West Slope Water District

Annual Comprehensive Financial Report

For the Fiscal Years Ended June 30, 2026 and 2025



3105 SW 89th Avenue
Portland, OR 97225

Phone: (503) 292-2777
www.WSWD.org

Intentionally Left Blank

WEST SLOPE WATER DISTRICT

Washington County, Oregon

Annual Comprehensive Financial Report
For the Fiscal Years Ended June 30, 2026 and 2025

Prepared by Wendy K. Irwin, CPA, CPFO
Finance Manager

Page

INTRODUCTORY SECTION

Letter of Transmittal 2-5
Certificate of Achievement for Excellence in Financial Reporting 6
Organizational Structure 7
Board of Commissioners 8

REPORT OF INDEPENDENT AUDITORS 10-12

MANAGEMENT'S DISCUSSION AND ANALYSIS 14-20

BASIC FINANCIAL STATEMENTS

Statements of Net Position 22-23
Statements of Revenues, Expenses, and Changes in Net Position 24
Statements of Cash Flows 25-26
Notes to Basic Financial Statements 27-54

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Proportionate Share of the Net Pension (Asset) Liability and Related Notes 56-57
Schedule of Pension Contributions 58
Schedule of Changes in Total OPEB Liability and Related Ratios and Related Notes 59

SUPPLEMENTARY INFORMATION

Introduction to Supplementary Information 62
Reconciliation of Budgetary Basis Schedules to the Statement of Revenues, Expenses, and Changes in Net Position 63
Schedules of Revenues, Expenditures, and Transfers – Budget and Actual
General Fund 64
Rate Stabilization Reserve Fund 65
Equipment Reserve Fund 66
Capital Improvement Reserve Fund 67
System Development Charge Fund 68

Page

STATISTICAL SECTION

Introduction to Statistical Section 70
Financial Trends
Net Position by Component 71
Change in Net Position 72-73
Operating Revenues 74
Operating Expenses 75
Other Nonoperating Revenues (Expenses) 76
Revenue Capacity
Schedule of Water Sold and Purchased 77
History of Water Rates 78
Water Billed by Customer Class 79
Capital Contributions by Source / History of SDC Rates 80
Sale of Water, Write-Offs, and Allowance for Uncollectible Accounts 81
Debt Capacity
Revenue Bond Debt Coverage 82
Debt Per Service Connection 83
Demographic Information
Full-Time Equivalent Employees by Function 84
Top Ten Rate Payers 85
Operating Information
Gallons of Water Consumed 86
Water Purchased, Consumed, and Billed 87

COMPLIANCE SECTION

Independent Auditor's Report Required by Oregon State Regulations 90-91

Intentionally Left Blank

INTRODUCTORY SECTION

3105 SW 89th Avenue
PO Box 25140
Portland, OR 97298
Office: (503) 292-2777
www.wswd.org

October 15, 2026

To the Board of Commissioners and the
Customers of West Slope Water District

We are pleased to submit the Annual Comprehensive Financial Report of West Slope Water District (the District) for the fiscal year ended June 30, 2026. State law requires every municipal corporation to publish a complete set of audited financial statements within six months after the close of each fiscal year, unless an extension is granted. This report is published to fulfill that requirement for the fiscal year ended June 30, 2026.

The District's management has full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatement.

REDW LLC has issued an unmodified ("clean") opinion on the District's financial statements for the years ended June 30, 2026 and 2025. The independent auditor's report is located at the front of the financial section of this report.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it.

Profile of the District

The District, established in 1922, is a domestic water supply district operating under Oregon Revised Statutes (ORS) Chapter 264. The District supplies potable water to both residential and commercial customers and provides water for fire protection. The District is located in eastern Washington County in northwestern Oregon and is part of the Portland metropolitan area.

The District's service area consists of approximately 3.5 square miles and has a population of approximately 10,300 residents. The District's transmission and distribution system includes 51 miles of water main ranging in size from 2 to 18 inches in diameter, one 2.25-million-gallon concrete reservoir, one 3-million-gallon concrete reservoir, and one 0.8-million-gallon steel tank. All reservoirs are covered and secured. The District maintains over 450 hydrants, 800 valves, and 3,300 water meters.

The District serves an area within Washington County that is fully developed with minimal vacant land. Therefore, new development within the District generally consists of infill development. As a result, growth within the District's service territory is expected to remain minimal, at approximately 0.3 percent annually. The District's service territory is primarily residential, with commercial development concentrated along Southwest Canyon Road (Highway 8) and Southwest Beaverton-Hillsdale Highway (Highway 10).

A five-member Board of Commissioners, elected to overlapping four-year terms, governs the District. The Board of Commissioners sets policy and appoints and oversees the General Manager, who is responsible for the District's day-to-day management. The District is not a component of any other entity, nor does the District have potential component units, as defined by the Governmental Accounting Standards Board (GASB).

The District prepares an annual budget, which serves as the foundation for the financial planning and control of the District's activities. The District's budgetary accounting records are maintained by fund using the modified accrual basis of accounting. The budget is adopted by fund and major functional category. All budget changes after adoption require a resolution by the Board of Commissioners.

The District purchases 100 percent of its water from the City of Portland (City). Through June 30, 2026, water was purchased under a 20-year Regional Water Sales Agreement that provided the District access to water supplied from the Bull Run Watershed and Columbia South Shore Well Field. The agreement expired on June 30, 2026. In May 2024, the District executed a new 30-year Wholesale Water Agreement with the City, effective July 1, 2026, securing a long-term source of water supply for the District's customers.

In addition to its connection with the City of Portland, the District maintains a backup intertie with Tualatin Valley Water District (TVWD). The intertie provides an alternate water supply for emergencies and scheduled maintenance. District staff monitor the City of Portland and TVWD interties using Supervisory Control and Data Acquisition (SCADA) controls.

In May 2009, the City of Beaverton withdrew approximately five percent of the District's service territory. In May 2011, the District and the City of Beaverton finalized an Intergovernmental Agreement (IGA) providing for debt service and unclaimed water reimbursements through 2028. Additional information about the IGA with the City of Beaverton can be found in Note 15 in the *Notes to Basic Financial Statements*.

Local Economy

The District is located in Washington County, the second most populous county in Oregon, and is part of the Portland-Vancouver-Hillsboro Metropolitan Statistical Area. Historically, the County's fertile plains supported a significant agricultural economy, and agriculture, lumber, manufacturing, and food processing continue to contribute to the local economy. The rapid expansion of the electronics and technology industries during the 1980s and 1990s helped establish the region commonly known as Oregon's Silicon Forest.

Major employment industries in Washington County include manufacturing, health care and social assistance, and retail. According to the Oregon Employment Department, Washington County's seasonally adjusted unemployment rate was 5.0 percent in June 2026, compared with 4.5 percent in June 2025. In addition, according to the U.S. Bureau of Economic Analysis, per capita personal income in Washington County was $81,333 in 2024, ranking third among Oregon counties.

Financial Condition and Future Planning

Because the District has very little available property for additional development, it receives minimal revenue from System Development Charges (SDCs). Accordingly, the District's operating revenue is derived primarily from water sales to residential and commercial customers. Water revenue can fluctuate due to variations in weather conditions and the resulting demand for landscape irrigation by residential and commercial customers.

One of the District's most significant operating expenses is purchased water. Under the agreement with the City of Portland, purchased water costs can be significantly affected by the District's share of capital improvement costs incurred by the City. The District closely monitors its five-year financial plan, which incorporates, among other assumptions, wholesale water rate forecasts provided by the City. Recent forecasts indicate increases in wholesale water rates over the next five years as the City completes construction of the Bull Run Filtration Facility.

In 2024, the District updated its Water System Master Plan through a comprehensive evaluation of its existing infrastructure. Prepared in accordance with Oregon statutes, the updated plan reflects changes in infrastructure needs, regulatory requirements, and anticipated community growth since the prior plan was completed in 2014. The 2024 Water System Master Plan identifies and prioritizes infrastructure replacement needs based on their importance to District operations and will guide the planning of future capital improvement projects.

The District also completed a water rate study during 2024 to evaluate the revenue needed to address rising wholesale water and operating costs and future infrastructure requirements. Based on the study, the Board approved 5 percent increases in consumption rates in 2025 and 2026 and adjustments to monthly meter charges to better align with industry standards. The District also adopted a new rate structure establishing three distinct customer classes with rates designed to better reflect customer usage patterns. The new rate structure was implemented in November 2025. Together, the new rate structure and revised monthly meter charges are intended to provide an equitable and sustainable approach to funding system costs over the next several years.

The District's final payment on its outstanding revenue bonds is scheduled to be made in October 2027. Although the District has no immediate plans for new long-term borrowing, additional debt financing may be required within the next five years to add a new 3.0-million-gallon earthquake-resilient reservoir. Current financial plans also include annual contributions to the Capital Improvement Reserve Fund to finance pipe replacement projects on a pay-as-you-go basis.

The District ended fiscal year 2026 in a strong financial position, with combined cash reserves of $7.9 million. Further information regarding the District's financial condition can be found in the *Management's Discussion and Analysis* section.

Financial Policies

The District's *Financial Management Policies* were adopted by the Board on March 19, 2025. These policies address rate setting, financial planning, budgeting, debt management, accounting standards and reporting, internal controls, procurement, and other financial goals and objectives. Collectively, these policies establish principles for managing financial risk, containing costs, maintaining appropriate reserves, and issuing debt. Consistent with Government Finance Officers Association (GFOA) best practices, the District maintains General Fund reserves equal to at least four months of General Fund operating expenses.

The Board and District staff share responsibility for safeguarding District assets and maintaining an effective system of internal control. Because the finance team is small, management has implemented mitigating controls to address limitations in the segregation of duties. To further safeguard assets and support accurate financial reporting, management reviews the District's system of internal controls annually. These controls include monthly reviews of bank reconciliations, financial reports, and other business activities by the Board and General Manager, as well as oversight of the annual budget process.

Awards

During fiscal year 2026, the District received the GFOA Certificate of Achievement for Excellence in Financial Reporting for its Annual Comprehensive Financial Report for the fiscal year ended June 30, 2025. This marked the twentieth year the District has received the Certificate of Achievement. To receive a Certificate of Achievement, a government must publish an easily readable and efficiently organized financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement for Excellence in Financial Reporting is valid for a period of one year. We believe that this Annual Comprehensive Financial Report for the fiscal year ended June 30, 2026, continues to meet the requirements of the Certificate of Achievement program. We intend to submit the report to GFOA for consideration.

Acknowledgements

The preparation of this report would not have been possible without the dedication and support of District staff. We sincerely appreciate the contributions of all staff members who helped ensure its timely completion.

We also thank the Board of Commissioners for its continued support of high standards of professionalism in the management of the District's finances. The Board's guidance and leadership contribute significantly to the District's financial management and stability.

Respectfully submitted,

Kenneth Ackerman, P.E.
General Manager

Wendy K. Irwin, CPA, CPFO
Finance Manager

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

West Slope Water District
Oregon

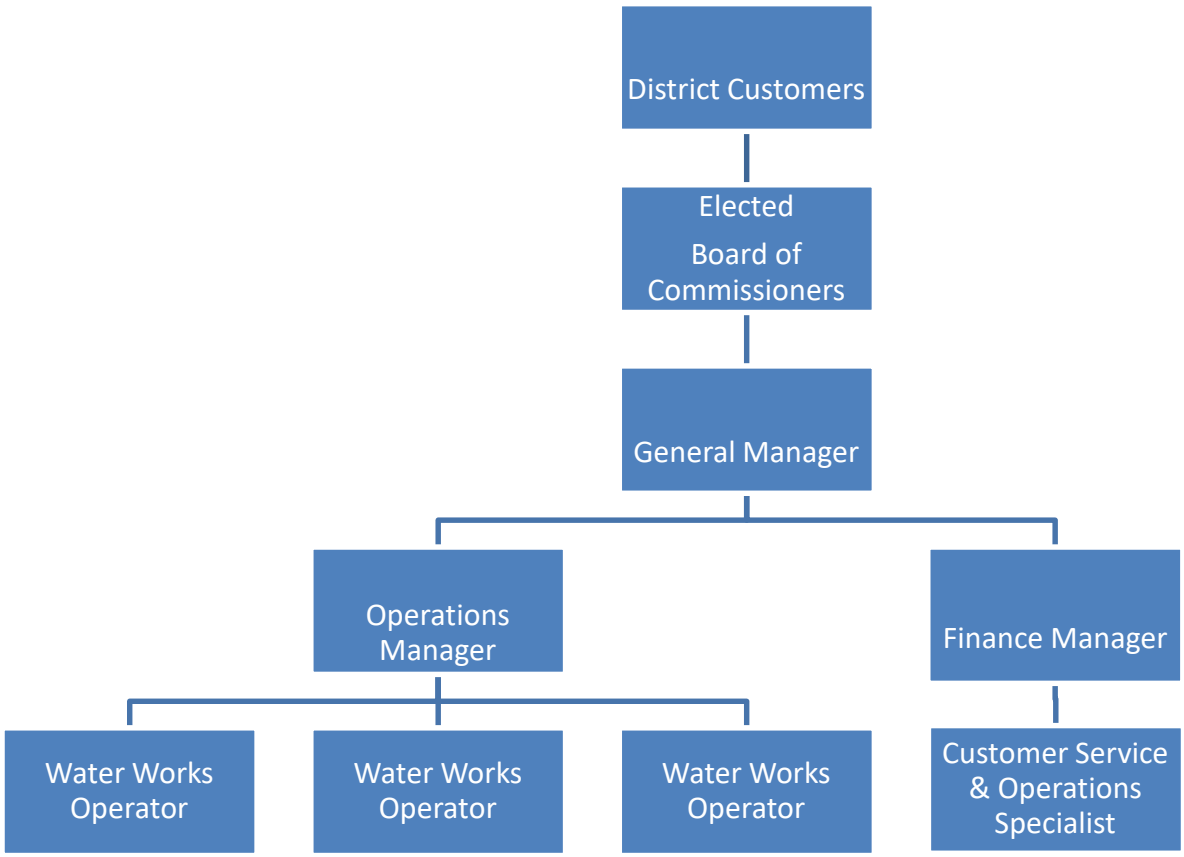
For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2025

Christopher P. Morrill

Executive Director/CEO

West Slope Water District
Organizational Structure



Board of Commissioners	Term Expires
Andy Smith, Chair	June 30, 2027
Chris Eppler, Treasurer	June 30, 2027
Paul Schuler, Secretary	June 30, 2029
Susan Meamber	June 30, 2029
Ramesh Krishnamurthy	June 30, 2029

Commissioners may be contacted at the address below.

Registered Agent
Kenneth Ackerman, P.E.

In Person
3105 SW 89th Avenue
Portland, Oregon 97225

Via US Mail
P.O. Box 25140
Portland, Oregon 97298

Via Email: customer.service@wswd.org.

Via voice message: 503-292-2777

REPORT OF INDEPENDENT AUDITORS

redw
Advisors & CPAs

Independent Auditor's Report

Board of Commissioners
West Slope Water District
Portland, Oregon

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the business-type activities of the West Slope Water District (the "District"), as of and for the years ended June 30, 2026 and 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the District, as of June 30, 2026 and 2025, and the changes in financial position and its 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 audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. 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 the District's ability to continue as a going concern for twelve months beyond the financial statement issuance date, including any currently known information that may raise substantial doubt shortly thereafter.

Advisory, Assurance, and Tax offered through REDW LLC. Wealth Management offered through REDW Wealth LLC.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 the 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, the schedule of the District's proportionate share of the net pension (asset) liability – Oregon Public Employees Retirement System (PERS), the schedule of pension contributions – PERS, and the schedule of changes in total OPEB liability and related ratios – other post-employment benefits (OPEB), 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, which 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 basic financial statements. The supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information Included in the Annual Comprehensive Financial Report (ACFR)

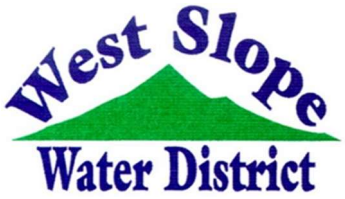
Management is responsible for the other information included in the annual comprehensive financial report (ACFR). The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinion on the basic financial statements does 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 Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated October 15, 2026, 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.



Jesse Jiron, Principal
For REDW LLC
Albuquerque, New Mexico
October 15, 2026



MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis (MD&A) provides an overview and analysis of the financial activities of West Slope Water District (the District) for the fiscal year ended June 30, 2026. This information should be read in conjunction with the District's Basic Financial Statements, the Notes to the Basic Financial Statements, and the additional information contained in the Letter of Transmittal.

If you have questions about this report or require further information, please contact District's Finance Manager.

Overview of the Financial Statements

The District is a self-supporting governmental entity engaged solely in business-type activities and reports its operations as an enterprise fund. Accordingly, the District's financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting.

The District's basic financial statements consist of the Statement of Net Position; Statement of Revenues, Expenses, and Changes in Net Position; Statement of Cash Flows; and Notes to the Basic Financial Statements.

Statement of Net Position

The Statement of Net Position presents the current and long-term portions of assets and liabilities separately and provides information about the nature and amounts of investments in resources (assets) and obligations to creditors (liabilities). Net position is calculated as total assets and deferred outflows of resources less liabilities and deferred inflows of resources. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating. This statement also provides the basis for evaluating the capital structure and assessing liquidity and financial flexibility of the District.

Statement of Revenues, Expenses, and Changes in Net Position

The Statement of Revenues, Expenses, and Changes in Net Position presents the District's operating and nonoperating revenues and expenses and shows how the District's net position changed during the year. The statement measures the success of the District's operations during the year and the success of recovering its costs through user fees and other charges.

Statement of Cash Flows

The Statement of Cash Flows shows the sources and uses of cash. It details cash flows from operating activities, capital and related financing activities, and investing activities as well as reconciling operating income to net cash provided by operating activities. The primary purpose of this statement is to provide information about the District's cash receipts and cash payments during the year and demonstrate where cash came from, what cash was used for, and the change in cash balance during the year.

