



**REGULAR MEETING
NORTH CLACKAMAS COUNTY WATER COMMISSION
BOARD OF DIRECTORS
JANUARY 23, 2025 at 5:30 p.m.**

THIS MEETING WILL BE ONLINE ONLY

<https://us02web.zoom.us/j/85090686286>

AGENDA

- 1. Call Meeting to Order**
- 2. Welcome Visitors**
- 3. Public Comment**
- 4. Approval of Minutes**
 - 4.1 Approval of Minutes from the September 26, 2024 Regular Meeting
- 5. Adoption of Consent Calendar**
 - 5.1 Authorization of Checks for September, October, November, and December 2024
- 6. Board Discussion**
 - 6.1 Appoint Budget Officer (FY2025-26)
 - 6.2 Adopt Budget Calendar (FY2025-26)
 - 6.3 Approve True-Up from FY2023-24
 - 6.4 Receipt of the FY2023-24 Audited Financial Statements and Auditor's Letter
- 7. Monthly Items**
 - 7.1 Financial Reports
 - 7.2 Operations Report
 - 7.3 Manager's Report
 - 7.4 Business from the Board
- 8. Adjourn**

NORTH CLACKAMAS COUNTY WATER COMMISSION

January 23, 2025

Agenda Item 4.1



**BOARD OF DIRECTORS
MEETING MINUTES – 5:30 P.M.
SEPTEMBER 26, 2024**

BOARD MEMBERS PRESENT:

Paul Gornick	Oak Lodge Water Services
Susan Keil	Oak Lodge Water Services
Chris Hawes	Sunrise Water Authority
Luke Roberts	City of Gladstone

STAFF PRESENT:

Wade Hathhorn	Sunrise Water Authority
Jamey Pietzold	Sunrise Water Authority
Laural Casey	Oak Lodge Water Services

1. Call to Order

Chair Gornick called the Board of Directors meeting to order at 5:30 p.m.

2. Approve Agenda

Chair Gornick called for a motion. Director Hawes moved to approve the agenda. Director Keil seconded. Recorder Casey conducted a roll call vote. Voting Aye: Directors Gornick, Hawes, Keil, and Roberts.

MOTION CARRIED

3. Public Comment

There was no public comment.

4. Approval of Minutes

4.1 Approval of Minutes of the June 27, 2024 Budget Committee and Regular Meetings

Chair Gornick called for a motion. Director Roberts moved to approve the June 27, 2024 Board of Directors and Budget Committee minutes. Director Hawes seconded. Recorder Casey conducted a roll call vote. Voting Aye: Directors Gornick, Hawes, Keil, and Roberts.

MOTION CARRIED

5. Adoption of Consent Calendar

- 5.1 Authorization of ACH & Checks for June, July, and August 2024
- 5.2 Appoint Legal Counsel of Record
- 5.3 Appoint Insurance Agent of Record
- 5.4 Adopt Resolution 2024-5 Authorizing Disposal of Surplus Property

Chair Gornick called for a motion. Director Roberts moved to adopt the Consent Calendar. Director Keil seconded.

There was board discussion regarding the Surplus Property Policy.

Recorder Casey conducted a roll call vote. Voting Aye: Directors Gornick, Hawes, Keil, and Roberts.

MOTION CARRIED

6. Board Discussion

- 6.1 Election of Officers

General Manager Hathhorn provided an explanation of the standard rotation of board officers.

Director Hawes volunteered to be the Chair and nominated Director Roberts as Vice Chair.

Director Keil moved to elect Chris Hawes as Chair and Luke Roberts as Vice Chair for fiscal year 2024-25. Recorder Casey conducted a roll call vote. Voting Aye: Directors Gornick, Hawes, Keil, and Roberts.

MOTION CARRIED

- 6.2 Appointment of Interim Finance Director and Budget Officer

Chair Gornick called for a motion. Director Hawes moved to appoint Jamey Pietzold as the Interim Finance Director and Budget Officer for FY 2024-25. Director Roberts seconded.

There was board discussion about the division of staff responsibilities across the partner agencies.

Recorder Casey conducted a roll call vote. Voting Aye: Directors Gornick, Hawes, Keil, and Roberts.

MOTION CARRIED

6.3 Initiate FY 2023-24 Audit

Interim Finance Director Pietzold introduced himself and explained the proposed engagement of Moss Adams for the financial audit.

Chair Gornick acknowledged receipt of the engagement letter.

6.4 Adopt Resolution 2024-6 Approving New Administrative Policy for Public Meetings

General Manager Hathhorn presented the draft policy.

Chair Gornick called for a motion. Director Hawes moved to approve Resolution 2024-6 approving a new administrative policy for public meetings. Director Keil seconded. Recorder Casey conducted a roll call vote. Voting Aye: Directors Gornick, Hawes, Roberts and Williams.

MOTION CARRIED

6.5 Approve Cost Multiplier

The board discussed the calculation of the cost multiplier and regular reevaluation.

Director Keil moved to approve the cost multiplier as presented. Director Roberts seconded. Recorder Casey conducted a roll call vote. Voting Aye: Directors Gornick, Hawes, Roberts and Williams.

MOTION CARRIED

7. Monthly Items

7.1 Financial Reports

Interim Finance Director Pietzold provided highlights from the written report.

7.2 Operations Report

There were no questions or comments on the written report.

7.3 Manager's Report

General Manager Hathhorn provided highlights on the written report, including continued conservation, membrane system assessment, the end of the summer internship, and staffing changes.

There was Board discussion on future conservation efforts and the upcoming membrane replacement.

7.4 Business from the Board

Director Roberts outlined the Gladstone City Council's priority to support apprenticeship programs. There was board discussion about the BOLI requirements for apprenticeship programs.

8. Adjourn Regular Meeting

Chair Gornick adjourned the meeting at 6:10 p.m.

NORTH CLACKAMAS COUNTY WATER COMMISSION

January 23, 2025

Agenda Item 5.1

Subject: Authorization of ACH & Check Payments for September, October, November, and December 2024

Presenter(s): Jamey Pietzold, Interim Finance Director

Board Action: The Board is requested to formally authorize the ACH & Check issuances.

Attachments: Bank Reconciliation Checks by Date Report

Background: The Board is responsible for reviewing and approving monthly ACH & Check payments.

Analysis: In the four-month period September to December 2024, the following ACH and Check payments were issued and processed:

Wells Fargo Account:

- 41 ACH payments totaling \$392,988.72
- 88 valid checks issued numbered 31287 through 31342 totaling \$777,344.73
- Total valid Wells Fargo period payments of \$1,170,333.45.
- One voided transaction: Check for \$50.

LGIP Account:

- Nil ACH and Check payments activity to report

Consolidated Payment Total = \$1,170,333.45

Options: Approve Issuance and/or requests additional clarification.

Staff Recommendation: Approve ACH & Check issuances as presented for September, October, November, and December 2024.

Draft Motion: Move to approve all valid ACH payments & Checks for the period September, October, November, and December 2024 totaling \$1,170,333.45. Noting one voided transaction.

Bank Reconciliation
 Checks by Date
 User: jpietzold@sunrisewater.com
 Printed: 09/12/2024 - 12:52PM
 Cleared and Not Cleared Checks
 Print Void Checks

ACH Disbursement Activity							
Number	Issue Date	Vendor	Comment	Module	Void	Clear Date	Amount
0	9/1/2024	Wells Fargo Banks		AP		9/30/2024	-
0	9/6/2024	Internal Revenue Service-ACH		AP		9/30/2024	3,369.59
0	9/6/2024	OR Department of Revenue		AP		9/30/2024	968.08
0	9/6/2024	Portland General Electric		AP		9/30/2024	73,287.55
0	9/6/2024		DD 00001.09.2024	PR		9/30/2024	7,194.08
0	9/9/2024	Wells Fargo Remittance Ctr MC		AP		9/30/2024	4,988.80
0	9/12/2024	Oregon PERS		AP		9/30/2024	6,645.15
0	9/20/2024	Internal Revenue Service-ACH		AP		9/30/2024	1,374.24
0	9/20/2024	OR Department of Revenue		AP		9/30/2024	390.34
0	9/20/2024		DD 00002.09.2024	PR		9/30/2024	3,521.90
0	10/4/2024	Internal Revenue Service-ACH		AP		10/31/2024	3,978.99
0	10/4/2024	OR Department of Revenue		AP		10/31/2024	1,170.44
0	10/4/2024		DD 00001.10.2024	PR		10/31/2024	9,077.27
0	10/6/2024	Portland General Electric		AP		10/31/2024	62,165.91
0	10/9/2024	Wells Fargo Remittance Ctr MC		AP		10/31/2024	4,100.04
0	10/11/2024	Oregon PERS		AP		10/31/2024	1,296.57
0	10/18/2024	Internal Revenue Service-ACH		AP		10/31/2024	4,121.58
0	10/18/2024	OR Department of Revenue		AP		10/31/2024	1,212.96
0	10/18/2024		DD 00002.10.2024	PR		10/31/2024	9,364.14
0	10/25/2024	Oregon PERS		AP		10/31/2024	2,480.09
0	11/1/2024	Internal Revenue Service-ACH		AP		11/30/2024	4,581.67
0	11/1/2024	OR Department of Revenue		AP		11/30/2024	1,363.42
0	11/1/2024		DD 00001.11.2024	PR		11/30/2024	10,336.56
0	11/5/2024	Portland General Electric		AP		11/30/2024	52,313.58
0	11/9/2024	Wells Fargo Remittance Ctr MC		AP		11/30/2024	2,567.60
0	11/13/2024	Oregon PERS		AP		11/30/2024	4,947.98
0	11/15/2024	Internal Revenue Service-ACH		AP		11/30/2024	4,172.82
0	11/15/2024	OR Department of Revenue		AP		11/30/2024	1,275.29
0	11/15/2024		DD 00002.11.2024	PR		11/30/2024	10,047.13
0	11/27/2024	Oregon PERS		AP		11/30/2024	2,518.23
0	11/29/2024	Internal Revenue Service-ACH		AP			3,718.93
0	11/29/2024	OR Department of Revenue		AP			1,191.74
0	11/29/2024		DD 00003.11.2024	PR		11/30/2024	9,475.08
0	12/6/2024	Portland General Electric		AP			48,729.27
0	12/9/2024	Wells Fargo Remittance Ctr MC		AP			4,506.07
0	12/13/2024	Internal Revenue Service-ACH		AP			5,493.19
0	12/13/2024	OR Department of Revenue		AP			1,650.56
0	12/13/2024		DD 00001.12.2024	PR			12,202.72
0	12/27/2024	Internal Revenue Service-ACH		AP			2,859.70
0	12/27/2024	OR Department of Revenue		AP			960.38
0	12/27/2024		DD 00002.12.2024	PR			7,369.08
ACH Disbursement Activity Subtotal					41		392,988.72
Voided ACH Activity					-		-
Adjusted ACH Disbursement Activity Subtotal					41		392,988.72

Paper Check Disbursement Activity							
Number	Issue Date	Vendor	Comment	Module	Void	Clear Date	Amount
30965	9/15/2023	Portland Engineering Inc.		AP	Void		50.00
31255	9/6/2024	Cintas Corporation No. 2		AP		9/30/2024	99.00
31256	9/6/2024	Field Instruments & Controls, Inc.		AP		9/30/2024	1,049.43
31257	9/6/2024	Green Wrench Heavy Equipment LLC		AP		9/30/2024	450.00
31258	9/6/2024	Hasa, Inc		AP		9/30/2024	3,659.76
31259	9/6/2024	Hasco Stations, LLC		AP		9/30/2024	209.31
31260	9/6/2024	MOSS ADAMS LLP		AP		9/30/2024	5,775.00
31261	9/6/2024	NW Natural		AP		9/30/2024	111.64
31262	9/6/2024	Portland Engineering Inc.		AP		9/30/2024	50.00
31263	9/12/2024	Cintas Corporation - 463		AP		9/30/2024	118.26
31264	9/12/2024	Clackamas River Water District		AP		9/30/2024	222,831.45
31265	9/12/2024	Oak Lodge Water Services Authority		AP		9/30/2024	4,030.00
31266	9/12/2024	Oregon City Garbage Co.		AP		9/30/2024	59.15
31267	9/12/2024	Special Districts Insurance Sv		AP		9/30/2024	9,005.36
31268	9/12/2024	U.S. Crane & Hoist Inc		AP		9/30/2024	342.50
31269	9/20/2024	Atlas Copco Compressors Inc		AP		9/30/2024	1,384.50
31270	9/20/2024	CDR Labor Law, LLC		AP		9/30/2024	73.00
31271	9/20/2024	Cintas Corporation - 463		AP		10/31/2024	103.23
31272	9/20/2024	Hasco Stations, LLC		AP		9/30/2024	117.60
31273	9/20/2024	OR Dept of Environmental Quality		AP		9/30/2024	859.00
31274	9/20/2024	Univar USA Inc		AP		10/31/2024	2,739.99
31275	9/20/2024	Verizon Wireless		AP		10/31/2024	322.56
31276	9/27/2024	AFLAC		AP		10/31/2024	442.50
31277	9/27/2024	Field Instruments & Controls, Inc.		AP		10/31/2024	540.36
31278	9/27/2024	FILMTEC CORPORATION		AP		10/31/2024	53,000.00
31279	9/27/2024	Larry Potter Landscape Services		AP		10/31/2024	2,010.00
31280	10/4/2024	Alumichem Canada Inc.		AP		10/31/2024	16,460.40
31281	10/4/2024	Hasa, Inc		AP		10/31/2024	3,475.68
31282	10/4/2024	Paramount Supply Company		AP		10/31/2024	1,633.00
31283	10/4/2024	Team Electric Company		AP		10/31/2024	1,393.00
31284	10/4/2024	UPS		AP		10/31/2024	189.02
31285	10/11/2024	Clackamas River Water District		AP		10/31/2024	171,302.90
31286	10/11/2024	Special Districts Insurance Sv		AP		10/31/2024	10,825.52

Bank Reconciliation

Checks by Date

User: jpietzold@sunrisewater.com

Printed: 09/12/2024 - 12:52PM

Cleared and Not Cleared Checks

Print Void Checks

31287	10/18/2024	Cintas Corporation - 463	AP	10/31/2024	118.26
31288	10/18/2024	Hasa, Inc	AP	10/31/2024	3,572.40
31289	10/18/2024	Hasco Stations, LLC	AP	10/31/2024	144.54
31290	10/18/2024	IDEXX Distribution Corp	AP	10/31/2024	1,474.38
31291	10/18/2024	NORTH COAST ELECTRIC COMPANY	AP	10/31/2024	625.00
31292	10/18/2024	OR Dept of Environmental Quality	AP	10/31/2024	3,204.00
31293	10/18/2024	Oregon City Garbage Co.	AP	10/31/2024	59.15
31294	10/18/2024	Portland Engineering Inc.	AP	10/31/2024	330.00
31295	10/18/2024	Team Electric Company	AP	10/31/2024	1,013.00
31296	11/1/2024	AFLAC	AP	11/30/2024	307.76
31297	11/1/2024	Alexin Analytical Laboratories	AP	11/30/2024	460.00
31298	11/1/2024	State of Oregon Government Ethics Commission	AP	11/30/2024	945.68
31299	11/1/2024	Hasco Stations, LLC	AP	11/30/2024	68.81
31300	11/1/2024	Larry Potter Landscape Services	AP	11/30/2024	1,600.00
31301	11/1/2024	Sunrise Water Authority	AP	11/30/2024	23,592.22
31302	11/1/2024	Trotter & Morton - Portland	AP	11/30/2024	4,415.75
31303	11/1/2024	UPS	AP	11/30/2024	15.12
31304	11/1/2024	Verizon Wireless	AP	11/30/2024	323.16
31305	11/8/2024	Atlas Copco Compressors Inc	AP	11/30/2024	1,448.04
31306	11/8/2024	Cintas Corporation - 463	AP	11/30/2024	142.05
31307	11/8/2024	Cintas Corporation No. 2	AP	11/30/2024	99.00
31308	11/8/2024	Clackamas River Water District	AP	11/30/2024	62,169.54
31309	11/8/2024	Field Instruments & Controls, Inc.	AP	11/30/2024	668.81
31310	11/8/2024	Harrington Industrial Plastics LLC	AP	11/30/2024	648.76
31311	11/8/2024	Hasa, Inc	AP	11/30/2024	3,630.12
31312	11/8/2024	Hasco Stations, LLC	AP	11/30/2024	89.25
31313	11/8/2024	Industrial Software Solutions	AP	11/30/2024	7,515.00
31314	11/8/2024	NW Natural	AP	11/30/2024	99.86
31315	11/8/2024	Oregon City Garbage Co.	AP	11/30/2024	59.15
31316	11/8/2024	Portland Engineering Inc.	AP	11/30/2024	50.00
31317	11/8/2024	Univar USA Inc	AP	11/30/2024	2,739.99
31318	11/22/2024	Cascade Columbia Distribution	AP	11/30/2024	3,225.00
31319	11/22/2024	CDR Labor Law, LLC	AP		401.50
31320	11/22/2024	MOSS ADAMS LLP	AP	11/30/2024	27,300.00
31321	11/22/2024	Special Districts Insurance Sv	AP		1,819.00
31322	11/27/2024	Cintas Corporation - 463	AP		123.95
31323	11/27/2024	Green Wrench Heavy Equipment LLC	AP		1,473.42
31324	11/27/2024	Larry Potter Landscape Services	AP		85.00
31325	11/27/2024	OR Department of Revenue	AP		203.00
31326	11/27/2024	U.S. Crane & Hoist Inc	AP		418.50
31327	11/27/2024	Verizon Wireless	AP		322.61
31328	12/6/2024	Cintas Corporation - 463	AP		266.00
31329	12/6/2024	Cintas Corporation No. 2	AP		99.00
31330	12/6/2024	Clackamas River Water District	AP		68,190.54
31331	12/6/2024	Hasa, Inc	AP		3,611.40
31332	12/6/2024	Hasco Stations, LLC	AP		68.50
31333	12/6/2024	Larry Potter Landscape Services	AP		393.00
31334	12/6/2024	Oregon City Garbage Co.	AP		59.15
31335	12/6/2024	Portland Engineering Inc.	AP		50.00
31336	12/6/2024	Special Dist Assoc Of Oregon	AP		3,554.00
31337	12/13/2024	Cascade Columbia Distribution	AP		1,491.00
31338	12/13/2024	Hasco Stations, LLC	AP		71.94
31339	12/13/2024	NW Natural	AP		197.59
31340	12/13/2024	Oak Lodge Water Services Authority	AP		26,998.34
31341	12/20/2024	AFLAC	AP		307.76
31342	12/20/2024	Verizon Wireless	AP		322.61
Paper Check Disbursement Activity Subtotal				89	777,394.73
Voided Paper Check Disbursement Activity				1	50.00
Adjusted Paper Check Disbursement Activity Subtotal				88	777,344.73

Summary of Check by Date Detail inclusive of LGIP ACH Payments

Wells Fargo	Total Void ACH & Check Count:	1.00
Wells Fargo	Total Void ACH & Check Amount:	50.00
Wells Fargo	Total Valid ACH & Check Count:	129.00
Wells Fargo	Total Valid ACH & Check Amount:	1,170,333.45
Wells Fargo	Total ACH & Check Count:	130.00
Wells Fargo	Total ACH & Check Amount:	1,170,383.45
LGIP	Total Valid ACH Payment Count	-
LGIP	Total Valid ACH Payment Amount	-
Consolidated	Total Valid ACH & Check Payment Amount	1,170,333.45

NORTH CLACKAMAS COUNTY WATER COMMISSION

January 23, 2025

Agenda Item 6.1

Subject: Appoint FY2025-26 Budget Officer

Presenter(s): Wade Hathhorn, General Manager

Board Action: Appoint FY2025-26 Budget Officer

Attachments: None

Background: The NCCWC Board of Directors have chosen to follow Oregon Budget Law ORS 294.900 to 294.930. Those rules require the appointment of a Budget Officer to oversee the preparation of the FY2025-26 Budget.

Analysis: Staff recommends the appointment of Jamey Pietzold, Interim Finance Director, as the Budget Officer for the FY2025-26 Budget process.

Options: Alternative appointment

Staff Recommendation: Appoint Jamey Pietzold as the Budget Officer for the FY2025-26 Budget Process

Draft Motion: Move to appoint Jamey Pietzold as the Budget Officer for the FY2025-26 Budget process.

NORTH CLACKAMAS COUNTY WATER COMMISSION

January 23, 2025

Agenda Item 6.2

Subject: Adopt FY2025-26 Budget Calendar

Presenter(s): Jamey Pietzold, Finance Director

Board Action: Formally adopt FY2025-26 Budget Calendar

Attachments: None

Background: Oregon Budget Law ORS 294.414 to 294.428 requires specific procedures for scheduling and noticing budget committee meetings and related documents for the FY2025-26 Budget process.

Analysis: Staff recommends the following calendar of FY2025-26 Budget Committee meetings and notices:

January 23, 2025 - Appoint Budget Officer and Approve Budget Schedule

March 5, 2025 - Publish 1st public notice of Budget Committee Meeting

March 19, 2025 - Publish 2nd public notice of Budget Committee Meeting

March 21, 2025 - Send proposed budget document to Budget Committee

March 27, 2025 - Appoint Budget Committee and Hold Budget Committee Meeting (5:30pm OLWS Board Room)

April 24, 2025 – Second Budget Committee Meeting (if necessary)

June 11, 2024 - Publish Notice and Summary of Budget Adoption Hearing

June 26, 2025 - Conduct Public Hearing to Adopt Budget

Options: Amend recommended budget calendar

Staff Recommendation: Adopt proposed FY2025-26 Budget Calendar

Draft Motion: Move to adopt FY2025-26 Budget calendar as presented.

NORTH CLACKAMAS COUNTY WATER COMMISSION

January 23, 2025

Agenda Item 6.3

- Subject:** Adopt Resolution 2025-1 Waiving True-Up for FY2023-24
- Presenter(s):** Wade Hathhorn, General Manager
- Board Action:** The Board is requested to adopt Resolution 2025-1 waiving the true-up for FY2023-24.
- Attachments:** Resolution 2025-1 Waiving the True-Up for FY2024-25
- Background:** The NCCWC operates under an authorized annual budget that is based on forecasted revenue (resources) and expenditures (requirements). Following a formal audit of the “closed books” from the previous fiscal year, the Agreement that governs the NCCWC calls for a “true-up” to be established between the “actuals” and “budgeted” costs.
- Section 2.2(ii) states: “The budgeted costs shall be used to establish a projected price of water based on projected demand (i.e. use) from the NCCWC by all Members. Following the close of each fiscal period, a “true-up” will be established to reconcile the projected and actual cost of water. Any resulting reimbursement (or surcharge) owed to the Members shall be paid (or collected) within sixty (60) days of written notice to the Members, unless approved otherwise by the Board.”
- Analysis:** Following FY2023-24, the actual water sales (or resources) were sufficient to cover the total planned operating expenditures, leaving excess revenue totaling \$420,791. Under the Agreement, the member agencies would be eligible for reimbursement of their respective amounts based on relative water use.
- Staff is recommending the Board formally adopt Resolution 2025-1, thereby waiving the true-up for FY2023-24. The excess funds would remain within the General Fund and be held as part of the fund’s balance as anticipated in the FY2024-25 budget.
- Options:** Reject Resolution 2025-1 and issue a reimbursement to member agencies totaling \$420,791 based on their respective actual water use.
- Draft Motion(s):** Move to adopt Resolution 2025-1 waiving the true-up for FY2023-24, as presented.

NORTH CLACKAMAS COUNTY WATER COMMISSION

Resolution No. 2025-1

A RESOLUTION WAIVING THE TRUE-UP FROM FY2023-24

WHEREAS, the FY2023-24 Adopted Budget authorized requirements totaling \$5,698,149; and

WHEREAS, those planned requirements included General Fund operating expenses of \$3,511,900 for personnel, materials and services, along with a transfer of \$1,500,000 to the Plant Reserve Fund and a \$150,000 special (one-time) payment to PERS; and

WHEREAS, the actual resources in the General Fund (from water sales) for the same fiscal period were sufficient to cover the planned requirements, leaving excess revenue from water sales and related adjustments totaling \$420,791; and

WHEREAS, Section 2.2(ii) of the Intergovernmental Agreement (IGA) governing the NCCWC calls for a true-up to be made each year between the actual and budgeted costs, unless approved otherwise by the Board of Directors; and

WHEREAS, the true-up from FY2023-24 would cause a reimbursement of \$420,791 to the member agencies based on their respective actual water usage; and

WHEREAS, the waiver of such reimbursement shall have no detrimental impact on the future finances of the NCCWC.

NOW, THEREFORE BE IT RESOLVED, BY THE NORTH CLACKAMAS COUNTY WATER COMMISSION BOARD OF DIRECTORS THAT:

Any reimbursement of excess revenue to the member agencies (i.e. true-up) called for under Section 2.2(ii) of the Intergovernmental Agreement (IGA) governing the NCCWC shall be formally waived for FY2023-24 allowing the excess revenue from this fiscal period to remain within the General Fund.

Approved by the Board of Director's on this 23rd day of January 2025.

By _____
Chris Hawes, Chair

By _____
Wade Hathhorn, General Manager

Attest this 23rd day of January 2025

NORTH CLACKAMAS COUNTY WATER COMMISSION

January 23, 2025

Agenda Item 6.4

Subject: FY2023-24 Audited Financial Statements and Auditor's Letter

Presenter(s): Jamey Pietzold, Interim Finance Director

Board Action: Review and acknowledge receipt.

Attachments: FY2023-24 Audited Financial Statements and Auditor's Letter

Background: NCCWC is required to conduct an annual financial audit. Moss Adams LLP was engaged to complete this work for the FY2023-24 audit.

Analysis: Moss Adams (auditors) issued an unmodified opinion on the FY2023-24 audited financial statements and provided their letter to those charged with governance dated November 26, 2024. The Board is asked to formally acknowledge receipt of the audit and the communication letter from the auditors by way of a motion.

Options: NA

Staff Recommendation: Acknowledge receipt of the Annual Comprehensive Financial Report for FY2023-24 and the governance communication letter (AU-C 260) from Moss Adams, LLP.

Draft Motion: Move to acknowledge receipt of the Fiscal Year 2023-24 Audited Financial Statements and Auditor's Letter to Those Charged with Governance.



NORTH CLACKAMAS COUNTY WATER COMMISSION
CLACKAMAS COUNTY, OREGON

FINANCIAL REPORT

FOR THE YEARS ENDED JUNE 30, 2023 AND 2024

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**NORTH CLACKAMAS COUNTY WATER COMMISSION
CLACKAMAS COUNTY, OREGON**

FOR THE YEARS ENDED JUNE 30, 2023 and 2024

FINANCIAL REPORT

NORTH CLACKAMAS COUNTY WATER COMMISSION
CLACKAMAS COUNTY, OREGON

JUNE 30, 2024

Board of Directors

Paul Gornick - Chair

Chris Hawes – Vice Chair

Kevin Williams

Luke Roberts

Kevin Bailey

Registered Agent

Wade Hathhorn
14496 S.E. River Road
Oak Grove, OR 97267

NORTH CLACKAMAS COUNTY WATER COMMISSION
CLACKAMAS COUNTY, OREGON

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FINANCIAL SECTION

Report of Independent Auditors

The Board of Commissioners
North Clackamas County Water Commission

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of North Clackamas County Water Commission (the “Commission”), which comprise the statements of net position as of June 30, 2024 and 2023, and the related statements of revenues, expenses, and changes in net position, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Commission as of June 30, 2024 and 2023, 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 audit 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 the Commission and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. 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 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 the Commission’s ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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 the Commission'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 the Commission'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 management's discussion and analysis, the schedule of proportionate share of the net pension liability, and the schedule of contributions be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 Commission's basic financial statements. The combining schedules and budgetary schedules 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 combining schedules and budgetary schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

In accordance with the *Minimum Standards for Auditors of Oregon Municipal Corporations*, we have also issued our report dated November 26, 2024, on our consideration of the Commission's compliance with certain provisions of laws and regulations, including the provisions of the 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.



Keith Simovic, Partner,
for Moss Adams
Portland, Oregon
November 26, 2024

MANAGEMENT'S DISCUSSION AND ANALYSIS

NORTH CLACKAMAS COUNTY WATER COMMISSION

Clackamas County, Oregon

MANAGEMENT'S DISCUSSION & ANALYSIS

As management of the North Clackamas County Water Commission (Commission), we offer readers of the Commission's financial statements this narrative overview and analysis of the financial activities of the Commission for the fiscal years ended June 30, 2023, and 2024. We encourage readers to consider the information presented here in conjunction with additional information that are furnished in the notes to the financial statements.

Financial Highlights

- At June 30, 2024, the Commission's assets and deferred outflows exceeded its liabilities and deferred inflows by \$32.4 million; of this amount, \$25.6 million represents investment in capital assets, net of related debt; while \$6.7 million represents unrestricted net position, which may be used to satisfy ongoing obligations to members and creditors.
- Net position increased \$0.64 million or 2.0% with revenues of \$5.0 million exceeding expenses of \$4.7 million.
- The Commission has \$25.6 million invested in capital assets, net of accumulated depreciation; of this amount, \$9.9 million is comprised of water rights. Net capital assets increased by \$0.5 million (or 1.9%) for the year as a result of new additions more than depreciation.

Overview of the Financial Statements

These discussion and analysis are intended to serve as an introduction to the Commission's basic financial statements. The Commission's basic financial statements consist of the following: 1) Statements of Net Position, 2) Statements of Revenues, Expenses and Changes in Net Position, 3) Statements of Cash Flows, and 4) Notes to the Basic Financial Statements. All statements are presented as comparative to the prior year.

The basic financial statements are intended to provide a broad overview of the Commission's finances. The Statements of Net Position present information on assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position. Over time, increases and decreases in net position may serve as a useful indicator of whether the financial position of the Commission is improving or deteriorating. The Statements of Revenues, Expenses and Changes in Net Position present information on the Commission's operating and non-operating activities and resulting change in net position. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported for items that will only result in cash flows in future fiscal periods (i.e., uncollected fees, unused vacation leave, future pension expense, etc.). The Statements of Cash Flows present information indicating how the Commission's cash changed as a result of current year operations. The notes to the basic financial statements provide additional

NORTH CLACKAMAS COUNTY WATER COMMISSION

Clackamas County, Oregon

MANAGEMENT’S DISCUSSION & ANALYSIS (Continued)

information that is essential to a complete understanding of the data provided in the basic financial statements.

The Commission provides wholesale water to its members and recovers its costs through service charges and sundry fees. Accordingly, the Commission is an enterprise entity, and its finances are accounted for using proprietary fund accounting. Proprietary activities report using accrual accounting and provide that revenue is recorded when it is earned, and expenses are recorded when they are incurred.

Financial Summary

The following schedule presents a summary of revenues, expenses and change in net position for the Commission for the last two fiscal years.

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
(in thousands)

	2022	2023	2024
Operating Revenues	\$ 2,766	\$ 4,487	\$ 5,025
Operating Expenses	2,334	4,223	4,702
Operating Income	431	263	323
Non-operating revenue	32	181	318
Change in Net Position	463	444	641
Beginning Net Position	30,797	31,260	31,705
Ending Net Position	\$ 31,260	\$ 31,705	\$ 32,346

The Commission’s General Fund accounts for all revenues and related costs of providing water to the members. Actual operating revenue exceeded expenses, yielding positive operating income, in both fiscal years. Operating revenues increased in fiscal 2023-24, and operating expenses increased in both personal services and materials & services.

Water revenues each year reflect sales to the members, while costs are driven by actual production, treatment, and delivery of water to those same members. Water rates are initially calculated on budgeted costs based on budgeted demand of all members. Following the close of each year, a true-up is established by reconciling actual costs and actual demand. Also included in the true-up are any sundry revenues received by the Commission. In the event amounts are refunded to the members, water sales are reduced. For comparative purposes, overall revenue increased 66.9% for fiscal 2022-23 and 14.5% for 2023-24. Fiscal 2022-23 was the initial year of the NCCWC, CRW water supply agreement which resulted in a material increase in water purchases and corresponding revenue.

Personnel services expense for fiscal 2022-23 reflects an increase in personnel services costs of 40.6% due to returning to full staffing during the fiscal year with an additional full time position and increases in annual benefits and salary increases. Fiscal 2023-24 reflects full staffing for the entire year and increases in personnel services costs of 8.1% due to increases in annual benefit costs and salary increases.

NORTH CLACKAMAS COUNTY WATER COMMISSION

Clackamas County, Oregon

MANAGEMENT’S DISCUSSION & ANALYSIS (Continued)

Materials and services increased 129.7% for fiscal 2022-23 as operations returned to historic levels. Fiscal 2023-24 increased by 17.4% as operations leveled out during the year. Wholesale water purchase, contracted services, and utilities are the primary drivers within this category.

