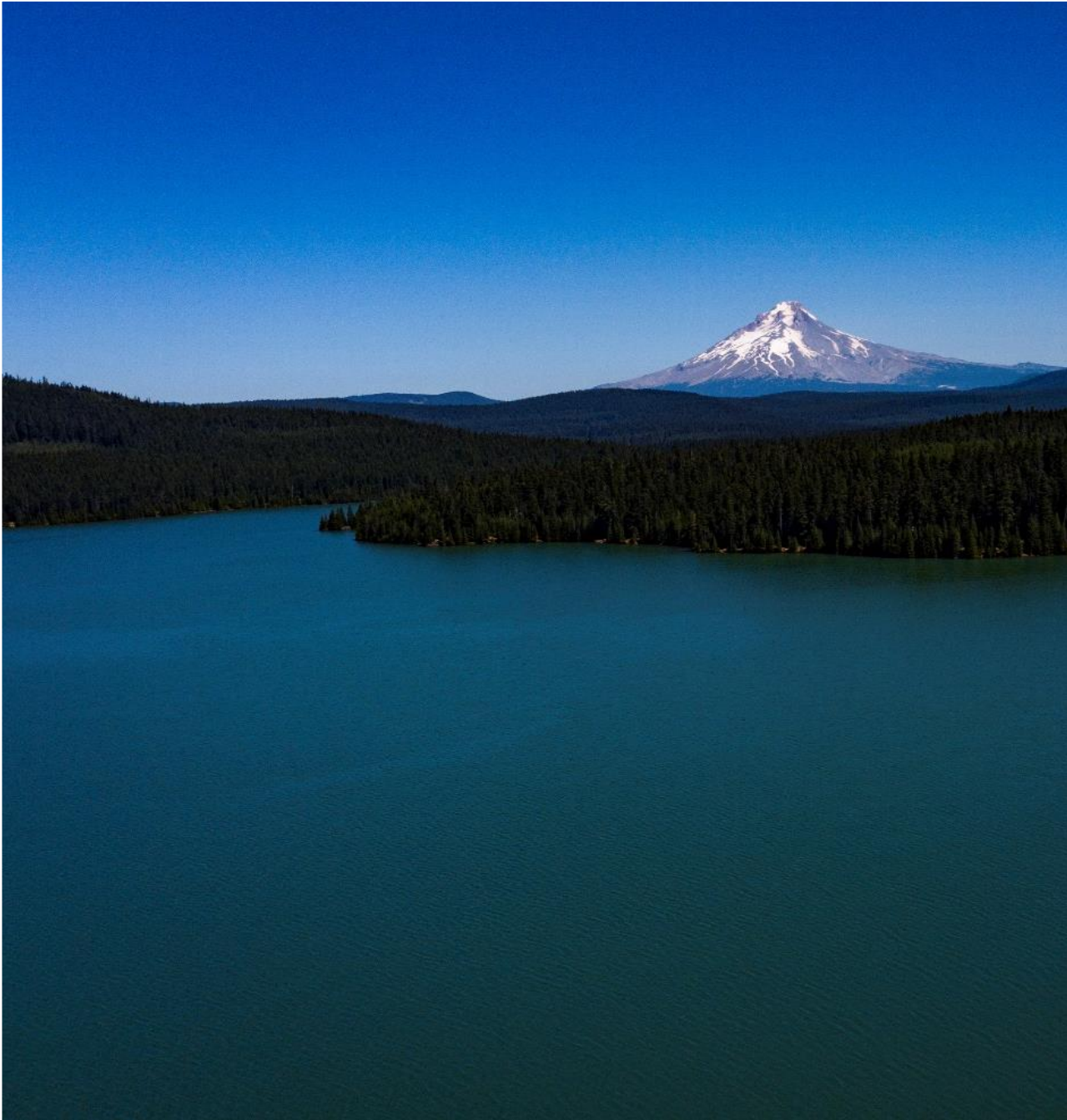


# Comprehensive Annual Financial Report

For the fiscal years ended

June 30, 2020 and 2019



CLACKAMAS RIVER WATER

CLACKAMAS, OREGON

CLACKAMAS RIVER WATER  
CLACKAMAS, OREGON

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the fiscal years ended June 30, 2020 and 2019

Prepared by:

Clackamas River Water  
Finance, Accounting and Customer Service Department

Todd Heidgerken, General Manager  
Carol Bryck, Chief Financial Officer

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# INTRODUCTORY SECTION



*Clackamas River Water*



December 31, 2020

Board of Commissioners of Clackamas River Water  
Clackamas, Oregon

We are pleased to submit the Comprehensive Annual Financial Report (CAFR) for Clackamas River Water (CRW or the District) for the fiscal year ended June 30, 2020. This report was prepared by the District's Finance, Accounting and Customer Service (FACS) Department. The District is responsible for the accuracy, completeness, and reliability of all data presented, and representations contained herein, based upon a comprehensive framework of internal controls established for this purpose. We believe the data presented is accurate in all material aspects and that the manner in which it is presented fairly discloses the financial position of CRW at June 30, 2020, and the results of operations for fiscal year 2019-2020.

Moss Adams, LLP, Certified Public Accountants, have issued an unmodified opinion on the District's financial statements for the fiscal year ended June 30, 2020. The independent auditor's opinion is located on page 1 in the Financial Section of this report.

### **Generally Accepted Accounting Principles in the United States of America (GAAP)**

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statement in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The District's MD&A can be found immediately following the independent auditor's report on the financial statements.

### **Description of the Reporting Entity**

This report includes all activities of CRW. The District is not a segment of the Clackamas County government, nor is it a component unit of any other government.

CRW was created on July 1, 1995, following consolidation of Clackamas Water District and Clairmont Water District. CRW operates as a domestic water supply district under provisions of Oregon Revised Statutes (ORS) Chapter 264. Clackamas Water District was originally formed in 1926 and took in the former Stanley Water District in 1979, followed by a merger with Barwell Park Water District in 1991. Clairmont was originally formed in 1959 and was merged with Redland and Holcomb-Outlook Water Districts in 1983. CRW has no potential component units.

A five member Board of Commissioners, elected at large to overlapping four-year terms, governs the District. The Board sets policy and appoints a General Manager, who is charged with management of the District.

The District's service area is in the southeastern section of the Portland metropolitan area, approximately 14 miles from downtown Portland. Access to the District is provided by four major highway systems: Interstate 205 and State Highways 212, 213 and 224. CRW has two distinct service areas located north and south of the Clackamas River

From the treatment plant, the District tests, treats and pumps water drawn from the Clackamas River to reservoir storage and then to customers through its distribution system. The service area north of the river is urbanized and is supplied water from the CRW treatment plant located along the river. Water from this plant is provided on a retail basis to direct users north of the river and to Sunrise Water Authority (SWA) on a wholesale basis.

The service area south of the Clackamas River is predominately rural. CRW buys the water necessary to serve that area from South Fork Water Board (SFWB) – jointly owned by the cities of Oregon City and West Linn and located in Oregon City. A small amount of water is also purchased from the City of Oregon City to serve our “joint user” customers. Upon completion of the “Backbone” capital projects in fiscal year 2020 the District has been able to reduce purchases of water from SFWB and to provide water from the CRW treatment plant to our customers south of the Clackamas River in the Redland pressure zone.

### **General Framework**

CRW is organized into four departments: Administration; Finance, Accounting and Customer Service (FACS); System Operations (combined Engineering and Distribution in fiscal year 2020); and Water Resources. For the 2019-2021 biennial budget, CRW has an authorized 41.8 full-time equivalent positions.

In addition to serving the customers of CRW, the District provides contract, payroll, procurement, information technology and water quality (sampling & testing) services to Sunrise Water Authority through the Clackamas Regional Water Supply Commission (CRWSC) as a result of an Oregon Revised Statutes (ORS) 190 agreement.

CRW's primary sources of operating revenues are from the sale of water and related fees. For fiscal year 2019-2020 water sales accounted for 98.6 percent of total operating revenues, up from 96 percent in fiscal 2018-2019.

### **Economic Condition and Outlook**

Preservation of a healthy financial condition and building upon it are primary goals of the District. For example, CRW continues to share resources with SWA for the benefit of both agencies and their customers as spelled out in the agreement with SWA, the Clackamas Regional Water Supply Commission (CRWSC). CRW has excess capacity at its water treatment plant and sets aside up to 10 million gallons per day (MGD) for use by CRWSC members like SWA who has significant growth potential in their service area. Through an agreement with the North Clackamas County Water Commission (NCCWC), SWA currently purchases 2.5 MGD from CRW's water treatment plant. Producing higher volumes of water also results in operating efficiencies. Other resources, including internal expertise (see General Framework section above for details) available at each entity are shared where appropriate to avoid costly external contracting and additional staffing, as well as to take advantage of economies of scale.

The Water System Master Plan (WSMP) was reviewed by the Board of Commissioners in October 2018 and submitted to Oregon Health Authority - Drinking Water Services (OHA) to determine compliance with state statute and other planning criteria. In January 2019, CRW received notification from OHA that the

WSMP for both the North and South systems met all criteria listed in OAR 333-061-0060(5). CRW's Board approved the WSMP on May 20, 2019. This updated plan provides a 20-year planning window, which will guide water infrastructure improvements to enhance service to existing residences and businesses, as well as prepare the system to serve new customers.

Capital improvement projects within the 10-year financial plan are prioritized for inclusion in biennial budgets. Water rates, bonding and system development charges (SDCs) provides funding for the CIP projects. SDCs are collected from each new service connection to the system. To help ensure that growth pays its fair share of improvements to the system, the board adopted a new schedule of charges in April 1998, which provides for future adjustments tied to price index changes. The SDCs were last updated using that methodology effective July 2019. The District will update the SDCs after completion of an SDC study which is currently underway.

Water system costs are influenced by several notable factors:

- Compliance with the Federal Safe Drinking Water Act and other Federal and State regulations to produce safe drinking water;
- Anticipated costs of treatment, pumping, storage and distribution facilities;
- Rehabilitation or replacement of infrastructure as it reaches the end of its useful life;
- The desire to promote efficient use and prudent management of the water resource;
- The need to attract, train and retain a highly-skilled, competent workforce.

The Board periodically reviews rates, keeping conservation pricing in mind, to promote the efficient use of water resources. Customer water rate structures are designed to promote water conservation through increasing block rates. This pricing structure, along with an expanded effort to educate customers about efficient water use strategies, encourages prudent use of water resources and helps mitigate future needs for capacity expansion. The most recent rate increase was effective May 1, 2019, based upon a cost of service analysis and was included in 2014 Board Ordinance adopting rate increases through 2021. Rates were scheduled to increase on May 1, 2020, but the increase was delayed to November 1, 2020 due to COVID-19 related economic challenges for our customers.

We encourage our commercial accounts to conserve water to minimize peak usage. Commercial rates include an annual calculation to measure peak usage for each customer, which is based on their average winter consumption (AWC). Commercial customers are charged a rate 24.5 percent higher than the lower 'block' rate for bi-monthly consumption that exceeds one and one-half times (1.5 times) their AWC.

CRW's overall system provides water to approximately 12,790 service connections including residential, commercial, industrial and public clients and a wholesale customer. The total CRW service area population is estimated to be approximately 47,000 people. Population in Clackamas County is expected to grow slowly at an annual rate of 1.6% in the CRW South Service Area and 0.5% in the CRW North Service Area. The distribution of CRW's customers between urban and rural areas is two-thirds urban and one-third rural, consistent with the rest of the county.

Growth (housing & businesses) within CRW's service territory is slow and is influenced by National economic trends, Metro Regional Government Urban Growth Boundary adjustments, and other factors. New service connections are an indicator of growth; they increased by 89 in fiscal year 2020, lower than the 121 new services in fiscal year 2019. Included the following new services:

- 82 domestic residential services
- 7 domestic commercial connections



The District's diverse customer base, strong financial position, and ability to adjust the timing of capital expenditures will assist in maintaining the District's strength.

CRW's wholesale water agreement with the NCCWC provides SWA with an average of 2.5 million gallons a day. The CRWSC agreement provides up to a total of ten million gallons a day as demands increase. Wholesale water sales equate to 33 percent of the total water sales and provides about seven percent of the District's water sales revenue during fiscal year 2019-2020.

## **Major Initiatives**

The Clackamas River Water Board of Commissioners approved the strategic plan at the October 8, 2020 regular Board meeting, after extensive public involvement over the previous nine months. CRW has refreshed our Mission and Vision, reconfirmed our Values and developed three Strategic Goals to guide us over the next five years.

The District is also completing a water treatment plant facility plan to identify capital projects related to water quality, resilience, capacity and aging infrastructure of the existing plant.

CRW sustains the ideology held by the Clackamas Water District and Clairmont Water District in preparing for and sharing in the economic opportunities of the area. Examples of this include:

- Playing an active role in the regional water supply planning effort in conjunction with providers in the Portland region;
- Participating in and monitoring legislation affecting water service and delivery;
- Coordinating planning efforts for urban service in undeveloped areas designated for urban development by comprehensive land use plans;
- Leasing of available office space;
- Exploring options for efficiency of operations with additional neighboring entities;

These and other activities, including efforts to influence protection and conservation of the watershed are ongoing. The District continues its role in regional water supply, participating in the Regional Water Providers Consortium and Clackamas River Water Providers.

Preservation and enhancement of the distribution system for all service areas continues to be a key focus. CRW continues to make infrastructure investments that will maintain high levels of customer service and deliver quality drinking water. In FY 2019-2020, CRW spent \$4.2 million on its capital program, including work on the numerous water line installations, and rehabilitation projects. Over \$3 million of the capital program projects consisted of projects known as the Phase 1 "Backbone Projects", primarily funded by bonded debt issued in March 2016. All Backbone projects have been completed with the exception of the 152<sup>nd</sup> Ave Reservoir which will close in fiscal year 2020-2021.

CRW's Strategic Goals, Water System Master Plan and biennial budget guide Board and staff actions toward providing valuable, efficient, and reliable service. Part of that plan includes continued capital investment. In order to respond to system needs and provide dependable services, the plant and facilities must be maintained. In March 2016 CRW issued \$19,790,000 in bonds for construction of capital projects intended to move water from the Water Treatment Plant north of the Clackamas River to CRW customers south of the river across the Carver Bridge. Collectively, this effort is known as the Backbone Projects

and as projects have been completed, CRW has provided water to customers in the Redland pressure zone, south of the Clackamas River. The addition of water mains, reservoirs, and a pump station in both the north and south service areas will improve fire flows, increase needed storage and provide for greater resiliency of our distribution system.

### **Fiscal Year 2020 in Review**

During fiscal year 2019-2020, the District was engaged in various efforts focused on infrastructure improvement and maintenance, services to customers, and financial planning and management activities. The following are brief descriptions of other significant activities that are completed or underway.

1. *District Engineering Design and Construction Activity.* The District worked on capital projects prioritized from the Water System Master Plan. Construction is nearly complete on a six-million-gallon reservoir at 152<sup>nd</sup> Avenue, and the Redland Reservoir #3 in the South service area has been completed and put into service. Additionally, the waterlines and pump stations on Hattan Road have been completed to connect the water treatment plant with the Redland pressure zone portion of our distribution system in the south service area.
2. *CRW's participation in the CRWSC.* CRW has provided the following services to Sunrise Water Authority:
  - a. Payroll services provided to SWA since January 2015
  - b. Contracting and Procurement Services
  - c. Information Technology support including hosting of data servers for SWA
  - d. Water Quality testing, sampling, administration and reporting within the SWA territory
  - e. SCADA monitoring and support
  - f. Administrative support for sale of SWA surplus vehicles
3. *Water Rate Review and Analysis.* In March 2020, the Board of Commissioners voted to delay year seven of the eight-year rate increase to November 1, 2020. In May 2019 CRW implemented year six of the eight-year rate plan as approved by the Board of Commissioners. The approved rate structure will provide sufficient resources for operations, capital improvements, and debt service coverage in compliance with debt covenants.

### **Financial Information**

1. *Controls.*
  - a. *Internal Controls:* The District operates within a system of internal accounting controls established to provide reasonable assurance that assets are adequately safeguarded and transactions are recorded correctly according to District policies and procedures. 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 misstatements.

This internal control process allows CRW to prepare financial reports that conform to generally accepted accounting principles and in accordance with Oregon statutes. CRW will continue to evaluate and improve the internal and budgetary control process.

- b. **Purchasing Controls:** The CRW Board of Commissioners approved a minor update to the Local Contract Review Board rules (LCRB) at their meeting on February 13, 2020. These rules will continue to be updated as needed to maintain compliance with statutory requirements. The LCRB guide the procurement coordinator and all CRW staff in appropriate purchasing activity.
- c. **Budgetary Controls:** CRW maintains accounting records by fund. The funds are described in the Notes to the Basic Financial Statements. CRW prepares a biennial budget by fund to control its fiscal year operations under the rules and statutes of the State of Oregon governing the budget process. The budget officer and District staff prepare a proposed detailed budget and submit it to a budget committee. The budget committee consists of the Board and five board-appointed individuals who reside within CRW boundaries. Following public notices published in newspapers, the committee meets. It may revise or approve the proposed budget in its public meetings. After the budget committee approves the proposed budget, the Board holds a public hearing on the approved budget. The Board adopts the budget and makes appropriations for all funds by major functional category. This allows CRW to expend funds for two fiscal years within the limits set by those appropriations. Appropriations adopted by the Board lapse at the end of the biennium.

CRW may adopt supplemental budgets to accommodate unexpected additional resources or major, unforeseen expenditure requirements. Adoption of a supplemental budget requires a similar process including hearings before the public, publication in newspapers, approval by the Board, and the formal adoption of appropriations. The Board may modify original and supplemental budgets, under specific statutory guidelines, through the use of specific appropriation transfers. No supplemental budgets were proposed or adopted during fiscal year 2020.

- 2. **Operations Policy.** It is District policy to operate the water system without property tax support. The two elements of this policy are that (1) the system is operated to provide service to its residents and customers based upon the cost of the service, and (2) bonds issued for major improvements to the system are retired with revenue from water sales. Thus, although it has the authority to do so and has previously levied a small tax to retire debt, CRW does not currently use property taxes to finance general operations.

The District's operations policy also stipulates periodic review of wholesale and retail rates to ensure uniformity between policy and financial conditions. In March of 2014 the Board approved an eight-year rate plan to provide revenue sufficient to meet financial reserve policies approved by the Board. The sixth year rate increase was effective after the April 30, 2019 bills, just prior to the fiscal year end. The seventh year rate increase was delayed until November 1, 2020.

- 3. **Financial Goals and Policies.** The District maintains a set of financial goals and policies to guide the Board and management on decisions that involve significant financial outcomes. The goals and policies address financial planning including long-term forecasting, capital planning and funding, and budgeting.

