MEMORANDUM

EUGENE WATER & ELECTRIC BOARD

Rely on us.

TO:	Commissioners Carlson, Barofsky, McRae, Schlossberg, and Brown
FROM:	Deborah Hart, Chief Financial Officer; Rob Freytag, General Accounting & Treasury Supervisor; Matthew Miller, Lead Accounting Analyst
DATE:	March 29, 2023
SUBJECT:	2022 Year-end Audited Financial Statements and Communications with Those Charged with Governance (Management Letter)
OBJECTIVE:	Information Only

Included with this backgrounder are the 2022 Audited Financial Statements and Management Letter. EWEB's independent auditors, Moss Adams, will discuss the audit process, financial statements, and internal control recommendations.

Attachments:

2022 Audited Financial Statements
2022 Uniform Grant Guidance Reports (Single Audit)
Moss Adams' Communications with Those Charged with Governance (Management Letter)

EWEB

Eugene Water & Electric Board

Independent Auditor's Reports and Financial Statements

December 31, 2022 and 2021

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Board of Commissioners

Mr. John Brown	Wards 4 & 5	President
Ms. Sonya Carlson	Wards 6 & 7	Vice-President
Ms. Mindy Schlossberg	“At Large”	Member
Mr. John Barofsky	Wards 2 & 3	Member
Mr. Matt McRae	Wards 1 & 8	Member

Officers

Mr. Frank Lawson	General Manager, Secretary
Ms. Anne Kah	Assistant Secretary
Ms. Deborah Hart	Treasurer
Ms. TiaMarie Harwood	Assistant Treasurer

Commissioners’ contact information may be found at www.eweb.org. Written communication may be sent to the attention of commissioners or officers at this address:

EWEB
4200 Roosevelt Boulevard
Eugene, OR 97402

MOSSADAMS

Report of Independent Auditors

The Board of Directors
Eugene Water & Electric Board

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying statements of net position of the Electric System, Water System and Combined Total Systems, and the statements of fiduciary net position of the Retirement Benefits Trust (the Trust) of Eugene Water & Electric Board (the "Board"), as of December 31, 2022 and 2021, and the related statements of revenues, expenses and changes in net position and cash flows of the Electric System, Water System and Combined Total Systems for the years then ended, and the statements of changes in fiduciary net position of the Trust for the years then ended, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the of the Eugene Water & Electric Board as of December 31, 2022 and 2021, and the respective changes in financial position and, where applicable, cash flows thereof 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) and the standards applicable to financial audits contained in *Government Auditing Standards (Government Auditing Standards)*, issued by the Comptroller General of the United States. 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 the Board and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As discussed in Note 1 to the financial statements, the Board recently adopted the provisions of Governmental Accounting Standards Board (GASB) No. 87, Leases, effective for periods ending after December 30, 2021. The adoption of this resulted in the restatement of previously reported amounts for the year ended December 30, 2021. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 the Board's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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 and *Government Auditing Standards* 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 and *Government Auditing Standards*, 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 EWEB'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 EWEB'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 and pension and OPEB schedules on pages 5 through 21 and 85 through 89 be presented to supplement the financial statements. Such information is the responsibility of management and, although not a part of the financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the 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 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.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the Electric System and Water System long-term bonded debt and interest payment requirements (including current portion) schedules and the Electric System and Water System analysis of certain restricted cash and investments for bond service schedules and sustainability accounting standards disclosures ("supplementary information") 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 *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 17, 2023 on our consideration of Eugene Water & Electric Board's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Eugene Water & Electric Board's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Eugene Water & Electric Board's internal control over financial reporting and compliance.

Report on Other Legal and Regulatory Requirements

In accordance with the Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated March 17, 2023, on our consideration of the Board's compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statues as specified in Oregon Administrative Rules. 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.

