Clackamas Regional Water Supply Commission
Board of Directors

Regular Meetings
June 14, 2021, 4:00 p.m.

Virtual Meeting Online
Direct Link: https://us02web.zoom.us/j/84858812390

Meeting ID: 848 5881 2390
Passcode: 140404

Phone Access Number: 1-253-215-8782

AGENDA

Call to Order @ 4 p.m.
Call to Order, Roll Call – Chris Hawes, Chair

Public Comment - Comments limited to 3 minutes per person

Convene Regular Meeting: General Business

1. Review Financial Statements
    a. Financial Statements (through March 31, 2021)

2. Initiate FY2020-21 Audit
    a. Authorize to engage Merina & Co. as auditors
    b. Acknowledge receipt of Audit Engagement Letter (AU-C260)

3. General Manager(s) Report
    a. Update on Water Supply Agreement (Verbal Report)

4. Director Reports
    a. Verbal Report and Updates

Adjourn

CLACKAMAS REGIONAL WATER SUPPLY COMMISSION

June 14, 2021

Agenda Item 1

Subject:	Review Financial Statements
Presenter(s):	Denise Bergstrom, SWA
Board Action:	Accept financial statements through March 31, 2021 (3rd Quarter)
Attachments:	Schedule of Revenue & Expenditures Detail Budget vs Actual Summary from Springbrook
Background:	Staff has prepared the quarterly General Ledger summary and Schedule of Revenues & Expenditures showing actuals compared to budget through March 31, 2021. This is the first year of the biennial budget. The March 31, 2021 budget period represents 37.5% of the budget biennium.
Analysis:	The water purchases are on budget at 36.38% of the budget biennium. Interagency shared labor is at 30.86% of the budget biennium which is a 7% savings for the period. Interagency contributions for materials and services total 19.87% of the budget biennium; which includes Contingency Budget. If Contingency is removed, Materials & Service expenditures are at 33.6% of budget which is a 4% savings for the period.
Options:	N/A
Staff Recommendations:	Acknowledge receipt of the financial statements through March 31, 2021 as presented.

General Ledger
Revenue vs Expense by Fund and Acct Type

User: dbergstrom
Printed: 6/3/2021 11:59:33 AM
Period 06 - 09
Fiscal Year 2021

Fund	Description	Budget	Current Month	Year to Date	Remaining Budget	YTD Budget	% of Adopted Budget
99	**CRWSC ORS-190 FUND**						
	RESIDENTIAL WATER SALES	1,852,000.00	297,127.00	673,733.03	1,178,266.97	1,389,000.00	36.38
	INTERAGENCY REVENUE	152,400.00	3,797.17	47,033.76	105,366.24	114,300.00	30.86
	CRWSC CONTRIBUTIONS	245,100.00	48,155.96	48,704.39	196,395.61	183,825.00	19.87
	Revenue	2,249,500.00	349,080.13	769,471.18	1,480,028.82	1,687,125.00	34.21
	WATER & ELECTRIC M&S	1,852,000.00	297,127.00	673,733.03	1,178,266.97	1,389,000.00	36.38
	CRWSC INTERAGENCY SHARED LABOR	152,400.00	18,613.22	47,033.76	105,366.24	114,300.00	30.86
	CRWSC MATERIALS & SERVICES	145,100.00	33,339.91	48,704.39	96,395.61	108,825.00	33.57
	CRWSC CONTINGENCY	100,000.00	0.00	0.00	100,000.00	75,000.00	0.00
	Expense	2,249,500.00	349,080.13	769,471.18	1,480,028.82	1,687,125.00	34.21
99	**CRWSC ORS-190 FUND**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**
Revenue Total		**2,249,500.00**	**349,080.13**	**769,471.18**	**1,480,028.82**	**1,687,125.00**	**0.3421**
Expense Total		**2,249,500.00**	**349,080.13**	**769,471.18**	**1,480,028.82**	**1,687,125.00**	**0.3421**
Grand Total		**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0**

CLACKAMAS REGIONAL WATER SUPPLY COMMISSION
Schedule of Revenue & Expenditures Budget and Actuals
Year to Date through March 31, 2021

