



Clackamas Regional Water Supply Commission

Board of Directors

Regular Meeting

Monday, November 14, 2016, 4:00 p.m.

Clackamas River Water

16770 SE 82nd Dr.

Clackamas, OR 97015

AGENDA

Call to Order @ 4 p.m.

Call to Order, Pledge, and Roll Call – Hugh Kalani, Chair

Public Comment - Comments limited to 3 minutes per person

General Business

1. Organizational Update

- a. Requirements under the CRWSC Agreement

2. SDIS Best Practices Program

- a. Resolution 2016-04, Adopting Oregon Ethics Law Policy
- b. SDIS Best Practices Checklist

3. Financial Update

- a. Financial Summary
- b. 2016 Audit

4. General Manager(s)' Update

5. Directors' Reports

Adjourn

Next Meeting: Monday, January 9, 2017, 4:00 p.m. at Sunrise Water Authority

CLACKAMAS REGIONAL WATER SUPPLY COMMISSION

November 14, 2016

Agenda Item 1

Subject: Organizational Update

Presenter(s): Todd Heidgerken, CRW and Wade Hathhorn, SWA

Board Action: Open discussion regarding the CRWSC agreement.

Attachments: Summary of required actions under the CRWSC.

Background: The agreement that governs the CRWSC calls for several items to be completed and authorized by the Board.

Analysis: The General Manager(s) have summarized the requirements outlined under the agreement and will discuss an update on these items with the Board.

Options: None

Staff Recommendation: None

Draft Motion: None required. Open discussion among Board members and General Managers.

Clackamas Regional Water Supply Commission (CRWSC) For Discussion Purposes Only

Task	Purpose	Deadline	Action	Section
Rules of Procedure	Rules for the conduct of the CRWSC meetings	After election of officers	Board Adoption	3.2
By-Laws	Rules of the CRWSC organization	After election of officers	Board Adoption	3.2
Optional: Operating rules			Board Adoption	3.2
Optional: Regulations			Board Adoption	3.2
Optional: Procedures			Board Adoption	3.2
If employees: Personnel policies and procedures			General Manager Adoption	3.2
Evaluate effectiveness of Co-Management structure		Not later than 3 years after the agreement (November 2016)	Commission review and DECISION	5.1
GM Annual Review	Review of performance based on the goals, business outcomes and other measures established by the Board.	Annually		5.1
Prepare and Adopt a Biennial budget	Subject to approval by the governing body of each member.	Every two years. Proposed budget distributed no later than the seventh quarter of the existing biennium.	Commission approval then adoption (see purpose)	5.3
Financial Report Requirements	Show expenditures and receipts by budget item of the preceding quarter. Also status reports on other contracts and other financial obligations.	At least quarterly		5.4
Independent Audit		By October 31 Annually		5.4
Asset Management Program (when needed)	Inventory of the assets under the control or held by the Commission. Assumption is that it isn't needed until assets are obtained.	Within one year of initial CRWSC Initial meeting then part of the budget process.		7.7
Water Supply Agreements (as needed)	Executed as a "Wholesale Water" supply arrangement. Agreements supersede prior agreements. Agreements remain in effect for a period of no less than 3 years following the termination of the CRWSC agreement. Amount in excess of the 2.5 MGD for SWA is to be sold under a water supply agreement and be authorized under the "Planning Document" (Section 9.5).	As needed to access the 7.5 MGD of supply capacity made available by CRW.		9.1

Clackamas Regional Water Supply Commission (CRWSC)
For Discussion Purposes Only

Task	Purpose	Deadline	Action	Section
Annexation Notices	CRWSC shall determine a recommended response and advise participating members when a notice of annexation is received from a city that impacts or is likely to impact the CRWSC service area.	Not less than 7 days prior to submitting a response unless a response is required sooner		8.3
Planning Document	Document looks at member demands and how those demand are intended to be met. Also identifies existing obligations and deficiencies in the system. Address the curtailment process. Plan shall include consideration of the Joint Operations Plan (JOP - July 2001) and the Pipeline B Agreement. Document is used to help determine demands for the Wholesale Agreements (Section 9.1). Document is also used to direct expansion efforts.	Developed within 1 year of the formation of the CRWSC and reviewed at least once every 5 years (or more often if needed)	General Manager submits to the CRWSC.	9.5
Capital Improvement Plan (CIP)	CIP is to indentify capital improvements necessary of operations for the next five years (First one should look out to 2019). Looks at those needs of the members.	Developed within 9 months of the CRWSC agreement.	CRWSC Develops a CIP	10.1
Insurance Coverage	Coverage requirement reference in Exhibit B of the CRWSC agreement.		Each member and the CRWSC will obtain.	13.3