Moss Adams LLP

Portland, Oregon
March 17, 2023

The following discussion provides an overview of the financial results of the Eugene Water & Electric Board (EWEB) for the years ended 2022 and 2021. This unaudited discussion is intended to be used in conjunction with the financial statements and note disclosures following this section.

EWEB is the largest publicly owned electric and water utility in Oregon. The City of Eugene (the City) commenced utility operations in 1908 with the purchase of a privately-owned water system. In 1911, upon completion of the City's first municipal hydroelectric power plant, the City organized the Eugene Water Board to operate the City's electric and water utilities. The name of the Eugene Water Board was changed to the Eugene Water & Electric Board in 1949.

EWEB is chartered by the City and supplies electric and water service within the city limits of Eugene and to certain areas outside the city limits. EWEB operates as a primary government and is not considered a component unit of the City. EWEB is governed by a five-member Board of Commissioners who are elected by voters residing in the City. The Board of Commissioners has authority to set prices for water and electric services. Prices are set based on the cost-of-service delivery, including operating, capital, and debt service expenses.

The Statements of Net Position report assets, deferred outflows, liabilities, deferred inflows and net position at the end of the financial year, December 31. The Statements of Revenues, Expenses and Changes in Net Position report revenues and expenses occurring during the financial year. The Statements of Cash Flows report cash from operating activities, investing activities, non-capital financing activities as well as capital and related financing activities.

Electric System

The Electric System supplies service to 97,000 residential, commercial, and industrial customers within the City of Eugene and areas along the McKenzie River between the cities of Walterville and Vida where two of EWEB's hydro-power plants are located. The total service area covers 236 square miles. The Electric System owns and operates approximately 1,150 circuit miles of overhead and underground distribution lines, 126 circuit miles of transmission lines, and 38 distribution substations. Power delivered to customers is supplied by Bonneville Power Administration (BPA) contracts, EWEB-owned generation resources, other contracted resources, and purchases from the wholesale energy markets. EWEB's power supply sources are primarily hydropower, but also include wind, biomass, steam, and solar.

	MWh		
Power resource attributes	2022	2021	2020
Hydro-power	2,754,565	2,441,552	2,583,553
Wind	151,888	178,014	186,900
Steam	82,570	136,796	231,357
Biomass	145,433	119,932	121,193
Other market purchases	882,751	758,623	1,047,442
	4,017,207	3,634,917	4,170,445

Power resources - owned, contracted, or market			
EWEB-owned generation	423,299	430,596	530,943
Contracted generation	2,688,189	2,445,698	2,592,060
Market purchases	882,751	758,623	1,047,442
	3,994,239	3,634,917	4,170,445

Electric System Condensed Financial Information
(in thousands of dollars)

	2022	2021 (as restated)	2020
Net utility plant	$ 432,157	$ 444,355	$ 429,157
Current assets	169,973	138,491	147,456
Other assets	97,787	117,609	125,995
Total assets	699,917	700,455	702,608
Deferred outflows of resources	34,015	35,655	43,938
Current liabilities	52,416	37,682	36,491
Long-term debt	206,489	217,864	228,371
Other liabilities	56,765	41,646	70,126
Total liabilities	315,670	297,192	334,988
Deferred inflows of resources	24,043	43,491	24,018
Net investment in capital assets	236,582	254,288	251,254
Restricted	4,026	4,791	6,435
Unrestricted	153,611	136,348	129,851
Total net position	$ 394,219	$ 395,427	$ 387,540
Residential	$ 108,625	$ 102,529	$ 99,374
Commercial and industrial	101,020	93,497	92,941
Sales for resale and other	104,093	61,719	51,585
Operating revenue	313,738	257,745	243,900
Purchased power	164,546	141,721	134,594
System control	4,546	4,287	4,637
Wheeling	12,975	12,052	11,248
Steam and hydraulic generation	17,012	13,482	12,142
Transmission and distribution	26,746	24,507	24,510
Customer accounting	9,184	8,054	8,242
Conservation expenses	4,853	4,176	4,014
Administrative and general	26,185	22,879	20,751
Depreciation on utility plant	26,838	24,492	21,594
Operating expenses	292,885	255,650	241,732
Net operating income	20,853	2,095	2,168
Non-operating revenue	2,713	10,110	11,960
Non-operating expense	(7,467)	(7,781)	(7,637)
Income before capital contributions	16,099	4,424	6,491
Capital contributions	2,544	3,463	2,806
Extraordinary item	(19,851)	-	-
Intersystem transfer	-	-	(196)
Change in net position	(1,208)	7,887	9,101
Total net position - beginning of year	395,427	387,540	378,439
Total net position - end of year	$ 394,219	$ 395,427	$ 387,540