The following schedule presents a summary of assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position.

STATEMENTS OF NET POSITION

(in thousands)

	Fiscal year ended June 30,		
	2022	2023	2024
ASSETS AND DEFERRED OUTFLOWS			
Current Assets	\$ 6,874	\$ 7,277	\$ 7,669
Non-Current Assets			
Capital Assets (Net)	24,898	25,163	25,639
Total Non-Current Assets	24,898	25,163	25,639
Total Assets	31,772	32,440	33,308
Deferred Outflows	174	374	489
Total Assets and Deferred Outflows	\$ 31,946	\$ 32,814	\$ 33,797
LIABILITIES, DEFERRED INFLOWS, AND NET POSITION			
Current Liabilities:	\$ 152	\$ 349	\$ 690
Long-Term Liabilities:			
Proportionate Share of Net Pension Liability	291	555	667
Total Liabilities	443	904	1,357
Deferred Inflows	243	205	94
Total Liabilities and Deferred Inflows	686	1,109	1,451
Net Position:			
Net Investment in Capital Assets	24,898	25,163	25,639
Unrestricted	6,362	6,542	6,707
Total Net Position	31,260	31,705	32,346
Total Liabilities, Deferred Inflows, and Net Position	\$ 31,946	\$ 32,814	\$ 33,797

Net position serves as one useful indicator of a government’s financial condition. At the close of the fiscal year ended June 30, 2024 the Commission’s assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$32.4 million (Net Position). The largest portion of net position (79.2%) reflects the Commission’s investment in capital assets, net of related debt. The Commission uses these capital assets to provide water to its members; consequently, these assets are not available for future spending. As of fiscal year 2023-24 the remaining portion of net position (20.8%) is unrestricted and may be used to meet the Commission’s ongoing obligations to members and creditors.

NORTH CLACKAMAS COUNTY WATER COMMISSION

Clackamas County, Oregon

MANAGEMENT’S DISCUSSION & ANALYSIS (Continued)

Capital Assets

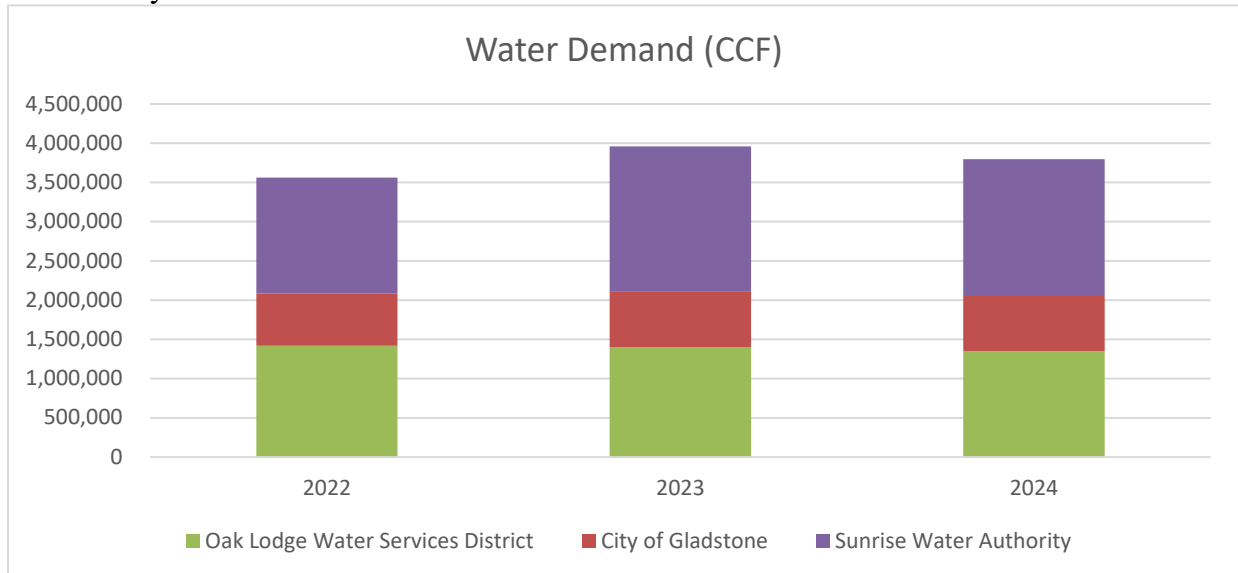
The Commission’s capital assets include investments in land, buildings, machinery and equipment, and water treatment and distribution systems. Current period capital expenditures totaled \$1,408,173. These expenditures capitalized, increasing total capital assets, which were then reduced by depreciation expense of \$932,512. Total net capital assets increased by \$475,661 or 1.9%. At June 30, 2024, the Commission had \$25.6 million invested in a broad range of capital assets, net of accumulated depreciation, including \$9.9 million invested in water rights. See Note 1 Subsection H as well as Note 4 of the Notes to Basic Financial Statements for additional information on capital assets.

Economic Factors and Next Year’s Budget and Rates

The Commission’s commitment and obligation to provide safe, public water for drinking and other purposes is the driver to its business decisions and corresponding financial results. Moreover, these outcomes are achieved through collaboration among its member agencies. The Commission’s water rates are, in turn, established under an "equal unit cost of water" model which is set to recover the total cost of operations based on total production. Members are charged an "equal unit price" for water and operating costs based on their respective annual consumption plus any additional costs incurred for delivery to set points of use.

The cost of operations is expected to continue to increase as the cost of labor, materials, energy, and capital investment also escalate. As such, next year’s water sales are expected to change in line with increases in the costs of water production relative to demand.

The chart below illustrates changes in water demand by the Commission’s members over the last three fiscal years:



NORTH CLACKAMAS COUNTY WATER COMMISSION

Clackamas County, Oregon

MANAGEMENT'S DISCUSSION & ANALYSIS (Continued)

The chart illustrates a reduced demand for fiscal year 2023-24 from prior fiscal year however remains slightly above 2021-22. The reduced demand in fiscal year 2023-24 is attributable to more frequent precipitation and lower temperatures in both the early summer and early autumn as compared to the early summer and early autumn months in fiscal year 2022-23.

Both Oak Lodge and Gladstone rely solely on the Commission for their water. The two agencies have been working to reduce water loss within their respective distribution delivery systems. Each agency either has or is in the process of conducting water audits intended to close the gap between water purchased from the Commission and water sold to customers. Water demand for Oak Lodge decreased 4% from 2023 to 2024 following a decrease of 1% from 2022 to 2023, whereas demand from Sunrise Water decreased 6% from 2023 to 2024 following an increase of 25% from 2022 to 2023. City of Gladstone's year over year comparison reflects a 1% increase from 2023 to 2024 following a 6% increase from 2022 to 2023.

The Commission's water treatment plant is now over 20 years old and as such is requiring repair and replacement of key capital elements. The existing capital plan estimates an additional \$3.9 million in capital investment is required in the next four years. This amount is planned to be funded by existing reserves within the Plant Reserve Fund. Notwithstanding, the Board has authorized the continued funding of future capital through annual reserves created from water sales (subject to transfer to the Plant Reserve Fund. The plan is strategically structured to grow reserves each year through wholesale service charges. Hence, in the next four years, the Commission is forecasting to accumulate \$5.0 million in additional capital reserves, thus adequately funding its future capital requirements. Unless there are unforeseen conditions, the Commission has no plans to issue debt of any kind.

Requests for Information

This financial report is designed to provide a general overview of the North Clackamas County Water 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 the Finance Director, 14496 SE River Road, Milwaukie, Oregon, 97267.

BASIC FINANCIAL STATEMENTS

North Clackamas County Water Commission
Clackamas County, Oregon

Statements of Net Position
June 30, 2023 and 2024

	<u>2023</u>	<u>2024</u>
Assets:		
Current:		
Cash and Cash Equivalents	\$ 6,404,483	\$ 6,459,374
Accounts Receivable, net	85,023	555,360
Intergovernmental Receivables	726,336	574,719
Prepaid Expenses	61,420	79,951
Total Current Assets	<u>7,277,262</u>	<u>7,669,404</u>
Non-Current:		
Capital Assets (Net)	25,162,976	25,638,637
Total Non-current Assets	<u>25,162,976</u>	<u>25,638,637</u>
Total Assets	<u>32,440,238</u>	<u>33,308,041</u>
Deferred Outflows of Resources:		
Net Pension Related Deferrals	373,366	488,778
OPEB Related Deferrals	925	-
Total Deferred Outflows of Resources	<u>374,291</u>	<u>488,778</u>
Total Assets and Deferred Outflows	<u>\$ 32,814,529</u>	<u>\$ 33,796,819</u>
Liabilities:		
Current Liabilities:		
Accounts Payable	\$ 330,536	\$ 667,025
Accrued Compensated Absences	18,484	23,053
Total Current Liabilities	<u>349,020</u>	<u>690,078</u>
Long-term Liabilities:		
Proportionate Share of Net Pension Liability	555,487	666,812
Total Long-term Liabilities	<u>555,487</u>	<u>666,812</u>
Total Liabilities	<u>904,507</u>	<u>1,356,890</u>
Deferred Inflows of Resources:		
Net Pension Related Deferrals	205,284	93,856
Total Deferred Inflows of Resources	<u>205,284</u>	<u>93,856</u>
Total Liabilities and Deferred Inflows	<u>1,109,791</u>	<u>1,450,746</u>
Net Position:		
Net Investment in Capital Assets	25,162,976	25,638,637
Restricted	-	-
Unrestricted	6,541,762	6,707,436
Total Net Position	<u>31,704,738</u>	<u>32,346,073</u>
Total Liabilities, Deferred Inflows and Net Position	<u>\$ 32,814,529</u>	<u>\$ 33,796,819</u>

The accompanying notes are an integral part of these statements.

North Clackamas County Water Commission
Clackamas County, Oregon

Statements of Revenues, Expenses and Changes in Net Position
For the Years Ended June 30, 2023 and 2024

	2023	2024
Operating Revenue:		
Water Sales	\$ 4,424,025	\$ 4,987,322
Miscellaneous	63,471	38,122
Total Operating Revenues	4,487,496	5,025,444
Operating Expenses:		
Personnel Services	636,244	687,774
Materials and Services	2,625,318	3,082,061
Depreciation and Amortization	962,649	932,512
Total Operating Expenses	4,224,211	4,702,347
Net Income From Operations	263,285	323,097
Non-operating Revenues (Expenses)		
Earnings on Investments	181,014	318,238
Total Non-operating Revenues	181,014	318,238
Change in Net Position	444,299	641,335
Beginning Net Position	31,260,439	31,704,738
Ending Net Position	\$ 31,704,738	\$ 32,346,073

The accompanying notes are an integral part of these statements.

North Clackamas County Water Commission
Clackamas County, Oregon

Statements of Cash Flows
For the Years Ended June 30, 2023 and 2024

	<u>2023</u>	<u>2024</u>
Cash Flows From Operating Activities:		
Cash Received from Customers	\$ 3,928,447	\$ 4,706,724
Cash Paid to Suppliers	(2,431,220)	(2,764,104)
Cash Paid to Employees	(619,499)	(797,795)
Net Cash Provided (Used) By Operating Activities	877,728	1,144,825
Cash Flows From Capital Related Financing Activities:		
Purchase of Capital Assets	(1,227,657)	(1,408,172)
Net Cash Provided, (Used) By Financing Activities	(1,227,657)	(1,408,172)
Cash Flows From Investing Activities:		
Earnings on Investments	181,014	318,238
Net Cash Provided, (Used) By Investing Activities	181,014	318,238
Net Increase in Cash	(168,915)	54,891
Beginning Cash and Cash Equivalents	6,573,398	6,404,483
Ending Cash and Cash Equivalents	\$ 6,404,483	\$ 6,459,374
(1) Cash and cash equivalents are reflected on the Statement of Net Position as follows:		
Cash and Investments	\$ 6,404,483	\$ 6,459,374
Cash and Investments - Restricted	-	-
Subtotal	\$ 6,404,483	\$ 6,459,374
Reconciliation of Operating Income to Net Cash Provided (Used) By Operating Activities		
Net Income, (Loss) From Operations	\$ 263,285	\$ 323,097
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities		
Depreciation Expense	962,649	932,512
Proportional Pension Estimate, Inflows/Outflows	25,150	(115,515)
OPEB Estimate and Net Outflow/Inflow of Resources	1,736	925
Decrease, (Increase) In:		
Accounts Receivable, net	(70,769)	(470,337)
Intergovernmental Receivables	(488,280)	151,617
Prepaid Expenses	(12,843)	(18,531)
Increase, (Decrease) In:		
Accounts Payable	206,941	336,488
Accrued Vacation Payable	(10,141)	4,569
Net Cash Provided, (Used) By Operating Activities	\$ 877,728	\$ 1,144,825

The accompanying notes are an integral part of these statements.

NORTH CLACKAMAS COUNTY WATER COMMISSION

Clackamas County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the North Clackamas County Water Commission (the Commission) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the Commission's accounting policies are described below.

A. The Financial Reporting Entity

The North Clackamas County Water Commission, an ORS Chapter 190 Organization, was formed in February of 1996 through an Intergovernmental Agreement (the IGA), which allowed Damascus Water District, Mt. Scott Water District and Oak Lodge Water District to complete capital construction, improvements, and purchase equipment, useful or convenient for the water system. In September 1998, the IGA was first revised, after which the members formally adopted the IGA by ordinance and began construction of the Slow Sand Filter Plant (the Plant). Construction of the Plant was completed and went into operation in August 1999. On May 14, 2001, the IGA was revised for the second time to incorporate the combining of Damascus and Mt. Scott Water District into the Sunrise Water Authority and to accommodate debt financing. On July 18, 2005, the IGA was again revised to add the City of Gladstone as a member of the Commission. The role of the Commission is to be the water supply agency for operating the Plant to provide water for the members. A Board of Commissioners with representatives of all members governs the Commission. In September 2018, the IGA was again amended and restated. The most notable change was reducing the Board of Directors from a seven-member Board to a five-member board.

The accompanying financial statements present all activities of the Commission. The Commission has no component units.

B. Basis of Presentation - Fund Accounting

The Commission's accounting records are maintained on a fund accounting basis for budgetary purposes. For financial reporting purposes, the basic financial statements are presented as a unitary enterprise operation, and as such, are reported as a single column in the basic financial statements.

Financial operations of the Commission are accounted for in the following funds:

General Fund

This fund accounts for all revenues and expenditures of the Commission except those required to be accounted for in another fund. The principal revenue source is water sales.

Plant Reserve Fund

This fund accounts for future capital replacements. The principal resource is operating transfers.

C. Basis of Accounting

The Commission's financial statements are prepared on the accrual basis of accounting using the "economic resources" measurement focus. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recognized when liabilities are incurred, regardless of the timing of the related cash flow. Accordingly, all assets, deferred outflows of resources, and liabilities and deferred inflows of resources are reflected within the statements of net position with the equity section representing "net position."

Proprietary funds (enterprise) distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Commission is water

NORTH CLACKAMAS COUNTY WATER COMMISSION

Clackamas County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (continued)

charges. Water revenue is recorded when the service is rendered. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

D. Estimates

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

E. Budget

As an entity formed under ORS Chapter 190, the Commission is not subject to Oregon Local Budget Law but chooses to follow the process for adopting and amending budgets as provided for therein. A budget is prepared and adopted for each fund on the accrual basis of accounting in the main program categories identified by Oregon Local Budget Law, as listed below. The budgets for all funds are adopted on a basis consistent with generally accepted accounting principles, except depreciation expense is not recorded in budgetary statements. The Commission begins its budget process early in each fiscal year with the establishment of the budget committee. Recommendations are developed through late winter with the budget committee approving the budget in early spring. Public notices of the budget hearing are generally published in early spring with a public hearing being held approximately three weeks later. The Board may amend the budget prior to adoption. However, budgeted expenditures for each fund may not be increased by more than ten percent. The budget is adopted, and appropriations are made no later than June 30th. Expenditure budgets are appropriated at the following levels for each fund: Personnel Services, Materials and Services, Debt Service, Transfers, Capital Outlay, and Contingency.

Expenditures cannot legally exceed the adopted appropriation levels. Appropriations lapse at fiscal year-end. Supplemental appropriations may occur if the Board approves them due to a need. There were no supplemental appropriations during the period July 1, 2023 to June 30, 2024. Expenditures of the various funds were within authorized appropriations for the period July 1, 2023 through June 30, 2024.

F. Cash and Cash Equivalents

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

- (1) readily convertible to known amounts of cash.
- (2) and, 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 meet this definition.

G. Investments

Current investments are investments that mature within twelve months. Non-current investments are investments that mature after twelve or more months. Investments are reported at fair market value, generally based on market prices.

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Observable inputs are developed based on market

NORTH CLACKAMAS COUNTY WATER COMMISSION

Clackamas County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Investments

data obtained from sources independent of the reporting entity. Unobservable inputs are developed based on the best information available about the assumptions market participants would use in pricing the asset. The classification of securities within the fair value hierarchy is based upon the activity level in the market for the security type and the inputs used to determine their fair value, as follows:

Level 1 – unadjusted price quotations in active markets/exchanges for identical assets or liabilities that each participant has the ability to access.

Level 2 – other observable inputs including, but not limited to, quoted prices for similar assets or liabilities in markets that are active, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the assets or liabilities (such as interest rates, yield curves, volatilities, loss severities, credit risks and default rates) or other market–corroborated inputs.

Level 3 – unobservable inputs based on the best information available in the circumstances, to the extent observable inputs are not available including each participant’s own assumptions used in determining the fair value of investments.

The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). Accordingly, the degree of judgment exercised in determining fair value is greatest for instruments categorized in Level 3. The inputs used to measure fair value may fall into various levels of the fair value hierarchy. In such cases, for disclosure purposes, the fair value hierarchy classification is determined based on the lowest level input that is significant to the fair value measurement in its entirety.

H. Capital Assets

Capital assets are stated at cost or estimated historical cost. Donated capital assets are stated at acquisition value at the time received. Maintenance and repairs are expensed as incurred. Replacements that improve or extend the lives of property are capitalized. The Commission capitalizes items over \$5,000 with an estimated useful life greater than one year.

Water rights (an intangible asset) consist of rights to the use of water from the Clackamas River. Amortization is not recorded since the intangible has an indefinite life. The recorded amount of such asset is based upon the fair value of the water rights when they were transferred by respective members to the Commission.

Depreciation of capital assets has been recognized and reflected in the basic financial statements. Depreciation is calculated on the straight-line method based upon the estimated useful lives of the assets:

Water Piping Systems	30-75 years
Buildings & Improvements	5-50 years
Equipment	5-20 years

I. Compensated Absences

Vacation pay is vested when earned. Employees earn annual leave based on length of service to the Commission. Unpaid vested vacation is shown in accrued compensated absences on the Statements of Net Position and recorded as an expense when earned. The Commission provides vesting of one-fourth (1/4) or twenty-five percent (25%) of sick pay for employees with ten (10) years of service.

NORTH CLACKAMAS COUNTY WATER COMMISSION

Clackamas County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. Retirement Plans

Substantially all the Commission's employees are participants in the State of Oregon Public Employees Retirement System (PERS). For the purpose of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about fiduciary net position of PERS and additions to/deductions from PERS's fiduciary net position have been determined on the same basis as PERS reports them. 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.

K. Net Position

Net position comprises the various net earnings from operations, non-operating revenues, expenses, and contributions of capital. Net position is made up of the following three categories.

Net Investment in Capital Assets – consists of all capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds or other borrowings attributable to the acquisition, construction, or improvement of those assets.

Restricted – consists of external constraints placed on net position use by creditors, grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

Unrestricted – consists of net position items that are not included in the other categories previously mentioned.

When both restricted and unrestricted resources are available for use, it is the Commission's policy to use restricted resources first, then unrestricted resources as they are needed.

L. Deferred Outflows/Inflows of Resources

In addition to assets, the Statements of Net Position report a separate section for deferred outflow of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the Statements of Net Position report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

NORTH CLACKAMAS COUNTY WATER COMMISSION

Clackamas County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

2. CASH AND INVESTMENTS

Cash and cash equivalents

The cash and cash equivalents are comprised of cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. State statutes govern the Commission's cash management policies because the Commission does not have an official investment policy. Statutes authorize the Commission to invest in banker's acceptances, time certificates of deposit, repurchase agreements, obligations of the United States and its agencies and instrumentalities, and the Oregon State Treasurer's Local Government Investment Pool (LGIP or Pool).

Investments

The Commission participates in the LGIP, which is an open-ended, no-load diversified portfolio created under ORS 294.805 to 294.895 and is not registered with the U.S. Securities and Exchange Commission as an investment company. The State Treasurer is the investment officer for the Pool and is responsible for all funds in the Pool. These funds must be invested and managed, like that of a prudent investor, exercising reasonable care, skill, and caution. Investments in the fund are further governed by portfolio guidelines issued by the Oregon Short-term Funds Board (OSTFB), which establish diversification percentages and specify the types and maturities of investments. The Oregon Audits Division of the Secretary of State's Office audits the Pool annually. The Division's report on the Pool as of and for the year ended June 30, 2024 was unmodified and may be obtained at the Oregon State Treasury, 350 Winter St. NE, Ste 100, Salem, OR 97310.

Amounts in the LGIP are not required to be collateralized. The audited financial reports of the Oregon Short Term Fund can be found here:

[http://www.oregon.gov/treasury/Divisions/Investment/Pages/Oregon-Short-Term-Fund-\(OSTF\).aspx](http://www.oregon.gov/treasury/Divisions/Investment/Pages/Oregon-Short-Term-Fund-(OSTF).aspx). If the link has expired, please contact the Oregon Short Term Fund directly.

Cash and investments at June 30, 2023 and 2024, (recorded at fair value) consisted of the following:

	<u>2023</u>	<u>2024</u>
Cash on hand	\$ 500	\$ 16
Demand deposits	288,362	1,126,499
Investments	6,115,621	5,332,859
Total cash and investments	<u>\$ 6,404,483</u>	<u>\$ 6,459,374</u>

The Commission had the following investments and maturities at June 30, 2024:

<u>Investment Type</u>	<u>Amortized Value</u>	<u>Investment Maturities (in months)</u>	
		<u>Less than 3</u>	<u>More than 3</u>
State Treasurer's Investment Pool	\$ 5,332,859	\$ 5,332,859	\$ -0-
Total investments	<u>\$ 5,332,859</u>	<u>\$ 5,332,859</u>	<u>\$ -0-</u>

The Commission had the following investments and maturities at June 30, 2023:

<u>Investment Type</u>	<u>Amortized Value</u>	<u>Investment Maturities (in months)</u>	
		<u>Less than 3</u>	<u>More than 3</u>
State Treasurer's Investment Pool	\$ 6,115,621	\$ 6,115,621	\$ -0-
Total investments	<u>\$ 6,115,621</u>	<u>\$ 6,115,621</u>	<u>\$ -0-</u>

NORTH CLACKAMAS COUNTY WATER COMMISSION

Clackamas County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

2. CASH AND INVESTMENTS (CONTINUED)

Interest Rate Risk

Oregon Revised Statutes require investments to not exceed a maturity of 18 months, except when the local government has adopted a written investment policy that was submitted to and reviewed by Oregon State Treasury (OST). The Commission does not have any investments that have a maturity date in excess of 18 months.

Concentration of Credit Risk

Deposits with financial institutions include bank demand deposits. Oregon Revised Statutes require deposits to be adequately covered by federal depository insurance or deposited at an approved depository as identified by the Treasury. Oregon Revised Statutes does not limit investments as to credit rating for securities purchased from US Government Agencies or USGSE. The LGIP is not rated.

Custodial Credit Risk - Deposits

This is the risk that, in the event of a bank failure, the Commission's deposits may not be returned. The Federal Depository Insurance Corporation (FDIC) provides Insurance for the Commission's deposits with financial institutions up to \$250,000 each for the aggregate of all non-interest-bearing accounts and the aggregate of all interest-bearing accounts at each institution. Deposits in excess of FDIC coverage with institutions participating in the Oregon Public Funds Collateralization Program. Oregon Revised Statutes and Commission policy require depository institutions to maintain on deposit, with the collateral pool manager, securities having a value not less than 10% of their quarter-end public fund deposits if they are well capitalized, 25% of their quarter-end public fund deposits if they are adequately capitalized, or 110% of their quarter-end public fund deposits if they are undercapitalized or assigned to pledge 110% by the Office of the State Treasurer. As of June 30, 2024, the total bank balance per the bank statements was \$1,174,383. Of these deposits, \$250,000 was covered by federal depository insurance while the remainder is collateralized by the Oregon Public Funds Collateralization Program (PFCP).

3. ACCOUNTS RECEIVABLE

Accounts receivables consist of amounts due from the Commission's members for water consumption. An allowance for uncollectible accounts is not considered necessary as historically there are no delinquent accounts.

NORTH CLACKAMAS COUNTY WATER COMMISSION

Clackamas County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

4. CAPITAL ASSETS

Capital Assets and the related changes for the year ended June 30, 2024, are summarized below:

	Balance June 30, 2023	Additions	Disposals	Transfers	Balance June 30, 2024
Capital Assets not being Depreciated:					
Land	\$ 701,351	\$ -	\$ -	\$ -	\$ 701,351
Intangibles	9,915,662	-	-	-	9,915,662
Construction in Progress	138,225	16,174	-	(97,641)	56,758
Total Capital Assets not being Depreciated	<u>10,755,238</u>	<u>16,174</u>	<u>-</u>	<u>(97,641)</u>	<u>10,673,771</u>
Capital Assets being Depreciated:					
Water Treatment Plant	27,897,323	1,391,999	380,054	97,641	29,006,909
Equipment	1,484,206	-	-	-	1,484,206
Transmission Line	1,970,274	-	-	-	1,970,274
Total Capital Assets being Depreciated	<u>31,351,803</u>	<u>1,391,999</u>	<u>380,054</u>	<u>97,641</u>	<u>32,461,389</u>
Total Capital Assets	<u>42,107,041</u>	<u>1,408,173</u>	<u>380,054</u>	<u>-</u>	<u>43,135,160</u>
Less Accumulated Depreciation:					
Water Treatment Plant	15,326,893	839,982	380,054	-	15,786,821
Equipment	1,034,994	66,259	-	-	1,101,253
Transmission Line	582,178	26,271	-	-	608,449
Total Accumulated Depreciation	<u>16,944,065</u>	<u>932,512</u>	<u>380,054</u>	<u>-</u>	<u>17,496,523</u>
Total Net Capital Assets being Depreciated	<u>14,407,738</u>	<u>459,487</u>	<u>-</u>	<u>97,641</u>	<u>14,964,866</u>
Total Net Capital Assets	<u>\$ 25,162,976</u>	<u>\$ 475,661</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 25,638,637</u>

Capital Assets and the related changes for the year ended June 30, 2023, are summarized below:

	Balance June 30, 2022	Additions	Disposals	Transfers	Balance June 30, 2023
Capital Assets not being Depreciated:					
Land	\$ 701,351	\$ -	\$ -	\$ -	701,351
Intangibles	9,915,662	-	-	-	9,915,662
Construction in Progress	64,727	90,423	16,925	-	138,225
Total Capital Assets not being Depreciated	<u>10,681,740</u>	<u>90,423</u>	<u>16,925</u>	<u>-</u>	<u>10,755,238</u>
Capital Assets being Depreciated:					
Water Treatment Plant	27,282,493	1,072,093	457,263	-	27,897,323
Equipment	1,433,447	82,066	31,307	-	1,484,206
Transmission Line	1,970,274	-	-	-	1,970,274
Total Capital Assets being Depreciated	<u>30,686,214</u>	<u>1,154,159</u>	<u>488,570</u>	<u>-</u>	<u>31,351,803</u>
Total Capital Assets	<u>41,367,954</u>	<u>1,244,582</u>	<u>505,495</u>	<u>-</u>	<u>42,107,041</u>
Less Accumulated Depreciation:					
Water Treatment Plant	14,914,827	869,329	457,263	-	15,326,893
Equipment	999,252	67,049	31,307	-	1,034,994
Transmission Line	555,907	26,271	-	-	582,178
Total Accumulated Depreciation	<u>16,469,986</u>	<u>962,649</u>	<u>488,570</u>	<u>-</u>	<u>16,944,065</u>
Total Net Capital Assets being Depreciated	<u>14,216,228</u>	<u>191,510</u>	<u>-</u>	<u>-</u>	<u>14,407,738</u>
Total Net Capital Assets	<u>\$ 24,897,968</u>	<u>\$ 281,933</u>	<u>\$ 16,925</u>	<u>\$ -</u>	<u>25,162,976</u>

NORTH CLACKAMAS COUNTY WATER COMMISSION
Clackamas County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

5. ACCRUED COMPENSATORY LEAVE ABSENCES

Changes in Accrued Compensated Absences Liability

The Commission estimates one hundred percent of its total accrued compensated absences leave liability, including salary and related payroll expenses, is current and due within one fiscal year, and accordingly, reports total accrued compensated absences leave liability as a current liability.

The Commission’s accrued compensated absences leave liability balance changed as follows:

	Balance June 30, 2023	Increases	Deletions	Balance June 30, 2024
Accrued Compensated Absences	\$ 18,484	\$ 36,006	\$ 31,437	\$ 23,053

	Balance June 30, 2022	Increases	Deletions	Balance June 30, 2023
Accrued Compensated Absences	\$ 28,625	\$ 22,314	\$ 32,455	\$ 18,484

6. DEFINED BENEFIT PENSION PLAN

Plan Description – The Oregon Public Employees Retirement System (PERS) consists of a single cost-sharing multiple-employer defined benefit plan. All benefits of the system are established by the legislature pursuant to Oregon Revised Statute (ORS) Chapters 238 and 238A. Oregon PERS produces an independently audited Annual Comprehensive Financial Report (ACFR) which can be found at: <https://www.oregon.gov/pers/Pages/Financials/Actuarial-Financial-Information.aspx>

If the link is expired, please contact Oregon PERS for this information.

- a. **PERS Pension (Chapter 238).** The ORS Chapter 238 Defined Benefit Plan is closed to new members hired on or after August 29, 2003.
 - i. **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 (2.0 percent for police and fire employees, 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. Monthly payments must be a minimum of \$200 per month or the member will receive a lump-sum payment of the actuarial equivalent of benefits to which he or she is entitled.

Under Senate Bill 1049, passed during the 2019 legislative session, the salary included in the determination of Final Average Salary will be limited for all members beginning in 2021. The limit was equal to \$225,533 in 2023, \$232,976 in 2024 and will be indexed with inflation in later years.

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 (age 45 for police and fire members). General service employees may retire after reaching age 55. Police and fire members are eligible after reaching age 50. Tier One general service employee benefits are reduced if retirement occurs prior to age 58 with fewer than 30 years of service. Police and fire member benefits are reduced if retirement occurs prior to age 55 with fewer than 25 years of service. Tier Two members are eligible for full benefits at age 60.

NORTH CLACKAMAS COUNTY WATER COMMISSION

Clackamas County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

6. DEFINED BENEFIT PENSION PLAN (CONTINUED)

The ORS Chapter 238 Defined Benefit Pension Plan is closed to new members hired on or after August 29, 2003.

- ii. **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 on or more of the following contributions are met:
 - member was employed by PERS employer at the time of death,
 - member died within 120 days after termination of PERS covered employment,
 - member died as a result of injury sustained while employed in a PERS-covered job, or
 - member was on an official leave of absence from a PERS-covered job at the time of death.
- iii. **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 (55 for police and fire members) when determining the monthly benefit.
- iv. **Benefit Changes After Retirement.** 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 market value equity investments. Under ORS 238.360 monthly benefits are adjusted annually through cost-of-living changes (COLA). The COLA is capped at 2.0%.

b. **OPSRP Pension Program (OPSRP DB).** The ORS Chapter 238A Defined Benefit Pension Program provides benefits to members hired on or after August 29, 2003.

- i. **Pension Benefits.** 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:

Police and fire: 1.8 percent are multiplied by the number of years of service and the final average salary. Normal retirement age for police and fire members is age 60 or age 53 with 25 years of retirement credit. To be classified as a police and fire member, the individual must have been employed continuously as a police and fire member for at least five years immediately preceding retirement.

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.

Under Senate Bill 1049, passed during the 2019 legislative session, the salary included in the determination of final average salary will be limited for all members beginning in 2021. The limit will be equal to \$210,582 in 2023, \$232,976 in 2024 and will be indexed with inflation in later years.

A member of the pension program becomes vested on the earliest of the following dates: the date the member completes 600 hours of service in each of five calendar years, the date the member reaches normal retirement age, and, if the pension program is terminated, the date on which termination becomes effective.

NORTH CLACKAMAS COUNTY WATER COMMISSION

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NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

6. DEFINED BENEFIT PENSION PLAN (CONTINUED)

- ii. **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.
- iii. **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.
- iv. **Benefit Changes After 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 over \$60,000.

c. OPSRP Individual Account Program (OPSRP IAP).

