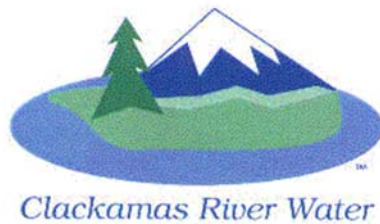


**FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
FOR THE YEARS ENDED
JUNE 30, 2020 and 2019**



**CLACKAMAS REGIONAL
WATER SUPPLY COMMISSION
CLACKAMAS, OREGON**

Clackamas Regional Water Supply Commission

Basic Financial Statements for the
Years Ended June 30, 2020 and 2019

Clackamas County, Oregon

Clackamas Regional Water Supply Commission
Clackamas County, Oregon

Basic Financial Statements
and Supplemental Information
Years Ending June 30, 2020 and 2019

Prepared by:
Clackamas River Water
Finance, Accounting and Customer Service Department

Wade Hathhorn, General Manager, Sunrise Water Authority
Todd Heidgerken, General Manager, Clackamas River Water

Clackamas Regional Water Supply Commission

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INTRODUCTORY SECTION

Clackamas Regional Water Supply Commission
Governing Body under ORS 190.010
Clackamas County, Oregon

Board of Commissioners as of June 30, 2020

| | |
|---------------------------|-------------------------|
| Chris Hawes, Chair | Sunrise Water Authority |
| Sheryl French, Vice-Chair | Clackamas River Water |
| Gary Barth, Secretary | Sunrise Water Authority |
| Naomi Angier, Treasurer | Clackamas River Water |
| Hugh Kalani | Clackamas River Water |
| Wayne Barstow | Sunrise Water Authority |
| Andy Coate | Sunrise Water Authority |

Commission Address:

Sunrise Water Authority
10602 SE 129th Avenue
Happy Valley, Oregon 97068

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FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Sunrise Water Authority, Oregon

Report on the Financial Statements

We have audited the accompanying financial statements of the of Clackamas Regional Water Supply Commission, as of and for the year ended June 30, 2020 and 2019, and the related notes to the financial statements, which collectively comprise Clackamas Regional Water Supply Commission's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of Clackamas Regional Water Supply Commission, as of June 30, 2020 and 2019, and the respective changes in financial position and, where applicable, cash flows thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the required supplementary information, such as management’s discussion and analysis, as listed 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 management’s discussion and analysis, 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.

Supplemental and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Clackamas Regional Water Supply Commission’s basic financial statements. The introductory section and supplementary information are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary information, as listed in the table of contents, 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. Such 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 information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Reports on Other Legal and Regulatory Requirements

Other Reporting Required by Oregon Minimum Standards

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have also issued our report dated December 23, 2020, on our consideration of Clackamas Regional Water Supply Commission’s compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing, and not to provide an opinion on compliance.

For Merina+Co
Tualatin, Oregon
December 23, 2020

Clackamas Regional Water Supply Commission
Clackamas County, Oregon

Management's Discussion and Analysis
For the Year Ended June 30, 2020

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

Financial Highlights

- The assets of the Commission equal its liabilities at June 30, 2020.
- Total assets equal \$101,120 at June 30, 2020 compared to \$91,779 at June 30, 2019. These are current assets of the Commission as a result of intergovernmental receivables at June 30, 2020 and 2019, respectively.
- Total liabilities equal \$101,120 at June 30, 2020 compared to \$91,779 at June 30, 2019. These are current liabilities of the Commission and are the accounts payable at June 30, 2020 and 2019, respectively.
- The Commission has no capital assets nor long term debt.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Commission's basic financial statements, which are included in the Commission's annual report. The annual report includes the Statement of Net Position; Statement of Revenue, Expenses, and Changes in Net Position; Statement of Cash Flows, and notes to the financial statements. In addition, the budgetary schedule is in the supplemental section of this report.

The Statement of Net Position focuses on resources available for future operations. This statement presents a snap-shot view of the assets of the Commission, its liabilities and the net difference.

