

Willamette Intake Facilities Commission

Financial Statements

**For the fiscal years ended
June 30, 2020 and 2019**

WILLAMETTE INTAKE FACILITIES COMMISSION

Beaverton, Oregon

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WILLAMETTE INTAKE FACILITIES COMMISSION

Beaverton, Oregon

WIF Board Members as of June 30, 2020

Jim Doane, Chair
Commissioner, Tualatin Valley Water District

Sean Garland, Vice Chair
Mayor, City of Sherwood

John Godsey, Board Member
Chair, City of Hillsboro Utilities Commission

John Goodhouse, Board Member
Councilor, City of Tigard

Tim Knapp, Board Member
Mayor, City of Wilsonville

Marc San Soucie, Board Member
Councilor, City of Beaverton

WIF Registered Agent

Tom Hickmann, PE
Tualatin Valley Water District
1850 SW 170th Avenue
Beaverton, OR 97003
Ph: (503) 848-3000

Report of Independent Auditors

The Board of Commissioners
Willamette Intake Facilities Commission

Report on the Financial Statements

We have audited the accompanying basic financial statements of Willamette Intake Facilities Commission (“Commission”) which comprise the statements of net position as of June 30, 2020 and 2019, 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.

Management’s Responsibility for the Financial Statements

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

Auditor’s Responsibility

Our responsibility is to express an opinion on these basic financial statements based on our audits. We conducted our audits in accordance with 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Willamette Intake Facilities Commission as of June 30, 2020 and 2019, and the results of its operations and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Commission's financial statements. The schedule of revenues, expenditures and changes in fund balance – budget and actual are presented for purposes of additional analysis and are not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 4, 2020 on our consideration of Willamette Intake Facilities Commission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and 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 Willamette Intake Facilities Commission'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 Willamette Intake Facilities Commission's internal control over financial reporting and compliance.

Report on Other Legal and Regulatory Requirements

In accordance with the Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated December 4, 2020, on our consideration of the District's compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.

Moss Adams LLP

Portland, Oregon
December 4, 2020

MANAGEMENT'S DISCUSSION AND ANALYSIS

WILLAMETTE INTAKE FACILITIES COMMISSION

Beaverton, Oregon

MANAGEMENT'S DISCUSSION AND ANALYSIS YEARS ENDED JUNE 30, 2020 AND 2019

As management of the Willamette Intake Facilities Commission (the Commission), a joint venture of Tualatin Valley Water District and the cities of Wilsonville, Sherwood, Hillsboro, Tigard, and Beaverton, we offer readers of the Commission's financial statements this narrative overview and analysis of the Commission's financial activities for the fiscal years ended June 30, 2020 and June 30, 2019. The Commission was formed in April 2018 to own, operate, and maintain the Willamette intake facilities.

These financial statements include this Management's Discussion and Analysis (MD&A) section to provide users of the basic financial statements with an overview and analysis of the statements.

Financial Highlights

- Net position (asset minus liabilities) was \$10,091,848 and \$9,682,495 at June 30, 2020 and June 30, 2019 respectively.
- As of June 30, 2020 the Commission had no outstanding debt.
- Net investment in capital assets is the largest portion of the Commission's net position. Net position increased by \$409,353 and \$2,208,249 for years ended June 30, 2020 and June 30, 2019, respectively. Construction in progress increased by \$0.6 million and \$2.1 million for years ended June 30, 2020 and June 30, 2019, respectively. Capital assets were contributed by the parties to the Commission in 2020 and 2019.

Overview of the Financial Statements

Taken together the sections of the financial statements provide a comprehensive financial look at the Commission. The individual components of the report include the following:

- **Management's Discussion and Analysis.** This section of the report provides an overview of financial highlights and economic factors affecting the Commission.
- **Basic Financial Statements.** This section includes the Statements of Net Position, Statements of Revenues, Expenses and Changes in Net Position, Statements of Cash Flows, and Notes to Basic Financial Statements. The Statements focus on an entity-wide presentation using the accrual basis of accounting. They are designed to resemble more closely private-sector financial statements in that all activities are consolidated into a total for the Commission.
 - The Statements of Net Position focuses on resources available for future operations. This statement presents a snap-shot of the assets of the Commission, its liabilities, and the net difference.
 - The Statements of Revenues, Expenses and Changes in Net Position focuses on the current year operating results and the change in capital as a result of the current year operations.

