



**BUDGET & REGULAR MEETING
NORTH CLACKAMAS COUNTY WATER COMMISSION
BUDGET COMMITTEE & BOARD OF DIRECTORS
MARCH 23, 2023 at 5:30 p.m.**

Join In-Person or Online

14496 SE River Rd.
Oak Grove, OR 97267

<https://us02web.zoom.us/j/82525564564>

AGENDA

BUDGET COMMITTEE

1. Convene Budget Committee Meeting (Board Chair)
2. Introductions & Elect Budget Committee Chair
3. Presentation on Proposed FY2023-24 Budget (Budget Officer/General Manager)
4. Committee Discussion with Public Input/Comment
5. Consider Motion to Approve/Amend FY2023-24 Budget
6. Adjourn Budget Committee Meeting

BOARD OF DIRECTORS

1. **Call to Order**
2. **Approve Agenda**
3. **Public Comment**
4. **Approval of Minutes**
 - 4.1 Approval of Minutes of the January 26, 2023 Regular Meeting
5. **Adoption of Consent Calendar**
 - 5.1 Authorization of Checks for January and February 2023
6. **Board Discussion**
 - 6.1 Receipt of FY 2021-22 Audit

7. Monthly Items

- 7.1 Financial Reports
- 7.2 Operations Report
- 7.3 Manager's Report
- 7.4 Business from the Board

8. Adjourn Regular Meeting



Proposed Budget

2023 - 2024



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**Proposed Budget
Fiscal Year 2023-2024**

Budget Committee Members

Kevin Bailey
Sunrise Water Authority

Chris Hawes
Sunrise Water Authority

Paul Gornick
Oak Lodge Water Services

Kevin Williams
Oak Lodge Water Services

Luke Roberts
City of Gladstone

Peter Kreft
Sunrise Water Authority

Michael Morrow
Sunrise Water Authority

Ron Weigel
Oak Lodge Water Services

Robert Weber
Oak Lodge Water Services

Nina Stolyar
City of Gladstone

Budget Officer

Gail Stevens, Finance Director
Direct (503) 353-4203

Administrative Office

14496 SE River Road
Milwaukie, OR 97267
Office (503) 654-7765
Fax (503) 653-1973

**North Clackamas County Water Commission
Proposed Budget
Fiscal Year 2023-2024**

Table of Contents

	Page
Budget Calendar	1
Budget Message	2 - 3
All Fund Summary	4
Fund Detail	
10 General Fund	5 - 6
13 Plant Reserve Fund	7
17 Revenue Bond Reserve	8
19 Revenue Bond Redemption Fund	9
Descriptions-Materials & Services	10 - 11
Staff Travel, Training and Dues	12
Capital Outlay	13 - 22

**NORTH CLACKAMAS COUNTY WATER COMMISSION
BUDGET CALENDAR
Fiscal Year 2023-2024**

- | | |
|-----------------------------------------------|-----------------------------------------------------------------------|
| January 26, 2023 | - Appoint Budget Officer
- Approve Budget Schedule |
| March 2, 2023 | - Publish 1st notice of Budget Committee Meeting |
| March 16, 2023 | - Publish 2nd notice of Budget Committee Meeting
(5-30 days prior) |
| March 17, 2023 | - Proposed budget sent to Budget Committee |
| March 23, 2023
5:30 P.M.
Hybrid Meeting | - Appoint Budget Committee
- Budget Committee Meeting |
| April 6, 2023 | - Budget Committee Meeting (if necessary) |
| June 7, 2023 | - Publish Notice and Summary of Budget Adoption hearing |
| June 22, 2023 | - Budget Adoption |

ADMINISTRATIVE OFFICE
14496 SE River Road
Milwaukie, OR 97267
Tel. (503) 654-7765
Fax (503) 653-1973



TREATMENT PLANT
14275 S. Clackamas River Dr.
Oregon City, OR 97045
Tel. (503) 723-3505
Fax (503) 723-350

March 23, 2023

North Clackamas County Water Commission Budget Committee Members:

Thank you for taking your time to participate in the budget process for the North Clackamas County Water Commission (NCCWC). We are pleased to present the NCCWC's proposed budget for fiscal year 2023-2024 for your consideration and approval.

Overall, the NCCWC is in sound financial condition. Adequate reserves are being accumulated in the Plant Reserve Fund, while operational costs in the General Fund are being carefully managed to limit wholesale water rate increases. Operations at the plant remain highly efficient and effective. Staff provide quality service in production while having adequate capacity to respond during irregular or emergency conditions. Staff is proud to continuously meet all State and Federal regulatory compliance standards.

Looking at the overall numbers, the General Fund budget is projected to be \$5.70 million. This total is comprised of an operating budget of \$3.51 million (for the NCCWC plant) that includes \$1.30 million in wholesale water purchases from Clackamas River Water (CRW). The projected increase in Operating Expenditures for this next year is 6.3%. This increase is comprised of an 10.5% increase in Personnel Services and a 5.2% increase in Material & Services. Much of the stated increase is owed to increases in labor costs, including PERS and medical coverage for staff, along with rising costs for key supplies such as treatment chemicals and electricity. That said, the projected budgetary increases are lower than the published inflation statistics for this past year – this is owed to specific controls put in place to reduce the increase in other expenditures.

The General Fund also includes Transfers to the Plant Reserve Fund totaling \$1.50 million, along with a first-time, non-recurring Special Payment to a PERS set aside account of \$150 thousand. The latter is an investment to offset the escalating costs of PERS and stabilize future overall labor costs. These Other Requirements are being funded by a portion of the expenditures being included in the annual water rates (\$800 thousand), along with the use of \$850 thousand from the General Fund (i.e. beginning fund balance).

The final requirements in the General Fund include a \$330 thousand Contingency (15% of operating expense), bringing the total anticipated expenditures to \$5.49 million, yielding an ending fund balance of just over \$206 thousand. These requirements are balanced by an estimate in water sales of \$3.03 million and wholesale water sales of \$1.30 million, along with a beginning fund balance and Interest of \$1.37 million.

In the Plant Reserve Fund, there are planned capital expenses totaling \$3.34 million, the majority of which is allocated to the continued replacement of sand in the slow sand filter beds. This project was originally to be done in two similar parts – each looking to replace the “sand” in two of the four filters beds in two consecutive years. Owing to supply issues, staff was only able to acquire half of the desired sand as part of last year's portion of the project with the remaining three-quarters of the sand replacement being included in this year's budget. The original estimate for the entire sand replacement project totaled \$3.00 million. Actual pricing has increased this amount by 10% to \$3.30 million; hence, the \$900 thousand

projected for this past year and another \$2.40 million to complete the project possibly this year.

The capital budget also includes \$200 thousand for SCADA and cybersecurity upgrades and another \$740 thousand for equipment, buildings, and other improvements. A detailed list of the planned capital projects is outlined in the appendix of this document. This fund also includes a \$700 thousand contingency, bringing the planned requirements to \$4.04 million.

It is of interest to note the NCCWC retired its long-term debt in FY 2021-22 and remains debt free as we head into FY 2023-24. Our ability to do so requires adherence to strict fiscal policies implemented by the Board of Directors and staff's ability to continue to operate and maintain the treatment plant in an effective and efficient manner.

Staff is always pleased to have the opportunity to present a fiscally responsible budget to the Board of Directors and the citizens of the communities they serve. As we move ahead, we wanted to thank each of you for taking time out of your busy schedules to assist in the budget process and for your dedication to the North Clackamas County Water Commission.

Respectfully submitted,



Wade Hathhorn
General Manager



Gail Stevens
Finance Director/Budget Officer

**North Clackamas County Water Commission
All Fund Summary
Fiscal Year 2023-2024**

Funds	10 General Fund	13 Plant Reserve	17 Bond Reserve	19 Bond Redemption	Totals
Resources					
Beginning Balance	1,368,149	4,938,999	-	-	\$ 6,307,148
Interest	5,000	50,000	-	-	\$ 55,000
Water Sales	4,325,000	-	-	-	\$ 4,325,000
Miscellaneous	-	-	-	-	\$ -
Transfers	-	1,200,000	-	-	\$ 1,200,000
Total Resources	\$ 5,698,149	\$ 6,188,999	\$ -	\$ -	\$ 11,887,148
Expenditures					
Personnel Services	725,000	-	-	-	\$ 725,000
Material & Services	2,786,900	-	-	-	\$ 2,786,900
Capital Outlay	-	3,340,000	-	-	\$ 3,340,000
Debt	-	-	-	-	\$ -
Transfers & Contingency	1,980,000	700,000	-	-	\$ 2,680,000
Unappropriated fund balances	206,249	2,148,999	-	-	\$ 2,355,248
Total Requirements	\$ 5,698,149	\$ 6,188,999	\$ -	\$ -	\$ 11,887,148

**North Clackamas County Water Commission
Proposed Budget FY 2023-2024**

Actual 2020-2021	Actual 2021-2022	Adopted Budget 2022-2023	FYE Projections 2022-2023	Fund - Acct	DESCRIPTION	Proposed Budget 2023-2024	Approved Budget 2023-2024	Adopted Budget 2023-2024
10 GENERAL FUND								
502,762	1,080,781	1,380,050	1,585,797	3000	Beginning Fund Balance	1,368,149		
2,537	5,087	5,000	23,000	4010	Interest	5,000		
2,841,457	2,723,149	2,866,000	2,866,000	4020	Water Sales	3,025,000		
1,122,174	1,079,258	1,150,000	1,150,000	-01	OLWD 1,400,000 (ccf)	1,149,000		
498,121	508,722	515,000	515,000	-02	City Gladstone 670,000 (ccf)	550,000		
1,208,668	1,122,432	1,189,000	1,189,000	-03	SWA 1,600,000 (ccf)	1,313,000		
12,494	12,736	12,000	12,000	-09	Clackamas River Water	13,000		
-	-	1,250,000	1,250,000	4025	Wholesale Water Sales	1,300,000		
13,705	42,137	-	25,400	4060	Miscellaneous	-		
-	-	107,277	106,302	4100	TRANSFERS IN	-		
-	-	102,049	103,000	-17	Revenue Bond Debt Service Reserve	-		
-	-	5,228	3,302	-19	Revenue Bond Redemption Fund	-		
\$ 3,360,461	\$ 3,851,154	\$ 5,608,327	\$ 5,856,499		TOTAL RESOURCES	\$ 5,698,149	\$ -	\$ -
10 GENERAL FUND (continued)								
10 PERSONNEL SERVICES:								
218,572	232,852	310,000	331,200	5000	Plant Operators	360,000		
46,165	41,867	50,000	57,500	5005	Overtime/On Call	50,000		
37,044	-	-	-	5030	Seasonal/Temporary	-		
-	26,974	42,000	42,000	5040	Apprenticeship	43,000		
76,853	59,539	120,000	103,100	5050	Medical, Dental, Vision	110,000		
36,541	46,181	80,000	78,100	5060	Retirement	110,000		
26,740	25,096	40,000	34,300	5070	Payroll Taxes	40,000		
4,222	8,478	14,000	6,800	5080	Workers' Compensation Ins.	12,000		
\$ 446,139	\$ 440,987	\$ 656,000	\$ 653,000		TOTAL PERSONNEL SERVICES	\$ 725,000	\$ -	\$ -
10 MATERIALS AND SERVICES:								
-	-	1,250,000	1,250,000	5204	Wholesale Water Purchases	1,300,000		
127,709	130,661	133,000	132,400	5206	Contracted Services	136,000		
33,483	35,554	40,000	38,400	-10	Management	42,000		
24,158	26,297	30,000	30,000	-12	Plant Engineer	30,000		
48,340	52,144	48,000	48,000	-13	Financial	48,000		
7,053	-	-	-	-14	Membrane Maintenance	-		
14,675	16,666	15,000	16,000	-16	HVAC Maintenance	16,000		
5,297	4,244	8,500	6,000	5208	General Office Supplies/Postage	8,000		
14,205	15,651	17,000	17,000	5210	Permits/Licensing Fees	17,000		
64,529	76,106	85,000	75,000	5212	Insurance - General	85,000		
827	9,300	10,000	10,000	5215	Computers/Technology	15,000		
209,589	179,924	232,000	229,700	5230	Professional Services	257,000		
35,123	32,005	30,000	46,750	-04	Audit	45,000		
32,426	2,378	25,000	12,500	-06	Legal	25,000		
-	3,069	25,000	18,750	-08	Engineering / General	25,000		
142,040	142,472	152,000	151,700	-21	Watershed Services	162,000		
980	-	-	-	5235	Postage	-		
102,132	108,103	145,000	156,700	5236	Water Treatment	190,000		
6,470	2,435	15,000	12,600	-10	Water Analysis & Testing	15,000		
86,646	91,411	120,000	117,500	-11	Chemicals	150,000		
9,016	14,257	10,000	26,600	-12	Instrumentation & Lab Supplies	25,000		
10,927	7,103	10,000	6,400	5238	Telemetry (SCADA)	10,000		
482,450	477,724	550,000	527,300	5240	Electricity	550,000		
7,486	17,972	17,250	16,100	5244	Education/Training/Dues	24,200		

**North Clackamas County Water Commission
Proposed Budget FY 2023-2024**

Actual 2020-2021	Actual 2021-2022	Adopted Budget 2022-2023	FYE Projections 2022-2023	Fund - Acct	DESCRIPTION	Proposed Budget 2023-2024	Approved Budget 2023-2024	Adopted Budget 2023-2024
10 GENERAL FUND (continued)								
10 MATERIALS AND SERVICES: (continued)								
8,681	9,376	8,500	7,600	5245	Telephone	8,500		
-	-	500	250	5246	Travel/Mileage	500		
914	84	1,000	500	5247	Books and Publications	1,000		
746	825	1,000	1,000	5248	Public notices	1,000		
2,537	2,765	3,000	3,000	5250	Other Utilities	3,000		
1,928	1,979	2,000	2,000	-10	Natural Gas	2,000		
609	786	1,000	1,000	-20	Garbage	1,000		
507	3,206	1,000	4,000	5252	Miscellaneous	5,000		
-	-	1,200	300	5256	Commissioner Expenses	1,200		
27,506	28,583	32,500	35,100	5300	Vehicle Equipment Maintenance	32,500		
11,870	4,538	5,000	5,800	-10	Vehicle Maintenance	5,000		
3,661	7,854	7,500	9,300	-20	Fuels/Oils	9,000		
50	1,657	5,000	5,000	-30	Equipment Rental	3,500		
11,924	14,533	15,000	15,000	-40	Equipment Maintenance	15,000		
83,447	64,207	132,000	147,000	5305	Building & Grounds Maintenance	132,000		
10,487	9,985	15,000	15,000	-10	Building Maintenance	15,000		
37,962	9,284	25,000	20,000	-11	Grounds Maintenance	25,000		
1,767	1,644	2,000	2,000	-13	Janitorial Supply	2,000		
1,881	5,597	5,000	5,000	-14	Security Monitoring/Maintenance	5,000		
22,832	27,963	40,000	60,000	-15	Plant Maintenance	40,000		
443	916	10,000	10,000	-16	Intake Structure Maintenance	10,000		
-	2,023	20,000	20,000	-17	Membrane Maintenance	20,000		
8,075	6,796	15,000	15,000	-20	Safety Supplies	15,000		
3,071	8,539	10,000	10,000	5310	Small Tools & Equipment	10,000		
\$ 1,153,541	\$ 1,144,370	\$ 2,648,450	\$ 2,635,350		TOTAL MATERIAL & SERVICES	\$ 2,786,900		
\$ 1,599,680	\$ 1,585,357	\$ 3,304,450	\$ 3,288,350		TOTAL OPERATING EXPENDITURES	\$ 3,511,900	\$ -	\$ -
10 OTHER REQUIREMENTS								
-	-	-	-	6900	Special Payments	150,000		
				-00	PERS Side Account Contribution	150,000		
680,000	680,000	1,200,000	1,200,000	7300	TRANSFERS OUT	1,500,000		
600,000	600,000	1,200,000	1,200,000	-13	Plant Reserve	1,500,000		
80,000	80,000	-	-	-19	Revenue Bond Debt Redemption	-		
-	-	310,000	-	9000	Fund Contingency	330,000		
\$ 680,000	\$ 680,000	\$ 1,510,000	\$ 1,200,000		TOTAL OTHER EXPENDITURES	\$ 1,980,000	\$ -	\$ -
\$ 2,279,680	\$ 2,265,357	\$ 4,814,450	\$ 4,488,350		TOTAL APPROPRIATIONS	\$ 5,491,900	\$ -	\$ -
\$ 1,080,781	\$ 1,585,797	\$ 793,877	\$ 1,368,149		UNAPPROPRIATED FUND BALANCE	\$ 206,249	\$ -	\$ -
\$ 3,360,461	\$ 3,851,154	\$ 5,608,327	\$ 5,856,499		TOTAL REQUIREMENTS	\$ 5,698,149	\$ -	\$ -

**North Clackamas County Water Commission
Proposed Budget FY 2023-2024**

Actual 2020-2021	Actual 2021-2022	Adopted Budget 2022-2023	FYE Projections 2022-2023	Fund - Acct	DESCRIPTION	Proposed Budget 2023-2024	Approved Budget 2023-2024	Adopted Budget 2023-2024
13 PLANT RESERVE FUND								
4,336,066	4,781,560	4,952,018	5,058,689	3000	Beginning Fund Balance	4,938,999		
35,456	26,776	25,000	75,000	4010	Interest	50,000		
-	-	-	27,940	4060	Miscellaneous Income	-		
600,000	600,000	1,200,000	1,200,000	4100	TRANSFERS IN	1,200,000		
600,000	600,000	1,200,000	1,200,000	-10	General Fund	1,200,000		
\$ 4,971,522	\$ 5,408,336	\$ 6,177,018	\$ 6,333,689		TOTAL RESOURCES	\$ 6,188,999	\$ -	\$ -
189,962	349,647	1,919,000	1,394,690	7000	CAPITAL OUTLAY	3,340,000		
-	-	-	-	-10	Computers/SCADA/Technology	230,000		
162,940	277,205	149,000	203,700	-20	Equipment	260,000		
-	-	1,500,000	900,000	-30	Sand	2,400,000		
-	-	-	-	-40	Membranes	-		
18,552	50,177	20,000	40,990	-50	Buildings	250,000		
8,470	22,265	250,000	250,000	-60	Other	200,000		
-	-	350,000	-	9000	Fund Contingency	700,000		
189,962	349,647	2,269,000	1,394,690		TOTAL CAPITAL OUTLAY & OTHER EXP.	4,040,000	-	-
189,962	349,647	2,269,000	1,394,690		TOTAL APPROPRIATIONS	4,040,000	-	-
\$ 4,781,560	\$ 5,058,689	\$ 3,908,018	\$ 4,938,999		PLANT RESERVE BALANCE	\$ 2,148,999	\$ -	\$ -
\$ 4,971,522	\$ 5,408,336	\$ 6,177,018	\$ 6,333,689		TOTAL REQUIREMENTS	\$ 6,188,999	\$ -	\$ -