The Statement of Revenues, Expenses and Changes in Net Position focuses on the current year's operating results and the change in net position as a result of the current year's operations.

The Statement of Cash Flows focuses on how the Commission obtained and expended its available cash, cash equivalents, and investments. The cash flow statement is prepared

Clackamas Regional Water Supply Commission
Clackamas County, Oregon

Management's Discussion and Analysis
For the Year Ended June 30, 2020

using the direct method and includes the reconciliation of operating income to net cash provided by the operating activities (indirect method) as required by GASB 34.

The Notes to the Basic Financial Statements provide additional information that is essential to a complete understanding of the data provided in the financial statements.

The budgetary schedule is included in the supplemental section of this report. This statement provides more detail information about the Commission. The schedule demonstrates compliance with budgetary legal requirements.

Financial Analysis

Net Position

The Statement of Net Position shows current assets and an equal amount of current liabilities. A Summary of the Commission's Statement of Net Position at June 30, is as follows:

| Condensed Statement of Net Position | | | | | |
|---|-------------------|------------------|---------------------------------|---------------------------|------------------|
| | 2020 | 2019 | Difference 2020-2019 | Percent Change | 2018 |
| Assets: | | | | | |
| Current Assets | \$ 101,120 | \$ 91,779 | \$ 9,341 | 10.2% | \$ 90,744 |
| Total Assets | <u>101,120</u> | <u>91,779</u> | <u>9,341</u> | 10.2% | <u>90,744</u> |
| Liabilities | | | | | |
| Current Liabilities | 101,120 | 91,779 | 9,341 | 10.2% | 90,744 |
| Total Liabilities | <u>101,120</u> | <u>91,779</u> | <u>9,341</u> | 10.2% | <u>90,744</u> |
| Net Position | | | | | |
| Unrestricted | - | - | - | N/A | - |
| Total Net Position | <u>-</u> | <u>-</u> | <u>-</u> | N/A | <u>-</u> |
| Total Liabilities & Net Position | <u>\$ 101,120</u> | <u>\$ 91,779</u> | <u>\$ 9,341</u> | 10.2% | <u>\$ 90,744</u> |

Current assets represent cash, cash equivalents, and accounts receivable held by the Commission. Activity during fiscal year 2020 increased current assets 10.2% from prior year. This is due to an increase in both billed and unbilled water sales receivable as well as an increased usage of shared resources. The increase in current assets from 2018 to 2020 of 11.4% also is representative of this water usage and shared resource increase.

Clackamas Regional Water Supply Commission
Clackamas County, Oregon

Management's Discussion and Analysis
For the Year Ended June 30, 2020

Current liabilities represent accounts payable owed by the Commission. Activity during fiscal year 2020 increased current liabilities over fiscal year 2019. Activity during fiscal year 2020 increased current liabilities 10.2% from prior year. This also is due to the increase in both billed and unbilled water sales payable along with increased usage of shared resources. The 11.4% increase in current liabilities from 2018 to 2020 represents an increase in shared labor due at year end. Net Position of the Commission remains unchanged from the prior year.

Change in Net Position

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

| | 2020 | 2019 | Difference 2020-2019 | Percent Change | 2018 |
|---------------------------------|----------------|----------------|-------------------------|-------------------|------------------|
| Operating Revenues: | | | | | |
| Water Sales | \$ 884,213 | \$ 860,535 | \$ 23,678 | 2.8% | \$ 838,155 |
| Shared labor | 72,422 | 53,456 | 18,966 | 35.5% | 196,443 |
| | <u>956,635</u> | <u>913,991</u> | <u>42,644</u> | 4.7% | <u>1,034,598</u> |
| Operating Expenses: | | | | | |
| Materials & Services | 1,016,424 | 976,089 | 40,335 | 4.1% | 1,061,236 |
| Operating Loss | (59,789) | (62,098) | 2,309 | -3.7% | (26,638) |
| Contributions and Distributions | 59,789 | 62,098 | (2,309) | -3.7% | 26,638 |
| Change in Net Position | - | - | | | - |
| Net Position, Beginning | - | - | - | N/A | - |
| Net Position, Ending | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | N/A | <u>\$ -</u> |

Operating Revenues include wholesale water sales to SWA from CRW during the fiscal year. SWA purchases water from CRW on a wholesale basis for its retail customers. Shared labor includes internal labor and other resources shared by SWA and CRW for the mutual benefit of both entities.

