

# **BARNEY RESERVOIR**

## **JOINT OWNERSHIP COMMISSION**



**Financial Statements for the Year Ended June 30, 2023**

Hillsboro, Forest Grove, Beaverton, Tualatin Valley Water District, Clean Water Services



**BARNEY RESERVOIR JOINT OWNERSHIP COMMISSION**  
Hillsboro, Oregon

Basic Financial Statements  
and Supplementary Information

Year Ended June 30, 2023

**BARNEY RESERVOIR JOINT OWNERSHIP COMMISSION**

Hillsboro, Oregon

**BOARD OF COMMISSIONERS**

**JUNE 30, 2023**

**Commissioner:**

Allison Tivnon, Chair

Mac Martin, Vice Chair

John Godsey, Vice Chair

Todd Sanders, Vice Chair

Pete Truax, Vice Chair

**Representing:**

City of Beaverton

Clean Water Services

City of Hillsboro

Tualatin Valley Water District

City of Forest Grove

**Commission Address**

City of Hillsboro  
150 East Main Street  
Hillsboro, Oregon 97123

**BARNEY RESERVOIR JOINT OWNERSHIP COMMISSION**

Hillsboro, Oregon

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**REPORT OF INDEPENDENT AUDITORS**

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## **Report of Independent Auditors**

The Board of Commissioners  
The Barney Reservoir Joint Ownership Commission

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

#### ***Opinion***

We have audited the financial statements of the Barney Reservoir Joint Ownership Commission (the Commission), which comprise the statement of net position as of June 30, 2023, and the related statement of revenues, expenses and changes in net position, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Commission as of June 30, 2023, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Commission and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit 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 Commission's ability to continue as a going concern within one year after the date that the financial statements are issued.

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

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

In performing an audit in accordance with GAAS, we:

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

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

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

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

### ***Supplementary Information***

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

### ***Other Information***

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

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

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

In accordance with the *Minimum Standards for Auditors of Oregon Municipal Corporations*, we have also issued our report dated November 15, 2023, on our consideration of the Commission's compliance with certain provisions of laws and regulations, including the provisions of the Oregon Revised Statutes as specified in Oregon Administrative Rules 162-010-0000 through 162-010-0330 of the *Minimum Standards for Audits of Oregon Municipal Corporations*. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.



Keith Simovic, Partner, for  
Moss Adams LLP  
Portland, Oregon  
November 15, 2023

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**MANAGEMENT'S DISCUSSION AND ANALYSIS**

## BARNEY RESERVOIR JOINT OWNERSHIP COMMISSION

Hillsboro, Oregon

### MANAGEMENT'S DISCUSSION AND ANALYSIS

#### YEAR ENDED JUNE 30, 2023

As management of the Barney Reservoir Joint Ownership Commission (the Commission), a joint venture between the Cities of Hillsboro, Forest Grove, and Beaverton, the Tualatin Valley Water District (TVWD), and Clean Water Services (a component unit of Washington County, Oregon), we offer readers of the Commission's financial statements this narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2023.

#### Financial Highlights

- The Commission's assets totaled approximately \$20.0 million at June 30, 2023, and consisted of approximately \$201,000 in deposits and investments held by the City of Hillsboro, and other current assets and capital assets of approximately \$19.8 million.
- Net position (assets minus liabilities) was approximately \$19.9 million at June 30, 2023.
- As of June 30, 2023, the Commission had no outstanding debt.
- Net position decreased by approximately \$756,000 from June 30, 2022, primarily due to depreciation expense which is not recaptured from the joint venture partners.

