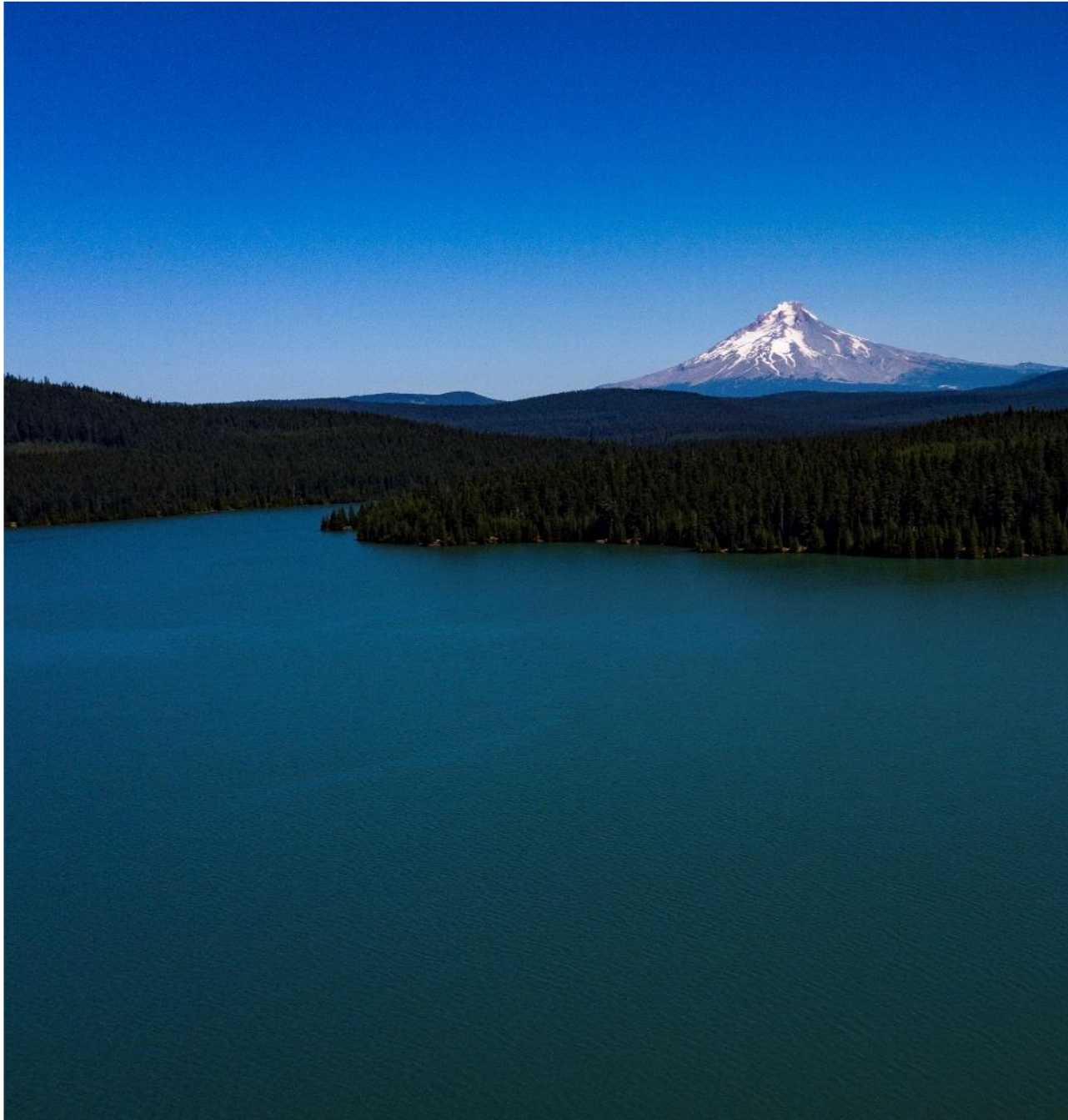


Annual Comprehensive Financial Report

For the fiscal years ended

June 30, 2021 and 2020



CLACKAMAS RIVER WATER

CLACKAMAS, OREGON

CLACKAMAS RIVER WATER
CLACKAMAS, OREGON

ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the fiscal years ended June 30, 2021 and 2020

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 29, 2021

Board of Commissioners of Clackamas River Water
Clackamas, Oregon

We are pleased to submit the Annual Comprehensive Financial Report (ACFR) for Clackamas River Water (CRW or the District) for the fiscal year ended June 30, 2021. 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, 2021, and the results of operations for fiscal year 2020-2021.

Moss Adams, LLP, Certified Public Accountants, have issued an unmodified opinion on the District's financial statements for the fiscal year ended June 30, 2021. 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 most of 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. As a result of the completion of infrastructure projects in 2020, approximately 25 per cent of the demand of the south service area is provided water from the CRW treatment plant. This area served is known as our 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 (SWA) 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 2020-2021 water sales accounted for 98.9 percent of total operating revenues, up from 98.6 percent in fiscal 2019-2020.

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). Through an agreement with the North Clackamas County Water Commission (NCCWC), SWA currently purchases 2.5 million gallons per day (MGD) from CRW's water treatment plant. Although this agreement is set to expire in 2022, the parties are working on a new agreement that will anticipate providing up to 10 MGD of water. 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.

In 2021 the District completed a Water Facilities Master Plan to identify upcoming capital needs at our water treatment plant. We then developed a comprehensive six-year capital plan to identify priorities for

infrastructure replacement based on the Water Systems Master Plan (2019) and the Water Facilities Master Plan (2021) based on the following criteria:

- Age – How does the age of our water system components affect their ability to contribute to long-term system health and function?
- Capacity – How will the system be able to meet current and future demands?
- Water Quality – How will the system be able to meet current and future water quality goals and requirements?
- Resilience – How will the system be able to meet hazard resilience goals and requirements?

Capital improvement projects within the six-year financial plan are prioritized for inclusion in biennial budgets. Water rates, bonding and system development charges (SDCs) provide 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 District held an SDC rate hearing, and the board adopted an updated methodology and a new schedule of charges in July 2021 via Ordinances 02-2021 and 03-2021, which provides for future adjustments tied to the Seattle Engineering News Record construction price index.

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, 2021, based upon a cost-of-service analysis and was included in a 2014 Board Ordinance adopting rate increases through 2021. This is the final rate increase from the 2014 Ordinance. A rate hearing is planned for fiscal year 2022.

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 12,880 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 per cent in the CRW South Service Area and 0.5 per cent 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 100 in fiscal year 2021, higher than the 89 new services in fiscal year 2020. Included the following new services:

- 87 domestic residential services
- 3 domestic commercial connections
- 10 fire protection services

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. Wholesale water sales equate to 32 percent of the total water sales and provides about seven percent of the District's water sales revenue during fiscal year 2020-2021. The wholesale water supply agreement expires in 2022 and a new agreement is being negotiated.

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.

- Ensure a reliable water supply for the communities we serve by investing in infrastructure and emergency preparedness.
- Be a water district of choice for attracting, developing, and retaining a highly qualified workforce by providing a safe, healthy, rewarding environment that values employees.
- Heighten public awareness of the District's role in enhancing public health, community vitality and economic growth.

As identified above, the Board was presented with six-year capital plan outlining infrastructure improvements and preparing for implementation of the water treatment plant facility plan recommendations. The first two years of the capital plan were incorporated into the biennial budget for 2021 – 2023.

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 2020-2021, CRW spent \$1.9 million on its capital program, including work on the numerous water line installations, and rehabilitation projects.

Fiscal Year 2021 in Review

The pandemic that began in 2020 and has continued through fiscal year 2021 has impacted the District's utility aging balances as many customers have been unemployed and several businesses have closed, either temporarily or permanently. We have seen some improvement in recent months, but the extent of the pandemic and the reach of the delta variant are unknown. Additionally in September 2020 there were large wildfires in Clackamas County with nearly 25 per cent of our staff impacted by evacuation notices. The District had two water main breaks near the edge of the evacuation area that were promptly repaired to keep water flowing to the area. Then in February of 2021 the region had a severe ice storm that toppled trees and took down power lines. Every facility of the District was operating on generators and the water treatment plant was able to continue to produce and deliver water to our customers.

During fiscal year 2020-2021, 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. A six-year capital plan was presented to the Board of Commissioners in February with a planned spend down of capital reserves. The first two years of the plan were included in the biennial 2021-2023 budget.
2. *CRW's participation in the CRWSC.* CRW continues to provide the following services to Sunrise Water Authority:
 - a. Payroll services
 - 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
3. *Water Rate Review and Analysis.* In May 2021, CRW implemented year eight of the eight-year rate plan as approved by the Board of Commissioners. Future rate increases will be considered at a rate hearing in fiscal year 2022. The approved rate structure has provided 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:** CRW operates in accordance with our Local Contract Review Board (LCRB) rules as adopted by the Board of Commissioners. These rules will continue to be followed and 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 2021.

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 eighth-year rate increase was effective after the April 30, 2021 bills, just prior to the fiscal year end. Wholesale and retail rates will be reviewed in fiscal year 2022 and a rate hearing will be held in 2022.

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

Annual Comprehensive 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 Annual Comprehensive Financial Report for the fiscal year ended June 30, 2020. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized Annual Comprehensive 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 Annual Comprehensive 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,

