member dies before the installment payments are completed, the beneficiary may receive the remaining installment payments or choose a lump-sum payment.

*Contributions.* The District has elected to pay the employees' 6% contribution to the plan. 6% of covered payroll is paid for all employees. For the fiscal year ending June 30, 2024, the District paid \$1,680,819.

*Recordkeeping.* OPERS contracts with VOYA Financial to maintain IAP participant records.

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

At June 30, 2024, the District reported a liability of \$50,053,265 for its proportionate share of the OPERS net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2021 rolled forward to June 30, 2023. The District's proportion of the net pension 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. The District's proportionate share of the OPERS net pension liability at June 30, 2024, and June 30, 2023 was .2672% and .2706%, respectively.

For the year ended June 30, 2024, the District recognized pension expense of \$13,274,600. At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows/ (Inflows) of Resources
Differences between expected and actual experience	\$ 2,447,757	\$ 198,466	\$ 2,249,291
Changes of assumptions	4,446,436	33,153	4,413,283
Net difference between projected and actual earnings on investments	899,662	-	899,662
Change in proportionate share	4,308,221	669,786	3,638,435
Differences between District contributions and proportionate share of contributions	803,154	4,513,644	(3,710,490)
Total (prior to post-measurement date contributions)	12,905,230	5,415,049	7,490,181
District contributions made subsequent to the measurement date	10,325,069	-	10,325,069
Amortization of side account during period	(4,006,269)	-	(4,006,269)
Total net defined benefit pension contributions	6,318,800		6,318,800
Total deferred outflows/(inflows) of resources	\$ 19,224,030	\$ 5,415,049	\$ 13,808,981

Deferred outflows of resources related to pensions of \$10,325,069 contributions made after the measurement date of the net pension liability, but before the end of the District's reporting period, will be recognized as a reduction of the net pension liability in the subsequent fiscal year ended June 30, 2025, rather than in the current fiscal period. Other amounts reported as deferred outflows or inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30:	
2025	\$ 1,764,500
2026	(1,171,204)
2027	5,190,874
2028	1,681,228
2029	24,783
Total	\$ 7,490,181

### Actuarial Methods and Assumptions

The employer contribution rates effective July 1, 2023, through June 30, 2025, were set using the entry age normal actuarial cost method. Under this cost method, each active member's entry age present value of projected benefits is allocated over the member's service from their date of entry until their assumed date of exit, taking into consideration expected future compensation increases.



The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2021. The actuarial valuation was determined using the following actuarial methods and assumptions:

Valuation date	December 31, 2021
Measurement date	June 30, 2023
Experience study	2022, published July 24, 2023
Actuarial assumptions:	
Actuarial cost method	Entry Age Normal
Inflation rate	2.40%
Long-term expected rate of return	6.90%
Discount rate	6.90%
Projected salary increases	3.40%
Cost of living adjustments (COLA)	Blend of 2.00% COLA and graded COLA (1.25%/0.15%) in accordance with Moro decision; blend based on service.
Mortality	Healthy retirees and beneficiaries: Pub-2010 Healthy Retiree, sex-distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation. Active members: Pub-2010 Employee, sex-distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation. Disabled retirees: Pub-2010 Disabled Retiree, sex-distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.

Actuarial valuations of an ongoing plan involve estimates of the value of projected benefits and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Experience studies are performed as of December 31 of even numbered years. The methods and assumptions shown above are based on the 2022 Experience Study, which reviewed experience for the four-year period ended on December 31, 2022.

### Discount Rate

The discount rate used to measure the total pension liability was 6.9% for the Defined Benefit Pension Plan; this rate is consistent with the rate approved by the PERS Board for the prior valuation period. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the 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 Plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

### Depletion Date Projections

GASB 68 generally requires that a blended discount rate be used to measure the total pension liability (the actuarial accrued liability calculated using the Individual Entry Age Normal Cost Method). The long-term expected return on plan investments may be used to discount liabilities to the extent that the plan's fiduciary net position (fair value of investment assets, all others at cost) is projected to cover benefit payments and administrative expenses. Determining the discount rate under GASB 68 will often require that the actuary perform complex projections of future benefit payments and pension plan investments. GASB 68 (paragraph 67) does allow for alternative evaluations of projected solvency, if such evaluation can reliably be made. GASB does not contemplate a specific method for making an alternative evaluation of sufficiency; it is left to professional judgment.

### Assumed Asset Allocation:

Asset Class/Strategy	Low Range	High Range	Target
Fixed Income	20.0%	30.0%	25.0%
Public Equity	22.5	32.5	27.5
Real Estate	7.5	17.5	12.5
Private Equity	15.0	27.5	20.0
Real Assets	2.5	10.0	7.5
Diversifying Strategies	2.5	10.0	7.5
Opportunity Portfolio	-	5.0	-
Total			100.0%

### Long-Term Expected Rate of Return

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in April 2024 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.

**Long-Term Expected Rate of Return<sup>(1)</sup>**

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Annual Arithmetic Return <sup>(2)</sup></b>	<b>20-Year Annualized Geometric Mean</b>	<b>Annual Standard Deviation</b>
Global Equity	27.50%	8.57%	7.07%	17.99%
Private Equity	25.50	12.89	8.83	30.00
Core Fixed Income	25.00	4.59	4.50	4.22
Real Estate	12.25	6.90	5.83	15.13
Master Limited Partnerships	0.75	9.41	6.02	27.04
Infrastructure	1.50	7.88	6.51	17.11
Hedge Fund of Funds - Multistrategy	1.25	6.81	6.27	9.04
Hedge Fund Equity - Hedge	0.63	7.39	6.48	12.04
Hedge Fund - Macro	5.62	5.44	4.83	7.49
Assumed Inflation - Mean			7.46	13.30

<sup>(1)</sup> Based on the OIC Statement of Investment Objectives and Policy Framework for the Oregon Public Employees Retirement Fund, including revisions adopted at the OIC meeting on April 17, 2024.

<sup>(2)</sup> The arithmetic mean is a component that goes into calculating the geometric mean. Expected rates of return are presented using the geometric mean, which the Board uses in setting the discount rate.

**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 calculated using the discount rate of 6.9%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	<b>1% Decrease (5.9%)</b>	<b>Current Discount Rate (6.9%)</b>	<b>1% Increase (7.9%)</b>
District's proportionate share of the net pension liability	\$ 82,678,570	\$ 50,053,265	\$ 22,749,343

**Pension Plan Fiduciary Net Position**

Detailed information about the pension plan's fiduciary net position is available in the separately issued OPERS financial report.

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi year trend information about whether the actuarial value of plan assets is increasing or decreasing relative to the actuarial accrued liability for benefits.

**Changes in Actuarial Methods and Assumptions**

A summary of key changes implemented since the December 31, 2022, valuation are described briefly below. Additional details and a comprehensive list of changes in methods and assumptions can be found in the 2022 Experience Study for the System, which was published in July 2023, and can be found at: [https://www.oregon.gov/pers/Documents/Financials/Actuarial/2023/2022\\_Exp\\_Study.pdf](https://www.oregon.gov/pers/Documents/Financials/Actuarial/2023/2022_Exp_Study.pdf)

### **Allocation of Liability for Service Segments:**

For purposes of allocating Tier One/Tier Two member's actuarial accrued liability among multiple employers, the valuation uses a weighted average of the Money Match methodology and the Full Formula methodology used by OPERS when the member retires. The weights are determined based on the prevalence of each formula among the current Tier One/Tier Two population. For the December 31, 2020, and December 31, 2021 valuations, the Money Match was weighted 10% for General Service members. For the December 31, 2022, valuations, this weighting has been adjusted to 5% for General Service members, based on a projection of the proportion of liability attributable to Money Match benefits at those valuation dates.

### **Changes in Economic Assumptions**

**Administrative Expenses.** The administrative expense assumptions were updated to \$64 million per year combined for Tier 1/Tier 2 and OPSRP.

**Healthcare Cost Inflation.** The healthcare cost inflation for the maximum RHIPA subsidy was updated based on analysis performed by Milliman's healthcare actuaries. This analysis includes the consideration of the excise tax that will be introduced by the Affordable Care Act. The Further Consolidated Appropriations Act passed in December 2019 repealed the excise tax, and as a result no adjustment is required for the proposed trend assumption. It is possible that the COVID-19 pandemic could have a material impact on the projected costs.

### **Changes in Demographic Assumptions**

**Healthy Annuitant Mortality Base Tables.** The healthy annuitant mortality base tables were updated to Pub-2010 generational Healthy Retiree mortality tables with group-specific job category and setback adjustments. Previously they were based on RP2014 generational Healthy Annuitant mortality tables with group-specific class and setback adjustments.

**Disabled Mortality Base Tables.** The disabled mortality base tables were updated to Pub-2010 generational Disabled Retiree mortality tables with group-specific job category and setback adjustments. Previously they were based on RP2014 generational Disabled Retiree mortality tables.

**Non-Annuitant Mortality Base Tables.** Non-annuitant mortality base tables were updated to Pub-2010 generational mortality tables with the same group-specific job category and setback adjustments as for healthy annuitants and with an additional scaling factor adjustment for certain subgroups. Previously they were based on RP2014 generational Employee mortality tables with the same group-specific collar and setback adjustments as for healthy annuitants.

**12. Postemployment Benefits Other than Pensions (OPEB)**

The other postemployment benefits (OPEB) for the District combines two separate plans. The District provides an implicit rate subsidy for retiree health insurance premiums and a contribution to the Oregon Public Employees Retirement System (OPERS) Retiree Health Insurance Account (RHIA). For the fiscal year ended June 30, 2024, the District recognized net OPEB income of \$79,774.

**Financial Statement Presentation**

The District's two OPEB plans are presented in the aggregate on the Statement of Net Position. The amounts on the financial statements relate to the plans as follows:

	<b>Healthcare Implicit Rate Subsidy Plan</b>	<b>OPERS RHIA Plan</b>	<b>Total OPEB on Financials</b>
Net OPEB Asset	\$ -	\$ 912,777	\$ 912,777
Deferred Outflows of Resources			
Contributions after the measurement date	471,018	217	471,235
Change in assumptions	-	-	-
Net difference between projected and actual earnings on investments	-	2,589	2,589
Changes in proportional share	-	10,922	10,922
Total Deferred Outflows of Resources	471,018	13,728	484,746
Total OPEB Liability	(1,470,239)	-	(1,470,239)
Deferred Inflows of Resources			
Difference between expected and actual experience	432,173	22,916	455,089
Changes in assumptions	-	9,842	9,842
Differences in earnings	-	-	-
Change in proportional share	-	3,134	3,134
Total deferred outflows/ (inflows) of resources	\$ 432,173	\$ 35,892	\$ 468,065

**A. Postemployment Healthcare Implicit Subsidy Plan****Plan Description**

The District offers health benefits to retirees under age 65 as well as their qualified dependents at the same rate provided to current employees, as required by Oregon Revised Statutes 243.303. Retirees electing to remain on the District sponsored health plans pay the entire premium for that coverage in order to maintain coverage. Even though the District does not pay any portion of the retiree premium, there is an implicit rate subsidy with respect to retired employees because the medical premium rates charged are less than they would be if the retirees were in a separately rated health plan. Actual medical premium rates are determined by blending both active employee and retiree experience. This "plan" is a single-employer plan and is not a stand-alone plan, and therefore, does not issue its own financial statements. No formal/ legal trust has been established for the handling of resources used to fund this benefit.

## Benefits Provided

The District collects insurance premiums from all retirees each month. The District then pays the health insurance premiums for all retirees at the blended rate for each family classification. The required contributions to the plan include the entity's pay-as-you-go amount, an amount paid by retirees and an additional amount calculated to prefund future benefits as determined by the actuary.

For fiscal year 2024, the District contributed \$195,608 consisting of retiree payments. The District has elected to not prefund the actuarially determined future cost amount of \$1,470,239.

As of the valuation date of July 1, 2023, the following employees were covered by the benefit terms:

<b>Participant Counts</b>	
Number of active participants	192
Number of inactive participants	12
	<u>204</u>
<b>Participant Statistics</b>	
Active Participants	
Average age	47
Average service	9.6
Inactive Participants	
Average age	63.0

## Total OPEB Liability, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

The District's total OPEB liability of \$1,470,239 was measured as of June 30, 2024, and was determined by an actuarial valuation as of July 1, 2023. For the fiscal year ended June 30, 2024, the District recognized OPEB expense from this plan of \$99,511.

## Changes in the Total OPEB Liability

Balance at 6/30/23	\$ 1,389,806
Changes for the year:	
Service cost	96,825
Interest	50,291
Differences between expected and actual experience	326,835
Changes in assumptions	(294,007)
Benefit payments	(99,511)
Net changes	<u>80,433</u>
Balance at 6/30/24	<u>\$ 1,470,239</u>



For the fiscal year ended June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows/ (Inflows) of Resources
Differences between expected and actual experience	\$ 448,783	\$ 432,173	\$ 16,610
Changes of assumptions	22,235	-	22,235
Total deferred outflows/(inflows) of resources	<u>\$ 471,018</u>	<u>\$ 432,173</u>	<u>\$ 38,845</u>

Deferred outflows and inflows of resources related to OPEBs will be recognized in OPEB expense as follows:

**Year Ended June 30:**

2025	\$ 24,166
2026	24,167
2027	(9,435)
2028	(9,431)
2029	4,690
Thereafter	4,688
Total	<u>\$ 38,845</u>

**Sensitivity of the Total OPEB Liability**

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher.

	1% Decrease (3%)	Current Discount Rate (4%)	1% Increase (5%)
Total OPEB Liability	\$ 1,572,761	\$ 1,470,239	\$ 1,372,048

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that were 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates.

