

Annual Comprehensive Financial Report

For the fiscal years ended

June 30, 2022 and 2021



CLACKAMAS RIVER WATER

CLACKAMAS, OREGON

CLACKAMAS RIVER WATER
CLACKAMAS, OREGON

ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the fiscal years ended June 30, 2022 and 2021

Prepared by:

Clackamas River Water
Finance, Accounting and Customer Service Department

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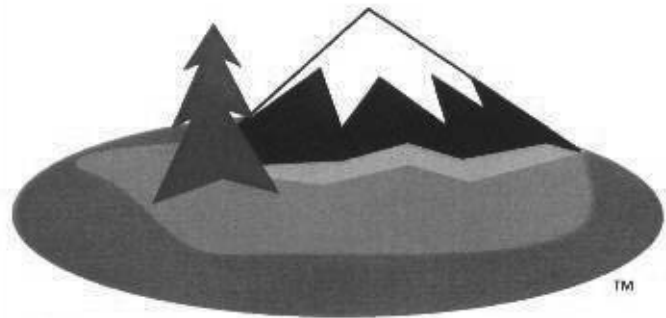
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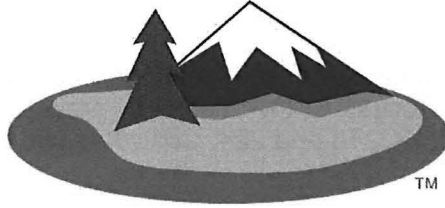
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INTRODUCTORY SECTION



Clackamas River Water



Clackamas River Water

January 12, 2023

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, 2022. 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 on June 30, 2022, and the results of operations for fiscal year 2021-2022.

Moss Adams, LLP, Certified Public Accountants, have issued an unmodified opinion on the District's financial statements for the fiscal year ended June 30, 2022. 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 2021-2023 biennial budget, CRW has an authorized 42.8 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. On June 30, 2022, the Boards of CRW and SWA agreed to dissolve CRWSC as the services provided were no longer required. MOU were established between SWA and CRW for the remaining services.

CRW's primary sources of operating revenues are from the sale of water and related fees. For fiscal year 2021-2022 water sales accounted for 98.7 percent of total operating revenues, down from 98.9 percent in fiscal 2020-2021.

Economic Condition and Outlook

Maintaining a healthy financial condition and building upon it is a primary goal for the District. For example, through an agreement with the North Clackamas County Water Commission (NCCWC), SWA purchased 2.5 million gallons per day (MGD) from CRW's water treatment plant. Although this agreement has since expired in 2022, the parties have entered into a new 20 year agreement that will anticipate providing up to 10 MGD of water from CRW to the NCCWC members. The cost associated with providing water to the NCCWC was updated as part of the new agreement and based on a wholesale rate study. Producing higher volumes of water from the CRW water treatment plant also results in operating efficiencies.

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 was the final rate increase from the 2014 Ordinance. A rate hearing was held on July 14, 2022, with rates approved for the next two years beginning September 1st of 2022 and 2023.

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 48,000 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 69 in fiscal year 2022, lower than the 100 new services in fiscal year 2021. Included the following new services:

- 36 domestic residential services
- 27 domestic commercial connections
- 6 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 NCCWC members with an initial amount of 2.5 million gallons a day. This amount is anticipated to increase as demands in those areas increase. Wholesale water sales equate to 31% of the total water sales and provides about 6% of the District's water sales revenue during fiscal year 2021-2022.

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 2021-2022, CRW spent \$914 thousand on its capital program, including work on the numerous water line installations, and rehabilitation projects.

Fiscal Year 2022 in Review

The pandemic that began in 2020 and has continued into fiscal year 2022. This has impacted the District's utility aging balances as many customers have been unemployed and businesses have closed, either temporarily or permanently. Over the latter part of fiscal year 2022, CRW has seen some improvement, but the impact of the pandemic continues. 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. Many of the District's facilities operated under emergency power and the water treatment plant was able to continue to produce and deliver water to our customers.

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 and will inform budgets in the future.
2. *CRW's participation in the CRWSC.* During this period, steps to prepare for the dissolution of the CRWSC and were coordinated with SWA and CRW Boards while also developing a new long-term water supply agreement with the NCCWC. However, during fiscal year 2021-2022, CRW continued 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. A rate hearing was held on July 14, 2022, which set rates for the next two years. 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 2022.

- 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 was held on July 14, 2022, setting rates for the next two years.

- 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, 2021. 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.

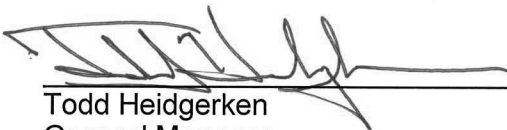
A Certificate of Achievement is valid for a period of one year only. We believe that our current Annual Comprehensive Financial Report continues to meet the Certificate of Achievement program requirements and will again submit it to the GFOA to determine its eligibility for another certificate.

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, 2021. 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. To receive the budget award, the entity must satisfy nationally recognized guidelines for effective budget presentation. The guidelines are designed to assess how well an entity's budget document serves as a policy document, financial plan, operational plan and a communications device. Budget documents must be rated proficient in all four categories, as well as fourteen mandatory criteria within those categories to receive the award.

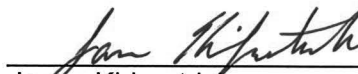
Acknowledgements

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

Respectfully submitted,

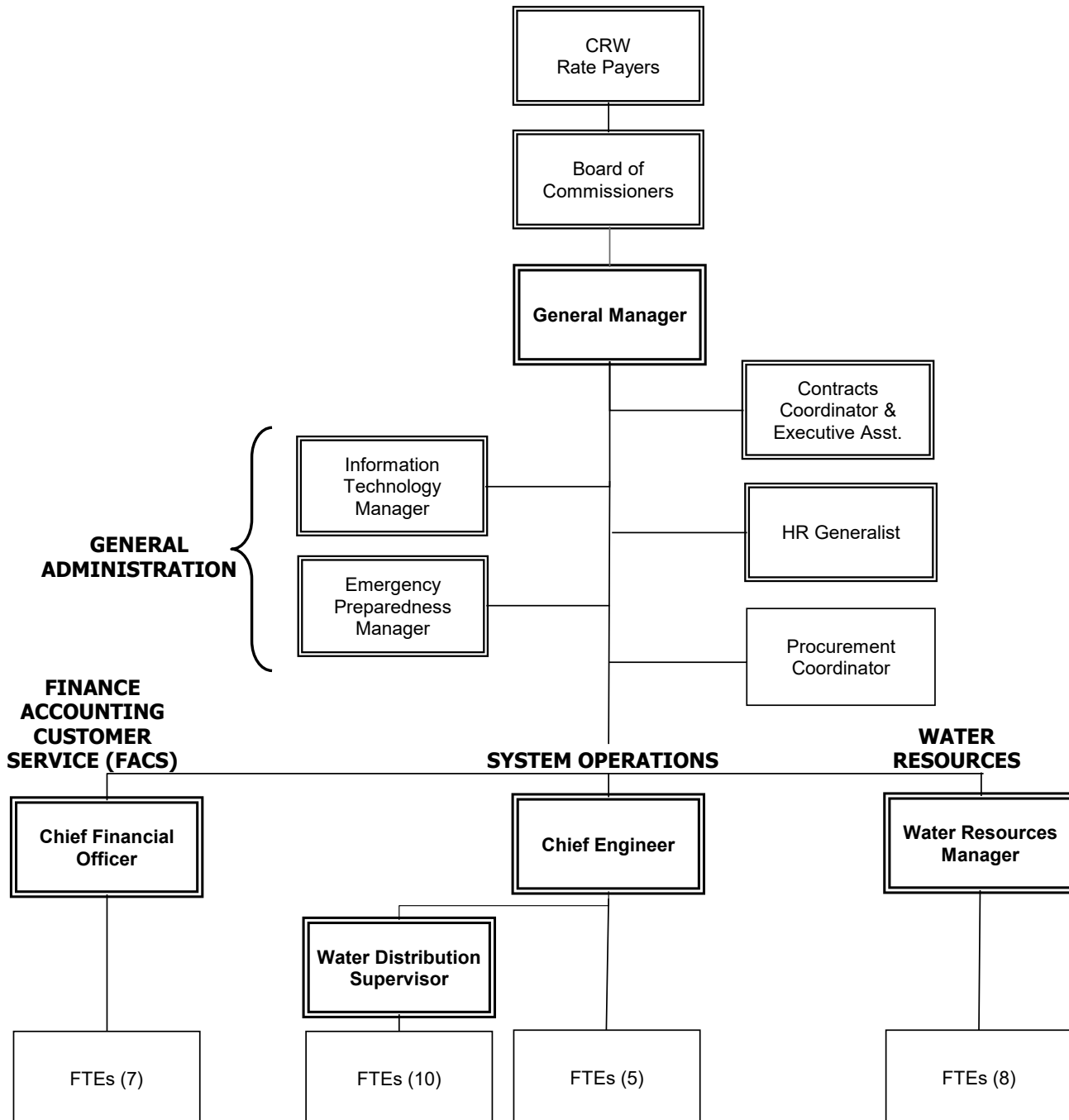


Todd Heidgerken
General Manager



Jason Kirkpatrick
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, 2022

Name	Term Expires
Sherry French, President	June 30, 2025
Naomi Angier, Secretary	June 30, 2023
Tessah Danel, Treasurer	June 30, 2023
Lester "Rusty" Garrison,	June 30, 2025
Vacant	June 30, 2025

Leadership Team

Todd Heidgerken	General Manager
Jason Kirkpatrick	Chief Finance Officer
Adam Bjornstedt	Chief Engineer
Rob Cummings	Water Resources Manager
Beth McGinnis	Emergency Preparedness Manager
Kham Keobounnam	Information Technology Manager
Jon Sleight	Water Distribution Supervisor
Joe Eskew	Engineering Manager
Adora Campbell	Human Resources Generalist



GOVERNMENT FINANCE OFFICERS ASSOCIATION
NEWS RELEASE

FOR IMMEDIATE RELEASE

11/22/2022

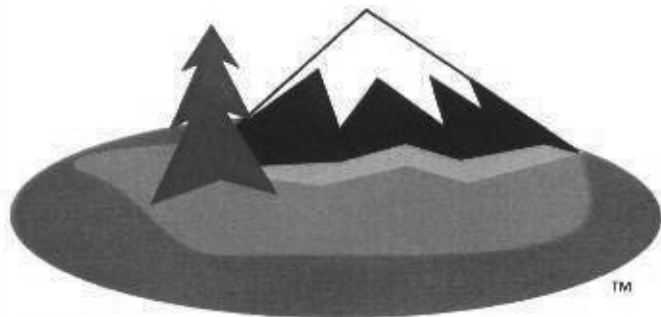
For more information contact:
Michele Mark Levine, Director/TSC
Phone: (312) 977-9700
Fax: (312) 977-4806
Email: mlevine@gfoa.org

(Chicago, Illinois)—Government Finance Officers Association of the United States and Canada (GFOA) has awarded the Certificate of Achievement for Excellence in Financial Reporting to **Clackamas River Water** for its annual comprehensive financial report for the fiscal year ended June 30, 2021. The report has been judged by an impartial panel to meet the high standards of the program, which includes demonstrating a constructive "spirit of full disclosure" to clearly communicate its financial story and motivate potential users and user groups to read the report.