## Awards

*Comprehensive Annual Financial Report.* The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to CRW for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2019. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

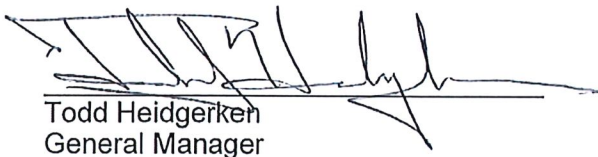
A Certificate of Achievement is valid for a period of one year only. We believe that our current Comprehensive Annual Financial Report continues to meet the Certificate of Achievement program requirements and will again submit it to the GFOA to determine its eligibility for another certificate.

*Distinguished Budget Presentation Award.* The Government Finance Officers Association of the United States and Canada (GFOA) awarded the Distinguished Budget Presentation Award to CRW for its Adopted Biennial Budget for the period beginning July 1, 2019. This award is the highest form of recognition in governmental budgeting and reflects a commitment by the governing body and staff to meet the highest principles of governmental budgeting. In order to receive the budget award, the entity must satisfy nationally recognized guidelines for effective budget presentation. The guidelines are designed to assess how well an entity's budget document serves as a policy document, financial plan, operational plan and a communications device. Budget documents must be rated proficient in all four categories, as well as fourteen mandatory criteria within those categories to receive the award.

## Acknowledgements

The preparation of this report could not have been accomplished without the dedicated services of CRW's staff. We wish to express our appreciation to all employees who continue to maintain the accounting systems and participate in preparation of the audit. Finally, we wish to thank you, the members of the Board of Commissioners, for your interest and support in planning and conducting the financial operations of CRW in a responsible and progressive manner.

Respectfully submitted,

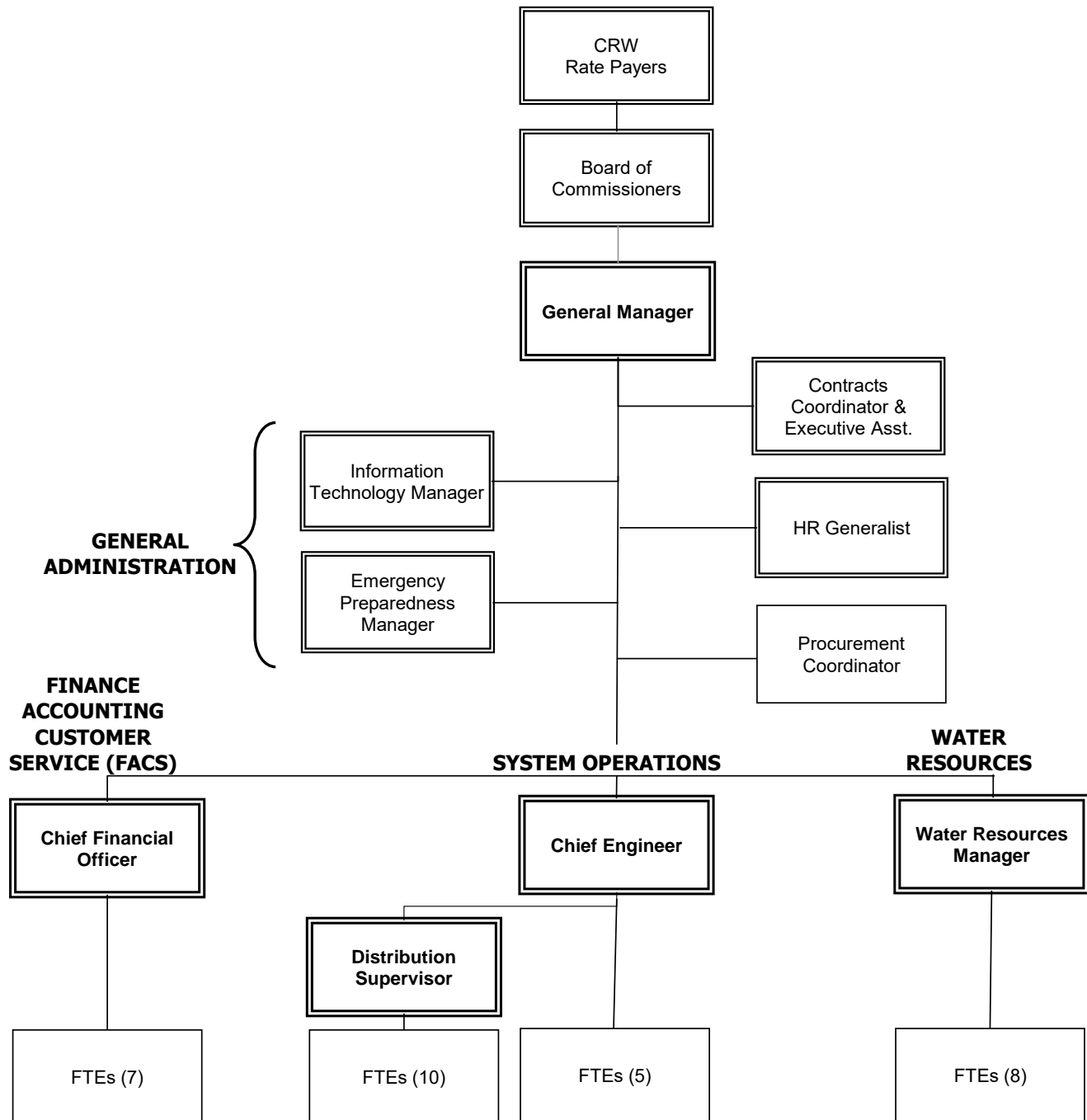


Todd Heidgerken  
General Manager



Carol Bryck, CPFO, CTP  
Chief Financial Officer

# Organizational Structure



Double Lines = Non Represented Employees  
 Bold Lines = Managers

**CLACKAMAS RIVER WATER**  
GOVERNING BODY UNDER ORS 264.410  
BOARD OF COMMISSIONERS  
16770 SE 82ND DRIVE  
P.O. BOX 2439  
CLACKAMAS, OREGON 97015

**Commissioners as of June 30, 2020**

<b>Name</b>	<b>Term Expires</b>
Sherry French, President	June 30, 2021
Naomi Angier, Secretary	June 30, 2023
Lester "Rusty" Garrison, Treasurer	June 30, 2021
Hugh Kalani, Commissioner	June 30, 2021
Tessah Danel, Commissioner	June 30, 2023

**Leadership Team**

Todd Heidgerken	General Manager
Carol Bryck	Chief Finance Officer
Adam Bjornstedt	Chief Engineer
Rob Cummings	Water Resources Manager
Donn Bunyard	Emergency Preparedness Manager
Kham Keobounnam	Information Technology Manager
Jason Labrie	Water Distribution Supervisor
Joe Eskew	Engineering Manager
Adora Campbell	Human Resources Generalist



Government Finance Officers Association

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Presented to

**Clackamas River Water  
Oregon**

For its Comprehensive Annual  
Financial Report  
For the Fiscal Year Ended

June 30, 2019

*Christopher P. Morill*

Executive Director/CEO

# **FINANCIAL SECTION**



*Clackamas River Water*



## **Report of Independent Auditors**

To the Board of Commissioners  
Clackamas River Water District

### **Report on Financial Statements**

We have audited the accompanying basic financial statements of Clackamas River Water District (the District), which comprise the statements of net position as of June 30, 2020 and 2019, and the related statements of revenue, expense, and changes in net position, and cash flows for the years then ended, and the related notes to the basic financial statements.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

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

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

## ***Opinion***

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

## ***Other Matters***

### *Required Supplementary Information*

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


### *Other Information*

Our audit was conducted for the purpose of forming an opinion on the basic financial statements that collectively comprise the District's basic financial statements. The accompanying Introductory and Statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

The supplementary information (description of budgetary funds, schedules of revenues and expenditures – budget and actual, and reconciliation of revenues and expenditures to change in net position) 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. This supplementary 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.

### **Report on Other Legal and Regulatory Requirements**

In accordance with the Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated December 31, 2020, on our consideration of the District's compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.



Julie Desimone, Partner  
for Moss Adams LLP  
Portland, Oregon  
December 31, 2020

**CLACKAMAS RIVER WATER  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2020 and 2019**

As management of Clackamas River Water (the "District"), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2020. We encourage readers to consider the information presented here in conjunction with the accompanying financial statements.

**FINANCIAL HIGHLIGHTS**

- The assets of the District exceeded its liabilities at June 30, 2020 by \$69,251,578 (net position). Unrestricted net position of \$4,731,026 may be used to meet ongoing obligations, while restricted or reserved net position of \$9,249,039 is held for debt service, capital projects and rate stabilization. The balance, \$55,271,513, is net investment in capital assets.
- The District has Deferred Outflows for Pension and Bonded Debt. The Deferred Pension increased by \$448,617 over fiscal year 2019 primarily due to an increase in contributions subsequent to the measurement date as new contribution rates were in effect for fiscal year 2020.
- The liabilities of the District decreased by \$1,248,892. Outstanding accounts payable was lower as large capital projects had been completed during the fiscal year. Bonds payable decreased from annual principal payments on existing debt. The outstanding transitional liability was paid in full during fiscal year 2020 reducing that liability from \$636,953 to zero. Deferred Inflows at June 30, 2020 were \$436,677 compared with \$633,360 at June 30, 2019. The changes were due to reduced net difference in projected and actual earnings and a reduction in proportionate share.
- The District's net position increased by \$2,483,151, 3.7 percent, over the prior year. This is a result of increases in capital assets and wholesale and retail water rates as approved by the Board of Commissioners.
- Total Operating Revenues for fiscal year 2020 were \$13,288,729, a decrease of \$408,075, 3.0 percent, from the prior year. The decrease is mainly due to a decrease in Service Charges on past due accounts and to a reduction in Miscellaneous Operating Income. Late fees were paused due to the economic impact of COVID-19 to our customers. Miscellaneous Operating revenue included a onetime revenue source on Capital projects in fiscal year 2019. Operating Expenses before depreciation totaled \$8,969,648, an increase of \$690,287, 8.3 percent, from fiscal year 2019, which is attributed to a decrease in capital projects and associated overhead charged to the capital project funds and a onetime payment of the District's transitional liability associated with our participation in Oregon PERS. The difference between operating revenues and expenses resulted in Net Operating Gains totaling \$2,171,334 and \$3,443,096 in fiscal years 2020 and 2019 respectively.
- Depreciable and non-depreciable capital assets, net of accumulated depreciation, totaled \$77,132,918 at June 30, 2020, an increase of \$2,330,130, 3.1%, from fiscal year 2019. This is due to completion of capital projects during the fiscal year. Depreciation expense totaled \$2,147,747 and \$1,974,347 in fiscal years 2020 and 2019, respectively.

**CLACKAMAS RIVER WATER  
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)  
JUNE 30, 2020 and 2019**

**Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements, which are included in the District's annual report and include the Statement of Net Position; Statement of Revenues, Expenses and Changes in Net Position; Statement of Cash Flows and notes to the financial statements. The notes to the financial statements provide additional information that is essential to a complete understanding of the data provided in the financial statements. This report also contains supplementary information.

The District is a self-supporting entity and follows enterprise fund reporting. Accordingly, the financial statements are presented using the flow of economic resource measurement focus and the accrual basis of accounting.

The Statement of Net Position provides information about the financial position of the District, including all of its capital assets and long-term liabilities. It follows the full accrual basis of accounting, similar to that used by corporations.

The Statement of Revenues, Expenses and Changes in Net Position presents the District's change in net position as a result of current year operations. Regardless of when cash is affected, all changes in net position are reported when the underlying transactions occur. As a result, the District's net position includes transactions that do not affect cash flow until future fiscal periods.

The Statement of Cash Flows depicts changes in the District's cash flow resulting from current year operations. It is prepared using the direct method and includes a reconciliation of operating income to net cash provided by operating activities (indirect method) as required by GASB 34.

Budgetary fund statements are included in the supplementary information section of this report. These statements provide more detailed information about the District's funds. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with budgetary legal requirements.

**CLACKAMAS RIVER WATER  
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)  
JUNE 30, 2020 and 2019**

**Financial Analysis**

A summary of the District's Statement of Net Position at June 30, is as follows:

Condensed Statement of Net Position					
	2020	2019	Difference 2020-2019	Percent Change	2018
<b>Assets</b>					
Current assets	\$19,290,204	\$21,027,977	(\$1,737,773)	-8.3%	\$33,858,667
Capital assets	77,132,918	74,802,788	2,330,130	3.1%	58,695,448
Total Assets	<u>96,423,122</u>	<u>95,830,765</u>	<u>592,357</u>	0.6%	<u>92,554,115</u>
Deferred Outflows	<u>2,895,706</u>	<u>2,450,487</u>	<u>445,219</u>	18.2%	<u>1,841,481</u>
<b>Total Assets and Deferred Outflows</b>	<u><u>99,318,828</u></u>	<u><u>98,281,252</u></u>	<u><u>1,037,576</u></u>	1.1%	<u><u>94,395,596</u></u>
<b>Liabilities</b>					
Current liabilities	2,858,537	3,347,710	(489,173)	-14.6%	4,514,767
Non-current liabilities	26,772,036	27,531,755	(759,719)	-2.8%	27,572,015
Total Liabilities	<u>29,630,573</u>	<u>30,879,465</u>	<u>(1,248,892)</u>	-4.0%	<u>32,086,782</u>
Deferred Inflows	436,677	633,360	(196,683)	-31.1%	557,301
<b>Total Liabilities and Deferred Inflows</b>	<u><u>30,067,250</u></u>	<u><u>31,512,825</u></u>	<u><u>(1,445,575)</u></u>	-4.6%	<u><u>32,644,083</u></u>
<b>Net Position</b>					
Net investment in capital assets	55,271,513	52,402,947	2,868,567	5.5%	50,093,311
Restricted	9,249,039	10,384,227	(1,135,188)	-10.9%	8,666,547
Unrestricted	4,731,026	3,981,253	749,773	18.8%	2,991,656
Total net position	<u>\$69,251,578</u>	<u>\$66,768,427</u>	<u>\$2,483,151</u>	3.7%	<u>\$61,751,514</u>
<b>Total Liabilities and Net Position</b>	<u><u>\$99,318,828</u></u>	<u><u>\$98,281,252</u></u>	<u><u>\$1,037,576</u></u>	1.1%	<u><u>\$94,395,596</u></u>

- Total assets and deferred outflows increased this fiscal year by \$1,037,576, 1.1 percent, and totaled \$99,318,828, \$98,281,252, and \$94,395,596 for fiscal years ended June 30, 2020, 2019 and 2018, respectively. In contrast, total assets and deferred outflows for fiscal year 2019 increased by \$3,885,656, 4.1 percent, over fiscal year 2018. Capital assets increased by \$2,330,130, 3.1 percent, and \$16,107,340, 27.4 percent, in fiscal years 2020 and 2019, respectively. Capital assets decreased slightly each year from fiscal year 2014 through fiscal year 2016; accumulated depreciation was greater than additions to capital assets. Deferred pension increased by \$448,617, 18.8 percent, and current assets decreased by \$1,737,773, 8.3 percent, in fiscal year 2020. Each of the current asset categories, except restricted cash and cash equivalents, accounts receivable, and prepaid expenses and other receivables showed growth in fiscal year 2020. Restricted cash and cash equivalents decreased due to spending bond proceeds on capital projects.

- Deferred outflows increased \$445,219, 18.2 percent, in the current fiscal year, totaling \$2,895,706, \$2,450,487, and \$1,841,481, respectively, for 2020, 2019 and 2018. Deferred outflows pertain to delayed charges on pension and bonded debt.

- Total liabilities and deferred inflows decreased 4.6 percent during fiscal year 2020, with balances of \$30,067,250, \$31,512,825, and \$32,644,083 for fiscal years ended June 30, 2020, 2019, and 2018, respectively. Current liabilities decreased by \$489,173, 14.6 percent, during the

**CLACKAMAS RIVER WATER  
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)  
JUNE 30, 2020 and 2019**

current fiscal year primarily due to a decrease of \$642,457 in accounts payable. As large capital projects were completed there were fewer large dollar invoices at year end. Non-current liabilities decreased by \$759,719, 2.8 percent, in FY20. Net Pension Liability increased by \$809,281, offset by a decrease in noncurrent Bonds Payable of \$922,530 and a full payment of the Transitional liability of \$636,953.

- Deferred inflows are the net pension liability resulting primarily from a change between projected and actual earnings on investments. This liability decreased by \$196,683, 31.1 percent, and totaled \$436,677, \$633,360, and \$557,301 for fiscal years 2020, 2019 and 2018, respectively.

- Net position may serve as a useful indicator of the District's financial position. As of June 30, 2020, 2019, and 2018, assets exceeded liabilities by \$69,251,578, \$66,768,427, and \$61,751,514 respectively, an increase of \$2,483,151, 3.7%, over fiscal year 2019. This is due to increases in net investment in capital assets, as well as restricted and unrestricted net position. Restricted net position totaled \$9,249,039 in fiscal year 2020, a decrease of \$1,135,188, 10.9 percent, compared to fiscal year 2019. It accounts for 13.4 percent of the total net position and is restricted or reserved by debt covenants or other legal requirements. Unrestricted net position is normally used to finance day-to-day operations. It totaled \$4,731,026 at June 30, 2020, an increase of \$749,773, 18.8 percent, compared to the prior fiscal year. In fiscal year 2019, net position increased by \$5,016,913, 8.1%, over fiscal year 2018. Net investment in capital assets increased by \$2,309,637, 4.6 percent, restricted net position increased by \$1,717,680, and unrestricted net position increased by \$989,597 over fiscal year 2018.