	1% Decrease (5.50%, Graded Down to 3.50%)	Current Trend Rate (6.50%, Graded Down to 4.50%)	1% Increase (7.50%, Graded Down to 5.50%)
Total OPEB Liability	\$ 1,302,615	\$ 1,470,239	\$ 1,666,896

## Actuarial Assumptions and Other Input

The total OPEB liability in the July 1, 2023 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Valuation date	July 1, 2023 Data was collected as of November 1, 2023, and benefits were valued as if the data was representative of data on July 1, 2023.
Measurement Date	June 30, 2024 and June 30, 2025
Fiscal Year Ends	June 30, 2024 and June 30, 2025
Actuarial Cost Method	Entry Age Normal, level percent of salary
Interest Rate for Discounting Future Liabilities	4% per year, based on all years discounted at municipal bond rate (based on Bond Buyer 20-Bond General Obligation Index as of June 30, 2024).
General Inflation	2.5% per year.
Payroll Growth	3.5% per year.
Annual Premium Rate Increase	Declining rates starting at 5.30% in 2024 and ending at 4.5% in 2041 and beyond.
Mortality Rates	General Service and Beneficiary table: Pub-2010 Employee Tables for General Employees, sex distinct, projected generationally. Mortality rates for active male participants are 115% of the above rates, and for active female participants are 125% of the above rates Improvement Scale: Unisex Social Security Data Scale (60-year average)
Turnover Rates	As developed for the valuation of benefits under Oregon PERS.
Disability Rates	As developed for the valuation of benefits under Oregon PERS.
Retirement Rates	As developed for the valuation of benefits under Oregon PERS.
Participation	80% of future Non-Represented retirees and dependents are assumed to participate.
Plan Enrollment	Current and future retirees are assumed to remain enrolled in the plans in which they are currently enrolled, if any.
Lapse	Of the current and future retirees assumed to enroll in coverage, 5% are assumed to drop coverage each year.
Marital Status	50% of future retirees electing coverage are assumed to cover a spouse as well. Males are assumed to be three years older than their female spouses. Actual marital status and ages as of the valuation date are used for current retirees.
Coverage of Eligible Children	We have assumed no impact of dependent children on the implicit subsidy.
Health Care Claims Costs	2023-24 claims costs for an age 64 retiree or spouse are assumed to be \$15,181 for Kaiser and \$19,208 for Providence.
Aging Factors	Aging factors are used to adjust the age 64 per capita claims cost.
Dental and Vision Costs	We have assumed no implicit subsidy due to dental or vision costs.

Changes since the prior actuarial valuation include:

- The interest rate for discounting future liabilities was changed to reflect current municipal bond rates.
- Lapse rates were introduced.
- Demographic assumptions were revised to match (as closely as possible) those developed in the most recent experience study for OPERS.

## **B. OPERS Retirement Health Insurance Account (RHIA)**

### **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 employees. RHIA is a cost-sharing, multiple- employer defined benefit other post-employment benefit plan administered by OPERS. Oregon Revised Statute (ORS) 238.420 established this trust fund and authorizes the Oregon Legislature to establish and amend the benefit provisions. The plan is closed to new entrants hired on or after August 29, 2003. OPERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the Oregon Public Employees Retirement System, P.O. Box 23700, Tigard, OR 97281-3700, by calling 1-888-320-7377, or by accessing the OPERS web site at <https://oregon.gov/PERS/>.

### **Benefits Provided**

RHIA pays a monthly contribution toward the cost of Medicare companion health insurance premiums of eligible retirees. 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. The plan is closed to new entrants after January 1, 2004. To be eligible to receive this monthly payment towards the premium cost the member must: (1) have eight years or more of qualifying service in OPERS at the time of retirement or receive a disability allowance as if the member had eight years or more of creditable service in OPERS, (2) receive both Medicare Part A and B coverage, and (3) enroll in a OPERS-sponsored health plan. A surviving spouse or dependent of a deceased OPERS retiree who was eligible to receive the subsidy is eligible to receive the subsidy if he or she (1) is receiving a retirement benefit or allowance from OPERS or (2) was insured at the time the member died and the member retired before May 1, 1991.

### **Contributions**

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. Participating employers are contractually required to contribute to RHIA at a rate assessed each year by OPERS. The District's contractually required contribution rate, expressed as a percentage of covered payroll, for the year ended June 30, 2024, were 0.06% for Tier One/Tier Two members, and 0.0% for OPSRP members.

These contributions are actuarially determined and are intended to accumulate sufficient assets to pay benefits when due. The District's total contributions for the year ended June 30, 2024 was \$217. Employees are not required to contribute to the OPEB plan.

**OPEB Assets, Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

At June 30, 2024, the District reported an asset of \$912,777 for its proportionate share of the OPERS RHIA net OPEB asset. The net OPEB asset was measured as of June 30, 2023, and the total OPEB liability used to calculate the net OPEB asset was determined by an actuarial valuation as of December 31, 2021, rolled forward to June 30, 2023. The District's proportion of the net OPEB asset was based on the District's contributions to the RHIA program during the measurement period relative to contributions from all participating employers. The District's proportionate share of the OPERS net OPEB asset at June 30, 2024, and June 30, 2023 was 0.2493% and 0.2555%, respectively.

For the year ended June 30, 2024, the District recognized OPEB income from this plan of \$179,285. At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows/ (Inflows) of Resources
Differences between expected and actual experience	\$ -	\$ 22,916	\$ (22,916)
Changes of assumptions	-	9,842	(9,842)
Net difference between projected and actual earnings on investments	2,589	-	2,589
Change in proportionate share	10,922	3,134	7,788
Total (prior to post-measurement date contributions)	13,511	35,892	(22,381)
District contributions made subsequent to the measurement date	217	-	217
Total deferred outflows/(inflows) of resources	<u>\$ 13,728</u>	<u>\$ 35,892</u>	<u>\$ (22,164)</u>

Deferred outflows of resources related to OPEB of \$217 contributions made after the measurement date of the net OPEB liability, but before the end of the District's reporting period, will be recognized as a reduction of the net OPEB liability in the subsequent fiscal year ended June 30, 2025, rather than in the current fiscal period.. Other amounts reported as deferred outflows or inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30:	
2025	\$ (36,408)
2026	(31,804)
2027	33,733
2028	12,098
Thereafter	-
Total	<u>\$ (22,381)</u>

**Actuarial Methods and Assumptions**

The total OPEB liability in the December 31, 2021, actuarial valuation was determined using the following actuarial assumptions and assumptions:

Valuation date	December 31, 2021
Measurement date	June 30, 2023
Experience study	2022, published July 24, 2023
Actuarial assumptions:	
Actuarial cost method	Entry Age Normal
Inflation rate	2.40%
Long-term expected rate of return	6.90%
Discount rate	6.90%
Projected salary increases	3.40%
Retiree healthcare participation	Healthy retirees 25%; Disabled retirees 15%
Healthcare cost trend rate	Not applicable
Mortality	Healthy retirees and beneficiaries: Pub-2010 Healthy Retiree, sex-distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation. Active members: Pub-2010 Employee, sex-distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation. Disabled retirees: Pub-2010 Disabled Retiree, sex-distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.

Actuarial valuations of an ongoing plan involve estimates of the value of projected benefits and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Experience studies are performed as of December 31 of even numbered years. The methods and assumptions shown above are based on the 2018 Experience Study, which reviewed experience for the four-year period ending on December 31, 2018.

**Discount Rate**

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

### Depletion Date Projections

GASB Statement No. 74 generally requires that a blended discount rate be used to measure the Total OPEB Liability. The long-term expected return on plan investments may be used to discount liabilities to the extent that the plan's fiduciary net position (fair value of assets) is projected to cover benefit payments and administrative expenses. A 20-year high quality (AA/Aa or higher) municipal bond rate must be used for periods where the fiduciary net position is not projected to cover benefit payments and administrative expenses.

### Assumed Asset Allocation:

Asset Class/Strategy	Low Range	High Range	Target
Fixed Income	20.0%	30.0%	25.0%
Public Equity	22.5	32.5	27.5
Real Estate	7.5	17.5	12.5
Private Equity	15.0	27.5	20.0
Real Assets	2.5	10.0	7.5
Diversifying Strategies	2.5	10.0	7.5
Opportunity Portfolio	-	5.0	-
Total			100.0%

### Long-Term Expected Rate of Return

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in June 2021 the OPERS Board reviewed long-term assumptions developed by both Milliman's capital market assumptions team and the Oregon Investment Council's (OIC) investment advisors. 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.



**Long-Term Expected Rate of Return<sup>(1)</sup>**

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Annual Arithmetic Return <sup>(2)</sup></b>	<b>20-Year Annualized Geometric Mean</b>	<b>Annual Standard Deviation</b>
Global Equity	27.50%	8.57%	7.07%	17.99%
Private Equity	25.50	12.89	8.83	30.00
Core Fixed Income	25.00	4.59	4.50	4.22
Real Estate	12.25	6.90	5.83	15.13
Master Limited Partnerships	0.75	9.41	6.02	27.04
Infrastructure	1.50	7.88	6.51	17.11
Hedge Fund of Funds - Multistrategy	1.25	6.81	6.27	9.04
Hedge Fund Equity - Hedge	0.63	7.39	6.48	12.04
Hedge Fund - Macro	5.62	5.44	4.83	7.49
Assumed Inflation - Mean			<u>7.46</u>	<u>13.30</u>

<sup>(1)</sup> Based on the OIC Statement of Investment Objectives and Policy Framework for the Oregon Public Employees Retirement Fund, including revisions adopted at the OIC meeting on April 17, 2024.

<sup>(2)</sup> The arithmetic mean is a component that goes into calculating the geometric mean. Expected rates of return are presented using the geometric mean, which the Board uses in setting the discount rate.

**Sensitivity of the District's proportionate share of the net OPEB liability to changes in the discount rate.**

The following presents the District's proportionate share of the net OPEB liability/(asset), as well what the District's proportionate share of the net OPEB liability/(asset) would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate.

	<b>1% Decrease (5.9%)</b>	<b>Current Discount Rate (6.9%)</b>	<b>1% Increase (7.9%)</b>
Net OPEB Liability/(Asset)	\$ (829,716)	\$ (912,777)	\$ (984,042)

The RHIA plan is unaffected by health care cost trends since the benefit is limited to a \$60 monthly payment toward Medicare companion insurance premium. Consequently, disclosure of a healthcare cost trend analysis is not applicable.

**OPEB Plan Fiduciary Net Position**

Detailed information about the pension plan's fiduciary net position is available in the separately issued OPERS financial report.

13. Risk Management/Insured Risks and Captive Insurance

It is the policy of the District to periodically assess the proper combination of commercial insurance and retention of risk to cover losses to which it may be exposed. The District currently utilizes two government entity self-insured risk pools through SAIF for its workers’ compensation and Special Districts Association of Oregon (SDAO) for liability insurance. The District purchases a commercial insurance policy for all-risk property coverage. The District has earmarked approximately \$5.5 million of its unrestricted net assets for future uninsured risks at June 30, 2024. The District funds retentions for property, earthquake, general, automobile, Oregon Paid Family Leave, cyber and drone liabilities through the Captive.

The Captive was formed under the laws of the State of Hawaii as a single member Limited Liability Company (LLC) captive insurance company pursuant to Chapter 428 and Article 19 of Chapter 431 of the Hawaii Revised Statutes. The Captive received its Certificate of Authority from the Hawaii Insurance Division on June 30, 2016, and operations commenced on July 1, 2016. The Certificate of Authority enables the Captive to operate as a captive insurance company in the State of Hawaii. The District is the sole member of the Captive Insurance exposures covered by the Captive include:

Coverage	Limits
Auto liability	\$50,000 per occurrence/\$150,000 aggregate
General liability	\$50,000 per occurrence/\$150,000 aggregate
Property	\$5 million per occurrence and aggregate
Dental	Fully insured, claims made basis
Vision	Fully insured, claims made basis
Earthquake deductible reimbursement	2% of property per location, minimum of \$5 million
Excess earthquake	\$20 million excess \$100 million
Drone liability	\$1 million excess \$5 million general liability limit
Cyber	\$100,000 retention, \$3 million per occurrence
Oregon Paid Family & Medical Leave Equivalent Plan	Maximum benefit of 120% of the State of Oregon average weekly wage, per employee claim

The District’s liabilities are reported when it is both probable that a loss has occurred and the amount of that loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. Liabilities are reevaluated periodically to consider current settlements, frequency of claims, past experience and economic factors. Management believes the reserve for losses and loss adjustment expenses is adequate. The estimates are continually reviewed and adjusted, as necessary, as experience develops, or new information becomes known; such adjustments are included in current operations. During the past three years, there were no settlements which exceeded insurance coverage and no significant reduction in coverage in the last year.

Changes in the balances of the District's accrued self-insurance during fiscal years 2024 and 2023 are as follows:

	<b>2024</b>	<b>2023</b>
Balance as of July 1	\$ 220,813	\$ 253,281
Incurred related to		
Current period	970,395	489,669
Total incurred	<u>970,395</u>	<u>489,669</u>
Paid related to		
Current period	<u>(833,257)</u>	<u>(522,137)</u>
Total paid	<u>(833,257)</u>	<u>(522,137)</u>
Balance at June 30	<u>\$ 357,951</u>	<u>\$ 220,813</u>

#### 14. Net Position

Net position represents the difference between assets and liabilities. The components of net position at June 30, 2024 were as follows:

##### Net Investment in Capital Assets:

Net capital assets in service	\$ 883,494,650
Less:	
Revenue bonds payable, net	(107,007,067)
Accounts payable for capital assets	<u>(15,245,539)</u>
	<u>\$ 761,242,044</u>

##### Restricted for Capital Acquisition, Debt Service and OPEB:

Total Restricted Net Position - due to enabling legislation	\$ 26,439,480
Total Restricted Net Position- other	20,601,822
Net OPEB asset	912,777
Total Restricted Net Position - CWIC captive insurance	<u>250,000</u>
	<u>48,204,079</u>

##### Deductions

Liabilities payable from restricted net position proceeds - other	<u>(1,388,079)</u>
Liabilities payable from restricted net position proceeds	<u>(1,388,079)</u>

Restricted Net Position - due to enabling legislation	26,439,480
Restricted Net Position - other	19,213,743
Net OPEB asset	912,777
Total Restricted Net Position-CWIC captive insurance	<u>250,000</u>
Restricted Net Position	<u>\$ 46,816,000</u>

The Hawaii Insurance Division established certain minimum capital and surplus requirements for the Captive which are required to be maintained at all times. The minimum was set at \$250,000 at formation. As of June 30, 2024, the Captive was in compliance with the minimum capital and surplus requirements of the State of Hawaii.

## 15. Related Party Transactions

Washington County performs certain fiscal and accounting services, partnering in capital projects and provides certain facility related services, for which the District was charged approximately \$41,037 during fiscal year 2024.

On April 16, 2013, the District entered into an Operating Agreement with the Clean Water Institute (CWI). Under the Operating Agreement, the District may provide resources to conduct work for CWI. Upon mutual agreement, the District and CWI may enter into agreements which shall describe the particular scope of services to be performed by the District for CWI. The District may also provide staff and resources to provide administrative support to CWI and charge CWI for such support. The District has billed CWI \$6,000 for such services under the Operating Agreement for fiscal year ended June 30, 2024.