The Certificate of Achievement is the highest form of recognition in the area of governmental accounting and financial reporting, and its attainment represents a significant accomplishment by a government and its management.

Government Finance Officers Association (GFOA) advances excellence in government finance by providing best practices, professional development, resources, and practical research for more than 21,000 members and the communities they serve.

FINANCIAL SECTION



Clackamas River Water

Report of Independent Auditors

The Board of Commissioners
Clackamas River Water District

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Clackamas River Water District (the District) which comprise the statements of net position as of June 30, 2022 and 2021, 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.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Clackamas River Water District as of June 30, 2022 and 2021, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Clackamas River Water District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Clackamas River Water District's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedule of 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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's financial statements. The Description of Budgetary Funds, Budgetary Basis Schedules and Reconciliation of Revenues and Expenditures to Change in Net Position, which is included as supplementary information, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

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

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

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

In accordance with the Minimum Standards for Audits of Oregon Municipal Corporations, we have also issued our report dated January 12, 2023, on our consideration of the Clackamas River Water's compliance with certain provisions of laws, regulations, contracts, and grant agreements, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-010-0000 through 162-010-0330 of the Minimum Standards for Audits of Oregon Municipal Corporations. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.

A handwritten signature in black ink that reads "Moss Adams LLP". The signature is written in a cursive, flowing style.

Portland, Oregon
January 12, 2023

**CLACKAMAS RIVER WATER
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022 and 2021**

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, 2022. 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, 2022, was \$104,487,340 and included net capital assets of \$76,787,979; total current assets of \$25,404,521; and total deferred outflows of resources of \$2,294,840. Overall, total assets and deferred outflows of resources for the District increased 2.1 percent from fiscal year 2021 and 4.7 percent since fiscal year 2020.
- The District's assets and deferred outflows exceeded its liabilities and deferred inflows (net position) on June 30, 2022, by \$75,094,517. This amount reflects an increase of \$3,426,961 or 4.8 percent from fiscal year 2021 and 9.3 percent since fiscal year 2020.
- The liabilities and deferred inflows of the District decreased by \$1,293,326. Outstanding accounts payable was lower as the final capital project activity slowed down significantly in 2022. Net pension liability decreased by \$3,075,709 from decreased contribution. Deferred Inflows at June 30, 2022 were \$3,060,864 compared to \$378,610 at June 30, 2021. 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 2022 were \$15,016,016, an increase of \$560,965, 3.9 percent, from the prior year. The increase is mainly due to retail water rate increases and a 1.8 percent increase in consumption during the fiscal year. Other Operating revenue increased by \$197,476 over the prior fiscal year primarily from resuming charging late fees and increased activity in service connections and service extensions. Operating Expenses before depreciation totaled \$9,371,632, a decrease of \$1,466,375, 13.5 percent, from fiscal year 2021, which is primarily attributed to a decrease in pension unfunded liability and a reduction in overall capital projects which 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 \$2,816,289 and \$1,183,070 in fiscal years 2022 and 2021 respectively.
- Depreciable and non-depreciable capital assets, net of accumulated depreciation, totaled \$76,787,979 on June 30, 2022, a decrease of \$1,150,857, 1.5%, from fiscal year 2021. Fewer capital projects were completed in fiscal year 2022 compared with fiscal year 2021. Depreciation expense totaled \$2,828,095 and \$2,433,974 in fiscal years 2022 and 2021, respectively.

**CLACKAMAS RIVER WATER
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
JUNE 30, 2022 and 2021**

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. This year also includes the first year the District is reporting a change in total deferred revenue as a result of GASB 87 requirements.

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, 2022 and 2021**

Financial Analysis

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

	Condensed Statement of Net Position				
	2022	2021	Difference 2022-2021	Percent Change	2020
Assets					
Current assets	\$25,404,521	\$21,940,917	\$3,463,604	15.8%	\$19,290,204
Capital assets	76,787,979	77,938,836	(1,150,857)	-1.5%	77,132,918
Total Assets	<u>102,192,500</u>	<u>99,879,753</u>	<u>2,312,747</u>	2.3%	<u>96,423,122</u>
Deferred Outflows	<u>2,294,840</u>	<u>2,473,953</u>	<u>(179,113)</u>	-7.2%	<u>2,895,706</u>
Total Assets and Deferred Outflows	<u><u>104,487,340</u></u>	<u><u>102,353,706</u></u>	<u><u>2,133,634</u></u>	2.1%	<u><u>99,318,828</u></u>
Liabilities					
Current liabilities	2,507,690	2,902,774	(395,084)	-13.6%	2,858,537
Non-current liabilities	<u>23,824,770</u>	<u>27,404,766</u>	<u>(3,579,996)</u>	-13.1%	<u>26,772,036</u>
Total Liabilities	<u>26,332,460</u>	<u>30,307,540</u>	<u>(3,975,080)</u>	-13.1%	<u>29,630,573</u>
Deferred Inflows	3,060,364	378,610	2,681,754	708.3%	436,677
Total Liabilities and Deferred Inflows	<u><u>29,392,824</u></u>	<u><u>30,686,150</u></u>	<u><u>(1,293,326)</u></u>	-4.2%	<u><u>30,067,250</u></u>
Net Position					
Net investment in capital assets	56,357,774	57,021,759	(663,985)	-1.2%	55,271,513
Restricted	11,144,367	10,348,939	795,428	7.7%	9,249,039
Unrestricted	<u>7,592,376</u>	<u>4,296,858</u>	<u>3,295,518</u>	76.7%	<u>4,731,026</u>
Total net position	<u>\$75,094,517</u>	<u>\$71,667,556</u>	<u>\$3,426,961</u>	4.8%	<u>\$69,251,578</u>
Total Liabilities and Net Position	<u><u>\$104,487,340</u></u>	<u><u>\$102,353,706</u></u>	<u><u>\$2,133,634</u></u>	2.1%	<u><u>\$99,318,828</u></u>

- Total assets and deferred outflows increased this fiscal year by \$2,133,634, 2.1 percent, and totaled \$104,487,340, \$102,353,706, and \$99,318,828, for fiscal years ended June 30, 2022, 2021 and 2020, respectively. In contrast, total assets and deferred outflows for fiscal year 2021 increased by \$3,034,878, 3.1 percent, over fiscal year 2020. Capital assets decreased by \$1,150,857 1.5 percent and increased by \$805,918, 1.0 percent, in fiscal years 2022 and 2021, respectively. Capital assets decreased this year due to less construction activity in fiscal year 2022. Deferred outflow decreased by \$176,699 7.3 percent, and current assets increased by \$3,463,604 15.8 percent, in fiscal year 2022. Each of the current asset categories, except supplies inventory and prepaid expenses showed growth in fiscal year 2022. Restricted cash and cash equivalents increased due to a reduction in spending on capital projects.

- Deferred outflows decreased by \$179,113, 7.2 percent, in the current fiscal year, totaling \$2,294,840, \$2,473,953, and \$2,895,706, respectively, for 2022, 2021, and 2020. Deferred outflows pertain to delayed charges on pension and bonded debt.

- Total liabilities and deferred inflows decreased 4.2 percent during fiscal year 2022, with balances of \$29,392,824, \$30,686,150, and \$30,067,250, for fiscal years ended June 30, 2022,

**CLACKAMAS RIVER WATER
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
JUNE 30, 2022 and 2021**

2021, and 2020, respectively. Current Liabilities decreased by \$395,084, 13.6 percent, during the current fiscal year primarily due to a decrease of \$496,964 in bonds payable and a decrease of \$3,075,709 in net pension liability. Non-current liabilities decreased by \$3,579,996, 13.1 percent, in fiscal year 2022. Net Pension Liability and Bonds payable decreased by \$3,075,709 and \$496,964 respectively.

- Deferred inflows are the net pension liability resulting primarily from a change between projected and actual earnings on investments. This liability decreased by \$2,681,754, 708.3 percent, and totaled \$3,060,364, \$378,610, and \$436,677 for fiscal years 2022, 2021, and 2020 respectively.

- Net position may serve as a useful indicator of the District's financial position. As of June 30, 2022, 2021, and 2020, assets exceeded liabilities by \$75,094,517, \$71,667,556, and \$69,251,578, respectively, an increase of \$3,426,961, 4.8%, over fiscal year 2021. This is due to increases in restricted and unrestricted net position, offset by a reduction in net investment in capital assets of \$663,985, -1.2 percent. Restricted net position totaled \$11,144,367 in fiscal year 2022, an increase of \$795,428, 7.7 percent, compared to fiscal year 2021. It accounts for 14.8 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 \$7,592,376 on June 30, 2022, an increase of \$3,295,518, 76.7 percent, compared to the prior fiscal year. In fiscal year 2021, net position decreased by \$434,168, 9.2%, over fiscal year 2020. In fiscal year 2022, net investment in capital assets decreased by \$663,985, 1.2 percent, restricted net position increased by \$795,428, and unrestricted net position increased by \$3,295,518 over fiscal year 2021.