CLACKAMAS REGIONAL WATER SUPPLY COMMISSION

November 14, 2016

Agenda Item 2A

Subject: Ethics Policy

Presenter(s): Wade Hathhorn, SWA and Todd Heidgerken, CRW

Board Action: The Board of Directors is requested to Approve Resolution 2016-04, adopting an Oregon Ethics Law Policy.

Attachments: Resolution 2016-04, Oregon Ethics Law Policy

Background: Both CRW and Sunrise Water participate in the SDIS Best Practices program in order to meet the standards set by our industry partners. By doing so, agencies receive a discount on their insurance (up to 10%). And though CRW and Sunrise have their own ethics policies, SDAO is requiring “all” agencies (including SDAO) to adopt a formal ethics policy. The CRWSC does not currently have a formal ethics policy.

Analysis: Staff is recommending the Board adopt the standard ‘Oregon Ethics Law Policy’ language offered by SDAO, as attached. Adoption requires acceptance by Resolution, as attached.

Options: None

Staff Recommendation: Adopt Resolution 2016-04, adopting an Oregon Ethics Law Policy

Draft Motion: (I) move to adopt Resolution 2016-04, adopting the Oregon Ethics Law Policy.



RESOLUTION 2016-04

Adopting Oregon Ethics Law Policy

WHEREAS, adherence to ethical standards of practice in the discharge of their duties as elected officials is an obligation of the Board of Commissioners as a body and as individual Commissioners; and,

WHEREAS, adoption of a policy that unambiguously states the ethical standards that Commissioners are expected to abide by under the laws of the State of Oregon is in the public interest

NOW, THEREFORE, BE IT RESOLVED that the Board of Commissioners of the Clackamas Regional Water Supply Commission hereby adopts the Oregon Ethics Law Policy, as presented as Attachment 1 to this Resolution.

Resolution moved by _____. Seconded by _____.

Adopted by the Board of Directors of the Clackamas Regional Water Supply Commission the 14th day of November, 2016 by the following vote:

Ayes _____

Nays _____

CLACKAMAS REGIONAL WATER SUPPLY
COMMISSION

Hugh Kalani, President

Naomi Angier, Secretary

CLACKAMAS REGIONAL WATER SUPPLY COMMISSION

OREGON ETHICS LAW POLICY

Purpose

The purpose of this policy is to establish ethical standards of conduct for all Clackamas Regional Water Supply Commission officials in accordance with Oregon Government Ethics law.

Overview

Oregon Government Ethics Law

- Applies to all elected and appointed officials, employees and volunteers
- Prohibits use of public office for financial gain
- Requires public disclosure of financial conflicts of interest
- Limits gifts that an official may receive per calendar year
- Found in Oregon Revised Statutes, Chapter 244

Financial Gain

Each public official is prohibited from using the position as a public official to receive certain financial benefits if the opportunity for the financial benefit would not otherwise be available but for the position held by the public official. In addition, each public official is prohibited from using or attempting to use the official position to obtain financial benefits for a relative or a member of the public official's household, or for a business with which the public official, a relative, or a member of the public official's household is associated.

The following is a list of financial benefits that may be received. These include:

- Official compensation
- Reimbursement of expenses
- Honorarium
- Unsolicited awards for professional achievement
- Some gifts

Gifts

No public official shall solicit or receive any gift(s) with a total value of more than \$50 in any one calendar year from any single source who could reasonably be known to have a financial interest in the official actions of that public official. A gift is defined as something of value given to a public official, for which the official does not pay an equal value. Gifts of entertainment are included in the \$50 gift limit.