On September 21, 2010, the District entered into an Assignment Agreement with CWI, which assigned certain intellectual property rights to CWI. The agreement requires CWI to share future revenues generated from the licensing of these intellectual property rights with the District. Per this agreement, all revenues associated with the agreement received by CWI shall first be applied to repay the loan amounts to the District and any revenues in excess of the loan amount will be shared equally between CWI and the District. The Assignment Agreement was amended on June 19, 2018, changing the allocation of revenues associated with the intellectual property. Revenues received by CWI shall be shared equally (50% CWS and 50% CWI). In accordance with the agreement, CWI has remitted proceeds of \$18,036 to the District in fiscal year 2024.

Clean Water Insurance Company (CWIC) began operations July 1, 2016. The District paid dental premiums of \$363,185, vision premiums of \$51,409, Oregon Paid leave of \$9,785, and auto, general liability and property insurance premiums totaling \$1,892,403 during fiscal year 2024. CWIC reimbursed the District for claims filed totaling \$146,505 during fiscal year 2024. CWIC has reimbursed the District \$75,000 for administrative services for the fiscal year ended June 30, 2024.

## 16. Commitments and Contingencies

The District is committed for approximately \$121 million for various construction projects and other significant commitments at June 30, 2024. The District plans to finance these projects using existing resources.

**Segment Information**

The Sanitary Sewer Segment accounts for the provision of sanitary sewer services within the Tualatin River Drainage Basin. Segment information as of and for the year ended June 30, 2024, is as follows:

**Condensed Statements of Net Position**

	<u>Sanitary Sewer</u>
Assets:	
Current assets	\$ 363,914,042
Noncurrent assets	813,512,342
Total assets	<u>1,177,426,384</u>
Deferred outflow of resources	<u>21,118,436</u>
Total assets and deferred outflow of resources	<u>1,198,544,820</u>
Liabilities:	
Current liabilities	42,735,650
Noncurrent liabilities	152,421,312
Total liabilities	<u>195,156,962</u>
Deferred inflow of resources	<u>6,813,979</u>
Total liabilities and deferred inflow of resources	<u>201,970,941</u>
Net position:	
Net investment in capital assets	644,720,494
Restricted net assets	42,412,939
Unrestricted	<u>309,440,446</u>
Total net position	<u>\$ 996,573,879</u>

**Condensed Statements of Revenue, Expenses  
and Changes in Net Position**

Operating revenues	\$ 161,576,443
Depreciation and amortization expense	41,018,561
Other operating expenses	<u>94,979,021</u>
Operating income (loss)	<u>25,578,861</u>
Nonoperating revenues (expenses):	
Investment income	17,398,637
Interest on assessments, contracts and leases	69,453
Net loss on disposal of capital assets	(3,415,232)
Lease income	33,082
Loss on equity in joint venture	(68,671)
Interest expense	(4,930,961)
Capital donations - intergovernmental agreements	(10,863,345)
Total nonoperating revenues (expenses)	<u>(1,777,037)</u>
Capital contributions	24,636,146
Change in net position	48,437,970
Net position, beginning of year	<u>948,135,909</u>
Net position, end of year	<u>\$ 996,573,879</u>

### Condensed Statements of Cash Flows

Cash flows from:	
Operating activities	\$ 72,842,540
Non-capital financing activities	(12,743,781)
Capital and related financing activities	(51,496,065)
Investment activities	16,662,169
Net increase	25,264,863
Beginning cash and investments	<u>350,404,813</u>
Ending cash and investments	<u>\$ 375,669,675</u>

## 17. Subsequent Events

Management has evaluated subsequent events through November 27, 2024, the date on which the financial statements were available to be issued and determined there are no qualifying subsequent events.





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# Required Supplementary Information

**Schedule of the Changes in the District's  
Total OPEB Liability and Related Ratios**

Last Ten Fiscal Years\*

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<b>Total OPEB liability</b>							
Service cost	\$ 96,825	\$ 94,005	\$ 87,557	\$ 84,596	\$ 52,349	\$ 50,579	\$ 50,579
Interest	50,291	48,232	31,918	30,631	39,934	38,571	38,476
Differences between expected and actual experience	326,835	-	216,422	-	157,383	-	-
Changes in assumptions	(294,007)	-	(315,293)	-	77,825	-	-
Benefit payments	(99,511)	(72,968)	(62,217)	(59,675)	(66,898)	(92,814)	(80,238)
<b>Net change in total OPEB liability</b>	80,433	69,269	(41,613)	55,552	260,593	(3,664)	8,817
<b>Total OPEB liability - beginning</b>	1,389,806	1,320,537	1,362,150	1,306,598	1,046,005	1,049,669	1,049,669
<b>Total OPEB liability - ending</b>	<u>\$ 1,470,239</u>	<u>\$ 1,389,806</u>	<u>\$ 1,320,537</u>	<u>\$ 1,362,150</u>	<u>\$ 1,306,598</u>	<u>\$ 1,046,005</u>	<u>\$ 1,049,669</u>
<b>Covered employee payroll</b>	\$38,455,858	\$36,106,021	\$34,885,045	\$33,446,831	\$31,726,791	\$29,275,000	\$28,354,391
<b>Total OPEB liability as a percentage of covered employee payroll</b>	3.82%	3.85%	3.79%	4.07%	4.12%	3.57%	3.70%

**Notes to Required Supplementary Information**

There are no assets accumulated in a trust to pay related benefits for the OPEB plan.

Changes since the prior actuarial valuation include:

- The interest rate for discounting future liabilities was changed to reflect current municipal bond rates.
- Lapse rates were introduced.
- Demographic assumptions were revised to match (as closely as possible) those developed in the most recent experience study for OPERS.

**Schedule of Proportionate Share of the Net RHIA OPEB Liability (Asset)  
Oregon Public Employees Retirement System**

Last Ten Fiscal Years\*

<b>Year Ended June 30,</b>	<b>District's proportion of the net OPEB liability (asset)</b>	<b>District's proportionate share of the net OPEB liability (asset)</b>	<b>District's covered payroll</b>	<b>District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll</b>	<b>Plan fiduciary net position as a percentage of the total OPEB liability</b>
2024	0.24927961%	\$ (912,777)	\$ 41,129,219	(2.22%)	201.60%
2023	0.25552191%	(907,960)	38,455,858	(2.36%)	194.60%
2022	0.24935072%	(856,272)	36,161,011	(2.37%)	183.90%
2021	0.09927985%	(202,293)	33,706,616	(0.60%)	150.10%
2020	0.34048952%	(657,949)	30,958,048	(2.13%)	144.38%
2019	0.30141670%	(336,463)	30,582,927	(1.10%)	124.00%
2018	0.28273209%	(117,996)	29,042,050	(0.41%)	108.90%
2017	0.28316064%	76,896	27,123,860	0.28%	94.20%

\* Only years with available information are presented.

**Schedule of Contributions RHIA OPEB Plan  
Oregon Public Employees Retirement System**

Last Ten Fiscal Years\*

<b>Year Ended June 30,</b>	<b>Statutorily required contribution</b>	<b>Contributions in relation to the statutorily required contribution</b>	<b>Contribution deficiency (excess)</b>	<b>District's covered payroll</b>	<b>Contributions as a percent of covered payroll</b>
2024	\$ 217	\$ 217	\$ -	\$ 43,828,702	0.0005%
2023	4,912	4,912	-	41,129,219	0.01%
2022	6,298	6,298	-	38,455,858	0.02%
2021	6,672	6,672	-	36,161,011	0.02%
2020	7,090	7,090	-	33,706,616	0.02%
2019	168,753	168,753	-	30,958,048	0.55%
2018	145,947	145,947	-	30,582,927	0.48%
2017	140,760	140,760	-	29,042,050	0.48%

**Notes to Required Supplementary Information**

Changes of assumptions: the assumed average annual future long-term investment return was 6.9%. Assumed administrative expenses were updated for both Tier 1/Tier 2 and OPSRP. Mortality assumptions were changed to reflect updated base tables and mortality improvement projection scales for all groups. Termination, disability and retirement rates were updated for some groups to more closely match observed experience.

**Schedule of Proportionate Share of the Collective Net Pension Liability (Asset)  
Oregon Public Employees Retirement System**

Last Ten Fiscal Years\*

<b>Year Ended June 30,</b>	<b>District's proportion of the net pension liability (asset)</b>	<b>District's proportionate share of the net pension liability (asset)</b>	<b>District's covered payroll</b>	<b>District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll</b>	<b>Plan fiduciary net position as a percentage of the total pension liability</b>
2024	0.26722601%	\$ 50,053,265	\$ 41,129,219	121.70%	81.70%
2023	0.27067497%	41,445,769	38,455,858	107.77%	84.50%
2022	0.23334603%	27,923,306	36,161,011	77.22%	87.60%
2021	0.23199419%	50,629,112	33,706,616	150.21%	75.80%
2020	0.22556949%	39,018,120	30,958,048	126.04%	80.23%
2019	0.28021166%	42,448,376	30,582,927	138.80%	82.10%
2018	0.27052572%	36,466,969	29,042,050	125.57%	83.10%
2017	0.25798970%	38,730,244	27,123,860	142.79%	80.53%
2016	0.26132208%	15,003,706	25,570,409	58.68%	91.88%
2015	0.25658001%	(5,815,937)	24,174,163	(24.06%)	103.59%

\* Only years with available information are presented. These figures are based on the related measurement date, which is one year in arrear from the District's fiscal year end.



**Schedule of Contributions**  
**Oregon Public Employees Retirement System**

Last Ten Fiscal Years\*

<b>Year Ended June 30,</b>	<b>Statutorily required contribution</b>	<b>Contributions in relation to the statutorily required contribution</b>	<b>Contribution deficiency (excess)</b>	<b>District's covered payroll</b>	<b>Contributions as a percent of covered payroll</b>
2024	\$ 10,325,069	\$ 10,325,069	\$ -	\$ 43,828,702	23.56%
2023	9,115,386	9,115,386	-	41,129,219	22.16%
2022	8,647,737	8,647,737	-	38,455,858	22.49%
2021	7,899,494	7,899,494	-	36,161,011	21.85%
2020	7,182,145	7,182,145	-	33,706,616	21.31%
2019	5,401,602	5,401,602	-	30,958,048	17.45%
2018	3,699,064	3,699,064	-	30,582,927	12.10%
2017	2,543,871	2,543,871	-	29,042,050	8.76%
2016	2,372,887	2,372,887	-	27,123,860	8.75%
2015	1,793,128	1,700,572	92,556	25,570,409	6.65%

\* Only years with available information are presented.

## Notes to Required Supplementary Information

Per GASB Statement 68, the required supplementary information reports a 10-year Schedule of Proportionate Share of the Net Pension Liability and a 10-year Schedule of employer contribution. Additional years' information will be displayed as it becomes available.

### Changes in Actuarial Methods and Assumptions:

A summary of key changes implemented since the December 31, 2020 valuation are described briefly below. Additional details and a comprehensive list of changes in methods and assumptions can be found in the 2020 Experience Study for the System, which was published in July 2021, and can be found at: <https://www.oregon.gov/pers/Documents/Financials/Actuarial/2021/2020-Experience-Study.pdf>

### Allocation of Liability for Service Segments:

For purposes of allocating Tier One/Tier Two member's actuarial accrued liability among multiple employers, the valuation uses a weighted average of the Money Match methodology and the Full Formula methodology used by OPERS when the member retires. The weights are determined based on the prevalence of each formula among the current Tier One/Tier Two population. For the December 31, 2018 and December 31, 2019 valuations, the Money Match was weighted 10% for General Service members. For the December 31, 2020 valuations, this weighting has been adjusted to 9% for General Service members, based on a projection of the proportion of liability attributable to Money Match benefits at those valuation dates.

### Changes in Economic Assumptions

**Administrative Expenses.** The administrative expense assumptions were updated to \$59 million per year combined for Tier 1/Tier 2 and OPSRP. Previously these were assumed to be \$32.5 million per year and \$8.0 million per year, respectively.

**Healthcare Cost Inflation.** The healthcare cost inflation for the maximum RHIPA subsidy was updated based on analysis performed by Milliman's healthcare actuaries. This analysis includes the consideration of the excise tax that will be introduced by the Affordable Care Act. The Further Consolidated Appropriations Act passed in December 2019 repealed the excise tax, and as a result no adjustment is required for the proposed trend assumption. It is possible that the COVID-19 pandemic could have a material impact on the projected costs.

### Changes in Demographic Assumptions:

**Healthy Annuitant Mortality Base Tables.** The Pub-2010 generational Healthy Retiree mortality tables with group-specific job category and setback adjustments were continued to be used as the underlying abase mortality tables for generational mortality assumptions.

**Disabled Mortality Base Tables.** The Pub-2010 generational Disabled Retiree mortality tables with group- specified job category and setback adjustments were continued to be used as the starting point for setting disabled mortality assumptions.

**Non-Annuitant Mortality Base Tables.** The Pub-2010 generational mortality tables with the same group- specific job category and setback adjustments as for healthy annuitants, and with an additional scaling factor adjustment for certain subgroups were continued to be used as the starting point for setting mortality assumptions for this group.



