

Joint Water Commission



General Manager

Kevin Hanway
150 E. Main Street
Hillsboro, OR 97123
503-615-6585

Board of Commissioners

City of Hillsboro

John Godsey
John Rosenberger
David Judah

City of Forest Grove

Rod Fuiten
Carl Heisler
Victoria Lowe

City of Beaverton

Denny Doyle
Marc San Soucie
Mark Fagin

Tualatin Valley Water District

Greg DiLoreto
Dick Schmidt
Marilyn McWilliams



BARNEY RESERVOIR
JOINT OWNERSHIP COMMISSION (BRJOC)
PRELIMINARY AGENDA

City of Hillsboro
Civic Center
150 East Main St., **Room 113B**

January 10, 2014
12:30 p.m.
Regular Meeting

Assistive Listening Devices (ALD) and sign language interpreters are available, at no cost, and can be scheduled for this meeting. Please provide at least 72 hours notice prior to the meeting. To obtain these services, call (503) 681-6100 or TTY (503) 681-6284.

(Please Note: In order to insure proper approval of agenda items requiring action, each agency should plan to have only one Commissioner, primary or alternate, participate in making or seconding any motions.)

ALL TESTIMONY IS ELECTRONICALLY RECORDED.

Call to order at 12:30 p.m., Room 113B

CALL TO ORDER

Introductions.

1. **CONSENT AGENDA** (The entire Consent Agenda is normally considered in a single motion. Any Commissioner may request that an item be removed for separate consideration.)

A. Approve regular meeting minutes from Friday, July 12, 2013.

2. **COMMUNICATIONS AND NON-AGENDA ITEMS**

A. None scheduled.

3. **UNFINISHED BUSINESS**

A. None scheduled.

4. **NEW BUSINESS**

A. Election of Officers

B. Designation of Managing Agency

5. **DISCUSSION ITEMS** (These items may result in actions by the Commission)

- A. Presentation and Review of Audit Report. *Staff Report – Mellisa Franklin*
- B. Presentation of Financial Report. *Staff Report – Mellisa Franklin*
- C. Stored Water Status. *Staff Report – Niki Iverson*
- D. General Manager’s Report. *Staff Report – Kevin Hanway*

6. **ADVICE/INFORMATION ITEMS**

- A. The next JWC and BRJOC meetings are scheduled on Friday, April 11, 2014, at the Civic Center in Room 113B. The BRJOC meeting will be held at 12:30 p.m. with the JWC meeting following.

BARNEY RESERVOIR JOINT OWNERSHIP COMMISSION (BRJOC)

MINUTES

City of Hillsboro
Civic Center, Room 113B
150 E. Main St.

July 12, 2013
12:30 p.m.
Regular Meeting

Commissioners Present:

Hillsboro: John Godsey
Forest Grove: Victoria Lowe
Beaverton: Marc San Soucie
TVWD: Dick Schmidt
Clean Water Services: Bruce Roll

Other Commissioners:

Hillsboro: John Rosenberger and David Judah
Beaverton: Mark Fagin
TVWD: Mark Knudson and Marilyn McWilliams
Forest Grove: Rod Fuiten and Carl Heisler

Staff Present:

Hillsboro: Kevin Hanway, Peter Martins, Rob Dixon, Niki Iverson,
Michelle Wareing, Kristel Fesler and Susan Howard
Beaverton: David Winship
Forest Grove: Derek Robins and Rob Foster

Others:

Clark Balfour, Attorney
Jesse Manley, GSI Water Solutions
Debora Fetzer, Hillsboro Resident

(Please Note: In order to insure proper approval of agenda items requiring action, each agency should plan to have only one Commissioner, primary or alternate, participate in making or seconding any motions.)

ALL TESTIMONY IS ELECTRONICALLY RECORDED.

Call to order at 12:35 p.m.

Introductions.

1. **CONSENT AGENDA** (The entire Consent Agenda is normally considered in a single motion. Any Commissioner may request that an item be removed for separate consideration.)

A. Approve regular meeting minutes from Friday, April 12, 2013.

Motion by Godsey and seconded by Roll to approve the consent agenda as presented. The motion carried unanimously, with Commissioners Godsey, Lowe, Schmidt, San Soucie and Roll all voting in favor.