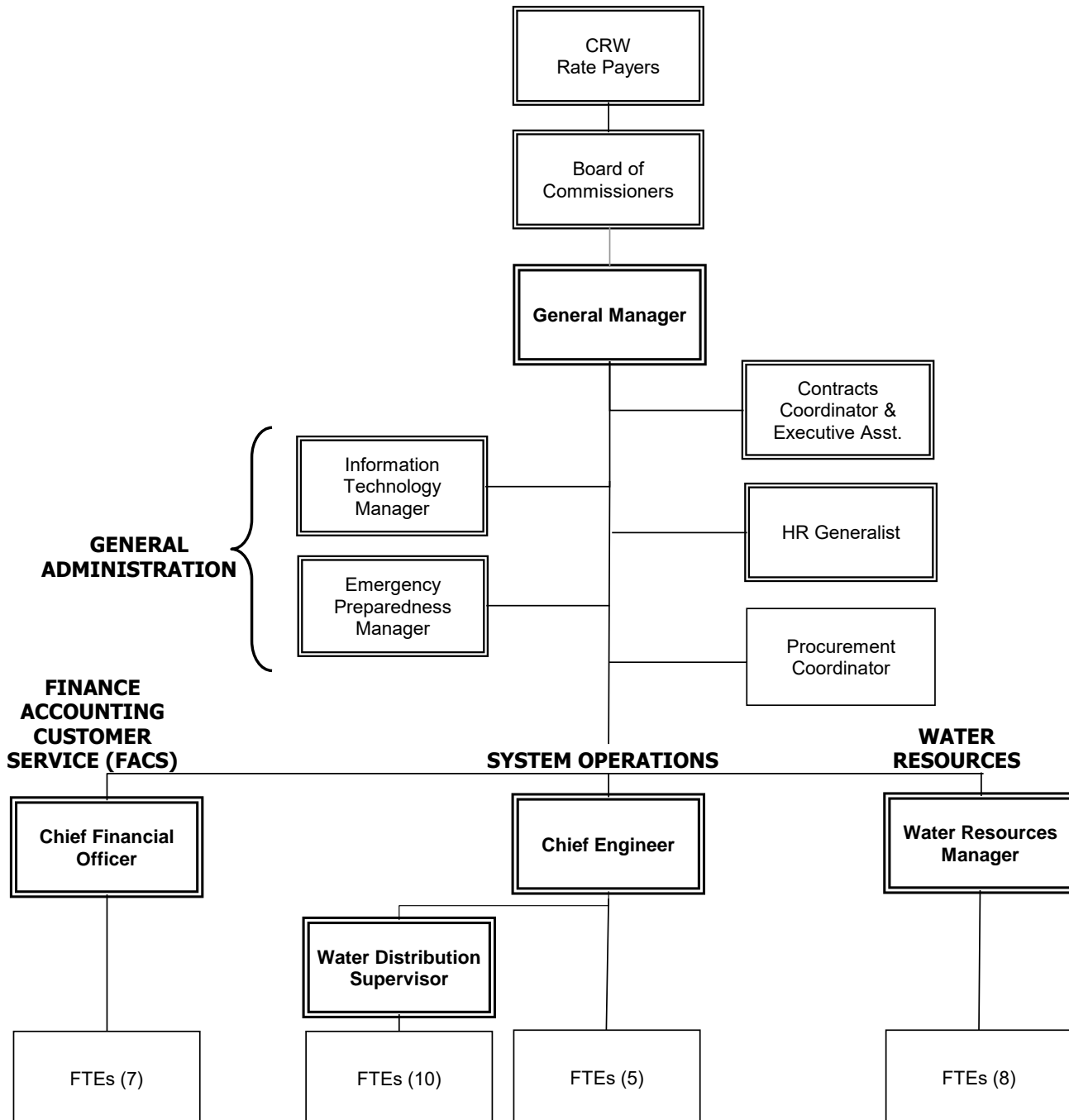
Todd Heidgerken

Todd Heidgerken
General Manager

Carol Bryck

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, 2021

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

Leadership Team

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



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Clackamas River Water
Oregon**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2020

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, 2021 and 2020, 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, 2021 and 2020, 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 pension contributions, and the schedule of proportionate share of the net pension liability 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 28, 2021, 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 28, 2021

**CLACKAMAS RIVER WATER
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021 and 2020**

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, 2021. We encourage readers to consider the information presented here in conjunction with the accompanying financial statements.

FINANCIAL HIGHLIGHTS

- Total assets and deferred outflows of resources of the District at June 30, 2021, was \$102,353,706 and included net capital assets of \$77,938,836; total current assets of \$21,940,917; and total deferred outflows of resources of \$2,473,953. Overall, total assets and deferred outflows of resources for the District increased 3.1 percent from fiscal year 2020 and 4.1 percent since fiscal year 2019.
- The District's assets and deferred outflows exceeded its liabilities and deferred inflows (net position) on June 30, 2021, by \$71,667,556. This amount reflects an increase of \$2,415,978 or 3.5 percent from fiscal year 2020 and 7.3 percent since fiscal year 2019.
- The liabilities and deferred inflows of the District increased by \$618,900. Outstanding accounts payable was higher as our final capital project for the year was nearly completed at year end and the construction bills for June's activity were received in July. Bonds payable decreased due to annual principal payments on existing debt, and the Series 2009 bonds were paid in full in fiscal year 2021. Deferred Inflows at June 30, 2021 were \$378,610 compared with \$436,677 at June 30, 2020. The changes were due to reduced net difference in projected and actual earnings and a reduction in proportionate share.
- Total Operating Revenues for fiscal year 2021 were \$14,455,051, an increase of \$1,166,322, 8.8 percent, from the prior year. The increase is mainly due to retail water rate increases and a 2.6 percent increase in consumption during the fiscal year. Other Operating revenue was down by \$36,336 over the prior fiscal year primarily due to the pause in late fees and decrease of investment income. Operating Expenses before depreciation totaled \$10,838,007, an increase of \$1,868,359, 20.8 percent, from fiscal year 2020, which is primarily attributed to an increase in the District's proportional share of the pension unfunded liability and a reduction in overall capital projects caused a reduction in associated overhead charges to the capital project funds. The difference between operating revenues and expenses resulted in Net Operating Gains totaling \$1,183,070 and \$2,171,334 in fiscal years 2021 and 2020 respectively.
- Depreciable and non-depreciable capital assets, net of accumulated depreciation, totaled \$77,938,836 on June 30, 2021, an increase of \$805,918, 1%, from fiscal year 2020. Fewer capital projects were completed in fiscal year 2021 compared with fiscal year 2020 where we spent the remaining Series 2016 Revenue Bond proceeds. Depreciation expense totaled \$2,433,974 and \$2,147,747 in fiscal years 2021 and 2020, respectively.

**CLACKAMAS RIVER WATER
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
JUNE 30, 2021 and 2020**

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, 2021 and 2020**

Financial Analysis

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

Condensed Statement of Net Position					
	2021	2020	Difference 2021-2020	Percent Change	2019
Assets					
Current assets	\$21,940,917	\$19,290,204	\$2,650,713	13.7%	\$21,027,977
Capital assets	77,938,836	77,132,918	805,918	1.0%	74,802,788
Total Assets	<u>99,879,753</u>	<u>96,423,122</u>	<u>3,456,631</u>	3.6%	<u>95,830,765</u>
Deferred Outflows	<u>2,473,953</u>	<u>2,895,706</u>	<u>(421,753)</u>	-14.6%	<u>2,450,487</u>
Total Assets and Deferred Outflows	<u>102,353,706</u>	<u>99,318,828</u>	<u>3,034,878</u>	3.1%	<u>98,281,252</u>
Liabilities					
Current liabilities	2,902,774	2,858,537	44,237	1.5%	3,347,710
Non-current liabilities	<u>27,404,766</u>	<u>26,772,036</u>	<u>632,730</u>	2.4%	<u>27,531,755</u>
Total Liabilities	<u>30,307,540</u>	<u>29,630,573</u>	<u>676,967</u>	2.3%	<u>30,879,465</u>
Deferred Inflows	378,610	436,677	(58,067)	-13.3%	633,360
Total Liabilities and Deferred Inflows	<u>30,686,150</u>	<u>30,067,250</u>	<u>618,900</u>	2.1%	<u>31,512,825</u>
Net Position					
Net investment in capital assets	57,021,759	55,271,513	1,750,246	3.2%	52,402,947
Restricted	10,348,939	9,249,039	1,099,900	11.9%	10,384,227
Unrestricted	<u>4,296,858</u>	<u>4,731,026</u>	<u>(434,168)</u>	-9.2%	<u>3,981,253</u>
Total net position	<u>\$71,667,556</u>	<u>\$69,251,578</u>	<u>\$2,415,978</u>	3.5%	<u>\$66,768,427</u>
Total Liabilities and Net Position	<u>\$102,353,706</u>	<u>\$99,318,828</u>	<u>\$3,034,878</u>	3.1%	<u>\$98,281,252</u>

- Total assets and deferred outflows increased this fiscal year by \$3,034,878, 3.1 percent, and totaled \$102,353,706, \$99,318,828, and \$98,281,252 for fiscal years ended June 30, 2021, 2020 and 2019, respectively. In contrast, total assets and deferred outflows for fiscal year 2020 increased by \$1,037,576, 1.1 percent, over fiscal year 2019. Capital assets increased by \$805,918 1.0 percent, and by \$2,330,130, 3.1 percent, in fiscal years 2021 and 2020, respectively. Capital assets have increased each year from fiscal year 2016 through fiscal year 2021 due to construction of assets with bond proceeds in those years. Deferred pension decreased by \$416,458 14.7 percent, and current assets increased by \$2,650,713 13.7 percent, in fiscal year 2021. Each of the current asset categories, except supplies inventory and prepaid expenses showed growth in fiscal year 2021. Restricted cash and cash equivalents increased due to a reduction in spending on capital projects.

- Deferred outflows decreased by \$421,753, 14.6 percent, in the current fiscal year, totaling \$2,473,953, \$2,895,706, and \$2,450,487, respectively, for 2021, 2020 and 2019. Deferred outflows pertain to delayed charges on pension and bonded debt.

- Total liabilities and deferred inflows increased 2.1 percent during fiscal year 2021, with balances of \$30,686,150, \$30,067,250, and \$31,512,825 for fiscal years ended June 30, 2021,

**CLACKAMAS RIVER WATER
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
JUNE 30, 2021 and 2020**

2020, and 2019, respectively. Current liabilities increased by \$44,237, 1.5 percent, during the current fiscal year primarily due to a decrease of \$481,964 in bonds payable as the Series 2009 Revenue Bonds have been paid in full. Non-current liabilities increased by \$632,730, 2.4 percent, in fiscal year 2021. Net Pension Liability increased \$1,128,865, offset by a decrease in noncurrent Bonds Payable of \$451,295.

- Deferred inflows are the net pension liability resulting primarily from a change between projected and actual earnings on investments. This liability decreased by \$58,067, 13.3 percent, and totaled \$378,610, \$436,677, and \$633,360 for fiscal years 2021, 2020 and 2019, respectively.

- Net position may serve as a useful indicator of the District's financial position. As of June 30, 2021, 2020, and 2019, assets exceeded liabilities by \$71,667,878, \$69,251,578, and \$66,768,427 respectively, an increase of \$2,474,800, 3.6%, over fiscal year 2020. This is due to increases in net investment in capital assets, as well as restricted net position, offset by a reduction in unrestricted net position of \$434,168. Restricted net position totaled \$10,348,939 in fiscal year 2021, an increase of \$1,099,900, 11.9 percent, compared to fiscal year 2020. It accounts for 14.5 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 \$4,296,858 on June 30, 2021, a decrease of \$434,168, 9.2 percent, compared to the prior fiscal year. In fiscal year 2020, net position increased by \$2,483,151, 3.7%, over fiscal year 2019. Net investment in capital assets increased by \$2,868,566, 5.5 percent, restricted net position decreased by \$1,135,188, and unrestricted net position increased by \$749,773 over fiscal year 2019.