Analysis of financial position and results of operations

The Electric System's overall financial position declined in 2022 due primarily to the permanent impairment of the Leaburg Hydroelectric Project generating assets. This resulted in a loss of $19.9 million recognized as an extraordinary item. Overall financial position improved in 2021 as a measure of overall increases in net position and net operating income.

The net investment in capital assets component of net position, reflecting the value of capital assets net of the debt incurred to acquire those assets, decreased in 2022 due to the aforementioned impairment of Leaburg generating assets. The net investment in capital assets increased in 2021 due to steady infrastructure investments that increased net utility plant balances while annual debt service payments reduced the associated debt. Capital asset and debt activity are discussed further in sections below.

Restricted net position is subject to external legal restrictions on its use and is primarily representative of reserves for payments of debt service, customer donations, and amounts deposited in escrow accounts relating to the Harvest Wind Project. Restricted net position decreased in 2022 due to the transfer of debt service reserves in excess of requirements. In 2021 restricted net position decreased following the termination of an agreement related to initial financing of the Harvest Wind Project. Funds held in escrow were released without restriction.

Unrestricted net position represents the accumulation of net position that are not capital assets, or subject to external restrictions on their use. Factors contributing to the unrestricted net position increase in 2022 were varied. A primary driver of the 2022 increase was the strong operating results of the Electric system.

Electric system net operating income was $20.9 million in 2022 and $2.1 million in 2021. The increase was driven by strong retail demand and higher wholesale energy prices, which more than offset increased power purchases. Depressed economic activity during the COVID-19 pandemic reduced demand in 2021.

Analysis of balances and transactions

Operating revenue varies from year to year based on customer load, generation available for sale, and corresponding power market prices.

Residential customers make up approximately 90% of EWEB's customer base and approximately 50% of customer revenue. Sales to residential customers are variable based on weather trends, and traditionally, EWEB has been a winter-peaking utility. Recent peak loads during extreme summer weather reacted stronger than expected indicating growth of cooling load (building air conditioning) in EWEB's service territory. There were notable heat waves in July and August 2022 and June and August of 2021 where peak loads were comparable though still lower than winter peak loads. Annual average temperatures for 2022 and 2021 were above normal by approximately 1 and 2 degrees Fahrenheit, respectively.

Commercial and industrial accounts make up approximately 10% of the EWEB customer base, and approximately 50% of customer revenue. Commercial and industrial sales are more reactive to economic conditions rather than weather conditions. Measures taken to stop the spread of COVID-19 restricted businesses' ability to operate to varying degrees throughout much of 2021.

Overall load reductions due to COVID-19 were no longer observed beginning in the third quarter of 2021 and throughout 2022, and commercial demand has recovered to levels prior to pandemic mitigation measures.

EWEB sold power supply in excess of load into wholesale markets. The Electric System has an active hedging program to manage price risk associated with wholesale power sales. Regionally, stronger than normal water supply for hydropower in 2022 contributed to higher wholesale volumes, and market prices increased compared to budget. This increased the value of EWEB's surplus, but it also increased the cost of market purchases made during extreme peak load events. In 2021 market prices were higher due to decreased hydro-electric generation in the region.