2. COMMUNICATIONS AND NON-AGENDA ITEMS

A. None scheduled.

3. UNFINISHED BUSINESS

A. None scheduled.

4. NEW BUSINESS

A. Consider approval of the audit arrangement letter to Talbot, Korvola and Warwick, LLC for annual audit. *Staff Report – Peter Martins*

Martins stated the proposal was submitted for the 2012-13 financial statements audit. The audit arrangement letter with Talbot, Korvola and Warwick includes proposed fees for the engagement not to exceed \$9,400; this is an increase of 3.6% from last year. He stated the initial contract was for one year which could be extended for an additional four years. The extension can be made one remaining time for the 2013-14 audit.

Motion by Schmidt and seconded by Lowe to approve the audit arrangement letter to Talbot, Korvola and Warwick, LLC for annual audit. The motion carried unanimously, with Commissioners Godsey, San Soucie, Lowe, Schmidt and Roll all voting in favor.

5. DISCUSSION ITEMS (These items may result in actions by the Commission)

A. General Manager's Report. *Staff Report – Kevin Hanway*

Hanway presented an update on the TMDL litigation. He stated a court decision was made on the TMDL confirming the agreement between the EPA and the Litigant. The details are still being worked out on how this will affect the Tualatin TMDL. In the meantime DEQ is moving forward with revisions on nutrients but not temperature. He stated in October staff plans to present an update on what that means for Barney Reservoir and the Tualatin River.

Hanway asked for feedback as to the preferred time and location of future Commission meetings. Based on unanimous input, Hanway announced future Barney Commission meetings will be held in Room 113B and will be called to order at 12:30 p.m. immediately preceding the JWC meeting. It was also decided if the Commission agenda requires a longer than normal meeting, the starting time for that meeting will be set for 11:30 a.m.

6. ADVICE/INFORMATION ITEMS

- A. The next JWC and BRJOC meetings are scheduled on Friday, October 11, 2013, at the Civic Center. The BRJOC meeting will be held at 12:30 p.m. in Room 113B with the JWC meeting immediately preceding.

There being no further business, the meeting was adjourned at 12:48 p.m.

Chairman, Barney Reservoir Joint Ownership Commission

ATTEST: _____
Secretary



STAFF REPORT

To: Barney Reservoir Joint Ownership Commission

From: Kevin Hanway, General Manager

Date: December 31, 2013

Re: Agenda Item 4A & 4B – BRJOC 2014 Elections and Designation of Managing Agency

The Barney Commission IGA provides that each January the partners appoint a Chair, Vice-Chairs and Alternates. For partners that are also members of the Joint Water Commission, the Barney IGA requires that their appointments be the same persons who represent their agencies on the Joint Water Commission.

Traditionally the position of Chair has rotated on an annual basis among the partners; under that rotation system, it is Forest Grove’s turn to serve as Chair.

Each of the other partners is required to designate a Vice Chair and all five partners are required to appoint an alternate.

This table displays the appointments that need to be made by each partner for 2014 positions:

Agency	Chair	Vice-Chair	Alternate
Beaverton		✓	✓
Forest Grove	✓		✓
Hillsboro		✓	✓
TVWD		✓	✓
CWS		✓	✓

Please be prepared to announce your agency’s appointments at the Commission meeting as indicated in the above table.

Finally, the IGA requires that each year the Commission designate the Managing Agency, which manages the operations of the Barney Commission. The City of Hillsboro has served as the Commission’s managing agency since its inception.



STAFF REPORT

To: Barney Reservoir Joint Ownership Commission

From: Jon Grover, Accounting Manager

Date: January 10, 2014

Re: Agenda Item 5B - Financial Statements for the Year Ended June 30, 2013, and Required Communications Under SAS 114

Presented for your review are the financial statements for the Barney Reservoir Joint Ownership Commission for the year ended June 30, 2013, and required communications (prescribed by auditing standards) from the auditors. The audit was performed by Talbot, Korvola and Warwick, LLP, who have been our auditors since 1994. The financial statements received an unqualified or “clean” opinion with no reportable findings. There are no surprises in the communication piece from the auditors.