# Supplementary Information Combining Schedules

**Combining Schedule of Net Position**  
**For the year ended June 30, 2024**

<b>Assets and Deferred Outflows of Resources</b>	<b>Sanitary Sewer</b>	<b>Surface Water Management</b>	<b>CWIC Captive Insurance</b>	<b>Total</b>
Current assets (unrestricted):				
Cash and investments	\$ 292,466,090	\$ 45,844,420	\$ 6,100,427	\$ 344,410,937
Cash and investments (dedicated to capital construction)	41,852,413	7,824,906	-	49,677,319
Accounts receivable (net of allowance for uncollectibles)	22,039,628	2,931,893	-	24,971,521
Investment interest receivable	2,267,867	-	-	2,267,867
Interest receivable	70,603	-	37,905	108,508
Contracts receivable	193,990	-	-	193,990
Lease receivable	49,759	-	-	49,759
Materials and supplies inventory	2,401,550	-	-	2,401,550
Prepaid expenses	1,030,121	-	3,319	1,033,440
Current assets (restricted):				
Connection fees receivable	1,109,097	-	-	1,109,097
Contributions receivable from local governments	127,298	-	-	127,298
Build America Bonds (BABs) subsidy receivable	282,923	-	-	282,923
Interest receivable - Connection fees	22,703	-	-	22,703
Total current assets	363,914,042	56,601,219	6,141,651	426,656,912
Noncurrent assets (unrestricted):				
Contracts receivable	1,420,659	-	-	1,420,659
Capital assets, not being depreciated or amortized				
Land	22,425,153	-	-	22,425,153
Permanent easements	9,538,087	27,732,493	-	37,270,580
Construction in progress	105,247,345	4,540,778	-	109,788,123
Capital assets, net of accumulated depreciation	628,272,400	84,418,328	-	712,690,728
Intangible assets, not being amortized	1,221	-	-	1,221
Intangible assets, net of accumulated amortization	81,338	27,584	-	108,922
RTU assets, net of accumulated amortization	1,355,374	-	-	1,355,374
Investment in joint venture	1,911,488	-	-	1,911,488
Lease receivable	277,622	-	-	277,622
Prepaid expenses	221,649	-	-	221,649
Noncurrent assets (restricted):				
Cash and investments	41,351,172	4,153,061	250,000	45,754,233
Contracts receivable	496,057	-	-	496,057
Net OPEB asset	912,777	-	-	912,777
Total noncurrent assets	813,512,342	120,872,244	250,000	934,634,586
Total assets	1,177,426,384	177,473,463	6,391,651	1,361,291,498
Deferred outflows of resources:				
Deferred loss on refunding	1,409,660	-	-	1,409,660
Pension related	19,224,030	-	-	19,224,030
OPEB related	484,746	-	-	484,746
Total deferred outflows of resources	21,118,436	-	-	21,118,436
Total assets and deferred outflows of resources	<u>\$ 1,198,544,820</u>	<u>\$ 177,473,463</u>	<u>\$ 6,391,651</u>	<u>\$ 1,382,409,934</u>

See notes to basic financial statements

**Combining Schedule of Net Position**  
**For the year ended June 30, 2024**

<b>Liabilities, Deferred Inflows of Resources, and Net Position</b>	<b>Sanitary Sewer</b>	<b>Surface Water Management</b>	<b>CWIC Captive Insurance</b>	<b>Total</b>
Current liabilities (unrestricted):				
Accounts payable	\$ 6,813,010	\$ 6,421	\$ 255,002	\$ 7,074,433
Accrued payroll	2,972,404	-	-	2,972,404
Compensated absences	4,032,787	-	-	4,032,787
Accrued self-insurance	29,927	-	179,374	209,301
Unearned premiums	-	-	323,426	323,426
Accrued interest payable	1,352,893	-	-	1,352,893
Subscription liability	641,840	-	-	641,840
Current portion of bonds payable, net	12,749,226	-	-	12,749,226
Current liabilities (restricted):				
Accounts payable	14,108,378	193,280	-	14,301,658
Accrued interest payable	35,185	-	-	35,185
Total current liabilities	42,735,650	199,701	757,802	43,693,153
Noncurrent liabilities (unrestricted):				
Bonds payable, net	100,607,841	-	-	100,607,841
Net pension liability	50,053,265	-	-	50,053,265
Postemployment benefits other than pensions	1,470,239	-	-	1,470,239
Accrued self-insurance	-	-	148,650	148,650
Subscription liability	289,967	-	-	289,967
Total noncurrent liabilities	152,421,312	-	148,650	152,569,962
Total liabilities	195,156,962	199,701	906,452	196,263,115
Deferred inflows of resources:				
Pension related	5,415,049	-	-	5,415,049
OPEB related	468,065	-	-	468,065
Deferred gain on refunding	623,304	-	-	623,304
Leases	307,561	-	-	307,561
Total deferred inflows of resources	6,813,979	-	-	6,813,979
Total liabilities and deferred inflows of resources	201,970,941	199,701	906,452	203,077,094
Net position:				
Net investment in capital assets	644,720,494	116,521,550	-	761,242,044
Restricted for net assets	42,412,939	4,153,061	250,000	46,816,000
Unrestricted	309,440,446	56,599,151	5,235,199	371,274,796
Total net position	996,573,879	177,273,762	5,485,199	1,179,332,840
Total liabilities, deferred inflows of resources and net position	<u>\$ 1,198,544,820</u>	<u>\$ 177,473,463</u>	<u>\$ 6,391,651</u>	<u>\$ 1,382,409,934</u>

See notes to basic financial statements

**Combining Schedule of Revenues, Expenses and Changes in Net Position**  
**For the year ended June 30, 2024**

	Sanitary Sewer	Surface Water Management	CWIC Captive Insurance	Total
Operating revenues:				
Service fees	\$ 155,187,031	\$ 19,912,893	\$ -	\$ 175,099,924
Other	6,389,412	859,427	2,605,497	9,854,336
Total operating revenues	161,576,443	20,772,320	2,605,497	184,954,260
Operating expenses:				
Labor and fringe benefits	54,459,908	11,271,826	-	65,731,734
Utilities	6,092,822	100,748	-	6,193,570
Professional services	14,602,870	1,964,464	-	16,567,334
Supplies	5,967,381	456,881	-	6,424,262
Administrative costs	3,380,967	1,186,720	315,575	4,883,262
Repairs and maintenance	943,939	92,614	-	1,036,553
Insurance	3,703,106	382,297	940,468	5,025,871
Chemicals	5,828,028	-	-	5,828,028
Depreciation and amortization expense	41,018,561	5,424,144	-	46,442,705
Total operating expenses	135,997,582	20,879,694	1,256,043	158,133,319
Operating income (loss)	25,578,861	(107,374)	1,349,454	26,820,941
Nonoperating revenues (expenses):				
Investment income	17,398,637	2,497,680	229,071	20,125,388
Interest on assessments, contracts and leases	69,453	-	-	69,453
Net loss on disposal of capital assets	(3,415,232)	(530,024)	-	(3,945,256)
Lease income	33,082	-	-	33,082
Loss on equity in joint venture	(68,671)	-	-	(68,671)
Interest expense	(4,930,961)	-	-	(4,930,961)
Capital donations - intergovernmental agreements	(10,863,345)	-	-	(10,863,345)
Total nonoperating revenues (expenses)	(1,777,037)	1,967,656	229,071	419,690
Income (loss) before contributions and transfers	23,801,824	1,860,282	1,578,525	27,240,631
Capital contributions:				
System development charges	19,183,494	742,016	-	19,925,510
Infrastructure donated by developers	5,452,652	4,533,581	-	9,986,233
Total capital contributions	24,636,146	5,275,597	-	29,911,743
Change in net position	48,437,970	7,135,879	1,578,525	57,152,374
Net position, beginning of year	948,135,909	170,137,883	3,906,674	1,122,180,466
Net position, end of year	\$ 996,573,879	\$ 177,273,762	\$ 5,485,199	\$ 1,179,332,840



**Combining Schedule of Cash Flows**  
**For the year ended June 30, 2024**

	Sanitary Sewer	Surface Water Management	CWIC Captive Insurance	Total
Cash flows from operating activities:				
Received from customers	\$156,612,321	\$ 20,024,867	\$ 2,928,923	\$179,566,111
Payments to suppliers	(39,887,521)	(4,159,368)	(1,062,029)	(45,108,918)
Payments to employees for services	(50,288,043)	(11,271,826)	-	(61,559,869)
Other operating revenue	6,405,783	859,427	-	7,265,210
Net cash provided by (used for) operating activities	72,842,540	5,453,100	1,866,894	80,162,534
Cash flows from noncapital financing activities:				
Principal paid on pension bonds	(1,415,000)	-	-	(1,415,000)
Interest paid on pension bonds	(465,436)	-	-	(465,436)
Capital donations to others	(10,863,345)	-	-	(10,863,345)
Net cash provided by (used for) noncapital financing activities	(12,743,781)	-	-	(12,743,781)
Cash flows from capital and related financing activities:				
Acquisition and construction of capital assets	(63,152,301)	(2,289,646)	-	(65,441,947)
Lease payments received	25,801	-	-	25,801
Principal and interest on subscription contracts	(35,639)	-	-	(35,639)
Principal paid on bonds	(9,590,000)	-	-	(9,590,000)
Interest paid on bonds	(5,718,851)	-	-	(5,718,851)
Principal received on assessments and contracts	5,038,600	-	-	5,038,600
Interest received on assessments and contracts	49,659	-	-	49,659
Capital contributed by customers and cities	21,490,235	2,157,016	-	23,647,251
Proceeds from sale of capital assets	396,431	-	-	396,431
Net cash provided by (used for) capital related financing activities	(51,496,065)	(132,630)	-	(51,628,695)
Cash flows from investing activities:				
Interest received on investments	16,662,169	2,497,680	207,254	19,367,103
Net cash provided by (used for) investing activities	16,662,169	2,497,680	207,254	19,367,103
Net increase (decrease) in cash and cash equivalents	25,264,863	7,818,149	2,074,148	35,157,160
Cash and cash equivalents, beginning of year	350,404,813	50,004,238	4,276,279	404,685,330
Cash and cash equivalents, end of year	<u>\$375,669,675</u>	<u>\$ 57,822,387</u>	<u>\$ 6,350,427</u>	<u>\$439,842,489</u>
Unrestricted cash and investments	\$292,466,090	\$ 45,844,420	\$ 6,100,427	\$344,410,937
Dedicated cash and investments	41,852,413	7,824,906	-	49,677,319
Restricted cash and investments	41,351,172	4,153,061	250,000	45,754,233
Total cash and investments	<u>\$375,669,675</u>	<u>\$ 57,822,387</u>	<u>\$ 6,350,427</u>	<u>\$439,842,489</u>



**Combining Schedule of Cash Flows**  
**For the year ended June 30, 2024**

	<b>Sanitary Sewer</b>	<b>Surface Water Management</b>	<b>CWIC Captive Insurance</b>	<b>Total</b>
Reconciliation of operating income (loss) to net cash from operating activities:				
Operating income (loss)	\$ 25,578,861	\$ (107,374)	\$ 1,349,454	\$ 26,820,941
Adjustments to reconcile operating income (loss) to net cash from operating activities:				
Depreciation and amortization	41,018,561	5,424,144	-	46,442,705
BABs subsidy	16,371	-	-	16,371
Changes in assets and liabilities:				
Accounts receivable	1,425,290	111,975	194,054	1,731,319
Net pension liability	4,192,164	-	-	4,192,164
Net OPEB asset and related deferrals	(108,151)	-	-	(108,151)
Materials and supplies inventory	(130,082)	-	-	(130,082)
Prepaid expenses	570,895	21,555	(3,319)	589,131
Unearned premiums	-	-	129,372	129,372
Accrued expenses	114,031	-	95,959	209,990
Accounts payable	164,600	2,800	101,374	268,774
Total adjustments	47,263,679	5,560,474	517,440	53,341,593
Net cash from operating activities	<u>\$ 72,842,540</u>	<u>\$ 5,453,100</u>	<u>\$ 1,866,894</u>	<u>\$ 80,162,534</u>
Schedule of non-cash capital and related financing activities:				
Contributions of capital assets by developers	\$ 5,452,652	\$ 4,533,581	\$ -	\$ 9,986,233
Loss on equity in joint venture	(68,671)	-	-	(68,671)



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# Supplementary Information Budgetary Schedules

Legal requirements set forth in Oregon Budget Law require the District to prepare and adopt a budget by individual funds. Therefore, activities of the District, for budgetary and legal purposes, are accounted for in the funds described below.

**Sanitary Sewer Operating Fund (101)**

This fund accounts for the District's normal recurring sanitary sewer operations. The primary source of revenue is sewer service fees.

**Liability Reserve Fund (102)**

The Liability Reserve Fund accounts for the District's expense incurred under its insurance and self-insurance programs including:

- Fire loss, property damage, earthquake, flood, and all risks (theft, vandalism, etc.) up to a selfinsured retention limit of \$5.0 million.
- Workers' compensation claims relating to job injuries.
- Other self-insured expenses.

The primary resources are interest earnings, insurance settlements and transfers from other funds.

**Sanitary Capital Replacement Fund (106)**

The Sanitary Capital Replacement Fund accounts for routine replacement of rolling stock, computers and minor treatment facility and collection system needs. The primary resource is sewer revenues transferred from the General Fund.

**Capital Expenditure Reserve Sanitary Sewer Fund (107)**

The Capital Expenditure Reserve Sanitary Sewer Fund accounts for the collection and tracking of revenues for System Development Charges expended in construction of sanitary sewer systems and facilities and related debt service. The primary resources are connection fees and earnings on investments.

**Sanitary Sewer LID Construction Fund (108)**

The Sanitary Sewer LID Construction Fund accounts for sanitary sewer capital construction expenditures for benefited property owners. The primary resources are from the sale of bonds or bond anticipation notes and assessment collections.

**Master Plan Update Debt Service Fund (111)**

The Master Plan Update Debt Service Fund accounts for the redemption of sewer revenue bonds and interest thereon. The primary resource is sewer revenues transferred from the General Fund.

**Sanitary Sewer Construction Fund (112)**

The Sanitary Sewer Construction Fund provides for the construction of projects financed from a combination of revenue bond proceeds, sanitary system development charges and transfers from the General Fund.

**Revenue Pension Bond Debt Service Fund (114)**

The Revenue Pension Bond Debt Service Fund accounts for the redemption of sewer revenue pension related bonds and interest thereon. The primary resource is sewer revenues transferred from the General Fund.

**Surface Water Management (SWM) Operating Fund (201)**

The SWM Fund provides for storm and surface water management in the Tualatin River Basin. Its primary source of revenue is SWM service fees.

**Surface Water Management Capital Replacement Fund (206)**

The Surface Water Management Capital Replacement Fund accounts for routine replacement of rolling stock and collection system needs. The primary resource is storm revenues transferred from the SWM operating fund.

**Capital Expenditure Reserve Storm and Surface Water Management Fund (207)**

The Capital Expenditure Reserve Storm and Surface Water Management Fund provides for the collection and tracking of revenues for System Development Charges expended in construction of storm water systems and facilities. The primary resources are connection fees and earnings on investments.

**Surface Water Management LID Construction Fund (208)**

The Surface Water Management LID Construction Fund accounts for surface water management construction expenditures for benefited property owners. The primary resources are from the sale of bonds or bond anticipation notes and assessment collections.

**Surface Water Management Construction Fund (212)**

The Surface Water Management Construction Fund provides for the construction of projects primarily financed by system development charges and transfers from the SWM operating fund.