**CLACKAMAS RIVER WATER
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
JUNE 30, 2022 and 2021**

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

	2022	2021	Difference 2022-2021	Percent Change	2020
Operating Revenues:					
Water sales	\$14,666,129	\$14,302,640	\$363,489	2.5%	\$13,099,982
Other	349,887	152,411	197,476	129.6%	188,747
Total Operating Revenues	<u>15,016,016</u>	<u>14,455,051</u>	<u>560,965</u>	3.9%	<u>13,288,729</u>
Nonoperating Revenues:					
Interest earnings	110,937	103,215	7,722	7.5%	318,499
Rental income	106,012	117,974	(11,962)	-10.1%	114,538
Federal and other awards	59,330	190,765	(131,435)	-68.9%	86,638
Other	121,697	119,674	2,023	1.7%	125,581
Total Revenues	<u>15,413,992</u>	<u>14,986,679</u>	<u>427,313</u>	2.9%	<u>13,933,985</u>
Operating Expenses					
Water Resources	3,180,530	3,567,376	(386,846)	-10.8%	3,244,480
System Operations	2,490,976	3,210,473	(719,497)	-22.4%	2,505,637
Finance, Accounting and Customer Service	1,537,336	1,679,765	(142,429)	-8.5%	1,387,468
Administrative Services	2,158,101	2,467,675	(309,574)	-12.5%	2,038,817
CRWSC Activity	64,051	90,810	(26,759)	-29.5%	109,960
Less:					
Overhead, equipment and labor capitalized	(59,362)	(178,092)	(118,730)	66.7%	(316,714)
Loss on disposal of capital assets	-	(161)	(161)	100.0%	(98,288)
Subtotal	<u>9,371,632</u>	<u>10,838,168</u>	<u>1,466,536</u>	13.5%	<u>8,871,360</u>
Depreciation	2,828,095	2,433,974	394,121	16.2%	2,147,747
Interest expense	756,351	762,070	(5,719)	-0.8%	801,551
Total Expenses	<u>12,956,078</u>	<u>14,034,212</u>	<u>1,854,938</u>	13.2%	<u>11,820,658</u>
Income (loss) before capital contributions	2,457,914	952,467	1,505,447	158.1%	1,916,751
Capital Contributions & SDCs	<u>969,048</u>	<u>1,463,511</u>	<u>(494,463)</u>	-33.8%	<u>507,900</u>
Increase in Net Position	3,426,962	2,415,978	1,010,984	41.8%	2,483,151
Total Net Position - Beginning	<u>71,667,556</u>	<u>69,251,578</u>	<u>2,415,978</u>	3.5%	<u>66,768,427</u>
Total Net Position - Ending	<u>\$75,094,518</u>	<u>\$71,667,556</u>	<u>\$3,426,962</u>	4.8%	<u>\$69,251,578</u>

Revenues

Total revenues increased by \$427,313, 2.9 percent, for fiscal year 2022. Total revenue was \$15,413,992, \$14,986,679, and \$13,933,985 for fiscal years ended June 30, 2022, 2021 and 2020, respectively. Water sales increased by \$363,489 due to the implementation of the rate increase for year eight of rate increases approved by the Board on March 31, 2014. CRW implemented a rate increase on May 1st, 2021, for both retail and wholesale customers. Other operating revenues including water service extension fees, service charges on past due accounts and miscellaneous

**CLACKAMAS RIVER WATER
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
JUNE 30, 2022 and 2021**

revenues increased by \$197,476. Service charges on past due accounts were reinstated in May 2021 after being suspended in March 2020 due to Covid.

Non-operating revenues decreased by \$133,652, 17.4 percent, in the current fiscal year. Interest income and Federal Grant funding fell by \$131,435 as bond proceeds were being exhausted and less available grant funding opportunity. This decrease was partially offset by rent increase.

In fiscal year 2022 total revenue increased by \$427,313 2.9 percent, over fiscal year 2021. Water sales increased due to the implementation of rate increase and reinstatement of late fees after suspending it due to COVID.

Expenses

Expenses incurred by the District totaled \$9,371,632, \$10,838,168, and \$8,871,360 for the fiscal years ended June 30, 2022, 2021 and 2020, respectively. Fiscal year 2022 expenses decreased in all programs for a total decrease of \$1,466,536, 13.5 percent. A significant portion of the decrease in fiscal year 2022 was related to pension related expenses decreasing and the implementation of GASB 68 in 2021. This caused a decrease 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 2022 decreased by \$309,574 12.5 percent. This includes decreases in GAAP entries for pension expenses. We also have decreases in operating costs due to costs associated to the COVID-19 pandemic. Fiscal year 2021 increased by \$428,858, 21.0 percent over fiscal year 2020.

- System Operations expenses decreased by \$719,497, 22.4 percent, in fiscal year 2022 compared with fiscal year 2020. System Operations decreased costs due to decreases in building and grounds maintenance compared to activities related to the 2020 wildfires and the 2021 winter ice storm. The District also experienced extended vacancies during the year on several positions within the department. Fiscal year 2021 increased by \$704,838 over fiscal year 2020.

- Finance, Accounting and Customer Service (FACS) department expenses totaled \$1,537,336, \$1,679,765, and \$1,387,468 during fiscal years 2022, 2021 and 2020 respectively. Fiscal year 2022 decreased by \$142,429, 8.5 percent, in contrast to fiscal year 2021, which

**CLACKAMAS RIVER WATER
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
JUNE 30, 2022 and 2021**

increased by \$292,297, 21.1 percent. Extended vacancies and a decrease in pension contribution resulted in a decrease in the department expense.

- Water Resource department expenses totaled \$3,180,530, \$3,567,376, and \$3,244,480, for fiscal years 2022, 2021 and 2020, respectively. Fiscal year 2022 saw a decrease of \$386,846, 10.8 percent, in expenses, primarily from a decrease in pension expense, water purchased and expenses related extended vacancies. These decreases were partially offset with increases in Equipment maintenance, Water treatment analysis, and Utilities expenses.

- Clackamas Regional Water Supply Commission expenses decreased by \$26,759, 29.5 percent. This reduction is due to lower costs in professional and contract work expenses. From fiscal year 2020 to fiscal year 2021 we saw a similar decrease in expense of \$19,150, 17.4 percent.

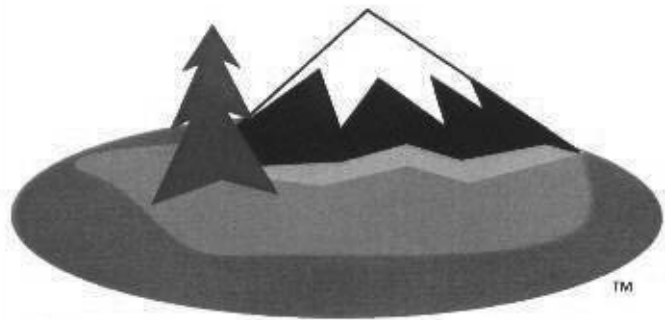
- The amount of labor, overhead and equipment capitalized decreased by \$118,730, 66.7 percent and \$138,622, 43.8 percent, for fiscal years 2022 and 2021, respectively. This reduction is mainly due to completion of capital projects in 2021 to implement Backbone capital improvements funded by the Series 2016 Water Revenue Bonds.

- Depreciation expense increased by \$394,121, 16.2 percent, in fiscal year 2022, in contrast with fiscal year 2021 which increased \$286,227, 13.3 percent, from 2020. Depreciation totaled \$2,828,095, \$2,433,974, and \$2,147,747, for fiscal years ended June 30, 2022, 2021, and 2020, respectively. Interest expense was \$756,351, \$762,070, and \$801,551, for fiscal years 2022, 2021, and 2020 respectively. The Series 2009 revenue bonds were paid in full in fiscal year 2021.

Capital Assets

On June 30, 2022, the District had \$76,787,979 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 \$2,106,580 in additions or transfers during fiscal year 2022. All additions were for improvements for the water distribution system. The District expensed \$2,828,095 in depreciation in fiscal year 2022 and had \$519,890 of construction-in-progress at June 30, 2022. Additional information on capital assets can be found in note 5 of the Notes to the Basic Financial Statements.

BASIC FINANCIAL STATEMENTS



Clackamas River Water

**CLACKAMAS RIVER WATER
STATEMENTS OF NET POSITION
as of June 30, 2022 and 2021**

	<u>2022</u>	<u>2021</u>
ASSETS:		
Current assets:		
Cash and cash equivalents	\$ 9,908,992	\$ 6,599,259
Cash held for customer deposits	450,206	489,576
Accounts receivable, net	3,095,640	3,354,635
Supplies inventory	251,354	228,746
Prepaid expenses and other receivables	267,951	260,250
Current assets - unrestricted	<u>13,974,143</u>	<u>10,932,466</u>
Cash and cash equivalents - restricted	11,430,378	11,008,451
Total current assets	<u>25,404,521</u>	<u>21,940,917</u>
Noncurrent Assets:		
Capital assets not being depreciated	3,318,910	4,118,855
Capital assets, net of accumulated depreciation	73,469,069	73,819,981
Total noncurrent assets	<u>76,787,979</u>	<u>77,938,836</u>
TOTAL ASSETS	102,192,500	99,879,753
DEFERRED OUTFLOWS		
Deferred pension	2,235,902	2,412,601
Deferred charges on bonded debt	58,938	61,352
TOTAL DEFERRED OUTFLOWS	<u>2,294,840</u>	<u>2,473,953</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS	<u>\$ 104,487,340</u>	<u>\$ 102,353,706</u>

See Notes To Basic Financial Statements

**CLACKAMAS RIVER WATER
STATEMENTS OF NET POSITION
as of June 30, 2022 and 2021**

	2022	2021
LIABILITIES:		
Current liabilities:		
Accounts payable	\$ 356,407	\$ 1,230,174
Accrued expenses	408,621	463,334
Current portion of capital lease	7,324	7,324
Customer deposits and prepaid revenue	1,094,758	574,262
Accrued interest	143,617	145,717
Current portion of bonds payable	496,963	481,963
Total current liabilities	<u>2,507,690</u>	<u>2,902,774</u>
Noncurrent liabilities:		
Capital lease payable	3,052	10,375
Net pension liability	3,839,914	6,915,623
Bonds payable	19,981,804	20,478,768
Total noncurrent liabilities	<u>23,824,770</u>	<u>27,404,766</u>
TOTAL LIABILITIES	<u>26,332,460</u>	<u>30,307,540</u>
DEFERRED INFLOWS		
Deferred pension	3,060,364	378,610
TOTAL LIABILITIES & DEFERRED INFLOWS	<u>29,392,824</u>	<u>30,686,150</u>
NET POSITION:		
Net investment in capital assets	56,357,774	57,021,759
Restricted for: Debt service	297,065	292,502
Capital expenditures	9,614,803	8,830,826
Rate stabilization	1,232,499	1,225,611
Unrestricted	7,592,376	4,296,858
TOTAL NET POSITION	<u>75,094,517</u>	<u>71,667,556</u>
TOTAL LIABILITIES, DEFERRED INFLOWS, AND NET POSITION	<u>\$ 104,487,340</u>	<u>\$ 102,353,706</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, 2022 and June 20, 2021

	2022	2021
OPERATING REVENUES:		
Water sales	\$ 14,666,129	\$ 14,302,640
Water service connections fees	161,170	107,232
Water service extension fees	63,782	-
Service charges on past due accounts	97,367	17,670
Miscellaneous	27,568	27,509
Total operating revenues	15,016,016	14,455,051
OPERATING EXPENSES:		
Water resources	3,180,530	3,567,376
System operations	2,490,976	3,210,473
Finance, accounting and customer service	1,537,336	1,679,765
Administrative services	2,158,101	2,467,675
CRWSC activity	64,051	90,810
Less: Capitalized labor and overhead	(59,362)	(178,092)
Depreciation	2,828,095	2,433,974
Total operating expenses	12,199,727	13,271,981
NET OPERATING GAIN	2,816,289	1,183,070
NONOPERATING REVENUES (EXPENSES):		
Federal and other awards	59,330	190,765
Interest expense, net	(756,351)	(762,070)
Interest earnings on cash equivalents	110,937	103,215
Rental income	106,012	117,974
Loss on disposal of capital assets	-	(161)
Other	121,697	119,674
Total nonoperating revenues (expenses)	(358,375)	(230,603)
GAIN BEFORE CONTRIBUTIONS	2,457,914	952,467
SYSTEM DEVELOPMENT CHARGES	605,142	958,560
CAPITAL CONTRIBUTIONS	363,906	504,951
CHANGE IN NET POSITION	3,426,962	2,415,978
NET POSITION - BEGINNING OF YEAR	71,667,556	69,251,578
NET POSITION - END OF YEAR	\$ 75,094,517	\$ 71,667,556