The year under audit was a fairly normal year by Barney’s standards. No capital acquisitions were made, expenditures were made within budget, and no unanticipated events occurred like the previous year’s reservoir draining and repair. On a budget basis, fund balance remained consistent, decreasing a by about \$1,100 to about \$355,000. This fund balance is from the sale of timber many years ago and has been left in the fund as a reserve/contingency. For changes in joint venturers’ capital, decreases were consistent with the depreciation of capital assets. As partners, we have elected collectively to not fund depreciation. Therefore without any capital contributions to offset depreciation, joint venture capital will continue to decrease annually. To see the change in joint venturers’ capital by partner, refer to page 13 of the financial statements.

The financial statements are additionally available for interested parties online at:

<http://www.hillsboro-oregon.gov/index.aspx?page=1100>

Please feel free to contact me at 503-681-5361 or jon.grover@hillsboro-oregon.gov should you have any questions or would like more hard copies of the financial statements.

Exhibits:

- Ending Letter – Talbot, Korvola & Warwick, LLP
- Financial Statement



Talbot, Korvola
& Warwick, LLP

Certified Public Accountants
& Consultants

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November 21, 2013

Board of Commissioners
Barney Reservoir Joint Owner Commission
Hillsboro, Oregon

This letter is to inform the Board of Commissioners of Barney Reservoir Joint Ownership Commission, Hillsboro, Oregon, (the Commission) about significant matters related to the conduct of the annual audit so that it can appropriately discharge its oversight responsibility, and we can comply with our professional responsibilities.

The following summarizes various matters that must be communicated to you under auditing standards generally accepted in the United States of America.

The Respective Responsibilities of the Auditor and Management

Our responsibility under auditing standards generally accepted in the United States of America has been described to you in our arrangement letter dated April 26, 2013. The audit of the financial statements does not relieve management or those charged with governance of their responsibilities, which are also described in that letter.

Overview of the Planned Scope and Timing of the Financial Statement Audit

We have issued a separate communication dated April 26, 2013, regarding the planned scope and timing of our audit and have discussed with you our identification of and planned audit response to significant risks of material misstatement.

Significant Accounting Practices, Including Policies, Estimates and Disclosures

Under accounting principles generally accepted in the United States of America, in certain circumstances, management may select among alternative accounting practices. In our view, in such circumstances, management has selected the preferable accounting practice.

Management has the ultimate responsibility for the appropriateness of the accounting policies used by the Commission. Following is a description of significant accounting policies or their application that were either initially selected or changed during the year:

The Commission implemented GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989, FASB and AICPA Pronouncements*. This Statement codifies all sources of accounting principles generally accepted in the United States of America for state and local governments so that they derive from a single source.

Significant Accounting Practices, Including Policies, Estimates and Disclosures (Continued)

The Commission also implemented GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. This Statement replaces the Statement of Net Assets with a Statement of Net Position, and provides guidance on the presentation of deferred outflows of resources and deferred inflows of resources, and their effects on a government's net position.

We did not identify any significant or unusual transactions or significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Accounting estimates are an integral part of the preparation of financial statements and are based upon management's current judgment. The process used by management encompasses their knowledge and experience about past and current events and certain assumptions about future events. You may wish to monitor throughout the year the process used to determine and record these accounting estimates. The following describes the significant accounting estimate reflected in the Commission's June 30, 2013 basic financial statements.

- Depreciation of capital assets, as described in Note 1 of the Notes to Basic Financial Statements, is computed using the straight-line method based on the estimated useful lives of the individual assets.

Consultation with Other Accountants

We are not aware of any consultations management had with other accountants about accounting or auditing matters.

Recently Issued Accounting Standards

- **GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities***
This Statement will be effective for the Commission beginning with its fiscal year ending June 30, 2014. This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities.
- **GASB Statement No. 66, *Technical Corrections – 2012 – an amendment of GASB Statements No. 10 and No. 62***
This Statement will be effective for the Commission beginning with its fiscal year ending June 30, 2014. The objective of this Statement is to improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, and No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*.

Recently Issued Accounting Standards (Continued)

- **GASB Statement No. 69, *Government Combinations and Disposals of Government Operations***

This Statement will be effective for the Commission beginning with its fiscal year ending June 30, 2015. Earlier application is encouraged. This Statement establishes accounting and financial reporting standards related to government combinations and disposals of government operations. As used in this Statement, the term *government combinations* includes a variety of transactions referred to as mergers, acquisitions, and transfers of operations.

