

**CLACKAMAS RIVER WATER BOARD OF COMMISSIONERS  
REGULAR BOARD MEETING  
January 14, 2021**

**COMMISSIONERS PRESENT VIA ZOOM MEETING:**

Sherry French President  
Naomi Angier, Secretary  
Tessah Danel, Treasurer  
Rusty Garrison  
Hugh Kalani

**STAFF PRESENT:**

Todd Heidgerken, General Manager  
Karin Holzgang, Executive Assistant to the Board

CRW Employees: Chief Financial Officer, Carol Bryck; IT Manager, Kham Keobounnam; Emergency Manager, Donn Bunyard; Water Resources Manager Rob Cummings Chief Engineer, Adam Bjornstedt; Sr. Finance & Accounting Specialist, Ted Ebor

**COMMISSIONERS ABSENT: 0**

**VISITORS:** Bob Steringer, Randy Gellar, Julie Desimone, Kevin Williams

**Call Regular Meeting to Order**

Commissioner French called the meeting to order at 6:00 pm and roll call taken.

Commissioner French sent her condolences to Sunrise Water for the loss of the Commissioner Barstow in December

**MOTION:**

Commissioner Angier move to approve the agenda but move CA-5 to action item 6. Commissioner Danel seconded the motion

**MOTION CARRIED 5-0**

**Ayes:** Angier, Danel, French, Garrison, Kalani

**Nays:** None

**Abstentions:** None

**Public Comment- none**

**Audit Presentation (FY 2020) – Julie Desimone, Moss Adams (see attached presentation)**

- Nature of service Provided.
- Significant Audit areas
  - ✓ Work orders-classification
  - ✓ Customer billings accuracy
  - ✓ Pension-liabilities valuation
  - ✓ Consistent application in internal controls
  - ✓ Compliance with federal laws and regulations and OR minimum standards
- Audit response to COVID
  - ✓ Audit performed in a remote environment.

- ✓ Utilized technology and electronic audit tools
- ✓ Updated risk assessments
- ✓ Internal controls testing of transactions before and after COVID
- ✓ Review of the related disclosures for transparency
- Audit Opinion/Reports
  - ✓ Financial Statements- unmodified opinion
  - ✓ Oregon minimum standards- no reportable findings
  - ✓ Communication to those charged with governance-Best practice recommendations
- Required Communications
  - ✓ Planned scope and timing.
  - ✓ Significant accounting policies
  - ✓ Audit adjustments-no audit adjustments
  - ✓ Management's consultation with other accountants
  - ✓ No disagreements with management
  - ✓ No difficulties in performing the audit
  - ✓ Audit observations and recommendations
- Internal Control Communications
  - ✓ Material weaknesses-none
  - ✓ Significant control deficiency-none to report
- Findings and Best Practices
  - ✓ Best Practices- Current Year Recommendation
    - Review of IT User Access (document this)
- Audit Issues-New Accounting pronouncements
  - ✓ New Standards- GASB 17-leases (for FY ending 6/30/22)

**Agenda Item 1.0 Acknowledge receipt of the audited financial statements for Fiscal Year 2020**

Ms. Bryck reminded the Board that they have received the presentation and a link to the audit on the CRW website.

**MOTION:** Commissioner Angier move the Board acknowledge receipt of the Fiscal Year 2020 comprehensive annual financial report ending June 30, 2020. Commissioner Danel seconded the motion.

**MOTION CARRIED 5-0**

**Ayes:** Angier, Danel, French, Garrison, Kalani  
**Nays:**  
**Abstentions:**

**Agenda Item 2.0 Appoint Budget Officer for BN 2021-2023**

Ms. Bryck shared she has been the budget officer for the time she has been at CRW which is a requirement for the process.

**MOTION:** Commissioner Angier move the Board adopt resolution No. 01-2021 appointing Carol Bryck, CRW's Chief Financial Officer, as the CRW Budget officer for biennial period 2021-2023 Commissioner Danel seconded the motion.

**MOTION CARRIED 5-0**

**Ayes:** Angier, Danel, French, Garrison, Kalani  
**Nays:**  
**Abstentions:**

**Agenda Item 3.0 Acknowledgement of proposed budget calendar: BN 2021-2023**

Ms. Bryck explained the process for laying out the budget timeline calendar. There are three meetings set for the calendar but are not required.

**MOTION:** Commissioner Angier move the Board acknowledge the proposed budget calendar as agreed upon for the BN 2021-2023. Commissioner Danel seconded the motion.