See Notes To Basic Financial Statements

CLACKAMAS RIVER WATER
STATEMENTS OF CASH FLOWS
for the Fiscal Years Ended June 30, 2022 and June 30, 2021

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from customers	\$ 15,715,641	\$ 13,770,540
Cash payments to suppliers for goods and services	(5,589,484)	(4,367,048)
Cash payments to employees for services	(5,372,132)	(5,160,738)
Other receipts	634,587	697,040
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>5,388,612</u>	<u>4,939,794</u>
 CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Principal paid on revenue bonds	(370,000)	(805,000)
Interest paid on revenue bonds, net of amount capitalized	(868,000)	(890,400)
Proceeds from sale of capital assets	3,956	20,028
System development charges received	605,142	958,560
Grant and other revenue	59,330	67,925
Acquisition and construction of capital assets	(1,237,686)	(2,453,051)
NET CASH USED IN CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(1,807,258)</u>	<u>(3,101,938)</u>
 CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest received on investments	110,937	103,215
NET CASH FROM INVESTING ACTIVITIES	<u>110,937</u>	<u>103,215</u>
 NET CHANGE IN CASH AND CASH EQUIVALENTS	3,692,291	1,941,071
 CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>18,097,286</u>	<u>16,156,215</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 21,789,576</u>	<u>\$ 18,097,286</u>
 STATEMENT OF NET POSITION ACCOUNTS		
Cash and cash equivalents	\$ 9,908,992	\$ 6,599,259
Cash held for customer deposits	450,206	489,576
Restricted cash	11,430,378	11,008,451
	<u>\$ 21,789,576</u>	<u>\$ 18,097,286</u>

See Notes To Basic Financial Statements

**CLACKAMAS RIVER WATER
STATEMENTS OF CASH FLOWS
for the Fiscal Years Ended June 30, 2022 and June 20, 2021**

RECONCILIATION OF OPERATING GAIN TO NET CASH PROVIDED BY OPERATING ACTIVITIES:	2022	2021
	<u> </u>	<u> </u>
Operating income	\$ 2,816,289	\$ 1,183,070
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	2,828,095	2,433,974
Rents received	106,012	127,902
Shared Resources	70,391	70,777
Right of Way Fee	23,742	23,650
Capitalized labor and overhead	(59,362)	(178,092)
Pension Expense - GASB 68	(217,256)	1,487,256
Changes in assets and liabilities:		
Decrease (increase) in:		
Accounts receivable	258,995	(825,756)
Supplies inventory	(22,608)	9,354
Prepaid expenses	(7,701)	106,760
Increase (decrease) in:		
Accounts payable	(873,767)	258,482
Accrued expenses	(54,713)	60,464
Prepaid revenue and customer deposits	520,496	181,953
Total adjustments	<u>2,572,324</u>	<u>3,756,724</u>
NET CASH FROM OPERATING ACTIVITIES	<u>\$ 5,388,612</u>	<u>\$ 4,939,794</u>
Supplemental schedule of noncash investing and capital financing activities:		
Donated capital assets	<u>\$ 363,906</u>	<u>\$ 504,951</u>

See Notes To Basic Financial Statements

CLACKAMAS RIVER WATER
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

1. CLACKAMAS RIVER WATER

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

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

The District holds a permit that allows approximately forty million gallons of water per day (“MGPD”) of water intake through its four intake locations on the Clackamas River. The District’s water treatment plant has the capacity to treat approximately 30 MGPD and currently sells an average of 7.6 MGPD to its customers, with the Redland pressure zone being served from the plant. The District’s 14 reservoirs hold excess treated water available for sale.

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

In November 2013, Clackamas River Water entered into an intergovernmental agreement with Sunrise Water Authority to efficiently use assets and resources to the mutual benefit of both parties and their customers. The Clackamas Regional Water Supply Commission (CRWSC) is an ORS190 agreement with its own Board of Commissioners, budget and management provided from the two agencies. Funding is from a combination of cash contributions and water sales. Effective June 30, 2022, CRWSC was dissolved.

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, 2022 AND 2021

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.

CLACKAMAS RIVER WATER
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

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 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.

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.

CLACKAMAS RIVER WATER
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 JUNE 30, 2022 AND 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

Capital Asset (Continued)

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, 2022 and 2021. Capitalized labor and overhead costs totaled \$59,362 and \$178,092 for the years ended June 30, 2022 and 2021, respectively.

Leases:

CRW recognizes lease contracts or equivalents that have a term exceeding one year and that meet the definition of other than short-term lease. CRW uses a discount rate that is explicitly stated or implicit in the contract. When a readily determinable discount rate is not available, the discount rate is determined using CRW’s incremental borrowing rate at the start of the lease for a similar asset type and term length to the contract. Short-term lease payments are expensed when incurred.

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.

CLACKAMAS RIVER WATER
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

Compensated Absences: (continued)

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.

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.

CLACKAMAS RIVER WATER
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

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

(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 2021-23 Adopted Budget is included in the Supplementary Information section attached to these general purpose financial statements.

Adoption of GASB 87:

CRW adopted GASB No. 87 Leases (GASB 87) as of July 1, 2021. CRW evaluated contracts that were formerly accounted for as operating leases to determine whether they meet the definition of a lease as defined in GASB 87 (see notes 7 and 10 for leases).

CLACKAMAS RIVER WATER
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

3. CASH AND CASH EQUIVALENTS

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

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents:		
Cash on hand	\$ 900	\$ 900
Checking account	6,139,482	5,030,053
Participation in Oregon State Treasurer's Short-Term Investment Fund	<u>15,649,194</u>	<u>13,066,333</u>
Total cash and cash equivalents	<u><u>\$ 21,789,576</u></u>	<u><u>\$ 18,097,286</u></u>

Reported on the Statement of Net Position as follows:

	<u>2022</u>	<u>2021</u>
Current Assets		
Cash and cash equivalents	\$ 9,908,992	\$ 6,599,259
Cash held for customer deposits	450,206	489,576
Noncurrent Assets:		
Restricted cash and cash equivalents	<u>11,430,378</u>	<u>11,008,451</u>
Total cash and cash equivalents	<u><u>\$ 21,789,576</u></u>	<u><u>\$ 18,097,286</u></u>

Interest Rate Risk:

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

Concentration of Credit Risk:

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

Custodial Credit Risk:

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

CLACKAMAS RIVER WATER
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

3. CASH AND CASH EQUIVALENTS (continued)

At June 30, 2022, the book balance of the District's bank deposits (checking account) was \$6,139,481 and the bank balance was \$6,166,418. 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:

	2022	2021
Water sales receivables	\$ 1,533,483	\$ 1,907,033
Unbilled water sales	1,032,000	1,361,000
Less allowance for uncollectible accounts	(15,000)	(15,000)
Total water sales receivable	2,550,483	3,253,033
Other	545,157	101,602
Total accounts receivable, net	\$ 3,095,640	\$ 3,354,635

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 \$107,053 and \$121,481 at June 30, 2022 and 2021, respectively. In the prior year, the 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.

CLACKAMAS RIVER WATER
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

5. CAPITAL ASSETS

The District's capital assets activity for the year ended June 30, 2022 is as follows:

	Balances June 30, 2021	Additions and Transfers	Retirements and Transfers	Balances June 30, 2022
Depreciable Assets:				
Buildings	\$ 6,597,700	\$ -	\$ (420,623)	\$ 6,177,077
Improvements	11,843,576	16,720	-	11,860,296
Machinery, furniture and equipment	4,965,676	292,592	(235,385)	5,022,884
Pump stations	9,140,369	55,825	-	9,196,194
Reservoirs	20,051,451	-	-	20,051,451
Water distribution system	72,612,384	2,105,348	(143,765)	74,573,967
Total depreciable assets	<u>125,211,156</u>	<u>2,470,486</u>	<u>(799,772)</u>	<u>126,881,870</u>
Accumulated depreciation:				
Buildings	(6,364,089)	(141,258)	383,730	(6,121,617)
Improvements	(5,175,626)	(303,495)	998	(5,478,124)
Machinery, furniture and equipment	(2,752,793)	(302,185)	185,076	(2,869,902)
Pump stations	(3,408,682)	(199,008)	-	(3,607,690)
Reservoirs	(3,690,722)	(313,199)	-	(4,003,921)
Water distribution system	(29,999,263)	(1,372,778)	40,494	(31,331,546)
Total accumulated depreciation	<u>(51,391,175)</u>	<u>(2,631,924)</u>	<u>610,298</u>	<u>(53,412,801)</u>
Total depreciable assets, net	<u>73,819,981</u>	<u>(161,438)</u>	<u>(189,474)</u>	<u>73,469,069</u>
Nondepreciable assets:				
Land and easements	2,805,717	(6,697)	-	2,799,020
Construction in progress	1,313,138	1,313,332	(2,106,580)	519,890
Total nondepreciable assets	<u>4,118,855</u>	<u>1,306,635</u>	<u>(2,106,580)</u>	<u>3,318,910</u>
Total capital asset activity	<u>\$ 77,938,836</u>	<u>\$ 1,145,197</u>	<u>\$ (2,296,054)</u>	<u>\$ 76,787,979</u>

CLACKAMAS RIVER WATER
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

5. CAPITAL ASSETS (continued)

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, 2021
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>

Depreciation expense charged to operations totaled \$2,828,095 and \$2,433,974 and for the years ended June 30, 2022 and 2021, 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, 2022 AND 2021

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 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, 2022 and June 30, 2021.