**Sanitary Sewer Operating Fund (101)**  
**Schedule of Revenues and Expenditures - Budget and Actual**  
**For the period ended June 30, 2024**

	<b>Initial Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance from Budget</b>
Revenues:				
Sewer service fees	\$ 156,292,900	\$ 156,292,900	\$ 158,065,663	\$ 1,772,763
Septage charges	1,718,600	1,718,600	2,110,736	392,136
Plan check fees	105,900	105,900	169,055	63,155
Interest earned	3,776,300	3,776,300	7,388,191	3,611,891
Grants, contributions, & assessments	300,000	300,000	181,182	(118,818)
Other	1,872,000	1,872,000	4,328,771	2,456,771
Total revenues	<u>164,065,700</u>	<u>164,065,700</u>	<u>172,243,598</u>	<u>8,177,898</u>
Expenditures:				
Departmental:				
Business Services Department	35,383,600	37,056,200	29,761,330	(7,294,870)
Enterprise Asset & Tech Services	9,387,100	9,452,100	7,289,665	(2,162,435)
Regional Utilities Services	6,460,800	7,033,400	5,969,174	(1,064,226)
Utility Operations & Services Department	15,806,200	16,355,700	14,459,420	(1,896,280)
Regulatory Affairs Department	9,302,200	9,744,800	7,488,327	(2,256,473)
Natural Systems Enhancement & Stewardship Dept.	8,650,600	9,411,300	6,225,117	(3,186,183)
Water Resource Recovery Operations & Services Dept.	32,004,700	34,571,000	32,151,900	(2,419,100)
Subtotal	<u>116,995,200</u>	<u>123,624,500</u>	<u>103,344,933</u>	<u>(20,279,567)</u>
Non-Departmental:				
Capital construction	1,809,000	1,809,000	1,259,892	(549,108)
Materials and services	8,930,000	7,540,800	3,047,687	(4,493,113)
Contingency	20,000,000	14,759,900	-	(14,759,900)
Total expenditures	<u>147,734,200</u>	<u>147,734,200</u>	<u>107,652,512</u>	<u>(40,081,688)</u>
Excess of revenues over expenditures	<u>16,331,500</u>	<u>16,331,500</u>	<u>64,591,086</u>	<u>48,259,586</u>
Other financing sources (uses):				
Transfers from other funds	22,803,000	22,803,000	15,224,157	(7,578,843)
Transfers to other funds	(67,878,300)	(67,878,300)	(56,978,300)	10,900,000
Total other financing sources (uses)	<u>(45,075,300)</u>	<u>(45,075,300)</u>	<u>(41,754,143)</u>	<u>3,321,157</u>
Net change in fund balance	<u>(28,743,800)</u>	<u>(28,743,800)</u>	<u>22,836,943</u>	<u>51,580,743</u>
Fund balance, beginning of year	<u>258,107,800</u>	<u>258,107,800</u>	<u>265,946,169</u>	<u>7,838,369</u>
Fund balance, end of year	<u>\$ 229,364,000</u>	<u>\$ 229,364,000</u>	<u>288,783,112</u>	<u>\$ 59,419,112</u>

**Sanitary Sewer Operating Fund (101)**  
**Schedule of Revenues and Expenditures - Budget and Actual**  
**For the period ended June 30, 2024**

Reconciliation to net position - GAAP Basis	
Adjust for accrued performance bonus	(2,060,496)
Adjust for prepaid electricity - current	27,522
Adjust for prepaid electricity - long term	218,868
Adjust for net OPEB asset	-
Adjust for net OPEB obligation	(1,470,239)
Adjust for net pension liability	(50,053,265)
Adjust for deferred outflows - pension	19,224,030
Adjust for deferred inflows - pension	(5,415,049)
Adjust for deferred outflows - OPEB	484,746
Adjust for deferred inflows - OPEB	(468,065)
Adjust for lease receivable	327,381
Adjust for deferred inflows - leases	(307,561)
Adjust for subscription liability - current	(641,840)
Adjust for subscription liability - long term	(289,967)
Adjust for investment in joint venture	1,911,488
Adjust for capital assets not being depreciated	32,033,194
Adjust for capital assets , net of accumulated depreciation	629,709,112
SBITA interest payable	(28,039)
Adjust for accrued interest receivable - leases	1,843
Unrealized gain/loss on investments	(4,628,194)
Net position - GAAP Basis	<u>\$ 907,358,581</u>



**Liability Reserve Fund (102)**  
**Schedule of Revenues and Expenditures - Budget and Actual**  
**For the period ended June 30, 2024**

	<b>Initial Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance from Budget</b>
Revenues:				
Interest earned	\$ 74,300	\$ 74,300	\$ 151,062	\$ 76,762
Insurance and third party reimbursements	75,000	75,000	298,280	223,280
Total revenues	<u>149,300</u>	<u>149,300</u>	<u>449,342</u>	<u>300,042</u>
Expenditures:				
Claim costs	890,000	890,000	353,526	(536,474)
Contingency	100,000	100,000	-	(100,000)
Total expenditures	<u>990,000</u>	<u>990,000</u>	<u>353,526</u>	<u>(636,474)</u>
Excess of expenditures over revenues	<u>(840,700)</u>	<u>(840,700)</u>	<u>95,816</u>	<u>936,516</u>
Net change in fund balance	<u>(840,700)</u>	<u>(840,700)</u>	<u>95,816</u>	<u>936,516</u>
Fund balance, beginning of year	<u>5,258,000</u>	<u>5,258,000</u>	<u>5,444,839</u>	<u>186,839</u>
Fund balance, end of year	<u>\$ 4,417,300</u>	<u>\$ 4,417,300</u>	<u>5,540,655</u>	<u>\$ 1,123,355</u>
Reconciliation to net position - GAAP Basis				
Unrealized gain/loss on investments			<u>(95,066)</u>	
Net position - GAAP Basis			<u>\$ 5,445,589</u>	

**Sanitary Capital Replacement Fund (106)**  
**Schedule of Revenues and Expenditures - Budget and Actual**  
**For the period ended June 30, 2024**

	<u>Initial Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance from Budget</u>
Revenues:				
Interest earned	\$ 306,800	\$ 306,800	\$ 439,915	\$ 133,115
Expenditures:				
Contingency	9,301,000	9,301,000	-	(9,301,000)
Capital outlay	14,913,500	14,913,500	8,277,151	(6,636,349)
Other	800,000	800,000	181,827	(618,173)
Total expenditures	<u>25,014,500</u>	<u>25,014,500</u>	<u>8,458,978</u>	<u>(16,555,522)</u>
Excess of expenditures over revenues	<u>(24,707,700)</u>	<u>(24,707,700)</u>	<u>(8,019,063)</u>	<u>16,688,637</u>
Other financing sources:				
Transfers from other funds	25,000,000	25,000,000	15,000,000	(10,000,000)
Net change in fund balance	<u>292,300</u>	<u>292,300</u>	<u>6,980,937</u>	<u>6,688,637</u>
Fund balance, beginning of year	<u>11,506,800</u>	<u>11,506,800</u>	<u>11,122,578</u>	<u>(384,222)</u>
Fund balance, end of year	<u>\$ 11,799,100</u>	<u>\$ 11,799,100</u>	<u>18,103,515</u>	<u>\$ 6,304,415</u>
Reconciliation to net position - GAAP Basis				
Adjust for capital assets not being depreciated			4,710,759	
Unrealized gain/loss on investments			(276,846)	
Net position - GAAP Basis			<u>\$ 22,537,428</u>	

**Capital Expenditure Reserve Sanitary Sewer Fund (107)**  
**Schedule of Revenues and Expenditures - Budget and Actual**  
**For the period ended June 30, 2024**

	<u>Initial Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance from Budget</u>
Revenues:				
Interest earned	\$ 354,000	\$ 354,000	\$ 663,757	\$ 309,757
Connection fees	27,585,500	27,585,500	19,183,494	(8,402,006)
Total revenues	<u>27,939,500</u>	<u>27,939,500</u>	<u>19,847,251</u>	<u>(8,092,249)</u>
Expenditures:				
Contingency	500,000	500,000	-	(500,000)
Excess of revenues over expenditures	<u>27,439,500</u>	<u>27,439,500</u>	<u>19,847,251</u>	<u>(7,592,249)</u>
Other financing uses:				
Transfers to other funds	(29,696,600)	(29,696,600)	(29,696,600)	-
Net change in fund balance	<u>(2,257,100)</u>	<u>(2,257,100)</u>	<u>(9,849,349)</u>	<u>(7,592,249)</u>
Fund balance, beginning of year	<u>23,919,600</u>	<u>23,919,600</u>	<u>32,544,250</u>	<u>8,624,650</u>
Fund balance, end of year	<u>\$ 21,662,500</u>	<u>\$ 21,662,500</u>	<u>22,694,901</u>	<u>\$ 1,032,401</u>
Reconciliation to net position - GAAP Basis				
Unrealized gain/loss on investments			(408,483)	
Net position - GAAP Basis			<u>\$ 22,286,418</u>	

**Sanitary Sewer LID Construction Fund (108)**  
**Schedule of Revenues and Expenditures - Budget and Actual**  
**For the period ended June 30, 2024**

	Initial Budget	Final Budget	Actual	Variance from Budget
Revenues:				
Interest earned	\$ 39,600	\$ 39,600	\$ 86,491	\$ 46,891
Assessment liens, principal	160,200	160,200	(8,578)	(168,778)
Total revenues	<u>199,800</u>	<u>199,800</u>	<u>77,913</u>	<u>(121,887)</u>
Expenditures:				
Contingency	750,000	750,000	-	(750,000)
Capital outlay	960,000	960,000	63,510	(896,490)
Other	100,000	100,000	-	(100,000)
Total expenditures	<u>1,810,000</u>	<u>1,810,000</u>	<u>63,510</u>	<u>(1,746,490)</u>
Excess of revenues over expenditures	(1,610,200)	(1,610,200)	14,403	1,624,603
Other financing sources (uses):				
Transfers from other funds	1,000,000	1,000,000	100,000	(900,000)
Net change in fund balance	<u>(610,200)</u>	<u>(610,200)</u>	<u>114,403</u>	<u>724,603</u>
Fund balance, beginning of year	<u>2,481,900</u>	<u>2,481,900</u>	<u>2,981,148</u>	<u>499,248</u>
Fund balance, end of year	<u>\$ 1,871,700</u>	<u>\$ 1,871,700</u>	<u>3,095,551</u>	<u>\$ 1,223,851</u>
Reconciliation to net position - GAAP Basis				
Adjust for capital assets not being depreciated			66,715	
Unrealized gain/loss on investments			<u>(48,621)</u>	
Net position - GAAP Basis			<u>\$ 3,113,645</u>	

**Master Plan Update Debt Service Fund (111)**  
**Schedule of Revenues and Expenditures - Budget and Actual**  
**For the period ended June 30, 2024**

	<u>Initial Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance from Budget</u>
Revenues:				
Interest earned	\$ 266,000	\$ 266,000	\$ 523,984	\$ 257,984
Build America Bonds subsidy	1,177,400	1,177,400	1,161,003	(16,397)
Total revenues	<u>1,443,400</u>	<u>1,443,400</u>	<u>1,684,987</u>	<u>241,587</u>
Expenditures:				
Debt payments	17,501,100	17,501,100	15,301,011	(2,200,089)
Contingency	1,000,000	1,000,000	-	(1,000,000)
Total expenditures	<u>18,501,100</u>	<u>18,501,100</u>	<u>15,301,011</u>	<u>(3,200,089)</u>
Excess of expenditures over revenues	<u>(17,057,700)</u>	<u>(17,057,700)</u>	<u>(13,616,024)</u>	<u>3,441,676</u>
Other financing sources:				
Transfers from other funds	16,697,700	16,697,700	16,697,700	-
Net change in fund balance	<u>(360,000)</u>	<u>(360,000)</u>	<u>3,081,676</u>	<u>3,441,676</u>
Fund balance, beginning of year	<u>19,380,700</u>	<u>19,380,700</u>	<u>17,211,387</u>	<u>(2,169,313)</u>
Fund balance, end of year	<u>\$ 19,020,700</u>	<u>\$ 19,020,700</u>	<u>20,293,063</u>	<u>\$ 1,272,363</u>
Reconciliation to net position - GAAP Basis				
Adjust for prepaid bond discount - current			331,685	
Adjust for prepaid bond discount - long term			1,077,976	
Adjust for bond premium - current			(1,159,226)	
Adjust for bond premium - long term			(3,472,841)	
Adjust for interest payable being accrued			(1,352,894)	
Adjust for bonds payable - due within one year			(10,005,000)	
Adjust for long term bonds payable			(92,370,000)	
Adjust for deferred inflow - gain on refunding			(623,304)	
Unrealized gain/loss on investments			(324,065)	
Net position - GAAP Basis			<u>\$ (87,604,606)</u>	

**Sanitary Sewer Construction Fund (112)**  
**Schedule of Revenues and Expenditures - Budget and Actual**  
**For the period ended June 30, 2024**

	<b>Initial Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance from Budget</b>
Revenues:				
Interest earned	\$ 1,051,200	\$ 1,051,200	\$ 1,303,403	\$ 252,203
Contributions from developers	604,400	604,400	994,737	390,337
Other	50,000	50,000	9,271	(40,729)
Total revenues	<u>1,705,600</u>	<u>1,705,600</u>	<u>2,307,411</u>	<u>601,811</u>
Expenditures:				
Contingency	36,000,000	21,500,000	-	(21,500,000)
Capital outlay	63,406,700	77,906,700	73,512,010	(4,394,690)
Other	100,000	100,000	-	(100,000)
Total expenditures	<u>99,506,700</u>	<u>99,506,700</u>	<u>73,512,010</u>	<u>(25,994,690)</u>
Excess of expenditures over revenues	<u>(97,801,100)</u>	<u>(97,801,100)</u>	<u>(71,204,599)</u>	<u>26,596,501</u>
Other financing sources (uses):				
Transfers from other funds	52,998,900	52,998,900	52,998,900	-
Net change in fund balance	<u>(44,802,200)</u>	<u>(44,802,200)</u>	<u>(18,205,699)</u>	<u>26,596,501</u>
Fund balance, beginning of year	-	-	46,901,223	46,901,223
Fund balance, end of year	<u>\$ (44,802,200)</u>	<u>\$ (44,802,200)</u>	<u>28,695,524</u>	<u>\$ 73,497,724</u>
Reconciliation to net position - GAAP Basis				
Adjust for capital assets not being depreciated			100,401,138	
Unrealized gain/loss on investments			(820,252)	
Net position - GAAP Basis			<u>\$ 128,276,410</u>	

<sup>(1)</sup> The District has restated its beginning fund balance to properly report construction costs on a capital asset incurred in the prior year to the correct utility.