**CLACKAMAS RIVER WATER
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
JUNE 30, 2021 and 2020**

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

	2021	2020	Difference 2021-2020	Percent Change	2019 Restated
Operating Revenues:					
Water sales	\$14,302,640	\$13,099,982	\$1,202,658	9.2%	\$13,155,014
Other	152,411	188,747	(36,336)	-19.3%	541,790
Total Operating Revenues	<u>14,455,051</u>	<u>13,288,729</u>	<u>1,166,322</u>	8.8%	<u>13,696,804</u>
Nonoperating Revenues:					
Interest earnings	103,215	318,499	(215,284)	-67.6%	594,679
Rental income	117,974	114,538	3,436	3.0%	111,202
Federal and other awards	190,765	86,638	104,127	120.2%	-
Other	119,674	125,581	(5,907)	-4.7%	124,846
Total Revenues	<u>14,986,679</u>	<u>13,933,985</u>	<u>1,052,694</u>	7.6%	<u>14,527,531</u>
Operating Expenses					
Water Resources	3,567,376	3,244,480	322,896	10.0%	3,123,937
System Operations	3,210,473	2,505,637	704,836	28.1%	1,699,629
Finance, Accounting and Customer Service	1,679,765	1,387,468	292,297	21.1%	1,373,329
Administrative Services	2,467,675	2,038,817	428,858	21.0%	1,930,985
CRWSC Activity	90,810	109,960	(19,150)	-17.4%	87,618
Less:					
Overhead, equipment and labor capitalized	(178,092)	(316,714)	(138,622)	43.8%	(688,480)
Loss on disposal of capital assets	(161)	(98,288)	(98,127)	99.8%	-
Subtotal	<u>10,838,168</u>	<u>8,871,360</u>	<u>1,492,988</u>	16.8%	<u>8,279,361</u>
Depreciation	2,433,974	2,147,747	286,227	13.3%	1,974,347
Interest expense	762,070	801,551	(39,481)	-4.9%	819,970
Total Expenses	<u>14,034,212</u>	<u>11,820,658</u>	<u>1,739,734</u>	14.7%	<u>11,073,678</u>
Income (loss) before capital contributions	952,467	1,916,751	(964,284)	-50.3%	3,453,853
Capital Contributions & SDCs	<u>1,463,511</u>	<u>507,900</u>	<u>955,611</u>	188.1%	<u>1,563,060</u>
Increase in Net Position	2,415,978	2,483,151	(8,673)	-0.3%	5,016,913
Total Net Position - Beginning	<u>69,251,578</u>	<u>66,768,427</u>	<u>2,483,151</u>	3.7%	<u>61,751,514</u>
Total Net Position - Ending	<u><u>\$71,667,556</u></u>	<u><u>\$69,251,578</u></u>	<u><u>\$2,474,478</u></u>	3.6%	<u><u>\$66,768,427</u></u>

Revenues

Total revenues increased by \$1,052,694, 7.6 percent, for fiscal year 2021. Total revenue was \$14,986,679, \$13,933,985, and \$14,527,531 for fiscal years ended June 30, 2021, 2020 and 2019, respectively. Water sales increased by \$1,202,658 due to the implementation of the rate increase for year seven and the scheduled increase for year eight of rate increases approved by the Board on March 31, 2014. CRW was to have a scheduled rate increase on May 1st (retail) and July 1st (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 related to Covid-19. Other operating revenues including water service extension fees, service charges on past due

**CLACKAMAS RIVER WATER
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
JUNE 30, 2021 and 2020**

accounts and miscellaneous revenues decreased by \$36,336. Service charges on past due accounts were suspended in March 2020 and reinstated in May 2021.

Non-operating revenues decreased by \$113,628, 21.4 percent, in the current fiscal year. Interest income fell by \$215,284 as bond proceeds were exhausted in fiscal year 2020 to complete infrastructure projects. This decrease was partially offset by increases in rent and Federal Grant funding through the CARES program and FEMA funding for Wildfire recovery and the February 2021 winter ice storm damage.

In fiscal year 2020 total revenue decreased by \$593,546, 4.1 percent, over fiscal year 2019. Water sales decreased due to delay of the scheduled rate increase and COVID related business closures. Non-operating revenues decreased by \$185,471, or 28.7 percent, mainly due to a decrease in interest earnings on investments as bond proceeds were spent down and interest rates were lower.

Expenses

Expenses incurred by the District totaled \$10,837,846, \$8,871,360 and \$8,279,361 for the fiscal years ended June 30, 2021, 2020 and 2019, respectively. Fiscal year 2021 expenses increased in all programs for a total increase of \$2,154,586, 19.4 percent. A significant portion of the increase in fiscal year 2021 was related to recording pension expense based on GASB 68 calculations. This caused the increases across all departments.

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, design, 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 2021 increased by \$428,858 21.0 percent. This includes increased GAAP entries for pension expense offset by a reduction in our Oregon PERS rate due to the one-time payment of the Transitional Liability in fiscal year 2020. We also have increases in operating costs due to costs associated the COVID-19 pandemic, the September 2020 wildfires, and the February 2021 winter ice storm damage, a portion of which was reimbursed through CARES act funding and FEMA grants. Fiscal year 2020 increased by \$107,832, 5.6 percent over fiscal year 2019.

- System Operations expenses increased by \$704,836, 28.1 percent, in fiscal year 2021 compared with fiscal year 2020. System Operations also incurred increased costs due to the September 2020 wildfires and the February 2021 winter ice storm. The Engineering Department was added to System Operations beginning in fiscal year 2020, so the numbers for Engineering in fiscal

**CLACKAMAS RIVER WATER
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
JUNE 30, 2021 and 2020**

year 2019 have been combined for this analysis. Fiscal year 2020 increased by \$806,008 over fiscal year 2019.

- Finance, Accounting and Customer Service (FACS) department expenses totaled \$1,679,765, \$1,387,468 and \$1,373,329 during fiscal years 2021, 2020 and 2019 respectively. Fiscal year 2021 increased by \$292,297, 21.1 percent, in contrast to fiscal year 2020, which increased by \$14,139, 1.0. Increases in Oregon PERS rates for the biennium and an increase in credit card payments for bill payment drove the total increase. FACS also incurred costs for retiree payout of accrued leave.

- Water Resource department expenses totaled \$3,567,376, \$3,244,480, and \$3,123,937 for fiscal years 2021, 2020 and 2019, respectively. Fiscal year 2021 saw an increase of \$322,896, 10.0 percent, in expenses, primarily from an increase in pension expense offset by a reduction in staffing for the entire year. 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 decreased by \$19,150, 17.4 percent. This reduction is due to lower costs in information technology costs as the major upgrade occurred in fiscal year 2020. From fiscal year 2019 to fiscal year 2020 we saw an increase of \$22,342, 25.5 percent.

- The amount of labor, overhead and equipment capitalized decreased by \$138,622, 43.8 percent and \$371,766, 54.0 percent, for fiscal years 2021 and 2020, 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 \$286,227, 13.3 percent, in fiscal year 2021, in contrast with fiscal year 2020 which increased \$173,400, 8.8 percent, from 2019. Depreciation totaled \$2,433,974, \$2,147,747, and \$1,974,347 for fiscal years ended June 30, 2021, 2020, and 2019, respectively. Interest expense was \$762,070, \$801,551, and \$819,970 for fiscal years 2021, 2020, and 2019 respectively. The Series 2009 revenue bonds were paid in full in fiscal year 2021.

Capital Assets

At June 30, 2021, the District had \$77,938,836 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 \$11,119,348 in additions or transfers during fiscal year 2021. All additions were for improvements for the water distribution system. The District expensed \$2,433,974 in depreciation in fiscal year 2021 and had \$1,313,138 of construction-in-progress at June 30, 2021. 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, 2021 and 2020**

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, 82nd 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:
 - 152nd 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. Rates were increased November 1, 2020, and the final year of the eight-year rate plan went into effect on May 1, 2021.

The Board of Commissioners adopted the District's biennial budget for 2021-2023 on June 10, 2021. The Board will hold a rate hearing in 2022 to consider further rate increases.

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 82nd Dr. (PO Box 2439), Clackamas, OR 97015.

BASIC FINANCIAL STATEMENTS



Clackamas River Water

**CLACKAMAS RIVER WATER
STATEMENTS OF NET POSITION
as of June 30, 2021 and 2020**

	<u>2021</u>	<u>2020</u>
ASSETS:		
Current assets:		
Cash and cash equivalents	\$ 6,599,259	\$ 5,951,747
Cash held for customer deposits	489,576	378,303
Accounts receivable, net	3,354,635	2,528,879
Supplies inventory	228,746	238,100
Prepaid expenses and other receivables	260,250	367,010
Current assets - unrestricted	<u>10,932,466</u>	<u>9,464,039</u>
Cash and cash equivalents - restricted	11,008,451	9,826,165
Total current assets	<u>21,940,917</u>	<u>19,290,204</u>
Noncurrent Assets:		
Capital assets not being depreciated	4,118,855	13,070,703
Capital assets, net of accumulated depreciation	<u>73,819,981</u>	<u>64,062,215</u>
Total noncurrent assets	<u>77,938,836</u>	<u>77,132,918</u>
TOTAL ASSETS	99,879,753	96,423,122
DEFERRED OUTFLOWS		
Deferred pension	2,412,601	2,829,059
Deferred charges on bonded debt	<u>61,352</u>	<u>66,647</u>
TOTAL DEFERRED OUTFLOWS	2,473,953	2,895,706
TOTAL ASSETS AND DEFERRED OUTFLOWS	<u>\$ 102,353,706</u>	<u>\$ 99,318,828</u>

See Notes To Basic Financial Statements

**CLACKAMAS RIVER WATER
STATEMENTS OF NET POSITION
as of June 30, 2021 and 2020**

	2021	2020
LIABILITIES:		
Current liabilities:		
Accounts payable	\$ 1,230,174	\$ 971,692
Accrued expenses	463,334	400,679
Current portion of capital lease	7,324	9,516
Customer deposits and prepaid revenue	574,262	392,309
Accrued interest	145,717	151,083
Current portion of bonds payable	481,963	933,258
Total current liabilities	<u>2,902,774</u>	<u>2,858,537</u>
Noncurrent liabilities:		
Capital lease payable	10,375	24,548
Net pension liability	6,915,623	5,786,758
Bonds payable	20,478,768	20,960,731
Total noncurrent liabilities	<u>27,404,766</u>	<u>26,772,036</u>
TOTAL LIABILITIES	<u>30,307,540</u>	<u>29,630,573</u>
DEFERRED INFLOWS		
Deferred pension	378,610	436,677
TOTAL LIABILITIES & DEFERRED INFLOWS	<u>30,686,150</u>	<u>30,067,250</u>
NET POSITION:		
Net investment in capital assets	57,021,759	55,271,513
Restricted for: Debt service	292,502	283,831
Capital expenditures	8,830,826	7,748,841
Rate stabilization	1,225,611	1,216,367
Unrestricted	4,296,858	4,731,026
TOTAL NET POSITION	<u>71,667,556</u>	<u>69,251,578</u>
TOTAL LIABILITIES, DEFERRED INFLOWS, AND NET POSITION	<u>\$ 102,353,706</u>	<u>\$ 99,318,828</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, 2021 and June 20, 2020