#### Report Layout

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

- **Management's Discussion and Analysis.** This section of the report provides an overview of financial highlights and economic factors affecting the Commission.
- **Basic Financial Statements.** Includes the Statement of Net Position, Statement of Revenues, Expenses and Changes in Net Position; Statement of Cash Flows and the Notes to Basic Financial Statements. The Statement of Net Position and Statement of Revenues, Expenses, and Changes in Net Position focus on an entity-wide presentation using the accrual basis of accounting. They are designed to resemble more closely private-sector financial statements in that all activities are consolidated into a total for the Commission.
  - The Statement of Net Position focuses on resources available for future operations. This statement presents a snap-shot view of the assets of the Commission, the liabilities it owes and the net difference.
  - The Statement of Revenues, Expenses and Changes in Net Position focuses on the current year operating results and the change in net position as a result of the current year's operations.
  - The Statement of Cash Flows focuses on how the Commission obtained and expended its available deposits and investments held by the City of Hillsboro.
  - The Notes to Basic Financial Statements provide additional disclosures to assist the reader in understanding the Commission's financial condition.

**BARNEY RESERVOIR JOINT OWNERSHIP COMMISSION**

Hillsboro, Oregon

**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**

**YEAR ENDED JUNE 30, 2023**

**Report Layout (Continued)**

- **Supplementary Information.** Components within this section include:
  - Budgetary Comparison. This schedule includes a comparison of actual revenues and expenditures to the original and final budget.
  - Reconciliation of changes in fund balance to change in Net Position.
- **Independent Auditor's Report Required by Oregon State Regulations.** Consists of supplemental information on the Commission's compliance and internal control as required by Oregon Revised Statutes.

**Statement of Net Position**

The Commission's assets exceeded liabilities by approximately \$19.9 million at June 30, 2023. The largest portions of its assets were capital assets. A condensed version as of June 30 is as follows:

	<u>2023</u>	<u>2022</u>
Deposits and investments held by the City of Hillsboro	\$ 200,942	\$ 183,658
Current and other assets	120,664	86,202
Capital assets, net	<u>19,656,242</u>	<u>20,407,725</u>
<b>Total assets</b>	19,977,848	20,677,585
<b>Current liabilities</b>	<u>88,479</u>	<u>32,178</u>
<b>Net position</b>	<u>\$ 19,889,369</u>	<u>\$ 20,645,407</u>

**BARNEY RESERVOIR JOINT OWNERSHIP COMMISSION**

Hillsboro, Oregon

**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**

**YEAR ENDED JUNE 30, 2023**

**Statement of Revenues, Expenses and Changes in Net Position**

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

	<u>2023</u>	<u>2022</u>
Operating revenue	\$ 651,626	\$ 614,571
Operating expenses:		
Contractually paid salary and fringe benefits	326,186	306,927
Other expenses	332,844	300,004
Depreciation	<u>797,906</u>	<u>800,991</u>
Total operating expenses	<u>1,456,936</u>	<u>1,407,922</u>
Operating loss	(805,310)	(793,351)
Nonoperating income:		
Interest earnings	<u>2,849</u>	<u>1,184</u>
Loss before contributions	(802,461)	(792,167)
Contributions from venturers	<u>46,423</u>	<u>-</u>
Change in net position	(756,038)	(792,167)
Net position, beginning of year	<u>20,645,407</u>	<u>21,437,574</u>
Net position, end of year	<u>\$ 19,889,369</u>	<u>\$ 20,645,407</u>

The cost of the Commission's activities totaled approximately \$1.5 million for the year ended June 30, 2023 as shown in the Statement of Revenues, Expenses and Changes in Net Position. The expenses, excluding depreciation, paid by operating revenues were approximately \$659,000 for 2023. Operating expenditures exceeded operating revenues by approximately \$7,000, excluding depreciation, for 2023. The decline in Net Position is primarily due to depreciation expense which is not recaptured from the joint venturers. The Commission has elected not to fund depreciation. Excluding depreciation expense and contractually payable accrued compensated absences, all operating expenses are charged to the joint venturers on a monthly basis.

**Capital Assets**

The Commission has invested approximately \$19.7 million in capital assets, net of depreciation, at June 30, 2023, as reflected in the following table, which represents a net decrease of approximately \$751,000 from 2022, directly related to the acquisition of construction in progress less capital asset depreciation.



