



# Annual Comprehensive Financial Report

For the fiscal years ended June 30, 2023 and 2022



Clackamas, Oregon

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## **Introductory Section**

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To the Board of Commissioners and the  
Customers of Clackamas River Water  
January 30, 2024



January 30, 2024

To the Board of Commissioners and the  
Customers of Clackamas River Water:

The Annual Comprehensive Financial Report (Annual Report) of Clackamas River Water (the District or CRW) for the year ended June 30, 2023 is hereby submitted as mandated by state statutes. These statutes require that the District issue annually a report on its financial position and activity, and that this report be audited by an independent firm of certified public accountants. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with management. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner that presents fairly the financial position and results of operations of Clackamas River Water. All disclosures necessary to enable the reader to gain an understanding of the organization's activities have been included.

Clackamas River Water's management is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with accounting principles generally accepted in the United States of America. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

State statutes require an annual audit by independent certified public accountants. The accounting firm Moss Adams LLP was selected to perform the audit for the year ended June 30, 2023. The auditor's report on the basic financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The financial reporting entity (the District) includes all the funds and account groups of the primary government. The District does not have any component units of government. The District is not a segment of the Clackamas County, Oregon government, nor is it a component unit of any other government.

Additional information about the District's operations and its financial condition at June 30, 2023 is contained in the Management's Discussion and Analysis (MD&A) section of the Annual Report. The reader's attention is directed to the MD&A, an important source of information, which complements the information contained in this letter of transmittal.

To the Board of Commissioners and the  
Customers of Clackamas River Water  
January 30, 2024

## **Description of the Reporting Entity**

Clackamas River Water is one of twenty-two water providers (provider defined as over 1,000 accounts) located in Clackamas County, Oregon, and draws its water from the Clackamas River. CRW was created on July 1, 1995, following the consolidation of Clackamas Water District and Clairmont Water District. CRW operates as a domestic water supply district under provisions of Oregon Revised Statutes (ORS) Chapter 264. Clackamas Water District was originally formed in 1926 and took in the former Stanley Water District in 1979, followed by a merger with Barwell Park Water District in 1991. Clairmont was originally formed in 1959 and was merged with Redland and Holcomb-Outlook Water Districts in 1983.

The District's service area is in the southeastern section of the Portland metropolitan area, approximately 14 miles from downtown Portland. Access to the District is provided by four major highway systems: Interstate 205 and State Highways 212, 213 and 224. CRW has two distinct service areas located north and south of the Clackamas River. The District serves approximately 13,000 customers (residential and commercial) with a population of 49,834, within the District boundaries, according to the Portland State University Population Research Center.

From the treatment plant, the District tests, treats and pumps water drawn from the Clackamas River to reservoir storage and then to customers through its distribution system. The service area north of the river is urbanized and is supplied water from the CRW treatment plant located along the river. Water from this plant is provided on a retail basis to direct users north of the river and to North Clackamas County Water Commission (NCCWC) on a wholesale basis.

The service area south of the Clackamas River is predominately rural. CRW buys most of the water necessary to serve that area from South Fork Water Board (SFWB) – jointly owned by the cities of Oregon City and West Linn and located in Oregon City. A small amount of water is also purchased from the City of Oregon City to serve our "joint user" customers. As a result of the completion of infrastructure projects in 2020, approximately 25% of the demand of the south service area is provided water from the CRW treatment plant. This area served is known as our Redland pressure zone.

The District is governed by a five-member Board of Commissioners (Board) who are elected at large and reside within District boundaries. Board members serve 4-year terms and the Chair is determined by vote of the Board. The position of the Chair does not have singular authority above or beyond that of the other Commissioners. The function of the Board Chair is to conduct Board meetings and events, to represent the Board's position on issues, and to coordinate the agenda for the monthly business meetings.

Daily administrative functions are overseen by an appointed General Manager, while the Board of Commissioners sets policy, adopts the annual budget and passes ordinances in accordance with state law. General Manager, Todd Heidgerken oversees the District's four departments (Administration; Finance, Accounting and Customer Service (FACS); System Operations; and Water Resources) and approximately 42 FTE.

Water sales account for approximately 99% of the District's operating revenues year after year.

## ***Budgeting Controls***

The District maintains extensive budgetary controls. The objective of these controls is to ensure compliance with legal provisions embodied in Oregon Revised Statutes, Chapter 294 that prescribes the format and content of local government budgets in the state. The biennial appropriated budget is adopted by the Board of Commissioners. All of the Districts funds are included in the appropriated budget.

To the Board of Commissioners and the  
Customers of Clackamas River Water  
January 30, 2024

The District's budget process begins in late fall of each biennial budget cycle with the generation of indirect and overhead costs. This is designed to recover the costs associated with technology, human resources services, records management, financial and accounting, and facilities management costs, among others, when charging grants or for services. The costs are applied in a manner consistent and compliant with rules about grant-funded activities.

The Budget Committee, comprised of the Commissioners and an equal number of citizen members appointed by the Commissioners, typically establishes expectations and budgetary policy targets for the upcoming budget season. For the 2023-25 budget process, the ten-member Budget Committee considered and approved the proposed budget submitted by the Budget Officer, Mr. Heidgerken, with some minor adjustments.

Each biennium, the District issues its prospective budget calendar, holds a workshop to apprise department managers of the requirements for the budget process, and allows time for departments to generate budget requests. Budgets are turned in to Finance in February, are reviewed and analyzed, and are referred back to departments for updates, corrections and subsequent meetings with the Budget Officer.

The Budget Officer presents the recommended budget to the Budget Committee at the first public Committee meeting (generally held in May of each year). The Committee then has deliberation time prior to approving the proposed budget. The budget, once approved and forwarded from the Committee to the Board of Commissioners for adoption, undergoes a public hearing and adoption process prior to June 30, so that the next fiscal year will have its budget in place as it commences, as directed by Oregon Budget Law.

The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is established by the following object classifications: personnel services, materials & services, capital outlay, debt service, interfund transfers, and contingency. The District also maintains an encumbrance accounting system as one method of maintaining budgetary control. Encumbered amounts lapse at year's end and outstanding encumbrances are re-appropriated as necessary. As demonstrated by the statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management.

### ***Local Economic Condition and Outlook***

The chief economic concern locally has been inflation, which grew to 9.1% nationally in June of 2022, resulting in an average inflation rate of 8.0% for the calendar year 2022. Our customers and residents were watching their earnings and spending power being eroded by rising costs in nearly every aspect of life. Congress passed the Inflation Reduction Act of 2022 and since then, we have seen cooling of inflation with rates down to 3.1% reported for November 2023. The Federal Reserve announced they plan to cut rates as many as 3 times in 2024, which markets have interpreted as positive, rebounding with significant gains in December. However, economists are still watchful as we edge out of the current inflationary environment. The question is if this will be a soft landing or a hard landing. As such, the District has budgeted with this in mind for BN 2023-25, and in forecasts for the years beyond, with increases largely due to inflation, emergency response costs, as well plans for continued investments in repairing or replacing aging infrastructure. Fortunately, the District has a diverse customer base, sound financial position, and the ability to adjust the timing of capital expenditures, all which contribute to the health of the organization.

To the Board of Commissioners and the  
Customers of Clackamas River Water  
January 30, 2024

Growth (housing & businesses) within CRW's service area is limited by current urban growth boundaries and new housing developments, over which CRW has no control. New service connections increased by 35 in fiscal year 2023 compared to 69 in fiscal year 2022. Of the 35 new connections, 29 were residential and 6 were commercial.

As the number of new connections for services is limited due to the District's geographical boundaries, CRW has explored other opportunities such as wholesale water agreements as an alternative source of revenue. CRW maintains a wholesale water agreement with the NCCWC and provides NCCWC members with an initial amount of 2.5 million gallons a day. This amount is anticipated to increase as demands in those areas increase. Wholesale water sales equate to 32% of the total water sales and provides about 8% of the District's water sales revenue during fiscal year 2023.

Current unemployment rates remain low, which has contributed to the District's ongoing challenges in hiring qualified candidates to fill current vacancies in personnel. As of June 30, 2023, the national average for unemployment was 3.6%, with 3.5% reported in Oregon and 3.2% in Clackamas County (U.S. Bureau of Labor Statistics). Current rates are approximately 3.7% for the nation, 3.6% for Oregon, and 3.1% (U.S. Bureau of Labor Statistics) for Clackamas County.

The Board reviews rates periodically, keeping conservation pricing in mind, to promote the efficient use of water resources. Customer water rate structures are designed to promote water conservation through increasing block rates. This pricing structure, along with an expanded effort to educate customers about efficient water use strategies, encourages prudent use of water resources and helps mitigate future needs for capacity expansion. Rate increases, when approved, are implemented in September.

Water system costs are influenced by several notable factors including the following: regulatory compliance with Federal and State laws, operating costs, repair and replacement costs of equipment and infrastructure, and personnel costs. Costs that CRW cannot control or influence are items such as inflation, escalation of prices due to supply shortages, and the continued rising costs of healthcare for our workforce.

### **Long Term Planning Efforts and Major Initiatives**

Consistent with the Board's adopted strategic plan goal of "Ensure a reliable water supply for the communities we serve by investing in infrastructure and emergency preparedness", CRW has developed a comprehensive six-year capital plan prioritizing infrastructure replacement based on the Water Systems Master Plan (2019) and the Water Facilities Master Plan (2021). The plan utilizes the following criteria to prioritize projects:

- Age – How does the age of our water system components affect their ability to contribute to long-term system health and function?
- Capacity – How will the system be able to meet current and future demands?
- Water Quality – How will the system be able to meet current and future water quality goals and requirements?
- Resilience – How will the system be able to meet hazard resilience goals and requirements?

Capital improvement projects within the six-year capital plan (approximately \$24M) are prioritized for inclusion in biennial budgets. Water rates, bonds, and system development charges (SDCs) provide funding for the CIP projects. SDCs are collected from each new service connection to the system. To help ensure that growth pays its fair share of improvements to the system, the District increases SDC rates annually, with adjustments tied to the Seattle Engineering News Record construction price index. New rates are effective July 1<sup>st</sup> each year.

To the Board of Commissioners and the  
Customers of Clackamas River Water  
January 30, 2024

The following is a brief summary of the significant capital improvement projects underway:

*Project 5303 82<sup>nd</sup> Dr Waterline Phase 2*

CRW will design and construct a new 12-inch waterline to replace a portion of an existing 10-inch 1920's era cast iron water main. This project is currently in design. Area surveys are complete and a design consulting contract is being procured with expected completion Fall 2024. Estimated cost is \$1,041,000.

*Project 5291 I-205 Crossings*

CRW will design and construct two new 12-inch freeway crossings to increase water flow to the west and decommission unprotected 1970's 6-inch cast iron waterlines under the freeway crossing. This project is currently in design. Area surveys are complete and a design consulting contract is being procured with expected completion Fall 2024. Estimated cost is \$1,119,000.

*Project 5273 Redland Road – Ferguson to Bradley Rd*

CRW will replace the existing 8-inch 1960's cast iron waterline with new 12-inch waterline in conjunction with Clackamas County's road improvements. This project is currently in close out as construction is complete. Estimated cost is \$666,000.

*Project 5306 Redland Road Waterline – Bradley to Potter Rd*

CRW will replace the existing 8-inch 1960's cast iron waterline with new 12-inch waterline in conjunction with Clackamas County's road improvements. This project is currently in construction with expected completion Summer 2024. Estimated cost is \$1,355,000.

*Project 5307 Redland Road Pressure Reducing Valves*

CRW will design and install new pressure reducing valves at the Redland Pump Station, as well as enhance service capacity to the South Service Area. This project is currently in design with expected completion Summer 2024. Estimated cost is \$1,003,000.

*Project 5309 Water Treatment Plant Structural Improvements*

CRW will repair and renovate the Water Treatment Plant infrastructure to address deficiencies identified by the Building Envelope Condition Assessment and Structural/Concrete Assessment. This project is in design with expected completion Spring 2025. Estimated cost is \$1,000,000.

*Project 5282 Water Treatment Plant Filter Valves*

CRW will replace leaking filter valves at the Water Treatment Plant to address aging infrastructure. This project is currently in procurement for parts and a service installation contract with expected completion Summer 2024. Estimated cost is \$1,302,000.

## **Relevant Financial Policies**

Relevant financial policies are addressed in Note 1 to the financial statements. In the current year no one policy produced a significant impact on the financial statements. In addition, the District maintains written financial policies to guide the Board and management on decisions that involve significant financial outcomes. The policies address financial planning including long-term forecasting, capital planning and funding, and budgeting.

It is District policy to operate the water system without property tax support. The two elements of this policy are that (1) the system is operated to provide service to its residents and customers based upon the cost of the service, and (2) bonds issued for major improvements to the system are retired with

To the Board of Commissioners and the  
Customers of Clackamas River Water  
January 30, 2024

revenue from water sales. Thus, although it has the authority to do so, CRW does not currently use property taxes to finance general operations.

## Awards and Acknowledgements

### Awards

*Annual Comprehensive Financial Report.* The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to CRW for its Annual Comprehensive Financial Report for the fiscal year ended June 30, 2022. This was the 23rd year that the District has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized Annual Comprehensive Financial Report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current Annual Comprehensive Financial Report continues to meet the Certificate of Achievement program requirements and will again submit it to the GFOA to determine its eligibility for another certificate.

*Distinguished Budget Presentation Award.* The Government Finance Officers Association of the United States and Canada (GFOA) awarded the Distinguished Budget Presentation Award to CRW for its Adopted Biennial Budget for BN 2021-23. This was the 7<sup>th</sup> time that the District has received the award for the budget document. The award is the highest form of recognition in governmental budgeting and reflects a commitment by the governing body and staff to meet the highest principles of governmental budgeting. To receive the budget award, the entity must satisfy nationally recognized guidelines for effective budget presentation. The guidelines are designed to assess how well an entity's budget document serves as a policy document, financial plan, operational plan and a communications device. Budget documents must be rated proficient in all four categories, as well as fourteen mandatory criteria within those categories to receive the award.

The District has submitted its Adopted Biennial Budget for BN 2023-25 to GFOA for the Distinguished Budget Presentation Award. We believe that this budget will continue to meet the criteria for the award.

### Acknowledgements

The preparation of the Annual Comprehensive Financial Report could not have been accomplished without the dedicated services of CRW's staff. We wish to express our appreciation to all employees who helped the District meet the requirements for financial reporting. Finally, we wish to thank you, the members of the Board of Commissioners, for your interest and support in planning and conducting the financial operations of CRW in a responsible and progressive manner.

Respectfully submitted,



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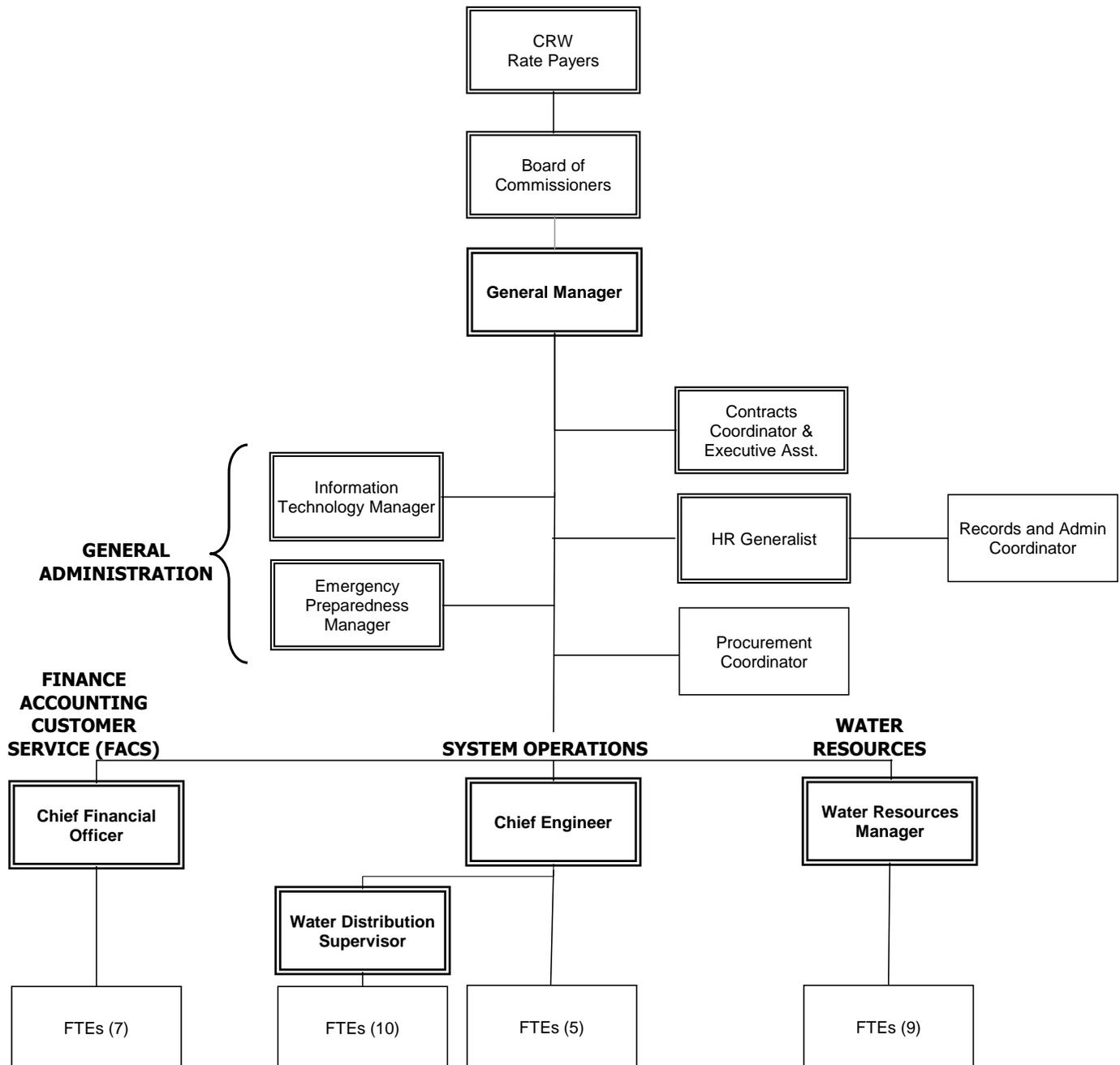
Todd Heidgerken  
General Manager



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Christa Bosserman Wolfe, CPA  
Chief Financial Officer

# Organizational Structure



Double Lines = Non Represented Employees

Bold Lines = Managers

**CLACKAMAS RIVER WATER**  
GOVERNING BODY UNDER ORS 264.410  
BOARD OF COMMISSIONERS  
16770 SE 82ND DRIVE  
P.O. BOX 2439  
CLACKAMAS, OREGON 97015

**Commissioners as of June 30, 2023**

| <b>Name</b>                  | <b>Term Expires</b> |
|------------------------------|---------------------|
| Sherry French, President     | June 30, 2025       |
| Naomi Angier, Secretary      | June 30, 2027       |
| Tessah Danel, Treasurer      | June 30, 2027       |
| Rusty Garrison, Commissioner | June 30, 2025       |
| Bob Rubitschun, Commissioner | June 30, 2027       |

**Management Team**

|                         |                                |
|-------------------------|--------------------------------|
| Todd Heidgerken         | General Manager                |
| Christa Bosserman Wolfe | Chief Finance Officer          |
| Adam Bjornstedt         | Chief Engineer                 |
| Vacant                  | Water Resources Manager        |
| Beth McGinnis           | Emergency Preparedness Manager |
| Kham Keobounnam         | Information Technology Manager |
| Jon Sleight             | Water Distribution Supervisor  |
| Joe Eskew               | Engineering Manager            |
| Adora Campbell          | Human Resources Generalist     |



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**Clackamas River Water  
Oregon**

For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

June 30, 2022

*Christopher P. Morrill*

Executive Director/CEO

## **Report of Independent Auditors**

The Board of Commissioners  
Clackamas River Water District

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

We have audited the financial statements of Clackamas River Water District (the District) which comprise the statements of net position as of June 30, 2023 and 2022, and the related statements of revenue, expense, and changes in net position and cash flows for the years then ended, and the related notes to the basic financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Clackamas River Water District as of June 30, 2023 and 2022, 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 audits 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 Clackamas River Water District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. 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 basic 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 Clackamas River Water District's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### ***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 Clackamas River Water District'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 Clackamas River Water District'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 the management's discussion and analysis, the schedule of pension contributions, and the schedule of proportionate share of the net pension (asset) liability as identified in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's financial statements. The Description of Budgetary Funds, Budgetary Basis Schedules and Reconciliation of Revenues and Expenditures to Change in Net Position, which is included as supplementary information, 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 supplementary information is 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 Introductory and Statistical sections 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 Audits of Oregon Municipal Corporations, we have also issued our report dated January 29, 2024, on our consideration of the Clackamas River Water District's compliance with certain provisions of laws, regulations, contracts, and grant agreements, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-010-0000 through 162-010-0330 of the Minimum Standards for Audits of Oregon Municipal Corporations. 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.