Notes to Basic Financial Statements

The Notes to the Basic Financial Statements provide additional information essential to a full understanding of the data provided in the financial statements.

Supplementary Information

In addition to the basic financial statements and accompanying notes, these sections present both required and other supplementary information. Required supplementary information contains comparative information to support pension note disclosures. Other supplementary information includes budgetary information prepared in accordance with Oregon budget law reconciled to the change in net position shown on the Statement of Revenues, Expenses, and Changes in Net Position for the current fiscal year.

Financial Summary

Net Position

Table 1 shows a summary of the District's net position at June 30, 2026, compared to the previous two years. Increases or decreases in net position can serve as a useful indicator of the financial health of an organization.

The District continued to strengthen its overall financial position during FY2026. At June 30, 2026, total net position was approximately $20.7 million, an increase of approximately $1.7 million, or 9.2%, from $18.9 million at June 30, 2025.

Total assets increased approximately $1.2 million, or 5.4%, during FY2026. Current assets increased approximately $604 thousand, while net capital assets increased approximately $556 thousand.

Total liabilities decreased approximately $380 thousand, or 13.9%, during FY2026. Both current and noncurrent liabilities declined during the year.

Net investment in capital assets increased approximately $1.1 million, or 8.9%, primarily as a result of capital investment during the year and continued reduction of outstanding debt. Unrestricted net position increased approximately $687 thousand, or 9.8%, reflecting the District's positive operating results.

Additional analysis of the significant changes in the District's financial position and results of operations is presented in the Detailed Analyses section.

Table 1
West Slope Water District's Net Position

	2026	2025	Difference 2026-2025	Percent Change	2024
Current assets	$ 8,833,336	$ 8,229,663	$ 603,673	7.3%	$ 7,099,985
Other noncurrent assets	15,524	12,915	2,609	20.2%	27,741
Capital assets, net	13,705,102	13,148,804	556,298	4.2%	13,135,899
Total assets	**22,553,962**	**21,391,382**	**1,162,580**	**5.4%**	**20,263,625**
Deferred outflows of resources	619,835	491,375	128,460	26.1%	328,861
Total assets and deferred outflows of resources	**23,173,797**	**21,882,757**	**1,291,040**	**5.9%**	**20,592,486**
Current liabilities	760,991	970,293	(209,302)	-21.6%	$ 1,135,604
Noncurrent liabilities	1,592,138	1,762,710	(170,572)	-9.7%	1,928,823
Total liabilities	**2,353,129**	**2,733,003**	**(379,874)**	**-13.9%**	**3,064,427**
Deferred inflows of resources	139,840	211,847	(72,007)	-34.0%	285,444
Total liabilities and deferred inflows of resources	**2,492,969**	**2,944,850**	**(451,881)**	-15.3%	**3,349,871**
Net position					
Net investment in capital assets	12,935,085	11,881,515	1,053,570	8.9%	11,365,277
Restricted	15,524	12,915	2,609	20.2%	27,741
Unrestricted	7,730,219	7,043,477	686,742	9.8%	5,849,597
Total net position	**$ 20,680,828**	**$ 18,937,907**	**$ 1,742,921**	**9.2%**	**$ 17,242,615**

Revenues, Expenses, and Changes in Net Position

Table 2 shows the District's revenues, expenses, and the resulting change in net position for the last three years. This table shows the detail of the District's net change in position for FY2026 of $1.7 million, an increase of approximately $48 thousand, or 2.8%, from the FY2025 change in net position.

The District generated operating income of approximately $1.5 million in FY2026 compared with approximately $1.4 million in FY2025. Total operating revenues increased 3.2%, while total operating expenses increased 2.7%. Including other nonoperating revenues and expenses, net position increased approximately $1.7 million during FY2026, compared with approximately $1.7 million during FY2025.

Table 2
West Slope Water District's Revenues, Expenses, and Changes in Net Position

	2026	2025	Difference 2026-2025	Percent Change	2024
OPERATING REVENUES					
Sale of water	$ 5,206,821	$ 5,054,274	$ 152,547	3.0%	$ 4,782,873
Other operating revenue	115,509	103,575	11,934	11.5%	104,434
Total operating revenues	5,322,330	5,157,849	164,481	3.2%	4,887,307
OPERATING EXPENSES					
Water purchased	1,431,429	1,342,551	88,878	6.6%	1,296,906
Personnel services	1,258,321	1,168,420	89,901	7.7%	1,077,144
Maintenance and repairs	257,185	192,408	64,777	33.7%	241,043
General and administrative	374,986	331,989	42,997	13.0%	314,281
Master plan and rate study	11,034	201,781	(190,747)	-94.5%	-
Depreciation and amortization	523,187	516,155	7,032	1.4%	457,989
Total operating expenses	3,856,142	3,753,304	102,838	2.7%	3,387,363
Operating income	1,466,188	1,404,545	61,643	4.4%	1,499,944
OTHER NONOPERATING REVENUES (EXPENSES)					
Interest income	303,979	299,574	4,405	1.5%	311,133
Interest expense	(28,973)	(42,678)	13,705	-32.1%	(56,006)
Gain (Loss) on disposition of assets	(308)	29,837	(30,145)	-101.0%	(1,689)
Capital contributions	2,035	4,014	(1,979)	-49.3%	9,848
Net other nonoperating revenues	276,733	290,747	(14,014)	-4.8%	263,286
CHANGE IN NET POSITION	**1,742,921**	**1,695,292**	**47,629**	**2.8%**	**1,763,230**
NET POSITION, Beginning of Year	18,937,907	17,242,615	1,695,292	9.8%	15,479,385
NET POSITION, End of Year	$ 20,680,828	$ 18,937,907	$ 1,742,921	9.2%	$ 17,242,615

Detailed Analyses

Net Position

As shown in Table 1, current assets increased approximately $604 thousand, or 7.3%. The increase is primarily due to $497 thousand increase in cash generated from operating revenue and $96 thousand increase in accounts receivable. The increase in accounts receivable at June 30, 2026, was primarily attributable to higher water usage and rates in June 2026 compared with June 2025. Higher summer water usage was associated with hotter weather and increased irrigation demand during the billing period included in year end.

Current liabilities decreased approximately $209 thousand, or 22%. The decrease is primarily due to payment of the final balance due on the Beaverton-Hillsboro Highway pipe replacement project, accrued at FY2025. This amount was in dispute from project change orders at the end of FY2025 and settled by mediation in FY2026.

Deferred outflows of resources increased by approximately $128 thousand or 26% during fiscal year 2026, primarily due to changes in pension-related deferred amounts, including the District's proportionate share, investment earnings differences, and employer contributions. OPEB related deferred outflows also increased slightly. Additional information regarding pension and OPEB deferred outflows is provided in the Notes to Basic Financial Statements.

Deferred inflows of resources decreased by approximately $72 thousand or 34%, primarily due to changes in pension-related deferred amounts associated with the District's proportionate share and employer contributions. OPEB related deferred inflows also decreased during the year. Additional information regarding pension and OPEB deferred inflows is provided in the Notes to Basic Financial Statements.

The largest portion of the District's net position reflects the investment in capital assets (e.g. pipes, meters, reservoirs, land, buildings, and equipment) less any related outstanding debt that was used to acquire those assets. The District uses these assets to provide water services to ratepayers; consequently, these assets are not available for future spending. In contrast, the amount included as unrestricted in the District's net position is available for future expenditures.

Over the last several years, the District's net position at year end has continued to increase. At year end June 30, 2026, the District's total net position (assets and deferred outflows minus liabilities and deferred inflows) was about $20.7 million, an increase of $1.7 million or 9.2% compared to 2025. This year's increase in net investment in capital assets is due primarily to the completion of the Garden View pipe replacement project and start of the engineering design for the new reservoir. The increase in unrestricted net position resulted from the financial performance of the District's operations. The following sections of MD&A analyze the financial performance in greater detail.

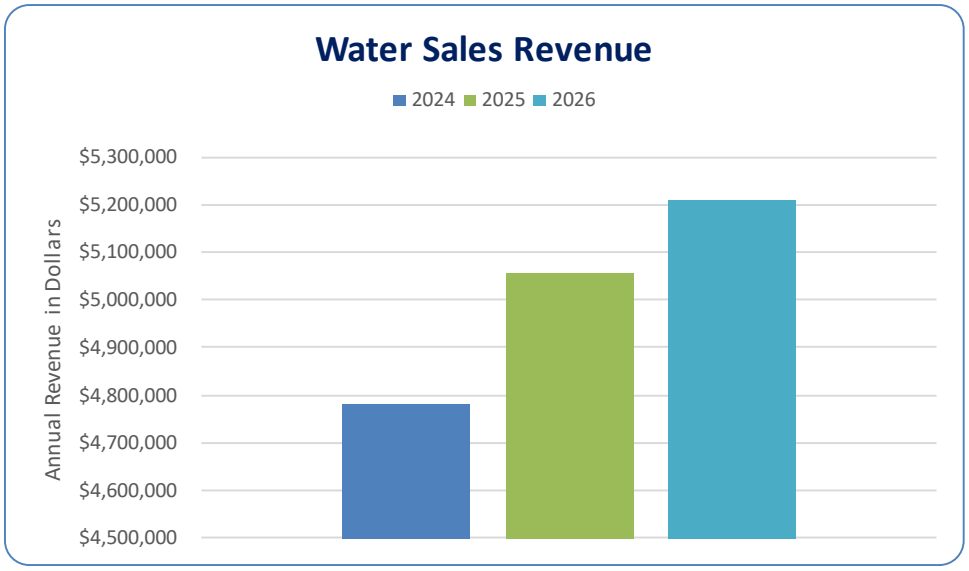
Operating Revenues

As shown in Table 2, the District's total operating revenues for FY2026 increased by approximately $164 thousand or 3.2% over the previous year. Water sales and service fees are the primary source of revenue for the District. Although the billing rate per consumption unit increased by 5%, units billed decreased approximately 1.4% from 2025. As a result, water sales revenue increased 3%, less than the percentage increase in the consumption rate.

Another change during FY2026 was the implementation of a tiered rate structure by class in November 2025. The tiered structure generally results in lower charges during lower-consumption periods and higher charges as customer usage moves into higher tiers, which is more common during summer irrigation periods. Because FY2026 includes only a partial year under the tiered rate structure, the District does not yet have a complete fiscal year of information with which to evaluate its effect on annual revenue and usage patterns.

A three-year history of water sales revenue is shown below.

Chart 1
West Slope Water District's 3-Year History of Water Sales



Amounts included in other operating revenue are penalty fees, right-of-way fees, and debt reimbursement income per the City of Beaverton IGA. Amounts in other operating revenue increased due to higher service fees received for installation of new meters, removing abandoned meters, and moving existing meters. The amount of service-fee revenue varies from year to year depending on customer requests for meter installation, abandonment, and relocation.

Operating Expenses

For FY2026, the District's total operating expenses increased by $103 thousand or 2.7% over the previous year. Water purchased by the District is the largest single operating expense, followed by personnel services which include wages, benefits, retirement contributions, and payroll taxes.

In FY2026, the cost of purchased water increased by $89 thousand or 6.6% from the previous year. This was due to an increase in the per unit wholesale water rate charged by the City of Portland (City) from $1.964 in FY2025 to $2.094 in FY2026, while the guaranteed minimum purchase of units remained the same. FY2026 was the final year under the District's previous wholesale water agreement.

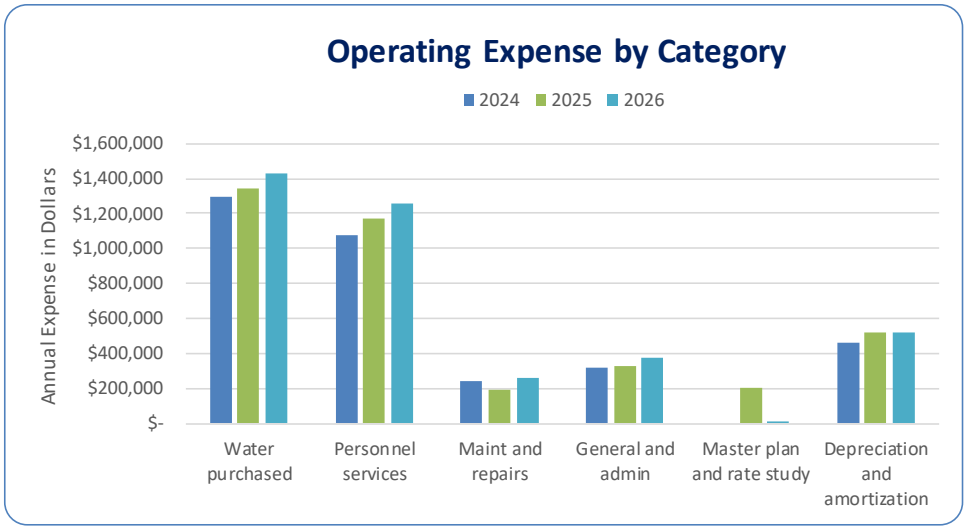
Personnel services increased approximately $90 thousand or 7.7% primarily due to cost-of-living adjustment, merit increases associated with employee performance and certification, and increased health benefit costs.

Maintenance and repairs increased approximately $65 thousand or 33.7%. Significant factors included major repairs to the District's vactor truck and software costs that became annual operating expenses after the related SBITA was no longer capitalized.

General and administrative expenses increased approximately $43 thousand or 13% primarily because of legal fees related to settlement of a contractor dispute, higher general liability insurance premiums, and professional services associated with preparation of annual water quality reports. These expense increases were substantially offset by a decrease of approximately $191 thousand in master plan and rate study costs. Significant master plan update work was performed in FY2025, while only approximately $11 thousand of related costs were incurred in FY2026.

Chart 2, below, shows the operating expenses by category over the last three years.

Chart 2
West Slope Water District's Operating Expenses



Other Nonoperating Revenues (Expenses)

For FY2026, the District's other nonoperating net revenues decreased approximately $14 thousand or 4.8% from the previous year. Included in other nonoperating revenues and expenses are interest income, interest expense, gain (loss) on disposition of capital assets, and capital contributions. The decrease is due primarily to the gain related to disposal of work truck in FY2025, while FY2026 had no material gain or loss related to disposition of capital assets. Interest expense continues to decrease from year-to-year as debt gets paid off. Interest income has remained relatively consistent.

Significant Capital Asset and Long-Term Financing Activity

Capital Asset Activity

The discussion thus far has only touched upon certain significant transactions and events during FY2026 with respect to capital assets and long-term debt. Overall, the carrying value of capital assets (original cost minus accumulated depreciation) increased by $556 thousand or 4.2 percent over 2025. Significant capital asset activity contributing to the increase included the following:

- Garden View main replacement – Approximately $856 thousand was incurred for this project in FY2026, bringing total project costs to approximately $1.0 million. The project was completed and was transferred out of projects in progress to water systems in FY 2026.
- New Reservoir engineering design – Approximately $207 thousand was incurred for this project in FY2026. The engineering design contract totals $788 thousand, of which approximately $247 thousand had been incurred through FY2026.
- Lease equipment – Approximately $27 thousand was booked as a capital asset and related liability for new printers and copier equipment according to requirements under GASB 87, *Leases*.

Additional information regarding the District's capital assets including depreciation and amortization expense is presented in the Notes to Basic Financial Statements.

Long-Term Financing Activity

Total bonds payable and lease liabilities decreased by approximately $316 thousand, or 30%, during FY2026. As mentioned previously, the District has been making payments on its revenue bonds, so debt has been decreasing each year. The final principal payment on the bonds is due in October 2027 (FY2028). The only long-term financing addition in FY2026 was related to the liability for the lease equipment noted above.

Additional information regarding the District's long-term obligations is presented in the Notes to the Financial Statements.

Currently Known Facts, Decisions, or Conditions

Subsequent Budget

As noted earlier, the District prepares and adopts an annual budget that serves as the foundation for its financial planning and control. The budget is maintained by fund on a modified accrual basis of accounting. The adopted FY 2027 budget totals $16,382,000, representing an increase of $1,264,000, or 8.4%, compared to the FY2026 budget.

For FY2027, revenues are projected to increase approximately 3%, primarily due to water rate adjustments. Operating expenses are expected to increase approximately 2%, primarily due to purchased water and personnel costs. The FY2027 budget also includes approximately $2.2 million of capital outlay.

New Wholesale Water Agreement

A new wholesale water agreement became effective July 1, 2026. Unlike the previous agreement, the new agreement does not include a guaranteed minimum purchase requirement. The District therefore will pay for the volume of water actually consumed rather than the minimum quantity required under the previous agreement. Based on current information, actual consumption is approximately 17% lower than the quantity required under the previous guaranteed purchase provision.

The elimination of the minimum purchase requirement is expected to reduce the number of water units for which the District is charged. However, wholesale rates are expected to increase in future years as the City of Portland completes construction of the Bull Run Water Filtration Plant and allocates related capital costs to wholesale customers. The ultimate financial effect will depend on future wholesale rates and District water consumption.

Future Capital Projects

The District continues to replace aging infrastructure each year. For the coming FY2027, two pipe replacement projects are scheduled, one on Canyon Drive and the other on Sharon Lane. The combined engineering contract for approximately $154 thousand was signed subsequent to year end for these two projects.

In addition, the District will continue the final design and permitting for the construction of a new earthquake-resilient reservoir at the Sylvan property. The District currently anticipates funding the approximately $14 million project through a combination of existing capital reserves, available grant funding, and debt financing.

Consistent with prior years, the District continues to set aside net revenues for future infrastructure repairs and replacements, budgeted at $1.6 million for FY2027.