**BARNEY RESERVOIR JOINT OWNERSHIP COMMISSION**

Hillsboro, Oregon

**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**

**YEAR ENDED JUNE 30, 2023**

**Capital Assets (continued)**

Capital assets are categorized at June 30, as follows:

	June 30	
	<u>2023</u>	<u>2022</u>
Reservoir	\$ 10,101,709	\$ 10,101,709
Dam	28,430,937	28,430,937
Machinery and equipment	107,017	107,017
Water Rights	78,847	78,847
Construction in progress	46,423	-
Less accumulated depreciation	<u>(19,108,691)</u>	<u>(18,310,785)</u>
Total capital assets, net	<u>\$ 19,656,242</u>	<u>\$ 20,407,725</u>

Additional information on the Commission's capital assets may be found in Notes 1 and 2 in the Notes to Basic Financial Statements.

**Budgetary Highlights**

There were no supplemental budgets, nor budget transfers of appropriation for the fiscal year.

**Debt Administration**

As of the year-end June 30, 2023, the Commission had no outstanding debt.

**Economic Factors**

All personnel are employees of the City of Hillsboro, the managing agency for the Commission. Personnel costs continue to rise with increasing medical and retirement costs. Due to the Commission's funding structure, costs are shared by several entities in an effort to keep costs down. Personnel costs and other overhead costs are charged to all of the joint venturers; therefore, any increasing costs are spread out to all the entities lessening the impact of rising costs on the Commission. The majority of costs associated with the Commission are ongoing maintenance costs with no other major anticipated costs in the immediate future.

**Financial Contact**

The Commission's financial statements are designed to present users including taxpayers, citizens, customers, investors and creditors with a general overview of the Commission's finances and overall accountability. If you have questions about the contents of this report or need additional financial information, please contact the City of Hillsboro's Finance Director at 150 East Main St., Hillsboro, OR 97123.

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**BASIC FINANCIAL STATEMENTS**

**BARNEY RESERVOIR JOINT OWNERSHIP COMMISSION**

Hillsboro, Oregon

**STATEMENT OF NET POSITION**

**JUNE 30, 2023**

**ASSETS:**

Deposits and investments held by the City of Hillsboro	\$	200,942
Due from joint venturers		120,280
Interest receivable		384
Capital assets, net		<u>19,656,242</u>
<b>TOTAL ASSETS</b>		<u><b>19,977,848</b></u>

**LIABILITIES:**

Accounts payable		61,408
Due to the City of Hillsboro		<u>27,071</u>
<b>TOTAL LIABILITIES</b>		<u><b>88,479</b></u>

**NET POSITION:**

Investment in capital assets		19,656,242
Unrestricted		<u>233,127</u>
<b>TOTAL NET POSITION</b>	\$	<u><u><b>19,889,369</b></u></u>

See notes to basic financial statements.

**BARNEY RESERVOIR JOINT OWNERSHIP COMMISSION**

Hillsboro, Oregon

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN  
NET POSITION**

**YEAR ENDED JUNE 30, 2023**

<b>OPERATING REVENUE</b>	<b><u>\$ 651,626</u></b>
<b>OPERATING EXPENSES:</b>	
Contractually paid salaries and fringe benefits	326,186
Support services	110,947
Contractual services	81,613
Repairs and maintenance	15,698
Operating supplies	40,435
Insurance	59,765
Utilities	9,930
Miscellaneous	14,456
Depreciation	<u>797,906</u>
<b>TOTAL OPERATING EXPENSES</b>	<b><u>1,456,936</u></b>
<b>OPERATING LOSS</b>	<b>(805,310)</b>
<b>NON OPERATING INCOME:</b>	
Interest earnings	<u>2,849</u>
<b>LOSS BEFORE CONTRIBUTIONS</b>	<b>(802,461)</b>
<b>CONTRIBUTIONS</b>	
Contributions from venturers	<u>46,423</u>
<b>TOTAL CONTRIBUTIONS</b>	<b><u>46,423</u></b>
<b>CHANGE IN NET POSITION</b>	<b>(756,038)</b>
<b>NET POSITION - BEGINNING</b>	<b><u>20,645,407</u></b>
<b>NET POSITION - ENDING</b>	<b><u><u>\$ 19,889,369</u></u></b>

See notes to basic financial statements.