Julie Desimone, Partner  
for Moss Adams LLP  
Portland, Oregon  
January 29, 2024

## **Management's Discussion and Analysis**

## **Clackamas River Water Management's Discussion and Analysis**

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As management of Clackamas River Water (the "District"), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2023. We encourage readers to consider the information presented here in conjunction with the Basic Financial Statements, the Notes to the Basic Financial Statements, and the additional information contained in the Letter of Transmittal.

### **FINANCIAL HIGHLIGHTS**

- District assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources (also defined as net position) at the close of the fiscal year (FY) by \$79,953,409. This amount reflects an increase of \$4,858,892 or 4.4% from FY 2022 and \$3,426,961 or 4.8% since FY 2021. For the fiscal year ended June 30, 2023, total net position includes unrestricted net position of \$8,837,998 that may be used to meet ongoing obligations of providing drinking water services.
- Total assets and deferred outflows increased by \$4,623,334 or 4.4% from fiscal year 2022 and \$2,133,634 or 2.1% from fiscal year 2021. The change results primarily from increases in pooled cash and investments of \$4,304,119, as spending on capital projects was delayed, increases in receivables of \$559,423, and a decrease in deferred outflows due to pension charges decreasing by \$427,597.
- Total liabilities and deferred inflows decreased by \$235,558 or 0.8% in FY2023 and \$1,293,327 or 4.4% in FY 2022. The changes were primarily due to a decrease of \$1,116,722 in deferred inflows due to deferred leases and pension liability, offset by increases in outstanding accounts payable at year end and net pension liability increase of \$974,564.
- Total net position increased \$4,858,892 due to increases in both the restricted portion for capital projects and unrestricted portion.
- Total Operating Revenues for fiscal year 2023 increased by \$1,680,454 or 11.2%, from the prior year. The increase is due to retail water rate increases and a 1.8 percent increase in consumption during the fiscal year. Non-operating revenue increased by \$336,578 or 45.8% over the prior fiscal year primarily due to the higher interest rate environment which has significantly increased interest earnings.
- Total Expenses increased by \$556,835 or 4.3%, from fiscal year 2022, which is primarily attributed to inflation on materials and services costs and increases in personnel costs.

# **Clackamas River Water Management's Discussion and Analysis**

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## **OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements, which are included in the District's annual report and include the Statement of Net Position; Statement of Revenues, Expenses and Changes in Net Position; Statement of Cash Flows and notes to the financial statements. The notes to the financial statements provide additional information that is essential to a complete understanding of the data provided in the financial statements. This report also contains supplementary information.

The District is a self-supporting entity and presents as single enterprise fund for financial reporting purposes. Accordingly, the financial statements are presented using the flow of economic resource measurement focus and the accrual basis of accounting.

The Statements of Net Position present information on all assets plus deferred outflows of resources, and liabilities plus deferred inflows of resources, with the net difference between these components reported as net position. Over time, changes in net position may serve as a useful indicator of whether the District's financial position is improving or deteriorating.

The Statements of Revenues, Expenses and Changes in Net Position present information related to increases and decreases in total net position. These statements are prepared on the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

The Statements of Cash Flows present cash flows from operating activities, cash flows from noncapital financing activities, cash flows from capital and related financing activities, and cash flows from investing activities.

The basic financial statements contain information relating to District operations and can be found on pages 13 through 17 of this report.

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide statements. The Notes to the Basic Financial Statements can be found on pages 18 through 37 of this report.

In addition to the basic financial statements and accompanying notes, this report also presents both required supplementary information and other supplementary information beginning on page 38. Required supplementary information contains comparative information to support pension note disclosures. Other supplementary information provides budgetary fund statements. These statements provide more detailed information about the District's funds. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with budgetary legal requirements.

## Clackamas River Water Management's Discussion and Analysis

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### FINANCIAL ANALYSIS

The financial operations of the District are primarily related to the treatment and distribution of clean drinking water.

Net position may serve as a useful indication of the financial health of the organization. The following table offers a comparison of assets, liabilities, deferred outflows/inflows of resources, and net position at June 30, 2023, 2022 and 2021:

A summary of the District's Statement of Net Position at June 30, is as follows:

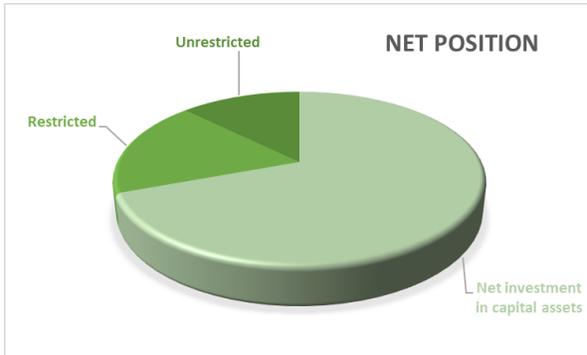
|   | 2023                  | 2022                  | Difference<br>2023-2022 | Percent<br>Change | 2021                  |
|---|-----------------------|-----------------------|-------------------------|-------------------|-----------------------|
| <b>Assets</b>                                 |                       |                       |                         |                   |                       |
| Current assets                                | \$ 30,299,988         | \$ 25,404,521         | \$ 4,895,467            | 19.3%             | \$ 21,940,917         |
| Capital assets                                | 76,945,857            | 76,787,979            | 157,878                 | 0.2%              | 77,938,836            |
| <b>Total Assets</b>                           | <b>107,245,845</b>    | <b>102,192,500</b>    | <b>5,053,345</b>        | <b>4.9%</b>       | <b>99,879,753</b>     |
| Deferred Outflows                             | 1,864,829             | 2,294,840             | (430,011)               | -18.7%            | 2,473,953             |
| <b>Total Assets and Deferred Outflows</b>     | <b>\$ 109,110,674</b> | <b>\$ 104,487,340</b> | <b>\$ 4,623,334</b>     | <b>4.4%</b>       | <b>\$ 102,353,706</b> |
| <b>Liabilities</b>                            |                       |                       |                         |                   |                       |
| Current liabilities                           | \$ 2,894,770          | \$ 1,904,194          | \$ 990,576              | 52.0%             | \$ 2,902,774          |
| Non-current liabilities                       | 24,318,853            | 23,824,770            | 494,083                 | 2.1%              | 27,404,766            |
| <b>Total Liabilities</b>                      | <b>27,213,623</b>     | <b>25,728,964</b>     | <b>1,484,659</b>        | <b>5.8%</b>       | <b>30,307,540</b>     |
| Deferred Inflows                              | 1,943,642             | 3,663,859             | (1,720,217)             | -47.0%            | 378,610               |
| <b>Total Liabilities and Deferred Inflows</b> | <b>29,157,265</b>     | <b>29,392,823</b>     | <b>(235,558)</b>        | <b>-0.8%</b>      | <b>30,686,150</b>     |
| <b>Net Position</b>                           |                       |                       |                         |                   |                       |
| Net investment in capital assets              | 56,964,053            | 56,357,774            | 606,279                 | 1.1%              | 57,021,759            |
| Restricted                                    | 14,151,358            | 11,144,367            | 3,006,991               | 27.0%             | 10,348,939            |
| Unrestricted                                  | 8,837,998             | 7,592,376             | 1,245,622               | 16.4%             | 4,296,858             |
| <b>Total net position</b>                     | <b>79,953,409</b>     | <b>75,094,517</b>     | <b>4,858,892</b>        | <b>6.5%</b>       | <b>71,667,556</b>     |
| <b>Total Liabilities and Net Position</b>     | <b>\$ 109,110,674</b> | <b>\$ 104,487,340</b> | <b>\$ 4,623,334</b>     | <b>4.4%</b>       | <b>\$ 102,353,706</b> |

Current assets increased by \$4,895,467, largely due to increases in cash and investments, as expenditures for the fiscal year were lower than anticipated due to capital projects that were delayed and staffing shortages, as well as higher interest yields. Capital assets increased by \$157,878 due to additions. Deferred outflows decreased by \$430,011, due to changes in deferred pension system charges and deferred charges on bonded debt (amortized).

## Clackamas River Water Management's Discussion and Analysis

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Current liabilities increased by \$990,576, largely due to increases in accounts payable and customer deposits at year end. Non-current liabilities increased by \$494,083 primarily due to an increase in the District's pension liability and principal payments on revenue bonds. Deferred inflows decreased by \$1,720,217 due to changes in the pension systems projected and actual earnings and deferred lease



revenue as the lease revenue is recognized in accordance with GASB 87.

Changes due to the implementation of GASB 96 were immaterial to the financials as a whole.

Of net position, 69.3% reflects net investment in capital assets, consisting of treatment facilities, land, distribution systems, buildings, machinery and equipment, vehicles, construction work in progress and intangible assets, less any related outstanding debt that was used to acquire those assets. These assets are used to provide services to the District's customers therefore this amount is not available for spending. Restricted net position accounts for 18.1% and represents resources that are subject to external restrictions on how they may be used. This component includes revenue bond proceeds, advance deposits for capital projects, and system development charges. The remaining 12.6% of total net position is unrestricted. These items have no external restriction concerning their use or function and may be used to finance day-to-day operations. Overall, the District's net position increased by \$4,858,892 or 6.5% from the prior year.

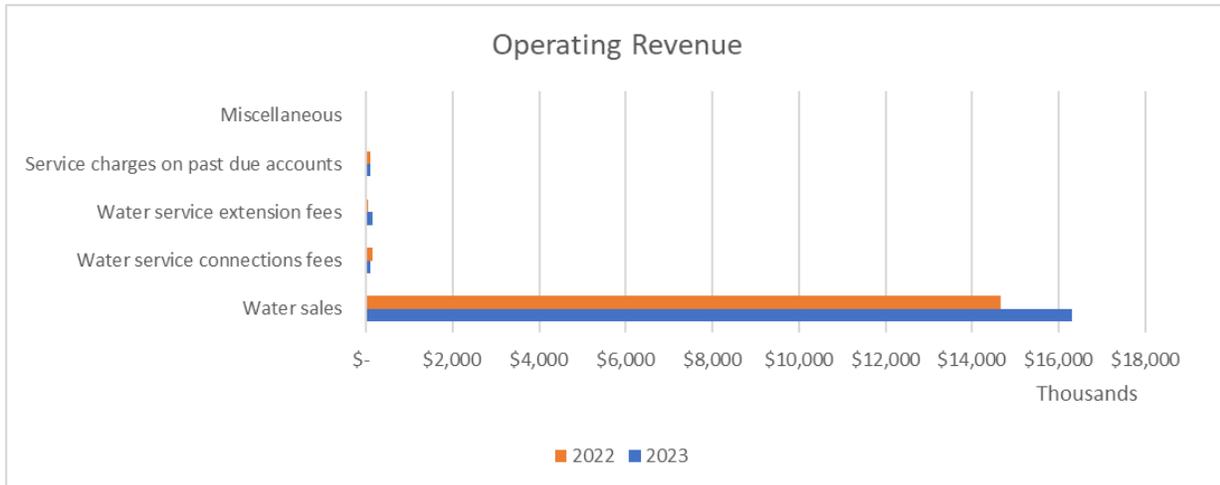
## Clackamas River Water Management's Discussion and Analysis

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

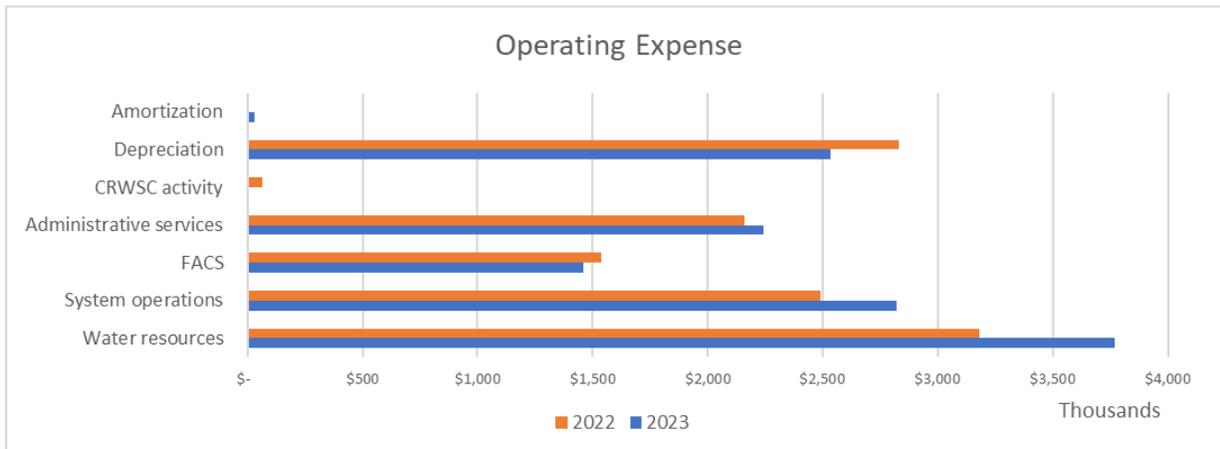
|  | 2023                 | 2022                 | Difference<br>2023-2022 | Percent<br>Change | 2021                 |
|--|----------------------|----------------------|-------------------------|-------------------|----------------------|
| <b>Operating Revenues:</b>                 |                      |                      |                         |                   |                      |
| Water sales                                | \$ 16,315,870        | \$ 14,666,129        | \$ 1,649,741            | 11.2%             | \$ 14,302,640        |
| Other                                      | 380,600              | 349,887              | 30,713                  | 8.8%              | 152,411              |
| <b>Total Operating Revenues</b>            | <b>16,696,470</b>    | <b>15,016,016</b>    | <b>1,680,454</b>        | <b>11.2%</b>      | <b>14,455,051</b>    |
| <b>Nonoperating Revenues:</b>              |                      |                      |                         |                   |                      |
| Interest earnings                          | 509,079              | 110,937              | 398,142                 | 358.9%            | 103,215              |
| Rental income                              | 106,012              | 106,012              | -                       | 0.0%              | 117,974              |
| Federal and other awards                   | -                    | 59,330               | (59,330)                | -100.0%           | 190,765              |
| Other                                      | 119,463              | 121,697              | (2,234)                 | -1.8%             | 119,674              |
| <b>Total Revenues</b>                      | <b>17,431,024</b>    | <b>15,413,992</b>    | <b>2,017,032</b>        | <b>13.1%</b>      | <b>14,986,679</b>    |
| <b>Operating Expenses</b>                  |                      |                      |                         |                   |                      |
| Water Resources                            | 3,767,350            | 3,180,531            | 586,819                 | 18.5%             | 3,567,376            |
| System Operations                          | 2,818,139            | 2,490,976            | 327,163                 | 13.1%             | 3,210,473            |
| Finance, Accounting and Customer Service   | 1,458,622            | 1,537,336            | (78,714)                | -5.1%             | 1,679,765            |
| Administrative Services                    | 2,240,380            | 2,158,101            | 82,279                  | 3.8%              | 2,467,675            |
| CRWSC Activity                             | -                    | 64,051               | (64,051)                | -100.0%           | 90,810               |
| Less:                                      |                      |                      |                         |                   |                      |
| Overhead, equipment and labor capitalized  | (73,903)             | (59,362)             | (14,541)                | 24.5%             | (178,092)            |
| Loss on disposal of capital assets         | -                    | -                    | -                       | 0.0%              | (161)                |
| <b>Subtotal</b>                            | <b>10,210,588</b>    | <b>9,371,633</b>     | <b>838,955</b>          | <b>9.0%</b>       | <b>10,837,846</b>    |
| Depreciation & amortization                | 2,562,809            | 2,828,095            | (265,286)               | -9.4%             | 2,433,974            |
| Interest expense                           | 739,517              | 756,351              | (16,834)                | -2.2%             | 762,070              |
| <b>Total Expenses</b>                      | <b>13,512,914</b>    | <b>12,956,079</b>    | <b>556,835</b>          | <b>4.3%</b>       | <b>14,033,890</b>    |
| Income (loss) before capital contributions | 3,918,110            | 2,457,913            | 1,460,197               | 59.4%             | 952,467              |
| Capital Contributions & SDCs               | 940,782              | 969,048              | (28,266)                | -2.9%             | 1,463,511            |
| <b>Increase in Net Position</b>            | <b>4,858,892</b>     | <b>3,426,961</b>     | <b>1,431,931</b>        | <b>41.8%</b>      | <b>2,415,978</b>     |
| <b>Total Net Position - Beginning</b>      | <b>75,094,517</b>    | <b>71,667,556</b>    | <b>3,426,961</b>        | <b>4.8%</b>       | <b>69,251,578</b>    |
| <b>Total Net Position - Ending</b>         | <b>\$ 79,953,409</b> | <b>\$ 75,094,517</b> | <b>\$ 4,858,892</b>     | <b>6.5%</b>       | <b>\$ 71,667,556</b> |

Total revenues increased by \$2,017,032 or 13.1%, for fiscal year 2023. Total revenue was \$17,431,024 \$15,413,992, \$14,986,679 for fiscal years ended June 30, 2023, 2022, and 2021, respectively. Water sales increased by \$1,649,741 or 11.2% due to rate increases for both retail and wholesale customers. Other operating revenues including water service extension fees, service charges on past due accounts and miscellaneous revenues increased by \$30,713 or 8.8%. The following graph breaks out Water Sales from other operating revenues.

## Clackamas River Water Management's Discussion and Analysis



Non-operating revenue increased by \$336,578 or 45.8% over the prior fiscal year primarily due to the higher interest rate environment which has significantly increased interest earnings. And Federal funding decreased, as the COVID-19 relief funds have been exhausted.



Total operating expenses increased by \$556,835 or 4.3% over the prior year. Operating expenses incurred by the District totaled \$13,512,914, \$12,956,079, and \$14,033,890 for the fiscal years ended June 30, 2023, 2022, and 2021, respectively. Departments such as Water Resources, System Operations, and Administrative Services all experienced increases in costs, ranging from 18.5-3.8%, due to the rise in personnel costs and inflation in materials and service costs. Finance, Accounting & Customer Service experienced a decrease in costs of 5.1% due to vacant positions. The Clackamas Regional Water Supply Commission (CRWSC) Activity was \$0, as the fund was closed at the end of fiscal year 2022. Depreciation expense decreased by 9.4% and interest expense decreased by 2.2% due to revenue bond payments.

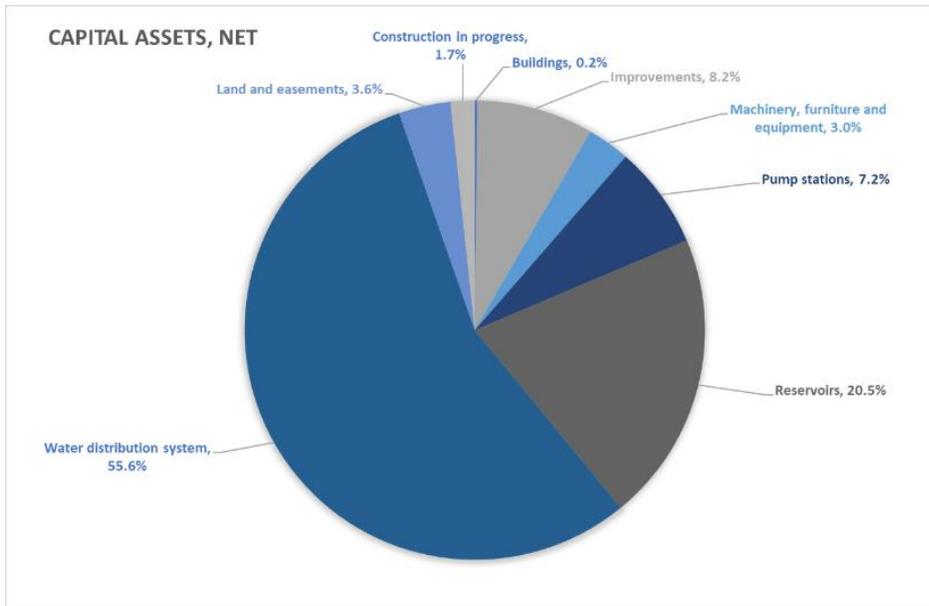
## Clackamas River Water Management's Discussion and Analysis

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### CAPITAL ASSETS

| <b>Capital Assets</b> (net of depreciation and amortization) |                             |                             |
|--|-----------------------------|-----------------------------|
|  | <u>2023</u>                 | <u>2022</u>                 |
| Land and easements   | \$ 2,799,020                | \$ 2,799,020                |
| Construction in progress                                     | 1,302,512                   | 519,890                     |
| Buildings  | 145,032                     | 55,460                      |
| Improvements   | 6,301,657                   | 6,382,172                   |
| Machinery, furniture and equipment                           | 2,301,868                   | 2,152,982                   |
| Pump stations  | 5,564,628                   | 5,588,504                   |
| Reservoirs   | 15,735,469                  | 16,047,530                  |
| Water distribution system                                    | <u>42,738,871</u>           | <u>43,242,420</u>           |
| <b>Total</b>   | <b><u>\$ 76,889,057</u></b> | <b><u>\$ 76,787,978</u></b> |

Capital assets, net of accumulated depreciated, totaled \$79,889,057 on June 30, 2023. Additions totaled \$1,789,636 for the fiscal year, with increases in all categories except for Reservoirs and Land. Additions are expected as the District embarks on an aggressive capital improvement plan to replace and repair aging infrastructure. The District sold, scrapped, or disposed of various machinery, furniture equipment during the year with a net book value of \$0. Depreciation totaled \$2,534,477 for the fiscal year. Capital contributions converted to capital assets for fiscal year 2023 totaled \$755,334. Additional information on capital assets can be found in note 5 of the Notes to the Basic Financial Statements.