Electric System operating expenses include purchased power and wheeling expenses. Prices are set for BPA and contracted resources by their respective contracts, which may escalate over time. Market purchases are made at times when resources aren't adequate for customer load or to support the EWEB hedging program and are subject to price variability to the extent not fully hedged. Purchased power costs increased in 2022 and 2021 as a result of higher market prices, noted above.

Increased fuel costs for a co-generation plant in 2022 and 2021 contributed to the rise in steam and hydraulic generation costs. In addition, there were higher labor, dam safety, and maintenance expenses in 2022.

Collection and customer assistance costs increased in 2022 compared to 2021 due to labor increases and purchased services.

Administrative and general costs increased in 2022 and 2021 due to multiple factors, including labor increases, software costs, insurance and purchased services.

Depreciation expense increased in 2022 and 2021 as a function of prior year capital closeout activity. Various assets were finished near the end of the year, including improvements at the Carmen Smith facility, and depreciation recognition began early in the following year.

For the Electric System, non-operating revenue was primarily miscellaneous revenue from sources unrelated to core business functions, including investment earnings and losses, rental revenue and claims revenue.

Non-operating revenue decreased in 2022 compared to 2021. In 2021, non-operating revenue included recognition of a $3.5 million public assistance grant from FEMA tied to the 2020 Holiday Farm Fire. Also, in 2021 earnings from equity investments, Western Generation Agency (WGA) and Harvest Wind, were $3.2 million. In addition, investment losses increased in 2022 as rising interest rates contributed to unrealized losses in the investment portfolio.

Early in 2021, WGA agreed to sell its generation assets to the mill where WGA's generation plant is located, Georgia Pacific in Wauna, Oregon. The $3.5 million sale occurred in April 2021 and non-operating revenues recognized in 2021 include EWEB's allocation of sale proceeds.

Non-operating expense is primarily interest expense for long-term debt and other revenue deductions including taxes and losses on the disposition of property.

Extraordinary and special items consisted of the recognition of the permanent impairment of generating assets at the Leaburg Hydroelectric Project.

Other transactions of note include the Oregon Public Employee Retirement System (OPERS) valuation. The net pension liability for the Electric System increased by $13.5 million from 2021 to 2022. From 2020 to 2021, the net pension liability decreased by $27 million for the Electric System. For more information, see Note 16 - Retirement Benefits.

Significant variations in original and final budget amounts

The Board of Commissioners has authority to set prices and annually budgets for spending in two categories: Capital and Operations & Maintenance (O&M). Annual budgets dictate revenue requirements and rate changes among different customer classes based on a cost-of-service analysis.

Recent residential price adjustments have been as follows:

2022	3.25%
2021	No change
2020	No change

For the Electric System, significant variations in the original and final O&M budget tend to revolve around purchased power costs. Volatility in regional energy markets has increased in recent years and is accentuated by supply and/or demand during extreme weather events. Purchased power budgets were set under the assumptions of a 90% water flow year for regional hydro generation and included reduced demand due to COVID-19.

		2022
Approved Operations & Maintenance Budgets	$	256,152,000
Operational Changes:		
Purchase Power		22,000,000
Total O&M Budget Amendment	$	22,000,000
Total Amended O&M Budgets	**$**	**278,152,000**

An increase of $22.0 million to the Electric O&M budget was approved in December 2022 as purchase power costs exceeded budgeted amounts due to increased retail demand and portfolio balancing activity. Due to a strong water year and higher wholesale energy prices, additional wholesale revenue exceeded budget by $26.1 million. In addition, retail demand exceeded budget by $15.6 million. Favorable revenues in retail and wholesale more than offset additional purchase power costs.

Electric capital budgets were not amended in 2022.