**CLACKAMAS RIVER WATER  
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)  
JUNE 30, 2020 and 2019**

A summary of Change in Revenue, Expenses, and Net Position as of June 30 is presented as follows:

Summary of Change in Revenues and Expenses and Net Position

	2020	2019	Difference 2020-2019	Percent Change	2018 Restated
<b>Operating Revenues:</b>					
Water sales	\$13,099,982	\$13,155,014	(\$55,032)	-0.4%	\$12,292,381
Other	188,747	541,790	(353,043)	-65.2%	385,524
Total Operating Revenues	<u>13,288,729</u>	<u>13,696,804</u>	<u>(408,075)</u>	-3.0%	<u>12,677,905</u>
<b>Nonoperating Revenues:</b>					
Interest earnings	318,499	594,679	(276,180)	-46.4%	536,232
Rental income	114,538	111,202	3,336	3.0%	107,963
Federal and other awards	86,638	-	86,638		-
Other	125,581	124,846	735	0.6%	235,875
Total Revenues	<u>13,933,985</u>	<u>14,527,531</u>	<u>(593,546)</u>	-4.1%	<u>13,557,975</u>
<b>Operating Expenses</b>					
Water Resources	3,244,480	3,123,937	120,543	3.9%	3,057,068
System Operations	2,505,637	1,699,629	806,008	47.4%	1,599,928
Finance, Accounting and Customer Service	1,387,468	1,373,329	14,139	1.0%	1,200,282
Administrative Services	2,038,817	1,930,985	107,832	5.6%	1,726,279
Engineering	-	752,343	(752,343)	-100.0%	1,015,134
CRWSC Activity	109,960	87,618	22,342	25.5%	160,021
Less:					
Overhead, equipment and labor capitalized	(316,714)	(688,480)	371,766	-54.0%	(422,995)
Loss on disposal of capital assets	98,288	-	98,288		-
Subtotal	<u>9,067,936</u>	<u>8,279,361</u>	<u>690,287</u>	8.3%	<u>8,335,717</u>
Depreciation	2,147,747	1,974,347	173,400	8.8%	1,996,562
Interest expense	801,551	819,970	(18,419)	-2.2%	561,254
Total Expenses	<u>12,017,234</u>	<u>11,073,678</u>	<u>845,268</u>	7.6%	<u>10,893,533</u>
Income (loss) before capital contributions	1,916,751	3,453,853	(1,537,102)	-44.5%	2,669,442
Capital Contributions & SDCs	507,900	1,563,060	(1,055,160)	-67.5%	583,164
Increase in Net Position	2,483,151	5,016,913	(2,592,262)	-51.7%	3,252,606
Total Net Position - Beginning	<u>66,768,427</u>	<u>61,751,514</u>	<u>5,016,913</u>	8.1%	<u>58,498,908</u>
Total Net Position - Ending	<u>\$69,251,578</u>	<u>\$66,768,427</u>	<u>\$2,424,651</u>	3.6%	<u>\$61,751,514</u>

**Revenues**

Total revenues decreased by \$593,546, 4.1 percent, for fiscal year 2020. Total revenue was \$13,933,985, \$14,527,531 and \$13,557,975 for fiscal years ended June 30, 2020, 2019 and 2018, respectively. Water sales decreased by \$55,032 in spite of rate increases approved March 31, 2014, to increase May 1 (retail) and July 1 (wholesale) each year from 2014 through 2021. The scheduled rate increase for May 2020 was delayed until November 2020 due to the economic impacts to District customers. Other operating revenues including water service extension fees, service charges on past due accounts and miscellaneous revenues decreased by \$353,043. Near completion of a large development had reduced service installation revenue for fiscal year 2020.



**CLACKAMAS RIVER WATER  
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)  
JUNE 30, 2020 and 2019**

Non-operating revenues decreased by \$272,109, 32.8 percent, in the current fiscal year. Interest income fell by \$276,180 as bond proceeds were spent down to complete infrastructure projects. This decrease was offset slightly by increases in rent and other non-operating income.

In fiscal year 2019 total revenue increased \$969,556, 7.2 percent, over fiscal year 2018. Water sales increased due to rate increases. Non-operating revenues decreased by \$49,343, or 5.60 percent, mainly due to a decrease in payments from Sunrise Water Authority for the use of CRW equipment and services rendered under the ORS190 Agreement.

### **Expenses**

Expenses incurred by the District totaled \$8,969,648 \$8,279,361 and \$8,335,717 for the fiscal years ended June 30, 2020, 2019 and 2018, respectively. Fiscal year 2020 expenses increased in Water Resources, System Operations, FACS, Administration, and CRWSC for a total increase of \$1,070,864, 13.0 percent. A significant portion of the increase was due to payment of the outstanding transitional liability to Oregon Public Employees Retirement System. This was a onetime cost. Expenses decreased in Engineering by \$752,343, 100 percent; engineering was combined with System Operations in fiscal year 2020.

The district has four departments: **1) Administrative Services** oversees general District management and operation including administrative duties, emergency preparedness, human resources, information systems, procurement and the Board of Commissioners. The Commissioners set District policy and priorities, adopt ordinances and the budget, hire and evaluate the General Manager and oversee District performance. **2) System Operations** includes waterworks mechanics and engineers. Mechanics install new meters and vaults and maintain this equipment along with other supply infrastructure such as waterlines, reservoirs, and pumping stations. Engineering was integrated into this department for budgetary and financial reporting purposes beginning with fiscal year 2020; previously it was a separate department. Engineers provide professional services and support related to the District's water system and capital improvement program; **3) Finance, Accounting and Customer Service** is responsible for finance, accounting, reporting, billing, and customer services activities; **4) Water Resources** treats, filters, and pumps water from the water treatment plant to storage facilities for distribution to our customers, and supplements production with water purchases from other agencies. They also, ensure water quality and promote conservation.

- Administrative Services expenses in fiscal year 2020 increased by \$107,832, 5.6 percent. This includes increases in Oregon PERS rates for the biennium beginning with fiscal year 2020. Fiscal year 2019 increased by \$204,706, 11.9 percent.

- System Operations expenses increased by \$53,665, 2.2 percent, in fiscal year 2020 compared with System Operations plus Engineering from fiscal year 2019. The Engineering Department was added to System Operations beginning in fiscal year 2020, so the numbers have been combined for this analysis. Salaries increased by the addition of staff to fill a vacancy.

- Finance, Accounting and Customer Service (FACS) department expenses totaled \$1,387,468, \$1,373,329 and \$1,200,282 during fiscal years 2020, 2019 and 2018 respectively. Fiscal year 2020 increased by \$14,139, 1.0 percent, in contrast to fiscal year 2019, which increased by \$173,047, 14.4. Increases in Oregon PERS rates for the biennium and an increase in credit card

**CLACKAMAS RIVER WATER  
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)  
JUNE 30, 2020 and 2019**

payments for bill payment drove a significant portion of the total increase, offset by a vacancy for nearly half the fiscal year.

- Water Resource department expenses totaled \$3,244,480, \$3,123,937 and \$3,057,068 for fiscal years 2020, 2019 and 2018, respectively. Fiscal year 2020 saw an increase of \$120,543, 3.9 percent, in expenses, primarily from an increase in pension expense. There were also increases in Building and Grounds Maintenance, Contract Work for a Water Treatment Plant Facilities plan, Equipment Maintenance and Utilities. These increases were partially offset by reductions in Water purchased.

- Clackamas Regional Water Supply Commission expenses increased by \$22,342, 25.5 percent, and by \$72,403, 45.2 percent, in fiscal years 2020 and 2019, respectively. This is due to increased personnel costs related to CRWSC Activity and to increases in information technology costs for shared server resources.

- The amount of labor, overhead and equipment capitalized decreased by \$371,766, 54.0 percent, and \$265,485, 62.8 percent, for fiscal years 2020 and 2019, respectively. This reduction is due to completion of capital projects to implement Backbone capital improvements funded by the Series 2016 Water Revenue Bonds.

- Depreciation expense increased by \$173,400, 8.8 percent, in fiscal year 2020, in contrast with fiscal year 2019 which decreased \$22,215, 1.1 percent, from 2018. Depreciation totaled \$2,147,747, \$1,974,347 and \$1,996,562 for fiscal years ended June 30, 2020, 2019, and 2018, respectively. Interest expense was significantly higher in fiscal years 2020 and 2019 over 2018 due to the addition of the new 2016 bond interest: \$801,551, \$819,970 and \$561,254, respectively.

**Capital Assets**

At June 30, 2020, the District had \$77,132,918 invested in a broad range of capital assets net of accumulated depreciation, including land, buildings, machinery, pump stations, reservoirs, distribution systems and construction-in-progress. The District had \$14,654,620 in additions or transfers during fiscal year 2020. Of that amount, \$14,182,536 of additions were for improvements for the water distribution system. The District expensed \$2,147,747 in depreciation in fiscal year 2020 and had \$10,482,495 of construction-in-progress at June 30, 2020. Additional information on capital assets can be found in note 5 of the Notes to the Basic Financial Statements.

**CLACKAMAS RIVER WATER  
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)  
JUNE 30, 2020 and 2019**

**Debt Administration**

The District's bonded debt is revenue bonds (debt to be retired by revenue sources other than taxes). On March 4, 2016, the district issued \$19,790,000 in Water Revenue Bonds with an average interest rate of 4.20 percent to finance capital improvements to the District's facilities and to pay costs of issuance of the Series 2016 bonds. Additional information regarding the District's long-term debt can be found in note 6 of the Notes to the Basic Financial Statements.

**Economic Factors, Next Year's Budget and Rates**

The Board of Commissioners adopted the District's biennial budget for 2019-2021 on June 13, 2019. The adoption of the budget provides funding for the District's operation, capital and debt service costs for the 2020 and 2021 fiscal years. Several capital projects are funded in this budget including, but not limited to the following:

- Waterline relocations and adjustments to water mains and services necessitated by transportation-related improvements by surrounding cities, and the Oregon and Clackamas County Departments of Transportation and Development
- Design and construction of upgraded waterlines in the Edgewood neighborhood, 82<sup>nd</sup> Dr., Forsythe Rd., Leland Rd., and Orchid Ln.
- Control valve design and construction and pump station valve replacement
- Completion of Backbone projects funded by Series 2016 Bond issue:
  - 152<sup>nd</sup> Avenue Reservoir
  - Hattan Road Pump Station
  - Hattan Road Transmission Main

Staff and the Board of Commissioners review water rates on an annual basis. Water rates were approved March 31, 2014 to increase May 1, each year from 2014 through 2021. In April 2020 the Board of Commissioners voted to delay the implementation of the May 1, 2020 rate increase to November 1, 2020, due to the negative economic impacts to our customers from the COVID-19 pandemic.

**Request for Information**

Our financial report is designed to provide our ratepayers, investors and creditors with a general overview of the District's finances. Questions about this report or clarification of information may be directed to Chief Finance Officer at Clackamas River Water, 16770 SE 82<sup>nd</sup> Dr. (PO Box 2439), Clackamas, OR 97015.

# **BASIC FINANCIAL STATEMENTS**



*Clackamas River Water*

**CLACKAMAS RIVER WATER  
STATEMENTS OF NET POSITION  
as of June 30, 2020 and 2019**

	<u>2020</u>	<u>2019</u>
<b>ASSETS:</b>		
Current assets:		
Cash and cash equivalents	\$ 5,951,747	\$ 5,975,267
Cash held for customer deposits	378,303	251,950
Accounts receivable, net	2,528,879	2,562,618
Grants receivable	-	-
Supplies inventory	238,100	210,841
Current portion of notes receivable	-	-
Due from other funds	-	-
Other current assets	-	-
Prepaid expenses and other receivables	367,010	432,415
Current assets - unrestricted	<u>9,464,039</u>	<u>9,433,091</u>
Cash and cash equivalents - restricted	9,826,165	11,594,886
Total current assets	<u>19,290,204</u>	<u>21,027,977</u>
Noncurrent Assets:		
Capital assets not being depreciated	13,070,703	23,089,654
Capital assets, net of accumulated depreciation	64,062,215	51,713,134
Total noncurrent assets	<u>77,132,918</u>	<u>74,802,788</u>
<b>TOTAL ASSETS</b>	<b>96,423,122</b>	<b>95,830,765</b>
<b>DEFERRED OUTFLOWS</b>		
Deferred Pension	2,829,059	2,380,442
Deferred charges on bonded debt	66,647	70,045
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS</b>	<b>\$ <u>99,318,828</u></b>	<b>\$ <u>98,281,252</u></b>

See Notes To Basic Financial Statements

**CLACKAMAS RIVER WATER  
STATEMENTS OF NET POSITION  
as of June 30, 2020 and 2019**

	<u>2020</u>	<u>2019</u>
<b>LIABILITIES:</b>		
Current liabilities:		
Accounts payable	\$ 971,692	\$ 1,614,149
Accrued expenses	400,679	366,130
Current portion of capital lease	9,516	29,503
Due to other funds	-	-
Customer deposits and prepaid revenue	392,309	278,995
Accrued interest	151,083	155,675
Current portion of bonds payable	933,258	903,258
Total current liabilities	<u>2,858,537</u>	<u>3,347,710</u>
Noncurrent liabilities:		
Capital Lease Payable	24,548	34,064
Transitional liability	-	636,953
Net pension liability	5,786,758	4,977,477
Bonds payable	20,960,731	21,883,261
Total noncurrent liabilities	<u>26,772,036</u>	<u>27,531,755</u>
<b>TOTAL LIABILITIES</b>	<u>29,630,573</u>	<u>30,879,465</u>
<b>DEFERRED INFLOWS</b>		
Deferred pension	436,677	633,360
<b>TOTAL LIABILITIES &amp; DEFERRED INFLOWS</b>	30,067,250	31,512,825
<b>NET POSITION:</b>		
Net investment in capital assets	55,271,513	52,402,947
Restricted for: Debt service	283,831	271,899
Capital expenditures	7,748,841	8,916,489
Rate stabilization	1,216,367	1,195,839
Unrestricted	4,731,026	3,981,253
<b>TOTAL NET POSITION</b>	<u>69,251,578</u>	<u>66,768,427</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS, AND NET POSITION</b>	<u>\$ 99,318,828</u>	<u>\$ 98,281,252</u>

See Notes To Basic Financial Statements

**CLACKAMAS RIVER WATER**  
**STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**for the Fiscal Years Ended June 30, 2020 and June 20, 2019**

	<u>2020</u>	<u>2019</u>
<b>OPERATING REVENUES:</b>		
Water sales	\$ 13,099,982	\$ 13,155,014
Water service connections fees	100,809	99,108
Water service extension fees	-	64,217
Service charges on past due accounts	44,985	72,997
Miscellaneous	42,953	305,468
Total operating revenues	<u>13,288,729</u>	<u>13,696,804</u>
<b>OPERATING EXPENSES:</b>		
Water resources	3,244,480	3,123,937
System operations	2,505,637	1,699,629
Finance, accounting and customer service	1,387,468	1,373,329
Administrative services	2,038,817	1,930,985
Engineering	-	752,343
CRWSC activity	109,960	87,618
Less: Capitalized labor and overhead	(316,714)	(688,480)
Depreciation	2,147,747	1,974,347
Total operating expenses	<u>11,117,395</u>	<u>10,253,708</u>
<b>NET OPERATING GAIN</b>	<u>2,171,334</u>	<u>3,443,096</u>
<b>NONOPERATING REVENUES (EXPENSES):</b>		
Federal and other awards	86,638	-
Interest expense, net	(801,551)	(819,970)
Interest earnings on cash equivalents	318,499	594,679
Rental income	114,538	111,202
Loss on disposal of capital assets	(98,288)	-
Other	125,581	124,846
Total nonoperating revenues (expenses)	<u>(254,583)</u>	<u>10,757</u>
<b>GAIN BEFORE CONTRIBUTIONS</b>	<u>1,916,751</u>	<u>3,453,853</u>
<b>SYSTEM DEVELOPMENT CHARGES</b>	501,427	908,746
<b>CAPITAL CONTRIBUTIONS</b>	<u>64,973</u>	<u>654,314</u>
<b>CHANGE IN NET POSITION</b>	<b>2,483,151</b>	<b>5,016,913</b>
<b>NET POSITION - BEGINNING OF YEAR</b>	<u>66,768,427</u>	<u>61,751,514</u>
<b>NET POSITION - END OF YEAR</b>	<u>\$ 69,251,578</u>	<u>\$ 66,768,427</u>

See Notes To Basic Financial Statements

**CLACKAMAS RIVER WATER**  
**STATEMENTS OF CASH FLOWS**  
for the Fiscal Years Ended June 30, 2020 and June 20, 2019

	<u>2020</u>	<u>2019</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Cash received from customers	\$ 13,434,772	\$ 13,349,057
Cash payments to suppliers for goods and services	(6,974,646)	(6,580,178)
Cash payments to employees for services	(5,665,213)	(4,683,899)
Other receipts	2,511,872	1,681,224
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b><u>3,306,785</u></b>	<b><u>3,766,205</u></b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
Principal paid on revenue bonds	(775,000)	(750,000)
Interest paid on revenue bonds, net of amount capitalized	(920,275)	(947,375)
Proceeds from sale of capital assets	5,179	9,472
System development charges received	501,427	908,746
Acquisition and construction of capital assets	(4,102,503)	(16,755,468)
<b>NET CASH USED IN CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<b><u>(5,291,172)</u></b>	<b><u>(17,534,625)</u></b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Interest received on investments	318,499	594,680
<b>NET CASH FROM INVESTING ACTIVITIES</b>	<b><u>318,499</u></b>	<b><u>594,680</u></b>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>(1,665,888)</b>	<b>(13,173,740)</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<b><u>17,822,103</u></b>	<b><u>30,995,844</u></b>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b><u>\$ 16,156,215</u></b>	<b><u>\$ 17,822,103</u></b>
<b>STATEMENT OF NET POSITION ACCOUNTS</b>		
Cash and cash equivalents	\$ 5,951,747	\$ 5,975,267
Cash held for customer deposits	378,303	251,950
Restricted cash	9,826,165	11,594,886
	<b><u>\$ 16,156,215</u></b>	<b><u>\$ 17,822,103</u></b>

See Notes To Basic Financial Statements



**CLACKAMAS RIVER WATER  
STATEMENTS OF CASH FLOWS  
for the Fiscal Years Ended June 30, 2020 and June 20, 2019**

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<b>RECONCILIATION OF OPERATING GAIN TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</b>	<b>2020</b>	<b>2019</b>
	<u>2020</u>	<u>2019</u>
Operating income	<u>\$ 2,171,334</u>	<u>\$ 3,443,096</u>
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	2,147,747	1,974,347
Rents received	114,538	
Shared Resources	81,976	
Right of Way Fee	23,572	
Capitalized labor and overhead	(316,714)	(688,480)
Pension Expense - GASB 68	(472,972)	318,830
Changes in assets and liabilities:		
Decrease (increase) in:		
Accounts receivable	33,739	(94,430)
Supplies inventory	(27,259)	(1,209)
Prepaid expenses	65,405	(247,412)
Increase (decrease) in:		
Accounts payable	(642,457)	(1,208,324)
Accrued expenses	14,562	(58,659)
Prepaid revenue and customer deposits	113,314	79,368
Total adjustments	<u>1,135,451</u>	<u>74,031</u>
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b><u>\$ 3,306,785</u></b>	<b><u>\$ 3,517,127</u></b>
<b>Supplemental schedule of noncash investing and capital financing activities:</b>		
Donated capital assets	<u>\$ 64,973</u>	<u>\$ 654,314</u>

See Notes To Basic Financial Statements

CLACKAMAS RIVER WATER  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2020 AND 2019

**1. CLACKAMAS RIVER WATER**

Clackamas River Water (the “District”) is an independent domestic water supplier and distributor organized under the provisions of Oregon Revised Statutes Chapter 264. The District has served water customers within its two service area boundaries (north and south), as well as other water districts in Clackamas, Oregon, since 1995.

The District is a consolidation of the former Clackamas Water District, Stanley Water District, Barwell Park Water District, Clairmont Water District and Redland and Holcomb-Outlook Water District. The consolidation of these districts occurred between 1926 and 1995.