**BARNEY RESERVOIR JOINT OWNERSHIP COMMISSION**

Hillsboro, Oregon

**STATEMENT OF CASH FLOWS**

**YEAR ENDED JUNE 30, 2023**

**CASH FLOWS FROM OPERATING ACTIVITIES:**

Received from customers	\$ 656,582
Paid to suppliers for goods and supplies	(209,525)
Paid to related entities for goods and services	(432,578)
	<hr/>

**NET CASH FROM OPERATING ACTIVITIES**

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14,479

**CASH FLOWS FROM CAPITAL ACTIVITIES:**

Contributions from joint venturers, net of related accounts receivable	26,736
Acquisition of capital assets, net of related accounts payable	(26,736)
	<hr/>

**NET CASH FROM CAPITAL ACTIVITIES**

-

**CASH FLOW FROM INVESTING ACTIVITIES:**

Interest received	2,805
	<hr/>

**NET CHANGE IN DEPOSITS AND INVESTMENTS HELD BY THE CITY OF HILLSBORO**

17,284

**DEPOSITS AND INVESTMENTS HELD BY THE CITY OF HILLSBORO - BEGINNING**

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183,658

**DEPOSITS AND INVESTMENTS HELD BY THE CITY OF HILLSBORO - ENDING**

\$ 200,942

**RECONCILIATION OF OPERATING LOSS TO**

**NET CASH FROM OPERATING ACTIVITIES:**

Operating loss	\$ (805,310)
Adjustment to reconcile operating loss to net cash from operating activities:	
Depreciation	797,906
Change in assets and liabilities:	
Increase in due from joint venturers	(14,731)
Increase in accounts payable	32,059
Increase in due to City of Hillsboro	4,555
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**NET CASH FROM OPERATING ACTIVITIES**

\$ 14,479

See notes to basic financial statements.

**NOTES TO BASIC FINANCIAL STATEMENTS**

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**BARNEY RESERVOIR JOINT OWNERSHIP COMMISSION**

Hillsboro, Oregon

**NOTES TO BASIC FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2023**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Organization**

The Barney Reservoir Joint Ownership Commission (the Commission) was organized under Oregon Revised Statute (ORS) 190.085 by an agreement between the Cities of Hillsboro, Forest Grove, and Beaverton, Tualatin Valley Water District (TVWD), and Clean Water Services (a Component Unit of Washington County). The purpose of the Commission is to own and operate the J.W. Barney Reservoir.

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

City of Hillsboro	31 %	Tualatin Valley Water District	35 %
City of Forest Grove	2 1/2 %	Clean Water Services	10 %
City of Beaverton	21 1/2 %		

The Commission is managed by the City of Hillsboro.

**Basis of Presentation and Accounting**

For financial reporting purposes, the Commission reports its operations 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, liabilities and net position associated with the operations are included on the Statement of Net Position. The Statement of Revenues, Expenses and Changes in Net Position present increases (revenues) and decreases (expenses) in net position.

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

**Use of Estimates**

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

**Deposits and Investments Held by the City of Hillsboro**

All deposits and investments are held by the City of Hillsboro on behalf of the Commission. The Commission considers these items as a demand deposit account, whereby funds may be deposited or withdrawn without prior notice or penalty. Interest earnings are allocated from the City based on the proportion of the Commission’s funds to the total of the City of Hillsboro funds.