Operating Expenses exceeded Operating Revenues by \$59,789, \$62,098 and \$26,638, for fiscal years 2020, 2019 and 2018, respectively. This represents expenses purchased through the Commission that benefited SWA and CRW. Both entities made contributions to the Commission for these expenses.

Clackamas Regional Water Supply Commission
Clackamas County, Oregon

Management's Discussion and Analysis
For the Year Ended June 30, 2020

The Net Position of the Commission remains unchanged from the prior year. All operating expenses contribute directly to operating revenues or require reimbursement from SWA or CRW.

Capital Assets

As of June 30, 2020 and 2019, the Commission has no capital assets. Capital purchases are made through the Commission on behalf of SWA or CRW, which will retain ownership of the assets and will include the assets in its financial statements. All purchases are considered expenses during the fiscal year incurred.

Debt Administration

As of June 30, 2020 and 2019, the Commission has no outstanding debt.

Economic Factors

Management of the Commission is currently delegated to both general managers of SWA and CRW and all personnel are employees of either SWA or CRW. During the fiscal year the Commission has explored and will continue to explore areas where sharing of labor and other resources mutually benefits both entities.

Request of Information

Our financial report is designed to provide a general overview of Clackamas Regional Water Supply Commission's finances for all those with an interest in the Commission's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Finance Director, Sunrise Water Authority, 10602 SE 129th Avenue, Happy Valley, Oregon 97086.

Denise Bergstrom

Denise Bergstrom, CPA
Finance Director
Clackamas Regional Water Supply Commission

BASIC FINANCIAL STATEMENTS

Clackamas Regional Water Supply Commission
Clackamas County, Oregon
Statement of Net Position
June 30, 2020 and 2019

| | 2020 | 2019 |
|------------------------------------|-------------|-------------|
| ASSETS: | | |
| Intergovernmental receivable | \$ 101,120 | \$ 91,779 |
| Total assets | \$ 101,120 | \$ 91,779 |
| LIABILITIES: | | |
| Accounts payable | \$ 101,120 | \$ 91,779 |
| Total liabilities | 101,120 | 91,779 |
| NET POSITION: | | |
| Unrestricted | - | - |
| Total net position | - | - |
| Total liabilities and net position | \$ 101,120 | \$ 91,779 |

The accompanying notes are an integral part of these financial statements.

Clackamas Regional Water Supply Commission
Clackamas County, Oregon
Statement of Revenues, Expenses and Changes in Net Position
For the Years Ended June 30, 2020 and 2019

| | <u>2020</u> | <u>2019</u> |
|---|------------------|----------------|
| OPERATING REVENUES: | | |
| Water sales | \$ 884,213 | \$ 860,535 |
| Shared resources | 72,422 | 53,456 |
| Total operating revenues | <u>956,635</u> | <u>913,991</u> |
| OPERATING EXPENSES: | | |
| Water purchases | 884,213 | 860,535 |
| Shared labor | 72,422 | 53,456 |
| Professional and fiscal fees | 12,632 | 16,869 |
| Software licensing | 26,355 | 26,613 |
| Equipment | 10,535 | 7,380 |
| Operating supplies | 9,435 | 9,674 |
| Miscellaneous | 832 | 1,562 |
| Total operating expenses | <u>1,016,424</u> | <u>976,089</u> |
| Operating loss before contributions and distributions | (59,789) | (62,098) |
| CONTRIBUTIONS (DISTRIBUTIONS): | | |
| Contributions from members | 1,016,424 | 976,089 |
| Distributions to members | (956,635) | (913,991) |
| Total contributions (distributions) | <u>59,789</u> | <u>62,098</u> |
| Change in net position | - | - |
| NET POSITION, Beginning | <u>-</u> | <u>-</u> |
| NET POSITION, Ending | <u>\$ -</u> | <u>\$ -</u> |

The accompanying notes are an integral part of these financial statements.