The District’s revenue bond activity for the year ended June 30, 2022, is as follows:

	Balances June 30, 2021	Additions	Payments & Decreases	Balances June 30, 2022	Amount due within one year	Long-term portion
Revenue Bonds - 2016	18,115,000	-	(370,000)	17,745,000	385,000	17,360,000
Unamortized premium	2,845,730	-	(111,963)	2,733,767	111,963	2,621,804
	<u>\$ 20,960,730</u>	<u>\$ -</u>	<u>\$ (481,963)</u>	<u>\$ 20,478,767</u>	<u>\$ 496,963</u>	<u>\$ 19,981,804</u>

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>

CLACKAMAS RIVER WATER
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

6. BONDS PAYABLE (continued)

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

Fiscal Year	Principal	Interest
2023	\$ 385,000	\$ 854,000
2024	400,000	838,300
2025	415,000	822,000
2026	435,000	805,000
2027	450,000	387,300
2028-2032	2,595,000	3,400,275
2033-2037	3,320,000	2,867,500
2038-2042	4,265,000	1,924,375
2043-2047	5,480,000	712,000
	<u>\$ 17,745,000</u>	<u>\$ 12,610,750</u>

The District's revenue bonds are paid solely from the District's net operating revenue and certain other restricted assets pledged as payment for the bonds. Other restricted assets for fiscal year 2022 are system development fees. 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. LEASES

CRW evaluated contracts that were formerly accounted for as operating leases to determine whether they meet the definition of a lease as defined in GASB 87. The contracts to lease office equipment (4 copiers, a mailing machine, and a stuffing machine) and a vehicle met the definition of a lease. Each lease asset is amortized on a straight-line basis over the life of the lease. CRW also used its estimated borrowing rate as the discount rate for the leases. CRW calculated and recognized a right-to-use assets of \$60,709 as of July 1, 2021.

	July 1, 2021	Additions	Deletions	June 30, 2022
Right-to-use assets				
Copiers, Postage machines	\$ 42,314	\$ -	\$ -	\$ 24,521
Vehicle	18,395	-	-	11,037
Total right-to-use assets	<u>60,709</u>	<u>-</u>	<u>-</u>	<u>35,558</u>
Less accumulated amortization				
Copiers, Postage machines	-	18,307	-	18,307
Vehicle	-	7,358	-	7,358
Total accumulated amortization	<u>-</u>	<u>25,665</u>	<u>-</u>	<u>25,665</u>
Net right-to-use assets	<u>\$ 60,709</u>	<u>\$ 25,665</u>	<u>\$ -</u>	<u>\$ 9,893</u>

CLACKAMAS RIVER WATER
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

7. LEASES (continued)

Year Ending Dec 1st	Principal	Interest	Total
2023	5,439	603	6,043
2024	576	128	704
2025	169	-	169
2026	-	-	-

8. RESTRICTED NET POSITION

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

	<u>2022</u>	<u>2021</u>
Restricted Net Position		
Debt Service Reserves	\$ 297,065	\$ 292,502
System Development Reserves	2,804,302	2,146,161
Capital Improvements Reserves	6,810,501	6,684,665
Rate Stabilization Reserves	1,232,499	1,225,611
Total Restricted Net Position	<u>\$ 11,144,367</u>	<u>\$ 10,348,939</u>

9. ACCRUED EXPENSES

Accrued expenses consist of the following at June 30:

	<u>2022</u>	<u>2021</u>
Compensated Absences	\$ 253,101	\$ 270,535
Payroll	80,461	178,243
PERS (note 12)	50,494	12,544
Payroll Taxes and other	24,565	2,012
	<u>\$ 408,621</u>	<u>\$ 463,334</u>

10. LESSOR

CRW leases approximately 5,000 square feet of its administration building. CRW recognizes lease receivables as the net present value of the lease payments expected to be made during the lease term, which is the noncancellable period of the lease. CRW entered into a 7-year lease agreement with VCA Northwest Veterinary Specialist which commenced on October 27,

CLACKAMAS RIVER WATER
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 JUNE 30, 2022 AND 2021

10. LESSOR (continued)

2019. For the discount rate used to discount the expected lease receipts to the present value, CRW used a projected borrowing interest rate of 5.0%. The lease receivable was determined to be \$742,084 (present value of 84 monthly lease receipts of \$9,638 due at the beginning each month starting November 1st, 2019 with an annual interest rate of 3 percent).

Year Ending Oct 1st	Principal	Interest	Total
2023	\$ 101,951	\$ 23,208	\$ 125,159
2024	\$ 111,008	\$ 17,905	\$ 128,913
2025	\$ 130,892	\$ 5,872	\$ 136,764
2026	\$ 45,559	\$ 476	\$ 46,035

11. 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

CLACKAMAS RIVER WATER
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

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

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.

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,

CLACKAMAS RIVER WATER
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

11. PENSION PLANS (continued)

the date the member reaches normal retirement age, and, if the pension program is terminated, the date on which termination becomes effective.

Death Benefits:

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

Disability Benefits:

A member who has accrued 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

CLACKAMAS RIVER WATER
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

11. PENSION PLANS, (continued)

a percentage of payroll, first became effective July 1, 2013. Employer contributions for the year ended June 30, 2022 and 2021 was \$734,923 and \$679,591, respectively.

The rates in effect for fiscal years ended June 30, 2021 and June 30, 2022 are 23.86 and 24.06 percent for Tier One/Tier Two General Service Members and 18.53 and 20.68 percent, for OPSRP Pension Program General Service Members. Covered employees are required by 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, 2022 and 2021, the District reported a liability of \$3,839,914 and \$6,915,623, respectively, for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2019 and rolled forward to June 30, 2021. At June 30, 2021, and 2020, the District's proportion was 0.03209 percent and 0.03345 percent, respectively.

At June 30, 2022 and 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Balance as of June 30, 2022		Balance as of June 30, 2021	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 359,441	\$ -	\$ 304,371	\$ -
Changes of assumptions	961,246	10,106	371,140	13,004
Net differences between projected and actual earning on plan investments	-	2,842,659	813,187	-
Changes in Proportionate Share	150,379	186,298	161,864	337,432
Differences between employer contributions and employer's proportionate share of system contributions	29,913	21,301	82,448	28,174
District contribution subsequent to the measurement date	734,923	-	679,591	-
Net Deferred Outflows/Inflows of Resources	<u>\$ 2,235,902</u>	<u>\$ 3,060,364</u>	<u>\$ 2,412,601</u>	<u>\$ 378,610</u>

CLACKAMAS RIVER WATER
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

11. PENSION PLANS, (continued)

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	
FY2022	\$ (223,805)
FY2023	(294,145)
FY2024	(442,295)
FY2025	(690,833)
FY2026	91,694
Total	<u>\$ (1,559,385)</u>

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:

CLACKAMAS RIVER WATER
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 JUNE 30, 2022 AND 2021

11. PENSION PLANS, (continued)

Valuation Date	December 31, 2019
Measurement Date	June 30, 2021
Experience Study Report	2018, published July 24, 2019
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Inflation Rate	2.40 percent
Long-Term Expected Rate of Return	6.90 percent
Discount Rate	6.90 percent
Projected Salary Increases	3.40 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.

11. PENSION PLANS

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.

CLACKAMAS RIVER WATER
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

11. PENSION PLANS, (continued)

Asset Class/Strategy	Assumed Asset Allocation		
	Low Range	High Range	Target
Debt Securities	15.0%	25.0%	20.0%
Public Equity	27.5%	37.5%	32.5%
Real Estate	9.5%	15.5%	12.5%
Private Equity	14.0%	21.0%	17.5%
Alternative Portfolio	7.5%	17.5%	15.0%
Opportunity Portfolio	0.0%	5.0%	0.0%
Risk Parity	0.0%	2.5%	2.5%
Total			100.0%

Asset Class	Target Allocation	Compounded Annual Return (Geometric)
Global Equity	30.62%	5.85%
Private Equity	25.50%	7.71%
Core Fixed Income	23.75%	2.73%
Real Estate	12.25%	5.66%
Master Limited Partnerships	0.75%	5.71%
Infrastructure	1.50%	6.26%
Commodities	0.63%	3.10%
Hedge Fund of Funds - Multistrategy	1.25%	5.11%
Hedge Fund Equity - Hedge	0.63%	5.31%
Hedge Fund - Macro	5.62%	5.06%
US Cash	-2.50%	1.73%
Assumed Inflation - Mean		2.40%

Discount rate:

The discount rate used to measure the total pension liability was 6.90 percent for the Defined Benefit Pension Plan. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the Defined Benefit Pension Plan was applied to all periods of projected benefit payments to determine the total pension liability.

CLACKAMAS RIVER WATER
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 JUNE 30, 2022 AND 2021

11. PENSION PLANS, (continued)

Sensitivity of the District’s proportionate share of the net pension liability to changes in the discount rate:

The following presents the District’s proportionate share of the net pension liability calculated using the discount rate of 6.90 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 (5.90 percent) or 1-percentage-point higher (7.90 percent) than the current rate:

	<u>1% Decrease (5.90%)</u>	<u>Discount Rate (6.90%)</u>	<u>1% increase (7.90%)</u>
District's Proportionate share of the net pension liability	\$ 7,540,673	\$ 3,839,914	\$ 743,722

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.

12. 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.

13. COMMITMENTS AND CONTINGENCIES

Legal Matters:

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

Unemployment Insurance:

The District is self-insured for unemployment compensation. Liabilities are recorded when it is probable that a loss has occurred and the amount can be reasonably estimated. The District paid no claims for the years ended June 30, 2022 and 2021.

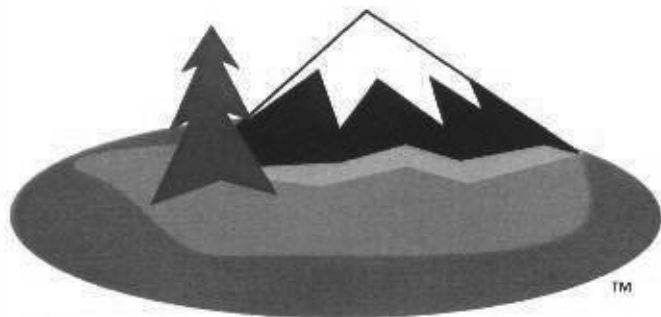
CLACKAMAS RIVER WATER
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

13. COMMITMENTS AND CONTINGENCIES, (continued)

Construction Commitments:

Construction in progress totaled \$519,890 at June 30, 2022. Of these projects, the District has made construction commitments of approximately \$1,097,581 as of June 30, 2022.