**BARNEY RESERVOIR JOINT OWNERSHIP COMMISSION**

Hillsboro, Oregon

**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**

**YEAR ENDED JUNE 30, 2023**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Due from Joint Venturers**

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

**Capital Assets**

Capital assets are recorded at cost or estimated cost if actual cost is not known. Donated capital assets are recorded at their estimated fair value at the date of donation. Major outlays for capital assets and improvements are capitalized. All costs associated with the acquisition or construction of capital assets are contributed by the joint venturers or are funded with unrestricted net position as agreed upon by the venturers.

The Commission defines capital assets as assets with an initial cost of more than \$15,000 and an estimated life of one year or more. The costs of normal repairs and maintenance that do not add to the value of the assets or materially extend their lives are not capitalized.

Depreciation of the reservoir and dam are computed using the straight-line method over 50 years. Machinery and equipment is depreciated using the same method over five years.

**Net Position**

In the Commission-wide Statement of Net Position, equity is referred to as net position and is segregated into the following components: 1) net investment in capital assets and 2) unrestricted. It is the Commission's policy to deplete, when available, restricted net position first before unrestricted net position is depleted. The Commission did not have restricted net position during the year.

**Revenues**

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

**Pension Plan and Other Post Employment Benefits**

Commission employees are employees of the City of Hillsboro. While pension and other post employment benefits are included in contracted services provided, there are no direct balances attributable to the Commission.

**Budgets**

Under ORS 294.316, municipal public utilities operating under separate commissions authorized under ORS 190 and city charters, and which have no ad valorem tax support, are not required to separately prepare and adopt a budget. Rather, such entities' budgets may be included in the city with primary managerial responsibility. Accordingly, a budget is prepared and legally adopted for the Commission as part of the total budget for the City of Hillsboro. The budget is prepared as a separate fund on the modified accrual basis of accounting.

**BARNEY RESERVOIR JOINT OWNERSHIP COMMISSION**

Hillsboro, Oregon

**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)****YEAR ENDED JUNE 30, 2023****2. CAPITAL ASSETS**

Capital assets are comprised of:

	Balance June 30, 2022	Increases	Balance June 30, 2023
Capital assets not depreciated:			
Water rights	\$ 78,847	\$ -	\$ 78,847
Construction in progress	-	46,423	46,423
Capital assets being depreciated:			
Reservoir	10,101,709	-	10,101,709
Dam	28,430,937	-	28,430,937
Machinery and equipment	107,017	-	107,017
Total capital assets being depreciated	38,639,663	-	38,639,663
Less accumulated depreciation for:			
Reservoir	(5,451,648)	(210,177)	(5,661,825)
Dam	(12,781,818)	(568,617)	(13,350,435)
Machinery and equipment	(77,319)	(19,112)	(96,431)
Total accumulated depreciation	(18,310,785)	(797,906)	(19,108,691)
Total capital assets, net	\$ 20,407,725	\$ (751,483)	\$ 19,656,242

**3. NET POSITION BY JOINT VENTURER**

Changes in net position for the year were as follows:

	Balance June 30, 2022	Loss Before Contributions	Contributions From Venturers	Balance June 30, 2023
City of Hillsboro	\$ 6,402,570	\$ (248,763)	\$ 14,596	\$ 6,168,403
City of Forest Grove	516,116	(20,062)	1,366	497,420
City of Beaverton	4,441,425	(172,529)	10,186	4,279,082
Tualatin Valley Water District	7,228,713	(280,861)	16,453	6,964,305
Clean Water Services	2,056,583	(80,246)	3,822	1,980,159
Total	\$ 20,645,407	\$ (802,461)	\$ 46,423	\$ 19,889,369

**BARNEY RESERVOIR JOINT OWNERSHIP COMMISSION**

Hillsboro, Oregon

**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**

**YEAR ENDED JUNE 30, 2023**

**4. RELATED PARTY TRANSACTIONS**

The Commission's expense to the City of Hillsboro for contractually paid salary and fringe benefits for services performed by the City's employees on behalf of the Commission, net of adjustments from budgetary expenditures were as follows:

Budgetary Basis - Personnel Services	\$ 324,325
Capitalized contractually paid salaries and fringe benefits	(3,694)
Adjustments for certain accrued salary and fringe benefits	<u>5,555</u>
Operating Expense - Contractually paid salaries and fringe benefits	<u>\$ 326,186</u>

The Commission owes the City \$27,071 for these services at June 30, 2023.