Clackamas Regional Water Supply Commission
Clackamas County, Oregon
Statement of Cash Flows
For the Years Ended June 30, 2020 and 2019

| | 2020 | 2019 |
|--|-------------|-------------|
| CASH FLOW FROM OPERATING ACTIVITIES: | | |
| Received from customers | \$ 956,635 | \$ 913,991 |
| Paid to related entities for goods and services | (1,016,424) | (976,089) |
| Net cash from operating activities | (59,789) | (62,098) |
| CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES: | | |
| Contributions from members | 1,016,424 | 976,089 |
| Distributions to members | (956,635) | (913,991) |
| Net cash from noncapital and related financing activities | 59,789 | 62,098 |
| Net increase (decrease) in cash and cash equivalents | - | - |
| CASH AND CASH EQUIVALENTS, Beginning | - | - |
| CASH AND CASH EQUIVALENTS, Ending | \$ - | \$ - |
| RECONCILIATION OF OPERATING LOSS TO NET CASH FROM OPERATING ACTIVITIES: | | |
| Operating loss | \$ (59,789) | \$ (62,098) |
| Adjustment to reconcile operating loss to net cash from operating activities | | |
| Increase/(decrease) in accounts receivable | 9,341 | 1,035 |
| (Increase)/decrease in accounts payable | (9,341) | (1,035) |
| Net cash from operating activities | \$ (59,789) | \$ (62,098) |

The accompanying notes are an integral part of these financial statements.

Clackamas Regional Water Supply Commission
Clackamas, Oregon
Notes to the Basic Financial Statements
For the Years Ended June 30, 2020 and 2019

1. Clackamas Regional Water Supply Commission

Clackamas Regional Water Supply Commission (CRWSC or Commission) was organized under Oregon Revised Statute (ORS) 190 and was established by an agreement between Sunrise Water Authority (SWA) and Clackamas River Water (CRW) in December 2013. The Commission is governed by a Board of Commissioners comprised of an equal number of commissioners from SWA and CRW and the day to day operations of the Commission is shared by the management of SWA and CRW. The purpose of the Commission is to efficiently use assets and resources to the mutual benefit of both parties and their customers. The Commission has no component units and the accompanying basic financial statements present the financial position and activities of the Commission.

2. Summary of Significant Accounting Policies

The follow is a summary of the significant accounting policies utilized by the Commission:

Basis of Presentation and Accounting

For financial reporting purposes, the Commission reports its operations 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, liabilities, and net position associated with the operations are included on the Statement of Net Position. The Statement of Revenues, Expenses, and Changes in Net Position present increases (revenues) and decreases (expenses) in net position.

The accrual basis of accounting is utilized for financial reports. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

Clackamas Regional Water Supply Commission
Clackamas, Oregon
Notes to the Basic Financial Statements
For the Years Ended June 30, 2020 and 2019

2. Summary of Significant Accounting Policies, continued

Use of Estimates

The preparation of basic financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of certain assets, liabilities, revenues, expenses, and other disclosures. Accordingly, actual results may differ from those estimates.

Cash, Cash Equivalents, and Investments

For the purposes of the statement of cash flows, cash and cash equivalents, are defined as short-term, highly liquid investments that are both:

- a) Readily convertible to known amounts of cash.
- b) So near their maturity that they present insignificant risk of changes in value because of changes in interest rates.

Generally, only investments with original maturities of three months or less from the date of acquisition meet his definition. Currently, the Commission does not have any cash, cash equivalents, and investments.

Accounts Receivable

Accounts receivable are recorded as earned and no allowance for doubtful accounts is required because there are no delinquent accounts.