**REQUIRED
SUPPLEMENTARY
INFORMATION**



Clackamas River Water

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

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contribution (Actuarially Determined)	\$ 693,828	\$ 698,749	\$ 568,953	\$ 545,591	\$ 470,657
Contributions in relation to the actuarially determined contributions	\$ (693,586)	\$ (728,531)	\$ (575,472)	\$ (456,756)	\$ (307,865)
Contribution deficiency (excess)	<u>\$ 242</u>	<u>\$ (29,782)</u>	<u>\$ (6,519)</u>	<u>\$ 88,835</u>	<u>\$ 162,792</u>
Covered payroll	\$ 3,331,548	\$ 3,331,548	\$ 3,162,969	\$ 3,228,635	\$ 3,010,486
Contributions as a percentage of covered payroll	20.82%	21.87%	18.19%	14.15%	10.23%
	<u>2017</u>	<u>2016</u>	<u>2015</u>		
Contractually required contribution (Actuarially Determined)	\$ 437,518	\$ 388,162	\$ 368,921		
Contributions in relation to the actuarially determined contributions	\$ (350,350)	\$ (440,445)	\$ (395,126)		
Contribution deficiency (excess)	<u>\$ 87,168</u>	<u>\$ (52,283)</u>	<u>\$ (26,205)</u>		
Covered payroll	\$ 3,059,169	\$ 2,624,818	\$ 2,860,316		
Contributions as a percentage of covered payroll	11.45%	16.78%	13.81%		

Notes to Schedule

Valuation Date: 12/31/2019

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	2.40% 2.50%
Salary increases	3.40% 3.50%
Investment rate of return	6.90% 7.20%
Retirement age	55 for Tier 1/Tier 2; 65 for OPSRP
Mortality	Healthy retirees and beneficiaries: Pub-2010 Healthy Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation
	Active members: PUB-2010 Employee, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.
	Disabled retirees: PUB-2010 Disable Retiree, 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 2019

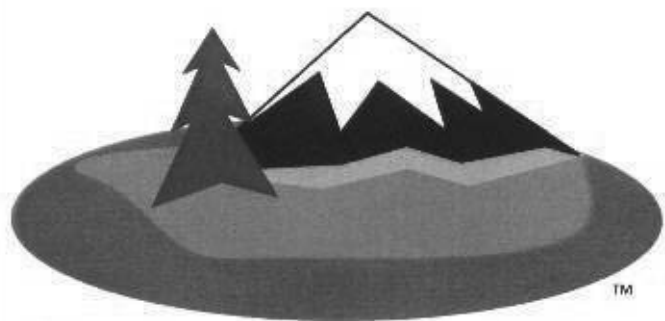
CLACKAMAS RIVER WATER
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION ASSET (LIABILITY)
Last Ten Fiscal Years*

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Proportionate share of net pension assets	0.0321%	0.0335%	0.0335%	0.0329%	0.0311%
Proportionate share of net pension assets (liability)	\$ (3,839,914)	\$ (6,915,623)	\$ (5,786,758)	\$ (4,977,477)	\$ (4,059,894)
Covered payroll	\$ 3,331,548	\$ 3,162,969	\$ 3,228,635	\$ 3,010,486	\$ 3,053,397
Proportionate share of net pension assets as % of covered payroll	115.26%	218.64%	179.23%	165.34%	132.96%
Plan's fiduciary net position	\$ 84,331,316,437	\$ 68,319,296,993	\$ 70,203,720,619	\$ 69,327,500,445	\$ 66,371,703,247
Plan fiduciary net position as a % of total pension asset	87.60%	75.80%	80.20%	89.93%	86.09%
	<u>2017</u>	<u>2016</u>	<u>2015</u>		
Proportionate share of net pension assets	0.0358%	0.0392%	0.0483%		
Proportionate share of net pension assets (liability)	\$ (5,381,562)	\$ (2,251,307)	\$ 905,788		
Covered payroll	\$ 2,624,818	\$ 2,860,316	\$ 2,762,206		
Proportionate share of net pension assets as % of covered payroll	205.03%	78.71%	32.79%		
Plan's fiduciary net position	\$ 62,082,059,102	\$ 64,923,626,094	\$ 65,401,492,664		
Plan fiduciary net position as a % of total pension asset	80.53%	91.88%	103.59%		

*Only years with available information are presented.

Source: Milliman Actuarial Valuation Report September 2019

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, 2022
(with comparative totals for the year ended June 30, 2021)

	Budget for the 2021-2023 Bienium		Actual Results		2021 Actual
	Original	Final	FY 2021-22 Year 1	Variance with Final Budget	
Revenues:					
Water sales	\$ 25,569,000	\$ 25,569,000	\$ 13,757,673	\$ 11,811,327	\$ 13,402,769
Service connections	250,000	250,000	161,170	88,830	107,232
Service charges	156,000	156,000	97,367	58,633	17,670
Miscellaneous - operating	-	-	88,326	(88,326)	13,646
Rental income	246,400	246,400	121,513	124,887	117,974
Miscellaneous - nonoperating	40,000	40,000	57,747	(17,747)	906
Grant funds	-	-	59,330	(59,330)	190,765
Surplus property sale	10,000	10,000	3,956	6,044	20,028
Right of Way Fees (Pass through)	48,100	48,100	23,742	24,358	23,662
Interest income	108,000	108,000	24,116	83,884	27,824
Total revenues	26,427,500	26,427,500	14,394,940	12,032,560	13,922,476
Other financing sources:					
Transfer from					
Revenue Bond Proceeds Fund	-	-	-	-	-
CRWSC Activity Fund	1,850,000	1,850,000	650,000	1,200,000	865,600
Total other financing sources	1,850,000	1,850,000	650,000	1,200,000	865,600
Total revenues and other financing source	28,277,500	28,277,500	15,044,940	13,232,560	14,788,076
Beginning fund balance available for appropriations	7,000,000	7,000,000	7,000,000	-	-
	\$ 35,277,500	\$ 35,277,500	\$ 22,044,940	\$ 13,232,560	\$ 14,788,076

CLACKAMAS RIVER WATER
GENERAL FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
for the year ended June 30, 2022
(with comparative totals for the year ended June 30, 2021)

	Budget for the 2021-2023 Bienium		Actual Results		2021 Actual
	Original	Final	FY 2021-2022 Year 1	Variance with Final Budget	
Expenditures:					
Water Resources:					
Personal services	\$ 3,129,900	\$ 3,129,900	\$ 1,253,682	\$ 1,876,218	\$ 1,193,195
Materials and services	4,424,000	4,424,000	1,962,977	2,461,023	2,042,018
Capital outlay	408,500	408,500	93,312	315,188	173,880
	<u>7,962,400</u>	<u>7,962,400</u>	<u>3,309,971</u>	<u>4,652,429</u>	<u>3,409,093</u>
System Operations:					
Personal services	4,453,200	4,453,200	1,936,329	2,516,871	1,992,045
Materials and services	1,635,200	1,635,200	646,913	988,287	644,926
Capital outlay	1,266,500	1,266,500	249,678	1,016,822	297,406
	<u>7,354,900</u>	<u>7,354,900</u>	<u>2,832,920</u>	<u>4,521,980</u>	<u>2,934,377</u>
Finance, Accounting, & Customer Service					
Personal services	2,112,800	2,112,800	907,474	1,205,326	917,820
Materials and services	1,010,400	1,010,400	669,805	340,595	499,352
Capital outlay	-	-	-	-	-
	<u>3,123,200</u>	<u>3,123,200</u>	<u>1,577,279</u>	<u>1,545,921</u>	<u>1,417,172</u>
Administrative Services:					
Personal services	2,377,400	2,377,400	1,019,636	1,357,764	1,018,079
Materials and services	2,421,100	2,421,100	1,080,213	1,340,887	1,007,470
Capital outlay	124,300	124,300	79,643	44,657	313,825
	<u>4,922,800</u>	<u>4,922,800</u>	<u>2,179,492</u>	<u>2,743,308</u>	<u>2,339,374</u>
Contingency	1,000,000	1,000,000	-	1,000,000	-
Total expenditures	<u>24,363,300</u>	<u>24,363,300</u>	<u>9,899,662</u>	<u>14,463,638</u>	<u>10,100,016</u>
Other financing uses:					
Transfers to other funds:					
Capital Reserve Fund	4,000,000	4,000,000	1,000,000	3,000,000	2,000,000
CRWSC Activity Fund	-	-	-	-	-
Revenue Bond Fund	2,477,000	2,477,000	1,238,000	1,239,000	1,695,400
Total other financing uses	<u>6,477,000</u>	<u>6,477,000</u>	<u>2,238,000</u>	<u>4,239,000</u>	<u>3,695,400</u>
Total expenditures and other financing uses	<u>30,840,300</u>	<u>30,840,300</u>	<u>12,137,662</u>	<u>18,702,638</u>	<u>13,795,416</u>
Unappropriated ending fund balance	4,437,200	4,437,200	9,907,277	(5,470,077)	8,922,471
	<u><u>\$ 35,277,500</u></u>	<u><u>\$ 35,277,500</u></u>	<u><u>\$ 22,044,940</u></u>	<u><u>\$ 13,232,560</u></u>	<u><u>\$ 22,717,888</u></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, 2022
(with comparative totals for the year ended June 30, 2021)**

	Budget for the 2021-2023 Bienium		Actual Results		2021 Actual
	Original	Final	FY 2021-22 Year 1	Variance with Final Budget	
Revenues:					
Water Sales	\$ 1,750,000	\$ 1,750,000	\$ 908,456	\$ 841,544	\$ 899,871
Miscellaneous - operating	110,000	110,000	3,024	106,976	13,863
Miscellaneous - nonoperating	165,000	165,000	36,253	128,747	75,078
Interest Income	-	-	61	(61)	2,240
Total revenues	2,025,000	2,025,000	947,794	1,077,206	991,052
Beginning fund balance available for appropriations	130,000	130,000	-	130,000	30,520
	<u>\$ 2,155,000</u>	<u>\$ 2,155,000</u>	<u>\$ 947,794</u>	<u>\$ 1,207,206</u>	<u>\$ 1,021,572</u>
Expenditures:					
Personal services	\$ 136,000	\$ 136,000	\$ 25,786	\$ 110,214	\$ 50,336
Materials and services	92,600	92,600	38,266	54,334	40,473
Total expenditures	228,600	228,600	64,052	164,548	90,809
Other financing uses:					
Transfer to General Fund	1,850,000	1,850,000	\$ 650,000	\$ 1,200,000	865,600
Total expenditures and other financing uses	2,078,600	2,078,600	714,052	1,364,548	956,409
Unappropriated ending fund balance	76,400	76,400	233,742	(157,342)	65,163
	<u>\$ 2,155,000</u>	<u>\$ 2,155,000</u>	<u>\$ 947,794</u>	<u>\$ 1,207,206</u>	<u>\$ 1,021,572</u>

**CLACKAMAS RIVER WATER
CAPITAL IMPROVEMENT PROJECTS FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
for the year ended June 30, 2022
(with comparative totals for the year ended June 30, 2021)**