North Clackamas County Water Commission
Proposed Budget FY 2023-2024

Actual 2020-2021	Actual 2021-2022	Adopted Budget 2022-2023	FYE Projections 2022-2023	Fund - Acct	DESCRIPTION	Proposed Budget 2023-2024	Approved Budget 2023-2024	Adopted Budget 2023-2024
17 REVENUE BOND DEBT SERVICE RESERVE								
101,513	102,321	102,049	102,902	3000	Beginning Fund Balance	-		
808	581	-	-	4010	Interest	-		
-	-	-	-	4100	TRANSFERS IN	-		
-	-	-	-	-10	General Fund	-		
\$ 102,321	\$ 102,902	\$ 102,049	\$ 102,902		TOTAL RESOURCES	\$ -	\$ -	\$ -
-	-	102,049	103,000	4100	TRANSFERS OUT	-	-	-
-	-	102,049	103,000	-10	General Fund	-		
-	-	-	-	9000	Fund Contingency	-		
\$ -	\$ -	\$ 102,049	\$ 103,000		TOTAL APPROPRIATIONS	\$ -	\$ -	\$ -
\$ 102,321	\$ 102,902	\$ -	\$ (98)		BOND RESERVE BALANCE	\$ -	\$ -	\$ -
\$ 102,321	\$ 102,902	\$ 102,049	\$ 102,902		TOTAL REQUIREMENTS	\$ -	\$ -	\$ -

**North Clackamas County Water Commission
Proposed Budget FY 2023-2024**

Actual 2020-2021	Actual 2021-2022	Adopted Budget 2022-2023	FYE Projections 2022-2023	Fund - Acct	DESCRIPTION	Proposed Budget 2023-2024	Approved Budget 2023-2024	Adopted Budget 2023-2024
19 REVENUE BOND REDEMPTION FUND								
2,138	314	5,113	3,302	3000	Beginning Fund Balance	-		
1	13	115	-	4010	Interest	-		
80,000	80,000	-	-	4100	TRANSFERS IN	-	-	-
80,000	80,000	-	-	-10	General Fund	-		
\$ 82,139	\$ 80,327	\$ 5,228	\$ 3,302		TOTAL RESOURCES	\$ -	\$ -	\$ -
\$ 81,825	\$ 77,025	\$ -	\$ -	5390	DEBT SERVICE	\$ -	\$ -	\$ -
75,000	75,000	-	-	-20	Principal Payment	-		
6,075	2,025	-	-	-25	Interest Payment	-		
750	-	-	-	-50	Fiscal Agent Fees, Misc.	-		
					TOTAL DEBT SERVICE			
-	-	5,228	3,302	7300	TRANSFERS OUT	-	-	-
-	-	5,228	3,302	-10	General Fund	-		
-	-	-	-	9000	Fund Contingency	-		
\$ 81,825	\$ 77,025	\$ 5,228	\$ 3,302		TOTAL APPROPRIATIONS	\$ -	\$ -	\$ -
\$ 314	\$ 3,302	\$ -	\$ -		REDEMPTION FUND BALANCE	\$ -	\$ -	\$ -
\$ 82,139	\$ 80,327	\$ 5,228	\$ 3,302		TOTAL REQUIREMENTS	\$ -	\$ -	\$ -

Descriptions - Materials & Services

Account #	Description	Budget
5204	Wholesale Water Purchase	1,300,000
	Cost of purchasing water from other sources in the event that current production cannot meet demands.	
5206	Contracted Services	136,000
	Charges for services contracted for operations and management necessary for water production.	
5208	General Office Expense	8,000
	Supplies, postage, forms, stationery, office reproductions supplies, and other miscellaneous office supplies. Does not include subscriptions, books, and publications.	
5210	Permits/Licensing Fees	17,000
	Cost of permits and licensing fees necessary or required for the production of drinking water. Includes fees paid to DEQ, OHA, and other regulatory entities.	
5212	Insurance	85,000
	Cost of insurance premiums to include but not limited to property, liability, and auto coverage.	
5215	Computers/Technology	15,000
	Costs associated with computer technology including hardware, software, licensing, associated peripherals and accessories.	
5230	Professional Services	257,000
	Covers legal counsel, auditing service, consulting engineering services, source water protection and conservation program.	
5236	Water Treatment	190,000
	Cost of water quality sample analysis including cost of chemicals, lab supplies, instrumentation supplies and equipment necessary for the testing process with a replacement value of less than \$5,000.	
5238	Telemetry	10,000
	Cost of collection and transmission of measurements and other data for monitoring. Includes costs of Supervisory and Data Acquisition (SCADA) system.	
5240	Electricity	550,000
	Electric utility costs associated with production operations and facilities.	
5244	Education/Travel/Training/Dues	24,200
	Costs associated with employee continuing education and training to maintain certification requirements. Includes related travel expenditures and membership in related professional organizations.	

Descriptions - Materials & Services

Account #	Description	Budget
5245	Telephone	8,500
	Cost associated with telephony, including phone, fax, and mobile devices.	
5246	Mileage	500
	Reimbursement for the cost of private mileage incurred by an employee when traveling for business purposes.	
5247	Books and Publications	1,000
	Cost of reference material used in the normal course of business, such as books, magazines, periodicals, leaflets, pamphlets, etc.	
5248	Public Notices	1,000
	Cost of published required public notifications in accordance with public law.	
5250	Other Utilities	3,000
	Cost of fuels and utilities for facilities, such as heat, gas, light, power, water, sewer, garbage, and steam. Excludes cost of electricity used for water production.	
5252	Miscellaneous	5,000
	Cost of incidental expenses arising during the year not classified in other accounts.	
5256	Commissioner Expense	1,200
	Reimburse of costs to Board Members for associated meeting costs.	
5300	Vehicle and Equipment Maintenance	32,500
	Costs of maintaining vehicle and equipment including fuel, repairs, tires, oil and other cost to maintain in good working condition.	
5305	Building and Grounds	132,000
	Cost of maintaining buildings and grounds, including landscaping services, janitorial, wiring, plumbing, carpentry, painting, etc.	
5310	Small Tools & Equipment	10,000
	Cost of small tools and equipment with a replacement value of less than \$5,000 per item necessary for the performance of work.	
	Total	2,786,900

North Clackamas County Water Commission
2023-2024 Budget - Line Item Detail
 Staff Travel, Training, and Dues
 5244/5246

# Attending	Sponsor	Dates	Registration Fees	Transport Costs	Lodging Expense	Meal Expense	Total Cost
2	AWWA Annual Conference	June	\$ 2,000	\$ 3,000	\$ 5,000	\$ 300	\$ 10,300
1	AWWA Water Quality Conf.	Nov	\$ 1,000	\$ 1,500	\$ 2,500	\$ 150	\$ 5,150
1	Water Works School	June	\$ 700	\$ -	\$ -	\$ 50	\$ 750
	Miscellaneous Seminars		\$ 4,000	\$ -	\$ -	\$ 400	\$ 4,400
2	NWMOA	Misc.	\$ 800	\$ 1,500	\$ 1,000	\$ 300	\$ 3,600
	Mileage			\$ 500			\$ 500
						Total	\$ 24,700

**North Clackamas County Water Commission
2023-2024 Budget
Capital Outlay**

Fund 13 Capital Outlay Account Number Listing

	Proposed Budget
7000 CAPITAL OUTLAY	3,340,000
-10 Computers/SCADA/Technology	230,000
-20 Equipment	260,000
-30 Sand	2,400,000
-40 Membranes	-
-50 Buildings	250,000
-60 Other	200,000

Capital Project Summary Overview				
Account #	Account Description	Page#	Project Name	Budget
-10	Computers/SCADA/Technology		SCADA System Upgrade & Cybersecurity Improvements	200,000
-10	Computers/SCADA/Technology		Integrated Data Management System	30,000
-20	Equipment		Thwates (Front-end Dump Truck)	110,000
-20	Equipment		Plant Equipment Repair & Replacement	150,000
-30	Sand		Slow Sand Filtration - Re-sand Filters #1 and #3 (2nd Half)	700,000
-30	Sand		Slow Sand Filtration - Re-sand Filters #2 and #4	1,700,000
-40	Membranes			-
-50	Buildings		Exterior Door and Frame Replacement	50,000
-50	Buildings		Property Security System & Cameras Replacement	200,000
-60	Other		Restore Cathodic Protection Equipment on Emergency Pipeline	100,000
-60	Other		Water Management & Conservation Plan	100,000
Subtotal				3,340,000

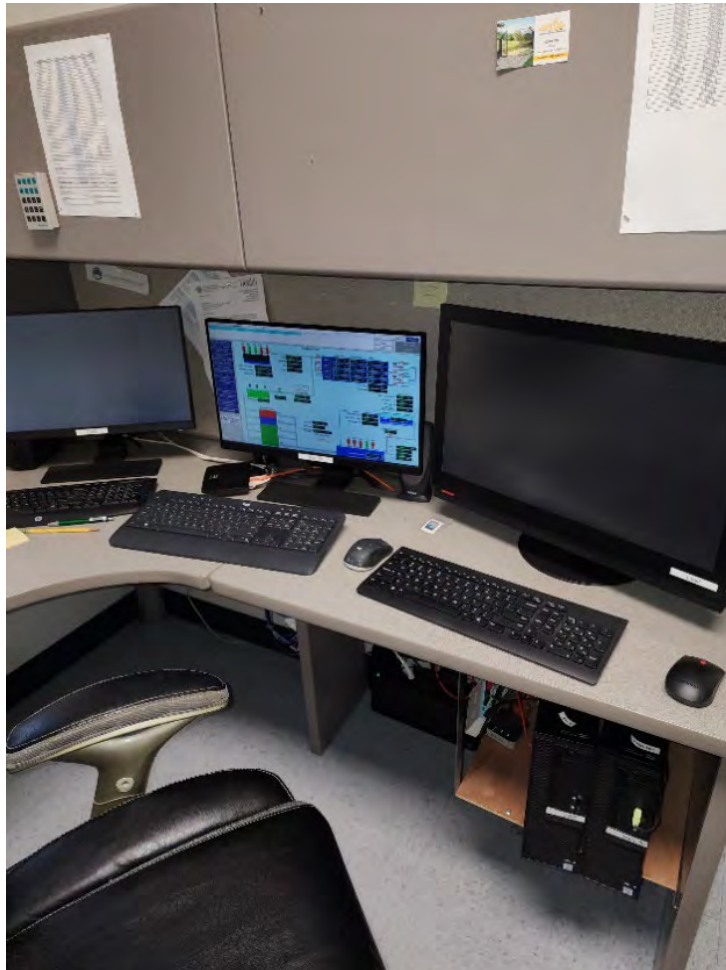
**North Clackamas County Water Commission
2023-2024 Budget
Capital Outlay Justification**

Item: SCADA System Upgrade and Cybersecurity Improvements

Cost: \$ 200,000

GL Code: 13.7000-10

Justification: Improvements are needed to upgrade the remote control/access system for plant operations and replace the on-site computer system, including making related cybersecurity enhancements. The upgraded system would include new computers, updated SCADA software and new redundant remote communication systems.



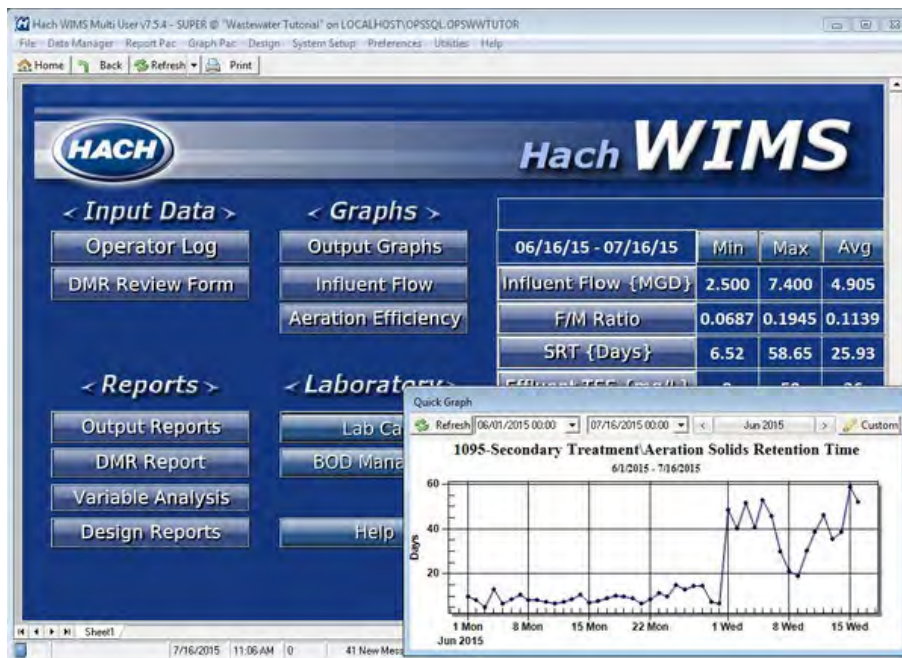
**North Clackamas County Water Commission
2023-2024 Budget
Capital Outlay Justification**

Item: Integrated Data Management Software

Cost: \$ 30,000

GL Code: 13.7000-10

Justification: Plant operations rely on a series of water quality monitoring procedures, including both manual and automated data collection. Currently, this data is being captured and stored by hand, which is both inefficient and subject to errors. Today, there are a number of integrated data management systems, one of which is fully compatible with the array of monitoring equipment in the plant. Staff is requesting funds to purchase a modern system for collecting and managing the plant’s water quality data.



**North Clackamas County Water Commission
2023-2024 Budget
Capital Outlay Justification**

Item: Thwates Front-end Dump Truck

Cost: \$ 110,000

GL Code: 13.7000-20

Justification: Cleaning the slow sand plant is achieved by periodic removal of the upper layer of sand in each of the filter beds. This process requires specialized equipment for both removing the sand, as well as handling and disposing the spoils. Currently, the latter is done with a small (1.5 yd) dump trailer that is pulled behind a tractor (small loader). The process is inefficient and exposes staff to the elements, particularly cold, wet weather in the winter. The proper way to improve the process, both in terms of efficiency and safety, is to purchase the requested equipment that is designed for this purpose.



**North Clackamas County Water Commission
2023-2024 Budget
Capital Outlay Justification**

Item: Plant Equipment Repair and Replacements

Cost: \$ 150,000

GL Code: 13.7000-20

Justification: Each fiscal year funds are authorized for general plant equipment repair and replacement, including (but not limited to) raw and finished water pumps, monitoring equipment and other water treatment system components.



**North Clackamas County Water Commission
2023-2024 Budget
Capital Outlay Justification**

Item: Slow Sand Filtration- Re-sand Filters #1 & #3 (2nd Half) and Filters #2 & #4

Cost: \$ 2.40 million

GL Code: 13.7000-30

Justification: Work began in FY 2022-23 to replace 30-inches of sand in each of the four slow sand filter beds, which is required every ten-years. Filters #1 and #3 were to be replaced in FY 2022-23, however limited availability of sand led to only half of each filter to be replaced. Work will continue in FY 2023-24 to replace the remaining sand in filters #1 & #3 and replace all 30-inches of sand in filters #2 & #4.



**North Clackamas County Water Commission
2023-2024 Budget
Capital Outlay Justification**

Item: Exterior Door and Frame Replacement

Cost: \$ 50,000

GL Code: 13.7000-50

Justification: The existing two-paired steel doors and framing assemblies in the membrane building are rusted out. These are components from the original construction of the membrane plant and need replaced. The work will require reconstruction of the door frames, new doors, and related assemblies.



**North Clackamas County Water Commission
2023-2024 Budget
Capital Outlay Justification**

Item: Property Security System and Camera Replacement

Cost: \$ 200,000

GL Code: 13.7000-50

Justification: The existing cameras and key components of the security system are 17 years old and intermittently fail. This requested expenditure would modernize the system and upgrade its functionality, including new cameras and other key security elements. The new camera system would operate and maintain data in online cloud service formats.



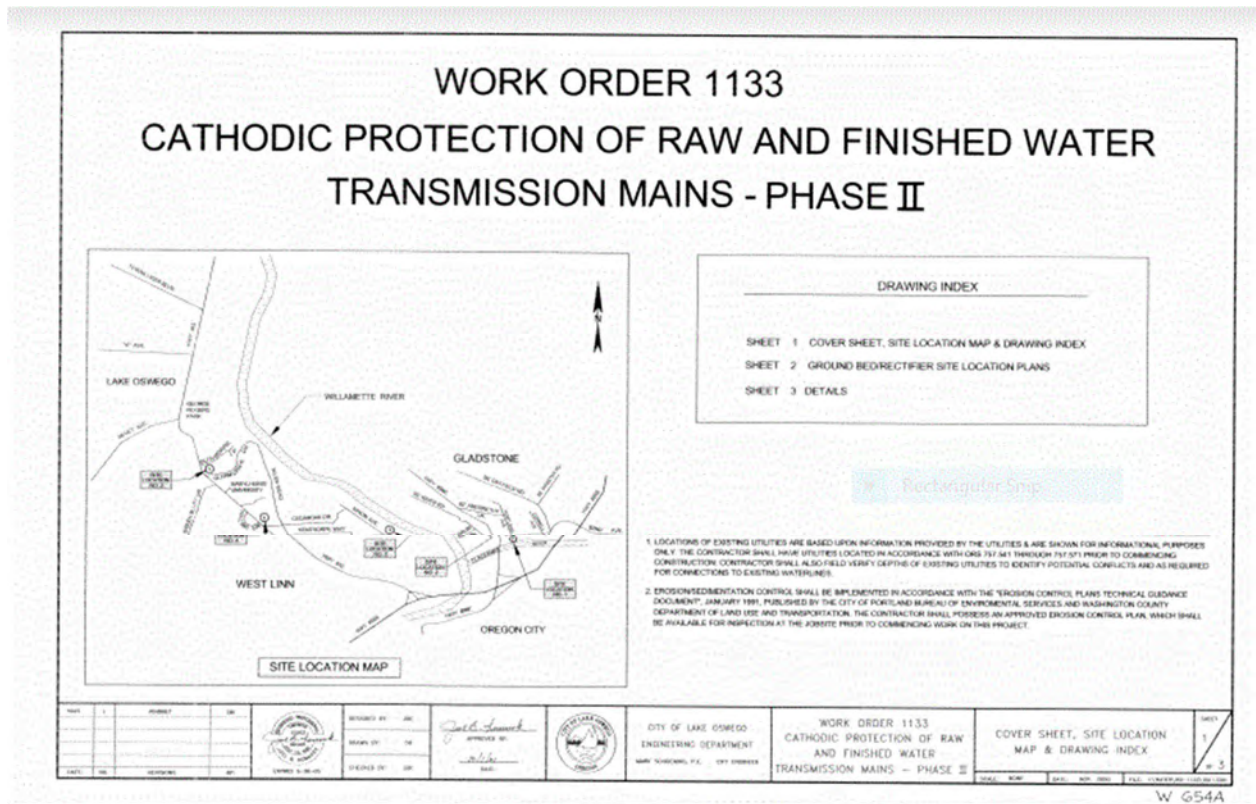
**North Clackamas County Water Commission
2023-2024 Budget
Capital Outlay Justification**

Item: Restore Cathodic Protection Equipment on Emergency Pipeline

Cost: \$ 100,000

GL Code: 13.7000-60

Justification: In 2017, NCCWC acquired the old raw water pipeline serving the Lake Oswego treatment plant from their intake on the Clackamas River. The pipeline is being repurposed to serve as an important non-potable delivery option across the Willamette River during an emergency (up to 6-8 MGD). Prior to its abandonment, the pipeline was protected by an active cathodic (corrosion) protection system. This project includes an investigation into the restoration of that system, along with related design and implementation. The design work was initiated in FY 2020-21 and continues into FY 2021-22 and FY 2022-23. The work effort now turns to replacing the cathodic protection equipment, as designed.



