

Willamette Intake Facilities Commission

Financial Statements

**For the fiscal years ended
June 30, 2023 and 2022**

WILLAMETTE INTAKE FACILITIES COMMISSION

Beaverton, Oregon

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WILLAMETTE INTAKE FACILITIES COMMISSION
Beaverton, Oregon

WIF Board Members as of June 30, 2023

Kristin Akervall, Chair
Councilor, City of Wilsonville

Allison Tivnon, Vice Chair
Councilor, City of Beaverton

Jim Doane, Board Member
Commissioner, Tualatin Valley Water District

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

Keith Mays, Board Member
Councilor, City of Sherwood

Jai Raj Singh, Board Member
Councilor, City of Tigard

Commission Address

Willamette Intake Facilities Commission
c/o 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 Audit of the Financial Statements

Opinion

We have audited the financial statements of Willamette Intake Facilities Commission (“Commission”) which comprise the statements of net positions 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 referred to above present fairly, in all material respects, the respective financial position of the Willamette Intake Facilities Commission as of June 30, 2023 and 2022, and the respective changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) 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 the Commission 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 opinions.

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 the Commission’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 opinions. 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 the Commission's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Commission'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 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Commission's basic financial statements. The schedules 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 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 information is fairly stated, in all material respects, in relation to the basic 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 November 20, 2023 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 November 20, 2023, on our consideration of the Commission'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.



Julie Desimone, Partner, for
Moss Adams, LLP
Portland, Oregon
November 20, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS

WILLAMETTE INTAKE FACILITIES COMMISSION

Beaverton, Oregon

MANAGEMENT'S DISCUSSION AND ANALYSIS YEARS ENDED JUNE 30, 2023 AND 2022

As management of the Willamette Intake Facilities Commission (Commission), a joint venture of the Tualatin Valley Water District (District) and the cities of Beaverton, Hillsboro, Sherwood, Tigard, and Wilsonville, 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, 2023 (FY2023) and June 30, 2022 (FY2022). 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 (assets minus liabilities) was \$19.5 million and \$19.4 million at June 30, 2023 and June 30, 2022 respectively. Net investment in capital assets is the largest portion of the Commission's net position.
- Net position increased by \$0.1 million in FY2023 and \$3.4 million in FY2022.
- As of June 30, 2023 the Commission had no outstanding debt.
- Capital assets increased by \$0.1 million from FY2022 and \$3.4 million from FY2021. Capital assets were invested by the parties to the Commission in FY2023 and FY2022.

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.
 - The *Statements of Cash Flows* focuses on how the Commission obtained and expended its available cash and investments.

WILLAMETTE INTAKE FACILITIES COMMISSION

Beaverton, Oregon

MANAGEMENT'S DISCUSSION AND ANALYSIS YEARS ENDED JUNE 30, 2023 AND 2022

- The *Notes to the Basic Financial Statements* 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 \$19.5 million and \$19.4 million at June 30, 2023 and June 30, 2022, respectively. This represents an increase of 0.5% and 21.7% since June 30, 2022 and June 30, 2021, respectively. Net investment in capital assets represents the largest portion of the Commission's net position with balances of \$18.9 million and \$18.1 million at June 30, 2023 and June 30, 2022, respectively. A condensed version of the *Statements of Net Position* as of June 30, 2023 and June 30, 2022 are as follows:

Table 1:

	2023	2022	2021	2023 -2022 Change	2023-2021 Change
Cash and investments	\$ 518,699	\$ 464,216	\$ 312,892	\$ 54,483	\$ 205,807
Accounts receivable	134,435	941,656	1,019,783	(807,221)	(885,348)
Prepaid expenses	13,349	11,655	10,112	1,694	3,237
Capital assets, net	<u>19,540,890</u>	<u>19,438,648</u>	<u>16,062,588</u>	<u>102,242</u>	<u>3,478,302</u>
Total Assets	20,207,373	20,856,175	17,405,375	(648,802)	2,801,998
Accounts payable and accrued liabilities / retainage	666,483	1,417,527	1,342,787	(751,044)	(676,304)
Net investment in capital assets	18,920,227	18,059,578	14,719,801	860,649	4,200,426
Unrestricted	<u>620,663</u>	<u>1,379,070</u>	<u>1,342,787</u>	<u>(758,407)</u>	<u>(722,124)</u>
Net Position	<u>\$ 19,540,890</u>	<u>\$ 19,438,648</u>	<u>\$ 16,062,588</u>	<u>\$ 102,242</u>	<u>\$ 3,478,302</u>