This does not mean that an official cannot receive any gifts. The law only restricts gifts from sources that have an administrative or legislative interest in the public official's actions, and does allow the public official to receive up to \$50 worth of gifts from each source. In addition, unlimited gifts may be accepted from a source that does not have a legislative or administrative interest in the public official, and the public official may accept unlimited gifts from specified relatives.

Conflict of Interest

Oregon Government Ethics law identifies and defines two types of conflicts of interest: actual conflict of interest and potential conflict of interest. The difference between an actual conflict of interest and a potential conflict of interest is determined by the words "would" and "could."

A public official is met with an actual conflict of interest when the public official participates in action that would affect the financial interest of the official, the official's relative or a business with which the official or a relative of the official is associated.

A public official is met with a potential conflict of interest when the public official participates in action that could affect the financial interest of the official, a relative of that official or a business with which the official or the relative of that official is associated.

A public official must announce or disclose the nature of a conflict of interest. The way the disclosure is made depends on the position held. The following public officials must use the methods described below:

Potential Conflict of Interest: Following the public announcement, the public official may participate in official action on the issue that gave rise to the conflict of interest.

Actual Conflict of Interest: Following the public announcement, the public official must refrain from further participation in official action on the issue that gave rise to the conflict of interest.

If a public official is met with an actual conflict of interest and the public official's vote is necessary to meet the minimum number of votes required for official action, the public official may vote. The public official must make the required announcement and refrain from any discussion, but may participate in the vote required for official action by the governing body. These circumstances do not often occur. This provision does not apply in situations where there are insufficient votes because of a member's absence when the governing body is convened. Rather, it applies in circumstances when all members of the governing body are present and the number of members who must refrain due to actual conflicts of interest make it impossible for the governing body to take official action.

Adopted: November 14, 2016 – Resolution 2016-04

CLACKAMAS REGIONAL WATER SUPPLY COMMISSION

November 14, 2016

Agenda Item 2B

Subject: SDIS Best Practices Checklist

Presenter(s): Wade Hathhorn, SWA and Todd Heidgerken, CRW

Board Action: The Board of Directors is requested to approve the SDIS Best Practices Checklist

Attachments: SDIS Best Practices Checklist

Background: As noted in the staff report on Agenda Item 2A, SDAO/SDIS offers a Best Practices program each year in order to establish standards among its member organizations. This year SDAO/SDIS is focusing on government ethics. Accordingly, SDIS is asking “all” agencies to review an “ethics checklist” for practices compliance. Completion offers an additional 2% reduction on insurance premiums.

Analysis: The survey has already been completed by both CRW and Sunrise, each party answering in the affirmative to all the questions posed by the survey. Accordingly, staff has responded by offering a similar checklist for the CRWSC that answers all questions in the affirmative.

Options: None

Staff

Recommendation: Approve the Best Practices Checklist for the CRWSC

Draft Motion: (I) move to approve the Best Practices Checklist for the CRWSC.

Oregon Ethics Law Best Practices Checklist

**** To be completed by the Board of Directors****

District Name: Clackamas Regional Water Supply Commission

****Our insurance services website is changing!** The site will be launched **October 3, 2016**. At that time, the Best Practices checklist will be available to complete online. ******

Below is the Best Practices Checklist for you to complete and return. Your answers will not be scored but are to be used for self-assessment. Submission of your complete and signed checklist verifying review from your board of directors (signature line on page 2) will result in a 2% credit to your 2017 property/casualty insurance contributions.

Steps to receive this credit to your 2017 general liability, auto liability, and property insurance contributions:

- Board of Directors and District Manager (if applicable) complete all questions on checklist.
- Board of Directors review and approve answers.
- Representative of the Board fill out and sign page 2 of the checklist.
- After filling out and signing page 2, return **entire checklist** by mail, email, or fax (OR complete online) to SDIS by **November 15, 2016**.

Completing the checklist online saves time and gives you immediate access to valuable resources. After the new insurance site has been launched, you will be able to complete the checklist online using the following steps:

- Go to **www.sdao.com**
- Click the Sign In button and enter your user credentials.
- After signing in, click on the Insurance Site tab.
- Once on the SDIS Insurance Site homepage, click Insurance on the left.
- Click Best Practices on the left, under Forms.
- Click Take Survey.
- Complete survey and click Save.