- i. **Pension Benefits.** The IAP is an individual account-based program under the PERS tax-qualified governmental plan as defined under ORS 238A.400. An IAP member becomes vested on the date the employee account is established or on the date the rollover account was established. If the employer makes optional employer contributions for a member, the member becomes vested on the earliest of the following dates: the date the member completes 600 hours of service in each of five calendar years, the date the member reaches normal retirement age, the date the IAP is terminated, the date the active member becomes disabled, or the date the active member dies.

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.

- ii. **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.
- iii. **Recordkeeping** OPERS Contracts with VOYA Financial to Maintain IAP Participant records.

d. Contributions

- i. **Employer 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, 2021 actuarial valuation. The rates based on a percentage of payroll, first became effective July 1, 2021. Effective January 1, 2020, Senate Bill 1049 required employers to pay contributions on re-employed PERS retirees' salary as if they were an active member, excluding IAP (6 percent) contributions. Re-employed retirees do not accrue additional benefits while they work after retirement. Employer contributions for the year ended June 30, 2024 were \$247,271 excluding amounts to fund employer specific liabilities. The rates in effect for the fiscal year ended June 30, 2024 were

NORTH CLACKAMAS COUNTY WATER COMMISSION

Clackamas County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

6. DEFINED BENEFIT PENSION PLAN (CONTINUED)

30.57 percent for Tier One/Tier Two General Service Member, 24.27 percent for OPSRP Pension Program General Service Members.

ii. Employee Contributions

Beginning January 1, 2004, all employee contributions were placed in the OPSRP Individual Account Program (IAP), a defined contribution pension plan established by the Oregon Legislature. Prior to that date, all member contributions were credited to the Defined Benefit Pension Plan. Member contributions are set by statute at 6.0 or 7.0 percent of salary and are remitted by participating employers. The contributions are either deducted from member salaries or paid by the employers on the members behalf. The IAP member accounts represent member contributions made on or after January 1, 2004, plus earnings allocations less disbursements for refunds, death benefits, and retirements.

Starting July 1, 2020, Senate Bill 1049 required a portion of member contributions to their IAP accounts to be redirected to the Defined Benefit fund. If the member earns more than \$3,333 per month, 0.75 percent (if OPSRP member) or 2.5 percent (if Tier One/Tier Two member) of the member's contributions that were previously contributed to the member's IAP now fund the new Employee Pension Stability Accounts (EPSA). The EPSA accounts will be used to fund the cost of future pension benefits without changing those benefits, which means reduced contributions to the member's IAP account. Members may elect to make voluntary IAP contributions equal to the amount redirected.

e. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2023 and June 30, 2024, the Commission reported a liability of \$555,487 and \$666,812 respectively, for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2021 rolled forward to June 30, 2023. The Commission's proportion of the net pension liability was based on a projection of the Commission's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. At June 30, 2023, the Commission's proportion was 0.003560 percent, which was an increase from its proportion of 0.003628 measured as of June 30, 2022.

For the year ended June 30, 2023 and June 30, 2024, the Commission's recognized pension expense of \$104,421 and \$132,523 respectively. At June 30, 2024, the Commission reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

NORTH CLACKAMAS COUNTY WATER COMMISSION

Clackamas County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

6. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Deferred outflows and inflows as of June 30, 2024 comprised as follows:

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Difference between expected and actual experience	\$ 32,609	\$ 2,644
Changes of assumptions	59,236	442
Net difference between projected and actual earnings on investments	11,985	-
Changes in proportion	137,677	9,647
Differences between employer contributions and employer's proportionate share of contributions	-	81,123
Total (prior to post-measurement date (MD) contributions)	<u>241,507</u>	<u>93,856</u>
Contributions subsequent to the MD	247,271	-
Subtotal	<u>\$ 488,778</u>	<u>\$ 93,856</u>

Deferred outflows and inflows as of June 30, 2023 comprised as follows:

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Difference between expected and actual experience	\$ 26,964	\$ 3,464-
Changes of assumptions	87,159	796
Net difference between projected and actual earnings on investments	-	99,310
Changes in proportion	181,878	2,391
Differences between employer contributions and employer's proportionate share of contributions	221	99,232
Total (prior to post-measurement date (MD) contributions)	<u>296,222</u>	<u>205,284</u>
Contributions subsequent to the MD	77,144	-
Subtotal	<u>\$ 373,366</u>	<u>\$ 205,284</u>

Commission's contributions subsequent to the measurement date of \$247,271 and \$77,144 in years ended June 30, 2024 and 2023 are reported as deferred outflows of resources related to pensions and will be recognized as a reduction of the net pension liability in the year following. Included in deferred outflows for June 30, 2024 is \$150,000, a lump sum deposit to establish a side account which will be valued in the year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2023	29,987
2024	213
2025	86,531
2026	30,712
2027	387
Thereafter	-
Total	<u>\$ 147,651</u>

NORTH CLACKAMAS COUNTY WATER COMMISSION

Clackamas County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

6. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Actuarial Methods and Assumptions:

Actuarial Assumptions

The total pension liability in the December 31, 2021 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	December 31, 2021
Measurement Date	June 30, 2023
Experience Study Report	2020, Published July 20, 2021
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 of overall payroll growth
Cost of Living Adjustments	Blend of 2.00% COLA and grade COLA (1.25%/.015%) in accordance with Moro decision, blend based on service
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 Disabled Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.

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 methods and assumptions shown above are based on the 2020 Experience Study which reviewed experience for the four-year period ending on December 31, 2020.

NORTH CLACKAMAS COUNTY WATER COMMISSION

Clackamas County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

6. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Long-term Expected Rate of Return

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in January 2023 the PERS Board reviewed long-term assumptions developed by both Milliman’s capital market assumptions team and the Oregon Investment Council’s (OIC) investment advisors. The table below shows Milliman’s assumptions for each of the asset classes in which the plan was invested at that time based on the OIC long-term target asset allocation. The OIC’s description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions and includes adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

<u>Asset Class/Strategy</u>	<u>Low Range</u>	<u>High Range</u>	<u>Target Allocation</u>
Debt Securities	20.0%	30.0%	25.0%
Public Equity	22.5%	32.5%	27.5%
Real Estate	9.0%	16.5%	12.5%
Private Equity	17.5%	27.5%	20.0%
Risk Parity	0.0%	0.0%	0.0%
Real Assets	2.5%	10.0%	7.5%
Diversifying Strategies	2.5%	10.0%	7.5%
Opportunity Portfolio	0.0%	5.0%	0.0%
Total			<u>100.0%</u>

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Compounded Annual Return (Geometric)</u>
Global Equity	27.50%	7.07%
Private Equity	25.50%	8.83%
Core Fixed Income	25.00%	4.50%
Real Estate	12.25%	5.83%
Master Limited Partnerships	0.75%	6.02%
Infrastructure	1.50%	6.51%
Commodities	0.00%	0.00%
Hedge Fund of Funds – Multi-strategy	1.25%	6.27%
Hedge Fund Equity - Hedge	0.63%	6.48%
Hedge Fund - Macro	5.62%	4.83%
US Cash	0.00%	0.00%
Total	<u>100.00%</u>	

Assumed Inflation - Mean 2.35%

NORTH CLACKAMAS COUNTY WATER COMMISSION

Clackamas County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

6. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Depletion Date Projection

GASB 68 generally requires that a blended discount rate be used to measure the Total Pension Liability (the Actuarial Accrued Liability calculated using the Individual Entry Age Normal Cost Method). The long-term expected return on plan investments may be used to discount liabilities to the extent that the plan's Fiduciary Net Position is projected to cover benefit payments and administrative expenses. A 20-year high quality (AA/Aa or higher) municipal bond rate must be used for periods where the Fiduciary Net Position is not projected to cover benefit payments and administrative expenses. Determining the discount rate under GASB 68 will often require that the actuary perform complex projections of future benefit payments and pension plan investments. GASB 68 (paragraph 67) does allow for alternative evaluations of projected solvency, if such evaluation can reliably be made. GASB does not contemplate a specific method for making an alternative evaluation of sufficiency; it is left to professional judgment.

The following circumstances justify an alternative evaluation of sufficiency for PERS:

- PERS has a formal written policy to calculate an Actuarially Determined Contribution (ADC), which is articulated in the actuarial valuation report.
- The ADC is based on a closed, layered amortization period, which means that payment of the full ADC each year will bring the plan to a 100% funded position by the end of the amortization period if future experience follows assumption.
- GASB 68 specifies that the projections regarding future solvency assume that plan assets earn the assumed rate return and there are no future changes in the plan provisions or actuarial methods and assumptions, which means that the projections would not reflect any adverse future experience which might impact the plan's funded position.

Based on these circumstances, it is our independent actuary's opinion that the detailed depletion date projections outlined in GASB 68 would clearly indicate that the Fiduciary Net Position is always projected to be sufficient to cover benefit payments and administrative expenses.

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.

Sensitivity of the Commission's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the Commission's proportionate share of the net pension liability calculated using the discount rate of 6.90 percent, as well as what the Commission'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:

	1% Decrease (5.90%)	Discount Rate (6.90%)	1% Increase (7.90%)
Commission's proportionate share of the net pension liability (asset)	\$ 1,101,449	\$ 666,812	\$ 303,068

NORTH CLACKAMAS COUNTY WATER COMMISSION

Clackamas County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

6. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Pension Plan Fiduciary Net Position

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

Changes in Plan Provisions During the Measurement Period

There were no changes during the June 30, 2023 measurement period that require disclosure.

Changes in Plan Provisions Subsequent to Measurement Date

There were no changes subsequent to the June 30, 2023 measurement period that require disclosure.

7. OTHER POST-EMPLOYMENT BENEFITS (RHIA)

Plan Description:

The Commission contributes to the PERS Retirement Health Insurance Account (RHIA) for each of its eligible employees. RHIA is a cost-sharing multiple-employer defined benefit other postemployment benefit plan administered by PERS. RHIA pays a monthly contribution toward the cost of Medicare companion health insurance premiums for eligible retirees. ORS 238.420 established this trust fund. The Oregon Legislature has delegated authority to the Public Employees Retirement Board to administer and manage the system. The plan is closed to new entrants hired after August 29, 2003. PERS issues publicly available financial statements and required supplementary information. That report may be obtained by writing to Oregon Public Employees Retirement System, PO Box 23700, Tigard, OR 97281-3700, or online at <https://www.oregon.gov/pers/Pages/Financials/Actuarial-Financial-Information.aspx>

Benefits Provided:

Because RHIA was created by enabling legislation (ORS 238.420), contribution requirements of the plan members and the participating employers were established and may be amended only by the Oregon Legislature. ORS require that an amount equal to \$60 or the total monthly cost of Medicare companion health insurance premiums coverage, whichever is less, shall be paid from the RHIA established by the employer, and any monthly cost in excess of \$60 shall be paid by the eligible retired member in the manner provided in ORS 238.410. To be eligible to receive this monthly payment toward the premium cost, the member must: (1) have eight years or more of qualifying service in PERS at the time of retirement or receive a disability allowance as if the member had eight years or more of creditable service in PERS, (2) receive both Medicare Parts A and B coverage, and (3) enroll in a PERS-sponsored health plan. A surviving spouse or dependent of a deceased PERS retiree who was eligible to receive the subsidy is eligible to receive the subsidy if he or she (1) is receiving a retirement benefit or allowance from PERS or (2) was insured at the time the member died and the member retired before May 1, 1991.

Contributions:

PERS funding policy provides for 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. Employer contribution rates for the period were based on the December 31, 2021 actuarial valuation and a percentage of payroll that first became effective July 1, 2023. The Commission contributed 0.00% of PERS-covered salaries for Tier One/Tier Two members to fund the normal cost portion of RHIA benefits and 0.00% of all PERS-covered salaries to amortize the unfunded actuarial accrued liability over a fixed period with new unfunded

NORTH CLACKAMAS COUNTY WATER COMMISSION

Clackamas County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

7. OTHER POST-EMPLOYMENT BENEFITS (RHIA) (CONTINUED)

actuarial accrued liabilities being amortized over 20 years. The Commission’s total for the year ended June 30, 2024 contributions was \$0.

At June 30, 2024, the Commission held a nil proportionate share (zero assets) of the net post-employment benefit asset for RHIA. The post-employment benefit asset was measured as of June 30, 2023, and the total post-employment benefit asset used to calculate the net post-employment benefit asset was determined by an actuarial valuation dated December 31, 2021.

The Commission’s proportion of the net post-employment benefit asset was based on a projection of the Commission’s long-term share of contributions to the RHIA relative to the projected contributions of all participating employers, actuarially determined. As of the measurement date of June 30, 2023, the Commission’s proportion was zero. The amount of contributions subsequent to the measurement date was included as a reduction of the net pension liability in the fiscal year ended June 30, 2024.

There were no deferred outflows or inflows related to the RHIA plan for June 30, 2024.

Deferred outflows and inflows as of June 30, 2023 comprised as follows:

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Difference between expected and actual experience	\$ -	-
Changes of assumptions	-	-
Net difference between projected and actual earnings on investments	-	-
Changes in proportion	925	-
Differences between employer contributions and employer's proportionate share of contributions	-	-
Total (prior to post-measurement date (MD) contributions)	925	-
Contributions subsequent to the MD	-	-
Subtotal	<u>\$ 925</u>	<u>-</u>

8. DEFERRED COMPENSATION PLAN

A deferred compensation plan is available to employees wherein they may execute an individual agreement with the Commission for amounts earned by them to not be paid until a future date when certain circumstances are met. These circumstances are termination by reason of death, disability, resignation, or retirement. Payment to the employee will be made over a period not to exceed 15 years. The deferred compensation plan is one which is authorized under IRC Section 457 and has been approved in its specifics by a private ruling from the Internal Revenue Service. The assets of the plan are held by the administrator for the sole benefit of the plan participants and are not considered assets or liabilities of the Commission.

9. RISK MANAGEMENT

The Commission is subject to the risk of loss related to torts, theft, or damage to and destruction of assets, errors and omissions and natural disasters. The Commission purchases commercial insurance for all significant risks of loss. There was no significant reduction in the Commission’s major categories of insurance coverage and settlements have not exceeded insurance coverage for each of the past three years. Note the Commission’s insurance company has the right to assess additional amounts.

NORTH CLACKAMAS COUNTY WATER COMMISSION
Clackamas County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

10. NET POSITION

The balance of net position utilizing the accounting methods and principles of the Commission is comprised of the following:

	June 30, 2023	June 30, 2024
Ending Fund Balance	6,946,726	7,002,380
Accrued compensated absences payable	(18,484)	(23,054)
Capital Assets, net of Accumulated Depreciation	25,162,976	25,638,637
GASB 68 net pension asset/(liability) and related deferred inflows/outflows	(387,405)	(271,890)
GASB 75 net pension asset/(liability) and related deferred inflows/outflows	925	0
Net Position	31,704,738	32,346,073

Member investments in net position comprised the following:

	Member Share		June 30, 2023		June 30, 2024
Investment in NCCWC					
Oak Lodge Water Services District	42%	\$	13,315,990	\$	13,585,351
Sunrise Water Authority	48%		15,218,274		15,526,115
City of Gladstone	10%		3,170,474		3,234,607
	100%	\$	31,704,738	\$	32,346,073

12. CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS

The Commission did not have any significant commitments at the close of the fiscal year ended June 30, 2024.

NORTH CLACKAMAS COUNTY WATER COMMISSION

Clackamas County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

13. RELATED PARTY

Revenue – In the fiscal years ended June 30, 2023 and June 30, 2024 the Commission earned a total of \$3,148,596 and \$3,172,644, respectively, from Oak Lodge Water Services District, Sunrise Water Authority, and the City of Gladstone.

Expense – In the fiscal years ended June 30, 2023 and June 30, 2024 the Commission paid a total of \$48,000 and \$51,575 to Oak Lodge Water Services for financial services and the Commission paid a total of \$66,000 and \$69,187 to Sunrise Water Authority for management and engineering services, respectively.

14. NEW PRONOUNCEMENTS

The Government Accounting Standards Board (GASB) issues new pronouncements from time to time. For copies of original pronouncements please visit the GASB's website www.gasb.org.

GASB Statement No. 99, “Omnibus 2022”. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The requirements related to leases, PPPs, and SBITAs are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter. There is no impact on the financial reporting for the fiscal years ended June 30, 2023 and 2024.

GASB Statement No. 100, “Accounting Changes and Error Corrections”—an amendment of GASB Statement No. 62. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. Effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter. There is no impact on the financial reporting for the fiscal years ended June 30, 2023 and 2024.

GASB Statement No. 101, “Compensated Absences”. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023.

GASB Statement No. 102, “Certain Risk Disclosures”. The objective of this Statement is to provide users of government financial statements with essential information about risks related to a government’s vulnerabilities due to certain concentrations or constraints. This Statement requires a government to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. The requirements of this Statement are effective for fiscal years beginning after June 15, 2024.

GASB Statement No. 103, “Financial Reporting Model Improvements”. The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government’s accountability. This Statement also addresses certain application issues. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025.

GASB Statement No. 104, “Disclosure of Certain Capital Assets”. The objective introduces new disclosure requirements for state and local governments for affected asset categories. The requirements of this Statement are effective for fiscal years beginning after June 15, 2024.

NORTH CLACKAMAS COUNTY WATER COMMISSION

Clackamas County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

13. RELATED PARTY

Revenue – In the fiscal years ended June 30, 2023 and June 30, 2024 the Commission earned a total of \$3,148,596 and \$3,100,315, respectively, from Oak Lodge Water Services District, Sunrise Water Authority, and the City of Gladstone. Additionally, in fiscal year 2024 the Commission earned revenue from wholesale water sales to Sunrise Water Authority in the amount of \$1,463,627. Other non-related party water and wholesale water sales totaled \$423,380.

Expense – In the fiscal years ended June 30, 2023 and June 30, 2024 the Commission paid a total of \$48,000 and \$51,575 to Oak Lodge Water Services for financial services and the Commission paid a total of \$66,000 and \$69,187 to Sunrise Water Authority for management and engineering services, respectively.

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GASB Statement No. 104, “Disclosure of Certain Capital Assets”. The objective introduces new disclosure requirements for state and local governments for affected asset categories. The requirements of this Statement are effective for fiscal years beginning after June 15, 2024.

REQUIRED SUPPLEMENTARY INFORMATION

NORTH CLACKAMAS COUNTY WATER COMMISSION

Clackamas County, Oregon

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

Year Ended June 30,	(a) Employer's proportion of the net pension liability (NPL)	(b) Employer's proportionate share of the net pension liability (NPL)	(c) Employer's covered payroll	(b/c) NPL as a percentage of covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2023	0.004%	\$ 666,812	\$ 409,676	163%	81.68%
2022	0.004%	555,487	232,852	239%	84.60%
2021	0.002%	291,099	270,166	108%	87.60%
2020	0.002%	503,384	261,982	192%	75.80%
2019	0.002%	405,570	255,438	159%	80.23%
2018	0.002%	330,549	246,762	134%	82.07%
2017	0.003%	289,598	268,100	108%	83.10%
2016	0.003%	392,862	198,044	198%	80.50%
2015	0.003%	182,899	200,489	91%	91.90%
2014	0.003%	168,405	195,400	86%	92.00%

SCHEDULE OF CONTRIBUTIONS

Year Ended June 30,	Statutorily required contribution	Contributions in relation to the statutorily required contribution	Contribution deficiency (excess)	Employer's covered payroll	Contributions as a percent of covered payroll
2024	\$ 97,271	\$ 247,271	\$ (150,000)	\$ 395,093	62.59%
2023	77,144	77,144	-	409,676	18.83%
2022	43,570	43,570	-	232,852	18.71%
2021	36,995	36,995	-	270,166	13.69%
2020	41,538	41,538	-	261,982	15.86%
2019	38,297	38,297	-	255,438	14.99%
2018	36,177	36,177	-	246,762	14.66%
2017	18,083	18,083	-	268,100	6.74%
2016	20,808	20,808	-	198,044	10.51%
2015	12,653	12,653	-	200,489	6.31%

The amounts presented for each fiscal year were actuarially determined at 12/31 and rolled forward to the measurement date.

These schedules are presented to illustrate the requirements to show information for 10 years.

NORTH CLACKAMAS COUNTY WATER COMMISSION

Clackamas County, Oregon

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

For the fiscal year ended June 30, 2022

Changes in Plan Provisions

There were no changes in plan provisions occurred since the December 31, 2021 actuarial valuation. A complete summary of the Tier 1/Tier 2, OPSRP, RHIA, and RHIPA plan provisions valued is provided as part of the system-wide actuarial valuation report.

Changes in Actuarial Methods and Allocation Procedures

There were no changes in actuarial methods and allocation procedures since the December 31, 2021 actuarial valuation. A complete summary of the Tier 1/Tier 2, OPSRP, RHIA, and RHIPA actuarial methods and allocation procedures is provided as part of the system-wide valuation report.

Changes in Assumptions

There were no changes in assumptions since the December 31, 2021 actuarial valuation. A complete summary of the Tier 1/Tier 2, OPSRP, RHIA, and RHIPA assumptions is provided as part of the system-wide valuation report.

Resources

Audited Schedules of Employer Allocations and Pension Amounts as well as documents explaining methods and assumptions on how amounts were developed from the PERS Consulting Actuary can be found at <https://www.oregon.gov/pers/emp/pages/GASB.aspx>.

SUPPLEMENTARY INFORMATION

This part of the Commission’s Financial Report presents supplementary information to demonstrate and report on its compliance with finance-related legal requirements.

Budgetary Reporting – This section provides schedules that reconcile the differences between budgetary financial reports and financial statements prepared on the basis of Generally Accepted Accounting Principles (GAAP) as well as schedules that report on budget to actual financial performance.

Combining Balance Sheet – All Funds (Budgetary Basis)	35
Combining Schedule of Revenues, Expenditures, Other Financing Sources and Uses and Changes in Fund Balance – Actual and Budget (Budgetary Basis)	36
Schedule of Revenues, Expenditures, Other Financing Sources and Uses and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual General Fund	37
Plant Reserve Fund	38

BUDGETARY REPORTING

**North Clackamas County Water Commission
Clackamas County, Oregon**

**Combining Balance Sheet
June 30, 2024**

	General Fund	Plant Reserve Fund	Total
Assets:			
Current:			
Cash and Investments	\$ 929,619	\$ 5,529,755	\$ 6,459,374
Accounts Receivable, net	546,400	8,960	555,360
Intergovernmental Receivables	574,719	-	574,719
Prepaid Asset	79,951	-	79,951
Total Current Assets	2,130,689	5,538,715	7,669,404
Total Assets	\$ 2,130,689	\$ 5,538,715	\$ 7,669,404
Liabilities and Fund Balances:			
Current Liabilities:			
Accounts Payable	\$ 663,585	\$ 745	\$ 664,331
Payroll Liabilities	2,694	-	2,694
Total Current Liabilities	666,279	745	667,024
Total Liabilities	666,279	745	667,024
Fund Balances	1,464,410	5,537,970	7,002,380
Total Liabilities and Fund Balances	\$ 2,130,689	\$ 5,538,715	\$ 7,669,404
Add/(deduct) to reconcile to GAAP basis statement of net position:			
Budgetary ending fund balance			\$ 7,002,380
Capital assets, net depreciation			25,638,637
Accrued compensated absences payable			(23,054)
Net pension liability			(666,812)
Deferred outflows of resources			488,778
Deferred inflows of resources			(93,856)
Ending net position			\$ 32,346,073

**North Clackamas County Water Commission
Clackamas County, Oregon**

**Combining Schedule of Revenues, Expenditures and Changes in Fund Balance
For the Year Ended June 30, 2024**

	General Fund	Plant Reserve Fund	Total
Revenues:			
Water Sales	\$ 4,987,322	\$ -	\$ 4,987,322
Interest	58,318	259,920	318,238
Miscellaneous	38,122	-	38,122
Total Revenues	5,083,762	259,920	5,343,682
Expenditures:			
Personnel Services	647,795	-	647,795
Materials and Services	3,082,061	-	3,082,061
Capital Outlay	-	1,408,172	1,408,172
Total Expenditures	3,729,856	1,408,172	5,138,028
Excess of Revenues Over, (Under) Expenditures	1,353,906	(1,148,252)	205,654
Other Financing Sources, (Uses):			
PERS side account contribution	(150,000)	-	(150,000)
Transfers In	-	1,500,000	1,500,000
Transfers Out	(1,500,000)	-	(1,500,000)
Total Other Financing Sources	(1,650,000)	1,500,000	(150,000)
Net Change in Fund Balance	(296,094)	351,748	55,654
Beginning Fund Balance	1,760,504	5,186,222	6,946,726
Ending Fund Balance	\$ 1,464,410	\$ 5,537,970	\$ 7,002,380
Change in fund balance across all funds:			\$ 55,654
Add/(deduct) to reconcile to GAAP basis change in net position:			
Change in accrued compensated absences			(4,569)
Capital outlay expenditures capitalized			1,408,172
Depreciation			(932,512)
Change in deferred outflow of resources, adjustment to pension expense			115,412
Change in deferred inflow of resources, adjustment to pension expense			111,428
Change in deferred outflow of resources, adjustment to OPEB expense			(925)
Change in Net pension liability/(asset)			(111,325)
Change in net position			\$ 641,335

North Clackamas County Water Commission
Clackamas County, Oregon

Schedule of Revenues, Expenditures and Changes in Fund Balance - Actual and Budget
For the Year Ended June 30, 2024

	<u>General Fund</u>			VARIANCE POSITIVE, (NEGATIVE)
	<u>ACTUAL</u>	<u>FINAL BUDGET</u>	<u>ORIGINAL BUDGET</u>	
Revenues:				
Water Sales	\$ 4,987,322	\$ 4,325,000	\$ 4,325,000	\$ 662,322
Interest Income	58,318	5,000	5,000	53,318
Miscellaneous	38,122	-	-	38,122
Total Revenues	5,083,762	4,330,000	4,330,000	753,762
Expenditures:				
Personnel Services	647,795	682,000	725,000	34,205
Materials and Services	3,082,061	3,159,900	2,786,900	77,839
Water Treatment	3,729,856	3,841,900	3,511,900	112,044
Operating Contingency	-	-	330,000	-
Total Expenditures	3,729,856	3,841,900	3,841,900	112,044
Excess of Revenues Over, (Under) Expenditures	1,353,906	488,100	488,100	(865,806)
Other Financing Uses:				
PERS side account contribution	(150,000)	(150,000)	(150,000)	-
Transfers Out	(1,500,000)	(1,500,000)	(1,500,000)	-
Total Other Financing Sources	(1,650,000)	(1,650,000)	(1,650,000)	-
Net Change in Fund Balance	(296,094)	(1,161,900)	(1,161,900)	865,806
Beginning Fund Balance	1,760,504	1,368,149	1,368,149	392,355
Ending Fund Balance	\$ 1,464,410	\$ 206,249	\$ 206,249	\$ 1,258,161

North Clackamas County Water Commission
Clackamas County, Oregon

Schedule of Revenues, Expenditures and Changes in Fund Balance - Actual and Budget
For the Year Ended June 30, 2024

	<u>Plant Reserve Fund</u>		
	<u>ACTUAL</u>	<u>ORIGINAL AND FINAL BUDGET</u>	<u>VARIANCE POSITIVE, (NEGATIVE)</u>
Revenues:			
Interest Income	\$ 259,920	\$ 50,000	\$ 209,920
Total Revenues	259,920	50,000	209,920
Expenditures			
Capital Outlay:			
Plant Expenditures	1,408,172	3,340,000	1,931,828
Total Capital Outlay	1,408,172	3,340,000	1,931,828
Contingency	-	700,000	700,000
Total Contingency	-	700,000	700,000
Total Expenditures	1,408,172	4,040,000	2,631,828
Excess of Revenues Over, (Under) Expenditures	(1,148,252)	(3,990,000)	2,841,748
Other Financing Uses			
Transfers In	1,500,000	1,500,000	-
Total Other Financing Sources	1,500,000	1,500,000	-
Net Change in Fund Balance	351,748	(2,490,000)	2,841,748
Beginning Fund Balance	5,186,222	4,938,999	247,223
Ending Fund Balance	\$ 5,537,970	\$ 2,448,999	\$ 3,088,971

REPORTS ON LEGAL AND OTHER REGULATORY REQUIREMENTS

INDEPENDENT AUDITORS' REPORT
REQUIRED BY OREGON STATE REGULATIONS

Oregon Administrative Rules 162-10-050 through 162-10-320 incorporated in the Minimum Standards for Audits of Oregon Municipal Corporations, prescribed by the Secretary of State in cooperation with the Oregon State Board of Accountancy; enumerate the financial statements, schedules, and comments and disclosures required in audit reports. The required statements and schedules are set forth in the preceding sections of this report. Required comments and disclosures related to the audit of such statements and schedules are set forth in the following pages.

Report of Independent Auditors Required by Oregon State Regulations

The Board of Commissioners
North Clackamas County Water Commission

We have audited, in accordance with auditing standards generally accepted in the United States of America the financial statements of North Clackamas County Water Commission (the “Commission”) as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Commission’s basic financial statements, and have issued our report thereon dated November 26, 2024.

Compliance

As part of obtaining reasonable assurance about whether the Commission’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
- Insurance and fidelity bonds
- Investments
- Public contracts and purchasing

In connection with our testing, nothing came to our attention that caused us to believe the Commission 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 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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 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 the Commission and the Oregon Secretary of State, and is not intended to be, and should not be, used by anyone other than these parties.



Keith Simovic, Partner,
for Moss Adams
Portland, Oregon
November 26, 2024

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH OREGON MINIMUM
AUDITING STANDARDS**

End of Report



NORTH CLACKAMAS COUNTY WATER COMMISSION
CLACKAMAS COUNTY, OREGON

FINANCIAL REPORT

FOR THE YEARS ENDED JUNE 30, 2023 AND 2024

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**NORTH CLACKAMAS COUNTY WATER COMMISSION
CLACKAMAS COUNTY, OREGON**

FOR THE YEARS ENDED JUNE 30, 2023 and 2024

FINANCIAL REPORT

NORTH CLACKAMAS COUNTY WATER COMMISSION
CLACKAMAS COUNTY, OREGON

JUNE 30, 2024

Board of Directors

Paul Gornick - Chair

Chris Hawes – Vice Chair

Kevin Williams

Luke Roberts

Kevin Bailey

Registered Agent

Wade Hathhorn
14496 S.E. River Road
Oak Grove, OR 97267

NORTH CLACKAMAS COUNTY WATER COMMISSION
CLACKAMAS COUNTY, OREGON

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FINANCIAL SECTION

Report of Independent Auditors

The Board of Commissioners
North Clackamas County Water Commission

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of North Clackamas County Water Commission (the “Commission”), which comprise the statements of net position as of June 30, 2024 and 2023, and the related statements of revenues, expenses, and changes in net position, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Commission as of June 30, 2024 and 2023, 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 audit 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 the Commission and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. 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 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 the Commission’s ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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 the Commission'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 the Commission'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 management's discussion and analysis, the schedule of proportionate share of the net pension liability, and the schedule of contributions be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 Commission's basic financial statements. The combining schedules and budgetary schedules 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 combining schedules and budgetary schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

In accordance with the *Minimum Standards for Auditors of Oregon Municipal Corporations*, we have also issued our report dated November 26, 2024, on our consideration of the Commission's compliance with certain provisions of laws and regulations, including the provisions of the 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.



Keith Simovic, Partner,
for Moss Adams
Portland, Oregon
November 26, 2024

MANAGEMENT'S DISCUSSION AND ANALYSIS

NORTH CLACKAMAS COUNTY WATER COMMISSION

Clackamas County, Oregon

MANAGEMENT'S DISCUSSION & ANALYSIS

As management of the North Clackamas County Water Commission (Commission), we offer readers of the Commission's financial statements this narrative overview and analysis of the financial activities of the Commission for the fiscal years ended June 30, 2023, and 2024. We encourage readers to consider the information presented here in conjunction with additional information that are furnished in the notes to the financial statements.

Financial Highlights

- At June 30, 2024, the Commission's assets and deferred outflows exceeded its liabilities and deferred inflows by \$32.4 million; of this amount, \$25.6 million represents investment in capital assets, net of related debt; while \$6.7 million represents unrestricted net position, which may be used to satisfy ongoing obligations to members and creditors.
- Net position increased \$0.64 million or 2.0% with revenues of \$5.0 million exceeding expenses of \$4.7 million.
- The Commission has \$25.6 million invested in capital assets, net of accumulated depreciation; of this amount, \$9.9 million is comprised of water rights. Net capital assets increased by \$0.5 million (or 1.9%) for the year as a result of new additions more than depreciation.