**5. COMMITMENTS AND CONTINGENCIES**

As of June 30, 2023, the Commission has outstanding construction and services commitments amounting to approximately \$173,000.

**6. OTHER INFORMATION**

**Risk Management**

The Commission is exposed to various risks of loss related to torts; theft or damage to and destruction of assets; errors and omissions; and natural disasters for which the Commission carries commercial insurance. The Commission does not engage in risk financing activities where the risk is retained (self-insurance). In the past three years insurance coverage has been sufficient to cover any losses.

**SUPPLEMENTARY INFORMATION**

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**BARNEY RESERVOIR JOINT OWNERSHIP COMMISSION**

Hillsboro, Oregon

**SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

**YEAR ENDED JUNE 30, 2023**

	Budget		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES:</b>				
Operating revenues	\$ 804,799	\$ 804,799	\$ 651,626	\$ (153,173)
Contributions in aid of construction	120,000	120,000	46,423	(73,577)
Interest	1,500	1,500	2,849	1,349
<b>TOTAL REVENUES</b>	<u>926,299</u>	<u>926,299</u>	<u>700,898</u>	<u>(225,401)</u>
<b>EXPENDITURES:</b>				
Personnel services	376,480	376,480	324,325	52,155
Materials and services	251,500	251,500	157,123	94,377
Capital outlay	120,000	120,000	42,729	77,271
Special expenditures	178,319	178,319	175,721	2,598
Contingency	254,196	254,196	-	254,196
<b>TOTAL EXPENDITURES</b>	<u>1,180,495</u>	<u>1,180,495</u>	<u>699,898</u>	<u>480,597</u>
<b>NET CHANGE IN FUND BALANCE</b>	(254,196)	(254,196)	1,000	255,196
<b>FUND BALANCE - BEGINNING</b>	<u>254,196</u>	<u>254,196</u>	<u>254,196</u>	<u>-</u>
<b>FUND BALANCE - ENDING</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 255,196</u>	<u>\$ 255,196</u>

**RECONCILIATION OF CHANGE IN FUND BALANCE  
TO CHANGE IN NET POSITION  
YEAR ENDED JUNE 30, 2023**

<b>CHANGE IN FUND BALANCE</b>	\$ 1,000
Adjustments to reconcile to change in Net Position:	
Change in certain accrued contractual salary and fringe benefits	(5,555)
Capital asset additions	46,423
Depreciation	(797,906)
<b>CHANGE IN NET POSITION</b>	<u>\$ (756,038)</u>

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**REPORT OF INDEPENDENT AUDITORS  
REQUIRED BY OREGON STATE REGULATIONS**

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

The Board of Commissioners  
The Barney Reservoir Joint Ownership Commission

We have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of the Barney Reservoir Joint Ownership Commission (the Commission) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements, and have issued our report thereon dated November 15, 2023.

### **Compliance**

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

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

- Accounting records and internal control
- Insurance and fidelity bonds
- Public contracts and purchasing

In connection with our testing, nothing came to our attention that caused us to believe the Commission was not in substantial compliance with certain provisions of laws, regulations, contracts, and grant agreements, including the provisions of ORS as specified in OAR 162-010-0000 through 162-010-0330 of the Minimum Standards for Audits of Oregon Municipal Corporations.

### **Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Commission's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of the Commission's internal control.

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

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

### **Purpose of this Report**

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

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



Keith Simovic, Partner,  
for Moss Adams LLP  
Portland, Oregon  
November 15, 2023

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