Read the statement and check Yes if the statement is true of your board and No if it is not.

		Yes	No
1.	Familiar with the permissible statutory provisions regarding Oregon Ethics Law (ORS 244), i.e., conflicts of interest, gifts, and financial gain.	X	
2.	Aware that Oregon Government Ethics Commission, or OGEC, enforces government ethics laws.	X	
3.	Recognize that ethics laws apply to all district elected or appointed officials, employees, and agents, irrespective of whether the person is compensated for services.	X	
4.	Distribute a copy of OGEC's Guide for Public Officials and 2015 Supplement to each board and staff member.	X	
5.	Adopt an Oregon Ethics Law policy (sample available through SDAO).	X	
6.	Provide annual ethics trainings to all board members and staff.	X	
7.	Understand the difference between an actual and potential conflict of interest.	X	

8.	Aware of the requirements for declaring an actual or potential conflict of interest under Oregon Ethics Law.	X	
9.	Informed of who is considered a relative for the purpose of the ethics laws.	X	
10.	Understand the "but for" test and how it relates to financial gain or avoiding financial detriment.	X	
11.	Recognize that anything acquired through an official compensation package is not financial gain.	X	
12.	Aware that a "gift" is something of economic value received by a public official, his relatives, or household members.	X	
13.	Realize that food and beverages at a reception, when they are an incidental part of the reception or consumed at an event when a public official represents the district, are not a gift.	X	
14.	Familiar with the definition of "legislative or administrative" interest.	X	
15.	Aware that there is a \$50 gift limit from a source that has an administrative or legislative interest in the district. This includes invitations to events or activities such as concerts, plays, sporting events, and hunting.	X	
16.	Realize that the maximum penalty for an ethics violation is \$5,000. In addition to this penalty, if a public official financially benefits by violating Oregon Ethics Law, the OGECC can impose a civil penalty in an amount equal to twice the amount the public official realized as a result of the violation.	X	

Filling out the form below certifies that your Board of Directors has reviewed and approved all answers:

District Name: Clackamas Regional Water Supply Commission

Your Name: _____ **Your Title:** _____

Signature: _____ **Date:** _____

Return the signed checklist (OR complete online) by **November 15, 2016** to receive a 2% credit to your 2017 general liability, auto liability, and property insurance contributions.

How to Submit Your Best Practices Checklist

Mail
SDIS
PO Box 12613
Salem, OR 97309-0613

Email
memberservices@sdao.com

Fax
(503) 371-4781

Online
www.sdao.com

If you have any questions, please contact SDAO Member Services at 800-285-5461 or by email at memberservices@sdao.com.

CLACKAMAS REGIONAL WATER SUPPLY COMMISSION

November 14, 2016

Agenda Item 3a

Subject: Financial Summary

Presenter(s): Carol Bryck, CRW/SWA

Board Action: None – Informational Only

Attachments: FY 2016 Draft Financial Report

Background: We have completed the financial reports for FY 2016 and the statements are currently being audited.

We will begin sharing the Budget to Actual reporting at the next quarterly meeting.

Options: None

Staff

Recommendation: None

Draft Motion: None required.

Clackamas Regional Water Supply Commission
Clackamas County, Oregon

Basic Financial Statements
and Supplemental Information
Year Ending June 30, 2016 and 2015

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

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

Clackamas Regional Water Supply Commission

Table of Contents

	Page
Introductory Section	
Board of Commissioners	i
Independent Auditor's Report	1
Management Discussion and Analysis	4
Basic Financial Statements:	
Statement of Net Position	8
Statement of Revenues, Expenses, and Changes in Net Position	9
Statement of Cash Flows	10
Notes to Basic Financial Statements	11
Supplemental Information:	
Schedule of Revenue and Expenditures Budget and Actual	17
Independent Auditor's Report Required by Oregon State Regulations	18