Overview of the Financial Statements

These discussion and analysis are intended to serve as an introduction to the Commission's basic financial statements. The Commission's basic financial statements consist of the following: 1) Statements of Net Position, 2) Statements of Revenues, Expenses and Changes in Net Position, 3) Statements of Cash Flows, and 4) Notes to the Basic Financial Statements. All statements are presented as comparative to the prior year.

The basic financial statements are intended to provide a broad overview of the Commission's finances. The Statements of Net Position present information on assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position. Over time, increases and decreases in net position may serve as a useful indicator of whether the financial position of the Commission is improving or deteriorating. The Statements of Revenues, Expenses and Changes in Net Position present information on the Commission's operating and non-operating activities and resulting change in net position. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported for items that will only result in cash flows in future fiscal periods (i.e., uncollected fees, unused vacation leave, future pension expense, etc.). The Statements of Cash Flows present information indicating how the Commission's cash changed as a result of current year operations. The notes to the basic financial statements provide additional

NORTH CLACKAMAS COUNTY WATER COMMISSION

Clackamas County, Oregon

MANAGEMENT’S DISCUSSION & ANALYSIS (Continued)

information that is essential to a complete understanding of the data provided in the basic financial statements.

The Commission provides wholesale water to its members and recovers its costs through service charges and sundry fees. Accordingly, the Commission is an enterprise entity, and its finances are accounted for using proprietary fund accounting. Proprietary activities report using accrual accounting and provide that revenue is recorded when it is earned, and expenses are recorded when they are incurred.

Financial Summary

The following schedule presents a summary of revenues, expenses and change in net position for the Commission for the last two fiscal years.

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
(in thousands)

	2022	2023	2024
Operating Revenues	\$ 2,766	\$ 4,487	\$ 5,025
Operating Expenses	2,334	4,223	4,702
Operating Income	431	263	323
Non-operating revenue	32	181	318
Change in Net Position	463	444	641
Beginning Net Position	30,797	31,260	31,705
Ending Net Position	\$ 31,260	\$ 31,705	\$ 32,346

The Commission’s General Fund accounts for all revenues and related costs of providing water to the members. Actual operating revenue exceeded expenses, yielding positive operating income, in both fiscal years. Operating revenues increased in fiscal 2023-24, and operating expenses increased in both personal services and materials & services.

Water revenues each year reflect sales to the members, while costs are driven by actual production, treatment, and delivery of water to those same members. Water rates are initially calculated on budgeted costs based on budgeted demand of all members. Following the close of each year, a true-up is established by reconciling actual costs and actual demand. Also included in the true-up are any sundry revenues received by the Commission. In the event amounts are refunded to the members, water sales are reduced. For comparative purposes, overall revenue increased 66.9% for fiscal 2022-23 and 14.5% for 2023-24. Fiscal 2022-23 was the initial year of the NCCWC, CRW water supply agreement which resulted in a material increase in water purchases and corresponding revenue.

Personnel services expense for fiscal 2022-23 reflects an increase in personnel services costs of 40.6% due to returning to full staffing during the fiscal year with an additional full time position and increases in annual benefits and salary increases. Fiscal 2023-24 reflects full staffing for the entire year and increases in personnel services costs of 8.1% due to increases in annual benefit costs and salary increases.

NORTH CLACKAMAS COUNTY WATER COMMISSION

Clackamas County, Oregon

MANAGEMENT’S DISCUSSION & ANALYSIS (Continued)

Materials and services increased 129.7% for fiscal 2022-23 as operations returned to historic levels. Fiscal 2023-24 increased by 17.4% as operations leveled out during the year. Wholesale water purchase, contracted services, and utilities are the primary drivers within this category.

The following schedule presents a summary of assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position.

STATEMENTS OF NET POSITION

(in thousands)

	Fiscal year ended June 30,		
	2022	2023	2024
ASSETS AND DEFERRED OUTFLOWS			
Current Assets	\$ 6,874	\$ 7,277	\$ 7,669
Non-Current Assets			
Capital Assets (Net)	24,898	25,163	25,639
Total Non-Current Assets	24,898	25,163	25,639
Total Assets	31,772	32,440	33,308
Deferred Outflows	174	374	489
Total Assets and Deferred Outflows	\$ 31,946	\$ 32,814	\$ 33,797
LIABILITIES, DEFERRED INFLOWS, AND NET POSITION			
Current Liabilities:	\$ 152	\$ 349	\$ 690
Long-Term Liabilities:			
Proportionate Share of Net Pension Liability	291	555	667
Total Liabilities	443	904	1,357
Deferred Inflows	243	205	94
Total Liabilities and Deferred Inflows	686	1,109	1,451
Net Position:			
Net Investment in Capital Assets	24,898	25,163	25,639
Unrestricted	6,362	6,542	6,707
Total Net Position	31,260	31,705	32,346
Total Liabilities, Deferred Inflows, and Net Position	\$ 31,946	\$ 32,814	\$ 33,797

Net position serves as one useful indicator of a government’s financial condition. At the close of the fiscal year ended June 30, 2024 the Commission’s assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$32.4 million (Net Position). The largest portion of net position (79.2%) reflects the Commission’s investment in capital assets, net of related debt. The Commission uses these capital assets to provide water to its members; consequently, these assets are not available for future spending. As of fiscal year 2023-24 the remaining portion of net position (20.8%) is unrestricted and may be used to meet the Commission’s ongoing obligations to members and creditors.

NORTH CLACKAMAS COUNTY WATER COMMISSION

Clackamas County, Oregon

MANAGEMENT’S DISCUSSION & ANALYSIS (Continued)

Capital Assets

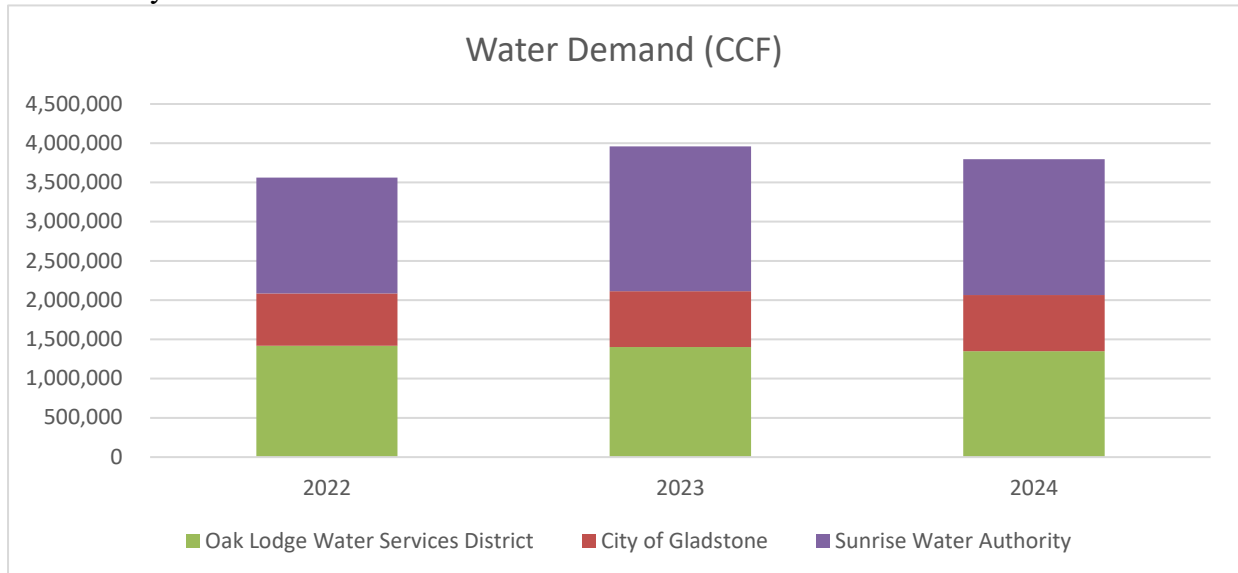
The Commission’s capital assets include investments in land, buildings, machinery and equipment, and water treatment and distribution systems. Current period capital expenditures totaled \$1,408,173. These expenditures capitalized, increasing total capital assets, which were then reduced by depreciation expense of \$932,512. Total net capital assets increased by \$475,661 or 1.9%. At June 30, 2024, the Commission had \$25.6 million invested in a broad range of capital assets, net of accumulated depreciation, including \$9.9 million invested in water rights. See Note 1 Subsection H as well as Note 4 of the Notes to Basic Financial Statements for additional information on capital assets.

Economic Factors and Next Year’s Budget and Rates

The Commission’s commitment and obligation to provide safe, public water for drinking and other purposes is the driver to its business decisions and corresponding financial results. Moreover, these outcomes are achieved through collaboration among its member agencies. The Commission’s water rates are, in turn, established under an "equal unit cost of water" model which is set to recover the total cost of operations based on total production. Members are charged an "equal unit price" for water and operating costs based on their respective annual consumption plus any additional costs incurred for delivery to set points of use.

The cost of operations is expected to continue to increase as the cost of labor, materials, energy, and capital investment also escalate. As such, next year’s water sales are expected to change in line with increases in the costs of water production relative to demand.

The chart below illustrates changes in water demand by the Commission’s members over the last three fiscal years:



NORTH CLACKAMAS COUNTY WATER COMMISSION

Clackamas County, Oregon

MANAGEMENT'S DISCUSSION & ANALYSIS (Continued)

The chart illustrates a reduced demand for fiscal year 2023-24 from prior fiscal year however remains slightly above 2021-22. The reduced demand in fiscal year 2023-24 is attributable to more frequent precipitation and lower temperatures in both the early summer and early autumn as compared to the early summer and early autumn months in fiscal year 2022-23.

Both Oak Lodge and Gladstone rely solely on the Commission for their water. The two agencies have been working to reduce water loss within their respective distribution delivery systems. Each agency either has or is in the process of conducting water audits intended to close the gap between water purchased from the Commission and water sold to customers. Water demand for Oak Lodge decreased 4% from 2023 to 2024 following a decrease of 1% from 2022 to 2023, whereas demand from Sunrise Water decreased 6% from 2023 to 2024 following an increase of 25% from 2022 to 2023. City of Gladstone's year over year comparison reflects a 1% increase from 2023 to 2024 following a 6% increase from 2022 to 2023.

The Commission's water treatment plant is now over 20 years old and as such is requiring repair and replacement of key capital elements. The existing capital plan estimates an additional \$3.9 million in capital investment is required in the next four years. This amount is planned to be funded by existing reserves within the Plant Reserve Fund. Notwithstanding, the Board has authorized the continued funding of future capital through annual reserves created from water sales (subject to transfer to the Plant Reserve Fund. The plan is strategically structured to grow reserves each year through wholesale service charges. Hence, in the next four years, the Commission is forecasting to accumulate \$5.0 million in additional capital reserves, thus adequately funding its future capital requirements. Unless there are unforeseen conditions, the Commission has no plans to issue debt of any kind.

Requests for Information

This financial report is designed to provide a general overview of the North Clackamas County Water 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 the Finance Director, 14496 SE River Road, Milwaukie, Oregon, 97267.

BASIC FINANCIAL STATEMENTS

North Clackamas County Water Commission
Clackamas County, Oregon

Statements of Net Position
June 30, 2023 and 2024

	<u>2023</u>	<u>2024</u>
Assets:		
Current:		
Cash and Cash Equivalents	\$ 6,404,483	\$ 6,459,374
Accounts Receivable, net	85,023	555,360
Intergovernmental Receivables	726,336	574,719
Prepaid Expenses	61,420	79,951
Total Current Assets	<u>7,277,262</u>	<u>7,669,404</u>
Non-Current:		
Capital Assets (Net)	25,162,976	25,638,637
Total Non-current Assets	<u>25,162,976</u>	<u>25,638,637</u>
Total Assets	<u>32,440,238</u>	<u>33,308,041</u>
Deferred Outflows of Resources:		
Net Pension Related Deferrals	373,366	488,778
OPEB Related Deferrals	925	-
Total Deferred Outflows of Resources	<u>374,291</u>	<u>488,778</u>
Total Assets and Deferred Outflows	<u>\$ 32,814,529</u>	<u>\$ 33,796,819</u>
Liabilities:		
Current Liabilities:		
Accounts Payable	\$ 330,536	\$ 667,025
Accrued Compensated Absences	18,484	23,053
Total Current Liabilities	<u>349,020</u>	<u>690,078</u>
Long-term Liabilities:		
Proportionate Share of Net Pension Liability	555,487	666,812
Total Long-term Liabilities	<u>555,487</u>	<u>666,812</u>
Total Liabilities	<u>904,507</u>	<u>1,356,890</u>
Deferred Inflows of Resources:		
Net Pension Related Deferrals	205,284	93,856
Total Deferred Inflows of Resources	<u>205,284</u>	<u>93,856</u>
Total Liabilities and Deferred Inflows	<u>1,109,791</u>	<u>1,450,746</u>
Net Position:		
Net Investment in Capital Assets	25,162,976	25,638,637
Restricted	-	-
Unrestricted	6,541,762	6,707,436
Total Net Position	<u>31,704,738</u>	<u>32,346,073</u>
Total Liabilities, Deferred Inflows and Net Position	<u>\$ 32,814,529</u>	<u>\$ 33,796,819</u>

The accompanying notes are an integral part of these statements.

North Clackamas County Water Commission
Clackamas County, Oregon

Statements of Revenues, Expenses and Changes in Net Position
For the Years Ended June 30, 2023 and 2024

	<u>2023</u>	<u>2024</u>
Operating Revenue:		
Water Sales	\$ 4,424,025	\$ 4,987,322
Miscellaneous	63,471	38,122
Total Operating Revenues	<u>4,487,496</u>	<u>5,025,444</u>
Operating Expenses:		
Personnel Services	636,244	687,774
Materials and Services	2,625,318	3,082,061
Depreciation and Amortization	962,649	932,512
Total Operating Expenses	<u>4,224,211</u>	<u>4,702,347</u>
Net Income From Operations	263,285	323,097
Non-operating Revenues (Expenses)		
Earnings on Investments	181,014	318,238
Total Non-operating Revenues	<u>181,014</u>	<u>318,238</u>
Change in Net Position	444,299	641,335
Beginning Net Position	<u>31,260,439</u>	<u>31,704,738</u>
Ending Net Position	<u>\$ 31,704,738</u>	<u>\$ 32,346,073</u>

The accompanying notes are an integral part of these statements.

North Clackamas County Water Commission
Clackamas County, Oregon

Statements of Cash Flows
For the Years Ended June 30, 2023 and 2024

	<u>2023</u>	<u>2024</u>
Cash Flows From Operating Activities:		
Cash Received from Customers	\$ 3,928,447	\$ 4,706,724
Cash Paid to Suppliers	(2,431,220)	(2,764,104)
Cash Paid to Employees	(619,499)	(797,795)
Net Cash Provided (Used) By Operating Activities	<u>877,728</u>	<u>1,144,825</u>
Cash Flows From Capital Related Financing Activities:		
Purchase of Capital Assets	(1,227,657)	(1,408,172)
Net Cash Provided, (Used) By Financing Activities	<u>(1,227,657)</u>	<u>(1,408,172)</u>
Cash Flows From Investing Activities:		
Earnings on Investments	181,014	318,238
Net Cash Provided, (Used) By Investing Activities	<u>181,014</u>	<u>318,238</u>
Net Increase in Cash	(168,915)	54,891
Beginning Cash and Cash Equivalents	6,573,398	6,404,483
Ending Cash and Cash Equivalents	<u>\$ 6,404,483</u>	<u>\$ 6,459,374</u>
(1) Cash and cash equivalents are reflected on the Statement of Net Position as follows:		
Cash and Investments	\$ 6,404,483	\$ 6,459,374
Cash and Investments - Restricted	-	-
Subtotal	<u>\$ 6,404,483</u>	<u>\$ 6,459,374</u>
Reconciliation of Operating Income to Net Cash Provided (Used) By Operating Activities		
Net Income, (Loss) From Operations	\$ 263,285	\$ 323,097
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities		
Depreciation Expense	962,649	932,512
Proportional Pension Estimate, Inflows/Outflows	25,150	(115,515)
OPEB Estimate and Net Outflow/Inflow of Resources	1,736	925
Decrease, (Increase) In:		
Accounts Receivable, net	(70,769)	(470,337)
Intergovernmental Receivables	(488,280)	151,617
Prepaid Expenses	(12,843)	(18,531)
Increase, (Decrease) In:		
Accounts Payable	206,941	336,488
Accrued Vacation Payable	(10,141)	4,569
Net Cash Provided, (Used) By Operating Activities	<u>\$ 877,728</u>	<u>\$ 1,144,825</u>

The accompanying notes are an integral part of these statements.

NORTH CLACKAMAS COUNTY WATER COMMISSION

Clackamas County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the North Clackamas County Water Commission (the Commission) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the Commission's accounting policies are described below.

A. The Financial Reporting Entity

The North Clackamas County Water Commission, an ORS Chapter 190 Organization, was formed in February of 1996 through an Intergovernmental Agreement (the IGA), which allowed Damascus Water District, Mt. Scott Water District and Oak Lodge Water District to complete capital construction, improvements, and purchase equipment, useful or convenient for the water system. In September 1998, the IGA was first revised, after which the members formally adopted the IGA by ordinance and began construction of the Slow Sand Filter Plant (the Plant). Construction of the Plant was completed and went into operation in August 1999. On May 14, 2001, the IGA was revised for the second time to incorporate the combining of Damascus and Mt. Scott Water District into the Sunrise Water Authority and to accommodate debt financing. On July 18, 2005, the IGA was again revised to add the City of Gladstone as a member of the Commission. The role of the Commission is to be the water supply agency for operating the Plant to provide water for the members. A Board of Commissioners with representatives of all members governs the Commission. In September 2018, the IGA was again amended and restated. The most notable change was reducing the Board of Directors from a seven-member Board to a five-member board.

The accompanying financial statements present all activities of the Commission. The Commission has no component units.

B. Basis of Presentation - Fund Accounting

The Commission's accounting records are maintained on a fund accounting basis for budgetary purposes. For financial reporting purposes, the basic financial statements are presented as a unitary enterprise operation, and as such, are reported as a single column in the basic financial statements.

Financial operations of the Commission are accounted for in the following funds:

General Fund

This fund accounts for all revenues and expenditures of the Commission except those required to be accounted for in another fund. The principal revenue source is water sales.

Plant Reserve Fund

This fund accounts for future capital replacements. The principal resource is operating transfers.

C. Basis of Accounting

The Commission's financial statements are prepared on the accrual basis of accounting using the "economic resources" measurement focus. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recognized when liabilities are incurred, regardless of the timing of the related cash flow. Accordingly, all assets, deferred outflows of resources, and liabilities and deferred inflows of resources are reflected within the statements of net position with the equity section representing "net position."

Proprietary funds (enterprise) distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Commission is water

NORTH CLACKAMAS COUNTY WATER COMMISSION

Clackamas County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (continued)

charges. Water revenue is recorded when the service is rendered. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

D. Estimates

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

E. Budget

As an entity formed under ORS Chapter 190, the Commission is not subject to Oregon Local Budget Law but chooses to follow the process for adopting and amending budgets as provided for therein. A budget is prepared and adopted for each fund on the accrual basis of accounting in the main program categories identified by Oregon Local Budget Law, as listed below. The budgets for all funds are adopted on a basis consistent with generally accepted accounting principles, except depreciation expense is not recorded in budgetary statements. The Commission begins its budget process early in each fiscal year with the establishment of the budget committee. Recommendations are developed through late winter with the budget committee approving the budget in early spring. Public notices of the budget hearing are generally published in early spring with a public hearing being held approximately three weeks later. The Board may amend the budget prior to adoption. However, budgeted expenditures for each fund may not be increased by more than ten percent. The budget is adopted, and appropriations are made no later than June 30th. Expenditure budgets are appropriated at the following levels for each fund: Personnel Services, Materials and Services, Debt Service, Transfers, Capital Outlay, and Contingency.

Expenditures cannot legally exceed the adopted appropriation levels. Appropriations lapse at fiscal year-end. Supplemental appropriations may occur if the Board approves them due to a need. There were no supplemental appropriations during the period July 1, 2023 to June 30, 2024. Expenditures of the various funds were within authorized appropriations for the period July 1, 2023 through June 30, 2024.

F. Cash and Cash Equivalents

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

- (1) readily convertible to known amounts of cash.
- (2) and, 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 meet this definition.

G. Investments

Current investments are investments that mature within twelve months. Non-current investments are investments that mature after twelve or more months. Investments are reported at fair market value, generally based on market prices.

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Observable inputs are developed based on market

NORTH CLACKAMAS COUNTY WATER COMMISSION

Clackamas County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Investments

data obtained from sources independent of the reporting entity. Unobservable inputs are developed based on the best information available about the assumptions market participants would use in pricing the asset. The classification of securities within the fair value hierarchy is based upon the activity level in the market for the security type and the inputs used to determine their fair value, as follows:

Level 1 – unadjusted price quotations in active markets/exchanges for identical assets or liabilities that each participant has the ability to access.

Level 2 – other observable inputs including, but not limited to, quoted prices for similar assets or liabilities in markets that are active, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the assets or liabilities (such as interest rates, yield curves, volatilities, loss severities, credit risks and default rates) or other market–corroborated inputs.

Level 3 – unobservable inputs based on the best information available in the circumstances, to the extent observable inputs are not available including each participant’s own assumptions used in determining the fair value of investments.

The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). Accordingly, the degree of judgment exercised in determining fair value is greatest for instruments categorized in Level 3. The inputs used to measure fair value may fall into various levels of the fair value hierarchy. In such cases, for disclosure purposes, the fair value hierarchy classification is determined based on the lowest level input that is significant to the fair value measurement in its entirety.

H. Capital Assets

Capital assets are stated at cost or estimated historical cost. Donated capital assets are stated at acquisition value at the time received. Maintenance and repairs are expensed as incurred. Replacements that improve or extend the lives of property are capitalized. The Commission capitalizes items over \$5,000 with an estimated useful life greater than one year.

Water rights (an intangible asset) consist of rights to the use of water from the Clackamas River. Amortization is not recorded since the intangible has an indefinite life. The recorded amount of such asset is based upon the fair value of the water rights when they were transferred by respective members to the Commission.

Depreciation of capital assets has been recognized and reflected in the basic financial statements. Depreciation is calculated on the straight-line method based upon the estimated useful lives of the assets:

Water Piping Systems	30-75 years
Buildings & Improvements	5-50 years
Equipment	5-20 years

I. Compensated Absences

Vacation pay is vested when earned. Employees earn annual leave based on length of service to the Commission. Unpaid vested vacation is shown in accrued compensated absences on the Statements of Net Position and recorded as an expense when earned. The Commission provides vesting of one-fourth (1/4) or twenty-five percent (25%) of sick pay for employees with ten (10) years of service.

NORTH CLACKAMAS COUNTY WATER COMMISSION

Clackamas County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. Retirement Plans

Substantially all the Commission's employees are participants in the State of Oregon Public Employees Retirement System (PERS). For the purpose of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about fiduciary net position of PERS and additions to/deductions from PERS's fiduciary net position have been determined on the same basis as PERS reports them. 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.

K. Net Position

Net position comprises the various net earnings from operations, non-operating revenues, expenses, and contributions of capital. Net position is made up of the following three categories.

Net Investment in Capital Assets – consists of all capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds or other borrowings attributable to the acquisition, construction, or improvement of those assets.

Restricted – consists of external constraints placed on net position use by creditors, grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

Unrestricted – consists of net position items that are not included in the other categories previously mentioned.

When both restricted and unrestricted resources are available for use, it is the Commission's policy to use restricted resources first, then unrestricted resources as they are needed.

L. Deferred Outflows/Inflows of Resources

In addition to assets, the Statements of Net Position report a separate section for deferred outflow of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the Statements of Net Position report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

NORTH CLACKAMAS COUNTY WATER COMMISSION

Clackamas County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

2. CASH AND INVESTMENTS

Cash and cash equivalents

The cash and cash equivalents are comprised of cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. State statutes govern the Commission's cash management policies because the Commission does not have an official investment policy. Statutes authorize the Commission to invest in banker's acceptances, time certificates of deposit, repurchase agreements, obligations of the United States and its agencies and instrumentalities, and the Oregon State Treasurer's Local Government Investment Pool (LGIP or Pool).

Investments

The Commission participates in the LGIP, which is an open-ended, no-load diversified portfolio created under ORS 294.805 to 294.895 and is not registered with the U.S. Securities and Exchange Commission as an investment company. The State Treasurer is the investment officer for the Pool and is responsible for all funds in the Pool. These funds must be invested and managed, like that of a prudent investor, exercising reasonable care, skill, and caution. Investments in the fund are further governed by portfolio guidelines issued by the Oregon Short-term Funds Board (OSTFB), which establish diversification percentages and specify the types and maturities of investments. The Oregon Audits Division of the Secretary of State's Office audits the Pool annually. The Division's report on the Pool as of and for the year ended June 30, 2024 was unmodified and may be obtained at the Oregon State Treasury, 350 Winter St. NE, Ste 100, Salem, OR 97310.

Amounts in the LGIP are not required to be collateralized. The audited financial reports of the Oregon Short Term Fund can be found here:

[http://www.oregon.gov/treasury/Divisions/Investment/Pages/Oregon-Short-Term-Fund-\(OSTF\).aspx](http://www.oregon.gov/treasury/Divisions/Investment/Pages/Oregon-Short-Term-Fund-(OSTF).aspx). If the link has expired, please contact the Oregon Short Term Fund directly.

Cash and investments at June 30, 2023 and 2024, (recorded at fair value) consisted of the following:

	<u>2023</u>	<u>2024</u>
Cash on hand	\$ 500	\$ 16
Demand deposits	288,362	1,126,499
Investments	6,115,621	5,332,859
Total cash and investments	<u>\$ 6,404,483</u>	<u>\$ 6,459,374</u>

The Commission had the following investments and maturities at June 30, 2024:

<u>Investment Type</u>	<u>Amortized Value</u>	<u>Investment Maturities (in months)</u>	
		<u>Less than 3</u>	<u>More than 3</u>
State Treasurer's Investment Pool	\$ 5,332,859	\$ 5,332,859	\$ -0-
Total investments	<u>\$ 5,332,859</u>	<u>\$ 5,332,859</u>	<u>\$ -0-</u>

The Commission had the following investments and maturities at June 30, 2023:

<u>Investment Type</u>	<u>Amortized Value</u>	<u>Investment Maturities (in months)</u>	
		<u>Less than 3</u>	<u>More than 3</u>
State Treasurer's Investment Pool	\$ 6,115,621	\$ 6,115,621	\$ -0-
Total investments	<u>\$ 6,115,621</u>	<u>\$ 6,115,621</u>	<u>\$ -0-</u>

NORTH CLACKAMAS COUNTY WATER COMMISSION

Clackamas County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

2. CASH AND INVESTMENTS (CONTINUED)

Interest Rate Risk

Oregon Revised Statutes require investments to not exceed a maturity of 18 months, except when the local government has adopted a written investment policy that was submitted to and reviewed by Oregon State Treasury (OST). The Commission does not have any investments that have a maturity date in excess of 18 months.

Concentration of Credit Risk

Deposits with financial institutions include bank demand deposits. Oregon Revised Statutes require deposits to be adequately covered by federal depository insurance or deposited at an approved depository as identified by the Treasury. Oregon Revised Statutes does not limit investments as to credit rating for securities purchased from US Government Agencies or USGSE. The LGIP is not rated.

Custodial Credit Risk - Deposits

This is the risk that, in the event of a bank failure, the Commission's deposits may not be returned. The Federal Depository Insurance Corporation (FDIC) provides Insurance for the Commission's deposits with financial institutions up to \$250,000 each for the aggregate of all non-interest-bearing accounts and the aggregate of all interest-bearing accounts at each institution. Deposits in excess of FDIC coverage with institutions participating in the Oregon Public Funds Collateralization Program. Oregon Revised Statutes and Commission policy require depository institutions to maintain on deposit, with the collateral pool manager, securities having a value not less than 10% of their quarter-end public fund deposits if they are well capitalized, 25% of their quarter-end public fund deposits if they are adequately capitalized, or 110% of their quarter-end public fund deposits if they are undercapitalized or assigned to pledge 110% by the Office of the State Treasurer. As of June 30, 2024, the total bank balance per the bank statements was \$1,174,383. Of these deposits, \$250,000 was covered by federal depository insurance while the remainder is collateralized by the Oregon Public Funds Collateralization Program (PFCP).

3. ACCOUNTS RECEIVABLE

Accounts receivables consist of amounts due from the Commission's members for water consumption. An allowance for uncollectible accounts is not considered necessary as historically there are no delinquent accounts.

NORTH CLACKAMAS COUNTY WATER COMMISSION

Clackamas County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

4. CAPITAL ASSETS

Capital Assets and the related changes for the year ended June 30, 2024, are summarized below:

	Balance June 30, 2023	Additions	Disposals	Transfers	Balance June 30, 2024
Capital Assets not being Depreciated:					
Land	\$ 701,351	\$ -	\$ -	\$ -	\$ 701,351
Intangibles	9,915,662	-	-	-	9,915,662
Construction in Progress	138,225	16,174	-	(97,641)	56,758
Total Capital Assets not being Depreciated	<u>10,755,238</u>	<u>16,174</u>	<u>-</u>	<u>(97,641)</u>	<u>10,673,771</u>
Capital Assets being Depreciated:					
Water Treatment Plant	27,897,323	1,391,999	380,054	97,641	29,006,909
Equipment	1,484,206	-	-	-	1,484,206
Transmission Line	1,970,274	-	-	-	1,970,274
Total Capital Assets being Depreciated	<u>31,351,803</u>	<u>1,391,999</u>	<u>380,054</u>	<u>97,641</u>	<u>32,461,389</u>
Total Capital Assets	<u>42,107,041</u>	<u>1,408,173</u>	<u>380,054</u>	<u>-</u>	<u>43,135,160</u>
Less Accumulated Depreciation:					
Water Treatment Plant	15,326,893	839,982	380,054	-	15,786,821
Equipment	1,034,994	66,259	-	-	1,101,253
Transmission Line	582,178	26,271	-	-	608,449
Total Accumulated Depreciation	<u>16,944,065</u>	<u>932,512</u>	<u>380,054</u>	<u>-</u>	<u>17,496,523</u>
Total Net Capital Assets being Depreciated	<u>14,407,738</u>	<u>459,487</u>	<u>-</u>	<u>97,641</u>	<u>14,964,866</u>
Total Net Capital Assets	<u>\$ 25,162,976</u>	<u>\$ 475,661</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 25,638,637</u>

Capital Assets and the related changes for the year ended June 30, 2023, are summarized below:

	Balance June 30, 2022	Additions	Disposals	Transfers	Balance June 30, 2023
Capital Assets not being Depreciated:					
Land	\$ 701,351	\$ -	\$ -	\$ -	701,351
Intangibles	9,915,662	-	-	-	9,915,662
Construction in Progress	64,727	90,423	16,925	-	138,225
Total Capital Assets not being Depreciated	<u>10,681,740</u>	<u>90,423</u>	<u>16,925</u>	<u>-</u>	<u>10,755,238</u>
Capital Assets being Depreciated:					
Water Treatment Plant	27,282,493	1,072,093	457,263	-	27,897,323
Equipment	1,433,447	82,066	31,307	-	1,484,206
Transmission Line	1,970,274	-	-	-	1,970,274
Total Capital Assets being Depreciated	<u>30,686,214</u>	<u>1,154,159</u>	<u>488,570</u>	<u>-</u>	<u>31,351,803</u>
Total Capital Assets	<u>41,367,954</u>	<u>1,244,582</u>	<u>505,495</u>	<u>-</u>	<u>42,107,041</u>
Less Accumulated Depreciation:					
Water Treatment Plant	14,914,827	869,329	457,263	-	15,326,893
Equipment	999,252	67,049	31,307	-	1,034,994
Transmission Line	555,907	26,271	-	-	582,178
Total Accumulated Depreciation	<u>16,469,986</u>	<u>962,649</u>	<u>488,570</u>	<u>-</u>	<u>16,944,065</u>
Total Net Capital Assets being Depreciated	<u>14,216,228</u>	<u>191,510</u>	<u>-</u>	<u>-</u>	<u>14,407,738</u>
Total Net Capital Assets	<u>\$ 24,897,968</u>	<u>\$ 281,933</u>	<u>\$ 16,925</u>	<u>\$ -</u>	<u>25,162,976</u>

NORTH CLACKAMAS COUNTY WATER COMMISSION

Clackamas County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

5. ACCRUED COMPENSATORY LEAVE ABSENCES

Changes in Accrued Compensated Absences Liability

The Commission estimates one hundred percent of its total accrued compensated absences leave liability, including salary and related payroll expenses, is current and due within one fiscal year, and accordingly, reports total accrued compensated absences leave liability as a current liability.