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 grantor, 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 Commission, and changes therein, are classified and reported as follows:

Restricted – this component of net position consists of assets restricted by the Commission’s Board of Commissioners.

Clackamas Regional Water Supply Commission
Clackamas, Oregon
Notes to the Basic Financial Statements
For the Years Ended June 30, 2020 and 2019

2. Summary of Significant Accounting Policies, continued
Net Position, continued

Unrestricted – all other components of net position not included above.

It is the Commission's policy to deplete, when available, restricted net position before unrestricted net position.

Operating vs. Nonoperating Revenues and Expenses

In accordance with GASB requirements of proprietary funds, the Commission distinguishes operating from non-operating revenues and expenses in its Statement of Revenues, Expenses, and Changes in Net Position. Operating revenues and expenses result from providing services to SWA or CRW. All revenues not meeting this definition are reported as non-operating revenues and expenses.

Risk Management

The Commission is exposed to various risks of loss related to theft, damage, error and omission, torts, employee injuries, and natural disasters. To minimize its exposure to these risks, Sunrise Water Authority and Clackamas River Water purchase commercial insurance to cover their interest in the Commission.

Pension Plan

The Commission does not have any direct employees, but rather reimburses the SWA and CRW for personnel service expenses incurred by the Commission; therefore no pension liabilities are attributable to the Commission.

Budget

Under ORS 294.316, intergovernmental entities created under ORS 190 and that have no ad valorem property taxes, are not required to separately prepare and adopt a budget.

Clackamas Regional Water Supply Commission
Clackamas, Oregon
Notes to the Basic Financial Statements
For the Years Ended June 30, 2020 and 2019

2. Summary of Significant Accounting Policies, continued

Budget, continued

Oregon Budget Law requires budgets to be adopted annually or biennially, if approved by the governance of the entity, and requires specific procedures to be followed including adequate public notices of budget hearing, adopting the budget and making appropriations. The Commission's budget is adopted for the General Fund (the Commission's sole fund) on a modified accrual basis of accounting following the main budgetary control categories required under Oregon Budget Law. The final resolution authorizing appropriation for the General Fund sets the level at which actual expenditures cannot be legally exceeded. Unspent appropriations lapse at the end of each budget period.

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 Commission. Original and supplemental budgets may be modified using 'appropriation transfers' between budgetary control categories, and such transfers require only the approval of the Commission.

There were no supplemental budgets during fiscal year 2019-20. A summary of the Commission's biennial 2018-20 adopted budget is included in the supplementary information section attached to these general purpose financial statements.

3. Accounts Receivable

Accounts receivable consisted of the following at June 30, 2020:

| | |
|---------------------------|--------------------------|
| Water sales receivable | \$ 73,511 |
| Unbilled water sales | 12,054 |
| Other services | <u>15,555</u> |
| Total accounts receivable | <u><u>\$ 101,120</u></u> |

Clackamas Regional Water Supply Commission
Clackamas, Oregon
Notes to the Basic Financial Statements
For the Years Ended June 30, 2020 and 2019

3. Accounts Receivable, continued

Accounts receivable consisted of the following at June 30, 2019:

| | |
|---------------------------|------------------|
| Water sales receivable | \$ 72,423 |
| Unbilled water sales | 12,102 |
| Other services | <u>7,254</u> |
| Total accounts receivable | <u>\$ 91,779</u> |

4. Related Party Transactions

The Commission earned a total of \$884,213 and \$860,535 from Sunrise Water Authority for water purchases in fiscal years 2020 and 2019, respectively. Shared labor earnings from Sunrise Water Authority and Clackamas River Water total \$72,422 and \$53,457 for fiscal years 2020 and 2019, respectively. Contributions from the two entities for other shared resources equaled \$59,790 and \$59,790 for fiscal year 2020 and 2019, respectively.

5. Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net assets that applies to a future period and will not be recognized as an outflow of resources (expense) until then. The Commission does not have an item that qualifies for reporting in this category.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows or resources. This separate financial statement element represents an acquisition of net assets that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. The Commission does not have an item that qualifies for reporting in this category.

Clackamas Regional Water Supply Commission
Clackamas, Oregon
Notes to the Basic Financial Statements
For the Years Ended June 30, 2020 and 2019

6. Capital Assets

The Commission allows for the purchase of capital assets by CRW or SWA which may be shared with the other member. Ownership of capital assets is retained by CRW or SWA and not the Commission. As such, the Commission does not have capital assets, but all purchases are expensed in the year purchased.

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SUPPLEMENTAL INFORMATION

Clackamas Regional Water Supply Commission
Clackamas County, Oregon
Schedule of Revenue & Expenditures, Budget and Actuals
For the Biennial Years Ended June 30, 2019 and 2020

| | 2018-2020 Biennial Budget | | Actual Results | | | | Variance to Final Budget Over (Under) | Used % of budget |
|--|---------------------------|---------------------|----------------------|--------------|----------------------|---------------------|---------------------------------------|------------------|
| | Original | Final | 1st Year FY19 Actual | % of budget | 2nd Year FY20 Actual | TOTAL | | |
| GENERAL FUND | | | | | | | | |
| Revenues | | | | | | | | |
| Wholesale water sales | \$ 1,713,000 | \$ 1,713,000 | \$ 860,535 | 50.2% | \$ 884,213 | \$ 1,744,748 | \$ 31,748 | 101.9% |
| Interagency revenue | 380,200 | 380,200 | 53,457 | 14.1% | 72,422 | 125,879 | (254,321) | 33.1% |
| Contributions - materials & services | 206,760 | 206,760 | 62,098 | 30.0% | 59,789 | 121,887 | (84,873) | 59.0% |
| Contributions - contingency | 50,000 | 50,000 | - | 0.0% | - | - | (50,000) | 0.0% |
| Total revenue | 2,349,960 | 2,349,960 | 976,089 | 41.5% | 1,016,424 | 1,992,513 | (357,447) | 84.8% |
| Beginning balance | - | - | - | - | - | - | - | - |
| TOTAL RESOURCES | \$ 2,349,960 | \$ 2,349,960 | \$ 976,089 | 41.5% | \$ 1,016,424 | \$ 1,992,513 | \$ (357,447) | 84.8% |
| Expenditures | | | | | | | | |
| Materials & services | | | | | | | | |
| Water purchases | \$ 1,713,000 | \$ 1,713,000 | \$ 860,535 | 50.2% | \$ 884,213 | \$ 1,744,748 | \$ 31,748 | 101.9% |
| Interagency shared labor | 380,200 | 380,200 | 53,457 | 14.1% | 72,422 | 125,879 | (254,321) | 33.1% |
| Other materials & services | | | | | | | | |
| Professional and fiscal fees | 69,000 | 69,000 | 16,869 | 24.4% | 12,632 | 29,501 | (39,499) | 42.8% |
| Software licensing | 80,700 | 80,700 | 26,613 | 33.0% | 26,355 | 52,968 | (27,732) | 65.6% |
| Operating supplies | 24,000 | 24,000 | 9,674 | 40.3% | 9,435 | 19,109 | (4,891) | 79.6% |
| Miscellaneous | 14,100 | 14,100 | 1,562 | 11.1% | 832 | 2,394 | (11,706) | 17.0% |
| Equipment | 18,960 | 18,960 | 7,380 | 38.9% | 10,535 | 17,915 | (1,045) | 94.5% |
| Subtotal of other materials & services | 206,760 | 206,760 | 62,098 | 30.0% | 59,789 | 121,887 | (84,873) | 59.0% |
| Total materials & services | 2,299,960 | 2,299,960 | 976,089 | 42.4% | 1,016,424 | 1,992,513 | (307,447) | 86.6% |
| Capital outlay | | | | | | | | |
| Software | - | - | - | - | - | - | - | - |
| Total capital outlay | - | - | - | - | - | - | - | - |
| Contingency | | | | | | | | |
| Operating contingency | 50,000 | 50,000 | - | 0.0% | - | - | (50,000) | 0.0% |
| Total expenditures | 2,349,960 | 2,349,960 | 976,089 | 41.5% | 1,016,424 | 1,992,513 | (357,447) | 84.8% |
| Unappropriated ending fund balance | - | - | - | - | - | - | - | - |
| TOTAL REQUIREMENTS | \$ 2,349,960 | \$ 2,349,960 | \$ 976,089 | 41.5% | \$ 1,016,424 | \$ 1,992,513 | \$ (357,447) | 84.8% |

