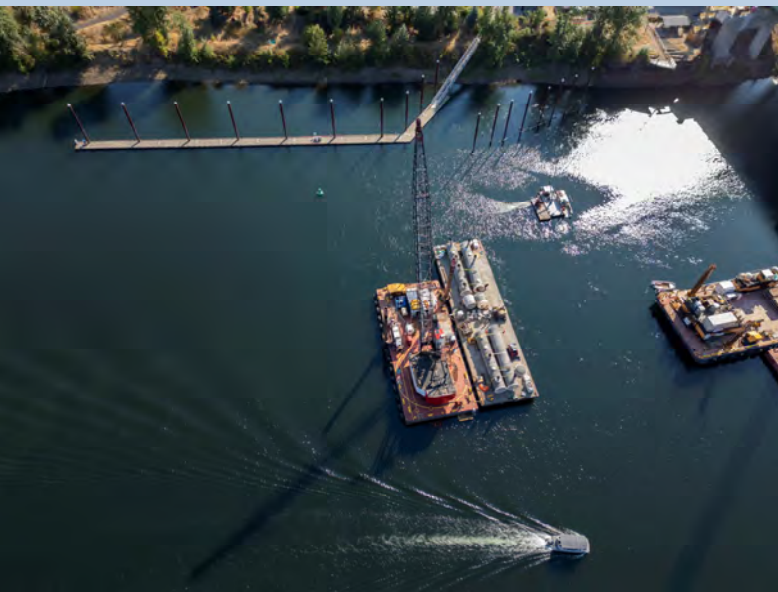


POPULAR ANNUAL FINANCIAL REPORT

Fiscal Year Ended June 30, 2025

**Clackamas Water
Environment Services**
*(A Component Unit of
Clackamas County, Oregon)*



clackamas.us/wes



CLACKAMAS

WATER
ENVIRONMENT
SERVICES

Popular Annual Financial Report
Fiscal Year Ended June 30, 2025

Clackamas Water Environment Services

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Executive Message

To our Customers, Community Members, and Partners:

On behalf of Clackamas Water Environment Services (WES), we are pleased to present our Popular Annual Financial Report (PAFR) for the fiscal year (FY) ending June 30, 2025. This report provides a brief and accessible summary of our financial performance, major accomplishments, and demonstrates how we responsibly manage the ratepayer funds entrusted to us.

WES' mission is simple and essential: protect public health, safeguard our rivers and streams, and support the vitality of our region by managing wastewater and stormwater responsibly. Much of this work happens behind the scenes, yet the results reach every household, business, and waterway in our service area.

FY 2024-25 was a year of meaningful progress. WES provided reliable wastewater and surface water service to approximately 200,000 people and businesses throughout our region, all while investing in infrastructure projects that will serve our communities into the future. Through careful long-term planning, we continue to balance the need for system upgrades with our commitment to keeping rates predictable and affordable. FY 2024-25 rate increases averaged 3%, well below those seen by other utilities.

The financial information summarized in this PAFR is drawn from WES' Annual Comprehensive Financial Report (ACFR) for the fiscal years ending June 30, 2025 and 2024. The ACFR is prepared according to generally accepted accounting principles (GAAP) and audited by Baker Tilly US, LLP. For FY 2024-25, WES received an unmodified ("clean") audit opinion, offering the highest level of assurance that our financial statements are complete and accurate.

Thank you for your trust and partnership. Together, we are building a clean water future where all people benefit and rivers thrive.

Gary Schmidt
Administrator

Greg Geist
Director

WES' ACFR, budget, and other
planning documents can be found at:
www.clackamas.us/WES

About Clackamas Water Environment Services

Our Mission

Clackamas Water Environment Services (WES) produces clean water, protects water quality and recovers renewable resources. We do this by providing wastewater services, stormwater management, and environmental education.

It's our job to protect public health and support the vitality of our communities, natural environment, and economy.