The Commission’s accrued compensated absences leave liability balance changed as follows:

	Balance June 30, 2023	Increases	Deletions	Balance June 30, 2024
Accrued Compensated Absences	\$ 18,484	\$ 36,006	\$ 31,437	\$ 23,053

	Balance June 30, 2022	Increases	Deletions	Balance June 30, 2023
Accrued Compensated Absences	\$ 28,625	\$ 22,314	\$ 32,455	\$ 18,484

6. DEFINED BENEFIT PENSION PLAN

Plan Description – The Oregon Public Employees Retirement System (PERS) consists of a single cost-sharing multiple-employer defined benefit plan. All benefits of the system are established by the legislature pursuant to Oregon Revised Statute (ORS) Chapters 238 and 238A. Oregon PERS produces an independently audited Annual Comprehensive Financial Report (ACFR) which can be found at: <https://www.oregon.gov/pers/Pages/Financials/Actuarial-Financial-Information.aspx>

If the link is expired, please contact Oregon PERS for this information.

- a. **PERS Pension (Chapter 238).** The ORS Chapter 238 Defined Benefit Plan is closed to new members hired on or after August 29, 2003.
 - i. **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 (2.0 percent for police and fire employees, 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. Monthly payments must be a minimum of \$200 per month or the member will receive a lump-sum payment of the actuarial equivalent of benefits to which he or she is entitled.

Under Senate Bill 1049, passed during the 2019 legislative session, the salary included in the determination of Final Average Salary will be limited for all members beginning in 2021. The limit was equal to \$225,533 in 2023, \$232,976 in 2024 and will be indexed with inflation in later years.

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 (age 45 for police and fire members). General service employees may retire after reaching age 55. Police and fire members are eligible after reaching age 50. Tier One general service employee benefits are reduced if retirement occurs prior to age 58 with fewer than 30 years of service. Police and fire member benefits are reduced if retirement occurs prior to age 55 with fewer than 25 years of service. Tier Two members are eligible for full benefits at age 60.

NORTH CLACKAMAS COUNTY WATER COMMISSION

Clackamas County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

6. DEFINED BENEFIT PENSION PLAN (CONTINUED)

The ORS Chapter 238 Defined Benefit Pension Plan is closed to new members hired on or after August 29, 2003.

- ii. **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 on or more of the following contributions are met:
 - member was employed by PERS employer at the time of death,
 - member died within 120 days after termination of PERS covered employment,
 - member died as a result of injury sustained while employed in a PERS-covered job, or
 - member was on an official leave of absence from a PERS-covered job at the time of death.
- iii. **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 (55 for police and fire members) when determining the monthly benefit.
- iv. **Benefit Changes After Retirement.** 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 market value equity investments. Under ORS 238.360 monthly benefits are adjusted annually through cost-of-living changes (COLA). The COLA is capped at 2.0%.

b. **OPSRP Pension Program (OPSRP DB).** The ORS Chapter 238A Defined Benefit Pension Program provides benefits to members hired on or after August 29, 2003.

- i. **Pension Benefits.** 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:

Police and fire: 1.8 percent are multiplied by the number of years of service and the final average salary. Normal retirement age for police and fire members is age 60 or age 53 with 25 years of retirement credit. To be classified as a police and fire member, the individual must have been employed continuously as a police and fire member for at least five years immediately preceding retirement.

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.

Under Senate Bill 1049, passed during the 2019 legislative session, the salary included in the determination of final average salary will be limited for all members beginning in 2021. The limit will be equal to \$210,582 in 2023, \$232,976 in 2024 and will be indexed with inflation in later years.

A member of the pension program becomes vested on the earliest of the following dates: the date the member completes 600 hours of service in each of five calendar years, the date the member reaches normal retirement age, and, if the pension program is terminated, the date on which termination becomes effective.

NORTH CLACKAMAS COUNTY WATER COMMISSION

Clackamas County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

6. DEFINED BENEFIT PENSION PLAN (CONTINUED)

- ii. **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.
- iii. **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.
- iv. **Benefit Changes After 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 over \$60,000.

c. OPSRP Individual Account Program (OPSRP IAP).

- i. **Pension Benefits.** The IAP is an individual account-based program under the PERS tax-qualified governmental plan as defined under ORS 238A.400. An IAP member becomes vested on the date the employee account is established or on the date the rollover account was established. If the employer makes optional employer contributions for a member, the member becomes vested on the earliest of the following dates: the date the member completes 600 hours of service in each of five calendar years, the date the member reaches normal retirement age, the date the IAP is terminated, the date the active member becomes disabled, or the date the active member dies.

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.

- ii. **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.
- iii. **Recordkeeping** OPERS Contracts with VOYA Financial to Maintain IAP Participant records.

d. Contributions

- i. **Employer 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, 2021 actuarial valuation. The rates based on a percentage of payroll, first became effective July 1, 2021. Effective January 1, 2020, Senate Bill 1049 required employers to pay contributions on re-employed PERS retirees' salary as if they were an active member, excluding IAP (6 percent) contributions. Re-employed retirees do not accrue additional benefits while they work after retirement. Employer contributions for the year ended June 30, 2024 were \$247,271 excluding amounts to fund employer specific liabilities. The rates in effect for the fiscal year ended June 30, 2024 were

NORTH CLACKAMAS COUNTY WATER COMMISSION

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NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

6. DEFINED BENEFIT PENSION PLAN (CONTINUED)

30.57 percent for Tier One/Tier Two General Service Member, 24.27 percent for OPSRP Pension Program General Service Members.

ii. Employee Contributions

Beginning January 1, 2004, all employee contributions were placed in the OPSRP Individual Account Program (IAP), a defined contribution pension plan established by the Oregon Legislature. Prior to that date, all member contributions were credited to the Defined Benefit Pension Plan. Member contributions are set by statute at 6.0 or 7.0 percent of salary and are remitted by participating employers. The contributions are either deducted from member salaries or paid by the employers on the members behalf. The IAP member accounts represent member contributions made on or after January 1, 2004, plus earnings allocations less disbursements for refunds, death benefits, and retirements.

Starting July 1, 2020, Senate Bill 1049 required a portion of member contributions to their IAP accounts to be redirected to the Defined Benefit fund. If the member earns more than \$3,333 per month, 0.75 percent (if OPSRP member) or 2.5 percent (if Tier One/Tier Two member) of the member's contributions that were previously contributed to the member's IAP now fund the new Employee Pension Stability Accounts (EPSA). The EPSA accounts will be used to fund the cost of future pension benefits without changing those benefits, which means reduced contributions to the member's IAP account. Members may elect to make voluntary IAP contributions equal to the amount redirected.

e. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2023 and June 30, 2024, the Commission reported a liability of \$555,487 and \$666,812 respectively, for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2021 rolled forward to June 30, 2023. The Commission's proportion of the net pension liability was based on a projection of the Commission's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. At June 30, 2023, the Commission's proportion was 0.003560 percent, which was an increase from its proportion of 0.003628 measured as of June 30, 2022.

For the year ended June 30, 2023 and June 30, 2024, the Commission's recognized pension expense of \$104,421 and \$132,523 respectively. At June 30, 2024, the Commission reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

NORTH CLACKAMAS COUNTY WATER COMMISSION

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NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

6. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Deferred outflows and inflows as of June 30, 2024 comprised as follows:

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Difference between expected and actual experience	\$ 32,609	\$ 2,644
Changes of assumptions	59,236	442
Net difference between projected and actual earnings on investments	11,985	-
Changes in proportion	137,677	9,647
Differences between employer contributions and employer's proportionate share of contributions	-	81,123
Total (prior to post-measurement date (MD) contributions)	<u>241,507</u>	<u>93,856</u>
Contributions subsequent to the MD	247,271	-
Subtotal	<u>\$ 488,778</u>	<u>\$ 93,856</u>

Deferred outflows and inflows as of June 30, 2023 comprised as follows:

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Difference between expected and actual experience	\$ 26,964	\$ 3,464
Changes of assumptions	87,159	796
Net difference between projected and actual earnings on investments	-	99,310
Changes in proportion	181,878	2,391
Differences between employer contributions and employer's proportionate share of contributions	221	99,232
Total (prior to post-measurement date (MD) contributions)	<u>296,222</u>	<u>205,284</u>
Contributions subsequent to the MD	77,144	-
Subtotal	<u>\$ 373,366</u>	<u>\$ 205,284</u>

Commission's contributions subsequent to the measurement date of \$247,271 and \$77,144 in years ended June 30, 2024 and 2023 are reported as deferred outflows of resources related to pensions and will be recognized as a reduction of the net pension liability in the year following. Included in deferred outflows for June 30, 2024 is \$150,000, a lump sum deposit to establish a side account which will be valued in the year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2023	29,987
2024	213
2025	86,531
2026	30,712
2027	387
Thereafter	-
Total	<u>\$ 147,651</u>

NORTH CLACKAMAS COUNTY WATER COMMISSION

Clackamas County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

6. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Actuarial Methods and Assumptions:

Actuarial Assumptions

The total pension liability in the December 31, 2021 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	December 31, 2021
Measurement Date	June 30, 2023
Experience Study Report	2020, Published July 20, 2021
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 of overall payroll growth
Cost of Living Adjustments	Blend of 2.00% COLA and grade COLA (1.25%/.015%) in accordance with Moro decision, blend based on service
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 Disabled Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.

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 methods and assumptions shown above are based on the 2020 Experience Study which reviewed experience for the four-year period ending on December 31, 2020.

NORTH CLACKAMAS COUNTY WATER COMMISSION

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NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

6. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Long-term Expected Rate of Return

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in January 2023 the PERS Board reviewed long-term assumptions developed by both Milliman’s capital market assumptions team and the Oregon Investment Council’s (OIC) investment advisors. The table below shows Milliman’s assumptions for each of the asset classes in which the plan was invested at that time based on the OIC long-term target asset allocation. The OIC’s description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions and includes adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

<u>Asset Class/Strategy</u>	<u>Low Range</u>	<u>High Range</u>	<u>Target Allocation</u>
Debt Securities	20.0%	30.0%	25.0%
Public Equity	22.5%	32.5%	27.5%
Real Estate	9.0%	16.5%	12.5%
Private Equity	17.5%	27.5%	20.0%
Risk Parity	0.0%	0.0%	0.0%
Real Assets	2.5%	10.0%	7.5%
Diversifying Strategies	2.5%	10.0%	7.5%
Opportunity Portfolio	0.0%	5.0%	0.0%
Total			<u>100.0%</u>

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Compounded Annual Return (Geometric)</u>
Global Equity	27.50%	7.07%
Private Equity	25.50%	8.83%
Core Fixed Income	25.00%	4.50%
Real Estate	12.25%	5.83%
Master Limited Partnerships	0.75%	6.02%
Infrastructure	1.50%	6.51%
Commodities	0.00%	0.00%
Hedge Fund of Funds – Multi-strategy	1.25%	6.27%
Hedge Fund Equity - Hedge	0.63%	6.48%
Hedge Fund - Macro	5.62%	4.83%
US Cash	0.00%	0.00%
Total	<u>100.00%</u>	

Assumed Inflation - Mean 2.35%

NORTH CLACKAMAS COUNTY WATER COMMISSION

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NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

6. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Depletion Date Projection

GASB 68 generally requires that a blended discount rate be used to measure the Total Pension Liability (the Actuarial Accrued Liability calculated using the Individual Entry Age Normal Cost Method). The long-term expected return on plan investments may be used to discount liabilities to the extent that the plan's Fiduciary Net Position is projected to cover benefit payments and administrative expenses. A 20-year high quality (AA/Aa or higher) municipal bond rate must be used for periods where the Fiduciary Net Position is not projected to cover benefit payments and administrative expenses. Determining the discount rate under GASB 68 will often require that the actuary perform complex projections of future benefit payments and pension plan investments. GASB 68 (paragraph 67) does allow for alternative evaluations of projected solvency, if such evaluation can reliably be made. GASB does not contemplate a specific method for making an alternative evaluation of sufficiency; it is left to professional judgment.

The following circumstances justify an alternative evaluation of sufficiency for PERS:

- PERS has a formal written policy to calculate an Actuarially Determined Contribution (ADC), which is articulated in the actuarial valuation report.
- The ADC is based on a closed, layered amortization period, which means that payment of the full ADC each year will bring the plan to a 100% funded position by the end of the amortization period if future experience follows assumption.
- GASB 68 specifies that the projections regarding future solvency assume that plan assets earn the assumed rate return and there are no future changes in the plan provisions or actuarial methods and assumptions, which means that the projections would not reflect any adverse future experience which might impact the plan's funded position.

Based on these circumstances, it is our independent actuary's opinion that the detailed depletion date projections outlined in GASB 68 would clearly indicate that the Fiduciary Net Position is always projected to be sufficient to cover benefit payments and administrative expenses.

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.

Sensitivity of the Commission's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the Commission's proportionate share of the net pension liability calculated using the discount rate of 6.90 percent, as well as what the Commission'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:

	1% Decrease (5.90%)	Discount Rate (6.90%)	1% Increase (7.90%)
Commission's proportionate share of the net pension liability (asset)	\$ 1,101,449	\$ 666,812	\$ 303,068

NORTH CLACKAMAS COUNTY WATER COMMISSION

Clackamas County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

6. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Pension Plan Fiduciary Net Position

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

Changes in Plan Provisions During the Measurement Period

There were no changes during the June 30, 2023 measurement period that require disclosure.

Changes in Plan Provisions Subsequent to Measurement Date

There were no changes subsequent to the June 30, 2023 measurement period that require disclosure.

7. OTHER POST-EMPLOYMENT BENEFITS (RHIA)

Plan Description:

The Commission contributes to the PERS Retirement Health Insurance Account (RHIA) for each of its eligible employees. RHIA is a cost-sharing multiple-employer defined benefit other postemployment benefit plan administered by PERS. RHIA pays a monthly contribution toward the cost of Medicare companion health insurance premiums for eligible retirees. ORS 238.420 established this trust fund. The Oregon Legislature has delegated authority to the Public Employees Retirement Board to administer and manage the system. The plan is closed to new entrants hired after August 29, 2003. PERS issues publicly available financial statements and required supplementary information. That report may be obtained by writing to Oregon Public Employees Retirement System, PO Box 23700, Tigard, OR 97281-3700, or online at <https://www.oregon.gov/pers/Pages/Financials/Actuarial-Financial-Information.aspx>

Benefits Provided:

Because RHIA was created by enabling legislation (ORS 238.420), contribution requirements of the plan members and the participating employers were established and may be amended only by the Oregon Legislature. ORS require that an amount equal to \$60 or the total monthly cost of Medicare companion health insurance premiums coverage, whichever is less, shall be paid from the RHIA established by the employer, and any monthly cost in excess of \$60 shall be paid by the eligible retired member in the manner provided in ORS 238.410. To be eligible to receive this monthly payment toward the premium cost, the member must: (1) have eight years or more of qualifying service in PERS at the time of retirement or receive a disability allowance as if the member had eight years or more of creditable service in PERS, (2) receive both Medicare Parts A and B coverage, and (3) enroll in a PERS-sponsored health plan. A surviving spouse or dependent of a deceased PERS retiree who was eligible to receive the subsidy is eligible to receive the subsidy if he or she (1) is receiving a retirement benefit or allowance from PERS or (2) was insured at the time the member died and the member retired before May 1, 1991.

Contributions:

PERS funding policy provides for 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. Employer contribution rates for the period were based on the December 31, 2021 actuarial valuation and a percentage of payroll that first became effective July 1, 2023. The Commission contributed 0.00% of PERS-covered salaries for Tier One/Tier Two members to fund the normal cost portion of RHIA benefits and 0.00% of all PERS-covered salaries to amortize the unfunded actuarial accrued liability over a fixed period with new unfunded

NORTH CLACKAMAS COUNTY WATER COMMISSION

Clackamas County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

7. OTHER POST-EMPLOYMENT BENEFITS (RHIA) (CONTINUED)

actuarial accrued liabilities being amortized over 20 years. The Commission’s total for the year ended June 30, 2024 contributions was \$0.

At June 30, 2024, the Commission held a nil proportionate share (zero assets) of the net post-employment benefit asset for RHIA. The post-employment benefit asset was measured as of June 30, 2023, and the total post-employment benefit asset used to calculate the net post-employment benefit asset was determined by an actuarial valuation dated December 31, 2021.

The Commission’s proportion of the net post-employment benefit asset was based on a projection of the Commission’s long-term share of contributions to the RHIA relative to the projected contributions of all participating employers, actuarially determined. As of the measurement date of June 30, 2023, the Commission’s proportion was zero. The amount of contributions subsequent to the measurement date was included as a reduction of the net pension liability in the fiscal year ended June 30, 2024.

There were no deferred outflows or inflows related to the RHIA plan for June 30, 2024.

Deferred outflows and inflows as of June 30, 2023 comprised as follows:

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Difference between expected and actual experience	\$ -	-
Changes of assumptions	-	-
Net difference between projected and actual earnings on investments	-	-
Changes in proportion	925	-
Differences between employer contributions and employer's proportionate share of contributions	-	-
Total (prior to post-measurement date (MD) contributions)	925	-
Contributions subsequent to the MD	-	-
Subtotal	<u>\$ 925</u>	<u>-</u>

8. DEFERRED COMPENSATION PLAN

A deferred compensation plan is available to employees wherein they may execute an individual agreement with the Commission for amounts earned by them to not be paid until a future date when certain circumstances are met. These circumstances are termination by reason of death, disability, resignation, or retirement. Payment to the employee will be made over a period not to exceed 15 years. The deferred compensation plan is one which is authorized under IRC Section 457 and has been approved in its specifics by a private ruling from the Internal Revenue Service. The assets of the plan are held by the administrator for the sole benefit of the plan participants and are not considered assets or liabilities of the Commission.

9. RISK MANAGEMENT

The Commission is subject to the risk of loss related to torts, theft, or damage to and destruction of assets, errors and omissions and natural disasters. The Commission purchases commercial insurance for all significant risks of loss. There was no significant reduction in the Commission’s major categories of insurance coverage and settlements have not exceeded insurance coverage for each of the past three years. Note the Commission’s insurance company has the right to assess additional amounts.

NORTH CLACKAMAS COUNTY WATER COMMISSION

Clackamas County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

10. NET POSITION

The balance of net position utilizing the accounting methods and principles of the Commission is comprised of the following:

	<u>June 30, 2023</u>	<u>June 30, 2024</u>
Ending Fund Balance	6,946,726	7,002,380
Accrued compensated absences payable	(18,484)	(23,054)
Capital Assets, net of Accumulated Depreciation	25,162,976	25,638,637
GASB 68 net pension asset/(liability) and related deferred inflows/outflows	(387,405)	(271,890)
GASB 75 net pension asset/(liability) and related deferred inflows/outflows	925	0
Net Position	<u><u>31,704,738</u></u>	<u><u>32,346,073</u></u>

Member investments in net position comprised the following:

Investment in NCCWC	<u>Member Share</u>		<u>June 30, 2023</u>		<u>June 30, 2024</u>
Oak Lodge Water Services District	42%	\$	13,315,990	\$	13,585,351
Sunrise Water Authority	48%		15,218,274		15,526,115
City of Gladstone	10%		3,170,474		3,234,607
	<u>100%</u>	<u>\$</u>	<u><u>31,704,738</u></u>	<u>\$</u>	<u><u>32,346,073</u></u>

12. CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS

The Commission did not have any significant commitments at the close of the fiscal year ended June 30, 2024.

NORTH CLACKAMAS COUNTY WATER COMMISSION

Clackamas County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

13. RELATED PARTY

Revenue – In the fiscal years ended June 30, 2023 and June 30, 2024 the Commission earned a total of \$3,148,596 and \$3,172,644, respectively, from Oak Lodge Water Services District, Sunrise Water Authority, and the City of Gladstone.

Expense – In the fiscal years ended June 30, 2023 and June 30, 2024 the Commission paid a total of \$48,000 and \$51,575 to Oak Lodge Water Services for financial services and the Commission paid a total of \$66,000 and \$69,187 to Sunrise Water Authority for management and engineering services, respectively.

14. NEW PRONOUNCEMENTS

The Government Accounting Standards Board (GASB) issues new pronouncements from time to time. For copies of original pronouncements please visit the GASB's website www.gasb.org.

GASB Statement No. 99, “Omnibus 2022”. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The requirements related to leases, PPPs, and SBITAs are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter. There is no impact on the financial reporting for the fiscal years ended June 30, 2023 and 2024.

GASB Statement No. 100, “Accounting Changes and Error Corrections”—an amendment of GASB Statement No. 62. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. Effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter. There is no impact on the financial reporting for the fiscal years ended June 30, 2023 and 2024.

GASB Statement No. 101, “Compensated Absences”. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023.

GASB Statement No. 102, “Certain Risk Disclosures”. The objective of this Statement is to provide users of government financial statements with essential information about risks related to a government’s vulnerabilities due to certain concentrations or constraints. This Statement requires a government to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. The requirements of this Statement are effective for fiscal years beginning after June 15, 2024.

GASB Statement No. 103, “Financial Reporting Model Improvements”. The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government’s accountability. This Statement also addresses certain application issues. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025.

GASB Statement No. 104, “Disclosure of Certain Capital Assets”. The objective introduces new disclosure requirements for state and local governments for affected asset categories. The requirements of this Statement are effective for fiscal years beginning after June 15, 2024.

NORTH CLACKAMAS COUNTY WATER COMMISSION

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NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

13. RELATED PARTY

Revenue – In the fiscal years ended June 30, 2023 and June 30, 2024 the Commission earned a total of \$3,148,596 and \$3,100,315, respectively, from Oak Lodge Water Services District, Sunrise Water Authority, and the City of Gladstone. Additionally, in fiscal year 2024 the Commission earned revenue from wholesale water sales to Sunrise Water Authority in the amount of \$1,463,627. Other non-related party water and wholesale water sales totaled \$423,380.

Expense – In the fiscal years ended June 30, 2023 and June 30, 2024 the Commission paid a total of \$48,000 and \$51,575 to Oak Lodge Water Services for financial services and the Commission paid a total of \$66,000 and \$69,187 to Sunrise Water Authority for management and engineering services, respectively.

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GASB Statement No. 103, “Financial Reporting Model Improvements”. The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government’s accountability. This Statement also addresses certain application issues. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025.

GASB Statement No. 104, “Disclosure of Certain Capital Assets”. The objective introduces new disclosure requirements for state and local governments for affected asset categories. The requirements of this Statement are effective for fiscal years beginning after June 15, 2024.

REQUIRED SUPPLEMENTARY INFORMATION

NORTH CLACKAMAS COUNTY WATER COMMISSION

Clackamas County, Oregon

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

<u>Year Ended June 30,</u>	<u>(a) Employer's proportion of the net pension liability (NPL)</u>	<u>(b) Employer's proportionate share of the net pension liability (NPL)</u>	<u>(c) Employer's covered payroll</u>	<u>(b/c) NPL as a percentage of covered payroll</u>	<u>Plan fiduciary net position as a percentage of the total pension liability</u>
2023	0.004%	\$ 666,812	\$ 409,676	163%	81.68%
2022	0.004%	555,487	232,852	239%	84.60%
2021	0.002%	291,099	270,166	108%	87.60%
2020	0.002%	503,384	261,982	192%	75.80%
2019	0.002%	405,570	255,438	159%	80.23%
2018	0.002%	330,549	246,762	134%	82.07%
2017	0.003%	289,598	268,100	108%	83.10%
2016	0.003%	392,862	198,044	198%	80.50%
2015	0.003%	182,899	200,489	91%	91.90%
2014	0.003%	168,405	195,400	86%	92.00%

SCHEDULE OF CONTRIBUTIONS

<u>Year Ended June 30,</u>	<u>Statutorily required contribution</u>	<u>Contributions in relation to the statutorily required contribution</u>	<u>Contribution deficiency (excess)</u>	<u>Employer's covered payroll</u>	<u>Contributions as a percent of covered payroll</u>
2024	\$ 97,271	\$ 247,271	\$ (150,000)	\$ 395,093	62.59%
2023	77,144	77,144	-	409,676	18.83%
2022	43,570	43,570	-	232,852	18.71%
2021	36,995	36,995	-	270,166	13.69%
2020	41,538	41,538	-	261,982	15.86%
2019	38,297	38,297	-	255,438	14.99%
2018	36,177	36,177	-	246,762	14.66%
2017	18,083	18,083	-	268,100	6.74%
2016	20,808	20,808	-	198,044	10.51%
2015	12,653	12,653	-	200,489	6.31%

The amounts presented for each fiscal year were actuarially determined at 12/31 and rolled forward to the measurement date.

These schedules are presented to illustrate the requirements to show information for 10 years.

NORTH CLACKAMAS COUNTY WATER COMMISSION

Clackamas County, Oregon

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

For the fiscal year ended June 30, 2022

Changes in Plan Provisions

There were no changes in plan provisions occurred since the December 31, 2021 actuarial valuation. A complete summary of the Tier 1/Tier 2, OPSRP, RHIA, and RHIPA plan provisions valued is provided as part of the system-wide actuarial valuation report.

Changes in Actuarial Methods and Allocation Procedures

There were no changes in actuarial methods and allocation procedures since the December 31, 2021 actuarial valuation. A complete summary of the Tier 1/Tier 2, OPSRP, RHIA, and RHIPA actuarial methods and allocation procedures is provided as part of the system-wide valuation report.

Changes in Assumptions

There were no changes in assumptions since the December 31, 2021 actuarial valuation. A complete summary of the Tier 1/Tier 2, OPSRP, RHIA, and RHIPA assumptions is provided as part of the system-wide valuation report.

Resources

Audited Schedules of Employer Allocations and Pension Amounts as well as documents explaining methods and assumptions on how amounts were developed from the PERS Consulting Actuary can be found at <https://www.oregon.gov/pers/emp/pages/GASB.aspx>.

SUPPLEMENTARY INFORMATION

This part of the Commission’s Financial Report presents supplementary information to demonstrate and report on its compliance with finance-related legal requirements.

Budgetary Reporting – This section provides schedules that reconcile the differences between budgetary financial reports and financial statements prepared on the basis of Generally Accepted Accounting Principles (GAAP) as well as schedules that report on budget to actual financial performance.

Combining Balance Sheet – All Funds (Budgetary Basis)	35
Combining Schedule of Revenues, Expenditures, Other Financing Sources and Uses and Changes in Fund Balance – Actual and Budget (Budgetary Basis)	36
Schedule of Revenues, Expenditures, Other Financing Sources and Uses and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual	
General Fund	37
Plant Reserve Fund	38

BUDGETARY REPORTING

**North Clackamas County Water Commission
Clackamas County, Oregon**

**Combining Balance Sheet
June 30, 2024**

	General Fund	Plant Reserve Fund	Total
Assets:			
Current:			
Cash and Investments	\$ 929,619	\$ 5,529,755	\$ 6,459,374
Accounts Receivable, net	546,400	8,960	555,360
Intergovernmental Receivables	574,719	-	574,719
Prepaid Asset	79,951	-	79,951
Total Current Assets	2,130,689	5,538,715	7,669,404
Total Assets	\$ 2,130,689	\$ 5,538,715	\$ 7,669,404
Liabilities and Fund Balances:			
Current Liabilities:			
Accounts Payable	\$ 663,585	\$ 745	\$ 664,331
Payroll Liabilities	2,694	-	2,694
Total Current Liabilities	666,279	745	667,024
Total Liabilities	666,279	745	667,024
Fund Balances	1,464,410	5,537,970	7,002,380
Total Liabilities and Fund Balances	\$ 2,130,689	\$ 5,538,715	\$ 7,669,404
Add/(deduct) to reconcile to GAAP basis statement of net position:			
Budgetary ending fund balance			\$ 7,002,380
Capital assets, net depreciation			25,638,637
Accrued compensated absences payable			(23,054)
Net pension liability			(666,812)
Deferred outflows of resources			488,778
Deferred inflows of resources			(93,856)
Ending net position			\$ 32,346,073

**North Clackamas County Water Commission
Clackamas County, Oregon**

**Combining Schedule of Revenues, Expenditures and Changes in Fund Balance
For the Year Ended June 30, 2024**

	General Fund	Plant Reserve Fund	Total
Revenues:			
Water Sales	\$ 4,987,322	\$ -	\$ 4,987,322
Interest	58,318	259,920	318,238
Miscellaneous	38,122	-	38,122
Total Revenues	5,083,762	259,920	5,343,682
Expenditures:			
Personnel Services	647,795	-	647,795
Materials and Services	3,082,061	-	3,082,061
Capital Outlay	-	1,408,172	1,408,172
Total Expenditures	3,729,856	1,408,172	5,138,028
Excess of Revenues Over, (Under) Expenditures	1,353,906	(1,148,252)	205,654
Other Financing Sources, (Uses):			
PERS side account contribution	(150,000)	-	(150,000)
Transfers In	-	1,500,000	1,500,000
Transfers Out	(1,500,000)	-	(1,500,000)
Total Other Financing Sources	(1,650,000)	1,500,000	(150,000)
Net Change in Fund Balance	(296,094)	351,748	55,654
Beginning Fund Balance	1,760,504	5,186,222	6,946,726
Ending Fund Balance	\$ 1,464,410	\$ 5,537,970	\$ 7,002,380
Change in fund balance across all funds:			\$ 55,654
Add/(deduct) to reconcile to GAAP basis change in net position:			
Change in accrued compensated absences			(4,569)
Capital outlay expenditures capitalized			1,408,172
Depreciation			(932,512)
Change in deferred outflow of resources, adjustment to pension expense			115,412
Change in deferred inflow of resources, adjustment to pension expense			111,428
Change in deferred outflow of resources, adjustment to OPEB expense			(925)
Change in Net pension liability/(asset)			(111,325)
Change in net position			\$ 641,335

North Clackamas County Water Commission
Clackamas County, Oregon

Schedule of Revenues, Expenditures and Changes in Fund Balance - Actual and Budget
For the Year Ended June 30, 2024

	<u>General Fund</u>			VARIANCE POSITIVE, (NEGATIVE)
	<u>ACTUAL</u>	<u>FINAL BUDGET</u>	<u>ORIGINAL BUDGET</u>	
Revenues:				
Water Sales	\$ 4,987,322	\$ 4,325,000	\$ 4,325,000	\$ 662,322
Interest Income	58,318	5,000	5,000	53,318
Miscellaneous	38,122	-	-	38,122
Total Revenues	5,083,762	4,330,000	4,330,000	753,762
Expenditures:				
Personnel Services	647,795	682,000	725,000	34,205
Materials and Services	3,082,061	3,159,900	2,786,900	77,839
Water Treatment	3,729,856	3,841,900	3,511,900	112,044
Operating Contingency	-	-	330,000	-
Total Expenditures	3,729,856	3,841,900	3,841,900	112,044
Excess of Revenues Over, (Under) Expenditures	1,353,906	488,100	488,100	(865,806)
Other Financing Uses:				
PERS side account contribution	(150,000)	(150,000)	(150,000)	-
Transfers Out	(1,500,000)	(1,500,000)	(1,500,000)	-
Total Other Financing Sources	(1,650,000)	(1,650,000)	(1,650,000)	-
Net Change in Fund Balance	(296,094)	(1,161,900)	(1,161,900)	865,806
Beginning Fund Balance	1,760,504	1,368,149	1,368,149	392,355
Ending Fund Balance	\$ 1,464,410	\$ 206,249	\$ 206,249	\$ 1,258,161

North Clackamas County Water Commission
Clackamas County, Oregon

Schedule of Revenues, Expenditures and Changes in Fund Balance - Actual and Budget
For the Year Ended June 30, 2024

	<u>Plant Reserve Fund</u>		
	<u>ACTUAL</u>	<u>ORIGINAL AND FINAL BUDGET</u>	<u>VARIANCE POSITIVE, (NEGATIVE)</u>
Revenues:			
Interest Income	\$ 259,920	\$ 50,000	\$ 209,920
Total Revenues	259,920	50,000	209,920
Expenditures			
Capital Outlay:			
Plant Expenditures	1,408,172	3,340,000	1,931,828
Total Capital Outlay	1,408,172	3,340,000	1,931,828
Contingency	-	700,000	700,000
Total Contingency	-	700,000	700,000
Total Expenditures	1,408,172	4,040,000	2,631,828
Excess of Revenues Over, (Under) Expenditures	(1,148,252)	(3,990,000)	2,841,748
Other Financing Uses			
Transfers In	1,500,000	1,500,000	-
Total Other Financing Sources	1,500,000	1,500,000	-
Net Change in Fund Balance	351,748	(2,490,000)	2,841,748
Beginning Fund Balance	5,186,222	4,938,999	247,223
Ending Fund Balance	\$ 5,537,970	\$ 2,448,999	\$ 3,088,971

REPORTS ON LEGAL AND OTHER REGULATORY REQUIREMENTS

INDEPENDENT AUDITORS' REPORT
REQUIRED BY OREGON STATE REGULATIONS

Oregon Administrative Rules 162-10-050 through 162-10-320 incorporated in the Minimum Standards for Audits of Oregon Municipal Corporations, prescribed by the Secretary of State in cooperation with the Oregon State Board of Accountancy; enumerate the financial statements, schedules, and comments and disclosures required in audit reports. The required statements and schedules are set forth in the preceding sections of this report. Required comments and disclosures related to the audit of such statements and schedules are set forth in the following pages.