		2021
Approved Operations & Maintenance Budgets	$	217,700,000
Operational Changes:		
Purchase Power		25,100,000
Software shift from Capital to O&M		3,900,000
Total O&M Budget Amendment	$	29,000,000
Total Amended O&M Budgets		**$246,700,000**

The 2021 O&M budget was amended to authorize additional spending of $25.1 million for purchased power costs related to higher wholesale market prices, increased retail demand, portfolio balancing activity, and unbudgeted outages at EWEB owned facilities. The increased wholesale market prices impacted both purchased power costs and wholesale revenue, as did the increased portfolio balancing activities. The increases in purchased power costs were offset by increases in retail and wholesale revenues.

Lower projected capital spending shifted costs from capital to O&M, as noted in the table. The 2021 Capital budget was initially approved at $51.3 million and was amended to $47.4 million.

Significant capital asset activity

Type 1 General Capital is budgeted year-by-year for routine capital expenditures less than $1 million and is funded with rates and customer contributions. Typical examples include "pole replacements" as part of Transmission & Distribution.

2021 activity included:

- Procurement of property off Bertelsen Road, near the Roosevelt Operations Center
- Fleet purchases accelerated from the 2022 budget year

2022 activity included:

- Restoration of the Stone Creek transmission line following fire damage
- Renewal and expansion of the distribution system related to new customer work and replacements and renewals
- Fleet purchases accelerated from the 2023 budget year
- Replacement of failed transformer regulator at Cal Young and Hayden Bridge substations. Seismic strengthening across the system. Completed overhaul of the Westmoreland substation 115kV breakers
- Installation of fiber backbone for Hayden Bridge filtration plant
- Decommissioned 69kV lines in the lower McKenzie River valley

Type 2 capital projects are discrete, with a defined completion period, and lifetime expenditures over $1 million. Depending on the project, this work may be funded with rates, customer contributions, or bond funds.

2021 activity included:

- In early 2020, the Currin Substation rebuild project was initiated and an engineering contractor began work in fall 2021 with design estimated to be completed in 2022. Engineering started procuring long lead items and drafting temporary system designs to support construction
- Advanced Metering Infrastructure (AMI) - Mass meter deployment occurred in 2021. Due to supply chain issues, the deployment of electric meters was postponed in October 2021. Mass meter deployment will resume once EWEB's meter vendor is able to restart mass production

2022 activity included:

- Survey, design and permitting associated with the newly purchased Bertelsen Property
- Downtown Network - Vault and transformer replacements and cable renewal
- Currin Substation - Line re-rating and rebuild design on Currin Substation. Demolition and full rebuild expected to begin in 2023
- Leaburg Canal mitigation and International Paper switchgear and relay renewals

Type 3 projects are large strategic programs with long term impacts and are generally bond-funded. The only current type 3 project for the Electric System is Carmen Smith.

2021 activity included:

- Completion of fish passage design, and initiation of design for habitat improvement projects and Smith Dam spillway expansion.
- Review critical dam safety elements of the fish passage designs, as well as potential project impacts associated with the discovery of sinkholes in Trail Bridge Reservoir.
- Relocation of a section of the transmission line and rebuilding the Chinook Salmon Spawning Channel were completed.
- Construction of improvements to Trail Bridge Campground achieved more than 50-percent completion.
- Rehabilitation of the first turbine generator unit at the Carmen Plant started in July and the construction of reliability improvements at Trail Bridge went under contract for execution in 2022.

2022 activity included:

- Rehabilitation of the second turbine generator unit at the Carmen Plant
- Improvements to the Trail Bridge power plant electrical systems
- Recreation, vegetation and wildlife management improvements to meet dam safety and license requirements

More information about plant activity can be found in the note disclosures to the financial statements, Note 3 – Utility Plant.

Long-term debt activity, credit ratings, debt service coverage
The Electric System issues revenue bonds or notes payable to fund certain capital projects. During 2022 and 2021, the Electric System made scheduled debt service payments. For more information, see Note 12 – Long-Term Debt.