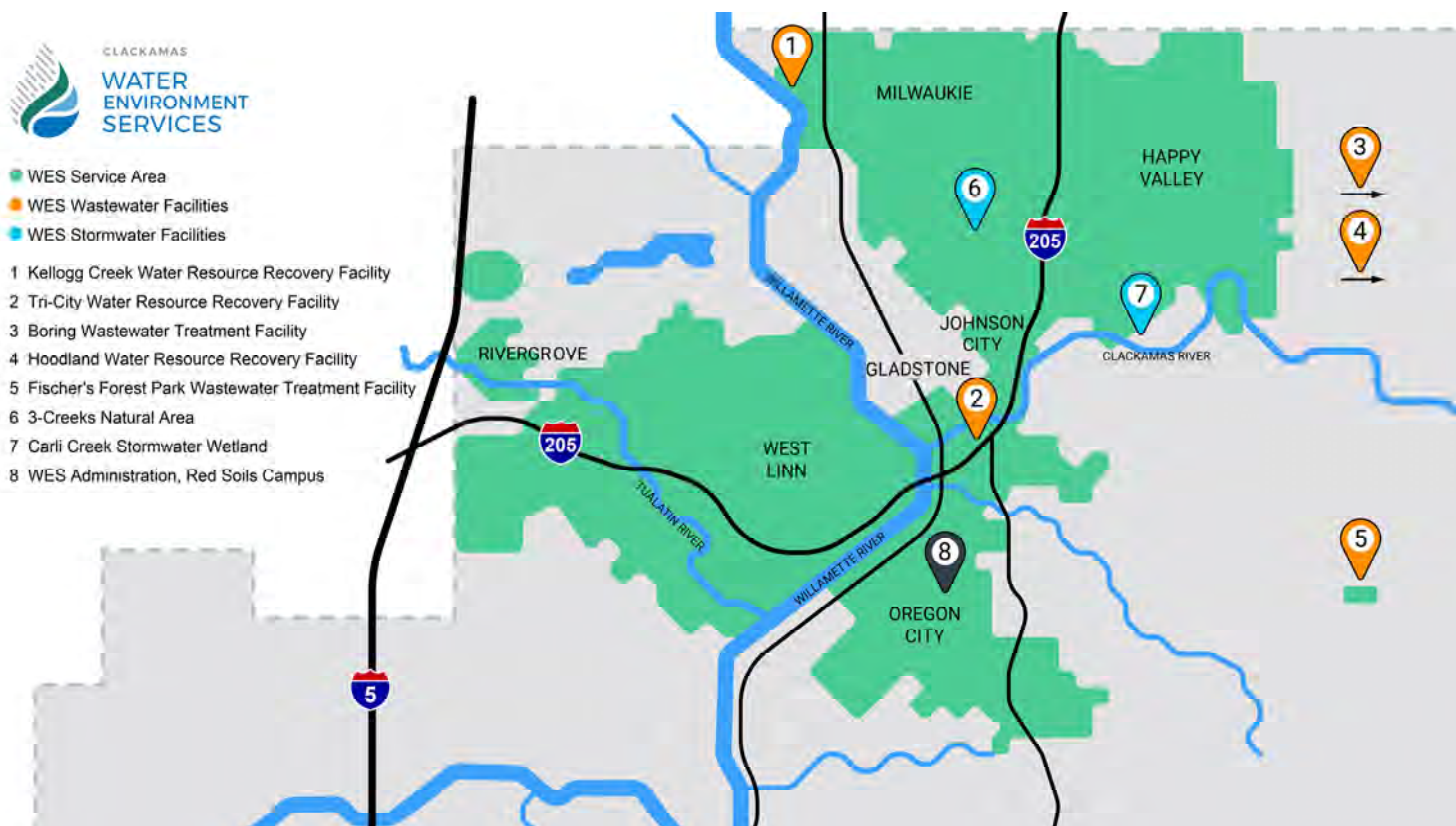
Our Vision

Be a collaborative partner in building a resilient clean water future where all people benefit, and rivers thrive.

Service Area

We provide service to approximately 200,000 people in urban, suburban, and rural communities across Clackamas County. WES provides regional wastewater treatment services to several cities and provides wastewater collection and treatment, as well as surface water management services, in unincorporated areas and select jurisdictions.

WES operates five water resource recovery/treatment facilities (WRRFs) and maintains over 600 miles of sewer and storm pipe. We also support clean water through pollution prevention, water quality monitoring, habitat protection, and public education.