	2021	2020
OPERATING REVENUES:		
Water sales	\$ 14,302,640	\$ 13,099,982
Water service connections fees	107,232	100,809
Service charges on past due accounts	17,670	44,985
Miscellaneous	27,509	42,953
Total operating revenues	14,455,051	13,288,729
OPERATING EXPENSES:		
Water resources	3,567,376	3,244,480
System operations	3,210,473	2,505,637
Finance, accounting and customer service	1,679,765	1,387,468
Administrative services	2,467,675	2,038,817
CRWSC activity	90,810	109,960
Less: Capitalized labor and overhead	(178,092)	(316,714)
Depreciation	2,433,974	2,147,747
Total operating expenses	13,271,981	11,117,395
NET OPERATING GAIN	1,183,070	2,171,334
NONOPERATING REVENUES (EXPENSES):		
Federal and other awards	190,765	86,638
Interest expense, net	(762,070)	(801,551)
Interest earnings on cash equivalents	103,215	318,499
Rental income	117,974	114,538
Loss on disposal of capital assets	(161)	(98,288)
Other	119,674	125,581
Total nonoperating revenues (expenses)	(230,603)	(254,583)
GAIN BEFORE CONTRIBUTIONS	952,467	1,916,751
SYSTEM DEVELOPMENT CHARGES	958,560	501,427
CAPITAL CONTRIBUTIONS	504,951	64,973
CHANGE IN NET POSITION	2,415,978	2,483,151
NET POSITION - BEGINNING OF YEAR	69,251,578	66,768,427
NET POSITION - END OF YEAR	\$ 71,667,556	\$ 69,251,578

See Notes To Basic Financial Statements

CLACKAMAS RIVER WATER
STATEMENTS OF CASH FLOWS
for the Fiscal Years Ended June 30, 2021 and June 30, 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from customers	\$ 13,770,540	\$ 13,434,772
Cash payments to suppliers for goods and services	(4,367,048)	(6,974,646)
Cash payments to employees for services	(5,160,738)	(5,665,213)
Other receipts	697,040	2,511,872
NET CASH PROVIDED BY OPERATING ACTIVITIES	4,939,794	3,306,785
 CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Principal paid on revenue bonds	(805,000)	(775,000)
Interest paid on revenue bonds, net of amount capitalized	(890,400)	(920,275)
Proceeds from sale of capital assets	20,028	5,179
System development charges received	958,560	501,427
Grant and other revenue	67,925	-
Acquisition and construction of capital assets	(2,453,051)	(4,102,503)
NET CASH USED IN CAPITAL AND RELATED FINANCING ACTIVITIES	(3,101,938)	(5,291,172)
 CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest received on investments	103,215	318,499
NET CASH FROM INVESTING ACTIVITIES	103,215	318,499
NET CHANGE IN CASH AND CASH EQUIVALENTS	1,941,072	(1,665,888)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	16,156,215	17,822,103
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 18,097,287	\$ 16,156,215
 STATEMENT OF NET POSITION ACCOUNTS		
Cash and cash equivalents	\$ 6,599,259	\$ 5,951,747
Cash held for customer deposits	489,576	378,303
Restricted cash	11,008,451	9,826,165
	\$ 18,097,286	\$ 16,156,215

See Notes To Basic Financial Statements

**CLACKAMAS RIVER WATER
STATEMENTS OF CASH FLOWS
for the Fiscal Years Ended June 30, 2021 and June 20, 2020**

RECONCILIATION OF OPERATING GAIN TO NET CASH PROVIDED BY OPERATING ACTIVITIES:	2021	2020
	<u> </u>	<u> </u>
Operating income	<u>\$ 1,183,070</u>	<u>\$ 2,171,334</u>
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	2,433,974	2,147,747
Rents received	127,902	114,538
Shared Resources	70,777	81,976
Right of Way Fee	23,650	23,572
Capitalized labor and overhead	(178,092)	(316,714)
Pension Expense - GASB 68	1,487,256	(472,972)
Changes in assets and liabilities:		
Decrease (increase) in:		
Accounts receivable	(825,756)	33,739
Supplies inventory	9,354	(27,259)
Prepaid expenses	106,760	65,405
Increase (decrease) in:		
Accounts payable	258,482	(642,457)
Accrued expenses	60,463	14,562
Prepaid revenue and customer deposits	181,953	113,314
Total adjustments	<u>3,756,724</u>	<u>1,135,451</u>
NET CASH FROM OPERATING ACTIVITIES	<u>\$ 4,939,794</u>	<u>\$ 3,306,785</u>
Supplemental schedule of noncash investing and capital financing activities:		
Donated capital assets	<u>\$ 504,951</u>	<u>\$ 64,973</u>

See Notes To Basic Financial Statements

CLACKAMAS RIVER WATER
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

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 MGD and currently sells an average of 7.6 MGD 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, 2021 AND 2020

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, 2021 AND 2020

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, 2021 and 2020. Capitalized labor and overhead costs totaled \$178,092 and \$316,714 for the years ended June 30, 2021 and 2020, respectively.

CLACKAMAS RIVER WATER
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

Capital Assets: (continued)

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.

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.

CLACKAMAS RIVER WATER
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

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.

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 two 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. The District began preparing the biennial budget for the period beginning July 1, 2015 through June 30, 2017 (BN2015-2017). The first biennial budget

CLACKAMAS RIVER WATER
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

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

(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:

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents:		
Cash on hand	\$ 900	\$ 900
Checking account	5,030,053	3,192,199
Participation in Oregon State Treasurer's Short-Term Investment Fund	<u>13,066,333</u>	<u>12,963,116</u>
Total cash and cash equivalents	<u>\$ 18,097,286</u>	<u>\$ 16,156,215</u>

Reported on the Statement of Net Position as follows:

	<u>2021</u>	<u>2020</u>
Current Assets		
Cash and cash equivalents	\$ 6,599,259	\$ 5,951,747
Cash held for customer deposits	489,576	378,303
Noncurrent Assets:		
Restricted cash and cash equivalents	<u>11,008,451</u>	<u>9,826,165</u>
Total cash and cash equivalents	<u>\$18,097,286</u>	<u>\$ 16,156,215</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.

CLACKAMAS RIVER WATER
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

3. CASH AND CASH EQUIVALENTS, (continued)

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, 2021, the book balance of the District's bank deposits (checking account) was \$5,030,953 and the bank balance was \$5,045,788. 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 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:

	2021	2020
Water sales receivables	\$ 1,907,033	\$ 1,326,709
Unbilled water sales	1,361,000	1,161,000
Less allowance for uncollectible accounts	(15,000)	(10,000)
Total water sales receivable	3,253,033	2,477,709
Other	101,602	51,170
Total accounts receivable, net	\$ 3,354,635	\$ 2,528,879

CLACKAMAS RIVER WATER
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

4. ACCOUNTS RECEIVABLE, (continued)

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 \$121,481 and \$44,706 at June 30, 2021 and 2020, respectively. The significant increase in receivables that are more than 90 days past due is mainly related to suspending late fees and shut off notices from September 2020 to April 2021 with late fees and shut off resuming in May 2021. This was related to the COVID-19 pandemic.

5. CAPITAL ASSETS

The District's capital assets activity for the year ended June 30, 2021 is as follows:

	Balances June 30, 2020	Additions and Transfers	Retirements and Transfers	Balances June 30, 2020
Depreciable Assets:				
Buildings	\$ 6,721,172	\$ -	\$ (123,472)	\$ 6,597,700
Improvements	11,816,367	27,209	-	11,843,576
Machinery, furniture and equipment	4,623,742	480,948	(139,014)	4,965,676
Pump stations	8,825,578	316,580	(1,789)	9,140,369
Reservoirs	10,636,924	9,414,527	-	20,051,451
Water distribution system	70,658,470	2,089,033	(135,119)	72,612,384
Total depreciable assets	<u>113,282,253</u>	<u>12,328,297</u>	<u>(399,394)</u>	<u>125,211,156</u>
Accumulated depreciation:				
Buildings	(6,214,312)	(149,777)	-	(6,364,089)
Improvements	(4,992,044)	(306,894)	123,312	(5,175,626)
Machinery, furniture and equipment	(2,631,808)	(259,999)	139,014	(2,752,793)
Pump stations	(3,227,725)	(181,133)	176	(3,408,682)
Reservoirs	(3,492,244)	(198,478)	-	(3,690,722)
Water distribution system	(28,661,904)	(1,337,867)	508	(29,999,263)
Total accumulated depreciation	<u>(49,220,037)</u>	<u>(2,434,148)</u>	<u>263,010</u>	<u>(51,391,175)</u>
Total depreciable assets, net	<u>64,062,215</u>	<u>9,894,149</u>	<u>(136,384)</u>	<u>73,819,981</u>
Nondepreciable assets:				
Land and easements	2,588,208	217,509	-	2,805,717
Construction in progress	10,482,495	2,086,588	(11,255,945)	1,313,138
Total nondepreciable assets	<u>13,070,703</u>	<u>2,304,097</u>	<u>(11,255,945)</u>	<u>4,118,855</u>
Total capital asset activity	<u>\$ 77,132,918</u>	<u>\$ 12,198,246</u>	<u>\$ (11,392,329)</u>	<u>\$ 77,938,836</u>

CLACKAMAS RIVER WATER
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

5. CAPITAL ASSETS, (continued)

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
Depreciable Assets:				
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>(638,621)</u>	<u>113,282,253</u>
Accumulated depreciation:				
Buildings	(6,064,535)	(149,777)	-	(6,214,312)
Improvements	(4,717,563)	(310,983)	36,503	(4,992,043)
Machinery, furniture and equipment	(2,716,552)	(220,382)	305,126	(2,631,809)
Pump stations	(3,295,919)	(96,940)	165,134	(3,227,725)
Reservoirs	(3,354,187)	(138,057)	-	(3,492,243)
Water distribution system	(27,426,967)	(1,242,811)	7,873	(28,661,905)
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>51,713,131</u>	<u>12,473,070</u>	<u>(123,986)</u>	<u>64,062,216</u>
Nondepreciable assets:				
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>\$ 74,802,785</u>	<u>\$ 16,792,258</u>	<u>\$ (14,462,125)</u>	<u>\$ 77,132,919</u>

Depreciation expense charged to operations totaled \$2,433,974 and \$2,147,747 for the years ended June 30, 2021 and 2020, 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 percent to 4.00 percent 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. The final payment on the Series 2009 Revenue Bonds was made in November 2020.