**MOTION CARRIED 5-0**

**Ayes:** Angier, Danel, French, Garrison, Kalani  
**Nays:**  
**Abstentions:**

**Agenda Item 4.0 Consideration of General Managers Contract**

Randy Gellar from Harrang Long provided a background for the revisions to the GM Employment Agreement. Included in the packet are a redline version of the original contract that included requests from the GM as well as Comms. French and Danel from their negotiations. Also included is a clean version of the contract. Mr. Gellar said this is a legally sound contract and with the spirit of the requests from the parties.

**MOTION:** Commissioner Angier move the Board of Commissioners approve the Employment Agreement for General Manager attached as Exhibit 1, effective as of July 1, 2021, and direct Board President Sherry French to execute the agreement on behalf of CRW. Commissioner Danel seconded the motion.

**MOTION CARRIED 5-0**

**Ayes:** Angier, Danel, French, Garrison, Kalani  
**Nays:**  
**Abstentions:**

**Agenda Item 5.0 Consider Contract Approval for on-call electrical services with Team Electric**

Mr. Heidgerken provided background for this contract's need. This contract is established to assist the district with services that internal staff cannot address. This contract was the outcome of a competitive solicitation process. Team Electric was one of three responders to the solicitation. CRW has contracted with Team Electric in the past and is satisfied with their performance. This contract is in excess of the GM's contracting authority which is why the Board is being asked to approve.

**MOTION:** Commissioner Angier move the Board approve the contract with Team Electric for on-call electrical services with a not to exceed amount to \$65,000 and authorize the General Manager to sign on behalf of the Clackamas River Water. Commissioner Danel seconded the motion.

**MOTION CARRIED 5-0**

**Ayes:** Angier, Danel, French, Garrison, Kalani  
**Nays:**  
**Abstentions:**

**Agenda Item 6.0 (CA-5)** Consider approval of purchase of information technology (IT) equipment.  
Mr. Heidgerken explained why there was a change to this agenda item after the original packet was sent out. There was an opportunity to add additional equipment to the purchase that was identified from the Risk and Resilience Assessment. By bundling this order, a better price was realized for the equipment and labor. The entire package exceeds the GM contracting authority.

**MOTION:** Commissioner Angier moved to approve the purchase of Information Technology Equipment and approve the General Manager to authorize the payment not to exceed \$75,000. Commissioner Danel seconded the motion.

**MOTION CARRIED 5-0**

**Ayes:** Angier, Danel, French, Garrison, Kalani  
**Nays:**  
**Abstentions:**

**Consent Agenda**

- CA-1: Gross Payroll and Account Paid for December 2020
- CA-2: Cash Position and Transfers December 2020
- CA-3: Easement: Approve trail easement for North Clackamas Parks and recreation District (NCPRD)
- CA-4: Project Acceptance: Accept Assets constructed under the Glencoe Townhomes development, CIP 20-5261

**MOTION:** Commissioner Angier moved to approve the Consent Agenda as amended. Commissioner Danel seconded the motion.

**MOTION CARRIED 5-0**

**Ayes:** Angier, Danel, French, Garrison, Kalani  
**Nays:**  
**Abstentions:**

**Agenda Item 7.0 Management Report**

- The monthly report was sent out to the Board separate of the packet and is posted on the CRW website.
  - ✓ Some highlights
    - The number of shut-offs.
    - The 82<sup>nd</sup> Ave Dr. project will be bidding next month.
    - Note the water production and purchase graphs highlighting 4 full years for comparison.
    - River flows graph was included to demonstrate the recent rain events and how those are impacting the river.
- Audit Selection Process- In the GM report the process for soliciting an audit firm. The approval of the auditor is a Board activity. Mr. Heidgerken is suggesting that staff develop a solicitation, advertise, and then score with three staff member committee. If needed that same committee could interview. Ultimately the Board will approve the selected firm. Comm. French asked if there was a requirement to go through a competitive process and there is a requirement to do so. Comm. Angier asked if there is a need to take the lowest price, the answer is no.
- The Risk and Resilience Assessment has been completed, Mr. Heidgerken thanked Mr. Bunyard for his work and efforts in getting this completed.
- The CRW offices are closed on January 18 for the Martin Luther King Day Holiday
- The CRW Board Work Session will be January 25 at 6pm
- There is still time to register for the Annual SDAO conference in February that is being held virtually.
- Mr. Heidgerken thanked Ms. Bryck and the Finance and Accounting staff for their efforts to complete the audit along with other staff who were asked by the auditors to provide additional information or respond to questions.
- There were 5 budget committee applications received. The Board will be asked to interview the applicants at the February Board meeting and then will approve the slate of budget committee members in March. The full process will be shared with Comm. Angier and French at the next agenda setting meeting.

