TUALATIN VALLEY
WATER DISTRICT

Annual Comprehensive Financial Report

Construction of a new 15 million gallon reservoir as part of the Willamette Water Supply System

For the fiscal years ended June 30, 2023 and 2022

1850 SW 170th Ave., Beaverton, OR 97003
Phone: (503) 848-3000
www.TVWD.org

TUALATIN VALLEY
WATER DISTRICT

TUALATIN VALLEY WATER DISTRICT

Washington County, Oregon

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

Prepared by Finance Department

TUALATIN VALLEY WATER DISTRICT

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Note: OPERS - Oregon Public Employees Retirement System
RHIA - OPERS Retirement Health Insurance Account
OPEB - Other Post Employment Benefit(s)

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Commissioner Elliot Lisac

Commissioner Carl Fisher

Commissioner Jim Duggan

Commissioner Todd Sanders

Commissioner Jim Doane

Board of Commissioners sets policies

The District is governed by a five-member Board of Commissioners, who are elected to four-year terms by the District's voters. The Board of Commissioners sets the District's policies. The Board typically holds a Business Meeting on the third Wednesday of each month and conducts a work session on the first Tuesday of each month. Visit tvwd.org for meeting dates and times.

TUALATIN VALLEY
WATER DISTRICT

TUALATIN VALLEY WATER DISTRICT

AS OF JUNE 30, 2023

NAME, BOARD POSITION	FOUR YEAR TERMS
Jim Doane, PE, Secretary	June 30, 2023
James Duggan, PE, Vice President	June 30, 2025
Elliot Lisac, Acting Secretary	June 30, 2023
Carl Fisher, Carl Fisher	June 30, 2023
Todd Sanders, Ph.D., President	June 30, 2023

REGISTERED AGENT

Tom Hickmann, PE, Chief Executive Officer

REGISTERED OFFICE

1850 SW 170th Avenue
Beaverton, OR 97003

MANAGEMENT

Tom Hickmann, PE, Chief Executive Officer
Paul Matthews, Chief Financial Officer

Clark Balfour, General Counsel
Kylie Bayer, Human Resources Director
Peter Boone, PE, Chief Operating Officer
Tim Boylan, Information Technology Services Director
Andrew Carlstrom, Manager, Customer Service
David Kraska, PE, Director, Water Supply Program

December 21, 2023

To: The Board of Commissioners and Customers served by the Tualatin Valley Water District

We respectfully submit the Tualatin Valley Water District (District) *Annual Comprehensive Financial Report* (ACFR) for the fiscal years (FY) ended June 30, 2023 (FY2023) and June 30, 2022 (FY2022). The District's management is responsible for the accuracy, completeness, and fairness of the presentation, including all disclosures. We believe the information presented in this report is accurate in all material respects and that the manner of presentation fairly discloses the financial condition of the District as of June 30, 2023 and 2022, and the results of operations for FY2023 and FY2022.

Moss Adams LLP has issued an unmodified opinion on the presentation of the basic financial statements of the District and its component unit, Willamette Water Supply System Commission (WWSSC), as of and for the years ended June 30, 2023 and 2022. The independent auditor's report on the District's financial statements is located at the beginning of the *Financial Section* of this report.

Management's Discussion and Analysis (MD&A) immediately follows the independent auditor's report and provides an introduction, overview, and analysis of the *Basic Financial Statements* presented in this report. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it.

OVERVIEW OF TUALATIN VALLEY WATER DISTRICT

The District is a domestic water supply district operating as authorized by Oregon Revised Statutes (ORS), Chapter 264. The District is not a component unit of another entity as defined by the Governmental Accounting Standards Board (GASB).

A five-member Board of Commissioners (Board), elected at-large to overlapping four-year terms, governs the District. The Board sets policy and appoints a Chief Executive Officer (CEO), who is charged with management of the District.

The District is located west of the City of Portland, in suburban Washington County, Oregon. The District serves unincorporated urban areas of Washington County and portions of the cities of Beaverton, Hillsboro, and Tigard. As of June 30, 2023, the District served 61,397 connections and an estimated population of 226,950.

Located in northwestern Oregon, Washington County is one of the counties that comprise the Portland-Vancouver-Hillsboro Metropolitan Statistical Area. In the early 20th century, the economy of the Washington County area grew because of fertile agricultural and timberlands, and its access to the Willamette and Columbia rivers. In the mid-20th century, the area began developing as a suburb of Portland, and has since developed its own economic base including large private employers Intel, Maxim Integrated Products, Nike, and Reser's Fine Foods.

The District's primary purpose is the supply of potable water to residents and local businesses and supply of water for fire protection purposes. In addition to serving water customers, the District provides contracted services to neighboring utilities for services such as meter reading, utility billing, and delivery of wheeled water.

The District also manages three joint ventures; the Willamette River Water Coalition (WRWC), the Willamette Intake Facilities Commission (WIFC), and the Willamette Water Supply System Commission (WWSSC), which is also a component unit of the District. As a component unit of the District, the WWSSC is presented in its own column in the District's *Statements of Net Position* and *Statements of Revenues, Expenses, and Changes in Net Position*. None of the joint ventures are included as part of the primary government in the *Statements of Net Position* and *Statements of Revenues, Expenses and Changes in Net Position*.

The WRWC was formed in 1997 as the Willamette Water Supply Agency (WWSA). The WWSA was renamed the WRWC in 2008 and is currently a joint venture of the District and the cities of Sherwood, Tigard, and Tualatin. The WRWC was created to develop and maintain water rights on the Willamette River for regional needs. Financial statements of the WRWC are prepared and reviewed separately.

The WIFC was formed in 2018 as a joint venture of the District and the cities of Beaverton, Hillsboro, Sherwood, Tigard, and Wilsonville. The WIFC was created to manage, operate, and provide for the capital needs of the Willamette Intake Facilities (WIF). Financial statements for the WIFC are prepared and audited separately.

The WWSSC was formed in 2019 as a joint venture of the District and the cities of Beaverton and Hillsboro. The WWSSC was created to construct, own, and operate the Willamette Water Supply System (WWSS). Financial statements for the WWSSC are prepared and audited separately.

The District is also a member of two other joint ventures which are managed by the City of Hillsboro; the Joint Water Commission (JWC) and the Barney Reservoir Joint Ownership Commission (BRJOC). The JWC is a joint venture of the District with the cities of Beaverton, Forest Grove, and Hillsboro, with the purpose of operating the raw water intake facilities, water treatment plant, storage and transmission facilities for the venturers. The BRJOC is a joint venture of the District with the cities of Beaverton, Forest Grove, and Hillsboro, and Clean Water Services (CWS), with the purpose of owning and operating the J.W. Barney Reservoir.

The District prepares a biennial budget, which serves as the foundation for the District's budgetary control. A budget is prepared for each fund and the budget is adopted by fund and by major functional category (e.g., personnel services, materials & services).

For budgetary information on the 2021-23 biennium, please refer to the *Budgetary Basis Schedules* beginning on page 76.

LOCAL ECONOMY

As described above, the District is located in suburban Washington County, Oregon. Washington County's population grew at a rate of 0.29% for the last 5 years, which is lower than the population growth rate for Oregon state-wide (which was 0.54%). Based on the most recent data available, Washington County's population as of June 2023 was estimated to be 605,690 which is about 14% of the population of Oregon. Per capita income in Washington County is the highest in Oregon. Based on the most recent Bureau of Economic Analysis data available, the county's per capita income is estimated to be $77,234 for 2023 and was approximately 13.6% higher than the estimated state-wide per capita income of $67,962.

The County's unemployment rate[1] decreased from 3.5% at the end of FY2022, to 3.2% at the end of FY2023. Leisure and hospitality showed the biggest increase in employment during the past year of approximately 42% or over 7,850 jobs. Other industries showing moderate increases in employment from the prior year were government (16%, 3,353 jobs), construction (13%, 2,170 jobs), education & health services (8%, 2,820 jobs) and professional and business services (6%, 3,360 jobs). At the end of FY2023, Washington County maintained a moderately lower unemployment rate, 3.2%, as compared to the rest of the state, which had an unemployment rate of 3.5%. This trend has held steady for more than ten years. The District continues to monitor employment trends for implications to operations, customers, and water demand.

For the past ten years, through FY2023, excluding FY2019, the average annual percent increase in the number of water meters connected to the District's system was 1.01%. During FY2019 the total number of water meters serving the District's customers decreased about 5.4%. In FY2018 the District executed an intergovernmental agreement (IGA) with the City of Beaverton. This IGA provides certainty for the District's service area and a method to manage the City's future withdrawals through an orderly process. In FY2019 and FY2020, the City withdrew service area from the District. These withdrawals resulted in a decrease of over 4,000 meters during those two fiscal years. As of June 30, 2023, the District has approximately 61,400 meters. The IGA, which is effective through 2058, places several restrictions on further withdrawals of service area by the City.

FINANCIAL CONDITION

Substantially all the District's operating revenues are derived from the sale of water to residential, commercial, and industrial customers. Water sales depend in part on: (1) the District's residential population, growth, and water demand; (2) economic conditions that affect production and growth by commercial and industrial customers; (3) weather conditions, which affect the demand for irrigation; and (4) District water conservation efforts.

Approximately 5.5% of meter connections serve commercial and industrial customers. However, these customers accounted for about 31% of the District's retail water usage in FY2023. Non-residential water use has held steady at between 29% and 31% of total District usage during the past five years.

During the previous five-year period, water sold averaged 9.8 million CCF[2]. During FY2023, the District sold 10.1 million CCF of water, a 6.9% increase from FY2022. Operating revenues were $93 million in FY2023 or 17.7% higher than FY2022. Water sales, which comprise 95.9% of the District's operating revenues, increased by $13.4 million from FY2022.

The District ended FY2023 in a strong financial position with combined cash reserves and investments of $285.7 million. This includes $20.4 million of contingency appropriated in the 2023-25 biennial budget. The District is continuing to retain a high level of reserves to fund its significant ongoing investments in the WWSSC.

A more complete discussion of the District's financial condition is presented in the MD&A beginning on page 15.

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[1] Oregon Employment Department, non-farm employment, not seasonally adjusted.
[2] One CCF is one hundred cubic feet of water, or approximately 748 gallons.

FINANCIAL PLANNING AND MAJOR INITIATIVES

The District has adopted the mission statement, vision, and values as shown below. The District's vision, mission statement, and values were updated in 2023 and serve as guiding principles used when making strategic and long-term planning decisions.

TVWD Vision

Our water sustains thriving communities – every day for everyone

TVWD Mission

Reliable Resilient Safe Water

TVWD Values

Respect Integrity Service Equity

In 2012, the District's Board adopted a set of desired results to reinforce its policy objectives and decision-making. The District refers to these as desired results to emphasize the District's focus more on the results of actions than the actions themselves. These desired results align with District's recently updated vision, mission, and values and summarize what the District's Board and management seeks to accomplish through policies and programs.

Desired Results

1. The water supply meets community needs and expectations.
2. The community is confident in our water, service, and employees.
3. We are good stewards of our financial resources.
4. We are good stewards of natural resources.
5. We are good stewards of our own assets and resources (people & physical assets).

The District's strategic planning process identifies key initiatives for the biennium. These initiatives include:

1. Implement monthly billing
2. Design and implement AMI program
3. Develop and implement business intelligence strategy, and
4. Complete existing initiatives

The most significant of the existing initiatives is the District's continued investment in the Willamette Water Supply System Commission (WWSSC). Major goals of the WWSSC are to construct the Willamette Water Supply System (WWSS) which includes a new water filtration plant, more than 30 miles of water pipelines, and water storage tanks – all built to modern seismic standards. The District works with Washington County and the cities along the pipeline route to coordinate projects. The WWSS infrastructure is anticipated to be operational by 2026.

In FY2023 the WWSSC completed the bidding for all the remaining construction projects. Significant progress is being made with eleven active construction projects including eight pipeline projects, the raw water facilities, the treatment plant, and terminal storage reservoir. Additionally, the project team is managing the District's Metzger Pipeline East projects, which will connect to the WWSS and deliver the new Willamette source to the District's Metzger service area.

In the coming year the WWSSC will:

- Continue to manage local, state, and federal permits
- Maintain an active community and stakeholder outreach program
- Complete real estate and easement acquisitions; and
- Develop operational plans including the integration of the new supply into the Partner's respective distribution systems

For more information on WWSSC projects visit the website at http://www.ourreliablewater.org/. For more information on the WWSSC, visit its website at https://www.tvwd.org/district/page/willamette-water-supply-system

Unrestricted net position has increased steadily as the District continues its investment in the WWSSC. The District executed a $103.4 million draw during FY2022 and several draws totaling $140.2 million during FY2023 on its Water Infrastructure Finance and Innovation Act (WIFIA) loan. These draws significantly increased the District's unrestricted net position due to the draw's impact on the District's cash and investments. The District also issued water revenue bonds during FY2023 (Water Revenue Bonds, Series 2023) totaling $82.7 million, including bond premiums of $9.9 million, to assist in funding capital expenditures and capital investments in its joint ventures.

The District has worked with its utility billing partner, Clean Water Services (CWS), on a project to replace the legacy customer information system (CIS). The District serves as the managing agency for the CIS partnership. The implementation phase began in late fall 2020 and cutover to the new CIS occurred in July 2022 with post go-live stabilization following for an extended period. The normalization of the District's new CIS will carry over into the 2023-25 biennium. CIS projects require a normalization period during which the utility's business processes and the configuration of the CIS are fine-tuned to meet the unique needs of the utility. The District's CIS is no exception. Many of the long-term benefits of the new CIS depend on the successful normalization process. The Customer Service department is leading the effort on the CIS.

The District has a mains replacement program which evaluates existing pipelines and prioritizes the replacement of segments of pipelines based on risk of failure, condition, and several other factors. As part of the mains replacement program, the District completed construction of several pipeline replacement projects. In addition to the mains replacement program, the District also constructs pipelines consistent with its *Water System Master Plan*. Among other objectives, these master-planned pipelines improve fire flow, capacity, and/or seismic resiliency.

In addition to completing several mains replacement or upgrade projects, the District maintains and provides for new and seismically upgraded facilities to meet its level of service goals as identified in the Water System Master Plan. In FY2023 capital expenditures, other than the Metzger Pipeline East project discussed above, included; continued construction of the Farmington Fluoride and Flow Control Facility, design phase work continued on Taylors Ferry Reservoirs and site seismic improvements, initial design work on upgrading the 189th pump station, and starting the SCADA upgrade master plan, along with many other projects.

The District conducts regular water quality testing to confirm that all water it delivers to customers meets or is better than federal and state drinking water standards. The District tested for more than 200 contaminants at multiple locations throughout the water system and customers' homes during FY2023. These tests include detecting substances such as lead, manganese, disinfection by-products, *E. coli*, a potentially harmful bacteria, and a variety of other contaminants related to the protection of public health. In addition, the District's source waters are also tested regularly for contaminants. The Portland Water Bureau (PWB), which provided about 65% of the District's supply and is currently an unfiltered source, has continued to test for *Cryptosporidium* and other contaminants in the Bull Run Watershed during ongoing monitoring. According to the PWB and its public health agencies, water from the Bull Run Watershed remains safe to drink. The Joint Water Commission, which provided about 35% of the District's supply, is a filtered source which uses a conventional water treatment process to remove contaminants that might otherwise exist. Overall, these efforts provide assurance that the District is delivering safe drinking water every day to its customers.

FINANCIAL INFORMATION

Presented below are the District's financial controls, financial operating results, and financial goals and policies.

1. Controls.

   a. **Internal Controls:** The District maintains a system of internal accounting controls that is reviewed annually by management. The controls are designed to safeguard the District's assets and provide accurate recording of transactions. New controls are evaluated to assure that their value exceeds their cost prior to implementation.

   b. **Purchasing Controls:** The District's Local Contract Review Board (LCRB) Rules were amended in 2013 to reflect changes in Oregon's Public Procurement Statute, ORS 279. The LCRB rules are reviewed periodically and amended as needed to maintain compliance with statutory requirements.

   c. **Budgetary Controls:** The District maintains accounting records by fund. The funds are described in the Notes to the Basic Financial Statements beginning on page 35. A budget is prepared biennially, by fund, to control the District's expenditures. During the budget process, a six-year capital improvement plan (CIP) is revised and adopted. The first two years of the six-year CIP are appropriated in the biennial budget.

2. FY2023 Financial Operating Results. A discussion of the FY2023 operating results and changes in net position is contained in the MD&A, beginning on page 15 in the *Financial Section* of this report.

3. Financial Goals and Policies. The District's *Financial Management Policies* were adopted by the Board by resolution 08-19 on March 20, 2019. These policies address financial planning, budgeting, rate setting, debt management, accounting standards and reporting, internal controls, and other financial goals and objectives. As directed by these policies, the Board approved the District's current *2022-23 Financial Plan* by resolution 07-22 on May 18, 2022. The *2022-23 Financial Plan* is based on a 30-year financial forecasting model, and a 30-year capital funding plan. Overall, the District's financial policies set forth operating principles for the effective management of financial risk, cost containment, and debt issuance. Where applicable in this transmittal letter and MD&A, references are made to the financial policies guiding the District's planning activities and operating results.

AWARDS

Several District staff serve as committee members and officers for national and regional professional organizations. These include the American Water Works Association (AWWA) and its Pacific Northwest Section, Association of Metropolitan Water Agencies, Oregon Water/Wastewater Agency Response Network, Special Districts Association of Oregon, and Oregon Government Finance Officers Association.

During FY2023, the District was honored to receive the Government Finance Officers Association (GFOA) Certificate of Achievement for Excellence in Financial Reporting for its Annual Comprehensive Financial Report for the Fiscal Year ended June 30, 2022. This is the 33rd consecutive year that the District has received this prestigious award. To be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized report that must satisfy both generally accepted accounting principles and applicable legal requirements. The District's management believes this FY2023 Annual Comprehensive Financial Report continues to conform to the Certificate of Achievement program requirements and will again submit it to the GFOA to determine its eligibility for another certificate.

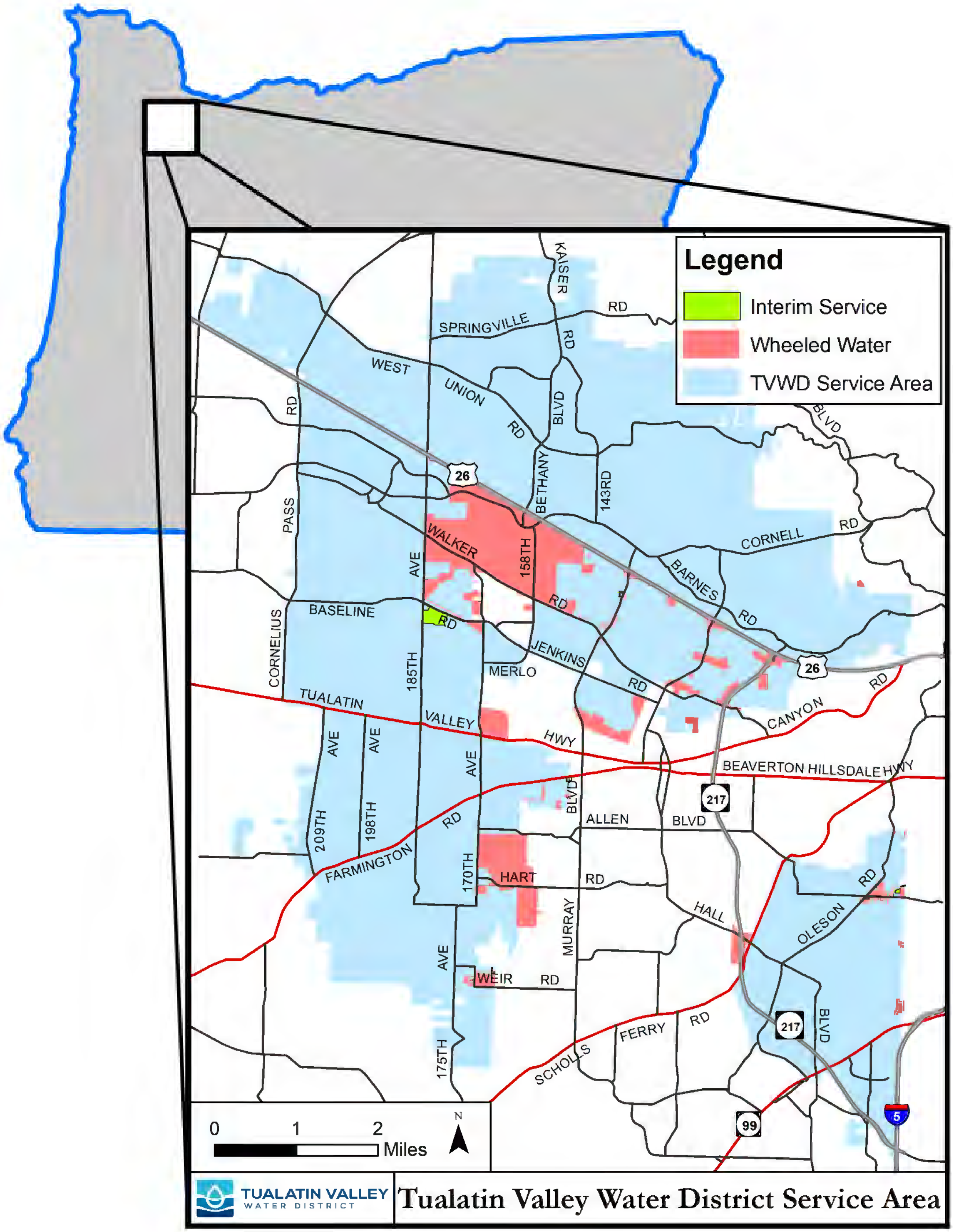
ACKNOWLEDGEMENTS

We wish to thank the accounting and management staff for their efforts in preparing this report and for their service throughout the year. We also want to thank the District's customers, and you, the members of the Board of Commissioners, for your interest and continuing support in planning and conducting the financial management of the District in a responsible and progressive manner.

Respectfully,

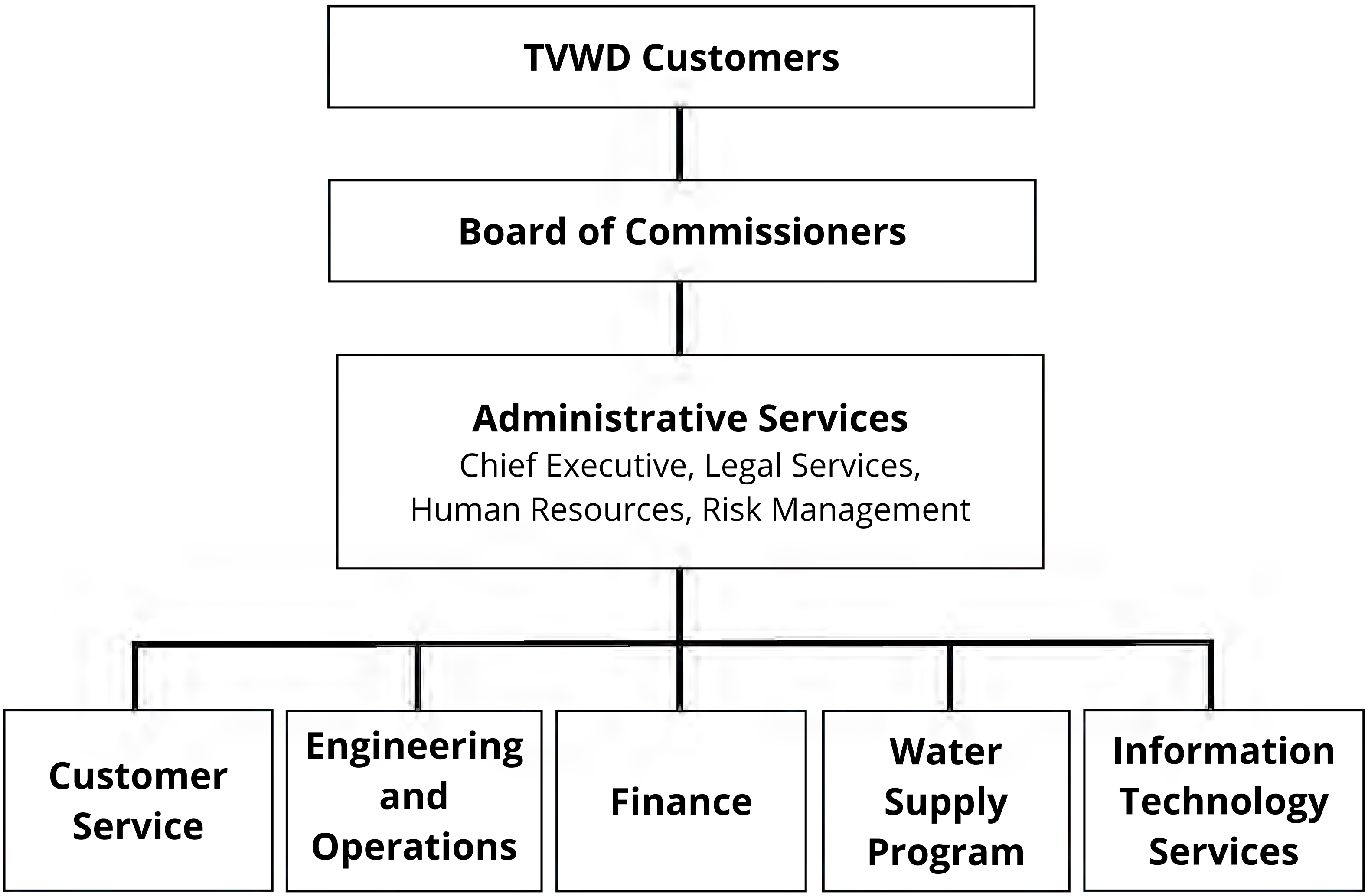
Paul L. Matthews, Interim Chief Executive Officer	Justin Carlton, CMA Interim Chief Financial Officer

Tualatin Valley Water District Service Area



TUALATIN VALLEY
WATER DISTRICT

Organizational Chart



Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Tualatin Valley Water District
Oregon

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2022

Christopher P. Morrill

Executive Director/CEO

TUALATIN VALLEY
WATER DISTRICT

TUALATIN VALLEY
WATER DISTRICT

Financial Section

Pipe installation as part of the Willamette Water Supply System

Creating a reliable drinking water future

The District, in partnership with the City of Beaverton and the City of Hillsboro, are developing an additional water supply from the Willamette River at Wilsonville. When completed in 2026, the Willamette Water Supply System will be Oregon's most seismically resilient drinking water system. It will consist of 30 miles of large diameter pipe, an updated water intake system, and a new multi-barrier water treatment plant located in Sherwood. Visit www.OurReliableWater.org for more information.