## Clackamas River Water Management's Discussion and Analysis

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### DEBT ADMINISTRATION

| <b>Outstanding Debt</b>            |                      |                      |                      |
|------------------------------------|----------------------|----------------------|----------------------|
|                                    | <u>2023</u>          | <u>2022</u>          | <u>2021</u>          |
| Revenue bonds, net of premiums     | \$ 19,981,804        | \$ 20,478,767        | \$ 21,416,296        |
| Subscription and lease liabilities | 63,551               | 10,376               | -                    |
| <b>Total</b>                       | <u>\$ 20,045,355</u> | <u>\$ 20,489,143</u> | <u>\$ 21,416,296</u> |

The District's bonded debt is revenue bonds (debt to be retired by revenue sources other than taxes). On March 4, 2016, the district issued \$19,790,000 in Water Revenue Bonds with an average interest rate of 4.20 percent to finance capital improvements to the District's facilities and to pay costs of issuance of the Series 2016 bonds. Reduction of revenue bonds for FY 2023 and 2022 is a result of principal payments, net of amortization of premium. Additional information regarding the District's long-term debt can be found in note 6 of the Notes to the Basic Financial Statements.

### ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The District prepares a biennial budget for operating, capital, and debt service costs. The 2023-2025 biennial budget totals \$39,792,750, an increase of \$4,515,250 and 11.3% from the 2021-2023 biennium. Revenues are projected to increase due to water rate increases and a return to pre-pandemic levels of activity for commercial accounts. Increases in inflation and raw material supply chain issues are expected to impact the cost of chemical supplies and utilities. Capital spending to improve existing infrastructure and system capacity continue to be a significant budgetary item as the District implements its Capital Improvement Plan.

Staff and the Board of Commissioners review water rates annually. The Board of Commissioners held a rate hearing on July 19, 2022 and adopted Resolution 01-2023 on August 11, 2022 and later, Resolution 12-2023 on May 11, 2023, which subsequently increased rates by approximately 8% on September 1, 2022 and again September 1, 2023. Rates increases of 6% are anticipated for September 1, 2024.

### FINANCIAL CONTACT

Our financial report is designed to provide our ratepayers, investors and creditors with a general overview of the District's finances. Questions about this report or clarification of information may be directed to Chief Finance Officer at Clackamas River Water, 16770 SE 82nd Dr. (PO Box 2439), Clackamas, OR 97015. The District phone number is 503-722-9220.

## **Basic Financial Statements**

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**Clackamas River Water  
Statements of Net Position  
June 30, 2023 and 2022**

|   | <u>2023</u>                  | <u>2022</u>                  |
|---|------------------------------|------------------------------|
| <b>ASSETS</b>                                   |                              |                              |
| Current assets                                  |                              |                              |
| Cash and cash equivalents                       | \$ 11,041,156                | \$ 9,908,992                 |
| Cash held for customer deposits                 | 442,843                      | 450,206                      |
| Accounts receivable, net                        | 3,655,063                    | 3,095,640                    |
| Supplies inventory                              | 283,995                      | 251,354                      |
| Prepaid expenses                                | <u>267,235</u>               | <u>267,951</u>               |
| Total current assets - unrestricted             | 15,690,292                   | 13,974,143                   |
| Cash and cash equivalents - restricted          | <u>14,609,696</u>            | <u>11,430,378</u>            |
| Total current assets                            | <u>30,299,988</u>            | <u>25,404,521</u>            |
| Noncurrent Assets                               |                              |                              |
| Capital assets not being depreciated            | 4,101,532                    | 3,318,910                    |
| Capital assets, net of accumulated depreciation | 72,787,525                   | 73,469,069                   |
| Subscription asset, net of amortization         | <u>56,800</u>                | <u>-</u>                     |
| Total noncurrent assets                         | <u>76,945,857</u>            | <u>76,787,979</u>            |
| <b>TOTAL ASSETS</b>                             | 107,245,845                  | 102,192,500                  |
| <b>DEFERRED OUTFLOWS</b>                        |                              |                              |
| Deferred pension                                | 1,808,305                    | 2,235,902                    |
| Deferred charges on bonded debt                 | <u>56,524</u>                | <u>58,938</u>                |
| <b>TOTAL DEFERRED OUTFLOWS</b>                  | <u>1,864,829</u>             | <u>2,294,840</u>             |
| <b>TOTAL ASSETS AND DEFERRED OUTFLOWS</b>       | <u><u>\$ 109,110,674</u></u> | <u><u>\$ 104,487,340</u></u> |

See accompanying notes.

**Clackamas River Water  
Statements of Net Position  
June 30, 2023 and 2022**

|  | <u>2023</u>           | <u>2022</u>           |
|--|-----------------------|-----------------------|
| <b>LIABILITIES</b>   |                       |                       |
| Current liabilities  |                       |                       |
| Accounts payable   | \$ 1,106,121          | \$ 356,407            |
| Accrued expenses   | 386,307               | 408,620               |
| Current portion of lease liability                           | 3,052                 | 7,324                 |
| Current portion of subscription liability                    | 25,965                | -                     |
| Customer deposits and other                                  | 722,186               | 491,263               |
| Accrued interest   | 139,196               | 143,617               |
| Current portion of bonds payable                             | <u>511,943</u>        | <u>496,963</u>        |
| Total current liabilities                                    | <u>2,894,770</u>      | <u>1,904,194</u>      |
| Noncurrent liabilities                                       |                       |                       |
| Lease liability  | -                     | 3,052                 |
| Subscription liability                                       | 34,534                | -                     |
| Net pension liability  | 4,814,478             | 3,839,914             |
| Bonds payable  | <u>19,469,841</u>     | <u>19,981,804</u>     |
| Total noncurrent liabilities                                 | <u>24,318,853</u>     | <u>23,824,770</u>     |
| <b>TOTAL LIABILITIES</b>                                     | <u>27,213,623</u>     | <u>25,728,964</u>     |
| <b>DEFERRED INFLOWS</b>                                      |                       |                       |
| Deferred lease revenue                                       | 391,471               | 603,495               |
| Deferred pension   | <u>1,552,171</u>      | <u>3,060,364</u>      |
| <b>TOTAL DEFERRED INFLOWS</b>                                | <u>1,943,642</u>      | <u>3,663,859</u>      |
| <b>TOTAL LIABILITIES &amp; DEFERRED INFLOWS</b>              | 29,157,265            | 29,392,823            |
| <b>NET POSITION</b>  |                       |                       |
| Net investment in capital assets                             | 56,964,053            | 56,357,774            |
| Restricted for:  |                       |                       |
| Debt service   | 258,950               | 297,065               |
| Capital projects   | 12,623,881            | 9,614,803             |
| Rate stabilization   | 1,268,527             | 1,232,499             |
| Unrestricted   | <u>8,837,998</u>      | <u>7,592,376</u>      |
| <b>TOTAL NET POSITION</b>                                    | <u>79,953,409</u>     | <u>75,094,517</u>     |
| <b>TOTAL LIABILITIES, DEFERRED INFLOWS, AND NET POSITION</b> | <u>\$ 109,110,674</u> | <u>\$ 104,487,340</u> |

See accompanying notes.

**Clackamas River Water**  
**Statements of Revenues, Expenses, and Changes in Net Position**  
**Years Ended June 30, 2023 and 2022**

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|   | <u>2023</u>          | <u>2022</u>          |
|---|----------------------|----------------------|
| <b>OPERATING REVENUES</b>                 |                      |                      |
| Water sales                               | \$ 16,315,870        | \$ 14,666,129        |
| Water service connections fees            | 108,805              | 161,170              |
| Water service extension fees              | 160,747              | 63,782               |
| Service charges on past due accounts      | 102,131              | 97,367               |
| Miscellaneous                             | <u>8,917</u>         | <u>27,568</u>        |
| Total operating revenues                  | <u>16,696,470</u>    | <u>15,016,016</u>    |
| <b>OPERATING EXPENSES</b>                 |                      |                      |
| Water resources                           | 3,767,350            | 3,180,531            |
| System operations                         | 2,818,139            | 2,490,976            |
| Finance, accounting and customer service  | 1,458,622            | 1,537,336            |
| Administrative services                   | 2,240,380            | 2,158,101            |
| CRWSC activity                            | -                    | 64,051               |
| Less: Capitalized labor and overhead      | (73,903)             | (59,362)             |
| Depreciation                              | 2,534,409            | 2,828,095            |
| Amortization                              | <u>28,400</u>        | <u>-</u>             |
| Total operating expenses                  | <u>12,773,397</u>    | <u>12,199,728</u>    |
| Operating income (loss)                   | <u>3,923,073</u>     | <u>2,816,288</u>     |
| <b>NONOPERATING REVENUES (EXPENSES)</b>   |                      |                      |
| Federal and other awards                  | -                    | 59,330               |
| Interest expense, net                     | (739,517)            | (756,351)            |
| Interest earnings on cash equivalents     | 509,079              | 110,937              |
| Rental income                             | 106,012              | 106,012              |
| Gain (Loss) on disposal of capital assets | 82,029               | -                    |
| Other                                     | <u>37,434</u>        | <u>121,697</u>       |
| Total nonoperating revenues (expenses)    | <u>(4,963)</u>       | <u>(358,375)</u>     |
| Income (loss) before contributions        | <u>3,918,110</u>     | <u>2,457,913</u>     |
| <b>CONTRIBUTIONS</b>                      |                      |                      |
| System development charges                | 185,448              | 605,142              |
| Capital contributions                     | <u>755,334</u>       | <u>363,906</u>       |
| Total contributions                       | <u>940,782</u>       | <u>969,048</u>       |
| <b>CHANGE IN NET POSITION</b>             | 4,858,892            | 3,426,961            |
| <b>NET POSITION - BEGINNING OF YEAR</b>   | <u>75,094,517</u>    | <u>71,667,556</u>    |
| <b>NET POSITION - END OF YEAR</b>         | <u>\$ 79,953,409</u> | <u>\$ 75,094,517</u> |

See accompanying notes.

**Clackamas River Water**  
**Statements of Cash Flows**  
**Years Ended June 30, 2023 and 2022**

|   | 2023          | 2022          |
|---|---------------|---------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                     |               |               |
| Cash received from customers                                    | \$ 15,704,093 | \$ 15,715,641 |
| Cash payments to suppliers for goods and services               | (3,149,157)   | (5,530,559)   |
| Cash payments to employees for services                         | (6,045,420)   | (5,372,132)   |
| Other operating revenue   | 254,494       | 634,586       |
| Net cash provided by operating activities                       | 6,764,010     | 5,447,536     |
| <b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b> |               |               |
| Principal paid on revenue bonds                                 | (385,000)     | (370,000)     |
| Interest paid on revenue bonds                                  | (854,000)     | (868,000)     |
| Payments on leases  | (7,324)       | -             |
| Payments on subscription liability                              | (24,701)      | -             |
| Proceeds from sale of capital assets                            | 82,029        | 3,956         |
| System development charges received                             | 185,448       | 605,142       |
| Grant and other revenue   | -             | 59,330        |
| Acquisition and construction of capital assets                  | (1,965,422)   | (1,296,611)   |
| Net cash used in capital and related financing activities       | (2,968,970)   | (1,866,183)   |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                     |               |               |
| Interest received on investments                                | 509,079       | 110,937       |
| Net cash from investing activities                              | 509,079       | 110,937       |
| <b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>                  | 4,304,119     | 3,692,290     |
| <b>CASH AND CASH EQUIVALENTS, beginning of year</b>             | 21,789,576    | 18,097,286    |
| <b>CASH AND CASH EQUIVALENTS, end of year</b>                   | \$ 26,093,695 | \$ 21,789,576 |
| <b>STATEMENT OF NET POSITION ACCOUNTS</b>                       |               |               |
| Cash and cash equivalents                                       | \$ 11,041,156 | \$ 9,908,992  |
| Cash held for customer deposits                                 | 442,843       | 450,206       |
| Restricted cash   | 14,609,696    | 11,430,378    |
|   | \$ 26,093,695 | \$ 21,789,576 |

See accompanying notes.

**Clackamas River Water  
Statements of Cash Flows  
June 30, 2023 and 2022**

|   | 2023         | 2022         |
|---|--------------|--------------|
| RECONCILIATION OF OPERATING GAIN TO NET CASH<br>PROVIDED BY OPERATING ACTIVITIES          |              |              |
| Operating income  | \$ 3,923,073 | \$ 2,816,288 |
| Adjustments to reconcile operating income<br>to net cash provided by operating activities |              |              |
| Depreciation  | 2,534,409    | 2,828,095    |
| Amortization  | 28,400       | -            |
| Rents received  | 106,012      | 106,012      |
| Shared resources  | 279,337      | 70,391       |
| Right of way fee  | 23,794       | 23,738       |
| Capitalized labor and overhead  | (73,903)     | (59,362)     |
| Pension expense   | (106,032)    | (217,256)    |
| Changes in assets and liabilities   |              |              |
| Decrease (increase) in  |              |              |
| Accounts receivable   | (559,423)    | 318,327      |
| Supplies inventory  | (32,641)     | (22,608)     |
| Prepaid expenses  | 716          | (7,701)      |
| Deferred outflow  | 427,597      | -            |
| Increase (decrease) in  |              |              |
| Accounts payable  | 749,714      | (873,767)    |
| Accrued expenses  | (22,313)     | (55,117)     |
| Unearned revenue and customer deposits  | 230,923      | 520,496      |
| Net pension liability   | 974,564      | -            |
| Deferred inflow   | (1,720,217)  | -            |
| Total adjustments   | 2,840,937    | 2,631,248    |
| NET CASH FROM OPERATING ACTIVITIES  | \$ 6,764,010 | \$ 5,447,536 |
| Supplemental schedule of noncash investing<br>and capital financing activities            |              |              |
| Donated capital assets  | \$ 755,334   | \$ 363,906   |

See accompanying notes.

## **Clackamas River Water**

### **Notes to Basic Financial Statements**

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#### **Note 1 – Clackamas River Water**

Clackamas River Water (the “District”) is an independent domestic water supplier and distributor organized under the provisions of Oregon Revised Statutes Chapter 264. The District has served water customers within its two service area boundaries (north and south), as well as other water districts in Clackamas, Oregon, since 1995.

The District is a consolidation of the former Clackamas Water District, Stanley Water District, Barwell Park Water District, Clairmont Water District and Redland and Holcomb-Outlook Water District. The consolidation of these districts occurred between 1926 and 1995.

The District holds a permit that allows approximately forty million gallons of water per day (“MGPD”) of water intake through its four intake locations on the Clackamas River. The District’s water treatment plant has the capacity to treat approximately 30 MGPD and currently sells an average of 7.6 MGPD to its customers, with the Redland pressure zone being served from the plant. The District’s 14 reservoirs hold excess treated water available for sale.

The District is governed by a five-member Board of Commissioners elected by the voters within the service area boundaries. Administrative functions are delegated to management employees who are responsible to the Board.

In November 2013, Clackamas River Water entered into an intergovernmental agreement with Sunrise Water Authority to efficiently use assets and resources to the mutual benefit of both parties and their customers. The Clackamas Regional Water Supply Commission (CRWSC) is an ORS190 agreement with its own Board of Commissioners, budget and management provided from the two agencies. Funding is from a combination of cash contributions and water sales. Effective June 30, 2022, CRWSC was dissolved.

#### **Note 2 – Summary of Significant Accounting Policies**

**Basis of presentation and accounting** – For financial reporting purposes, the District reports on an enterprise fund basis. Enterprise funds, a proprietary fund type, are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and liabilities associated with the operations are included in the Statement of Net Position. The District’s net position is segregated into three amounts: net investment in capital assets, restricted and unrestricted.

The District’s basic financial statements are prepared on the accrual basis of accounting, which is in accordance with generally accepted accounting principles (GAAP) in the United States of America for proprietary fund types. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recognized at the time liabilities are incurred, regardless of the timing of related cash flows.

All of the District’s activities are included in its financial statements. The District has no component units (separate organizations that have significant operations or financial relationships with the District) or internal service funds (separate departments that provide goods or services to other departments on a cost-reimbursement basis) to consider for inclusion in its financial statements.

## **Clackamas River Water Notes to Basic Financial Statements**

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The District has prepared the financial statements in accordance with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (statements and interpretations).

While not a formal policy, when both restricted and unrestricted resources are available, the District has historically used unrestricted resources first and then restricted resources as needed.

**Use of estimates** – The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities on the date of the financial statements, and reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

**Cash and cash equivalents** – For financial reporting purposes, the District's cash and cash equivalents are considered to be cash on hand, demand deposits, short-term investments with original maturities of three months or less from the date of acquisition and State of Oregon Local Government Investment Pool (LGIP) deposits.

The District maintains a pool of cash and cash equivalents that are available for use by all funds. Interest earned on the pooled cash and cash equivalents is allocated to participating funds based on their respective shares of the balances.

The District's investment policy, adopted by the Board of Commissioners, is limited to the type of investments legally allowed under Oregon Revised Statutes.

Investments are valued at fair value as required by GASB 72. The difference between fair value and cost is not material. The District's investments, authorized under state statutes and the District's investment policy, are comprised of amounts deposited in the LGIP.

Restricted cash and equivalents consist of funds restricted by an external party to be used for capital outlay.

**Accounts receivable** – Accounts receivable represent user charges, which are recognized as earned and unsecured. Management determines receivables to be past due based on individual circumstances and writes off accounts when they are determined to be uncollectible. The District's collection program includes applying service charges to past due accounts, extending payment terms and, if needed, discontinuing water services. The District determines its allowance for uncollectible accounts by considering a number of factors, including length of time receivables are past due, the customer's ability to pay and previous collection history, as well as the economy as a whole.

**Supplies inventory** – Supplies inventory consists of operating supplies and repair parts which are stated at the lower of cost or market, with costs being determined as average cost of purchases.

## Clackamas River Water Notes to Basic Financial Statements

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**Customer deposits and prepaid revenue** – Customer deposits are collected in advance for a variety of services (primarily prepayments for water services, system development and the installation of meters) and are segregated in the District’s cash account. These deposits are recognized as revenue when the related services are completed.

**Capital assets** – Capital assets (purchased or constructed) are stated at historical cost. Capital assets constructed by customers and contributed to the District are stated at cost as determined by the customer, whereas other contributed capital assets are stated at acquisition value at the time received. Routine maintenance and repairs are charged to operations as incurred. Additions and improvements over \$5,000, with an estimated useful life in excess of one year, are capitalized and depreciated over their useful lives.

GAAP requires the cost of depreciable assets to be charged to operations over their expected useful lives in a systematic and rational manner, with consideration given to salvage value. The District records depreciation using the straight-line method over the estimated useful lives of the related assets.