About Clackamas Water Environment Services



Tri-City Water Resource Recovery Facility located in Oregon City, OR



Governance and Structure

The Clackamas County Board of Commissioners serve as the WES Board of Directors. The Board sets policy direction, approves budgets and rates, and ensures WES continues to protect public health and the environment for the communities we serve.

WES is also supported by a regional Advisory Committee, made up of city and community representatives from throughout the service area. Members have experience and/or background in wastewater management, watershed health and restoration, economic development, and surface water. The committee provides recommendations on major decisions such as capital improvement plans, financial planning, and long-term infrastructure needs. Their input strengthens coordination across jurisdictions and helps ensure WES' investments are aligned with community priorities.

BOARD OF DIRECTORS

Craig Roberts, Chair
Diana Helm, Commissioner
Paul Savas, Commissioner
Martha Schrader, Commissioner
Ben West, Commissioner

EXECUTIVE LEADERSHIP

Gary Schmidt, District Administrator
Greg Geist, WES Director
Ron Wierenga, WES Deputy Director

118 EMPLOYEES

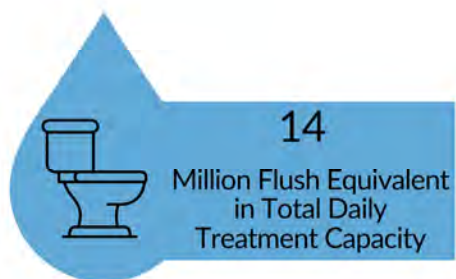
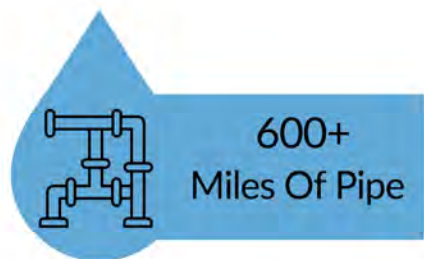
WES' work is carried out by a dedicated team of 118 staff who care deeply about the communities we serve. Their expertise keeps our systems working 24/7 and protects our environment for future generations.

History

Clackamas Water Environment Services (WES) was created in 2016 when three separate service districts partnered to form an intergovernmental entity. These districts had worked side-by-side for decades, sharing infrastructure and environmental responsibilities. By combining into one unified utility, WES improved efficiency, stabilized costs, and provided long-term certainty for customers.

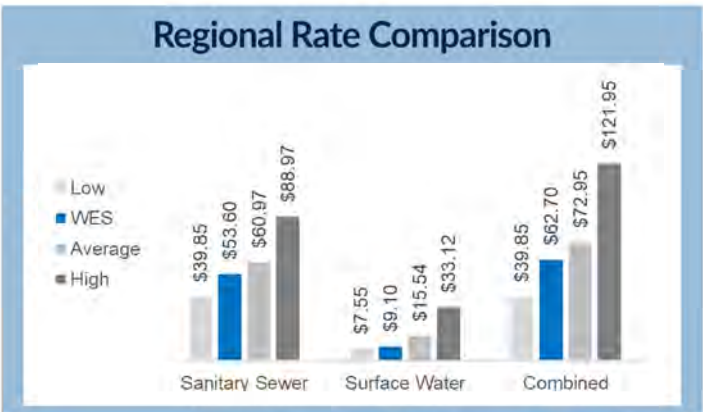
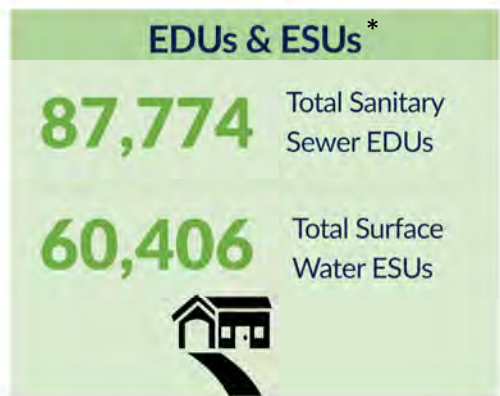
Today, WES delivers wastewater and stormwater services across the entire combined service area, operating as a single, efficient organization.