WILLAMETTE INTAKE FACILITIES COMMISSION
Beaverton, Oregon

MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED JUNE 30, 2023 AND 2022

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, 2023 and June 30, 2022 are as follows:

Table 2:

	2023	2022	2021	2023 -2022 Change	2023-2021 Change
Operating revenues	\$ 343,448	\$ 259,774	\$ 155,363	\$ 83,674	\$ 188,085
Operating expenses	720,697	629,313	324,542	91,384	396,155
Net Operating Loss	(377,249)	(369,539)	(169,179)	(7,710)	(208,070)
Capital contributions	479,491	3,745,599	6,139,919	(3,266,108)	(5,660,428)
Changes in Net Position	102,242	3,376,060	5,970,740	(3,273,818)	(5,868,498)
Net Position, Beginning of period	19,438,648	16,062,588	10,091,848	3,376,060	9,346,800
Net Position, End of period	\$ 19,540,890	\$ 19,438,648	\$ 16,062,588	\$ 102,242	\$ 3,478,302

The operating expenses for the Commission's activities totaled \$720,697 and \$629,313 for the years ended June 30, 2023 and June 30, 2022 respectively. This represents an increase of 32.2% and 121.1% since June 30, 2022 and June 30, 2021, respectively. Operating expenses consist of administrative, operation, maintenance and repair costs and depreciation on capital assets. The increase is due to development of the watershed. Capital contributions consist of capital assets invested by the parties to the Commission.

WILLAMETTE INTAKE FACILITIES COMMISSION

Beaverton, Oregon

MANAGEMENT'S DISCUSSION AND ANALYSIS YEARS ENDED JUNE 30, 2023 AND 2022

Capital Assets

The Commission has net capital assets of approximately \$19.5 million and \$19.4 million as of June 30, 2023 and June 30, 2022 respectively. The treatment plant and related assets went into operations in FY2022. The Commission added \$0.5 million assets in FY2023 and transferred \$12.8 million from construction in progress to depreciable assets in FY2022. These assets comprise the raw water intake, equipment, and associated buildings and improvements at the Willamette River Water Treatment Plant.

Table 3:

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Total nondepreciable capital assets	\$ -	\$ -	\$ 9,094,975
Total depreciable capital assets	20,822,457	20,342,966	7,502,392
Total accumulated depreciation	<u>(1,281,567)</u>	<u>(904,318)</u>	<u>(534,779)</u>
Total Depreciable Capital Assets, net	<u>19,540,890</u>	<u>19,438,648</u>	<u>6,967,613</u>
Total Capital Assets, net	<u>\$ 19,540,890</u>	<u>\$ 19,438,648</u>	<u>\$ 16,062,588</u>

Debt Administration

As of June 30, 2023 and 2022, the Commission has no outstanding debt.

Economic Factors

The Commission was formed in April 2018 to own, operate and maintain the WIF located at the Willamette River Water Treatment Plant. 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 the 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, 2023 AND 2022