**North Clackamas County Water Commission
2023-2024 Budget
Capital Outlay Justification**

Item: Water Management & Conservation Plan Update

Cost: \$ 100,000

GL Code: 13.7000-60

Justification: The water right(s) for the NCCWC are subject to the state's permit extension rules, requiring the preparation of a Water Management & Conservation Plan (as prescribed under OAR 690-086). While the rule requires these plans to be updated every 10 years, the NCCWC's permit has been the subject of a 17-year long legal dispute involving the state and other interested parties. With the resolution of that dispute now reasonably expected, a new WMCP must be prepared and approved by the State of Oregon.



End of Document

NORTH CLACKAMAS COUNTY WATER COMMISSION

March 23, 2023

Agenda Item 4.1



**BOARD OF DIRECTORS
REGULAR MEETING MINUTES – 5:30 P.M.
JANUARY 26, 2023**

BOARD MEMBERS PRESENT:

Paul Gornick	Oak Lodge Water Services
Kevin Williams	Oak Lodge Water Services
Chris Hawes	Sunrise Water Authority
Kevin Bailey	Sunrise Water Authority

STAFF PRESENT:

Wade Hathhorn	Sunrise Water Authority
Gail Stevens	Oak Lodge Water Services
Laural Casey	Oak Lodge Water Services

ATTENDEES:

Sarah Jo Chaplen	Oak Lodge Water Services
Jamey Pietzold	Sunrise Water Authority

1. Convene Regular Board Meeting

Chair Bailey called the Board of Directors meeting to order at 5:29 p.m.

2. Welcome Visitors & the Public

There were two visitors in attendance.

3. Public Comment

Sherrie Austin expressed appreciation of the backflow testing program provided by Oak Lodge Water Services.

4. Approval of Minutes

4.1 Approval of Minutes of the September 22, 2022 Regular Meetings

Chair Bailey called for a motion. Director Gornick moved to approve the September 22, 2022 minutes. Director Hawes seconded. Chair Bailey asked Recorder Casey to conduct a roll call vote. Voting Aye: Directors Bailey, Hawes, Gornick, and Williams.

MOTION CARRIED

5. Adoption of Consent Calendar

5.1 Authorization of Checks for September, October, November and December 2022

Chair Bailey called for a motion. Director Hawes moved to adopt the Consent Calendar. Director Williams seconded. Chair Bailey asked Recorder Casey to conduct a roll call vote. Voting Aye: Directors Bailey, Hawes, Gornick, and Williams.

MOTION CARRIED

6. Board Discussion

6.1 Appoint Budget Officer (FY 2023-24)

General Manager Hathhorn explained the Oregon Budget Law requirement to appoint a Budget Officer. Staff recommended appointing Finance Director Stevens as the Budget Officer for fiscal year 2023-24.

Director Gornick moved to appoint Gail Stevens as Budget Officer for the 2023-2024 budget process. Director Williams seconded. Chair Bailey asked Recorder Casey to conduct a roll call vote. Voting Aye: Directors Bailey, Hawes, Gornick, and Williams.

MOTION CARRIED

6.2 Adopt Budget Calendar (FY 2023-24)

General Manager Hathhorn explained the cadence of the Budget Calendar.

Director Gornick asked about Budget Committee vacancies. There is one Citizen Representative vacancy from Sunrise Water Authority and two vacancies from the City of Gladstone, one Citizen Representative and one Director.

Director Williams moved to adopt the fiscal year 2023-24 Budget Calendar as presented. Director Gornick seconded. Chair Bailey asked Recorder Casey to conduct a roll call vote. Voting Aye: Directors Bailey, Hawes, Gornick, and Williams.

MOTION CARRIED

6.3 Approve True-Up from FY 2021-22

Finance Director Stevens overviewed the true-up calculations, explaining the fiscal year-end balances and projected financial trends for the current and upcoming fiscal year. General Manager Hathhorn outlined the annual true-up process. They recommended adoption of the presented resolution.

Director Hawes moved to adopt Resolution 2023-1 waiving a true-up of fiscal year 2021-22. Director Williams seconded. Chair Bailey asked Recorder Casey to conduct a roll call vote. Voting Aye: Directors Bailey, Hawes, Gornick, and Williams.

MOTION CARRIED

7. Monthly Items

7.1 Financial Reports

Finance Director Stevens highlighted the Clackamas River Water wholesale volumes and SFWB consumption values.

7.2 Operations Report

General Manager Hathhorn overviewed the Operations Report highlighting the cyclical nature of seasonal consumption.

7.3 Manager's Report

General Manager Hathhorn provided an update on the apprenticeship program, detailing the burden of meeting BOLI's administrative and reporting requirements while the focus of the program had been apprentice training. After one year, one apprentice received certification prior to finishing the apprenticeship program, and entered the field working for the City of Lake Oswego. Future planning discussions will involve revising the program to incentivize a second year of the apprenticeship, or modifying the format to be an on-the-job training program. General Manager Hathhorn explained the approach taken by other regional providers. The Board asked questions regarding apprentice pay, BOLI compliance, and short school options. General Manager Hathhorn commended the Body for their support and financial contribution to the apprenticeship program.

There was discussion about future Board of Directors meeting times and location, as well as the potential for a biennial budget. General Manager Hathhorn would bring more information to a future meeting.

7.4 Business from the Board

There was none.

8. Convene Local Contract Review Board (LCRB)

8.1 Notice of Intent to Award Construction Contract for Sand Replacement Project

Chair Bailey recessed the regular meeting and convened as the LCRB at 6:05 p.m.

General Manager Hathhorn overviewed the sand replacement project and procurement process. He provided the Board with an updated Report, which included the received bids. The Board asked clarifying questions regarding sand production and budgetary considerations.

Director Gornick moved to issue formal notice of intent to award a construction contract in the amount of \$1,579,220 to Tapani Inc for slow sand replacement. Director Hawes seconded. Chair Bailey asked Recorder Casey to conduct a roll call vote. Voting Aye: Directors Bailey, Hawes, Gornick, and Williams.

MOTION CARRIED

General Manager Hathhorn clarified that after the notice period had ended, the Board was authorizing the General Manager to enter into a contract for the project. There was Board consensus.

Chair Bailey adjourned the LCRB at 6:10 p.m. and re-convened the regular meeting.

9. Adjourn Regular Meeting

Chair Bailey adjourned the regular meeting at 6:10 p.m.

NORTH CLACKAMAS COUNTY WATER COMMISSION

March 23, 2023

Agenda Item 5.1

Subject: Authorization of Checks for January and February 2023

Presenter(s): Gail Stevens, Finance Director

Board Action: The Board is requested to formally authorize the check runs.

Attachments: Bank Reconciliation Checks by Date Report

Background: The Board is responsible for reviewing and approving monthly check runs.

Analysis: In the two-month period January – February 2023, there were 17 electronic withdrawals totaling \$103,369.29 and 48 valid checks issued numbered 30719 through 30778 totaling \$537,517.63 – total period payments of \$640,886.92. There was one voided check during current period.

Options: None

Staff Recommendation: Approve check run as presented for January and February 2023.

Draft Motion: Move to approve all checks and electronic withdrawals for the period January and February 2023 totaling \$640,886.92, noting there was one voided check from the current periods.

Bank Reconciliation
 Checks by Date
 User: Gail
 Printed: 03/14/2023 - 4:33PM
 Cleared and Not Cleared Checks
 Print Void Checks

ACH Disbursement Activity

Number	Issue Date	Vendor	Comment	Module	Void	Amount	
0	1/6/2023	Portland General Electric		AP		28,308.31	
0	1/6/2023	Portland General Electric		AP		181.25	
0	1/9/2023	Wells Fargo Remittance Ctr MC		AP		10,533.51	
0	1/13/2023	Internal Revenue Service-ACH		AP		4,398.30	
0	1/13/2023	OR Department of Revenue		AP		1,273.85	
0	1/13/2023	Payroll Direct Deposit	DD 00001.01.2023	PR		9,213.50	
0	1/27/2023	Internal Revenue Service-ACH		AP		4,264.89	
0	1/27/2023	OR Department of Revenue		AP		1,235.32	
0	1/27/2023	Oregon PERS		AP		3,638.33	
0	1/27/2023	Payroll Direct Deposit	DD 00002.01.2023	PR		9,007.44	
0	2/10/2023	Internal Revenue Service-ACH		AP		4,185.98	
0	2/10/2023	OR Department of Revenue		AP		1,215.91	
0	2/10/2023	Payroll Direct Deposit	DD 00001.02.2023	PR		8,885.45	
0	2/24/2023	Internal Revenue Service-ACH		AP		2,533.80	
0	2/24/2023	Internal Revenue Service-ACH		AP		2,623.27	
0	2/24/2023	OR Department of Revenue		AP		1,484.38	
0	2/24/2023	Payroll Direct Deposit	DD 00002.02.2023	PR		10,385.80	
ACH Disbursement Activity Subtotal						17	103,369.29
Voided ACH Activity							-
Adjusted ACH Disbursement Activity Subtotal							103,369.29

Paper Check Disbursement Activity

Number	Issue Date	Vendor	Comment	Module	Void	Amount
30467	4/8/2022	Oregon City Garbage Co.		AP	Void	51.55
30719	1/4/2023	Employee Business Expense Reimbursement		AP		501.56
30720	1/6/2023	Hasa, Inc		AP		3,843.84
30721	1/6/2023	NW Natural		AP		316.91
30722	1/12/2023	Toyota of Gladstone		AP		62,353.28
30723	1/19/2023	Petty Cash Custodian		AP		484.40
30724	1/20/2023	Cable Huston LLP		AP		130.00
30725	1/20/2023	Cintas Corporation - 463		AP		83.71
30726	1/20/2023	Clackamas River Water District		AP		99,532.77
30727	1/20/2023	Clackamas River Water Provider		AP		37,927.00
30728	1/20/2023	Employee Business Expense Reimbursement		AP		32.99
30729	1/20/2023	Larry Potter Landscape Services		AP		2,720.00
30730	1/20/2023	MOSS ADAMS LLP		AP		2,625.00
30731	1/20/2023	Oregon City Garbage Co.		AP		52.90
30732	1/20/2023	Stein Oil Co.		AP		276.54
30733	1/20/2023	Sunrise Water Authority		AP		8,701.93
30734	1/20/2023	Team Electric Company		AP		3,860.00
30735	1/24/2023	AFLAC		AP		536.86
30736	1/24/2023	MOSS ADAMS LLP		AP		4,000.00
30737	1/24/2023	Ring Bender LLP		AP		52.37
30738	1/24/2023	Verizon Wireless		AP		264.29
30739	1/27/2023	Field Instruments & Controls, Inc.		AP		10,149.66
30740	1/27/2023	Hasa, Inc		AP		3,600.48
30741	1/27/2023	Pamplin Media Group		AP		45.76
30754	2/6/2023	Cintas Corporation - 463		AP		95.73
30755	2/6/2023	Cintas Corporation No. 2		AP		99.00
30756	2/6/2023	Clackamas River Water District		AP		108,616.34
30757	2/6/2023	Oak Lodge Water Services District		AP		17,877.86
30758	2/6/2023	Oregon City Garbage Co.		AP		52.90
30759	2/6/2023	Portland Engineering Inc.		AP		50.00
30760	2/6/2023	Special Districts Insurance Sv		AP		8,215.79
30761	2/6/2023	Stein Oil Co.		AP		263.08
30762	2/6/2023	Sunrise Water Authority		AP		12,516.69
30763	2/6/2023	Taurus Power & Controls, Inc.		AP		685.20
30764	2/6/2023	Trotter & Morton - Portland		AP		3,968.12
30765	2/6/2023	Verizon Wireless		AP		264.41
30766	2/10/2023	Cable Huston LLP		AP		130.00
30767	2/10/2023	Cintas Corporation - 463		AP		372.76
30768	2/10/2023	NW Natural		AP		298.97
30769	2/10/2023	Special Districts Insurance Sv		AP		68,678.00
30770	2/10/2023	Stein Oil Co.		AP		191.91
30771	2/17/2023	Cintas Corporation No. 2		AP		99.00
30772	2/17/2023	Hach Company		AP		5,828.90
30773	2/17/2023	MOSS ADAMS LLP		AP		16,800.00

Bank Reconciliation

Checks by Date

User: Gail

Printed: 03/14/2023 - 4:33PM

Cleared and Not Cleared Checks

Print Void Checks

30774	2/17/2023	Oregon Department of Transportation	AP	118.50
30775	2/17/2023	Portland Engineering Inc.	AP	50.00
30776	2/17/2023	Pump Dynamics, LLC	AP	46,253.99
30777	2/17/2023	Ring Bender LLP	AP	78.25
30778	2/24/2023	Univar USA Inc	AP	3,819.98
Paper Check Disbursement Activity Subtotal			49	537,569.18
Voided Paper Check Disbursement Activity				51.55
Adjusted Paper Check Disbursement Activity Subtotal				537,517.63

Total Void Check Count:	1.00
Total Void Check Amount:	51.55
Total Valid Check Count:	66.00
Total Valid Check Amount:	640,886.92
Total Check Count:	67.00
Total Check Amount:	640,938.47

NORTH CLACKAMAS COUNTY WATER COMMISSION

March 23, 2023

Agenda Item 6.1

Subject: Receipt of FY 2021-22 Audit

Presenter(s): Gail Stevens, Finance Director

Board Action: Acknowledge receipt of the FY 2021-22 Audit and AU-C 260 Letter

Attachments: Copy of the FY 2020-21 Audited Annual Financial Statements and the Communications with Those Charged with Governance for the NCCWC available at meeting

Background: The NCCWC is required by law to conduct an annual audit of its financial affairs (ORS 297.425). Such audits shall at a minimum meet the standards established by the Oregon Secretary of State. The NCCWC has, in turn, retained Moss Adams LLP as their audit firm for conducting this work.

Copies of the audit will be available at the meeting.

Analysis: Moss Adams completed the audit for FY 2021-22, with a clean opinion. In addition, all except one recommendation has been fully resolved. The outstanding recommendation is converting excel based asset tracking to electronic, and has been considered partially resolved. Staff recommends the Chair acknowledge (for the record) receipt of the FY 2021-22 Audit for the NCCWC.

Options: None

Staff Recommendation: Acknowledge receipt of the FY 2021-22 Audit and AU-C 260 Letter

Draft Motion: No motion required. Record to reflect the receipt of FY 2021-22 Audit and AU-C 260 Letter.



NORTH CLACKAMAS COUNTY WATER COMMISSION
CLACKAMAS COUNTY, OREGON

FINANCIAL REPORT

FOR THE YEARS ENDED JUNE 30, 2021 AND 2022

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

FOR THE YEARS ENDED JUNE 30, 2021 and 2022

FINANCIAL REPORT

NORTH CLACKAMAS COUNTY WATER COMMISSION
CLACKAMAS COUNTY, OREGON

JUNE 30, 2022

Board of Commissioners

Chris Hawes - Chair

Paul Gornick – Vice Chair

Kevin Williams

Matt Tracey

Kevin Bailey

Registered Agent

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

NORTH CLACKAMAS COUNTY WATER COMMISSION
CLACKAMAS COUNTY, OREGON

TABLE OF CONTENTS

FINANCIAL SECTION:

REPORT OF INDEPENDENT AUDITORS i-iii

MANAGEMENT’S DISCUSSION & ANALYSIS 1-5

BASIC FINANCIAL STATEMENTS:

Statements of Net Position 6

Statements of Revenues, Expenses, and Changes in Net Position 7

Statements of Cash Flows 8

Notes to Basic Financial Statements 9-27

REQUIRED SUPPLEMENTARY INFORMATION:

Required Pension Information –
Schedule of the Proportionate Share of the Net Pension Liability and
Schedule of Contributions 28-29

SUPPLEMENTARY INFORMATION:

Budgetary Reporting

Combining Balance Sheet – All Funds (Budgetary Basis) 30

Combining Schedule of Revenues, Expenditures, Other Financing Sources and Uses
and Changes in Fund Balance – Actual and Budget (Budgetary Basis) 31

Schedule of Revenues, Expenditures, Other Financing Sources and Uses
and Changes in Fund Balance – Actual and Budget (Budgetary Basis)

General Fund 32

Plant Reserve Fund 33

Revenue Bond Debt Service Reserve Fund 34

Revenue Bond Debt Redemption Fund 35

OTHER INFORMATION:

Program Compliance Information

Coverage Computation

Revenue Bonds

Water Revenue Obligations, Series 2001 36

Report of Independent Auditors Required by Oregon State Regulations 37

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, 2022 and 2021, 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, 2022 and 2021, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our 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 opinions 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.

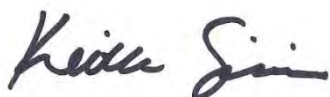
Other Information

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

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

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

In accordance with the *Minimum Standards for Auditors of Oregon Municipal Corporations*, we have also issued our report dated January 24, 2023, 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 LLP
Portland, Oregon
January 24, 2023

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, 2021, and 2022. 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, 2022, the Commission's assets and deferred outflows exceeded its liabilities and deferred inflows by \$31.3 million; of this amount, \$24.9 million represents investment in capital assets, net of related debt; while \$6.4 million represents unrestricted net position, which may be used to satisfy ongoing obligations to members and creditors.
- Net position increased \$0.5 million or 1.5% with revenues of \$2.8 million exceeding expenses of \$2.3 million.
- The Commission has \$24.9 million invested in capital assets, net of accumulated depreciation; of this amount, \$9.9 million is comprised of water rights. Net capital assets decreased by \$0.4 million (or 1.5%) for the year as a result of scheduled 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 information that is essential to a complete understanding of the data provided in the basic financial statements.