**Revenue Pension Bond Debt Service Fund (114)**  
**Schedule of Revenues and Expenditures - Budget and Actual**  
**For the period ended June 30, 2024**

	Initial Budget	Final Budget	Actual	Variance from Budget
Revenues:				
Interest earned	\$ 10,000	\$ 10,000	\$ 17,855	\$ 7,855
Expenditures:				
Debt payments	1,888,300	1,888,300	1,888,277	(23)
Contingency	75,000	75,000	-	(75,000)
Total expenditures	1,963,300	1,963,300	1,888,277	(75,023)
Excess of expenditures over revenues	(1,953,300)	(1,953,300)	(1,870,422)	82,878
Other financing sources:				
Transfers from other funds	1,878,300	1,878,300	1,878,300	-
Net change in fund balance	(75,000)	(75,000)	7,878	82,878
Fund balance, beginning of year	635,900	635,900	636,182	282
Fund balance, end of year	<u>\$ 560,900</u>	<u>\$ 560,900</u>	644,060	<u>\$ 83,160</u>
Reconciliation to net position - GAAP Basis				
Adjust for interest payable being accrued			(35,185)	
Adjust for bonds payable - due within one year			(1,585,000)	
Adjust for long term bonds payable			(4,765,000)	
Unrealized gain/loss on investments			(11,237)	
Net position - GAAP Basis			<u>\$ (5,752,362)</u>	



**Surface Water Management (SWM) Operating Fund (201)**  
**Schedule of Revenues and Expenditures - Budget and Actual**  
**For the period ended June 30, 2024**

	Initial Budget	Final Budget	Actual	Variance from Budget
Revenues:				
Stormwater service fees	\$ 20,899,300	\$ 20,899,300	\$ 19,818,307	\$ (1,080,993)
Erosion control fees	248,200	248,200	275,617	27,417
Regional stormwater management charge	-	-	235,836	235,836
Plan check fees	92,500	92,500	169,055	76,555
Interest earned	542,600	542,600	1,109,591	566,991
Other	409,600	409,600	749,018	339,418
Total revenues	<u>22,192,200</u>	<u>22,192,200</u>	<u>22,357,424</u>	<u>165,224</u>
Expenditures:				
Contingency	2,000,000	2,000,000	-	(2,000,000)
Other	210,000	210,000	74,468	(135,532)
Total expenditures	<u>2,210,000</u>	<u>2,210,000</u>	<u>74,468</u>	<u>(2,135,532)</u>
Excess of revenues over expenditures	<u>19,982,200</u>	<u>19,982,200</u>	<u>22,282,956</u>	<u>2,300,756</u>
Other financing (uses):				
Transfers to other funds	(28,703,000)	(28,703,000)	(16,924,157)	11,778,843
Net change in fund balance	<u>(8,720,800)</u>	<u>(8,720,800)</u>	<u>5,358,799</u>	<u>14,079,599</u>
Fund balance, beginning of year	36,179,400	36,179,400	40,223,729	4,044,329
Fund balance, end of year	<u>\$ 27,458,600</u>	<u>\$ 27,458,600</u>	<u>45,582,528</u>	<u>\$ 18,123,928</u>
Reconciliation to net position - GAAP Basis				
Adjust for capital assets not being depreciated			27,732,493	
Adjust for capital assets , net of accumulated depreciation			84,445,912	
Unrealized gain/loss on investments			(698,283)	
Net position - GAAP Basis			<u>\$ 157,062,650</u>	

**Surface Water Management Capital Replacement Fund (206)**  
**Schedule of Revenues and Expenditures - Budget and Actual**  
**For the period ended June 30, 2024**

	<u>Initial Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance from Budget</u>
Revenues:				
Interest earned	\$ 46,800	\$ 46,800	\$ 90,363	\$ 43,563
Expenditures:				
Contingency	200,000	200,000	-	(200,000)
Capital outlay	460,000	460,000	208,402	(251,598)
Other	25,000	25,000	-	(25,000)
Total expenditures	<u>685,000</u>	<u>685,000</u>	<u>208,402</u>	<u>(476,598)</u>
Excess of expenditures over revenues	<u>(638,200)</u>	<u>(638,200)</u>	<u>(118,039)</u>	<u>520,161</u>
Other financing sources:				
Transfers from other funds	400,000	400,000	200,000	(200,000)
Net change in fund balance	<u>(238,200)</u>	<u>(238,200)</u>	<u>81,961</u>	<u>320,161</u>
Fund balance, beginning of year	<u>2,974,000</u>	<u>2,974,000</u>	<u>3,196,415</u>	<u>222,415</u>
Fund balance, end of year	<u>\$ 2,735,800</u>	<u>\$ 2,735,800</u>	<u>3,278,376</u>	<u>\$ 542,576</u>
Reconciliation to net position - GAAP Basis				
Unrealized gain/loss on investments			<u>(56,867)</u>	
Net position - GAAP Basis			<u>\$ 3,221,509</u>	

**Capital Expenditure Reserve Storm and Surface Water Management Fund (207)**  
**Schedule of Revenues and Expenditures - Budget and Actual**  
**For the period ended June 30, 2024**

	<b>Initial Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance from Budget</b>
Revenues:				
Interest earned	\$ 53,900	\$ 53,900	\$ 111,491	\$ 57,591
Connection fees	43,000	43,000	21,779	(21,221)
Other	75,000	75,000	319,194	244,194
Total revenues	<u>171,900</u>	<u>171,900</u>	<u>452,464</u>	<u>280,564</u>
Expenditures:				
Contingency	<u>30,000</u>	<u>30,000</u>	-	(30,000)
Excess of revenues over expenditures	<u>141,900</u>	<u>141,900</u>	<u>452,464</u>	<u>310,564</u>
Other financing (uses):				
Transfers to other funds	(125,000)	(125,000)	-	125,000
Net change in fund balance	<u>16,900</u>	<u>16,900</u>	<u>452,464</u>	<u>435,564</u>
Fund balance, beginning of year	<u>3,427,800</u>	<u>3,427,800</u>	<u>3,770,760</u>	<u>342,960</u>
Fund balance, end of year	<u>\$ 3,444,700</u>	<u>\$ 3,444,700</u>	<u>4,223,224</u>	<u>\$ 778,524</u>
Reconciliation to net position - GAAP Basis				
Unrealized gain/loss on investments			(70,163)	
Net position - GAAP Basis			<u>\$ 4,153,061</u>	

**Surface Water Management LID Construction Fund (208)**  
**Schedule of Revenues and Expenditures - Budget and Actual**  
**For the period ended June 30, 2024**

	<b>Initial Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance from Budget</b>
Revenues:				
Interest earned	\$ 10,300	\$ 10,300	\$ 18,592	\$ 8,292
Expenditures:				
Contingency	100,000	100,000	-	(100,000)
Capital outlay	25,000	25,000	-	(25,000)
Other	25,000	25,000	-	(25,000)
Total expenditures	150,000	150,000	-	(150,000)
Excess (deficiency) of revenues over expenditures	(139,700)	(139,700)	18,592	158,292
Net change in fund balance	(139,700)	(139,700)	18,592	158,292
Fund balance, beginning of year	656,900	656,900	657,249	349
Fund balance, end of year	<u>\$ 517,200</u>	<u>\$ 517,200</u>	675,841	<u>\$ 158,641</u>
Reconciliation to net position - GAAP Basis				
Unrealized gain/loss on investments			(11,700)	
Net position - GAAP Basis			<u>\$ 664,141</u>	

**Surface Water Management Construction Fund (212)**  
**Schedule of Revenues and Expenditures - Budget and Actual**  
**For the period ended June 30, 2024**

	<b>Initial Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance from Budget</b>
Revenues:				
Interest earned	\$ 98,100	\$ 98,100	\$ 208,704	\$ 110,604
Reimbursement from developers	101,000	101,000	707,500	606,500
Total revenues	<u>199,100</u>	<u>199,100</u>	<u>916,204</u>	<u>717,104</u>
Expenditures:				
Contingency	750,000	750,000	-	(750,000)
Capital outlay	5,245,000	5,245,000	1,564,061	(3,680,939)
Other	50,000	50,000	-	(50,000)
Total expenditures	<u>6,045,000</u>	<u>6,045,000</u>	<u>1,564,061</u>	<u>(4,480,939)</u>
Excess of expenditures over revenues	<u>5,845,900</u>	<u>5,845,900</u>	<u>647,857</u>	<u>(5,198,043)</u>
Other financing sources:				
Transfers from other funds	5,625,000	5,625,000	1,500,000	(4,125,000)
Net change in fund balance	<u>(220,900)</u>	<u>(220,900)</u>	<u>852,143</u>	<u>1,073,043</u>
Fund balance, beginning of year	<u>6,337,000</u>	<u>6,337,000</u>	<u>6,910,823</u>	<u>573,823</u>
Fund balance, end of year	<u>\$ 6,116,100</u>	<u>\$ 6,116,100</u>	<u>7,762,966</u>	<u>\$ 1,646,866</u>
Reconciliation to net position - GAAP Basis				
Adjust for capital assets not being depreciated			4,540,778	
Unrealized gain/loss on investments			<u>(131,341)</u>	
Net position - GAAP Basis			<u>\$ 12,172,403</u>	

<sup>(1)</sup> The District has restated its beginning fund balance to properly report construction costs on a capital asset incurred in the prior year to the correct utility.

**Reconciliation of Revenues and Expenditures  
(Budgetary Basis) to Increase in Net Position (GAAP Basis)  
For the period ended June 30, 2024**

<b>Fund</b>	<b>Revenues</b>	<b>Expenditures</b>	<b>Net</b>
101 Sanitary Sewer Operating Fund	\$ 172,243,598	\$ 107,652,512	\$ 64,591,086
102 Liability Reserve Fund	449,342	353,526	95,816
106 Sanitary Capital Replacement Fund	439,915	8,458,978	(8,019,063)
107 Capital Expenditure Reserve Sanitary Sewer Fund	19,847,251	-	19,847,251
108 Sanitary Sewer LID Construction Fund	77,913	63,510	14,403
111 Master Plan Update Debt Service Fund	1,684,987	15,301,011	(13,616,024)
112 Sanitary Sewer Construction Fund	2,307,411	73,512,010	(71,204,599)
114 Revenue Pension Bond Debt Service Fund	17,855	1,888,277	(1,870,422)
201 Surface Water Management (SWM) Operating Fund	22,357,424	74,468	22,282,956
206 Surface Water Management Capital Replacement Fund	90,363	208,402	(118,039)
207 Capital Expenditure Reserve Storm and Surface Water Management Fund	452,464	-	452,464
208 Surface Water Management LID Construction Fund	18,592	-	18,592
212 Surface Water Management Construction Fund	916,204	1,564,061	(647,857)
	<u>\$ 220,903,319</u>	<u>\$ 209,076,755</u>	<u>11,826,564</u>

Reconciliation to change in net position - GAAP Basis

Expenditures capitalized	81,665,294
Bond principal paid	11,005,000
Contributions of capital assets	5,129,686
Contributions of intangible assets	1,896,246
Donation of capital assets	(10,863,345)
Loss on disposal of capital assets	(4,341,687)
Loss on equity in joint venture	(68,671)
Net postemployment benefits costs other than pension	108,151
Net accrued performance bonus	(27,633)
Lease revenue	8,149
Amortize SBITA	(637,474)
SBITA Payments	766,780
Depreciation	(45,760,413)
Amortization of intangibles	(44,818)
Amortization of prepaid bond discount	(331,685)
Amortization of prepaid bond premium	1,496,670
Net pension expense	(4,192,164)
Accrued bond interest payable	126,179
Unrealized gain/loss on investments	7,840,541
Amortization of prepaid electric	(27,522)
Net operations - CWIC, captive insurance	1,578,525
Increase in net position - GAAP Basis	<u>\$ 57,152,373</u>

# Statistical Section

## about us



We are a water resources management utility that combines science and nature to clean water and return it to the Tualatin River, so it can be used again. Clean Water Services has transformed the region's used water into:



nearly **15** million kilowatts  
of renewable energy



**24+** billion gallons  
of clean water



**765** tons of Crystal  
Green fertilizer



This part of Clean Water Services' Annual Comprehensive Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the District's overall financial health. This section contains the following tables and information:

**Financial Trends**

These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.

**Revenue Capacity**

These schedules contain trend information to help the reader assess the District's most significant local revenue source, the District sewer rate.

**Debt Capacity**

These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.

**Demographic and Economic Information**

These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.

**Operating Information**

These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs.

**Sources**

Unless otherwise noted, the information in these schedules is derived from the Annual Comprehensive Financial Reports for the relevant year. The District implemented GASB Statement No. 34 in 2001; schedules presenting government-wide information include information beginning in that year.



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# Financial Trends

### Net Position by Component Last Ten Fiscal Years

	Fiscal Year									
	2024	2023	2022	2021	2020 <sup>(1)</sup>	2019 <sup>(1)</sup>	2018 <sup>(1)</sup>	2017 <sup>(1)</sup>	2016 <sup>(1)</sup>	2015 <sup>(1)</sup>
<b>Primary government</b>										
Net investment in capital assets	\$ 761,242,044	\$ 729,082,628	\$ 705,381,485	\$ 678,270,324	\$ 646,467,060	\$ 580,499,045	\$ 512,558,090	\$ 477,184,721	\$ 436,635,507	\$ 406,700,471
Restricted	46,816,000	53,050,293	49,056,376	49,161,751	51,009,737	43,025,202	42,466,739	59,841,451	64,871,418	69,674,800
Unrestricted	371,274,796	340,047,545	292,549,100	278,807,495	255,584,809	257,247,019	247,145,645	211,413,946	185,655,103	161,614,714
Total primary	<u>\$1,179,332,840</u>	<u>\$1,122,180,466</u>	<u>\$1,046,986,961</u>	<u>\$1,006,239,570</u>	<u>\$ 953,061,606</u>	<u>\$ 880,771,266</u>	<u>\$ 802,170,474</u>	<u>\$ 748,440,118</u>	<u>\$ 687,162,028</u>	<u>\$ 637,989,985</u>

<sup>(1)</sup> Net position was reclassified to match current year presentation.