	2023	2022
ASSETS		
Cash and investments	\$ 518,699	\$ 464,216
Accounts receivable	134,435	941,656
Prepaid expenses	13,349	11,655
	<hr/>	<hr/>
Total Current Assets	666,483	1,417,527
Capital assets, net of depreciation	19,540,890	19,438,648
	<hr/>	<hr/>
Total Assets	20,207,373	20,856,175
LIABILITIES		
Accounts payable and accrued liabilities	147,784	953,311
Retainage payable	518,699	464,216
	<hr/>	<hr/>
Total Liabilities	666,483	1,417,527
NET POSITION		
Net investment in capital assets	18,920,227	18,059,578
Unrestricted	620,663	1,379,070
	<hr/>	<hr/>
Total Net Position	<u>\$ 19,540,890</u>	<u>\$ 19,438,648</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, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
OPERATING REVENUES		
Administrative services	\$ 343,448	\$ 259,774
OPERATING EXPENSES		
General and administrative	338,568	259,774
Maintenance and repairs	4,880	-
Depreciation	377,249	369,539
Total Operating Expenses	<u>720,697</u>	<u>629,313</u>
Net Operating Loss	(377,249)	(369,539)
Capital contributions	<u>479,491</u>	<u>3,745,599</u>
Changes in Net Position	102,242	3,376,060
Net Position, beginning of period	<u>19,438,648</u>	<u>16,062,588</u>
Net Position, end of period	<u>\$ 19,540,890</u>	<u>\$ 19,438,648</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, 2023 AND 2022**

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Reimbursements from joint venturers	\$ 321,294	\$ 184,505
Paid to suppliers for goods and supplies	<u>(337,779)</u>	<u>(236,742)</u>
Net Cash Used in Operating Activities	(16,485)	(52,237)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Contributions from joint ventures	1,308,866	3,898,995
Capital outlay and purchases of capital assets	<u>(1,237,898)</u>	<u>(3,695,434)</u>
Net Cash Provided By Capital and Related Financing Activities	<u>70,968</u>	<u>203,561</u>
Net Increase in Cash and Cash Equivalents	54,483	151,324
Cash and Cash Equivalents, Beginning of year	<u>464,216</u>	<u>312,892</u>
Cash and Cash Equivalents, End of year	<u><u>\$ 518,699</u></u>	<u><u>\$ 464,216</u></u>
RECONCILIATION OF OPERATING LOSS TO NET CASH FROM OPERATING ACTIVITIES		
Operating loss	\$ (377,249)	\$ (369,539)
Adjustments to reconcile operating loss to net cash from (used by) operating activities:		
Depreciation	377,249	369,539
Change in Operating Accounts:		
Accounts receivable	(22,154)	(75,269)
Prepaid expenses	(1,694)	(1,543)
Accounts payable and accrued liabilities	<u>7,363</u>	<u>24,575</u>
Net Cash Used in Operating Activities	<u><u>\$ (16,485)</u></u>	<u><u>\$ (52,237)</u></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, 2023 AND 2022**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The Commission was organized in April 2018 under Oregon Revised Statutes (ORS), Chapter 190 and was established by an agreement between the cities of Beaverton, Hillsboro, Sherwood, Tigard, Wilsonville, and the Tualatin Valley Water 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 WIF which are used to withdraw and transmit water to the parties. The Commission is managed by the Tualatin Valley Water District.

Expenses are allocated on a unit basis by the Commission. Each joint venturer's 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. Depreciation, operations, maintenance, and repair expenses unrelated to usage are allocated based on each party's proportionate capacity ownership of the WIF.

The following capacity ownership percentages were in effect at June 30, 2023:

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%

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, 2023 AND 2022

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.

Reclassifications

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

Cash and Investments

Cash and investments of the Commission are part of a common cash and investment pool maintained for all funds managed by the District. The Commission considers these items to be demand deposit accounts, where funds may be deposited or withdrawn without prior notice or penalty.

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.

WILLAMETTE INTAKE FACILITIES COMMISSION

Beaverton, Oregon

**NOTES TO BASIC FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2023 AND 2022**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 / Wet Well	75
Buildings and improvements	40
Machinery and equipment	20-50

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.

Budgets

The Commission is an organization formed under ORS, Chapter 190 Intergovernmental Agreement (IGA). The IGA that formed the Commission requires the Board to adopt an annual work plan and budget. The Commission 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 using 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, and contingency).