Electric System bonds are rated as follows:

Moody's Investors Service	Aa2
S&P Global Ratings	AA-
Fitch Ratings	AA-

The Electric System monitors Debt Service Coverage as a requirement under its master bond resolution. Under the resolution, net revenues available for debt service must be at least 1.0x the annual debt service on all outstanding bonds. Within financial policy, the Board targets a range of 1.75x – 2.0x for debt service coverage.

Year	Net Revenue Available for Debt Service (000s)	Annual Debt Service (000s)	Debt Service Coverage
2022	$50,754	$16,679	3.0x
2021	$34,725	$15,340	2.3x
2020	$32,297	$16,112	2.0x

Water System
The source of supply for the Water System is the McKenzie River, with headwaters in the Cascade Range east of Eugene. Intake and purification of water occurs at the Hayden Bridge Water Filtration Plant. In addition to the filtration plant, the Water System owns and operates 22 storage tanks, 25 pump stations, and approximately 800 miles of transmission and distribution mains. The Water System provides water service to 55,000 residential, commercial, and industrial customers within the EWEB service territory, and supplies wholesale water to the River Road and Santa Clara water districts outside Eugene. In addition, EWEB has surplus water contracts with the City of Veneta and the Willamette Water Company.

Water System Condensed Financial Information

(in thousands of dollars)

	2022	2021	2020
Net utility plant	$ 230,177	$ 209,504	$ 196,316
Current assets	32,921	39,078	42,610
Other assets	25,899	34,189	34,094
Total assets	288,997	282,771	273,020
Deferred outflows of resources	10,652	10,736	13,201
Current liabilities	8,822	7,690	6,584
Long-term debt	63,067	65,899	69,008
Other liabilities	23,596	18,861	28,087
Total liabilities	95,485	92,450	103,679
Deferred inflows of resources	7,468	13,297	7,330
Net investment in capital assets	158,146	138,942	131,358
Restricted	706	4,048	6,484
Unrestricted	37,844	44,770	37,370
Total net position	$ 196,696	$ 187,760	$ 175,212
Residential	$ 20,483	$ 21,409	$ 20,508
Commercial and industrial	15,435	15,167	14,052
Sales for resale and other	8,143	5,542	4,320
Operating revenue	44,061	42,118	38,880
Transmission and distribution	7,756	6,632	7,269
Sources of supply, pumping, and purification	12,909	9,736	7,671
Customer accounting	1,845	1,782	1,975
Conservation expenses	581	545	520
Administrative and general	4,929	4,504	5,111
Depreciation on utility plant	8,061	7,263	6,805
Operating expenses	36,081	30,462	29,351
Net operating income	7,980	11,656	9,529
Non-operating revenue	1,319	1,031	762
Non-operating expense	(2,202)	(2,494)	(2,307)
Income before capital contributions	7,097	10,193	7,984
Capital contributions	1,839	2,355	2,353
Intersystem transfer	-	-	196
Change in net position	8,936	12,548	10,533
Total net position - beginning of year	187,760	175,212	164,679
Total net position - end of year	$ 196,696	$ 187,760	$ 175,212

Analysis of financial position and results of operations

The Water System's overall financial position improved in 2022 and 2021 as a measure of overall increases in net position and net operating income.

The net investment in capital assets component of net position, reflecting the value of capital assets net of the debt incurred to acquire those assets, increased in 2022 and 2021. Capital asset additions such as storage tank construction, main replacements and improvements, advanced metering infrastructure, and Hayden Bridge improvements have increased plant values and decreases in associated debt occurred as annual debt service payments were made.

Restricted net position is subject to external legal restrictions on its use and is primarily representative of reserves for payment of debt service and System Development Charges (SDC). The use of SDC improvement reserves for capital improvements and SDC reimbursement reserves toward payment of debt service decreased restricted net position in 2022. The use of SDC reimbursement reserves toward payment of debt service decreased restricted net position in 2021.