District at a Glance



Operations	
5	Water Resource Recovery / Treatment Facilities
23	Pump Stations
19,171	Surface Water Structures

FY 2024-25 Residential Monthly Service Charges	
\$53.60	Sanitary Sewer
\$9.10	Surface Water
Rate Zone 2	



* An EDU, or Equivalent Dwelling Unit, represents the average wastewater flow produced by a typical single-family household. An ESU, or Equivalent Service Unit, represents the average amount of hard surface area (like roofs, driveways, and parking lots) found on a typical single-family home.

Fiscal Year 2024-25 in Review

Investing in Clean Water Infrastructure

WES invested **\$67 million** in capital outlay to fund critical infrastructure projects.

Key projects included:

- Construction of the **Tri-City Water Resource Recovery Facility Outfall**; this new, expanded outfall will increase hydraulic capacity and improve resiliency during high flows through 2080
- Design and construction of the **Aldercrest and SE Clackamas Road Projects**, which are part of a broader strategy to reduce localized flooding and protect water quality in the Upper Kellogg Creek Basin

Protecting Public Health and the Environment

- Operated five Water Resource Recovery / Treatment Facilities around the clock, safely treating over **5.3 billion gallons** of wastewater
- Proactively inspected and cleaned **74 miles** of wastewater collection pipe, addressing routine maintenance needs and responding to system emergencies
- Maintained **30%** of stormwater catch basins and inlets, protecting waterways from pollution and reducing flood risk
- Investigated **100%** of reported water quality problems and concerns within 24 hours



Fiscal Year 2024-25 in Review

Strengthening Community Partnerships

- Continued collaboration with partner cities by contributing **\$3.3 million** towards wastewater inflow and infiltration (I&I) reduction projects
- Delivered **121** educational sessions, reaching nearly **5,000** elementary and high school students
- Awarded **\$300,000** in grants through the RiverHealth Stewardship Program to support community-led environmental initiatives

Supporting Growth in Our Region

- Supported development by adding **597 new sewer connections** for homes and businesses
- Collected **\$5.5 million** in System Development Charges (SDCs) to help build capacity for our growing community
- Completed **96%** of sanitary sewer and stormwater plan reviews within three weeks of submittal

Managing Resources Responsibly

- Secured over **\$1.2 million** in grant funding, helping to reduce financial pressure on customer rates
- Maintained rate affordability by keeping the total annual cost of wastewater service to just **1.38%** of annual income for households in the lowest income quintile, well below WES' performance target and the national affordability benchmark of 2%



For more information about WES, including our newsletters and annual reports, please visit:

<https://www.clackamas.us/wes/newsletters.html>

Financial Performance

Based on WES' Annual Comprehensive Financial Report

The financial information included in this report is from WES' audited Annual Comprehensive Financial Report (ACFR), which is prepared using generally accepted accounting principles (GAAP). The information presented below is condensed to highlight key trends; additional detail is available in the ACFR at <http://www.clackamas.us/wes>.

Net position is a key indicator of financial stability. It reflects the difference between what WES owns (assets) and what WES owes (liabilities). A positive net position means that an organization has more resources than debts.

As of June 30, 2025, WES' net position was \$308.1 million, an increase of \$18.8 million from the prior fiscal year.

This increase in net position shows that WES is meeting its financial obligations while continuing to invest in long-term infrastructure.

The largest portion of WES' net position is invested in capital assets. WES uses these capital assets to provide wastewater and surface water services; consequently, these assets are not available for future spending.

Condensed Statement of Net Position (thousands)

	2025	2024	2023
ASSETS			
Current	\$ 108,931	\$ 129,324	\$ 144,595
Noncurrent Other	55,397	72,698	63,906
Noncurrent Capital	300,917	248,394	225,210
TOTAL ASSETS	465,245	450,416	433,711
LIABILITIES			
Current	27,969	20,536	17,505
Noncurrent	129,049	140,500	147,195
TOTAL LIABILITIES	157,018	161,036	164,700
DEFERRED INFLOWS	108	109	181
NET POSITION	\$ 308,119	\$ 289,271	\$ 268,830

KEY FINANCIAL TERMS EXPLAINED

A **Fiscal Year** is a 12-month accounting period used to plan, track, and report an organization's finances. WES' fiscal year runs from July 1 to June 30.