NORTH CLACKAMAS COUNTY WATER COMMISSION

Clackamas County, Oregon

MANAGEMENT’S DISCUSSION & ANALYSIS (Continued)

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)

	2020	2021	2022
Operating Revenues	\$ 2,452	\$ 2,855	\$ 2,765
Operating Expenses	2,435	2,392	2,334
Operating Income	17	463	431
Non-operating revenue	82	34	32
Change in Net Position	99	497	463
Beginning Net Position	30,201	30,300	30,797
Ending Net Position	\$ 30,300	\$ 30,797	\$ 31,260

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 decreased in fiscal 2021-22, and operating expenses decreased 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.

Personnel services expense for fiscal 2020-21 reflects a small drop in personnel services costs of 3% is due to vacancies offsetting annual increases in salary and benefits cost. Fiscal 2021-22 reflects a decrease in personnel services costs (10.2%) due to continued vacancies at the beginning of the fiscal year, offsetting increases in annual benefits and salary increases.

Materials and services increased 8% for fiscal 2020-21 due to cost increases for equipment, chemicals, and energy. Fiscal 2021-22 decreased by 0.8% as operations returned to historic levels. Professional services, contracted services, utilities, and chemicals are the primary drivers within this category.

NORTH CLACKAMAS COUNTY WATER COMMISSION

Clackamas County, Oregon

MANAGEMENT'S DISCUSSION & ANALYSIS (Continued)

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,		
	2020	2021	2022
ASSETS AND DEFERRED OUTFLOWS			
Current Assets	\$ 5,073	\$ 6,230	\$ 6,874
Non-Current Assets			
Capital Assets (Net)	25,831	25,286	24,898
Other Assets	5	4	0
Total Non-Current Assets	<u>25,836</u>	<u>25,290</u>	<u>24,898</u>
Total Assets	<u>30,909</u>	<u>31,520</u>	<u>31,772</u>
Deferred Outflows	140	162	174
Total Assets and Deferred Outflows	<u>\$ 31,049</u>	<u>\$ 31,682</u>	<u>\$ 31,946</u>
LIABILITIES, DEFERRED INFLOWS, AND NET POSITION			
Current Liabilities:	\$ 224	\$ 352	\$ 152
Long-Term Liabilities:			
Proportionate Share of Net Pension Liability	406	503	291
Bond Payable, Less Current Portion	75	0	0
Total Long-Term Liabilities	<u>481</u>	<u>503</u>	<u>291</u>
Total Liabilities	<u>704</u>	<u>855</u>	<u>443</u>
Deferred Inflows	45	30	243
Total Liabilities and Deferred Inflows	<u>749</u>	<u>885</u>	<u>686</u>
Net Position:			
Net Investment in Capital Assets	25,681	25,211	24,898
Restricted	82	82	0
Unrestricted	4,537	5,504	6,362
Total Net Position	<u>30,300</u>	<u>30,797</u>	<u>31,260</u>
Total Liabilities, Deferred Inflows, and Net Position	<u>\$ 31,049</u>	<u>\$ 31,682</u>	<u>\$ 31,946</u>

Net position serves as one useful indicator of a government's financial condition. At the close of the fiscal year ended June 30, 2022 the Commission's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$31.3 million (Net Position). The largest portion of net position (80%) 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. In prior fiscal year ended June 30, 2021 a small portion of net position was restricted because of legal bond reserve requirements. As of fiscal year 2021-22 the remaining portion of net position (20%) 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 \$350,000. These expenditures capitalized, increasing total capital assets, which were then reduced by depreciation expense of approximately \$695,000. Total net capital assets decreased by almost \$388,000 or 1.5%. At June 30, 2022, the Commission had \$24.9 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.

Debt Administration

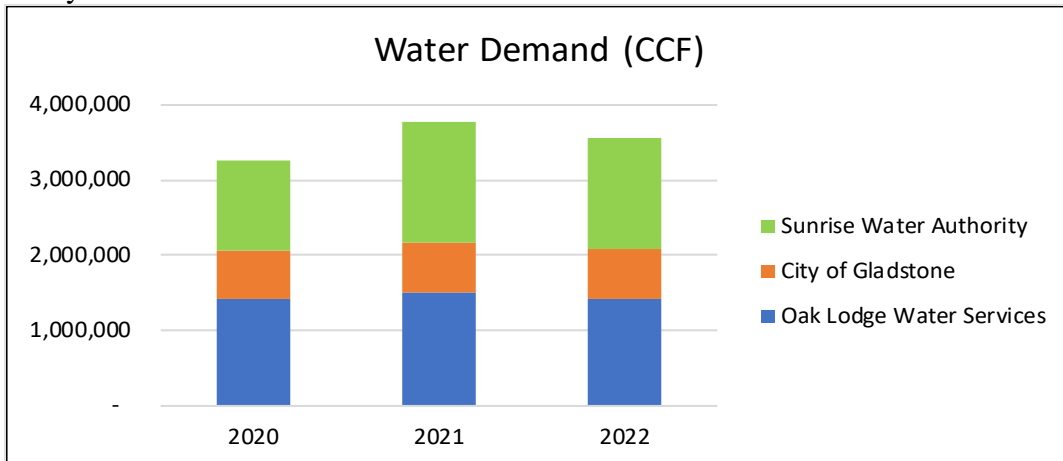
The Commission’s long-term debt at June 30, 2022, has been paid in full. Please refer to Note 6 in the Notes to Basic Financial Statements for additional detail.

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 decline in demand for fiscal year 2021-22 overall. The reduced demand in fiscal year 2021-22 is attributable to lower summer temperatures compared to the summer months in fiscal year 2020-21.

Both Oak Lodge and Gladstone rely solely on the Commission for their water. The two agencies are looking to improve the management of their demands by reducing 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 decrease 6% from 2021 to 2022 following an increase of 6% from 2020 to 2021, whereas demand from Sunrise Water decreased 8% from 2021 to 2022 following an increase of 34% from 2020 to 2021. City of Gladstone remains consistent year over year.

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 \$6.2 million in capital investment is required in the next six 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 expects to create an additional \$750 thousand each year through wholesale service charges. Hence, in the next six years, the Commission is expected to accumulate \$5 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, 2021 and 2022

	<u>2021</u>	<u>2022</u>
Assets:		
Current:		
Cash and Investments	\$ 5,612,745	\$ 6,573,398
Cash and Investments - Restricted	82,318	-
Accounts Receivable	16,345	14,254
Intergovernmental Receivables	483,253	238,056
Prepaid Assets	35,779	48,577
Total Current Assets	6,230,440	6,874,285
Non-Current:		
Capital Assets (Net)	25,285,757	24,897,968
OPEB Asset - GASB 75 Implicit Rate Subsidy	3,729	-
Total Non-Current Assets	25,289,486	24,897,968
Total Assets	31,519,926	31,772,253
Deferred Outflows of Resources:		
Net Pension Related Deferrals	161,012	171,531
OPEB Related Deferrals	1,326	2,661
Total Deferred Outflows of Resources	162,338	174,192
Total Assets and Deferred Outflows	\$ 31,682,264	\$ 31,946,445
Liabilities:		
Current Liabilities:		
Accounts Payable	\$ 265,464	\$ 123,595
Accrued Compensated Absences	9,366	28,625
Accrued Interest	2,014	-
Long-Term Debt - Current Portion	75,000	-
Total Current Liabilities	351,844	152,220
Long-Term Liabilities:		
Proportionate Share of Net Pension Liability	503,384	291,099
Total Long-Term Liabilities	503,384	291,099
Total Liabilities	855,228	443,319
Deferred Inflows of Resources:		
Net Pension Related Deferrals	29,467	242,687
OPEB Related Deferrals	585	-
Total Deferred Inflows of Resources	30,052	242,687
Total Liabilities and Deferred Inflows	885,280	686,006
Net Position:		
Net Investment in Capital Assets	25,210,757	24,897,968
Restricted	82,318	-
Unrestricted	5,503,909	6,362,471
Total Net Position	30,796,984	31,260,439
Total Liabilities, Deferred Inflows and Net Position	\$ 31,682,264	\$ 31,946,445

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, 2021 and 2022

	<u>2021</u>	<u>2022</u>
Operating Revenue:		
Water Sales	\$ 2,841,457	\$ 2,723,149
Miscellaneous	13,705	42,137
Total Operating Revenues	<u>2,855,162</u>	<u>2,765,286</u>
Operating Expenses:		
Personnel Services	503,893	452,471
Materials and Services	1,153,541	1,144,370
Depreciation	735,201	695,210
Total Operating Expenses	<u>2,392,635</u>	<u>2,292,051</u>
Net Income from Operations	<u>462,527</u>	<u>473,235</u>
Non-operating Revenues (Expenses)		
Earnings on Investments	38,802	32,457
Interest Expense	(4,811)	(11)
Loss on Disposal	-	(42,226)
Total Non-operating Revenues	<u>33,991</u>	<u>(9,780)</u>
Change in Net Position	496,518	463,455
Beginning Net Position	30,300,466	30,796,984
Ending Net Position	<u>\$ 30,796,984</u>	<u>\$ 31,260,439</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, 2021 and 2022

	<u>2021</u>	<u>2022</u>
Cash Flows from Operating Activities:		
Cash Received from Customers	\$ 2,722,060	\$ 3,012,574
Cash Paid to Suppliers	(1,021,135)	(1,299,037)
Cash Paid to Employees	(446,139)	(440,987)
Net Cash Provided by Operating Activities	1,254,786	1,272,550
Cash Flows from Capital Related Financing Activities:		
Purchase of Capital Assets	(189,962)	(349,647)
Principal Payments on Debt	(75,000)	(75,000)
Interest Payments on Debt	(6,825)	(2,025)
Net Cash Used by Financing Activities	(271,787)	(426,672)
Cash Flows from Investing Activities:		
Earnings on Investments	38,802	32,457
Net Cash Provided by Investing Activities	38,802	32,457
Net Increase in Cash	1,021,801	878,335
Beginning Cash and Cash Equivalents	4,673,262	5,695,063
Ending Cash and Cash Equivalents	\$ 5,695,063	\$ 6,573,398

(1) Cash and cash equivalents are reflected on the Statement of Net Position as follows:

Cash and Investments	\$ 5,612,745	\$ 6,573,398
Cash and Investments - Restricted	82,318	-
Subtotal	\$ 5,695,063	\$ 6,573,398

Reconciliation of Operating Income to Net Cash

Provided (Used) by Operating Activities		
Net Income from Operations	\$ 462,527	\$ 431,009
Adjustments to reconcile operating income to net cash		
Depreciation Expense	735,201	695,210
Loss on Disposal of Asset	-	42,226
Proportional Pension Estimate Inflows/Outflows	62,749	(9,584)
OPEB Estimate and Net Outflows/Inflows of Resources	(119)	1,809
Decrease (Increase) in:		
Accounts Receivable	(4,323)	2,091
Intergovernmental Receivables	(128,779)	245,197
Prepaid Assets	(2,800)	(12,798)
Increase (Decrease) in:		
Unearned Revenue	-	-
Accounts Payable	135,206	(141,869)
Accrued Compensated Absences	(4,877)	19,259
Net Cash Provided by Operating Activities	\$ 1,254,786	\$ 1,272,550

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.

Revenue Bond Debt Service Reserve Fund

This fund accounts for all revenues and expenditures related to reserves to repay the 2001 revenue bonds of the Commission. The principal revenue source is interest earnings.

Revenue Bond Debt Redemption Fund

This fund accounts for all revenues and expenditures related to repayment of principal and interest on the 2001 revenue bond. The principal resource is transfers from other funds.

The accompanying notes are an integral part of these statements.

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

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 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, 2021 to June 30, 2022. Expenditures of the various funds were within authorized appropriations for the period July 1, 2021 through June 30, 2022.

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.

NORTH CLACKAMAS COUNTY WATER COMMISSION

Clackamas County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 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

NORTH CLACKAMAS COUNTY WATER COMMISSION

Clackamas County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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, 2022 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, 2021 and 2022, (recorded at fair value) consisted of the following:

	<u>2021</u>	<u>2022</u>
Cash on hand	\$ 276	\$ 135
Demand deposits	515,516	588,656
Investments	5,102,246	5,984,607
Cash at Fiscal Agent	77,025	-
Total cash and investments	<u>\$ 5,695,063</u>	<u>\$ 6,573,398</u>

The Commission had the following investments and maturities at June 30, 2022:

<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	\$ 5,984,607	\$ 5,984,607	\$ -0-
Total investments	<u>\$ 5,984,607</u>	<u>\$ 5,984,607</u>	<u>\$ -0-</u>

The Commission had the following investments and maturities at June 30, 2021:

<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	\$ 5,102,246	\$ 5,102,246	\$ -0-
Total investments	<u>\$ 5,102,246</u>	<u>\$ 5,102,246</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, 2022, the total bank balance per the bank statements was \$618,125. 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, 2022, are summarized below:

	Balance			Balance
	June 30, 2021	Additions	Disposals	June 30, 2022
Capital Assets not being Depreciated:				
Land	\$ 701,351	\$ -	\$ -	\$ 701,351
Intangibles	9,915,662	-	-	9,915,662
Construction in Progress	8,470	56,257	-	64,727
Total Capital Assets not being Depreciated	<u>10,625,483</u>	<u>56,257</u>	<u>-</u>	<u>10,681,740</u>
Capital Assets being Depreciated:				
Water Treatment Plant	27,162,612	227,390	107,509	27,282,493
Equipment	1,367,447	66,000	-	1,433,447
Transmission Line	1,970,274	-	-	1,970,274
Total Capital Assets being Depreciated	<u>30,500,333</u>	<u>293,390</u>	<u>107,509</u>	<u>30,686,214</u>
Total Capital Assets	<u>41,125,816</u>	<u>349,647</u>	<u>107,509</u>	<u>41,367,954</u>
Less Accumulated Depreciation:				
Water Treatment Plant	14,368,289	611,821	65,283	14,914,827
Equipment	942,134	57,118	-	999,252
Transmission Line	529,636	26,271	-	555,907
Total Accumulated Depreciation	<u>15,840,059</u>	<u>695,210</u>	<u>65,283</u>	<u>16,469,986</u>
Total Net Capital Assets being Depreciated	<u>14,660,274</u>	<u>(401,820)</u>	<u>42,226</u>	<u>14,216,228</u>
Total Net Capital Assets	<u>\$ 25,285,757</u>	<u>\$ (345,563)</u>	<u>\$ 42,226</u>	<u>\$ 24,897,968</u>

Capital Assets and the related changes for the year ended June 30, 2021, are summarized below:

	Restated Balance			Balance
	June 30, 2020	Additions	Disposals	June 30, 2021
Capital Assets not being Depreciated:				
Land	\$ 701,351	\$ -	\$ -	\$ 701,351
Intangibles	9,915,662	-	-	9,915,662
Construction in Progress	-	8,470	-	8,470
Total Capital Assets not being Depreciated	<u>10,617,013</u>	<u>8,470</u>	<u>-</u>	<u>10,625,483</u>
Capital Assets being Depreciated:				
Water Treatment Plant	27,084,924	172,512	94,824	27,162,612
Equipment	1,360,818	8,979	2,350	1,367,447
Transmission Line	1,970,274	-	-	1,970,274
Total Capital Assets being Depreciated	<u>30,416,016</u>	<u>181,491</u>	<u>97,174</u>	<u>30,500,333</u>
Total Capital Assets	<u>41,033,029</u>	<u>189,961</u>	<u>97,174</u>	<u>41,125,816</u>
Less Accumulated Depreciation:				
Water Treatment Plant	13,817,650	645,463	94,824	14,368,289
Equipment	881,017	63,467	2,350	942,134
Transmission Line	503,365	26,271	-	529,636
Total Accumulated Depreciation	<u>15,202,032</u>	<u>735,201</u>	<u>97,174</u>	<u>15,840,059</u>
Total Net Capital Assets being Depreciated	<u>15,213,984</u>	<u>(553,710)</u>	<u>-</u>	<u>14,660,274</u>
Total Net Capital Assets	<u>\$ 25,830,997</u>	<u>\$ (545,240)</u>	<u>\$ -</u>	<u>\$ 25,285,757</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			Balance
	June 30, 2021	Increases	Decreases	June 30, 2022
Accrued Compensated Absences	\$ 9,366	\$ 27,879	\$ 8,620	\$ 28,625

	Balance			Balance
	June 30, 2020	Increases	Decreases	June 30, 2021
Accrued Compensated Absences	\$ 14,243	\$ 12,082	\$ 16,959	\$ 9,366

6. LONG-TERM DEBT

The Commission had one Revenue Bond Issue (\$1,000,000 on 10/1/2000) with interest on specific maturities ranging between 3.25% and 5.40%; the maturities are scheduled as follows:

	Balance			Balance
	June 30, 2021	Additions	Reductions	June 30, 2022
Long-Term Debt	\$ 75,000	\$ -	\$ 75,000	\$ -

	Balance			Balance
	June 30, 2020	Additions	Reductions	June 30, 2021
Long-Term Debt	\$ 150,000	\$ -	\$ 75,000	\$ 75,000

At June 30, 2022, this obligation is paid in full.

At June 30, 2021, the revenue bond had an obligation reserve requirement in which a reserve must be kept at least equal to the lesser of (a) Maximum Annual Debt Service which was \$82,318, (b) 125% of Average Annual Debt Service determined as of the issue date of the Obligations which is \$101,540, or (c) 10% of the initial principal amount of the Outstanding Obligations (within the meaning of Treasury Regulations) which is \$100,000. As of June 30, 2021, the Commission had a total of \$102,321 in its reserve fund while \$82,318 is the legal obligation reserve requirement.

The revenue bond has a coverage covenant for the benefit of the owners of all obligations that the Commission will charge rates and fees in connection with the operation of the system which, when combined with other Gross Revenues, are adequate to generate Net Revenues in each Fiscal Year at least equal to 1.25 times the Annual Debt Service due in that Fiscal Year on Outstanding Obligations. Refer to Page 36 to review the computation of legal debt service coverage.

NORTH CLACKAMAS COUNTY WATER COMMISSION

Clackamas County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

7. 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/Documents/Financials/CAFR/2021-ACFR.pdf>

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, and 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 greater benefit results.

A member is considered vested and will be eligible at minimum retirement age for a service retirement allowance if he or she has had a contribution in each of five calendar years or has reached at least 50 years of age before ceasing employment with a participating employer (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 1 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 2 members are eligible for full benefits at age 60. The ORS Chapter 238 Defined Benefit Pension Plan is closed to new members hired on or after August 29, 2003.

- 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. The cap on the COLA will vary based on the amount of the annual benefit.

NORTH CLACKAMAS COUNTY WATER COMMISSION

Clackamas County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

7. DEFINED BENEFIT PENSION PLAN (CONTINUED)

- 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.
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.
- 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.