WILLAMETTE INTAKE FACILITIES COMMISSION

Beaverton, Oregon

MANAGEMENT'S DISCUSSION AND ANALYSIS YEARS ENDED JUNE 30, 2020 AND 2019

- The Statements of Cash Flows focuses on how the Commission obtained and expended its available cash and investments.
- **Notes to Basic Financial Statements.** This section provides additional disclosures required by generally accepted accounting principles and provides information to assist the reader in understanding the Commission's financial condition.

Statements of Net Position

The Commission's assets exceeded liabilities by \$10,091,848 and \$9,682,495 at June 30, 2020 and June 30, 2019, an increase of 4.2% from 2019 as shown in Table 1. Net investment in capital assets represents the largest portion of the Commission's net position at \$9,823,734. A condensed version of the statements of Net Position as of June 30, 2020 and June 30, 2019 is as follows:

Table 1:

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2020 -2019</u> <u>Change</u>	<u>2020-2018</u> <u>Change</u>
Accounts receivable	\$ 258,489	\$ 164,700	\$ -	\$ 93,789	\$ 258,489
Prepaid expenses	9,625	9,658	-	(33)	9,625
Capital assets, net	<u>10,082,190</u>	<u>9,672,837</u>	<u>7,474,246</u>	<u>409,353</u>	<u>2,607,944</u>
Total Assets	<u>10,350,304</u>	<u>9,847,195</u>	<u>7,474,246</u>	<u>93,789</u>	<u>2,876,058</u>
Accounts Payable and accrued liabilities / retainage	<u>258,456</u>	<u>164,700</u>	<u>-</u>	<u>93,756</u>	<u>258,456</u>
Net investment in capital assets	9,823,734	9,672,837	7,474,246	150,897	2,349,488
Unrestricted	<u>268,114</u>	<u>9,658</u>	<u>-</u>	<u>258,456</u>	<u>268,114</u>
Net Position	<u>\$ 10,091,848</u>	<u>\$ 9,682,495</u>	<u>\$ 7,474,246</u>	<u>\$ 409,353</u>	<u>\$ 2,617,602</u>

WILLAMETTE INTAKE FACILITIES COMMISSION

Beaverton, Oregon

MANAGEMENT'S DISCUSSION AND ANALYSIS YEARS ENDED JUNE 30, 2020 AND 2019

Statements of Revenues, Expenses and Changes in Net Position

A condensed version of the Commission's Statement of Revenues, Expenses and Changes in Net Position for the fiscal years ended June 30, 2020, and June 30, 2019 is as follows:

Table 2:

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2020 -2019</u> <u>Change</u>	<u>2020-2018</u> <u>Change</u>
Administrative Services	\$ 74,455	\$ 73,092	\$ -	\$ 1,363	\$ 74,455
Operating Expenses	<u>248,011</u>	<u>236,991</u>	<u>28,146</u>	<u>11,020</u>	<u>219,865</u>
Operating Loss	(173,556)	(163,899)	(28,146)	(9,657)	(145,410)
Capital Contributions	<u>582,909</u>	<u>2,372,148</u>	<u>7,502,392</u>	<u>(1,789,239)</u>	<u>(6,919,483)</u>
Change in Net Position	409,353	2,208,249	7,474,246	(1,798,896)	(7,064,893)
Net Position, beginning of	<u>9,682,495</u>	<u>7,474,246</u>	<u>-</u>	<u>2,208,249</u>	<u>9,682,495</u>
Net Position, end of period	<u>\$ 10,091,848</u>	<u>\$ 9,682,495</u>	<u>\$ 7,474,246</u>	<u>\$ 409,353</u>	<u>\$ 2,617,602</u>

The operating expenses for the Commission's activities totaled \$248,011 and \$236,991 for the years ended June 30, 2020 and June 30, 2019 respectively, a 4.6% increase from 2019. Operating expenses consist of administrative cost and depreciation on capital assets. Capital contributions consist of capital assets contributed by the parties to the Commission in FY 2019 and FY 2018.

Capital Assets

The Commission has net capital assets of approximately \$10.1 million and \$9.7 million as of June 30, 2020 and June 30, 2019 respectively. These assets comprise the raw water intake and associated buildings and improvements at the Willamette River Water Treatment Plant.