The District holds a permit that allows approximately forty million gallons of water per day (“MGPD”) of water intake through its four intake locations on the Clackamas River. The District’s water treatment plant has the capacity to treat approximately 30 MGPD and currently sells an average of 7.3 MGPD to its customers, with the Redland pressure zone being served from the plant. The District’s 14 reservoirs hold excess treated water available for sale.

The District is governed by a five-member Board of Commissioners elected by the voters within the service area boundaries. Administrative functions are delegated to management employees who are responsible to the Board.

In November 2013, Clackamas River Water entered into an intergovernmental agreement with Sunrise Water Authority to efficiently use assets and resources to the mutual benefit of both parties and their customers. The Clackamas Regional Water Supply Commission (CRWSC) is an ORS190 agreement with its own Board of Commissioners, budget and management provided from the two agencies. Funding is from a combination of cash contributions and water sales.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**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 net position is segregated into three amounts: net investment in capital assets, restricted and unrestricted.

The District’s basic 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 for proprietary fund types. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recognized at the time liabilities are incurred, regardless of the timing of related cash flows.

The District has implemented Governmental Accounting Standards Board (GASB) Statement 68, *Accounting and Financial Reports for Pension*, effective July 1, 2014. The Statement establishes standards for measuring and recognizing liabilities, deferred outflow of resources, deferred inflows of resources, and expense/expenditures.

CLACKAMAS RIVER WATER  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2020 AND 2019

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)**

**Basis of Presentation and Accounting:** (continued)

All of the District's activities are included in its financial statements. The District has no component units (separate organizations that have significant operations or financial relationships with the District) or internal service funds (separate departments that provide goods or services to other departments on a cost-reimbursement basis) to consider for inclusion in its financial statements.

The District has prepared the financial statements in accordance with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (statements and interpretations).

While not a formal policy, when both restricted and unrestricted resources are available, the District has historically used unrestricted resources first and then restricted resources as needed.

**Use of Estimates:**

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities on the date of the financial statements, and reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

**Cash and Cash Equivalents:**

For financial reporting purposes, the District's cash and cash equivalents are considered to be cash on hand, demand deposits, short-term investments with original maturities of three months or less from the date of acquisition and State of Oregon Local Government Investment Pool (LGIP) deposits.

The District maintains a pool of cash and cash equivalents that are available for use by all funds. Interest earned on the pooled cash and cash equivalents is allocated to participating funds based on their respective shares of the balances.

The District's investment policy, adopted by the Board of Commissioners, is limited to the type of investments legally allowed under Oregon Revised Statutes.

Investments are valued at fair value as required by GASB 72. The difference between fair value and cost is not material. The District's investments, authorized under state statutes and the District's investment policy, are comprised of amounts deposited in the LGIP.

Restricted cash and equivalents consist of funds restricted by an external party to be used for capital outlay.

**Accounts Receivable:**

Accounts receivable represent user charges, which are recognized as earned and unsecured. Management determines receivables to be past due based on individual circumstances and writes off accounts when they are determined to be uncollectible. The District's collection

CLACKAMAS RIVER WATER  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2020 AND 2019

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)**

**Accounts Receivable:** (continued)

program includes applying service charges to past due accounts, extending payment terms and, if needed, discontinuing water services. The District determines its allowance for uncollectible accounts by considering a number of factors, including length of time receivables are past due, the customer's ability to pay and previous collection history, as well as the economy as a whole.

**Supplies Inventory:**

Supplies inventory consists of operating supplies and repair parts which are stated at the lower of cost or market, with costs being determined as average cost of purchases.

**Customer Deposits and Prepaid Revenue:**

Customer deposits are collected in advance for a variety of services (primarily prepayments for water services, system development and the installation of meters) and are segregated in the District's cash account. These deposits are recognized as revenue when the related services are completed.

**Capital Assets:**

Capital assets (purchased or constructed) are stated at historical cost. Capital assets constructed by customers and contributed to the District are stated at cost as determined by the customer, whereas other contributed capital assets are stated at acquisition value at the time received. Routine maintenance and repairs are charged to operations as incurred. Additions and improvements over \$5,000, with an estimated useful life in excess of one year, are capitalized and depreciated over their useful lives

GAAP requires the cost of depreciable assets to be charged to operations over their expected useful lives in a systematic and rational manner, with consideration given to salvage value. The District records depreciation using the straight-line method over the estimated useful lives of the related assets.

The estimated useful lives of the District's depreciable assets are as follows:

<u>Depreciable Asset Types</u>	<u>Years</u>
Buildings	25-75
Improvements	10-75
Machinery, furniture & equipment	5-25
Pump stations	20-30
Reservoirs	50-75
Water distribution system	15-50

The District capitalizes labor and overhead during the period of construction as part of the cost of capital assets. Labor costs are applied directly, whereas overhead is applied based on 39.8 percent of internal costs and 3.5 percent of outside costs for the years ended June 30, 2020 and 2019. Capitalized labor and overhead costs totaled \$316,714 and \$688,480 for the years ended June 30, 2020 and 2019, respectively.

CLACKAMAS RIVER WATER  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2020 AND 2019

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)**

**Capital Assets:** (continued)

In June 2018, GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period* (GASB 89). GASB 89 directs that interest costs incurred during the construction period of an asset be expensed in the period incurred. GASB 89 changes previous guidance regarding capitalized construction costs where such costs were typically included in the capitalized costs of the asset constructed and depreciated over time. The District adopted GASB 89 on July 1, 2018, for the June 30, 2019, reporting year. The District does not expect GASB 89 to significantly impact the financial statements.

Long-lived assets are evaluated for impairment annually. Whenever events or changes in circumstances indicate the carrying amount of an asset may not be fully recoverable, management calculates the carrying value of its long-lived assets using estimated future cash flows, operating income, and estimated fair values.

**Unamortized Bond Premiums, Issuance Costs, and Deferred Charges on Refunding:**

Bond premiums relating to revenue bonds are amortized by the effective interest method over the life of the bond issue using a weighted average of the face amount of the outstanding bonds. Loss on refunding of bonds is amortized over the life of the old or new bonds, whichever is shorter, as a deferred outflow. Issuance costs are expensed as incurred.

**Compensated Absences:**

The District provides paid vacation for all employees after six months of service. Vacation is earned at a rate of ten to thirty days per year depending on length of service (except for employees with more than fifteen years of service as of June 1996, who are “grandfathered” into the policy in effect at their date of hire). Employees with more than six months of service will be paid for unused vacation upon termination.

The District also provides paid sick leave for all employees. Sick leave is earned at a rate of eight hours per full calendar month of employment. All hours accrued in excess of 1,040 are either paid or converted to additional vacation hours at December 31 each year. Terminated employees forfeit their accrued sick leave. However, employees who provide two weeks’ notice and retire under terms of the District’s retirement plan, may receive cash for accrued sick leave or report the hours to PERS for retirement calculation.

The District allows all hourly union employees to accumulate “comp time” in lieu of receiving overtime pay for any period in which the employee works in excess of their regularly scheduled hours. As compensated absences are due and payable on demand, they are considered due within one year and are included in accrued expenses.

CLACKAMAS RIVER WATER  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2020 AND 2019

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)**

**Pensions, Deferred Inflows, and Outflows of Resources:**

For the purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Oregon Public Employees Retirement System (OPERS) and addition to/deductions from OPERS's fiduciary net position have been determined on the same basis as they are reported by OPERS. For this purpose, benefit payments including refunds of employee contributions are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**Net Position:**

All balances and transactions are presented based on the existence or absence of restrictions. These restrictions are either externally imposed (i.e., by grantors, creditors, contributors, or laws and regulations imposed by other governments) or imposed by law through constitutional provisions or enabling legislation. Accordingly, the net position of the District and changes therein, are classified and reported as follows:

*Net investment in capital assets* – capital assets (net of accumulated depreciation) are reduced by the outstanding balance of the District's revenue bonds which are attributable to the acquisition, construction and improvement of those assets.

*Restricted* – this component of net position consists of assets restricted by third parties or bond resolutions.

*Unrestricted* – all other elements of net position that are not included in the categories listed above.

**Operating vs. Non-operating Revenues and Expenses:**

In accordance with GASB requirements for proprietary funds, the District distinguishes operating revenues and expenses from non-operating revenues and expenses in its Statement of Revenues, Expenses and Changes in Net Position.

The District defines operating revenues as all service charges and other charges directly attributable to providing water. Operating revenues are recorded when the water is delivered, including an estimated amount for unbilled water sales.

Operating expenses are defined as those expenses directly related to providing these services including treating and delivering water to customers. Operating expenses include water resources, system operations, finance, accounting and customer service, and administrative services expenses and depreciation on capital assets. The District charges only direct costs (i.e., no indirect costs are allocated) to operating expenses.

All other revenues and expenses not listed above are reported as non-operating revenues and expenses. System development charges are reported as capital contributions.

CLACKAMAS RIVER WATER  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 JUNE 30, 2020 AND 2019

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)**

**Risk Management:**

The District is exposed to various risks of loss related to theft, damage, or destruction of assets; error and omissions; torts; employee injuries; and natural disasters. The District purchases commercial insurance to minimize its exposure to these risks.

Settled claims did not exceed the District's insurance coverage for any of the past three fiscal years.

**Budget:**

Oregon Budget Law requires annual or biennial budgets to be adopted for each of the District's funds and requires specific procedures to be followed when budgeting, including establishing a budget committee, providing adequate public notices of budget hearings, adopting the budget and making appropriations. Historically the district adopted budgets annually. The first biennial budget (BN2015-2017) was adopted in June 2015 and the Board adopted the BN2019-2021 budget in June 2019. The District's budget for the General Fund is adopted on the modified accrual basis of accounting following the main budgetary control categories required under Oregon Budget Law, whereas budgets for all other funds are adopted on the modified cash basis. The Board of Commissioner's final resolution authorizing appropriations for each fund sets the level at which actual expenditures cannot be legally exceeded. Unspent appropriations lapse at the end of the biennial budget.

Unexpected additional resources or expenditures may be added to the budget through the use of a supplemental budget, which requires additional procedures outlined in the Oregon Budget Law before adoption by the Board of Commissioners. Original and supplemental budgets may be modified using "appropriation transfers" between budgetary control categories, and such transfers require only the approval of the Board of Commissioners.

A summary of the District's Biennium Period 2019-21 Adopted Budget is included in the Supplementary Information section attached to these general purpose financial statements.

**3. CASH AND CASH EQUIVALENTS**

Cash and cash equivalents (recorded at fair value) consist of the following at June 30:

	2020	2019
Cash and cash equivalents:		
Cash on hand	\$ 900	\$ 900
Checking account	3,192,199	2,176,585
Participation in Oregon State Treasurer's Short-Term Investment Fund	12,963,116	15,644,618
Total cash and cash equivalents	\$ 16,156,215	\$ 17,822,103

CLACKAMAS RIVER WATER  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2020 AND 2019

**3. CASH AND CASH EQUIVALENTS, (continued)**

Reported on the Statement of Net Position as follows:

	<u>2020</u>	<u>2019</u>
Current Assets		
Cash and cash equivalents	\$ 5,951,747	\$ 5,975,267
Cash held for customer deposits	378,303	251,950
Noncurrent Assets:		
Restricted cash and cash equivalents	<u>9,826,165</u>	<u>11,594,886</u>
Total cash and cash equivalents	<u>\$16,156,215</u>	<u>\$ 17,822,103</u>

**Interest Rate Risk:**

In accordance with its investment policy, the District manages its exposure to fair value losses arising from increases in interest rates by limiting its investments to those having maturities not exceeding eighteen months.

**Concentration of Credit Risk:**

The District maintains a policy of investing a maximum of its excess funds as is reasonably prudent while having cash available to meet daily operating needs. All of the District's investments are held in the Local Government Investment Pool (LGIP).

**Custodial Credit Risk:**

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District's investment policy includes guidance for legality, safety of investment, preservation of principal, and rate of return. The District's policy is guided by state statute for rating of investments which must be rated "A" (bonds) or better by Standard and Poor's, Moody's Investors Service or any other nationally recognized statistical rating organization.

At June 30, 2020, the book balance of the District's bank deposits (checking account) was \$2,893,897 and the bank balance was \$3,181,401. The difference is due to transactions in process.

Of these deposits, \$250,000 was covered by the Federal Depository Insurance Corporation (FDIC). As required by Oregon Revised Statutes, deposits in excess of FDIC limits were 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 in excess of FDIC insurance are considered to be fully collateralized.

The District participates in the Local Government Investment Pool (LGIP) which is part of the Oregon State Treasury Short-Term Investment Fund. The State of Oregon Investment policies are governed by statute and the Oregon Investment Council. In accordance with Oregon Statutes, the investment funds are invested, as a prudent investor would do, exercising



CLACKAMAS RIVER WATER  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2020 AND 2019

**3. CASH AND CASH EQUIVALENTS, (continued)**

reasonable care, skill, and caution. The value of CRW's investment in the LGIP is the same as the value of the shares in the LGIP. Separate financial statements for the LGIP are available from the Oregon State Treasurer. The credit quality of the LGIP is unrated as to credit risk.

**4. ACCOUNTS RECEIVABLE**

Accounts receivable consist of the following at June 30:

	2020	2019
Water sales receivables	\$ 1,326,709	\$ 1,363,932
Unbilled water sales	1,161,000	1,168,000
Less allowance for uncollectible accounts	(10,000)	(10,000)
Total water sales receivable	2,477,709	2,521,932
Other	51,170	40,687
Total accounts receivable, net	\$ 2,528,879	\$ 2,562,618

Accounts receivable are stated at cost and are unsecured. Management determines receivables to be past due based on individual circumstances and writes off accounts when they are determined to be uncollectible. The District's collection program includes applying service charges to past due accounts, extending payment terms and, if needed, discontinuing water services. Receivables more than 90 days past due totaled \$44,706 and \$13,330 at June 30, 2020 and 2019, respectively.

CLACKAMAS RIVER WATER  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2020 AND 2019

**5. CAPITAL ASSETS**

The District's capital assets activity for the year ended June 30, 2020 is as follows:

	Balances June 30, 2019	Additions and Transfers	Retirements and Transfers	Balances June 30, 2020
<b>Depreciable Assets:</b>				
Buildings	\$ 6,730,212	\$ -	\$ (9,040)	\$ 6,721,172
Improvements	11,862,023	-	(45,656)	11,816,367
Machinery, furniture and equipment	4,556,146	449,484	(381,888)	4,623,742
Pump stations	4,488,954	4,509,730	(173,106)	8,825,578
Reservoirs	6,520,579	4,136,421	(20,076)	10,636,924
Water distribution system	65,130,940	5,536,385	(8,855)	70,658,470
Total depreciable assets	<u>99,288,854</u>	<u>14,632,020</u>	<u>(638,622)</u>	<u>113,282,252</u>
<b>Accumulated depreciation:</b>				
Buildings	(6,064,535)	(149,777)	-	(6,214,312)
Improvements	(4,717,563)	(310,983)	36,502	(4,992,044)
Machinery, furniture and equipment	(2,716,552)	(220,382)	305,126	(2,631,808)
Pump stations	(3,295,919)	(96,940)	165,134	(3,227,725)
Reservoirs	(3,354,187)	(138,057)	-	(3,492,244)
Water distribution system	(27,426,967)	(1,242,811)	7,873	(28,661,904)
Total accumulated depreciation	<u>(47,575,723)</u>	<u>(2,158,950)</u>	<u>514,635</u>	<u>(49,220,037)</u>
Total depreciable assets, net	<u>51,713,132</u>	<u>12,473,070</u>	<u>(123,987)</u>	<u>64,062,215</u>
<b>Nondepreciable assets:</b>				
Land and easements	2,565,608	22,600	-	2,588,208
Construction in Progress	20,524,046	4,296,588	(14,338,139)	10,482,495
Total nondepreciable assets	<u>23,089,654</u>	<u>4,319,188</u>	<u>(14,338,139)</u>	<u>13,070,703</u>
Total capital asset activity	<u>\$ 74,802,786</u>	<u>\$ 16,792,258</u>	<u>\$ (14,462,126)</u>	<u>\$ 77,132,918</u>

**CLACKAMAS RIVER WATER**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2020 AND 2019**

**5. CAPITAL ASSETS, (continued)**

The District's capital assets activity for the year ended June 30, 2019 is as follows:

	Balances June 30, 2018	Additions and Transfers	Retirements and Transfers	Balances June 30, 2019
<b>Depreciable Assets:</b>				
Buildings	\$ 6,730,212	\$ -	\$ -	\$ 6,730,212
Improvements	11,749,473	112,550	-	11,862,023
Machinery, furniture and equipment	3,901,649	654,497	-	4,556,146
Pump stations	4,424,355	64,599	-	4,488,954
Reservoirs	6,520,579	-	-	6,520,579
Water distribution system	57,124,917	8,006,023	-	65,130,940
Total depreciable assets	<u>90,451,185</u>	<u>8,837,669</u>	<u>-</u>	<u>99,288,854</u>
<b>Accumulated depreciation:</b>				
Buildings	(5,914,758)	(149,777)	-	(6,064,535)
Improvements	(4,362,751)	(354,812)	-	(4,717,563)
Machinery, furniture and equipment	(2,550,625)	(165,926)	-	(2,716,552)
Pump stations	(3,208,561)	(87,358)	-	(3,295,919)
Reservoirs	(3,220,674)	(133,512)	-	(3,354,185)
Water distribution system	(26,344,005)	(1,082,962)	-	(27,426,967)
Total accumulated depreciation	<u>(45,601,374)</u>	<u>(1,974,347)</u>	<u>-</u>	<u>(47,575,721)</u>
Total depreciable assets, net	<u>44,849,810</u>	<u>6,863,322</u>	<u>-</u>	<u>51,713,134</u>
<b>Nondepreciable assets:</b>				
Land and easements	2,506,649	58,960	-	2,565,609
Construction in Progress	11,338,988	16,756,849	(7,571,791)	20,524,046
Total nondepreciable assets	<u>13,845,637</u>	<u>16,815,809</u>	<u>(7,571,791)</u>	<u>23,089,654</u>
Total capital asset activity	<u>\$ 58,695,448</u>	<u>\$ 23,679,131</u>	<u>\$ (7,571,791)</u>	<u>\$ 74,802,788</u>

Depreciation expense charged to operations totaled \$2,147,747 and \$1,974,347 for the years ended June 30, 2020 and 2019, respectively.

**6. BONDS PAYABLE**

The District issued Series 2009 Revenue Bonds pursuant to Oregon Revised Statutes ("ORS") Sections 287A.360 and 264.270 to refund prior bond issuances with higher interest rates. Interest of 3.00% to 4.00% is payable semi-annually on May 1 and November 1. The bonds are secured by the District's net operating revenues, net position reserved for rate stabilization and a Reserve Credit Facility (see below). The prior bond issuance, Series 1999 Revenue Bonds of \$7.9 million, were for capital improvements within the transmission and distribution system.