CLACKAMAS RIVER WATER
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

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 percent to 5.00 percent 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, 2021 and June 30, 2020.

The District’s revenue bond activity for the year ended June 30, 2021, is as follows:

	Balances June 30, 2020	Additions	Payments & Decreases	Balances June 30, 2021	Amount due within one year	Long-term portion
Revenue Bonds - 2009	\$ 450,000	\$ -	\$ (450,000)	-	\$ -	\$ -
Unamortized premium	5,566	-	(5,566)	-	-	-
Revenue Bonds - 2016	18,470,000	-	(355,000)	18,115,000	370,000	17,745,000
Unamortized premium	2,957,695	-	(111,963)	2,845,730	111,963	2,733,767
	<u>\$ 21,883,261</u>	<u>\$ -</u>	<u>\$ (922,529)</u>	<u>\$ 20,960,730</u>	<u>\$ 481,963</u>	<u>\$ 20,478,767</u>

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	5,566	-
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	2,845,732
	<u>\$ 22,786,519</u>	<u>\$ -</u>	<u>\$ (903,258)</u>	<u>\$ 21,883,261</u>	<u>\$ 922,529</u>	<u>\$ 20,960,732</u>

CLACKAMAS RIVER WATER
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

6. BONDS PAYABLE, (continued)

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

Fiscal Year	Principal	Interest
2022	\$ 370,000	\$ 868,000
2023	385,000	854,000
2024	400,000	838,300
2025	415,000	822,000
2026	435,000	805,000
2027-2031	2,475,000	3,720,075
2032-2036	3,160,000	3,029,500
2037-2041	4,055,000	2,132,375
2042-2046	5,215,000	979,375
2047	1,205,000	30,125
	\$ 18,115,000	\$ 14,078,750

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 2021 are system development fees. Pledged revenue was approximately 11.9 percent of water revenue for Fiscal Year 2021. 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 Tacoma's 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 has retained ownership of the three Toyota Tacoma's and the Ford Explorer and plans to retain ownership of the Ford F-150 at the end of the lease term in 2023. 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, 2021 AND 2020

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:

Fiscal Year	Amount
FY22	\$ 7,629
FY23	7,629
FY24	7,629
FY25	1,661
	\$ 24,548

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:

	2021	2020
Restricted Net Position		
Debt Service Reserves	\$ 292,502	\$ 283,831
System Development Reserves	2,146,161	1,224,537
Capital Improvements Reserves	6,684,665	6,524,304
Rate Stabilization Reserves	1,225,611	1,216,367
Total Restricted Net Position	\$ 10,348,939	\$ 9,249,039

9. ACCRUED EXPENSES

Accrued expenses consist of the following at June 30:

	2021	2020
Compensated Absences	\$ 270,535	\$ 258,974
Payroll	178,243	115,709
PERS (note 12)	12,544	23,897
Payroll Taxes and other	2,012	2,099
	\$ 463,334	\$ 400,679

CLACKAMAS RIVER WATER
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

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 percent each year. Rental income is recognized as non-operating revenue and totaled \$117,974 and \$114,538 for the years ended June 30, 2021 and 2020, respectively.

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

Fiscal Year	Amount
2022	\$ 121,513
2023	125,159
2024	128,913
2025	132,781
2026	136,764
	\$ 645,130

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 \$3,115 and \$3,116, for the years ended June 30, 2021 and 2020, respectively.

The District participates in cooperative agreements to lease 4 copiers for 5 years. Two contract agreements were replaced in Fiscal Year 2020. 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 \$11,104 and \$15,602 for each of the years ended June 30, 2021 and 2020, 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:

Fiscal Year	Amount
2022	\$ 11,552
2023	10,721
2024	5,013
2025	2,297
	\$ 29,583

CLACKAMAS RIVER WATER
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

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 \$25,731 and \$29,669 for the years ended June 30, 2021 and 2020, 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 Annual Comprehensive Financial Report and Actuarial Valuation that can be obtained at 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, 2021 AND 2020

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, 2021 AND 2020

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, 2021 and 2020 was \$679,591 and \$1,513,704, respectively.

The rates in effect for fiscal years ended June 30, 2020 and June 30, 2021 stayed the same at 23.86 percent for Tier One/Tier Two General Service Members and 18.53 percent, for OPSRP Pension Program General Service Members. Covered employees are required by

CLACKAMAS RIVER WATER
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

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, 2021 and 2020, the District reported a liability of \$6,915,623 and \$5,786,758, respectively, for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020 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, 2020. At June 30, 2020, and 2019, the District's proportion was 0.03345 percent and 0.03285 percent, respectively.

At June 30, 2021 and 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Balance as of June 30, 2021		Balance as of June 30, 2020	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 304,371	\$ -	\$ 319,123	\$ -
Changes of assumptions	371,140	13,004	785,040	-
Net differences between projected and actual earning on plan investments	813,187	-	-	164,049
Changes in Proportionate Share	161,864	337,432	229,293	263,490
Differences between employer contributions and employer's proportionate share of system contributions	82,448	28,174	146,694	9,138
District contribution subsequent to the measurement date	679,591	-	1,348,909	-
Net Deferred Outflows/Inflows of Resources	<u>\$ 2,412,601</u>	<u>\$ 378,610</u>	<u>\$ 2,829,059</u>	<u>\$ 436,677</u>

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	
FY2021	\$ 295,352
FY2022	451,775
FY2023	381,827
FY2024	235,224
FY2025	<u>(9,778)</u>
Total	<u>\$ 1,354,400</u>

CLACKAMAS RIVER WATER
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

12. PENSION PLANS, (continued)

Actuarial Assumptions:

The actuarial assumptions used in the July 1, 2019 valuation report were based on the actuarial valuation assumptions from the December 31, 2018 valuations of the Oregon PERS and OPERS retirement plans. 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, 2018 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	December 31, 2018
Measurement Date	June 30, 2020
Experience Study Report	2016, published July 26, 2017
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
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>Healthy retirees and beneficiaries: Pub-2010 Healthy Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation</p> <p>Active members: PUB-2010 Employee, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.</p> <p>Disabled retirees: PUB-2010 Disable Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.</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 2018 Experience Study is based on the methods and assumptions shown above.

CLACKAMAS RIVER WATER
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

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 May 2019 the PERS Board reviewed long-term assumptions developed by both Milliman's capital market assumptions team and the Oregon Investment Council (OIC) investment advisors. Each asset class assumption is based on a consistent set of underlying assumptions and includes an 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%	32.5%
Private Equity	14.0%	21.0%	17.5%
Real Estate	9.5%	15.5%	12.5%
Alternative Portfolio	0.0%	15.0%	15.0%
Risk Parity	0.0%	3.0%	2.5%
Total			<u>100.0%</u>

Asset Class	Target	Compound Annual Return (Geometric)
Core Fixed Income	9.6%	4.1%
Short-Term Bonds	9.6	3.7
Bank/Leveraged Loans	3.6	5.2
High Yield Bonds	1.2	5.7
Large/Mid Cap US Equities	16.2	6.3
Small Cap US Equities	1.4	6.7
Micro Cap US Equities	1.4	6.8
Developed Foreign Equities	13.5	6.9
Emerging Market Equities	4.2	7.7
Non-US Small Cap Equities	1.9	7.3
Private Equity	17.5	8.3
Real Estate (Property)	10.0	5.6
Real Estate (REITS)	2.5	6.7
Hedge Fund of Funds - Diversified	1.5	4.1
Hedge Fund - Event-driven	0.4	5.6
Timber	1.1	5.6
Farmland	1.1	6.1
Infrastructure	2.3	6.7
Commodities	1.1%	<u>3.8</u>
Assumed Inflation - Mean		2.5%

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

CLACKAMAS RIVER WATER
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 JUNE 30, 2021 AND 2020

12. PENSION PLANS, (continued)

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	\$ 10,269,129	\$ 6,915,623	\$ 4,103,553

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.

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 percent 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.

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.

CLACKAMAS RIVER WATER
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

14. COMMITMENTS AND CONTINGENCIES, (continued)

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 \$0 and \$2,237 for the years ended June 30, 2021 and 2020.

Construction Commitments:

Construction in progress totaled \$1,313,138 at June 30, 2021. Of these projects, the District has made construction commitments of approximately \$35,844 as of June 30, 2021.

REQUIRED SUPPLEMENTARY INFORMATION



Clackamas River Water

CLACKAMAS RIVER WATER
SCHEDULE OF PENSION CONTRIBUTIONS
Last Ten Fiscal Years*

	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution (Actuarially Determined)	\$ 698,749	\$ 568,953	\$ 545,591	\$ 470,657	\$ 437,518	\$ 388,162	\$ 368,921
Contributions in relation to the actuarially determined contributions	\$ (728,531)	\$ (575,472)	\$ (456,756)	\$ (307,865)	\$ (350,350)	\$ (440,445)	\$ (395,126)
Contribution deficiency (excess)	<u>\$ (29,782)</u>	<u>\$ (6,519)</u>	<u>\$ 88,835</u>	<u>\$ 162,792</u>	<u>\$ 87,168</u>	<u>\$ (52,283)</u>	<u>\$ (26,205)</u>
Covered payroll	\$ 3,331,548	\$ 3,162,969	\$ 3,228,635	\$ 3,010,486	\$ 3,059,169	\$ 2,624,818	\$ 2,860,316
Contributions as a percentage of covered payroll	21.87%	18.19%	14.15%	10.23%	11.45%	16.78%	13.81%

Notes to Schedule

Valuation Date: 12/31/2018

Methods and assumptions used to determine contribution rates:

Single and Agent Employers Example	Entry age normal
Experience study report	2018, published July 2019
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	Pub-2010 Healthy Retirees, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.

* Only years with available information are presented.

Source: Milliman Actuarial Valuation Report October 2018

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Proportionate share of net pension assets	0.0335%	0.0335%	0.0329%	0.0311%	0.0358%	0.0392%	0.0483%
Proportionate share of net pension assets (liability)	\$ (6,915,623)	\$ (5,786,758)	\$ (4,977,477)	\$ (4,059,894)	\$ (5,381,562)	\$ (2,251,307)	\$ 905,788
Covered payroll	\$ 3,162,969	\$ 3,228,635	\$ 3,010,486	\$ 3,053,397	\$ 2,624,818	\$ 2,860,316	\$ 2,762,206
Proportionate share of net pension assets as % of covered payroll	218.64%	179.23%	165.34%	132.96%	205.03%	78.71%	32.79%
Plan's fiduciary net position	\$ 68,319,296,993	\$ 70,203,720,619	\$ 69,327,500,445	\$ 66,371,703,247	\$ 62,082,059,102	\$ 64,923,626,094	\$ 65,401,492,664
Plan fiduciary net position as a % of total pension asset	75.80%	80.20%	89.93%	86.09%	80.53%	91.88%	103.59%

*Only years with available information are presented.