TUALATIN VALLEY
WATER DISTRICT

MOSSADAMS

Report of Independent Auditors

The Board of Commissioners
Tualatin Valley Water District

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Tualatin Valley Water District (the District) which comprise the statements of net position as of June 30, 2023 and 2022, and the related statements of revenues, expenses, and changes in net position, and cash flows for the years 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 Tualatin Valley Water District as of June 30, 2023 and 2022, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards (Government Auditing Standards)*, issued by the Comptroller General of the United States. 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 Tualatin Valley Water District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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 Tualatin Valley Water District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* 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 and *Government Auditing Standards*, 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 Tualatin Valley Water District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Tualatin Valley Water District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's financial statements. The Schedule of Expenditures of Federal Awards and related notes as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the Budgetary Basis Schedule which are included as supplementary information, 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 Budgetary Basis Schedule 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 December 21, 2023, on our consideration of the Tualatin Valley Water 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 21, 2023 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Julie Desimone, Partner
for Moss Adams LLP
Portland, Oregon
December 21, 2023

TUALATIN VALLEY
WATER DISTRICT

Management's Discussion and Analysis (MD&A) is presented to facilitate financial analysis and provide an overview of the financial activities of the District for the fiscal years ended June 30, 2023, and 2022. Readers should consider the information presented here in conjunction with the *Basic Financial Statements*, the *Notes to Basic Financial Statements*, and the additional information contained in *Management's Letter of Transmittal* of this report.

Financial Highlights

- Cash and investments increased from $95.1 million at June 30, 2021, to $155.6 million at June 30, 2022, to $285.7 million at June 30, 2023. The District continues to aggressively manage its cash and investment position to benefit from relatively higher interest rates available.

- The District continued its investment in the WWSS. As a result, investment in joint ventures has increased from $195.8 million June 30, 2021, to $255.0 million June 30, 2022, to $382.7 million June 30, 2023, an increase of $59.2 million during fiscal year 2022 (FY2022), and an increase of $127.7 million during FY2023. Related to the WWSS is the District's M*etzger Pipeline East* (MPE) project which will serve customers of the District by connecting the District's system to the WWSS. Investment in the MPE project was $24.8 million during FY2022 and $39.7 million during FY2023, totaling $64.5 million over both years. The MPE project comprises roughly 83% of the $77.6 million increase in capital assets for the District over those two years.

- Current liabilities increased $1.9 million from June 30, 2021 to June 30, 2022 and increased $33.3 million from June 30, 2022, to June 30, 2023. The large increase during FY2023 was mostly because of year end amounts owed to the WWSSC due to timing of payments by the District.

- During FY2023 the District received $222.9 million in bond proceeds; $140.2 million in WIFIA revenue bond proceeds, and $82.7 million in proceeds from Water Revenue Bonds, Series 2023. During FY2022 the District received $103.4 million in WIFIA revenue bond proceeds. The WIFIA bond has a 1.35% interest rate. The $82.7 million Water Revenue Bonds, Series 2023 were issued with a premium of $9.9 million and an interest (coupon) rate of 5.0%. The true interest cost, net of bond premium and bond issuance costs, is approximately 4.06%.

- Water rates increased in November 2022 by 14.3% for both its base (Block 1) rate and its higher volume (Block 2) rate. Water volume sold in FY2023 increased by 6.9% over water volume sold in FY2022. Total water service revenue increased by $14.0 million or 17.7% from FY2022 to FY2023.

- Operating expenses increased by $12.1 million or 31.4% from FY2022 to FY2023. The largest single contributors to the increase in operating costs were:
  - Water purchased and pumping power expense increased by $1.3 million or 12.9%. The rate the District pays for water from Portland went from $1.25 per 100 cubic feet (CCF) to $1.343 per CCF. This is a $0.093 per CCF increase or 7.44%. Approximately 65% of the District's water was purchased from Portland during FY2023. The District was charged $0.4 million by the city of Portland for the District's share of maintaining the water supply line between Portland and Washington County. These costs are included in purchased water and pumping power.

- Labor and benefits expense increased by $2.6 million or 13.0%. Pension and other postemployment benefits (OPEB) expenses were $0.5 million of this increase.
- Operating expenses capitalized decreased by $2.7 million. Since this is an offset to operating expenses this caused operating expenses to increase by $2.7 million.
- General, operations, and maintenance expense increased by $4.5 million from FY2022 and by $3.8 million from FY2021.
  - Bad debt expense increased by $1.4 million as the District significantly increased its allowance for doubtful accounts due to an increase in the balance and age of accounts receivable. During the implementation and stabilization phases of the new customer information software system collection efforts were halted on delinquent receivables.
  - Professional services expense increased by $0.9 million from FY2022. Several large projects requiring outside professional services were performed during FY2023, including redoing the District's mission, vision and values statements, early design work on an advanced metering infrastructure project, an information technology migration to Sharepoint online services, and other projects.
  - Bond sale expenses of $0.8 million were incurred during FY2023. There were no such expenses in FY2022.
- Depreciation and amortization expense increased by $1.0 million or 13.5%. Much of this increase is amortization expense of new subscription software totaling $0.6 million during FY2023.

Overview of the Financial Statements

This section introduces the District's *Basic Financial Statements*. The District is a self-supporting entity and follows enterprise fund reporting. Accordingly, the financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. The District's *Basic Financial Statements* are comprised of four components: 1) *Statements of Net Position,* 2) *Statements of Revenues, Expenses and Changes in Net Position,* 3) *Statements of Cash Flows, 4) Notes to Basic Financial Statements.* This report also contains *Required Supplementary Information* in addition to the *Basic Financial Statements* themselves.

The *Statements of Net Position* present the current and long-term portions of assets and liabilities separately. The change in net position provides a useful indicator of whether the financial position of the District, and that of its component unit, WWSSC, is improving or deteriorating over time. These statements include assets and deferred outflows of resources and liabilities and deferred inflows of resources and provide information about the nature and amounts of investments in resources (assets) and obligations to creditors (liabilities). They also provide the basis for evaluating the capital structure and assessing liquidity and financial flexibility of the District and WWSSC.

The Statements of Revenues, Expenses and Changes in Net Position present information showing profitability and credit worthiness as well as the change in net position during the two most recent fiscal years. These statements show income and expenses from operations, nonoperating revenues and expenses, and reconcile the change from one fiscal year to the next. These statements measure the success of the District's operations during the past two years and the success of recovering its costs through user fees and other charges. The component unit, WWSSC, is also presented in a separate column in these statements.

The Statements of Cash Flows are prepared using the direct method and are concerned solely with input and outlay of cash from operating activities, capital and related financing activities, and investing activities. These statements also include reconciliations to the S*tatements of Revenues, Expenses and Changes in Net Position*. The primary purpose of these statements is to provide information about the District's cash receipts and cash payments during the reporting periods. They demonstrate where cash came from, what cash was used for, and the change in cash balance during the reporting periods.

The *Notes to Basic Financial Statements* provide additional information that is essential to a full understanding of the information provided in the *Basic Financial Statements*.

Financial Analysis

Statements of Net Position

As noted above, net position may serve over time as a useful indicator of the District's financial condition. As shown in Table 1 on page 18, the District's assets and deferred outflows exceeded liabilities and deferred inflows by $623.1 million on June 30, 2023 and reflects an increase of $49.9 million or 8.7% and $95.8 million or 18.2% over the District's net position at the close of FY2022 and FY2021, respectively.

Net investment in capital assets was $250.6 million or 40.2% of total net position at June 30, 2023, and includes the District's investment in land, buildings, equipment, reservoirs, pipelines, and intangibles, net of related liabilities. The District uses these capital assets to provide water service to customers; consequently, these assets are not available for future spending. Restricted net position was $27.8 million at June 30, 2023 compared to $0.3 million at June 30, 2022. This amount is comprised of $27.5 million in unspent Water Revenue Bonds, Series 2023 proceeds which are restricted for future capital expenditures and $0.3 million restricted for OPEB. The remaining net position is unrestricted and totals $344.7 million at June 30, 2023. Included in unrestricted net position is $258.2 million in unrestricted cash and investments that may be used to meet the District's ongoing obligations.

Total assets and deferred outflows of resources of the District at June 30, 2023 were $1,026.5 million, an increase from June 30, 2022, and 2021 of $307.6 million or 42.8% and $463.0 million or 82.2%, respectively.

Current assets at June 30, 2023 were $308.8 million. Of this amount, cash and investments totaled $285.7 million. Cash and investments increased by $130.1 million and $190.5 million from June 30, 2022 and 2021, respectively. These increases were the result of WIFIA bond proceeds and Water Revenue Bonds, Series 2023 proceeds.

Noncurrent assets were $707.1 million, $536.0 million, and $549.9 million at June 30, 2023, 2022, and 2021, respectively. Investment in joint ventures totaled $382.7 million at June 30, 2023, an increase of $127.7 million from June 30, 2022, and an increase of $186.9 million from June 30, 2021. Continuing contributions by the District to fund construction of the WWSS has resulted in this increase. Investment in joint ventures consists of the District's investment in the JWC, BRJOC, WRWC, WIFC, and the WWSSC. Net capital assets were $314.7 million at June 30, 2023 an increase of $44.0 million and $77.5 million from June 30, 2022 and 2021, respectively. As noted above, most of the increase in net capital assets is due to the District's investment in the MPE project. The only other notable change to noncurrent assets was the addition of $5.6 million in intangible software subscriptions during FY2022. These were added to FY2022 as the District implemented GASB Statement No. 96 Subscription-Based Information Technology Arrangements. A related liability was also recorded at that time.

Deferred outflows of resources were $10.6 million, $11.7 million and $13.6 million, at June 30, 2023, 2022, and 2021, respectively. Deferred outflows are related to pension and OPEB.

Total liabilities of the District were $396.5 million at June 30, 2023, an increase of $261.4 million and $365.2 million from June 30, 2022 and 2021, respectively.

Current liabilities were $50.0 million at June 30, 2023 an increase of $33.7 million and $35.6 million since June 30, 2022 and 2021, respectively. As mentioned above, amounts due WWSSC due to timing of payments at June 30, 2023 was the reason for the increase.

Long-term liabilities were $346.5 million at June 30, 2023, an increase of $228.1 million and $330.0 million since June 30, 2022 and 2021, respectively. Long-term debt, which is made up exclusively the long-term portion of revenue bonds outstanding, totaled $328.0 million at June 30, 2023, an increase of $224.6 million since June 30, 2022. There was no outstanding debt as of June 30, 2021. Other changes to long-term liabilities were the addition of a long-term subscription liability of $5.2 million in FY2022 and an increase in net pension liability of $4.9 million during FY2023.

Table 1
Net Position (in millions)

	June 30, 2023	June 30, 2022 As Restated	June 30, 2021	Difference 2023-2022	Difference 2023-2021
Assets					
Current assets	$ 308.8	$ 171.2	$ 112.5	$ 137.6	$ 196.3
Investments in joint ventures	382.7	255.0	195.8	127.7	186.9
Other long-term assets	9.7	10.3	4.5	(0.6)	5.2
Capital assets, net	314.7	270.7	237.1	44.0	77.6
Total Assets	1,015.9	707.2	549.9	308.7	466.0
Deferred Outflows of Resources	10.6	11.7	13.6	(1.1)	(3.0)
Total Assets and Deferred Outflows of Resources	$ 1,026.5	$ 718.9	$ 563.5	$ 307.6	$ 463.0
Liabilities					
Current liabilities	$ 50.0	$ 16.7	$ 14.8	$ 33.3	$ 35.2
Long-term liabilities	346.5	118.4	16.5	228.1	330.0
Total Liabilities	396.5	135.1	31.3	261.4	365.2
Deferred Inflow of Resources	6.9	$ 10.6	$ 4.9	(3.7)	2.0
Net Position					
Net investment in capital assets	250.6	260.2	229.8	(9.6)	20.8
Restricted	27.8	0.3	0.1	27.5	27.7
Unrestricted	344.7	312.7	297.4	32.0	47.3
Net Position	623.1	573.2	527.3	49.9	95.8
Total Liabilities, Deferred Inflows of Resources and Net Position	$ 1,026.5	$ 718.9	$ 563.5	$ 307.6	$ 463.0

Statements of Revenues, Expenses and Change in Net Position

As shown in Table 2 on page 20, the District's net position increased by $49.9 million during FY2023, an increase of 8.7% or $4.0 million from FY2022 and an increase of 26.3% or $10.4 million since FY2021. The District's changes in net position were due to the combined changes of the following major components:

- Operating revenues continue to exceed operating expenses as required by District *Financial Management Policies*, and the District remains in a healthy financial condition. Water sales, which comprised 95.8% of the District operating revenues in FY2023, increased by $14 million or 17.7% from FY2022. Water sales have increased by $15.4 million or 19.8% since 2021. Weather played a significant role in the water sales remaining flat from FY2021 to FY2022 as well as impacting the increase from FY2022 to FY2023. Rate increases to cover operating costs and future infrastructure needs also contributed to the increase in water revenue over the last two fiscal years. Other operating revenues were $3.9 million in FY2023, an increase of $0.5 million from FY2022 and of $0.3 million from FY2021. Other operating revenues consist of reimbursements from other agencies for contractual services performed by the District in addition to right-of-way fees, service fees, permits, and other miscellaneous revenue.

- Total operating expenses were $50.6 million in FY2023. This is an increase of $12.1 million or 31.4% from $38.5 million in FY2022 and an increase of $8.3 million or 19.6% from FY2021. The largest contributors to the increase in operating expenses were explained in the *Financial Highlights* section above. The District's net operating income was $42.5 million at June 30, 2023, an increase of $1.9 million from June 30, 2022, and $7.1 million from June 30, 2021. As mentioned above the District has increased the net operating income over the last several years in anticipation of the current capital investment phase the District is in.

- Total nonoperating revenues (expenses) was $1.0 million in FY2023 as compared to ($1.1) million in FY2022 and $(2.4) million in FY2021. The largest components and fluctuations within these amounts were interest income which went from $1.6 million in FY2021 to $1.1 million in FY2022 to $5.7 million in FY2023; interest expense which went from $0.0 million in FY2021 to $0.1 million in FY2022 to $2.9 million in FY2023. The District has been able to invest significant amounts of its reimbursements from its WIFIA loan which were borrowed at a rate of 1.35%. The funds will eventually be needed for the investment in the WWSS but until needed have yielded returns higher than the interest rate on the loan. Interest expense is from both the WIFIA loan as well as the Series 2023 water revenue bonds issued during FY2023.

- Contributions of capital, which are mostly system development charges, were $6.4 million for both FY2023 and FY2022 as compared to $6.5 million in FY2021. Capital contributions vary year-to-year based on the level of development activity.

The District owns several properties that contain water storage reservoirs, pump stations, administrative facilities, and other properties held for use in future years. Each of these sites is maintained by District staff. No sites owned by the District have been declared as a site needing pollution remediation.

Table 2
Change in Net Position (in millions)

	FY2023	FY2022 As Restated	FY2021	Difference 2023-2022	Difference 2023-2021
Operating Revenues					
Water and other services	$ 93.1	$ 79.1	$ 77.7	$ 14.0	$ 15.4
Operating Expenses					
Water purchased and pumping power	11.4	10.1	10.3	1.3	1.1
Labor and benefits	22.6	20.0	21.9	2.6	0.7
General, operations, and maintenance	13.0	8.5	9.2	4.5	3.8
Depreciation expense	8.4	7.4	7.1	1.0	1.3
Less: operating expenses capitalized	(4.8)	(7.5)	(6.2)	2.7	1.4
Total Operating Expenses	50.6	38.5	42.3	12.1	8.3
Net Operating Income	42.5	40.6	35.4	1.9	7.1
Nonoperating Revenues (Expenses)	1.0	(1.1)	(2.4)	2.1	3.4
Capital contributions	6.4	6.4	6.5	-	(0.1)
Changes in net position	49.9	45.9	39.5	4.0	10.4
Net position, Beginning of year	573.2	527.3	487.8	45.9	85.4
Net position, End of year	$ 623.1	$ 573.2	$ 527.3	$ 49.9	$ 95.8

Table 3
Total Revenues and Total Expenses (in millions)

	FY2023	FY2022 As Restated	FY2021	Difference 2023-2022	Difference 2023-2021
Revenues					
Operating Revenues	$ 93.1	$ 79.1	$ 77.7	$ 14.0	$ 15.4
Nonoperating Revenues	5.9	1.2	1.7	4.7	4.2
Contributed Capital	6.4	6.4	6.5	-	(0.1)
Total Revenues	105.4	86.7	85.9	18.7	19.5
Expenses					
Operating Expenses	50.6	38.4	42.3	12.2	8.3
Nonoperating Expenses	4.9	2.4	4.1	2.5	0.8
Total Expenses	55.5	40.8	46.4	14.7	9.1
Change in Net Position	$ 49.9	$ 45.9	$ 39.5	$ 4.0	$ 10.4

Debt Administration

The District has two outstanding revenue bonds. One is in the form of a WIFIA loan[1] from the EPA. This loan is to help fund investments in the WWSSC and the District's MPE project. The interest rate on the loan is 1.35% and the total loan amount is $387.7 million. As of June 30, 2023, total draws on the loan are $243.6 million. Including capitalized interest, the total amount outstanding on the loan at June 30, 2023 is $245.7 million. During FY2023 the District issued Water Revenue Bonds, Series 2023 totaling $82.7 million, which included a $9.9 million premium. These bonds are to fund capital expenditures of the District as well as its investment in the WWSS. The coupon rate on the Water Revenue Bonds, Series 2023 is 5.0%. With closing costs and the bond premium included the effective interest rate to the District is approximately 4.06%. For more information, refer to the *Long-Term Debt* section on page 48 in *Notes to Basic Financial Statements.*

General Fund Budgetary Highlights

Total revenues budget for the biennium is $175.9 million. Total revenue for FY2023 was $99.4 million and $186.7 million for the biennium, which is a favorable variance of $10.8 million (6.2%). Water sales revenue budget for the biennium is $158.8 million. Water sales revenue was $89.2 million for FY2023 and $165.0 million for the biennium, resulting in a favorable variance of $6.2 million (3.9%). Other contributors to the biennium's favorable revenue variance included a $1.3 million favorable variance for interest income on investments and a $1.3 million favorable variance for services to other agencies.

Total expenditures budget for the biennium was $112.3 million. Total expenditures for FY2023 were $46.8 million and $85.2 million for the biennium, which is a favorable variance of $27.1 million. Included in the variance was $20.0 million of unspent operating contingencies. Personnel services totaled $21.5 million for FY2023 and $40.9 million for the biennium, a favorable variance of $1.4 million (3.4%). The District continued to fill vacancies slowly coming out of the COVID-19 pandemic. Materials and services were $24.4 million for FY2023 and $42.7 million for the biennium, which is a $4.9 million (10.3%) favorable variance for the biennium. Included in materials and services are expenses for purchased water and pumping power. These expenses were $3.5 million under projections for the biennium.

Joint Ventures and Capital Assets Activity

The District has investments in the following joint ventures: JWC, BRJOC, WRWC, WIFC, and WWSSC. The District's allocation of JWC losses were $0.5 million for FY2023 and $0.4 million for FY2022, and FY2021. This loss reflects the ongoing annual depreciation of the JWC treatment, storage, and transmission facilities. The BRJOC recorded losses of $0.3 million for each of fiscal years 2023, 2022, and 2021. The District's share of the WRWC recorded gains and losses was a gain of $6 thousand, a loss of $5 thousand, and a loss of $3 thousand for FY2023, FY2022, FY2021, respectively. The District's portion of WIFC recorded losses was $0.1 million in fiscal years 2023, 2022, and 2021. The District's share of the WWSSC recorded losses was $0.4 million, $0.1 million and $0.7 million in FY2023, FY2022, and FY2021, respectively. The losses for the WWSSC were mostly amortization and interest expense related to its lease assets and lease liabilities.

[1] The WIFIA loan is a revenue bond under the District's Master Declaration authorized by ordinance 01-19.

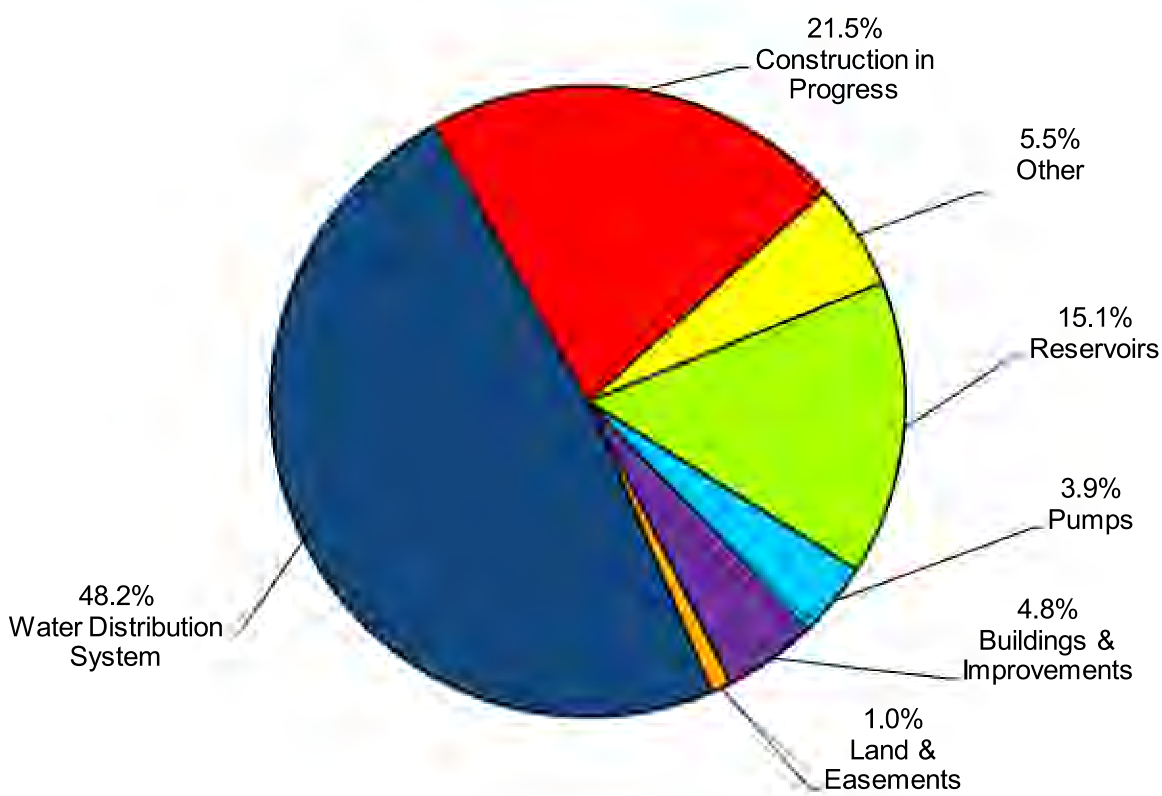
Three of the joint ventures described above are managed by the District: WRWC, WIFC, and WWSSC. Due to recent accounting pronouncements published by the GASB, WWSSC is considered a component unit of the District, see page 40 for the *Joint Ventures and Component Unit* section in *Notes to Basic Financial Statements* for additional information on the District's investment in joint ventures.

The District's net capital assets as of June 30, 2023, were $314.7 million and at June 30, 2022, $270.7 million. The District's capital assets include $100.8 million in nondepreciable land, easements, and construction in progress; and $347.2 million (before depreciation) in buildings, reservoirs, pipelines, pump stations, office, automotive, and construction equipment.

Overall, net capital assets increased $44.0 million or 16.3% from FY2022, and increased $77.6 million or 32.7% since FY2021. The net increase since FY2021 is mostly in construction in progress, which increased by $70.4 million. Additional information on the District's capital assets can be found in the *Notes to Basic Financial Statements* on page 44.

Figure 1 shows the District's capital asset categories and their percentage of the District's total capital asset value in FY2023 (not netted with accumulated depreciation).

Figure 1
Distribution of Capital Assets
FY 2023



Economic Factors

In February 2018, the District entered into an intergovernmental agreement (IGA) with the City of Beaverton to establish long-term certainty and definition of the water service area boundaries of both agencies and to provide for orderly withdrawal of territory by Beaverton in certain areas. Under the terms of this IGA, Beaverton withdrew 3,947 accounts from the District's service area in FY 2019 and 291 accounts in FY 2020.

In February 2019, the District and the City of Hillsboro applied to the U.S. Environmental Protection Agency for long-term, low-cost supplemental loans from the Water Infrastructure Finance and Innovation Act (WIFIA) program to construct the WIF and WWSS and additional District pipelines. The District closed its $387.7 million WIFIA loan at 2.39% on August 2, 2019. The District re-executed the loan on September 15, 2020 to lower the interest rate. The loan was re-executed with an interest rate of 1.35%. This reduction in interest rate will save the District's customers an estimated $122 million over the life of the loan. More information on WIFIA programs and loans can be found here: https://www.epa.gov/wifia/willamette-water-supply-program

Requests for Information

The financial report is designed to provide a general overview of the District's finances. Questions concerning any of the information provided in this report or requests for additional information can be addressed to the Chief Financial Officer, Tualatin Valley Water District, 1850 SW 170th Avenue, Beaverton, Oregon 97003.

TUALATIN VALLEY
WATER DISTRICT

TUALATIN VALLEY
WATER DISTRICT

Basic Financial Statements

A safe water supply is important for good hygiene.

Protecting public health

TVWD is at the forefront of public health protection. From providing water to stay hydrated during hot summer days to the importance of clean water when washing your hands, we are proud to deliver safe, reliable drinking water that meets or is better than all applicable federal and state water quality standards. TVWD and our partners continually test your water for lead, cryptosporidium, and approximately 200 other contaminants. Sampling is conducted at various locations such as water sources, water treatment facilities, and within the distribution system. For more information, visit www.tvwd.org/wqreport.