BASIC FINANCIAL STATEMENTS

	2026	2025
ASSETS		
Current assets		
Cash and cash equivalents	$ 7,935,400	$ 7,438,396
Accounts receivable, net of allowance	781,582	685,653
Prepaid expenses	75,874	64,471
Inventory	40,480	41,143
Total current assets	8,833,336	8,229,663
Noncurrent assets		
Restricted cash	15,524	12,915
Capital assets:		
Nondepreciable assets	291,331	277,736
Depreciable assets, net of depreciation	13,387,305	12,853,357
Lease equipment, net of amortization	26,466	13,988
Subscription asset, net of amortization	-	3,723
Total noncurrent assets	13,720,626	13,161,719
Total assets	22,553,962	21,391,382
DEFERRED OUTFLOWS OF RESOURCES		
Other post employment benefits	8,150	3,781
Pension	611,685	487,594
Total deferred outflows of resources	619,835	491,375
Total assets and deferred outflows of resources	$ 23,173,797	$ 21,882,757

Continued on next page.

	2026	2025
LIABILITIES		
Current liabilities		
Accounts payable	$ 233,349	$ 430,451
Accrued payroll liabilities	82,370	84,830
Customer deposits	20,550	22,500
Interest payable	6,851	9,999
Current portion:		
Other post employment benefits	1,603	547
Compensated absences	74,272	89,616
Bonds payable	337,384	327,384
Lease liability	4,612	4,966
Total current liabilities	760,991	970,293
Noncurrent liabilities		
Other post employment benefits	45,662	36,367
Compensated absences	27,591	4,107
Net pension liability	1,145,316	1,023,489
Bonds payable	351,590	688,974
Lease liability	21,979	9,773
Total noncurrent liabilities	1,592,138	1,762,710
Total liabilities	2,353,129	2,733,003
DEFERRED INFLOWS OF RESOURCES		
Other post employment benefits	60,638	67,734
Pension	79,202	144,113
Total deferred inflows of resources	139,840	211,847
NET POSITION		
Net investment in capital assets	12,935,085	11,881,515
Restricted for capital projects	15,524	12,915
Unrestricted	7,730,219	7,043,477
Total net position	20,680,828	18,937,907
Total liabilities, deferred inflows of resources and net position	$ 23,173,797	$ 21,882,757

Continued from previous page.

WEST SLOPE WATER DISTRICT
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
For the Fiscal Years Ended June 30, 2026 and 2025

	2026	2025
OPERATING REVENUES		
Sale of water	$ 5,206,821	$ 5,054,274
Service installations and modifications	18,160	8,055
Miscellaneous	97,349	95,520
Total operating revenues	5,322,330	5,157,849
OPERATING EXPENSES		
Water purchased	1,431,429	1,342,551
Personnel services	1,258,321	1,168,420
Maintenance and repairs	257,185	192,408
General and administrative	374,986	331,989
Master plan and rate study	11,034	201,781
Depreciation and amortization	523,187	516,155
Total operating expenses	3,856,142	3,753,304
Operating income	1,466,188	1,404,545
OTHER NONOPERATING REVENUES (EXPENSES)		
Interest income	303,979	299,574
Interest expense	(28,973)	(42,678)
Gain (Loss) on disposition of capital assets	(308)	29,837
Capital contributions	2,035	4,014
Net other nonoperating revenues (expenses)	276,733	290,747
CHANGE IN NET POSITION	1,742,921	1,695,292
NET POSITION, Beginning of Year	18,937,907	17,242,615
NET POSITION, End of Year	$ 20,680,828	$ 18,937,907

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

WEST SLOPE WATER DISTRICT
STATEMENTS OF CASH FLOWS
For the Fiscal Years Ended June 30, 2026 and 2025

	2026	2025
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	$ 5,224,451	$ 5,135,988
Payments to employees for wages and benefits	(1,320,930)	(1,200,493)
Payments to suppliers for goods and services	(2,100,736)	(2,122,380)
Net cash provided by operating activities	1,802,785	1,813,115
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital asset acquisition and construction	(1,244,817)	(692,916)
Proceeds from sale of assets	-	31,445
Lease payments	(4,864)	(4,724)
Subscription payments	-	(23,976)
Bond payments	(325,000)	(310,000)
Interest paid on debt	(34,505)	(48,065)
Cash received from developers for capital purposes	2,035	4,014
Net cash used by capital and related financing activities	(1,607,151)	(1,044,222)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	303,979	299,574
Net cash provided by investing activities	303,979	299,574
NET CHANGE IN CASH AND CASH EQUIVALENTS	499,613	1,068,467
CASH AND CASH EQUIVALENTS, Beginning of Year	7,451,311	6,382,844
CASH AND CASH EQUIVALENTS, End of Year	$ 7,950,924	$ 7,451,311
STATEMENT OF NET POSITION ACCOUNTS		
Cash and cash equivalents	$ 7,935,400	$ 7,438,396
Restricted cash	15,524	12,915
Total cash and cash equivalents	$ 7,950,924	$ 7,451,311

Continued on next page.

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

	2026	2025
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating income	$ 1,466,188	$ 1,404,545
Adjustments		
Depreciation and amortization	523,187	516,155
(Increase) decrease in:		
Accounts receivable	(95,929)	(27,461)
Prepaid expenses	(11,403)	(23,014)
Inventory	663	4,090
Deferred outflows of resources	(128,460)	(162,514)
Increase (decrease) in:		
Accounts payable	(15,362)	(34,727)
Accrued payroll liabilities	(2,460)	8,120
Customer deposits	(1,950)	5,600
Compensated absences	8,140	15,880
Net OPEB obligation	10,351	(1,244)
Net pension liability	121,827	181,282
Deferred inflows of resources	(72,007)	(73,597)
Net cash provided by operating activities	$ 1,802,785	$ 1,813,115
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES		
Net effect of trade-in and replacement of leased equipment on capital assets and related lease liabilities	$ 16,715	$ -
Capital assets acquired through accounts and retainage payable	54,452	236,192

Continued from previous page.

NOTE 1 – REPORTING ENTITY

West Slope Water District is a municipal corporation organized and operating under ORS Chapter 264 for the purpose of providing domestic water service to residential and commercial customers. The District was formed in 1922 and has served its customers in eastern Washington County, Oregon for over 100 years. The District is governed by a five-member Board of Commissioners elected by the voters within the service area boundaries. Day-to-day administrative duties are delegated to the general manager who oversees staff and reports to the Board.

The principal source of revenue is from water sales which are expended for operations and capital improvement projects. The District purchases all of its water supply from the City of Portland which is distributed by gravity fed pipe to customers within the District.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the District have been prepared in accordance with Generally Accepted Accounting Principles (GAAP) as applied to government units in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described below.

Basis of Presentation and Accounting

For financial reporting purposes, the District reports on an enterprise fund basis. Enterprise funds, a proprietary fund type, are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and liabilities associated with the operations are included in the Statement of Net Position.

The District's financial statements are prepared on the accrual basis of accounting which is in accordance with generally accepted accounting principles (GAAP) in the United States of America as noted above. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recognized when liabilities are incurred, regardless of the timing of the related cash flow.

When both restricted and unrestricted resources are available for use, the District's policy is to spend restricted resources first, then unrestricted resources as they are needed.

The District is the primary, special purpose government responsible for providing water service within its boundaries. As a result, all of the District's activities are included in its financial statements. The financial statements represent those of a stand-alone government, as there are no component units or internal service funds.

Operating and Nonoperating Revenues and Expenses

The District distinguishes operating revenues and expenses from nonoperating revenues and expenses in accordance with GASB Statement No. 103, *Financial Reporting Model Improvements*. Operating revenues and expenses are revenues and expenses other than those classified as other nonoperating revenues and expenses. Operating revenues of the District primarily consist of charges for providing water service, including water sales and service-related charges. Operating expenses primarily consist of the cost of wholesale water, personnel services, system maintenance and repairs, general and administrative expenses, and depreciation and amortization.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Operating and Nonoperating Revenues and Expenses (continued)

Other nonoperating revenues and expenses include subsidies received and provided, contributions to permanent and term endowments, revenues and expenses related to financing, resources from the disposal of capital assets and inventory, and investment income and expenses. Revenues or expenses that otherwise would be classified as nonoperating are classified as operating when the transactions constitute the District's principal ongoing operations.

Noncapital subsidies are reported separately from other nonoperating revenues and expenses. Subsidies generally consist of resources received from or provided to another party without an exchange of goods or services when the resources affect the District's current or future fees and charges, as well as other transfers.

Capital Contributions

Capital contributions consist primarily of system development charges and include contributions by developers for meter and pipe installation and contributions for easements.

Cash and Cash Equivalents

For financial reporting purposes, the District's cash and cash equivalents include cash on hand, demand deposits, and deposits held in the Oregon Local Government Investment Pool (LGIP). Interest earned on cash and cash equivalents is allocated to each fund based on their respective balance.

Cash and cash equivalents are defined as short-term, highly liquid investments that are both:

a. Readily convertible to known amounts of cash.
b. So near their maturity that they present insignificant risk of changes in value because of changes in interest rates.

Generally, only investments with original maturities of three months or less meet this definition.

The District follows GASB 72, *Fair Value Measurement and Application*, which requires certain investments to be valued at fair value. The District's investments, authorized under state statutes, are comprised of amounts deposited in the LGIP. The difference between cost and fair value is not material.

Restricted cash consists of funds restricted by state statutes to be used for capital projects.

Accounts Receivable

Water services receivable consists of amounts due from residential and commercial customers for water sales and related services. The District bills customers monthly, and revenues are recognized as they are earned. Estimated revenues for water consumed but not yet billed are accrued.

Receivables are reported net of an allowance for uncollectible accounts, which is periodically reviewed based on an aging analysis of outstanding balances. Accounts determined to be uncollectible are written off after reasonable collection efforts have been exhausted. Written-off balances $100 or more may be referred to the District's collection agency.

Inventory

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Prepaid Expenses

Prepaid expenses consist of unexpired professional dues and insurance premiums on policies as of the fiscal year end. Amounts included in prepaids are recorded as expense as the term expires.

Capital Assets

Capital assets are valued at cost. Water systems acquired before June 30, 1954, are valued at estimated cost as determined by a consulting engineer. Contributed assets are recorded at acquisition value at the time received. The costs of certain water mains and service installations since July 1, 1973, have been financed by contributions from persons requesting the service extensions. Records are not adequate to determine amounts prior to July 1, 1973.

Capital assets are defined by the District as assets with an initial, individual cost of $5,000 or more, and having a useful life extending beyond a single reporting period. Additions or improvements and other capital outlays that significantly extend the useful life of an asset, or that significantly increase the capacity of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

Depreciation of capital assets has been recognized and reflected in the basic financial statements. Capital assets are depreciated using the straight-line method over the following estimated useful lives.

Asset	Years
Water Systems	50
Buildings and Improvements	39
Equipment and Software	5 - 20

Equipment and software includes heavy and light duty vehicles, water meters, office equipment, computers, and software. Monthly depreciation is taken in the year the assets are acquired or retired. Gains or losses from sales or retirements of capital assets are reported as other nonoperating revenues or expenses in the period of disposition.

Lease Asset and Liability

In accordance with *GASB Statement 87, Leases*, the District recognizes a lease liability and an intangible right-to-use lease asset in the financial statements for all leases with a noncancelable term of more than one year. A lease liability is recognized at the net present value of the lease payments expected to be made during the lease term. The lease liability is then reduced by principal payments made over the lease term. The lease asset is measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. The lease asset is amortized on a straight-line basis over the shorter of the lease term or the estimated useful life of the underlying asset.

To determine the rate used to discount the expected lease payments to the present value, the District uses the interest rate charged by the lessor as the discount rate. When the interest charged by the lessor is not provided, the District will generally use its estimated incremental borrowing rate as the discount rate.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Compensated Absences

The District recognizes liabilities for compensated absences in accordance with GASB Statement No. 101, *Compensated Absences*. A liability is recognized for leave that is attributable to services already rendered, accumulates, and is more likely than not to be used for time off or otherwise paid or settled.

The liability is measured using employees' current rates of pay and includes applicable salary-related payments. Compensated absences are reported as current or noncurrent liabilities on the Statement of Net Position based on the amounts expected to be paid or settled within one year.

The District's compensated absences liability includes vacation leave, comp time, and qualifying sick leave in accordance with the District's established leave policies summarized below.

Vacation: Vacation leave is accrued monthly based on years of service and is earned at a rate of twelve to thirty days per year for all full-time permanent employees. Employees may carry forward unused vacation leave up to a maximum of 240 hours. Any unused accrued balances are paid upon termination of employment.

Comp Time: The District allows employees to apply overtime hours worked to compensatory time (comp time), in lieu of payment for overtime hours worked. Employees may use accumulated comp time as paid time off or receive payment for accumulated balances in accordance with District policy. Unused comp time may be carried forward and is paid upon termination of employment.

Sick Leave: Sick leave is accrued at ten hours per month for all full-time permanent employees. Employees may carry forward unused sick leave each year up to a maximum of 480 hours. Unused sick time is not paid out upon separation from employment. However, qualifying accumulated sick leave may be included in the calculation of Oregon PERS retirement benefits for eligible employees.

Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to future periods and so will not be recognized as an outflow of resources (expense) until that time. The District has two items that qualify for reporting in this category. One type is related to the PERS net pension liability and the other type is related to other post employment benefits (OPEB). These amounts are deferred and recognized in expense/revenue in future periods in accordance with the applicable accounting standards.

In addition to liabilities, the Statement of Net Position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. The District has two items that qualify for reporting in this category. One type is related to the PERS net pension liability and the other type is related to OPEB. These amounts are deferred and recognized in expense/revenue in future periods in accordance with the applicable accounting standards.

Bond Premiums and Discounts

Bond premiums and discounts are deferred and amortized over the life of the related bonds using the straight-line method. Unamortized premiums and discounts are reported as additions to or deductions from the outstanding bond principal balance, respectively. Bond issuance costs are reported as expense when incurred.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Net Position

Net position comprises the various net earnings from operations, other nonoperating revenues and expenses, and contributions of capital. Net position is classified in the following three categories.

Net investment in capital assets: This category consists of all capital assets, net of accumulated depreciation and amortization, and reduced by outstanding debt and payables that are attributable to the acquisition, construction, and improvement of those assets.

Restricted: This category consists of external constraints placed on net position use by creditors, grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation. System development charges (SDC) are the only source of District's restricted funds. They may only be used for current capital improvement projects or debt service on past capital improvement projects.

Unrestricted: This category consists of the remaining net position that is not included in the other categories previously mentioned.

Budget

Oregon Budget Law requires annual budgets to be adopted for each of the District's budgetary funds and requires specific procedures to be followed in preparing and adopting the budget, including establishing a budget committee, providing public notice of budget hearings, adopting the budget, and making appropriations. The District's budgetary fund designations are used for compliance with Oregon Budget Law and differ from the District's financial reporting under generally accepted accounting principles, under which the District reports as a single enterprise fund.

The District's budget is adopted on the modified accrual basis of accounting. Under the modified accrual basis, revenues are recognized in the period in which they are measurable and available, and expenditures are recognized in the period in which the liability is incurred. Capital outlay is reported as an expenditure when incurred; therefore, depreciation and amortization expense is not recognized for budgetary purposes. Principal payments on long-term debt and other financing liabilities are reported as expenditures rather than as reductions of the related liabilities.

The Board of Commissioners adopts the budget by resolution and makes appropriations by major functional categories for each budgetary fund. The budget resolution establishes the level at which expenditures may not legally exceed appropriations. Appropriations lapse at the end of the annual budget period.

The Board of Commissioners may transfer appropriations between appropriation categories by resolution as permitted by Oregon Budget Law. In certain circumstances, including unforeseen expenditures or the receipt of resources that were not anticipated when the budget was adopted, appropriations may be increased through a supplemental budget in accordance with Oregon Budget Law.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Budget (continued)

Schedules comparing the District's legally adopted budgets with actual results on the budgetary basis for the fiscal year ended June 30, 2026, are presented as supplementary information accompanying the basic financial statements. These schedules are presented to demonstrate compliance with Oregon Budget Law and are not budgetary comparison information required to be presented as required supplementary information under generally accepted accounting principles.

NOTE 3 – CASH AND CASH EQUIVALENTS

Cash and cash equivalents, recorded at fair value at June 30th consisted of the following:

	2026	2025
Cash on hand	$ 450	$ 450
Checking account	625,602	662,745
Payment portal deposit account	35,290	31,303
Participation in Oregon State Treasurer's Short-Term Investment Fund (LGIP)	7,289,582	6,756,813
	$ 7,950,924	$ 7,451,311

Investments included in cash and cash equivalents consisted of funds held in the LGIP at June 30 as follows:

	2026	2025
Weighted Average Maturity (Years)	0.19	0.21
Cost / Fair Value	$ 7,289,582	$ 6,756,813

The amounts reported on the Statement of Net Position at June 30th are as follows:

	2026	2025
Current Assets:		
Cash and cash equivalents	$ 7,935,400	$ 7,438,396
Noncurrent Assets:		
Restricted cash	15,524	12,915
	$ 7,950,924	$ 7,451,311

Interest Rate Risk

During fiscal year 2026, the District adopted a formal investment policy that establishes parameters for managing interest rate risk. The policy seeks to mitigate interest rate risk by providing adequate liquidity for short-term cash needs, matching investment maturities with expected cash outflows where feasible and prudent, and staggering maturities to mitigate reinvestment risk. The policy generally limits the stated final maturity of individual securities to three years from the settlement date and limits the maximum portfolio average maturity to 1.5 years, except as otherwise provided in the policy.

The weighted average maturity of the State Treasurer's Local Government Investment Pool (LGIP) at June 30, 2026 and 2025, was 70 and 75 days, respectively. The LGIP's investment policy requires that 50% of the portfolio must mature within 93 days. A maximum of 25% of the portfolio may mature over one year, and no investment may mature later than three years from its settlement date.

NOTE 3 – CASH AND CASH EQUIVALENTS (continued)

Credit Risk

State statutes allow the District to invest in general obligations of the U.S. Government and its agencies, certain bonded obligations of Oregon municipalities, corporate indebtedness, commercial paper, bankers' acceptances, qualifying bank deposits and certificates of deposit, and the Oregon State Treasury Local Government Investment Pool, among others.