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. The 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, 2019 actuarial valuation, which became effective July 1, 2021. The state of Oregon and certain schools, community colleges, and political subdivision have made unfunded actuarial liability payments and their rates have been reduced. Employer contributions for the years ended June 30, 2021 and June 30, 2022 were \$36,995 and \$43,570, respectively, excluding amounts to fund employer specific liabilities. At June 30, 2021 and June 30, 2022, the Commission reported a net pension liability of \$503,384 and \$291,099, respectively, for its proportionate share of the net pension liability. The pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation dated December 31, 2019. 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 employers, actuarially determined. As of the measurement date of June 30, 2021, the Commission's proportion was 0.002 percent.

The rates in effect for the year ended June 30, 2022 were:

- (1) Tier 1/Tier 2 – 23.02%
- (2) OPSRP general services – 18.96%

NORTH CLACKAMAS COUNTY WATER COMMISSION

Clackamas County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

7. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Deferred outflows and inflows as of June 30, 2022 comprised as follows:

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Difference between expected and actual experience	\$ 27,249	\$ -
Changes of assumptions	72,871	766
Net difference between projected and actual earnings on investments	-	215,498
Changes in proportion	26,528	5,644
Differences between employer contributions and employer's proportionate share of contributions	1,313	20,779
Total (prior to post-measurement date (MD) contributions)	127,961	242,687
Contributions subsequent to the MD	43,570	-
Subtotal	<u>\$ 171,531</u>	<u>\$ 242,687</u>

Deferred outflows and inflows as of June 30, 2021 comprised as follows:

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Difference between expected and actual experience	\$ 22,155	\$ -
Changes of assumptions	27,015	947
Net difference between projected and actual earnings on investments	59,191	-
Changes in proportion	13,251	16,202
Differences between employer contributions and employer's proportionate share of contributions	2,405	12,318
Total (prior to post-measurement date (MD) contributions)	124,017	29,467
Contributions subsequent to the MD	36,995	-
Subtotal	<u>\$ 161,012</u>	<u>\$ 29,467</u>

The amount of contributions subsequent to the measurement date will be included as a reduction of the net pension liability in the fiscal year ended June 30, 2023.

Amounts reported as deferred outflows or inflow of resources related to pension will be recognized in pension expense as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2023	(18,242)
2024	(19,610)
2025	(32,071)
2026	(51,874)
2027	7,071
Thereafter	-
Total	<u>\$ (114,726)</u>

NORTH CLACKAMAS COUNTY WATER COMMISSION

Clackamas County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

7. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Actuarial Valuations – The employer contribution rates effective July 1, 2021 through June 30, 2023, were set using the entry age normal actuarial cost method. For the Tier One/Tier Two component of the PERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (1) an amount for normal cost (estimated amount necessary to finance benefits earned by employees during the current service year), (2) an amount for the amortization unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial liabilities being amortized over 20 years.

For the OPSRP Pension Program component of the PERS Defined Benefit Plan, this method produced an employer rate consisting of (a) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), (b) an actuarially determined amount for funding a disability benefit component, and (c) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial accrued liabilities being amortized over 16 years.

Actuarial Methods and Assumptions:

All assumptions, methods and plan provisions used in these calculations are described in the Oregon PERS system wide GASB 68 from the PERS audited financials dated February 25, 2022.

Valuation Date	December 31, 2019 rolled forward to June 30, 2021
Measurement Date	June 30, 2021
Experience Study Report	2018, Published July 24, 2019
Amortization method	Amortized as a level percentage of payroll as layered amortization bases over a closed period; Tier One/Tier Two UAL is amortized over 20 years and OPSRP pension UAL is amortized over 16 years
Actuarial cost method	Entry Age Normal
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
Cost of living adjustment	Blend of 2% COLA and graded COLA (1.25%/0.15%) 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 value of reported amounts 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 method and assumptions shown are based on the 2018 Experience Study which is reviewed for the four-year period ended December 31, 2018.

NORTH CLACKAMAS COUNTY WATER COMMISSION

Clackamas County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

7. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Assumed Asset Allocation:

Asset Class	OIC Target	
	Through June 2, 2021	After June 2, 2021
Cash	0.0%	0.0%
Debt Security	20.0%	20.0%
Public Equity	32.5%	30.0%
Private Equity	17.5%	20.0%
Real Estate	12.5%	12.5%
Alternative Portfolio	15.0%	15.0%
Risk Parity*	2.5%	2.5%
Total	100.0%	100.0%

*Risk Parity asset class/strategy included within Alternatives Portfolio on the Statement of Fiduciary Net Position

(Source: June 30, 2021 PERS ACFR; p. 42)

Long-Term Expected Rate of Return:

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in June 2021 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. 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. For more information on the pension plan’s portfolio, assumed asset allocation, and the long-term expected rate of return for each major asset class, calculated using both arithmetic and geometric means, see table below.

Asset Class	Target	Annual Arithmetic Return	20-Year Annualized Geometric Mean	Annual Standard Deviation
Global Equity	30.62 %	7.11 %	5.85 %	17.05 %
Private Equity	25.50 %	11.35 %	7.71 %	30.00 %
Core Fixed Income	23.75 %	2.80 %	2.73 %	3.85 %
Real Estate	12.25 %	6.29 %	5.66 %	12.00 %
Master Limited Partnerships	0.75 %	7.65 %	5.71 %	21.30 %
Infrastructure	1.50 %	7.24 %	6.26 %	15.00 %
Commodities	0.63 %	4.68 %	3.10 %	18.85 %
Hedge Fund of Funds - Multi-strategy	1.25 %	5.42 %	5.11 %	8.45 %
Hedge Fund Equity - Hedge	0.63 %	5.85 %	5.31 %	11.05 %
Hedge Fund – Macro	5.62 %	5.33 %	5.06 %	7.90 %
US Cash	-2.50 %	1.77 %	1.76 %	1.20 %
Assumed Inflation – Mean			2.40 %	1.65 %

(Source: June 30, 2021 PERS ACFR; p. 74 Table 31)

NORTH CLACKAMAS COUNTY WATER COMMISSION

Clackamas County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

7. DEFINED BENEFIT PENSION PLAN (CONTINUED)

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 the 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 <u>(5.90%)</u>	Discount Rate <u>(6.90%)</u>	1% Increase <u>(7.90%)</u>
Commission’s proportionate share of the net pension liability	\$ 571,649	\$ 291,099	\$ 56,381

Changes Subsequent to the Measurement Date

As described above, the Total Pension Liability is determined based on the benefit terms in effect at the Measurement Date. Any changes to benefit terms that occurs after that date are reflected in amounts reported for the subsequent Measurement Date. Employers are required to briefly describe any changes between the Measurement Date and the employer’s reporting date that are expected to have a significant effect on the employer’s share of the collective Net Pension Liability, along with an estimate of the resulting change, if available. The Commission is not aware of any changes subsequent to the measurement date that are expected to have a significant effect on the Commission’s share of the collective Net Pension Liability.

OPSRP Individual Account Program (OPSRP IAP)

Plan Description: Employees of the Commission are provided with pensions through OPERS. All the benefits of OPERS are established by the Oregon legislature pursuant to Oregon Revised Statute (ORS) Chapters 238 and 238A. Chapter 238 Defined Benefit Pension Plan is closed to new members hired on or after August 29, 2003. Chapter 238A created the Oregon Public Service Retirement Plan (OPSRP), which consists of the Defined Benefit Pension Program and the Individual Account Program (IAP). Membership includes public employees hired on or after August 29, 2003. PERS members retain their existing defined benefit plan accounts, but member contributions are deposited into the member’s IAP account. OPSRP is part of OPERS and is administered by the OPERS Board.

Pension Benefits: Participants in OPERS defined benefit pension plans also participate in their defined contribution plan. 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 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.

NORTH CLACKAMAS COUNTY WATER COMMISSION

Clackamas County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

7. DEFINED BENEFIT PENSION PLAN (CONTINUED)

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.

Contributions: Employees of the Commission pay six (6) percent of their covered payroll. The Commission did not make any optional contributions to member IAP accounts for the year ended June 30, 2021 or 2022.

8. OTHER POST-EMPLOYMENT BENEFITS (RHIA)

Plan Description:

As a member of Oregon Public Employees Retirement System (OPERS) the Commission contributes to the 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 OPERS. RHIA pays a monthly contribution toward the cost of Medicare companion health insurance premiums of eligible retirees. Oregon Revised Statute (ORS) 238.420 established this trust fund. Authority to establish and amend the benefit provisions of RHIA reside with the Oregon Legislature. The plan is closed to new entrants after January 1, 2004. OPERS issues a publicly available financial report that includes 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.

Funding Policy:

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 dollars or the total monthly cost of Medicare companion health insurance premiums coverage, whichever is less, shall be paid from the Retirement Health Insurance Account established by the employer, and any monthly cost in excess of \$60 dollars 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 OPERS at the time of retirement or receive a disability allowance as if the member had eight years or more of creditable service in OPERS, (2) receive both Medicare Parts A and B coverage, and (3) enroll in an OPERS-sponsored health plan. A surviving spouse or dependent of a deceased OPERS 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 OPERS or (2) was insured at the time the member died and the member retired before May 1, 1991.

Participating members are contractually required to contribute to RHIA at a rate assessed each year by OPERS, and the Commission contributed 0.06 percent of annual covered OPERF payroll and 0.00 percent of OPSRP payroll under a contractual requirement in effect through June 30, 2022. The OPERS Board of Trustees sets the employer contribution rates based on the annual required contribution of the employers (ARC), an amount actuarially determined. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The Commission's contributions to RHIA for the year ended June 30, 2022 was \$0 which equaled the required contributions for the year.

NORTH CLACKAMAS COUNTY WATER COMMISSION

Clackamas County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

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

At June 30, 2022, the Commission held no post-employment benefit asset its proportionate share of the net post-employment benefit asset for the RHIA. The post-employment benefit asset was measured as of June 30, 2021, 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, 2019.

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, 2021, the Commission's proportion was zero. The amount of contributions subsequent to the measurement date will be included as a reduction of the net pension liability in the fiscal year ended June 30, 2023.

Deferred outflows and inflows as of June 30, 2022 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	2,661	-
Differences between employer contributions and employer's proportionate share of contributions	-	-
Total (prior to post-measurement date (MD) contributions)	2,661	-
Contributions subsequent to the MD	-	-
Subtotal	<u>\$ 2,661</u>	<u>-</u>

Deferred outflows and inflows as of June 30, 2021 comprised as follows:

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Difference between expected and actual experience	\$ -	\$ 381
Changes of assumptions	-	198
Net difference between projected and actual earnings on investments	415	-
Changes in proportion	911	6
Differences between employer contributions and employer's proportionate share of contributions	-	-
Total (prior to post-measurement date (MD) contributions)	1,326	585
Contributions subsequent to the MD	-	-
Subtotal	<u>\$ 1,326</u>	<u>\$ 585</u>

NORTH CLACKAMAS COUNTY WATER COMMISSION

Clackamas County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

Amounts reported as deferred outflows or inflow of resources related to pension will be recognized in pension expense as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2023	1,736
2024	925
2025	-
2026	-
2027	-
Thereafter	-
Total	<u>\$ 2,661</u>

9. 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.

10. 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.

11. NET POSITION

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

	<u>June 30, 2021</u>	<u>June 30, 2022</u>
Ending fund balance	\$ 5,964,976	\$ 6,750,690
Revenue bond liability and other	(86,380)	(28,625)
Capital assets, net of accumulated depreciation	25,285,757	24,897,968
GASB 68 net pension asset/(liability) and related deferred inflows/outflows	(371,839)	(362,255)
GASB 75 net pension asset/(liability) and related deferred inflows/outflows	4,470	2,661
Net Position	<u>\$ 30,796,984</u>	<u>\$ 31,260,439</u>

Member investments in net position comprised the following:

	<u>Member Share</u>	<u>June 30, 2021</u>	<u>June 30, 2022</u>
Investment in NCCWC			
Oak Lodge Water Services District	42%	\$ 12,934,734	\$ 13,129,384
Sunrise Water Authority	48%	14,782,552	15,005,011
City of Gladstone	10%	3,079,698	3,126,044
Subtotal	<u>100%</u>	<u>\$ 30,796,984</u>	<u>\$ 31,260,439</u>

NORTH CLACKAMAS COUNTY WATER COMMISSION

Clackamas County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

12. CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS

The Commission did not have any significant commitments at the close of the fiscal year ended June 30, 2022.

13. RELATED PARTY

Revenue – In the fiscal years ended June 30, 2021 and June 30, 2022 the Commission earned a total of \$2,828,963 and \$2,710,413, respectively, from Oak Lodge Water Services District, Sunrise Water Authority, and the City of Gladstone.

Expense – In the fiscal years ended June 30, 2021 and June 30, 2022 the Commission paid a total of \$48,000 and \$52,000 to Oak Lodge Water Services for financial services and the Commission paid a total of \$58,000 and \$62,000 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 91, “Conduit Debt Obligations”. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. Implementation was initially required in reporting periods beginning after December 15, 2020 but GASB Statement 95 has delayed the effective date by twelve months, so implementation is now required in reporting periods beginning after December 15, 2021.

GASB Statement 94, “Public-Private and Public-Public Partnerships and Availability Payment Arrangements”. The primary objective of this Statement is to address issues related to public-private and public-public partnership arrangements (PPPs). The requirements of this Statement are effective for fiscal years beginning after June 15, 2022.

GASB Statement 96, “Subscription-Based Information Technology Arrangements”. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). The requirements of this Statement are effective for fiscal years beginning after June 15, 2022.

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.

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. For fiscal years beginning after June 15, 2023, and all reporting periods thereafter.

NORTH CLACKAMAS COUNTY WATER COMMISSION

Clackamas County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

14. NEW PRONOUNCEMENTS (Continued)

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.

NORTH CLACKAMAS COUNTY WATER COMMISSION

Clackamas County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

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
2021	0.002%	\$ 291,099	\$ 270,166	108%	87.6%
2020	0.002%	503,384	261,892	192%	75.8%
2019	0.002%	405,570	255,438	155%	80.2%
2018	0.002%	330,549	246,762	129%	82.1%
2017	0.002%	289,598	268,100	117%	83.1%
2016	0.003%	392,862	198,044	147%	80.5%
2015	0.003%	182,899	200,489	92%	91.9%
2014	0.003%	(74,802)	195,400	-38%	103.6%

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 percentage of covered payroll
2022	\$ 43,570	\$ 43,570	\$ -	\$ 232,852	18.7%
2021	36,995	36,995	-	270,166	13.7%
2020	41,538	41,538	-	261,892	15.9%
2019	38,297	38,297	-	255,438	15.0%
2018	36,177	36,177	-	246,762	14.7%
2017	18,083	18,083	-	268,100	6.7%
2016	20,808	20,808	-	198,044	10.5%
2015	12,653	12,653	-	200,489	6.3%

The amount presented for each fiscal year were actuarially determined at December 31 and rolled forward to the measurement date.

These schedules are presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend has been compiled, information is presented only for the years for which the required supplementary information is available.

The accompanying notes are an integral part of these statements.

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, 2019 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, 2019 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, 2019 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)	30
Combining Schedule of Revenues, Expenditures, Other Financing Sources and Uses and Changes in Fund Balance – Actual and Budget (Budgetary Basis)	31
Schedule of Revenues, Expenditures, Other Financing Sources and Uses and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual	
General Fund	32
Plant Reserve Fund	33
Revenue Bond Debt Service Reserve Fund	34
Revenue Bond Debt Redemption Fund	35

BUDGETARY REPORTING

North Clackamas County Water Commission
Clackamas County, Oregon
Combined Balance Sheet
June 30, 2022

	General Fund	Plant Reserve Fund	Revenue Bond Debt Service Reserve	Revenue Bond Debt Redemption Fund	Total
Assets:					
Current:					
Cash and Investments	\$ 1,377,525	\$ 5,089,669	\$ 102,902	\$ 3,302	\$ 6,573,398
Cash and Investments - Restricted	-	-	-	-	-
Accounts Receivable	5,294	8,960	-	-	14,254
Intergovernmental Receivables	238,056	-	-	-	238,056
Prepaid Assets	48,577	-	-	-	48,577
Total Current Assets	1,669,452	5,098,629	102,902	3,302	6,874,285
Total Assets	\$ 1,669,452	\$ 5,098,629	\$ 102,902	\$ 3,302	\$ 6,874,285
Liabilities and Fund Balances:					
Current Liabilities:					
Accounts Payable	\$ 66,708	\$ 39,940	\$ -	\$ -	\$ 106,648
Payroll Liabilities	16,947	-	-	-	16,947
Total Current Liabilities	83,655	39,940	-	-	123,595
Total Liabilities	83,655	39,940	-	-	123,595
Fund Balances	1,585,797	5,058,689	102,902	3,302	6,750,690
Total Liabilities and Fund Balances	\$ 1,669,452	\$ 5,098,629	\$ 102,902	\$ 3,302	\$ 6,874,285
Add/(deduct) to reconcile to GAAP basis statement of net position:					
Budgetary ending fund balance					\$ 6,750,690
Capital assets, net depreciation					24,897,968
Accrued compensated absences payable					(28,625)
Net pension liability					(291,099)
Deferred outflows of resources					174,192
Deferred inflows of resources					(242,687)
Ending net position					\$ 31,260,439

North Clackamas County Water Commission

Clackamas County, Oregon

Combined Schedule of Revenues, Expenditures and Changes in Fund Balance

For the Year Ended June 30, 2022

	General Fund	Plant Reserve Fund	Revenue Bond Debt Service Reserve	Revenue Bond Debt Redemption Fund	Total
Revenues:					
Water Sales	\$ 2,723,149	\$ -	\$ -	\$ -	\$ 2,723,149
Interest	5,087	26,776	581	13	32,457
Miscellaneous	42,137	-	-	-	42,137
Total Revenues	2,770,373	26,776	581	13	2,797,743
Expenditures:					
Personnel Services	\$ 440,987	\$ -	\$ -	\$ -	\$ 440,987
Materials and Services	1,144,370	-	-	-	1,144,370
Capital Outlay	-	349,647	-	-	349,647
Debt Service:					
Principal	-	-	-	75,000	75,000
Interest	-	-	-	2,025	2,025
Total Expenditures	1,585,357	349,647	-	77,025	2,012,029
Excess of Revenues Over (Under)					
Expenditures	1,185,016	(322,871)	581	(77,012)	785,714
Other Financing Sources (Uses):					
Transfers In	-	600,000	-	80,000	680,000
Transfers Out	(680,000)	-	-	-	(680,000)
Total Other Financing Sources	(680,000)	600,000	-	80,000	-
Net Change in Fund Balance	505,016	277,129	581	2,988	785,714
Beginning Fund Balance	1,080,781	4,781,560	102,321	314	5,964,976
Ending Fund Balance	\$ 1,585,797	\$ 5,058,689	\$ 102,902	\$ 3,302	\$ 6,750,690
Change in fund balance across all funds:					\$ 785,714
Add/(deduct) to reconcile to GAAP Basis change in net position:					
Change in accrued compensated absences					(19,259)
Principal payments on long-term debt					75,000
Change in accrued interest					2,014
Capital outlay expenditures capitalized					349,647
Depreciation					(695,210)
Loss on disposal of assets					(42,226)
Change in deferred outflow of resources, adjustment to pension expense					10,519
Change in deferred inflow of resources, adjustment to pension expense					(213,220)
Change in deferred outflow of resources, adjustment to OPEB expense					1,335
Change in deferred inflow of resources, adjustment to OPEB expense					585
Change in net pension liability/(asset)					212,285
Change in OPEB liability/(asset)					(3,729)
Change in net position					\$ 463,455