The estimated useful lives of the District’s depreciable assets are as follows:

| <u>Depreciable Asset Types</u>   | <u>Years</u> |
|----------------------------------|--------------|
| Buildings                        | 25-75        |
| Improvements                     | 10-75        |
| Machinery, furniture & equipment | 5-25         |
| Pump stations                    | 20-30        |
| Reservoirs                       | 50-75        |
| Water distribution system        | 15-50        |

The District capitalizes labor and overhead during the period of construction as part of the cost of capital assets. Labor costs are applied directly, whereas overhead is applied based on 39.8 percent of internal costs and 8.0 percent of outside costs for the years ended June 30, 2023 and 2022. Capitalized labor and overhead costs totaled \$73,903 and \$59,362 for the years ended June 30, 2023 and 2022, respectively.

Long-lived assets are evaluated for impairment annually. Whenever events or changes in circumstances indicate the carrying amount of an asset may not be fully recoverable, management calculates the carrying value of its long-lived assets using estimated future cash flows, operating income, and estimated fair values.

**Leases** – CRW recognizes lease contracts or equivalents that have a term exceeding one year and that meet the definition of other than short-term lease. CRW uses a discount rate that is explicitly stated or implicit in the contract. When a readily determinable discount rate is not available, the discount rate is determined using CRW’s incremental borrowing rate at the start of the lease for a similar asset type and term length to the contract. Short-term lease payments are expensed when incurred.

## **Clackamas River Water**

### **Notes to Basic Financial Statements**

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**Unamortized bond premiums, issuance costs, and deferred charges on refunding** – Bond premiums relating to revenue bonds are amortized by the effective interest method over the life of the bond issue using a weighted average of the face amount of the outstanding bonds. Loss on refunding of bonds is amortized over the life of the old or new bonds, whichever is shorter, as a deferred outflow. Issuance costs are expensed as incurred.

**Compensated absences** – The District provides paid vacation for all employees after six months of service. Vacation is earned at a rate of ten to thirty days per year depending on length of service (except for employees with more than fifteen years of service as of June 1996, who are “grandfathered” into the policy in effect at their date of hire). Employees with more than six months of service will be paid for unused vacation upon termination.

The District also provides paid sick leave for all employees. Sick leave is earned at a rate of eight hours per full calendar month of employment. All hours accrued in excess of 1,040 are either paid or converted to additional vacation hours at December 31 each year. Terminated employees forfeit their accrued sick leave. However, employees who provide two weeks’ notice and retire under terms of the District’s retirement plan, may receive cash for accrued sick leave or report the hours to PERS for retirement calculation.

The District allows all hourly union employees to accumulate “comp time” in lieu of receiving overtime pay for any period in which the employee works in excess of their regularly scheduled hours. As compensated absences are due and payable on demand, they are considered due within one year and are included in accrued expenses.

**Pensions, deferred inflows, and outflows of resources** – For the purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Oregon Public Employees Retirement System (OPERS) and addition to/deductions from OPERS’s fiduciary net position have been determined on the same basis as they are reported by OPERS. 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.

**Net position** – All balances and transactions are presented based on the existence or absence of restrictions. These restrictions are either externally imposed (i.e., by grantors, creditors, contributors, or laws and regulations imposed by other governments) or imposed by law through constitutional provisions or enabling legislation. Accordingly, the net position of the District and changes therein, are classified and reported as follows:

*Net investment in capital assets* – capital assets (net of accumulated depreciation) are reduced by the outstanding balance of the District’s revenue bonds which are attributable to the acquisition, construction and improvement of those assets.

*Restricted* – this component of net position consists of assets restricted by third parties or bond resolutions.

*Unrestricted* – all other elements of net position that are not included in the categories listed above.

## **Clackamas River Water Notes to Basic Financial Statements**

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**Operating vs. non-operating revenues and expenses** – In accordance with GASB requirements for proprietary funds, the District distinguishes operating revenues and expenses from non-operating revenues and expenses in its Statement of Revenues, Expenses and Changes in Net Position.

The District defines operating revenues as all service charges and other charges directly attributable to providing water. Operating revenues are recorded when the water is delivered, including an estimated amount for unbilled water sales.

Operating expenses are defined as those expenses directly related to providing these services including treating and delivering water to customers. Operating expenses include water resources, system operations, finance, accounting and customer service, and administrative services expenses and depreciation on capital assets. The District charges only direct costs (i.e., no indirect costs are allocated) to operating expenses.

All other revenues and expenses not listed above are reported as non-operating revenues and expenses. System development charges are reported as capital contributions.

**Risk management** – The District is exposed to various risks of loss related to theft, damage, or destruction of assets; error and omissions; torts; employee injuries; and natural disasters. The District purchases commercial insurance to minimize its exposure to these risks.

Settled claims did not exceed the District's insurance coverage for any of the past two fiscal years.

**Budget** – Oregon Budget Law requires annual or biennial budgets to be adopted for each of the District's funds and requires specific procedures to be followed when budgeting, including establishing a budget committee, providing adequate public notices of budget hearings, adopting the budget and making appropriations. The District began preparing the biennial budget for the period beginning July 1, 2015 through June 30, 2017 (BN2015-2017). The District's budget for the General Fund is adopted on the modified accrual basis of accounting following the main budgetary control categories required under Oregon Budget Law, whereas budgets for all other funds are adopted on the modified cash basis. The Board of Commissioner's final resolution authorizing appropriations for each fund sets the level at which actual expenditures cannot be legally exceeded. Unspent appropriations lapse at the end of the biennial budget.

Unexpected additional resources or expenditures may be added to the budget through the use of a supplemental budget, which requires additional procedures outlined in the Oregon Budget Law before adoption by the Board of Commissioners. Original and supplemental budgets may be modified using "appropriation transfers" between budgetary control categories, and such transfers require only the approval of the Board of Commissioners.

A summary of the District's Biennium Period 2021-23 Adopted Budget is included in the Supplementary Information section attached to these general purpose financial statements.

**Adoption of GASB 87** – CRW adopted GASB No. 87 Leases (GASB 87) as of July 1, 2021. CRW evaluated contracts that were formerly accounted for as operating leases to determine whether they meet the definition of a lease as defined in GASB 87.

## Clackamas River Water Notes to Basic Financial Statements

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**Adoption of GASB 96** – CRW adopted GASB No. 96 Subscription-Based Information Technology Arrangements (GASB 96) as of July 1, 2022. CRW evaluated IT software agreements, that were formerly expenses as incurred, to determine whether they meet the definition of a Subscription-Based Information Technology Arrangement as defined in GASB 96.

### Note 3 – Cash and Cash Equivalents

Cash and cash equivalents (recorded at fair value) consist of the following at June 30:

|   | <u>2023</u>          | <u>2022</u>          |
|---|----------------------|----------------------|
| Cash and cash equivalents   |                      |                      |
| Cash on hand  | \$ 900               | \$ 900               |
| Checking account  | 6,957,728            | 6,139,482            |
| Participation in Oregon State Treasurer's<br>Short-Term Investment Fund | <u>19,135,067</u>    | <u>15,649,195</u>    |
| Total cash and cash equivalents   | <u>\$ 26,093,695</u> | <u>\$ 21,789,576</u> |

Reported on the Statement of Net Position as follows:

|                                      | <u>2023</u>          | <u>2022</u>          |
|--------------------------------------|----------------------|----------------------|
| Current Assets                       |                      |                      |
| Cash and cash equivalents            | \$ 11,041,156        | \$ 9,908,992         |
| Cash held for customer deposits      | 442,843              | 450,206              |
| Noncurrent Assets                    |                      |                      |
| Restricted cash and cash equivalents | <u>14,609,696</u>    | <u>11,430,378</u>    |
| Total cash and cash equivalents      | <u>\$ 26,093,695</u> | <u>\$ 21,789,576</u> |

**Interest rate risk** – In accordance with its investment policy, the District manages its exposure to fair value losses arising from increases in interest rates by limiting its investments to those having maturities not exceeding eighteen months.

**Concentration of credit risk** – The District maintains a policy of investing a maximum of its excess funds as is reasonably prudent while having cash available to meet daily operating needs. All of the District's investments are held in the Local Government Investment Pool (LGIP).

**Custodial credit risk** – Custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District's investment policy includes guidance for legality, safety of investment, preservation of principal, and rate of return. The District's policy is guided by state statute for rating of investments which must be rated "A" (bonds) or better by Standard and Poor's, Moody's Investors Service or any other nationally recognized statistical rating organization.

At June 30, 2023, the book balance of the District's bank deposits (checking account) was \$6,957,728 and the bank balance was \$6,987,492. The difference is due to transactions in process.

## Clackamas River Water Notes to Basic Financial Statements

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Of these deposits, \$250,000 was covered by the Federal Depository Insurance Corporation (FDIC). As required by Oregon Revised Statutes, deposits in excess of FDIC limits were held at a qualified depository for public funds. All qualified depositories for public funds are included in the multiple financial institution collateral pool that is maintained by and in the name of the Office of the State Treasurer. As a result, the District's remaining deposits in excess of FDIC insurance are considered to be fully collateralized.

The District participates in the Local Government Investment Pool (LGIP) which is part of the Oregon State Treasury Short-Term Investment Fund. The State of Oregon Investment policies are governed by statute and the Oregon Investment Council. In accordance with Oregon Statutes, the investment funds are invested, as a prudent investor would do, exercising reasonable care, skill, and caution. The value of CRW's investment in the LGIP is the same as the value of the shares in the LGIP. Separate financial statements for the LGIP are available from the Oregon State Treasurer. The credit quality of the LGIP is unrated as to credit risk.

### Note 4 – Accounts Receivable

Accounts receivable consist of the following at June 30:

|   | 2023         | 2022         |
|---|--------------|--------------|
| Water sales receivables                   | \$ 1,805,607 | \$ 1,533,483 |
| Unbilled water sales                      | 1,323,831    | 1,032,000    |
| Less allowance for uncollectible accounts | (15,000)     | (15,000)     |
| Total water sales receivable              | 3,114,438    | 2,550,483    |
| Lease receivable                          | 408,104      | 510,054      |
| Miscellaneous receivables                 | 132,521      | 35,103       |
| Total accounts receivable, net            | \$ 3,655,063 | \$ 3,095,640 |

Accounts receivable are stated at cost and are unsecured. Management determines receivables to be past due based on individual circumstances and writes off accounts when they are determined to be uncollectible. The District's collection program includes applying service charges to past due accounts, extending payment terms and, if needed, discontinuing water services. Receivables more than 90 days past due totaled \$97,415 and \$107,053 at June 30, 2023 and 2022, respectively.

## Clackamas River Water Notes to Basic Financial Statements

### Note 5 – Capital Assets

The District's capital assets activity for the year ended June 30, 2023 is as follows:

|                                    | Balances<br>June 30, 2022 | Additions          | Deletions        | Transfers       | Balances<br>June 30, 2023 |
|------------------------------------|---------------------------|--------------------|------------------|-----------------|---------------------------|
| <b>Depreciable Assets</b>          |                           |                    |                  |                 |                           |
| Buildings                          | \$ 6,177,077              | \$ 118,476         | \$ -             | \$ -            | \$ 6,295,553              |
| Improvements                       | 11,860,296                | 218,195            | -                | -               | 12,078,491                |
| Machinery, furniture and equipment | 4,895,586                 | 465,458            | (278,707)        | -               | 5,082,337                 |
| Pump stations                      | 9,196,194                 | 164,597            | -                | -               | 9,360,791                 |
| Reservoirs                         | 20,051,451                | -                  | -                | -               | 20,051,451                |
| Water distribution system          | 74,573,967                | 822,910            | -                | 63,298          | 75,460,175                |
| Right-to-use asset                 | 127,298                   | -                  | (39,905)         | -               | 87,393                    |
| Total depreciable assets           | <u>126,881,869</u>        | <u>1,789,636</u>   | <u>(318,612)</u> | <u>63,298</u>   | <u>128,416,191</u>        |
| <b>Accumulated depreciation</b>    |                           |                    |                  |                 |                           |
| Buildings                          | (6,121,617)               | (28,904)           | -                | -               | (6,150,521)               |
| Improvements                       | (5,478,124)               | (298,710)          | -                | -               | (5,776,834)               |
| Machinery, furniture and equipment | (2,778,161)               | (309,214)          | 318,612          | -               | (2,768,763)               |
| Pump stations                      | (3,607,690)               | (188,473)          | -                | -               | (3,796,163)               |
| Reservoirs                         | (4,003,921)               | (312,061)          | -                | -               | (4,315,982)               |
| Water distribution system          | (31,331,547)              | (1,389,757)        | -                | -               | (32,721,304)              |
| Right-to-use assets                | (91,741)                  | (7,358)            | -                | -               | (99,099)                  |
| Total accumulated depreciation     | <u>(53,412,801)</u>       | <u>(2,534,477)</u> | <u>318,612</u>   | <u>-</u>        | <u>(55,628,666)</u>       |
| Total depreciable assets, net      | <u>73,469,068</u>         | <u>(744,841)</u>   | <u>-</u>         | <u>63,298</u>   | <u>72,787,525</u>         |
| <b>Nondepreciable assets</b>       |                           |                    |                  |                 |                           |
| Land and easements                 | 2,799,020                 | -                  | -                | -               | 2,799,020                 |
| Construction in progress           | 519,890                   | 845,920            | -                | (63,298)        | 1,302,512                 |
| Total nondepreciable assets        | <u>3,318,910</u>          | <u>845,920</u>     | <u>-</u>         | <u>(63,298)</u> | <u>4,101,532</u>          |
| Total capital asset activity       | <u>\$ 76,787,978</u>      | <u>\$ 101,079</u>  | <u>\$ -</u>      | <u>\$ -</u>     | <u>\$ 76,889,057</u>      |

**Clackamas River Water**  
**Notes to Basic Financial Statements**

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The District's capital assets activity for the year ended June 30, 2022 is as follows:

|                                       | <u>Balances<br/>June 30, 2021</u> | <u>Additions and<br/>Transfers</u> | <u>Retirements<br/>and Transfers</u> | <u>Balances<br/>June 30, 2022</u> |
|---------------------------------------|-----------------------------------|------------------------------------|--------------------------------------|-----------------------------------|
| <b>Depreciable Assets</b>             |                                   |                                    |                                      |                                   |
| Buildings                             | \$ 6,597,700                      | \$ -                               | \$ (420,623)                         | \$ 6,177,077                      |
| Improvements                          | 11,843,576                        | 16,720                             | -                                    | 11,860,296                        |
| Machinery, furniture and equipment    | 4,838,378                         | 292,592                            | (235,385)                            | 4,895,585                         |
| Pump stations                         | 9,140,369                         | 55,825                             | -                                    | 9,196,194                         |
| Reservoirs                            | 20,051,451                        | -                                  | -                                    | 20,051,451                        |
| Water distribution system             | 72,612,384                        | 2,105,348                          | (143,765)                            | 74,573,967                        |
| Right-to-use assets                   | 127,298                           | -                                  | -                                    | 127,298                           |
|                                       | <u>125,211,156</u>                | <u>2,470,485</u>                   | <u>(799,773)</u>                     | <u>126,881,868</u>                |
| <b>Total depreciable assets</b>       |                                   |                                    |                                      |                                   |
| <b>Accumulated depreciation</b>       |                                   |                                    |                                      |                                   |
| Buildings                             | (6,364,089)                       | (141,258)                          | 383,730                              | (6,121,617)                       |
| Improvements                          | (5,175,626)                       | (303,495)                          | 998                                  | (5,478,123)                       |
| Machinery, furniture and equipment    | (2,686,589)                       | (276,647)                          | 185,076                              | (2,778,160)                       |
| Pump stations                         | (3,408,682)                       | (199,008)                          | -                                    | (3,607,690)                       |
| Reservoirs                            | (3,690,722)                       | (313,199)                          | -                                    | (4,003,921)                       |
| Water distribution system             | (29,999,263)                      | (1,372,778)                        | 40,494                               | (31,331,547)                      |
| Right-to-use asset                    | (66,204)                          | (25,537)                           | -                                    | (91,741)                          |
|                                       | <u>(51,391,175)</u>               | <u>(2,631,922)</u>                 | <u>610,298</u>                       | <u>(53,412,799)</u>               |
| <b>Total accumulated depreciation</b> |                                   |                                    |                                      |                                   |
|                                       | <u>73,819,981</u>                 | <u>(161,437)</u>                   | <u>(189,475)</u>                     | <u>73,469,069</u>                 |
| <b>Total depreciable assets, net</b>  |                                   |                                    |                                      |                                   |
| <b>Nondepreciable assets</b>          |                                   |                                    |                                      |                                   |
| Land and easements                    | 2,805,717                         | (6,697)                            | -                                    | 2,799,020                         |
| Construction in progress              | 1,313,138                         | 1,313,332                          | (2,106,580)                          | 519,890                           |
|                                       | <u>4,118,855</u>                  | <u>1,306,635</u>                   | <u>(2,106,580)</u>                   | <u>3,318,910</u>                  |
| <b>Total nondepreciable assets</b>    |                                   |                                    |                                      |                                   |
| <b>Total capital asset activity</b>   | <u><u>\$ 77,938,836</u></u>       | <u><u>\$ 1,145,198</u></u>         | <u><u>\$ (2,296,055)</u></u>         | <u><u>\$ 76,787,979</u></u>       |

Depreciation expense charged to operations totaled \$2,534,477 and \$2,828,095 and for the years ended June 30, 2023 and 2022, respectively.

## Clackamas River Water Notes to Basic Financial Statements

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### Note 6 – Bonds Payable

The District issued Series 2009 Revenue Bonds pursuant to Oregon Revised Statutes (“ORS”) Sections 287A.360 and 264.270 to refund prior bond issuances with higher interest rates. Interest of 3.00 percent to 4.00 percent is payable semi-annually on May 1 and November 1. The bonds are secured by the District’s net operating revenues, net position reserved for rate stabilization and a Reserve Credit Facility (see below). The prior bond issuance, Series 1999 Revenue Bonds of \$7.9 million, were for capital improvements within the transmission and distribution system. The final payment on the Series 2009 Revenue Bonds was made in November 2020.

On March 4, 2016, the District issued \$19,790,000 in Water Revenue Bonds with an average interest rate of 4.20 percent. The District issued Series 2016 Revenue Bonds pursuant to Oregon Revised Statutes (“ORS”) Sections 287A.150 and 264.260 to finance capital improvements to the District’s facilities and to pay the costs of issuance of the Series 2016 bonds. Interest of 3.00 percent to 5.00 percent is payable semi-annually on May 1 and November 1. The bonds are secured by the District’s net operating revenues, net position reserved for rate stabilization, and a Reserve Credit Facility (see below). The Series 2016 Bonds maturing on or after November 1, 2025 are subject to redemption at the option of the District.

The revenue bond resolution contains covenants that rates and fees are adequate to generate net operating revenues (excluding depreciation) of at least 1.25 times principal and interest, and 1.00 times principal and interest after subtracting system development charges. Management believes the District has exceeded these requirements for the years ending June 30, 2023 and 2022.

The District’s revenue bond activity for the year ended June 30, 2023, is as follows:

|                      | Balances<br>June 30, 2022 | Additions   | Payments &<br>Decreases | Balances<br>June 30, 2023 | Amount due<br>within one<br>year | Long-term<br>portion |
|----------------------|---------------------------|-------------|-------------------------|---------------------------|----------------------------------|----------------------|
| Revenue Bonds - 2016 | \$ 17,745,000             | \$ -        | \$ (385,000)            | \$ 17,360,000             | \$ 400,000                       | \$ 16,960,000        |
| Unamortized premium  | 2,733,767                 | -           | (111,963)               | 2,621,804                 | 111,943                          | 2,509,841            |
|                      | <u>\$ 20,478,767</u>      | <u>\$ -</u> | <u>\$ (496,963)</u>     | <u>\$ 19,981,804</u>      | <u>\$ 511,943</u>                | <u>\$ 19,469,841</u> |

**Clackamas River Water**  
**Notes to Basic Financial Statements**

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The District's revenue bond activity for the year ended June 30, 2022, is as follows:

|                      | Balances<br>June 30, 2021 | Additions   | Payments &<br>Decreases | Balances<br>June 30, 2022 | Amount due<br>within one<br>year | Long-term<br>portion |
|----------------------|---------------------------|-------------|-------------------------|---------------------------|----------------------------------|----------------------|
| Revenue Bonds - 2016 | \$ 18,115,000             | \$ -        | \$ (370,000)            | \$ 17,745,000             | \$ 385,000                       | \$ 17,360,000        |
| Unamortized premium  | 2,845,730                 | -           | (111,963)               | 2,733,767                 | 111,963                          | 2,621,804            |
|                      | <u>\$ 21,416,296</u>      | <u>\$ -</u> | <u>\$ (937,529)</u>     | <u>\$ 20,478,767</u>      | <u>\$ 496,963</u>                | <u>\$ 19,981,804</u> |

Scheduled future principal and interest payments are summarized below for the years ending June 30:

| <u>Fiscal Year</u> | <u>Principal</u>     | <u>Interest</u>      |
|--------------------|----------------------|----------------------|
| 2024               | \$ 400,000           | \$ 838,300           |
| 2025               | 415,000              | 822,000              |
| 2026               | 435,000              | 805,000              |
| 2027               | 450,000              | 387,300              |
| 2028               | 470,000              | 568,900              |
| 2029-2033          | 2,725,000            | 3,469,625            |
| 2034-2038          | 3,490,000            | 2,697,250            |
| 2039-2043          | 4,485,000            | 1,705,625            |
| 2044-2048          | 4,490,000            | 462,750              |
|                    | <u>\$ 17,360,000</u> | <u>\$ 11,756,750</u> |

The District's revenue bonds are paid solely from the District's net operating revenue and certain other restricted assets pledged as payment for the bonds. Other restricted assets for fiscal year 2022 are system development fees. The bonds are not funded by tax charges and are not general obligations of the District.