TUALATIN VALLEY
WATER DISTRICT

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TUALATIN VALLEY WATER DISTRICT

STATEMENTS NET POSITION

JUNE 30, 2023 AND 2022

	2023		2022	
		Component Unit		Component Unit
	Tualatin Valley Water District	Willamette Water Supply System Commission	Tualatin Valley Water District (As Restated)	Willamette Water Supply System Commission
ASSETS				
Current Assets				
Cash and cash equivalents	$ 15,571,108	$ 9,024,120	$ 11,018,491	$ 4,559,104
Cash and cash equivalents - restricted	27,468,209	-	9,040	-
Investments	242,621,706	-	144,556,507	-
Accounts receivable, net	20,135,677	54,597,959	13,209,677	26,461,231
Accrued interest receivable	203,869	-	258,457	-
Inventory	2,555,238	-	1,925,835	-
Prepaids and Deposits	223,313	257,833	222,445	81,716
Total Current Assets	308,779,120	63,879,912	171,200,452	31,102,051
Noncurrent Assets				
Other postemployment benefits Investment	317,946	-	334,609	-
in joint ventures	382,708,546	-	254,986,282	-
Capital non-utility property, nondepreciable	4,413,857	-	4,413,857	-
Capital intangible software subscriptions, net	5,003,806	-	5,564,981	-
Capital lease assets, net of accumulated amortization	-	12,623,474	-	12,983,524
Capital assets, nondepreciable	100,785,846	601,287,833	63,854,117	370,191,904
Capital assets, utility plant in service, net	213,877,824	-	206,858,210	-
Total Noncurrent Assets	707,107,825	613,911,307	536,012,056	383,175,428
Total Assets	1,015,886,945	677,791,219	707,212,508	414,277,479
DEFERRED OUTFLOWS OF RESOURCES				
Pension	10,464,137	-	11,501,778	-
Other postemployment benefits	129,503	-	203,696	-
Total Deferred Outflows of Resources	10,593,640	-	11,705,474	-
Total Assets and Deferred Outflows of Resources	$ 1,026,480,585	$ 677,791,219	$ 718,917,982	$ 414,277,479

Continued on next page

The accompanying notes are an integral part of the financial statements

TUALATIN VALLEY WATER DISTRICT

STATEMENTS NET POSITION
JUNE 30, 2023 AND 2022

	2023		2022	
		Component Unit		Component Unit
	Tualatin Valley Water District	Willamette Water Supply System Commission	Tualatin Valley Water District (As Restated)	Willamette Water Supply System Commission
LIABILITIES				
Current Liabilities				
Accounts payable	$ 43,195,286	$ 54,855,792	$ 12,154,269	$ 26,542,947
Retainage payable	3,040,864	9,024,120	1,225,321	4,559,104
Accrued payroll and related expenses	1,166,081	-	1,284,996	-
Accrued compensated absences	1,244,416	-	1,137,110	-
Deposits	327,951	-	563,893	-
Accrued interest current	313,466	-	-	-
Long-term debt current	329,832	-	-	-
Subscription liability current	396,519	-	391,460	-
Total Current Liabilities	50,014,415	63,879,912	16,757,049	31,102,051
Long-Term Liabilities				
Subscription liability long-term	4,772,942	-	5,169,461	-
Long-term debt	328,028,306	-	103,436,353	-
Accrued interest long-term	266,768	-	58,183	-
Net pension liability	12,514,967	-	8,597,428	-
Other postemployment benefits	954,380	-	1,111,063	-
Lease liabilities	-	15,055,784	-	15,015,489
Total Long-Term Liabilities	346,537,363	15,055,784	118,372,488	15,015,489
Total Liabilities	396,551,778	78,935,696	135,129,537	46,117,540
DEFERRED INFLOWS OF RESOURCES				
Pension	6,151,362	-	9,823,669	-
Other postemployment benefits	701,671	-	781,966	-
Total Deferred Inflows of Resources	6,853,033	-	10,605,635	-
NET POSITION				
Net investment in capital assets	250,644,958	534,986,167	260,161,465	337,059,149
Restricted	27,777,115	-	334,609	-
Unrestricted	344,653,701	63,869,356	312,686,736	31,100,790
Total Net Position	623,075,774	598,855,523	573,182,810	368,159,939
Total Liabilities, Deferred Inflows of Resources and Net Position	$ 1,026,480,585	$ 677,791,219	$ 718,917,982	$ 414,277,479

Continued from previous page

The accompanying notes are an integral part of the financial statements

TUALATIN VALLEY
WATER DISTRICT

TUALATIN VALLEY WATER DISTRICT

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEARS ENDED JUNE 30, 2023 AND 2022

	2023		2022	
		Component Unit		Component Unit
	Tualatin Valley Water District	Willamette Water Supply System Commission	Tualatin Valley Water District (As Restated)	Willamette Water Supply System Commission
OPERATING REVENUES				
Water service	$ 89,213,939	$ -	$ 75,794,037	$ -
Administrative services	3,865,148	494,584	3,337,630	647,819
Total Operating Revenues	93,079,087	494,584	79,131,667	647,819
OPERATING EXPENSES				
Water purchased and pumping power	11,391,670	-	10,107,247	-
Labor and benefits	22,633,962	-	19,955,908	-
Maintenance and repairs	2,487,378	-	1,815,864	-
General and administrative	10,002,305	490,672	6,196,441	(24,001)
Utilities	179,467	4,062	159,718	-
Supplies	325,348	-	284,670	-
Depreciation and amortization expense	8,424,242	128,030	7,389,206	336,010
Less: operating expenses capitalized	(4,814,047)	-	(7,455,614)	-
Total Operating Expenses	50,630,325	622,764	38,453,440	312,009
Net Operating Income (Loss)	42,448,762	(128,180)	40,678,227	335,810
NONOPERATING REVENUES (EXPENSES)				
Discontinued capital projects	(77,592)	-	(37,923)	-
Loss in equity in joint ventures	(1,306,090)	-	(952,351)	-
Interest income	5,722,873	-	1,078,978	-
Unrealized gain (loss) on investments	(515,967)	-	(1,287,618)	-
Interest expense	(2,946,644)	(496,201)	(83,554)	(492,435)
Gain (loss) on disposal of capital assets	70,859	-	86,984	-
Other nonoperating revenues (expenses)	100,508	150	49,806	200
Total Nonoperating Revenues (Expenses)	1,047,947	(496,051)	(1,145,678)	(492,235)
Capital Contributions	6,396,255	231,319,815	6,368,498	105,712,585
Changes in Net Position	49,892,964	230,695,584	45,901,047	105,556,160
Net Position, beginning of year	573,182,810	368,159,939	527,281,763	262,603,779
Net Position, end of year	$ 623,075,774	$ 598,855,523	$ 573,182,810	$ 368,159,939

The accompanying notes are an integral part of the financial statements

TUALATIN VALLEY WATER DISTRICT
STATEMENTS CASH FLOWS
YEARS ENDED JUNE 30, 2023 AND 2022

	2023		2022	
		Component Unit		Component Unit
	Tualatin Valley Water District	Willamette Water Supply System Commission	Tualatin Valley Water District (As Restated)	Willamette Water Supply System Commission
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	$ 82,287,939	$ -	$ 78,092,208	$ -
Payments from other entities	35,742,043	484,667	3,578,739	642,153
Payments to employees for services	(21,508,820)	-	(19,620,857)	-
Payments to suppliers for goods and services	(17,760,216)	(659,856)	(13,318,257)	(632,980)
Net Cash Provided by (Used for) Operating Activities	78,760,946	(175,189)	48,731,833	9,173
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition and construction of capital assets	(52,684,953)	(198,097,043)	(36,957,233)	(103,559,306)
Capital contributions	5,304,498	203,193,004	5,532,785	105,712,585
Proceeds from revenue bond issuance	82,699,946	-	-	-
Proceeds from the sale of assets	118,187	-	175,161	-
Rental income from non-utility property	100,508	-	49,806	-
Reimbursement from other agencies	-	150	-	200
Payments on leases	-	(455,906)	-	(447,683)
Net Cash Provided by (Used for) Capital and Related Financing Activities	35,538,186	4,640,205	(31,199,481)	1,705,796
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Proceeds from long term debt	140,206,119	-	103,436,353	-
Contributions to joint ventures	(129,028,354)	-	(60,168,825)	-
Principal paid on software subscription liability	(391,460)	-	(50,825)	-
Interest paid on software subscription liability	(269,946)	-	(25,371)	-
Net Cash Provided by Noncapital Related Financing Activities	10,516,359	-	43,191,332	-
CASH FLOWS FROM INVESTING ACTIVITIES				
Net cash used for investments	(94,698,157)	-	(88,440,187)	-
Interest on investments	1,894,452	-	911,673	-
Net Cash Used for Investing Activities	(92,803,705)	-	(87,528,514)	-
Net Increase (Decrease) in Cash and Cash Equivalents	32,011,786	4,465,016	(26,804,830)	1,714,969
Cash and Cash Equivalents, beginning of year	11,027,531	4,559,104	37,832,361	2,844,135
Cash and Cash Equivalents, end of year	$ 43,039,317	$ 9,024,120	$ 11,027,531	$ 4,559,104

Continued on next page

The accompanying notes are an integral part of the financial statements

TUALATIN VALLEY WATER DISTRICT
STATEMENTS CASH FLOWS
YEARS ENDED JUNE 30, 2023 AND 2022

	2023		2022	
		Component Unit		Component Unit
	Tualatin Valley Water District	Willamette Water Supply System Commission	Tualatin Valley Water District (As Restated)	Willamette Water Supply System Commission
RECONCILIATION OF NET OPERATING INCOME TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES				
Net Operating Income (Loss)	$ 42,448,762	$ (128,180)	$ 40,678,227	$ 335,810
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation and amortization	8,424,242	128,030	7,389,206	(336,010)
Provision for uncollectible accounts	1,235,021	-	(65,021)	-
Pension accounts	1,282,873	-	714,640	-
OPEB accounts	(146,122)	-	(135,854)	-
Changes in operating accounts:				
Accounts receivable	(8,161,021)	(9,917)	2,363,192	(5,666)
Inventory	(629,403)	-	(492,714)	-
Prepaids and deposits	(868)	(174,418)	(38,450)	23,816
Accounts payable	34,555,013	9,296	(1,678,767)	(8,777)
Accrued payroll liabilities	(11,609)	-	(243,735)	-
Deposits	(235,942)	-	241,109	-
Net Cash Provided by (Used for) Operating Activities	$ 78,760,946	$ (175,189)	$ 48,731,833	$ 9,173

	2023		2022	
NONCASH INVESTING AND FINANCING ACTIVITIES				
Net loss in investment in joint ventures	$ (1,306,090)		$ (952,351)	
Unrealized loss for change of investment portfolio valuation	(515,967)		(1,287,618)	
Capital assets abandoned	(77,592)		(37,923)	
Unpaid interest expense	2,676,697		58,183	
Capital assets contributed by developers	1,091,756		835,713	

Continued from previous page

The accompanying notes are an integral part of the financial statements

DESCRIPTION OF THE DISTRICT

The District

The District is a municipal corporation organized and operating under ORS Chapter 264. The purpose of the District is to supply potable water to its residents and local businesses. The Board of Commissioners consists of five members resident in the District and elected by voters.

The principal sources of revenues are from water sales, interest earnings, capital contributions from customers and developers for meters and distribution lines, and revenue from contract reimbursements from partner agencies. Revenues are expended primarily for operations, additions to utility plant in service, and investments in joint ventures.

The District purchases approximately 65% of its water supply from the City of Portland. A ten-year agreement with the City of Portland to purchase water was approved by the District Board of Commissioners in April 2006. This agreement was amended and renewed during fiscal year 2016. The City of Portland has given the District a 5-year notice to terminate the agreement effective June 30, 2026. The District’s investments in the Willamette Water Supply System is scheduled to replace the water supply from the City of Portland once the agreement with Portland expires.

The remainder of the District’s water is supplied by the Joint Water Commission (JWC) using water from the Barney Reservoir Joint Ownership Commission (BRJOC), pursuant to a perpetual Water Service Agreement among the cities of Beaverton, Forest Grove, Hillsboro, and the District. These parties jointly own, in varying amounts, raw water storage, surface water rights, raw water pump stations, a water treatment plant, reservoirs, and transmission facilities.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The District is a single enterprise similar to a commercial entity for financial reporting purposes. Accordingly, these financial statements are reported using the flow of economic resources measurement focus using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows.

Reporting Entity

Accounting principles generally accepted in the United States of America require that the reporting entity include:

1. The primary government
2. Organizations for which the primary government is financially accountable
3. Other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity’s financial statements to be misleading or incomplete

A Board of Commissioners elected directly by the citizens residing in the District governs the District, making it, by definition, a primary government.

The District has ownership positions in five joint ventures and is the managing agency for three of them. The District reports its share of income or loss on these joint ventures using the equity method.

Joint ventures managed by other agencies:

1. The Barney Reservoir Joint Ownership Commission (BRJOC) is a joint venture of the District and four other entities consisting of Clean Water Services and the cities of Beaverton, Forest Grove, and Hillsboro. The BRJOC is managed by the City of Hillsboro and its financial statements may be obtained from the City of Hillsboro, Finance Department, 150 East Main Street, Fifth Floor, Hillsboro, Oregon 97123.

2. The Joint Water Commission (JWC) is a joint venture of the District, and the cities of Beaverton, Forest Grove, and Hillsboro. The JWC is managed by the City of Hillsboro and its financial statements may be obtained from the City of Hillsboro, Finance Department, 150 East Main Street, Fifth Floor, Hillsboro, Oregon 97123.

Joint ventures managed by the District:

1. The Willamette River Water Coalition (WRWC) is a joint venture of the District and the cities of Sherwood, Tigard, and Tualatin. The financial statements may be obtained from the Tualatin Valley Water District, Finance Department, 1850 SW 170th Avenue, Beaverton, OR 97003.

2. The Willamette Intake Facilities Commission (WIFC) is a joint venture of the District and the cities of Beaverton, Hillsboro, Sherwood, Tigard, and Wilsonville. The WIFC is governed by a six-member board, with one member appointed by each party. The financial statements may be obtained from the Tualatin Valley Water District, Finance Department, 1850 SW 170th Avenue, Beaverton, OR 97003.

3. The Willamette Water Supply System Commission (WWSSC) is a joint venture of the District and the cities of Beaverton and Hillsboro. WWSSC is also a component unit of the District. The financial statements may be obtained from the Tualatin Valley Water District, Finance Department, 1850 SW 170th Avenue, Beaverton, OR 97003.

For more information on the joint ventures see the Joint Ventures and Component Unit section of these notes.

Operating Revenues, Operating Expenses, Nonoperating Revenues, and Nonoperating Expenses

Operating revenues include water sales revenue, which is defined as all service charges and other applicable charges directly attributable to providing potable water, and administrative services which is defined as management services, construction plan review, dispatch, backflow fees, and other related activities.

Operating expenses are defined as those expenses directly related to providing the services reflected within operating revenues including depreciation and amortization but excludes capital-related personnel expenses and materials and services costs which are capitalized.

Nonoperating revenues are revenues of the District not directly attributable to the services provided. This includes interest income, unrealized gain on investments, rental and other income.

Nonoperating expenses are defined as those expenses that are not directly attributable to the operation of the District, such as the loss in equity in joint ventures, interest expense, and loss on disposal of assets.

Capital Contributions

Capital contributions consist primarily of meter installation fees, system development charges, contributions by developers for meter and pipe installation, contributions for easements, and payments from local agencies for capital improvements undertaken by the District directly benefiting those agencies.

Cash and Cash Equivalents and Investments

The District applies the provisions of GASB Statements No. 31, Accounting and Financial Reporting for Certain Investments and for External Investment Pools and No. 72, Fair Value Measurement and Application, which requires the District to report certain investments at fair value in the Statements of Net Position.

Cash and investments are valued at fair value in the basic financial statements. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices for identical instruments in active markets. Level 2 inputs are quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model derived valuations in which all significant inputs are observable. Level 3 inputs are valuations derived from valuation techniques in which significant inputs are unobservable.

Oregon law (ORS 294.035) allows the District to invest in the following categories:

- General obligations of the United States and its agencies and instrumentalities.
- Debt obligations lawfully issued by the state of Oregon or its subdivisions rated A- or better.
- Debt obligations lawfully issued by the states of California, Idaho and Washington or their subdivisions rated AA- or better.
- Corporate indebtedness rated P-1 or AA3 or better by Moody’s Investors Service (Moody’s) or A-1 or AA- or better by S&P Global Ratings (S&P) and Fitch Ratings (Fitch) or an equivalent rating by any nationally recognized statistical rating organization.

In the event of different ratings by the recognized ratings agencies then the lowest rating must meet the District’s policy. Other allowable investments include Bank Deposit/Savings Accounts, Certificates of Deposit, Bankers’ Acceptances, and the Local Government Investment Pool (LGIP). Issuer constraints for commercial paper combined with corporate notes are limited by statute to 5% of market value per issuer.

The District explicitly states the gains and losses as separate disclosures in the Statements of Revenues, Expenses and Changes in Net Position.

Cash Equivalents/Statements of Cash Flows

For purposes of the Statements of Cash Flows, cash and cash equivalents include short-term (original maturity of three months or less) highly liquid investments that are readily converted into known amounts of cash or so near maturity they present insignificant risk of changes in value because of changes in interest rates.

Accounts Receivable

Revenues are recorded when earned. Most billings are rendered on a bimonthly cycle, but some billings, especially commercial, are rendered on a monthly cycle. The District accrues estimated revenue for water used by customers, but not yet billed. An allowance for doubtful accounts is reviewed periodically for adequacy.

Inventory

Inventory of materials is stated at cost using average cost and is charged against operations as used.

Non-Utility Property

Non-utility property consists of land, structures and other property owned by the District but not used in utility service. Non-utility property is stated at cost, which includes labor, materials, and direct and indirect costs.

Capital Assets - Utility Plant in Service

Utility plant in service is stated at cost. Costs include labor, materials, and related indirect costs, such as engineering and transportation. Contributed assets are recorded at acquisition value at the time received. Depreciation is computed using the straight-line method over the estimated useful lives of the various assets as follows:

	Years
Buildings and improvements	50
Joint Facilities	50
Machinery and equipment	3-20
Pumps	10-30
Reservoirs	35-50
Water distribution system	50
Water treatment plants	50-75

Expenditures for major additions, improvements, and replacements are capitalized for amounts over $7,500. Normal maintenance and repairs are charged to operations as incurred.

Net Position

The District's net position consists of the net earnings from operating and nonoperating revenues, expenses, and contributions of capital. Net position is classified in the following three components: net investment in capital assets, restricted, and unrestricted components of net position. Net investment in capital assets consists of all capital assets, net of accumulated depreciation, lease liabilities, and capital-related accounts payable. Restricted net position components consist of net position for which constraints are placed thereon by external parties, such as lenders, grantors, contributors, laws, regulations and enabling legislation, including legal mandates. When both restricted and unrestricted resources are available for use, it is the District's practice to use restricted resources first, and then unrestricted resources as they are needed. Unrestricted components consist of all other net positions not included in the above categories.

Deferred Inflows and Outflows of Resources

In addition to assets, the *Statements of Net Position* reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represent 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.

In addition to liabilities, the *Statements of Net Position* reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represent an acquisition of net assets that applies to future periods and so will not be recognized as an inflow of resources (revenue) until then.

Pensions

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.

Accrued Compensated Absences

Regular full-time and some part-time employees are entitled to paid vacations. Vacation leave is computed based on years of service and is accrued bi-weekly. Employees may accumulate up to a maximum of 400 hours of vacation time, depending on longevity. The District allows employees to apply overtime hours worked to compensatory time (comp time). Employees may accumulate up to 80 hours of comp time. The District's liability for accrued vacation and comp time is reported as the current liability accrued compensated absences in the financial statements, as amounts paid each year for compensated absences tend to exceed the annual accrual.

BUDGETARY PROCESS AND FUND DESCRIPTIONS

Budget

Pursuant to Oregon Local Budget Law, ORS Chapter 294.305 through 294.565, the District manages its operations through fund accounting. A biennial budget is adopted on odd-numbered years for all funds. The budget is adopted on the modified accrual basis. Under the modified accrual basis of accounting, revenues are recognized when they become susceptible to accrual (measurable and available to finance expenditures of the current period). Expenses are generally recognized when the related liability has been incurred. The exception is interest on general long-term debt, which is recognized when due.

In the budget process, management (the budget officer) presents a proposed budget to the Budget Committee at an advertised meeting that is open to the public. The Budget Committee consists of the Board of Commissioners and five citizens appointed by the Board who are electors within the District. Citizen appointments to the Budget Committee are for four-year terms. Once the Budget Committee has approved a budget, a financial summary, together with a notice of public hearing, is prepared and published in a newspaper of general circulation in the District. At the public hearing the Board of Commissioners considers the budget and further public testimony prior to adoption.

The Board adopts the budget by resolution making appropriations by major functional categories for all funds for two fiscal years. Appropriations lapse at the end of the second fiscal year of the biennium on June 30.

Major functional categories at the fund level identify the legal level of budgetary control above which expenditures are not authorized. The major functional categories are personnel services, materials and services, capital outlay, special payments, debt service, inter-fund transfers, and operating contingency. The Board of Commissioners may select a lower level of appropriations than the Budget Committee in which case the legal level of appropriation is stated in the appropriation resolution. The biennial expenditure budget is adopted by major functional categories within each fund in the appropriation resolution. Administrative staff may not amend the adopted budget.

The Board of Commissioners may transfer appropriations from one functional category to another by resolution, but it may not increase total appropriations outside of the budget process. In the event of an unforeseen pressing need for expenditures or if unforeseen funds become available during the year, the Board of Commissioners may increase appropriations by adopting a supplemental budget. If the estimated expenditures in the supplemental budget are 10% or less than the related appropriation from the adopted biennial budget, the Board of Commissioners can adopt the supplemental budget at a regular meeting that has been noticed. The notice must be published not less than five days prior to the meeting. If the proposed adjustments are more than 10%, the supplemental budget shall be heard in a public hearing and the notice must contain a summary of changes proposed.

Funds

The District uses the following budgetary funds to account for its activities:

General Fund - This fund is used to account for the financial resources of the District that are not accounted for in other funds. Primary sources of revenue are water sales, service fees, and interest earnings. Primary expenditures are for water purchases, system maintenance, general administration, and transfers to the Capital Reserve Fund.

Capital Improvement Fund - This fund is used to account for financial transactions for the acquisition or construction of major capital facilities. Financial resources are transfers from other funds.

Capital Reserve Fund - This fund is used to hold resources for current and future capital improvements, water supply projects and investments in joint ventures. Primary sources of revenue are system development charges and transfers from other funds.

Debt Proceeds Fund - This fund is used to account for proceeds received from revenue bonds. The primary source of revenue currently consists of proceeds from the EPA for the District’s Water Infrastructure Finance and Innovation Act (WIFIA) loan and the Water Revenue Bond, Series 2023

Customer Emergency Assistance Fund - This fund is used to account for the resources, administration, and customer payments for those customers who qualify for emergency assistance.

Willamette River Water Coalition Fund - This fund is used to account for the activities of the WRWC. *See Joint Ventures and Component Unit* section of these notes for further information. This fund is not included in the District's *Statements of Net Position*, *Statements of Revenues*, *Expenses and Changes in Net Position*, and *Statements of Cash Flows*.

Willamette Intake Facilities Fund - This fund is used to account for the activities of the WIFC. See Joint Ventures and Component Unit section of these notes for further information. This fund is not included in the District's *Statements of Net Position*, *Statements of Revenues*, *Expenses and Changes in Net Position*, and *Statements of Cash Flows*.

Willamette Water Supply System Fund - This fund is used to account for the activities of the component unit, WWSSC. See Joint Ventures and Component Unit section of these notes for further information. This fund is reported in a separate column in the District's *Statements of Net Position* and *Statements of Revenues*, *Expenses and Changes in Net Position*. None of the activity or balances from this fund are included in District amounts reported in the *Statements of Net Position*, *Statements of Revenues*, *Expenses and Changes in Net Position*, and *Statements of Cash Flows*.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect reporting amounts of certain assets, liabilities, deferred inflows and outflows of resources, revenues, and expenses as of, and for the years ended June 30, 2023 and 2022. Actual results may differ from such estimates.

Reclassifications

Certain prior year amounts have been reclassified to conform to the current year presentation. Total net position was not affected by these reclassifications.

Adoption of New GASB Pronouncements

The District newly implemented the following GASB pronouncements in preparing this report:

GASB Statement No. 94, Public-Private and Public-Public Partnership and Availability Payment Arrangements: This Statement was issued March 2020 to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). It also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). There was no effect on the District's financial statements as a result of implementing this pronouncement.

GASB Statement No. 96, Subscription-Based Information Technology Arrangements (SBITAs): This statement was issued May 2020 to provide guidance on the accounting and financial reporting for subscription-based information technology arrangements for government end users (governments). This statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset - an intangible asset - and a corresponding subscription liability; (3) provides the capitalization criteria for outflows other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. Disclosures related to this pronouncement can be found in the *Intangible Software Subscription Assets and Liabilities* section of these notes.

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. There was no effect on the District's financial statements as a result of implementing this pronouncement.

Future Adoption of GASB Pronouncements

GASB Statement No. 100, Accounting Changes and Error Corrections, an amendment of GASB Statement No. 62: This statement 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. The requirements of this Statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter.

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. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter.

The District will implement new GASB pronouncements no later than the required effective date.

CASH AND INVESTMENTS

The District maintains substantially all investments in one pool. Earnings are allocated to each fund based on the fund's portion of the pool held daily. Investments earned an average yield of 2.88% and 1.14% in fiscal years ended June 30, 2023 and 2022, respectively.

	2023	2022
Cash on hand	$ 1,119	$ 1,038
Cash held by others	117,004	89,883
Checking accounts	13,756,121	1,464,463
Oregon State Treasurer's Local Government Investment Pool (LGIP)	29,165,073	9,472,147
Total Cash and Cash Equivalents	$ 43,039,317	$ 11,027,531

	2023	2022
Cash and cash equivalents - unrestricted	$ 15,571,108	$ 11,018,491
Cash and cash equivalents - restricted	27,468,209	9,040
Total Cash and Cash Equivalents	43,039,317	11,027,531
Investments	242,621,706	144,556,507
Total Cash and Cash Equivalents and Investments	$ 285,661,023	$ 155,584,038

As of June 30, the District held the following investments:

	Ratings: Moody's / S&P	Wieghted Average Maturity In Years	2023	2022	Level Inputs
US Government securities					
Federal Home Loan Banks	Aaa/AA+	0.74	$ 25,258,530	$ 3,001,170	2
Federal National Mortgage Association	Aaa/AA+	0.00	-	-	2
Federal Home Loan Mortgage Corporation	Aaa/AA+	0.27	4,931,865	7,766,910	2
Federal Farm Credit Banks	Aaa/AA+	1.39	5,886,700	2,875,560	2
Municipal Bonds		0.83	-	245,505	2
Corporate Bonds	AA+, AA, AA-, AAA/ Aa1, Aa2, Aaa, Aa3	1.10	1,621,538	6,644,532	2
US Treasury Notes & Bonds		0.30	204,923,073	124,022,830	1
Total Investments		0.38	242,621,706	144,556,507	
LGIP		1.66	29,165,073	9,472,147	*
Total Investments and LGIP		0.51	$ 271,786,779	$ 154,028,654	

Level Inputs

The "effective duration in years" calculation assumes that all investments are held until maturity. The District classifies its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The District has the following fair value measurements as of June 30, 2023:

- US Government Treasury notes are valued using quoted market prices (Level 1 inputs).
- US Government securities, corporate and municipal bonds are valued using observable inputs (Level 2 inputs).
- (*) 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 United States Securities and Exchange Commission as an investment company. Fair value of the LGIP is calculated at the same value as the number of pool shares owned. The unit of account is each share held, and the value of the position would be the fair value of the pool's share price multiplied by the number of shares held. Investments in the Oregon Short-Term Fund are governed by ORS 294.135, Oregon Investment Council, and portfolio guidelines issued by the Oregon Short-Term Fund Board. The LGIP seeks to exchange shares at $1.00 per share; an investment in the LGIP is neither insured nor guaranteed by the FDIC or any other government agency. Although the LGIP seeks to maintain the value of share investments at $1.00 per share, it is possible to lose money by investing in the pool. The District intends to measure these investments at book value, as the LGIP's fair value approximates its amortized cost basis. The effective duration in years was calculated based on the underlying assets within the pool as of June 30, 2023.