Unrestricted net position represents the accumulation of assets that are not capital assets, or subject to external restrictions on their use. Unrestricted net position decreased in 2022 due the use of unrestricted net assets for capital improvements.

Analysis of balances and transactions

Consumption of water varies depending on the season and the weather patterns of a particular year with peak consumption in the summer months. In 2022, consumption decreased as drought conditions eased. In 2021, overall consumption increased as drought conditions in Oregon corresponded with higher-than-normal consumption through the spring and summer months. Annual water production was the highest since 2008.

In the wake of the Holiday Farm Fire during September 2020, significant recovery needs were identified within the McKenzie River Watershed. In planning for increased source protection and water quality efforts, a Watershed Recovery Fee took effect in July 2021. The Watershed Recovery Fee is assessed to all residential and commercial customers based on meter size. For most residential and business customers, the fee is a flat $3 per month (based on a 1-inch or smaller water meter). Some customers, such as large businesses and those with extensive irrigation needs, pay more ($4.50 to $30 per month) based on meter size.

Residential accounts make up 90% of the customer base of the Water System, and approximately 60% of retail consumption. Similar to the Electric system, residential consumption is more responsive to weather conditions than commercial and industrial. 2021 consumption and revenue increased, due to drought conditions beginning early in the year. 2022 consumption decreased as drought conditions eased, with the second quarter seeing an increase of over 7 inches in rainfall compared to 2021, which delayed peak consumption in the summer months.

Commercial and industrial accounts make up 10% of the Water System's customer base, and approximately 40% of retail sales. Commercial sales increased in 2021, with drought conditions early in the year and an early start to the irrigation season. In 2022 consumption decreased due to improvement in drought conditions, while revenues were consistent due to rate increases.

Wholesale sales include sales to River Road and Santa Clara Water Districts, the City of Veneta, and the Willamette Water Company.

The Water System pumps and purifies all water sold and does not have wholesale purchase expense. The largest production expenses are purification and transmission and distribution of water. Other significant expenses are administrative and general, and depreciation. 2022 and 2021 increases in source of supply were geared toward the McKenzie River Watershed restoration efforts in the wake of the Holiday Farm fire. Increased costs are funded through the Watershed Recovery Fee that took effect July 2021, noted above, and grant funding, when available. Transmission and distribution costs were higher in 2022 due to contract work for patching and paving and increased labor costs in operating expense. Administrative and general costs increased in 2022 due to multiple factors, including labor increases, software costs, insurance and purchased services.

Similar to the Electric System, depreciation expense increased in 2022 and 2021 as a function of prior year capital closeout activity. Various assets were finished near the end of the year and depreciation recognition began early in the following year.

Other transactions of note include the OPERS valuation. The net pension liability for the Water System increased by $4.2 million from 2021 to 2022. From 2020 to 2021, the net pension liability decreased by $8.5 million for the Water System. For more information, see Note 16 - Retirement benefits.

Analysis of significant variations between original and final budget amounts
The Board of Commissioners has authority to set prices and annual budgets for spending in two categories: Capital and Operations & Maintenance (O&M). Annual budgets dictate revenue requirements and rate changes among different customer classes based on a cost-of-service analysis.

Recent residential price adjustments have been as follows:

2022	4.00%
2021	No change
2020	No change

Watershed recovery efforts leveraged grant programs and partnership funding through the course of 2022. Additional spending authority of $1.2 million corresponds to increased watershed efforts tied to grant programs and partnerships. Grant revenue and reimbursable work offset this increased level of spending.

		2022
Approved Operations & Maintenance Budget	$	26,515,000
Operational Changes		
Watershed Recovery		1,200,000
Shift from Capital to O&M		1,500,000
Total O&M Budget Amendment	$	2,700,000
Total Amended O&M Budgets	**$**	**29,215,000**

Deferred capital activity related to distribution system facilities, pipes, and services shifted labor, equipment, and material costs from capital to O&M. An increase in O&M costs was approved and offset by a decrease to capital budgets as noted below.