	2020-2022 Budget		Actual Results				Variance to Final Budget Over (Under)	*Used % of budget*
	Original	Final	First Year FY 2021 Actual	First Year FY 2021 % of budget	Second Year FY 2022 Actual	TOTAL		
GENERAL FUND								75.00%
Revenues:								
Wholesale Water Sales	$ 1,852,000	$ 1,852,000	$ 673,733	36.4%	$ -	$ 673,733	$ (1,178,267)	36.38%
Interagency Shared Labor	152,400	152,400	47,034	30.9%	-	47,034	(105,366)	30.86%
Contributions - Materials & Services	145,100	145,100	48,704	33.6%	-	48,704	(96,396)	33.57%
Contributions - Contingency	100,000	100,000	-	0.0%	-	-	(100,000)	0.00%
Total Revenue	2,249,500	2,249,500	769,471	34.2%	-	769,471	(1,380,029)	34.21%
Beginning Balance	-	-	-	N/A	-	-	-	
TOTAL RESOURCES	**$ 2,249,500**	**$ 2,249,500**	**$ 769,471**	**34.2%**	**$ -**	**$ 769,471**	**$ (1,380,029)**	34.21%
Expenditures								
Materials & Services								
Water Purchases	$ 1,852,000	$ 1,852,000	$ 673,733	36.4%	$ -	$ 673,733	$ (1,178,267)	36.38%
Subtotal of Water Purchases	1,852,000	1,852,000	673,733	36.4%	-	673,733	(1,178,267)	36.38%
Interagency Shared Labor	152,400	152,400	47,034	30.9%	-	47,034	(105,366)	30.86%
Subtotal of Interagency Shared Labor	152,400	152,400	47,034	30.9%	-	47,034	(105,366)	30.86%
Professional and Fiscal Fees	43,020	43,020	16,115	37.5%	-	16,115	(26,905)	37.46%
Software Licensing	66,120	66,120	21,614	32.7%	-	21,614	(44,506)	32.69%
Operating Supplies	21,000	21,000	6,692	31.9%	-	6,692	(14,308)	31.87%
Miscellaneous	4,140	4,140	1,797	43.4%	-	1,797	(2,343)	43.41%
Equipment	10,820	10,820	2,486	23.0%	-	2,486	(8,334)	22.98%
Subtotal of Other Materials & Services	145,100	145,100	48,704	33.6%	-	48,704	(96,396)	33.57%
Total Materials & Services	2,149,500	2,149,500	769,471	35.8%	-	769,471	(1,380,029)	35.80%
Capital Outlay								
Software	-	-	-	N/A		-	-	
Total Capital Outlay	-	-	-	N/A	-	-	-	
Contingency								
Operating Contingency	100,000	100,000	-	N/A	-	-	(100,000)	0.00%
Total Expenditures	2,249,500	2,249,500	769,471	34.2%	-	769,471	(1,480,029)	34.21%
Unappropriated Ending Fund Balance	-	-	-	N/A	-	-	-	
	$ 2,249,500	**$ 2,249,500**	**$ 769,471**	**34.2%**	**$ -**	**$ 769,471**	**$ (1,480,029)**	34.21%

CLACKAMAS REGIONAL WATER SUPPLY COMMISSION

June 14, 2021

Agenda Item 2

Subject:	Initiate FY2020-21 Audit
Presenter(s):	Wade Hathhorn, SWA
Board Action:	Authorize the General Manager(s) to engage Merina & Co. to conduct the FY2020-21 Audit and acknowledge receipt of the Audit Letter AU-C 260
Attachments:	Document Engaging Merina & Co. for the FY2020-21 Audit Audit Engagement Letter AU-C 260 from Merina & Company, LLP
Background:	Merina & Co, LLP has been the preferred accountancy firm to perform the required annual audit for the CRWSC.
Analysis:	The annual audit process begins with the Board reviewing the preliminary audit materials presented by Merina & Co. including: 1. Standard Terms of Engagement for Audit (Merina & Co.) 2. Audit Engagement Letter (AU-C 260)
Options:	N/A
Staff Recommendations:	Authorize the General Manager to engage Merina & Co. for the FY 2020-21 Audit and acknowledge receipt of the Audit Letter AU-C 260 as presented.

7624 SW Mohawk Street
Tualatin, OR 97062
www.merina.com
503.723.0300

MERINA+CO

June 8, 2021

Clackamas Regional Water Supply Commission
10602 SE 129th Ave
Happy Valley, Oregon 97086

We are pleased to confirm our understanding of the services we are to provide Clackamas Regional Water Supply Commission for the year ended June 30, 2021.