Interest Rate Risk Disclosure

As a means of limiting its exposure to fair value losses from rising interest rates, the District's investment policy has various limitations. The priority is to invest in maturities that match liquidity needs of the District. Within the District's Investment Policy, adopted by the Board annually, the District's target is to maintain maturities within the following parameters for the total portfolio:

Maturity Constraints	Minimum %
Under 30 days	10%
Under one year	25%
Under five years	100%

Maturity Constraints	Maximum in Years
Weighted Average Maturity	2.0

Security Structure Constraint	Maximum %
Callable Agency Securities	25%

As of June 30, 2023, the maximum amount of investments to be placed in the LGIP by an Oregon local government is limited by Oregon Statute to $56,763,000. This amount increases by the US City Average Consumer Price Index annually on September 1. The limit can be temporarily exceeded for ten consecutive business days and does not apply either to pass-through funds or to funds invested on behalf of another governmental unit.

Custodial Credit Risk

At June 30, 2023, the book balance of the District's bank deposits (checking accounts) was $13,756,121 and the bank balances totaled $13,132,679. The difference is due to transactions in process. Of the deposit balance, $250,000 is insured by Federal Deposit Insurance Corporation (FDIC). As required by Oregon law, deposits in excess of FDIC 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.

ACCOUNTS RECEIVABLE

	June 30,	
	2023	2022
Accounts receivable	$ 7,214,283	$ 2,815,851
Accrued water sales	13,192,056	9,110,699
Other receivables	1,649,338	1,968,106
	22,055,677	13,894,656
Less: Allowance for doubtful accounts	(1,920,000)	(684,979)
Total Accounts Receivable, net	$ 20,135,677	$ 13,209,677

ACCOUNTS AND RETAINAGE PAYABLE

	June 30,	
	2023	2022
Accounts payable - operating related	$ 37,379,681	$ 2,824,668
Accounts payable - capital related	5,815,605	9,329,601
Retainage payable	3,040,864	1,225,321
Total Accounts Payable	$ 46,236,150	$ 13,379,590

JOINT VENTURES AND COMPONENT UNIT

Barney Reservoir Joint Ownership Commission

The Barney Reservoir Joint Ownership Commission (BRJOC) was organized under ORS 190 and is a joint venture of the District and four other entities consisting of Clean Water Services and the cities of Beaverton, Forest Grove, and Hillsboro. The purpose of the BRJOC is to own and operate the Barney Reservoir, which is a source of stored raw water for the District.

All operating expenses, capital asset acquisitions and net income or loss are allocated to the respective joint venturers using the following percentages:

City of Beaverton	21.5	%
City of Forest Grove	2.5	
City of Hillsboro	31.0	
Clean Water Services	10.0	
Tualatin Valley Water District	35.0	

Joint Water Commission

The Joint Water Commission (JWC) was organized under ORS 190 and is a joint venture of the District, and the cities of Beaverton, Hillsboro, and Forest Grove. The purpose of the JWC is to operate raw water intake facilities, a water treatment plant, storage, and transmission facilities. The JWC provides treatment and transmission of water for the District. The JWC is governed by three members appointed by each venturer.

The allocation of operations and maintenance cost among the venturers is determined on a unit basis. Each venturer is charged based on the number of units of water provided to them. Net income or loss is allocated to the respective joint venturers using the following percentages:

City of Beaverton	22.06	%
City of Forest Grove	11.76	
City of Hillsboro	49.12	
Tualatin Valley Water District	17.06	

Willamette Intake Facilities Commission

The Willamette Intake Facilities Commission (WIFC) was organized in April 2018 under ORS 190 and established by an agreement among the District and the cities of Beaverton, Hillsboro, Sherwood, Tigard, and Wilsonville. The WIFC was formed to manage, operate and provide for the capital needs of the WIF which is used to withdraw and transmit water to its members.

Administration expenses are apportioned to the joint venturers using the following formula: 25% of the administrative costs for the fiscal year are divided evenly among the joint venturers; the remaining 75% are divided among the joint venturers according to their percentage share of the capacity ownership in the intake facilities.

Operations, maintenance, and repair expenses that are a result of use of the facilities are allocated based on each party’s proportionate use of the WIFC (see rates below). Operations, maintenance, and repair expenses unrelated to usage will be allocated based on each party’s proportionate ownership of the WIFC.

The percentage share of the capacity ownership of the joint venturers in the WIFC at June 30, 2023, were as follows:

City of Beaverton	3.3	%
City of Hillsboro	24.1	
City of Sherwood	6.5	
City of Tigard	10.0	
City of Wilsonville	16.7	
Tualatin Valley Water District	39.4	

Willamette River Water Coalition

The Willamette River Water Coalition (WRWC) was organized under ORS 190 and established an agreement among the District and the cities of Sherwood, Tigard, and Tualatin. The purpose of the WRWC is to preserve access and coordinate water rights to the Willamette River as a municipal and industrial water source. The WRWC is managed by the District and is governed by a four-member board, with one member appointed by each venturer.

Allocation of operation and maintenance expenses are determined on a unit basis. Each joint venturers' apportioned share of the general administration expenses is determined by the following formula: one half of the administrative costs for the fiscal year is divided evenly among the joint venturers, the second half of the total administrative costs for the fiscal year is divided among the joint venturers according to their percentage share of the total number of water meters served as of January 1 of the preceding fiscal year.

The following percentages, as of June 30, 2023, were based on number of water meters served, as noted above:

City of Sherwood	15.7	%
City of Tigard	23.2	
City of Tualatin	16.3	
Tualatin Valley Water District	44.8	

Willamette Water Supply System Commission (Component Unit of the District)

The Willamette Water Supply System Commission (WWSSC) was organized in July 2019 under ORS 190 and was established by an agreement among the District and the cities of Beaverton and Hillsboro. The WWSSC was formed to own, operate, and maintain the WWSS, which is the water supply facilities and infrastructure beginning at the WIF system separation point and continuing to the points of delivery (turnouts). The purpose of the WWSS is to supply potable water to the District and the cities of Beaverton, Hillsboro, and potentially, other municipal water providers. The WWSSC is managed by the District and is governed by a three-member board, with one representative appointed by each venturer.

Expenses are allocated using two formulas: one for administration costs, the other for other operating costs. Administration costs are allocated to the venturers based on two weighted factors. The first weighted factor is equal shares. Each of the three venturers is allocated one-third of the costs recovered based on equal shares. The second factor is based on percentage ownership. For Administration costs, the two factors are weighed 25% based on equal shares and 75% based on ownership.

Based on the Government Accounting Standards Board (GASB) Statement No. 90, the WWSSC is considered a Component Unit of the District. The WWSSC is reported in this Annual Comprehensive Financial Report by inclusion of separate columns in the *Statements of Net Position*, *Statements of Revenue, Expenses and Changes in Net Position, and Statements of Cash Flows* for its balances and activity.

The percentage share of the capacity ownership of the joint venturers in the WWSSC at June 30, 2023, were as follows:

City of Beaverton	12.1	%
City of Hillsboro	35.4	
Tualatin Valley Water District	52.5	

The District's investments in joint ventures is summarized as follows:

	BRJOC	JWC	WIFC	WRWC	WWSSC	Total
June 30, 2021 Balance	$ 7,505,971	$ 36,803,913	$ 7,027,332	$ 2,663	$ 144,429,929	$ 195,769,808
Investments	-	247,338	1,795,265	-	58,126,222	60,168,825
Loss for the year	(277,258)	(437,328)	(128,382)	(5,009)	(104,374)	(952,351)
June 30, 2022 Balance	$ 7,228,713	$ 36,613,923	$ 8,694,215	$ (2,346)	$ 202,451,777	$ 254,986,282
Investments	16,453	210,132	229,820	-	128,571,949	129,028,354
Gain (loss) for the year	(280,861)	(514,034)	(148,912)	6,367	(368,650)	(1,306,090)
June 30, 2023 Balance	$ 6,964,305	$ 36,310,021	$ 8,775,123	$ 4,021	$ 330,655,076	$ 382,708,546

CAPITAL ASSETS

The changes in components of capital assets for the year ended June 30, 2023, were as follows:

	June 30, 2022	Additions	Transfers	Disposals	June 30, 2023
Capital Assets, Nondepreciable					
Land and easements	$ 4,621,628	$ -	$ -	$ -	$ 4,621,628
Construction in progress	59,232,489	50,847,574	(13,838,253)	(77,592)	96,164,218
Total Capital Assets, Nondepreciable	63,854,117	50,847,574	(13,838,253)	(77,592)	100,785,846
Capital Assets, Utility Plant in Service					
Buildings and improvements	21,184,909	-	144,241	-	21,329,150
Investment in joint facilities	983,518	-	-	-	983,518
Water treatment facilities	5,823,909	-	-	-	5,823,909
Water distribution system	209,890,348	1,091,757	5,554,854	(60,378)	216,476,581
Reservoirs	67,572,234	-	20,641	-	67,592,875
Pumps	17,330,473	-	79,940	-	17,410,413
Machinery and equipment	10,308,672	-	8,038,577	(715,509)	17,631,740
Total Capital Assets, Utility Plant in Service	333,094,063	1,091,757	13,838,253	(775,887)	347,248,186
Accumulated Depreciation					
Buildings and improvements	(10,518,703)	(760,999)	-	-	(11,279,702)
Investment in joint facilities	(507,589)	(31,422)	-	-	(539,011)
Water treatment plants	(2,401,032)	(140,478)	-	-	(2,541,510)
Water distribution system	(81,966,121)	(4,132,909)	-	39,996	(86,059,034)
Reservoirs	(15,951,497)	(1,348,209)	-	-	(17,299,706)
Pumps	(6,166,341)	(383,014)	-	-	(6,549,355)
Machinery and equipment	(8,724,570)	(1,066,037)	-	688,563	(9,102,044)
Total Accumulated Depreciation	(126,235,853)	(7,863,068)	-	728,559	(133,370,362)
Total Capital Assets, Utility Plant in Service, net	206,858,210	(6,771,311)	13,838,253	(47,328)	213,877,824
Total Capital Assets, net	$270,712,327	$44,076,263	$ -	$(124,920)	$314,663,670

The changes in components of capital assets for the year ended June 30, 2022, were as follows:

	June 30, 2021	Additions	Transfers	Disposals	June 30, 2022
Capital Assets, Nondepreciable					
Land and easements	$ 4,426,420	$ -	$ 195,208	$ -	$ 4,621,628
Construction in progress	25,736,273	40,222,153	(6,688,014)	(37,923)	59,232,489
Total Capital Assets, Nondepreciable	30,162,693	40,222,153	(6,492,806)	(37,923)	63,854,117
Capital Assets, Utility Plant in Service					
Buildings and improvements	21,133,964	-	50,945	-	21,184,909
Investment in joint facilities	983,518	-	-	-	983,518
Water treatment facilities	5,823,909	-	-	-	5,823,909
Water distribution system	204,797,307	835,713	4,418,725	(161,397)	209,890,348
Reservoirs	67,177,470	-	394,764	-	67,572,234
Pumps	15,757,763	-	1,572,710	-	17,330,473
Machinery and equipment	10,661,650	-	55,662	(408,640)	10,308,672
Total Capital Assets, Utility Plant in Service	326,335,581	835,713	6,492,806	(570,037)	333,094,063
Accumulated Depreciation					
Buildings and improvements	(9,762,448)	(756,255)	-	-	(10,518,703)
Investment in joint facilities	(476,169)	(31,420)	-	-	(507,589)
Water treatment plants	(2,260,554)	(140,478)	-	-	(2,401,032)
Water distribution system	(77,973,795)	(4,104,560)	-	112,234	(81,966,121)
Reservoirs	(14,605,653)	(1,345,844)	-	-	(15,951,497)
Pumps	(5,815,268)	(351,073)	-	-	(6,166,341)
Machinery and equipment	(8,481,385)	(612,811)	-	369,626	(8,724,570)
Total Accumulated Depreciation	(119,375,272)	(7,342,441)	-	481,860	(126,235,853)
Total Capital Assets, Utility Plant in Service, net	206,960,309	(6,506,728)	6,492,806	(88,177)	206,858,210
Total Capital Assets, net	$237,123,002	$33,715,425	$ -	$(126,100)	$270,712,327

INTANGIBLE SOFTWARE SUBSCRIPTION ASSETS AND LIABILITY

The District has implemented *GASB Statement No. 96 Subscription-Based Information Technology Arrangements* (GASB 96) effective the beginning of FY2022. This section of the report contains required disclosures related to this GASB statement.

The District has entered into an agreement for a subscription to use customer information and utility billing software effective June 1, 2022. The initial term of the subscription is 42 months with the ability to extend the term up to an additional ten years. The current outflow for the subscription is $55,117 per month with annual increases of 2.5% every December. The District has estimated the subscription asset to have a ten-year useful life and will amortize the asset using a straight-line amortization over ten years. The subscription liability valued the upfront payment of $21,078 and ten years of monthly payments thereafter using a discount rate of 5.5%, which was the estimated incremental borrowing rate of the District.

Changes in subscription assets and related accumulated amortization for the years ended June 30, 2023 and 2022 are as follows:

	June 30, 2022 as Restated	Additions	Disposals	June 30, 2023
Intangible software subscriptions	$ 5,611,746	$ -	$ -	$ 5,611,746
Accumulated amortization	(46,765)	(561,175)	-	(607,940)
Intangible software subscriptions, net	$ 5,564,981	$ (561,175)	$ -	$ 5,003,806

	June 30, 2021	Additions	Disposals	June 30, 2022 as Restated
Intangible software subscriptions	$ -	$5,611,746	$ -	$ 5,611,746
Accumulated amortization	-	(46,765)	-	(46,765)
Intangible software subscriptions, net	$ -	$5,564,981	$ -	$ 5,564,981

Changes in the subscription liability for the years ended June 30, 2023 and 2022 are as follows:

	6/30/2022 as Restated	Additions	Reductions	June 30, 2023
Subscription liability	$ 5,560,921	$ -	$ (391,460)	$ 5,169,461

	June 30, 2021	Additions	Reductions	6/30/2022 as Restated
Subscription liability	$ -	$ 5,611,746	$ (50,825)	$ 5,560,921

As of June 30, 2023, principal and interest payments for the subscription liability as of June 30, 2023 are as follows:

Fiscal Year	Principal	Interest	Total Subscription Payments
2024	$ 396,519	$ 274,534	$ 671,053
2025	436,088	251,741	687,829
2026	478,320	226,705	705,025
2027	523,375	199,276	722,651
2028	571,423	169,294	740,717
2029-2032	2,763,736	320,166	3,083,902
	$ 5,169,461	$ 1,441,716	$ 6,611,177

Certain FY2022 amounts reported in the Annual Comprehensive Financial Report for the fiscal years ended June 30, 2022 and 2021 were required to be restated in this report as a result of implementing GASB 96. A summary of the restated amounts relating to FY2022 for subscription-based information technology arrangements are as follows:

	Originally Reported	Restatement	As Restated
Statement of Net Position as of June 30, 2022			
Intangible software subscriptions, net	-	5,564,981	5,564,981
Subscription liability current	-	(391,460)	(391,460)
Subscription liability long-term	-	(5,169,461)	(5,169,461)
Unrestricted net position	(312,686,736)	(4,060)	(312,690,796)
Statement of Revenues, Expenses and Changes in Net Position for the year ended June 30, 2022			
General and administrative expense	6,272,637	(76,196)	6,196,441
Depreciation and amortization expense	7,342,441	46,765	7,389,206
Interest expense	58,183	25,371	83,554
Statement of Cash Flows for the year ended June 30, 2022			
Payments to suppliers for goods and services	(13,394,453)	76,196	(13,318,257)
Principal paid on software subscription liability	-	(50,825)	(50,825)
Interest paid on software subscription liability	-	(25,371)	(25,371)

LONG-TERM DEBT

Bonds Payable

Changes in the District's long-term debt for the years ended June 30, 2023 and 2022 was as follows:

	Original Amount	June 30, 2022	Issued	Interest Capitalized	Redeemed	June 30, 2023	Due within one year
2020 WIFIA Revenue Bond, interest 1.35%, due June 2061	$387,748,990	$103,436,353	$140,206,119	$2,043,206	$ -	$245,685,678	$ -
2023 Water Revenue Bonds, interest 5%, due June 2053	72,805,000	-	72,805,000	-	-	72,805,000	-
Total bonds payable	$460,553,990	$103,436,353	$213,011,119	$2,043,206	$ -	318,490,678	-
Unamortized bond premiums						9,867,460	329,832
Total bonds payable, net of unamortized premiums						$328,358,138	$329,832

	Original Amount	June 30, 2021	Issued	Interest Capitalized	Redeemed	June 30, 2022	Due within one year
2020 WIFIA Revenue Bond, interest 1.35%, due June 2061	$387,748,990	$ -	$103,436,353	$ -	$ -	$103,436,353	$ -
Total bonds payable	$387,748,990	$ -	$103,436,353	$ -	$ -	$103,436,353	$ -

2020 WIFIA Revenue Bond

The United States Environmental Protection Agency (EPA) approved a $387.7 million loan (WIFIA loan) to fund a portion of the District's share of investment in the MPE, the WIF and the WWSS. The WIFIA loan closed on August 2, 2019. The District re-executed the WIFIA loan on September 15, 2020. The purpose of the re-execution was to lower the interest rate on the WIFIA loan from 2.39% to 1.35%. During FY2022 there was one draw against the WIFIA loan totaling $103.4 million. During FY2023 there were additional draws totaling $140.2 million against the WIFIA loan. On June 30, 2022, the remaining undisbursed amount of the WIFIA loan was $284.3 million. The District held a Parity Certificate as of June 30, 2023, authorizing up to $387.7 million in disbursements and related capitalized interest up to $26.5 million. The WIFIA loan principal amount or any other parity revenue bonds are secured by Net Revenues on an equal basis. As of June 30, 2023, there was $144.1 million remaining in authorized borrowings of principal under the Parity Certificate. Also authorized under the Parity Certificate is $26.5 million in interest that may be capitalized into the loan. There are no interest or principal payments due during the construction phase of the WWSS. The first debt service payment is due June 1, 2028. At that time outstanding principal and interest are due in equal payments until loan maturity on June 1, 2061. From inception of the loan until date of first payment, interest accrued will be added to the principal amount of the loan every May 31st and November 30th.

Water Revenue Bonds, Series 2023

The District issued Water Revenue Bonds, Series 2023 May 31, 2023 in the amount of $72,805,000. These bonds are on parity with the WIFIA loan. The bonds have an interest rate of 5.0% and were issued at a premium of $9,894,946. The premium will be amortized straight-line over the life of the bonds. The bonds are to fund District capital expenditures, including MPE and the District's share of investment in the WIF and WWSS. Interest payments are due December 1st and June 1st of each year beginning December 1, 2023. Principal payments are due June 1st of each year beginning June 1, 2028. The bonds mature June 1, 2053 and are callable June 1, 2033.

Future maturities of bond principal and interest as of June 30, 2023, are as follows:

Revenue Bonds Fiscal Year	Principal	Interest	Total Debt Service
2024 *	$ -	$ 3,650,362	$ 3,650,362
2025 *	-	3,640,250	3,640,250
2026 *	-	3,640,250	3,640,250
2027 *	-	3,640,250	3,640,250
2028 *	4,518,852	5,402,070	9,920,922
2029-2033	40,370,691	33,505,028	73,875,719
2034-2038	44,895,199	28,987,770	73,882,969
2039-2043	50,195,201	23,683,518	73,878,719
2044-2048	56,471,518	17,408,452	73,879,969
2049-2053	63,955,722	9,927,497	73,883,219
2054-2058	44,950,194	3,606,525	48,556,719
2059-2061	28,457,943	676,088	29,134,031
	$ 333,815,320	$ 137,768,060	$ 471,583,381
Capitalized interest included above	(15,324,642)		
Bonds payable as of June 30, 2023	318,490,678		

* During the period when no principal payments are required on the WIFIA loan, accrued interest will be capitalized (added) to the principal balance of the loan every May 31 and November 30. As of June 30, 2023, interest capitalization for the WIFIA loan is scheduled as follows:

Fiscal Year	Amount
2024	$ 3,318,258
2025	3,372,898
2026	3,418,586
2027	3,464,893
2028	1,750,007
	$ 15,324,642

Bond Covenants

The District has secured the WIFIA loan, and all other parity bonds, with "Net Revenues" and federal interest subsidies if present. Net Revenues are defined as gross revenues less operating expenses as defined in the District's Master Declaration (which excludes depreciation and amortization expenses). Annually the District must have "Coverage Revenues" of at least 115% of annual bond debt service and Net Revenues of at least 125% of annual bond debt service. Coverage Revenues is defined as Net

Revenues less System Development Charges. Annually the District must have an audit of its financial statements as well as a single audit in accordance with Section 2 of the Code of Federal Regulations Part 200 Subpart F and 31 USC Par 7503(b).

NET POSITION

Components of Net Position consists of the following:

	2023	2022 As Restated
Net Position		
Net investment in capital assets	$ 250,644,958	$ 260,161,465
Restricted	27,777,115	334,609
Unrestricted	344,653,701	312,686,736
Total Net Position	$ 623,075,774	$ 573,182,810
Net investment in capital assets		
Capital assets and intangible assets, net	$ 319,667,476	$ 276,277,308
Less: Outstanding bonds spent on capital expenditures	(54,996,588)	-
Less: Capital and intangible related accounts payable	(10,985,066)	(14,890,522)
Less: Retainage payable	(3,040,864)	(1,225,321)
Total Net Investment in Capital Assets	$ 250,644,958	$ 260,161,465
Restricted net position		
Restricted for OPEB	$ 317,946	$ 334,609
Outstanding bonds restricted for capital expenditures	27,459,169	-
Total Restricted Net Position	$ 27,777,115	$ 334,609

PENSION PLANS

Oregon Public Employees Retirement System (OPERS)

Plan Description

Employees of the District are provided pensions through OPERS, a cost-sharing multiple-employer defined benefit plan (plan). The benefits of OPERS are established by the Oregon legislature pursuant to ORS Chapters 238 and 238A. The ORS Chapter 238 Defined Benefit Pension Plan is closed to new members hired on or after August 29, 2003. OPERS issues a publicly available financial report that can be obtained at www.opers.org/financial/reports.shtml.

Benefits

Benefits provided under Chapter 238-Tier One / Tier Two:

- Pension Benefits. The OPERS retirement benefit is payable monthly for life. The benefit is largely funded by employer contributions (See Oregon Senate Bill 1049 section below). The benefit may be selected from 13 retirement benefit options. These options include survivorship benefits and lump-sum refunds. The basic benefit is based on years of service and final average salary. A percentage (1.67% for general service employees) is multiplied by the number of years of service and the final average salary. Benefits may also be calculated under either a formula plus annuity (for members who were contributing before August 21, 1981) or a money match computation if a greater benefit results.
- A member is considered vested and will be eligible at minimum retirement age for a service retirement benefit if he or she has had a contribution in each of five calendar years or has reached at least 50 years of age before ceasing employment with a participating employer. General Service employees may retire after reaching age 55 or 30 years of service. Tier One general service employee benefits are reduced if retirement occurs prior to age 58 with fewer than 30 years of service. Tier Two members are eligible for full benefits at age 60. The plans are closed to new members hired on or after August 29, 2003.
- Death Benefits. Upon the death of a non-retired member, the beneficiary must choose one of the following payment options:
  - Total Distribution: Refund of 100% of the member's account balance and employer-matching death benefit, if eligible.
  - Straight Life Annuity (pension): Lifetime monthly benefit from your member account balance and employer-matching death benefit, if eligible. (The monthly benefit must be at least $30 per month).
  - Partial Distribution Plus Pension: Distribution of 100% of your member account balance, in addition to a monthly lifetime pension from the employer-matching death benefit, if eligible. (The monthly benefit must be at least $30 per month.)
- Employer Matching Death Benefit. The employer-matching death benefit is payable if any of the following apply:
  - Member died and was actively employed in a PERS-covered position, and was not receiving retirement benefits;
  - Member died within 120 days after the last day of employment with a PERS employer, or
  - Member died while on official leave without pay[1] from a PERS employer.
- 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 benefits regardless of the length of OPERS-covered service. Upon qualifying for either a non-duty or duty disability, service time is computed to age 58 when determining the monthly benefit.
- Benefit Changes After Retirement. Members may choose to continue participation in a variable equities investment account after retiring and may experience annual benefit fluctuations due to

1 The employer must approve, in writing, an official leave of absence without pay for a specified time period and submit to PERS.

changes in the market value of equity investments. Under ORS 238.360 monthly benefits are adjusted annually through cost-of-living adjustments (COLA). Under current law, the cap on the COLA in FY2017 and beyond will vary based on 1.25% on the first $60,000 of annual benefit and 0.15% on annual benefits above $60,000.

Benefits provided under Chapter 238A-OPSRP Pension Program (OPSRP DB):

1. Pension Benefits. The ORS 238A Defined Benefit Pension Program provides benefits to members hired on or after August 29, 2003.

   This portion of the OPSRP provides a life pension largely funded by employer contributions (See Oregon Senate Bill 1049 section below). Benefits are calculated with the following formula for members who attain normal retirement age:

   General Service: 1.5% is multiplied by the number of years of service and the final average salary. Normal retirement age for general service members is age 65, or age 58 with 30 years of retirement credit.

   A member of the OPSRP pension program becomes vested on the earliest of the following dates: the date the member completes 600 hours of service in each of five calendar years, the date the member reaches normal retirement age, and, if the pension program is terminated, the date on which termination becomes effective.

2. 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.

3. 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% of the member's salary determined as of the last full month of employment before the disability occurred.

4. Benefit Changes After Retirement. Under ORS 238A.210 monthly benefits are adjusted annually through cost-of-living changes. Under current law, the cap on the COLA in fiscal year 2016 and beyond will vary based on 1.25% on the first $60,000 of annual benefit and 0.15% on annual benefits above $60,000.

Contributions

OPERS funding policy provides for monthly employer contributions at actuarially determined rates applied to covered payroll. These contributions, expressed as a percentage of covered payroll, are intended to accumulate enough assets to pay benefits when due. This funding policy applies to the OPERS Defined Benefit Plan and the Other Postemployment Benefit Plans. Employer contribution rates during the period were based on the December 31, 2019 actuarial valuation.

The State of Oregon and certain schools, community colleges, and political subdivisions (including the District) have made lump sum payments to establish side accounts, and their rates have been reduced. Effective July 1 2019, PERS established the Employer Incentive Fund (EIF) Program, which allowed eligible employers to receive matching funds if the employers apply and make a qualifying deposit into a side account. During fiscal year ended June 30, 2020, the District deposited $10 million into a qualifying side account and, as a result, received $860,559 in matching funds from the EIF into the side account.

Employer contributions for FY2023 and FY2022 were $1,700,727 and $1,578,546, respectively. The rates in effect for the fiscal year ended June 30, 2022 were: (1) Tier One/Tier Two – 14.77% of covered payroll, and (2) OPSRP general service – 11.36% of covered payroll.