Report of Independent Auditors Required by Oregon State Regulations

The Board of Commissioners
North Clackamas County Water Commission

We have audited, in accordance with auditing standards generally accepted in the United States of America the financial statements of North Clackamas County Water Commission (the “Commission”) as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Commission’s basic financial statements, and have issued our report thereon dated November 26, 2024.

Compliance

As part of obtaining reasonable assurance about whether the Commission’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
- Insurance and fidelity bonds
- Investments
- Public contracts and purchasing

In connection with our testing, nothing came to our attention that caused us to believe the Commission 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 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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 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 the Commission and the Oregon Secretary of State, and is not intended to be, and should not be, used by anyone other than these parties.



Keith Simovic, Partner,
for Moss Adams
Portland, Oregon
November 26, 2024

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH OREGON MINIMUM
AUDITING STANDARDS**

End of Report



Communication to Those Charged with Governance and
Internal Control Related Matters

North Clackamas County Water Commission

June 30, 2024

Communications with Those Charged with Governance

The Board of Commissioners
North Clackamas County Water Commission

We have audited the financial statements of North Clackamas County Water Commission (the “Commission”) as of and for the year ended June 30, 2024, and have issued our report thereon dated November 26, 2024. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility under Auditing Standards Generally Accepted in the United States of America

As stated in our engagement letter dated August 27, 2024, we are responsible for forming and expressing an opinion about whether the financial statements that have been prepared by management, with your oversight, are prepared, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your responsibilities.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (U.S. GAAS). As part of an audit conducted in accordance with U.S. GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit.

An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Commission’s internal control over financial reporting. Accordingly, we considered the Commission’s internal control solely for the purposes of determining our audit procedures and not to provide assurance concerning such internal control.

We are also responsible for communicating significant matters related to the financial statement audit that, in our professional judgment, are relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

The supplementary information was subject to 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.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you in the engagement letter.

Significant Audit Findings and Issues

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Commission are described in Note 1 to the financial statements. The Commission adopted Governmental Accounting Standards Board (GASB) Statement No. 100, *Accounting Changes and Error Corrections*. Adoption of this standard did not have a significant impact on the Commission's net position or results of operations as of and for the years ended June 30, 2024 and 2023. No other new accounting policies were adopted and there were no changes in the application of existing policies during fiscal year 2024. We noted no transactions entered into by the Commission during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

Pension liability and related pension expense – This represents the amount of annual expense recognized for pensions and the related pension liability. The amount is actuarially determined, with management input. We have evaluated the key factors and assumptions used to develop the annual expense in determining that it is reasonable in relation to the combined and individual financial statements taken as a whole.

Unbilled Revenue – Unbilled revenue is a measure of revenue earned through the end of the reporting period that has yet to be billed. This generally represents accounts with billing cycles that start in the reporting year and end in the subsequent year. We have evaluated the key factors and assumptions used to develop unbilled revenue in determining that it is reasonable in relation to the financial statements taken as a whole. The Commission records unbilled revenue as part of accounts receivable on the statements of net position.

Recovery Periods for the Cost of Capital Assets – This represents the depreciation of capital assets. Management's estimate of the recovery periods for the cost of capital assets is based on regulatory-prescribed depreciation recovery periods. We have evaluated the key factors and assumptions used to develop the recovery periods in determining that they are reasonable in relation to the financial statements taken as a whole.

Financial Statement Disclosures

The disclosures in the financial statements are consistent, clear, and understandable. Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were:

- Note 6 – Defined benefit pension plan
- Note 13 – Related party

We did not note any other disclosures in the financial statements which we considered sensitive to potential users.

Significant Unusual Transactions

We encountered no significant unusual transactions during our audit of the Commission's financial statements.

Significant Difficulties Encountered in Performing the Audit

Professional standards require us to inform you of any significant difficulties encountered in performing the audit. No significant difficulties were encountered during our audit of the Commission's financial statements.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. No such disagreements arose during the course of our audit.

Circumstances that Affect the Form and Content of the Auditor's Report

There may be circumstances in which we would consider it necessary to include additional information in the auditor's report in accordance with U.S. GAAS. There were no circumstances that affected the form and content of the auditor's report.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all factual and judgmental misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management.

The corrected misstatements posted to the financial statements are as follows:

- To accrue year-end water consumption invoices in the amount of \$23,149.
- To accrue year-end electricity expenses in the amount of \$27,836.

The below summarizes uncorrected misstatements of the financial statements. Management has determined that their effects are immaterial, both individually and in the aggregate, to the financial statements as a whole. Uncorrected misstatements, or matters underlying those uncorrected misstatements, as of and for the year ended June 30, 2024 could potentially cause future-period financial statements to be materially misstated, even though we have concluded that the uncorrected misstatements are immaterial to the financial statements under audit.

- Prior year impact to record wholesale water sales in the amount of \$22,904.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated November 26, 2024.

Management Consultation with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a “second opinion” on certain situations. If a consultation involves application of an accounting principle to the Commission’s financial statements or a determination of the type of auditor’s opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Significant Audit Findings or Issues

We are required to communicate to you other findings or issues arising from the audit that are, in our professional judgment, significant and relevant to your oversight of the financial reporting process. There were no such items identified.

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

Communications of Internal Control Related Matters

In planning and performing our audit of the financial statements of the Commission as of and for the year ended June 30, 2024, in accordance with auditing standards generally accepted in the United States of America, we considered the 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 the Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 Commission's financial statements will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. 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.

Control deficiencies and other matters identified during our June 30, 2024, audit are included in Appendix A below.

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



Portland, Oregon
November 26, 2024

Appendix A

June 30, 2024 Recommendations

In addition to the required communications, we have identified the following matters for your consideration. Our recommendations are based on observations and testing during the course of our audit. These recommendations should be evaluated by management and the Board of Commissioners for implementation and the Commission should conduct a cost benefit analysis including consideration of the risks for the recommended action.

Other Matters

Capital asset reconciliation to the general ledger – We noted that the Commission does not currently have a control in place to reconcile certain key, full-accrual accounts on a routine basis, specifically capital assets. To reduce the burden of the year end closing process, we recommend that the activity per the asset tracking system be routinely reconciled to the capital outlay accounts on a quarterly basis. This reconciliation should be formally documented and reviewed by someone other than the person performing the reconciliation as part of the Commission’s close process.

Asset tracking system – During our current year audit procedures, we noted that all capital projects are tracked in a spreadsheet that is reviewed periodically based upon what is approved in the capital budget. This allows the Commission to capture all the costs by project and to monitor the costs by project to identify any significant variances from budget or estimate. As the asset tracking spreadsheet is unprotected, we recommend that the Commission consider moving the asset information to an electronic asset tracking system to help prevent unauthorized changes and to reduce the risk of manual or other formula errors.

Timely Accruals – We noted that the Commission did not properly identify and record certain accruals regarding wholesale water purchases and electricity purchases as of year-end, which resulted in the corrected misstatements noted previously. To improve the accuracy and completeness of the balances as of year-end, we recommend the Commission review associated purchases and invoices timely to identify and record the applicable accruals at fiscal year-end.

NORTH CLACKAMAS COUNTY WATER COMMISSION

JANUARY 23, 2025

Agenda Item 7.1

Subject: Financial Reports (Period August 2024, September 2024, October 2024, November 2024)

Presenter(s): Jamey Pietzold, Interim Finance Director

Board Action: Review

Attachments: **FY 2024-25**

- Monthly Water Production and Cost Summary August 2024
- Monthly Water Production and Cost Summary September 2024
- Monthly Water Production and Cost Summary October 2024
- Monthly Water Production and Cost Summary November 2024
- FYTD Water Production and Cost Summary
- FYTD Water Sales FY2024-25 and Comparison to FY2023-24
- Budget to Actuals Report FY2024-25 Period 02 August 2024
- Budget to Actuals Report FY2024-25 Period 02 September 2024
- Budget to Actuals Report FY2024-25 Period 02 October 2024
- Budget to Actuals Report FY2024-25 Period 02 November 2024

Background: A summary of financial reports is presented for review.

Analysis: FY 2024-25 Revenue & Expenditure as of November 2024:

Water Sales	Budget	Budget to Date	Actuals	Variance
OLWS	\$ 1,154,000	\$ 480,833	\$ 567,191	\$ 86,358
Gladstone	590,000	245,833	281,504	35,671
SWA	1,411,000	587,917	822,085	234,168
CRW	15,000	6,250	9,943	3,693
	<u>\$ 3,170,000</u>	<u>\$ 1,320,833</u>	<u>\$ 1,680,723</u>	<u>\$ 359,890</u>
		53.0%		
Wholesale Water Sales				
From CRW	<u>1,400,000</u>	<u>583,333</u>	<u>693,598</u>	<u>\$ 110,265</u>
		49.5%		

NORTH CLACKAMAS COUNTY WATER COMMISSION

JANUARY 23, 2025

Expenditures	Budget	Budget to Date	Actuals	Variance
Personnel Services	\$ 714,000	\$ 297,500	\$ 229,150	\$ (68,350)
Materials & Services	3,020,900	1,258,708	1,289,429	30,721
Capital Outlay	995,000	414,583	66,585	(347,998)
	<u>\$ 4,729,900</u>	<u>\$ 1,970,791</u>	<u>\$ 1,585,164</u>	<u>\$ (385,627)</u>

33.5%

Options: NA

Staff

Recommendation: Review financial statements as presented.

Draft Motion: None required. Chair should acknowledge receipt of the financial reports for the following periods:

- FY 2024-25
 - August 2024
 - September 2024
 - October 2024
 - November 2024

NCCWC Monthly Water Production and Cost Summary -

August 2024

	<u>Combined</u>	<u>Production SSF/Membrane</u>	<u>Production SFWB</u>	<u>Wholesale CRW</u>
Average Daily Production (MG)	16.43	11.62	0.00	4.81

	<u>TOTAL</u>	<u>Production SSF/Membrane</u>	<u>Production SFWB</u>	<u>Wholesale CRW</u>
Water Production/Purchases (MG)	509.32	360.31	0.01	149.00
Water Production/Purchases (ccf) (divide MG by 0.000748)	680,903	481,698	7	199,198

NCCWC Expenditures (\$):

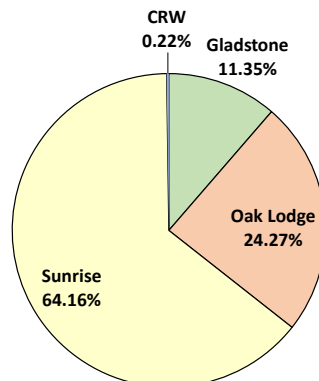
		<u>SSF/Membrane</u>	<u>SFWB</u>	<u>CRW</u>
Operations:				
Personnel Services	\$ 60,178	\$ 60,178	\$ -	\$ -
Electricity	\$ 73,288	\$ 73,288	\$ -	\$ -
Water Treatment	\$ 10,469	\$ 10,469	\$ -	\$ -
Other - Material & Services	\$ 19,797	\$ 19,797	\$ -	\$ -
Capital Outlay	\$ - (In Transfers)	\$ -	\$ -	\$ -
Special Payments-PERS	\$ - (Excluded - From Beg. Balance)	\$ -	\$ -	\$ -
Transfer	\$ 100,000 (Excludes Debt Service Transfer)	\$ 100,000	\$ -	\$ -
Administration:				
Contracted Services	\$ 4,000	\$ 4,000	\$ -	\$ -
Professional Services	\$ 7,925	\$ 7,925	\$ -	\$ -
Wholesale Purchases	\$ 222,831	\$ -	\$ -	\$ 222,831
Total Requirements w/out Debt	\$ 498,489	\$ 275,657	\$ -	\$ 222,831
Cost w/out Debt: \$(ccf):	\$ 0.7321	\$ 0.5723	\$ -	\$ 1.1186

VOLUME PURCHASED:

		<u>Gladstone</u>	<u>Oak Lodge</u>	<u>Sunrise</u>	<u>CRW</u>
Water Sales (MG)	512.82	58.19	124.47	329.03	1.13
Water Sales (ccf)	685,596	77,797	166,404	439,880	1,515
% Water Sales per Entity (ccf)	100%	11.35%	24.27%	64.16%	0.22%

GLAD Rate	\$ 0.85500	\$66,516			
OLWD Rate	\$ 0.85500		\$142,275		
SWA Rate	\$ 0.85500			\$201,542	
CRW Water Rate 1	\$ 1.11860			\$169,103	\$1,695
SFWB Rate	\$ 1.17930				
Monthly Weighted Avg Cost	\$ 0.60098				
Monthly Gain/(Loss) w/out Debt	\$ (0.13112)				

Monthly Sales By Customer



NCCWC Monthly Water Production and Cost Summary -

September 2024

	<u>Combined</u>	<u>Production SSF/Membrane</u>	<u>Production SFWB</u>	<u>Wholesale CRW</u>
Average Daily Production (MG)	14.42	10.61	(0.01)	3.82

	<u>TOTAL</u>	<u>Production SSF/Membrane</u>	<u>Production SFWB</u>	<u>Wholesale CRW</u>
Water Production/Purchases (MG)	432.53	318.29	(0.31)	114.54
Water Production/Purchases (ccf) (divide MG by 0.000748)	578,246	425,522	(408)	153,132

NCCWC Expenditures (\$):

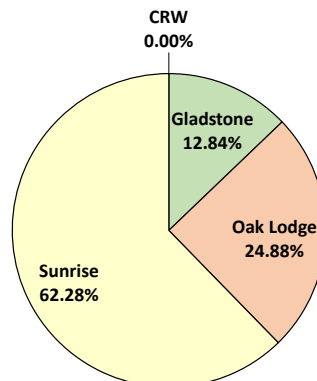
		<u>SSF/Membrane</u>	<u>SFWB</u>	<u>CRW</u>
Operations:				
Personnel Services	\$ 26,747	\$ 26,747	\$ -	\$ -
Electricity	\$ 62,166	\$ 62,166	\$ -	\$ -
Water Treatment	\$ 30,956	\$ 30,956	\$ -	\$ -
Other - Material & Services	\$ 24,638	\$ 24,638	\$ -	\$ -
Capital Outlay	\$ - (In Transfers)	\$ -	\$ -	\$ -
Special Payments-PERS	\$ - (Excluded - From Beg. Balance)	\$ -	\$ -	\$ -
Transfer	\$ - (Excludes Debt Service Transfer)	\$ -	\$ -	\$ -
Administration:				
Contracted Services	\$ 23,592	\$ 23,592	\$ -	\$ -
Professional Services	\$ 353	\$ 353	\$ -	\$ -
Wholesale Purchases	\$ 171,303	\$ -	\$ -	\$ 171,303
Total Requirements w/out Debt	\$ 339,756	\$ 168,453	\$ -	\$ 171,303
Cost w/out Debt: \$(ccf):	\$ 0.5876	\$ 0.3959	\$ -	\$ 1.1187

VOLUME PURCHASED:

		<u>Gladstone</u>	<u>Oak Lodge</u>	<u>Sunrise</u>	<u>CRW</u>
Water Sales (MG)	431.31	55.38	107.32	268.61	-
Water Sales (ccf)	576,632	74,043	143,481	359,108	-
% Water Sales per Entity (ccf)	100%	12.84%	24.88%	62.28%	0.00%

GLAD Rate	\$ 0.85500	\$63,307			
OLWD Rate	\$ 0.85500		\$122,676		
SWA Rate	\$ 0.85500			\$201,542	
CRW Water Rate 1	\$ 1.11860			\$169,103	\$0
SFWB Rate	\$ 1.17930				
Monthly Weighted Avg Cost	\$ 0.67205				
Monthly Gain/(Loss) w/out Debt	\$ 0.08449				

Monthly Sales By Customer



NCCWC

Monthly Water Production and Cost Summary -

October 2024

	<u>Combined</u>	<u>Production SSF/Membrane</u>	<u>Production SFWB</u>	<u>Wholesale CRW</u>
Average Daily Production (MG)	9.28	7.93	0.01	1.34

	<u>TOTAL</u>	<u>Production SSF/Membrane</u>	<u>Production SFWB</u>	<u>Wholesale CRW</u>
Water Production/Purchases (MG)	287.59	245.74	0.29	41.56
Water Production/Purchases (ccf) (divide MG by 0.000748)	384,479	328,529	386	55,564

NCCWC Expenditures (\$):

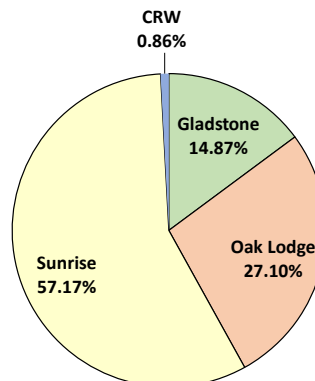
		<u>SSF/Membrane</u>	<u>SFWB</u>	<u>CRW</u>
Operations:				
Personnel Services	\$ 31,836	\$ 31,836	\$ -	\$ -
Electricity	\$ 52,314	\$ 52,314	\$ -	\$ -
Water Treatment	\$ 6,354	\$ 6,354	\$ -	\$ -
Other - Material & Services	\$ 22,414	\$ 22,414	\$ -	\$ -
Capital Outlay	\$ - (In Transfers)	\$ -	\$ -	\$ -
Special Payments-PERS	\$ - (Excluded - From Beg. Balance)	\$ -	\$ -	\$ -
Transfer	\$ - (Excludes Debt Service Transfer)	\$ -	\$ -	\$ -
Administration:				
Contracted Services	\$ 4,416	\$ 4,416	\$ -	\$ -
Professional Services	\$ 402	\$ 402	\$ -	\$ -
Wholesale Purchases	\$ 62,170	\$ -	\$ -	\$ 62,170
Total Requirements w/out Debt	\$ 179,905	\$ 117,736	\$ -	\$ 62,170
Cost w/out Debt: \$(ccf):	\$ 0.4679	\$ 0.3584	\$ -	\$ 1.1189

VOLUME PURCHASED:

		<u>Gladstone</u>	<u>Oak Lodge</u>	<u>Sunrise</u>	<u>CRW</u>
Water Sales (MG)	288.93	42.96	78.30	165.19	2.48
Water Sales (ccf)	386,270	57,436	104,675	220,840	3,319
% Water Sales per Entity (ccf)	99%	14.87%	27.10%	57.17%	0.86%

GLAD Rate	\$ 0.85500	\$49,108			
OLWD Rate	\$ 0.85500		\$89,497		
SWA Rate	\$ 0.85500			\$201,542	
CRW Water Rate 1	\$ 1.11860			\$169,103	\$3,713
SFWB Rate	\$ 1.17930				
Monthly Weighted Avg Cost	\$ 0.89021				
Monthly Gain/(Loss) w/out Debt	\$ 0.42229				

Monthly Sales By Customer



NCCWC

Monthly Water Production and Cost Summary -

November 2024

	<u>Combined</u>	<u>Production SSF/Membrane</u>	<u>Production SFWB</u>	<u>Wholesale CRW</u>
Average Daily Production (MG)	8.25	6.76	(0.03)	1.52

	<u>TOTAL</u>	<u>Production SSF/Membrane</u>	<u>Production SFWB</u>	<u>Wholesale CRW</u>
Water Production/Purchases (MG)	247.43	202.67	(0.83)	45.59
Water Production/Purchases (ccf) (divide MG by 0.000748)	330,791	270,949	(1,107)	60,949

NCCWC Expenditures (\$):

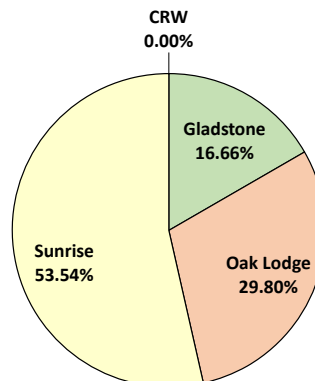
		<u>SSF/Membrane</u>	<u>SFWB</u>	<u>CRW</u>
Operations:				
Personnel Services	\$ 48,518	\$ 48,518	\$ -	\$ -
Electricity	\$ 48,729	\$ 48,729	\$ -	\$ -
Water Treatment	\$ 16,503	\$ 16,503	\$ -	\$ -
Other - Material & Services	\$ 26,008	\$ 26,008	\$ -	\$ -
Capital Outlay	\$ - (In Transfers)	\$ -	\$ -	\$ -
Special Payments-PERS	\$ - (Excluded - From Beg. Balance)	\$ -	\$ -	\$ -
Transfer	\$ - (Excludes Debt Service Transfer)	\$ -	\$ -	\$ -
Administration:				
Contracted Services	\$ 16,000	\$ 16,000	\$ -	\$ -
Professional Services	\$ 27,550	\$ 27,550	\$ -	\$ -
Wholesale Purchases	\$ 68,191	\$ -	\$ -	\$ 68,191
Total Requirements w/out Debt	\$ 251,499	\$ 183,308	\$ -	\$ 68,191
Cost w/out Debt: \$(ccf):	\$ 0.7603	\$ 0.6765	\$ -	\$ 1.1188

VOLUME PURCHASED:

		<u>Gladstone</u>	<u>Oak Lodge</u>	<u>Sunrise</u>	<u>CRW</u>
Water Sales (MG)	244.20	40.68	72.77	130.75	-
Water Sales (ccf)	326,470	54,385	97,289	174,796	-
% Water Sales per Entity (ccf)	100%	16.66%	29.80%	53.54%	0.00%

GLAD Rate	\$ 0.85500	\$46,499			
OLWD Rate	\$ 0.85500		\$83,182		
SWA Rate	\$ 0.85500			\$201,542	
CRW Water Rate 1	\$ 1.11860			\$169,103	\$0
SFWB Rate	\$ 1.17930				
Monthly Weighted Avg Cost	\$ 1.01456				
Monthly Gain/(Loss) w/out Debt	\$ 0.25427				

Monthly Sales By Customer



NCCWC

Water Production and Cost Summary - Year to Date

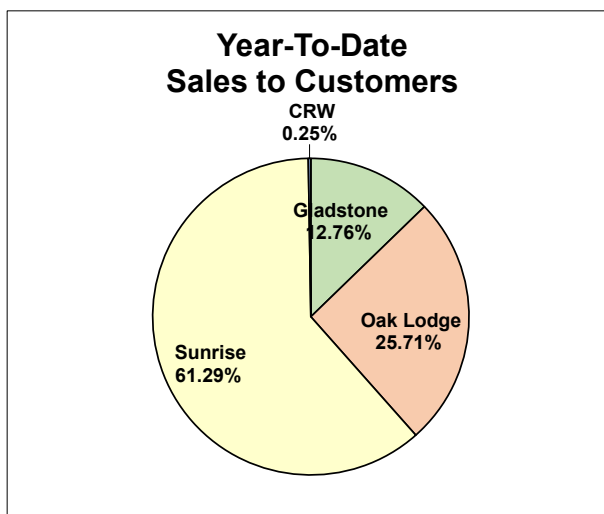
July 2024 - November 2024

	<u>Combined</u>	<u>Production SSF/Membrane</u>	<u>Production SFWB</u>	<u>Wholesale CRW</u>
Average Daily Production (MG)	12.61	9.58	(0.00)	15.46

	<u>TOTAL</u>	<u>NCCWC Plant</u>	<u>SFWB</u>	<u>Wholesale CRW</u>
Water Production/Purchases (MG)	1,929.19	1,465.96	(0.54)	463.77
Water Production/Purchases (ccf) (divide MG by 0.000748)	2,579,131	1,959,840	(720)	620,011

NCCWC Expenditures (\$):		<u>NCCWC Plant</u>	<u>SFWB</u>	<u>CRW</u>
Operations				
Personnel Services	\$ 229,150	\$ 229,150	\$ -	\$ -
Electricity	\$ 306,085	\$ 306,085	\$ -	\$ -
Water Treatment	\$ 81,041	\$ 81,041	\$ -	\$ -
Other -Material & Services	\$ 263,799	\$ 263,799	\$ -	\$ -
Capital Outlay	\$ - (In Transfers)	\$ -	\$ -	\$ -
Special Payments-PERS	\$ - (Excluded - From Beg. Balance)	\$ -	\$ -	\$ -
Transfer	\$ 200,000 (Excludes Debt Service Transfer)	\$ 200,000	\$ -	\$ -
Administration				
Contracted Services	\$ 58,437	\$ 58,437	\$ -	\$ -
Professional Services	\$ 36,469	\$ 36,469	\$ -	\$ -
Wholesale Purchases	\$ 693,598	\$ -	\$ -	\$ 693,598
Total Requirements w/out Debt	\$ 1,868,579	\$ 1,174,981	\$ -	\$ 693,598
Cost: w/o Debt \$(/ccf):	\$ 0.7245	\$ 0.5995	\$ -	\$ 1.1187

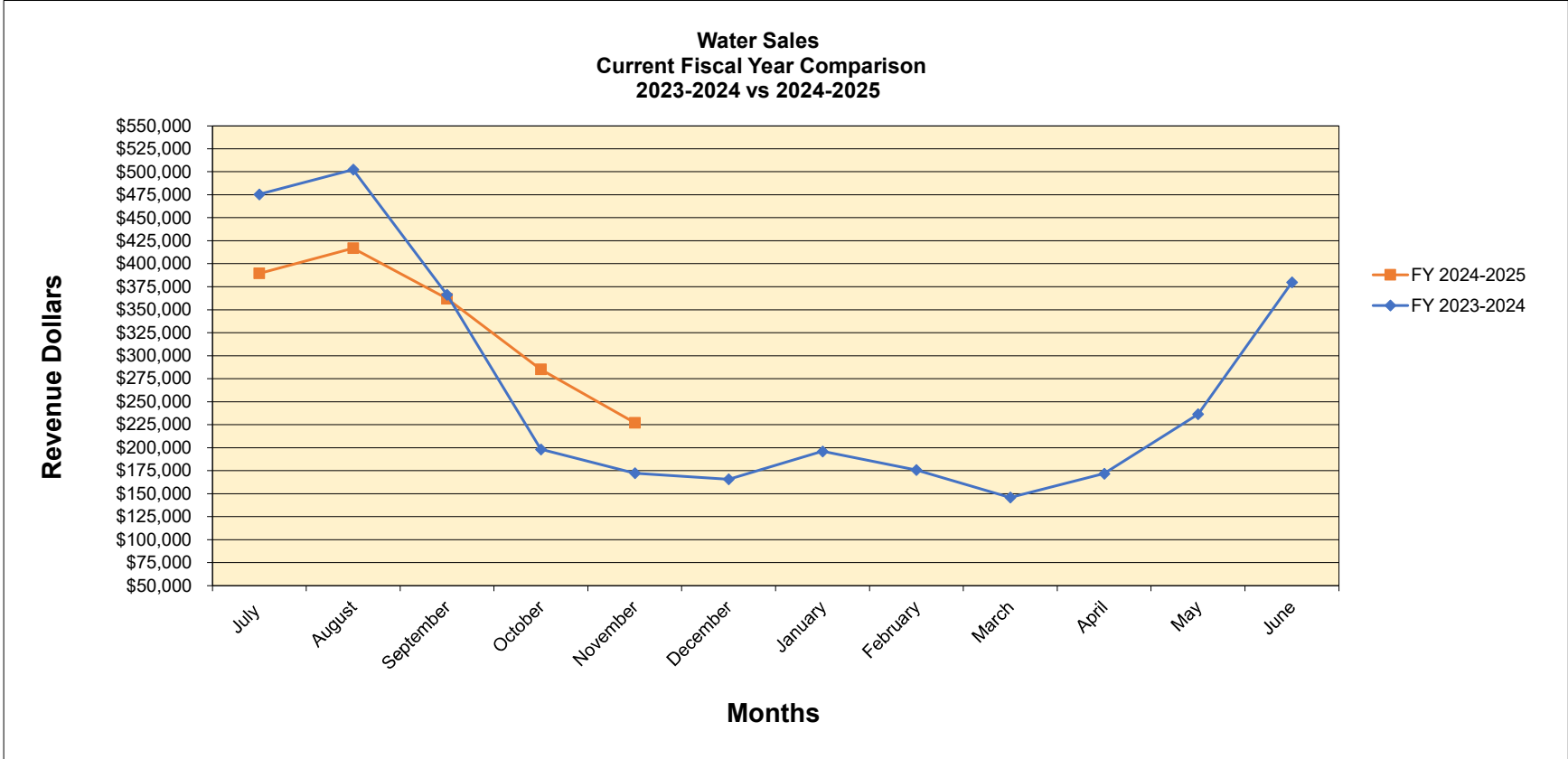
<u>VOLUME PURCHASED:</u>		<u>Gladstone</u>	<u>Oak Lodge</u>	<u>Sunrise</u>	<u>CRW</u>
Water Sales (MG)	1,930.21	246.28	496.21	1,182.97	4.75
Total Water Sales (ccf)	2,580,489	329,245	663,381	1,581,514	6,349
% Water Sales per Entity (ccf)	100%	12.76%	25.71%	61.29%	0.25%
Gladstone Rate	\$ 0.85500	\$ 281,504			
OLWD Rate	\$ 0.85500		\$ 567,191		
SWA Rate	\$ 0.85500			\$ 201,542	
CRW Water Rate 1	\$ 1.11860			\$ 169,103	\$ 7,102
YTD Weighted Avg Cost	\$ 0.40974				
YTD Gain/(Loss) w/out Debt	\$ (0.31476)				



NORTH CLACKAMAS COUNTY WATER COMMISSION

Water Sales Fiscal Year Comparison 2023-2024 vs 2024-2025

	July	August	September	October	November	December	January	February	March	April	May	June	Total
GRAPH:													
FY 2023-2024	\$ 475,460	\$ 502,484	\$ 366,228	\$ 198,249	\$ 172,387	\$ 165,769	\$ 195,987	\$ 175,715	\$ 145,874	\$ 171,882	\$ 236,481	\$ 379,932	\$ 3,186,450
FY 2024-2025	\$ 389,549	\$ 416,948	\$ 362,093	\$ 285,114	\$ 227,020								\$ 1,680,723
FY % Comparison	-18.07%	-17.02%	-1.13%	43.82%	31.69%	TBD	TBD	TBD	TBD	TBD	TBD	TBD	-47.25%
													FY % Comparison FYTD
													-1.99%



General Ledger Budget to Actual Report

User: jpietzold@sunrisewater.com
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 Period 02 - 02
 Fiscal Year 2025



Account Number	Description	Budget	Period Amt	End Bal	% ExpendCollect
10	General Fund				
	<i>Beginning Fund Balance</i>				
10-3000-00	Fund Balance	1,118,054.00	0.00	1,614,409.43	144.39
	<i>Beginning Fund Balance</i>	<i>1,118,054.00</i>	<i>0.00</i>	<i>1,614,409.43</i>	<i>144.39</i>
	<i>Revenue</i>				
10-4010-00	Interest Income	5,000.00	2,869.63	2,886.53	57.73
10-4020-01	Water Sales-OLWSD	1,152,000.00	142,275.42	271,835.28	23.60
10-4020-02	Water Sales-City of Gladstone	589,000.00	66,516.44	122,590.76	20.81
10-4020-03	Water Sales-SWA	1,408,000.00	205,783.11	407,325.42	28.93
10-4020-09	Water Sales-Clackamas RiverWtr	15,000.00	2,372.55	4,745.10	31.63
10-4025-00	Wholesale Water Sales	1,400,000.00	222,831.45	391,934.77	28.00
10-4060-00	Miscellaneous Income	0.00	5,218.84	6,218.84	0.00
	<i>Revenue</i>	<i>4,569,000.00</i>	<i>647,867.44</i>	<i>1,207,536.70</i>	<i>26.43</i>
	<i>Personnel Services</i>				
10-5000-00	Plant Operators	380,000.00	32,889.86	69,536.21	18.30
10-5005-00	OvertimeOn-Call	52,000.00	5,731.69	11,120.98	21.39
10-5050-00	MedicalDentalVision Ins.	127,000.00	9,215.64	15,738.20	12.39
10-5060-00	Retirement	105,000.00	8,490.41	17,663.42	16.82
10-5070-00	Payroll Taxes	39,000.00	3,262.64	6,813.66	17.47
10-5080-00	Workers Compensation	11,000.00	588.00	1,176.00	10.69
	<i>Personnel Services</i>	<i>714,000.00</i>	<i>60,178.24</i>	<i>122,048.47</i>	<i>17.09</i>
	<i>Materials & Services</i>				
10-5204-00	Wholesale Water Purchases	1,400,000.00	222,831.45	391,934.77	28.00
10-5206-10	Contracted Services-Management	45,000.00	0.00	3,464.84	7.70
10-5206-12	Contracted Svcs-Plant Engineer	32,000.00	0.00	2,548.86	7.97
10-5206-13	Contracted Services-Financial	51,000.00	4,000.00	4,000.00	7.84
10-5206-16	HVAC	18,000.00	0.00	4,415.75	24.53
10-5208-00	General Office Expenses	9,000.00	270.00	270.00	3.00
10-5210-00	PermitsLicensing Fees	17,500.00	900.00	1,815.00	10.37
10-5212-00	General Insurance	99,000.00	7,782.00	17,162.50	17.34
10-5215-00	ComputersTechnology	15,000.00	67.58	8,354.78	55.70
10-5230-04	Audit Services	45,000.00	6,720.00	6,720.00	14.93