CLACKAMAS RIVER WATER  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2020 AND 2019

**6. BONDS PAYABLE, (continued)**

On March 4, 2016, the District issued \$19,790,000 in Water Revenue Bonds with an average interest rate of 4.20 percent. The District issued Series 2016 Revenue Bonds pursuant to Oregon Revised Statutes (“ORS”) Sections 287A.150 and 264.260 to finance capital improvements to the District’s facilities and to pay the costs of issuance of the Series 2016 bonds. Interest of 3.00% to 5.00% is payable semi-annually on May 1 and November 1. The bonds are secured by the District’s net operating revenues, net position reserved for rate stabilization, and a Reserve Credit Facility (see below). The Series 2016 Bonds are issued on parity with the District’s Series 2009 Bonds. The Series 2016 Bonds maturing on or after November 1, 2025 are subject to redemption at the option of the District.

The revenue bond resolution contains covenants that rates and fees are adequate to generate net operating revenues (excluding depreciation) of at least 1.25 times principal and interest, and 1.00 times principal and interest after subtracting system development charges. Management believes the District has exceeded these requirements for the years ending June 30, 2020 and June 30, 2019.

The District’s revenue bond activity for the year ended June 30, 2020 is as follows:

	Balances June 30, 2019	Additions	Payments & Decreases	Balances June 30, 2020	Amount due within one year	Long-term portion
Revenue Bonds - 2009	\$ 880,000	\$ -	\$ (430,000)	450,000	\$ 450,000	\$ -
Unamortized premium	21,861	-	(16,295)	5,566	16,295	-
Revenue Bonds - 2016	18,815,000	-	(345,000)	18,470,000	355,000	18,115,000
Unamortized premium	3,069,658	-	(111,963)	2,957,695	111,963	2,845,731
	<u>\$ 22,786,519</u>	<u>\$ -</u>	<u>\$ (903,258)</u>	<u>\$ 21,883,261</u>	<u>\$ 933,258</u>	<u>\$ 20,960,731</u>

The District’s revenue bond activity for the year ended June 30, 2019 is as follows:

	Balances June 30, 2018	Additions	Payments & Decreases	Balances June 30, 2019	Amount due within one year	Long-term portion
Revenue Bonds - 2009	\$ 1,295,000	\$ -	\$ (415,000)	\$ 880,000	\$ 430,000	\$ 450,000
Unamortized premium	38,156	-	(16,295)	21,861	16,295	5,566
Revenue Bonds - 2016	19,150,000	-	(335,000)	18,815,000	345,000	18,470,000
Unamortized premium	3,181,621	-	(111,963)	3,069,658	111,963	2,957,695
	<u>\$ 23,664,777</u>	<u>\$ -</u>	<u>\$ (878,258)</u>	<u>\$ 22,786,519</u>	<u>\$ 903,258</u>	<u>\$ 21,883,261</u>

CLACKAMAS RIVER WATER  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 JUNE 30, 2020 AND 2019

**6. BONDS PAYABLE, (continued)**

Scheduled future principal and interest payments are summarized below for the years ending June 30:

Fiscal Year	Principal	Interest
2021	\$ 805,000	\$ 890,400
2022	370,000	868,000
2023	385,000	854,000
2024	400,000	838,300
2025	415,000	822,000
2026-2030	2,370,000	3,229,825
2031-2035	3,005,000	3,183,625
2036-2040	3,855,000	2,330,125
2041-2045	4,960,000	1,233,750
2046-2047	2,355,000	119,125
	<u>\$ 18,920,000</u>	<u>\$ 14,369,150</u>

The District's revenue bonds are paid solely from the District's net operating revenue and certain other restricted assets pledged as payment for the bonds. Other restricted assets for fiscal year 2020 are system development fees. Pledged revenue was approximately 12.9 percent of water revenue for FY20. The bonds are not funded by tax charges and are not general obligations of the District.

**Reserve Credit Facility:**

The bond agreement requires the District to maintain two reserve accounts. The principal and semi-annual interest payment amount must be deposited in the Bond Payment account in time for the registrar and paying agent (Wells Fargo) to disburse the principal and interest payments when due.

**7. CAPITAL LEASES**

The District entered into an equity lease agreement with Enterprise FM Trust May 12, 2015 for vehicles to be used for operation of the District. The district began leasing three Toyota Tacomas in August 2015, one Ford Explorer in October 2015, and one Ford F150 Pickup in December 2018 on 60 month lease programs. At the end of the term the District has the option to purchase, return, or exchange the vehicles. The District plans to retain ownership at the end of the lease. The five vehicles have a value of \$150,195 and will be depreciated as outlined in our capital asset policy.

CLACKAMAS RIVER WATER  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 JUNE 30, 2020 AND 2019

**7. CAPITAL LEASES, (continued)**

The aggregate minimum lease commitment under all non-cancelable capital leases with terms of more than one year are as follows for the years ended June 30:

<u>Fiscal Year</u>	<u>Amount</u>
FY21	\$ 9,516
FY22	7,629
FY23	7,629
FY24	7,629
FY25	1,661
	<u>\$34,064</u>

**8. RESTRICTED NET POSITION**

Certain District assets are restricted for specified purposes. Legal or contractual agreements restrict amounts for debt service, system development, capital improvements, and rate stabilization. Components of restricted net position, liabilities associated with investment in capital assets and the restricted component of net position, as of June 30 were as follows:

	<u>2020</u>	<u>2019</u>
Restricted Net Position		
Debt Service Reserves	\$ 283,831	\$ 271,899
System Development Reserves	1,224,537	2,766,541
Capital Improvements Reserves	6,524,304	6,149,948
Rate Stabilization Reserves	1,216,367	1,195,839
Total Restricted Net Position	<u>\$ 9,249,039</u>	<u>\$ 10,384,227</u>

**9. ACCRUED EXPENSES**

Accrued expenses consist of the following at June 30:

	<u>2020</u>	<u>2019</u>
Compensated Absence	\$258,974	\$220,971
Payroll	115,709	114,197
PERS (note 12)	23,897	24,291
Payroll Taxes and other	<u>2,099</u>	<u>6,671</u>
	<u>\$400,679</u>	<u>\$366,130</u>

CLACKAMAS RIVER WATER  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2020 AND 2019

**10. RENTAL INCOME**

The District leases approximately 5,000 square feet of its administration building in Clackamas, Oregon to Pet RX, Inc. The original lease dated October 27, 2008, was recently renewed under the same terms and conditions of the original lease; the new lease term commences October 27, 2019 and expires October 26, 2026. Rent during the renewal term will continue to increase by 3% each year. Rental income is recognized as non-operating revenue and totaled \$114,538 and \$111,202 for the years ended June 30, 2020 and 2019, respectively.

Scheduled rental income under the leases (including option years) is as follows for the years ending June 30:

<u>Fiscal Year</u>	<u>Amount</u>
2021	\$ 117,974
2022	121,513
2023	125,159
2024	128,913
2025	132,781
2026	136,764
	<u>\$ 763,104</u>

**11. OPERATING LEASES**

The District leases two mailing stations under five year agreements with the last renewal in May 2018. Rent expense charged to operations under these agreements totaled \$3,116 and \$3,117, for the years ended June 30, 2020 and 2019, respectively.

The District participates in cooperative agreements to lease 4 copiers for 5 years. Two contract agreements were replaced in FY2020. One extends from November 2019 to 2024 and the other from Feb 2020 to 2025. The other two expire in April 2023. Rent expense charged to operations under these agreements totaled \$15,602 and \$13,401 for each of the years ended June 30, 2020 and 2019, respectively.

The aggregate minimum lease commitment under all non-cancelable operating leases with terms of more than one year are as follows for the years ended June 30:

<u>Fiscal Year</u>	<u>Amount</u>
2021	\$ 11,552
2022	11,552
2023	10,721
2024	5,013
2025	2,297
	<u>\$ 41,135</u>

CLACKAMAS RIVER WATER  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2020 AND 2019

**11. OPERATING LEASES, (continued)**

The District leases other rental equipment under month-to-month agreements. Rent expense charged to operations under all operating leases totaled \$29,669 and \$41,550 for the years ended June 30, 2020 and 2019, respectively.

**12. PENSION PLANS**

**Plan description:**

District employees receive pensions through the Oregon Public Employees Retirement System (OPERS & PERS), a cost-sharing multiple-employer defined benefit pension plan. The Oregon Legislature has delegated authority to the PERS Board to administer the system. The District has elected to participate in a State and Local Government Rate Pool (SLGRP) available to certain public employees. The SLGRP pools the District into a larger group for purposes of determining contribution rates. Pooled participants jointly fund future pension costs of all participants by sharing pension assets, liabilities, and surpluses.

All benefits of the System are established by the legislature pursuant to ORS Chapters 238 and 238A. The Tier One/Tier Two Retirement Benefit plan, established by ORS Chapter 238, is closed to new members hired on or after August 29, 2003. The Pension Program, established by ORS Chapter 238A, provides benefits to members hired on or after August 29, 2003. OPERS issues a publicly available Comprehensive Annual Financial Report and Actuarial Valuation that can be obtained at [http://www.oregon.gov/pers/Pages/section/financial\\_reports/financials.aspx](http://www.oregon.gov/pers/Pages/section/financial_reports/financials.aspx).

**Benefits provided:**

**1. Tier One/Tier Two Retirement Benefit, ORS Chapter 238:**

**Pension Benefits:**

The PERS retirement allowance is payable monthly for life. It may be selected from 13 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 percent 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.

A member is considered vested and will be eligible at minimum retirement age for a service retirement allowance if he or she has had a contribution in each of five 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 ORS Chapter 238 Defined Benefit Pension Plan is closed to new members hired on or after August 29, 2003.



CLACKAMAS RIVER WATER  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2020 AND 2019

**12. PENSION PLANS, (continued)**

**1. Tier One/Tier Two Retirement Benefit, ORS Chapter 238: (continued)**

**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,
- the member was on an official leave of absence from a PERS-covered job at the time of death.

**Disability Benefits:**

A member with 10 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 (including PERS judge members) for disability benefits 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:**

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 changes. 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.

**2. OPSRP Pension Program (OPSRP DB):**

**Pension Benefits:**

The Pension Program (ORS Chapter 238A) provides benefits to members hired on or after August 29, 2003. This portion of OPSRP provides a life pension funded by employer contributions. Benefits are calculated with the following formula for members who attain normal retirement age:

General Service: 1.5 percent 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.

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.

CLACKAMAS RIVER WATER  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2020 AND 2019

**12. PENSION PLANS, (continued)**  
**2. OPSRP Pension Program (OPSRP DB), (continued)**

**Disability Benefits:**

A member who has accrued 10 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 Following Retirement:**

Under ORS 238A.210 monthly benefits are adjusted annually through cost-of-living changes. 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.

**3. OPSRP Individual Account Program (OPSRP IAP):**

**Pension Benefits:**

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 OPSRP Individual Account Program (IAP) may receive the amounts in his or her employee account, rollover account, and vested employer account as a lump-sum payment or in equal installments over a 5-, 10-, 15-, 20-year period or an anticipated life span option. 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, rollover account balance, and 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.

**Contributions:**

PERS funding policy provides for monthly employer contributions at actuarially determined rates. 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 Plan and the Other Postemployment Benefit Plans. Employer contribution rates during the period were based on the December 31, 2011 actuarial valuation as subsequently modified by 2013 legislated changes in benefit provisions. The rates, based on a percentage of payroll, first became effective July 1, 2013. Employer contributions for the year ended June 30, 2020 and 2019 was \$1,513,704 and \$613,702, respectively.

The rates in effect for fiscal years ended June 30, 2019 and 2020 are 22.87 and 23.86 percent for Tier One/Tier Two General Service Members and 17.17 and 18.53 percent, respectively, for OPSRP Pension Program General Service Members. Covered employees are required by

CLACKAMAS RIVER WATER  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 JUNE 30, 2020 AND 2019

**12. PENSION PLANS, (continued)**

**3. OPSRP Individual Account Program (OPSRP IAP): (continued)**  
**Contributions: (continued)**

state statute to contribute 6 percent of their annual salary to the OPSRP Individual Account Program. The employer is allowed to pay any or all of the employees' contribution in addition to the employers' required contribution. ORS 238.205 and Internal Revenue Code Section 414 (h) permit the District to "pick up" this amount on behalf of its employees and the District has elected to do so for one employee.

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

At June 30, 2020 and 2019, the District reported a liability of \$5,786,758 and \$4,977,477, respectively, for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2018 and rolled forward to June 30, 2019. At June 30, 2020, and 2019, the District's proportion was 0.03345 percent and 0.03285 percent, respectively.

For the year ended June 30, 2020 and 2019, the District's recognized pension expense of \$308,061 and \$379,342, respectively. At June 30, 2020 and 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Balance as of June 30, 2020		Balance as of June 30, 2019	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 319,123	\$ -	\$ 169,319	\$ -
Changes of assumptions	785,040	-	1,157,254	-
Net differences between projected and actual earning on plan investments	-	164,049	-	221,028
Changes in Proportionate Share	229,293	263,490	226,417	398,777
Differences between employer contributions and employer's proportionate share of system contributions	146,694	9,138	213,750	13,555
District contribution subsequent to the measurement date	1,348,909	-	613,702	-
Net Deferred Outflows/Inflows of Resources	\$ 2,829,059	\$ 436,677	\$ 2,380,442	\$ 633,360

Amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Deferred Outflows / (Inflows)	
Amortization Period	
FY2020	\$ 551,001
FY2021	75,525
FY2022	237,910
FY2023	166,235
FY2024	12,803
Total	\$ 1,043,474

CLACKAMAS RIVER WATER  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2020 AND 2019

**12. PENSION PLANS, (continued)**

**Actuarial Assumptions:**

The employer contribution rates effective July 1, 2015, through June 30, 2019, were set using the projected unit credit actuarial cost method. For the Tier One/Tier Two component of the PERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (1) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), (2) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial accrued liabilities being amortized over 20 years. For the OPSRP Pension Program component of the PERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (a) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), (b) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial accrued liabilities being amortized over 16 years. The total pension liability in the December 31, 2014 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	December 31, 2017
Measurement Date	June 30, 2019
Experience Study Report	2016, published July 26, 2017
Actuarial Cost Method	Entry Age Normal
<b>Actuarial Assumptions:</b>	
Inflation Rate	2.50 percent
Long-Term Expected Rate of Return	7.20 percent
Discount Rate	7.20 percent
Projected Salary Increases	3.50 percent overall payroll growth
Cost of Living Adjustments (COLA)	Blend of 2.00% COLA and grade COLA (1.25%/0.15%) in accordance with <i>Moro</i> decision, blend based on service.
Mortality	<p><b>Healthy retirees and beneficiaries:</b> RP-2014 Sex-distinct, generational with Unisex, Social Security Data Scale, with collar adjustments and set-backs as described in the valuation.</p> <p><b>Active members:</b> RP-2014 Employees, sex distinct, generational with Unisex, Social Security Data Scale, with collar adjustments and set-backs as described in the valuation.</p> <p><b>Disabled retirees:</b> RP-2014 Disables Retirees, sex-distinct, generational with Unisex, Social Security Data Scale.</p>

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 31 of even numbered years. The 2014 Experience Study is based on the methods and assumptions shown above, and on data for the experience period from January 1, 2011 to December 31, 2014 as provided by PERS.

CLACKAMAS RIVER WATER  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2020 AND 2019

**12. PENSION PLANS, (continued)**

**Long-term expected rate of return:**

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in July 2013 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.

Asset Class/Strategy	Assumed Asset Allocation		
	Low Range	High Range	Target
Cash	0.0%	3.0%	0.0%
Debt Securities	15.0%	25.0%	20.0%
Public Equity	32.5%	42.5%	37.5%
Private Equity	14.0%	21.0%	17.5%
Real Estate	9.5%	15.5%	12.5%
Alternative Equity	0.0%	12.5%	12.5%
Opportunity Portfolio	0.0%	3.0%	0.0%
Total			100.0%

Asset Class	Target Allocation	Compounded Annual Return (Geometric)
Core Fixed Income	8.00%	4.00%
Short-Term Bonds	8.00%	3.61%
Bank/Leveraged Loans	3.00%	5.42%
High Yield Bonds	1.00%	6.20%
Large/Mid Cap US Equities	15.75%	6.70%
Small Cap US Equities	1.30%	6.99%
Micro Cap US Equities	1.30%	7.01%
Developed Foreign Equities	13.13%	6.73%
Emerging Foreign Equities	4.12%	7.25%
Non-US Small Cap Equities	1.88%	7.22%
Private Equities	17.50%	7.97%
Real Estate (Property)	10.00%	5.84%
Real Estate (REITS)	2.50%	6.69%
Hedge Fund of Funds - Diversified	2.50%	4.64%
Hedge Fund - Event-Driven	0.63%	6.72%
Timber	1.88%	5.85%
Farmland	1.88%	6.37%
Infrastructure	3.75%	7.13%
Commodities	1.88%	4.58%
Total	100.00%	

CLACKAMAS RIVER WATER  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 JUNE 30, 2020 AND 2019

**12. PENSION PLANS, (continued)**

**Discount rate:**

The discount rate used to measure the total pension liability was 7.20 percent for the Defined Benefit Pension Plan. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the 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.

**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 calculated using the discount rate of 7.20 percent, as well as 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 (6.20 percent) or 1-percentage-point higher (8.20 percent) than the current rate:

	<u>1% Decrease (6.20%)</u>	<u>Discount Rate (7.20%)</u>	<u>1% increase (8.20%)</u>
District's Proportionate share of the net pension liability	\$ 9,266,980	\$ 5,786,758	\$ 2,874,292

**Pension plan fiduciary net position**

Detailed information about the pension plan's fiduciary net position is available in the separately issued OPERS financial report.

**Transitional Liability**

CRW joined the OPERS local government rate pool May 2001 to help stabilize the District annual pension rate. CRW actuarial liability at May 2001 remained with the District and is the sole responsibility of the District. The transition liability was paid in full in fiscal year 2020. The transitional liability balance was \$0 and \$636,953 as of June 30, 2020 and 2019, respectively.

**13. DEFERRED COMPENSATION PLANS**

The District offers its employees multiple deferred compensation plans created in accordance with Internal Revenue Code Section 457. Plan contributions and assets are set aside in trust, with the custodial trustee and administrator, for the exclusive benefit of participants and beneficiaries.

The plans permit participating employees to contribute up to 100% of gross pay or the statutorily prescribed annual dollar limit, whichever is smaller. The District may, at its discretion, make employer contributions. The District's plans, as currently adopted, do not provide for employer contributions. Plan contributions and earnings thereon are available to participating employees upon termination of employment, retirement, death, or unforeseen emergency.