Oregon Senate Bill 1049

Member Redirect – Voluntary Contributions

During the 2019 Legislative Session, the Oregon Legislature passed Senate Bill (SB) 1049, which made significant amendments to ORS Chapters 238 and 238A. SB 1049 became effective July 1, 2020. The Member Redirect portion of the bill requires that, a portion of the member 6% mandatory contribution will be directed to a new Employee Pension Stability Account (EPSA) when the funded status of the plan is below 90% (including side accounts) and the member's monthly salary is more than $2,500 (as indexed for inflation in future years). Effective January 1, 2023, this monthly salary amount was adjusted to $3,570. When those conditions are met, 2.5% of Tier One and Tier Two members' subject salary will be redirected to the EPSA and 0.75% of OPSRP members' subject salary will be redirected to the EPSA.

When the redirect is in effect, the legislation includes language allowing members the option of making after-tax contributions to their regular IAP accounts. This option is available only when the mandatory member contributions are being redirected to the EPSA, and only in the amount redirected. Under SB 1049, voluntary member contributions cannot be "picked up" by employers.

Once the funded status of the plan is 90% or greater, member contributions will be deposited at the full 6% contribution level into members' regular IAP accounts. The redirect, or non-redirect, of member contributions will be based on the funded status of the plan, as determined in a rate setting valuation, and will be applicable until the next rate setting valuation.

Salary and Contribution Limits

Effective with calendar year 2020, annual salary included both for contributions and in the calculation of Final Average Salary, as defined by the plan, will be limited to $195,000 (as indexed for inflation in future years). Effective January 1, 2023, this limit was increased to $225,533 per year.

Employer Contribution Rate

The work after retirement provisions of SB 1049, which went into effect February 1, 2021, allow retired members in all PERS pension programs (Tier One/Tier Two and OPSRP) to work unlimited hours for PERS participating employers in calendar years 2020-2024 without impacting their ability to receive retirement benefits. The bill also included a new provision that required employers to pay additional employer contributions on wages of retirees working post-retirement as if they were active members. The additional contributions would be applied to the employer's liabilities and could be used to pay down an employer's UAL at an accelerated rate. The rules implementing these provisions were adopted in January 2020. Employer rates are reflected as a percentage of covered payroll.

One-time Re-amortization

The PERS Board was required to implement a one-time re-amortization of Tier One/Tier Two UAL over a closed 22-year period at the December 31, 2019 rate-setting actuarial valuation, which set the actuarially determined contribution rates for the 2021-2023 biennium.

Actuarial Valuations

The employer contribution rates effective July 1, 2021, through June 30, 2023 were set using the entry age normal actuarial cost method. For the Tier One/Tier Two component of the PERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (1) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), (2) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial accrued liabilities being amortized over 20 years. SB 1049 required a one-time re-amortization of Tier One/Tier Two UAL over a closed 22-year period at the December 31, 2019 rate-setting actuarial valuation, which set actuarially determined contribution rates for the 2021-2023 biennium. For the OPSRP Pension Program component of the PERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (a) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), (b) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial accrued liabilities being amortized over 16 years.

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 below are based on the 2018 Experience Study which reviewed experience for the four-year period ending on December 31, 2020.

Actuarial Methods and Procedures

Valuation Date	December 31, 2020
Measurement Date	June 30, 2022
Experience Study Report	2020, published July 2021
Actuarial Assumptions:	
Actuarial Cost Method	Entry Age Normal
Investment Return	6.9 percent
Inflation Rate	2.4 percent
Payroll Growth	3.4 percent
Cost of Living Adjustments	Blend of 2.00% COLA and graded COLA (1.25%/0.15%) in accordance with Moro decision; blend based on service.
Mortality	
Healthy Retiree:	
Basic Table	Pub-2010 Healthy Retiree, Sex Distinct, Generational Projection with Unisex Social Security Data Scale
General Service Male	General Employees, set back 12 months
General Service Female	General Employees, no set back
Disabled Retiree:	
Basic Table	Pub-2010 Disabled Retiree, Sex Distinct, Generational Projection with Unisex Social Security Data Scale
General Service Male	Non-Safety, set forward 24 months
General Service Female	Non-Safety, set forward 12 months
Non-Annuitant Members:	
Basic Table	Pub-2010 Employee, Sex Distinct, Generational Projection with Unisex Social Security Data Scale
General Service Male	115% of Employee table with same job category and set back as Healthy Annuitant assumption
General Service Female	125% of Employee table with same job category and set back as Healthy Annuitant assumption

Discount Rate

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

Depletion Date Projection

GASB Statement No. 68 (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 market 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. Determining the discount rate under GASB 68 will often require that the actuary perform complex projections of future benefit payments and asset values. 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.

The following circumstances justify an alternative evaluation of sufficiency for OPERS:

- OPERS has a formal written policy to calculate an Actuarially Determined Contribution (ADC), which is articulated in the actuarial valuation report.
- The ADC is based on a closed, layered amortization period, which means that payment of the full ADC each year will bring the plan to a 100% funded position by the end of the amortization period if future experience follows assumptions.
- GASB 68 specifies that the projections regarding future solvency assume that plan assets earn the assumed rate of return and there are no future changes in the plan provisions or actuarial methods and assumptions, which means that the projections would not reflect any adverse future experience which might impact the plan's funded position.

Based on these circumstances, it is OPERS Board's independent actuary's opinion that the detailed depletion date projections outlined in GASB 68 would clearly indicate that the Fiduciary Net Position is always projected to be sufficient to cover benefit payments and administrative expenses.

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

At June 30, 2023 and 2022, the District reported a liability of $12,514,967 and $8,597,428, respectively, for its proportionate share of the OPERS net pension liability. The net pension liability was measured as of June 30, 2022 and the total pension liability for each plan used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2020. The District's proportion of the net pension liability was based on the District's projected long-term contribution effort as compared to the total projected long-term contribution effort of all employers. At June 30, 2023 and 2022 the District's proportionate share was 0.08173303% and 0.07184592%, respectively.

For the years ended June 30, 2023 and 2022, the District recognized pension expense of $1,256,271 and $737,180, respectively.

Long-Term Expected Rate of Return

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in June 2021 the PERS Board reviewed long-term assumptions developed by both Milliman's capital market assumptions team and the Oregon Investment Council's (OIC) investment advisors. Shown below is Milliman's (Actuary) assumptions[3] for each of the asset classes in which the plans were 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. Each asset class assumption is based on a consistent set of underlying assumptions and includes adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

Long-Term Expected Rate of Return [1]

Asset Class	Target Allocation	Annual Arithmetic Return [2]	20-Year Annualized Geometric Mean	Annual Standard Deviation
Global Equity	0.31 %	0.07 %	5.85 %	17.05 %
Private Equity	25.50	11.35	7.71	30.00
Core Fixed Income	23.75	2.80	2.73	3.85
Real Estate	12.25	6.29	5.66	12.00
Master Limited Partnerships	0.75	7.65	5.71	21.30
Infrastructure	1.50	7.24	6.26	15.00
Commodities	0.63	4.68	3.10	18.85
Hedge Fund of Funds - Multistrategy	1.25	5.42	5.11	8.45
Hedge Fund Equity - Hedge	0.63	5.85	5.31	11.05
Hedge Fund - Macro	5.62	5.33	5.06	7.90
US Cash	-2.50 [3]	1.77	1.76	1.20
Assumed Inflation - Mean			2.40 %	1.65 %

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

2 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.

3 Negative allocation to cash represents levered exposure from allocation to Risk Parity strategy.

[3] The assumptions are presented in Table 31 on page 74 of the OPERS Annual Comprehensive Financial Report for the fiscal year ended June 30, 2022.

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 current discount rate in place during FY2023 of 6.9% and FY 2022 of 6.9% as well as what the District's proportionate share of the net pension liability would be each year if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the rate in effect at that time:

June 30, 2023	1% Decrease (5.9%)	Discount Rate (6.9%)	1% Increase (7.9%)
Proportionate share of the net pension liability	$ 22,194,211	$ 12,514,967	$ 4,413,886

June 30, 2022	1% Decrease (5.9%)	Discount Rate (6.9%)	1% Increase (7.9%)
Proportionate share of the net pension liability	$ 16,883,291	$ 8,597,428	$ 1,665,167

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 District reported deferred outflows of resources and deferred inflows of resources related to pensions as follows:

	June 30, 2023		
	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflow (Inflow) of Resources
Difference between expected and actual experience	$ 607,501	$ 78,046	$ 529,455
Changes of assumptions	1,963,666	17,940	1,945,726
Net difference between projected and actual earnings on investments	-	2,237,434	(2,237,434)
Change in proportionate share	1,661,472	2,219,342	(557,870)
Differences between employer contributions and proportionate share of contributions	4,530,771	1,598,600	2,932,171
Contributions made subsequent to measurement date	1,700,727	-	1,700,727
Net Deferred Outflow/(Inflow) of Resources	$ 10,464,137	$ 6,151,362	$ 4,312,775

	June 30, 2022		
	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflow (Inflow) of Resources
Difference between expected and actual experience	$ 804,775	$ -	$ 804,775
Changes of assumptions	2,152,195	22,626	2,129,569
Net difference between projected and actual earnings on investments	-	6,364,609	(6,364,609)
Change in proportionate share	455,742	3,184,274	(2,728,532)
Differences between employer contributions and proportionate share of contributions	6,510,520	252,160	6,258,360
Contributions made subsequent to measurement date	1,578,546	-	1,578,546
Net Deferred Outflow/(Inflow) of Resources	$ 11,501,778	$ 9,823,669	$ 1,678,109

Payable to OPERS

At June 30, 2023 and 2022, the District's payable to OPERS for defined benefit contributions was approximately $168,401 and $88,707, respectively. These amounts represent legally required contributions to the plan for services incurred in that fiscal year.

Deferred outflows of resources of $1,700,727 related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2023. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions, as of June 30, 2023, will be recognized in pension expense as follows:

Year ended June 30:	
2024	1,198,621
2025	866,844
2026	(561,606)
2027	1,088,331
2028	19,858
	$ 2,612,048

DEFINED CONTRIBUTION PLANS

Individual Account Program

In the 2003 legislative session, the Oregon Legislature created a successor plan for OPERS. The Oregon Public Service Retirement Plan (OPSRP) is effective for all new employees hired on or after August 29, 2003, and for Tier One/Tier Two members active after January 1, 2004. The new plan consists of the defined benefit pension plans and a defined contribution pension plan the Individual Account Program (IAP). Beginning January 1, 2004, all OPERS member contributions went into the IAP portion of OPSRP. It should be noted that this was modified effective July 1, 2020. See Oregon Senate Bill 1049 section earlier in this report. OPERS' members retain their existing OPERS accounts, but any future member contributions are deposited into the member's IAP, not the member's OPERS account. Those employees who had established an OPERS membership prior to creation of OPSRP will be members of both the OPERS and OPSRP system if they remain in covered employment. Members of OPERS and OPSRP are required to contribute 6% of their salary covered under the plan. Employees contributed approximately $868,666 and $757,612 for the years ended June 30, 2023 and 2022, respectively.

401(k) Defined Contribution Retirement Plan

The District has a defined contribution retirement plan (the plan) created in accordance with Internal Revenue Code Section 401(k), which is managed by independent plan administrators. All regular (non-seasonal) full-time District employees are eligible to participate in the plan. The District matches contributions up to 3% of gross wages to the plan after six months of employment. Employees may not withdraw funds until retirement after age 55, in service at age 59 ½, death, or financial hardship. Benefit terms, including contributions, are established and may be amended by the Board of Commissioners.

The plan's assets are held in a custodial account for the exclusive benefit of participants and beneficiaries and are not subject to the claims of the District's creditors, nor can they be used by the District for any purpose other than the payment of benefits to plan participants. Accordingly, these plan assets and related liability are not recorded in the District's basic financial statements.

Employees are immediately vested in all contributions to the plan and on earnings on those contributions.

For the years ended June 30, 2023 and 2022, employees contributed approximately $847,996 and $796,530 and the District recognized expense of approximately $409,313 and $362,246, respectively. At June 30, 2023 and 2022, the District's liability to the plan was approximately $30,931 and $44,173, respectively.

457 (b) Deferred Compensation Plan

The District has a Deferred Compensation Plan (the plan) created in accordance with Internal Revenue Code Section 457(b), which is managed by independent plan administrators. All regular (non-seasonal) full-time District employees are eligible to participate in the plan. Employees are not required to contribute but may elect to do so. The District does not contribute to the plan. Deferred compensation is not available to employees until termination, retirement, death, or financial hardship. Benefit terms, including contribution requirements, are established and may be amended by the Board of Commissioners.

The plan's assets are held in a custodial account for the exclusive benefit of participants and beneficiaries and are not subject to the claims of the District's creditors, nor can they be used by the District for any purpose other than the payment of benefits to plan participants. Accordingly, these plan assets and the related liability are not recorded in the District's basic financial statements. Employees are immediately vested in all contributions to the plan. At June 30, 2023 and 2022, the District's liability for pensions related to this plan was $16,042 and $21,810, respectively.

OTHER POSTEMPLOYMENT BENEFITS

Other Postemployment Benefits (OPEB) Summary

The District contributes to a retirement health insurance account (RHIA) through OPERS. The District is also required by ORS 243.303 to offer retirees group health and dental insurance from the date of retirement to age 65. The District provides an implicit rate subsidy for retiree health insurance premiums (District OPEB Plan).

District OPEB Implicit Rate Subsidy Plan

The District is required by ORS 243.303 to offer retirees group health and dental insurance from the date of retirement to age 65. The District provides an implicit rate subsidy for retiree health insurance premiums.

Plan Description

The District's single employer defined benefit postemployment health care plan is administered by USI Insurance Services. Benefit provisions are established by the Board of Commissioners. The plan does not issue its own financial statements. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

The plan provides eligible retirees and their eligible dependents under age 65 the same group health and dental insurance offered to active employees, at the same premium rates. Retirees pay 100% of the premium as well as a 2% administrative fee. Coverage may lapse if retirees' premiums are unpaid. As of June 30, the following employees and retired employees were covered under the plan:

	2023	2022
Active participants	143	127
Retired employees	6	6
Total participants	149	133

At June 30, 2023, the District reported deferred inflows and outflows from this plan as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Inflows of Resources
Differences between expected and actual experience	$ 68,746	$ (244,038)	$ (175,292)
Changes of assumptions	43,939	(391,153)	(347,214)
Net Deferred Inflows and Outflows of Resources	$ 112,685	$ (635,191)	$ (522,506)

At June 30, 2022, the District reported deferred inflows and outflows from this plan as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Inflows of Resources
Differences between expected and actual experience	$ 64,953	$ (449,645)	$ (384,692)
Changes of assumptions	-	-	-
Net Deferred Inflows and Outflows of Resources	$ 64,953	$ (449,645)	$ (384,692)

Amounts reported as deferred outflows (inflows) of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:	
2024	$ 76,962
2025	63,767
2026	107,356
2027	93,272
2028	62,215
Thereafter	118,934
	$ 522,506

Actuarial Assumptions and Other Inputs

The total OPEB liability was determined using the following actuarial assumptions and other inputs:

Measurement date	June 30, 2023
Actuarial valuation date	June 30, 2023
Discount rate	4.13% (changed from 4.09% in previous measurement period)
Payroll growth	3.90% to 8.53% (changed from 3.58% to 8.53%)
Inflation rate	2.40%
Cost method	Entry Age Normal Level Percent of Salary
Employer funding policy	Pay-as-you-go cash basis
Experience Study	August 2018
Mortality	Active and Retirees: SOA Pub-2010 General Headcount Weighted Mortality Table fully generational using Scale MP-2021 Surviving Spouses: SOA Pub-2010 Contingent Survivor Headcount Weighted Mortality Table fully generational using Scale MP-2021
Healthcare cost trend rates	4.5% to 7.0% (changed from 4.5% to 7.5%)

The discount rate was based on the yield for 20-year tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Total OPEB Liability, Expense, and Deferred Inflows and Outflows of Resources for OPEB – District Plan

The District's total OPEB liability was $954,380 and $1,111,063 as of June 30, 2023 and 2022, respectively. The liability was determined by an actuarial valuation as of June 30, 2023 with a measurement date also as of June 30, 2023. The District recognized OPEB income (expense) of ($10,324) and $17,287 for FY2023 and FY2022, respectively.

Changes in the Total OPEB Liability

Changes in the total OPEB liability were as follows:

	2023	2022
Beginning balance	$ 1,111,063	$ 1,316,329
Changes for the year:		
Service cost	22,077	42,901
Interest on total OPEB liability	44,566	28,780
Effects of assumptions changes	(2,540)	(143,753)
Differences between expected and actual experience	(132,900)	(42,592)
Benefit payments	(87,886)	(90,602)
Ending balance	$ 954,380	$ 1,111,063

Sensitivity of the Total OPEB Liability

The following presents the District's total OPEB liability calculated using the current discount rate of 4.13%, as well as what the District's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (3.13%) or 1-percentage point higher (5.13%) than the current rate. A similar sensitivity analysis is then presented for changes in the healthcare cost trend assumption.

Discount rate:	1% Decrease 3.13%	4.13%	1% Increase 5.13%
Total OPEB Liability	$1,019,600	$954,380	$892,848

Healthcare Cost Trend:	1% Decrease 6.0% decreasing to 3.5%	7.0% decreasing to 4.5%	1% Increase 8.0% decreasing to 5.5%
Total OPEB Liability	$869,796	$954,380	$1,049,812

RETIREMENT HEALTH INSURANCE ACCOUNT (RHIA) PLAN

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 other postemployment benefits plan administered by OPERS. ORS 238.420 established this trust fund. Authority to establish and amend the benefit provisions of RHIA reside with the Oregon Legislature. The plan is closed to new entrants after January 1, 2004. OPERS issues a publicly available financial report that includes financial statements and required supplementary information and is available at: https://www.oregon.gov/pers/Pages/Financials/Actuarial-Financial-Information.aspx

Benefits

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 dollars or the total monthly cost of Medicare companion health insurance premiums coverage, whichever is less, shall be paid from the Retirement Health Insurance Account established by the employer, and any monthly cost in excess of $60 dollars shall be paid by the eligible retired member in the manner provided in ORS 238.410. To be eligible to receive this monthly payment toward 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 Parts A and B coverage, and (3) enroll in an 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.

The District's rates in effect for the fiscal years ended June 30, 2023 and 2022 were:

	2023	2022
Tier One / Tier Two	0.05%	0.05%
OPSRP General Service	0.00%	0.00%

District contributions for the years ended June 30, 2023 and 2022 were $427 and $395, respectively.

Total OPEB Liability, Expense, and Deferred Inflows and Outflows of resources for OPEB – RHIA Plan

At June 30, 2023 and 2022, the District reported an asset of $317,946 and $334,609, respectively, for its proportionate share of the OPERS net RHIA asset. The net RHIA asset was measured as of June 30, 2022 and 2021. The District's proportion of the net RHIA asset was based on the District's actual, legally required contributions made to the RHIA program during the measurement period relative to total actual contributions from all participating employers. At June 30, 2023 and 2022, the District's proportionate share was 0.08947764% and 0.09743986%, respectively.

For the years ended June 30, 2023 and 2022, the District recognized RHIA income from this plan of $42,827 and $62,134, respectively. The District reported deferred outflows of resources and deferred inflows of resources related to this RHIA plan from the following sources as of June 30, 2023 and June 30, 2022:

	June 30, 2023	
	Deferred Ouflows of Resources	Deferred Inflows of Resources
Change in proportion	$ 12,129	$ (23,019)
Difference in earnings	-	(24,247)
Contributions after the measurement date	2,200	-
Change in experience/expectations	-	(8,616)
Change in assumptions	2,489	(10,598)
Net Deferred Outflows/Inflows of Resources	$ 16,818	$ (66,480)

	June 30, 2022	
	Deferred Ouflows of Resources	Deferred Inflows of Resources
Change in proportion	$ 26,152	$ (56,051)
Difference in earnings	-	(79,522)
Contributions after the measurement date	2,887	-
Change in experience/expectations	-	(9,309)
Change in assumptions	6,584	(4,978)
Net Deferred Outflows/Inflows of Resources	$ 35,623	$ (149,860)

Deferred outflows of resources related to RHIA of $2,200 resulting from the District's contributions subsequent to the measurement date will be recognized as an increase in the net OPEB asset in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to RHIA will be recognized in RHIA expense as follows:

Year ended June 30:	
2024	$ (33,609)
2025	(10,718)
2026	(15,301)
2027	7,766
	$ (51,862)

Actuarial Methods and Assumptions

Valuation date	December 31, 2020
Measurement date	June 30, 2022
Experience Study	2020, published July 20, 2021
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: 27.5% 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.

Sensitivity of the District's Proportionate Share of the Net RHIA Liability Asset to Changes in the Discount Rate

The following presents the District's proportionate share of the net RHIA asset, as well as what the District's proportionate share of the net RHIA asset would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the discount rate in effect for FY2023 and FY2022:

Year ended June 30, 2023	1% Decrease (5.9%)	Discount Rate (6.9%)	1% Increase (7.9%)
Proportionate share of the net OPEB asset	$ (286,559)	$ (317,946)	$ (344,851)

Year ended June 30, 2022	1% Decrease (5.9%)	Discount Rate (6.9%)	1% Increase (7.9%)
Proportionate share of the net OPEB asset	$ (295,913)	$ (334,609)	$ (367,665)

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

RHIA Plan Fiduciary Net Position

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

Combined Totals, All OPEB Plans

Aggregate net OPEB asset/liability, income/expense, deferred inflows and deferred outflows – All OPEB plans:

June 30, 2023	District Plan	RHIA Plan	Total
Net OPEB Asset	$ -	$ 317,946	$ 317,946
Net OPEB Deferred Outflows	112,685	16,818	129,503
Net OPEB Liability	(954,380)	-	(954,380)
Net OPEB Deferred Inflows	(635,191)	(66,480)	(701,671)
Net OPEB (Income)	(98,210)	(42,827)	(141,037)

June 30, 2022	District Plan	RHIA Plan	Total
Net OPEB Asset	$ -	$ 334,609	$ 334,609
Net OPEB Deferred Outflows	168,073	35,623	203,696
Net OPEB Liability	(1,111,063)	-	(1,111,063)
Net OPEB Deferred Inflows	(632,106)	(149,860)	(781,966)
Net OPEB (Income)	(73,315)	(62,134)	(135,449)

RISK MANAGEMENT

The District contracts with an insurance broker to negotiate and place insurance coverage on its behalf. The District's liability, property, and workers' compensation insurance is placed with Special District's Insurance Services (SDIS). SDIS is an insurance pool designed specifically for special districts within the State of Oregon. The District's claims have not exceeded coverage in any of the last three years. The District's health-related benefits have a component of self-insurance (or self-funding). The medical health plan has a high deductible of $4,000 per individual or $8,000 per family of which the District pays up to $3,900 per individual or $7,800 per family. The estimated maximum exposure the District could be liable for is approximately $1.53 million. The last 5 years of experience with this self-funding had the District paying out under 18% of its maximum annual exposure.

COMMITMENTS

Intergovernmental Agreements (IGAs)

A ten-year renewable agreement with the City of Portland was approved by the Board of Commissioners in April 2006 and signed by the Board President on June 7, 2006. The agreement provides for a firm supply of water and obligates the District to purchase an average of 13.16 million gallons per day (MGD) each year or pay Portland for water not taken. The agreement was amended in September 2015 to clarify various terms, especially regarding summer water usage. The agreement was renewed effective July 1, 2016. The City of Portland provided the District notice of non-renewal as allowed within the contract. Based on that notice, the contract will expire June 30, 2026. Water purchase costs are determined annually based on Portland's Water Bureau operating requirements under an enterprise method of accounting, including a return on invested capital and depreciation. The water purchase costs reflect Portland's total cost as allocated to the District and Portland's other customers in proportion to each customer's use of Portland's water system. These costs were $1.343 and $1.250 per CCF for the years ended June 30, 2023 and 2022, respectively.

The District also has an agreement with the City of Portland which provides for use of 88.5% of the sixty-inch gravity flow water line from Portland, commonly referred to as the Washington County Supply Line (WCSL). Under the agreement, the District must pay its proportionate share of maintenance costs incurred by the City of Portland on the water line. These maintenance costs are included in operating expenses as maintenance and repairs expense. These costs were $401,749 and $7,140 for the years ending June 30, 2023 and 2022, respectively. The City of Tualatin has an agreement with the District to pay for 20.34% of the District's obligation from the WCSL. The City of Portland bills the City of Tualatin for the water it uses, and the District bills the City of Tualatin for its share of the maintenance costs.

The District has rights to receive up to 14.5 MGD of water through the JWC. The cost of water taken from the JWC is an allocation of JWC's costs over the aggregate volume taken by the JWC members.

In 2007, the Oregon Water Resources Department confirmed the District's assignment of its 130 MGD Willamette River water right permit to the WRWC. However, if the District terminates membership in the WRWC, any undeveloped rights will revert to the District.

Contracts

The District has $74.4 million and $4.1 million in outstanding commitments on contracts with greater than $1.0 million remaining as of June 30, 2023 and 2022, respectively. The WWSSC has entered into various contracts related to the construction of the Willamette Water Supply System. The WWSSC has outstanding commitments with greater than $1.0 million remaining of $665.5 million and $622.9 million as of June 30, 2023 and 2022, respectively. The District has $349.4 million and $327.0 million in outstanding commitments related to its ownership share of the WWSSC of 52.5% as of June 30, 2023 and 2022, respectively.

Required Supplementary Information

Tualatin Valley Fire and Rescue firefighters battling a fire

Providing fire and health protection

A well-maintained and reliable water system is critical to protecting our community. In addition to providing quality water to the tap, TVWD's infrastructure is designed to move large amounts of water quickly through the system for firefighting purposes. The District maintains more than 5,850 fire hydrants throughout our service area so firefighters have the water they need to respond to fire emergencies.

TUALATIN VALLEY
WATER DISTRICT

TUALATIN VALLEY WATER DISTRICT

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION (ASSET) LIABILITY
OREGON PUBLIC EMPLOYEE RETIREMENT SYSTEM (OPERS)
LAST TEN FISCAL YEARS [1]

Fiscal year	District's proportion of the net pension (asset)/ liability	District's proportionate share of the net pension (asset)/ liability	District's covered payroll	District's proportionate share of the net pension (asset)/liability as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension (asset)/ liability
2023	0.0817 %	$ 12,514,967	$ 13,093,366	95.58 %	84.5 %
2022	0.0718	8,597,428	12,515,857	68.69	87.6
2021	0.0697	15,202,557	12,546,941	121.17	75.8
2020	0.1050	18,155,926	11,936,913	152.10	80.2
2019	0.1025	15,528,994	10,901,916	142.44	82.1
2018	0.1014	13,665,755	10,361,491	131.89	83.1
2017	0.1011	15,179,892	9,958,904	152.43	80.5
2016	0.1096	6,290,514	9,452,076	66.55	91.9
2015	0.0981	(2,222,862)	8,942,987	-24.86	103.6
2014	0.0981	5,004,420	9,023,965	55.46	n/a

See notes on next page

[1] As of the measurement date, which is one year in arrears.
Source: OPERS actuarial reports and District data.