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, 2021
(with comparative totals for the year ended June 30, 2020)**

	Budget for the 2019-2021 Bienium		Actual Results		BN 2019-2021 Total	Variance with Final Budget
	Original	Final	FY2019-20 Year 1	FY 2019-21 Year 2		
Revenues:						
Water sales	\$ 24,880,000	\$ 24,880,000	\$ 12,215,769	\$ 13,402,769	\$ 25,618,538	\$ 738,538
Service connections	282,000	282,000	100,809	107,232	208,041	(73,959)
Service charges	136,000	136,000	44,985	17,670	62,655	(73,345)
Miscellaneous - operating	20,000	20,000	22,011	13,646	35,657	15,657
Rental income	232,400	232,400	114,538	117,974	232,512	112
Miscellaneous - nonoperating	40,000	40,000	5,140	906	6,046	(33,954)
Grant funds	-	-	86,638	190,765	277,403	277,403
Surplus property sale	10,000	10,000	5,179	20,028	25,207	15,207
Right of Way Fees (Pass through)	43,700	43,700	23,572	23,662	47,234	3,534
Interest income	125,000	125,000	92,988	27,824	120,812	(4,188)
Total revenues	25,769,100	25,769,100	12,711,629	13,922,476	26,634,105	865,005
Other financing sources:						
Transfer from						
Revenue Bond Proceeds Fund	-	-	-	-	-	-
CRWSC Activity Fund	1,722,600	1,722,600	857,000	865,600	1,722,600	-
Total other financing sources	1,722,600	1,722,600	857,000	865,600	1,722,600	-
Total revenues and other financing source	27,491,700	27,491,700	13,568,629	14,788,076	28,356,705	865,005
Beginning fund balance available for appropriations	6,600,000	6,600,000	7,735,747	-	7,735,747	1,135,747
	\$ 34,091,700	\$ 34,091,700	\$ 21,304,376	\$ 14,788,076	\$ 36,092,452	\$ 2,000,752

**CLACKAMAS RIVER WATER
GENERAL FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
for the year ended June 30, 2021
(with comparative totals for the year ended June 30, 2020)**

	Budget for the 2017-2019 Bienium		Actual Results			Variance with Final Budget
	Original	Final	FY2019-2020 Year 1	FY 2020-2021 Year 2	BN 2019-2021 Total	
Expenditures:						
Water Resources:						
Personal services	\$ 2,838,600	\$ 2,838,600	\$ 1,229,532	\$ 1,193,195	\$ 2,422,727	\$ 415,873
Materials and services	4,337,600	4,337,600	1,971,886	2,042,018	4,013,904	323,696
Capital outlay	249,000	249,000	6,602	173,880	180,482	68,518
	<u>7,425,200</u>	<u>7,425,200</u>	<u>3,208,020</u>	<u>3,409,093</u>	<u>6,617,113</u>	<u>808,087</u>
System Operations:						
Personal services	4,179,200	4,179,200	1,767,494	1,992,045	3,759,539	419,661
Materials and services	1,461,400	1,461,400	711,443	644,926	1,356,369	105,031
Capital outlay	838,800	838,800	260,416	297,406	557,822	280,978
	<u>6,479,400</u>	<u>6,479,400</u>	<u>2,739,353</u>	<u>2,934,377</u>	<u>5,673,730</u>	<u>805,670</u>
Finance, Accounting, & Customer Service						
Personal services	1,995,700	1,995,700	880,600	917,820	1,798,420	197,280
Materials and services	855,300	855,300	477,450	499,352	976,802	(121,502)
Capital outlay	-	-	-	-	-	-
	<u>2,851,000</u>	<u>2,851,000</u>	<u>1,358,050</u>	<u>1,417,172</u>	<u>2,775,222</u>	<u>75,778</u>
Administrative Services:						
Personal services	2,394,800	2,394,800	1,585,163	1,018,079	2,603,242	(208,442)
Materials and services	2,197,000	2,197,000	743,817	1,007,470	1,751,287	445,713
Capital outlay	323,200	323,200	44,886	313,825	358,711	(35,511)
	<u>4,915,000</u>	<u>4,915,000</u>	<u>2,373,866</u>	<u>2,339,374</u>	<u>4,713,240</u>	<u>201,760</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>10,100,016</u>	<u>19,779,306</u>	<u>2,641,295</u>
Other financing uses:						
Transfers to other funds:						
Capital Reserve Fund	4,000,000	4,000,000	2,000,000	2,000,000	4,000,000	-
CRWSC Activity Fund	-	-	-	-	-	-
Revenue Bond Fund	3,390,675	3,390,675	1,695,275	1,695,400	3,390,675	-
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>7,390,675</u>	<u>-</u>
Total expenditures and other financing uses	<u>29,811,275</u>	<u>29,811,275</u>	<u>13,374,564</u>	<u>13,795,416</u>	<u>27,169,981</u>	<u>2,641,295</u>
Unappropriated ending fund balance	4,280,425	4,280,425	-	8,922,471	8,922,471	(4,642,046)
	<u>\$ 34,091,700</u>	<u>\$ 34,091,700</u>	<u>\$ 13,374,564</u>	<u>\$ 22,717,888</u>	<u>\$ 36,092,452</u>	<u>\$ (2,000,752)</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, 2021
(with comparative totals for the year ended June 30, 2020)**

	Budget for the 2019-2021 Bienium		Actual Results			Variance with Final Budget
	Original	Final	FY 2019-20	FY 2020-21	BN 2017-2019	
			Year 1	Year 2	Total	
Revenues:						
Water Sales	\$ 1,685,000	\$ 1,685,000	\$ 884,213	\$ 899,871	\$ 1,784,084	\$ 99,084
Miscellaneous - operating	113,000	113,000	20,942	13,863	34,805	(78,195)
Miscellaneous - nonoperating	168,000	168,000	91,689	75,078	166,767	(1,233)
Interest Income	-	-	636	2,240	2,876	2,876
Total revenues	1,966,000	1,966,000	997,480	991,052	1,988,532	22,532
Beginning fund balance available for appropriations	150,000	150,000	-	30,520	30,520	(119,480)
	\$ 2,116,000	\$ 2,116,000	\$ 997,480	\$ 1,021,572	\$ 2,019,052	\$ (96,948)
Expenditures:						
Personal services	\$ 132,300	\$ 132,300	\$ 65,004	\$ 50,336	\$ 115,340	\$ 16,960
Materials and services	148,900	148,900	44,956	40,473	85,429	63,471
Total expenditures	281,200	281,200	109,960	90,809	200,769	80,431
Other financing uses:						
Transfer to General Fund	1,722,600	1,722,600	\$ 857,000	\$ 865,600	1,722,600	\$ -
Total expenditures and other financing uses	2,003,800	2,003,800	966,960	956,409	1,923,369	80,431
Unappropriated ending fund balance	112,200	112,200	30,520	65,163	95,683	16,517
	\$ 2,116,000	\$ 2,116,000	\$ 997,480	\$ 1,021,572	\$ 2,019,052	\$ 96,948

**CLACKAMAS RIVER WATER
CAPITAL IMPROVEMENT PROJECTS FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
for the year ended June 30, 2021
(with comparative totals for the year ended June 30, 2020)**

	Budget for the 2019-2021 Bienium		Actual Results			Variance with Final Budget
	Original	Final	FY 2019-20 Year 1	FY 2020-21 Year 2	BN 2017-2019 Total	
Revenues:						
Interest income	\$ -	\$ -	\$ 9,508	\$ 571	\$ 10,079	\$ 10,079
Other Operating Inc	-	-	-	-	-	-
ODOT - reimbursement	-	-	-	-	-	-
Total revenues	-	-	9,508	571	10,079	10,079
Other financing sources:						
Transfers from other funds:						
SDC Reserve Fund	-	-	-	-	-	-
Capital Reserve Fund	3,630,000	3,630,000	800,000	1,100,000	1,900,000	(1,730,000)
Total other financing sources	3,630,000	3,630,000	800,000	1,100,000	1,900,000	(1,730,000)
Total revenues and other financing sources	3,630,000	3,630,000	809,508	1,100,571	1,910,079	(1,719,921)
Beginning fund balance available for appropriations	1,000	1,000	551,908	217,031	551,908	550,908
	\$ 3,631,000	\$ 3,631,000	\$ 1,361,416	\$ 1,317,602	\$ 2,461,987	\$ (1,169,013)
Expenditures:						
Capital Outlay	\$ 3,631,000	\$ 3,631,000	\$ 1,144,385	\$ 1,874,607	\$ 3,018,992	\$ 612,008
Total expenditures	3,631,000	3,631,000	1,144,385	1,874,607	3,018,992	612,008
Unappropriated ending fund balance	-	-	217,031	(557,005)	(557,005)	557,005
	\$ 3,631,000	\$ 3,631,000	\$ 1,361,416	\$ 1,317,602	\$ 2,461,987	\$ 1,169,013

**CLACKAMAS RIVER WATER
CIP BOND CONSTRUCTION FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
for the year ended June 30, 2021
(with comparative totals for the year ended June 30, 2020)**

	Budget for the 2019-2021 Bienium		Actual Results			Variance with Final Budget
	Original	Final	FY 2019-20 Year 1	FY 2020-21 Year 2	BN 2017-2019 Total	
Revenues:						
Interest income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other Operating Inc	-	-	-	-	-	-
Total revenues	-	-	-	-	-	-
Other financing sources:						
Transfers from other funds:						
General Fund	-	-	-	-	-	-
SDC Reserves	2,000,000	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	-	-	-	-	-	-
Federal Grant Fund	-	-	-	-	-	-
Total other financing sources	3,500,000	3,500,000	3,500,000	-	3,500,000	-
Total other financing sources	3,500,000	3,500,000	3,500,000	-	3,500,000	-
Beginning fund balance available for appropriations	1,000	1,000	-	454,151	-	(1,000)
	\$ 3,501,000	\$ 3,501,000	\$ 3,500,000	\$ 454,151	\$ 3,500,000	\$ (1,000)
Expenditures:						
Capital Outlay	\$ 3,139,000	\$ 3,139,000	\$ 3,045,849	\$ 16,833	\$ 3,062,682	\$ 76,318
Total expenditures	3,139,000	3,139,000	3,045,849	16,833	3,062,682	76,318
Unappropriated ending fund balance	362,000	362,000	454,151	437,318	437,318	(75,318)
	\$ 3,501,000	\$ 3,501,000	\$ 3,500,000	\$ 454,151	\$ 3,500,000	\$ 1,000