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

Board of Commissioners as of June 30, 2016

Ernie Platt, Chair	Clackamas River Water
Hugh Kalani, Vice-Chair	Sunrise Water Authority
Deanna Boast, Secretary	Clackamas River Water
Naomi Angier, Treasurer	Sunrise Water Authority
Kenneth Humberston	Clackamas River Water
Ron Blake	Sunrise Water Authority

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

INTRODUCTORY SECTION

Clackamas Regional Water Supply Commission
Clackamas County, Oregon

Management's Discussion and Analysis
For the Year Ended June 30, 2016

As management of the Clackamas Regional Water Supply Commission (CRWSC or Commission), we offer readers of the Commission's financial statement this narrative and analysis of the financial activities of the Commission for the fiscal year ended June 30, 2016. We encourage readers to consider the information presented here in conjunction with the accompanying financial statements.

Financial Highlights

- The assets of the Commission equals its liabilities at June 30, 2016.
- Total assets equal \$135,225 at June 30, 2015 compared to \$99,775 at June 30, 2015. These are current assets of the Commission as a result of intergovernmental receivables at June 30, 2016 and 2015, respectively.
- Total liabilities equal \$135,225 at June 30, 2015 compared to \$99,775 at June 30, 2015. These are current liabilities of the Commission and are the accounts payable at June 30, 2016 and 2015, respectively.
- The Commission has no capital assets or long term debt.

Overview of the Financial Statements

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

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

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

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

Clackamas Regional Water Supply Commission
Clackamas County, Oregon

Management's Discussion and Analysis
For the Year Ended June 30, 2016

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

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

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

Financial Analysis

The Commission was formed in December 21, 2013 with no activity prior to July 1, 2014. As such, the fiscal year 2014 audit reported no financial activity.

Net Position

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

Condensed Statement of Net Position					
	2016	2015	Difference 2016-2015	Precent Change	2014
Assets:					
Current Assets	\$ 135,225	\$ 99,775	\$ 35,450	100%	\$ -
Total Assets	<u>135,225</u>	<u>99,775</u>	<u>35,450</u>	100%	<u>-</u>
Liabilities					
Current Liabilities	135,225	99,775	35,450	100%	-
Total Liabilities	<u>135,225</u>	<u>99,775</u>	<u>35,450</u>	100%	<u>-</u>
Net Position					
Unrestricted	-	-	-	N/A	-
Total Net Position	<u>-</u>	<u>-</u>	<u>-</u>	N/A	<u>-</u>
Total Liabilities & Net Position					
	<u>\$ 135,225</u>	<u>\$ 99,775</u>	<u>\$ 35,450</u>	100%	<u>\$ -</u>

Current assets represent cash, cash equivalents, and accounts receivable held by the Commission. Activity during the fiscal year increased current assets over the prior year.

Clackamas Regional Water Supply Commission
Clackamas County, Oregon

Management's Discussion and Analysis
For the Year Ended June 30, 2016

Current liabilities represent accounts payable owed by the Commission. Activity during the fiscal year increased current liabilities over the prior year.

Net Position of the Commission remains unchanged from the prior year.

Change in Net Position

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

	2016	2015	Difference 2016-2015	Percent Change	2014
Operating Revenues:					
Water Sales	\$ 803,125	\$ 795,506	\$ 7,619	100%	\$ -
Shared labor	289,888	153,323	443,211	100%	-
	<u>1,093,013</u>	<u>948,829</u>	<u>144,184</u>	100%	<u>-</u>
Operating Expenses:					
Materials & Services	<u>1,180,002</u>	<u>1,069,310</u>	<u>110,692</u>	100%	<u>-</u>
Operating Loss	(86,989)	(120,481)	33,492	100%	-
Contribution and Distributions	<u>86,989</u>	<u>120,481</u>	<u>(33,492)</u>	100%	<u>-</u>
Change in Net Position	-	-			-
Net Position, Beginning	-	-	-	N/A	-
Net Position, Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	N/A	<u>\$ -</u>

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

Operating Expenses exceeded Operating Revenues by \$86,989 and \$120,481 for fiscal year 2016 and 2015, respectively. This represents expenses purchased through the Commission that benefited SWA or CRW. SWA or CRW made contributions to the Commission to equal these expenses.