Audit Services

We will audit the financial statements of the, including the related notes to the financial statements, which collectively comprise the basic financial statements, of Clackamas Regional Water Supply Commission as of and for the year ended June 30, 2021. Accounting standards generally accepted in the United States of America provide for certain required supplementary information (RSI), such as management's discussion and analysis (MD&A), to supplement Clackamas Regional Water Supply Commission's 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. A s part of our engagement, we will apply certain limited procedures to Clackamas Regional Water Supply Commission's RSI in accordance with auditing standards generally accepted in the United States of America. These limited procedures will consist of inquiries of management regarding 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 will 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. The following RSI is required by U.S. generally accepted accounting principles and *Oregon State Regulations*, and will be subjected to certain limited procedures, but will not be audited and, as such, our report will disclaim an opinion on this RSI:

1. Management's Discussion and Analysis

We have also been engaged to report on supplementary information, other than the items listed above, that accompanies Clackamas Regional Water Supply Commission's financial statements. We will subject the following supplementary information to the auditing procedures applied in our audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America and the standards in accordance with *Oregon State Regulations*, and we will provide an

opinion on it in relation to the financial statements as a whole, in a report combined with our auditor's report on the financial statements:

1. Supplementary Information – Schedule of Revenue and Expenditures, Budget and Actual

The following other information accompanying the financial statements will not be subjected to the auditing procedures applied in our audit of the financial statements, and our auditor's report will not provide an opinion or any assurance on this other information:

1. Introductory Section

Audit Objective

The objective of our audit is the expression of an opinion as to whether your financial statements are fairly presented, in all material respects, in conformity with generally accepted accounting principles and to report on the fairness of the supplementary information referred to in the second paragraph when considered in relation to the financial statements as a whole. Our audit will be conducted in accordance with auditing standards generally accepted in the United States of America and the standards in accordance with *Oregon State Regulations* and will include tests of the accounting records and other procedures we consider necessary to enable us to express such an opinion. We will issue a written report upon completion of our audit of Clackamas Regional Water Supply Commission's financial statements. Our report will be addressed to the Board of Commissioners of the Clackamas Regional Water Supply Commission. We cannot provide assurance that an unmodified opinion will be expressed. Circumstances may arise in which it is necessary for us to modify our opinion or add emphasis-of-matter or other matter paragraphs. If our opinion is other than unmodified, we will discuss the reasons with you in advance. If circumstances occur related to the condition of your records, the availability of sufficient, appropriate audit evidence, or the existence of a significant risk of material misstatement of the financial statements caused by error, fraudulent financial reporting, or misappropriation of assets, which in our professional judgment prevent us from completing the audit or forming an opinion on the financial statements, we retain the right to take any course of action permitted by professional standards, including declining to express an opinion or issue a report, or withdrawing from the engagement.

We will also provide a report (that does not include an opinion) on internal control related to the financial statements and compliance with provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a material effect on the financial statements as required by *Oregon State Regulation*. The report on internal control and on compliance and other matters will include a paragraph that states (1) that the purpose of the report is solely to describe the scope of 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 on compliance, and (2) that the report is an integral part of an audit performed in accordance with *Minimum Standards of Audits of Oregon Municipal Corporations* in considering the entity's internal control and compliance. The paragraph will also state that the report is not suitable for any other purpose.

In accordance with our professional standards, we will communicate in writing to the appropriate level of management and those charged with governance matters concerning any significant deficiencies or material weaknesses in internal control relevant to the audit of the financial statements that we identify during the audit.

If during our audit we become aware that Clackamas Regional Water Supply Commission is subject to an audit requirement that is not encompassed in the terms of this engagement, we will communicate to management and those charged with governance that an audit in accordance with U.S. generally accepted auditing standards and the standards for financial audits contained in *Oregon State Regulations* may not satisfy the relevant legal, regulatory, or contractual requirements.

Our responsibility as auditors is limited to the period covered by our audit and does not extend to any other periods.

Audit Procedures—General

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We will plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the government or to acts by management or employees acting on behalf of the government.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is an unavoidable risk that some material misstatements may exist and not be detected by us, even though the audit is properly planned and performed in accordance with U.S. generally accepted auditing standards and *Oregon State Regulations*. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements. However, we will inform the appropriate level of management of any material errors, fraudulent financial reporting, or misappropriation of assets that come to our attention. We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential. Our responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts and may include direct confirmation of receivables and certain other assets and liabilities by correspondence with selected individuals, funding sources, creditors, and financial institutions. We will request written representations from your attorneys as part of the

engagement, and they may bill you for responding to this inquiry. At the conclusion of our audit, we will also require certain written representations from you about the financial statements and related matters.