During fiscal year 2026, the District adopted a formal investment policy that further limits the District's investment choices and establishes minimum credit quality and diversification requirements for certain investments. The policy requires the minimum weighted average credit rating of the portfolio's rated investments to be Aa3/AA-/AA- by Moody's Investors Service, Standard & Poor's, and Fitch Ratings Service, respectively, and establishes minimum ratings and exposure limits by investment type and issuer.

Concentration Of Credit Risk

During fiscal year 2026, the District adopted a formal investment policy that establishes diversification requirements and limits exposure by security type and issuer. The policy permits investment in the Oregon State Treasurer's Local Government Investment Pool (LGIP) up to the maximum amount allowed under ORS 294.810 and does not establish an issuer concentration limit for the LGIP.

The District invests excess funds in the LGIP as is reasonably prudent while having cash available to meet daily operating needs. The LGIP operates in accordance with appropriate state laws and regulations. The reported value of the LGIP is the same as the fair value of LGIP shares. Investments are regulated by the Oregon Short Term Fund Board and approved by the Oregon Investment Council (ORS 294.805 to 294.895). The LGIP is not registered with the SEC as an investment company and is unrated.

Custodial Credit Risk – Deposits

This is the risk that in the event of a bank failure, the District's deposits may not be returned. As of June 30, 2026 and 2025, the book values of the District's bank deposits in its checking account were $625,602 and $662,745 and the bank balances were $625,177 and $669,499, respectively. The difference is due to the timing of cleared transactions. The amount of the bank balance covered by FDIC insurance is $250,000. As required by Oregon Revised Statutes, deposits more than the federal depository insurance are held at a qualified depository for public funds. All qualified depositories for public funds are included in the multiple financial institution collateral pool that is maintained by and in the name of the Office of the State Treasurer. As a result, the District's remaining deposits more than FDIC insurance are considered to be fully collateralized.

NOTE 4 – ACCOUNTS RECEIVABLE

The District bills its customers for water services on a monthly basis. Accounts receivable are stated at cost and are unsecured. The District's collection program includes applying service fees to past due accounts, extending payment terms, and if needed, discontinuing water services. Accounts determined to be uncollectible are written off after reasonable collection efforts have been exhausted. Written-off balances of $100 or more are referred to the District's collection agency. During the fiscal years ended June 30, 2026 and 2025, bad debt expense was $1,901 and $656, respectively.

Additionally, the District bills the City of Beaverton annually for unclaimed water reimbursement per the terms of the May 18, 2011, Intergovernmental Agreement (IGA).

NOTE 4 – ACCOUNTS RECEIVABLE (continued)

Accounts receivable, net of allowance at June 30th were as follows:

	2026	2025
Water services billed	$ 367,531	$ 388,639
Allowance for uncollectible accounts	(7,000)	(7,000)
Net water services receivable	360,531	381,639
Water services not yet billed	364,109	250,607
Beaverton unclaimed water reimbursement	56,942	53,407
	$ 781,582	$ 685,653

NOTE 5 – CAPITAL ASSETS

The changes in capital assets for the year ended June 30, 2026, are summarized below:

	2025	Additions	Transfers	Deletions	2026
Nondepreciable assets					
Land	$ 44,724	$ -	$ -	-	$ 44,724
Projects in progress	233,012	1,063,077	(1,049,482)	-	246,607
Nondepreciable assets	277,736	1,063,077	(1,049,482)	-	291,331
Depreciable assets					
Buildings and improvements	373,876	-	-	-	373,876
Water systems	20,083,537	-	1,049,482	-	21,133,019
Equipment and software	1,174,638	-	-	(46,141)	1,128,497
Lease equipment	24,685	27,333		(24,685)	27,333
Subscription asset	67,017	-	-	(67,017)	-
Total depreciable assets	21,723,753	27,333	1,049,482	(137,843)	22,662,725
Accumulated depreciation and amortization					
Buildings and improvements	(231,008)	(9,374)	-	-	(240,382)
Water systems	(7,883,917)	(420,969)	-	-	(8,304,886)
Equipment and software	(663,769)	(84,139)	-	45,089	(702,819)
Lease equipment	(10,697)	(4,982)		14,812	(867)
Subscription asset	(63,294)	(3,723)	-	67,017	-
Total accumulated depreciation and amortization	(8,852,685)	(523,187)	-	126,918	(9,248,954)
Depreciable assets, net	12,871,068	(495,854)	1,049,482	(10,925)	13,413,771
Total capital assets, net	$ 13,148,804	$ 567,223	$ -	$ (10,925)	$ 13,705,102

Projects in progress relate to ongoing construction and other capital costs to be placed in service pending completion. Typical costs in projects in progress include pipe replacements, reservoir projects, and miscellaneous other capital improvement projects. When projects are completed, total cost is transferred to the appropriate depreciable asset category.

NOTE 5 – CAPITAL ASSETS (continued)

During fiscal year 2026, the District's agreement for a subscription-based accounting and utility billing software package reached the end of its original three-year contract term. The remaining subscription asset was fully amortized and removed from the capital asset records. The District continues to use the software under annual renewal agreements, which are expensed as incurred.

The changes in capital assets for the year ended June 30, 2025, are summarized below:

	2024	Additions	Transfers	Deletions	2025
Nondepreciable assets					
Land	$ 44,724	$ -	$ -	$ -	$ 44,724
Projects in progress	111,669	425,732	(304,389)	-	233,012
Nondepreciable assets	156,393	425,732	(304,389)	-	277,736
Depreciable assets					
Buildings and improvements	373,876	-	-	-	373,876
Water systems	19,779,148	-	304,389	-	20,083,537
Equipment and software	1,130,340	104,936	-	(60,638)	1,174,638
Lease equipment	24,685	-	-	-	24,685
Subscription asset	67,017	-	-	-	67,017
Total depreciable assets	21,375,066	104,936	304,389	(60,638)	21,723,753
Accumulated depreciation and amortization					
Buildings and improvements	(221,635)	(9,373)	-	-	(231,008)
Water systems	(7,483,936)	(399,981)	-	-	(7,883,917)
Equipment and software	(643,274)	(79,525)	-	59,030	(663,769)
Lease equipment	(5,760)	(4,937)			(10,697)
Subscription asset	(40,955)	(22,339)	-	-	(63,294)
Total accumulated depreciation and amortization	(8,395,560)	(516,155)	-	59,030	(8,852,685)
Depreciable assets, net	12,979,506	(411,219)	304,389	(1,608)	12,871,068
Total capital assets, net	$ 13,135,899	$ 14,513	$ -	$ (1,608)	$ 13,148,804

Projects in progress relate to ongoing construction and other capital costs to be placed in service pending completion. Typical costs in projects in progress include pipe replacements, reservoir projects, and miscellaneous other capital improvement projects. When projects are completed, total cost is transferred to the appropriate depreciable asset category.

NOTE 6 – COMPENSATED ABSENCES

District employees earn vacation and other leave benefits in accordance with established policies approved by the District's Board of Commissioners. The liability for compensated absences is reported in the Statement of Net Position and is based on leave that is attributable to services already rendered, accumulates, and is more likely than not to be used for time off or otherwise paid or settled.

The following table summarizes the changes in the compensated absences liability for years ended June 30th:

	Beginning Balance	Net Change During the Year	Ending Balance	Current Portion	Noncurrent Portion
2026	$ 93,723	$ 8,140	$ 101,863	$ 74,272	$ 27,591
2025	$ 77,843	$ 15,880	$ 93,723	$ 89,616	$ 4,107

NOTE 7 – LEASE LIABILITY

The District had a lease agreement for three printers that was effective April 2023. In May 2026, the equipment under the existing lease was traded in and the District entered into a new lease agreement for replacement printers. The new lease has a term of 63 months and requires monthly payments of $507. An initial lease asset and lease liability of $27,333 were recorded for the new lease, calculated using the District's estimated incremental borrowing rate of 6 percent. The lease asset is being amortized using the straight-line method over five years.

Changes in the lease liability for the years ended June 30, 2026 and 2025, were as follows:

	2025	Additions	Deletions	2026	Current Portion	Noncurrent Portion
Lease liability	$ 14,739	$ 27,333	$ (15,481)	$ 26,591	$ 4,612	$ 21,979

	2024	Additions	Deletions	2025	Current Portion	Noncurrent Portion
Lease liability	$ 19,463	$ -	$ (4,724)	$ 14,739	$ 4,966	$ 9,773

Future minimum payments for the length of the lease are as follows:

Leased Equipment Liability

Fiscal Year	Principal	Interest	Total
2027	$ 4,612	$ 1,470	$ 6,082
2028	4,897	1,185	6,082
2029	5,199	883	6,082
2030	5,519	563	6,082
Thereafter	6,364	225	6,589
	$ 26,591	$ 4,326	$ 30,917

NOTE 8 – BONDS PAYABLE

Changes in the District's bonds payable for the years ended June 30, 2026 and 2025, were as follows:

	2025	Additions	Deletions	2026	Current Portion	Noncurrent Portion
Water Revenue Bonds	$ 1,010,000	$ -	$ (325,000)	$ 685,000	$ 335,000	$ 350,000
Bond premiums	6,358	-	(2,384)	3,974	2,384	1,590
	$ 1,016,358	$ -	$ (327,384)	$ 688,974	$ 337,384	$ 351,590

	2024	Additions	Deletions	2025	Current Portion	Noncurrent Portion
Water Revenue Bonds	$ 1,320,000	$ -	$ (310,000)	$ 1,010,000	$ 325,000	$ 685,000
Bond premiums	8,743	-	(2,385)	6,358	2,384	3,974
	$ 1,328,743	$ -	$ (312,385)	$ 1,016,358	$ 327,384	$ 688,974

Water Revenue Bonds

The District issued Water Revenue Bonds on February 26, 2008, in the amount of $5,000,000. The bonds have an interest rate ranging from 3.5 to 4.0 percent and were issued at a premium of $47,690. The premium is being amortized straight-line over the life of the bonds. The bonds were issued to finance a new 3.0-million-gallon water reservoir which replaced an existing reservoir that was failing. Interest payments are due April 1 and October 1 of each year. Principal payments are due annually at October 1 of each year. The bonds mature during fiscal year 2028 and are insured with Financial Security Assurance Inc. (FSA). The District's net revenues are pledged to the payment of principal and interest on the bonds.

The District has a current underlying rating from Moody's of Aa3 reflecting the District's strong debt service coverage and liquidity levels.

Debt service requirements to maturity are as follows:

	Revenue Bond		
Fiscal Year	Principal	Interest	Total
2027	$ 335,000	$ 20,700	$ 355,700
2028	350,000	7,000	357,000
	685,000	$ 27,700	$ 712,700
Bond premium	3,974		
	$ 688,974		

NOTE 8 – BONDS PAYABLE (continued)

Bond Covenants

In addition to pledging the District's net revenues to the payment of principal and interest on the bonds, the bonds are subject to certain requirements related to financial reporting, maintaining insurance, maintaining good operational condition of the systems assets, complying with all safety and environmental regulations, restrictions on the sale or transfer of property, and restrictions on the minimum rates charged for water.

The District must establish and maintain rates and fees in connection with the operation of the water system which when combined with other gross revenues, are adequate to generate:

1) Net revenues at least equal to 125 percent of the annual debt service due in that fiscal year;
2) Net revenues excluding System Development Charge Revenues, at least equal to 115 percent of the annual debt service due in that fiscal year; and
3) Net revenues excluding transfers-in from the rate stabilization account, at least equal to 100 percent of the annual debt service due in that fiscal year.

The District met these financial requirements for the years ended June 30, 2026 and 2025.

Rate Stabilization Reserve Fund

Effective June 20, 2018, the Board authorized the establishment of a rate stabilization reserve fund as is allowed by the Bond Master Resolution and Official Statement. The rate stabilization account can be used at the discretion of the District to meet the requirements of the rate covenants by transferring funds into the rate stabilization account in years when net revenues generated exceed the required debt service coverage and funds may be transferred out of the rate stabilization account to supplement revenues and smooth rate increases.

The fund was established in response to significant projected future wholesale water rate increases from the City of Portland which were provided to the District in March 2018. Since then, the City has not increased their rates as quickly as first projected. The most recent intention of the District is to continue to hold these funds as needed to assist with the smoothing of customer rate increases in years when higher purchased water costs are incurred. No contributions to this fund have been made since fiscal year 2020. At the end of fiscal year 2026 and 2025, the rate stabilization account had a balance of $800,000.

NOTE 9 – NET POSITION

Components of net position as shown on the Statement of Net Position consisted of the following at June 30th:

	2026	2025
Net Position		
Net investment in capital assets	$ 12,935,085	$ 11,881,515
Restricted for capital projects	15,524	12,915
Unrestricted	7,730,219	7,043,477
Total Net Position	$ 20,680,828	$ 18,937,907

Net Investment in Capital Assets		
Capital and intangible assets		
Nondepreciable assets	$ 291,331	$ 277,736
Capital assets, net of depreciation	13,387,305	12,853,357
Lease equipment, net of amortization	26,466	13,988
Subscription asset, net of amortization	-	3,723
	13,705,102	13,148,804
Less related debt and payables		
Bonds payable	(688,974)	(1,016,358)
Lease liability	(26,591)	(14,739)
Accounts payable, capital assets	(54,452)	(236,192)
	(770,017)	(1,267,289)
	$ 12,935,085	$ 11,881,515

NOTE 10 – PENSION PLANS

Plan Description

The District contributes to two pension plans administered by the Oregon Public Employees Retirement System (OPERS). The Oregon Public Employees Retirement Fund (Tier One/Tier Two) is a cost-sharing multiple-employer defined benefit plan for qualifying employees hired before August 29, 2003. The Oregon Public Service Retirement Plan (OPSRP) is a hybrid successor plan to Tier One/Tier Two consisting of two programs: a defined benefit pension plan and a defined contribution plan (the Individual Account Program or IAP). The OPSRP pension plan is effective for all new employees hired on or after August 29, 2003, and to inactive employees who return to employment following a six-month or greater break in service.

All benefits of OPERS are established by the Oregon Legislature pursuant to Oregon Revised Statutes (ORS) Chapters 238 and 238A. The Oregon Legislature has delegated authority to the Public Employees Retirement Board to administer and manage the system.

OPERS produces an independently audited Annual Comprehensive Financial Report which can be found at:
https://www.oregon.gov/pers/Documents/Financials/ACFR/2025-ACFR.pdf

NOTE 10 – PENSION PLANS (continued)

Benefits Provided

Tier One/Tier Two – Defined Benefit Pension Plan

Pension Benefits: The Tier One/Tier Two pension plan provides retirement, disability, benefits, annual cost-of-living adjustments, and death benefits to plan members. The retirement allowance is payable monthly for life. The benefit may be selected from thirteen 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.

Under Senate Bill 1049, passed during the 2019 legislative session, the 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, 2026, this limit was increased to $245,724 per year.

A member is considered vested and will be eligible at a minimum retirement age for a service retirement allowance if he or she has had a contribution in each of five prior calendar years or has reached at least 50 years of age before ceasing employment with a participating employer. General Service employees may retire after reaching age 55. Tier One general service employee benefits are reduced if retirement occurs prior to age 58 with fewer than 30 years of service. Tier Two members are eligible for full benefits at age 60. The plans are closed to new members hired on or after August 29, 2003.

Beginning January 1, 2004, PERS active Tier One/Tier Two members became members of the Individual Account Program (IAP) of OPSRP.

Death Benefits: Upon the death of a non-retired member, the beneficiary receives a lump-sum refund of the member's account balance (accumulated contributions and interest). In addition, the beneficiary will receive a lump-sum payment from employer funds equal to the account balance, provided one or more of the following conditions are met:

- the member was employed by a PERS employer at the time of death;
- the member died within 120 days after termination of PERS-covered employment;
- the member died as a result of injury sustained while employed in a PERS-covered job; or
- the member was on an official leave of absence from a PERS-covered job at the time of death.

Disability Benefits: A member with ten 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 a disability benefit regardless of the length of PERS-covered service. Upon qualifying for either a non-duty or duty disability, service time is computed to age 58 when determining the monthly benefit.

Benefit Changes After Retirement: Members may choose to continue participation in a variable equities investment account after retiring and may experience annual benefit fluctuations due to changes in the fair 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 fiscal year 2015 and beyond will vary based on 1.25 percent on the first $60,000 of annual benefit and 0.15 percent on annual benefits above $60,000.

NOTE 10 – PENSION PLANS (continued)

Benefits Provided (continued)

Oregon Public Service Retirement Plan (OPSRP) – Defined Benefit Plan

Pension Benefits: This portion of OPSRP provides a life pension funded by employer contributions. Benefits are calculated by formula for members who attain normal retirement age. For general service members, a percentage of 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.

Under Senate Bill 1049, passed during the 2019 legislative session, the 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, 2026, this limit was increased to $245,724 per year.

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

Death Benefits: Upon the death of a non-retired member, the spouse or other person who is constitutionally required to be treated in the same manner as the spouse, receives for life 50 percent of the pension that would otherwise have been paid to the deceased member.

Disability Benefits: A member who has accrued ten or more years of retirement credits before the member becomes disabled or a member who becomes disabled due to job-related injury shall receive a disability benefit of 45 percent of the member's salary determined as of the last full month of employment before the disability occurred.

Benefit Changes After Retirement: Under ORS 238A.210 monthly benefits are adjusted annually through cost-of-living changes (COLA). Under current law, the cap on the COLA in fiscal year 2015 and beyond will vary based on 1.25 percent on the first $60,000 of annual benefit and 0.15 percent on annual benefits above $60,000.

Oregon Public Service Retirement Plan (OPSRP) – Individual Account Program (IAP)

Pension Benefits: The IAP is an individual account-based program under the PERS tax-qualified governmental plan as defined under ORS 238A.400. An IAP member becomes vested on the date the employee account is established or on the date the rollover account was established.