CLACKAMAS RIVER WATER  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2020 AND 2019

**14. COMMITMENTS AND CONTINGENCIES**

**Legal Matters:**

The District is involved in various legal matters; however, management has been advised by the District's legal counsel that the resolution of these matters will not likely have a significant adverse effect on the District's financial position.

**Unemployment Insurance:**

The District is self-insured for unemployment compensation. Liabilities are recorded when it is probable that a loss has occurred and the amount can be reasonably estimated. The District paid claims of \$2,237 and \$0 for the years ended June 30, 2020 and 2019.

**Construction Commitments:**

Construction in progress totaled \$10,482,495 at June 30, 2020. Of these projects, the District has made construction commitments of approximately \$575,000 as of June 30, 2020.

# **REQUIRED SUPPLEMENTARY INFORMATION**



*Clackamas River Water*



**CLACKAMAS RIVER WATER**  
**SCHEDULE OF PENSION CONTRIBUTIONS**  
**Last Five Fiscal Years\***

	2020	2019	2018	2017	2016
Contractually required contribution (Actuarially Determined)	\$ 568,953	\$ 545,591	\$ 470,657	\$ 437,518	\$ 388,162
Contributions in relation to the actuarially determined contributions	\$ (575,472)	\$ (456,756)	\$ (307,865)	\$ (350,350)	\$ (440,445)
Contribution deficiency (excess)	<u>\$ (6,519)</u>	<u>\$ 88,835</u>	<u>\$ 162,792</u>	<u>\$ 87,168</u>	<u>\$ (52,283)</u>
Covered payroll	\$ 3,228,635	\$ 3,010,486	\$ 3,053,397	\$ 2,624,818	\$ 2,860,316
Contributions as a percentage of covered payroll	17.82%	15.17%	10.08%	13.35%	15.40%

**Notes to Schedule**

Valuation Date: 6/30/2015, rolled forward to June 30, 2017

Methods and assumptions used to determine contribution rates:

Single and Agent Employers Example	Entry age normal
Experience study report	2014, published September 2015
Amortization method	Level percentage of payroll, closed
Remaining amortization period	Tier One/Tier Two - 20 Years; OPSRP - 16 Years
Asset valuation method	Fair value of assets
Inflation	2.50% 2.50%
Salary increases	3.50% 3.50%
Investment rate of return	7.20% 7.20%
Retirement age	55 for Tier 1/Tier 2; 65 for OPSRP
Mortality	RP-2014 Gender-distinct tables

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\* Fiscal year 2015 was the 1st year of implementation.

Source: Milliman Actuarial Valuation Report October 2018

**CLACKAMAS RIVER WATER**  
**SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION ASSET (LIABILITY)**  
**Last Five Fiscal Years\***

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Proportionate share of net pension assets	0.0335%	0.0329%	0.0311%	0.0358%	0.0392%
Proportionate share of net pension assets (liability)	\$ (5,786,758)	\$ (4,977,477)	\$ (4,059,894)	\$ (5,381,562)	\$ (2,251,307)
Covered payroll	\$ 3,228,635	\$ 3,010,486	\$ 3,053,397	\$ 2,624,818	\$ 2,860,316
Proportionate share of net pension assets as % of covered payroll	179.23%	165.34%	132.96%	205.03%	78.71%
Plan's fiduciary net position	\$ 70,203,721	\$ 69,327,500,445	\$ 66,371,703,247	\$ 62,082,059,102	\$ 64,923,626,094
Plan fiducary net position as a % of total pension asset	80.20%	89.93%	86.09%	80.53%	91.88%

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\* Fiscal year 2015 was the 1st year of implementation.

Source: Milliman Actuarial Valuation Report September 2015

# **SUPPLEMENTARY INFORMATION**



*Clackamas River Water*

For financial reporting purposes, management considers the District's activities as those of a unitary enterprise operation and, as such, is reported in a single fund in the basic financial statements. However, for budgetary and legal purposes these activities are accounted for in the funds described below. Schedules for these funds, prepared on a budgetary basis, generally on the modified accrual basis of accounting, are shown on the following pages.

### **General Fund**

This fund accounts for the district's normal recurring operations of the water supply distribution system. The primary source of revenue is water sales.

### **CRWSC Activity Fund**

This fund accounts for the district's support of the Clackamas Regional Water Supply Commission (CRWSC), an ORS 190 agreement with Sunrise Water Authority. The primary source of revenue is wholesale water sales and services provided to Sunrise Water Authority.

### **Capital Improvement Projects Fund**

This fund accounts for construction activity of the district. Construction activity includes additions, replacements, and improvements for storage, transmission, distribution, supply and facilities of the district. The primary resources are transfers from SDC Reserve Fund, Capital Reserve Fund and interest earnings.

### **CIP Bond Construction Fund**

This fund accounts for construction activity of the district. Construction activity includes additions, replacements, and improvements for storage, transmission, distribution, supply and facilities of the district. The primary resources are transfers from the Revenue Bond Proceeds Fund.

### **Revenue Bond Fund**

This fund accounts for the redemption of revenue bond principal and interest expenditures. The primary resources are transfers from the General Fund and SDC Reserve Fund.

### **Capital Reserve Fund**

The Capital Reserve Fund accounts for funds reserved for future expansion and improvements to the system. The primary resources are interest earnings and transfers from the General Fund.

### **Rate Stabilization Reserve Fund**

The Rate Stabilization Reserve Fund accounts for funds reserved for stabilizing the revenues of the district to maintain bond covenants on the 2009 Revenue Bond issue. The primary resources are interest earnings.

### **SDC Reserve Fund**

The SDC Reserve Fund accounts for funds reserved for future expansion and improvements to the system. The primary resources are interest earnings and systems development charges.

**CLACKAMAS RIVER WATER**  
**GENERAL FUND**  
**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL**  
**for the year ended June 30, 2020**  
**(with comparative totals for the year ended June 30, 2019)**

	Budget for the 2019-2021 Bienium		Actual Results		2019 Actual
	Original	Final	FY 2019-20 Year 1	Variance with Final Budget	
<b>Revenues:</b>					
Water sales	\$ 24,880,000	\$ 24,880,000	\$ 12,215,769	\$ (12,664,231)	\$ 12,294,479
Service connections	282,000	282,000	100,809	(181,191)	99,108
Service charges	136,000	136,000	44,985	(91,015)	72,997
Miscellaneous - operating	20,000	20,000	22,011	2,011	93,232
Rental income	232,400	232,400	114,538	(117,862)	111,202
Miscellaneous - nonoperating	40,000	40,000	5,140	(34,860)	24,221
Grant funds	-	-	86,638	86,638	-
Surplus property sale	10,000	10,000	5,179	(4,821)	9,472
Right of Way Fees (Pass through)	43,700	43,700	23,572	(20,128)	23,343
Interest income	125,000	125,000	92,988	(32,012)	80,673
<b>Total revenues</b>	<b>25,769,100</b>	<b>25,769,100</b>	<b>12,711,629</b>	<b>(13,057,471)</b>	<b>12,808,727</b>
<b>Other financing sources:</b>					
Transfer from					
Revenue Bond Proceeds Fund	-	-	-	-	-
CRWSC Activity Fund	1,722,600	1,722,600	857,000	(865,600)	755,000
<b>Total other financing sources</b>	<b>1,722,600</b>	<b>1,722,600</b>	<b>857,000</b>	<b>(865,600)</b>	<b>755,000</b>
<b>Total revenues and other financing source</b>	<b>27,491,700</b>	<b>27,491,700</b>	<b>13,568,629</b>	<b>(13,923,071)</b>	<b>13,563,727</b>
<b>Beginning fund balance available for appropriations</b>	<b>6,600,000</b>	<b>6,600,000</b>	<b>7,735,747</b>	<b>1,135,747</b>	<b>5,757,237</b>
	<b>\$ 34,091,700</b>	<b>\$ 34,091,700</b>	<b>\$ 21,304,376</b>	<b>\$ (12,787,324)</b>	<b>\$ 19,320,964</b>

**CLACKAMAS RIVER WATER**  
**GENERAL FUND**  
**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL**  
**for the year ended June 30, 2020**  
**(with comparative totals for the year ended June 30, 2019)**

	Budget for the 2017-2019 Bienium		Actual Results		2019 Actual
	Original	Final	FY 2019-2020 Year 1	Variance with Final Budget	
<b>Expenditures:</b>					
Water Resources:					
Personal services	\$ 2,838,600	\$ 2,838,600	\$ 1,229,532	\$ 1,609,068	\$ 1,169,465
Materials and services	4,337,600	4,337,600	1,971,886	2,365,714	1,875,757
Capital outlay	249,000	249,000	6,602	242,398	161,840
	<u>7,425,200</u>	<u>7,425,200</u>	<u>3,208,020</u>	<u>4,217,180</u>	<u>3,207,062</u>
System Operations:					
Personal services	4,179,200	4,179,200	1,767,494	2,411,706	1,113,169
Materials and services	1,461,400	1,461,400	711,443	749,957	512,388
Capital outlay	838,800	838,800	260,416	578,384	452,724
	<u>6,479,400</u>	<u>6,479,400</u>	<u>2,739,353</u>	<u>3,740,047</u>	<u>2,078,281</u>
Finance, Accounting, & Customer Service					
Personal services	1,995,700	1,995,700	880,600	1,115,100	879,229
Materials and services	855,300	855,300	477,450	377,850	437,294
Capital outlay	-	-	-	-	-
	<u>2,851,000</u>	<u>2,851,000</u>	<u>1,358,050</u>	<u>1,492,950</u>	<u>1,316,523</u>
Administrative Services:					
Personal services	2,394,800	2,394,800	1,585,163	809,637	865,955
Materials and services	2,197,000	2,197,000	743,817	1,453,183	393,893
Capital outlay	323,200	323,200	44,886	278,314	266,719
	<u>4,915,000</u>	<u>4,915,000</u>	<u>2,373,866</u>	<u>2,541,134</u>	<u>1,526,567</u>
Engineering					
Personal services	-	-	-	-	545,808
Materials and services	-	-	-	-	155,591
Capital outlay	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>701,399</u>
Contingency	750,000	750,000	-	750,000	-
Total expenditures	<u>22,420,600</u>	<u>22,420,600</u>	<u>9,679,289</u>	<u>12,741,311</u>	<u>8,829,833</u>
<b>Other financing uses:</b>					
Transfers to other funds:					
Capital Reserve Fund	4,000,000	4,000,000	2,000,000	2,000,000	2,000,000
CRWSC Activity Fund	-	-	-	-	-
Revenue Bond Fund	3,390,675	3,390,675	1,695,275	1,695,400	1,697,375
Total other financing uses	<u>7,390,675</u>	<u>7,390,675</u>	<u>3,695,275</u>	<u>3,695,400</u>	<u>3,697,375</u>
Total expenditures and other financing uses	<u>29,811,275</u>	<u>29,811,275</u>	<u>13,374,564</u>	<u>16,436,711</u>	<u>12,527,208</u>
<b>Unappropriated ending fund balance</b>	<u>4,280,425</u>	<u>4,280,425</u>	<u>7,929,811</u>	<u>(3,649,386)</u>	<u>7,735,747</u>
	<u><b>\$ 34,091,700</b></u>	<u><b>\$ 34,091,700</b></u>	<u><b>\$ 21,304,376</b></u>	<u><b>\$ 12,787,324</b></u>	<u><b>\$ 20,262,955</b></u>

Note: Engineering was combined with System Operations beginning with fiscal year 2020.

**CLACKAMAS RIVER WATER  
CRWSC ACTIVITY FUND  
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL  
for the year ended June 30, 2020  
(with comparative totals for the year ended June 30, 2019)**

	Budget for the 2019-2021 Bienium		Actual Results		2019 Actual
	Original	Final	FY 2019-20 Year 1	Variance with Final Budget	
<b>Revenues:</b>					
Water Sales	\$ 1,685,000	\$ 1,685,000	\$ 884,213	\$ (800,787)	\$ 860,535
Miscellaneous - operating	113,000	113,000	20,942	(92,058)	21,880
Miscellaneous - nonoperating	168,000	168,000	91,689	(76,311)	67,810
Interest Income	-	-	636	636	619
Total revenues	<u>1,966,000</u>	<u>1,966,000</u>	<u>997,480</u>	<u>(968,520)</u>	<u>950,844</u>
<b>Beginning fund balance available for appropriations</b>	150,000	150,000	-	(150,000)	185,577
	<u><b>\$ 2,116,000</b></u>	<u><b>\$ 2,116,000</b></u>	<u><b>\$ 997,480</b></u>	<u><b>\$ (1,118,520)</b></u>	<u><b>\$ 1,136,421</b></u>
<b>Expenditures:</b>					
Personal services	\$ 132,300	\$ 132,300	\$ 65,004	\$ 67,296	\$ 49,096
Materials and services	148,900	148,900	44,956	103,944	38,522
Total expenditures	<u>281,200</u>	<u>281,200</u>	<u>109,960</u>	<u>171,240</u>	<u>87,618</u>
<b>Other financing uses:</b>					
Transfer to General Fund	1,722,600	1,722,600	\$ 857,000	\$ 865,600	755,000
Total expenditures and other financing uses	<u>2,003,800</u>	<u>2,003,800</u>	<u>966,960</u>	<u>1,036,840</u>	<u>842,618</u>
<b>Unappropriated ending fund balance</b>	112,200	112,200	30,520	81,680	293,803
	<u><b>\$ 2,116,000</b></u>	<u><b>\$ 2,116,000</b></u>	<u><b>\$ 997,480</b></u>	<u><b>\$ 1,118,520</b></u>	<u><b>\$ 1,136,421</b></u>

**CLACKAMAS RIVER WATER  
CAPITAL IMPROVEMENT PROJECTS FUND  
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL  
for the year ended June 30, 2020  
(with comparative totals for the year ended June 30, 2019)**

	Budget for the 2019-2021 Bienium		Actual Results		2019 Actual
	Original	Final	FY 2019-20 Year 1	Variance with Final Budget	
<b>Revenues:</b>					
Interest income	\$ -	\$ -	\$ 9,508	\$ 9,508	\$ 18,086
Other Operating Inc	-	-	-	-	-
ODOT - reimbursement	-	-	-	-	-
Total revenues	-	-	9,508	9,508	18,086
<b>Other financing sources:</b>					
Transfers from other funds:					
SDC Reserve Fund	-	-	-	-	-
Capital Reserve Fund	3,630,000	3,630,000	800,000	(2,830,000)	-
Total other financing sources	3,630,000	3,630,000	800,000	(2,830,000)	-
Total revenues and other financing sources	3,630,000	3,630,000	809,508	(2,820,492)	18,086
<b>Beginning fund balance available for appropriations</b>	1,000	1,000	551,908	(1,000)	763,271
	<b>\$ 3,631,000</b>	<b>\$ 3,631,000</b>	<b>\$ 1,361,416</b>	<b>\$ (2,821,492)</b>	<b>\$ 781,357</b>
<b>Expenditures:</b>					
Capital Outlay	\$ 3,631,000	\$ 3,631,000	\$ 1,144,385	\$ 2,486,615	\$ 229,449
Total expenditures	3,631,000	3,631,000	1,144,385	2,486,615	229,449
<b>Unappropriated ending fund balance</b>	-	-	217,031	(217,031)	551,908
	<b>\$ 3,631,000</b>	<b>\$ 3,631,000</b>	<b>\$ 1,361,416</b>	<b>\$ 2,269,584</b>	<b>\$ 781,357</b>



**CLACKAMAS RIVER WATER  
CIP BOND CONSTRUCTION FUND  
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL  
for the year ended June 30, 2020  
(with comparative totals for the year ended June 30, 2019)**

	Budget for the 2019-2021 Bienium		Actual Results		2019 Actual
	Original	Final	FY 2019-20 Year 1	Variance with Final Budget	
<b>Revenues:</b>					
Interest income	\$ -	\$ -	\$ -	\$ -	\$ -
Other Operating Inc	-	-	-	-	254,573
Total revenues	-	-	-	-	254,573
<b>Other financing sources:</b>					
Transfers from other funds:					
General Fund	-	-	-	-	-
SDC Reserves	2,000,000	2,000,000	2,000,000	-	-
CRW Reserve Fund	1,500,000	1,500,000	1,500,000	-	1,500,000
Revenue Bonds Proceeds Fund	-	-	-	-	15,000,000
Federal Grant Fund	-	-	-	-	-
Total other financing sources	3,500,000	3,500,000	3,500,000	-	16,500,000
Total other financing sources	3,500,000	3,500,000	3,500,000	-	16,754,573
<b>Beginning fund balance available for appropriations</b>	1,000	1,000	-	(1,000)	947,398
	<u>\$ 3,501,000</u>	<u>\$ 3,501,000</u>	<u>\$ 3,500,000</u>	<u>\$ (1,000)</u>	<u>\$ 17,701,971</u>
<b>Expenditures:</b>					
Capital Outlay	\$ 3,139,000	\$ 3,139,000	\$ 3,045,849	\$ 93,151	\$ 16,241,006
Total expenditures	3,139,000	3,139,000	3,045,849	93,151	16,241,006
<b>Unappropriated ending fund balance</b>	362,000	362,000	454,151	(92,151)	1,460,965
	<u>\$ 3,501,000</u>	<u>\$ 3,501,000</u>	<u>\$ 3,500,000</u>	<u>\$ 1,000</u>	<u>\$ 17,701,971</u>

**CLACKAMAS RIVER WATER**  
**REVENUE BOND PROCEEDS FUND**  
**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL**  
**for the year ended June 30, 2020**  
**(with comparative totals for the year ended June 30, 2019)**

	Budget for the 2019-2021 Bienium		Actual Results		2019 Actual
	Original	Final	FY 2019-20 Year 1	Variance with Final Budget	
<b>Revenues:</b>					
Interest income	\$ 1,000	\$ 1,000	\$ 82,767	\$ 81,767	\$ 342,121
Total revenues	1,000	1,000	82,767	81,767	342,121
<b>Other financing sources:</b>					
Bond proceeds from financing	-	-	-	-	-
Total other financing sources	-	-	-	-	-
Total revenues and other financing sources	1,000	1,000	82,767	81,767	342,121
<b>Beginning fund balance available for appropriations</b>	246,000	246,000	380,199	(246,000)	15,038,078
	<b>\$ 247,000</b>	<b>\$ 247,000</b>	<b>\$ 462,966</b>	<b>\$ (164,233)</b>	<b>\$ 15,380,199</b>
<b>Expenditures:</b>					
<b>Other financing uses:</b>					
Transfer to General Fund	-	-	-	-	-
Transfer to CIP Bond Construction Fund	-	-	-	-	15,000,000
Total expenditures and other financing uses	-	-	-	-	15,000,000
<b>Unappropriated ending fund balance</b>	247,000	247,000	462,966	164,233	380,199
	<b>\$ 247,000</b>	<b>\$ 247,000</b>	<b>\$ 462,966</b>	<b>\$ 164,233</b>	<b>\$ 15,380,199</b>