**CLACKAMAS RIVER WATER
REVENUE BOND PROCEEDS FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
for the year ended June 30, 2021
(with comparative totals for the year ended June 30, 2020)**

	Budget for the 2019-2021 Bienium		Actual Results			Variance with Final Budget
	Original	Final	FY 2019-20 Year 1	FY 2019-20 Year 2	BN 2019-2021 Total	
Revenues:						
Interest income	\$ 1,000	\$ 1,000	\$ 82,767	\$ 8,612	\$ 91,379	\$ 90,379
Total revenues	1,000	1,000	82,767	8,612	91,379	90,379
Other financing sources:						
Bond proceeds from financing	-	-	-	-	-	-
Total other financing sources	-	-	-	-	-	-
Total revenues and other financing sources	1,000	1,000	82,767	8,612	91,379	90,379
Beginning fund balance available for appropriations	246,000	246,000	380,199	462,967	380,199	134,199
	\$ 247,000	\$ 247,000	\$ 462,966	\$ 471,579	\$ 471,578	\$ 224,578
Expenditures:						
Other financing uses:						
Transfer to General Fund	-	-	462,996	471,579	471,578	(471,578)
Transfer to CIP Bond Construction Fund	-	-	-	-	-	-
Total expenditures and other financing uses	-	-	462,996	471,579	471,578	(471,578)
Unappropriated ending fund balance	247,000	247,000	-	-	-	247,000
	\$ 247,000	\$ 247,000	\$ 462,996	\$ 471,579	\$ 471,578	\$ (224,578)

**CLACKAMAS RIVER WATER
REVENUE BOND FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
for the year ended June 30, 2021
(with comparative totals for the year ended June 30, 2020)**

	Budget for the 2019-2021 Bienium		Actual Results			Variance with Final Budget
	Original	Final	FY 2019-20 Year 1	FY 2020-21 Year 2	BN 2019-2021 Total	
Revenue:						
Interest income	\$ 13,000	\$ 13,000	\$ 7,340	\$ 3,305	\$ 10,645	\$ (2,355)
Other financing sources:						
Transfers from other funds:						
General Fund	3,390,675	3,390,675	1,695,275	1,695,400	3,390,675	-
Total other financing sources	3,390,675	3,390,675	1,695,275	1,695,400	3,390,675	-
Total revenue and other financing sources	3,403,675	3,403,675	1,702,615	1,698,705	3,401,320	(2,355)
Beginning fund balance available for appropriations	500,000	500,000	500,659	507,999	500,659	659
	<u>\$ 3,903,675</u>	<u>\$ 3,903,675</u>	<u>\$ 2,203,274</u>	<u>\$ 2,206,704</u>	<u>\$ 3,901,979</u>	<u>\$ (1,696)</u>
Expenditures:						
Principal on bonds	\$ 1,580,000	\$ 1,580,000	\$ 775,000	\$ 805,000	\$ 1,580,000	\$ -
Interest on bonds	1,810,675	1,810,675	920,275	890,400	1,810,675	-
Total expenditures	3,390,675	3,390,675	1,695,275	1,695,400	3,390,675	-
Unappropriated ending fund balance	513,000	513,000	507,999	511,304	511,304	1,696
	<u>\$ 3,903,675</u>	<u>\$ 3,903,675</u>	<u>\$ 2,203,274</u>	<u>\$ 2,206,704</u>	<u>\$ 3,901,979</u>	<u>\$ 1,696</u>

**CLACKAMAS RIVER WATER
CAPITAL RESERVE FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
for the year ended June 30, 2021
(with comparative totals for the year ended June 30, 2020)**

	Budget for the 2019-2021 Bienium		Actual Results			Variance with Final Budget
	Original	Final	FY 2019-20 Year 1	FY 2020-21 Year 2	BN 2017-2019 Total	
Revenue:						
Interest income	\$ 72,200	\$ 72,200	\$ 83,915	\$ 42,618	\$ 126,533	\$ 54,333
Other financing sources:						
Transfer from General Fund	5,500,000	5,500,000	2,000,000	2,567,410	4,567,410	(932,590)
IGA Cost Share	-	-	-	-	-	-
Total revenue and other financing source	5,572,200	5,572,200	2,083,915	2,610,028	4,693,943	(878,257)
Beginning fund balance available for appropriations	5,750,000	5,750,000	7,332,046	7,115,961	7,332,046	1,582,046
	\$ 11,322,200	\$ 11,322,200	\$ 9,415,961	\$ 9,725,989	\$ 12,025,989	\$ 703,789
Other financing uses:						
Transfer to CIP Fund	\$ 3,630,000	\$ 3,880,000	\$ 800,000	\$ 1,100,000	\$ 1,900,000	\$ 1,980,000
Transfer to CIP Bond Const. Fund	1,500,000	1,500,000	1,500,000	-	1,500,000	-
Total other financing uses	5,130,000	5,380,000	2,300,000	1,100,000	3,400,000	1,980,000
Unappropriated ending fund balance	6,192,200	5,942,200	7,115,961	8,625,989	8,625,989	(2,683,789)
	\$ 11,322,200	\$ 11,322,200	\$ 9,415,961	\$ 9,725,989	\$ 12,025,989	\$ (703,789)

**CLACKAMAS RIVER WATER
RATE STABILIZATION RESERVE FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
for the year ended June 30, 2021
(with comparative totals for the year ended June 30, 2020)**

	Budget for the 2019-2021 Bienium		Actual Results			Variance with Final Budget
	Original	Final	FY 2019-20 Year 1	FY 2020-21 Year 2	BN 2019-2021 Total	
Revenue:						
Interest income	\$ 36,000	\$ 36,000	\$ 20,528	\$ 9,243	\$ 29,771	\$ (6,229)
Beginning fund balance available for appropriations	<u>1,183,000</u>	<u>1,183,000</u>	<u>1,195,839</u>	<u>1,216,367</u>	<u>1,195,839</u>	<u>12,839</u>
	<u>\$ 1,219,000</u>	<u>\$ 1,219,000</u>	<u>\$ 1,216,367</u>	<u>\$ 1,225,610</u>	<u>\$ 1,225,610</u>	<u>\$ 6,610</u>
Other financing uses:						
Transfer to General Fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total other financing use	-	-	-	-	-	-
Unappropriated ending fund balance	<u>1,219,000</u>	<u>1,219,000</u>	<u>1,216,367</u>	<u>1,225,610</u>	<u>1,225,610</u>	<u>(6,610)</u>
	<u>\$ 1,219,000</u>	<u>\$ 1,219,000</u>	<u>\$ 1,216,367</u>	<u>\$ 1,225,610</u>	<u>\$ 1,225,610</u>	<u>\$ (6,610)</u>

**CLACKAMAS RIVER WATER
SDC RESERVE FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
for the year ended June 30, 2021
(with comparative totals for the year ended June 30, 2020)**

	Budget for the 2017-2019 Bienium		Actual Results			Variance with Final Budget
	Original	Final	FY 2019-20 Year 1	FY 2020-21 Year 2	BN 2017-2019 Total	
Revenues:						
Interest income	\$ 23,700	\$ 23,700	\$ 20,817	\$ 8,802	\$ 29,619	\$ 5,919
System development charges	1,632,100	1,632,100	501,427	958,560	1,459,987	(172,113)
Total revenues	1,655,800	1,655,800	522,244	967,362	1,489,606	(166,194)
Beginning fund balance available for appropriations	2,300,000	2,300,000	2,688,907	1,211,151	2,688,907	388,907
	<u>\$ 3,955,800</u>	<u>\$ 3,955,800</u>	<u>\$ 3,211,151</u>	<u>\$ 2,178,513</u>	<u>\$ 4,178,513</u>	<u>\$ 222,713</u>
Other financing uses:						
Transfers to other funds:						
Capital Improvement Projects Fund	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000	\$ -	\$ 2,000,000	\$ -
Total other financing uses	2,000,000	2,000,000	2,000,000	-	2,000,000	-
Unappropriated ending fund balance	1,955,800	1,955,800	1,211,151	2,178,513	2,178,513	(222,713)
	<u>\$ 3,955,800</u>	<u>\$ 3,955,800</u>	<u>\$ 3,211,151</u>	<u>\$ 2,178,513</u>	<u>\$ 4,178,513</u>	<u>\$ (222,713)</u>

CLACKAMAS RIVER WATER
RECONCILIATION OF REVENUES AND EXPENSES
TO CHANGES IN NET POSITION
for the years ended June 30, 2021 and 2020

	2021	2020
	Combined	Combined
Revenues	\$ 15,945,239	\$ 14,435,411
Expenses	<u>13,777,665</u>	<u>15,674,758</u>
	2,167,574	(1,239,347)
Add (deduct) items to reconcile to change in net position on a GAAP basis:		
Expenses capitalized	3,257,877	4,528,859
Loss on disposal of capital assets	161	98,288
Payment of bond principal	805,000	775,000
Amortization of discounts and related deferrals	111,963	-
Increase (decrease) in accrued interest payable on long-term debt	(5,366)	(4,592)
Pension Expense	(1,487,256)	472,973
Depreciation	(2,433,974)	(2,148,029)
Change in net position	<u><u>\$ 2,415,978</u></u>	<u><u>\$ 2,483,152</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.