Audit Procedures—Internal Control

Our audit will include obtaining an understanding of the government and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. An audit is not designed to provide assurance on internal control or to identify deficiencies in internal control. Accordingly, we will express no such opinion. However, during the audit, we will communicate to management and those charged with governance internal control related matters that are required to be communicated under AICPA professional standards and *Oregon State Regulations*.

Audit Procedures—Compliance

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of Clackamas Regional Water Supply Commission's compliance with the provisions of applicable laws, regulations, contracts, and agreements. However, the objective of our audit will not be to provide an opinion on overall compliance, and we will not express such an opinion in our report on compliance issued pursuant to *Oregon State Regulations*.

As this engagement is not designed to be a fraud audit, management understands and accepts the inherent limitations of the audit services described in this agreement. Since we plan and perform our audit in accordance with U.S. generally accepted auditing standards and *Oregon State Regulations* to obtain reasonable rather than absolute assurance about whether the financial statements are free of material misstatement, whether from errors, fraudulent financial reporting, misappropriations of assets, or violations of laws or governmental regulations that are attributable to the entity or to acts by management or employees acting on behalf of the entity; and because the determination of abuse is so subjective, U.S. generally accepted auditing standards do not expect auditors to provide reasonable assurance regarding the detection of abuse.

Other Services

We will also prepare the financial statements of Clackamas Regional Water Supply Commission in conformity with U.S. generally accepted accounting principles based on information provided by you. We will perform the services in accordance with applicable professional standards. The other services are limited to the financial statement services previously defined. We, in our sole professional judgment, reserve the right to refuse to perform any procedure or take any action that could be construed as assuming management responsibilities.

Management Responsibilities

By your signature below, you acknowledge that management understands and agrees to assume all of the responsibilities stipulated in this section. Management is responsible for designing, implementing, and maintaining effective internal controls relevant to the preparation and fair

presentation of financial statements that are free from material misstatement, whether due to fraud or error, including monitoring ongoing activities; for the selection and application of accounting principles; and for the fair presentation of the financial statements in conformity with U.S. generally accepted accounting principles.

Management is also responsible for making all financial records and related information available to us and for the accuracy and completeness of that information. You are also responsible for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, including identification of all related parties and all related-party relationships and transactions, (2) additional information that we may request for the purpose of the audit, and (3) unrestricted access to persons within the government from whom we determine it necessary to obtain audit evidence.

Your responsibilities include adjusting the financial statements to correct material misstatements and confirming to us in the management representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the government involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the government received in communications from employees, former employees, regulators, or others. In addition, you are responsible for identifying and ensuring that the government complies with applicable laws and regulations. You agree that you will confirm your understanding of your responsibilities as defined in this letter to us in your representation letter.

You are responsible for the preparation and fair presentation of the supplementary information, which we have been engaged to report on, in conformity with U.S. generally accepted accounting principles (GAAP). You agree to include our report on the supplementary information in any document that contains and indicates that we have reported on the supplementary information. You also agree to include the audited financial statements with any presentation of the supplementary information that includes our report thereon. Your responsibilities include acknowledging to us in the written representation letter that (1) you are responsible for presentation of the supplementary information in accordance with GAAP; (2) you believe the supplementary information, including its form and content, is fairly presented in accordance with GAAP; (3) the methods of the measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the supplementary information.

You agree to assume all management responsibilities for financial statement preparation services and any other nonattest services we provide. You will be required to acknowledge in the

management representation letter our assistance with the preparation of the financial statements and related notes and that you have reviewed and approved the financial statements and related notes prior to their issuance and have accepted responsibility for them. Further, you agree to oversee any nonattest services by designating an individual, preferably from senior management, with suitable skill, knowledge, or experience; evaluate the adequacy and results of the services; and accept responsibility for them.

Engagement Administration, Fees, and Other

We may from time to time and depending on the circumstances and nature of the services we are providing, use third-party service providers in serving your account. We may share confidential information about you with these service providers, some of whom may be cloud-based, but we remain committed to maintaining the confidentiality and security of your personal information. Accordingly, we maintain internal policies, procedures and safeguards to protect the confidentiality of your personal information. In addition, we will secure confidentiality agreements with all service providers to maintain confidentiality of your information and will take reasonable precautions to determine that they have appropriate procedures in place to prevent the unauthorized release of your confidential information to others. In the event that we are unable to secure an appropriate confidentiality agreement, you will be asked to provide your consent prior to the sharing of your confidential information with the third-party service provider. Furthermore, we will remain responsible for the work provided by such third-party service providers. Although we will use our best efforts to make the sharing of your information with such third parties secure from unauthorized access, no completely secure system for electronic data transfer exists. As such, by your signature below, you understand that the firm makes no warranty, expressed or implied, on the security of electronic data transfers.