Source: District financial records

### Changes in Net Position Last Ten Fiscal Years

<b>Fiscal Year</b>	<b>Operating Revenues</b>	<b>Operating Expenses</b>	<b>Operating Income</b>	<b>Total Nonoperating Revenues/ (Expenses)</b>	<b>Income/(Loss) before Capital Contributions</b>	<b>Capital Contributions</b>	<b>Change in Net Position</b>
2024	\$ 184,954,260	\$ 158,133,319	\$ 26,820,941	\$ 419,690	\$ 27,240,631	\$ 29,911,743	\$ 57,152,374
2023	177,439,149	141,557,397	35,881,752	(5,724,630)	30,157,122	45,036,384	75,193,506
2022	169,604,326	123,597,216	46,007,110	(41,779,669)	4,227,441	36,519,950	40,747,391
2021	160,364,390	124,530,139	35,834,251	(11,002,631)	24,831,620	28,346,344	53,177,964
2020	157,139,871	116,911,558	40,228,313	3,151,645	43,379,958	28,910,382	72,290,340
2019	151,484,732	113,909,698	37,575,034	1,565,814	39,140,848	37,606,063	76,746,911
2018	144,328,821	112,815,691	31,513,130	(11,240,747)	20,272,383	33,865,576	54,137,959
2017	137,186,258	106,428,529	30,757,729	(6,978,691)	23,779,038	37,499,052	61,278,090
2016	130,052,086	108,895,982	21,156,104	(9,015,148)	12,140,956	37,031,087	49,172,043
2015	125,448,797	89,618,408	35,830,389	(11,339,290)	24,491,099	32,502,622	56,993,721

Source: District financial records

### Operating Revenues by Source Last Ten Fiscal Years

Fiscal Year	Sanitary Sewer Funds			Storm/Surface Water Management Funds			CWIC Captive Insurance	District Total
	Service Fees	Other	Subtotal	Service Fees	Other	Subtotal		
2024	\$ 155,187,031	\$ 6,389,412	\$ 161,576,443	\$ 19,912,893	\$ 859,427	\$ 20,772,320	\$ 2,605,497	\$ 184,954,260
2023	147,525,770	8,471,025	155,996,795	18,951,444	872,143	19,823,587	1,618,767	177,439,149
2022	141,934,325	6,269,475	148,203,800	18,961,665	940,845	19,902,510	1,498,016	169,604,326
2021	134,044,873	6,814,507	140,859,380	17,243,311	1,017,583	18,260,894	1,244,116	160,364,390
2020	131,536,637	6,820,973	138,357,610	16,877,168	879,300	17,756,468	1,025,793	157,139,871
2019	127,890,352	5,791,067	133,681,419	15,752,752	1,357,219	17,109,971	693,342	151,484,732
2018	122,587,041	5,487,154	128,074,195	14,651,618	956,399	15,608,017	646,609	144,328,821
2017	115,946,429	5,339,715	121,286,144	13,750,116	1,568,141	15,318,257	581,857	137,186,258
2016	111,570,464	4,821,180	116,391,644	12,659,359	1,001,083	13,660,442	N/A	130,052,086
2015	107,658,777	4,980,140	112,638,917	11,853,799	956,081	12,809,880	N/A	125,448,797

Source: District financial records

### Operating Expenses Last Ten Fiscal Years

Fiscal Year	Labor & Benefits	Utilities	Professional Services	Chemicals	Other Operating Expenses <sup>(1)</sup>	Subtotal, before Depreciation/Amortization	Depreciation/Amortization	Total Operating Expenses
2024	\$ 65,731,734	\$ 6,193,570	\$ 16,567,334	\$ 5,828,028	\$ 17,369,948	\$ 111,690,614	\$ 46,442,705	\$ 158,133,319
2023	58,348,677	5,473,807	13,739,748	5,755,853	13,840,985	97,159,070	44,398,328	141,557,397
2022	49,471,873	4,821,311	10,819,231	4,176,432	12,332,790	81,621,637	41,975,579	123,597,216
2021	55,451,044	4,365,283	10,250,667	3,584,766	11,196,367	84,848,127	39,682,012	124,530,139
2020	48,550,004	3,862,140	9,922,970	3,797,501	11,089,236	77,221,851	39,689,707	116,911,558
2019	42,615,334	4,189,437	10,261,833	4,531,871	10,177,778	71,776,253	42,133,445	113,909,698
2018	42,872,579	4,243,740	9,042,938	3,883,021	9,963,966	70,006,244	42,809,447	112,815,691
2017	38,494,637	4,392,787	8,989,321	3,943,731	9,814,414	65,634,890	40,793,639	106,428,529
2016	44,920,532	4,445,657	8,777,456	3,574,661	7,439,183	69,157,489	39,738,493	108,895,982
2015	23,465,196	4,546,965	8,570,149	3,682,534	7,551,698	47,816,542	41,801,866	89,618,408

<sup>(1)</sup> Other Operating Expenses include supplies, administrative costs, repairs and maintenance, insurance and amortization of prepaid bond costs.

Source: District financial records



**Total Nonoperating Revenues (Expenses)  
Last Ten Fiscal Years**

<b>Fiscal Year</b>	<b>Investment Income/Loss</b>	<b>Gain/Loss on disposal of assets</b>	<b>Other</b>	<b>Interest Expense</b>	<b>Total Nonoperating Expenses</b>
2024	\$ 20,125,388	\$ (3,945,256)	\$ (10,829,481)	\$ (4,930,961)	\$ 419,690
2023	2,656,969	(3,170,510)	31,933	(5,243,022)	(5,724,630)
2022	(10,300,549)	(25,699,219)	40,298	(5,820,199)	(41,779,669)
2021	(123,136)	(827,008)	(3,033,755)	(7,018,732)	(11,002,631)
2020	11,742,418	(76,039)	(1,112,250)	(7,402,484)	3,151,645
2019	12,574,258	(341,389)	(2,762,042)	(7,905,013)	1,565,814
2018	776,123	(1,534,953)	(2,126,228)	(8,355,689)	(11,240,747)
2017	1,346,020	(1,339,175)	(54,532)	(6,931,004)	(6,978,691)
2016	2,304,246	(182,209)	(2,487,674)	(8,649,511)	(9,015,148)
2015	1,847,402	(76,242)	(3,533,567)	(9,576,883)	(11,339,290)

Source: District financial records



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# Revenue Capacity

### Monthly Sewer and Storm/Surface Water Rates Last Ten Fiscal Years

	Fiscal Year									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
<b>Sewer Rates</b>										
Residential Customers										
Base Charge	\$ 33.95	\$ 32.64	\$ 31.38	\$ 30.03	\$ 30.03	\$ 29.16	\$ 28.31	\$ 27.45	\$ 26.63	\$ 25.85
(per Equivalent Dwelling Unit)										
Usage Charge	\$ 2.25	\$ 2.16	\$ 2.08	\$ 1.99	\$ 1.99	\$ 1.93	\$ 1.87	\$ 1.82	\$ 1.77	\$ 1.72
(per CCF = 748 gallons)										
Total Average Monthly Charge	\$ 51.95	\$ 49.92	\$ 48.02	\$ 45.95	\$ 45.95	\$ 44.60	\$ 43.27	\$ 42.01	\$ 40.79	\$ 39.61
(at 8,000 gallons average)										
<b>Industrial Customers</b>										
Category II-Minor <sup>(1)</sup>										
Usage Charge-Per ccf metered discharge	\$ 3.81	\$ 3.66	\$ 3.52	\$ 3.37	\$ 3.37	\$ 3.27	\$ 3.17	\$ 3.08	\$ 2.99	\$ 2.90
Category III-Major <sup>(2)</sup>										
Usage Charge-Per ccf metered discharge	\$ 3.81	\$ 3.66	\$ 3.52	\$ 3.37	\$ 3.37	\$ 3.27	\$ 3.17	\$ 3.08	\$ 2.99	\$ 2.90
Chemical Oxygen Demand Charge	\$ 0.20	\$ 0.19	\$ 0.18	\$ 0.17	\$ 0.17	\$ 0.17	\$ 0.16	\$ 0.16	\$ 0.15	\$ 0.15
(per pound over 800 mg/L)										
Suspended Solids Charge	\$ 0.29	\$ 0.28	\$ 0.27	\$ 0.26	\$ 0.26	\$ 0.26	\$ 0.25	\$ 0.24	\$ 0.24	\$ 0.23
(per pound over 400 mg/L)										
<b>Surface / Storm Water Rates</b>										
Service Charge	\$ 10.55	\$ 10.14	\$ 9.75	\$ 9.25	\$ 9.25	\$ 8.75	\$ 8.25	\$ 7.75	\$ 7.25	\$ 6.75
(per Equivalent Service Unit)										

<sup>(1)</sup> Category II - Defined as a source of industrial waste or wastewater discharging less than 25,000 gallons per day with a strength of waste discharge less than 800 mg/L chemical oxygen demand ("COD") and 400 mg/L suspended solids ("SS").

<sup>(2)</sup> Category III - Defined as a source of industrial waste or wastewater discharging more than 25,000 gallons per day, or with a strength of waste discharge of more than 800 mg/L COD, or 400 mg/L SS.

The District's Board of Directors is authorized under state statute to fix fees and charges for connection to and use of the public sewer system by properties that are served by, or are capable of being served by the District's sewage disposal system.

Source: District records

### System Development Charges and Revenues Last Ten Fiscal Years

Fiscal year ended June 30	Storm/Surface Water Management			Sanitary Sewer			Combined		
	Connection fee	Total amount	Percent increase (decrease)	Connection fee	Total amount	Percent increase (decrease)	Connection fee	Total amount	Percent increase (decrease)
2024	\$ 660	\$ 21,779	(42.40%)	\$ 6,824	\$ 19,183,494	(38.30%)	\$ 7,484	\$ 19,205,273	(38.31%)
2023	641	37,812	(26.48%)	6,625	31,092,825	46.40%	7,266	31,130,637	46.23%
2022	585	51,428	4.35.%	6,085	21,237,808	16.95%	6,670	21,289,236	16.92.%
2021	560	49,285	(65.48%)	5,800	18,159,164	(13.24%)	6,360	18,208,449	(13.60%)
2020	560	142,762	(43.66%)	5,800	20,931,080	(13.70%)	6,360	21,073,842	(14.01%)
2019	545	253,400	40.65%	5,650	24,254,796	28.05%	6,195	24,508,196	28.16%
2018	530	180,160	(21.19%)	5,500	18,942,341	(28.17%)	6,030	19,122,501	(28.11%)
2017	510	228,597	(11.36%)	5,300	26,369,857	28.92%	5,810	26,598,454	28.42%
2016	500	257,885	(15.25%)	5,100	20,454,721	9.63.%	5,600	20,712,606	9.23%
2015	500	304,290	51.91%	4,900	18,658,680	(10.85%)	5,400	18,962,970	(10.26%)

Source: District records

### Ten Largest Individual Ratepayers Current Year and Ten Years Ago

Customer	Fiscal Year 2024		Customer	Fiscal Year 2015	
	Amount	%		Amount	%
Intel Corporation - Ronler Acres & Aloha	\$ 10,813,752	6.97%	Intel Corporation - Ronler Acres Campus	\$ 7,335,213	6.14%
Jireh Semiconductor, Inc.	1,086,085	0.70%	Pacific Foods of Oregon	775,754	0.65%
Analog Devices	930,920	0.60%	Intel Corporation - Aloha Campus	708,907	0.59%
Pacific Foods	782,108	0.50%	Resers Fine Foods - Jenkins Rd	685,707	0.57%
Resers Fine Foods - Century Blvd Plant	777,210	0.50%	Maxim Integrated Products	651,162	0.54%
Providence Health Systems - St. Vincent	534,737	0.34%	Jireh Semiconductor	515,008	0.43%
Nike Inc.	396,011	0.26%	SolarWorld Industries America Inc.	420,189	0.35%
Heritage Village Mobile Park	304,408	0.20%	Triquint Semiconductor	223,365	0.19%
TTM Technologies North America, LLC	273,456	0.18%	Viasystems	154,235	0.13%
Sir Charles Ct Apartments	213,954	0.14%	TOK America	154,095	0.13%
Subtotal (10 largest sewer ratepayers)	16,112,641	10.38%	Subtotal (10 largest industrial ratepayers)	11,623,635	9.73%
Balance from other customers <sup>(1)</sup>	139,074,390	89.62%	Balance from other customers <sup>(1)</sup>	107,888,941	90.27%
Grand Totals	<u>\$ 155,187,031</u>	<u>100.00%</u>	Grand Totals	<u>\$ 119,512,576</u>	<u>100.00%</u>

<sup>(1)</sup> Includes Residential Customers and Wholesale Customers (other cities).