Upon retirement, a member of the IAP may receive the amounts in his or her employee account, rollover account, and vested employer optional account as a lump-sum payment or in equal installments over a 5-, 10-, 15-, or 20-year period or an anticipated life span option. Installment amounts vary with market returns as the account remains invested while in distribution. Each distribution option has a $200 minimum distribution limit.

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

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

NOTE 10 – PENSION PLANS (continued)

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 sufficient assets to pay benefits when due. This funding policy applies to the PERS Defined Benefit Plans and Other Post Employment Benefit Plans.

Employer contribution rates are adjusted every two years. The employer contribution rates for the fiscal year June 30, 2026, were based on the December 31, 2023, actuarial valuation. The employer contribution rates for the fiscal year June 30, 2025, were based on the December 31, 2021, actuarial valuation.

The District's employer contribution rates for the years ended June 30th were as follows:

	2026	2025
Tier One/Tier Two	30.57 %	29.60 %
OPSRP General Service	25.03	23.54

The District's employer contributions for the years ended June 30, 2026 and 2025, were $212,685 and $186,710, respectively.

For the OPSRP Individual Account Program (IAP), beginning in January 1, 2004, all covered employees are required by state statute to contribute 6 percent of their annual salary. The employer is allowed to pay any or all of the employee's contribution in addition to the employer's required contribution. The District did not make any optional contributions into any of the employees' IAP accounts for the years ended June 30, 2026 and 2025.

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

At June 30, 2026 and 2025 respectively, the District reported a liability of $1,145,316 and $1,023,489 for its proportionate share of the State and Local Government Rate Pool (SLGRP), OPERS net pension asset/liability. The June 30, 2026, net pension liability was measured as of June 30, 2025, and determined by an actuarial valuation as of December 31, 2023, rolled forward to June 30, 2025. The District's proportion of the net pension asset/liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2026, the District's proportion was 0.0051%, which is an increase from its proportionate share of 0.0046% at June 30, 2025.

For the years ended June 30, 2026 and 2025, the District recognized pension expense of $145,510 and $133,322 respectively.

NOTE 10 – PENSION PLANS (continued)

Pension Assets, Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

At June 30, 2026, the District reported deferred outflows and inflows of resources related to pensions as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 73,057	$ 1,632
Changes in assumptions	66,560	-
Net difference between projected and actual earnings on investments	96,490	-
Changes in proportionate share	84,667	58,275
Differences between employer contributions and employer's proportionate share of system contributions	77,782	19,295
Contributions subsequent to measurement date	213,129	-
Total	$ 611,685	$ 79,202

At June 30, 2025, the District reported deferred outflows and inflows of resources related to pensions as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 60,632	$ 2,443
Changes in assumptions	102,902	132
Net difference between projected and actual earnings on investments	65,020	-
Changes in proportionate share	13,967	108,551
Differences between employer contributions and employer's proportionate share of system contributions	53,725	32,987
Contributions subsequent to measurement date	191,348	-
Total	$ 487,594	$ 144,113

NOTE 10 – PENSION PLANS (continued)

Pension Assets, Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

Deferred outflows of resources of $213,129 related to contributions subsequent to the measurement date included above will be recognized as a reduction of the net pension liability in the year ending June 30, 2027. The amounts other than subsequent contributions reported above as deferred inflows and outflows of resources related to pensions will be recognized in pension expense in the following years:

Fiscal Year Ending June 30	
2027	$ 124,102
2028	81,222
2029	67,223
2030	34,012
2031	12,795
Thereafter	-
	$ 319,354

Actuarial Methods and Assumptions

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 31st of even numbered years. The methods and assumptions shown below are based on the 2022 experience study which reviewed experience for the four-year period ending on December 31, 2022.

NOTE 10 – PENSION PLANS (continued)

Actuarial Methods and Assumptions (continued)

The December 31, 2023, system-wide Actuarial Valuation was used to develop the GASB Statement 67 financial reporting results for the Defined Benefit Pension Plan as of June 30, 2025, using standard roll-forward procedures. Key actuarial methods and assumptions used to measure the total pension liability are shown below:

Valuation Date	December 31, 2023
Measurement Date	June 30, 2025
Experience Study	2022, Published July 24, 2023
Actuarial Assumptions:	
Actuarial cost method	Entry Age Normal
Inflation Rate	2.40%
Long-term expected rate of return	6.90%
Discount rate	6.90%
Projected Salary Increases	3.40%
Cost-of-living adjustments (COLA)	Blend of 2.00% COLA and graded COLA (1.25%/0.15%) in accordance with *Moro* decision; blend based on service.
Mortality	***Healthy retirees and beneficiaries:*** Pub-2010 Healthy Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.
	Active members: Pub-2010 Employee, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.
	Disabled retirees: Pub-2010 Disabled Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.

Source: Table 25, Page 85, OPERS Annual Comprehensive Financial Report for the year ended June 30, 2025.

Discount Rate

The discount rate used to measure the total pension liability for the Defined Benefit Pension Plan was 6.9 percent at June 30, 2026 and 2025. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the Defined Benefit Pension Plan was applied to all periods of projected benefit payments to determine the total pension liability.

NOTE 10 – PENSION PLANS (continued)

Sensitivity Of The District's Proportionate Share Of The Net Pension Liability To Changes In The Discount Rate

The following presents the District's proportionate share of the net pension liability as of June 30, 2026 and 2025. Both years utilized a discount rate of 6.9 percent. The table also shows what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (5.9 percent) or 1-percentage point higher (7.9 percent) than the current rate.

June 30, 2026	1% Decrease 5.9%	Discount Rate 6.9%	1% Increase 7.9%
Proportionate share of the net pension liability	$ 1,826,610	$ 1,145,316	$ 574,848

June 30, 2025	1% Decrease 5.9%	Discount Rate 6.9%	1% Increase 7.9%
Proportionate share of the net pension liability	$ 1,614,512	$ 1,023,489	$ 528,478

Long-Term Expected Rate of Return

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in January 2023 the PERS Board reviewed long-term assumptions developed by both Milliman's capital market assumptions team and the Oregon Investment Council's (OIC) investment advisors. The table below shows Milliman's assumptions for each of the asset classes in which the plan was invested at that time based on the OIC long-term target asset allocation. The OIC's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption 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	Annual Standard Deviation
Global Equity	27.50 %	8.18 %	6.63 %	18.30 %
Private Equity	25.50	12.46	8.38	30.00
Core Fixed Income	25.00	4.70	4.61	4.44
Real Estate	12.25	8.00	6.69	16.79
Master Limited Partnerships	0.75	8.89	5.62	26.46
Infrastructure	1.50	8.13	6.75	17.18
Hedge Fund of Funds - Multistrategy	1.25	6.36	5.90	8.74
Hedge Fund - Equity Hedge	0.63	6.87	6.01	11.81
Hedge Fund - Macro	5.63	5.78	5.52	6.11
Assumed Inflation - Mean			2.31 %	1.46 %

(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 January 25, 2023.

(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.

Source: Table 31, page 89, OPERS Annual Comprehensive Financial Report for the fiscal year ended June 30, 2025.

NOTE 10 – PENSION PLANS (continued)

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS financial report at https://www.oregon.gov/pers/Documents/Financials/ACFR/2025-ACFR.pdf

NOTE 11 – DEFERRED COMPENSATION PLAN

Deferred Compensation Plan

The District has a deferred compensation plan (the Plan) created in accordance with Internal Revenue Code Section 457, as amended. The Plan is administered by the Oregon Savings Growth Plan and VOYA Financial. All District employees are eligible to participate in the Plan. Employees are not required to contribute to the Plan but may elect to do so and are immediately vested in all contributions. Plan contributions and earnings thereon are available to participating employees upon termination, retirement, death, or financial hardship.

The Plan's contributions and assets are set aside in trust, with the custodial trustee and administrator, 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 the Plan's participants.

NOTE 12 – POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS

The District is required by ORS 243.303 to offer retirees group health and dental insurance from the date of retirement until age 65, when the retired employee becomes eligible for federal Medicare coverage. The District provides an implicit rate subsidy for retiree health insurance premiums. The District also contributes to a retirement health insurance account (RHIA) through OPERS.

Implicit Rate Subsidy

Plan Description

The District provides subsidized health benefits to retirees under age 65, as required by ORS 243.303. Under the plan retirees electing to remain on the District-sponsored health plans may pay all or a portion of the premium to maintain coverage. Even when the District does not directly contribute to the cost of the premium for these retirees, the premium itself does not represent the full cost of covering these retirees. Since they are older than the active population, retirees can be expected to generate higher medical claims and therefore higher premiums for the active population. This additional cost is called the "implicit rate subsidy" and is required to be valued under GASB Statement 75.

The plan does not have a separate report. No assets are accumulated into a trust that meets the criteria of GASB codification P22.101 or P52.101 to pay related benefits for the pension/OPEB plan.

Benefits Provided

Retirement Eligibility: To be eligible for health insurance continuation under ORS 243.303, retirees must be receiving benefits from Oregon PERS. The Oregon PERS eligibility requirements to begin receiving retirement benefits for Tier One/Tier Two members are the earlier of age 55, or any age with 30 years of service, for OPSRP members the requirements are age 55 with 5 years of service. This other post employment benefit (OPEB) applies to all classes of District employees and covers qualified spouses, domestic partners, and children. Employees electing to remain on the District's sponsored health care plan pay the entire premium to maintain coverage.

NOTE 12 – POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (continued)

Implicit Rate Subsidy (continued)

Benefits Provided (continued)

The actual monthly health care premium for plan members at June 30, 2026, was:

Single	$ 972
Employee & Children	1,797
Couple	1,943
Family	2,769

Employees covered by benefit terms:

The following employees were covered by the benefit terms at June 30, 2026:

Active Employees - 7
Retired Employees Utilizing Coverage - 1
Retired Employees Eligible for Coverage - 1

Funding Policy

Retirees pay the entire cost of the premium at blended rates. The District's only contribution is the implicit rate subsidy which continues to be financed on a pay-as-you-go basis. The District's Board of Commissioners and the Oregon State Legislature have the authority to establish or amend the funding policy.

NOTE 12 – POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (continued)

Implicit Rate Subsidy (continued)

Actuarial Assumptions and Other Inputs

The District's OPEB liability as of June 30, 2026, was based on the July 1, 2025 actuarial valuation and was determined using the following actuarial assumptions and other inputs:

Actuarial Valuation Date	July 1, 2025
Measurement Dates	June 30, 2026 and June 30, 2027
Actuarial Cost Method	Entry Age Normal, level percent of salary
Assumptions:	
Interest Rate for Discounting Future Liabilities	4.75% per year, based on all years discounted at municipal bond rate (based on Bond Buyer 20-Bond General Obligation Index as of July 15, 2026)
General Inflation Rate	2.5% per year
Payroll Growth	3.4% per year
Salary Merit Scale	Total payroll increase is overall payroll growth plus merit table below. Sample rates are as follows:

Duration	General Service	Duration	General Service
0	4.77%	20	0.73%
5	3.10%	25	0.50%
10	1.93%	30+	0.38%
15	1.17%		

Annual Premium Increase Rate — The Assumed increases for medical plans are:

Year	Rate	Year	Rate
2025-26	8.5%	2033-34	5.1%
2026-27	7.8%	2034-35	4.9%
2027-28	7.2%	2035-36	4.8%
2028-29	6.7%	2036-37	4.7%
2029-30	6.3%	2037-38	4.6%
2030-31	5.9%	2038+	4.5%
2031-32	5.6%		
2032-33	5.3%		

Mortality - General Service and Beneficiaries

Active Employees:
Pub-2016 General Employee tables for General Employees, sex distinct, projected generationally.

Active Employee Adjustments:
Adjustments: 120% of published rates for males set back 12 months, 120% of published rates for females with no set back.

Retirees and Beneficiaries:
Pub-2016, Healthy Annuitant, sex distinct, Generational.

Retirees and Beneficiaries:
Pub-2016 Retiree Tables for General Employees, sex distinct, projected generationally.

Improvement Scale:
Unisex Social Security Data Scale (60 year average), with data through 2019.

NOTE 12 – POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (continued)

Implicit Rate Subsidy (continued)

Changes in the Total OPEB Liability

The changes in the total OPEB liability for the years ended June 30th were as follows:

	2026	2025
Beginning balance	$ 36,914	$ 38,158
Changes for the year:		
Service cost	5,845	6,765
Interest	2,230	1,751
Differences between expected and actual experience	(3,331)	-
Changes of assumptions or other input	6,154	(7,457)
Benefit payments	(547)	(2,303)
Net changes	10,351	(1,244)
Ending balance	$ 47,265	$ 36,914
Current	$ 1,603	$ 547
Noncurrent	45,662	36,367
Total OPEB Liability	$ 47,265	$ 36,914

Sensitivity of the Total OPEB Liability

The following presents the District's total OPEB liability calculated using the current discount rate of 4.75 percent, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1 percent lower (3.75 percent) or 1 percent higher (5.75 percent) than the current rate. A similar sensitivity analysis is then presented for changes in the healthcare cost trend assumption.

Discount Rate	1% Decrease 3.75%	4.75%	1% Increase 5.75%
Total OPEB Liability	$ 54,728	$ 47,265	$ 40,642

Healthcare Cost Trend	1% Decrease 7.5%, Graded Down to 3.5%	8.5% Graded Down to 4.5%	1% Increase 9.5%, Graded Down to 5.5%
Total OPEB Liability	$ 37,218	$ 47,265	$ 60,094

NOTE 12 – POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (continued)

Implicit Rate Subsidy (continued)

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

The District's total OPEB liability was $47,265 and $36,914 at June 30, 2026 and 2025, respectively. For the years ended June 30, 2026 and 2025, the District recognized an OPEB credit of $1,114 and $2,685, respectively.

At June 30, 2026, the District reported deferred outflows and inflows of resources from this plan as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ (33,680)	$ (33,680)
Changes of assumptions or other input	8,150	(26,958)	(18,808)
	$ 8,150	$ (60,638)	$ (52,488)

At June 30, 2025, the District reported deferred outflows and inflows of resources from this plan as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ (37,491)	$ (37,491)
Changes of assumptions or other input	3,781	(30,243)	(26,462)
	$ 3,781	$ (67,734)	$ (63,953)

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

Fiscal Year Ending June 30	
2027	$ (8,642)
2028	(6,675)
2029	(6,675)
2030	(6,675)
2031	(6,675)
Thereafter	(17,146)
	$ (52,488)

NOTE 12 – POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (continued)

Retirement Health Insurance Account (RHIA)

The District participates in the Retirement Health Insurance Account (RHIA), a cost-sharing multiple-employer defined benefit other post employment benefit plan administered by Oregon Public Employees Retirement System (PERS). The District's proportionate share of the RHIA net OPEB liability or asset, OPEB expense, and related deferred outflows and inflows of resources were determined to be immaterial to the District's financial statements as of and for the year ended June 30, 2026 and 2025, and, accordingly, have not been recognized or separately disclosed.

NOTE 13 – LAND USE AGREEMENT

In June 1994, the District transferred property to the Tualatin Hills Park and Recreation District for the purpose of a neighborhood park. If the property is used for any purpose other than a park, the land will revert to the possession of West Slope Water District and cause a sale thereof with all proceeds going directly to the District.

NOTE 14 – RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District purchases commercial insurance to minimize its exposure to these risks. Settled claims have not exceeded this commercial coverage in any of the past three years.

NOTE 15 – INTERGOVERNMENTAL AGREEMENTS

City of Portland

A 20-year Regional Water Sales Agreement with the City of Portland was approved by the Board of Commissioners in April 2006. The agreement provides for a firm supply of water and requires the District to purchase an average of 1.4 million gallons per day (MGD) annually or pay Portland for water not taken. Water purchase costs are determined annually based on Portland Water Bureau's operating requirements, including a return on invested capital and depreciation. These costs reflect Portland's total costs allocated among the District and Portland's other customers in proportion to each customer's use of Portland's water system. Wholesale water rates charged by the City were $2.094 and $1.964 per CCF (1 CCF equals 748 gallons) for the years ended June 30, 2026 and 2025, respectively.

In February 2024, the Board of Commissioners approved a new 30-year Water Sales Agreement with the City of Portland, effective July 1, 2026, upon expiration of the current agreement. Under the new agreement, the District will pay for the actual volume of water delivered, with no minimum purchase requirement. The wholesale water rate will continue to be determined annually based on Portland Water Bureau's operating requirements, including a return on invested capital and depreciation. Under the terms of the new agreement, the wholesale water rate reflects Portland's total costs allocated to the District based on the District's proportional use of Portland's water system.

NOTE 15 – INTERGOVERNMENTAL AGREEMENTS (continued)

City of Beaverton

The District and the City of Beaverton have an intergovernmental agreement (IGA) related to the withdrawal of service territory from the District into the City of Beaverton. The City of Beaverton withdrew approximately five percent of the District's service territory in May 2009. The IGA states that the City of Beaverton will provide debt service reimbursement to the District of approximately $15,000 annually until the fiscal year 2028 when the last bond payment is due or a mutually agreed upon lump-sum payment.

In addition, the IGA states the City of Beaverton has agreed to pay the District for a portion of unclaimed water the District would have sold to the withdrawn territory. This is to help offset the expense incurred by the District from the minimum purchase agreement in the District's 20-year Regional Water Sales Agreement with the City of Portland. For the years ended June 30, 2026 and 2025, the amount of debt service reimbursement totaled $15,652 and $15,535, respectively, and water reimbursement totaled $56,942 and $53,407, respectively.

NOTE 16 – ADOPTION OF NEW GASB PRONOUNCEMENTS

The District has evaluated all pronouncements issued through June 2026 with various required dates by June 30, 2026. As determined by management, the District has implemented all new GASB pronouncements that have a material impact to the District's financial statements as of June 30, 2026.

GASB Statement 103 – Financial Reporting Model Improvements

Effective July 1, 2025, the District adopted GASB Statement No. 103, *Financial Reporting Model Improvements*. The objective of this Statement is to improve key components of the financial reporting model to enhance the effectiveness of information provided to financial statement users.