We understand that your employees will prepare all cash or other confirmations we request and will locate any documents selected by us for testing.

We will provide copies of our reports to the Commission; however, management is responsible for distribution of the reports and the financial statements. Unless restricted by law or regulation, or containing privileged and confidential information, copies of our reports are to be made available for public inspection.

The audit documentation for this engagement is the property of Merina+Co and constitutes confidential information. However, subject to applicable laws and regulations, audit documentation and appropriate individuals will be made available upon request and in a timely manner to a federal agency providing direct or indirect funding, or the U.S. Government Accountability Office for purposes of a quality review of the audit, to resolve audit findings, or to carry out oversight responsibilities. We will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of Merina+Co personnel. Furthermore, upon request, we may provide copies of selected audit documentation to the aforementioned parties. These parties may intend or decide to distribute the copies or information contained therein to others, including other governmental agencies.

In accordance with the terms and conditions of this agreement, Clackamas Regional Water Supply Commission shall be responsible for the accuracy and completeness of all data, information and representations provided to us for purposes of this engagement. Because of the importance of oral and written management representations to the effective performance of our services, Clackamas Regional Water Supply Commission releases and indemnifies our firm and its personnel from any and all claims, liabilities, costs and expenses attributable to any misrepresentation by management and its representatives.

It is our policy to keep records related to this engagement for seven years. However, Merina+Co, does not keep any original client records, so we will return those to you at the completion of the services rendered under this engagement. When records are returned to you, it is your responsibility to retain and protect your records (which includes any work product we provide to you as well as any records that we return) for possible future use, including potential examination by government or regulatory agencies. Merina+Co does not accept responsibility for hosting client information; therefore, you have the sole responsibility for ensuring you retain and maintain in possession all your financial and non-financial information, data and records. By your signature below, you acknowledge and agree that upon the expiration of the seven-year period Merina+Co shall be free to destroy our records related to this engagement.

Professional standards require us to be independent with respect to Clackamas Regional Water Supply Commission. Any discussions with our personnel regarding employment could pose a threat to our independence. Therefore, you agree to inform the engagement partner before having any such discussions so that we can implement appropriate safeguards to maintain our independence.

Tonya Moffitt is the engagement partner and is responsible for supervising the engagement and signing the reports or authorizing another individual to sign them. Our fee for these services will be at our standard hourly rates which includes all out-of-pocket costs (such as report reproduction, word processing, postage, travel, copies, telephone, etc.) except that we agree that our gross fee, including expenses, will not exceed $6,500. Our standard hourly rates vary according to the degree of responsibility involved and the experience level of the personnel assigned to your audit. Our invoices for these fees will be rendered as work progresses or upon completion and are payable on presentation. In accordance with our firm policies, work may be suspended if your account becomes 60 days or more overdue and may not be resumed until your account is paid in full. If we elect to terminate our services for nonpayment, our engagement will be deemed to have been completed upon written notification of termination, even if we have not completed our report. You will be obligated to compensate us for all time expended through the date of termination. The above fee is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit. If significant additional time is necessary, we will discuss it with you and arrive at a new fee estimate before we incur the additional costs.

You may request that we perform additional services not addressed in this engagement letter. If this occurs, we will communicate with you regarding the scope of the additional services and the estimated fees. We also may issue a separate engagement letter covering the additional services.

In the absence of any other written communication from us documenting such additional services, our services will continue to be governed by the terms of this engagement letter.

Should any litigation or adverse action (such as audits by outside organizations and/or threatened litigation, etc.), by third parties arise against Clackamas Regional Water Supply Commission or its officers subsequent to this engagement, which results in the subpoena of documents from Merina+Co and/or requires additional assistance from us to provide information, depositions or testimony, Clackamas Regional Water Supply Commission hereby agrees to compensate Merina+Co at our standard hourly rates then in effect for additional time charges and other costs (copies, travel, etc.), and to indemnify us for any attorney's fees to represent Merina+Co.