- **GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees***

This Statement will be effective for the Commission beginning with its fiscal year ending June 30, 2014. Earlier application is encouraged. This Statement specifies the information required to be disclosed by governments that extend nonexchange financial guarantees. In addition, this Statement requires new information to be disclosed by governments that receive nonexchange financial guarantees.

Management Representations

A copy of the management representation letter is included as Attachment A.

Closing

We will be pleased to respond to any questions you have about the foregoing. We appreciate the opportunity to continue to be of service to the Commission.

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

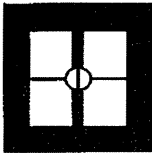


Certified Public Accountants

ATTACHMENT A
WRITTEN COMMUNICATIONS
BETWEEN MANAGEMENT AND OUR FIRM

- Representation Letter

CITY OF HILLSBORO



November 21, 2013

Talbot, Korvola & Warwick, LLP
4800 Meadows Rd, Ste. 200
Lake Oswego, OR 97035

This representation letter is provided in connection with your audit of the basic financial statements of Barney Reservoir Joint Ownership Commission, Hillsboro, Oregon, (the Commission), as of and for the year ended June 30, 2013, for the purpose of expressing an opinion on whether the financial statements are presented fairly, in all material respects in accordance with accounting principles generally accepted in the United States (U.S. GAAP).

We confirm, to the best of our knowledge and belief, as of November 21, 2013, the following representations made to you during your audit:

Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit arrangement letter dated April 26, 2013, for the preparation and fair presentation of the financial statements referred to above in accordance with U.S. GAAP.
2. We acknowledge our responsibility 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.
3. We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
4. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.
5. Related party transactions, including those with other organizations for which the nature and significance of their relationship with the Commission are such that exclusion would cause the Commission's statements to be misleading or incomplete, and interfund transactions, including interfund accounts and advances receivable and payable, sale and purchase transactions, interfund transfers, long-term loans, leasing arrangements, and guarantees, have been recorded in accordance with the economic substance of the transaction and appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.
6. All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed.
7. The following have been properly recorded and/or disclosed in the financial statements:
 - a. The fair value of investments.

Financial Statements (Continued)

- b. All significant estimates and material concentrations known to management which are required to be disclosed.
 - c. Deposits and investment securities categories of risk.
8. We have no plans or intentions that may materially affect the carrying value or classification of assets.
- a. The Commission has no significant amounts of idle property or equipment.
 - b. The Commission has no plans or intentions to discontinue the operations of any activities or programs or to discontinue any significant operations.
9. We are responsible for making the accounting estimates included in the financial statements. Those estimates reflect our judgment based on our knowledge and experience about past and current events and our assumptions about conditions we expect to exist and courses of action we expect to take. In that regard, adequate provisions have been made to reduce receivables to their estimated net collectable amounts.
10. There are no:
- a. Material transactions that have not been properly recorded in the accounting records underlying the financial statements.
 - b. Violations or possible violations of laws or regulations whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency. In that regard, we specifically represent that we have not been designated as, or alleged to be, a "potentially responsible party" by the Environmental Protection Agency in connection with any environmental contamination.
 - c. Other material liabilities or gain or loss contingencies that are required to be accrued or disclosed by the Financial Accounting Standards Board Accounting Standards Codification (FASB ASC) Topic Contingencies and/or GASB Statement No. 10.
 - d. Guarantees, whether written or oral, under which the Commission is contingently liable.
 - e. Arrangements with financial institutions involving compensating balances or other arrangements involving restrictions on cash balances.
 - f. Lines of credit or similar arrangements.
 - g. Agreements to repurchase assets previously sold.
 - h. Security agreements in effect under the Uniform Commercial Code.
 - i. Liens or encumbrances on assets or revenues or any assets or revenues which were pledged as collateral for any liability or which were subordinated in any way.
 - j. Contractual obligations for construction and purchase of real property or equipment not included in the liabilities recorded on the books.
 - k. Liabilities which are subordinated in any way to any other actual or possible liabilities.
 - l. Leases or material amounts of rental obligations under long-term leases.
 - m. Authorized but unissued bonds and/or notes.