WILLAMETTE INTAKE FACILITIES COMMISSION
Beaverton, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2023 AND 2022

2. CAPITAL ASSETS

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

	Balance June 30, 2022	Additions	Transfers	Disposals	Balance June 30, 2023
Non-depreciable Capital Assets					
Construction in progress	\$ -	\$ -	\$ -	\$ -	\$ -
Total Non-depreciable Capital Assets	-	-	-	-	-
Depreciable Capital Assets					
Raw water intake	17,872,026	454,363	-	-	18,326,389
Equipment	439,163	16,399	-	-	455,562
Buildings and Improvements	2,031,777	8,729	-	-	2,040,506
Total Depreciable Capital Assets	20,342,966	479,491	-	-	20,822,457
Accumulated Depreciation					
Raw water intake	(590,790)	(324,767)	-	-	(915,557)
Equipment	(5,856)	(18,231)	-	-	(24,087)
Buildings and improvements	(307,672)	(34,251)	-	-	(341,923)
Total Accumulated Depreciation	(904,318)	(377,249)	-	-	(1,281,567)
Total Depreciable Capital Assets, net	19,438,648	102,242	-	-	19,540,890
Total Capital Assets, net	<u>\$ 19,438,648</u>	<u>\$ 102,242</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,540,890</u>

WILLAMETTE INTAKE FACILITIES COMMISSION
Beaverton, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2023 AND 2022

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

	Balance				Balance
	June 30, 2021	Additions	Transfers	Disposals	June 30, 2022
Non-depreciable Capital Assets					
Construction in progress	\$ 9,094,975	\$ 3,745,599	\$ (12,840,574)	\$ -	\$ -
Total Non-depreciable Capital Assets	9,094,975	3,745,599	(12,840,574)	-	-
Depreciable Capital Assets					
Raw water intake	5,704,368	-	12,167,658	-	17,872,026
Equipment	-	-	439,163	-	439,163
Buildings and Improvements	1,798,024	-	233,753	-	2,031,777
Total Depreciable Capital Assets	7,502,392	-	12,840,574	-	20,342,966
Accumulated Depreciation					
Raw water intake	(303,169)	(287,621)	-	-	(590,790)
Equipment	-	(5,856)	-	-	(5,856)
Buildings and improvements	(231,610)	(76,062)	-	-	(307,672)
Total Accumulated Depreciation	(534,779)	(369,539)	-	-	(904,318)
Total Depreciable Capital Assets, net	6,967,613	(369,539)	12,840,574	-	19,438,648
Total Capital Assets, net	\$ 16,062,588	\$ 3,376,060	\$ -	\$ -	\$ 19,438,648

3. NET POSITION

Changes in net position by joint venturer for the years ending June 30, 2023 and June 30, 2022 are as follows:

	City of	City of	City of	City of	City of	Tualatin	
	Beaverton	Hillsboro	Sherwood	Tigard	Wilsonville	Valley	Total
Net Position						Water	
						District	
Balance June 30, 2021	605,969	4,309,780	1,040,612	1,792,758	1,286,136	7,027,333	16,062,588
Adjustment to prior Loss	(10,051)	5,701	(7,770)	(5,049)	(46)	17,215	-
Loss before Contributions	(12,195)	(89,059)	(24,020)	(36,954)	(61,713)	(145,598)	(369,539)
Contributions	151,697	1,099,708	243,464	455,465	-	1,795,265	3,745,599
Balance June 30, 2022	735,420	5,326,130	1,252,286	2,206,220	1,224,377	8,694,215	19,438,648
Loss before Contributions	(12,286)	(91,008)	(24,397)	(37,644)	(63,002)	(148,912)	(377,249)
Contributions	19,419	140,779	31,167	58,306	-	229,820	479,491
Balance June 30, 2023	\$ 742,553	\$ 5,375,901	\$ 1,259,056	\$ 2,226,882	\$ 1,161,375	\$ 8,775,123	\$ 19,540,890

WILLAMETTE INTAKE FACILITIES COMMISSION

Beaverton, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2023 AND 2022

Net investment in capital assets as of June 30, consists of the following:

	<u>2023</u>	<u>2022</u>
Capital assets, net	\$ 19,540,890	\$ 19,438,648
Less: retainage payable	(518,699)	(464,216)
Less: capital related accounts payable	(101,964)	(914,854)
 Net Investment in Capital Assets	 <u>\$ 18,920,227</u>	 <u>\$ 18,059,578</u>