The Net Position of the Commission remains unchanged from the prior year as all operating expenses either provide operating revenues or require a contribution from SWA or CRW.

Clackamas Regional Water Supply Commission
Clackamas County, Oregon

Management's Discussion and Analysis
For the Year Ended June 30, 2016

Capital Assets

As of June 30, 2016, the Commission has no capital assets. Capital purchases are made through the Commission on behalf of SWA or CRW, which will retain ownership of the assets and will include the assets in its financial statements. All purchases are considered expenses during the fiscal year incurred.

Debt Administration

As of June 30, 2016, the Commission has no outstanding debt.

Economic Factors

During the fiscal year the Commission has explored and will continue to explore areas where sharing of labor and other resources mutually benefits both entities.

Management of the Commission is currently delegated to both the general managers of SWA and CRW. All personnel are employees of either SWA or CRW.

Request of Information

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

Carol Bryck, CPFO CTP
Chief Financial Officer
Clackamas Regional Water Supply Commission

Clackamas Regional Water Supply Commission
Clackamas County, Oregon
Statements of Net Position
for the year ended June 30, 2016 and 2015

ASSETS:	2016	2015
Intergovernmental receivable	\$ 135,225	\$ 99,775
Total Assets	<u>\$ 135,225</u>	<u>\$ 99,775</u>
LIABILITIES:		
Accounts Payable	\$ 135,225	\$ 99,775
Total Liabilities	<u>\$ 135,225</u>	<u>\$ 99,775</u>
NET POSITION		
Unrestricted	<u>0</u>	<u>-</u>
Total net position	<u>-</u>	<u>-</u>
Total liabilities and net position	<u><u>\$ 135,225</u></u>	<u><u>\$ 99,775</u></u>

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

Clackamas Regional Water Supply Commission
Clackamas County, Oregon
Statements of Revenues, Expenses and Changes in Net Position
for the Year Ended June 30, 2016 and 2015

	2016	2015
OPERATING REVENUES:		
Water sales	\$ 803,125	\$ 795,506
Interagency Shared Labor	289,888	153,323
Total operating revenues	<u>1,093,013</u>	<u>948,829</u>
OPERATING EXPENSES:		
Water Purchases	803,125	795,506
Interagency Shared Labor	240,252	146,867
Professional and Fiscal Fees	49,813	9,312
Software Licensing	62,530	105,089
Operating Supplies	19,771	2,855
Miscellaneous	4,511	9,681
Total operating expenses	<u>1,180,002</u>	<u>1,069,310</u>
Operating Loss before Contributions and Distribut	(86,988)	(120,481)
CONTRIBUTIONS (DISTRIBUTIONS):		
Contributions from members	1,180,002	1,069,310
Distributions to members	<u>(1,093,013)</u>	<u>(948,829)</u>
Total Contributions (Distributions)	<u>86,988</u>	<u>120,481</u>
Change in Net Position	-	-
NET POSITION, Beginning	-	-
NET POSITION, Ending	<u>\$ -</u>	<u>\$ -</u>

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

Clackamas Regional Water Supply Commission
Clackamas County, Oregon
Statements of Cash Flows
Fiscal Years Ended June 30, 2016

	<u>2016</u>	<u>2015</u>
CASH FLOW FROM OPERATING ACTIVITIES:		
Received from customers	\$ 1,093,013	\$ 948,829
Paid to related entities for good and services	(1,180,002)	(1,069,310)
Net cash from operating activities	<u>(86,988)</u>	<u>(120,481)</u>
CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES:		
Contributions from members	1,180,002	1,069,310
Distributions to members	(1,093,013)	(948,829)
Net cash from noncapital and related financing activities	<u>86,988</u>	<u>120,481</u>
Net increase (decrease) in cash and cash equivalents	-	-
CASH AND CASH EQUIVALENTS, June 30, 2014	<u>-</u>	<u>-</u>
CASH AND CASH EQUIVALENTS, June 30, 2015	<u>\$ -</u>	<u>\$ -</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH FROM OPERATING ACTIVITIES		
Operating loss	\$ (86,988)	\$ (120,481)
Adjustment to reconcile operating loss to net cash from operating activities:		
Increase in Accounts Receivable	35,450	99,775
Increase in Accounts payable	(35,450)	(99,775)
Net Cash From Operating Activities	<u>\$ (86,988)</u>	<u>\$ (120,481)</u>