Table 3:

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Construction in progress, non-depreciable assets	\$ 2,677,057	\$ 2,094,148	\$ -
Raw water intake, net	5,765,579	5,865,995	5,688,412
Buildings and Improvements, net	1,639,554	1,712,694	1,785,834
Total Capital Assets, net	<u>\$ 10,082,190</u>	<u>\$ 9,672,837</u>	<u>\$ 7,474,246</u>

WILLAMETTE INTAKE FACILITIES COMMISSION

Beaverton, Oregon

**MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED JUNE 30, 2020 AND 2019**

Debt Administration

As of June 30, 2020 and 2019, the Commission has no outstanding debt.

Economic Factors

The Commission was formed in April 2018 to own, operate and maintain the Willamette intake facilities located at the Willamette River Water Treatment Plant. Tualatin Valley Water District (the District) was appointed managing agent. Financial records are maintained by the District. Major goals of the Commission are to increase the WIF's capacity to withdraw water from the Willamette River from 120 million gallons per day (MGD) to 150 MGD and to make substantial seismic upgrades. Improvements to the WIF are underway and are anticipated to be completed by 2026.

Financial Contact

The Commission's financial statements are designed to present users including taxpayers, citizens, customers, investors, and creditors with a general overview of the Commission's finances and overall accountability. If you have questions about the contents of this report or need additional financial information, please contact Tualatin Valley Water District's Chief Financial Officer at 1850 SW 170th Avenue, Beaverton, Oregon, 97003.

BASIC FINANCIAL STATEMENTS

WILLAMETTE INTAKE FACILITIES COMMISSION

Beaverton, Oregon

STATEMENTS OF NET POSITION

JUNE 30, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
ASSETS		
Accounts receivable	\$ 258,489	\$ 164,700
Prepaid expenses	9,625	9,658
Total Current Assets	268,114	174,358
Capital assets, non-depreciable assets	2,677,057	2,094,148
Capital assets, net of depreciation	7,405,133	7,578,689
Total Noncurrent Assets	10,082,190	9,672,837
TOTAL ASSETS	<u>\$ 10,350,304</u>	<u>\$ 9,847,195</u>
LIABILITIES		
Accounts payable and accrued liabilities	\$ 256,277	\$ 164,700
Retainage payable	2,179	-
TOTAL LIABILITIES	258,456	164,700
NET POSITION		
Net investment in capital assets	9,823,734	9,672,837
Unrestricted	268,114	9,658
Total Net Position	10,091,848	9,682,495
TOTAL LIABILITIES AND NET POSITION	<u>\$ 10,350,304</u>	<u>\$ 9,847,195</u>

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

WILLAMETTE INTAKE FACILITIES COMMISSION

Beaverton, Oregon

**STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEARS ENDED JUNE 30, 2020 AND 2019**

	<u>2020</u>	<u>2019</u>
OPERATING REVENUES		
Administrative Services	\$ 74,455	\$ 73,092
OPERATING EXPENSES		
General and Administrative	74,455	63,434
Depreciation	173,556	173,557
Total Operating Expenses	<u>248,011</u>	<u>236,991</u>
OPERATING LOSS	(173,556)	(163,899)
CAPITAL CONTRIBUTIONS	<u>582,909</u>	<u>2,372,148</u>
CHANGE IN NET POSITION	409,353	2,208,249
NET POSITION, beginning of period	<u>9,682,495</u>	<u>7,474,246</u>
NET POSITION, end of period	<u>\$ 10,091,848</u>	<u>\$ 9,682,495</u>

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

WILLAMETTE INTAKE FACILITIES COMMISSION

Beaverton, Oregon

**STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2020 AND 2019**

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Reimbursements from joint venturers	\$ 74,455	\$ 73,092
Paid to suppliers for goods and supplies	(74,455)	(73,092)
NET CASH FROM OPERATING ACTIVITIES	<u>-</u>	<u>-</u>
CASH AND INVESTMENTS, beginning of period	<u>-</u>	<u>-</u>
CASH AND INVESTMENTS, end of period	<u>\$ -</u>	<u>\$ -</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH FROM OPERATING ACTIVITIES:		
Operating loss	\$ (173,556)	\$ (163,899)
Adjustments to reconcile operating loss to net cash from (used by) operating activities:		
Depreciation	173,556	173,557
Change in operating accounts:		
Accounts receivable	(93,789)	(164,700)
Prepaid expenses	33	(9,658)
Accounts payable and accrued liabilities	93,756	164,700
NET CASH FROM OPERATING ACTIVITIES	<u>\$ -</u>	<u>\$ -</u>
NON-CASH CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital assets contributed by joint venturers	<u>\$ 582,909</u>	<u>\$ 2,372,148</u>