**Reserve credit facility** – The bond agreement requires the District to maintain two reserve accounts. The principal and semi-annual interest payment amount must be deposited in the Bond Payment account in time for the registrar and paying agent (Wells Fargo) to disburse the principal and interest payments when due.

**Clackamas River Water**  
**Notes to Basic Financial Statements**

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**Note 7 – Leases and Subscription Liability**

CRW evaluated contracts that were formerly accounted for as operating leases to determine whether they meet the definition of a lease as defined in GASB 87. The contracts to lease office equipment and a vehicle met the definition of a lease. Each lease asset is amortized on a straight-line basis over the life of the lease. CRW also used its estimated borrowing rate as the discount rate for the leases. CRW calculated and recognized net right-to-use assets of \$61,094 as of July 1, 2021.

CRW has also evaluated all subscription-based information-technology (“SBIT”) contracts to determine whether they meet the definition of a SBIT contract as defined in GASB 96. One contract meets this definition. Each subscription asset is amortized on a straight-line basis over the life of the contract. CRW also used its estimated borrowing rate as the discount rate for the contract. CRW calculated and recognized net subscription assets and liability as of July 1, 2022.

|                        | July 1, 2022 | Additions | Deletions   | June 30, 2023 | Current Portion |
|------------------------|--------------|-----------|-------------|---------------|-----------------|
| Lease liability        | \$ 10,376    | \$ -      | \$ (7,324)  | \$ 3,052      | \$ 3,052        |
| Subscription liability | \$ -         | \$ 85,200 | \$ (24,701) | \$ 60,499     | \$ 25,965       |

|                        | July 1, 2021 | Additions | Deletions  | June 30, 2022 | Current Portion |
|------------------------|--------------|-----------|------------|---------------|-----------------|
| Lease liability        | \$ 17,699    | \$ -      | \$ (7,323) | \$ 10,376     | \$ 7,324        |
| Subscription liability | \$ -         | \$ -      | \$ -       | \$ -          | \$ -            |

**Note 8 – Accrued Expenses**

Accrued expenses consist of the following at June 30:

|                      | 2023              | 2022              |
|----------------------|-------------------|-------------------|
| Compensated Absences | \$ 248,883        | \$ 253,101        |
| Accrued Payroll      | 137,424           | 155,519           |
|                      | <u>\$ 386,307</u> | <u>\$ 408,620</u> |

## Clackamas River Water Notes to Basic Financial Statements

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### Note 9 – Lessor

CRW leases approximately 5,000 square feet of its administration building. CRW recognizes lease receivables as the net present value of the lease payments expected to be made during the lease term, which is the noncancellable period of the lease. CRW entered into a 7-year lease agreement with VCA Northwest Veterinary Specialist which commenced on October 27, 2019. For the discount rate used to discount the expected lease receipts to the present value, CRW used a projected borrowing interest rate of 5.0%. The lease receivable was determined to be \$742,084 (present value of 84 monthly lease receipts of \$9,638 due at the beginning each month starting November 1st, 2019 with an annual interest rate of 3 percent).

| Year Ending Oct 1st | Principal         | Interest         | Total             |
|---------------------|-------------------|------------------|-------------------|
| 2024                | \$ 111,008        | \$ 17,905        | \$ 128,913        |
| 2025                | 120,644           | 12,137           | 132,781           |
| 2026                | 130,892           | 5,872            | 136,764           |
| 2027                | 45,559            | 476              | 46,035            |
| Total               | <u>\$ 408,103</u> | <u>\$ 36,390</u> | <u>\$ 444,493</u> |

### Note 10 – Pension Plans

**Plan description** – District employees receive pensions through the Oregon Public Employees Retirement System (OPERS & PERS), a cost-sharing multiple-employer defined benefit pension plan. The Oregon Legislature has delegated authority to the PERS Board to administer the system. The District has elected to participate in a State and Local Government Rate Pool (SLGRP) available to certain public employees. The SLGRP pools the District into a larger group for purposes of determining contribution rates. Pooled participants jointly fund future pension costs of all participants by sharing pension assets, liabilities, and surpluses.

All benefits of the System are established by the legislature pursuant to ORS Chapters 238 and 238A. The Tier One/Tier Two Retirement Benefit plan, established by ORS Chapter 238, is closed to new members hired on or after August 29, 2003. The Pension Program, established by ORS Chapter 238A, provides benefits to members hired on or after August 29, 2003. OPERS issues a publicly available Annual Comprehensive Financial Report and Actuarial Valuation that can be obtained at [http://www.oregon.gov/pers/Pages/section/financial\\_reports/financials.aspx](http://www.oregon.gov/pers/Pages/section/financial_reports/financials.aspx).

#### Benefits provided

**1. Tier One/Tier Two Retirement Benefit, ORS Chapter 238: 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 (1.67 percent for general service employees) is multiplied by the number of years of service and the final average salary. Benefits may also be calculated under either: a formula plus annuity (for members who were contributing before August 21, 1981) or a money match computation if a greater benefit results.

## **Clackamas River Water Notes to Basic Financial Statements**

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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. General Service employees may retire after reaching age 55. Tier One general service employee benefits are reduced if retirement occurs prior to age 58 with fewer than 30 years of service. Tier Two 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.

*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 one or more of the following conditions are met:

- the member was employed by a PERS employer at the time of death,
- the member died within 120 days after termination of PERS-covered employment,
- the member died as a result of injury sustained while employed in a PERS covered job,
- the member was on an official leave of absence from a PERS-covered job at the time of death.

*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 when determining the monthly benefit.

*Benefit Changes* – 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 fair value of equity investments. Under ORS 238.360 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 above \$60,000.

**2. OPSRP Pension Program (OPSRP DB): Pension Benefits** – The Pension Program (ORS Chapter 238A) provides benefits to members hired on or after August 29, 2003. 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:

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 OPSRP 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.

## Clackamas River Water Notes to Basic Financial Statements

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*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.

*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.

*Benefit Changes Following 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 above \$60,000.

**3. OPSRP Individual Account Program (OPSRP IAP): Pension Benefits** – An IAP member becomes vested on the date the employee account is established or on the date the rollover account was established. Upon retirement, a member of the OPSRP Individual Account Program (IAP) may receive the amounts in his or her employee account, rollover account, and vested employer account as a lump-sum payment or in equal installments over a 5-, 10-, 15-, 20-year period or an anticipated life span option. Each distribution option has a \$200 minimum distribution limit.

*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.

*Recordkeeping* – OPERS contracts with VOYA Financial to maintain IAP participant records.

*Contributions* – PERS funding policy provides for monthly employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. This funding policy applies to the PERS Defined Benefit Plan and the Other Postemployment Benefit Plans. Employer contribution rates during the period were based on the December 31, 2011 actuarial valuation as subsequently modified by 2013 legislated changes in benefit provisions. The rates, based on a percentage of payroll, first became effective July 1, 2013. Employer contributions for the year ended June 30, 2023 and 2022 was \$745,380 and \$734,923, respectively.

The rates in effect for fiscal years ended June 30, 2021 and June 30, 2022 are 23.86 and 24.06 percent for Tier One/Tier Two General Service Members and 18.53 and 20.68 percent, for OPSRP Pension Program General Service Members. Covered employees are required by state statute to contribute 6 percent of their annual salary to the OPSRP Individual Account Program. The employer is allowed to pay any or all of the employees' contribution in addition to the employers' required contribution. ORS 238.205 and Internal Revenue Code Section 414 (h) permit the District to "pick up" this amount on behalf of its employees and the District has elected to do so for one employee.

## Clackamas River Water Notes to Basic Financial Statements

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*Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions* – At June 30, 2023 and 2022, the District reported a liability of \$4,814,478 and \$3,839,914, respectively, for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2020 and rolled forward to June 30, 2022. At June 30, 2022 and 2021, the District's proportion was 0.0314 percent and 0.03209 percent, respectively.

At June 30, 2023 and 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

|   | Balance as of June 30, 2023       |                                  | Balance as of June 30, 2022       |                                  |
|---|-----------------------------------|----------------------------------|-----------------------------------|----------------------------------|
|   | Deferred Outflows<br>of Resources | Deferred Inflows<br>of Resources | Deferred Outflows<br>of Resources | Deferred Inflows<br>of Resources |
| Difference between expected and actual experience   | \$ 233,704                        | \$ 30,024                        | \$ 359,441                        | \$ -                             |
| Changes of assumptions  | 755,418                           | 6,902                            | 961,246                           | 10,106                           |
| Net differences between projected and actual earning on plan investments                              | -                                 | 860,735                          | -                                 | 2,842,659                        |
| Changes in Proportionate Share  | 70,236                            | 199,516                          | 150,379                           | 186,298                          |
| Differences between employer contributions and employer's proportionate share of system contributions | 3,567                             | 454,994                          | 29,913                            | 21,301                           |
| Total (prior to the post-measurement date contributions)  | 1,062,925                         | 1,552,171                        | 1,500,979                         | 3,060,364                        |
| Contributions subsequent to the measurement date  | 745,380                           | -                                | 734,923                           | -                                |
| Net Deferred Outflows/Inflows of Resources  | <u>\$ 1,808,305</u>               | <u>\$ 1,552,171</u>              | <u>\$ 2,235,902</u>               | <u>\$ 3,060,364</u>              |

## Clackamas River Water Notes to Basic Financial Statements

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Amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

|      |                     |
|------|---------------------|
| 2023 | \$ (71,370)         |
| 2024 | (217,019)           |
| 2025 | (459,841)           |
| 2026 | 307,094             |
| 2027 | <u>(48,110)</u>     |
|      | <u>\$ (489,246)</u> |

**Actuarial assumptions** – The actuarial assumptions used in the July 1, 2021 valuation report were based on the actuarial valuation assumptions from the December 31, 2020 valuations of the Oregon PERS and OPERS retirement plans. 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 (the estimated amount necessary to finance benefits earned by the employees during the current service year), (2) 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 20 years. For the OPSRP Pension Program component of the PERS Defined Benefit Plan, this method produced an employer contribution 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 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.

## Clackamas River Water Notes to Basic Financial Statements

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The total pension liability in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions:

|                                   |   |
|-----------------------------------|---|
| Valuation Date                    | December 31, 2020   |
| Measurement Date                  | June 30, 2022   |
| Experience Study Report           | 2020, published July 20, 2021   |
| Actuarial Cost Method             | Entry Age Normal  |
| <b>Actuarial Assumptions:</b>     |   |
| Inflation Rate                    | 2.40 percent  |
| Long-Term Expected Rate of Return | 6.90 percent  |
| Discount Rate                     | 6.90 percent  |
| Projected Salary Increases        | 3.4 percent   |
| Cost of Living Adjustments (COLA) | Blend of 2.00% COLA and graded COLA (1.25%/0.15%) in accordance with <i>Moro</i> decision, blend based on service.  |
| Mortality                         | <p><b>Healthy retirees and beneficiaries:</b> 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.</p> <p><b>Active Members:</b> Pub-2010 Employee, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.</p> <p><b>Disabled retirees:</b> Pub-2010 Disable Retirees, sex-distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.</p> |

Actuarial valuations of an ongoing plan involve estimates of the value of projected benefits and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Experience studies are performed as of December 31 of even numbered years. The 2020 Experience Study is based on the methods and assumptions shown above.

**Long-term expected rate of return** – To develop an analytical basis for the selection of the long-term expected rate of return assumption, in May 2021 the PERS Board reviewed long-term assumptions developed by both Milliman’s capital market assumptions team and the Oregon Investment Council (OIC) investment advisors. Each asset class assumption is based on a consistent set of underlying assumptions and includes an 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.

**Clackamas River Water**  
**Notes to Basic Financial Statements**

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| Asset Class/Strategy    | Assumed Asset Allocation |            |        |
|-------------------------|--------------------------|------------|--------|
|                         | Low Range                | High Range | Target |
| Debt Securities         | 15.0%                    | 25.0%      | 20.0%  |
| Public Equity           | 25.0%                    | 35.0%      | 30.0%  |
| Real Estate             | 7.5%                     | 17.5%      | 12.5%  |
| Private Equity          | 15.0%                    | 27.5%      | 20.0%  |
| Risk Parity             | 0.0%                     | 3.5%       | 2.5%   |
| Real Assets             | 2.5%                     | 10.0%      | 7.5%   |
| Diversifying Strategies | 2.5%                     | 10.0%      | 7.5%   |
| Opportunity Portfolio   | 0.0%                     | 5.0%       | 0.0%   |
| Total                   |                          |            | 100.0% |

| Asset Class                         | Target Allocation | Compounded Annual Return (Geometric) |
|-------------------------------------|-------------------|--------------------------------------|
| Global Equity                       | 30.62%            | 5.85%                                |
| Private Equity                      | 25.50%            | 7.71%                                |
| Core Fixed Income                   | 23.75%            | 2.73%                                |
| Real Estate                         | 12.25%            | 5.66%                                |
| Master Limited Partnerships         | 0.75%             | 5.71%                                |
| Infrastructure                      | 1.50%             | 6.26%                                |
| Commodities                         | 0.63%             | 3.10%                                |
| Hedge Fund of Funds - Multistrategy | 1.25%             | 5.11%                                |
| Hedge Fund Equity - Hedge           | 0.63%             | 5.31%                                |
| Hedge Fund - Macro                  | 5.62%             | 5.06%                                |
| US Cash                             | -2.50%            | 1.76%                                |
| Assumed Inflation - Mean            |                   | 2.40%                                |

**Discount rate** – The discount rate used to measure the total pension liability was 6.90 percent for the Defined Benefit Pension Plan. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the Defined Benefit Pension Plan was applied to all periods of projected benefit payments to determine the total pension liability.

## Clackamas River Water Notes to Basic Financial Statements

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**Sensitivity of the District’s proportionate share of the net pension liability to changes in the discount rate** – The following presents the District’s proportionate share of the net pension liability calculated using the discount rate of 6.90 percent, as well as what the District’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:

| 2023   | <u>1% Decrease (5.90%)</u> | <u>Discount Rate (6.90%)</u> | <u>1% increase (7.90%)</u> |
|--|----------------------------|------------------------------|----------------------------|
| District’s Proportionate share<br>of the net pension liability | \$ 8,538,060               | \$ 4,814,478                 | \$ 1,698,011               |

**Pension plan fiduciary net position** – Detailed information about the pension plan’s fiduciary net position is available in the separately issued OPERS financial report.

### Note 11 – Deferred Compensation Plans

The District offers its employees multiple deferred compensation plans created in accordance with Internal Revenue Code Section 457. Plan contributions and assets are set aside in trust, with the custodial trustee and administrator, for the exclusive benefit of participants and beneficiaries.

The plans permit participating employees to contribute up to 100 percent of gross pay or the statutorily prescribed annual dollar limit, whichever is smaller. The District may, at its discretion, make employer contributions. The District’s plans, as currently adopted, do not provide for employer contributions. Plan contributions and earnings thereon are available to participating employees upon termination of employment, retirement, death, or unforeseen emergency.

### Note 12 – Commitments and Contingencies

**Legal matters** – The District is involved in various legal matters; however, management has been advised by the District’s legal counsel that the resolution of these matters will not likely have a significant adverse effect on the District’s financial position.

**Unemployment insurance** – The District is self-insured for unemployment compensation. Liabilities are recorded when it is probable that a loss has occurred and the amount can be reasonably estimated. The District paid no claims for the years ended June 30, 2023 and 2022.

**Commitments** – The District has entered into various construction contracts totaling approximately \$1,669,694 of June 30, 2023.

## **Required Supplementary Information**

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**Clackamas River Water  
Schedule of Pension Contributions  
Last Ten Fiscal Years\***

| Year<br>Ended<br>June 30, | (a)<br>Statutorily<br>required<br>contribution | (b)<br>Contributions in<br>relation to the<br>statutorily required<br>contribution | (a-b)<br>Contribution<br>deficiency<br>(excess) | (c)<br>District's<br>covered<br>payroll | (b/c)<br>Contributions<br>as a percent<br>of covered<br>payroll |
|---------------------------|--|--|---|---|---|
| 2023                      | \$ 728,713                                     | \$ 728,713   | \$ -  | \$ 3,944,886                            | 18.47%  |
| 2022                      | 693,828  | 693,828  | -   | 3,419,621                               | 20.29%  |
| 2021                      | 698,749  | 698,749  | -   | 3,331,548                               | 20.97%  |
| 2020                      | 568,953  | 568,953  | -   | 3,162,969                               | 17.99%  |
| 2019                      | 545,591  | 545,591  | -   | 3,228,635                               | 16.90%  |
| 2018                      | 470,657  | 470,657  | -   | 3,010,486                               | 15.63%  |
| 2017                      | 437,518  | 437,518  | -   | 3,059,169                               | 14.30%  |
| 2016                      | 388,162  | 388,162  | -   | 2,624,818                               | 14.79%  |
| 2015                      | 368,921  | 368,921  | -   | 2,860,316                               | 12.90%  |

**NOTES TO THE SCHEDULE**

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

This schedule is 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.

\* Fiscal year 2015 was the first year of implementation.

**Clackamas River Water**  
**Schedule of Proportionate Share of the Net Pension Asset (Liability)**  
**Last Ten Fiscal Years\***

**CLACKAMAS RIVER WATER, OREGON**  
**SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**  
**For the Last Ten Fiscal Years**

| Fiscal Year<br>Ended<br>June 30, | (a)<br>District's<br>proportion of<br>the net pension<br>liability (asset) | (b)<br>District's<br>proportionate share<br>of the net pension<br>liability (asset) | (c)<br>District's<br>covered<br>payroll (2) | (b/c)<br>District's<br>proportionate share<br>of the net pension<br>liability (asset) as a<br>percentage of its<br>covered payroll | Plan fiduciary<br>net position as<br>a percentage of<br>the total pension<br>liability (asset) (1) |
|----------------------------------|--|---|---|--|--|
| 2023                             | 0.0314%  | \$ 4,814,478  | \$ 3,419,621                                | 140.8%   | 84.5%  |
| 2022                             | 0.0321%  | 3,839,914   | 3,331,548                                   | 115.3%   | 87.6%  |
| 2021                             | 0.0317%  | 6,915,623   | 3,162,969                                   | 218.6%   | 75.8%  |
| 2020                             | 0.0335%  | 5,786,758   | 3,228,635                                   | 179.2%   | 80.2%  |
| 2019                             | 0.0329%  | 4,977,477   | 3,010,486                                   | 165.3%   | 82.1%  |
| 2018                             | 0.0301%  | 4,059,894   | 3,059,169                                   | 132.7%   | 83.1%  |
| 2017                             | 0.0358%  | 5,381,562   | 2,624,818                                   | 205.0%   | 80.5%  |
| 2016                             | 0.0392%  | 2,251,307   | 2,860,316                                   | 78.7%  | 91.9%  |
| 2015                             | 0.3996%  | (905,788)   | 2,794,181                                   | -32.4%   | 103.6%   |

**NOTES TO THE SCHEDULE**

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

\*This schedule is 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.