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

Clackamas Regional Water Supply Commission
Clackamas, Oregon
Notes to the Basic Financial Statement
For the Year Ended June 30, 2016

2. Summary of Significant Accounting Policies, continued

Use of Estimates

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

Cash, Cash Equivalents, and Investments

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

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

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

Accounts Receivable

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

Net Position

All balances and transactions are presented based on the existence or absence of restrictions. These restrictions are either externally imposed (i.e., by grantor, creditors, contributors, or laws and regulations imposed by other governments) or imposed by law through constitutional provisions or enabling legislation.

Accordingly, the net position of the Commission, and changes therein, are classified and reported as follows:

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

Clackamas Regional Water Supply Commission
Clackamas, Oregon
Notes to the Basic Financial Statement
For the Year Ended June 30, 2016

Summary of Significant Accounting Policies, continued

Net Position, continued

Unrestricted – all other net position that are not included above.

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

Operating vs. Nonoperating Revenues and Expenses

In accordance with GASB requirements of proprietary funds, the Commission distinguishes operating revenues and expenses from non-operating revenue and expenses in its Statement of Revenues, Expenditures, and Changes in Net Assets.

Operating revenues result from providing services to SWA or CRW. All revenues not meeting this definition are reported as non-operating revenues.

Operating expenses result from providing services to SWA or CRW. All expenses not meeting this definition are reported as non-operating expenses.

Risk Management

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

Pension Plan

The Commission employees are employees of Sunrise Water Authority or Clackamas River Water; therefore no pension liabilities are attributable to the Commission.

Budget

Under ORS 294.316, intergovernmental entities operating under separate intergovernmental entity authorized under ORS 190 and have no ad valorem tax support, are not required to separately prepare and adopt a budget.

Clackamas Regional Water Supply Commission
Clackamas, Oregon
Notes to the Basic Financial Statement
For the Year Ended June 30, 2016

2. Summary of Significant Accounting Policies, continued

Budget, continued

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

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

There were no supplemental budgets during fiscal year 2015-16. A summary of the Commission's biennial 2014-16 adopted budget is included in the supplementary information section attached to these general purpose financial statements.

3. Accounts Receivable

Accounts receivable consist of the following at June 30, 2016:

Water Sales receivable	\$ 68,265
Unbilled water sales	11,000
Other services	<u>55,960</u>
Total accounts receivable	<u>\$135,225</u>

Clackamas Regional Water Supply Commission
Clackamas, Oregon
Notes to the Basic Financial Statement
For the Year Ended June 30, 2016

4. Related Party Transactions

In fiscal year 2015-16 the Commission earned a total of \$803,125 from Sunrise Water Authority for water purchases, \$289,888 from Sunrise Water Authority and Clackamas River Water for shared labor resources, and \$86,988 in contributions from Sunrise Water Authority and Clackamas River Water for other shared services.

In fiscal year 2014-15 the Commission earned a total of \$795,506 from Sunrise Water Authority for water purchases, \$153,323 from Sunrise Water Authority and Clackamas River Water for shared labor resources, and \$120,481 in contributions from Sunrise Water Authority and Clackamas River Water for other shared services.

5. Deferred Outflows/Inflows of Resources

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

In addition to liabilities, the statement of financial position will sometime report a separate section for deferred inflows or resources. This separate financial statement element represent an acquisition of net asset that applies to a future period(s) and so will not be recognizes as an inflow of resources (revenue) until that time. The Commission does not have an item that qualifies for reporting in this category.

Clackamas Regional Water Supply Commission
Clackamas, Oregon
Notes to the Basic Financial Statement
For the Year Ended June 30, 2016

6. Capital Assets

The Commission allows for the purchase of capital assets by CRW or SWA which may be shared with the other member. Ownership of capital assets is retained by CRW or SWA and not the Commission. As such, the Commission does not have capital assets but all purchases are expensed in the year which it is purchased. During fiscal year 2014-15, SWA purchased financial and billing software through the Commission. This is included in operating expenses, software licensing.