Implementation of GASB Statement No. 103 resulted in changes to the presentation and classification of certain items in the District's financial statements. The Statement of Revenues, Expenses, and Changes in Net Position was revised to reflect the updated definitions of operating and nonoperating revenues and expenses. GASB Statement No. 103 also requires noncapital subsidies to be presented separately from operating and other nonoperating revenues and expenses; however, the District had no noncapital subsidies for the year ended June 30, 2026.

The District also updated its Management's Discussion and Analysis to conform with the requirements of GASB Statement No. 103, including providing more detailed explanations of significant changes from the prior year. Implementation of GASB Statement 103 did not result in a restatement of beginning net position.

NOTE 17 – COMMITMENTS AND CONTINGENCIES

As of June 30, 2026, the District has contract commitments of approximately $581,000 for professional services consisting of $541,000 for design of a new reservoir and $40,000 for installation of Supervisory Control and Data Acquisition (SCADA) equipment at the District's Green Tank. The District plans to finance these projects using existing resources.

The District, in the regular course of business, is involved in various legal matters. However, management along with legal counsel has determined that the likely outcome of these matters will not have a significant adverse effect on the District's financial position.

NOTE 18 – CONCENTRATION OF RISK

The District purchases 100 percent of its wholesale water supply from the City of Portland under a long-term wholesale water agreement (see Note 15). Because the District is entirely dependent on this source, an interruption in the City of Portland's ability to deliver water could have a severe impact on the District's operations and its ability to provide service to customers. Management considers the likelihood of such an interruption to be remote, except in the event of a significant natural disaster or other unforeseen catastrophic event.

To mitigate this risk, the District maintains an emergency intertie with Tualatin Valley Water District that can provide a supplemental water supply in the event of a short-term disruption.

NOTE 19 – RECLASSIFICATIONS

Certain amounts presented for the year ended June 30, 2025, have been reclassified to conform to the current-year presentation. These reclassifications resulted from a review of the District's prior-year financial statements and did not affect previously reported total net position or the net change in cash and cash equivalents.

On the Statement of Net Position, $547 of the District's other post employment benefits liability was reclassified from the noncurrent portion to the current portion to properly present the amount expected to be paid within one year.

On the Statement of Cash Flows, amounts related to capital assets acquired through accounts and retainage payable were reclassified to properly distinguish between cash and noncash capital activity. Capital-related accounts and retainage payable totaled $236,192 at June 30, 2025. The year-over-year change in these capital-related payables resulted in a $162,248 reclassification between payments to suppliers for goods and services and capital asset acquisition and construction, with a corresponding adjustment to the change in accounts payable in the reconciliation of operating income to net cash provided by operating activities. In addition, $236,192 was reported as a noncash capital and related financing activity for capital assets acquired through accounts and retainage payable.



REQUIRED SUPPLEMENTARY INFORMATION

WEST SLOPE WATER DISTRICT

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION (ASSET) LIABILITY AND RELATED NOTES

Oregon Public Employees' Retirement System (PERS)

Last Ten Years

Fiscal Year Ended June 30	District's proportion of the net pension (asset) liability	District's proportionate share of the net pension (asset) liability	District's covered payroll (1)	District's Proportionate share of the net pension (asset) liability as a percentage of its covered	Plan fiduciary net position as a percentage of the total pension (asset) liability
2026	0.0051 %	$ 1,145,316	$ 741,961	154.36 %	79.9 %
2025	0.0046	1,023,489	684,572	149.51	79.3
2024	0.0045	842,207	563,940	149.34	81.7
2023	0.0048	728,865	544,734	133.80	84.5
2022	0.0055	655,861	604,497	108.50	87.6
2021	0.0061	1,329,410	514,975	258.15	75.8
2020	0.0063	1,087,160	553,431	196.44	80.2
2019	0.0055	840,357	519,845	161.66	82.1
2018	0.0048	652,438	502,837	129.75	83.1
2017	0.0073	1,088,476	425,820	255.62	80.5

See notes to the schedule on next page.

Source: Oregon PERS actuarial reports and District data

(1) As of the measurement date, which is one year in arrears.

Notes to the Schedule

Changes in Benefit Terms:

The 2013 Oregon Legislature made a series of changes to PERS that lowered projected future benefit payments from the System. These changes included reductions to future Cost of Living Adjustments (COLA) made through Senate Bills 822 and 861. Senate Bill 822 also required the contribution rates scheduled to be in effect from July 2013 to June 2015 to be reduced. The Oregon Supreme Court decision in Moro v. State of Oregon, issued on April 30, 2015, reversed a significant portion of the reductions the 2013 Oregon Legislature made to future System Cost of Living Adjustments (COLA) through Senate Bills 822 and 861. This reversal increased the total pension liability as of June 30, 2015 compared to June 30, 2014 total pension liability.

A legislative change that occurred after the December 31, 2017, valuation date affected the plan provisions reflected for financial reporting purposes. Senate Bill 1049, signed into law in June 2019, introduced a limit on the amount of annual salary included for the calculation of benefits. Beginning in 2020, annual salary in excess of $195,000 (as indexed in future years) will be excluded when determining member benefits. As a result, future Tier one/Tier Two and OPSRP benefits for certain active members are now projected to be lower than prior to the legislation. Senate Bill 1049 was reflected in the June 30, 2019, Total Pension Liability as a reduction in liability.

Changes in Assumptions:

The PERS Board adopted changes in assumptions that were used to measure the total pension liability as follows:

For June 30, 2022, the Board lowered the long-term expected rate of return to 6.90 percent and lowered the assumed inflation rate to 2.40 percent and the projected salary increases to 3.40 percent.

For June 30, 2018, the Board lowered the long-term expected rate of return to 7.20 percent.

For June 30, 2016, the Board lowered the long-term expected rate of return to 7.50 percent and lowered the assumed inflation rate to 2.50 percent. 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.

WEST SLOPE WATER DISTRICT
SCHEDULE OF PENSION CONTRIBUTIONS
Oregon Public Employees' Retirement System (PERS)
Last Ten Years

Fiscal Year Ended June 30	Contractually required contributions	Contributions in relation to contractually required contributions	Contribution deficiency (excess)	District's covered payroll	Contributions as a percentage of covered payroll
2026	$ 212,685	$ (212,685)	$ -	$ 802,135	26.5 %
2025	186,710	(186,710)	-	741,961	25.2
2024	167,695	(167,695)	-	684,572	24.5
2023	126,671	(126,671)	-	563,940	22.5
2022	120,128	(120,128)	-	544,734	22.1
2021	147,315	(147,315)	-	604,497	24.4
2020	124,996	(124,996)	-	514,975	24.3
2019	108,924	(108,924)	-	553,431	19.7
2018	100,095	(100,095)	-	519,845	19.3
2017	74,891	(74,891)	-	502,837	14.9

WEST SLOPE WATER DISTRICT

SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS AND RELATED NOTES

Last Nine Years**

Other Post Employment Benefits

Retiree Medical Benefit Implicit Rate Subsidy (1)

Fiscal Year Ended June 30	Total OPEB liability: beginning balance	Service costs	Interest	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 percentage of covered employee payroll
2026	$ 36,914	$ 5,845	$ 2,230	$ 6,154	$ (3,331)	$ (547)	$ 10,351	$ 47,265	$ 834,963	5.7 %
2025	38,158	6,765	1,751	(7,457)	-	(2,303)	(1,244)	36,914	714,076	5.2
2024	52,644	7,898	2,252	(17,047)	(6,600)	(989)	(14,486)	38,158	676,849	5.6
2023	55,448	10,160	1,457	(12,688)	-	(1,733)	(2,804)	52,644	509,642	10.3
2022	83,672	6,372	2,469	2,671	(39,231)	(505)	(28,224)	55,448	494,798	11.2
2021	77,703	6,157	2,272	-	-	(2,460)	5,969	83,672	608,580	13.7
2020	85,511	5,873	3,179	8,020	(23,756)	(1,124)	(7,808)	77,703	590,706	13.2
2019	78,141	5,730	2,815	-	-	(1,175)	7,370	85,511	568,020	15.1
2018	70,038	5,730	2,549	-	-	(176)	8,103	78,141	552,766	14.1

Notes to the Schedule

Other Post Employment Benefits (OPEB)

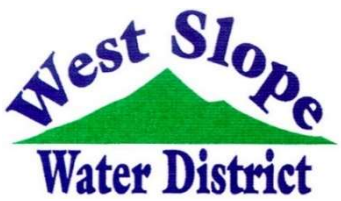
No assets for this plan are accumulated into a trust that meets the criteria of GASB codification P22.101 or P52.101 to pay related benefits for the pension/OPEB plan.

The District funds the plan on a pay as you go basis.

**10-year trend information will be presented prospectively.

(1) Actuarial data provided by the firm Independent Actuaries, Inc.

Intentionally Left Blank



SUPPLEMENTARY INFORMATION

Description of Budgetary Funds

For financial reporting purposes, the District reports as a single enterprise fund in accordance with generally accepted accounting principles. For compliance with Oregon Budget Law and other legal requirements, however, the District uses separate budgetary fund designations. These budgetary fund designations are used for budgetary and legal purposes and do not represent separate funds for GAAP financial reporting purposes.

Schedules for the District's budgetary funds, prepared on the budgetary basis of accounting, are presented on the following pages. The District's budget is prepared on the modified accrual basis of accounting. A reconciliation of the budgetary basis to the financial reporting basis is presented to reconcile the net change in budgetary fund balance to the change in net position reported in the Statement of Revenues, Expenses, and Changes in Net Position in the basic financial statements.

General Fund

The General Fund is the District's primary budgetary operating fund and accounts for most of the District's budgeted revenues and expenditures, except for amounts budgeted in another fund. Its primary source of revenue is water sales and related services.

Rate Stabilization Reserve Fund

The Rate Stabilization Reserve Fund accounts for resources accumulated to assist the District in meeting bond debt covenants and mitigating significant fluctuations in water rates. The fund is supported primarily by budgetary transfers from the General Fund.

Equipment Reserve Fund

The Equipment Reserve Fund accounts for resources set aside for the future purchase and replacement of District equipment and other infrastructure. The fund is supported primarily by budgetary transfers from the General Fund.

Capital Improvement Reserve Fund

The Capital Improvement Reserve Fund accounts for resources set aside for future capital improvements and replacement of the District's infrastructure. The fund is supported primarily by budgetary transfers from the General Fund.

System Development Charge Fund

The System Development Charge Fund accounts for resources designated for water distribution system extensions and improvements that increase the capacity of the water system. Its principal source of revenue is system development charges collected for new meter connections and meter-size upgrades. These resources are restricted by law for capital improvement projects or debt service related to prior capital improvement projects. When resources are available, bond interest payments may be made from this fund.

WEST SLOPE WATER DISTRICT

RECONCILIATION OF BUDGETARY BASIS SCHEDULES TO THE STATEMENT OF REVENUES, EXPENSES, AND CHANGE IN NET POSITION

For the Fiscal Year Ended June 30, 2026

	Total Revenues	Total Expenditures	Net
BUDGETARY BASIS			
General Fund	$ 5,368,803	$ 3,765,613	$ 1,603,190
Equipment Reserve Fund	22,870	-	22,870
Capital Improvement Reserve Fund	234,062	1,063,077	(829,015)
System Development Charge Fund	2,609	-	2,609
	$ 5,628,344	$ 4,828,690	799,654
ADD (DEDUCT) ITEMS TO RECONCILE TO GAAP BASIS			
Bond payments			325,000
Capital outlay			1,063,077
Depreciation and amortization			(523,187)
Payments on lease			4,864
Change in accrued bond interest payable			3,148
Bond premium amortization			2,384
Change in net OPEB obligation			(10,351)
Change in deferred inflows/outflows of resources			200,467
Loss on disposition of assets			(308)
Change in net pension liability/asset			(121,827)
CHANGE IN NET POSITION			$ 1,742,921

WEST SLOPE WATER DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND TRANSFERS – BUDGET AND ACTUAL
General Fund
For the Fiscal Year Ended June 30, 2026

	Budgeted Amounts				Actual	Budget v. Actual
	Original	Final	Variance		Amounts	Variance
REVENUES						
Sale of Water	$5,541,000	$5,541,000	$ -		$5,206,821	$ (334,179)
Miscellaneous	96,000	96,000	-		115,509	19,509
Interest	35,000	35,000	-		46,473	11,473
Total Revenues	5,672,000	5,672,000	-		5,368,803	(303,197)
EXPENDITURES						
Personnel services	1,359,000	1,359,000	-		1,326,610	32,390
Materials and services	2,069,000	2,126,000	(57,000)	A	2,080,306	45,694
Debt service						
Principal	325,000	325,000	-		325,000	-
Interest	34,000	34,000	-		33,697	303
Contingency	514,000	457,000	57,000	A	-	457,000
Total Expenditures	4,301,000	4,301,000	-		3,765,613	535,387
REVENUES OVER (UNDER) EXPENDITURES	1,371,000	1,371,000	-		1,603,190	232,190
TRANSFERS IN (OUT)						
Equipment Reserve Fund	(35,000)	(35,000)	-		(35,000)	-
Capital Improvement Reserve Fund	(1,715,000)	(1,715,000)	-		(1,500,000)	215,000
Total Transfers In (Out)	(1,750,000)	(1,750,000)	-		(1,535,000)	215,000
NET CHANGE IN FUND BALANCE	(379,000)	(379,000)	-		68,190	447,190
FUND BALANCE, Beginning of year	1,161,000	1,161,000	-		1,066,331	(94,669)
FUND BALANCE, End of year	$ 782,000	$ 782,000	$ -		$1,134,521	$ 352,521

(A) Budget variance relates to amounts moved by Board of Commissioners Resolution from contingency to materials and services: $35,000 for equipment repairs and $7,500 for customer assistance program, and $14,500 for professional services.

WEST SLOPE WATER DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND TRANSFERS – BUDGET AND ACTUAL
Rate Stabilization Reserve Fund
For the Fiscal Year Ended June 30, 2026

	Budgeted Amounts			Actual	Budget v. Actual
	Original	Final	Variance	Amounts	Variance
REVENUES OVER (UNDER) EXPENDITURES	$ -	$ -	$ -	$ -	$ -
NET CHANGE IN FUND BALANCE	-	-	-	-	-
FUND BALANCE, Beginning of year	800,000	800,000	-	800,000	-
FUND BALANCE, End of year	$ 800,000	$ 800,000	$ -	$ 800,000	$ -

WEST SLOPE WATER DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND TRANSFERS – BUDGET AND ACTUAL
Equipment Reserve Fund
For the Fiscal Year Ended June 30, 2026

	Budgeted Amounts			Actual	Budget v. Actual
	Original	Final	Variance	Amounts	Variance
REVENUES					
Interest	$ 18,000	$ 18,000	$ -	$ 22,870	$ 4,870
EXPENDITURES					
Capital outlay	20,000	20,000	-	-	20,000
REVENUES OVER (UNDER) EXPENDITURES	(2,000)	(2,000)	-	22,870	24,870
TRANSFERS IN (OUT)					
General Fund	35,000	35,000	-	35,000	-
NET CHANGE IN FUND BALANCE	33,000	33,000	-	57,870	24,870
FUND BALANCE, Beginning of year	513,000	513,000	-	512,279	(721)
FUND BALANCE, End of year	$ 546,000	$ 546,000	$ -	$ 570,149	$ 24,149

WEST SLOPE WATER DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND TRANSFERS – BUDGET AND ACTUAL
Capital Improvement Reserve Fund
For the Fiscal Year Ended June 30, 2026

	Budgeted Amounts			Actual	Budget v. Actual
	Original	Final	Variance	Amounts	Variance
REVENUES					
Interest	$ 140,000	$ 140,000	$ -	$ 234,062	$ 94,062
EXPENDITURES					
Capital outlay	2,150,000	2,150,000	-	1,063,077	1,086,923
REVENUES OVER (UNDER) EXPENDITURES	(2,010,000)	(2,010,000)	-	(829,015)	1,180,985
TRANSFERS IN (OUT)					
General Fund	1,715,000	1,715,000	-	1,500,000	(215,000)
NET CHANGE IN FUND BALANCE	(295,000)	(295,000)	-	670,985	965,985
FUND BALANCE, Beginning of year	5,049,000	5,049,000	-	5,262,708	213,708
FUND BALANCE, End of year	$ 4,754,000	$ 4,754,000	$ -	$ 5,933,693	$ 1,179,693

WEST SLOPE WATER DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND TRANSFERS – BUDGET AND ACTUAL
System Development Charge Fund
For the Fiscal Year Ended June 30, 2026

	Budgeted Amounts			Actual	Budget v. Actual
	Original	Final	Variance	Amounts	Variance
REVENUES					
System development charges	$ 4,000	$ 4,000	$ -	$ 2,035	$ (1,965)
Interest	-	-	-	574	574
Total Revenues	4,000	4,000	-	2,609	(1,391)
NET CHANGE IN FUND BALANCE	4,000	4,000	-	2,609	(1,391)
FUND BALANCE, Beginning of year	11,000	11,000	-	12,915	1,915
FUND BALANCE, End of year	$ 15,000	$ 15,000	$ -	$ 15,524	$ 524

STATISTICAL SECTION

This section of the West Slope Water District's annual comprehensive financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the District's overall financial health.