Net Position is the difference between assets and liabilities as well as deferred inflows of resources.

Assets

Current assets are resources WES can use or convert to cash within a year, including: cash and cash equivalents, utility receivables, and prepaid expenses.

Noncurrent Other assets are long-term resources other than capital assets, including investments.

Noncurrent Capital assets represent resources that help provide service for years to come, including: treatment plants, land, pump stations, collection pipelines, and equipment.

Liabilities

Current liabilities are obligations that WES must pay for within the year, including: invoices, debt service payments due in the next year, and outstanding payroll costs.

Noncurrent liabilities represent long-term financial commitments, including: principal and interest payments on debt.

Deferred Inflows are future revenues that are not yet earned or received, including payments for leased property that will be received in future fiscal years.

Financial Performance

Based on WES' Annual Comprehensive Financial Report

The Statement of Revenues, Expenses, and Changes in Net Position summarizes WES' financial activity for the year, including how much was earned, how much was spent to provide services, and the resources that remain available to meet future system needs.

In FY 2024-25, WES generated \$54.2 million in operating revenues and spent \$48.7 million in operating expenses. After accounting for nonoperating items such as interest income and debt service and including \$7.1 million in capital contributions from system development charges (\$5.5 million) and developers (\$1.6 million), WES' net position increased by \$18.8 million.

Further analysis of WES' financial position is provided in Management's Discussion and Analysis on pages 8 and 9 of the [ACFR](#).

Condensed Statement of Revenues, Expenses, and Changes in Net Position (thousands)

	2025	2024	2023
Operating Revenues	\$ 54,171	\$ 52,292	\$ 49,803
Operating Expenses	48,742	44,404	44,513
OPERATING INCOME	5,429	7,888	5,290
NONOPERATING ITEMS	6,309	3,165	1,490
CAPITAL CONTRIBUTIONS	7,110	9,388	9,655
Changes in Net Position	18,848	20,441	16,435
NET POSITION			
Beginning of Year	289,271	268,830	252,395
End of Year	\$ 308,119	\$ 289,271	\$ 268,830

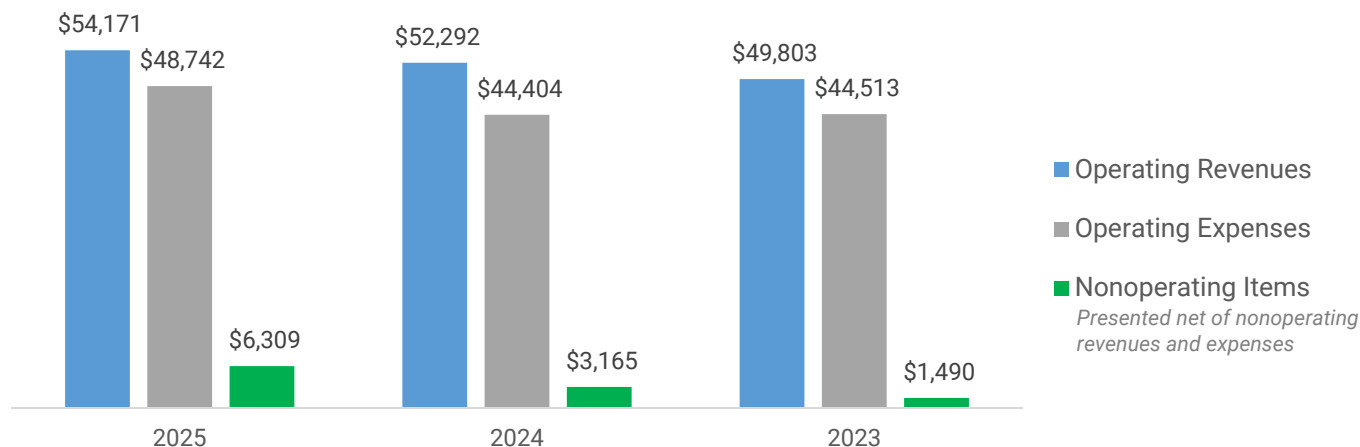
KEY FINANCIAL TERMS EXPLAINED

Operating Revenues consist of money earned from WES' delivery of core services, including: charges for wastewater and surface water services.