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

NOTES TO BASIC FINANCIAL STATEMENTS

WILLAMETTE INTAKE FACILITIES COMMISSION

Beaverton, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2020 AND 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Willamette Intake Facilities Commission (the Commission) was organized in April 2018 under Oregon Revised Statutes (ORS), Chapter 190 and was established by an agreement between the cities of Wilsonville, Hillsboro, Tigard, Beaverton, Sherwood, and Tualatin Valley Water District (the District). The Commission is governed by a six-member board, with one member appointed by each party. The purpose of the Commission is to provide for the ownership, management, and operation of the Willamette intake facilities (WIF) which are used to withdraw and transmit water to the parties. The Commission is managed by Tualatin Valley Water District.

Expenses are allocated on a unit basis by the Commission. Each joint venturers' apportioned share of the general administration expenses is determined by the following formula: 25% of the administrative costs for the fiscal year is divided evenly among the Commission's membership; the remainder is divided among the Commission membership according to their percentage share of the capacity ownership in the intake facilities.

Operations, maintenance, and repair expenses that result from the use of the facilities are allocated based on each party's proportionate use of the WIF. Operations, maintenance, and repair expenses unrelated to usage are allocated based on each party's proportionate ownership of the WIF.

The following ownership percentages were in effect at June 30, 2020:

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

Basis of Presentation and Accounting

For financial reporting purposes, the Commission reports its operations on an enterprise fund basis. Enterprise funds (a propriety fund type) are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets, liabilities and net position associated with the operations are included on the Statements of Net Position. The Statements of Revenues, Expenses and Changes in Net Position present increases (revenues) and decreases (expenses) in net position.

WILLAMETTE INTAKE FACILITIES COMMISSION

Beaverton, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2020 AND 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The accrual basis of accounting is used for financial reporting. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

Operating revenues result from providing services to the joint venturers. All revenues not meeting this definition are reported as nonoperating revenues. Operating expenses are defined as those expenses directly related to providing services.

Use of Estimates

The preparation of basic financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of certain assets, liabilities, revenues, expenses and other disclosures. Accordingly, actual results may differ from those estimates.

Accounts Receivable

Accounts receivable are recorded as earned and no allowance for doubtful accounts is required as all receivables are due from the joint venturers.

Capital Assets

Capital assets are recorded at cost. Donated capital assets are recorded at their estimated acquisition value at the date of donation. All costs associated with the acquisition or construction of capital assets are contributed by the joint venturers.

The Commission defines capital assets as assets with an initial cost of \$7,500 and an estimated useful life of more than one year.

Depreciation on capital assets placed in service is computed on the straight-line method over the following estimated useful lives:

	<u>Years</u>
Raw water intake	75
Buildings and improvements	40

Net Position

The Commission's net position consists of the various net earnings from operating revenues and expenses and contributions of capital. Net position is classified in the following two components: net investment in capital assets, and unrestricted net position. Net investment in capital assets consists of all capital assets, net of accumulated depreciation, and capital-related accounts payable. Unrestricted net position consists of all other net positions not included in other categories.

WILLAMETTE INTAKE FACILITIES COMMISSION

Beaverton, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2020 AND 2019

Budgets

The Commission is an organization formed under ORS, Chapter 190 Intergovernmental Agreement (IGA) which requires the Board to adopt a work plan and budget. The Commission is accounted for as a fund within the structure of the District, where the budget is prepared and legally adopted for the Commission as part of the total budget for the District. The budget is prepared on a biennial basis as a separate fund on the modified accrual basis of accounting and complies with Oregon Local Budget Law. The level of budgetary control is established at the object classifications (personnel services, materials and services, capital outlay, operating transfers and contingency).