Contents	Page
Financial Trends These schedules contain trend information that may assist the reader in assessing the District’s financial performance by placing it in historical perspective.	54
Revenue Capacity These schedules contain information that may assist the reader in assessing the District’s most significant local revenue source, the District water rate.	58
Debt Capacity 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.	65
Economic and Demographic Information 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.	67
Operating Information 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.	71

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
2021	\$ 57,021,759	\$ 10,348,939	\$ 4,296,858	\$ 71,667,556
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

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

	2021	2020	2019	2018	2017
Operating Revenues:					
Water Sales	\$ 14,302,640	\$ 13,099,982	\$ 13,155,014	\$ 12,292,381	\$ 11,368,920
Other	152,411	188,747	541,790	385,524	343,469
Total operating revenues	14,455,051	13,288,729	13,696,804	12,677,905	11,712,389
Operating Expenses:					
Water Resources	3,567,376	3,244,480	3,123,937	3,057,068	3,241,595
System Operations	3,210,473	2,505,637	1,699,629	1,599,928	1,590,409
Finance, Accounting and Customer Service	1,679,765	1,387,468	1,373,329	1,200,282	1,156,046
Administrative Services	2,467,675	2,038,817	1,930,985	1,726,279	1,649,556
Engineering	-	-	752,343	1,015,134	827,981
Board of Commissioners	-	-	-	-	127,115
CRWSC Activity	90,810	109,960	87,618	160,021	186,230
Overhead and equipment charges allocated and capitalized	(178,092)	(316,714)	(688,480)	(422,995)	(271,482)
Depreciation	2,433,974	2,147,747	1,974,347	1,996,562	2,052,288
Total operating expenses	13,271,981	11,117,395	10,253,708	10,332,279	10,559,738
Operating income:	1,183,070	2,171,334	3,443,096	2,345,626	1,152,651
Nonoperating revenues (expense)					
Federal award and other	190,765	86,638	-	5,000	-
Investment earnings on cash equivalents	103,215	318,499	594,679	536,232	356,281
Interest income from note receivable	-	-	-	-	-
Rental income	117,974	114,538	111,202	107,963	104,818
Other	119,674	125,581	124,846	235,875	207,842
Gain (loss) from disposal of capital assets	(161)	(98,288)	-	-	-
Interest expense (net)	(762,070)	(801,551)	(819,970)	(561,254)	(869,265)
Nonoperating income (expense) - net	(230,603)	(254,583)	10,757	323,816	(200,324)
Net Income before Capital					
Contributions	952,467	1,916,751	3,453,853	2,669,442	952,327
CAPITAL CONTRIBUTIONS	1,463,511	566,400	1,563,060	583,164	661,280
Change in Net Position, prior period adjustments		-	-	-	-
CHANGE IN NET POSITION	\$ 2,415,978	\$ 2,483,151	\$ 5,016,913	\$ 3,252,606	\$ 1,613,607

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

CLACKAMAS RIVER WATER
CHANGE IN NET POSITION
Last Ten Fiscal Years

	2016	2015	2014	2013	2012 (1)
Operating Revenues:			Restated	Restated	
Water Sales	\$ 10,887,335	\$ 9,955,874	\$ 8,815,333	\$ 8,035,375	\$ 6,760,994
Other	306,729	201,576	203,484	294,236	161,270
Total operating revenues	11,194,064	10,157,450	9,018,817	8,329,611	6,922,264
Operating Expenses:					
Water Resources	3,287,224	2,445,623	2,568,488	2,591,089	2,441,134
System Operations	1,893,554	1,002,488	1,461,265	1,332,091	1,378,394
Finance, Accounting and Customer Service	1,411,476	841,856	972,660	867,780	945,548
Administrative Services	2,239,563	1,540,718	1,711,775	1,563,516	1,647,006
Engineering	709,806	261,016	465,458	424,690	425,856
Board of Commissioners	178,896	89,021	129,577	182,102	181,797
CRWSC Activity	323,015	25,593	984	-	-
Overhead and equipment charges allocated and capitalized	(192,858)	(156,987)	(240,708)	(147,856)	(148,095)
Depreciation	2,024,030	1,905,567	1,846,508	1,853,297	1,824,342
Total operating expenses	11,874,706	7,954,895	8,916,007	8,666,709	8,695,982
Operating income:	(680,642)	2,202,555	102,810	(337,098)	(1,773,718)
Nonoperating revenues (expense)					
Federal award and other	-	-	393,909	70,000	35,383
Investment earnings on cash equivalents	117,890	42,650	41,317	45,131	46,405
Interest income from note receivable	-	-	-	5,169	7,241
Rental income	108,272	104,801	101,924	99,130	96,417
Other	306,779	177,677	21,151	26,847	53,133
Gain (loss) from disposal of capital assets	-	(438)	(562)	-	(18,226)
Interest expense (net)	(153,915)	(54,033)	(47,172)	(77,039)	(75,492)
Nonoperating income (expense) - net	379,026	270,657	510,567	169,238	144,861
Net Income before Capital Contributions	(301,616)	2,473,212	613,377	(167,860)	(1,628,857)
CAPITAL CONTRIBUTIONS	782,532	556,353	473,086	388,187	426,606
Change in Net Position, prior period adjustments	-	(1,647,300)	(815,028)	(829,238)	-
CHANGE IN NET POSITION	\$ 480,916	\$ 1,382,265	\$ 271,435	\$ (608,911)	\$ (1,202,251)

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
CAPITAL CONTRIBUTIONS BY SOURCE
Last Ten Fiscal Years**

Fiscal Year Ended June 30,	System Development Charges	Connection Fees	Contributed Infrastructure	Total Capital Contributions
2021	\$ 958,560	\$ 107,232	\$ 504,951	\$ 1,570,743
2020	501,427	100,809	64,973	667,209
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

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
2021	3,129,487	3,427,159	91.3	739,513	626,753	212,829	88.1	3,869,000	4,266,741	90.7
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	3,972,474	90.4

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.

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

Water Sold In Dollars

Fiscal Year Ended June 30,	Wholesale		Direct Industrial / Commercial		Direct Residential		Total (1)
		Percent of Total		Percent of Total		Percent of Total	
2021	\$ 899,871	6.5	\$ 5,661,428	40.7	\$ 7,354,217	52.8	13,915,516
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	8,630,284
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

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.

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,	Direct						Total
	Wholesale	Percent of Total	Industrial / Commercial	Percent of Total	Direct Residential	Percent of Total	
2021	1,222,302	32.0	1,367,563	35.8	1,228,860	32.2	3,818,725
2020	1,238,352	33.3	1,395,447	37.5	1,086,287	29.2	3,720,086
2019	1,221,344	31.2	1,511,197	38.6	1,179,599	30.2	3,912,140
2018	1,218,475	31.6	1,459,042	37.9	1,176,249	30.5	3,853,766
2017	1,218,604	32.4	1,462,030	38.9	1,082,282	28.8	3,762,916
2016	1,219,751	31.1	1,496,116	38.2	1,204,103	30.7	3,919,970
2015	1,234,550	32.3	1,450,490	38.0	1,135,393	29.7	3,820,433
2014	1,223,505	33.2	1,344,349	36.4	1,122,433	30.4	3,690,287
2013	1,223,865	31.8	1,443,102	37.5	1,176,626	30.6	3,843,593
2012	1,239,597	33.3	1,369,885	36.8	1,112,951	29.9	3,722,433

Source: Clackamas River Water Records

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

Fiscal Year Ended June 30,	Domestic Residential (3/4" Meter)	Domestic Commercial (1" Meter & Up)	Fire Protection (All Sizes)	Total Applications for Water Service
2021	87	3	10	100
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

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
2021	11,190	241	793	55	374	219	12,872
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

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)
2021	\$ 28.59	\$ 2.44
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

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	2021		2012	
	Consumption (Hundred Cubic Feet)	Percent of District Total	Consumption (Hundred Cubic Feet)	Percent of District Total
Wholesale:				
Sunrise Water Authority	1,222,302	35.1%	1,239,597	34.5%
Commercial:				
Precision Castparts Corporation	145,326	4.2	129,692	3.6
Forum Clackamas Campus	50,326	1.4	-	0.0
Safeway	47,631	1.4	67,102	1.9
Fred Meyer, Inc.	38,300	1.1	24,999	0.7
Interstate Meats	28,251	0.8	15,898	0.4
Pacific Seafood	18,088	0.5	-	0.0
Clackamas Town Center	14,461	0.4	30,584	0.9
Larsen Creamery Inc	14,454	0.4	12,236	0.3
Oregon Military Dept	9,641	0.3	-	0.0
N Clackamas Parks & Rec	9,300	0.3	-	0.0
Unified Western Grocers-closed	-	0.0	14,744	0.4
Multi-family:				
Sun Country Village (1)	32,763	0.9	42,813	1.2
Clackamas (Court 270 LLC)	25,155	0.7	23,128	0.6
Overlook at Causey	23,639	0.7	23,803	0.7
Johnson City	18,259	0.5	23,368	0.7
KW Happy Valley LLC	15,574	0.4	-	0.0
Reflections at Happy Valley	-	0.0	18,205	0.5
Easton Ridge Apartments	14,075	0.4	21,062	0.6
Giadan K Estates	13,596	0.4	14,773	0.4
Oak Acres Mobile Home Park	13,531	0.4	12,643	0.4
Brown	11,992	0.3	-	0.0
Pardes, LLC	10,658	0.3	-	0.0
Village Place Apartments	11,068	0.3	-	0.0
Pointe West Apartments	10,140	0.3	-	0.0
Ed Lucas Investment Property	9,981	0.3	-	0.0
Clackamas Heights Apartments	8,764	0.3	-	0.0
CR Lake Crest Communities LLC		0.0	25,161	0.7
All Other Consumers	1,667,183	47.8	1,852,745	51.6
	3,484,458	100.0%	3,592,553	100.0%

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

Fiscal Year Ended June 30,	Revenue Bonds (1)	District Bonded Debt per Capita (2)	Clackamas County Per Capita Income (3)	As a Share Of Personal Income (4)
2021	\$ 18,115,000	383.39	\$ 41,866	0.92%
2020	18,920,000	400.42	41,492	0.97%
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%

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 Revenues (1)	Operating Expenses (2)	Net Revenue Available for Debt Service	Debt Service Requirements (3)			Coverage
				Principal	Interest	Total	
2021	\$ 14,795,914	\$ 10,838,007	3,957,907	\$ 805,000	\$ 890,400	1,695,400	2.33
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

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

Fiscal Year Ended June 30,	Population (1)	Personal Income (1) (In Thousands)	Per Capita Personal Income (2)	Clackamas Cty. Unemployment Rate (3)	Portland Metro Area Unemployment Rate (4)
2021	423,729	\$ 17,739,838	41,866	4.5	5.1
2020	420,958	17,466,389	41,492	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

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, 2021 and 2012

Name	Product or Service	2021 Estimated Employment	2012 Estimated Employment
Fred Meyer, Inc.	Distribution Center	1,800	1,300
Precision Castparts Corp.	Investments Castings	1,700	2,600
Camp Withycombe	Oregon National Guard/Oregon Military	1,300	419
Safeway Stores, Inc.	Distribution Center and Bakery	1,050	1,290
Warn Industries - Portland	4-Wheel Drive After Market Equipment	500	500
Costco	Shopping Club	400	
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	
VCA Animal Hospital	Veternary services	150	
Super Valu (United Grocers, Inc.)- closed	Warehouse/Offices/Retail Trade	-	500
Sears - closed	Department Store	-	400
Nordstrom - closed May 2020	Department Store	-	N/A

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
2021	9	28	37
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

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
2021	\$ 14,302,640	\$ 12,330	0.09%
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%

Source: Clackamas River Water Records

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

Fiscal Year Ended June 30,	Size of Watershed Square Miles	(1) Average Daily Production (MGD) (2)	(1) Peak Day Production (MGD) (2)	Miles of Water Mains (2)	Water Storage Capacity (MG) (3)	Number of Pump Stations
2021	942	8.75	16.89	266	24.00	13
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

(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, 2021 and 2020, 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, 2021.

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.
- 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 28, 2021

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