**CLACKAMAS RIVER WATER  
REVENUE BOND FUND  
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL  
for the year ended June 30, 2020  
(with comparative totals for the year ended June 30, 2019)**

	Budget for the 2019-2021 Bienium		Actual Results		2019 Actual
	Original	Final	FY 2019-20 Year 1	Variance with Final Budget	
<b>Revenue:</b>					
Interest income	\$ 13,000	\$ 13,000	\$ 7,340	\$ (5,660)	\$ 7,620
<b>Other financing sources:</b>					
Transfers from other funds:					
General Fund	3,390,675	3,390,675	1,695,275	(1,695,400)	1,697,375
Total other financing sources	3,390,675	3,390,675	1,695,275	(1,695,400)	1,697,375
Total revenue and other financing sources	3,403,675	3,403,675	1,702,615	(1,701,060)	1,704,995
<b>Beginning fund balance available for appropriations</b>	500,000	500,000	500,659	659	493,039
	<b><u>\$ 3,903,675</u></b>	<b><u>\$ 3,903,675</u></b>	<b><u>\$ 2,203,274</u></b>	<b><u>\$ (1,700,401)</u></b>	<b><u>\$ 2,198,034</u></b>
<b>Expenditures:</b>					
Principal on bonds	\$ 1,580,000	\$ 1,580,000	\$ 775,000	\$ 805,000	\$ 750,000
Interest on bonds	1,810,675	1,810,675	920,275	890,400	947,375
Total expenditures	3,390,675	3,390,675	1,695,275	1,695,400	1,697,375
<b>Unappropriated ending fund balance</b>	513,000	513,000	507,999	5,001	500,659
	<b><u>\$ 3,903,675</u></b>	<b><u>\$ 3,903,675</u></b>	<b><u>\$ 2,203,274</u></b>	<b><u>\$ 1,700,401</u></b>	<b><u>\$ 2,198,034</u></b>

**CLACKAMAS RIVER WATER  
CAPITAL RESERVE FUND  
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL  
for the year ended June 30, 2020  
(with comparative totals for the year ended June 30, 2019)**

	Budget for the 2019-2021 Bienium		Actual Results		2019 Actual
	Original	Final	FY 2019-20 Year 1	Variance with Final Budget	
<b>Revenue:</b>					
Interest income	\$ 72,200	\$ 72,200	\$ 83,915	\$ 11,715	\$ 88,652
<b>Other financing sources:</b>					
Transfer from General Fund	5,500,000	5,500,000	2,000,000	(3,500,000)	2,000,000
IGA Cost Share	-	-	-	-	1,500,000
Total revenue and other financing source	<u>5,572,200</u>	<u>5,572,200</u>	<u>2,083,915</u>	<u>(3,488,285)</u>	<u>3,588,652</u>
<b>Beginning fund balance available for appropriations</b>	<u>5,750,000</u>	<u>5,750,000</u>	<u>7,332,046</u>	<u>(5,750,000)</u>	<u>5,243,394</u>
	<u><b>\$ 11,322,200</b></u>	<u><b>\$ 11,322,200</b></u>	<u><b>\$ 9,415,961</b></u>	<u><b>\$ (9,238,285)</b></u>	<u><b>\$ 8,832,046</b></u>
<b>Other financing uses:</b>					
Transfer to CIP Fund	\$ 3,630,000	\$ 3,880,000	\$ 800,000	\$ 3,080,000	\$ -
Transfer to CIP Bond Const. Fund	1,500,000	1,500,000	1,500,000	-	1,500,000
Total other financing uses	<u>5,130,000</u>	<u>5,380,000</u>	<u>2,300,000</u>	<u>3,080,000</u>	<u>1,500,000</u>
<b>Unappropriated ending fund balance</b>	<u>6,192,200</u>	<u>5,942,200</u>	<u>7,115,961</u>	<u>(1,173,761)</u>	<u>7,332,046</u>
	<u><b>\$ 11,322,200</b></u>	<u><b>\$ 11,322,200</b></u>	<u><b>\$ 9,415,961</b></u>	<u><b>\$ 1,906,239</b></u>	<u><b>\$ 8,832,046</b></u>

**CLACKAMAS RIVER WATER  
RATE STABILIZATION RESERVE FUND  
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL  
for the year ended June 30, 2020  
(with comparative totals for the year ended June 30, 2019)**

	Budget for the 2019-2021 Bienium		Actual Results		2019 Actual
	Original	Final	FY 2019-20 Year 1	Variance with Final Budget	
<b>Revenue:</b>					
Interest income	\$ 36,000	\$ 36,000	\$ 20,528	\$ 5,056	\$ 21,312
<b>Beginning fund balance available for appropriations</b>	<u>1,183,000</u>	<u>1,183,000</u>	<u>1,195,839</u>	<u>12,839</u>	<u>1,174,527</u>
	<u><b>\$ 1,219,000</b></u>	<u><b>\$ 1,219,000</b></u>	<u><b>\$ 1,216,367</b></u>	<u><b>\$ 17,895</b></u>	<u><b>\$ 1,195,839</b></u>
<b>Other financing uses:</b>					
Transfer to General Fund	\$ -	\$ -	\$ -	\$ -	\$ -
Total other financing use	-	-	-	-	-
<b>Unappropriated ending fund balance</b>	<u>1,219,000</u>	<u>1,219,000</u>	<u>1,216,367</u>	<u>2,633</u>	<u>1,195,839</u>
	<u><b>\$ 1,219,000</b></u>	<u><b>\$ 1,219,000</b></u>	<u><b>\$ 1,216,367</b></u>	<u><b>\$ 2,633</b></u>	<u><b>\$ 1,195,839</b></u>

**CLACKAMAS RIVER WATER  
SDC RESERVE FUND  
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL  
for the year ended June 30, 2020  
(with comparative totals for the year ended June 30, 2019)**

	Budget for the 2017-2019 Bienium		Actual Results		2019 Actual
	Original	Final	FY 2019-20 Year 1	Variance with Final Budget	
<b>Revenues:</b>					
Interest income	\$ 23,700	\$ 23,700	\$ 20,817	\$ (2,883)	\$ 35,596
System development charges	1,632,100	1,632,100	501,427	(1,130,673)	908,746
Total revenues	<u>1,655,800</u>	<u>1,655,800</u>	<u>522,244</u>	<u>(1,133,556)</u>	<u>944,342</u>
<b>Beginning fund balance available for appropriations</b>	<u>2,300,000</u>	<u>2,300,000</u>	<u>2,688,907</u>	<u>388,907</u>	<u>1,744,565</u>
	<u><b>\$ 3,955,800</b></u>	<u><b>\$ 3,955,800</b></u>	<u><b>\$ 3,211,151</b></u>	<u><b>\$ (744,649)</b></u>	<u><b>\$ 2,688,907</b></u>
<b>Other financing uses:</b>					
Transfers to other funds:					
Capital Improvement Projects Fund	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000	\$ -	\$ -
Total other financing uses	<u>2,000,000</u>	<u>2,000,000</u>	<u>2,000,000</u>	<u>-</u>	<u>-</u>
<b>Unappropriated ending fund balance</b>	<u>1,955,800</u>	<u>1,955,800</u>	<u>1,211,151</u>	<u>744,649</u>	<u>2,688,907</u>
	<u><b>\$ 3,955,800</b></u>	<u><b>\$ 3,955,800</b></u>	<u><b>\$ 3,211,151</b></u>	<u><b>\$ 744,649</b></u>	<u><b>\$ 2,688,907</b></u>

**CLACKAMAS RIVER WATER  
RECONCILIATION OF REVENUES AND EXPENSES  
TO CHANGES IN NET POSITION  
for the years ended June 30, 2020 and 2019**

	<b>2020</b>	<b>2019</b>
	<b>Combined</b>	<b>Combined</b>
Revenues	\$ 14,435,411	\$ 15,436,277
Expenses	15,674,758	27,085,281
	<u>(1,239,347)</u>	<u>(11,649,004)</u>
Add (deduct) items to reconcile to change in net position on a GAAP basis:		
Expenses capitalized	4,528,859	18,213,536
Loss on disposal of capital assets	98,288	-
Payment of bond principal	775,000	750,000
Bond proceeds	-	-
Amortization of discounts and related deferrals	-	-
Increase (decrease) in accrued interest payable on long-term debt	(4,592)	(4,442)
Change in Account Principle -Pension Expense	472,973	(318,830)
Depreciation	(2,148,029)	(1,974,347)
Change in net position	<u><u>\$ 2,483,151</u></u>	<u><u>\$ 5,016,913</u></u>

# **STATISTICAL SECTION**



*Clackamas River Water*



**CLACKAMAS RIVER WATER  
STATISTICAL SECTION  
(Unaudited)**

This part of Clackamas River Water’s Comprehensive Annual Financial Report presents detailed information as a context for understanding the information in the financial statements, note disclosures, and supplementary information. This information has not been audited by the independent auditors.

<b>Contents</b>	<b>Page</b>
<b>Financial Trends</b> These schedules contain trend information that may assist the reader in assessing the District’s financial performance by placing it in historical perspective.	<b>54</b>
<b>Revenue Capacity</b> These schedules contain information that may assist the reader in assessing the District’s most significant local revenue source, the District water rate.	<b>58</b>
<b>Debt Capacity</b> These schedules present information that may assist the reader in analyzing the affordability of the District’s current levels of outstanding debt and the District’s ability to issue additional debt in the future.	<b>65</b>
<b>Economic and Demographic Information</b> These schedules offer economic and demographic indicators that may assist the reader in understanding the environment in which the District’s financial activities take place.	<b>67</b>
<b>Operating Information</b> These schedules contain service data that may assist the reader in understanding how the information in the District’s financial report relates to the services the District provides and the activities it performs.	<b>71</b>

Sources: Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Reports for the relevant year.

**CLACKAMAS RIVER WATER**  
**NET POSITION BY COMPONENT**  
**Last Ten Fiscal Years**

Fiscal Year Ended June 30,	Net Investment in Capital Assets	Restricted / Expendable	Unrestricted	Total Net Position
2020	\$ 55,271,513	\$ 9,249,039	\$ 4,731,026	\$ 69,251,578
2019	52,402,947	10,384,227	3,981,253	66,768,427
2018	50,093,311	8,666,547	2,991,656	61,751,514
2017	48,597,363	7,433,825	2,467,722	58,498,910
2016	46,355,623	7,412,178	3,117,500	56,885,301
2015	47,205,145	5,633,316	3,565,923	56,404,384
(1) 2014 Restated	46,859,257	4,977,188	3,185,675	55,022,120
(1) 2013 Restated	45,127,061	6,632,843	2,161,544	53,921,448
2012	45,093,351	7,717,351	1,719,657	54,530,359
2011	44,422,001	9,381,946	1,928,663	55,732,610

Footnote:

(1) 2014 and 2013 was restated for transitional liability pension. Prior years may not be comparable.

Source: Clackamas River Water Comprehensive Annual Financial Reports and Financial Statements

**CLACKAMAS RIVER WATER**  
**CHANGE IN NET POSITION**  
Last Ten Fiscal Years

	2015	2014	2013	2012 (1)	2011 (1)
<b>Operating Revenues:</b>		Restated	Restated		
Water Sales	\$ 9,955,874	\$ 8,815,333	\$ 8,035,375	\$ 6,760,994	\$ 6,522,923
Other	201,576	203,484	294,236	161,270	272,539
<b>Total operating revenues</b>	<b>10,157,450</b>	<b>9,018,817</b>	<b>8,329,611</b>	<b>6,922,264</b>	<b>6,795,462</b>
<b>Operating Expenses:</b>					
Water Resources	2,445,623	2,568,488	2,591,089	2,441,134	2,486,907
System Operations	1,002,488	1,461,265	1,332,091	1,378,394	1,156,549
Finance, Accounting and Customer Service	841,856	972,660	867,780	945,548	939,928
Administrative Services	1,540,718	1,711,775	1,563,516	1,647,006	1,641,516
Engineering	261,016	465,458	424,690	425,856	793,297
Board of Commissioners	89,021	129,577	182,102	181,797	313,248
CRWSC Activity	25,593	984	-	-	-
Overhead and equipment charges allocated and capitalized	(156,987)	(240,708)	(147,856)	(148,095)	(207,086)
Depreciation	1,905,567	1,846,508	1,853,297	1,824,342	1,845,315
<b>Total operating expenses</b>	<b>7,954,895</b>	<b>8,916,008</b>	<b>8,666,709</b>	<b>8,695,982</b>	<b>8,969,674</b>
Operating income:	2,202,555	102,809	(337,098)	(1,773,718)	(2,174,212)
<b>Nonoperating revenues (expense)</b>					
Federal award and other	-	393,909	70,000	35,383	141,927
Investment earnings on cash equivalents	42,650	41,317	45,131	46,405	56,489
Interest income from note receivable	-	-	5,169	7,241	8,311
Rental income	104,801	101,924	99,130	96,417	92,284
Other	177,677	21,151	26,847	53,133	18,137
Gain (loss) from disposal of capital assets	(438)	(562)	-	(18,226)	(52,849)
Interest expense (net)	(54,033)	(47,172)	(77,039)	(75,492)	(112,700)
<b>Nonoperating income (expense) - net</b>	<b>270,657</b>	<b>510,567</b>	<b>169,238</b>	<b>144,861</b>	<b>151,599</b>
<b>Net Income before Capital Contributions</b>					
<b>Contributions</b>	2,473,212	613,376	(167,860)	(1,628,857)	(2,022,613)
<b>CAPITAL CONTRIBUTIONS</b>	556,353	473,086	388,187	426,606	379,320
Change in Net Position, prior period adjustments	(1,647,300)	(815,028)	(829,238)	-	-
<b>CHANGE IN NET POSITION</b>	<b>\$ 1,382,265</b>	<b>\$ 271,434</b>	<b>\$ (608,911)</b>	<b>\$ (1,202,251)</b>	<b>\$ (1,643,293)</b>

Footnotes:

(1) Transitional liability restatement was not included as information was not available. These years may not be comparable to restated years.

Source: Clackamas River Water Comprehensive Annual Financial Reports and Financial Statements

**CLACKAMAS RIVER WATER**  
**CHANGE IN NET POSITION**  
Last Ten Fiscal Years

	2020	2019	2018	2017	2016
<b>Operating Revenues:</b>					
Water Sales	\$ 13,099,982	\$ 13,155,014	\$ 12,292,381	\$ 11,368,920	\$ 10,887,335
Other	188,747	541,790	385,524	343,469	306,729
<b>Total operating revenues</b>	<b>13,288,729</b>	<b>13,696,804</b>	<b>12,677,905</b>	<b>11,712,389</b>	<b>11,194,064</b>
<b>Operating Expenses:</b>					
Water Resources	3,244,480	3,123,937	3,057,068	3,241,595	3,287,224
System Operations	2,505,637	1,699,629	1,599,928	1,590,409	1,893,554
Finance, Accounting and Customer Service	1,387,468	1,373,329	1,200,282	1,156,046	1,411,476
Administrative Services	2,038,817	1,930,985	1,726,279	1,649,556	2,239,563
Engineering	-	752,343	1,015,134	827,981	709,806
Board of Commissioners	-	-	-	127,115	178,896
CRWSC Activity	109,960	87,618	160,021	186,230	323,015
Overhead and equipment charges allocated and capitalized	(316,714)	(688,480)	(422,995)	(271,482)	(192,858)
Depreciation	2,147,747	1,974,347	1,996,562	2,052,288	2,024,030
<b>Total operating expenses</b>	<b>11,117,395</b>	<b>10,253,708</b>	<b>10,332,279</b>	<b>10,559,738</b>	<b>11,874,706</b>
Operating income:	2,171,334	3,443,096	2,345,626	1,152,651	(680,642)
Nonoperating revenues (expense)					
Federal award and other	86,638	-	5,000	-	-
Investment earnings on cash equivalents	318,499	594,679	536,232	356,281	117,890
Interest income from note receivable	-	-	-	-	-
Rental income	114,538	111,202	107,963	104,818	108,272
Other	125,581	124,846	235,875	207,842	306,779
Gain (loss) from disposal of capital assets	(98,288)	-	-	-	-
Interest expense (net)	(801,551)	(819,970)	(561,254)	(869,265)	(153,915)
Nonoperating income (expense) - net	(254,583)	10,757	323,816	(200,324)	379,026
<b>Net Income before Capital</b>					
<b>Contributions</b>	1,916,751	3,453,853	2,669,442	952,327	(301,615)
<b>CAPITAL CONTRIBUTIONS</b>	566,400	1,563,060	583,164	661,280	782,532
Change in Net Position, prior period adjustments	-	-	-	-	-
<b>CHANGE IN NET POSITION</b>	<b>\$ 2,483,151</b>	<b>\$ 5,016,913</b>	<b>\$ 3,252,606</b>	<b>\$ 1,613,607</b>	<b>\$ 480,917</b>

Source: Clackamas River Water Comprehensive Annual Financial Reports and Financial Statements

**CLACKAMAS RIVER WATER  
CAPITAL CONTRIBUTIONS BY SOURCE  
Last Ten Fiscal Years**

Fiscal Year Ended June 30,	System Development Charges	Connection Fees	Contributed Infrastructure	Total Capital Contributions
2020	\$ 501,427	\$ 64,973	\$ -	\$ 566,400
2019	908,746	60,392	593,922	1,563,060
2018	382,758	147,799	52,607	583,164
2017	262,468	114,559	284,253	661,280
2016	644,487	114,390	23,655	782,532
2015	243,336	88,892	224,125	556,353
2014	167,096	86,754	219,236	473,086
2013	120,998	90,881	176,308	388,187
2012	85,911	65,695	275,000	426,606
2011	187,501	68,732	123,087	379,320

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Source: Clackamas River Water Records

**CLACKAMAS RIVER WATER  
COMPARISON OF WATER SOLD TO  
WATER SUPPLIED IN HUNDRED CUBIC FEET  
Last Ten Fiscal Years**

Fiscal Year Ended June 30,	North Service Area			South Service Area				Total		
	Water Sold	Water Produced	Ratio	Water Sold	Water Purchased	Water Produced	Ratio	Water Sold	Water Supplied	Ratio
2020	3,063,991	3,327,067	92.1	656,095	674,305	50,754	90.5	3,720,086	4,052,126	91.8
2019	3,186,796	3,336,561	95.5	725,344	789,521	-	91.9	3,912,140	4,126,082	94.8
2018	3,141,965	3,362,802	93.4	711,801	829,019	-	85.9	3,853,766	4,191,821	91.9
2017	3,143,120	3,345,695	93.9	644,695	735,484	-	87.7	3,787,815	4,081,179	92.8
2016	3,190,319	3,448,384	92.5	729,651	829,715	-	87.9	3,919,970	4,278,099	91.6
2015	3,159,132	3,466,714	91.1	661,147	807,818	-	81.8	3,820,279	4,274,532	89.4
2014	3,050,963	3,318,539	91.9	639,324	788,754	-	81.1	3,690,287	4,107,293	89.8
2013	3,158,722	3,412,055	92.6	684,871	666,301	129,803	86.0	3,843,593	4,208,159	91.3
2012	3,016,986	3,265,033	92.4	575,567	599,662	107,779	81.4	3,592,553	3,972,475	90.4
2011	3,074,421	3,211,932	95.7	615,018	570,450	119,835	89.1	3,689,439	3,902,217	94.5

Beginning in FY 2020, the Backbone CIP improvements enabled CRW to deliver water from our Water Treatment Plant to the South Service area. The water produced and sold in the south will increase in coming years as service is provided for an entire year and additional pressure zones are added.