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, 2022

<u>General Fund</u>			
	Actual	Original and Final Budget	Variance Positive (Negative)
Revenues:			
Water Sales	\$ 2,723,149	\$ 2,710,000	\$ 13,149
Interest	5,087	13,000	(7,913)
Miscellaneous	42,137	-	42,137
Total Revenues	2,770,373	2,723,000	47,373
Expenditures:			
Personnel Services	\$ 440,987	\$ 569,000	\$ (128,013)
Materials and Services	1,144,370	1,449,950	(305,580)
Capital Outlay	-	-	-
Debt Service:			-
Principal	-	-	-
Interest	-	-	-
Operating Contingency	-	350,000	(350,000)
Total Expenditures	1,585,357	2,368,950	(783,593)
Excess of Revenues over (under) Expenditures	1,185,016	354,050	830,966
Other Financing Sources (Uses):			
Transfers In	-	-	-
Transfers Out	(680,000)	(680,000)	-
Total Other Financing Sources	(680,000)	(680,000)	-
Net Change in Fund Balance	505,016	(325,950)	830,966
Beginning Fund Balance	1,080,781	676,662	404,119
Ending Fund Balance	\$ 1,585,797	\$ 350,712	\$ 1,235,085

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, 2022

Plant Reserve Fund

	<u>Actual</u>	<u>Original and Final Budget</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Water Sales	\$ -	\$ -	\$ -
Interest	26,776	50,000	(23,224)
Miscellaneous	-	-	-
Total Revenues	26,776	50,000	(23,224)
Expenditures:			
Personnel Services	\$ -	\$ -	\$ -
Materials and Services	-	-	-
Capital Outlay	349,647	455,000	(105,353)
Debt Service:			-
Principal	-	-	-
Interest	-	-	-
Operating Contingency	-	300,000	(300,000)
Total Expenditures	349,647	755,000	(405,353)
Excess of Revenues Over (Under) Expenditures	(322,871)	(705,000)	382,129
Other Financing Sources (Uses):			
Transfers In	600,000	600,000	-
Transfers Out	-	-	-
Total Other Financing Sources	600,000	600,000	-
Net Change in Fund Balance	277,129	(105,000)	382,129
Beginning Fund Balance	4,781,560	4,680,270	101,290
Ending Fund Balance	\$ 5,058,689	\$ 4,575,270	\$ 483,419

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, 2022

Revenue Bond Debt Service Reserve Fund

	<u>Actual</u>	<u>Original and Final Budget</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Water Sales	\$ -	\$ -	\$ -
Interest	581	1,000	(419)
Miscellaneous	-	-	-
Total Revenues	581	1,000	(419)
Expenditures:			
Personnel Services	\$ -	\$ -	\$ -
Materials and Services	-	-	-
Capital Outlay	-	-	-
Debt Service:			-
Principal	-	-	-
Interest	-	-	-
Operating Contingency	-	-	-
Total Expenditures	-	-	-
Excess of Revenues Over (Under) Expenditures	581	1,000	(419)
Other Financing Sources (Uses):			
Transfers In	-	-	-
Transfers Out	-	-	-
Total Other Financing Sources	-	-	-
Net Change in Fund Balance	581	1,000	(419)
Beginning Fund Balance	102,321	102,472	(151)
Ending Fund Balance	\$ 102,902	\$ 103,472	\$ (570)

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, 2022

Revenue Bond Debt Redemption Fund

	<u>Actual</u>	<u>Original and Final Budget</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Water Sales	\$ -	\$ -	\$ -
Interest	13	7	\$ 6
Miscellaneous	-	-	-
Total Revenues	13	7	6
Expenditures:			
Personnel Services	\$ -	\$ -	\$ -
Materials and Services	-	-	-
Capital Outlay	-	-	-
Debt Service:			-
Principal	75,000	75,000	-
Interest	2,025	2,775	(750)
Operating Contingency	-	-	-
Total Expenditures	77,025	77,775	(750)
Excess of Revenues Over (Under) Expenditures	(77,012)	(77,768)	756
Other Financing Sources (Uses):			
Transfers In	80,000	80,000	-
Transfers Out	-	-	-
Total Other Financing Sources	80,000	80,000	-
Net Change in Fund Balance	2,988	2,232	756
Beginning Fund Balance	314	318	(4)
Ending Fund Balance	\$ 3,302	\$ 2,550	\$ 752

REPORTS ON LEGAL AND OTHER REGULATORY REQUIREMENTS

PROGRAM COMPLIANCE INFORMATION
COVERAGE INFORMATION – REVENUE BONDS
Water Revenue Obligations, Series 2001

North Clackamas County Water Commission
Program Compliance Information - Coverage Computation
Debt Service Coverage Information - Water Treatment Program Budgetary Basis
Revenue Bonds, 2001 Series
Fiscal Year Ended June 30, 2022

<u>June 30,</u>	<u>Gross Revenue</u>	<u>Operating Expenses</u>	<u>Net Operating Revenues</u>	<u>Annual Debt Service</u>	<u>Net Revenue Available / (Working Capital)</u>	<u>Coverage</u>	<u>Coverage Met</u>
2021	\$ 2,857,699	\$ 2,389,642	\$ 468,057	\$ 81,075	\$ 386,982	5.77	Yes
2022						N/A	

Note: Last debt service payment July 1, 2021. At June 30, 2022, debt obligation paid in full.

<u>Operating Expenses</u>				
<u>June 30,</u>	<u>Personnel Services</u>	<u>Materials and Services</u>	<u>Reserve for Capital Replacement</u>	<u>Subtotal</u>
2021	\$ 446,139	\$ 1,153,541	\$ 789,962	\$ 2,389,642
2022	No Requirement			

- ¹ Gross revenues comprise all fees and charges resulting from the provision of water services, revenues from product sales, and all other revenues placed in the General Fund as well as any interest earnings on the General Fund.
- ² Operating Expenses means all expenses incurred for operations, maintenance and repair of the Water Facilities. Depreciation shall not be considered as an Operating Expense.
- ³ The reserve for capital replacement amount is an allocation of new revenue generated in the General Fund which is estimated to have been reserved for ongoing repair and replacement of existing capital assets in the water treatment program.
- ⁴ The Commission expects to pay all debt service with net operating revenues.
- ⁵ Refer to the Notes to the Basic Financial Statements for detailed information about the Commission's debt.
- ⁶ Remaining revenue available / (working capital required) reflects retained earnings available or working capital required for reserves and other future expenditures.

Source: North Clackamas County Water Commission records.

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, 2022, and the related notes to the financial statements, which collectively comprise the Commission’s basic financial statements, and have issued our report thereon dated January 24, 2023.

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 LLP
Portland, Oregon
January 24, 2023

**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



COMMUNICATIONS TO THOSE CHARGED WITH GOVERNANCE
AND INTERNAL CONTROL RELATED MATTERS

NORTH CLACKAMAS COUNTY WATER COMMISSION

June 30, 2022



Communications with Those Charged with Governance

To 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, 2022, and have issued our report thereon dated January 24, 2023. 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 June 9, 2022, 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.

We are also responsible for performing tests of compliance with certain provisions of laws, regulations, contracts, and grant agreements, including provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules OAR 162-10-000 to 162-10-330 of the Minimum Standards for Audits of Oregon Municipal Corporations, noncompliance of which could have a direct and material effect on the determination of financial statement amounts.

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.

Other Information Included in the Financial Statements

Management is responsible for the other information included in Financial Report. The other information comprises the Program Compliance Information but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon. Our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the audited financial statements. We have read the information, and nothing came to our attention that caused us to believe that such information is materially inconsistent with the financial statements

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. No new accounting policies were adopted and there were no changes in the application of existing policies during fiscal year 2022. 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.

Other Post-Employment Benefit Obligations – This represents the amount of annual expenses recognized for post-employment benefits. The amount is actuarially determined with management input. We have evaluated the key factors and assumptions used to develop the annual expenses in determining that it is 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 disclosure affecting the financial statements was:

- Note 7 – Defined benefit pension plan

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. No corrected or uncorrected misstatements were identified during our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated January 24, 2023.

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 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, 2022, 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, 2022, audit are included in Appendix A below, while Appendix B summarizes the prior year comments that have been partially resolved in the current year, and Appendix C includes prior year comments that have been resolved.

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

January 24, 2023

Appendix A

June 30, 2022 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

Listing of public procurement contracts – As part of our testing of compliance with state procurement requirements, we noted that the Commission does not maintain a centralized list of all contracts executed during the year. We recommend that this process be centralized with one employee to help track all procurements and ensure all documentation required is maintained on file to support the Commission's compliance with the State's procurement requirements.

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.

Appendix B

**Prior Year Recommendations
Partially Resolved in 2022**

Asset tracking system – We noted that the Commission does not currently utilize an asset tracking system to track and monitor costs by project throughout the year, and to document when projects were placed into commercial operation and should be moved to assets in service for financial reporting purposes. We recommend that the Commission consistently utilize an electronic project tracking system to capture all the costs by project each year and to utilize reports from the system to monitor the costs by project to identify any significant variances from budget or estimate. The information in this system should also be reconciled to the general ledger on a monthly basis and any projects placed into service should be closed to assets in service on the general ledger.

2022 Update – 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.

Appendix C

Prior Year Control Deficiencies Resolved in 2022

Net Pension and OPEB Asset (Liability) and Related Pension and OPEB Expense (Credit) – As part of our testing of the net pension and OPEB liability and related expense (credit), we noted the Commission did not record the appropriate year-end entries to update its financial records in response to the new measurement date information provided by Oregon PERS, which resulted in a material misstatement to the financial statements. We recommend that the Commission establish year end closing procedures to review the pension and OPEB accounts and compare those to the most recent information provided by Oregon PERS to ensure the Commission’s records reflect the most up to date information.

2022 Update – During our current year audit procedures, we noted the appropriate year-end entries to record net pension and OPEB liability and related expense (credit) were made using the appropriate measurement date information provided by Oregon PERS. We believe the comment has been resolved in the current year.

Accounts Payable Accruals – During our testing, we noted amounts where the Commission did not appropriately accrue for all services related to fiscal year 2021. An audit adjustment was posted to the financial statements to correctly accrue for those services. We recommend that the Commission establish controls to review year-end accruals to ensure that costs are recorded in the period in which the service was provided.

2022 Update – During our current year audit procedures, we noted that accounts payable are reconciled at year-end and no exceptions were noted within our testing. We believe the comment has been resolved in the current year.

Pay rate and other employee master file changes – We noted during our payroll testing that once a pay rate is entered into the system, there is no formal review to verify that the rates were entered correctly. We recommend that the Commission run reports of any changes made to the employee master file on a monthly basis to verify the accuracy and timeliness of the changes. Such review should be formally documented to evidence who performed the review and when it was completed.

2022 Update – During our current year audit procedures, we noted that the Commission implemented a formal review each pay period to verify the accuracy and timeliness of pay rate changes. We believe the comment has been resolved in the current year.

Purchase orders – We noted that the Commission’s current policy requires purchase orders to be utilized for any inventory items over \$500. However, non-inventory items do not have a similar requirement. We recommend that the Commission update its policy to require purchase order on non-inventory items over \$500 as well. The purchase orders should be reviewed and approved by someone other than the person requesting the purchase.

2022 Update – During our current year audit procedures, we noted that the Commission implemented a formal procurement policy requiring purchase orders on all purchases over \$1,000. Additionally, the Commission also implemented the use of an electronic purchase order system to better track and enforce procurement rules. We believe the comment has been resolved in the current year.

NORTH CLACKAMAS COUNTY WATER COMMISSION

March 23, 2023

Agenda Item 7.1

Subject: Year to Date Production and Financial Statements

Presenter(s): Gail Stevens, Finance Director

Board Action: None Required

Attachments: .1 Monthly Water Production and Cost Summary December 2022
.2 Monthly Water Production and Cost Summary January 2023
.3 YTD Water Production and Cost Summary thru January 2023
.4 YTD Water Sales FY 2021-22 and Comparison to FY 2022-23
.5 Budget to Actuals Report FY 2022-23 YTD Period 06 December 2022
.6 Budget to Actuals Report FY 2022-23 YTD Period 07 January 2023

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

FY 2022-23: Reports are through the end of January (Period 7). January represents 58.3% of the budget year.

Analysis: FY 2022-23: As of January 2023, Water Sales are 73.0% of budget.
Wholesale Water sales are 58.1% of budget.

Expenditures are 57.8% of budget.

Personnel Services 56.4%

Materials & Services 58.1%

Capital Outlay 7.8%

Options: None

Staff Recommendation: Review financial statements as presented.

Draft Motion: None required. Chair should acknowledge receipt of the production and financial reports for the periods of December 2022 and January 2023 as presented.

NCCWC Monthly Water Production and Cost Summary -

December 2022

	<u>Combined</u>	<u>Production SSF/Membrane</u>	<u>Production SFWB</u>	<u>Wholesale CRW</u>
Average Daily Production (MG)	7.13	4.79	(0.01)	2.35

	<u>TOTAL</u>	<u>Production SSF/Membrane</u>	<u>Production SFWB</u>	<u>Wholesale CRW</u>
Water Production/Purchases (MG)	221.00	148.46	(0.31)	72.85
Water Production/Purchases (ccf) (divide MG by 0.000748)	295,454	198,475	(412)	97,391

NCCWC Expenditures (\$):

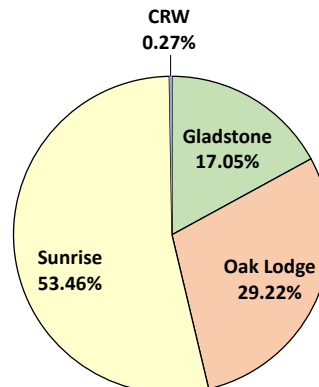
		<u>SSF/Membrane</u>	<u>SFWB</u>	<u>CRW</u>
Operations:				
Personnel Services	\$ 51,274	\$ 51,274	\$ -	\$ -
Electricity	\$ 28,604	\$ 28,604	\$ -	\$ -
Water Treatment	\$ 17,652	\$ 17,652	\$ -	\$ -
Other - Material & Services	\$ 46,053	\$ 46,053	\$ -	\$ -
Capital Outlay	\$ -	\$ -	\$ -	\$ -
Transfer	\$ 100,000	\$ 100,000	\$ -	\$ -
Administration:				
Contracted Services	\$ 12,000	\$ 12,000	\$ -	\$ -
Professional Services	\$ 4,227	\$ 4,227	\$ -	\$ -
Wholesale Purchases	\$ 99,533	\$ -	\$ -	\$ 99,533
Total Requirements w/out Debt	\$ 359,343	\$ 259,810	\$ -	\$ 99,533
Cost w/out Debt: \$/(ccf):	\$ 1.2162	\$ 1.3090	\$ -	\$ 1.0220

VOLUME PURCHASED:

		<u>Gladstone</u>	<u>Oak Lodge</u>	<u>Sunrise</u>	<u>CRW</u>
Water Sales (MG)	220.01	37.52	64.29	117.61	0.59
Water Sales (ccf)	294,135	50,162	85,948	157,233	792
% Water Sales per Entity (ccf)	100%	17.05%	29.22%	53.46%	0.27%

GLAD Rate	\$ 0.79290	\$39,773			
OLWD Rate	\$ 0.79290		\$68,148		
SWA Rate	\$ 0.79290			\$218,104	
CRW Water Rate 1	\$ 1.02190			\$99,368	\$809
Monthly Weighted Avg Cost	\$ 1.11117				
Monthly Gain/(Loss) w/out Debt	\$ (0.10506)				

Monthly Sales By Customer



NCCWC Monthly Water Production and Cost Summary -

January 2023

	<u>Combined</u>	<u>Production SSF/Membrane</u>	<u>Production SFWB</u>	<u>Wholesale CRW</u>
Average Daily Production (MG)	7.41	4.84	0.01	2.56

	<u>TOTAL</u>	<u>Production SSF/Membrane</u>	<u>Production SFWB</u>	<u>Wholesale CRW</u>
Water Production/Purchases (MG)	229.71	150.07	0.30	79.34
Water Production/Purchases (ccf) (divide MG by 0.000748)	307,102	200,629	400	106,073

NCCWC Expenditures (\$):

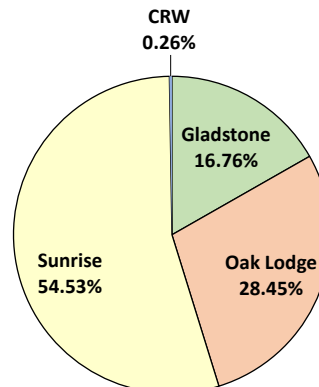
		<u>SSF/Membrane</u>	<u>SFWB</u>	<u>CRW</u>
Operations:				
Personnel Services	\$ 49,349	\$ 49,349	\$ -	\$ -
Electricity	\$ 31,731	\$ 31,731	\$ -	\$ -
Water Treatment	\$ 9,056	\$ 9,056	\$ -	\$ -
Other - Material & Services	\$ 15,124	\$ 15,124	\$ -	\$ -
Capital Outlay	\$ -	\$ -	\$ -	\$ -
Transfer	\$ 100,000	\$ 100,000	\$ -	\$ -
Administration:				
Contracted Services	\$ 13,468	\$ 13,468	\$ -	\$ -
Professional Services	\$ 55,130	\$ 55,130	\$ -	\$ -
Wholesale Purchases	\$ 108,616	\$ -	\$ -	\$ 108,616
Total Requirements w/out Debt	\$ 382,474	\$ 273,857	\$ -	\$ 108,616
Cost w/out Debt: \$(ccf):	\$ 1.2454	\$ 1.3650	\$ -	\$ 1.0240

VOLUME PURCHASED:

		<u>Gladstone</u>	<u>Oak Lodge</u>	<u>Sunrise</u>	<u>CRW</u>
Water Sales (MG)	227.65	38.16	64.77	124.14	0.58
Water Sales (ccf)	304,351	51,020	86,597	165,956	778
% Water Sales per Entity (ccf)	100%	16.76%	28.45%	54.53%	0.26%