Financial Statements (Continued)

- n. Risk financing activities.
 - o. Derivative financial instruments.
 - p. Special or extraordinary items.
 - q. Arbitrage rebate liabilities.
 - r. Impairments of capital assets.
 - s. Assets that have permanently declined in value.
 - t. Uninsured losses or loss retentions (deductibles) attributable to events occurring through June 30, 2013, and/or for expected retroactive insurance premium adjustments applicable to periods through June 30, 2013.
 - u. Material losses to be sustained in the fulfillment of, or from the inability to fulfill, any service commitments.
 - v. Material losses to be sustained as a result of purchase commitments.
 - w. Environmental clean-up obligations.
 - x. Known actual or possible litigation or claims that need to be accounted for and disclosed in accordance with U.S. GAAP.
11. There are no unasserted claims or assessments that our lawyer has advised us are probable of assertion and must be disclosed in accordance with the Financial Accounting Standards Board Accounting Standards Codification (FASB ASC) Topic *Contingencies* and/or GASB Statement No.10.
12. We have no direct or indirect, legal or moral obligation for any debt of any organization, public or private, that is not disclosed in the financial statements.
13. We have satisfactory title to all owned assets.
14. We have complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
15. Capital assets are properly capitalized, reported, and depreciated.
16. We have no knowledge of any uncorrected misstatements in the financial statements.

Information Provided

17. We have provided you with:
- a. Access to all information, of which we are aware that is relevant to the preparation and fair presentation of the financial statements such as records, documentation, and other matters;
 - b. Additional information that you have requested from us for the purpose of the audit;
 - c. Unrestricted access to persons within the Commission from whom you determined it necessary to obtain audit evidence.
 - d. Minutes of the meetings of the governing board and committees, or summaries of actions of recent meetings for which minutes have not yet been prepared.

Information Provided (Continued)

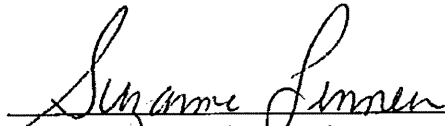
18. All transactions have been recorded in the accounting records and are reflected in the financial statements.
19. We have disclosed to you the results of our assessment of risk that the financial statements may be materially misstated as a result of fraud.
20. We have no knowledge of any allegations of fraud or suspected fraud affecting the Commission's financial statements involving:
 - a. Management.
 - b. Employees who have significant roles in the internal control.
 - c. Others where the fraud could have a material effect on the financial statements.
21. We have no knowledge of any allegations of fraud or suspected fraud affecting the Commission's financial statements received in communication from employees, former employees, analysts, regulators, or others.
22. We have no knowledge of noncompliance or suspected noncompliance with laws and regulations whose effects were considered when preparing the financial statements.
23. We are not aware of any pending or threatened litigation and claims whose effects should be considered when preparing the financial statements.
24. We have disclosed to you the identity of the entity's related parties and all the related-party relationships and transactions of which we are aware.
25. We are aware of no significant deficiencies, including material weaknesses, in the design or operation of internal controls that could adversely affect the Commission's ability to record, process, summarize, and report financial data.
26. There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
27. With respect to supplementary information presented in relation to the financial statements as a whole:
 - a. We acknowledge our responsibility for the presentation of such information.
 - b. We believe such information, including its form and content, is fairly presented in accordance with accounting principles generally accepted in the United States of America.
 - c. The methods of measurement or presentation have not changed from those used in the prior period.
28. With respect to Management's Discussion and Analysis presented as required by the Governmental Accounting Standards Board to supplement the basic financial statements:
 - a. We acknowledge our responsibility for the presentation of such required supplementary information.

- b. We believe such required supplementary information is measured and presented in accordance with guidelines prescribed by accounting principles generally accepted in the United States of America.

Information Provided (Continued)

- c. The methods of measurement or presentation have not changed from those used in the prior period.
29. During the course of your audit, you may have accumulated records containing data that should be reflected in our books and records. All such data have been so reflected. Accordingly, copies of such records in your possession are no longer needed by us.

Barney Reservoir Joint Ownership Commission



Suzanne Linnéen, Finance Director



Michelle Wareing, Assistant Finance Director