Source: Clackamas River Water Records

**CLACKAMAS RIVER WATER**  
**DISTRIBUTION OF WATER SALES IN DOLLARS**  
**Last Ten Fiscal Years**

**Water Sold In Dollars**

Fiscal Year Ended June 30,	Wholesale(2)		Direct Industrial / Commercial (2)		Direct Residential (2)		Percent of Total	Total (1)
	Wholesale(2)	Percent of Total	Industrial / Commercial (2)	Percent of Total	Direct Residential (2)	Percent of Total		
2020	\$ 884,213	6.8	\$ 5,503,996	42.3	\$ 6,620,996	50.9	\$ 13,009,205	
2019	860,535	6.6	5,578,409	42.7	6,633,542	50.7	13,072,485	
2018	838,125	6.9	5,109,157	41.9	6,237,197	51.2	12,184,479	
2017	820,589	7.3	4,814,714	42.9	5,579,713	49.8	11,215,016	
2016	803,145	7.4	4,676,994	42.9	5,414,207	49.7	10,894,346	
2015	784,506	8.0	4,294,834	44.1	4,669,156	47.9	9,748,496	
2014	755,849	8.8	3,756,360	43.5	4,118,075	47.7	8,630,283	
2013	581,317	7.3	3,598,923	45.2	3,778,375	47.5	7,958,615	
2012	573,886	8.6	2,995,837	44.6	3,139,897	46.8	6,709,620	
2011	571,809	8.6	2,894,595	43.7	3,152,192	47.6	6,618,597	

Footnotes:

(1) Total water sold does not include water sold on fire hydrant permits. Total Water Revenue on The Statement of Revenues, Expenses, and Changes in Net Position includes water sales on fire hydrant permits and accrued unbilled water sales.

(2) Water sold amounts updated to reflect Eden computer system records.

Source: Clackamas River Water Records

**CLACKAMAS RIVER WATER**  
**DISTRIBUTION OF WATER SOLD BY VOLUME**  
**Last Ten Fiscal Years**

Water Sold in Hundred Cubic Feet

Fiscal Year Ended June 30,	Wholesale (1)	Direct		Direct Residential (1)	Percent of Total	Total
		Percent of Total	Industrial / Commercial (1)			
2020	1,238,352	33.3	1,395,447	37.5	1,086,287	3,720,086
2019	1,221,344	31.2	1,511,197	38.6	1,179,599	3,912,140
2018	1,218,475	31.6	1,459,042	37.9	1,176,249	3,853,766
2017	1,218,604	32.4	1,462,030	38.9	1,082,282	3,762,916
2016	1,219,751	31.1	1,496,116	38.2	1,204,103	3,919,970
2015	1,234,550	32.3	1,450,490	38.0	1,135,393	3,820,433
2014	1,223,505	33.2	1,344,349	36.4	1,122,433	3,690,287
2013	1,223,865	31.8	1,443,102	37.5	1,176,626	3,843,593
2012	1,239,597	33.3	1,369,885	36.8	1,112,951	3,722,433
2011	1,224,000	33.2	1,228,974	33.3	1,236,464	3,689,438

Footnotes:

(1) Water sold amounts updated to reflect Eden computer system records.

Source: Clackamas River Water Records



**CLACKAMAS RIVER WATER  
APPLICATIONS FOR WATER SERVICE  
Last Ten Fiscal Years**

<b>Fiscal Year Ended June 30,</b>	<b>Domestic Residential (3/4" Meter)</b>	<b>Domestic Commercial (1" Meter &amp; Up)</b>	<b>Fire Protection (All Sizes)</b>	<b>Total Applications for Water Service</b>
2020	82	7	0	89
2019	112	7	2	121
2018	46	13	1	60
2017	55	12	1	68
2016	70	10	0	80
2015	43	6	0	49
2014	30	8	4	42
2013	26	3	2	31
2012	18	5	1	24
2011	56	6	1	63

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Source: Clackamas River Water Records

**CLACKAMAS RIVER WATER**  
**NUMBER OF WATER CUSTOMERS BY TYPE**  
**Last Ten Fiscal Years**

Fiscal Year Ended June 30,	Residential	Multi Family /Trailer Parks	Commerical	Industrial	Fire Service	Other	Total
2020	11,131	228	796	54	361	220	12,790
2019	11,049	228	792	54	355	218	12,696
2018	10,964	227	791	54	352	221	12,609
2017	10,919	226	799	53	345	210	12,552
2016	10,877	225	831	53	340	181	12,507
2015	10,668	214	801	51	334	138	12,206
2014	10,623	222	802	52	330	148	12,177
2013	10,739	222	802	52	328	153	12,296
2012	11,595	229	800	57	328	182	13,191
2011	11,495	235	820	55	327	184	13,116

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Source: Clackamas River Water Records

**CLACKAMAS RIVER WATER**  
**MONTHLY SERVICE CHARGE**  
 Last Ten Fiscal Years

**Residential Users - North and South Service Areas**

Fiscal Year Ended June 30,	Minimum Monthly Service Charge	Rate for First CCF (1)
2020	\$ 26.31	\$ 2.25
2019	26.31	2.25
2018	24.88	2.12
2017	23.53	2.01
2016	22.25	1.90
2015	17.62	1.90
2014	13.45	1.90
2013	9.54	1.90
2012	8.35	1.66
2011	5.85	1.60

Water rates would normally have been updated in May 2020, but were delayed until November 2020 due to the economic impact of the Covid-19 pandemic to our community. Therefore, the rates at 6/30/19 and 6/30/20 are the same.

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Footnotes:

(1) CCF means one hundred cubic feet

One hundred cubic feet of water is equal to approximately 748 gallons

Source: Clackamas River Water Records

**CLACKAMAS RIVER WATER  
LARGEST WATER CONSUMERS  
For The Years Ended JUNE 30, 2020 and 2011**

Consumer	2020		2011	
	Consumption (Hundred Cubic Feet)	Percent of District Total	Consumption (Hundred Cubic Feet)	Percent of District Total
<b>Wholesale:</b>				
Sunrise Water Authority	1,238,352	33.29%	1,224,001	33.2%
<b>Commercial:</b>				
Precision Castparts Corporation	138,828	3.7	134,281	3.6
Safeway	43,854	1.2	42,976	1.2
Fred Meyer, Inc.	41,092	1.1	30,232	0.8
Pacific Seafood	22,609	0.6	11,235	0.3
Clackamas Town Center	21,088	0.6	29,022	0.8
Interstate Meats	26,886	0.7	17,031	0.5
Larsen Creamery Inc	15,669	0.4	15,480	0.4
N Clackamas Parks & Rec	15,177	0.4	14,262	0.4
Unified Western Grocers-closed	12,855	0.3	12,846	0.3
Oregon Military Dept	12,014	0.3	7,616	0.2
N Clackamas School District #12	9,477	0.3	11,713	0.3
Costco Utility Bills	8,201	0.2	9,305	0.3
Monarch Motor Hotel	7,545	0.2	11,943	0.3
<b>Multi-family:</b>				
Country Village Mobile Home Park	37,427	1.0	38,567	1.0
Clackamas Trails(Court 270 LLC)	24,596	0.7	29,022	0.8
Overlook at Causey	22,235	0.6	22,100	0.6
Johnson City	19,977	0.5	22,436	0.6
Reflections at Happy Valley	19,024	0.5	18,085	0.5
Easton Ridge Appartments	16,340	0.4	19,973	0.5
Hearthwood Village MHP	15,177	0.4	11,485	0.3
Giadan K Estates	13,907	0.4	14,733	0.4
Oak Acres Mobile Home Park	13,259	0.4	12,470	0.3
Village Place Apartments	11,911	0.3	11,441	0.3
Brown	11,161	0.3	9,629	0.3
Pointe West Apartments	10,700	0.3	9,606	0.3
Ed Lucas Investment Property	10,097	0.3	12,804	0.3
Pardes, LLC	8,885	0.2	12,842	0.3
Pine View Apts	8,029	0.2	8,118	0.2
The Fountains at Town CTR	7,950	0.2	13,560	0.4
Equity Lifestayle Properties	7,181	0.2	7,622	0.2
All Other Consumers	1,848,583	49.7	1,843,002	50.0
	<b>3,720,086</b>	<b>100.0%</b>	<b>3,689,438</b>	<b>100.0%</b>

Source: Clackamas River Water Records

**CLACKAMAS RIVER WATER**  
**RATIO OF BONDED DEBT TO PERSONAL INCOME**  
**Last Ten Fiscal Years**

<b>Fiscal Year Ended June 30,</b>	<b>Revenue Bonds (1)</b>	<b>District Bonded Debt per Capita (2)</b>	<b>Clackamas County Per Capita Income (3)</b>	<b>As a Share Of Personal Income (4)</b>
2020	\$ 18,920,000	\$ 400.42	N/A	N/A
2019	19,695,000	416.83	\$ 61,726	0.68%
2018	20,445,000	408.90	56,268	0.73%
2017	21,160,000	423.20	53,826	0.79%
2016	21,855,000	437.10	51,379	0.85%
2015	2,430,000	48.60	50,169	0.10%
2014	2,790,000	55.80	48,713	0.11%
2013	3,130,000	62.60	49,453	0.13%
2012	3,665,000	73.30	48,286	0.15%
2011	4,175,000	83.50	46,275	0.18%

Footnotes:

- (1) Revenue bonds are the only kind of bonded debt - Includes Series 2009 and Series 2016 as of March 2016
- (2) Estimated District population 47,250 - based on updated Water System Master Plan 2019
- (3) Data is for calendar year.
- (4) Clackamas County personal income data

Sources: Clackamas River Water Annual Financial Statements and Records  
 US Census Bureau, American Community Survey  
 Department of Human Resources, State of Oregon,  
 Employment Division, Clackamas County

**CLACKAMAS RIVER WATER  
REVENUE PLEDGED COVERAGE  
Last Ten Fiscal Years**

Fiscal Year Ended June 30,	Gross		Net Revenue		Debt Service Requirements (3)			Coverage
	Revenues (1)	Operating Expenses (2)	Available for Debt Service	Principal	Interest	Total		
2020	\$ 13,847,347	\$ 8,969,648	\$ 4,877,699	\$ 775,000	\$ 920,275	\$ 1,695,275	2.88	
2019	14,527,531	8,279,361	6,248,170	750,000	947,375	1,697,375	3.68	
2018	13,557,975	8,335,717	5,222,258	715,000	973,375	1,688,375	3.09	
2017	12,381,330	8,507,450	3,873,880	695,000	996,475	1,691,475	2.29	
2016	11,727,005	9,850,677	1,876,328	365,000	233,802	598,802	3.13	
2015	10,482,578	6,049,766	4,432,812	360,000	95,555	455,555	9.73	
2014	9,577,118	7,111,473	2,465,645	340,000	106,460	446,460	5.52	
2013	8,575,888	6,890,451	1,685,437	535,000	119,585	654,585	2.57	
2012 (4)	8,160,845	6,965,358	1,195,487	515,000	135,260	650,260	1.84	
2011 (4)	7,944,110	7,124,369	819,741	505,000	124,142	629,142	1.30	

Footnotes:

- (1) Total revenues, including interest and system development charges. Excludes local improvement district assessments.
- (2) Total operating expenses exclusive of depreciation, and includes loss from sales of assets and interest expense.
- (3) Includes principal and interest of revenue bonds only. It does not include general obligation bonds funded by taxes or revenues.
- (4) Total revenues includes transfer from Rate Stabilization Reserve Fund during first quarter of fiscal year of following fiscal year.

Source: Clackamas River Water Annual Financial Statements and Records

**CLACKAMAS RIVER WATER**  
**DEMOGRAPHIC STATISTICS**  
Last Ten Fiscal Years

<b>Fiscal Year Ended June 30,</b>	<b>Population (1)</b>	<b>Personal Income (1) (In Thousands)</b>	<b>Per Capita Personal Income (2)</b>	<b>Clackamas Cty. Unemployment Rate (3)</b>	<b>Portland Metro Area Unemployment Rate (4)</b>
2020	422,583	N/A	N/A	13.5	14.2
2019	418,187	\$ 25,812,808	\$ 61,726	3.7	3.8
2018	416,075	23,220,274	56,268	3.5	3.7
2017	412,672	22,212,483	53,826	3.3	4.1
2016	408,062	20,965,832	51,379	4.2	5.1
2015	401,515	20,125,378	50,169	5.1	5.5
2014	394,972	19,240,407	48,713	5.9	6.1
2013	388,263	19,200,727	49,453	6.9	7.4
2012	383,857	18,535,004	48,286	7.7	8.5
2011	379,984	17,583,715	46,275	8.6	9.9

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Footnotes:

(1) For Clackamas County.

(2) Data is for calendar years.

(3) Data is for May of each calendar year

(4) Includes Portland - Vancouver - Hillsboro, OR-WA MSA (Metro Service Area). Data is for June of each calendar year.

**CLACKAMAS RIVER WATER**  
**MAJOR EMPLOYERS WITHIN CRW DISTRICT**  
**For The Years Ended JUNE 30, 2020 and 2011**

Name	Product or Service	2020 Estimated Employment	2011 Estimated Employment
Fred Meyer, Inc.	Distribution Center	1,800	1,300
Precision Castparts Corp.	Investments Castings	1,700	1,700
Safeway Stores, Inc.	Distribution Center and Bakery	1,054	1,290
Warn Industries - Portland	4-Wheel Drive After Market Equipment	801	500
Camp Withycombe	Oregon National Guard/Oregon Military	610	419
Costco	Shopping Club	400	350
Pacific Seafood, Inc	Distribution Center	300	300
Winco	Distribution Center	300	N/A
J.C. Penney Co.	Department Store	200	200
Vigor Industrial (Oregon Iron Works)	Steel Fabrication	200	200
VCA Animal Hospital	Veternary services	150	N/A
Super Valu (United Grocers, Inc.)- closed	Warehouse/Offices/Retail Trade	-	630
Sears - closed	Department Store	-	400
Nordstrom - closed	Department Store	-	225

Source: North Clackamas County Chamber of Commerce  
Source: ReferenceUSA



**CLACKAMAS RIVER WATER  
ADMINISTRATIVE AND OPERATIONAL  
FULL TIME EQUIVALENT EMPLOYEES  
Last Ten Fiscal Years**

Fiscal Year Ended June 30,	Administrative	Operational	Total
2020	10	29	39
2019	11	29	40
2018	11	30	41
2017	12	28	40
2016	12	28	40
2015	12	26	38
2014	14	26	40
2013	13	26	39
2012	13	26	39
2011	13	24	37

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Source: Clackamas River Water Payroll Records

**CLACKAMAS RIVER WATER  
CUSTOMER ACCOUNT WRITE-OFFS  
AS A PERCENTAGE OF SALES  
Last Ten Fiscal Years**

Fiscal Year Ended June 30,	Water Sales	Write Offs	% of Sales
2020	\$ 13,099,982	\$ 12,178	0.09%
2019	13,155,014	11,445	0.09%
2018	12,292,381	17,088	0.14%
2017	11,368,920	13,159	0.12%
2016	10,887,335	9,347	0.09%
2015	9,955,874	7,097	0.07%
2014	8,815,333	8,030	0.09%
2013	8,035,375	11,090	0.14%
2012	6,760,994	9,185	0.14%
2011	6,522,923	6,649	0.10%

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Source: Clackamas River Water Records

**CLACKAMAS RIVER WATER  
OPERATING INDICATORS  
Last Ten Fiscal Years**

<b>Fiscal Year Ended June 30,</b>	<b>Size of Watershed Square Miles</b>	<b>(1) Average Daily Production (MGD) (2)</b>	<b>(1) Peak Day Production (MGD) (2)</b>	<b>Miles of Water Mains (2)</b>	<b>Water Storage Capacity (MG) (3)</b>	<b>Number of Pump Stations</b>
2020	942	8.21	15.48	272	24.00	11
2019	942	9.17	13.35	269	23.05	10
2018	942	8.60	15.45	262	23.05	10
2017	942	6.86	13.39	262	23.05	10
2016	942	7.07	14.76	262	23.05	10
2015	942	7.11	17.19	262	24.45	10
2014	942	6.81	16.18	262	24.45	10
2013	942	8.63	12.57	262	24.35	10
2012	942	8.14	13.43	262	24.35	10
2011	942	8.00	12.43	210	23.05	10

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(1) Average Daily Production from Clackamas River Water's Water Treatment Plant, Well 1, and South Fork Water Board

(2) Miles of water mains updated after completion of map conversion

(3) MG is Million Gallons

Source: Clackamas River Water Operations and Engineering Records

**AUDIT COMMENTS  
& DISCLOSURES  
REQUIRED BY STATE  
REGULATIONS**



*Clackamas River Water*

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

Board of Commissioners  
Clackamas River Water District

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the basic financial statements of Clackamas River Water District (the "District"), which comprise the statements of net position as of June 30, 2020 and 2019, and the related statements of revenue, expense, and changes in net position, and cash flows for the years then ended, and the related notes to the basic financial statements and have issued our report thereon dated December 31, 2020.

### **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 (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

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

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, including provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules OAR 162-10-000 to 162-10-330 of the Minimum Standards for Audits of Oregon Municipal Corporations, noncompliance of which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion.

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

- The accounting records and related internal control structure.
- The use of various depositories to secure the deposit of public funds.
- The requirements relating to debt.
- The requirements relating to the preparation, adoption, and execution of the annual budgets for fiscal years 2020 and 2021.
- The requirements relating to insurance and fidelity bond coverage.
- The appropriate laws, rules, and regulations pertaining to programs funded wholly or partially by other governmental agencies.
- The statutory requirements pertaining to the investment of public funds.
- The requirements pertaining to the awarding of public contracts and the construction of public improvements.

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 162-10-330 of the Minimum Standards for Audits of Oregon Municipal Corporations.

## Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Minimum Standards for Audits of Oregon Municipal Corporations*, prescribed by the Secretary of State, in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Julie Desimone, Partner  
for Moss Adams LLP  
Portland, Oregon  
December 31, 2020

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