GLAD Rate	\$ 0.79290	\$40,454			
OLWD Rate	\$ 0.79290		\$68,663		
SWA Rate	\$ 0.79290			\$218,104	
CRW Water Rate 1	\$ 1.02190			\$99,368	\$795
Monthly Weighted Avg Cost	\$ 1.07776				
Monthly Gain/(Loss) w/out Debt	\$ (0.16767)				

Monthly Sales By Customer



NCCWC

Water Production and Cost Summary - Year to Date

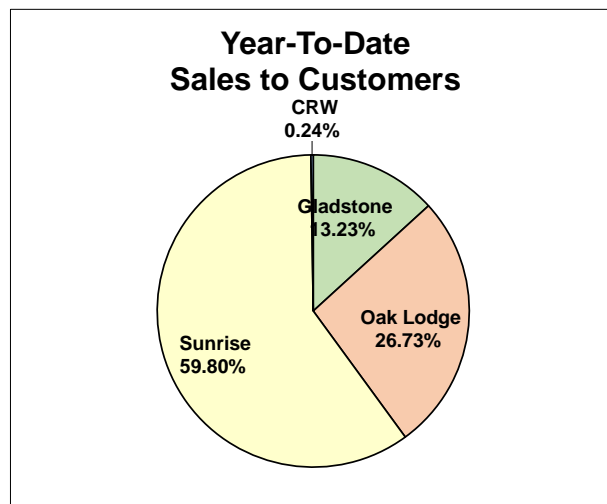
July 2022 - January 2023

	<u>Combined</u>	<u>Production SSF/Membrane</u>	<u>Production SFWB</u>	<u>Wholesale CRW</u>
Average Daily Production (MG)	11.74	9.21	0.00	17.54

	<u>TOTAL</u>	<u>NCCWC Plant</u>	<u>SFWB</u>	<u>Wholesale CRW</u>
Water Production/Purchases (MG)	2,523.46	1,979.35	0.30	543.82
Water Production/Purchases (ccf) (divide MG by 0.000748)	3,373,616	2,646,189	397	727,030

NCCWC Expenditures (\$):		<u>NCCWC Plant</u>	<u>SFWB</u>	<u>CRW</u>
Operations				
Personnel Services	\$ 369,877	\$ 369,877	\$ -	\$ -
Electricity	\$ 295,369	\$ 295,369	\$ -	\$ -
Water Treatment	\$ 98,396	\$ 98,396	\$ -	\$ -
Other -Material & Services	\$ 178,026	\$ 178,026	\$ -	\$ -
Capital Outlay	\$ - (In Transfers)	\$ -	\$ -	\$ -
Transfer	\$ 700,000 (Excludes Debt Service Transfer)	\$ 700,000	\$ -	\$ -
Administration				
Contracted Services	\$ 78,472	\$ 78,472	\$ -	\$ -
Professional Services	\$ 161,835	\$ 161,835	\$ -	\$ -
Wholesale Purchases	\$ 726,752	\$ -	\$ -	\$ 726,752
Total Requirements w/out Debt	\$ 2,608,727	\$ 1,881,976	\$ -	\$ 726,752
Cost: w/o Debt \$(/ccf):	\$ 0.7733	\$ 0.7112	\$ -	\$ 0.9996

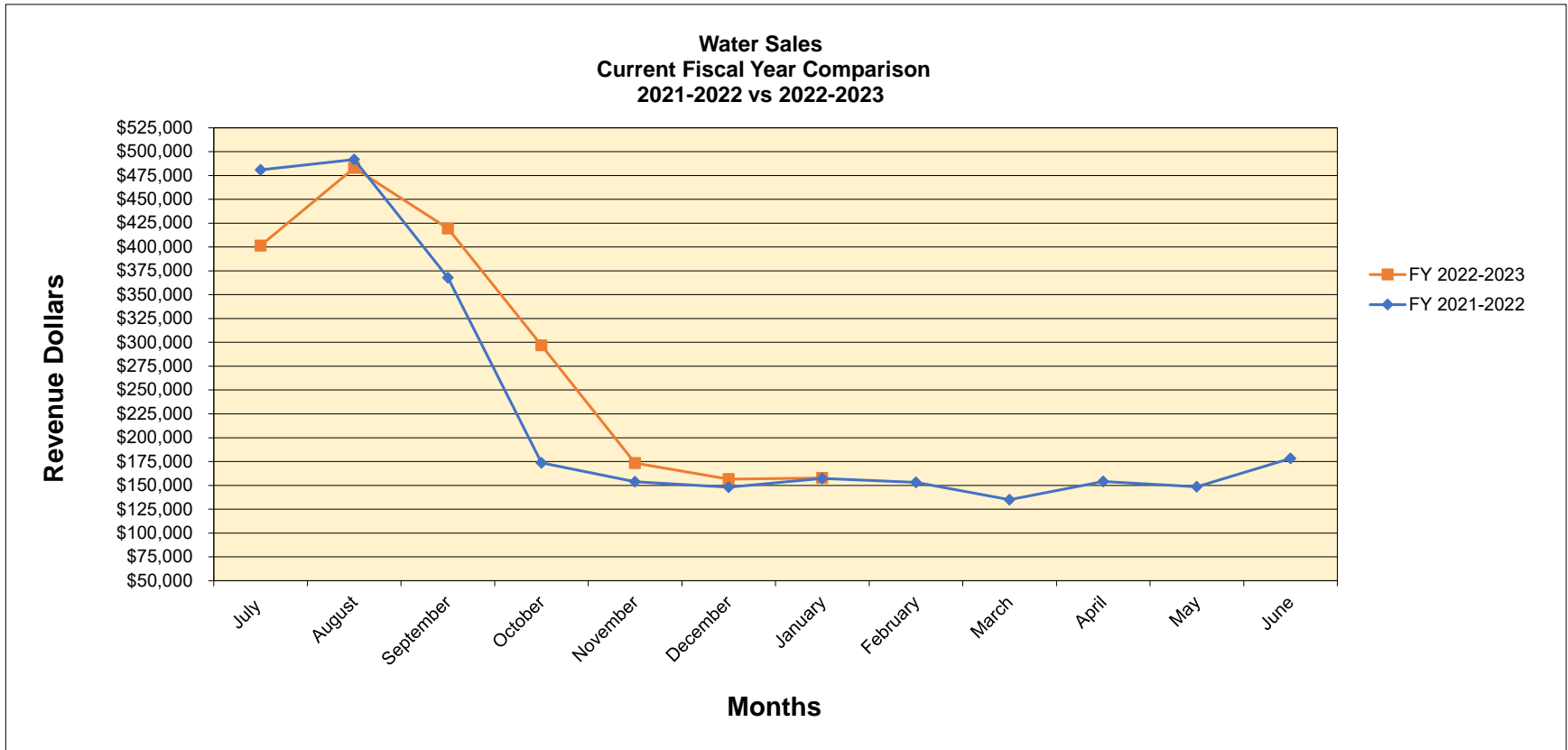
VOLUME PURCHASED:		<u>Gladstone</u>	<u>Oak Lodge</u>	<u>Sunrise</u>	<u>CRW</u>
Water Sales (MG)	2,521.32	333.54	673.87	1,507.78	6.12
Total Water Sales (ccf)	3,370,740	445,910	900,896	2,015,755	8,179
% Water Sales per Entity (ccf)	100%	13.23%	26.73%	59.80%	0.24%
Gladstone Rate	\$ 0.79290	\$ 353,562			
OLWD Rate	\$ 0.79290		\$ 714,320		
SWA Rate	\$ 0.79290			\$ 1,020,722	
CRW Water Rate 1	\$ 1.02190			\$ 738,767	\$ 8,358
YTD Weighted Avg Cost	\$ 0.62211				
YTD Gain/(Loss) w/out Debt	\$ (0.15117)				



NORTH CLACKAMAS COUNTY WATER COMMISSION

Water Sales Fiscal Year Comparison 2021-2022 vs 2022-2023

	<u>July</u>	<u>August</u>	<u>September</u>	<u>October</u>	<u>November</u>	<u>December</u>	<u>January</u>	<u>February</u>	<u>March</u>	<u>April</u>	<u>May</u>	<u>June</u>	<u>Total</u>
GRAPH:													
FY 2021-2022	\$ 480,881	\$ 491,729	\$ 367,753	\$ 173,635	\$ 153,885	\$ 147,970	\$ 157,301	\$ 153,241	\$ 134,974	\$ 153,981	\$ 148,576	\$ 178,170	\$ 2,742,097
FY 2022-2023	\$ 401,469	\$ 482,938	\$ 419,307	\$ 296,825	\$ 173,318	\$ 156,503	\$ 157,711						\$ 2,088,070
FY % Comparison	-16.51%	-1.79%	14.02%	70.95%	12.63%	5.77%	0.26%	TBD	TBD	TBD	TBD	TBD	-23.85%



General Ledger Budget to Actual Report

User: Gail
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Period 06 - 06
Fiscal Year 2023



Account Number	Description	Budget	Period Amt	End Bal	% ExpendCollect
10	General Fund				
	<i>Beginning Fund Balance</i>				
10-3000-00	Fund Balance	1,380,050.00	0.00	1,585,796.98	114.91
	<i>Beginning Fund Balance</i>	<i>1,380,050.00</i>	<i>0.00</i>	<i>1,585,796.98</i>	<i>114.91</i>
	<i>Revenue</i>				
10-4010-00	Interest Income	5,000.00	2,838.85	11,470.34	229.41
10-4020-01	Water Sales-OLWSD	1,150,000.00	68,148.17	645,000.82	56.09
10-4020-02	Water Sales-City of Gladstone	515,000.00	39,773.45	305,690.40	59.36
10-4020-03	Water Sales-SWA	1,189,000.00	47,448.72	973,241.03	81.85
10-4020-09	Water Sales-Clackamas RiverWtr	12,000.00	1,133.09	10,588.31	88.24
10-4025-00	Wholesale Water Sales	1,250,000.00	99,532.77	618,135.34	49.45
10-4060-00	Miscellaneous Income	0.00	0.00	14,131.87	0.00
10-4100-17	Transfer from Bond Reserve	102,049.00	0.00	102,901.71	100.84
10-4100-19	Transfer from Bond Redemption	5,228.00	0.00	3,301.99	63.16
	<i>Revenue</i>	<i>4,228,277.00</i>	<i>258,875.05</i>	<i>2,684,461.81</i>	<i>63.49</i>
	<i>Personnel Services</i>				
10-5000-00	Plant Operators	310,000.00	28,298.33	165,583.30	53.41
10-5005-00	OvertimeOn-Call	50,000.00	5,125.80	28,726.36	57.45
10-5040-00	Apprenticeship	42,000.00	0.00	11,626.40	27.68
10-5050-00	MedicalDentalVision Ins.	120,000.00	8,692.81	51,565.96	42.97
10-5060-00	Retirement	80,000.00	6,337.21	39,060.46	48.83
10-5070-00	Payroll Taxes	40,000.00	2,820.27	17,171.51	42.93
10-5080-00	Workers Compensation	14,000.00	0.00	6,794.40	48.53
	<i>Personnel Services</i>	<i>656,000.00</i>	<i>51,274.42</i>	<i>320,528.39</i>	<i>48.86</i>
	<i>Materials & Services</i>				
10-5204-00	Wholesale Water Purchases	1,250,000.00	99,532.77	618,135.34	49.45
10-5206-10	Contracted Services-Management	40,000.00	0.00	19,164.60	47.91
10-5206-11	Contracted Svcs-Operations Mgt	0.00	0.00	0.00	0.00
10-5206-12	Contracted Svcs-Plant Engineer	30,000.00	0.00	13,903.86	46.35
10-5206-13	Contracted Services-Financial	48,000.00	12,000.00	24,000.00	50.00
10-5206-16	HVAC	15,000.00	0.00	7,936.24	52.91
10-5208-00	General Office Expenses	8,500.00	62.37	1,244.89	14.65

Account Number	Description	Budget	Period Amt	End Bal	% ExpendCollect
10-5210-00	PermitsLicensing Fees	17,000.00	0.00	4,749.83	27.94
10-5212-00	General Insurance	85,000.00	6,625.25	39,751.50	46.77
10-5215-00	ComputersTechnology	10,000.00	72.00	6,434.97	64.35
10-5230-04	Audit Services	30,000.00	4,000.00	30,250.00	100.83
10-5230-06	Legal Services	25,000.00	52.37	320.37	1.28
10-5230-08	Engineering - General	25,000.00	175.00	280.00	1.12
10-5230-21	Watershed Services	152,000.00	0.00	75,854.00	49.90
10-5236-10	Water Analysis and Testing	15,000.00	2,632.33	6,281.18	41.87
10-5236-11	Chemicals	120,000.00	7,953.83	69,770.67	58.14
10-5236-12	Instrumentation & Lab Supplies	10,000.00	7,065.54	13,288.02	132.88
10-5238-00	Telemetry (SCADA)	10,000.00	140.00	480.00	4.80
10-5240-00	Electricity	550,000.00	28,603.51	263,638.72	47.93
10-5244-00	EducationTraining and Dues	17,250.00	3,573.30	8,026.50	46.53
10-5245-00	Telephone	8,500.00	1,272.68	3,823.45	44.98
10-5246-00	Travel Expenses	500.00	0.00	0.00	0.00
10-5247-00	Books & Publications	1,000.00	0.00	0.00	0.00
10-5248-00	Public Notices	1,000.00	0.00	72.10	7.21
10-5250-10	Natural Gas	2,000.00	316.91	999.80	49.99
10-5250-20	Garbage	1,000.00	52.90	473.40	47.34
10-5252-00	Miscellaneous Expense	1,000.00	1,474.67	3,667.66	366.77
10-5256-00	Commissioner FeesExpenses	1,200.00	0.00	0.00	0.00
10-5300-10	Vehicle Maintenance	5,000.00	-2,698.96	2,908.32	58.17
10-5300-20	FuelsOils	7,500.00	488.57	4,643.18	61.91
10-5300-30	Equipment Rental	5,000.00	0.00	1,689.38	33.79
10-5300-40	Equipment Maintenance	15,000.00	3,121.60	6,418.00	42.79
10-5305-10	Building Maintenance	15,000.00	1,521.53	12,584.71	83.90
10-5305-11	Grounds Maintenance	25,000.00	307.99	4,695.78	18.78
10-5305-13	Janitorial Supplies	2,000.00	121.83	333.52	16.68
10-5305-14	Security MonitoringMaint	5,000.00	0.00	0.00	0.00
10-5305-15	Plant Maintenance	40,000.00	29,040.76	47,769.20	119.42
10-5305-16	Intake Structure Maintenance	10,000.00	0.00	354.93	3.55
10-5305-17	Membrane Maintenance	20,000.00	0.00	2,708.66	13.54
10-5305-20	Safety Supplies	15,000.00	260.24	3,663.75	24.43
10-5310-00	Small Tools & Equipment	10,000.00	299.37	5,408.53	54.09
	<i>Materials & Services</i>	<i>2,648,450.00</i>	<i>208,068.36</i>	<i>1,305,725.06</i>	<i>49.30</i>
	<i>Transfers & Contingencies</i>				
10-7300-13	Transfer to Plant Reserve	1,200,000.00	100,000.00	600,000.00	50.00
10-9000-00	Operating Contingency	310,000.00	0.00	0.00	0.00
	<i>Transfers & Contingencies</i>	<i>1,510,000.00</i>	<i>100,000.00</i>	<i>600,000.00</i>	<i>39.74</i>
10	General Fund	793,877.00	-100,467.73	2,044,005.34	257.47
13	Plant Reserve				
	<i>Beginning Fund Balance</i>				
13-3000-00	Fund Balance	4,952,018.00	0.00	5,058,689.25	102.15
	<i>Beginning Fund Balance</i>	<i>4,952,018.00</i>	<i>0.00</i>	<i>5,058,689.25</i>	<i>102.15</i>
	<i>Revenue</i>				

Account Number	Description	Budget	Period Amt	End Bal	% ExpendCollect
13-4010-00	Interest Income	25,000.00	12,753.49	51,530.32	206.12
13-4060-00	Miscellaneous Income	0.00	0.00	27,940.00	0.00
13-4100-10	Transfer In - General Fund	1,200,000.00	100,000.00	600,000.00	50.00
	<i>Revenue</i>	<i>1,225,000.00</i>	<i>112,753.49</i>	<i>679,470.32</i>	<i>55.47</i>
	<i>Capital Outlay</i>				
13-7000-20	Equipment	149,000.00	-13,898.51	43,254.39	29.03
13-7000-30	Sand	1,500,000.00	6,945.28	10,075.80	0.67
13-7000-50	Buildings	20,000.00	0.00	25,990.00	129.95
13-7000-60	Other	250,000.00	0.00	0.00	0.00
	<i>Capital Outlay</i>	<i>1,919,000.00</i>	<i>-6,953.23</i>	<i>79,320.19</i>	<i>4.13</i>
	<i>Transfers & Contingencies</i>				
13-9000-00	Operating Contingency	350,000.00	0.00	0.00	0.00
	<i>Transfers & Contingencies</i>	<i>350,000.00</i>	<i>0.00</i>	<i>0.00</i>	<i>0.00</i>
13	Plant Reserve	3,908,018.00	119,706.72	5,658,839.38	144.80
17	Bond Reserve				
	<i>Beginning Fund Balance</i>				
17-3000-00	Fund Balance	102,049.00	0.00	102,901.71	100.84
	<i>Beginning Fund Balance</i>	<i>102,049.00</i>	<i>0.00</i>	<i>102,901.71</i>	<i>100.84</i>
	<i>Transfers & Contingencies</i>				
17-7300-10	Transfer to General Fund	102,049.00	0.00	102,901.71	100.84
	<i>Transfers & Contingencies</i>	<i>102,049.00</i>	<i>0.00</i>	<i>102,901.71</i>	<i>100.84</i>
17	Bond Reserve	0.00	0.00	0.00	0.00
19	Bond Redemption				
	<i>Beginning Fund Balance</i>				
19-3000-00	Fund Balance	5,113.00	0.00	3,301.99	64.58
	<i>Beginning Fund Balance</i>	<i>5,113.00</i>	<i>0.00</i>	<i>3,301.99</i>	<i>64.58</i>
	<i>Revenue</i>				
19-4010-00	Interest Income	115.00	0.00	0.00	0.00
	<i>Revenue</i>	<i>115.00</i>	<i>0.00</i>	<i>0.00</i>	<i>0.00</i>
	<i>Transfers & Contingencies</i>				
19-7300-10	Transfer to General Fund	5,228.00	0.00	3,301.99	63.16
	<i>Transfers & Contingencies</i>	<i>5,228.00</i>	<i>0.00</i>	<i>3,301.99</i>	<i>63.16</i>
19	Bond Redemption	0.00	0.00	0.00	0.00
Revenue Total		5,453,392.00	371,628.54	3,363,932.13	0.6169
Expense Total		7,190,727.00	352,389.55	2,411,777.34	0.3354
Grand Total		4,701,895.00	19,238.99	7,702,844.72	1.6382