SUPPLEMENTARY INFORMATION

CLACKAMAS REGIONAL WATER SUPPLY COMMISSION
Schedule of Revenue & Expenditures Budget and Actuals
for the year ended June 30, 2016

	Original and Final Budget BN 2014-2016	Year 1 30, 2015 Actual	June Year 2 30, 2016 Actual	June Year 2 30, 2016 Actual	Variance to Final Budget Over (Under)
GENERAL FUND					
Revenues:					
Water Sales	\$ 1,580,950	\$ 795,506	\$ 803,125	\$	(17,681)
Interagency Labor Revenue	373,500	153,323	\$ 289,888		(69,711)
Total Revenues:	1,954,450	948,829	\$ 1,093,013	\$	(87,392)
Other Financing Sources:					
Contributions	389,500	120,481	86,988		182,031
Total Revenue and Other Financing Sources	2,343,950	1,069,310	1,180,001		94,639
Total Resources	2,343,950	1,069,310	1,180,001		94,639
Expenditures:					
Materials & Services:					
Water Purchases	1,580,950	795,506	803,125		(17,681)
Interagency Shared Labor	373,500	146,867	240,252		(13,619)
Professional and Fiscal Fees	37,000	9,312	49,813		(22,125)
Software Licensing	176,800	105,089	62,530		9,181
Operating Supplies	98,700	2,855	19,771		76,074
Miscellaneous	12,000	9,681	4,510		(2,191)
Total Materials & Services	2,278,950	1,069,310	1,180,001		29,639
Capital Outlay:					
Software	15,000	-	-		15,000
Total Capital Outlay	15,000	-	-		15,000
Contingency					
Operating Contingency	50,000	-	-		50,000
Total Expenditures	2,343,950	1,069,310	1,180,001		94,639
Beginning Fund Balance	-	-	-	-	-
Ending Fund Balance	\$ -	\$ -	\$ -	\$ -	-

**INDEPENDENT AUDITOR'S REPORT REQUIRED
BY OREGON STATE REGULATION**

CLACKAMAS REGIONAL WATER SUPPLY COMMISSION

November 14, 2016

Agenda Item 3b

Subject: 2016 Audit

Presenter(s): Carol Bryck, CRW/SWA

Board Action: Update on 2016 Audit and draft financial reports

Attachments: None

Background: Merina & Co, LLP performed audit field work related to the FY 2015-2016 financial statements for the CRWSC as required by ORS 297.405 et. seq.. Staff prepared the financial statements for the fiscal year ending June 30, 2016. We are waiting for completion of the audit by Merina and issuance of the audit opinion.

By the December 31, 2016 deadline, copies of the "Basic Financial Statement for the Year Ended June 30, 2016" will be sent to the State of Oregon, Division of Audits, Budget Committee members, rating agencies and other interested parties. Board members will also receive copies when available.

Options: Staff is not asking for any action by the Board at this time. The finalized audit will be brought to the Board for acknowledgement at the next meeting.

Staff

Recommendation: None

CLACKAMAS REGIONAL WATER SUPPLY COMMISSION

November 14, 2016

Agenda Item 4

Subject: Manager(s)' Update

Presenter(s): Wade Hathhorn, SWA and Todd Heidgerken, CRW

Board Action: Open discussion regarding on-going integration activities and other information within the CRWSC.

Attachments: None

Background: Since its inception, the CRWSC has allowed the participating agencies to share labor and equipment while integrating services where effective under a goal of reduced operating costs for both agencies.

Analysis: The General Manager(s) have continued to support the sharing of labor and equipment. The agencies have combined IT and SCADA and regularly share labor in financial services, water quality, purchasing, emergency planning, and engineering.

The two agencies are now focused on coordinated master planning and combined capital projects, including the 152nd Avenue reservoir. The two agencies also look to create a coordinated long-term water supply plan.

Options: None

Staff Recommendation: None

Draft Motion: None required. Open discussion among Board members and General Managers.