TUALATIN VALLEY WATER DISTRICT

NOTES TO SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION (ASSET) LIABILITY
OREGON PUBLIC EMPLOYEE RETIREMENT SYSTEM (OPERS)
LAST TEN FISCAL YEARS [1][2]

Changes in assumptions, plan provisions and benefit terms:

At the Oregon PERS Board October 2021 meeting the board approved changing the assumed rate of return from 7.2 percent to 6.9 percent. The change went into effect January 1, 2022.

At the Oregon PERS Board July 2021 meeting the board approved changing the assumed inflation and projected salary increases to 2.4 percent and 3.4 percent respectively. These changes went into effect January 1, 2022

Senate Bill 1049, signed into law in June 2019, made several changes to the PERS system, including:

- Effective with calendar year 2020, annual salary included in the calculation of Final Average Salary is limited to $195,000 (as indexed for inflation in future years).
- The PERS Board was required to implement a one-time re-amortization of Tier 1/Tier 2 UAL over a closed 22-year period at the December 31, 2019 rate-setting actuarial valuation, which will set actuarially determined contribution rates for the 2021-2023 biennium.
- For years 2020 through 2024, the limitation on the hours that can be worked by a rehired retiree is eliminated. Effective January 1, 2020, contributions will also be charged on the payroll of rehired retirees.
- Effective July 1, 2020, a portion of the 6% of salary member contribution to the Individual Account Program (IAP) will be redirected to Employee Pension Stability Accounts, which will help fund the defined benefits provided under Tier 1/Tier 2 and OPSRP. For Tier 1/Tier 2 members, the prospectively redirected amount will be 2.50% of salary, and for OPSRP members the amount will be 0.75% of salary. The redirection will only apply to members earning $2,500 per month or more (indexed for inflation).

Detail about current changes can be found at:
https://www.oregon.gov/pers/Documents/Exp_Study_2018.pdf

On July 28, 2017, the PERS Board adopted an assumed rate of 7.20%, which became effective on January 1, 2018.

The PERS Board adopted assumption changes that were used to measure the June 30, 2016 total pension liability, which contributes to the net pension liability reported by the District for FY 2017. The changes include the lowering of the long-term expected rate of return to 7.50% and lowering the assumed inflation to 2.5%. In addition, the healthy mortality assumption was changed to reflect an updated mortality improvement scale for all groups, and assumptions were updated for merit increases, unused sick leave, and vacation pay.

The results of the December 31, 2015 actuarial valuation reflect the Oregon Supreme Court ruling in Moro v. State of Oregon, issued on April 30, 2015. The Moro decision reversed a significant portion of the reductions the 2013 Senate Legislature made to future cost-of-living adjustments through Senate Bills 822 and 861. This reversal increased the benefits projected to be paid compared to those developed in the most recent actuarial valuation prior to the Moro decision.

TUALATIN VALLEY WATER DISTRICT

SCHEDULE OF PENSION PLAN CONTRIBUTIONS
OREGON PUBLIC EMPLOYEE RETIREMENT SYSTEM (OPERS)
LAST TEN FISCAL YEARS

Fiscal year	Contractually required contributions	Actual contributions	Contribution deficiency / (excess)	District's covered payroll	Contributions as a percentage of covered payroll
2023	$ 1,700,727	$ 1,700,727	$ -	$ 14,409,659	11.80 %
2022	1,578,546	1,578,546	-	13,093,366	12.06
2021	1,337,239	1,337,239	-	12,515,857	10.68
2020	1,505,660	1,505,660	-	12,546,941	12.00
2019	1,568,043	1,568,043	-	11,936,913	13.14
2018	1,461,272	1,461,272	-	10,901,916	13.40
2017	1,098,216	1,098,216	-	10,361,491	10.60
2016	1,012,802	1,012,802	-	9,958,904	10.17
2015	804,030	804,030	-	9,452,076	8.51
2014	771,452	771,452	-	8,942,987	8.63

NOTES TO SCHEDULE OF PENSION PLAN CONTRIBUTIONS

Actuarial Assumptions and Methods Used to Determine Contributions [1]:

Years ending June 30,	Actuarial valuation date	Actuarial Cost Method	Actuarial Valuation Method	Inflation Rate	Projected Salary Increase	Investment Rate of Return
2022-2023	12/31/2019	Entry Age Normal	Market Value	2.40%	3.40%	6.9%
2020-2021	12/31/2017	Entry Age Normal	Market Value	2.50%	3.50%	7.2%
2018-2019	12/31/2015	Entry Age Normal	Market Value	2.50%	3.50%	7.5%
2016-2017	12/31/2013	Entry Age Normal	Market Value	2.75%	3.75%	7.5%
2014-2015	12/31/2011	Projected Unit Credit	Market Value	2.75%	3.75%	8.0%

[1] Actuarial data provided by the actuary for OPERS.

TUALATIN VALLEY WATER DISTRICT

SCHEDULE OF TOTAL OPEB LIABILITY
IMPLICIT RATE SUBSIDY PLAN
LAST TEN FISCAL YEARS [1][2]

Fiscal year	Total OPEB liability - beginning balance	Service costs	Interest	Changes in benefit terms	Changes of assumptions	Difference between expected and actual experience	Benefit payments	Net change in total OPEB liability	Total OPEB liability - ending balance	Covered employee payroll	Total OPEB liability as a % of covered employee payroll
2023	$1,111,063	$22,077	$44,566	$ -	$ (2,540)	$(132,900)	$(87,886)	$(156,683)	$ 954,380	$15,053,803	6.3%
2022	1,316,329	42,901	28,780	-	(143,753)	(42,592)	(90,602)	(205,266)	1,111,063	13,597,565	8.2%
2021	1,406,637	40,948	37,394	-	41,108	(125,604)	(84,154)	(90,308)	1,316,329	12,004,045	11.0%
2020	1,129,069	49,760	39,851	14,124	55,319	206,242	(87,728)	277,568	1,406,637	11,825,082	11.9%
2019	1,191,615	49,057	46,502	-	29,660	(108,873)	(78,892)	(62,546)	1,129,069	10,776,137	10.5%
2018	1,652,926	106,235	61,661	-	(513,101)	(41,913)	(74,193)	(461,311)	1,191,615	10,513,304	11.3%

SCHEDULE OF OPEB CONTRIBUTIONS
IMPLICIT RATE SUBSIDY PLAN
LAST TEN FISCAL YEARS [1][2]

Fiscal year	Contractually required contributions	Actual contributions	Contribution deficiency/ (excess)	Covered employee payroll	Contributions as a % of covered employee payroll
2023	$ 87,886	$ 87,886	-	$ 15,053,803	0.58 %
2022	90,602	90,602	-	13,597,565	0.67
2021	84,154	84,154	-	12,004,045	0.70
2020	87,728	87,728	-	11,825,082	0.74
2019	78,892	78,892	-	10,776,137	0.73
2018	74,193	74,193	-	10,513,304	0.71

See notes on next page

[1] Only years with available information presented.

[2] Actuarial data provided by the actuarial firm Nyhart, part of FuturePlan by Ascensus.

TUALATIN VALLEY WATER DISTRICT
NOTES TO SCHEDULES OF TOTAL OPEB LIABILITY AND CONTRIBUTIONS
IMPLICIT RATE SUBSIDY PLAN

Actuarial Assumptions and Methods Used:

Fiscal year	Actuarial Valuation Date	Measurement Date	Experience Study	Discount Rate	Payroll Growth Rate	Inflation Rate	Cost Method	Employer Funding Policy	Mortality Tables Used	Healthcare Cost Trend Rates
2023	6/30/2023	6/30/2023	8/1/2018	4.13%	3.90-8.53%	2.40%	Entry age normal	Pay as you go	Pub-2010 MP-2021 scale	4.5-7.0%
2022	6/30/2022	6/30/2022	8/1/2018	4.09%	3.58-8.53%	2.40%	Entry age normal	Pay as you go	Pub-2010 MP-2021 scale	4.5-7.5%
2021	6/30/2020	6/30/2021	8/1/2018	2.19%	3.50-7.20%	2.50%	Entry age normal	Pay as you go	Pub-2010 MP-2019 scale	4.5-7.5%
2020	6/30/2020	6/30/2020	8/1/2018	2.66%	3.71-7.94%	2.50%	Entry age normal	Pay as you go	Pub-2010 MP-2019 scale	4.5-8.0%
2019	6/30/2018	6/30/2019	8/1/2018	3.51%	3.46-6.88%	2.50%	Entry age normal	Pay as you go	RPH-2017 MP-2017 scale	5.0-8.5%
2018	6/30/2018	6/30/2018	8/1/2018	3.87%	3.50%	2.50%	Entry age normal	Pay as you go	RPH-2017 MP-2017 scale	5.0-9.0%

There are no assets accumulated in a trust that meets the criteria of GASB codification P22.101 or P52.101 to pay benefits for the implicit rate subsidy plan.

TUALATIN VALLEY WATER DISTRICT

SCHEDULE OF PROPORTIONATE SHARE OF THE NET OPEB (ASSET) LIABILITY
OPERS RETIREMENT HEALTH INSURANCE ACCOUNT (RHIA)
LAST TEN FISCAL YEARS [1]

Fiscal year	Proportion of Net OPEB (Asset) / Liability	Proportionate Share of Net OPEB (Asset) / Liability	District's Covered Payroll in (000's)	Proportionate share of Net OPEB (Asset) / Liability as a % of Covered Payroll	Plan Net Position as a % of Total OPEB (Asset) / Liability
2023	0.0895%	$ (317,946)	13,093	-2.43%	194.6%
2022	0.0974%	(334,609)	12,276	-2.73%	183.9%
2021	0.0519%	(105,653)	11,825	-0.89%	150.1%
2020	0.1060%	(204,826)	11,365	-1.80%	144.4%
2019	0.1004%	(112,045)	10,468	-1.07%	124.0%
2018	0.0982%	(40,696)	10,006	-0.41%	108.9%
2017	0.0996%	27,042	9,434	0.29%	94.2%

NOTES TO SCHEDULE OF PROPORTIONATE SHARE OF NET OPEB (ASSET) LIABILITY - RHIA

Changes of assumptions:

The Oregon PERS Board adopted assumption changes which took effect January 1, 2022, as follows: assumed inflation rate to 2.4 percent, projected salary increases to 3.4 percent, and the assumed investment rate of return to 6.9 percent.

The Oregon PERS Board adopted assumption changes that were used to measure the June 30, 2018 and 2019 total OPEB liability. The changes include the lowering of the long-term expected rate of return from 7.50 to 7.20 percent. In addition, healthy retiree participation and healthy mortality assumptions were changed to reflect an updated trends and mortality improvement scale for all groups.

[1] Only years with available information presented.

TUALATIN VALLEY WATER DISTRICT
SCHEDULE OF OPEB CONTRIBUTIONS
OPERS RETIREMENT HEALTH INSURANCE ACCOUNT (RHIA)
LAST TEN FISCAL YEARS [1]

Fiscal year	Contractually required contributions	Contributions in relation to contractually required contributions	Contribution Excess / (Deficiency)	District's covered payroll in (000's)	Contributions as a percentage of covered payroll
2023	$ 2,200	$ (2,200)	-	$ 14,410	0.02%
2022	2,887	(2,887)	-	13,093	0.02%
2021	3,298	(3,298)	-	12,276	0.03%
2020	3,703	(3,703)	-	11,825	0.03%
2019	52,535	(52,535)	-	11,365	0.46%
2018	48,602	(48,602)	-	10,468	0.46%
2017	51,031	(51,031)	-	10,006	0.51%

NOTES TO SCHEDULE OF OPEB CONTRIBUTIONS – RHIA

Actuarial assumptions and methods used to determine contributions:

							Actuarial Assumptions			
Effective July 1 to June 30,	Actuarial Valuation Date	Actuarial Cost Method	Amortization Method	Amortization Period	Asset Valuation Method	Remaining Amortization Periods	Inflation Rate	Healthcare Cost Trend Rates	Projected Salary Increases	Investment Rate of Return
2021-2023	12/31/2019	Entry Age Normal	Level of % of Payroll, Closed	10 years	Market Value	6.9%	2.40%	0% Statute Fixed $60/Mo For Health Ins	3.40%	6.90%
2019-2021	12/31/2017	Entry Age Normal	Level of % of Payroll, Closed	10 years	Market Value	7.2%	2.50%	0% Statute Fixed $60/Mo For Health Ins	3.50%	7.20%
2017-2019	12/31/2015	Entry Age Normal	Level of % of Payroll, Closed	20 years	Market Value	7.5%	2.50%	0% Statute Fixed $60/Mo For Health Ins	3.50%	7.50%
2015-2017	12/31/2013	Entry Age Normal	Level of % of Payroll, Closed	20 years	Market Value	7.5%	2.75%	0% Statute Fixed $60/Mo For Health Ins	3.75%	7.75%

[1] Only years with available information presented.

TUALATIN VALLEY
WATER DISTRICT

TUALATIN VALLEY WATER DISTRICT

Supplementary Information

Operators replace a broken water main

Responding 24 hours a day, 365 days a year

Every day, TVWD operators inspect a select group of critical water sites to ensure drinking water is safe and meeting system demands. This happens 365 days a year, including weekends, holidays, and during inclement weather. We inspect and monitor fluoride, chlorine levels, and water flow rates. TVWD staff are also on call for service response when District offices are closed, with three different after-hours operators ready to respond to water emergencies 24 hours a day.

TUALATIN VALLEY
WATER DISTRICT

TUALATIN VALLEY WATER DISTRICT

RECONCILIATION OF REVENUES AND EXPENDITURES (BUDGETARY BASIS) TO THE STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION FOR THE YEAR ENDED JUNE 30, 2023

BUDGETARY BASIS	Total Revenue	Total Expenditures	Net
General Fund	$ 99,373,156	$ 46,760,992	$ 52,612,164
Capital Improvement Fund	2,089,761	181,885,211	(179,795,450)
Capital Reserve Fund	9,477,250	-	9,477,250
Debt Proceeds Fund	223,166,510	-	223,166,510
Customer Emergency Assistance Fund	13,109	46,939	(33,830)
	$ 334,119,786	$ 228,693,142	105,426,644

ADD (DEDUCT) ITEMS TO RECONCILE TO CHANGES IN NET POSITION ON A FINANCIAL REPORTING BASIS	
Noncash capital contributions	1,091,757
Capital outlay	52,922,093
Capital outlay - Joint Ventures	129,060,049
Partner share of capital outlay	(2,074,519)
Depreciation and amortization	(8,424,242)
Disposals of capital assets	(47,328)
Discontinued capital projects	(77,592)
Debt Proceeds	(213,011,119)
Debt Premiums received	(9,894,946)
Nonretainage interest expense	(2,807,718)
Change in joint venture valuation	(1,306,090)
Unrealized gain/(loss) on investments	(515,967)
Intangible software subscription payments	661,406
Pension expense	(1,256,271)
Other postemployment benefits expense	146,807
CHANGES IN NET POSITION	$ 49,892,964

TUALATIN VALLEY WATER DISTRICT

SCHEDULE OF REVENUES, EXPENDITURES AND TRANSFERS (BUDGETARY BASIS) - GENERAL FUND

FOR THE BIENNIUM ENDED JUNE 30, 2023

	Budget for the FY2022 - FY2023 Biennium			Actual Results			Variance with Final Budget
	Original	Revisions	Final	FY2022	FY2023	Total	
REVENUES:							
Water sales	$ 158,826,968	$ -	$ 158,826,968	$ 75,794,037	$ 89,213,939	$ 165,007,976	$ 6,181,008
Customer Service fees	751,303	-	751,303	634,024	662,552	1,296,576	545,273
Interest on investments	438,200	-	438,200	450,686	1,268,269	1,718,955	1,280,755
Services to other agencies	2,436,000	-	2,436,000	1,697,309	2,020,969	3,718,278	1,282,278
Other revenues	1,088,435	-	1,088,435	621,015	635,394	1,256,409	167,974
Rights-of way fees	1,625,000	-	1,625,000	672,245	757,986	1,430,231	(194,769)
Construction revenue from other funds	10,722,620	-	10,722,620	7,455,614	4,814,047	12,269,661	1,547,041
Total Revenues	175,888,526	-	175,888,526	87,324,930	99,373,156	186,698,086	10,809,560
Beginning Fund Balance	37,376,583	-	37,376,583	49,326,700	38,002,124	49,326,700	11,950,117
	$ 213,265,109	$ -	$ 213,265,109	$ 136,651,630	$ 137,375,280	$ 236,024,786	$ 22,759,677
EXPENDITURES:							
Personnel services	$ 42,330,036	$ -	$ 42,330,036	$ 19,368,914	$ 21,524,498	$ 40,893,412	$ (1,436,624)
Materials and services	47,640,836	-	47,640,836	18,347,678	24,380,321	42,727,999	(4,912,837)
Capital outlay	705,950	-	705,950	14,119	96,931	111,050	(594,900)
Special payments	1,625,000	-	1,625,000	668,795	759,242	1,428,037	(196,963)
Operating contingencies	20,000,000	-	20,000,000	-	-	-	(20,000,000)
Total Expenditures	112,301,822	-	112,301,822	38,399,506	46,760,992	85,160,498	(27,141,324)
TRANSFERS TO OTHER FUNDS:							
Capital Reserve Fund	83,000,000	-	83,000,000	60,000,000	23,000,000	83,000,000	-
Customer Emergency Assistance Fund	500,000	-	500,000	250,000	250,000	500,000	-
Total Transfers	83,500,000	-	83,500,000	60,250,000	23,250,000	83,500,000	-
Total Expenditures and Transfers	195,801,822	-	195,801,822	98,649,506	70,010,992	168,660,498	(27,141,324)
Ending Fund Balance	17,463,287	-	17,463,287	38,002,124	67,364,288	67,364,288	49,901,001
	$ 213,265,109	$ -	$ 213,265,109	$ 136,651,630	$ 137,375,280	$ 236,024,786	$ 22,759,677

TUALATIN VALLEY WATER DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND TRANSFERS (BUDGETARY BASIS) - CAPITAL IMPROVEMENT FUND
FOR THE BIENNIUM ENDED JUNE 30, 2023

	Budget for the FY2022 - FY2023 Biennium			Actual Results			Variance with Final Budget
	Original	Revisions	Final	FY2022	FY2023	Total	
REVENUES:							
Interest on investments	$ -	$ -	$ -	$ 8,401	$ 15,242	$ 23,643	$ 23,643
Contributed capital	3,320,000	-	3,320,000	2,405,105	2,074,519	4,479,624	1,159,624
Total Revenues	3,320,000	-	3,320,000	2,413,506	2,089,761	4,503,267	1,183,267
TRANSFERS FROM OTHER FUNDS:							
Capital Reserve Fund	376,262,670	-	376,262,670	100,378,917	179,795,450	280,174,367	(96,088,303)
Beginning Fund Balance	-	-	-	-	-	-	-
	$ 379,582,670	$ -	$ 379,582,670	$ 102,792,423	$ 181,885,211	$ 284,677,634	$ (94,905,036)
EXPENDITURES:							
Capital outlay	$ 133,486,462	$ -	$ 133,486,462	$ 42,613,139	$ 52,825,162	$ 95,438,301	$ (38,048,161)
Capital outlay - Joint Ventures	246,096,208	-	246,096,208	60,179,284	129,060,049	189,239,333	(56,856,875)
Total Capital outlay	379,582,670	-	379,582,670	102,792,423	181,885,211	284,677,634	(94,905,036)
Ending Fund Balance	-	-	-	-	-	-	-
	$ 379,582,670	$ -	$ 379,582,670	$ 102,792,423	$ 181,885,211	$ 284,677,634	$ (94,905,036)

TUALATIN VALLEY WATER DISTRICT

SCHEDULE OF REVENUES, EXPENDITURES AND TRANSFERS (BUDGETARY BASIS) - CAPITAL RESERVE FUND
FOR THE BIENNIUM ENDED JUNE 30, 2023

	Budget for the FY2022 - FY2023 Biennium			Actual Results			Variance with Final Budget
	Original	Revisions	Final	FY2022	FY2023	Total	
REVENUES:							
Contributed capital	$ 1,151,010	$ -	$ 1,151,010	$ 623,344	$ 688,496	$ 1,311,840	$ 160,830
System development charges	9,574,073	-	9,574,073	4,909,441	4,616,002	9,525,443	(48,630)
Interest on investments	431,000	-	431,000	618,779	4,172,752	4,791,531	4,360,531
Total Revenues	11,156,083	-	11,156,083	6,151,564	9,477,250	15,628,814	4,472,731
TRANSFERS FROM OTHER FUNDS:							
General Fund	83,000,000	-	83,000,000	60,000,000	23,000,000	83,000,000	-
Debt Proceeds Fund	226,500,000	-	226,500,000	103,436,353	123,063,647	226,500,000	-
Total Transfers	309,500,000	-	309,500,000	163,436,353	146,063,647	309,500,000	-
Beginning Fund Balance - unrestricted	56,508,462	-	56,508,462	47,909,429	117,118,429	47,909,429	(8,599,033)
	$ 377,164,545	$ -	$ 377,164,545	$ 217,497,346	$ 272,659,326	$ 373,038,243	$ (4,126,302)

	Original	Revisions	Final	FY2022	FY2023	Total	Variance with Final Budget
TRANSFERS TO OTHER FUNDS:							
Capital Improvement Fund	$ 376,262,670	$ -	$ 376,262,670	$ 100,378,917	$ 179,795,450	$ 280,174,367	$ (96,088,303)
Total Transfers	376,262,670	-	376,262,670	100,378,917	179,795,450	280,174,367	(96,088,303)
Ending Fund Balance - unrestricted	901,875	-	901,875	117,118,429	92,863,876	92,863,876	91,962,001
	$ 377,164,545	$ -	$ 377,164,545	$ 217,497,346	$ 272,659,326	$ 373,038,243	$ (4,126,302)

TUALATIN VALLEY WATER DISTRICT

SCHEDULE OF REVENUES, EXPENDITURES AND TRANSFERS (BUDGETARY BASIS) - DEBT PROCEEDS FUND
FOR THE BIENNIUM ENDED JUNE 30, 2023

	Budget for the FY2022 - FY2023 Biennium			Actual Results			Variance with Final Budget
	Original	Revisions	Final	FY2022	FY2023	Total	
REVENUES:							
Debt proceeds	$ 226,500,000	$ -	$ 226,500,000	$ 103,436,353	$ 213,011,119	$ 316,447,472	$ 89,947,472
Debt Premiums	-	-	-	-	9,894,946	9,894,946	9,894,946
Interest	-	-	-	-	260,445	260,445	260,445
Total Revenues	226,500,000	-	226,500,000	103,436,353	223,166,510	326,602,863	100,102,863
Beginning Fund Balance	-	-	-	-	-	-	-
	$ 226,500,000	$ -	$ 226,500,000	$ 103,436,353	$ 223,166,510	$ 326,602,863	$ 100,102,863
TRANSFERS TO OTHER FUNDS:							
Capital Reserve Fund	$ 226,500,000	$ -	$ 226,500,000	$ 103,436,353	$ 123,063,647	$ 226,500,000	$ -
Ending Fund Balance	-	-	-	-	100,102,863	100,102,863	100,102,863
	$ 226,500,000	$ -	$ 226,500,000	$ 103,436,353	$ 223,166,510	$ 326,602,863	$ 100,102,863

TUALATIN VALLEY WATER DISTRICT

SCHEDULE OF REVENUES, EXPENDITURES AND TRANSFERS (BUDGETARY BASIS) - CUSTOMER EMERGENCY ASSISTANCE FUND
FOR THE BIENNIUM ENDED JUNE 30, 2023

	Budget for the FY2022 - FY2023 Biennium			Actual Results			Variance with Final Budget
	Original	Revisions	Final	FY2022	FY2023	Total	
REVENUES:							
Contributions	$ 26,000	$ -	$ 26,000	$ 8,139	$ 6,944	$ 15,083	$ (10,917)
Interest on investments	35	-	35	1,112	6,165	7,277	7,242
Total Revenues	26,035	-	26,035	9,251	13,109	22,360	(3,675)
TRANSFERS FROM OTHER FUNDS:							
General Fund	500,000	-	500,000	250,000	250,000	500,000	-
Beginning Fund Balance	5,000	-	5,000	34,201	114,390	34,201	29,201
	$ 531,035	$ -	$ 531,035	$ 293,452	$ 377,499	$ 556,561	$ 25,526
EXPENDITURES:							
Materials and services	$ 531,035	$ -	$ 531,035	$ 179,062	$ 46,939	$ 226,001	$ (305,034)
Total Expenditures	531,035	-	531,035	179,062	46,939	226,001	(305,034)
Ending Fund Balance	-	-	-	114,390	330,560	330,560	330,560
	$ 531,035	$ -	$ 531,035	$ 293,452	$ 377,499	$ 556,561	$ 25,526

TUALATIN VALLEY
WATER DISTRICT

Statistical Section

Providing reliability and resilience

The District is fortunate to have multiple quality water sources for its customers. The Portland Water Bureau provides about 65% of the District's water, with the other 35% supplied from the capacity the District owns in the Joint Water Commission and the Grabhorn Aquifer Storage and Recovery Well. Shifting the amount of water received from each source benefits customers because it allows the District to minimize service interruptions, and manage water storage and financial resources more efficiently and reliably. The District maintains 761 miles of pipe, 22 active reservoirs holding 65 million gallons of water, and 14 active pump stations.

TUALATIN VALLEY
WATER DISTRICT

TUALATIN VALLEY WATER DISTRICT
STATISTICAL SECTION

This section presents detailed information to provide context for understanding the information in this Annual Comprehensive Financial Report.

Contents

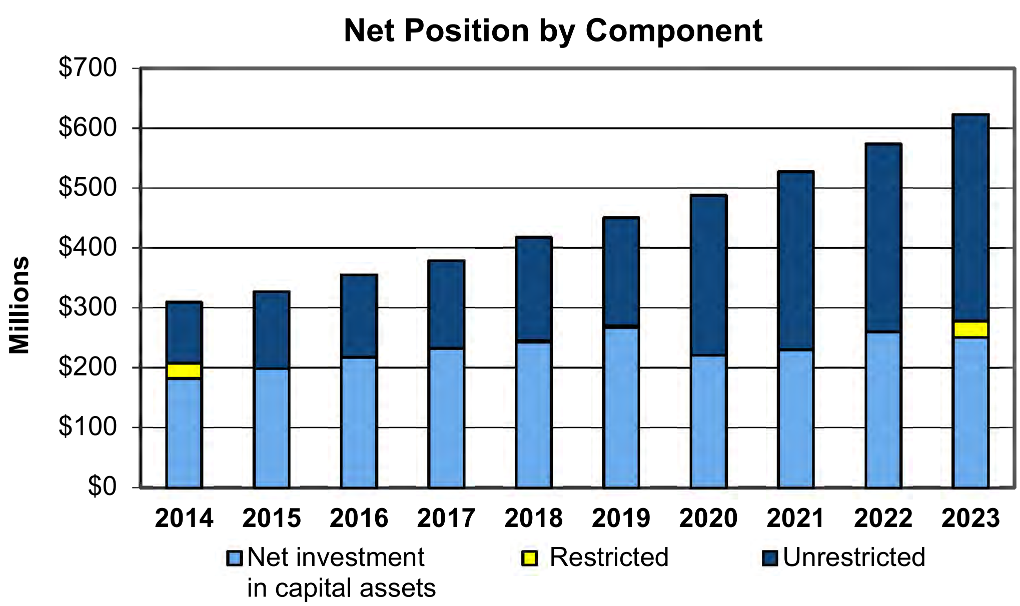
Sources: Unless otherwise noted, the information in these schedules is derived from the Annual Comprehensive Financial Reports.