	Budget for the 2021-2022 Bienium		Actual Results		2021 Actual
	Original	Final	FY 2021-22 Year 1	Variance with Final Budget	
Revenues:					
Interest income	\$ -	\$ -	\$ 1,504	\$ (1,504)	\$ 571
Other Operating Inc	-	-	-	-	-
ODOT - reimbursement	-	-	-	-	-
Total revenues	-	-	1,504	(1,504)	571
Other financing sources:					
Transfers from other funds:					
SDC Reserve Fund	-	-	-	-	-
Capital Reserve Fund	6,287,000	6,287,000	1,500,000	4,787,000	1,100,000
Total other financing sources	6,287,000	6,287,000	1,500,000	4,787,000	1,100,000
Total revenues and other financing sources	6,287,000	6,287,000	1,501,504	4,785,496	1,100,571
Beginning fund balance available for appropriations	1,000	1,000	217,031	1,000	217,031
	<u>\$ 6,288,000</u>	<u>\$ 6,288,000</u>	<u>\$ 1,718,535</u>	<u>\$ 4,786,496</u>	<u>\$ 1,317,602</u>
Expenditures:					
Capital Outlay	\$ 6,288,000	\$ 6,288,000	\$ 913,962	\$ 5,374,038	\$ 1,874,607
Total expenditures	6,288,000	6,288,000	913,962	5,374,038	1,874,607
Unappropriated ending fund balance	-	-	804,573	(804,573)	(557,005)
	<u>\$ 6,288,000</u>	<u>\$ 6,288,000</u>	<u>\$ 1,718,535</u>	<u>\$ 4,569,465</u>	<u>\$ 1,317,602</u>

**CLACKAMAS RIVER WATER
CIP BOND CONSTRUCTION FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
for the year ended June 30, 2022
(with comparative totals for the year ended June 30, 2021)**

	Budget for the 2021-2023 Bienium		Actual Results		2021 Actual
	Original	Final	FY 2021-22 Year 1	Variance with Final Budget	
Revenues:					
Interest income	\$ -	\$ -	\$ -	\$ -	\$ -
Other Operating Inc	-	-	-	-	-
Total revenues	-	-	-	-	-
Other financing sources:					
Transfers from other funds:					
General Fund	-	-	-	-	-
SDC Reserves	-	-	-	-	-
CRW Reserve Fund	-	-	-	-	-
Revenue Bonds Proceeds Fund	-	-	-	-	-
Federal Grant Fund	-	-	-	-	-
Total other financing sources	-	-	-	-	-
Total other financing sources	-	-	-	-	-
Beginning fund balance available for appropriations	-	-	-	-	454,151
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 454,151</u>
Expenditures:					
Capital Outlay	\$ -	\$ -	\$ (400)	\$ 400	\$ 16,833
Total expenditures	-	-	(400)	400	16,833
Unappropriated ending fund balance	-	-	400	(400)	437,318
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 454,151</u>

**CLACKAMAS RIVER WATER
REVENUE BOND PROCEEDS FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
for the year ended June 30, 2022
(with comparative totals for the year ended June 30, 2021)**

	Budget for the 2021-2023 Bienium		Actual Results		2019 Actual
	Original	Final	FY 2021-22 Year 1	Variance with Final Budget	
Revenues:					
Interest income	\$ -	\$ -	\$ -	\$ -	\$ 8,612
Total revenues	-	-	-	-	8,612
Other financing sources:					
Bond proceeds from financing	-	-	-	-	-
Total other financing sources	-	-	-	-	-
Total revenues and other financing sources	-	-	-	-	8,612
Beginning fund balance available for appropriations	-	-	-	-	462,967
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 471,579</u>
Expenditures:					
Other financing uses:					
Transfer to General Fund	-	-	-	-	(471,579)
Transfer to CIP Bond Construction Fund	-	-	-	-	-
Total expenditures and other financing uses	-	-	-	-	(471,579)
Unappropriated ending fund balance	-	-	-	-	247,000
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (224,579)</u>

**CLACKAMAS RIVER WATER
CAPITAL RESERVE FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
for the year ended June 30, 2022
(with comparative totals for the year ended June 30, 2021)**

	Budget for the 2021-2023 Bienium		Actual Results		2021 Actual
	Original	Final	FY 2021-22 Year 1	Variance with Final Budget	
Revenue:					
Interest income	\$ 90,000	\$ 90,000	\$ 37,894	\$ 52,106	\$ 42,618
Other financing sources:					
Transfer from General Fund	4,000,000	4,000,000	1,004,041	2,995,959	2,567,410
IGA Cost Share	-	-	-	-	-
Total revenue and other financing source	<u>4,090,000</u>	<u>4,090,000</u>	<u>1,041,935</u>	<u>3,048,065</u>	<u>2,610,028</u>
Beginning fund balance available for appropriations	<u>8,350,000</u>	<u>8,350,000</u>	-	<u>8,350,000</u>	<u>7,115,961</u>
	<u>\$ 12,440,000</u>	<u>\$ 12,440,000</u>	<u>\$ 1,041,935</u>	<u>\$ 11,398,065</u>	<u>\$ 9,725,989</u>
Other financing uses:					
Transfer to CIP Fund	\$ 6,287,000	\$ 6,287,000	\$ 1,500,000	\$ 4,787,000	\$ 1,100,000
Transfer to CIP Bond Const. Fund	-	-	-	-	-
Total other financing uses	<u>6,287,000</u>	<u>6,287,000</u>	<u>1,500,000</u>	<u>4,787,000</u>	<u>1,100,000</u>
Unappropriated ending fund balance	<u>6,153,000</u>	<u>6,153,000</u>	<u>(458,065)</u>	<u>6,611,065</u>	<u>8,625,989</u>
	<u>\$ 12,440,000</u>	<u>\$ 12,440,000</u>	<u>\$ 1,041,935</u>	<u>\$ 11,398,065</u>	<u>\$ 9,725,989</u>

**CLACKAMAS RIVER WATER
RATE STABILIZATION RESERVE FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
for the year ended June 30, 2022
(with comparative totals for the year ended June 30, 2021)**

	Budget for the 2021-2023 Bienium		Actual Results		2021 Actual
	Original	Final	FY 2021-22 Year 1	Variance with Final Budget	
Revenue:					
Interest income	\$ 36,000	\$ 36,000	\$ 6,888	\$ (29,112)	\$ 9,243
Beginning fund balance available for appropriations	<u>1,220,000</u>	<u>1,220,000</u>	<u>1,216,367</u>	<u>(3,633)</u>	<u>1,216,367</u>
	<u>\$ 1,256,000</u>	<u>\$ 1,256,000</u>	<u>\$ 1,223,255</u>	<u>\$ (32,745)</u>	<u>\$ 1,225,610</u>
Other financing uses:					
Transfer to General Fund	\$ -	\$ -	\$ -	\$ -	\$ -
Total other financing use	-	-	-	-	-
Unappropriated ending fund balance	<u>1,256,000</u>	<u>1,256,000</u>	<u>1,223,255</u>	<u>32,745</u>	<u>1,225,610</u>
	<u>\$ 1,256,000</u>	<u>\$ 1,256,000</u>	<u>\$ 1,223,255</u>	<u>\$ 32,745</u>	<u>\$ 1,225,610</u>

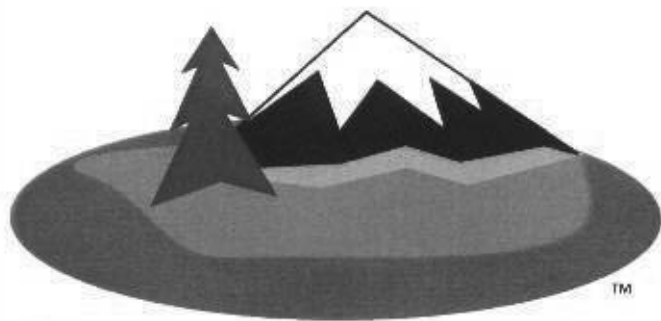
**CLACKAMAS RIVER WATER
SDC RESERVE FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
for the year ended June 30, 2022
(with comparative totals for the year ended June 30, 2021)**

	Budget for the 2021-2023 Bienium		Actual Results		2021 Actual
	Original	Final	FY 2021-22 Year 1	Variance with Final Budget	
Revenues:					
Interest income	\$ 25,500	\$ 25,500	\$ 9,938	\$ 15,562	\$ 8,802
System development charges	1,763,900	1,763,900	605,142	1,158,758	958,560
Total revenues	<u>1,789,400</u>	<u>1,789,400</u>	<u>615,080</u>	<u>1,174,320</u>	<u>967,362</u>
Beginning fund balance available for appropriations	<u>2,000,000</u>	<u>2,000,000</u>	<u>-</u>	<u>2,000,000</u>	<u>1,211,151</u>
	<u>\$ 3,789,400</u>	<u>\$ 3,789,400</u>	<u>\$ 615,080</u>	<u>\$ 3,174,320</u>	<u>\$ 2,178,513</u>
Other financing uses:					
Transfers to other funds:					
Capital Improvement Projects Fund	\$ -	\$ -	\$ -	\$ -	\$ -
Total other financing uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Unappropriated ending fund balance	<u>3,789,400</u>	<u>3,789,400</u>	<u>615,080</u>	<u>3,174,320</u>	<u>2,178,513</u>
	<u>\$ 3,789,400</u>	<u>\$ 3,789,400</u>	<u>\$ 615,080</u>	<u>\$ 3,174,320</u>	<u>\$ 2,178,513</u>

**CLACKAMAS RIVER WATER
RECONCILIATION OF REVENUES AND EXPENSES
TO CHANGES IN NET POSITION
for the years ended June 30, 2022 and 2021**

	2022	2021
	Combined	Combined
Revenues	\$ 16,006,563	\$ 15,945,239
Expenses	<u>12,115,276</u>	<u>13,777,665</u>
	3,891,287	2,167,574
Add (deduct) items to reconcile to change in net position		
on a GAAP basis:		
Expenses capitalized	1,677,238	3,257,877
Loss on disposal of capital assets	-	161
Payment of bond principal	370,000	805,000
Amortization of discounts and related deferrals	101,377	111,963
Increase (decrease) in accrued interest payable on long-term debt	(2,100)	(5,366)
Pension Expense	217,256	(1,487,256)
Depreciation	(2,828,095)	(2,433,974)
Change in net position	<u>\$ 3,426,963</u>	<u>\$ 2,415,979</u>

STATISTICAL SECTION



Clackamas River Water

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

This part of Clackamas River Water’s Annual Comprehensive 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.	56
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.	64
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.	66
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.	70

Sources: Unless otherwise noted, the information in these schedules is derived from the Annual Comprehensive 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
2022	\$ 56,357,774	\$ 11,144,367	\$ 7,592,376	\$ 75,094,517
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