General Ledger Budget to Actual Report

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Period 07 - 07
Fiscal Year 2023



Account Number	Description	Budget	Period Amt	End Bal	% ExpendCollect
10	General Fund				
	<i>Beginning Fund Balance</i>				
10-3000-00	Fund Balance	1,380,050.00	0.00	1,585,796.98	114.91
	<i>Beginning Fund Balance</i>	<i>1,380,050.00</i>	<i>0.00</i>	<i>1,585,796.98</i>	<i>114.91</i>
	<i>Revenue</i>				
10-4010-00	Interest Income	5,000.00	3,154.91	14,625.25	292.51
10-4020-01	Water Sales-OLWSD	1,150,000.00	68,662.76	713,663.58	62.06
10-4020-02	Water Sales-City of Gladstone	515,000.00	40,453.76	346,144.16	67.21
10-4020-03	Water Sales-SWA	1,189,000.00	47,481.23	1,020,722.26	85.85
10-4020-09	Water Sales-Clackamas RiverWtr	12,000.00	1,113.05	11,701.36	97.51
10-4025-00	Wholesale Water Sales	1,250,000.00	108,616.34	726,751.68	58.14
10-4060-00	Miscellaneous Income	0.00	0.00	14,131.87	0.00
10-4100-17	Transfer from Bond Reserve	102,049.00	0.00	102,901.71	100.84
10-4100-19	Transfer from Bond Redemption	5,228.00	0.00	3,301.99	63.16
	<i>Revenue</i>	<i>4,228,277.00</i>	<i>269,482.05</i>	<i>2,953,943.86</i>	<i>69.86</i>
	<i>Personnel Services</i>				
10-5000-00	Plant Operators	310,000.00	27,490.71	193,074.01	62.28
10-5005-00	OvertimeOn-Call	50,000.00	4,333.74	33,060.10	66.12
10-5040-00	Apprenticeship	42,000.00	0.00	11,626.40	27.68
10-5050-00	MedicalDentalVision Ins.	120,000.00	8,692.81	60,258.77	50.22
10-5060-00	Retirement	80,000.00	6,033.92	45,094.38	56.37
10-5070-00	Payroll Taxes	40,000.00	2,797.34	19,968.85	49.92
10-5080-00	Workers Compensation	14,000.00	0.00	6,794.40	48.53
	<i>Personnel Services</i>	<i>656,000.00</i>	<i>49,348.52</i>	<i>369,876.91</i>	<i>56.38</i>
	<i>Materials & Services</i>				
10-5204-00	Wholesale Water Purchases	1,250,000.00	108,616.34	726,751.68	58.14
10-5206-10	Contracted Services-Management	40,000.00	3,194.10	22,358.70	55.90
10-5206-11	Contracted Svcs-Operations Mgt	0.00	0.00	0.00	0.00
10-5206-12	Contracted Svcs-Plant Engineer	30,000.00	2,305.31	16,209.17	54.03
10-5206-13	Contracted Services-Financial	48,000.00	4,000.00	28,000.00	58.33
10-5206-16	HVAC	15,000.00	3,968.12	11,904.36	79.36
10-5208-00	General Office Expenses	8,500.00	64.98	1,309.87	15.41

Account Number	Description	Budget	Period Amt	End Bal	% ExpendCollect
10-5210-00	PermitsLicensing Fees	17,000.00	0.00	4,749.83	27.94
10-5212-00	General Insurance	85,000.00	5,723.16	45,474.66	53.50
10-5215-00	ComputersTechnology	10,000.00	1,829.86	8,264.83	82.65
10-5230-04	Audit Services	30,000.00	16,800.00	47,050.00	156.83
10-5230-06	Legal Services	25,000.00	403.25	723.62	2.89
10-5230-08	Engineering - General	25,000.00	0.00	280.00	1.12
10-5230-21	Watershed Services	152,000.00	37,927.00	113,781.00	74.86
10-5236-10	Water Analysis and Testing	15,000.00	1,635.90	7,917.08	52.78
10-5236-11	Chemicals	120,000.00	7,420.46	77,191.13	64.33
10-5236-12	Instrumentation & Lab Supplies	10,000.00	0.00	13,288.02	132.88
10-5238-00	Telemetry (SCADA)	10,000.00	80.00	560.00	5.60
10-5240-00	Electricity	550,000.00	31,730.57	295,369.29	53.70
10-5244-00	EducationTraining and Dues	17,250.00	170.00	8,196.50	47.52
10-5245-00	Telephone	8,500.00	638.14	4,461.59	52.49
10-5246-00	Travel Expenses	500.00	0.00	0.00	0.00
10-5247-00	Books & Publications	1,000.00	0.00	0.00	0.00
10-5248-00	Public Notices	1,000.00	45.76	117.86	11.79
10-5250-10	Natural Gas	2,000.00	298.97	1,298.77	64.94
10-5250-20	Garbage	1,000.00	39.35	512.75	51.28
10-5252-00	Miscellaneous Expense	1,000.00	32.99	3,700.65	370.07
10-5256-00	Commissioner FeesExpenses	1,200.00	0.00	0.00	0.00
10-5300-10	Vehicle Maintenance	5,000.00	56.49	2,964.81	59.30
10-5300-20	FuelsOils	7,500.00	454.99	5,098.17	67.98
10-5300-30	Equipment Rental	5,000.00	0.00	1,689.38	33.79
10-5300-40	Equipment Maintenance	15,000.00	337.94	6,755.94	45.04
10-5305-10	Building Maintenance	15,000.00	0.00	12,584.71	83.90
10-5305-11	Grounds Maintenance	25,000.00	2,720.00	7,415.78	29.66
10-5305-13	Janitorial Supplies	2,000.00	19.98	353.50	17.68
10-5305-14	Security MonitoringMaint	5,000.00	0.00	0.00	0.00
10-5305-15	Plant Maintenance	40,000.00	702.88	48,472.08	121.18
10-5305-16	Intake Structure Maintenance	10,000.00	0.00	354.93	3.55
10-5305-17	Membrane Maintenance	20,000.00	0.00	2,708.66	13.54
10-5305-20	Safety Supplies	15,000.00	760.21	4,423.96	29.49
10-5310-00	Small Tools & Equipment	10,000.00	1,148.51	6,557.04	65.57
	<i>Materials & Services</i>	<i>2,648,450.00</i>	<i>233,125.26</i>	<i>1,538,850.32</i>	<i>58.10</i>
	<i>Transfers & Contingencies</i>				
10-7300-13	Transfer to Plant Reserve	1,200,000.00	100,000.00	700,000.00	58.33
10-9000-00	Operating Contingency	310,000.00	0.00	0.00	0.00
	<i>Transfers & Contingencies</i>	<i>1,510,000.00</i>	<i>100,000.00</i>	<i>700,000.00</i>	<i>46.36</i>
10	General Fund	793,877.00	-112,991.73	1,931,013.61	243.24
13	Plant Reserve				
	<i>Beginning Fund Balance</i>				
13-3000-00	Fund Balance	4,952,018.00	0.00	5,058,689.25	102.15
	<i>Beginning Fund Balance</i>	<i>4,952,018.00</i>	<i>0.00</i>	<i>5,058,689.25</i>	<i>102.15</i>
	<i>Revenue</i>				

Account Number	Description	Budget	Period Amt	End Bal	% ExpendCollect
13-4010-00	Interest Income	25,000.00	14,173.39	65,703.71	262.81
13-4060-00	Miscellaneous Income	0.00	0.00	27,940.00	0.00
13-4100-10	Transfer In - General Fund	1,200,000.00	100,000.00	700,000.00	58.33
	<i>Revenue</i>	<i>1,225,000.00</i>	<i>114,173.39</i>	<i>793,643.71</i>	<i>64.79</i>
	<i>Capital Outlay</i>				
13-7000-20	Equipment	149,000.00	70,867.04	114,121.43	76.59
13-7000-30	Sand	1,500,000.00	0.00	10,075.80	0.67
13-7000-50	Buildings	20,000.00	0.00	25,990.00	129.95
13-7000-60	Other	250,000.00	0.00	0.00	0.00
	<i>Capital Outlay</i>	<i>1,919,000.00</i>	<i>70,867.04</i>	<i>150,187.23</i>	<i>7.83</i>
	<i>Transfers & Contingencies</i>				
13-9000-00	Operating Contingency	350,000.00	0.00	0.00	0.00
	<i>Transfers & Contingencies</i>	<i>350,000.00</i>	<i>0.00</i>	<i>0.00</i>	<i>0.00</i>
13	Plant Reserve	3,908,018.00	43,306.35	5,702,145.73	145.91
17	Bond Reserve				
	<i>Beginning Fund Balance</i>				
17-3000-00	Fund Balance	102,049.00	0.00	102,901.71	100.84
	<i>Beginning Fund Balance</i>	<i>102,049.00</i>	<i>0.00</i>	<i>102,901.71</i>	<i>100.84</i>
	<i>Transfers & Contingencies</i>				
17-7300-10	Transfer to General Fund	102,049.00	0.00	102,901.71	100.84
	<i>Transfers & Contingencies</i>	<i>102,049.00</i>	<i>0.00</i>	<i>102,901.71</i>	<i>100.84</i>
17	Bond Reserve	0.00	0.00	0.00	0.00
19	Bond Redemption				
	<i>Beginning Fund Balance</i>				
19-3000-00	Fund Balance	5,113.00	0.00	3,301.99	64.58
	<i>Beginning Fund Balance</i>	<i>5,113.00</i>	<i>0.00</i>	<i>3,301.99</i>	<i>64.58</i>
	<i>Revenue</i>				
19-4010-00	Interest Income	115.00	0.00	0.00	0.00
	<i>Revenue</i>	<i>115.00</i>	<i>0.00</i>	<i>0.00</i>	<i>0.00</i>
	<i>Transfers & Contingencies</i>				
19-7300-10	Transfer to General Fund	5,228.00	0.00	3,301.99	63.16
	<i>Transfers & Contingencies</i>	<i>5,228.00</i>	<i>0.00</i>	<i>3,301.99</i>	<i>63.16</i>
19	Bond Redemption	0.00	0.00	0.00	0.00
Revenue Total		5,453,392.00	383,655.44	3,747,587.57	0.6872
Expense Total		7,190,727.00	453,340.82	2,865,118.16	0.3984
Grand Total		4,701,895.00	-69,685.38	7,633,159.34	1.6234

NORTH CLACKAMAS COUNTY WATER COMMISSION

March 23, 2023

Agenda Item 7.2

Subject: Operations Report

Presenter(s): Joe Rogers, Plant Supervisor

Board Action: Open discussion

Attachments: None

Topics

Monthly Production

January: The plant produced a total of 144.5 million gallons at an average day rate of 4.66 MGD. Of the total water produced, the slow sand filter produced 106.7 million gallons and the membrane filters produced 38.3 million gallons. The highest production day for the month was 5.5 MGD. The Commission did not purchase or sell water to South Fork during this month.

February: The plant produced a total of 138.0 million gallons at an average day rate of 4.9 MGD. Of the total water produced, the slow sand filter produced 117.46 million gallons and the membrane filters produced 20.6 million gallons. The highest production day for the month was 6.10 MGD. The Commission did not purchase or sell water to South Fork during this month.

Staff Notes

Slow Sand Filter replacement has begun, the contractor company Tapani is doing excellent work along with NCCWC staff. Coordination has been flawless and completion of Filters 1 and 3 are expected to be re-sanded and completed by March 22. Where then, staff will start the rinsing process to bring the filters back online. Staff has also been working closely with Stantec on gathering information and data for the Masterplan project. Staff is moving along with capital improvement projects and should have them completed by July 1st.

NORTH CLACKAMAS COUNTY WATER COMMISSION

March 23, 2023

Agenda Item 7.3

Subject: Manager's Report

Presenter(s): Wade Hathhorn, General Manager

Board Action: Open discussion

Attachments: None

Court of Appeals Decision More than 17 years ago, the NCCWC and others faced the renewal of their water right permit on the Clackamas River. The State's original ruling allowing expanded use of the permit to meet future expected demands was contested by WaterWatch. At issue was the State's findings the planned "undeveloped" withdrawals would not endanger the long-term "persistence" of protected fish species. Now, after several legal proceedings including prior reviews by the Court of Appeals and the Oregon Supreme Court, the Court of Appeals has once again ruled in favor the Oregon Water Resources Department and related permit extension holders to allow for the expanded use of the Clackamas River subject to the state's latest standards for instream flows set at 650 cfs prior to Sept 15 and then 800 cfs thereafter. This marks a historic step toward continued access to our water supply, along with a defined mechanism for managing future conservation and withdrawals. There is a chance that WaterWatch can appeal this ruling but only on very narrow legal standing. Bottomline, this all means the courts "affirmed" the "municipal applicants" position for their past, present and future use of the Clackamas River. Details of the case and the court's ruling will be shared at the upcoming Board meeting.

Update on Apprentice Program As discussed at our last meeting, staff at the NCCWC and the South Fork Water Board completed their first year of the apprentice program back in October 2022. There were a number of important lessons learned during that time. First, it took sometime for our "committee" to learn the State's reporting requirements for the program. Frankly, this was a lot more work than any of us had anticipated. To date, we continue to struggle to remain "compliant." Many of the issues appear to be simple administrative matters but the only resolution is through the State's online portal, which is highly inefficient for those trying to learn the system. We also had to deal with "incongruent" training and certification requirements between BOLLs Apprenticeship program and state's Health Division standards for operator certification. In the end, we lost both of our first-year apprentices, one to attrition and the other to an industry-based offer of employment.

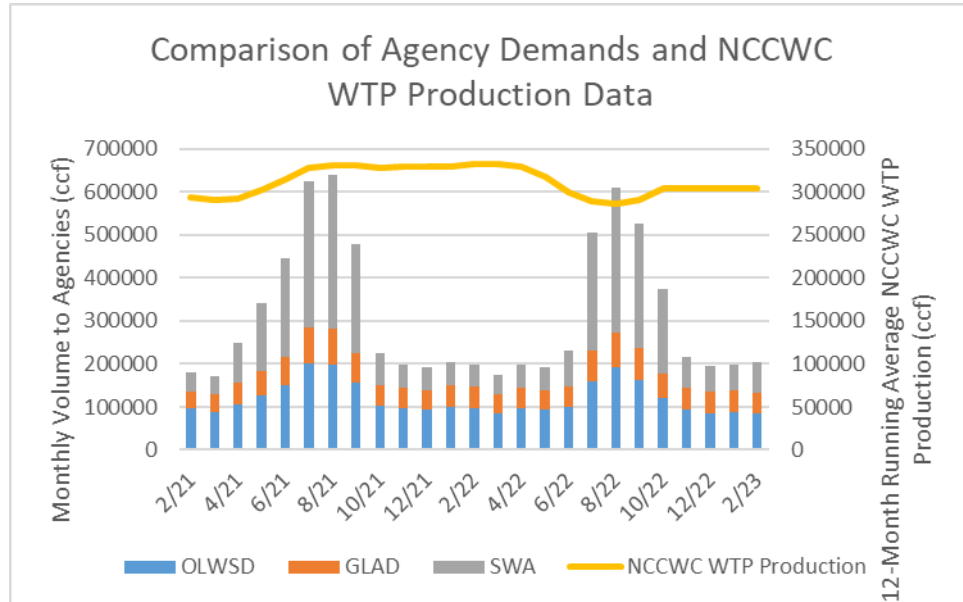
Notwithstanding, the State has scheduled a hearing to address the compliance of the existing program. That hearing is (was) scheduled for March 16 and was pending at the time this summary was written. Details of that meeting with BOLI will be shared at the upcoming Board meeting.

NORTH CLACKAMAS COUNTY WATER COMMISSION

March 23, 2023

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 exaggerated during the summer periods. Here, year on year comparisons can be dominated by localized “heat waves” and extended periods absent of rainfall. By contrast during the winter months, demands are more consistent, subject to increasing service population or changes in water losses (e.g. leak repairs, etc.).

Slow Sand Replacement Project Update

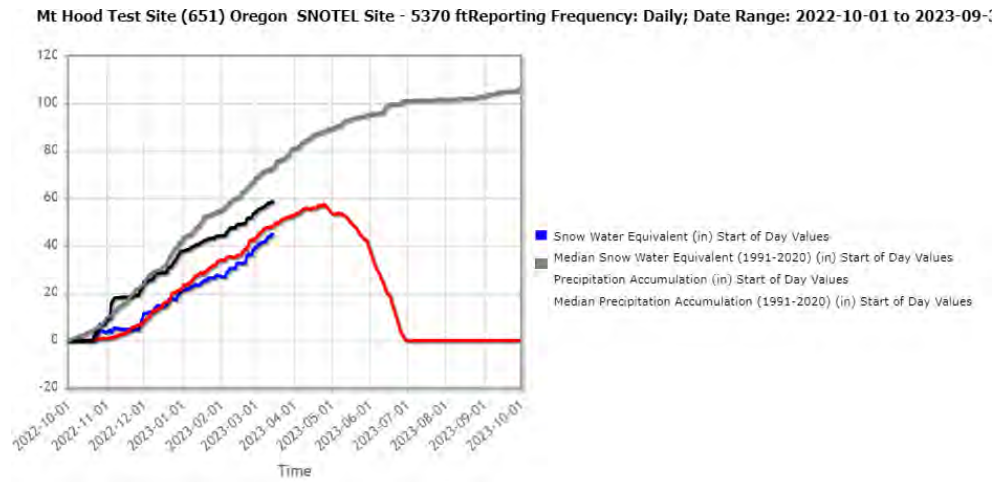
Replacement of the sand in slow sand plant began as a two-year project, with plans to re-sand filter beds #1 and #3 this year and then #2 and #4 next year. Recall, Tapani, Inc. was recently selected as the lowest cost, responsible bidder for this first phase of the work under a bid of \$1.58M. In preparation of the work, the Contractor worked with the only supplier of sand in Oregon (Knife River). Unfortunately, because of other competing projects, the sand supplier was only able to agree to deliver half (50%) of the desired volume of sand. Regardless, the filter media in these two beds had been exhausted over the past 10 years and replacement with whatever available volumes is required. The Contractor should be done with this “modified” phase of the project by March 17 (or shortly thereafter). The estimated cost of this “modified” scope is about \$900K. Work on the remainder of phase 1 and the remaining two filter beds (phase 2) will be scheduled for Fall/Spring ahead.

NORTH CLACKAMAS COUNTY WATER COMMISSION

March 23, 2023

Update on Snowpack

The snowpack on Mt. Hood this (water) year got off to an early start and has remained around historical “medians” (shown in the lower pair of plots).



February, however, was relatively “dry” with regards to overall precipitation (see the upper pair of plots), yet snowpack has remained “on track”. This is likely owed to the relatively “cold temperatures” in late February and early March. April and May historically mark the “peak” snowpack for the year and with a predicted cooler than normal spring, we may see the chance for continued snow events in the mountains.