TUALATIN VALLEY
WATER DISTRICT

TUALATIN VALLEY WATER DISTRICT

NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS

	Primary Government Net Position			
	Net investment in capital assets	Restricted	Unrestricted	Total
2023	$ 250,644,958	$ 27,777,115	$ 344,653,701	$ 623,075,774
2022	260,161,465	334,609	312,686,736	573,182,810
2021	229,833,000	-	297,448,763	527,281,763
2020	221,070,752	-	266,707,089	487,777,841
2019	267,673,981	2,588,788	180,049,465	450,312,234
2018	242,506,390	2,588,788	172,190,052	417,285,230
2017	232,050,787	-	146,282,198	378,332,985
2016	217,006,685	-	137,751,985	354,758,670
2015	198,676,321	-	128,001,483	326,677,804
2014	181,750,385	25,645,024	101,601,802	308,997,211



TUALATIN VALLEY WATER DISTRICT
CHANGES IN NET POSITION
LAST TEN YEARS

	2023	Restated 2022[1]	2021
OPERATING REVENUES:			
Water service	$ 89,213,939	$ 75,794,037	$ 74,188,204
Administrative service	3,865,148	3,337,630	3,524,976
Total Operating Revenues	93,079,087	79,131,667	77,713,180
OPERATING EXPENSES:			
Water purchased and pumping power	11,391,670	10,107,247	10,312,457
Labor and fringe benefits	22,633,962	19,955,908	21,915,256
Maintenance and repairs	2,487,378	1,815,864	2,024,981
General and administrative	10,002,305	6,196,441	6,672,030
Electricity and other utilities	179,467	159,718	156,040
Supplies	325,348	284,670	314,115
Depreciation and amortization expense	8,424,242	7,389,206	7,133,526
Less: operating expenses capitalized	(4,814,047)	(7,455,614)	(6,201,831)
Total Operating Expenses	50,630,325	38,453,440	42,326,574
NET OPERATING INCOME	42,448,762	40,678,227	35,386,606
NONOPERATING REVENUES (EXPENSES)			
Discontinued capital projects	(77,592)	(37,923)	(1,679,362)
Loss in equity in joint ventures	(1,306,090)	(952,351)	(1,289,983)
Interest income	5,722,873	1,078,978	1,601,441
Unrealized gain (loss) on investments	(515,967)	(1,287,618)	(1,037,557)
Interest expense	(2,946,644)	(83,554)	-
Pension Employer Incentive Fund matching revenue	-	-	-
Gain (loss) on disposal of capital assets, net	70,859	86,984	(45,863)
Other nonoperating revenues (expenses)	100,508	49,806	63,228
Total Nonoperating Revenues (Expenses)	1,047,947	(1,145,678)	(2,388,096)
Capital Contributions	6,396,255	6,368,498	6,505,412
Changes in Net Position	49,892,964	45,901,047	39,503,922
Net Position, beginning of year	573,178,750	527,281,763	487,777,841
Restatement for change in accounting principles	4,060	-	-
Net Position, beginning of year restated	573,182,810	527,281,763	487,777,841
Net Position, end of year	$ 623,075,774	$ 573,182,810	$ 527,281,763

[1]2022 restated to reflect implementation of GASB No. 96

[2]2017 restated beginning net position to reflect implementation of GASB No. 75 and No. 87

[3]2015 restated beginning net position to reflect implementation of GASB No. 68

Continued on next page

2020	2019	2018	Restated 2017[2]	2016	Restated 2015[3]	2014
$ 66,198,211	$ 69,451,031	$ 63,730,160	$ 52,461,679	$ 48,728,635	$ 41,025,195	$ 35,013,145
3,888,547	3,633,228	3,214,641	3,001,965	3,764,144	4,689,194	2,515,514
70,086,758	73,084,259	66,944,801	55,463,644	52,492,779	45,714,389	37,528,659
10,632,559	10,050,276	10,161,954	9,693,035	9,051,685	7,713,786	7,461,754
22,086,542	19,824,271	18,433,098	17,532,715	19,870,765	11,747,960	14,047,903
1,800,179	2,048,506	1,462,432	1,557,932	1,336,820	1,496,431	1,534,727
5,304,460	5,533,112	4,853,470	5,073,804	6,348,825	7,186,365	4,218,566
142,621	146,428	140,626	146,444	134,865	119,964	122,282
305,839	315,926	220,641	196,007	218,756	272,876	197,191
7,046,956	6,896,192	7,336,782	6,957,712	6,110,033	5,880,723	5,414,179
(4,316,745)	(4,904,995)	(4,113,466)	(3,377,130)	(3,064,622)	(2,816,946)	(2,899,203)
43,002,411	39,909,716	38,495,537	37,780,519	40,007,127	31,601,159	30,097,399
27,084,347	33,174,543	28,449,264	17,683,125	12,485,652	14,113,230	7,431,260
-	(2,346,275)	-	(17,527)	(416,646)	(383,121)	(1,036)
(1,542,432)	(836,783)	(775,060)	(656,837)	(831,663)	(714,847)	(658,349)
2,704,937	2,769,322	1,634,667	1,080,484	700,524	592,861	553,807
1,006,613	1,127,490	(302,492)	(440,187)	95,015	69,654	292,396
(382)	(291,492)	(285,882)	(25,522)	(2,194)	(281,156)	(317,717)
860,559	-	-	-	-	-	-
(1,169,532)	(9,125,528)	1,335,320	(556,624)	(4,874)	(100,384)	(116,322)
43,316	(418,021)	80,466	25,749	-	-	-
1,903,079	(9,121,287)	1,687,019	(590,464)	(459,838)	(816,993)	(247,221)
8,478,181	8,973,748	8,815,962	6,630,821	16,055,052	9,392,435	8,208,309
37,465,607	33,027,004	38,952,245	23,723,482	28,080,866	22,688,672	15,392,348
450,312,234	417,285,230	378,332,985	354,758,670	326,677,804	308,997,211	293,604,863
-	-	-	(149,167)	-	(5,008,079)	-
450,312,234	417,285,230	378,332,985	354,609,503	326,677,804	303,989,132	293,604,863
$ 487,777,841	$ 450,312,234	$ 417,285,230	$ 378,332,985	$ 354,758,670	$ 326,677,804	$ 308,997,211

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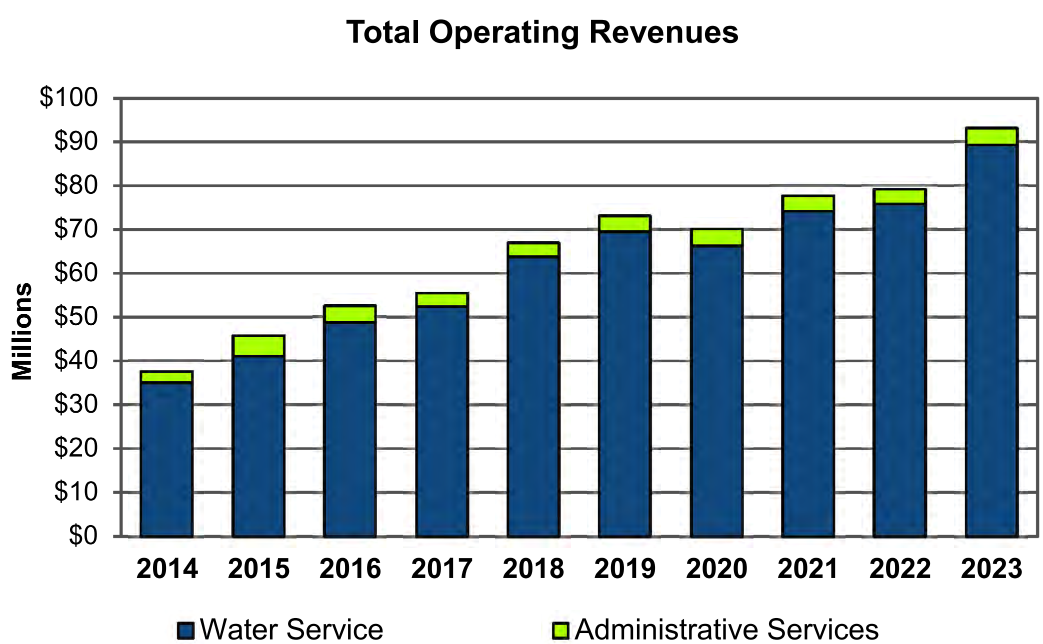
TUALATIN VALLEY
WATER DISTRICT

TUALATIN VALLEY WATER DISTRICT

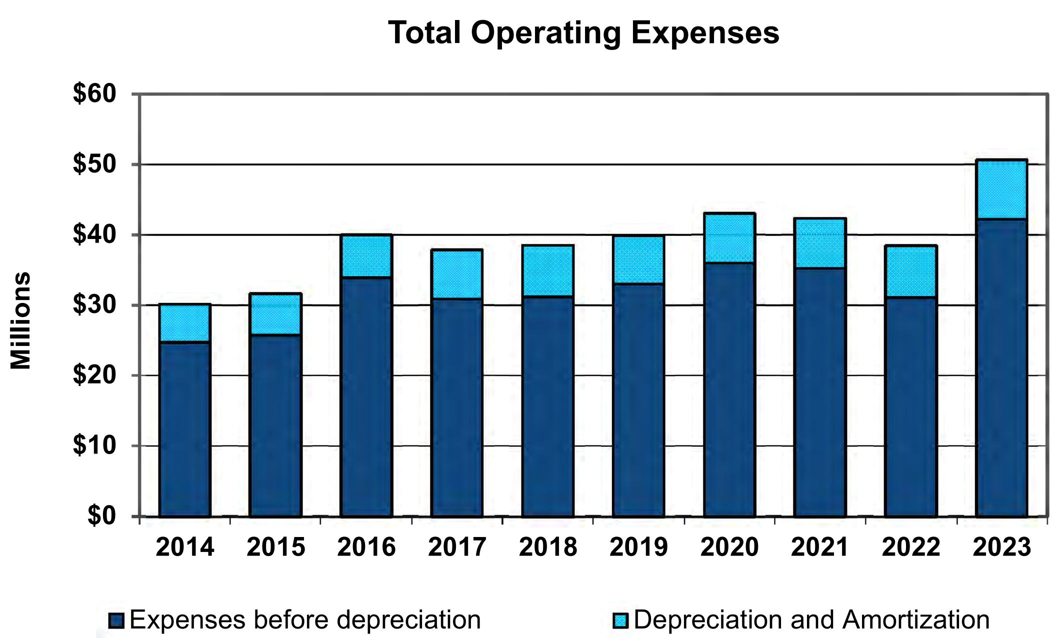
OPERATING REVENUES BY SOURCE
LAST TEN FISCAL YEARS

Year Ended June 30	Water Service	Administrative Services	Total
2023	$ 89,213,939	$ 3,865,148	$ 93,079,087
2022	75,794,037	3,337,630	79,131,667
2021	74,188,204	3,524,976	77,713,180
2020	66,198,211	3,888,547	70,086,758
2019	69,451,031	3,633,228	73,084,259
2018	63,730,160	3,214,641	66,944,801
2017	52,461,679	3,001,965	55,463,644
2016	48,728,635	3,764,144	52,492,779
2015	41,025,195	4,689,194	45,714,389
2014	35,013,145	2,515,514	37,528,659



TUALATIN VALLEY WATER DISTRICT
OPERATING EXPENSES
LAST TEN YEARS

Fiscal Year Ending June 30	Water Purchased	Labor and Fringe Benefits	Maintenance and Repairs	General and Administrative	Electricity and Other Utilities
2023	$ 11,391,670	$ 22,633,962	$ 2,487,378	$ 10,002,305	$ 179,467
2022	10,107,247	19,955,908	1,815,864	6,196,441	159,718
2021	10,312,457	21,915,256	2,024,981	6,672,030	156,040
2020	10,632,559	22,086,542	1,800,179	5,304,460	142,621
2019	10,050,276	19,824,271	2,048,506	5,533,112	146,428
2018	10,161,954	18,433,098	1,462,432	4,853,470	140,626
2017	9,693,035	17,532,715	1,557,932	5,073,804	146,444
2016	9,051,685	19,870,765	1,336,820	6,348,825	134,865
2015	7,713,786	11,747,960	1,496,431	7,186,365	119,964
2014	7,461,754	14,047,903	1,534,727	4,218,566	122,282



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Supplies	Less Capitalized Overhead	Subtotal, Expenses before Depreciation	Depreciation and Amortization	Total Operating Expenses
$ 325,348	$ (4,814,047)	$ 42,206,083	$ 8,424,242	$ 50,630,325
284,670	(7,455,614)	31,064,234	7,389,206	38,453,440
314,115	(6,201,831)	35,193,048	7,133,526	42,326,574
305,839	(4,316,745)	35,955,455	7,046,956	43,002,411
315,926	(4,904,995)	33,013,524	6,896,192	39,909,716
220,641	(4,113,466)	31,158,755	7,336,782	38,495,537
196,007	(3,377,130)	30,822,807	6,957,712	37,780,519
218,756	(3,064,622)	33,897,094	6,110,033	40,007,127
272,876	(2,816,946)	25,720,436	5,880,723	31,601,159
197,191	(2,899,203)	24,683,220	5,414,179	30,097,399

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TUALATIN VALLEY WATER DISTRICT
NONOPERATING REVENUES AND EXPENSES
LAST TEN FISCAL YEARS

Fiscal Year Ending June 30,	Discontinued capital projects	Loss in joint venture equity	Interest income	Unrealized gain (loss) on investments	Interest expense
2023	$ (77,592)	$ (1,306,090)	$ 5,722,873	$ (515,967)	$ (2,946,644)
2022	(37,923)	(952,351)	1,078,978	(1,287,618)	(83,554)
2021	(1,679,362)	(1,289,983)	1,601,441	(1,037,557)	-
2020	-	(1,542,432)	2,704,937	1,006,613	(382)
2019	(2,346,275)	(836,783)	2,769,322	1,127,490	(291,492)
2018	-	(775,060)	1,634,667	(302,492)	(285,882)
2017	(17,527)	(656,837)	1,080,484	(440,187)	(25,522)
2016	(416,646)	(831,663)	700,524	95,015	(2,194)
2015	(383,121)	(714,847)	592,861	69,654	(281,156)
2014	(1,036)	(658,349)	553,807	292,396	(317,717)

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Pension Employer Incentive Fund (EIF)	Disposal of capital assets, net	Other nonoperating revenues (expenses)	Total nonoperating revenues (expenses)
$ -	$ 70,859	$ 100,508	$ 1,047,947
-	86,984	49,806	(1,145,678)
-	(45,863)	63,228	(2,388,096)
860,559	(1,169,532)	43,316	1,903,079
-	(9,125,528)	(418,021)	(9,121,287)
-	1,335,320	80,466	1,687,019
-	(556,624)	25,749	(590,464)
-	(4,874)	-	(459,838)
-	(100,384)	-	(816,993)
-	(116,322)	-	(247,221)

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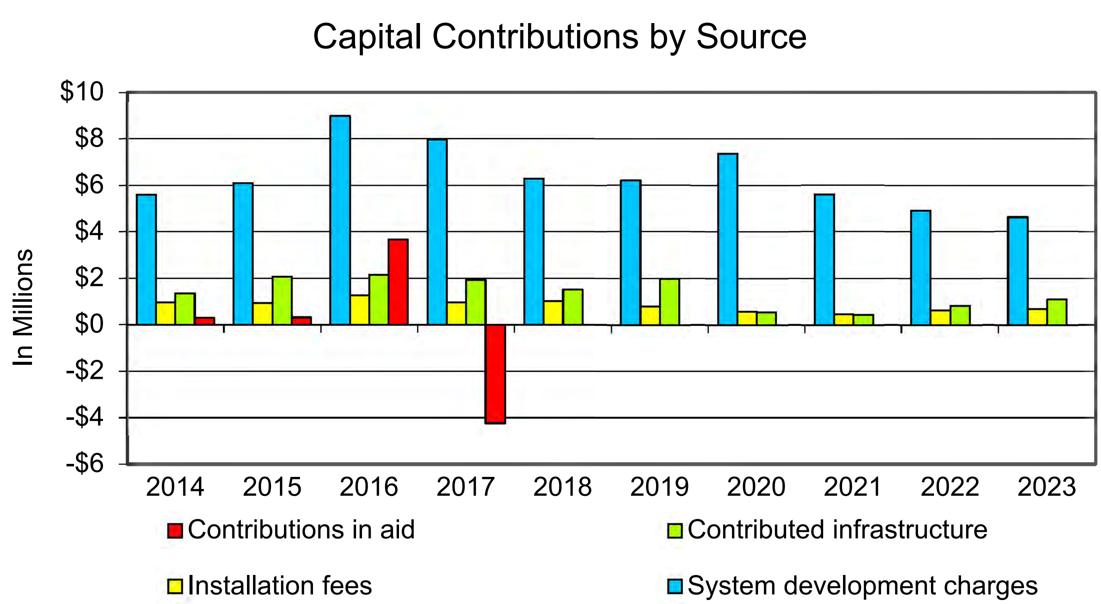
TUALATIN VALLEY WATER DISTRICT
CAPITAL CONTRIBUTIONS BY SOURCE
LAST TEN YEARS

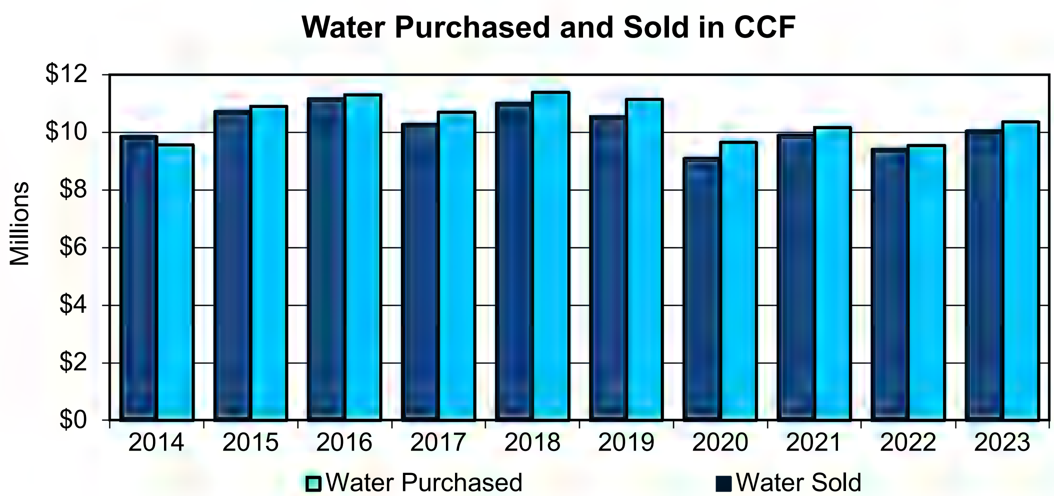
	System development charges	Installation fees	Contributed infrastructure	Contributions in aid	Total contributions
2023	$ 4,616,002	$ 688,496	$ 1,091,757	$ -	$ 6,396,255
2022	4,909,441	623,344	835,713	-	6,368,498
2021	5,600,722	460,439	444,251	-	6,505,412
2020	7,367,496	569,141	541,544	-	8,478,181
2019	6,193,831	798,128	1,981,789	-	8,973,748
2018	6,295,124	1,014,589	1,506,249	-	8,815,962
2017	7,981,382	957,756	1,927,402	(4,235,719) [1]	6,630,821
2016	8,977,050	1,255,363	2,150,248	3,672,391	16,055,052
2015	6,086,538	929,714	2,063,230	312,953	9,392,435
2014	5,593,132	964,412	1,355,277	295,488	8,208,309



[1] Contributions in aid have been adjusted to remove the City of Hillsboro's cumulative ownership contributions in the Willamette Water Supply Program (WWSP).

TUALATIN VALLEY WATER DISTRICT
WATER PRODUCED AND CONSUMED
LAST TEN YEARS

	Fiscal Year End	Water Produced (CCF)[2]	Water Sold (CCF)[2]	Non-revenue Water (CCF)[2]	Non-revenue Water Percent	Total Direct Rates[4] Fixed Charge[3]	Rate Per CCF Block 1	Rate Per CCF Block 2	Ratio of Water Sold to Water Purchased
	2023	10,355,750	10,051,082	304,668	2.9%	$ 42.50	$ 7.30	$ 10.05	97.1%
	2022	9,545,884	9,403,427	142,457	1.5%	37.20	6.15	8.77	98.5%
	2021	10,171,314	9,896,381	274,933	2.7%	33.98	5.62	8.01	97.3%
	2020	9,651,869	9,086,530	565,339	5.9%	32.80	5.42	7.73	94.1%
	2019	11,152,582	10,550,871	601,711	5.4%	31.66	5.23	7.46	94.6%
	2018	11,386,129	11,001,566	384,563	3.4%	27.90	4.61	6.57	96.6%
	2017	10,701,959	10,280,141	421,818	3.9%	24.58	4.06	5.79	96.1%
	2016	11,301,104	11,165,490	135,614	1.2%	21.46	3.55	5.06	98.8%
	2015	10,903,035	10,710,540	192,495	1.8%	18.44	3.05	4.35	98.2%
[1]	2014	9,569,868	9,851,917	(282,049)	-2.9%	16.86	2.74	3.91	102.9%



[1] District data for FY 2014 reflects a water gain (selling more water than purchased from suppliers). The District identified two of the Portland Water Bureau (PWB) master meters that feed TVWD were not accurately reading all water flows. These meters are owned and maintained by Portland. TVWD and the PWB agreed to an adjustment formula to create an estimated read on the inaccurate meters. Those meters have since been replaced by the PWB.

[2] CCF = Hundred cubic feet = 748 gallons.

[3] Bi-monthly. TVWD has fixed charges that vary by meter size and cannot easily calculate a weighted-average rate to present as the total direct rate; instead, the rate for the most common size of meter (5/8 inch) is shown).

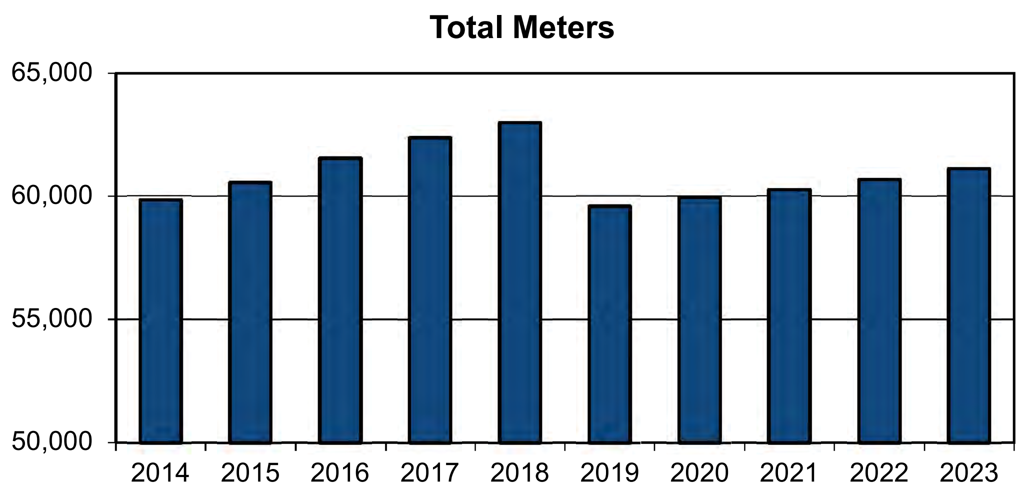
[4] See Bi-Monthly Water Rates statistical schedule in this ACFR report for Block 1 and 2 rates, and the rates of other meter sizes.

Source: Tualatin Valley Water District Records

TUALATIN VALLEY WATER DISTRICT

NUMBER OF WATER METERS BY CLASS
LAST TEN FISCAL YEARS

	Meters						
	Class 1 & 2 Residential	Class 3 Commercial	Class 4 Industrial	Class 5-8 Other[2]	Total Meters		Net Change in Meters
2023	57,825	1,401	24	1,865	61,115		450
2022	57,487	1,395	24	1,759	60,665		417
2021	57,090	1,389	25	1,744	60,248		310
2020	56,768	1,390	25	1,755	59,938		351
2019	56,459	1,370	27	1,731	59,587	[1]	-3,398
2018	59,498	1,541	33	1,913	62,985		608
2017	58,907	1,565	33	1,872	62,377		836
2016	58,103	1,561	33	1,844	61,541		991
2015	57,186	1,529	33	1,802	60,550		717
2014	56,509	1,519	33	1,772	59,833		512



[1] June 30, 2019 represents the withdrawal of meters and services by the City of Beaverton.

[2] Other = Firelines, Irrigation, Temp Irrigation, and Wholesale meters.

TUALATIN VALLEY WATER DISTRICT

WATER RATES
LAST TEN FISCAL YEARS

	Water Usage [1],[2] Rate / CCF		Fixed Bi-monthly Rates by Meter Size (in inches)									
Nov 1st,	Block 1	Block 2	5/8	3/4	1	1-1/2	2	3	4	6	8	10
2022	$7.03	$10.02	$42.50	$46.82	$57.70	$77.54	$114.36	$318.44	$426.68	$687.64	$993.26	$1,633.66
2021	6.15	8.77	37.20	40.98	50.50	67.86	100.10	278.72	373.46	601.88	896.38	1,429.90
2020	5.62	8.01	33.98	37.42	46.12	61.98	91.42	254.54	341.06	549.66	793.96	1,305.84
2019	5.42	7.73	32.80	36.12	44.52	59.82	88.24	245.70	329.20	530.56	766.38	1,260.46
2018	5.23	7.46	31.66	34.86	42.98	57.74	85.18	237.16	317.16	512.12	739.74	1,216.66
2017	4.61	6.57	27.90	30.72	37.86	50.88	75.04	208.96	279.96	451.20	651.76	1,071.94
2016	4.06	5.79	24.58	27.06	33.36	44.82	66.12	184.10	246.66	397.54	574.24	944.44
2015	3.55	5.06	21.46	23.64	29.14	39.14	57.74	160.78	215.42	347.20	501.52	824.84
2014	3.05	4.35	18.44	20.32	25.04	33.64	49.62	138.16	185.10	298.34	430.94	708.76
2013	2.74	3.91	16.86	18.38	22.28	29.06	42.54	122.32	161.26	254.7	363.72	590.98

[1] There are 7.48 Gallons in One Cubic Foot, 748 gallons in one CCF.