Operating Expenses are costs incurred in WES' day-to-day operations, including: employee wages, maintenance, utilities, chemicals, and other routine expenses needed to deliver services, as well as depreciation.

Nonoperating Items represent income or costs that are not related to WES' primary operations, such as investment income, interest expense, or proceeds from the sale of assets.

Capital Contributions are resources received from external sources, including system development charges and donations of capital from developers.



Financial Performance

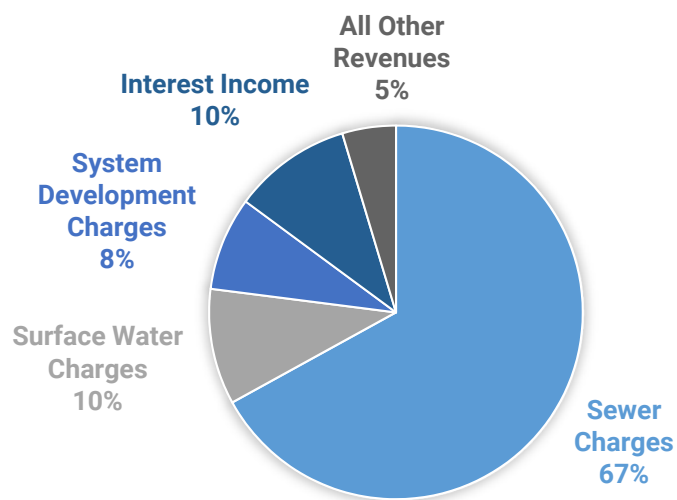
Based on WES' Annual Comprehensive Financial Report

Sources of Revenue and Expenses on a Budgetary Basis

This page reflects financial data presented on a budgetary basis, which tracks actual cash inflows and outflows during the fiscal year. Unlike GAAP-based financial statements, this information excludes non-cash items such as depreciation. WES' detailed budgetary schedules can be viewed on pages 42 through 48 of the [ACFR](#).

Where the Money Comes From

FY 2024-25 Revenues



WES is funded primarily through customer rates and development fees and does not receive any property tax revenue.

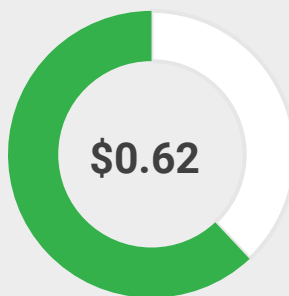
The majority of WES' revenue is generated from service charges for wastewater treatment, collection, and surface water management.

WES also receives revenues from system development charges for new connections to the system, grants, interest income, and other fees.

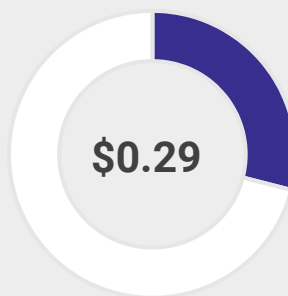
Revenues cover all costs of providing service, including annual operating and maintenance costs, payments on debt, and funding for infrastructure rehabilitation and improvements.

Where the Money Goes

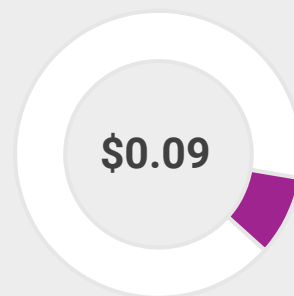
Every ratepayer dollar is dedicated to protecting public health and the environment.



Operations and Maintenance



Infrastructure Improvements



Debt Service

Financial Performance

Based on WES' Annual Comprehensive Financial Report

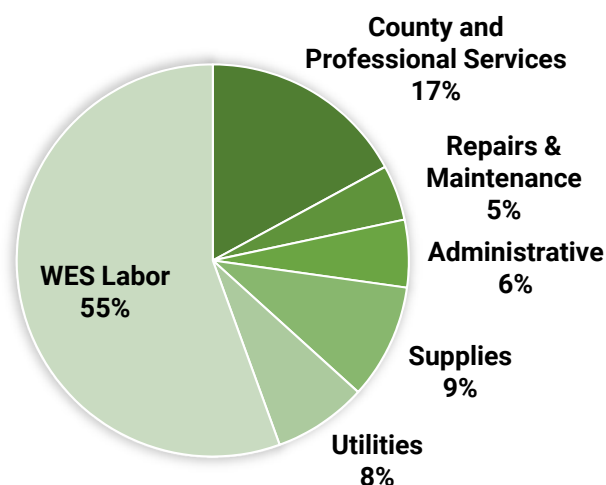
WES' operating expenses reflect the day-to-day costs of treating wastewater, maintaining hundreds of miles of pipe, monitoring water quality, and responding to emergencies 24/7.