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

The Commission paid \$88,347 and \$67,246 in management fees for operations and construction in process for services provided by the District for years ended June 30, 2023 and June 30, 2022, respectively. Reimbursements from partners were as follows for the years ended June 30:

	<u>Service Revenue & Contributions from Venturers</u>	
	<u>2023</u>	<u>2022</u>
City of Beaverton	\$ 42,067	\$ 168,950
City of Hillsboro	217,258	1,157,486
City of Sherwood	62,096	266,952
City of Tigard	98,294	485,772
City of Wilsonville	57,327	43,361
Tualatin Valley Water District	345,897	1,882,852
 Total from Venturers	 <u>\$ 822,939</u>	 <u>\$ 4,005,373</u>

SUPPLEMENTAL INFORMATION

WILLAMETTE INTAKE FACILITIES COMMISSION
Beaverton, Oregon

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2023

	Budget		Actual	Variance with final budget
	Original	Final		
REVENUES				
Administrative Services	\$ 791,900	\$ 791,900	\$ 343,448	\$ (448,452)
Capital Contributions	1,421,313	1,421,313	479,491	(941,822)
Total Revenues	2,213,213	2,213,213	822,939	(1,390,274)
EXPENDITURES				
Materials and Services	791,900	791,900	343,448	(448,452)
Capital Outlay	1,421,313	1,421,313	479,491	(941,822)
Total Expenditures	2,213,213	2,213,213	822,939	(1,390,274)
Excess (deficit) of revenues over expenditures, and net change in fund balance	-	-	-	-
Beginning Fund Balance	-	-	-	-
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Reconciliation to Change in Net Position:				
Change in Fund Balance			\$ -	
Capital Outlay			479,491	
Depreciation			<u>(377,249)</u>	
Change in Net Position			<u>\$ 102,242</u>	

WILLAMETTE INTAKE FACILITIES COMMISSION
Beaverton, Oregon

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2022

	Budget		Actual	Variance with final budget
	Original	Final		
REVENUES				
Administrative Services	\$ 568,163	\$ 568,163	\$ 259,774	\$ (308,389)
Capital Contributions	4,503,973	4,503,973	3,745,599	(758,374)
Total Revenues	5,072,136	5,072,136	4,005,373	(1,066,763)
EXPENDITURES				
Materials and Services	568,163	568,163	259,774	(308,389)
Capital Outlay	4,503,973	4,503,973	3,745,599	(758,374)
Total Expenditures	5,072,136	5,072,136	4,005,373	(1,066,763)
Excess (deficit) of revenues over expenditures, and net change in fund balance	-	-	-	-
Beginning Fund Balance	-	-	-	-
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Reconciliation to Change in Net Position:				
Change in Fund Balance			\$ -	
Capital Outlay			3,745,599	
Depreciation			<u>(369,539)</u>	
Change in Net Position			<u>\$ 3,376,060</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 as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Willamette Intake Facilities Commission's financial statements, and have issued our report thereon dated November 20, 2023.

Report on 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) 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 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 or significant deficiencies may exist that were not identified.

Report on 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 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.



Julie Desimone, Partner, for
Moss Adams, LLP
Portland, Oregon
November 20, 2023

Report of Independent Auditors Required by Oregon State Regulations

The Board of Commissioners
Willamette Intake Facilities Commission

We have audited, in accordance with auditing standards generally accepted in the United States of America the financial statements of the Willamette Intake Facilities Commission (“Commission”) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Willamette Intake Facilities Commission’s basic financial statements, and have issued our report thereon dated November 20, 2023.

Compliance

As part of obtaining reasonable assurance about whether the Commission’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 the Commission 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 Commission'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 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 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 Willamette Intake Facilities Commission and the Oregon Secretary of State and is not intended to be and should not be used by anyone other than these parties.



Julie Desimone, Partner,
for Moss Adams LLP
Portland, Oregon
November 20, 2023

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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 of the Tualatin Valley Water District and the Cities of Wilsonville, Sherwood, Hillsboro, Tigard, and Beaverton. For more information, visit www.tvwd.org/wif.