**Changes in Benefit Terms:**

The 2013 Oregon Legislature made a series of changes to PERS that lowered projected future benefit payments from the System. These changes included reductions to future Cost of Living Adjustments (COLA) made through Senate Bills 822 and 861. Senate Bill 822 also required the contribution rates scheduled to be in effect from July 2013 to June 2015 to be reduced. The Oregon Supreme Court decision in *Moro v. State of Oregon*, issued on April 30, 2015, reversed a significant portion of the reductions the 2013 Oregon Legislature made to future System Cost of Living Adjustments (COLA) through Senate Bills 822 and 861. This reversal increased the total pension liability as of June 30, 2015 compared to June 30, 2014 total pension liability

A legislative change that occurred after the December 31, 2017 valuation date affected the plan provisions reflected for financial reporting purposes. Senate Bill 1049, signed into law in June 2019, introduced a limit on the amount of annual salary included for the calculation of benefits. Beginning in 2020, annual salary in excess of \$195,000 (as indexed in future years) will be excluded when determining member benefits. As a result, future Tier 1/Tier 2 and OPSRP benefits for certain active members are now projected to be lower than prior to the legislation. Senate Bill 1049 was reflected in the June 30, 2019 Total Pension Liability as a reduction in liability.

**Changes in Assumptions:**

The PERS Board adopted assumption changes that were used to measure the June 30, 2016 total pension liability and June 30, 2018 total pension liability. For June 30, 2016, the changes included the lowering of the long-term expected rate of return to 7.50 percent and lowering of the assumed inflation to 2.50 percent. For June 30, 2018, the long-term expected rate of return was lowered to 7.20 percent. In addition, the healthy mortality assumption was changed to reflect an updated mortality improvement scale for all groups, and assumptions were updated for merit increases, unused sick leave, and vacation pay were updated.

(1) Source - Oregon PERS ACFR, Required Supplementary Information, Schedule of Changes in Net Pension Liability(Asset) and Related Ratios

(2) As of the measurement date, which is one year in arrears

## **Supplementary Information**

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## **Clackamas River Water Notes to Supplementary Information**

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**Description of Budgetary Funds** – For financial reporting purposes, management considers the District's activities as those of a unitary enterprise operation and, as such, is reported in a single fund in the basic financial statements. However, for budgetary and legal purposes these activities are accounted for in the funds described below. Schedules for these funds, prepared on a budgetary basis, generally on the modified accrual basis of accounting, are shown on the following pages.

**General Fund** – This fund accounts for the district's normal recurring operations of the water supply distribution system. The primary source of revenue is water sales.

**CRWSC Activity Fund** – This fund accounts for the district's support of the Clackamas Regional Water Supply Commission (CRWSC), an ORS 190 agreement with Sunrise Water Authority. The primary source of revenue is wholesale water sales and services provided to Sunrise Water Authority.

**Capital Improvement Projects Fund** – This fund accounts for construction activity of the district. Construction activity includes additions, replacements, and improvements for storage, transmission, distribution, supply and facilities of the district. The primary resources are transfers from SDC Reserve Fund, Capital Reserve Fund and interest earnings.

**CIP Bond Construction Fund** – This fund accounts for construction activity of the district. Construction activity includes additions, replacements, and improvements for storage, transmission, distribution, supply and facilities of the district. The primary resources are transfers from the Revenue Bond Proceeds Fund.

**Revenue Bond Fund** – This fund accounts for the redemption of revenue bond principal and interest expenditures. The primary resources are transfers from the General Fund and SDC Reserve Fund.

**Capital Reserve Fund** – The Capital Reserve Fund accounts for funds reserved for future expansion and improvements to the system. The primary resources are interest earnings and transfers from the General Fund.

**Rate Stabilization Reserve Fund** – The Rate Stabilization Reserve Fund accounts for funds reserved for stabilizing the revenues of the district to maintain bond covenants on the 2009 Revenue Bond issue. The primary resources are interest earnings.

**SDC Reserve Fund** – The SDC Reserve Fund accounts for funds reserved for future expansion and improvements to the interest earnings and systems development charges.

**Clackamas River Water**  
**Schedule of Revenues and Expenditures – Budget and Actual**  
**General Fund**  
**Year Ended June 30, 2023**  
**(with comparative totals for the year ended June 30, 2022)**

|   | Budget for the    |                   | Actual Results    |                   |                   | Variance with<br>Final Budget |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------------------|
|   | 2021-2023         |                   | FY 2021-22        | FY 2022-23        | BN 2021-2023      |                               |
|   | Original          | Final             | Year 1            | Year 2            | Total             |                               |
| <b>Revenues:</b>                                      |                   |                   |                   |                   |                   |                               |
| Water sales   | \$ 25,569,000     | \$ 25,569,000     | \$ 13,757,673     | \$ 16,315,870     | \$ 30,073,543     | \$ 4,504,543                  |
| Service connections                                   | 250,000           | 250,000           | 161,170           | 269,552           | 430,722           | 180,722                       |
| Service charges                                       | 156,000           | 156,000           | 97,367            | 102,131           | 199,498           | 43,498                        |
| Miscellaneous - operating                             | -                 | -                 | 88,326            | 8,917             | 97,243            | 97,243                        |
| Rental income   | 246,400           | 246,400           | 121,513           | 86,865            | 208,378           | (38,022)                      |
| Miscellaneous - nonoperating                          | 40,000            | 40,000            | 57,747            | 6,069             | 63,816            | 23,816                        |
| Grant funds   | -                 | -                 | 59,330            | -                 | 59,330            | 59,330                        |
| Surplus property sale                                 | 10,000            | 10,000            | 3,956             | 89,615            | 93,571            | 83,571                        |
| Right of Way Fees (Pass through)                      | 48,100            | 48,100            | 23,742            | 23,778            | 47,520            | (580)                         |
| Interest income                                       | 108,000           | 108,000           | 24,116            | 168,540           | 192,656           | 84,656                        |
| <b>Total revenues</b>                                 | <b>26,427,500</b> | <b>26,427,500</b> | <b>14,394,940</b> | <b>17,071,337</b> | <b>31,466,277</b> | <b>5,038,777</b>              |
| <b>Expenditures:</b>                                  |                   |                   |                   |                   |                   |                               |
| <b>Water Resources:</b>                               |                   |                   |                   |                   |                   |                               |
| Personal services                                     | \$ 3,129,900      | \$ 3,129,900      | \$ 1,253,682      | \$ 1,339,030      | \$ 2,592,712      | \$ 537,188                    |
| Materials and services                                | 4,424,000         | 4,424,000         | 1,962,977         | 2,377,563         | 4,340,540         | 83,460                        |
| Capital outlay  | 408,500           | 408,500           | 93,312            | 262,943           | 356,255           | 52,245                        |
|   | 7,962,400         | 7,962,400         | 3,309,971         | 3,979,536         | 7,289,507         | 672,893                       |
| <b>System Operations:</b>                             |                   |                   |                   |                   |                   |                               |
| Personal services                                     | 4,453,200         | 4,453,200         | 1,936,329         | 2,243,047         | 4,179,376         | 273,824                       |
| Materials and services                                | 1,635,200         | 1,635,200         | 646,913           | 785,851           | 1,432,764         | 202,436                       |
| Capital outlay  | 1,266,500         | 1,266,500         | 249,678           | 544,411           | 794,089           | 472,411                       |
|   | 7,354,900         | 7,354,900         | 2,832,920         | 3,573,309         | 6,406,229         | 948,671                       |
| <b>Finance, Accounting, &amp; Customer Service</b>    |                   |                   |                   |                   |                   |                               |
| Personal services                                     | 2,112,800         | 2,112,800         | 907,474           | 912,783           | 1,820,257         | 292,543                       |
| Materials and services                                | 1,010,400         | 1,010,400         | 669,805           | 563,332           | 1,233,137         | (222,737)                     |
|   | 3,123,200         | 3,123,200         | 1,577,279         | 1,476,115         | 3,053,394         | 69,806                        |
| <b>Administrative Services:</b>                       |                   |                   |                   |                   |                   |                               |
| Personal services                                     | 2,377,400         | 2,377,400         | 1,019,636         | 1,053,130         | 2,072,766         | 304,634                       |
| Materials and services                                | 2,421,100         | 2,421,100         | 1,080,213         | 1,216,708         | 2,296,921         | 124,179                       |
| Capital outlay  | 124,300           | 124,300           | 79,643            | 119,461           | 199,104           | (74,804)                      |
|   | 4,922,800         | 4,922,800         | 2,179,492         | 2,389,299         | 4,568,791         | 354,009                       |
| Contingency   | 1,000,000         | 1,000,000         | -                 | -                 | -                 | 1,000,000                     |
| <b>Total expenditures</b>                             | <b>24,363,300</b> | <b>24,363,300</b> | <b>9,899,662</b>  | <b>11,418,259</b> | <b>21,317,921</b> | <b>3,045,379</b>              |
| Excess (deficiency) of revenues over expenditures     | 2,064,200         | 2,064,200         | 4,495,278         | 5,653,078         | 10,148,356        | 8,084,156                     |
| <b>Other financing sources (uses):</b>                |                   |                   |                   |                   |                   |                               |
| Transfers to other funds                              |                   |                   |                   |                   |                   |                               |
| Capital Reserve                                       | (4,000,000)       | (4,000,000)       | (1,000,000)       | (3,000,000)       | (4,000,000)       | -                             |
| Revenue Bond Fund                                     | (2,477,000)       | (2,477,000)       | (1,238,000)       | (1,239,000)       | (2,477,000)       | -                             |
| Transfers from other funds                            |                   |                   |                   |                   |                   |                               |
| CRWSC Activity Fund                                   | 1,850,000         | 1,850,000         | 650,000           | 233,742           | 883,742           | (966,258)                     |
| Total other financing sources (uses)                  | (4,627,000)       | (4,627,000)       | (1,588,000)       | (4,005,258)       | (5,593,258)       | (966,258)                     |
| Net change in fund balance                            | (2,562,800)       | (2,562,800)       | 2,907,278         | 1,647,820         | 4,555,098         | 7,117,898                     |
| Fund balance, beginning of year                       | 7,000,000         | 7,000,000         | 10,138,163        | 13,045,441        | 10,138,163        | (3,138,163)                   |
| Fund balance, end of year                             | \$ 4,437,200      | \$ 4,437,200      | \$ 13,045,441     | \$ 14,693,261     | \$ 14,693,261     | \$ 10,256,061                 |
| <b>Reconciliation to the GAAP basis:</b>              |                   |                   |                   |                   |                   |                               |
| Capital assets (net of accumulated depreciation)      |                   |                   |                   |                   | \$ 76,889,057     |                               |
| Right to use assets (net of accumulated amortization) |                   |                   |                   |                   | 56,800            |                               |
| Lease receivable                                      |                   |                   |                   |                   | 408,104           |                               |
| Deferred outflows                                     |                   |                   |                   |                   | 1,808,305         |                               |
| Accrued interest                                      |                   |                   |                   |                   | 1,854             |                               |
| Lease liability                                       |                   |                   |                   |                   | (3,052)           |                               |
| Deferred inflows                                      |                   |                   |                   |                   | (1,943,642)       |                               |
| Net pension liability                                 |                   |                   |                   |                   | (4,814,478)       |                               |
| Subscription liability                                |                   |                   |                   |                   | (60,499)          |                               |
| Transfer to close fund to net position                |                   |                   |                   |                   | (233,742)         |                               |
| Contributed capital                                   |                   |                   |                   |                   | (755,334)         |                               |
| Net position - GAAP basis                             |                   |                   |                   |                   | \$ 86,046,634     |                               |

**Clackamas River Water**  
**Schedule of Revenues and Expenditures – Budget and Actual**  
**CRWSC Activity Fund**  
**Year Ended June 30, 2023**  
**(with comparative totals for the year ended June 30, 2022)**

|  | Budget for the<br>2021-2023 Bienium |                  | Actual Results    |                     |                | Variance<br>with Final<br>Budget |
|--|-------------------------------------|------------------|-------------------|---------------------|----------------|----------------------------------|
|  | Original                            | Final            | FY 2021-22        | FY 2022-23          | BN 2021-2023   |                                  |
|  |                                     |                  | Year 1            | Year 2              | Total          |                                  |
| <b>Revenues:</b>                       |                                     |                  |                   |                     |                |                                  |
| Water Sales                            | \$ 1,750,000                        | \$ 1,750,000     | \$ 908,456        | \$ -                | \$ 908,456     | \$ (841,544)                     |
| Miscellaneous - operating              | 110,000                             | 110,000          | 3,024             | -                   | 3,024          | (106,976)                        |
| Miscellaneous - nonoperating           | 165,000                             | 165,000          | 36,253            | -                   | 36,253         | (128,747)                        |
| Interest Income                        | -                                   | -                | 61                | -                   | 61             | 61                               |
| Total revenues                         | <u>2,025,000</u>                    | <u>2,025,000</u> | <u>947,794</u>    | <u>-</u>            | <u>947,794</u> | <u>(1,077,206)</u>               |
| <b>Expenditures:</b>                   |                                     |                  |                   |                     |                |                                  |
| Personal services                      | \$ 136,000                          | \$ 136,000       | \$ 25,786         | \$ -                | \$ 25,786      | \$ 110,214                       |
| Materials and services                 | 92,600                              | 92,600           | 38,266            | -                   | 38,266         | 54,334                           |
| Total expenditures                     | <u>228,600</u>                      | <u>228,600</u>   | <u>64,052</u>     | <u>-</u>            | <u>64,052</u>  | <u>164,548</u>                   |
| Revenues over (under) expenditures     | 1,796,400                           | 1,796,400        | 883,742           | -                   | 883,742        | (912,658)                        |
| <b>Other financing sources (uses):</b> |                                     |                  |                   |                     |                |                                  |
| Transfer to General Fund               | \$ (1,850,000)                      | \$ (1,850,000)   | \$ (650,000)      | \$ (233,742)        | (883,742)      | \$ (966,258)                     |
| Net change in fund balance             | (53,600)                            | (53,600)         | 233,742           | (233,742)           | -              | 53,600                           |
| <b>Beginning Fund Balance</b>          | <u>130,000</u>                      | <u>130,000</u>   | <u>-</u>          | <u>-</u>            | <u>-</u>       | <u>130,000</u>                   |
| <b>Ending Fund Balance</b>             | <u>\$ 76,400</u>                    | <u>\$ 76,400</u> | <u>\$ 233,742</u> | <u>\$ (233,742)</u> | <u>\$ -</u>    | <u>\$ (76,400)</u>               |

**Clackamas River Water**  
**Schedule of Revenues and Expenditures – Budget and Actual**  
**Capital Improvement Projects Fund**  
**Year Ended June 30, 2023**  
**(with comparative totals for the year ended June 30, 2022)**

|  | Budget for the<br>2021-2023 Bienium |              | Actual Results    |                     |                     | Variance<br>with Final<br>Budget |
|--|-------------------------------------|--------------|-------------------|---------------------|---------------------|----------------------------------|
|  | Original                            | Final        | FY 2021-22        | FY 2022-23          | BN 2021-2023        |                                  |
|  |                                     |              | Year 1            | Year 2              | Total               |                                  |
| <b>Revenues:</b>                       |                                     |              |                   |                     |                     |                                  |
| Interest income                        | \$ -                                | \$ -         | \$ 1,504          | \$ 2,365            | \$ 3,869            | \$ 3,869                         |
| <b>Expenditures:</b>                   |                                     |              |                   |                     |                     |                                  |
| Capital Outlay                         | \$ 6,288,000                        | \$ 6,288,000 | \$ 913,962        | \$ 832,590          | \$ 1,746,552        | \$ 4,541,448                     |
| <b>Other financing sources (uses):</b> |                                     |              |                   |                     |                     |                                  |
| Transfers from other funds:            |                                     |              |                   |                     |                     |                                  |
| SDC Reserve                            | -                                   | -            | -                 | 300,000             | 300,000             | (300,000)                        |
| Capital Reserve Fund                   | 6,287,000                           | 6,287,000    | 1,500,000         | 200,000             | 1,700,000           | 4,587,000                        |
| Total other financing source uses      | 6,287,000                           | 6,287,000    | 1,500,000         | 500,000             | 2,000,000           | 4,287,000                        |
| Net change in fund balance             | (1,000)                             | (1,000)      | 587,542           | (330,225)           | 257,317             | (250,579)                        |
| <b>Beginning Fund Balance</b>          | 1,000                               | 1,000        | (444,967)         | 142,575             | (444,967)           | 445,967                          |
| <b>Ending Fund Balance</b>             | <u>\$ -</u>                         | <u>\$ -</u>  | <u>\$ 142,575</u> | <u>\$ (187,650)</u> | <u>\$ (187,650)</u> | <u>\$ 195,388</u>                |

Reconciliation to the GAAP basis:

No reconciling items

Net position - GAAP basis

(187,650)

**Clackamas River Water**  
**Schedule of Revenues and Expenditures – Budget and Actual**  
**CIP Bond Construction Fund**  
**Year Ended June 30, 2023**  
**(with comparative totals for the year ended June 30, 2022)**

|                               | Budget for the<br>2021-2023 Bienium |             | Actual Results       |                      |                       | Variance with<br>Final Budget |
|-------------------------------|-------------------------------------|-------------|----------------------|----------------------|-----------------------|-------------------------------|
|                               | Original                            | Final       | FY 2021-22<br>Year 1 | FY 2022-23<br>Year 2 | BN 2021-2023<br>Total |                               |
| <b>Expenditures:</b>          |                                     |             |                      |                      |                       |                               |
| Capital Outlay                | \$ -                                | \$ -        | \$ (400)             | \$ -                 | \$ (400)              | \$ (400)                      |
| Total expenditures            | -                                   | -           | (400)                | -                    | (400)                 | (400)                         |
| Net change in fund balance    | -                                   | -           | (400)                | -                    | (400)                 | (400)                         |
| <b>Beginning Fund Balance</b> | -                                   | -           | 400                  | -                    | 400                   | (400)                         |
| <b>Ending Fund Balance</b>    | <u>\$ -</u>                         | <u>\$ -</u> | <u>\$ -</u>          | <u>\$ -</u>          | <u>\$ -</u>           | <u>\$ -</u>                   |

Reconciliation to the GAAP basis:

    No reconciling items

Net position - GAAP basis

-

**Clackamas River Water**  
**Schedule of Revenues and Expenditures – Budget and Actual**  
**Revenue Bond Proceeds Fund**  
**Year Ended June 30, 2023**  
**(with comparative totals for the year ended June 30, 2022)**

**CLACKAMAS RIVER WATER**  
**REVENUE BOND FUND**  
**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL**  
**for the Fiscal Years Ended June 30, 2023 and June 20, 2022**

|  | Budget for the<br>2021-2023 Bienium |                   | Actual Results       |                      |                        | Variance<br>with Final<br>Budget |
|--|-------------------------------------|-------------------|----------------------|----------------------|------------------------|----------------------------------|
|  | Original                            | Final             | FY 2021-22<br>Year 1 | FY 2022-23<br>Year 2 | BN 2021-2023<br>Total  |                                  |
| <b>Revenue:</b>                        |                                     |                   |                      |                      |                        |                                  |
| Interest income                        | \$ 13,000                           | \$ 13,000         | \$ 2,463             | \$ 12,882            | \$ 15,345              | \$ 2,345                         |
| <b>Expenditures:</b>                   |                                     |                   |                      |                      |                        |                                  |
| Principal on bonds                     | \$ 755,000                          | \$ 755,000        | \$ 370,000           | \$ 385,000           | \$ 755,000             | \$ -                             |
| Interest on bonds                      | 1,722,000                           | 1,722,000         | 868,000              | 854,000              | 1,722,000              | -                                |
| Total expenditures                     | 2,477,000                           | 2,477,000         | 1,238,000            | 1,239,000            | 2,477,000              | -                                |
| <b>Other financing sources (uses):</b> |                                     |                   |                      |                      |                        |                                  |
| Transfers from other funds:            |                                     |                   |                      |                      |                        |                                  |
| General Fund                           | 2,477,000                           | 2,477,000         | 1,238,000            | 1,239,000            | 2,477,000              | -                                |
| Net change in fund balance             | 13,000                              | 13,000            | 2,463                | 12,882               | 15,345                 | 2,345                            |
| <b>Beginning Fund Balance</b>          | <u>512,000</u>                      | <u>512,000</u>    | <u>440,645</u>       | <u>443,108</u>       | <u>440,645</u>         | <u>(71,355)</u>                  |
| <b>Ending Fund Balance</b>             | <u>\$ 525,000</u>                   | <u>\$ 525,000</u> | <u>\$ 443,108</u>    | <u>\$ 455,990</u>    | <u>\$ 455,990</u>      | <u>\$ (69,010)</u>               |
| Reconciliation to the GAAP basis:      |                                     |                   |                      |                      |                        |                                  |
| Bonds payable                          |                                     |                   |                      |                      | \$ (17,360,000)        |                                  |
| Accrued interest payable               |                                     |                   |                      |                      | (141,050)              |                                  |
| Deferred bond charges                  |                                     |                   |                      |                      | 56,524                 |                                  |
| Unamortized bond premium               |                                     |                   |                      |                      | (2,621,804)            |                                  |
| Net position - GAAP basis              |                                     |                   |                      |                      | <u>\$ (19,610,340)</u> |                                  |