In FY 2024-25, operating expenses (excluding depreciation) were \$31.4 million, an increase of \$2.5 million (8.7%) from FY 2023-24, driven by increases in labor and utilities.

Labor, which is WES' largest operating expense, was up as a result of reduced vacancy counts and cost-of-living and other salary adjustments. Utility cost increases reflect higher electricity costs and contracted wastewater treatment services.

Operations and Maintenance

Operating expense information on this page is presented on a budgetary basis and excludes non-cash items such as depreciation.



The following sections present financial information from WES' GAAP-based financial statements, consistent with the Annual Comprehensive Financial Report. Capital assets are shown net of depreciation, and outstanding debt reflects long-term obligations.

Infrastructure Improvements

Capital assets represent WES' largest area of investment and require continuous reinvestment to deliver reliable service and meet environmental standards.

At June 30, 2025, total capital assets (net of depreciation) include the following:

Land and Easements	\$ 10.2 M
Construction in Progress	89.4 M
Intangibles & Software Subscriptions	0.5 M
Collection System	99.9 M
Pumping Plants	12.6 M
Treatment Plants	72.5 M
General Plant	15.9 M
Total	\$ 301.0 M



Financial Performance

Based on WES' Annual Comprehensive Financial Report

Debt Service

WES uses long-term debt strategically to finance major capital improvements that serve the community for decades. Borrowing spreads costs over time and ensures future customers contribute to the infrastructure they will use. All WES debt is repaid with revenues from rates and system development charges.

In FY 2024-25, WES made \$13.0 million in scheduled principal and interest payments, reducing total outstanding debt by 6.6%. At year-end, WES had \$136.9 million in outstanding debt, consisting of the types listed in the following table:

WES maintains a AAA credit rating from S&P Global Ratings, the highest rating possible, reflecting excellent financial management.

In FY 2024-25, WES' **Debt Service Coverage Ratio was 3.21** with System Development Charges (2.69 without), demonstrating a strong ability to meet ongoing debt obligations.

Type	Amount	Description
Revenue Obligations	\$ 101.7 M	Tax-exempt bonds issued in 2016 and 2021 to refinance older debt and fund capital projects
State Revolving Fund Loans	34.9 M	Low-interest loans from Oregon's Department of Environmental Quality for wastewater and surface water infrastructure
Subscription Liabilities	0.3 M	Contractual obligations for software and related services



Planning for the Future and Recognition

Financial Outlook and Conclusion

Looking ahead, WES is well positioned to meet future needs through thoughtful planning and careful management of ratepayer funds. Long-term financial forecasting and capital planning support continued reinvestment in critical infrastructure, help maintain reliable service, and allow WES to adapt to changing conditions, all while keeping rates predictable and affordable.

This Popular Annual Financial Report reflects WES' commitment to transparency, accountability, and stewardship as we continue working to protect public health, support our communities, and care for the natural environment we all share.

Awards and Recognition

WES is proud to have been recognized by professional organizations for excellence in financial reporting, budgeting, and utility management:



Certificate of Achievement for Excellence in Financial Reporting

2018 - 2024

(1994 - 2017 as Clackamas County Service District No. 1 and Tri-City Service District)

Government Finance Officers Association of the United States and Canada (GFOA)



Distinguished Budget Presentation Award

2018 - 2025

Government Finance Officers Association of the United States and Canada (GFOA)



Outstanding Member Agency

2025

Oregon Association of Clean Water Agencies

Contact Us

If you have questions or would like to learn more about the services we provide, please contact us.

We also welcome feedback on this report and its usefulness.

Clackamas Water Environment Services

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Oregon City, Oregon 97045

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🌐 www.clackamas.us/wes



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