



MEMORANDUM

EUGENE WATER & ELECTRIC BOARD

Rely on us.

TO: Commissioners Carlson, Barofsky, Brown, McRae, and Schlossberg

FROM: Deborah Hart, CFO; Aaron Balmer, AIC Financial Services Manager; Rob Freytag, General Accounting and Treasury Supervisor, Matthew Miller, Lead Accounting Analyst

DATE: November 29, 2023

SUBJECT: 2023 Year-end Audit Planning

OBJECTIVE: Information Only

Issue

EWEB is required to have annual financial statement audits, audits related to the expenditure of federal funds, and audits of the EWEB Retirement Benefits Trust. The Board has contracted with Moss Adams to perform these services.

Discussion

In October, Moss Adams performed interim audit procedures as part of the annual financial statement audit. This preliminary audit work provides Moss Adams with an understanding of EWEB and its business environment. Interim audit procedures included testing internal controls on both manual and system processes. Areas tested included, but were not limited to, revenues, disbursements, payroll, plant assets, and financial reporting. The interim audit work helps determine the amount of final audit work required when the auditors finish fieldwork in February and March 2024.

During final fieldwork, the auditors will review supporting documentation such as bank statements and invoices, request independent verification of account balances, and receive representations from attorneys and management. The auditors will also analyze transactions for trends versus expectations based on their knowledge of EWEB and the utility industry. Audit plans also include other tests and inquiries to address fraud risk. At the conclusion of the audit, Moss Adams will communicate in a management letter any significant matters they become aware of through the course of their inquiry and procedures. They also will issue an opinion stating whether or not the Board's financial statements are presented fairly in accordance with generally accepted accounting principles.

The audited financial statements and management letter will be presented to the Board at the April 2024 meeting.

Requested Board Action

This item is provided as information only.

Attachment – Correspondence letter from Moss Adams



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805 SW Broadway
Suite 1400
Portland, OR 97205

November 16, 2023

Board of Commissioners
Eugene Water & Electric Board
4200 Roosevelt Blvd
Eugene, OR 97402

Re: Audit Communications

In connection with our engagement to audit the financial statements of Eugene Water & Electric Board ("EWEB") as of and for the year ended December 31, 2023, professional standards require that we communicate with you certain items including our responsibilities with regard to the financial statement audit and the planned scope and timing of our audit. If requested, we would also appreciate the opportunity to meet with you to discuss this information further since two-way communication can provide valuable information in the audit process.

As stated in our engagement letter dated August 16, 2023, we are responsible for conducting our audit in accordance with auditing standards generally accepted in the United States of America *and Government Auditing Standards* for the purpose of forming and expressing an opinion about whether the financial statements that have been prepared by management, with your oversight, are presented, in all material respects, in conformity with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

We will also report on whether the schedule of expenditures of federal awards, presented as supplementary information, is fairly stated, in all material respects, in relation to the financial statements as a whole. Our responsibility for the supplementary information accompanying the financial statements is to evaluate the presentation of the supplementary information in relation to the financial statements as a whole and to report on whether the supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole.

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested.

Our audit will include obtaining an understanding of the entity and its environment, including its internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Material misstatements may result from errors, fraudulent financial reporting, misappropriation of assets, or violations of laws or regulations that are attributable to EWEB or to acts by management or employees acting on behalf of EWEB. We will communicate to you at the conclusion of our audit, significant matters that we believe are relevant to your responsibilities in overseeing the financial reporting process, including any internal control related matters that are required to be communicated under professional standards.

We began our audit on October 23, 2023 and expect to issue our report in March 2024.

During the planning of the audit we have identified the following significant risks:

- Power trading – revenue and expense
- Complex hand calculated revenue accounts
- IT security and change management controls

Your client service team includes:

- Keith Simovic, Partner
- Laurel Braschayko, Senior Manager
- Mike Mills, IT Audit Manager
- Ayde Alvarado, Manager
- JD Menkens, Senior
- Erin Griffey, Staff
- Cassidy Posey, Staff
- Vince Seth, Staff

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

Very truly yours,



Keith Simovic, Partner
for Moss Adams LLP
Portland, Oregon