[2] Block 2 rate applies to quantities used in excess of 28 CCF in a bi-monthly billing period for single-family residential customer or 140% of the average usage for the past twelve-months for multi-family, irrigation, commercial, and production customers.

Water rates are adopted by the Board of Commissioners.

Source: Tualatin Valley Water District Records

TUALATIN VALLEY
WATER DISTRICT

TUALATIN VALLEY WATER DISTRICT
TEN LARGEST CUSTOMERS
CURRENT YEAR AND NINE YEARS PRIOR

	FY 2023			FY 2014		
CUSTOMER	Rank	Consumption CCF [1]	Percent	Rank	Consumption CCF [1]	Percent
Intel Oregon	1	397,612	3.96%	1	273,602	2.78%
Maxim Integrated Products Inc	2	370,256	3.68%	2	261,397	2.65%
Nike Inc	3	170,695	1.70%	3	112,229	1.14%
Resers Fine Foods	4	108,541	1.08%	5	108,484	1.10%
City of Hillsboro	5	69,632	0.69%			
Tualatin Hills Park and Recreation Dist.	6	67,268	0.67%	6	77,387	0.79%
Stack Infrastructure Inc	7	67,042	0.67%			
Providence Health Systems	8	65,206	0.65%	4	109,059	1.11%
Heritage Village Mobile Park	9	61,587	0.61%	8	64,227	0.65%
Oregon Health Sciences University	10	51,442	0.51%	10	47,735	0.48%
Panzer Nursery Inc				7	64,315	0.65%
Tektronix				9	56,346	0.57%
		1,429,281	14.22%		1,174,781	11.92%
All Other Consumers		8,621,801	85.78%		8,677,136	88.08%
Total All Customers		10,051,082	100%		9,851,917	100%

[1] CCF = Hundred cubic feet = 748 gallons.

Source: Tualatin Valley Water District Records

TUALATIN VALLEY WATER DISTRICT

PLEDGED REVENUE COVERAGE
LAST TEN FISCAL YEARS

	Gross Revenues [1]	Less: Operating Expenses [2]	Net Revenues [3]	System Development Charges (SDC's)	Coverage Revenues [4]
2023	$ 104,611,596	$42,474,728	$62,136,868	$ 4,616,002	$ 57,520,866
2022	85,743,430	31,140,430	54,603,000	4,909,441	49,693,559
2021	83,738,088	35,193,048	48,545,040	5,600,722	42,944,318
2020	77,881,299	35,955,455	41,925,844	7,367,496	34,558,348
2019	82,047,412	33,013,524	49,033,888	6,193,831	42,840,057
2018	73,630,756	31,158,755	42,472,001	6,295,124	36,176,877
2017	63,763,832	30,943,116	32,820,716	7,981,382	24,839,334
2016	61,707,378	33,897,094	27,810,284	8,977,050	18,833,234
2015	52,229,980	25,720,436	26,509,544	6,086,538	20,423,006
2014	43,500,916	24,683,220	18,817,696	5,593,132	13,224,564

[1] "Gross Revenues" means all fees and charges and other revenues that are properly accrued under generally accepted accounting principles as revenues of the Water System, including System Development Charges, revenues from product sales, wholesale water delivery, and fees for other services provided, and interest earnings on Gross Revenues in the Water Fund.

[2] "Operating Expenses" means all costs which are properly treated as expenses of operating and maintaining the Water System under generally accepted accounting principles. Operating expenses exclude: payments for penalties and judgements, depreciation and amortization, capital expenditures, debt service payments, any expenditures allocable to any other funding source other than gross revenues of the Water System. FY 2019 and prior, this was referred to as "Net Operating Expenses".

[3] "Net Revenues" means Gross Revenues less Operating Expenses. FY 2019 and prior, this was referred to as "Net Operating Revenues".

[4] "Coverage Revenues" means Net Revenues less System Development Charges.

[5] Debt Service includes principal and interest of revenue bonds only. It does not include general obligation bonds supported by property taxes or other long-term liabilities.

[6] Only current year principal payment due shown for coverage purposes.

[7] Required minimum coverage ratios are: Net Revenues/Debt Service and Coverage Revenues/Debt Service
After FY 2019 required minimums are - 1.25 and 1.15, respectively
Prior to FY 2020 required minimums were - 1.25 and 1.20, respectively.

[8] On June 1, 2015, the District exercised the call provisions at par as priced in the July 28, 2005 Official Statement.

Sources: Tualatin Valley Water District financial records
Information reported prior to FY 2020 is in accordance with 2005 Master Bond Declaration
Information reported after FY 2019 is in accordance with August, 2019 Master Bond Declaration

Continued on next page

					Coverage Ratios [7]	
Debt Service [5]					Net Revenues / Debt Service	Coverage Revenues / Debt Service
Principal [6]		Interest		Total		
$ -		$ -		$ -	n/a	n/a
-		-		-	n/a	n/a
-		-		-	n/a	n/a
-		-		-	n/a	n/a
-		-		-	n/a	n/a
-		-		-	n/a	n/a
-		-		-	n/a	n/a
-		-		-	n/a	n/a
1,280,000	[8]	245,975		1,525,975	17.37	13.38
1,235,000		295,375		1,530,375	12.30	8.64

Continued from previous page

TUALATIN VALLEY WATER DISTRICT

RATIO OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS

	[1] District Population (Estimated)	[1] Per Capita Personal Income	[2] Revenue Bonds			
			Principal	Interest	Amortized Defeasance	Total
2023	226,950	$ 77,234	$ 318,490,678	$ 580,234	$ -	$ 319,070,912
2022	225,384	73,685	103,436,353	58,183	-	103,494,536
2021	225,074	71,537	-	-	-	-
2020	220,986	66,270	-	-	-	-
2019	214,717	62,493	-	-	-	-
2018	229,100	61,218	-	-	-	-
2017	226,360	57,641	-	-	-	-
2016	221,749	54,672	-	-	-	-
2015	218,399	53,464	-	-	-	-
2014	214,143	50,231	5,470,000	635,250	(54,778)	6,050,472

[1] From Demographic and Economic statistics schedule in this report
[2] From Tualatin Valley Water District Records

Continued on next page

Bonded Debt Per Capita	Leases [2]	Total Debt	Total Debt Per Capita	Debt as a % of Personal Income
$ 1,406	-	$ 319,070,912	$ 1,406	1.82%
459	-	103,494,536	459	0.62%
-	-	-	-	0.00%
-	-	-	-	0.00%
-	8,967,417	8,967,417	42	0.07%
-	8,933,256	8,933,256	39	0.06%
-	1,021,556	1,021,556	5	0.01%
-	-	-	-	0.00%
-	-	-	-	0.00%
28	-	6,050,472	28	0.06%

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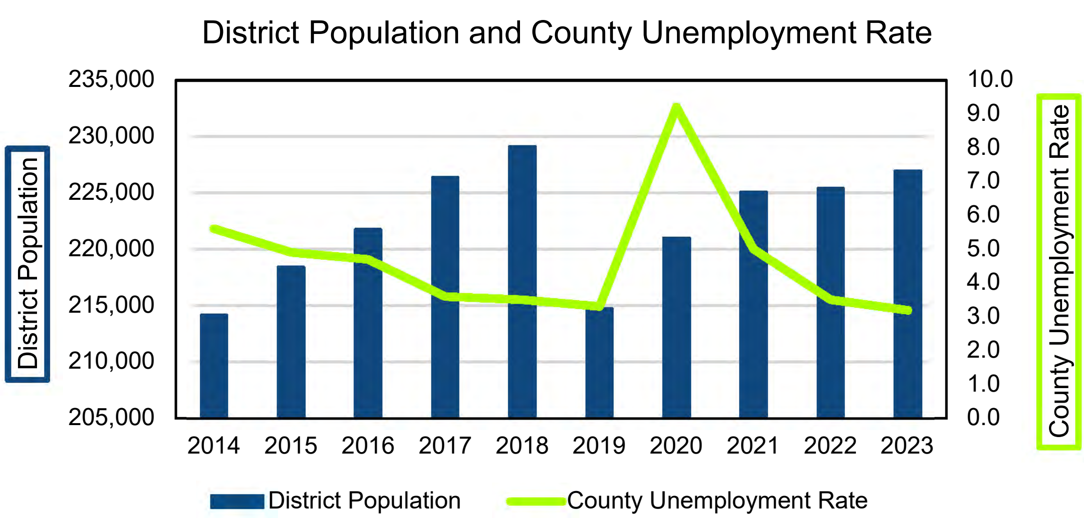
TUALATIN VALLEY WATER DISTRICT

DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN CALENDAR YEARS

	[1]	WASHINGTON COUNTY			UNEMPLOYMENT RATE		[4]	[4]
	District Population (Estimated)	[2] Population	[3] Per Capita Income	Personal Income (000's)	[4] County	[4] State of Oregon	County Labor Force	State Labor Force
2023	226,950 [5]	605,692 [5]	$ 77,234 [5]	$ 46,780,017	3.2 %	3.5 %	331,000	2,149,300
2022	225,384	605,087	73,685 [5]	44,585,828	3.5	4.1	331,500	2,166,500
2021	225,074	600,811	71,537	42,980,217	5.0	5.8	327,500	2,161,900
2020	220,986	600,689	66,270	39,807,660	9.2	10.3	318,900	2,115,000
2019	214,717 [6]	601,592	62,493	37,595,289	3.3	3.9	323,900	2,104,000
2018	229,100	596,904	61,218	36,541,269	3.5	4.1	320,200	2,093,500
2017	226,360	591,336	57,641	34,085,198	3.6	4.1	320,200	2,096,600
2016	221,749	584,910	54,672	31,978,200	4.7	5.2	313,000	2,058,900
2015	218,399	572,664	53,464	30,616,908	4.9	5.7	300,800	1,991,000
2014	214,143	562,316	50,231	28,245,695	5.6	6.6	294,500	1,960,500



[1] Based on population data prepared by the Population Research Center, Portland State University, April 2021
[2] US Census Bureau (FactFinder.census.gov)
[3] Bureau of Economic Analysis (https://bea.gov)
[4] Source: Oregon Employment Department QualityInfo.org, non-farm employment, not seasonally adjusted. 2020 unemployment rates elevated due to COVID-19 crises.
[5] Data not available at time of preparation. Estimate used
[6] A significant number of customers served by the District were withdrawn and are now served by the city of Beaverton

TUALATIN VALLEY WATER SUPPLY
MAJOR EMPLOYMENT INDUSTRIES IN WASHINGTON COUNTY, OREGON
CURRENT YEAR AND NINE YEARS AGO

	June 30, 2023			June 30, 2014		
Industry	Rank	Employees	Percentage of Work Force	Rank	Employees	Percentage of Work Force
Professional and business services	1	56,227	18.36%	1	49,686	18.81%
Trade, transportation and utilities	2	54,053	17.65%	2	46,200	17.49%
Manufacturing	3	53,543	17.48%	3	44,818	16.97%
Education and health services	4	39,665	12.95%	4	31,773	12.03%
Leisure and hospitality	5	26,696	8.72%	6	22,391	8.48%
Government	6	24,916	8.14%	5	22,653	8.58%
Construction	7	18,955	6.19%	8	13,432	5.09%
Financial activities	8	14,137	4.62%	7	13,983	5.29%
Other services [1]	9	10,085	3.29%	9	8,521	3.23%
Information, publishing & telecomm.	10	7,095	2.32%	10	7,450	2.82%
All other industries		860	0.28%		3,193	1.21%
Total Employment		306,232	100.00%		264,100	100.00%

[1] Other services include repair & maintenance, membership organizations, laundry services and unclassified
Source: Oregon Employment Department Quality Information (QCEW) for Washington County

TUALATIN VALLEY WATER DISTRICT

NUMBER OF EMPLOYEES BY IDENTIFIABLE ACTIVITY
LAST TEN FISCAL YEARS

	Full-Time-Equivalent Employees as of June 30,			
	2023	2022	2021	2020
WATER:				
System Operations	10	9	9	9
Construction, Maintenance, and Valve crews	23	20	20	24
Water Resources, frmly Water Quality	5	6	5	4
ENGINEERING & INSPECTION:				
Engineering	8	8	7	8
Inspections	3	2	2	2
ADMINISTRATION:				
Executive Administration	6	8	10	10
Human Resources	3	4	2	2
Conservation/Public Outreach	3	4	4	4
Billing/Customer Service	14	17	14	14
Meter Reading/Field Customer Service	18	14	14	14
Finance and Accounting	12	12	10	11
Information Services	9	8	8	9
OPERATIONS ADMINISTRATION:				
Administration	5	4	4	5
Asset Management-Facilities, Fleet, GIS	8	10	10	7
Safety & Security	2	2	2	2
WILLAMETTE WATER SUPPLY PROGRAM:				
Executive Administration	2	2	2	2
Administration	1	2	2	3
Engineering	4	3	3	3
Finance and Accounting	2	3	2	2
Public Outreach	2	1	2	-
TOTAL EMPLOYEES [1]	140	139	132	135
Estimated district population [2]	225,900	[3] 225,384	225,074	220,986
Number of employees per 1,000 population	0.62	0.62	0.59	0.61

[1] Temporary employees are included in above numbers

[2] Based on population data from Portland State University College of Urban & Public Affairs: Population Research Center

[3] Data not available at time of preparation. Estimate used

[4] A significant number of customers served by the District which were withdrawn and are now served by the city of Beaverton

Source: Tualatin Valley Water District Payroll Records

Continued on next page

2019	2018	2017	2016	2015	2014
9	8	9	9	9	10
29	22	22	25	25	26
5	6	6	4	6	3
8	8	8	10	11	16
2	2	2	2	2	3
10	8	7	7	7	9
2	2	2	3	3	2
4	3	4	4	4	6
14	12	14	12	12	12
14	14	14	14	13	14
13	11	11	11	11	11
8	8	7	8	8	7
5	8	5	5	4	3
7	11	6	9	9	8
2	1	2	2	2	2
2	1	1	1	1	-
4	4	3	1	-	-
3	3	4	3	1	-
1	1	1	1	-	-
2	1	1	1	2	-
144	134	129	132	130	132
[4] 214,717	229,100	226,360	221,749	218,399	214,143
0.67	0.58	0.57	0.60	0.60	0.62

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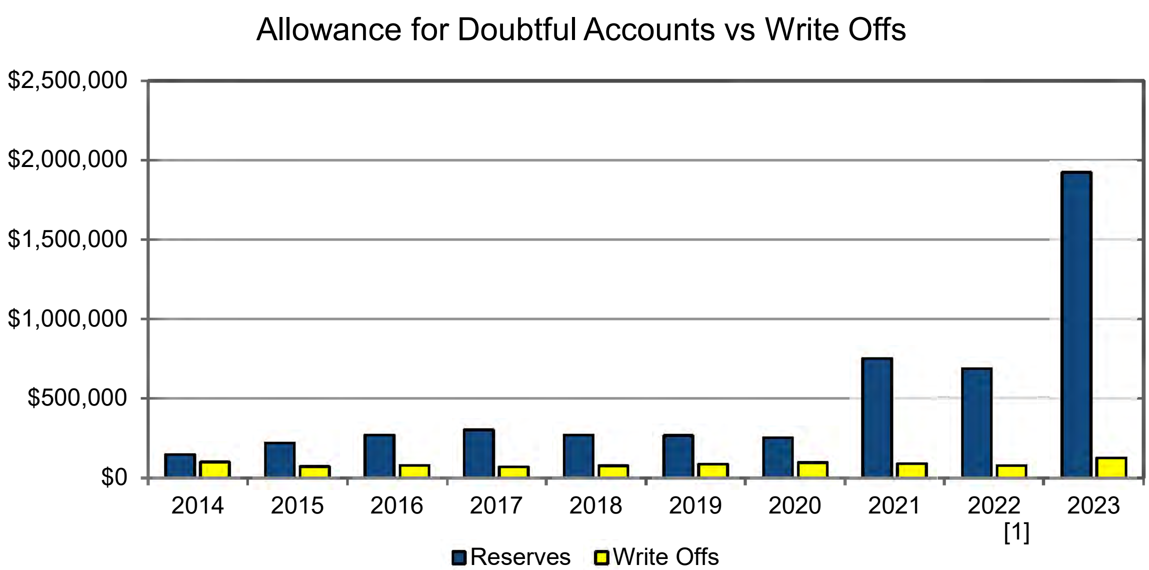
TUALATIN VALLEY WATER DISTRICT
WATER SALES, WRITE OFFS AND ALLOWANCE FOR DOUBTFUL ACCOUNTS
LAST TEN FISCAL YEARS

	Water Sales	Write Offs	Write Offs as a % of Sales	Accounts Receivable Balance at June 30	Allowance for Doubtful Accounts		Bad Debt Reserves as a % of Accounts Receivable
2023	$ 89,213,939	$ 124,202	0.14%	$ 20,059,569	$ 1,920,000	[1]	9.57%
2022	75,794,037	76,987	0.10%	13,459,886	684,979	[1]	5.09%
2021	74,188,204	90,561	0.12%	16,285,599	750,000	[1]	4.61%
2020	66,198,211	93,935	0.14%	19,200,116	250,000		1.30%
2019	69,451,031	84,870	0.12%	18,814,033	263,085		1.40%
2018	63,730,160	75,998	0.12%	18,083,217	266,190		1.47%
2017	52,461,679	67,801	0.13%	15,655,053	300,092		1.92%
2016	48,728,635	75,948	0.16%	11,401,881	266,800		2.34%
2015	39,727,111	70,383	0.18%	8,377,842	218,303		2.61%
2014	35,013,145	98,724	0.28%	5,778,352	144,888		2.51%
2013	34,169,338	82,957	0.24%	5,301,577	138,846		2.62%



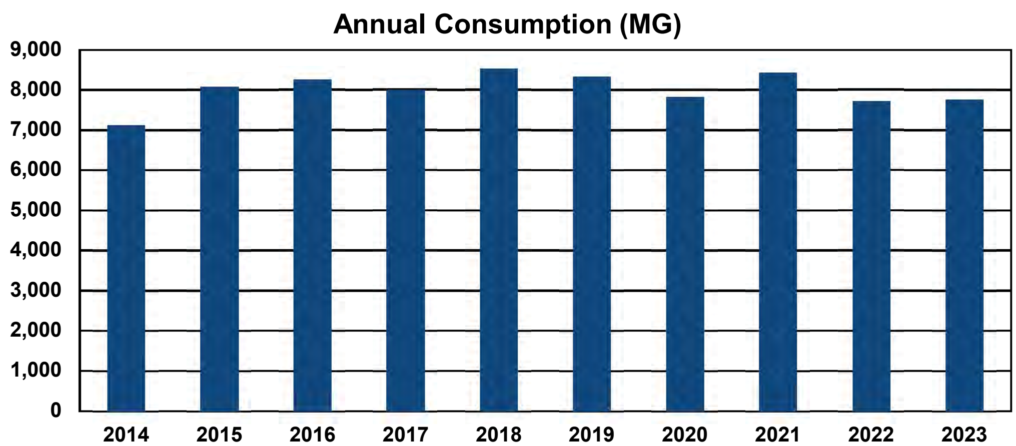
[1] The District significantly increased its Allowance for Doubtful Accounts due to its temporary policy of not shutting off customers water during the COVID-19 pandemic. Shutting off customers and collection efforts were also temporarily suspended during the implementation and stabilization phases of the new customer information system which became operational during FY 2023.

Source: Tualatin Valley Water District Records

TUALATIN VALLEY WATER DISTRICT

OPERATING AND CAPITAL INDICATORS
LAST TEN FISCAL YEARS

	Drinking Water				Consumption				Engineering, Inspection & Construction
	Storage Capacity (MG)	Miles of Water Mains [1]	Number of Reservoirs	Number of Pump Stations	Peak-Day (MGD)	Average (MGD)	Minimum-Day (MGD)	Annual (MG)	Inspections Conducted
2023	65.35	761	22	14	39.38	23.29	14.37	7,746	354
2022	67.35	759	23	14	40.83	21.11	14.53	7,704	562
2021	67.35	758	23	12	40.98	22.80	14.18	8,412	559
2020	67.35	752	23	12	38.34	20.96	14.58	7,819	390
2019	67.35	752	23	12	42.00	22.80	10.65	8,322	306
2018	62.35	790	23	12	45.38	23.33	14.97	8,515	306
2017	67.46	787	24	12	40.62	21.88	14.92	7,986	351
2016	59.35	780	22	11	43.44	22.54	10.97	8,250	450
2015	59.35	776	22	12	41.59	22.09	10.77	8,063	504
2014	59.60	788	22	13	39.96	19.50	10.49	7,118	387



[1] Water Mains greater than 2 inches from District GIS data layer
MG = million gallons
MGD=millions of gallons per day
Source: Tualatin Valley Water District Records

TUALATIN VALLEY
WATER DISTRICT

Compliance Section

Staff demonstration the emergency water distribution system at a regional event

Benefits of strong partnerships

Strong regional and statewide partnerships result in savings, minimized disruptions and maximized investments for future generations. In addition, by working closely with our partners, we are able to receive and respond to the need for emergency water supplies if needed.

TUALATIN VALLEY
WATER DISTRICT

MOSSADAMS

Report of Independent Auditors on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

The Board of Commissioners
Tualatin Valley Water District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Tualatin Valley Water District (the District), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Tualatin Valley Water District's basic financial statements, and have issued our report thereon dated December 21, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Tualatin Valley Water 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 Tualatin Valley Water District's internal control. Accordingly, we do not express an opinion on the effectiveness of Tualatin Valley Water 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 were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Tualatin Valley Water District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, 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. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Moss Adams LLP

Portland, Oregon
December 21, 2023

Report of Independent Auditors on Compliance for the Major Federal Program; Report on Internal Control Over Compliance; and Report on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

The Board of Commissioners
Tualatin Valley Water District

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited Tualatin Valley Water District's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on Tualatin Valley Water District's major federal program for the year ended June 30, 2023. Tualatin Valley Water District's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Tualatin Valley Water District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2023.

Basis for Opinion on the Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States *(Government Auditing Standards)*; and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Tualatin Valley Water District and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for the major federal program. Our audit does not provide a legal determination of Tualatin Valley Water District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Tualatin Valley Water District's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Tualatin Valley Water District's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Tualatin Valley Water District's compliance with the requirements of the major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards,* and the Uniform Guidance, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Tualatin Valley Water District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Tualatin Valley Water District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Tualatin Valley Water District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planed scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Moss Adams LLP

Portland, Oregon
December 21, 2023

TUALATIN VALLEY WATER DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2023

Description	Period Covered	Direct or Passed-through	Award or Loan Amount	Expenditures[2]	Agency Total
GENERAL SERVICES ADMINISTRATION					
39.003 Donation of Federal Surplus Personal Property					
Federal Surplus Property	7/01/2022 - 6/30/2023	(1)	$ Varies	$ 1,341	$ 1,341
ENVIRONMENTAL PROTECTION AGENCY (EPA)					
66.958 Water Infrastructure Finance and Innovation Act (WIFIA)					
WIFIA Loan# N18167OR	3/22/2019 - 6/1/2061	Direct	387,748,990	140,206,119	140,206,119
Total Expenditures of Federal Awards				$ 140,207,460	$ 140,207,460

[1] Passed through the Oregon Department of Administrative Services

[2] No amounts were passed through to sub-recipients of the District

See accompanying notes to this schedule

TUALATIN VALLEY WATER DISTRICT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2023

Basis of Presentation and Significant Accounting Policies

The accompanying Schedule of Expenditures of Federal Awards (SEFA) includes activity of the Tualatin Valley Water District (District) funded by the federal government for the year ended June 30, 2023. The District's reporting entity is defined in Note 1 to the District's basic financial statements. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial net position, changes in net position, nor the cash flows of the District.

Expenditures reported on the SEFA are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance for State, Local and Indian Tribal Governments, where applicable, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Expenditures are recorded when the liability is incurred. If applicable, donated commodities are valued at their estimated fair value.

Indirect Cost Rate

The District has not elected to submit an indirect cost allocation plan nor has it elected to use the ten percent de minimis indirect cost rate as allowed under the Uniform Guidance. The District will not be assessing such charges to any of the federally funded programs.

Federal Financial Assistance

Pursuant to Uniform Guidance, federal financial assistance is defined as assistance provided by a federal agency, either directly or indirectly, in the form of grants, contracts, cooperative agreements, loans, loan guarantees, property, interest subsidies, insurance, direct appropriations or non-monetary federal assistance such as federal surplus property. Federal financial assistance does not include direct federal cash assistance to individuals.

Non-monetary Federal Assistance

The District received donated surplus supplies valued at $1,341 during the FY2023.

Federal Loans

The District received a WIFIA loan by the EPA totaling $387,748,990 to help fund construction of the Willamette Water Supply System and other capital projects of the District. Federal expenditures of $140,206,119 were reported consisting of draws on the loan during FY2023 as shown in the table below:

	WIFIA Loan	Federal Expenditures
Balance at June 30, 2022	$ 103,436,353	
Distributions received during the year	140,206,119	$ 140,206,119
Interest capitalized into the loan balance	2,043,206	
Balance at June 30, 2023	$ 245,685,678	

Subrecipients

The District did not pass-through federal financial assistance to any subrecipients.

Section I – Summary of Auditor's Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: *Unmodified*

Internal control over financial reporting:

- Material weakness(es) identified? ☐ Yes ☒ No
- Significant deficiency(ies) identified? ☐ Yes ☒ None reported

Noncompliance material to financial statements noted? ☐ Yes ☒ No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? ☐ Yes ☒ No
- Significant deficiency(ies) identified? ☐ Yes ☒ None reported

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? ☐ Yes ☒ No

Identification of major federal programs and type of auditor's report issued on compliance for major federal programs:

Federal Assistance Listing Number	*Name of Federal Program or Cluster*	*Type of Auditor's Report Issued on Compliance for Major Federal Program*
66.958	Water Infrastructure Finance and Innovation Act (WIFIA) Program	*Unmodified*

Dollar threshold used to distinguish between type A and type B programs: $ 3,000,000

Auditee qualified as low-risk auditee? ☐ Yes ☒ No

Section II – Financial Statement Findings

None reported.

Section III – Federal Award Findings and Questioned Costs

None reported

MOSSADAMS

Report of Independent Auditors Required by Oregon State Regulations

The Board of Commissioners
Tualatin Valley Water District

We have audited, in accordance with auditing standards generally accepted in the United States of America the financial statements of Tualatin Valley Water District (the "District") as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Tualatin Valley Water District's basic financial statements, and have issued our report thereon dated December 21, 2023.

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 Oregon Revised Statutes (ORS) as specified in 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
- Programs funded from outside sources
- Investments
- Public contracts and purchasing

In connection with our testing, nothing came to our attention that caused us to believe Tualatin Valley Water 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 commissioners and management of District 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
December 21, 2023

TUALATIN VALLEY
WATER DISTRICT

TUALATIN VALLEY
WATER DISTRICT

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