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

	2022	2021	2020	2019	2018
Operating Revenues:					
Water Sales	\$ 14,666,129	\$ 14,302,640	\$ 13,099,982	\$ 13,155,014	\$ 12,292,381
Other	349,887	152,411	188,747	541,790	385,524
Total operating revenues	15,016,016	14,455,051	13,288,729	13,696,804	12,677,905
Operating Expenses:					
Water Resources	3,180,530	3,567,376	3,244,480	3,123,937	3,057,068
System Operations	2,490,976	3,210,473	2,505,637	1,699,629	1,599,928
Finance, Accounting and Customer Service	1,537,336	1,679,765	1,387,468	1,373,329	1,200,282
Administrative Services	2,158,101	2,467,675	2,038,817	1,930,985	1,726,279
Engineering	-	-	-	752,343	1,015,134
Board of Commissioners	-	-	-	-	-
CRWSC Activity	64,051	90,810	109,960	87,618	160,021
Overhead and equipment charges allocated and capitalized	(59,362)	(178,092)	(316,714)	(688,480)	(422,995)
Depreciation	2,828,095	2,433,974	2,147,747	1,974,347	1,996,562
Total operating expenses	12,199,727	13,271,981	11,117,395	10,253,708	10,332,279
Operating income:	2,816,289	1,183,070	2,171,334	3,443,096	2,345,626
Nonoperating revenues (expense)					
Federal award and other	59,330	190,765	86,638	-	5,000
Investment earnings on cash equivalents	110,937	103,215	318,499	594,679	536,232
Interest income from note receivable	-	-	-	-	-
Rental income	106,012	117,974	114,538	111,202	107,963
Other	121,697	119,674	125,581	124,846	235,875
Gain (loss) from disposal of capital assets	-	(161)	(98,288)	-	-
Interest expense (net)	(756,351)	(762,070)	(801,551)	(819,970)	(561,254)
Nonoperating income (expense) - net	(358,375)	(230,603)	(254,583)	10,757	323,816
Net Income before Capital					
Contributions	2,457,914	952,467	1,916,751	3,453,853	2,669,442
CAPITAL CONTRIBUTIONS	969,048	1,463,511	566,400	1,563,060	583,164
Change in Net Position, prior period adjustments			-	-	-
CHANGE IN NET POSITION	\$ 3,	\$ 2,415,978	\$ 2,483,151	\$ 5,016,913	\$ 3,252,606

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

CLACKAMAS RIVER WATER
CHANGE IN NET POSITION
Last Ten Fiscal Years

	2017	2016	2015	2014	2013
Operating Revenues:				Restated	Restated
Water Sales	\$ 11,368,920	\$ 10,887,335	\$ 9,955,874	\$ 8,815,333	\$ 8,035,375
Other	343,469	306,729	201,576	203,484	294,236
Total operating revenues	11,712,389	11,194,064	10,157,450	9,018,817	8,329,611
Operating Expenses:					
Water Resources	3,241,595	3,287,224	2,445,623	2,568,488	2,591,089
System Operations	1,590,409	1,893,554	1,002,488	1,461,265	1,332,091
Finance, Accounting and Customer Service	1,156,046	1,411,476	841,856	972,660	867,780
Administrative Services	1,649,556	2,239,563	1,540,718	1,711,775	1,563,516
Engineering	827,981	709,806	261,016	465,458	424,690
Board of Commissioners	127,115	178,896	89,021	129,577	182,102
CRWSC Activity	186,230	323,015	25,593	984	-
Overhead and equipment charges allocated and capitalized	(271,482)	(192,858)	(156,987)	(240,708)	(147,856)
Depreciation	2,052,288	2,024,030	1,905,567	1,846,508	1,853,297
Total operating expenses	10,559,738	11,874,706	7,954,895	8,916,007	8,666,709
Operating income:	1,152,651	(680,642)	2,202,555	102,810	(337,098)
Nonoperating revenues (expense)					
Federal award and other	-	-	-	393,909	70,000
Investment earnings on cash equivalents	356,281	117,890	42,650	41,317	45,131
Interest income from note receivable	-	-	-	-	5,169
Rental income	104,818	108,272	104,801	101,924	99,130
Other	207,842	306,779	177,677	21,151	26,847
Gain (loss) from disposal of capital assets	-	-	(438)	(562)	-
Interest expense (net)	(869,265)	(153,915)	(54,033)	(47,172)	(77,039)
Nonoperating income (expense) - net	(200,324)	379,026	270,657	510,567	169,238
Net Income before Capital Contributions	952,327	(301,616)	2,473,212	613,377	(167,860)
CAPITAL CONTRIBUTIONS	661,280	782,532	556,353	473,086	388,187
Change in Net Position, prior period adjustments	-	-	(1,647,300)	(815,028)	(829,238)
CHANGE IN NET POSITION	\$ 1,613,607	\$ 480,916	\$ 1,382,265	\$ 271,435	\$ (608,911)

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
2022	\$ 605,142	\$ 161,170	\$ 363,906	\$ 1,130,218
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

Source: Clackamas River Water Records

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

Water Sold In Dollars

Fiscal Year Ended June 30,	Wholesale		Direct		Direct Residential		Total (1)
		Percent of Total	Industrial / Commercial	Percent of Total		Percent of Total	
2022	\$ 908,550	6.1	\$ 6,416,362	43.0	\$ 7,589,213	50.9	14,914,125
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

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
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
2022	3,153,244	3,454,200	91.3	736,808	633,021	214,957	86.9	3,890,052	4,302,178	90.4
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

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

Source: Clackamas River Water Records

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

Water Sold in Hundred Cubic Feet

Fiscal Year Ended June 30,	Direct		Direct		Direct		Total
	Wholesale	Percent of Total	Industrial / Commercial	Percent of Total	Residential	Percent of Total	
2022	1,218,831	31.3	1,489,093	38.3	1,182,128	30.4	3,890,052
2021	1,242,649	32.5	1,347,216	35.3	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

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
2022	36	27	6	69
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

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	Commercial	Industrial	Fire Service	Other	Total
2022	11,204	242	816	55	379	221	12,917
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

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)
2022	\$	28.59	\$ 2.44
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

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, 2022 and 2012

Consumer	2022		2012	
	Consumption (Hundred Cubic Feet)	Percent of District Total	Consumption (Hundred Cubic Feet)	Percent of District Total
Wholesale:				
Sunrise Water Authority	1,218,831	34.2%	1,239,597	34.5%
Commercial:				
Precision Castparts Corporation	159,456	4.5	129,692	3.6
Forum Clackamas Campus	71,156	2.0	-	0.0
Safeway	51,730	1.5	67,102	1.9
Fred Meyer, Inc.	41,590	1.2	24,999	0.7
Interstate Meats	28,587	0.8	15,898	0.4
Pacific Seafood	14,715	0.4	-	0.0
Clackamas Town Center	21,860	0.6	30,584	0.9
Larsen Creamery Inc	14,867	0.4	12,236	0.3
Oregon Military Dept	7,159	0.2	-	0.0
N Clackamas Parks & Rec	20,981	0.6	-	0.0
Unified Western Grocers-closed	-	0.0	14,744	0.4
Multi-family:				
Sun Country Village (1)	37,904	1.1	42,813	1.2
Clackamas (Court 270 LLC)	26,756	0.8	23,128	0.6
Overlook at Causey	24,569	0.7	23,803	0.7
Johnson City	19,406	0.5	23,368	0.7
KW Happy Valley LLC	17,518	0.5	-	0.0
Reflections at Happy Valley	-	0.0	18,205	0.5
Easton Ridge Apartments	23,159	0.7	21,062	0.6
Giadan K Estates	13,144	0.4	14,773	0.4
Oak Acres Mobile Home Park	15,317	0.4	12,643	0.4
Brown	12,124	0.3	-	0.0
Pardes, LLC	11,760	0.3	-	0.0
Village Place Apartments	11,701	0.3	-	0.0
Pointe West Apartments	13,350	0.4	-	0.0
Ed Lucas Investment Property	8,402	0.2	-	0.0
Clackamas Heights Apartments	7,970	0.2	-	0.0
CR Lake Crest Communities LLC		0.0	25,161	0.7
All Other Consumers	1,667,183	46.8	1,852,745	51.6
	3,561,195	100.0%	3,592,553	100.0%

Source: Clackamas River Water Records

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)
2022	\$ 17,745,000	375.56	\$ 42,638	0.88%
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%

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	
2022	\$ 15,354,662	\$ 9,371,632	5,983,030	\$ 370,000	\$ 868,000	1,238,000	4.83
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

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.

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)
2022	430,483	\$ 18,354,934	42,638	3.2	3.6
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

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, 2022 and 2012

Name	Product or Service	2022 Estimated Employment	2012 Estimated Employment
Fred Meyer, Inc.	Distribution Center	1,863	1,300
Precision Castparts Corp.	Investments Castings	1,760	2,600
Camp Withycombe	Oregon National Guard/Oregon Military	1,345	419
Safeway Stores, Inc.	Distribution Center and Bakery	1,087	1,290
Warn Industries - Portland	4-Wheel Drive After Market Equipment	517	500
Costco	Shopping Club	414	
Pacific Seafood, Inc	Distribution Center	311	300
Winco	Distribution Center	311	N/A
J.C. Penney Co.	Department Store	207	200
Vigor Industrial (Oregon Iron Works)	Steel Fabrication	207	
VCA Animal Hospital	Veterinary services	155	
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
2022	9	30	39
2021	9	29	38
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
2022	\$ 14,666,129	\$ 13,505	0.09%
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%

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) (3)	(1) Peak Day Production (MGD) (3)	Miles of Water Mains (2)	Water Storage Capacity (MG) (3)	Number of Pump Stations
2022	942	9.25	14.61	266	24.00	13
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

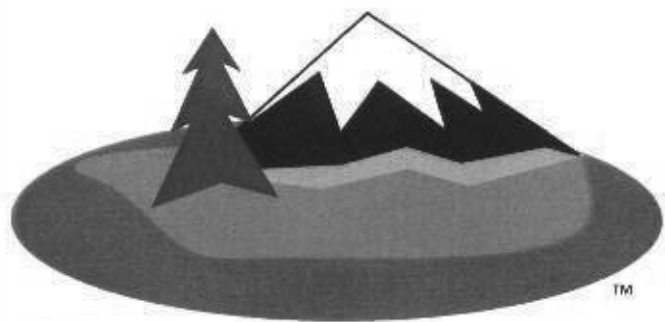
(1) Average Daily Production from Clackamas River Water's Water Treatment Plant, Well 1, and South Fork Water Board

(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 Required by Oregon State Regulations

The Board of Commissioners
Clackamas River Water District

We have audited, in accordance with auditing standards generally accepted in the United States of America the financial statements of Clackamas River Water District (the District) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise Clackamas River Water District's basic financial statements, and have issued our report thereon dated January 12, 2023.

Compliance

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

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

- Accounting records and internal control
- Public fund deposits
- Indebtedness
- Budget
- Insurance and fidelity bonds
- Programs funded from outside sources
- Investments
- Public contracts and purchasing

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

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Clackamas River Water District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Clackamas River Water District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Clackamas River Water 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 or significant deficiencies may exist that have not been identified.

Purpose of this Report

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

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



Julie Desimone, Partner
for Moss Adams LLP
Portland, Oregon
January 12, 2023

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