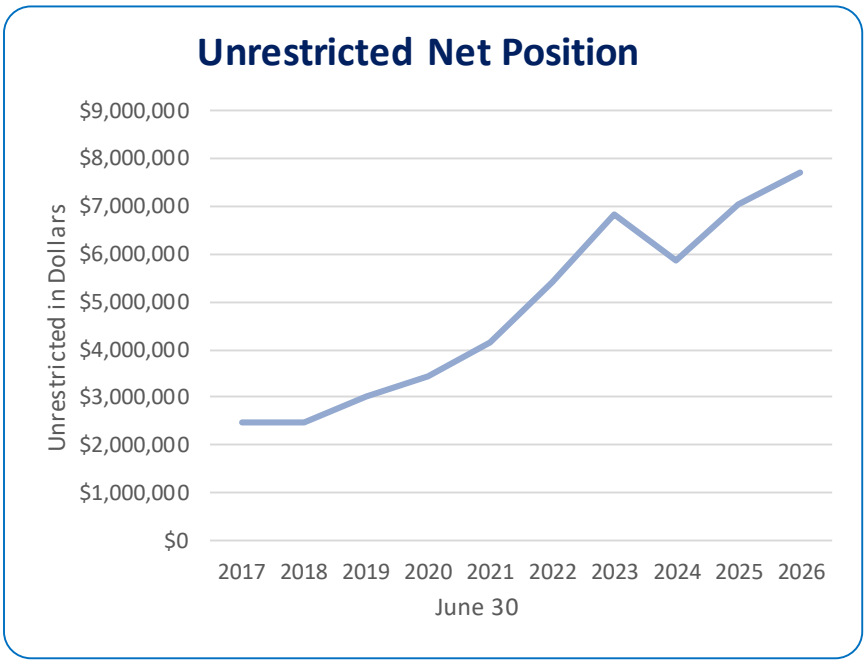
CONTENTS

	Page
Financial Trends These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.	71
Revenue Capacity These schedules contain information to help the reader assess the District's most significant local revenue source, sale of water.	77
Debt Capacity These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and its ability to issue additional debt in the future.	82
Demographic Information These schedules offer demographic information to help the reader understand the environment within which the District's financial activities take place.	84
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to services provided and activities performed.	86

Sources: Unless otherwise noted, the information in these schedules is derived from the Annual Comprehensive Financial Reports for the relevant year. Certain reclassifications of amounts previously reported have been made to maintain consistency between periods presented.

WEST SLOPE WATER DISTRICT
NET POSITION BY COMPONENT
Last Ten Years

As of June 30	Net Investment in Capital Assets	Restricted	Unrestricted	Total Net Position
2026	$ 12,935,085	$ 15,524	$ 7,730,219	$ 20,680,828
2025	11,881,515	12,915	7,043,477	18,937,907
2024	11,365,277	27,741	5,849,597	17,242,615
2023	8,626,920	16,907	6,835,558	15,479,385
2022	7,984,304	27,903	5,413,996	13,426,203
2021	7,934,982	54,753	4,142,834	12,132,569
2020	7,825,088	30,789	3,428,758	11,284,635
2019	7,872,710	14,392	3,014,569	10,901,671
2018	7,548,389	3,250	2,472,570	10,024,209
2017	7,099,958	53,252	2,487,631	9,640,841



WEST SLOPE WATER DISTRICT
CHANGE IN NET POSITION (Page 1 of 2)
Last Ten Years

	Fiscal Year Ended June 30			
	2026	**2025**	**2024**	**2023**
OPERATING REVENUES:				
Sale of Water	$ 5,206,821	$ 5,054,274	$ 4,782,873	$ 4,588,104
Service installations and modifications	18,160	8,055	7,229	3,818
Miscellaneous	97,349	95,520	97,205	88,952
Operating revenues	5,322,330	5,157,849	4,887,307	4,680,874
OPERATING EXPENSES:				
Water purchased	1,431,429	1,342,551	1,296,906	1,005,579
Personnel services	1,258,321	1,168,420	1,077,144	857,942
Maintenance and repairs	257,185	192,408	241,043	176,383
General and administrative	374,986	331,989	314,281	286,336
Master plan and rate study	11,034	201,781	-	-
Depreciation and amortization	523,187	516,155	457,989	435,370
Operating expenses	3,856,142	3,753,304	3,387,363	2,761,610
Operating income	1,466,188	1,404,545	1,499,944	1,919,264
OTHER NONOPERATING REVENUES (EXPENSES):				
Interest income	303,979	299,574	311,133	184,699
Interest expense	(28,973)	(42,678)	(56,006)	(63,795)
Gain (Loss) on disposition of capital assets	(308)	29,837	(1,689)	(6,864)
Capital contributions	2,035	4,014	9,848	19,878
Other nonoperating revenues (expenses)	276,733	290,747	263,286	133,918
Change in net position	1,742,921	1,695,292	1,763,230	2,053,182
NET POSITION, BEGINNING	18,937,907	17,242,615	15,479,385	13,426,203
NET POSITION, ENDING	$20,680,828	$18,937,907	$17,242,615	$15,479,385

WEST SLOPE WATER DISTRICT

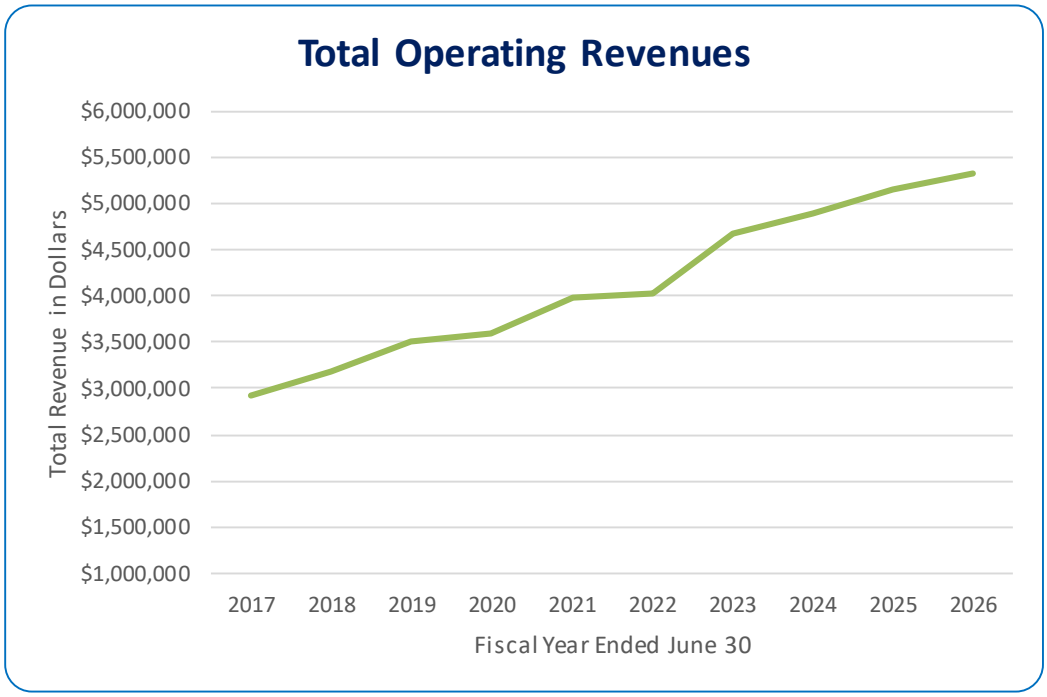
CHANGE IN NET POSITION (continued page 2 of 2)

Last Ten Years

Fiscal Year Ended June 30					
2022	**2021**	**2020**	**2019**	**2018**	**2017**
$ 3,923,266	$ 3,901,044	$ 3,515,801	$ 3,428,519	$ 3,101,349	$ 2,873,040
11,732	13,671	7,359	4,249	8,822	5,568
80,366	71,990	66,887	72,307	61,888	42,798
4,015,364	3,986,705	3,590,047	3,505,075	3,172,059	2,921,406
1,053,177	1,220,019	1,359,983	1,222,219	1,222,744	962,458
819,111	1,094,844	1,054,065	919,143	840,609	863,385
145,439	143,167	122,040	168,450	108,908	129,970
232,720	207,363	264,819	224,312	186,389	173,363
-	-	-	-	-	-
414,347	405,831	404,775	400,304	367,989	337,117
2,664,794	3,071,224	3,205,682	2,934,428	2,726,639	2,466,293
1,350,570	915,481	384,365	570,647	445,420	455,113
27,619	29,613	71,661	69,215	46,827	33,164
(74,302)	(84,431)	(88,579)	(117,212)	(126,254)	(136,187)
(20,210)	(36,401)	-	5,441	12,000	-
9,957	23,672	15,517	349,371	5,375	2,688
(56,936)	(67,547)	(1,401)	306,815	(62,052)	(100,335)
1,293,634	847,934	382,964	877,462	383,368	354,778
12,132,569	11,284,635	10,901,671	10,024,209	9,640,841	9,286,063
$13,426,203	$12,132,569	$11,284,635	$10,901,671	$10,024,209	$ 9,640,841

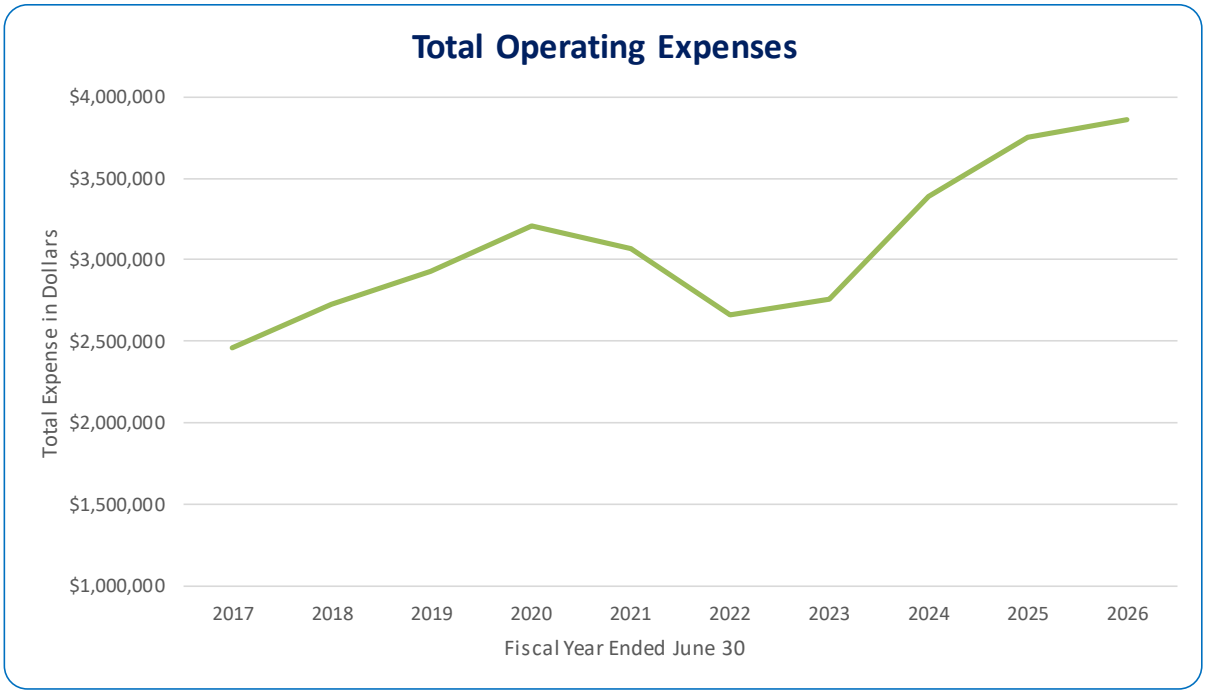
WEST SLOPE WATER DISTRICT
OPERATING REVENUES
Last Ten Years

Fiscal Year Ended June 30	Sale of Water	Service Installations & Modifications	Miscellaneous	Total Operating Revenues
2026	$ 5,206,821	$ 18,160	$ 97,349	$ 5,322,330
2025	5,054,274	8,055	95,520	5,157,849
2024	4,782,873	7,229	97,205	4,887,307
2023	4,588,104	3,818	88,952	4,680,874
2022	3,923,266	11,732	80,366	4,015,364
2021	3,901,044	13,671	71,990	3,986,705
2020	3,515,801	7,359	66,887	3,590,047
2019	3,428,519	4,249	72,307	3,505,075
2018	3,101,349	8,822	61,888	3,172,059
2017	2,873,040	5,568	42,798	2,921,406



WEST SLOPE WATER DISTRICT
OPERATING EXPENSES
Last Ten Years

Fiscal Year Ended June 30	Water Purchased	Personnel Services	Maintenance and Repairs	General and Administrative	Master Plan and Rate Study	Depreciation and Amortization	Total Operating Expenses
2026	$ 1,431,429	$ 1,258,321	$ 257,185	$ 374,986	$ 11,034	$ 523,187	$ 3,856,142
2025	1,342,551	1,168,420	192,408	331,989	201,781	516,155	3,753,304
2024	1,296,906	1,077,144	241,043	314,281	-	457,989	3,387,363
2023	1,005,579	857,942	176,383	286,336	-	435,370	2,761,610
2022	1,053,177	819,111	145,439	232,720	-	414,347	2,664,794
2021	1,220,019	1,094,844	143,167	207,363	-	405,831	3,071,224
2020	1,359,983	1,054,065	122,040	264,819	-	404,775	3,205,682
2019	1,222,219	919,143	168,450	224,312	-	400,304	2,934,428
2018	1,222,744	840,609	108,908	186,389	-	367,989	2,726,639
2017	962,458	863,385	129,970	173,363	-	337,117	2,466,293



WEST SLOPE WATER DISTRICT

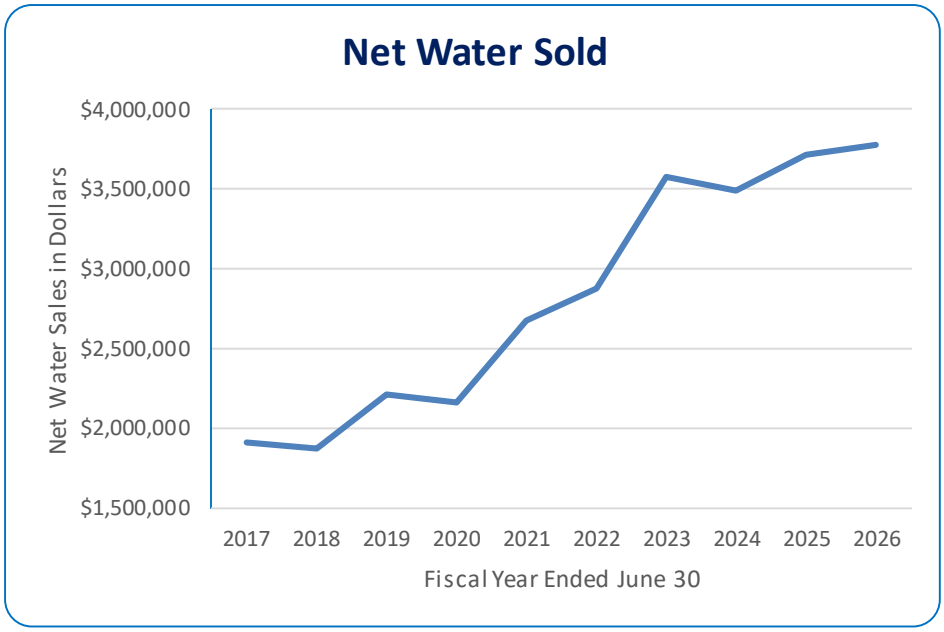
OTHER NONOPERATING REVENUES (EXPENSES)

Last Ten Years

Fiscal Year Ended June 30	Interest Income	Interest Expense	Gain (Loss) on Disposition of Capital Assets	Capital Contributions	Total Other Nonoperating Income (Expense)
2026	$ 303,979	$ (28,973)	$ (308)	$ 2,035	$ 276,733
2025	299,574	(42,678)	29,837	4,014	290,747
2024	311,133	(56,006)	(1,689)	9,848	263,286
2023	184,699	(63,795)	(6,864)	19,878	133,918
2022	27,619	(74,302)	(20,210)	9,957	(56,936)
2021	29,613	(84,431)	(36,401)	23,672	(67,547)
2020	71,661	(88,579)	-	15,517	(1,401)
2019	69,215	(117,212)	5,441	349,371	306,815
2018	46,827	(126,254)	12,000	5,375	(62,052)
2017	33,164	(136,187)	-	2,688	(100,335)

WEST SLOPE WATER DISTRICT
SCHEDULE OF WATER SOLD AND PURCHASED
Last Ten Years

Fiscal Year Ended June 30	Water Sold	Water Purchased	Water Purchased as a Percent of Sales	Net Water Sold	Net as a Percent of Water Sold
2026	$ 5,206,821	$ 1,431,429	27.49 %	$ 3,775,392	72.51 %
2025	5,054,274	1,342,551	26.56	3,711,723	73.44
2024	4,782,873	1,296,906	27.12	3,485,967	72.88
2023	4,588,104	1,005,579	21.92	3,582,525	78.08
2022	3,923,266	1,053,177	26.84	2,870,089	73.16
2021	3,901,044	1,220,019	31.27	2,681,025	68.73
2020	3,515,801	1,359,983	38.68	2,155,818	61.32
2019	3,428,519	1,222,219	35.65	2,206,300	64.35
2018	3,101,349	1,222,744	39.43	1,878,605	60.57
2017	2,873,040	962,458	33.50	1,910,582	66.50



WEST SLOPE WATER DISTRICT
HISTORY OF WATER RATES
Last Ten Years

Historical Rates - Consumption Charge per CCF

Date of Rate Change	Flat Rate	Tier Rates					
		Residential			Multifamily	Commercial	
		Tier 1	Tier 2	Tier 3	Flat	Tier 1	Tier 2
11/1/2025		$ 5.90	$ 8.85	$ 11.80	$ 6.25	$ 7.61	$ 11.42
7/1/2025	$7.99	-	-	-	-	-	-
6/27/2024	7.61	-	-	-	-	-	-
6/22/2023	7.18	-	-	-	-	-	-
6/16/2022	6.30	-	-	-	-	-	-
6/17/2021	5.73	-	-	-	-	-	-
9/19/2019	5.41	-	-	-	-	-	-
9/30/2018	4.83	-	-	-	-	-	-

Historical Rates - Monthly Fixed Charge

Date of Rate Change	Meter Size						
	3/4"	1"	1-1/2"	2"	3"	4"	6"
7/1/2025	$ 23.50	$ 43.71	$ 75.98	$117.98	$ 245.31	$ 381.79	$ 720.38
6/27/2024	21.14	35.94	59.01	90.38	196.57	297.19	545.79
6/22/2023	20.52	34.89	57.29	87.75	190.84	288.53	529.89
6/16/2022	19.83	33.71	55.35	84.78	184.39	278.77	511.97
6/17/2021	18.71	31.80	52.22	79.98	173.95	262.99	482.99
9/19/2019	17.65	30.00	49.26	75.45	164.10	248.10	455.65
9/30/2018	15.76	26.79	43.98	67.37	146.52	221.52	406.83

Notes: No rate increase in 2017 and 2020. In November 2025, consumption rates transitioned from a uniform flat rate to a tiered rate by customer class.