**Clackamas River Water**  
**Schedule of Revenues and Expenditures – Budget and Actual**  
**Capital Reserve Fund**  
**Year Ended June 30, 2023**  
**(with comparative totals for the year ended June 30, 2022)**

|  | Budget for the<br>2021-2023 Bienium |                     | Actual Results       |                      |                       | Variance with<br>Final Budget |
|--|-------------------------------------|---------------------|----------------------|----------------------|-----------------------|-------------------------------|
|  | Original                            | Final               | FY 2021-22<br>Year 1 | FY 2022-23<br>Year 2 | BN 2021-2023<br>Total |                               |
| <b>Revenue:</b>                        |                                     |                     |                      |                      |                       |                               |
| Interest income                        | \$ 90,000                           | \$ 90,000           | \$ 37,894            | \$ 222,666           | \$ 260,560            | \$ 170,560                    |
| <b>Other financing sources (uses):</b> |                                     |                     |                      |                      |                       |                               |
| Transfer from General Fund             | 4,000,000                           | 4,000,000           | 1,004,041            | 3,000,000            | 4,004,041             | 4,041                         |
| Transfers to Capital Projects Fund     | (6,287,000)                         | (6,287,000)         | (1,500,000)          | (200,000)            | (1,700,000)           | 4,587,000                     |
| Total other financing sources uses     | (2,287,000)                         | (2,287,000)         | (495,959)            | 2,800,000            | 2,304,041             | 4,591,041                     |
| Net change in fund balance             | (2,197,000)                         | (2,197,000)         | (458,065)            | 3,022,666            | 2,564,601             | 4,761,601                     |
| <b>Beginning Fund Balance</b>          | 8,350,000                           | 8,350,000           | 7,125,990            | 6,667,925            | 7,125,990             | (1,224,010)                   |
| <b>Ending Fund Balance</b>             | <u>\$ 6,153,000</u>                 | <u>\$ 6,153,000</u> | <u>\$ 6,667,925</u>  | <u>\$ 9,690,591</u>  | <u>\$ 9,690,591</u>   | <u>\$ 3,537,591</u>           |
| Reconciliation to the GAAP basis:      |                                     |                     |                      |                      |                       |                               |
| No reconciling items                   |                                     |                     |                      |                      |                       |                               |
| Net position - GAAP basis              |                                     |                     |                      |                      | <u>9,690,591</u>      |                               |

**Clackamas River Water**  
**Schedule of Revenues and Expenditures – Budget and Actual**  
**Rate Stabilization Reserve Fund**  
**Year Ended June 30, 2023**  
**(with comparative totals for the year ended June 30, 2022)**

|                                   | Budget for the<br>2021-2023 Bienium |                    | Actual Results      |                     |                     | Variance<br>with Final<br>Budget |
|-----------------------------------|-------------------------------------|--------------------|---------------------|---------------------|---------------------|----------------------------------|
|                                   | Original                            | Final              | FY 2021-22          | FY 2022-23          | BN 2021-2023        |                                  |
|                                   |                                     |                    | Year 1              | Year 2              | Total               |                                  |
| <b>Revenue:</b>                   |                                     |                    |                     |                     |                     |                                  |
| Interest income                   | \$ 36,000                           | \$ 36,000          | \$ 6,888            | \$ 36,028           | \$ 42,916           | \$ 6,916                         |
| Net change in fund balance        | 36,000                              | 36,000             | 6,888               | 36,028              | 42,916              | 6,916                            |
| <b>Beginning Fund Balance</b>     | 1,220,000                           | 1,220,000          | 1,225,610           | 1,232,498           | 1,225,610           | 5,610                            |
| <b>Ending Fund Balance</b>        | <u>\$1,256,000</u>                  | <u>\$1,256,000</u> | <u>\$ 1,232,498</u> | <u>\$ 1,268,526</u> | <u>\$ 1,268,526</u> | <u>\$ 12,526</u>                 |
| Reconciliation to the GAAP basis: |                                     |                    |                     |                     |                     |                                  |
| No reconciling items              |                                     |                    |                     |                     |                     |                                  |
| Net position - GAAP basis         |                                     |                    |                     |                     | <u>1,268,526</u>    |                                  |

**Clackamas River Water**  
**Schedule of Revenues and Expenditures – Budget and Actual**  
**SDC Reserve Fund**  
**Year Ended June 30, 2023**  
**(with comparative totals for the year ended June 30, 2022)**

|  | Budget for the<br>2021-2023 Bienium |                    | Actual Results      |                     |                     | Variance<br>with Final<br>Budget |
|--|-------------------------------------|--------------------|---------------------|---------------------|---------------------|----------------------------------|
|  | Original                            | Final              | FY 2021-22          | FY 2022-23          | BN 2021-2023        |                                  |
|  |                                     |                    | Year 1              | Year 2              | Total               |                                  |
| <b>Revenues:</b>                       |                                     |                    |                     |                     |                     |                                  |
| Interest income                        | \$ 25,500                           | \$ 25,500          | \$ 9,938            | \$ 66,598           | \$ 76,536           | \$ 51,036                        |
| System development charges             | 1,763,900                           | 1,763,900          | 605,142             | 185,448             | 790,590             | (973,310)                        |
| Total revenues                         | <u>1,789,400</u>                    | <u>1,789,400</u>   | <u>615,080</u>      | <u>252,046</u>      | <u>867,126</u>      | <u>(922,274)</u>                 |
| <b>Other financing sources (uses):</b> |                                     |                    |                     |                     |                     |                                  |
| Transfers to other funds:              |                                     |                    |                     |                     |                     |                                  |
| Capital Improvement Projects Fund      | -                                   | -                  | -                   | (300,000)           | (300,000)           | (300,000)                        |
| Net change in fund balance             | 1,789,400                           | 1,789,400          | 615,080             | (47,954)            | 567,126             | (1,222,274)                      |
| <b>Beginning Fund Balance</b>          | <u>2,000,000</u>                    | <u>2,000,000</u>   | <u>2,178,514</u>    | <u>2,793,594</u>    | <u>2,178,514</u>    | <u>(178,514)</u>                 |
| <b>Ending Fund Balance</b>             | <u>\$3,789,400</u>                  | <u>\$3,789,400</u> | <u>\$ 2,793,594</u> | <u>\$ 2,745,640</u> | <u>\$ 2,745,640</u> | <u>\$(1,400,788)</u>             |
| Reconciliation to the GAAP basis:      |                                     |                    |                     |                     |                     |                                  |
| No reconciling items                   |                                     |                    |                     |                     |                     |                                  |
| Net position - GAAP basis              |                                     |                    |                     |                     | <u>2,745,640</u>    |                                  |

**Clackamas River Water**  
**Reconciliation of Revenues and Expenses to Changes in Net Position**  
**For the Years Ended June 30, 2023 and 2022**

---

|  | <b>2023</b>     | <b>2022</b>     |
|--|-----------------|-----------------|
|  | <b>Combined</b> | <b>Combined</b> |
| Revenues   | \$ 17,597,324   | \$ 16,006,563   |
| Expenses   | (13,489,849)    | (12,115,276)    |
| Excess (deficiency) of revenues over expenditures                          | 4,107,475       | 3,891,287       |
| Add (deduct) items to reconcile to change in net position on a GAAP basis: |                 |                 |
| Capital outlay capitalized, net of contributed capital                     | 2,635,556       | 1,677,238       |
| Payment of bond principal  | 385,000         | 370,000         |
| Amortization of discounts and related deferrals                            | 109,549         | 101,377         |
| Increase (decrease) in accrued interest                                    | (4,421)         | (2,100)         |
| Increase (decrease) in lease receivable, liabilities and deferred          | (19,147)        | -               |
| Right to use assets, amortization & interest                               | 101,657         | -               |
| Pension expense  | 106,032         | 217,256         |
| Depreciation & amortization  | (2,562,809)     | (2,828,095)     |
| Change in net position   | \$ 4,858,892    | \$ 3,426,962    |

## **Statistical Section**

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**Clackamas River Water  
Statistical Section  
(Unaudited)**

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This part of Clackamas River Water's Comprehensive Annual Financial Report presents detailed information as a context for understanding the information in the financial statements, note disclosures, and supplementary information. This information has not been audited by the independent auditors.

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| <b>Financial Trends</b> | 56 |
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These schedules contain trend information that may assist the reader in assessing the District's financial performance by placing it in historical perspective.

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| <b>Revenue Capacity</b> | 59 |
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These schedules contain information that may assist the reader in assessing the District's most significant local revenue source, the District water rate.

|                      |    |
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| <b>Debt Capacity</b> | 65 |
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These schedules present information that may assist the reader in analyzing the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.

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| <b>Economic and Demographic Information</b> | 67 |
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These schedules offer economic and demographic indicators that may assist the reader in understanding the environment in which the District's financial activities take place.

|                              |    |
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| <b>Operating Information</b> | 69 |
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These schedules contain service data that may assist the reader in understanding how the information in the District's financial report relates to the services the District provides and the activities it performs.

Sources: Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Reports for the relevant year.

**Clackamas River Water  
Net Position by Component  
Last Ten Fiscal Years**

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| Fiscal Year Ended<br>6/30/2023 | Net Investment in<br>Capital Assets | Restricted    | Unrestricted | Total<br>Net Position |
|--------------------------------|-------------------------------------|---------------|--------------|-----------------------|
| 2023                           | \$ 56,964,053                       | \$ 14,151,358 | \$ 8,837,998 | \$ 79,953,409         |
| 2022                           | 56,357,774                          | 11,144,367    | 7,592,376    | 75,094,517            |
| 2021                           | 57,021,759                          | 10,348,939    | 4,296,858    | 71,667,556            |
| 2020                           | 55,271,513                          | 9,249,039     | 4,731,026    | 69,251,578            |
| 2019                           | 52,402,947                          | 10,384,227    | 3,981,253    | 66,768,427            |
| 2018                           | 50,093,311                          | 8,666,547     | 2,991,656    | 61,751,514            |
| 2017                           | 48,597,363                          | 7,433,825     | 2,467,722    | 58,498,910            |
| 2016                           | 46,355,623                          | 7,412,178     | 3,117,500    | 56,885,301            |
| 2015                           | 47,205,145                          | 5,633,316     | 3,565,923    | 56,404,384            |
| (1) 2014 Restated              | 46,859,257                          | 4,977,188     | 3,185,675    | 55,022,120            |

**Clackamas River Water  
Change in Net Position  
Last Ten Fiscal Years**

|   | 2023                | 2022                | 2021                | 2020                | 2019                |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|
| Operating Revenues:   |                     |                     |                     |                     |                     |
| Water Sales   | \$ 16,315,870       | \$ 14,666,129       | \$ 14,302,640       | \$ 13,099,982       | \$ 13,155,014       |
| Other   | 380,600             | 349,887             | 152,411             | 188,747             | 541,790             |
| Total operating revenues                                    | <u>16,696,470</u>   | <u>15,016,016</u>   | <u>14,455,051</u>   | <u>13,288,729</u>   | <u>13,696,804</u>   |
| Operating Expenses:   |                     |                     |                     |                     |                     |
| Water Resources   | 3,767,350           | 3,180,531           | 3,567,376           | 3,244,480           | 3,123,937           |
| System Operations   | 2,818,139           | 2,490,976           | 3,210,473           | 2,505,637           | 1,699,629           |
| Finance, Accounting and Customer Service                    | 1,458,622           | 1,537,336           | 1,679,765           | 1,387,468           | 1,373,329           |
| Administrative Services                                     | 2,240,380           | 2,158,101           | 2,467,675           | 2,038,817           | 1,930,985           |
| Engineering   | -                   | -                   | -                   | -                   | 752,343             |
| Board of Commissioners                                      | -                   | -                   | -                   | -                   | -                   |
| CRWSC Activity  | -                   | 64,051              | 90,810              | 109,960             | 87,618              |
| Overhead and equipment charges<br>allocated and capitalized | (73,903)            | (59,362)            | (178,092)           | (316,714)           | (688,480)           |
| Depreciation & amortization                                 | 2,562,809           | 2,828,095           | 2,433,974           | 2,147,747           | 1,974,347           |
| Total operating expenses                                    | <u>12,773,397</u>   | <u>12,199,728</u>   | <u>13,271,981</u>   | <u>11,117,395</u>   | <u>10,253,708</u>   |
| Operating income:   | 3,923,073           | 2,816,288           | 1,183,070           | 2,171,334           | 3,443,096           |
| Nonoperating revenues (expense)                             |                     |                     |                     |                     |                     |
| Federal award and other                                     | -                   | 59,330              | 190,765             | 86,638              | -                   |
| Investment earnings on cash equivalents                     | 509,079             | 110,937             | 103,215             | 318,499             | 594,679             |
| Interest income from note receivable                        | -                   | -                   | -                   | -                   | -                   |
| Rental income   | 106,012             | 106,012             | 117,974             | 114,538             | 111,202             |
| Other   | 37,434              | 121,697             | 119,674             | 125,581             | 124,846             |
| Gain (loss) from disposal of capital assets                 | 82,029              | -                   | (161)               | (98,288)            | -                   |
| Interest expense (net)                                      | (739,517)           | (756,351)           | (762,070)           | (801,551)           | (819,970)           |
| Nonoperating income (expense) - net                         | <u>(4,963)</u>      | <u>(358,375)</u>    | <u>(230,603)</u>    | <u>(254,583)</u>    | <u>10,757</u>       |
| Net Income before Capital<br>Contributions                  | 3,918,110           | 2,457,913           | 952,467             | 1,916,751           | 3,453,853           |
| CAPITAL CONTRIBUTIONS                                       | 940,782             | 969,048             | 1,463,511           | 566,400             | 1,563,060           |
| Change in Net Position, prior period adjustments            | -                   | -                   | -                   | -                   | -                   |
| CHANGE IN NET POSITION                                      | <u>\$ 4,858,892</u> | <u>\$ 3,426,961</u> | <u>\$ 2,415,978</u> | <u>\$ 2,483,151</u> | <u>\$ 5,016,913</u> |

## Clackamas River Water Change in Net Position Last Ten Fiscal Years

|   | 2018                | 2017                | 2016              | 2015                | 2014<br>Restated  |
|---|---------------------|---------------------|-------------------|---------------------|-------------------|
| <b>Operating Revenues:</b>                                  |                     |                     |                   |                     |                   |
| Water Sales   | \$ 12,292,381       | \$ 11,368,920       | \$ 10,887,335     | \$ 9,955,874        | \$ 8,815,333      |
| Other   | 385,524             | 343,469             | 306,729           | 201,576             | 203,484           |
| Total operating revenues                                    | <u>12,677,905</u>   | <u>11,712,389</u>   | <u>11,194,064</u> | <u>10,157,450</u>   | <u>9,018,817</u>  |
| <b>Operating Expenses:</b>                                  |                     |                     |                   |                     |                   |
| Water Resources   | 3,057,068           | 3,241,595           | 3,287,224         | 2,445,623           | 2,568,488         |
| System Operations   | 1,599,928           | 1,590,409           | 1,893,554         | 1,002,488           | 1,461,265         |
| Finance, Accounting and Customer Service                    | 1,200,282           | 1,156,046           | 1,411,476         | 841,856             | 972,660           |
| Administrative Services                                     | 1,726,279           | 1,649,556           | 2,239,563         | 1,540,718           | 1,711,775         |
| Engineering   | 1,015,134           | 827,981             | 709,806           | 261,016             | 465,458           |
| Board of Commissioners                                      | -                   | 127,115             | 178,896           | 89,021              | 129,577           |
| CRWSC Activity  | 160,021             | 186,230             | 323,015           | 25,593              | 984               |
| Overhead and equipment charges<br>allocated and capitalized | (422,995)           | (271,482)           | (192,858)         | (156,987)           | (240,708)         |
| Depreciation & amortization                                 | 1,996,562           | 2,052,288           | 2,024,030         | 1,905,567           | 1,846,508         |
| Total operating expenses                                    | <u>10,332,279</u>   | <u>10,559,738</u>   | <u>11,874,706</u> | <u>7,954,895</u>    | <u>8,916,007</u>  |
| Operating income:   | 2,345,626           | 1,152,651           | (680,642)         | 2,202,555           | 102,810           |
| <b>Nonoperating revenues (expense)</b>                      |                     |                     |                   |                     |                   |
| Federal award and other                                     | 5,000               | -                   | -                 | -                   | 393,909           |
| Investment earnings on cash equivalents                     | 536,232             | 356,281             | 117,890           | 42,650              | 41,317            |
| Interest income from note receivable                        | -                   | -                   | -                 | -                   | -                 |
| Rental income   | 107,963             | 104,818             | 108,272           | 104,801             | 101,924           |
| Other   | 235,875             | 207,842             | 306,779           | 177,677             | 21,151            |
| Gain (loss) from disposal of capital assets                 | -                   | -                   | -                 | (438)               | (562)             |
| Interest expense (net)                                      | (561,254)           | (869,265)           | (153,915)         | (54,033)            | (47,172)          |
| Nonoperating income (expense) - net                         | <u>323,816</u>      | <u>(200,324)</u>    | <u>379,026</u>    | <u>270,657</u>      | <u>510,567</u>    |
| Net Income before Capital<br>Contributions                  | 2,669,442           | 952,327             | (301,616)         | 2,473,212           | 613,377           |
| <b>CAPITAL CONTRIBUTIONS</b>                                | 583,164             | 661,280             | 782,532           | 556,353             | 473,086           |
| Change in Net Position, prior period adjustments            | -                   | -                   | -                 | (1,647,300)         | (815,028)         |
| <b>CHANGE IN NET POSITION</b>                               | <u>\$ 3,252,606</u> | <u>\$ 1,613,607</u> | <u>\$ 480,916</u> | <u>\$ 1,382,265</u> | <u>\$ 271,435</u> |

**Clackamas River Water  
Capital Contributions by Source  
Last Ten Fiscal Years**

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| Fiscal Year<br>Ended<br>June 30, | System<br>Development<br>Charges | Connection<br>Fees | Contributed<br>Infrastructure | Total<br>Capital<br>Contributions |
|----------------------------------|----------------------------------|--------------------|-------------------------------|-----------------------------------|
| 2023                             | \$ 185,448                       | \$ 108,805         | \$ 755,334                    | \$ 1,049,587                      |
| 2022                             | 605,142                          | 161,170            | 363,906                       | 1,130,218                         |
| 2021                             | 958,560                          | 107,232            | 504,951                       | 1,570,743                         |
| 2020                             | 501,427                          | 100,809            | 64,973                        | 667,209                           |
| 2019                             | 908,746                          | 60,392             | 593,922                       | 1,563,060                         |
| 2018                             | 382,758                          | 147,799            | 52,607                        | 583,164                           |
| 2017                             | 262,468                          | 114,559            | 284,253                       | 661,280                           |
| 2016                             | 644,487                          | 114,390            | 23,655                        | 782,532                           |
| 2015                             | 243,336                          | 88,892             | 224,125                       | 556,353                           |
| 2014                             | 167,096                          | 86,754             | 219,236                       | 473,086                           |

**Clackamas River Water  
Distribution of Water Sales in Dollars  
Last Ten Fiscal Years**

| Fiscal Year<br>Ended<br>June 30, | Water Sold in Dollars |                     |                                      |                     |                       |                     | Total (1)     |
|----------------------------------|-----------------------|---------------------|--------------------------------------|---------------------|-----------------------|---------------------|---------------|
|                                  | Wholesale             | Percent<br>of Total | Direct<br>Industrial /<br>Commercial | Percent<br>of Total | Direct<br>Residential | Percent<br>of Total |               |
| 2023                             | \$ 1,276,254          | 8.00                | \$ 6,482,426                         | 40.8                | \$ 8,127,193          | 51.2                | \$ 15,885,872 |
| 2022                             | 908,550               | 6.1                 | 6,416,362                            | 43.00               | 7,589,213             | 50.9                | 14,914,125    |
| 2021                             | 899,871               | 6.5                 | 5,661,428                            | 40.7                | 7,354,217             | 52.8                | 13,915,516    |
| 2020                             | 884,213               | 6.8                 | 5,503,996                            | 42.3                | 6,620,996             | 50.9                | 13,009,205    |
| 2019                             | 860,535               | 6.6                 | 5,578,409                            | 42.7                | 6,633,542             | 50.7                | 13,072,485    |
| 2018                             | 838,125               | 6.9                 | 5,109,157                            | 41.9                | 6,237,197             | 51.2                | 12,184,479    |
| 2017                             | 820,589               | 7.3                 | 4,814,714                            | 42.9                | 5,579,713             | 49.8                | 11,215,016    |
| 2016                             | 803,145               | 7.4                 | 4,676,994                            | 42.9                | 5,414,207             | 49.7                | 10,894,346    |
| 2015                             | 784,506               | 8.00                | 4,294,834                            | 44.1                | 4,669,156             | 47.9                | 9,748,496     |
| 2014                             | 755,849               | 8.8                 | 3,756,360                            | 43.5                | 4,118,075             | 47.7                | 8,630,284     |