2. CAPITAL ASSETS

The changes in components of capital assets for the year ended June 30, 2020 were as follows:

	<u>Balance</u> <u>June 30, 2019</u>	<u>Additions</u>	<u>Transfers</u>	<u>Disposals</u>	<u>Balance</u> <u>June 30, 2020</u>
Capital Assets, not being depreciated:					
Construction in progress	\$ 2,094,148	\$ 582,909	\$ -	\$ -	\$ 2,677,057
Total Capital Assets not being depreciated	2,094,148	582,909	-	-	2,677,057
Capital Assets being depreciated:					
Raw water intake	5,982,368	-	-	-	5,982,368
Buildings and Improvements	1,798,024	-	-	-	1,798,024
Total Capital Assets being depreciated	7,780,392	-	-	-	7,780,392
Less accumulated depreciation for:					
Raw water intake	(116,373)	(100,416)	-	-	(216,789)
Buildings and Improvements	(85,330)	(73,140)	-	-	(158,470)
Total accumulated depreciation	(201,703)	(173,556)	-	-	(375,259)
Total Capital Assets being depreciated, net	7,578,689	(173,556)	-	-	7,405,133
Total capital Assets, net	\$ 9,672,837	\$ 409,353	\$ -	\$ -	\$ 10,082,190

WILLAMETTE INTAKE FACILITIES COMMISSION

Beaverton, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2020 AND 2019

The changes in components of capital assets for the year ended June 30, 2019 were as follows:

	<u>Balance</u> <u>June 30, 2018</u>	<u>Additions</u>	<u>Transfers</u>	<u>Disposals</u>	<u>Balance</u> <u>June 30, 2019</u>
Capital Assets, not being depreciated:					
Construction in progress	\$ -	\$ 2,094,148	\$ -	\$ -	\$ 2,094,148
Total Capital Assets not being depreciated	-	2,094,148	-	-	2,094,148
Capital Assets being depreciated:					
Raw water intake	1,798,024				1,798,024
Buildings and Improvements	5,704,368	278,000	-	-	5,982,368
Total Capital Assets being depreciated	7,502,392	278,000	-	-	7,780,392
Less accumulated depreciation for:					
Raw water intake	(15,956)	(100,417)			(116,373)
Buildings and Improvements	(12,190)	(73,140)	-	-	(85,330)
Total accumulated depreciation	(28,146)	(173,557)	-	-	(201,703)
Total Capital Assets being depreciated, net	7,474,246	104,443	-	-	7,578,689
Total capital Assets, net	<u>\$ 7,474,246</u>	<u>\$ 2,198,591</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,672,837</u>

3. NET POSITION BY JOINT VENTURER

Changes in net position for the years ending June 30, 2020 and June 30, 2019 are as follows:

Equity	<u>Tualatin Valley</u> <u>Water District</u>	<u>City of</u> <u>Wilsonville</u>	<u>City of</u> <u>Sherwood</u>	<u>City of</u> <u>Tigard</u>	<u>City of</u> <u>Hillsboro</u>	<u>City of</u> <u>Beaverton</u>	<u>Total</u>
Contributions	\$ 1,077,058	\$ 125,000	\$ 145,464	\$ 273,453	\$ 659,963	\$ 91,210	\$ 2,372,148
Administrative Services	24,644	12,200	6,609	8,527	16,257	4,855	73,092
Change in Member's Capital	(93,374)	(39,506)	(15,333)	(23,699)	(57,186)	(7,892)	(236,991)
Balance June 30, 2019	3,953,180	1,343,392	620,065	1,005,705	2,422,828	337,324	9,682,495
Contributions	279,388	-	37,889	70,882	171,142	23,608	582,909
Administrative Services	25,104	12,428	6,732	8,686	16,560	4,945	74,455
Change in Member's Capital	(97,716)	(41,418)	(16,121)	(24,801)	(59,771)	(8,184)	(248,011)
Balance June 30, 2020	<u>\$ 4,159,956</u>	<u>\$ 1,314,402</u>	<u>\$ 648,565</u>	<u>\$ 1,060,472</u>	<u>\$ 2,550,759</u>	<u>\$ 357,693</u>	<u>\$ 10,091,848</u>

WILLAMETTE INTAKE FACILITIES COMMISSION

Beaverton, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2020 AND 2019

4. OTHER INFORMATION

Risk Management

The Commission is exposed to various risks of loss related to torts, theft or damage to and destruction of assets, errors and omissions, and natural disasters for which the Commission carries commercial insurance. The Commission does not engage in risk financing activities where risk is retained (self-insurance).