Source: District financial records



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# Debt Capacity

**Ratios of Outstanding Debt by Type  
Last Ten Fiscal Years**

Fiscal year ended June 30	General Obligation Bonds	Bancroft Improvement Bonds	Revenue Bonds	Pension Bonds	Subscription Liability	Total		As a Share of Personal Income
						Amount	Per Capita	
2024	-	-	\$ 107,007,067	\$ 6,350,000	931,807	114,288,874	187	N/A
2023	-	-	117,954,588	7,765,000	929,607	126,649,195	197	N/A
2022	-	-	128,719,034	9,030,000	-	137,749,034	228	0.32%
2021	-	-	146,092,058	10,155,000	-	156,247,058	260	0.39%
2020	-	-	160,063,183	11,145,000	-	171,208,183	279	0.45%
2019	-	-	174,048,949	12,015,000	-	186,063,949	307	0.50%
2018	-	-	187,644,331	12,775,000	-	200,419,331	336	0.58%
2017	-	-	200,900,056	13,435,000	-	214,335,056	367	0.67%
2016	-	-	215,137,444	14,000,000	-	229,137,444	402	0.75%
2015	-	-	230,252,553	14,480,000	-	244,732,553	437	0.87%

N/A - Information not available as of printing

Source: District financial records, Portland State Population Research Center, and Bureau of Economic Analysis

### Pledged-Revenue Coverage Last Ten Fiscal Years

	2024*	2023*	2022*	2021	2020	2019	2018	2017	2016	2015
<b>Gross Revenues<sup>(1)</sup>:</b>										
Rate revenue	\$ 155,187,031	\$ 147,525,770	\$ 141,934,325	\$ 134,044,873	\$ 131,536,637	\$ 127,890,352	\$ 122,587,041	\$ 115,946,429	\$ 111,570,464	\$ 107,658,777
System development charges	19,183,494	31,092,825	23,732,839	18,159,164	20,931,080	24,254,796	18,942,340	26,369,857	20,454,721	18,658,680
Interest income	17,432,367	2,419,757	(9,137,908)	(188,644)	10,498,566	11,627,879	732,007	1,270,784	2,190,486	1,814,026
Other revenue	4,921,551	5,215,696	4,786,080	3,947,755	3,922,667	4,013,094	3,942,583	3,731,665	3,254,988	3,375,150
Total gross revenue	196,724,443	186,254,048	161,315,336	155,963,148	166,888,950	167,786,121	146,203,971	147,318,735	137,470,659	131,506,633
<b>Operating Expenses<sup>(1)</sup>:</b>										
Labor and fringe benefits <sup>(2)</sup>	\$ 52,264,172	\$ 47,072,038	\$ 41,709,364	\$ 48,808,757 <sup>(6)</sup>	\$ 42,384,755	\$ 36,761,237	\$ 35,317,355 <sup>(5)</sup>	\$ 33,293,386 <sup>(5)</sup>	\$ 39,716,239 <sup>(4)</sup>	\$ 18,557,226
Utilities	6,092,822	5,390,640	4,730,864	4,256,749	3,787,263	4,031,957	4,093,668	4,207,644	4,307,678	4,391,294
Professional services	14,602,870	10,874,120	9,367,720	9,093,022	8,810,241	9,060,358	8,048,338	8,041,440	7,669,114	7,488,054
Supplies	5,967,381	5,205,473	4,872,434	4,242,672	4,123,906	4,392,241	3,802,400	3,892,635	3,496,465	3,627,717
Administrative costs	3,380,967	2,821,357	2,457,103	2,435,816	2,636,478	1,950,218	2,921,812	2,648,141	1,502,225	1,597,198
Repair and maintenance	943,939	519,261	552,133	660,134	377,221	396,970	305,106	340,005	419,775	292,129
Insurance	3,703,106	2,664,253	2,667,649	2,134,455	2,181,745	1,335,044	1,038,827	930,535	753,061	758,030
Chemicals	5,828,028	5,755,853	4,176,432	3,583,314	3,778,939	4,513,691	3,868,307	3,932,469	3,566,961	3,667,497
Total operating expenses	92,783,285	80,302,995	70,533,699	75,214,919	68,080,548	62,441,716	59,395,813	57,286,255	61,431,518	40,379,145
<b>Total Available For Debt Service</b>	<b>\$ 103,941,158</b>	<b>\$ 105,951,054</b>	<b>\$ 90,781,637</b>	<b>\$ 80,748,229</b>	<b>\$ 98,808,402</b>	<b>\$ 105,344,405</b>	<b>\$ 86,808,158</b>	<b>\$ 90,032,480</b>	<b>\$ 76,039,141</b>	<b>\$ 91,127,488</b>
<b>Debt Service</b>										
<b>Senior Bonds</b>										
2004 Revenue Bonds-Series 2004	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,961,325	\$ 3,958,725	\$ 3,961,800
2009 Revenue Bonds-Series 2009A	-	-	-	-	3,372,250	3,372,750	3,370,375	4,421,923	5,342,513	5,339,713
2010 Revenue Bonds-Series 2010A	-	-	-	-	-	-	-	-	3,157,000	3,163,475
2010 Revenue Bonds-Series 2010B	6,419,887	6,425,241	6,433,419	7,800,447	7,861,540	7,919,415	7,976,082	8,026,318	4,791,823	4,791,823
2011 Revenue Bonds-Series 2011A	-	-	3,812,749	3,814,500	3,822,375	3,822,000	3,828,750	3,833,125	3,835,375	3,835,750
2011 Revenue Bonds-Series 2011B	-	-	2,693,115	3,694,825	3,695,450	3,691,250	3,693,350	3,692,450	3,695,075	3,691,900
2016 Revenue Bonds-Series 2016A	4,757,250	4,762,375	4,758,750	4,761,750	1,661,250	1,661,250	1,661,250	775,250	-	-
2021 Revenue Bonds-Series 2021A	2,946,497	2,947,750	868,779 <sup>(7)</sup>	-	-	-	-	-	-	-
Total Senior Debt Service	\$ 14,123,634	\$ 14,135,366	\$ 18,566,812	\$ 20,071,522	\$ 20,412,865	\$ 20,466,665	\$ 20,529,807	\$ 24,710,391	\$ 24,780,511	\$ 24,784,461
Senior Debt Service Coverage	7.36	7.50	4.89	4.02	4.84	5.15	4.23	3.64	3.07	3.68
<b>Junior Bonds</b>										
1997 Revenue Bonds-Series One	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Junior Debt Service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Junior Debt Service Coverage	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

<sup>(1)</sup> As defined in Resolutions and Orders No. 87-53, 89-58, 92-55, and 09-7. Revenues and expenses reported are for Sanitary Sewer activities only.

<sup>(2)</sup> Includes debt service on the Pension Bonds.

<sup>(3)</sup> Pension expense was reduced by \$7 million with implementation of GASB 68 and reporting of a net pension asset of \$5.8 million at year-end.

<sup>(4)</sup> Pension expense increased by \$12 million resulting from a net pension liability of \$15 million at year-end.

<sup>(5)</sup> Pension expense increased by \$4.0 million resulting from a net pension liability of \$38.7 million at year-end.

<sup>(6)</sup> Pension expense increased by \$9.3 million resulting from a net pension liability of \$50.6 million at year-end.

<sup>(7)</sup> 2011A bonds defeased and 2011B bonds refunded with Series 2021 Revenue Bonds in FY22.

\* Coverage ratio includes springing amendments incorporated into the Master Declaration, dated July 13, 2021.

Source: District records



# Demographics & Economics

### Demographic Statistics Last Ten Fiscal Years

Fiscal year ended June 30	Population (estimated)	Personal income (in thousands)	Per capita income	Unemployment rate
2024	610,245	N/A	N/A	3.60%
2023	609,219	N/A	N/A	3.10%
2022	605,036	44,040,839	73,380	3.20%
2021	600,895	43,096,551	71,530	4.50%
2020	613,410	40,690,172	67,693	8.80%
2019	606,280	36,988,374	61,816	3.10%
2018	595,860	36,151,811	60,785	3.30%
2017	583,595	33,729,045	57,171	3.40%
2016	570,510	31,500,937	53,973	4.20%
2015	560,465	30,194,977	52,831	4.60%

N/A - Information not available as of printing

Source - Portland State Population Research Center, Bureau of Economic Analysis, and Oregon Employment Department



### Major Employment Industries in Washington County Current Year and Ten Years Ago

	2024*		2015	
	Annual Average	% of Total	Annual Average	% of Total
Manufacturing:				
Wood and Lumber	1,006		1,047	
Metals	3,665		3,024	
Food	2,640		1,791	
Rubber/Plastic	1,349		1,650	
Computer and Electronic Equipment/ Instruments	31,524		26,826	
Machinery	5,603		4,017	
Other	7,473		6,790	
Total Manufacturing	53,260	17%	45,145	17%
Trade, Transportation, and Utilities:				
Wholesale Trade	14,539		12,757	
Retail Trade	32,544		30,177	
Transportation and Utilities	7,335		4,214	
Total Trade, Transportation, and Utilities	54,418	18%	47,148	18%
Information:				
Publishing	3,081		3,169	
Telecommunications	869		2,120	
Other (broadcasting, ISP's, etc.)	3,160		2,180	
Total Information	7,110	2%	7,469	3%
Financial Activities:				
Finance and Insurance	9,791		10,908	
Real Estate	4,679		3,230	
Total Financial Activities	14,470	5%	14,138	5%
Professional and Business Services	56,254	18%	49,995	19%
Construction	19,148	6%	13,322	5%
Educational Services	6,107	2%	4,912	2%
Healthcare and Social Assistance	33,762	11%	26,798	10%
Leisure and Hospitality	26,939	9%	22,502	8%
Other Services (agriculture, repairs, private homes, misc.)	13,544	4%	11,737	4%
Government (federal, state, and local)	23,944	8%	21,789	8%
Total Employment	308,956	100%	264,955	100%

\* Fiscal Year 2024 information includes data through 12/31/23

Source: Oregon Employment Department Labor Market Information System (OLMIS)



Operating



### Administrative, Support and Operational Staff FTE Last Ten Fiscal Years

Fiscal year ended June 30	Administrative staff		Support staff		Operations staff		Capital staff		Total staff	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
2024	54	11%	95	20%	304	63%	30	6%	483	100%
2023	48	10%	89	19%	289	62%	39	8%	465	100%
2022	36	9%	84	20%	251	59%	52	12%	423	100%
2021	36	9%	72	18%	235	58%	63	16%	406	100%
2020	33	9%	69	18%	217	57%	62	16%	381	100%
2019	40	11%	49	14%	206	58%	60	17%	355	100%
2018	37	11%	51	15%	204	58%	58	17%	350	100%
2017	36	11%	49	14%	198	59%	55	16%	338	100%
2016	35	11%	49	15%	197	60%	49	15%	330	100%
2015	36	11%	49	15%	191	60%	44	14%	320	100%

Source: District records

**Summary of Treatment Plant Capacities  
Fiscal Year Ending June 30, 2024**

<b>Plant</b>	<b>Annual average flow (MGD)</b>	<b>Average dry weather flow (MGD)</b>	<b>Dry weather design capacity (MGD) <sup>(1)</sup></b>	<b>Average wet weather flow (MGD)</b>	<b>Wet weather design capacity (MGD) <sup>(1)</sup></b>	<b>Peak day flow (MGD)</b>	<b>Peak design flow (MGD) <sup>(2)</sup></b>
Durham	25.0	20.1	42.1	30.0	64.5	80.9	140.0
Rock Creek	40.6	32.5	45	48.8	70	106.2	200.0
Forest Grove	5.4	4.7	8	6.1	20	17.5	20.0
Hillsboro	5.0	4.0	0	6.0	16	17.8	16.0
District totals	<u>76</u>	<u>61.3</u>	<u>95.1</u>	<u>90.9</u>	<u>170.5</u>	<u>222.4</u>	<u>376.0</u>

MGD – Million Gallons Per Day

<sup>(1)</sup> The design capacity statistics report system flows that are treated in the plants and reflect permit requirements based on the time of the year.

The District operates under separate permits for the dry weather and wet weather seasons. The dry weather season has more restrictive permit requirements and requires higher quality treatment of flows. This results in lower system capacity in dry weather months as compared to wet weather capacity. The Hillsboro treatment plant is closed and non-permitted during the dry weather season and flows are diverted to either Rock Creek or Forest Grove.

<sup>(2)</sup> The peak design flow reflects maximum hydraulic flow through the plants. These flows may not be fully treated.

Source - District records

### Operating and Capital Indicators Last Ten Fiscal Years

	Fiscal Year									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
<b>Wastewater Treatment</b>										
Number of Treatment Plants	4	4	4	4	4	4	4	4	4	4
Number of Pump Stations	44	44	44	43	43	42	42	42	40	40
Dry Weather Design Capacity (MGD)	95.1	95.1	95.1	86	86	86	86	86	78	78
Average Dry Weather Flow (MGD)	90.9	83.1	63.3	53.1	58.3	60.8	62	64.8	55.5	53.3
Unused capacity(millions of gallons)	4	12	32	33	28	25	24	21	23	25
Percentage of capacity utilized	96%	87%	67%	62%	68%	71%	72%	75%	71%	68%
<b>Conveyance Systems</b>										
Number of System Development permits	46	59	51	72	47	65	62	80	99	84
Number of Connections	786	865	808	861	869	1,062	1,074	1,410	1,593	1,176
Total miles of sewer line	919	878	883	872	859	858	853	851	838	839
Total miles of storm water line	553	565	565	551	549	545	537	529	516	495
<b>District-Wide</b>										
Estimated Number of EDU's serviced	303,840	300,305	296,426	292,817	289,458	285,543	280,984	277,277	271,884	267,558
<b>Other Programs</b>										
River Rangers program										
# of Students	1,377	1,192	652	N/A <sup>(1)</sup>	1,631	4,286	2,624	3,295	2,620	2,024
# of Schools	24	25	11	N/A <sup>(1)</sup>	22	52	39	42	38	33
Storm drain marking										
# of drains stenciled	461	53	398	330	178	297	243	413	346	936

<sup>(1)</sup> Due to the COVID Pandemic the River Ranger Program went virtual. 500 elementary educators received the River Ranges virtual lesson plan and 150 students from three schools attended. 1,125 visitors interacted with our Treatment Process virtual tour.

N/A - information not available

MGD - Million Gallons Per Day

EDU - Equivalent Dwelling Unit

Source: District Records



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# Independent Auditor's Report

## about us

• CleanWater  Services

When it rains, stormwater washes over streets, roofs, lawns, and parking lots — picking up oil, sediment, bacteria, grease, and chemicals that can pollute our streams and the Tualatin River. Clean Water Services, Washington County, and our 12 partner cities are responsible for the system that carries the flow of stormwater, or runoff, from one location to another.



Cleaned nearly **917,000** linear feet of sanitary sewer lines



**7,426** catch basin cleaned



**12,000** curb miles swept



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## **Report of Independent Auditors Required by Oregon State Regulations**

The Board of Directors  
Clean Water Services  
(A component unit of Washington County, Oregon)  
Hillsboro, Oregon

We have audited, in accordance with auditing standards generally accepted in the United States of America the financial statements of Clean Water Services, a component unit of Washington County, Oregon (the District) as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise Clean Water Services basic financial statements, and have issued our report thereon dated November 27, 2024.

### **Compliance**

As part of obtaining reasonable assurance about whether the District's basic financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, including provisions of the Oregon Revised Statutes (ORS) as specified in the Oregon Administrative Rules (OAR) 162-010-0000 to 162-010-0330, of the Minimum Standards for Audits of Oregon Municipal Corporations, noncompliance with which could have a direct and material effect on the financial statements: However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion.

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:

- Accounting records and internal control
- Public fund deposits
- Indebtedness
- Budget
- Insurance and fidelity bonds
- Investments
- Public contracts and purchasing

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 grant agreements, including the provisions of ORS as specified in OAR 162-010-0000 through 162-010-0330 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 (internal control) as a basis for designing 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.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

## Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. Accordingly, this communication is not suitable for any other purpose.

This report is intended solely for the information and use of the board of directors and management of Clean Water Services and the Oregon Secretary of State, and is not intended to be, and should not be, used by anyone other than these parties.



Julie Desimone, Partner for,  
Moss Adams LLP  
Portland, Oregon  
November 27, 2024



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