Account Number	Description	Budget	Period Amt	End Bal	% ExpendCollect
10-5230-06	Legal Services	25,000.00	1,204.50	1,204.50	4.82
10-5230-08	Engineering - General	25,000.00	0.00	240.00	0.96
10-5230-21	Watershed Services	169,000.00	0.00	0.00	0.00
10-5236-10	Water Analysis and Testing	15,000.00	1,629.35	1,629.35	10.86
10-5236-11	Chemicals	130,000.00	7,077.72	23,834.76	18.33
10-5236-12	Instrumentation & Lab Supplies	25,000.00	1,762.41	1,762.41	7.05
10-5238-00	Telemetry (SCADA)	17,500.00	80.00	130.00	0.74
10-5240-00	Electricity	650,000.00	73,287.55	142,876.33	21.98
10-5244-00	Education Training and Dues	29,700.00	263.00	663.00	2.23
10-5245-00	Telephone	10,000.00	698.83	1,398.26	13.98
10-5246-00	Travel Expenses	500.00	0.00	-314.88	-62.98
10-5247-00	Books & Publications	1,000.00	0.00	0.00	0.00
10-5248-00	Public Notices	1,000.00	0.00	0.00	0.00
10-5250-10	Natural Gas	2,000.00	111.64	352.43	17.62
10-5250-20	Garbage	1,000.00	59.15	114.80	11.48
10-5252-00	Miscellaneous Expense	5,000.00	187.73	187.73	3.75
10-5256-00	Commissioner Fees Expenses	1,200.00	0.00	0.00	0.00
10-5300-10	Vehicle Maintenance	5,000.00	601.00	601.00	12.02
10-5300-20	Fuels Oils	9,000.00	76.73	404.60	4.50
10-5300-30	Equipment Rental	3,500.00	0.00	0.00	0.00
10-5300-40	Equipment Maintenance	15,000.00	49.43	49.43	0.33
10-5305-10	Building Maintenance	27,000.00	0.00	0.00	0.00
10-5305-11	Grounds Maintenance	20,000.00	154.30	154.30	0.77
10-5305-13	Janitorial Supplies	2,000.00	57.99	57.99	2.90
10-5305-14	Security Monitoring Maint	5,000.00	0.00	0.00	0.00
10-5305-15	Plant Maintenance	40,000.00	7,918.70	7,918.70	19.80
10-5305-16	Intake Structure Maintenance	10,000.00	0.00	0.00	0.00
10-5305-17	Membrane Maintenance	20,000.00	0.00	0.00	0.00
10-5305-20	Safety Supplies	15,000.00	489.39	1,179.04	7.86
10-5310-00	Small Tools & Equipment	10,000.00	29.98	240.35	2.40
	<i>Materials & Services</i>	<i>3,020,900.00</i>	<i>338,310.43</i>	<i>625,370.60</i>	<i>20.70</i>
	<i>Transfers & Contingencies</i>				
10-7300-13	Transfer to Plant Reserve	1,200,000.00	100,000.00	200,000.00	16.67
10-9000-00	Operating Contingency	470,000.00	0.00	0.00	0.00
	<i>Transfers & Contingencies</i>	<i>1,670,000.00</i>	<i>100,000.00</i>	<i>200,000.00</i>	<i>11.98</i>
10	General Fund	282,154.00	149,378.77	1,874,527.06	664.36
13	Plant Reserve				
	<i>Beginning Fund Balance</i>				
13-3000-00	Fund Balance	4,556,222.00	0.00	5,537,970.70	121.55
	<i>Beginning Fund Balance</i>	<i>4,556,222.00</i>	<i>0.00</i>	<i>5,537,970.70</i>	<i>121.55</i>
	<i>Revenue</i>				
13-4010-00	Interest Income	50,000.00	21,138.98	44,575.73	89.15
13-4100-10	Transfer In - General Fund	1,200,000.00	100,000.00	200,000.00	16.67
	<i>Revenue</i>	<i>1,250,000.00</i>	<i>121,138.98</i>	<i>244,575.73</i>	<i>19.57</i>

Account Number	Description	Budget	Period Amt	End Bal	% ExpendCollect
	<i>Capital Outlay</i>				
13-7000-10	Computers, Scada, Tech	200,000.00	0.00	0.00	0.00
13-7000-20	Equipment	325,000.00	13,585.42	13,585.42	4.18
13-7000-40	Membranes	100,000.00	53,000.00	53,000.00	53.00
13-7000-50	Buildings	170,000.00	0.00	0.00	0.00
13-7000-60	Other	200,000.00	0.00	0.00	0.00
	<i>Capital Outlay</i>	<i>995,000.00</i>	<i>66,585.42</i>	<i>66,585.42</i>	<i>6.69</i>
	<i>Transfers & Contingencies</i>				
13-9000-00	Operating Contingency	300,000.00	0.00	0.00	0.00
	<i>Transfers & Contingencies</i>	<i>300,000.00</i>	<i>0.00</i>	<i>0.00</i>	<i>0.00</i>
13	Plant Reserve	4,511,222.00	54,553.56	5,715,961.01	126.71
Revenue Total		5,819,000.00	769,006.42	1,452,112.43	24.9547
Expense Total		6,699,900.00	565,074.09	1,014,004.49	15.1346
Grand Total		4,793,376.00	203,932.33	7,590,488.07	1.5835

General Ledger Budget to Actual Report

User: jpietzold@sunrisewater.com
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 Period 03 - 03
 Fiscal Year 2025



Account Number	Description	Budget	Period Amt	End Bal	% ExpendCollect
10	General Fund				
	<i>Beginning Fund Balance</i>				
10-3000-00	Fund Balance	1,118,054.00	0.00	1,614,409.43	144.39
	<i>Beginning Fund Balance</i>	<i>1,118,054.00</i>	<i>0.00</i>	<i>1,614,409.43</i>	<i>144.39</i>
	<i>Revenue</i>				
10-4010-00	Interest Income	5,000.00	3,286.18	6,172.71	123.45
10-4020-01	Water Sales-OLWSD	1,152,000.00	122,676.26	394,511.54	34.25
10-4020-02	Water Sales-City of Gladstone	589,000.00	63,306.77	185,897.53	31.56
10-4020-03	Water Sales-SWA	1,408,000.00	176,109.48	583,434.90	41.44
10-4020-09	Water Sales-Clackamas RiverWtr	15,000.00	0.00	4,745.10	31.63
10-4025-00	Wholesale Water Sales	1,400,000.00	171,302.90	563,237.67	40.23
10-4060-00	Miscellaneous Income	0.00	0.00	6,218.84	0.00
	<i>Revenue</i>	<i>4,569,000.00</i>	<i>536,681.59</i>	<i>1,744,218.29</i>	<i>38.18</i>
	<i>Personnel Services</i>				
10-5000-00	Plant Operators	380,000.00	12,662.81	82,199.02	21.63
10-5005-00	OvertimeOn-Call	52,000.00	3,783.80	14,904.78	28.66
10-5050-00	MedicalDentalVision Ins.	127,000.00	4,605.40	20,343.60	16.02
10-5060-00	Retirement	105,000.00	3,719.77	21,383.19	20.36
10-5070-00	Payroll Taxes	39,000.00	1,387.36	8,201.02	21.03
10-5080-00	Workers Compensation	11,000.00	588.00	1,764.00	16.04
	<i>Personnel Services</i>	<i>714,000.00</i>	<i>26,747.14</i>	<i>148,795.61</i>	<i>20.84</i>
	<i>Materials & Services</i>				
10-5204-00	Wholesale Water Purchases	1,400,000.00	171,302.90	563,237.67	40.23
10-5206-10	Contracted Services-Management	45,000.00	13,592.84	17,057.68	37.91
10-5206-12	Contracted Svcs-Plant Engineer	32,000.00	9,999.38	12,548.24	39.21
10-5206-13	Contracted Services-Financial	51,000.00	0.00	4,000.00	7.84
10-5206-16	HVAC	18,000.00	0.00	4,415.75	24.53
10-5208-00	General Office Expenses	9,000.00	15.12	285.12	3.17
10-5210-00	PermitsLicensing Fees	17,500.00	4,963.00	6,778.00	38.73
10-5212-00	General Insurance	99,000.00	7,782.00	24,944.50	25.20
10-5215-00	ComputersTechnology	15,000.00	57.60	8,412.38	56.08
10-5230-04	Audit Services	45,000.00	0.00	6,720.00	14.93

Account Number	Description	Budget	Period Amt	End Bal	% ExpendCollect
10-5230-06	Legal Services	25,000.00	73.00	1,277.50	5.11
10-5230-08	Engineering - General	25,000.00	280.00	520.00	2.08
10-5230-21	Watershed Services	169,000.00	0.00	0.00	0.00
10-5236-10	Water Analysis and Testing	15,000.00	1,474.38	3,103.73	20.69
10-5236-11	Chemicals	130,000.00	26,335.83	50,170.59	38.59
10-5236-12	Instrumentation & Lab Supplies	25,000.00	3,146.17	4,908.58	19.63
10-5238-00	Telemetry (SCADA)	17,500.00	675.00	805.00	4.60
10-5240-00	Electricity	650,000.00	62,165.91	205,042.24	31.54
10-5244-00	Education Training and Dues	29,700.00	840.00	1,503.00	5.06
10-5245-00	Telephone	10,000.00	699.43	2,097.69	20.98
10-5246-00	Travel Expenses	500.00	0.00	-314.88	-62.98
10-5247-00	Books & Publications	1,000.00	0.00	0.00	0.00
10-5248-00	Public Notices	1,000.00	0.00	0.00	0.00
10-5250-10	Natural Gas	2,000.00	0.00	352.43	17.62
10-5250-20	Garbage	1,000.00	178.15	292.95	29.30
10-5252-00	Miscellaneous Expense	5,000.00	79.88	267.61	5.35
10-5256-00	Commissioner Fees Expenses	1,200.00	0.00	0.00	0.00
10-5300-10	Vehicle Maintenance	5,000.00	645.05	1,246.05	24.92
10-5300-20	Fuels Oils	9,000.00	68.28	472.88	5.25
10-5300-30	Equipment Rental	3,500.00	0.00	0.00	0.00
10-5300-40	Equipment Maintenance	15,000.00	68.99	118.42	0.79
10-5305-10	Building Maintenance	27,000.00	0.00	0.00	0.00
10-5305-11	Grounds Maintenance	20,000.00	2,203.88	2,358.18	11.79
10-5305-13	Janitorial Supplies	2,000.00	118.26	176.25	8.81
10-5305-14	Security Monitoring Maint	5,000.00	0.00	0.00	0.00
10-5305-15	Plant Maintenance	40,000.00	5,787.84	13,706.54	34.27
10-5305-16	Intake Structure Maintenance	10,000.00	0.00	0.00	0.00
10-5305-17	Membrane Maintenance	20,000.00	0.00	0.00	0.00
10-5305-20	Safety Supplies	15,000.00	202.23	1,381.27	9.21
10-5310-00	Small Tools & Equipment	10,000.00	253.33	493.68	4.94
	<i>Materials & Services</i>	<i>3,020,900.00</i>	<i>313,008.45</i>	<i>938,379.05</i>	<i>31.06</i>
	<i>Transfers & Contingencies</i>				
10-7300-13	Transfer to Plant Reserve	1,200,000.00	0.00	200,000.00	16.67
10-9000-00	Operating Contingency	470,000.00	0.00	0.00	0.00
	<i>Transfers & Contingencies</i>	<i>1,670,000.00</i>	<i>0.00</i>	<i>200,000.00</i>	<i>11.98</i>
10	General Fund	282,154.00	196,926.00	2,071,453.06	734.16
13	Plant Reserve				
	<i>Beginning Fund Balance</i>				
13-3000-00	Fund Balance	4,556,222.00	0.00	5,537,970.70	121.55
	<i>Beginning Fund Balance</i>	<i>4,556,222.00</i>	<i>0.00</i>	<i>5,537,970.70</i>	<i>121.55</i>
	<i>Revenue</i>				
13-4010-00	Interest Income	50,000.00	24,207.38	68,783.11	137.57
13-4100-10	Transfer In - General Fund	1,200,000.00	0.00	200,000.00	16.67
	<i>Revenue</i>	<i>1,250,000.00</i>	<i>24,207.38</i>	<i>268,783.11</i>	<i>21.50</i>

Account Number	Description	Budget	Period Amt	End Bal	% ExpendCollect
	<i>Capital Outlay</i>				
13-7000-10	Computers, Scada, Tech	200,000.00	0.00	0.00	0.00
13-7000-20	Equipment	325,000.00	0.00	13,585.42	4.18
13-7000-40	Membranes	100,000.00	0.00	53,000.00	53.00
13-7000-50	Buildings	170,000.00	0.00	0.00	0.00
13-7000-60	Other	200,000.00	0.00	0.00	0.00
	<i>Capital Outlay</i>	<i>995,000.00</i>	<i>0.00</i>	<i>66,585.42</i>	<i>6.69</i>
	<i>Transfers & Contingencies</i>				
13-9000-00	Operating Contingency	300,000.00	0.00	0.00	0.00
	<i>Transfers & Contingencies</i>	<i>300,000.00</i>	<i>0.00</i>	<i>0.00</i>	<i>0.00</i>
13	Plant Reserve	4,511,222.00	24,207.38	5,740,168.39	127.24
Revenue Total		5,819,000.00	560,888.97	2,013,001.40	34.5936
Expense Total		6,699,900.00	339,755.59	1,353,760.08	20.2057
Grand Total		4,793,376.00	221,133.38	7,811,621.45	1.6297

General Ledger Budget to Actual Report

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 Period 04 - 04
 Fiscal Year 2025



Account Number	Description	Budget	Period Amt	End Bal	% ExpendCollect
10	General Fund				
	<i>Beginning Fund Balance</i>				
10-3000-00	Fund Balance	1,118,054.00	0.00	1,614,409.43	144.39
	<i>Beginning Fund Balance</i>	<i>1,118,054.00</i>	<i>0.00</i>	<i>1,614,409.43</i>	<i>144.39</i>
	<i>Revenue</i>				
10-4010-00	Interest Income	5,000.00	3,289.92	9,462.63	189.25
10-4020-01	Water Sales-OLWSD	1,152,000.00	89,497.13	484,008.67	42.01
10-4020-02	Water Sales-City of Gladstone	589,000.00	49,107.78	235,005.31	39.90
10-4020-03	Water Sales-SWA	1,408,000.00	141,310.98	724,745.88	51.47
10-4020-09	Water Sales-Clackamas RiverWtr	15,000.00	5,197.69	9,942.79	66.29
10-4025-00	Wholesale Water Sales	1,400,000.00	62,169.54	625,407.21	44.67
10-4060-00	Miscellaneous Income	0.00	0.00	6,218.84	0.00
	<i>Revenue</i>	<i>4,569,000.00</i>	<i>350,573.04</i>	<i>2,094,791.33</i>	<i>45.85</i>
	<i>Personnel Services</i>				
10-5000-00	Plant Operators	380,000.00	15,846.16	98,045.18	25.80
10-5005-00	OvertimeOn-Call	52,000.00	4,660.17	19,564.95	37.62
10-5050-00	MedicalDentalVision Ins.	127,000.00	4,605.40	24,949.00	19.64
10-5060-00	Retirement	105,000.00	3,780.45	25,163.64	23.97
10-5070-00	Payroll Taxes	39,000.00	2,355.96	10,556.98	27.07
10-5080-00	Workers Compensation	11,000.00	588.00	2,352.00	21.38
	<i>Personnel Services</i>	<i>714,000.00</i>	<i>31,836.14</i>	<i>180,631.75</i>	<i>25.30</i>
	<i>Materials & Services</i>				
10-5204-00	Wholesale Water Purchases	1,400,000.00	62,169.54	625,407.21	44.67
10-5206-10	Contracted Services-Management	45,000.00	0.00	17,057.68	37.91
10-5206-12	Contracted Svcs-Plant Engineer	32,000.00	0.00	12,548.24	39.21
10-5206-13	Contracted Services-Financial	51,000.00	0.00	4,000.00	7.84
10-5206-16	HVAC	18,000.00	4,415.75	8,831.50	49.06
10-5208-00	General Office Expenses	9,000.00	171.31	456.43	5.07
10-5210-00	PermitsLicensing Fees	17,500.00	1,845.68	8,623.68	49.28
10-5212-00	General Insurance	99,000.00	7,782.00	32,726.50	33.06
10-5215-00	ComputersTechnology	15,000.00	7,515.00	15,927.38	106.18
10-5230-04	Audit Services	45,000.00	0.00	6,720.00	14.93

Account Number	Description	Budget	Period Amt	End Bal	% ExpendCollect
10-5230-06	Legal Services	25,000.00	401.50	1,679.00	6.72
10-5230-08	Engineering - General	25,000.00	0.00	520.00	2.08
10-5230-21	Watershed Services	169,000.00	0.00	0.00	0.00
10-5236-10	Water Analysis and Testing	15,000.00	460.00	3,563.73	23.76
10-5236-11	Chemicals	130,000.00	3,572.40	53,742.99	41.34
10-5236-12	Instrumentation & Lab Supplies	25,000.00	2,322.08	7,230.66	28.92
10-5238-00	Telemetry (SCADA)	17,500.00	50.00	855.00	4.89
10-5240-00	Electricity	650,000.00	52,313.58	257,355.82	39.59
10-5244-00	Education Training and Dues	29,700.00	0.00	1,503.00	5.06
10-5245-00	Telephone	10,000.00	405.92	2,503.61	25.04
10-5246-00	Travel Expenses	500.00	0.00	-314.88	-62.98
10-5247-00	Books & Publications	1,000.00	0.00	0.00	0.00
10-5248-00	Public Notices	1,000.00	0.00	0.00	0.00
10-5250-10	Natural Gas	2,000.00	99.86	452.29	22.61
10-5250-20	Garbage	1,000.00	59.15	352.10	35.21
10-5252-00	Miscellaneous Expense	5,000.00	15.35	282.96	5.66
10-5256-00	Commissioner Fees Expenses	1,200.00	0.00	0.00	0.00
10-5300-10	Vehicle Maintenance	5,000.00	0.00	1,246.05	24.92
10-5300-20	Fuels Oils	9,000.00	234.32	707.20	7.86
10-5300-30	Equipment Rental	3,500.00	0.00	0.00	0.00
10-5300-40	Equipment Maintenance	15,000.00	25.98	144.40	0.96
10-5305-10	Building Maintenance	27,000.00	0.00	0.00	0.00
10-5305-11	Grounds Maintenance	20,000.00	1,600.00	3,958.18	19.79
10-5305-13	Janitorial Supplies	2,000.00	222.75	399.00	19.95
10-5305-14	Security Monitoring Maint	5,000.00	0.00	0.00	0.00
10-5305-15	Plant Maintenance	40,000.00	2,096.80	15,803.34	39.51
10-5305-16	Intake Structure Maintenance	10,000.00	0.00	0.00	0.00
10-5305-17	Membrane Maintenance	20,000.00	0.00	0.00	0.00
10-5305-20	Safety Supplies	15,000.00	283.12	1,664.39	11.10
10-5310-00	Small Tools & Equipment	10,000.00	6.84	500.52	5.01
	<i>Materials & Services</i>	<i>3,020,900.00</i>	<i>148,068.93</i>	<i>1,086,447.98</i>	<i>35.96</i>
	<i>Transfers & Contingencies</i>				
10-7300-13	Transfer to Plant Reserve	1,200,000.00	0.00	200,000.00	16.67
10-9000-00	Operating Contingency	470,000.00	0.00	0.00	0.00
	<i>Transfers & Contingencies</i>	<i>1,670,000.00</i>	<i>0.00</i>	<i>200,000.00</i>	<i>11.98</i>
10	General Fund	282,154.00	170,667.97	2,242,121.03	794.64
13	Plant Reserve				
	<i>Beginning Fund Balance</i>				
13-3000-00	Fund Balance	4,556,222.00	0.00	5,537,970.70	121.55
	<i>Beginning Fund Balance</i>	<i>4,556,222.00</i>	<i>0.00</i>	<i>5,537,970.70</i>	<i>121.55</i>
	<i>Revenue</i>				
13-4010-00	Interest Income	50,000.00	24,234.56	93,017.67	186.04
13-4100-10	Transfer In - General Fund	1,200,000.00	0.00	200,000.00	16.67
	<i>Revenue</i>	<i>1,250,000.00</i>	<i>24,234.56</i>	<i>293,017.67</i>	<i>23.44</i>

Account Number	Description	Budget	Period Amt	End Bal	% ExpendCollect
	<i>Capital Outlay</i>				
13-7000-10	Computers, Scada, Tech	200,000.00	0.00	0.00	0.00
13-7000-20	Equipment	325,000.00	0.00	13,585.42	4.18
13-7000-40	Membranes	100,000.00	0.00	53,000.00	53.00
13-7000-50	Buildings	170,000.00	0.00	0.00	0.00
13-7000-60	Other	200,000.00	0.00	0.00	0.00
	<i>Capital Outlay</i>	<i>995,000.00</i>	<i>0.00</i>	<i>66,585.42</i>	<i>6.69</i>
	<i>Transfers & Contingencies</i>				
13-9000-00	Operating Contingency	300,000.00	0.00	0.00	0.00
	<i>Transfers & Contingencies</i>	<i>300,000.00</i>	<i>0.00</i>	<i>0.00</i>	<i>0.00</i>
13	Plant Reserve	4,511,222.00	24,234.56	5,764,402.95	127.78
Revenue Total		5,819,000.00	374,807.60	2,387,809.00	41.0347
Expense Total		6,699,900.00	179,905.07	1,533,665.15	22.8909
Grand Total		4,793,376.00	194,902.53	8,006,523.98	1.6703

General Ledger Budget to Actual Report

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 Period 05 - 05
 Fiscal Year 2025



Account Number	Description	Budget	Period Amt	End Bal	% ExpendCollect
10	General Fund				
	<i>Beginning Fund Balance</i>				
10-3000-00	Fund Balance	1,118,054.00	0.00	1,614,409.43	144.39
	<i>Beginning Fund Balance</i>	<i>1,118,054.00</i>	<i>0.00</i>	<i>1,614,409.43</i>	<i>144.39</i>
	<i>Revenue</i>				
10-4010-00	Interest Income	5,000.00	3,121.70	12,584.33	251.69
10-4020-01	Water Sales-OLWSD	1,152,000.00	83,182.10	567,190.77	49.24
10-4020-02	Water Sales-City of Gladstone	589,000.00	46,499.18	281,504.49	47.79
10-4020-03	Water Sales-SWA	1,408,000.00	97,339.19	822,085.07	58.39
10-4020-09	Water Sales-Clackamas RiverWtr	15,000.00	0.00	9,942.79	66.29
10-4025-00	Wholesale Water Sales	1,400,000.00	68,190.54	693,597.75	49.54
10-4060-00	Miscellaneous Income	0.00	5,628.46	11,847.30	0.00
	<i>Revenue</i>	<i>4,569,000.00</i>	<i>303,961.17</i>	<i>2,398,752.50</i>	<i>52.50</i>
	<i>Personnel Services</i>				
10-5000-00	Plant Operators	380,000.00	21,878.29	119,923.47	31.56
10-5005-00	OvertimeOn-Call	52,000.00	11,135.43	30,700.38	59.04
10-5050-00	MedicalDentalVision Ins.	127,000.00	6,469.24	31,418.24	24.74
10-5060-00	Retirement	105,000.00	4,691.64	29,855.28	28.43
10-5070-00	Payroll Taxes	39,000.00	3,755.26	14,312.24	36.70
10-5080-00	Workers Compensation	11,000.00	588.00	2,940.00	26.73
	<i>Personnel Services</i>	<i>714,000.00</i>	<i>48,517.86</i>	<i>229,149.61</i>	<i>32.09</i>
	<i>Materials & Services</i>				
10-5204-00	Wholesale Water Purchases	1,400,000.00	68,190.54	693,597.75	49.54
10-5206-10	Contracted Services-Management	45,000.00	0.00	17,057.68	37.91
10-5206-12	Contracted Svcs-Plant Engineer	32,000.00	0.00	12,548.24	39.21
10-5206-13	Contracted Services-Financial	51,000.00	16,000.00	20,000.00	39.22
10-5206-16	HVAC	18,000.00	0.00	8,831.50	49.06
10-5208-00	General Office Expenses	9,000.00	135.71	592.14	6.58
10-5210-00	PermitsLicensing Fees	17,500.00	1,103.00	9,726.68	55.58
10-5212-00	General Insurance	99,000.00	7,782.00	40,508.50	40.92
10-5215-00	ComputersTechnology	15,000.00	9,098.34	25,025.72	166.84
10-5230-04	Audit Services	45,000.00	27,550.00	34,270.00	76.16

Account Number	Description	Budget	Period Amt	End Bal	% ExpendCollect
10-5230-06	Legal Services	25,000.00	0.00	1,679.00	6.72
10-5230-08	Engineering - General	25,000.00	0.00	520.00	2.08
10-5230-21	Watershed Services	169,000.00	0.00	0.00	0.00
10-5236-10	Water Analysis and Testing	15,000.00	1,491.98	5,055.71	33.70
10-5236-11	Chemicals	130,000.00	14,297.51	68,040.50	52.34
10-5236-12	Instrumentation & Lab Supplies	25,000.00	713.83	7,944.49	31.78
10-5238-00	Telemetry (SCADA)	17,500.00	170.00	1,025.00	5.86
10-5240-00	Electricity	650,000.00	48,729.27	306,085.09	47.09
10-5244-00	Education Training and Dues	29,700.00	2,262.99	3,765.99	12.68
10-5245-00	Telephone	10,000.00	1,021.84	3,525.45	35.25
10-5246-00	Travel Expenses	500.00	0.00	-314.88	-62.98
10-5247-00	Books & Publications	1,000.00	0.00	0.00	0.00
10-5248-00	Public Notices	1,000.00	0.00	0.00	0.00
10-5250-10	Natural Gas	2,000.00	197.59	649.88	32.49
10-5250-20	Garbage	1,000.00	59.15	411.25	41.13
10-5252-00	Miscellaneous Expense	5,000.00	303.95	586.91	11.74
10-5256-00	Commissioner Fees Expenses	1,200.00	0.00	0.00	0.00
10-5300-10	Vehicle Maintenance	5,000.00	0.00	1,246.05	24.92
10-5300-20	Fuels Oils	9,000.00	140.44	847.64	9.42
10-5300-30	Equipment Rental	3,500.00	0.00	0.00	0.00
10-5300-40	Equipment Maintenance	15,000.00	1,473.42	1,617.82	10.79
10-5305-10	Building Maintenance	27,000.00	76.85	76.85	0.28
10-5305-11	Grounds Maintenance	20,000.00	478.00	4,436.18	22.18
10-5305-13	Janitorial Supplies	2,000.00	32.48	431.48	21.57
10-5305-14	Security Monitoring Maint	5,000.00	0.00	0.00	0.00
10-5305-15	Plant Maintenance	40,000.00	552.99	16,356.33	40.89
10-5305-16	Intake Structure Maintenance	10,000.00	0.00	0.00	0.00
10-5305-17	Membrane Maintenance	20,000.00	0.00	0.00	0.00
10-5305-20	Safety Supplies	15,000.00	1,119.17	2,783.56	18.56
10-5310-00	Small Tools & Equipment	10,000.00	0.00	500.52	5.01
	<i>Materials & Services</i>	<i>3,020,900.00</i>	<i>202,981.05</i>	<i>1,289,429.03</i>	<i>42.68</i>
	<i>Transfers & Contingencies</i>				
10-7300-13	Transfer to Plant Reserve	1,200,000.00	0.00	200,000.00	16.67
10-9000-00	Operating Contingency	470,000.00	0.00	0.00	0.00
	<i>Transfers & Contingencies</i>	<i>1,670,000.00</i>	<i>0.00</i>	<i>200,000.00</i>	<i>11.98</i>
10	General Fund	282,154.00	52,462.26	2,294,583.29	813.24
13	Plant Reserve				
	<i>Beginning Fund Balance</i>				
13-3000-00	Fund Balance	4,556,222.00	0.00	5,537,970.70	121.55
	<i>Beginning Fund Balance</i>	<i>4,556,222.00</i>	<i>0.00</i>	<i>5,537,970.70</i>	<i>121.55</i>
	<i>Revenue</i>				
13-4010-00	Interest Income	50,000.00	22,995.38	116,013.05	232.03
13-4100-10	Transfer In - General Fund	1,200,000.00	0.00	200,000.00	16.67
	<i>Revenue</i>	<i>1,250,000.00</i>	<i>22,995.38</i>	<i>316,013.05</i>	<i>25.28</i>

Account Number	Description	Budget	Period Amt	End Bal	% ExpendCollect
	<i>Capital Outlay</i>				
13-7000-10	Computers, Scada, Tech	200,000.00	0.00	0.00	0.00
13-7000-20	Equipment	325,000.00	0.00	13,585.42	4.18
13-7000-40	Membranes	100,000.00	0.00	53,000.00	53.00
13-7000-50	Buildings	170,000.00	0.00	0.00	0.00
13-7000-60	Other	200,000.00	0.00	0.00	0.00
	<i>Capital Outlay</i>	<i>995,000.00</i>	<i>0.00</i>	<i>66,585.42</i>	<i>6.69</i>
	<i>Transfers & Contingencies</i>				
13-9000-00	Operating Contingency	300,000.00	0.00	0.00	0.00
	<i>Transfers & Contingencies</i>	<i>300,000.00</i>	<i>0.00</i>	<i>0.00</i>	<i>0.00</i>
13	Plant Reserve	4,511,222.00	22,995.38	5,787,398.33	128.29
Revenue Total		5,819,000.00	326,956.55	2,714,765.55	46.6535
Expense Total		6,699,900.00	251,498.91	1,785,164.06	26.6446
Grand Total		4,793,376.00	75,457.64	8,081,981.62	1.6861

NORTH CLACKAMAS COUNTY WATER COMMISSION

January 23, 2025

Agenda Item 7.2

Subject: Operations Report

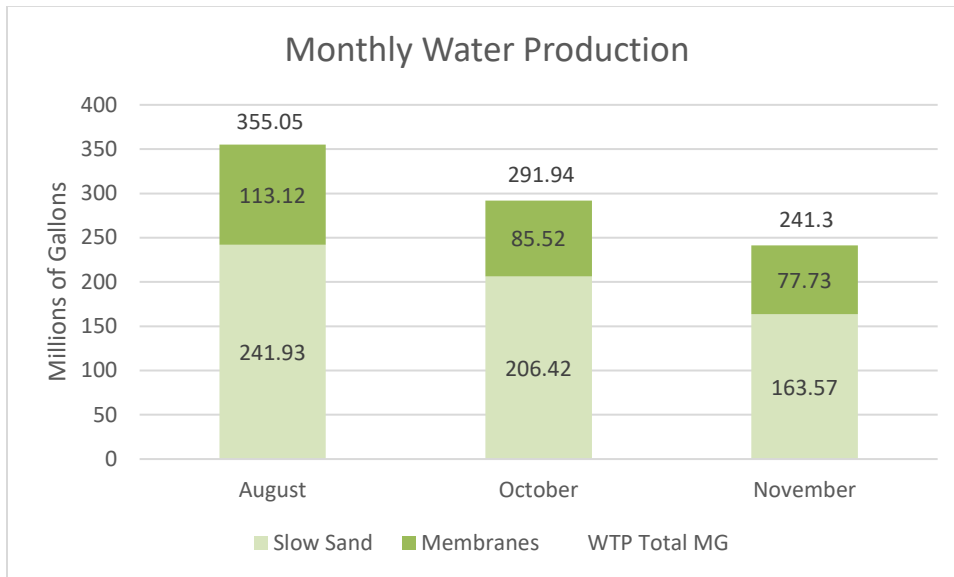
Presenter(s): Bret Bienerth, DRC

Board Action: Open discussion

Attachments: None

Topics

Monthly Water Production



Staff Updates

Interim Plant Manager: The staff is now being supervised by **Bret Bienerth**, a senior water treatment and regulatory specialist with the Sunrise Water Authority. Bret is serving as acting Plant Manager. Bret is an experienced operator, possessing Level 4 certifications in both water treatment and distribution, along with filtration.