Related-party Transactions

Management fees paid by the Commission to the District were \$48,719 and \$38,149 for years ended June 30, 2020 and June 30, 2019, respectively. Reimbursements from joint venturers were as follows for the years ended June 30:

	2020 Service Revenue & Contributions from Venturers	2019 Service Revenue & Contributions from Venturers
Tualatin Valley Water District	\$ 304,492	\$ 1,101,702
City of Wilsonville	12,428	137,200
City of Sherwood	44,621	152,073
City of Tigard	79,568	281,980
City of Hillsboro	187,702	676,220
City of Beaverton	28,553	96,065
Contributions from Venturers	\$ 657,364	\$ 2,445,240

SUPPLEMENTAL INFORMATION

WILLAMETTE INTAKE FACILITIES COMMISSION

Beaverton, Oregon

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
YEARS ENDED JUNE 30, 2020 AND 2019**

	<u>Budget</u>		<u>Actual</u>	<u>Variance with final budget</u>	<u>Actual</u>
	<u>Original</u>	<u>Final</u>	<u>Fiscal Year 2020</u>		<u>Fiscal Year 2019</u>
REVENUES					
Administrative Services	\$ 194,815	\$ 194,815	\$ 74,453	\$ (120,362)	\$ 73,093
Capital Contributions	731,827	731,827	582,909	(148,918)	2,372,148
Total Revenues	926,642	926,642	657,362	(269,280)	2,445,241
EXPENDITURES					
Materials and Services	194,815	194,815	74,454	120,360	63,435
Capital Outlay	731,827	731,827	582,908	148,919	2,372,148
Total Expenditures	926,642	926,642	657,362	269,279	2,435,583
Excess of revenues over expenditures, and net change in fund balance	-	-	-	-	9,658
BEGINNING FUND BALANCE	-	-	9,658	9,658	-
ENDING FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	9,658	<u>\$ 9,658</u>	9,658
Reconciliation of changes in Net position					
Capital Outlay			582,909		2,372,148
Depreciation			(173,556)		(173,557)
Changes in Net Position			<u>\$ 409,353</u>		<u>\$ 2,208,249</u>

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
Willamette Intake Facilities Commission

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 the Willamette Intake Facilities Commission (“Commission”) as of and for the year ended June 30, 2020, and the related notes to the financial statements, and have issued our report thereon dated December 4, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Commission’s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Willamette Intake Facilities Commission’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Commission’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 may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Commission'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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. 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.

Miss Adams UP

Portland, Oregon
December 4, 2020

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

Board of Commissioners
Willamette Intake Facilities Commission

We have audited the basic financial statements of Willamette Intake Facilities Commission (the “Commission”) as of and for the year ended June 30, 2020, and have issued our report thereon dated December 4, 2020. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the provisions of *Minimum Standards for Audits of Oregon Municipal Corporations*, prescribed by the Oregon Secretary of State. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free from material misstatement.

Compliance

As part of obtaining reasonable assurance about whether the Commission’s 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 as specified in Oregon Administrative Rules OAR 162-10-000 to 162-10-330 of *Minimum Standards for Audits of Oregon Municipal Corporations*, noncompliance of which could have a direct and material effect on the determination of financial statement amounts.

However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion.

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

- The accounting records and related internal control structure.
- The use of various depositories to secure the deposit of public funds.
- The requirements relating to debt.
- The requirements relating to insurance and fidelity bond coverage.
- The appropriate laws, rules, and regulations pertaining to programs funded wholly or partially by other governmental agencies.
- The statutory requirements pertaining to the investment of public funds.
- The requirements pertaining to the awarding of public contracts and the construction of public improvements.

The results of our tests disclosed no matters of noncompliance with those provisions that are required to be reported under *Minimum Standards for Audits of Oregon Municipal Corporations*, prescribed by the Secretary of State. 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.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Commission's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of the Commission'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 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. This report is an integral part of an audit performed in accordance with *Minimum Standards for Audits of Oregon Municipal Corporations*, prescribed by the Secretary of State, in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Julie Desimone, Partner
for Moss Adams LLP
Portland, Oregon
December 4, 2020

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About the Willamette Intake Facilities Commission

The Willamette Intake Facilities Commission is responsible for oversight of the management and operation of the Willamette Intake Facilities (WIF) in a prudent, economic and efficient manner to:

- Provide water to the existing Willamette River Water Treatment Plant and the future Willamette Water Supply System Water Treatment Plant
- Preserve and protect the Commission members' water rights
- Support the function of the WIF
- Support watershed planning and management



TUALATIN VALLEY
WATER DISTRICT



Home of the Tualatin River National Wildlife Refuge



The Willamette Intake Facilities Commission is a partnership formed under ORS Chapter 190 between Tualatin Valley Water District and the cities of Wilsonville, Sherwood, Hillsboro, Tigard, and Beaverton. For more information, visit twvd.org/wif.