**Public Comment- None**

**Agenda Item 9.0 Commissioner Reports and Reimbursement Requests**

- Commissioner Angier shared an overview of the meeting of the CRWSC on January 11. There is work on a draft water sales agreement (that provides more flexibility in the amount of water purchased) between the NCCWC and CRW (for water used by Sunrise Water). The question came up if there would be a need for the CRWSC ORS 190 once the water sales agreement is established and it likely will not be needed past the end of 2021. The audit findings were shared.
- Commissioner French attended both the Sunrise Water Authority and Oak Lodge Board meetings but nothing of note to report.

Mr. Steringer shared that under the CRW Local Contract Review Rules there is no requirement to conduct an advertised solicitation. But best practices is to periodically conduct a competitive process but doesn't require the district to make a change.

**Open meeting is adjourned at 7:09pm**



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# Clackamas River Water

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Communication with Those Charged with  
Governance



# Agenda

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1. Nature of Services Provided
2. Significant Audit Areas
3. Auditor Opinions / Reports
4. Required Communications
5. Best Practices
6. Upcoming Accounting Standards





# Nature of Services Provided

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1

Independent Auditors' Report on the financial statements of Clackamas River Water

2

Assistance with, and technical review of the financial statements for compliance with GAAP

3

Disclosures and Independent Auditors' Comments Required by the Minimum Standards for Audits of Oregon Municipal Corporations

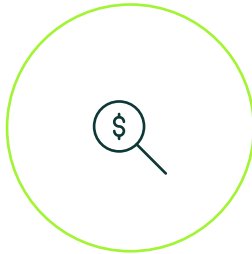
4

Communication to Those Charged with Governance



# Significant Audit Areas

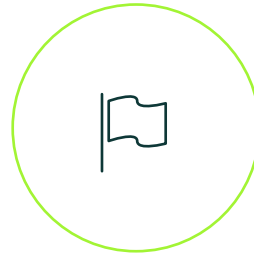
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**WORK ORDERS-  
CLASSIFICATION**



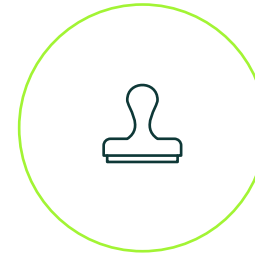
**CUSTOMER BILLINGS -  
ACCURACY**



**PENSION  
LIABILITIES -  
VALUATION**



**CONSISTENT  
APPLICATION OF  
INTERNAL  
CONTROLS IN A  
REMOTE WORK  
ENVIRONMENT**



**COMPLIANCE  
WITH FEDERAL  
LAWS AND  
REGULATIONS  
AND OREGON  
MINIMUM  
STANDARDS**



# Audit response to COVID

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- **Audit performed in a remote environment**
- **Utilized technology and electronic audit tools**
- **Updated risk assessments**
- **Internal controls testing of transactions before and after COVID**
- **Review of the related disclosures for transparency**





# Audit Opinion/ Reports

Financial  
Statements

Unmodified  
(clean) opinion  
on financial  
statements

Oregon  
Minimum  
Standards

No reportable  
findings

Communication  
to Those  
Charged with  
Governance

Best practice  
recommendations



# Required Communications

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- Planned scope and timing
- Significant accounting policies
- **Audit adjustments – No audit adjustments**
- Management's consultation with other accountants
- No disagreements with management
- No difficulties in performing the audit
- **Audit observations and recommendations**





# Internal Control Communications

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- **Material Weaknesses – None**
- **Significant Control Deficiency – None to Report**

# Findings and Best Practices

## BEST PRACTICES – Current Year Recommendation

- Review of IT User Access



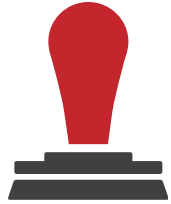
# Audit response to COVID

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- **Audit performed in a remote environment**
- **Utilized technology and electronic audit tools**
- **Updated risk assessments**
- **Internal controls testing of transactions before and after COVID**
- **Review of the related disclosures for transparency**







# Audit Issues – NEW ACCOUNTING PRONOUNCEMENTS

## **New Standards**

GASB 87 – Leases

## **Effective Date**

For the fiscal year ending June 30,  
2022





## Navigating Through Challenging Times

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We are in unprecedented times which will change daily, and financial institutions need to keep up to speed on various accounting, tax, regulatory and economic changes.

We maintain an active COVID-19 dedicated website:

<https://www.mossadams.com/covid-19-implications>

We also encourage you to sign up to receive our insights and alerts:

<https://mossadams.com/insights>



**THANK  
YOU**

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