Footnotes:

(1) Total water sold does not include water sold on fire hydrant permits. Total Water Revenue on The Statement of Revenues, Expenses, and Changes in Net Position includes water sales on fire hydrant permits and accrued unbilled water sales. Source: Clackamas River Water Records

**Clackamas River Water  
Applications for Water Service  
Last Ten Fiscal Years**

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| Fiscal Year<br>Ended<br>June 30, | Domestic<br>Residential<br>(3/4" Meter) | Domestic<br>Commercial<br>(1" Meter & Up) | Fire<br>Protection<br>(All Sizes) | Total<br>Applications for<br>Water Service |
|----------------------------------|---|---|-----------------------------------|--|
| 2023                             | 29                                      | 6   | -                                 | 35   |
| 2022                             | 36                                      | 27  | 6                                 | 69   |
| 2021                             | 87                                      | 3   | 10                                | 100  |
| 2020                             | 82                                      | 7   | -                                 | 89   |
| 2019                             | 112                                     | 7   | 2                                 | 121  |
| 2018                             | 46                                      | 13  | 1                                 | 60   |
| 2017                             | 55                                      | 12  | 1                                 | 68   |
| 2016                             | 70                                      | 10  | -                                 | 80   |
| 2015                             | 43                                      | 6   | -                                 | 49   |
| 2014                             | 30                                      | 8   | 4                                 | 42   |

**Clackamas River Water  
Number of Water Customers by Type  
Last Ten Fiscal Years**

---

| Fiscal Year<br>Ended<br>June 30, | Residential | Multi Family/<br>Trailer<br>Parks | Commercial | Industrial | Fire<br>Service | Other | Total  |
|----------------------------------|-------------|-----------------------------------|------------|------------|-----------------|-------|--------|
| 2023                             | 11,036      | 242                               | 796        | 54         | 381             | 182   | 12,691 |
| 2022                             | 11,204      | 242                               | 816        | 55         | 379             | 221   | 12,917 |
| 2021                             | 11,190      | 241                               | 793        | 55         | 374             | 219   | 12,872 |
| 2020                             | 11,131      | 228                               | 796        | 54         | 361             | 220   | 12,790 |
| 2019                             | 11,049      | 228                               | 792        | 54         | 355             | 218   | 12,696 |
| 2018                             | 10,964      | 227                               | 791        | 54         | 352             | 221   | 12,609 |
| 2017                             | 10,919      | 226                               | 799        | 53         | 345             | 210   | 12,552 |
| 2016                             | 10,877      | 225                               | 831        | 53         | 340             | 181   | 12,507 |
| 2015                             | 10,668      | 214                               | 801        | 51         | 334             | 138   | 12,206 |
| 2014                             | 10,623      | 222                               | 802        | 52         | 330             | 148   | 12,177 |

**Clackamas River Water  
Monthly Service Charge  
Last Ten Fiscal Years**

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Residential Users - North and South Service Areas

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| Fiscal Year<br>Ended<br>June 30, | Minimum Monthly<br>Service Charge | Rate for First<br>CCF (1) |
|----------------------------------|-----------------------------------|---------------------------|
| 2023                             | \$ 30.00                          | \$ 2.59                   |
| 2022                             | 28.59                             | 2.44                      |
| 2021                             | 28.59                             | 2.44                      |
| 2020                             | 26.31                             | 2.25                      |
| 2019                             | 26.31                             | 2.25                      |
| 2018                             | 24.88                             | 2.12                      |
| 2017                             | 23.53                             | 2.01                      |
| 2016                             | 22.25                             | 1.90                      |
| 2015                             | 17.62                             | 1.90                      |
| 2014                             | 13.45                             | 1.90                      |

Footnotes:

(1) CCF means one hundred cubic feet One hundred cubic feet of water is equal to approximately 748 gallons Source: Clackamas River Water Records

**Clackamas River Water  
Largest Water Consumers  
For the Years Ended June 30, 2023 and 2022**

| Consumer                       | 2023                                   |                              | 2022                                   |                              |
|--------------------------------|--|------------------------------|--|------------------------------|
|                                | Consumption<br>(Hundred<br>Cubic Feet) | Percent of<br>District Total | Consumption<br>(Hundred<br>Cubic Feet) | Percent of<br>District Total |
| <b>Wholesale:</b>              |  |                              |  |                              |
| Sunrise Water Authority        | 1,246,601                              | 35.9%                        | 1,222,302                              | 35.1%                        |
| <b>Commercial:</b>             |  |                              |  |                              |
| Precision Castparts Corporatio | 130,926                                | 3.8                          | 145,326                                | 4.2                          |
| Forum Clackamas Campus         | 7,105                                  | 0.2                          | 50,326                                 | 1.4                          |
| Safeway                        | 47,159                                 | 1.4                          | 47,631                                 | 1.4                          |
| Fred Meyer, Inc.               | 28,839                                 | 0.8                          | 38,300                                 | 1.1                          |
| Interstate Meats               | 22,704                                 | 0.7                          | 28,251                                 | 0.8                          |
| Pacific Seafood                | 13,575                                 | 0.4                          | 18,088                                 | 0.5                          |
| Clackamas Town Center          | 19,596                                 | 0.6                          | 14,461                                 | 0.4                          |
| Larsen Creamery Inc            | 14,322                                 | 0.4                          | 14,454                                 | 0.4                          |
| Oregon Military Dept           | 8,155                                  | 0.2                          | 9,641                                  | 0.3                          |
| N Clackamas Parks & Rec        | 15,275                                 | 0.4                          | 9,300                                  | 0.3                          |
| Unified Western Grocers-closed |  | 0.0                          | -                                      | 0.0                          |
| <b>Multi-family:</b>           |  |                              |  |                              |
| Sun Country Village (1)        | 39,778                                 | 1.1                          | 32,763                                 | 0.9                          |
| Clackamas (Court 270 LLC)      | 27,374                                 | 0.8                          | 25,155                                 | 0.7                          |
| Overlook at Causey             | 25,131                                 | 0.7                          | 23,639                                 | 0.7                          |
| Johnson City                   | 19,055                                 | 0.5                          | 18,259                                 | 0.5                          |
| KW Happy Valley LLC            | 15,531                                 | 0.4                          | 15,574                                 | 0.4                          |
| Reflections at Happy Valley    | -                                      | 0.0                          | -                                      | 0.0                          |
| Easton Ridge Apartments        | 19,623                                 | 0.6                          | 14,075                                 | 0.4                          |
| Giadan K Estates               | 12,950                                 | 0.4                          | 13,596                                 | 0.4                          |
| Oak Acres Mobile Home Park     | 20,392                                 | 0.6                          | 13,531                                 | 0.4                          |
| Brown                          |  |                              | 11,992                                 | 0.3                          |
| Pardes, LLC                    | 9,841                                  | 0.3                          | 10,658                                 | 0.3                          |
| Village Place Apartments       | 11,587                                 | 0.3                          | 11,068                                 | 0.3                          |
| Pointe West Apartments         | 9,320                                  | 0.3                          | 10,140                                 | 0.3                          |
| Ed Lucas Investment Property   |  |                              | 9,981                                  | 0.3                          |
| Clackamas Heights Apartment:   | 7,775                                  | 0.2                          | 8,764                                  | 0.3                          |
| Gep X Happy Valley LLC         | 17,345                                 |                              | -                                      | 0.0                          |
| All Other Consumers            | 1,667,183                              | 48                           | 1,667,183                              | 47.8                         |
|                                | <u>3,473,090</u>                       | <u>99.0%</u>                 | <u>3,484,458</u>                       | <u>100.0%</u>                |

**Clackamas River Water  
Ratio of Bonded Debt to Personal Income  
Last Ten Fiscal Years**

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| Fiscal Year<br>Ended<br>June 30, | Revenue<br>Bonds (1) | District<br>Bonded Debt<br>per Capita (2) | Clackamas<br>County<br>Per Capita Income (3) | As a Share<br>Of<br>Personal Income (4) |
|----------------------------------|----------------------|---|--|---|
| 2023                             | \$ 19,981,784        | \$ 367.00                                 | \$ 45,140                                    | 0.81%                                   |
| 2022                             | 20,478,767           | 375.56                                    | 42,638                                       | 0.88%                                   |
| 2021                             | 20,960,730           | 383.39                                    | 41,866                                       | 0.92%                                   |
| 2020                             | 21,893,989           | 400.42                                    | 41,492                                       | 0.97%                                   |
| 2019                             | 22,786,519           | 416.83                                    | 61,726                                       | 0.68%                                   |
| 2018                             | 23,664,777           | 408.90                                    | 56,268                                       | 0.73%                                   |
| 2017                             | 24,508,035           | 423.20                                    | 53,826                                       | 0.79%                                   |
| 2016                             | 25,331,293           | 437.10                                    | 51,379                                       | 0.85%                                   |
| 2015                             | 2,517,041            | 48.60                                     | 50,169                                       | 0.10%                                   |
| 2014                             | 2,893,336            | 55.80                                     | 48,713                                       | 0.11%                                   |

Footnotes:

(1) Revenue bonds are the only kind of bonded debt - Includes Series 2009 and Series 2016 as of March 2016 plus unamortized premium

(2) Estimated District population 47,250 - based on updated Water System Master Plan 2019

(3) Data is for calendar year.

(4) Clackamas County personal income data

Sources: Clackamas River Water Annual Financial Statements and Records US Census Bureau, American Community Survey Department of Human Resources, State of Oregon, Employment Division, Clackamas County

**Clackamas River Water  
Revenue Pledged Coverage  
Last Ten Fiscal Years**

| Fiscal Year<br>Ended<br>June 30, | Gross<br>Revenues (1) | Operating<br>Expenses (2) | Net Revenue<br>Available for<br>Debt Service | Debt Service Requirements (3) |           |              |          |
|----------------------------------|-----------------------|---------------------------|--|-------------------------------|-----------|--------------|----------|
|                                  |                       |                           |  | Principal                     | Interest  | Total        | Coverage |
| 2023                             | \$17,431,024          | \$10,210,588              | \$ 7,220,436                                 | \$385,000                     | \$854,000 | \$ 1,239,000 | 5.83     |
| 2022                             | 15,354,662            | 9,371,632                 | 5,983,030                                    | 370,000                       | 868,000   | 1,238,000    | 4.83     |
| 2021                             | 14,795,914            | 10,838,007                | 3,957,907                                    | 805,000                       | 890,400   | 1,695,400    | 2.33     |
| 2020                             | 13,847,347            | 8,969,648                 | 4,877,699                                    | 775,000                       | 920,275   | 1,695,275    | 2.88     |
| 2019                             | 14,527,531            | 8,279,361                 | 6,248,170                                    | 750,000                       | 947,375   | 1,697,375    | 3.68     |
| 2018                             | 13,557,975            | 8,335,717                 | 5,222,258                                    | 715,000                       | 973,375   | 1,688,375    | 3.09     |
| 2017                             | 12,381,330            | 8,507,450                 | 3,873,880                                    | 695,000                       | 996,475   | 1,691,475    | 2.29     |
| 2016                             | 11,727,005            | 9,850,677                 | 1,876,328                                    | 365,000                       | 233,802   | 598,802      | 3.13     |
| 2015                             | 10,482,578            | 6,049,766                 | 4,432,812                                    | 360,000                       | 95,555    | 455,555      | 9.73     |
| 2014                             | 9,577,118             | 7,111,473                 | 2,465,645                                    | 340,000                       | 106,460   | 446,460      | 5.52     |

Footnotes:

(1) Total revenues, including interest and system development charges. Excludes local improvement district assessments.

(2) Total operating expenses exclusive of depreciation, and includes loss from sales of assets and interest expense.

(3) Includes principal and interest of revenue bonds only. It does not include general obligation bonds funded by taxes or revenues.

Source: Clackamas River Water Annual Financial Statements and Records

**Clackamas River Water  
Demographic Statistics  
Last Ten Fiscal Years**

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| Fiscal Year<br>Ended<br>June 30, | Population<br>(1) | Personal<br>Income (1)<br>(In Thousands) | Per Capita<br>Personal<br>Income (2) | Clackamas Cty.<br>Unemployment<br>Rate (3) | Portland Metro Area<br>Unemployment<br>Rate (4) |
|----------------------------------|-------------------|--|--------------------------------------|--|---|
| 2023                             | 49,834            | \$ 2,249,507                             | \$ 45,140                            | 3.2  | 3.4   |
| 2022                             | 49,030            | 2,090,541                                | 42,638                               | 3.2  | 3.6   |
| 2021                             | 49,545            | 2,074,251                                | 41,866                               | 4.5  | 5.1   |
| 2020                             | 48,510            | 2,012,777                                | 41,492                               | 13.5                                       | 14.2  |
| 2019                             | 418,187           | 25,812,808                               | 61,726                               | 3.7  | 3.8   |
| 2018                             | 416,075           | 23,220,274                               | 56,268                               | 3.5  | 3.7   |
| 2017                             | 412,672           | 22,212,483                               | 53,826                               | 3.3  | 4.1   |
| 2016                             | 408,062           | 20,965,832                               | 51,379                               | 4.2  | 5.1   |
| 2015                             | 401,515           | 20,125,378                               | 50,169                               | 5.1  | 5.5   |
| 2014                             | 394,972           | 19,240,407                               | 48,713                               | 5.9  | 6.1   |

Footnotes:

(1) Specific District population was not available during 2014-2019. The District is reporting Clackamas County data. Data from 2020 forward, is the specific District population reported within District Boundaries, as reported by PSU.

(2) Data is for calendar years.

(3) Data is for May of each calendar year

(4) Includes Portland - Vancouver - Hillsboro, OR-WA MSA (Metro Service Area). Data is for June of each calendar year.

**Clackamas River Water  
Major Employers within CRW District  
For the Years Ended June 30, 2023 and 2022**

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| Name                                       | Product or Service                   | 2023<br>Estimated<br>Employment | 2022<br>Estimated<br>Employment |
|--|--------------------------------------|---------------------------------|---------------------------------|
| Fred Meyer, Inc.                           | Distribution Center                  | N/A                             | 1,863                           |
| Precision Castparts Corp.                  | Investments Castings                 | 1,760                           | 1,760                           |
| Camp Withycombe                            | Oregon National Guard/Oregon Militar | 1,345                           | 1,345                           |
| Safeway Stores, Inc.                       | Distribution Center and Bakery       | 1,087                           | 1,087                           |
| Warn Industries - Portland                 | 4-Wheel Drive After Market Equipment | 517                             | 517                             |
| Costco                                     | Shopping Club                        | 414                             | 414                             |
| Pacific Seafood, Inc                       | Distribution Center                  | 311                             | 311                             |
| Winco                                      | Distribution Center                  | 311                             | 311                             |
| J.C. Penney Co.                            | Department Store                     | 207                             | 207                             |
| Vigor Industrial (Oregon Iron Works)       | Steel Fabrication                    | 207                             | 207                             |
| VCA Animal Hospital                        | Veterinary services                  | 164                             | 155                             |
| Super Value (United Grocers, Inc.)- closed | Warehouse/Offices/Retail Trade       | -                               | -                               |
| Sears - closed                             | Department Store                     | -                               | -                               |
| Nordstrom - closed May 2020                | Department Store                     | -                               | -                               |

Source: North Clackamas County Chamber of Commerce

Source: ReferenceUSA

**Clackamas River Water**  
**Administrative and Operational Full Time Equivalent Employees**  
**Last Ten Fiscal Years**

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| Fiscal Year<br>Ended<br>June 30, | Administrative | Operational | Total |
|----------------------------------|----------------|-------------|-------|
| 2023                             | 10             | 31          | 41    |
| 2022                             | 9              | 30          | 39    |
| 2021                             | 9              | 29          | 38    |
| 2020                             | 10             | 29          | 39    |
| 2019                             | 11             | 29          | 40    |
| 2018                             | 11             | 30          | 41    |
| 2017                             | 12             | 28          | 40    |
| 2016                             | 12             | 28          | 40    |
| 2015                             | 12             | 26          | 38    |
| 2014                             | 14             | 26          | 40    |
| 2013                             | 13             | 26          | 39    |

Source: Clackamas River Water Payroll Records

**Clackamas River Water**  
**Customer Account Write-Offs as a Percentage of Sales**  
**Last Ten Fiscal Years**

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| Fiscal Year<br>Ended<br>June 30, | Water Sales  | Write Offs | % of Sales |
|----------------------------------|--------------|------------|------------|
| 2023                             | \$16,073,097 | \$22,669   | 0.14%      |
| 2022                             | 14,666,129   | 13,505     | 0.09%      |
| 2021                             | 14,302,640   | 12,330     | 0.09%      |
| 2020                             | 13,099,982   | 12,178     | 0.09%      |
| 2019                             | 13,155,014   | 11,445     | 0.09%      |
| 2018                             | 12,292,381   | 17,088     | 0.14%      |
| 2017                             | 11,368,920   | 13,159     | 0.12%      |
| 2016                             | 10,887,335   | 9,347      | 0.09%      |
| 2015                             | 9,955,874    | 7,097      | 0.07%      |
| 2014                             | 8,815,333    | 8,030      | 0.09%      |

**Clackamas River Water  
Operating Indicators  
Last Ten Fiscal Years**

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| Fiscal Year<br>Ended<br>June 30, | Size of<br>Watershed<br>Square<br>Miles | (1) Average<br>Daily<br>Production<br>(MGD) (2) | (1) Peak<br>Day<br>Production<br>(MGD) (2) | Miles of<br>Water<br>Mains (2) | Water<br>Storage<br>Capacity<br>(MG) (3) | Number<br>of Pump<br>Stations |
|----------------------------------|---|---|--|--------------------------------|--|-------------------------------|
| 2023                             | 942                                     | 8.03  | 13.30                                      | 267                            | 24.00                                    | 13                            |
| 2022                             | 942                                     | 8.75  | 16.89                                      | 266                            | 24.00                                    | 13                            |
| 2021                             | 942                                     | 8.21  | 15.48                                      | 272                            | 24.00                                    | 11                            |
| 2020                             | 942                                     | 9.17  | 13.35                                      | 269                            | 23.05                                    | 10                            |
| 2019                             | 942                                     | 8.60  | 15.45                                      | 262                            | 23.05                                    | 10                            |
| 2018                             | 942                                     | 6.86  | 13.39                                      | 262                            | 23.05                                    | 10                            |
| 2017                             | 942                                     | 7.07  | 14.76                                      | 262                            | 23.05                                    | 10                            |
| 2016                             | 942                                     | 7.11  | 17.19                                      | 262                            | 24.45                                    | 10                            |
| 2015                             | 942                                     | 6.81  | 16.18                                      | 262                            | 24.45                                    | 10                            |
| 2014                             | 942                                     | 8.63  | 12.57                                      | 262                            | 24.35                                    | 10                            |

## **Audit Comments and Disclosures Required by State Regulations**

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## **Report of Independent Auditors Required by Oregon State Regulations**

The Board of Commissioners  
Clackamas River Water District

We have audited, in accordance with auditing standards generally accepted in the United States of America the financial statements of Clackamas River Water District (the District) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Clackamas River Water District's basic financial statements, and have issued our report thereon dated January 29, 2024.

### **Compliance**

As part of obtaining reasonable assurance about whether the Clackamas River Water District'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
- Indebtedness
- Budget
- Insurance and fidelity bonds
- Investments
- Public contracts and purchasing

In connection with our testing, nothing came to our attention that caused us to believe Clackamas River Water District 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 Clackamas River Water District'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 Clackamas River Water District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Clackamas River Water District'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 Clackamas River Water District and the Oregon Secretary of State and is not intended to be and should not be used by anyone other than these parties.



Julie Desimone, Partner  
for Moss Adams LLP  
Portland, Oregon  
January 29, 2024