In connection with this engagement, we may communicate with you or others via email transmission. We take reasonable measures to secure your confidential information in our email transmissions, including password protecting confidential documents. However, as email can be intercepted and read, disclosed, or otherwise used or communicated by an unintended third party, or may not be delivered to each of the parties to whom it is directed and only to such parties, we cannot guarantee or warrant that email from us will be properly delivered and read only by the addressee. Therefore, we specifically disclaim and waive any liability or responsibility whatsoever for interception or unintentional disclosure or communication of email transmissions, or for the unauthorized use or failed delivery of email transmitted by us in connection with the performance of this engagement. In that regard, you agree that we shall have no liability for any loss or damage to any person or entity resulting from the use of email transmissions, including any consequential, incidental, direct, indirect, or special damages, such as loss of sales or anticipated profits, or disclosure or communication of confidential or proprietary information.

We appreciate the opportunity to be of service to Clackamas Regional Water Supply Commission and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the enclosed copy and return it to us.

Very truly yours,

Merina+Co

Merina+Co
Tualatin, Oregon
Focused on Your Wants and Understanding Your Needs

RESPONSE:

This letter correctly sets forth the understanding of Clackamas Regional Water Supply Commission.

By: _____

Title: _____

Date: _____

7624 SW Mohawk Street
Tualatin, OR 97062
www.merina.com
503.723.0300

MERINA+CO

June 8, 2021

To the Board of Commissioners
Clackamas Regional Water Supply Commission

We are engaged to audit the financial statements of Clackamas Regional Water Supply Commission for the year ended June 30, 2021. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility Under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated June 8, 2021, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements approved by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our responsibility is to plan and perform the audit to obtain reasonable, but not absolute, assurance that the financial statements are free from material misstatement. Our audit of the financial statements does not relieve you or management of your responsibilities.

Generally accepted accounting principles provide for certain required supplementary information (RSI), which includes the management's discussion and analysis (MD&A), to supplement the basic financial statements. Our responsibility with respect to the items listed above, and which supplements the basic financial statements, is to apply certain limited procedures in accordance with generally accepted auditing standards. However, the RSI will not be audited and, because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance, we will not express an opinion or provide any assurance on the RSI.

We have been engaged to report on the supplemental information, such as the budgetary comparison schedule, which accompany the financial statements but are not RSI. Our responsibility for this supplementary information, as described by professional standards, is to evaluate the presentation of the supplementary information in relation to the financial statements as a whole and to report on whether the supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole.

We have not been engaged to report on the introductory section, which accompany the financial statements but are not RSI. Our responsibility with respect to this other information in documents containing the audited financial statements and auditor's report does not extend beyond the financial information identified in the report. We have no responsibility for determining whether this other information is properly stated. This other information will not be audited, and we will not express an opinion or provide any assurance on it.

As part of our audit, we will consider the internal control of Clackamas Regional Water Supply Commission. Such considerations will be solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control. We are responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures specifically to identify such matters.

We gave significant consideration to the assistance we will provide when preparing the financial statements, which may reasonably be thought to bear on independence, in reaching the conclusion that independence has not been impaired. These additional services do not constitute an audit under *Government Auditing Standards*.

Planned Scope and Other Matters of the Audit

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested.

Our audit will include obtaining an understanding of the entity and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Material misstatements may result from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the entity or to acts by management or employees acting on behalf of the entity. We will generally communicate our significant findings at the conclusion of the audit. However, some matters could be communicated sooner, particularly if significant difficulties are encountered during the audit where assistance is needed to overcome the difficulties or if the difficulties may lead to a modified opinion. We will also communicate any internal control related matters that are required to be communicated under professional standards.

Tonya Moffitt is the engagement partner and is responsible for supervising the engagement and signing the report or authorizing another individual to sign it.

This information is intended solely for the use of the Board of Commissioners and management of Clackamas Regional Water Supply Commission and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Merina+Co

Merina+Co
Tualatin, Oregon
Focused on Your Wants and Understanding Your Needs

CLACKAMAS REGIONAL WATER SUPPLY COMMISSION

June 14, 2021

Agenda Item 3

Subject:	General Manager(s)' Update
Presenter(s):	Wade Hathhorn, SWA; Todd Heidgerken, CRW
Board Action:	Open discussion
Attachments:	None
Background:	The Board has authorized a preliminary plan to begin the possible dissolution of the CRWSC. This action is dependent on the acceptance of a new water supply agreement between CRW and the North Clackamas County Water Commission (NCCWC) that includes key provisions of the water supply components within the CRWSC Agreement.
Analysis:	The NCCWC has prepared a draft updated water supply agreement that has been reviewed by the CRW Board. Comments will be shared with the NCCWC (and Sunrise) later this month.
Staff Recommendation:	Open discussion.
Draft Motion:	None required.