Conversions: 748 gallons equals one CCF

Source: West Slope Water District Utility Billing Records

WEST SLOPE WATER DISTRICT

WATER BILLED BY CUSTOMER CLASS

Last Ten Years

Fiscal Year Ended	Water Billed in CCF *							
	Residential		Multifamily		Commercial		Total	
2026	307,382	60.7 %	84,990	16.8 %	114,269	22.6 %	506,641	100 %
2025	316,138	61.5	80,977	15.8	116,949	22.7	514,064	100
2024	345,123	66.7	66,053	12.8	105,978	20.5	517,154	100
2023	363,621	65.8	73,082	13.2	116,230	21.0	552,933	100
2022	338,564	65.4	71,482	13.8	107,363	20.8	517,409	100
2021	356,272	66.6	75,366	14.1	103,591	19.4	535,229	100
2020	311,407	63.6	73,881	15.1	104,625	21.4	489,913	100
2019	348,622	63.6	74,103	13.5	125,204	22.9	547,929	100
2018	341,504	63.9	73,977	13.8	119,361	22.3	534,842	100
2017	310,812	62.3	73,688	14.8	114,268	22.9	498,768	100

Fiscal Year Ended	Customer Accounts Billed							
	Residential		Multifamily		Commercial		Total	
2026	3,187	90.6 %	71	2.0 %	261	7.4 %	3,519	100 %
2025	3,208	91.1	68	1.9	247	7.0	3,523	100
2024	3,218	91.7	49	1.4	241	6.9	3,508	100
2023	3,215	91.8	48	1.4	241	6.9	3,504	100
2022	3,267	91.9	51	1.4	237	6.7	3,555	100
2021	3,240	91.7	49	1.4	244	6.9	3,533	100
2020	3,200	91.7	48	1.4	241	6.9	3,489	100
2019	3,211	91.6	50	1.4	245	7.0	3,506	100
2018	3,231	91.7	51	1.4	241	6.8	3,523	100
2017	3,243	91.7	48	1.4	246	7.0	3,537	100

* 1 CCF (Hundred Cubic Feet) = 748 Gallons

Source: West Slope Water District Utility Billing Records

WEST SLOPE WATER DISTRICT
CAPITAL CONTRIBUTIONS BY SOURCE
HISTORY OF SDC RATES
Last Ten Years

Fiscal Year Ended June 30	System Development Charges (SDC)	Donated Infrastructure	Total Capital Contributions	New or Upgraded Meters Installed by Size				
				3/4"	1"	1 1/2"	2"	Total
2026	$ 2,035	$ -	$ 2,035	0	1	0	0	1
2025	4,014	-	4,014	1	1	0	0	2
2024	9,848	-	9,848	3	1	0	0	4
2023	19,878	-	19,878	11	0	0	0	11
2022	9,957	-	9,957	3	2	0	0	5
2021	23,672	-	23,672	5	5	0	0	10
2020	15,517	-	15,517	7	2	0	0	9
2019	11,371	338,000	349,371	2	1	1	0	4
2018	5,375	-	5,375	4	0	0	0	4
2017	2,688	-	2,688	2	0	0	0	2

Historical SDC Rates **

Date of Rate Change	Charge by Meter Size						
	3/4"	1"	1-1/2"	2"	3"	4"	6"
4/1/2025	$ 2,037	$ 4,072	$ 10,098	$ 16,290	$ 32,579	$ 50,905	$ 101,811
4/1/2024	1,979	3,957	9,812	15,829	31,657	49,465	98,929
4/1/2023	1,956	3,910	9,697	15,643	31,285	48,884	97,768
4/1/2022	1,774	3,546	8,794	14,186	28,372	44,331	86,663
4/1/2021	1,660	3,319	8,299	13,279	26,558	41,497	82,994
10/1/2020	1,567	3,132	7,832	12,532	25,062	39,161	78,323
4/1/2019	1,552	3,103	7,758	12,414	24,827	38,793	77,586

** No SDC rate increase in 2017, 2018, and 2026

Source: West Slope Water District Utility Billing Records

WEST SLOPE WATER DISTRICT

SALE OF WATER, WRITE-OFFS, AND ALLOWANCE FOR UNCOLLECTIBLE ACCOUNTS

Last Ten Years

Fiscal Year Ended June 30	Sale of Water	Write Offs	Write Offs as a percentage of Sales	Accounts Receivable Balance at June 30	Allowance for Uncollectible Accounts	Allowance as a percentage of Accounts Receivable
2026	$ 5,206,821	$ 1,901	0.037 %	$ 788,582	$ 7,000	0.888 %
2025	5,054,274	656	0.013	692,653	7,000	1.011
2024	4,782,873	934	0.020	665,192	7,000	1.052
2023	4,588,104	1,746	0.038	628,532	7,000	1.114
2022	3,923,266	1,525	0.039	428,831	7,000	1.632
2021	3,901,044	705	0.018	514,365	5,000	0.972
2020	3,515,801	-	-	465,208	10,000	2.150
2019	3,428,519	-	-	521,110	-	-
2018	3,101,349	-	-	460,801	-	-
2017	2,873,040	-	-	379,019	-	-

WEST SLOPE WATER DISTRICT
REVENUE BOND DEBT COVERAGE
Last Ten Years

Fiscal Year Ended June 30	Income & Revenue*	Operating Expense**	Net Available	SDC Revenue	Revenue Bond Debt Service			Coverage Ratios	
					Principal	Interest	Total	With SDC	Without SDC
Required ratio of net revenue to debt service as per the District's bond resolution:								*1.25*	*1.15*
2026	$ 5,610,657	$ 3,332,955	$ 2,277,702	$ 2,035	$ 325,000	$ 28,165	$ 353,165	6.455	6.449
2025	5,441,888	3,237,149	2,204,739	4,014	310,000	40,613	350,613	6.300	6.288
2024	5,182,834	2,929,374	2,253,460	9,848	300,000	52,434	352,434	6.422	6.394
2023	4,849,921	2,326,240	2,523,681	19,878	290,000	63,591	353,591	7.194	7.137
2022	4,027,307	2,250,447	1,776,860	9,957	280,000	74,302	354,302	5.043	5.015
2021	4,000,640	2,665,393	1,335,247	23,672	270,000	84,431	354,431	3.834	3.767
2020	3,246,053	2,800,907	445,146	15,517	260,000	94,097	354,097	1.301	1.257
2019	3,355,442	2,534,124	821,318	11,371	250,000	107,681	357,681	2.328	2.296
2018	3,003,314	2,358,650	644,664	5,375	240,000	116,856	356,856	1.822	1.807
2017	2,918,639	2,108,677	809,962	2,688	230,000	126,256	356,256	2.281	2.274

* Income excludes Beaverton reimbursement, insurance proceeds, gain (loss) on asset disposition, and includes interest income. In addition income is reduced by transfers to the rate stabilization fund as follows:

2020	$ (400,000)	Transfer to rate stabilization
2019	$ (200,000)	Transfer to rate stabilization
2018	$ (200,000)	Transfer to rate stabilization

** Operating expense excludes depreciation expense

WEST SLOPE WATER DISTRICT
DEBT PER SERVICE CONNECTION
Last Ten Years

As of June 30	Debt	Service Connections	Debt Per Service Connection
2026	$ 715,565	3,311	$ 216
2025	1,031,097	3,313	311
2024	1,372,182	3,310	415
2023	1,700,114	3,252	523
2022	1,923,513	3,242	593
2021	2,205,898	3,243	680
2020	2,478,282	3,237	766
2019	2,740,666	3,224	850
2018	2,993,050	3,225	928
2017	3,235,434	3,221	1,004

Source: West Slope Water District Utility Billing Records

Additional information on debt is located in the *Notes to Basic Financial Statements*

WEST SLOPE WATER DISTRICT

FULL-TIME EQUIVALENT EMPLOYEES BY FUNCTION

Last Ten Years

As of June 30	Administration	Field Operations	Total	Service Connections	District Population (Estimated)	Employees Per 1,000 population
2026	3.00	4.00	7.00	3,311	10,234	0.68
2025	3.00	4.00	7.00	3,313	10,234	0.68
2024	3.00	4.00	7.00	3,310	10,212	0.69
2023	3.00	4.00	7.00	3,252	10,259	0.68
2022	3.00	3.00	6.00	3,242	10,286	0.58
2021	3.00	4.00	7.00	3,243	10,264	0.68
2020	3.00	4.00	7.00	3,237	10,395	0.67
2019	3.00	4.00	7.00	3,224	10,334	0.68
2018	3.00	4.00	7.00	3,225	10,316	0.68
2017	3.00	4.00	7.00	3,221	10,302	0.68

Source: West Slope Water District Payroll Records
Portland State University Center for Population Research and Census

WEST SLOPE WATER DISTRICT
TOP TEN RATE PAYERS
Last Ten Years

	Fiscal Year 2026			Fiscal Year 2017		
Rate Payer	Consumption in CCF*	Rank	Percentage of District Total	Consumption in CCF*	Rank	Percentage of District Total
Canyon Park Apartments	14,143	1	2.79 %	15,559	1	3 %
Commerce Properties	13,039	2	2.57	13,228	2	3
Lithia Motors Inc	10,350	3	2.04	2,079	27	0
Kaady Car Wash	8,522	4	1.68	7,366	5	1
Lanphere Enterprises	8,226	5	1.62	8,161	3	2
Jesuit High School	8,130	6	1.60	7,001	6	1
Param Canyon/Best Western	6,270	7	1.24	8,006	4	2
Canyon Court Condo	5,444	8	1.07	6,110	7	1
West Slope Terrace	5,216	9	1.03	5,480	10	1
Target Store	4,608	10	0.91	1,321	36	0
	83,948		**16.57**	**74,311**		**15**
ALL OTHER CUSTOMERS	**422,693**		**83.43**	**424,457**		**85**
TOTAL FOR ALL CUSTOMERS	**506,641**		**100.00 %**	**498,768**		**100 %**

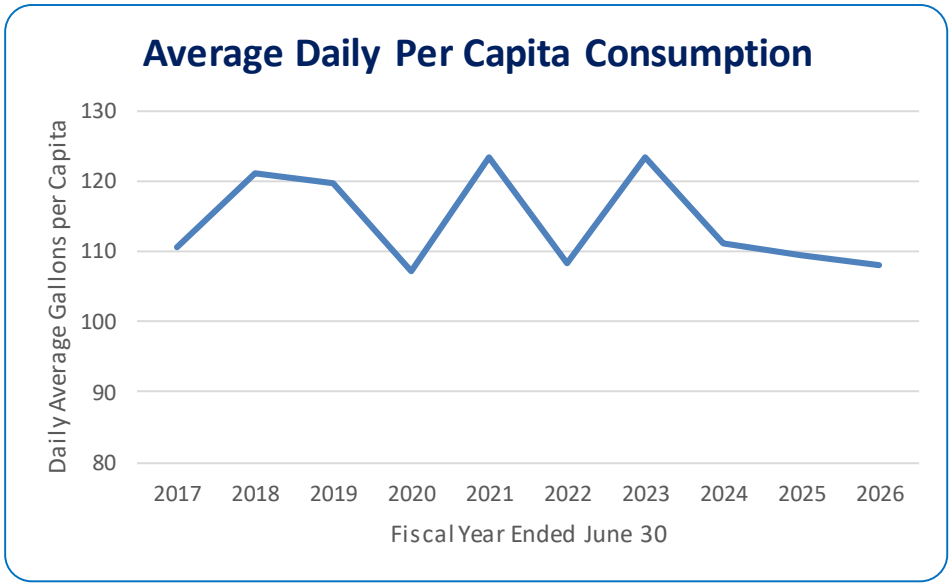
***** 1 CCF (Hundred Cubic Feet) = 748 Gallons
Source: West Slope Water District Utility Billing Records

WEST SLOPE WATER DISTRICT
GALLONS OF WATER CONSUMED
Last Ten Years

Fiscal Year Ended June 30	Water Consumed in CCF *	Water Consumed in Gallons	Average Daily Consumption in Gallons	Average Daily Per Capita Consumption in Gallons	District Population (Estimated)
2026	539,487	403,536,276	1,105,579	108	10,234
2025	546,861	409,052,028	1,120,690	110	10,234
2024	554,544	414,798,912	1,136,435	111	10,212
2023	616,940	461,471,120	1,264,304	123	10,259
2022	543,254	406,353,992	1,113,299	108	10,286
2021	617,807	462,119,636	1,266,081	123	10,264
2020	543,034	406,189,432	1,112,848	107	10,395
2019	604,104	451,869,792	1,237,999	120	10,334
2018	609,197	455,679,356	1,248,437	121	10,316
2017	555,831	415,761,588	1,139,073	111	10,302

***** 1 CCF (Hundred Cubic Feet) = 748 Gallons

Source: West Slope Water District Payables, City of Portland Invoices Meter Reads
Portland State University Center for Population Research and Census



WEST SLOPE WATER DISTRICT
WATER PURCHASED, CONSUMED, AND BILLED
Last Ten Years

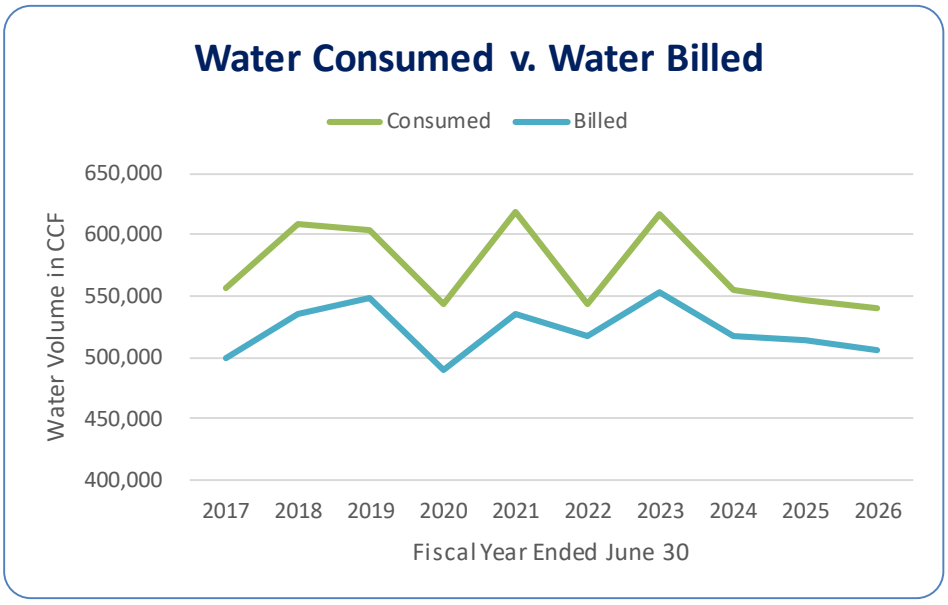
Fiscal Year Ended June 30	Water Purchased: Wholesale Rate Per CCF * (1)	Water Purchased: Quantity in CCF * (2)	Water Consumed in CCF *	Water Billed in CCF *	Unbilled CCF *	Annual Percent Unbilled
2026	$ 2.094	683,155	539,487	506,641	32,846	6.09 %
2025	1.964	683,156	546,861	514,064	32,797	6.00
2024	1.892	685,025	554,544	517,154	37,390	6.74
2023	1.471	683,155	616,940	552,933	64,007	10.37
2022	1.542	683,155	543,254	517,409	25,845	4.76
2021	1.777	683,155	617,807	535,229	82,578	13.37
2020	1.977	685,027	543,034	489,913	53,121	9.78
2019	1.776	683,155	604,104	547,929	56,175	9.30
2018	1.757	683,155	609,197	534,842	74,355	12.21
2017	1.405	683,155	555,831	498,768	57,063	10.27

* 1 CCF (Hundred Cubic Feet) = 748 Gallons

(1) Annual wholesale rate for the year per contract with City of Portland

(2) Annual guaranteed minimum purchase quantity per contract with City of Portland

Source: West Slope Water District Payables, City of Portland Invoices
West Slope Water District Billing Records



Intentionally Left Blank



COMPLIANCE SECTION

redw
Advisors & CPAs

Independent Auditor's Report
Required by Oregon State Regulations

Board of Commissioners
West Slope Water District
Portland, Oregon

We have audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of the West Slope Water District (the "District") as of and for the year ended June 30, 2026, and have issued our report thereon dated October 15, 2026.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations, noncompliance with which could have a direct and material effect on the determination of financial statements amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

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

- Deposit of public funds with financial institutions (ORS Chapter 295).
- Indebtedness limitations, restrictions, and repayment.
- Budgets legally required (ORS Chapter 294).
- Insurance and fidelity bonds in force or required by law.
- Programs funded from outside sources.
- Authorized investment of surplus funds (ORS Chapter 294).
- Public contracts and purchasing (ORS Chapters 279A, 279B, 279C).
- Accountability for collecting or receiving money by elected officials – no money was collected or received by elected officials.

Advisory, Assurance, and Tax offered through REDW LLC. Wealth Management offered through REDW Wealth LLC.

In connection with our testing nothing came to our attention that caused us to believe the District was not in substantial compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

Restriction on Use

This report is intended solely for the information and use of the Board of Commissioners and management of the District and the Oregon Secretary of State and is not intended to be and should not be used by anyone other than these parties.



Jesse Jiron, Principal
For REDW LLC
Albuquerque, New Mexico
October 15, 2026