Operators: We have three licensed operators on staff: **Tim Schrupp**, **Ashley Beaty**, and **Luke Gibbon**. Tim has been with the NCCWC for more than 3 years and possesses a Level II water treatment certification (and eligibility for Level III). Ashley began her tenure with the NCCWC mid-September of this past year, bringing with her industry experience at the Wilsonville and Canby water treatment plants. Ashley possesses a Level III water treatment and Level II water

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distribution certification. Luke Gibbon was an intern this past summer and rejoined the NCCWC as a temporary, full-time operator. Luke has his Level I water treatment certification and is completing his associate degree at Clackamas Community College.

Contract Labor: NW Natural Water Services began providing labor resources in late December. We have had two visits from NWN WS with two staff members working with our team each time. So far, NWN WS has been used to help with pinning our membranes which is very labor intensive.

Plant Updates

Membrane Cell Cleaning



The current membrane cartridges are fouled so we are trying a more extensive cleaning regime which involves both high and low pH soaks and agitations. This cleaning regime was developed by Carollo Engineering who has experience working with membranes like NCCWC's. We started with cell five and after three cycles of cleaning we removed approximately five pounds of solids from each cartridge. Because we removed so much fouling from the membranes we need to 'pin' each cartridge in the cell to plug the resulting leaking membrane fibers before we put cell five back into service.

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Chemical Feed Pumps



The current caustic soda feed skid leaks caustic soda into the chemical containment area. WTP staff are currently neutralizing the caustic soda with phosphoric acid and will be pumping the resulting solution into the neutralization tank after we receive a new pump capable of dealing with this concentrated chemical mix. We are working with Stantec Engineering to determine a short- and long-term solution to this chemical leak problem.

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Membrane Chemical Injection System



The valves for membrane cell's 3 and 5 sodium hypochlorite (hypo) cleaning injection points are leaking. This results in hypo spilling on the floor and erratic hypo dosing results in the cells themselves. This complicates staff's ability to perform the high pH portion of the membrane cell cleaning. We have ordered one new valve and if it works as expected we will replace the remaining failing valves.

Soda Ash delivery system



The soda ash hopper and mixing system provides NCCWC with the capability to raise the pH of water leaving the plant. This system utilizes 'super sacks' of dry soda ash that feed into a hopper that blends the soda ash into water before sending it to be injected into the plant's two

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clear wells. The dry soda ash has a history of absorbing moisture in the sack and hopper which results in a 'bridge' that does not allow the soda ash to feed. We had this happen in November and staff had to lift the compromised super sack off the hopper and then empty the hopper's soda ash into garbage sacks. During this work there is a cloud of soda ash dust and staff need to wear respirators. Stantec Engineering is looking into this problem for the best long-term solution to providing consistent, reliable pH adjustment.

Sodium Hypochlorite delivery system



The sodium hypochlorite (hypo) delivery system has a history of off gassing which results in gas blockages which prevent hypo from being delivered to its injection quills. Plant staff report that this problem is a major source of their after-hours call outs. For each of the call outs the on-call person needs to come to the plant and work the off gas bubble out of the delivery system. As a temporary solution the membrane pump's carrier water was turned off and a smaller diameter flexible tube was installed. This new tube bypasses the PVC pipe delivery system with its elbows and restrictions and has proven effective in eliminating hypo off gas call outs.

Other Projects: SCADA System Upgrade - Portland Engineering Incorporated (PEI) has been brought on board to the SCADA System Upgrade and Cybersecurity Improvements CIP.

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Agenda Item 7.3

Subject: Manager's Report

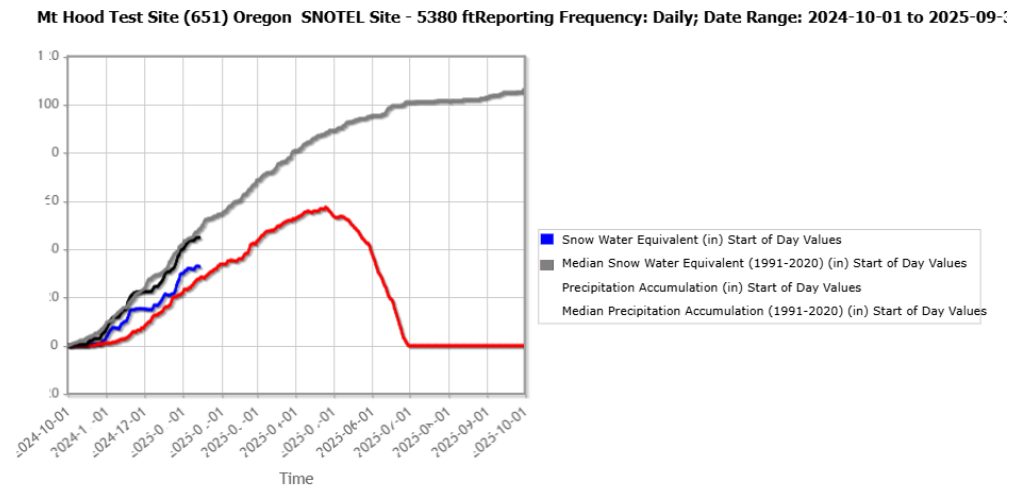
Presenter(s): Wade Hathhorn, General Manager

Board Action: Open discussion

Attachments: Personal Services contract with NW Natural Water Services and related task order

Update on Snowpack

The snowpack on Mt. Hood this (water) year has started above historic medians. There has been significant snowfall throughout December and early January, while total precipitation is tracking historic medians.



The critical period of “storage” (i.e. snowpack) comes later in the Spring, around mid-May. We will be watching this data as it unfolds, as we do every year. Snow volumes are an important element in the “available water” forecast for the Clackamas River basin.

Key Staffing Changes and Update on New Plant Manager

Staff ended 2024 on a solemn note with the tragic loss of our former plant manager, **Joe Rogers**. Joe had celebrated his 10th year at the NCCCW this past Fall. Joe was dedicated to his job and served as a model as a public servant. He cared deeply about the plant, its staff and its prominence among key infrastructure in the region. He will be truly missed by all of us at the NCCCW, his family, and those that knew him privately and professionally.

Amid this tragic event, we are fortunate to have critical staff support from our member agencies. **Bret Bienerth**, from Sunrise, has stepped in to serve as interim Plant Manager. Bret is the former Plant Manager at Lake Oswego/Tigard and was hired by Sunrise to lead agency regulatory compliance and assist with regional water supply issues within the Clackamas basin. Bret brings a wealth of water treatment

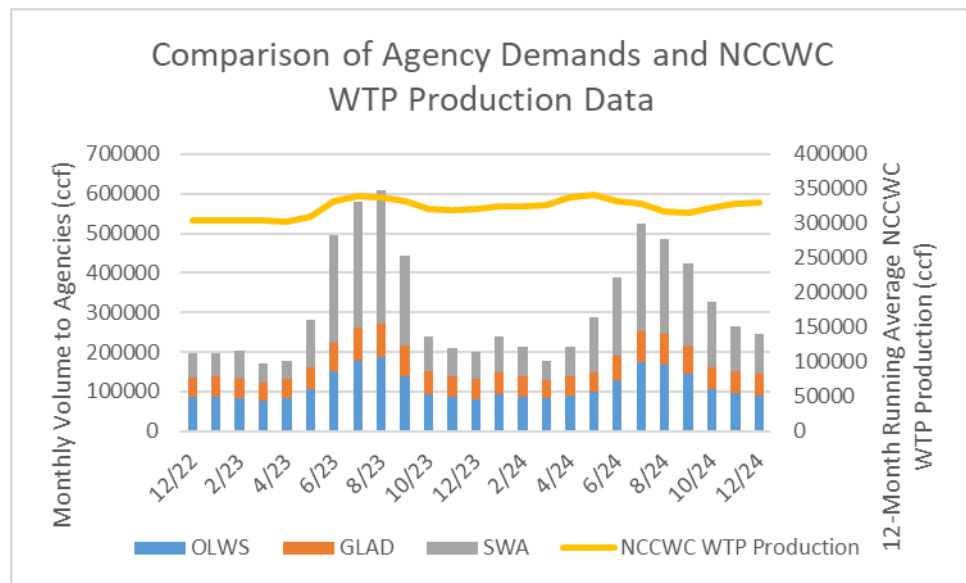
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experience, including Level IV water treatment and water distribution certifications from the State of Oregon. Bret is also experienced as the “direct responsible charge” for treatment operations, a credential required by State certification standards. A general posting for the open Plant Manager position was issued in early January and will remain open (at least 10 days) until filled.

Summary of Production and Deliveries

The graph below shows a 12-month rolling average of total production and monthly deliveries to member agencies:



The seasonal impacts on demand (deliveries) are evidenced in the drop observed across subsequent summer periods. The influence from peak (hot) weather periods is also evidenced, as well as general flattening of the 12-mo. Average – the latter is owed to operations approaching “plant capacity” each year (especially during the summer).

Critical Plant Repairs and Upgrades

In the latter half of 2024, the membrane portion of the plant began to show its age and vulnerabilities, most notably the performance of the membranes themselves. Staff brought in technical assistance from the manufacturer (Memcore), along with recognized consulting experts to assess the problem. The existing membranes are approaching their useful life and began to experience excessive “fouling,” likely owed to a combination of operational protocols and an accumulation of filtration debris. A chemical cleaning regiment has been prescribed and appears to be successfully (or at least partially) restoring membrane performance. Absent this success, there would be a need to immediately begin replacing the entire membrane installation.

Staff are also working to repair (or replacement) several other key treatment units, including various chemical feed systems (chlorination, corrosion control, and waste stabilization), mechanical systems (backwash), instrumentation, and computer

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platforms. The plant is also scheduled to conduct a comprehensive cybersecurity assessment and upgrade to its SCADA and remote-control functions this year. These repairs come on the heels of a comprehensive replacement of the media in the slow sand filters completed this past year. The lessons learned here will be used to create a more structured repair and maintenance schedule for key process systems throughout the plant.

**Contract with
NW Natural
Water Services**

Staff, with assistance from legal counsel, has negotiated and executed a personal services contract with NW Natural Water Services to provide licensed water treatment plant operators on an on-call basis. This resource is being used to provide back-up labor in support of regular (and emergency) operations. A copy of the executed contract and initial task order are attached. The contract was issued by direct appointment under LCRB Rule VII A. 1-3 and VII C. 3.

Parties: This Master Services Agreement (“Agreement”) for plant operation services is made between North Clackamas County Water Commission (“Owner”), a municipal intergovernmental entity organized under Oregon Revised Statutes Chapter 190, and NW Natural Water Services, LLC (“Contractor”), a limited liability company licensed and authorized to conduct business in the State of Oregon. Owner and Contractor are from time to time referred to in this Agreement individually as a “Party” or collectively the “Parties.”

Period of Effect: This Agreement shall become effective as of the date of its execution by both Parties and, unless terminated or extended as set forth herein, shall remain in effect until three years from execution. Upon mutual agreement by the Parties, this Agreement may be extended for an additional three-year period.

Scope of Services and Schedule: The Parties shall execute a series of Task Orders or Work Assignments, mutually agreed (in writing) by the Parties. Each Task Order or Work Assignment shall include a relevant scope of services to be provided, including any key personnel or equipment assigned to the Work, along with a schedule of said services or deliverables.

Compensation: The Contractor shall perform this Work on a time and material basis as mutually agreed (in writing) by the Parties. For each Task Order or Work Assignment, the Contractor shall prepare a fee estimate showing key persons, their hourly billing rates, and projected hours assigned to the project tasks. This fee estimate shall identify all related reimbursable expenses, including mileage, printing, equipment rental, and any other project related expenses, as approved by Owner.

Invoicing and Payment: (a) The Contractor must submit an invoice for payment of authorized work, detailing all labor hours, including the person’s name (and title) and the number of hours they worked on each task (or Task Order or Work Assignment), along with all related and approved reimbursable expenses. Invoices may be submitted at any time but in no case more than once monthly (and not more frequently than 20 days between any two invoices).

(b) Owner shall make payment within thirty (30) days of the receipt of any invoice for all approved work. Payment shall not be considered acceptance or approval of any work or waiver of any defects therein.

(c) Owner reserves the right to dispute any charges, including billing hours, expenses or other charges not approved by Owner. Owner may in turn ask for additional data and information to clarify or validate any charges. Unless prohibited under applicable law, payment for disputed charges will be retained (i.e. not paid) until the Parties mutually resolve the validity of such charges. When only a portion of an invoice is in dispute, Owner will retain only the disputed portion until the dispute is resolved.

(d) Unless otherwise allowed under applicable law, the Contractor shall not be entitled to any fines, fees, or interest penalties for any late payment by Owner.

Amendments or Change Orders: No changes or amendments shall be made to this contract, any Task Order, or any Work Assignment, including its Scope of Services, Schedule Compensation, or Schedule, without prior written authorization from Owner. Owner may, in turn, make such changes at any time, provided the Parties agree that such changes do not create any additional burden to the Contractor in terms of anticipated costs or loss in schedule (time). Otherwise, the Parties must mutually agree, in writing, to the noted changes.

General Responsibilities: (a) Contractor has the skill, knowledge, and licensure (as may be required) possessed by well-informed members of its profession and will apply that skill and knowledge in performance of this Agreement in accordance with the usual and customary care exercised by members of the same profession.

(b) Unless otherwise specified in the Scope of Services or so otherwise approved by Owner in a Task Order or Work Assignment, Contractor shall furnish all labor necessary for the furnishing, performance, testing and completion of the services required under this Agreement.

(c) Contractor shall inform Owner of its Federal Internal Revenue Service Employer Identification Number.

(d) Contractor shall promptly pay, as due, all of its obligations arising out of or in connection with the performance of this Agreement, including but not limited to payment to all person supplying Contractor labor, equipment, services, or materials in the execution of any related Services or Tasks. Contractor shall also defend, indemnify, and hold harmless Owner from and against any and all claims, costs,

and/or losses whatsoever occurring or resulting from Contractor's failure to meet said obligations.

Compliance with Applicable Laws: (a) Contractor shall comply with all federal, state and local laws, regulations, executive orders and ordinances applicable to this Agreement and applicable to the Work, including (but not limited to) the following to the extent applicable: (i) Titles VI and VII of the Civil Rights Act of 1964, as amended; (ii) Sections 503 and 504 of the Rehabilitation Act of 1973, as amended; (iii) the Americans with Disabilities Act of 1990, as amended; (iv) Executive Order 11246, as amended; (v) the Health Insurance Portability and Accountability Act of 1996; (vi) the Age Discrimination in Employment Act of 1967, as amended, and the Age Discrimination Act of 1975, as amended; (vii) the Vietnam Era Veterans' Readjustment Assistance Act of 1974, as amended; (viii) ORS Chapter 659, as amended; (ix) all regulations and administrative rules established pursuant to the foregoing laws; and (x) all other applicable requirements of federal, state and municipal civil rights and rehabilitation statutes, rules and regulations. These laws, regulations and executive orders are incorporated by reference herein to the extent that they are applicable to this Agreement and required by law to be so incorporated.

(b) To the extent applicable, Contractor further agrees to comply with the provisions of ORS 279B.220, 279B.225, 279B.230, and 279B.235 which are incorporated by reference herein, including (but not limited to): (i) Making prompt payments, as due, to all persons supplying to Contractor labor or materials for the prosecution of the work provided for in the Contract; (ii) Paying all contributions or amounts due the Industrial Accident Fund from such Contractor or subcontractor incurred in the performance of the Contract; and (iii) Not permit any lien or claim to be filed or prosecuted against Owner on account of any labor or material furnished by Contractor, unless the claim or lien results from Owner failing to pay sums owed under this Agreement.

(c) Contractor agrees that it is an independent contractor. Contractor, its employees or officers shall not hold themselves out as officers, employees or agents of Owner for any purpose whatsoever, nor are they authorized to do so.

(d) Contractor represents and warrants that it is compliant, and will continue to be compliant throughout the duration of this Contract, with all applicable tax laws of the state of Oregon, or any

political subdivision thereof, including but not limited to ORS 305.620 and ORS chapters 316, 317, and 318 if applicable.

Indemnification: (a) Contractor agrees to indemnify, defend, and hold harmless Owner, its officers, commissioners, and employees from and against all claims and actions, and all reasonable expenses incidental to the investigation and defense thereof, arising out of or based upon damages or injuries to persons and property, to the extent that the damages or injuries to persons and property are caused by the negligent acts, errors, or omissions of the Contractor, its subcontractors, or anyone over which the Contractor has a contractual relationship with, during or in connection with the performance of this Agreement.

(b) To the fullest extent permitted by law, Owner agrees to indemnify, defend, and hold harmless Contractor, its officers, board members, and employees from and against all claims and actions, and all reasonable expenses incidental to the investigation and defense thereof, arising out of or based upon damages or injuries to persons and property, to the extent that the damages or injuries to persons and property are caused by the negligent acts, errors, or omissions of Owner or anyone over which Owner has a contractual relationship with, during or in connection with the performance of this Agreement.

Limits on Liability: (a) TO THE FULLEST EXTENT PERMITTED BY LAW, OWNER AND CONTRACTOR WAIVE AGAINST EACH OTHER, AND THE OTHER'S EMPLOYEES, OFFICERS, DIRECTORS, MEMBERS, AGENTS, INSURERS, PARTNERS, AND CONTRACTORS, ANY AND ALL CLAIMS FOR OR ENTITLEMENT TO SPECIAL, INCIDENTAL, INDIRECT, OR CONSEQUENTIAL DAMAGES ARISING OUT OF, RESULTING FROM, OR IN ANY WAY RELATED TO THIS AGREEMENT OR ITS RELATED PROJECT(S).

(b) TO THE FULLEST EXTENT PERMITTED BY LAW, CONTRACTOR'S AGGREGATE JOINT, SEVERAL, AND INDIVIDUAL LIABILITY, WHETHER FOR BREACH OF CONTRACT, BREACH OF WARRANTY, NEGLIGENCE, PROFESSIONAL MALPRACTICE OR STRICT LIABILITY, WILL BE LIMITED TO \$2,000,000.

Insurance: (a) During the term of this Agreement, Contractor shall purchase and maintain (at Contractor's expense) the following coverage:

- i. Commercial General Liability Insurance with a limit of \$2,000,000 for each occurrence related

to property damage and bodily injury (including illness and death) with an annual aggregate of \$2,000,000.

- ii. Commercial Automobile Insurance for all owned, hired, and non-owned vehicles with a limit of \$2,000,000 for each accident.
- iii. Workers' Compensation Insurance. The Contractor, its subcontractors, if any, and all employers providing work, labor, or materials under this Agreement that are subject to Oregon Workers' Compensation Law shall comply with ORS 656, which requires them to provide coverage that satisfies Oregon law for all their subject workers. All non-exempt employers shall provide Employer's Liability Insurance with coverage limits of \$500,000 for each accident or illness for each employee.
- iv. Professional Liability Insurance (as shall normally be required): covering errors and omissions or negligent acts in the amount of \$1,000,000 per claim and \$2,000,000 in aggregate.

(b) Contractor may self-insure part of the liability insurance obligations in this Agreement, provided that Contractor maintains a self-insurance program consistent with industry standards.

Contractor shall name Owner, its officers, representatives, agents, and employees, as additional insureds and furnish acceptable certificates of insurance within ten (10) days following award of this contract and prior to commencement of any related work. Contractor shall further indemnify Owner for any liability or damages that may incur due to Contractor's failure to purchase or maintain any required insurance.

(c) Failure of Owner to demand proof of insurance or to identify a deficiency in coverage shall not be construed as a waiver of the Contractor's obligation to maintain such insurance.

Owner Furnished Documents: (a) Upon request by Contractor, Owner shall furnish to Contractor all applicable information and technical data in Owner's possession or control which Owner may lawfully release, including but not limited to, maps, surveys, drawings, soils or geotechnical reports, and any other information relating to the Services (or Task Orders) and requested by Contractor. All information provided to Contractor during the term of this

Agreement shall be deemed confidential and subject to the confidentiality provisions set forth below.

(b) The Contractor shall be entitled to reasonably rely upon the information provided by the Owner or Owner's representatives, or from generally accepted sources, without independent verification except to the extent such verification is expressly included in the scope of Services (or Task Orders).

(c) Subject to part (b) above, Owner's provision of such information shall in no way be deemed a representation or warranty as to the completeness of the information necessary for Contractor to complete its work under this Agreement.

Ownership of Work Products: (a) Owner shall be entitled to obtain, possess and own copies of any and all products of service which result from this Agreement, but excluding pre-existing intellectual property.

(b) Reuse of Contractor's work products by Owner (or third-parties) for purposes outside this Agreement shall be without liability to Contractor, unless so agreed in writing by the Parties.

(c) Owner and Contractor may transmit, and shall accept, project-related correspondence, documents, text, data, drawings, information, and graphics, in electronic media or digital format, either directly, or through access to a secure Project website, in accordance with a mutually agreeable protocol.

Termination: (a) Owner may, at any time and without cause have the right, in its sole discretion, to terminate this Agreement, subject to 30 days written notice to Contractor. Contractor shall, in turn, be compensated for all services rendered and expenses incurred through the date of termination, less any amount of damage, if any, sustained by Owner due to breach of contract by Contractor.

(b) Either Party may terminate for cause for breach of contract upon 10 days written notice to the other Party specifying the breach, provided that the breaching Party shall have 30 days to cure the breach specified in the notice. Damages for breach of contract shall be those allowed by Oregon law, provided that neither Party shall be entitled to any consequential damages.

Disputes: (a) The Parties agree to negotiate any and all disputes arising from the Agreement among them in good faith for a period of up to 30 days following notice of dispute.

(b) If the Parties are not able to resolve such a dispute, either Party may, in writing to the other Party, request mediation. If the Parties cannot agree on a mediator or the process of mediation within 30 calendar days after receipt of a written request for mediation, either Party may seek any remedy available at law to resolve the dispute. Any mediator's fee shall be borne equally by the Parties.

(c) Other than requiring the Parties to provide notice of requested mediation, nothing in this section shall be deemed to preclude a Party from seeking or preserving any remedy available under the law.

Governing Law and Jurisdiction: The laws of the State of Oregon shall govern this contract. Any suit or action arising from this contract shall be commenced and prosecuted in the courts of Clackamas County, Oregon or the U.S. District Court for the District of Oregon, in Portland, Oregon, as applicable.

Attorney's Fees: In case any suit or action is instituted to enforce the provisions of this Agreement, each Party shall be responsible for their own attorney's fees and expenses, including upon appeal and in the enforcement of any judgement.

Audit: (a) Contractor shall maintain records to assure conformance with the terms and conditions of this Agreement, and to assure adequate performance and accurate expenditures during the term of this Agreement.

(b) Contractor further agrees to maintain all books, records, accounts and reports required under this Agreement for a period of not less than three (3) years after the date of termination or expiration of this contract.

Confidentiality: (a) Owner and Contractor (each a "Receiving Party") each acknowledge that it and its employees, subcontractors, contractors, and agents, may in the course of performing this Agreement receive information from the other Party (the "Disclosing Party") that the Disclosing Party desires or is required to maintain as confidential ("Confidential Information"), including without limitation papers, reports, manuals, drawings, email, software, digital files, customer data, and other records.

(b) The Receiving Party agrees to preserve and maintain the confidentiality of the Disclosing Party's Confidential Information and not to disclose, sell, transfer, or dispose of any such Confidential Information for any purpose or reason whatsoever, without written authorization from the Disclosing Party.

(c) The Receiving Party will immediately notify the Disclosing Party in writing of any unauthorized use or release of Confidential Information of the Disclosing Party and shall take all reasonable steps and procedures to mitigate the impacts of such authorized use or release. The Receiving Party shall be further responsible for all damages, fines, or corrective actions arising from its violation of the confidentiality provisions stated hereunder.

(d) The foregoing provisions shall not apply to the extent the Receiving Party is required to disclose confidential information as required by applicable law, regulation, or legal process, provided that the Receiving Party must promptly notify the Disclosing Party, in writing, of such requirement or request, including a detailed description of the confidential information requested, so that the Disclosing Party may seek a protective order or other appropriate remedy.

Severability: In the event any provision or portion of this Agreement is held to be unenforceable or invalid by any court of competent jurisdiction, the validity of the remaining terms and provisions shall not be affected to the extent that it did not materially affect the intent of the Parties when they entered into the Agreement.

Waiver: The failure of Owner to enforce any provision of this Agreement shall not constitute a waiver by Owner of that or any other provision.

Successors: The Parties are hereby bound and the successors, executors, administrators, and legal representatives of Owner or Contractor (and any party so agreed by proper assignment) are hereby bound to the other Party to this Agreement and to the successors, executors, administrators, and legal representatives (and said assigns) of such other Party, in respect of all covenants, agreements, and obligations of this Agreement.

Assignment: Neither Owner nor Contractor may assign, sublet, or transfer any rights under or interest (including, but without limitation, money that is due or may become due) in this Agreement without the written consent of the other party, which consent shall be in the non-assigning Party's sole discretion, except to the extent that any assignment, subletting, or transfer is (a) mandated by law or (b) in the case of Contractor, is made to an affiliate of Contractor. Unless specifically stated to the contrary in any written consent to an assignment, no assignment will release or discharge the assignor from any duty or

responsibility under this Agreement that arises prior to the assignment.

Third-Party Beneficiaries: Unless expressly provided otherwise, nothing in this Agreement shall be construed to create, impose, or give rise to any duty owed by Owner or Contractor to any third-party individual or entity, or to any surety for or employee of any of them. All duties and responsibilities undertaken pursuant to this Agreement will be for the sole and exclusive benefit of Owner and Contractor and not for the benefit of any other party.

Subcontract: Contractor shall not subcontract any of its responsibilities under this contract without the written consent of Owner. If Owner approves of such subcontract, Contractor shall include in each subcontract any provisions necessary to make all of the provisions of this contract fully effective. Contractor shall provide all necessary documents and instructions to its subcontractor to enable them to properly perform their work.

Integration: This Agreement together with any Task Order(s) or Work Assignments are incorporated by reference into each other and supersede all prior written and oral discussions, representations, negotiations, and agreements on the subject matter of the Task Order or Work Assignments. In the event of a conflict between the terms of this Agreement and

the terms of a Task Order or Work Assignment, the terms of this Agreement shall govern.

Non-Solicitation. Owner and Contractor each agrees that it will not solicit, offer work to, employ, or contract with, directly or indirectly, on its own behalf, any employee of the other Party without prior written authorization from the other Party and such authorization will not be unreasonably withheld. Notwithstanding the foregoing, neither Party will be precluded from hiring an employee of the other Party who: (a) initiates discussions regarding such employment without any direct solicitation by the hiring Party; (b) responds to a general solicitation placed by the hiring Party or its retained recruiting firm; (c) is referred to the hiring Party by search firms, employment agencies or other similar entities provided that such entities have not been specifically instructed by the hiring Party to solicit the employees of the other Party; or (d) has resigned or has been terminated by the other Party prior to commencement of employment discussions between the hiring Party and such employee.

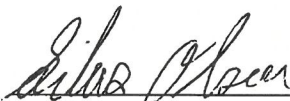
By signing below, the Parties herein agree to the stated terms and conditions for service under this Agreement:

NORTH CLACKAMAS COUNTY WATER COMMISSION


Wade Hathhorn, General Manager

December 2, 2024
Date

NW NATURAL WATER SERVICES, LLC

 (sign)
Title: Director of NW Natural Water Services

Nov. 26, 2024
Date



TASK ORDER NO. 1

Client/Owner: North Clackamas County Water Commission (NCCWC)
Service Provider: Northwest Natural Water Services (NWNWS)
Project: Support for the NCCWC Water Treatment Plant (WTP)
General Description: Provide labor and resource support for WTP operations
Effective Period: December 1, 2024 through June 30, 2025

Purpose: NWNWS shall provide licensed water treatment plant operators and related resources in support of the operation of the NCCWC WTP.

Scope: NWNWS shall provided the following key staff for this work: Curtis Olson, Robert Trotter, Paul Howard, Aaron Olson, and Ben Keopke. These key staff are being provided because of their prior experience with similar work and their certification(s) from the State of Oregon as licensed water treatment operators. Their work shall include training and on-going operations support for the NCCWC WTP. Scheduling of service for these staff and other resources (as may be desired for this work) shall be mutually agreed by the Parties.

Compensation: Owner agrees to the 2025 Compensation rate table for NWNWS labor, equipment, and expenses as presented in the attached as **Exhibit A**. All such work under this task order shall be on a time and material basis, as prescribed herein.

Additional Terms: Owner agrees to the Additional Service Provisions requested by NWNWS as presented in the attached as **Exhibit B**.

This work is being conducted under the Master Services Agreement dated December xx, 2024.

Wade Hathhorn

Wade Hathhorn, General Manager

December 2, 2024

Date

Compensation

Category	Rates (\$/Month)
Operations Base Fee	TBD Depending on Scope
Billing Base Fee	
Bookkeeping Base Fee	
Service Fee (20%)	

OPERATION AND MAINTENANCE SERVICES*		
Category	Title	Rate (\$/Hour)
Executive	Regional Director	\$325.00
Upper Management	Operations Director	\$205.00
	Accounting Manager	\$145.00
	Operations Manager	\$130.00
Mid-Level Management	Operations Supervisor	\$115.00
Supervisor	Area Supervisor	\$91.00
Operators	Operator IV	\$105.00
	Operator III	\$96.00
	Operator II	\$82.00
	Operator I	\$71.00
	Utility Worker	\$66.00
Office	Office Administration	\$61.00

CUSTOMER SERVICE*		
Category	Title	Rate (\$/Hour)
Upper Management	Accounting Manager	\$145.00
Mid-Level Management	Customer Service Manager	\$115.00
Office	Customer Service Specialist	\$80.00
	Office Administration	\$61.00

PROJECT DEVELOPMENT SERVICES*		
Category	Title	Rate (\$/Hour)
Executive	Development Director	\$325.00

Upper Management		
	Development Manager	\$205.00
	Accounting Manager	\$145.00
	Sr. Project Manager	\$140.00
Mid-Level Management		
	Construction Manager	\$125.00
	Project Manager	\$115.00
Office		
	Office Administration	\$61.00

MANAGEMENT SERVICES*		
Category	Title	Rate (\$/Hour)
Executive		
	Regional Director	\$325.00
Upper Management		
	Manager	\$205.00
	Accounting Manager	\$145.00
Office		
	Office Administration	\$61.00

EQUIPMENT & EXPENSES*		
Category	Title	Rate (\$/Hour) unless specified
Equipment	35G Class Excavator	\$500.00/day
Equipment	Dump Trailer	\$20.00
Equipment	Dump Truck	\$70.00
Equipment	Vacuum Excavation	\$60.00
Equipment	Pressure Washer Trailer Setup	\$80.00/day
Equipment	5kW Generator/Light Tower	\$35.00
Truck	Service Truck	\$25.00
Backflow	Backflow Testing	\$40.00/test
Expenses	Direct Expenses	Cost + 10%
Expenses	Subcontractor	Cost + 10%
Expenses	Mileage	IRS Rate

*A 20% service fee will be added for all base fee services, labor, and equipment and expenses incurred unless otherwise stated.

All rates are hourly unless otherwise indicated. All time associated with fulfilling service requests will be billable, including drive time and time spent offsite preparing or cleaning up. Emergency time will be billed at one and a half (1.5) times the normal hourly rate.

EXHIBIT B

ADDITIONAL SERVICE PROVISIONS

1. DESIGNATED SERVICE MANAGER

NWNWS will provide a designated Service Manager to NCCWC to coordinate, facilitate, fulfillment of requests for services by NCCWC. The rate for the Service Manager will be charged in accordance with the rate table provided.

2. EMERGENCY ON-CALL SERVICES:

NWNWS on-call personnel will be available to respond to emergencies pertaining to the NCCWC treatment plant. In the event NWNWS staff are called upon to address an emergency, time and materials will be charged in accordance with the emergency rate schedule provided in this agreement. For the purposes of this agreement, an emergency is defined as an event that requires an immediate dispatch of NWNWS staff or a dispatch of NWNWS staff before 8:00 AM on the following business day. Notification from NCCWC regarding a need for services to be scheduled to take place during normal work hours on or after the next business day will not constitute an emergency.

3. SITE VISIT

No site visit(s) are included in the base fee. All work completed will be on a Time and Material (T&M) basis in accordance with the rate table provided.

4. COMMUNICATION PROTOCOL

NCCWC and NWNWS will establish a mutually agreeable communication protocol, through which NWNWS staff will inform NCCWC of any findings and/or concerns that need to be addressed after completing assigned work. This communication will be via email or telephone call, depending on the urgency of the concern, as determined by NWNWS. All after-hours communication via phone, both urgent and non-urgent, should be directed to the main office phone, which is answered by an answering service outside of business hours. All after-hours emergency services are handled by NWNWS's on-call department.