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AUDIT COMMENTS AND DISCLOSURES

**INDEPENDENT AUDITOR'S REPORT
ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL
REPORTING ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH OREGON STATE REGULATION**

Board of Commissioners
Clackamas Regional Water Supply Commission
Happy Valley, Oregon

We have audited the basic financial statements of Clackamas Regional Water Supply Commission, as of and for the year ended June 30, 2020 and have issued our report thereon dated December 23, 2020. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the provisions of the *Minimum Standards of Audits of Oregon Municipal Corporations*, prescribed by the Secretary of State.

Compliance

As part of obtaining reasonable assurance about whether Clackamas Regional Water Supply Commission's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, including the provisions of Oregon Revised Statutes as specified in the Oregon Administrative Rules 162-10-000 through 162-10-330 of the *Minimum Standards for Audits of Oregon Municipal Corporations*, as set forth below, noncompliance with which could have a direct and material effect on the financial statements:

- Deposits of public funds with financial institutions (ORS Chapter 295).
- Indebtedness limitations, restrictions, and repayments.
- Budgets legally required (ORS Chapter 294).
- Insurance and fidelity bonds in force or required by law.
- Programs funded from outside sources.
- Highway revenues used for public highways, roads, and streets. The Clackamas Regional Water Supply Commission does not receive any highway funds.
- Authorized investment of surplus funds. (ORS Chapter 294).
- Public contracts and purchasing (ORS Chapters 279A, 279B, and 279C).
- Accountability for collecting or receiving money by elected officials. The Clackamas Regional Water Supply Commission does not have any elected officials collecting or receiving money.

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. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Minimum Standards for Audits of Oregon Municipal Corporations*.

OAR 162-10-0230 Internal Control

In planning and performing our audit of the financial statements, we considered Clackamas Regional Water Supply Commission'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 opinion on the financial statements, but not for

the purpose of expressing an opinion on the effectiveness of Clackamas Regional Water Supply Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of Clackamas Regional Water Supply Commission's internal control.

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

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

Purpose of this Report

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



For Merina+Co
Tualatin, Oregon
December 23, 2020

December 23, 2020

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

Dear Ms. Bergstrom:

In the coming days you will be receiving an email from the Secretary of State with a copy of the Summary of Revenues and Expenditures for the Clackamas Regional Water Supply Commission for fiscal year 2019-2020 for your review. The Secretary of State requires Merina+Co to file the Summary of Revenue and Expenditures with the State.

A copy of the financial statements must be sent to the Secretary of State. The Secretary of State encourages municipalities to file their reports electronically in PDF format. To file the financial statements electronically e-mail them to municipalfilings.sos@state.or.us. The subject line should include the name of your municipality. If you prefer to mail hard copies of the financial statements please send them with the items listed below.

The statutory filing fee of \$250 for the Clackamas Regional Water Supply Commission must be sent to the Secretary of State. You are able to mail or submit electronically. If you choose to mail, please mail to:

Audits Division
255 Capitol Street NE, Suite 500
Salem, OR 97310-0720

Online payments can be submitted at <https://secure.sos.state.or.us/emuni/preparePayment.action>

Please call if you have any questions.

Regards,



Tonya Moffitt, CPA
Merina+Co

Focused on Your Wants and Understanding Your Needs