The shift from Capital to O&M for the Water Utility increased O&M by $1.5 million and would typically reduce budgeted capital spending. However, contracted construction projects continued pace into the end of the year and $1.5 million was maintained for sufficient budget authority for the ongoing work.

Contracted capital activities, such as the East 40th storage project, do not cause a transfer of costs from capital to O&M the same way internally resourced work does and are contingent on the timing and pace of work. Accordingly, overall capital spending was at budget for the year, however due to the nature of the projects, there is an expected shift to O&M for some costs that had previously been budgeted in capital.

The net effect to capital budgets did not require an amendment.

		2022
Approved Capital Budget	$	29,131,000
Operational Changes		
Shift from Capital to O&M		(1,500,000)
Contracted Capital		1,500,000
Total Projected Capital Budget Amendment		-
Total Amended Capital Budget	**$**	**29,131,000**

Following the Holiday Farm Fire during September 2020, significant recovery needs were identified within the McKenzie River Watershed. Budgeted spending for 2021 was categorized as Risk Based, Resiliency, and Strategic, and included activities such as erosion control, revegetation, floodway acquisitions and restoration, and reforestation.

		2021
Approved Operations & Maintenance Budget	$	20,200,000
Proposed Investment Levels:		
Risk Based		2,250,000
Resiliency		1,550,000
Strategic		150,000
Total O&M Budget Amendment	$	3,950,000
Total Amended O&M Budgets	**$**	**24,150,000**

Water capital budgets were not amended in 2021.

Description of significant capital asset activity during the year

Type 1 General Capital is budgeted year-by-year for routine capital expenditures less than $1 million and is funded with rates and customer contributions. Typical examples include "main replacements" as part of Distribution & Pipe Services.

2021 activity included:

- Source – Water intakes & Filtration Plant: Improvements at the Hayden Bridge Filtration Plant include starting improvements for the chlorine building and continued work on powder activated carbon system retrofits.

- Distribution Pipe and Services - Water main replacements and improvements are the largest component of the Type 1 work. Large main replacements for 2021 included areas of Cross Street, Crest Drive, and the Willagillespie area in North Eugene.

2022 activity included:

- Source – Water intakes & Filtration Plant: Numerous smaller projects were completed at Hayden Bridge in 2022. These included significant progress on the new powder activated carbon system and replacement of variable frequency drives at the finish water pump station. In addition, the project to replace the water utility Supervisory Control and Data Acquisition (SCADA) system was initiated with significant progress made over the course of the year.

- Distribution Pipe and Services - Water main replacements and improvements are the largest component of the Type 1 work. While supply chain issues continued to affect projects, several large projects were completed. These include main replacements on Polk Ave, 8th Ave, Candlelight Dr., and Lorane Highway.

Type 2 capital projects are discrete, with a defined completion period, and lifetime expenditures over $1 million. Depending on the project, this work may be funded with rates, customer contributions, or bond funds.

2021 activity included:
- Second phase of a 42-inch transmission main project extending from the EWEB headquarters site across University of Oregon property
- E. 40th Reservoir - Excavation work occurred for two tanks at this site
- AMI - The deployment of water meters continues but at the rate of 30% of the original plan

2022 activity included:
- E. 40th Reservoirs - Significant construction progress was made on this project with approximately 80% of the concrete pours competed for the two storage tanks.
- Hilyard St Transmission Main - Design was completed for this water transmission project which will serve the new E. 40th Reservoirs.
- Shasta 975 Reservoirs - Design was completed to a 90% level for this upper-level reservoir replacement.

Type 3 projects are large strategic programs with long term impacts and are generally bond funded.

2021 activity included:

- Work in this area was focused on continued efforts to construct emergency water distribution sites. Effort was largely focused on the South Eugene site. Coordination efforts with the Eugene School District, City of Eugene, and the YMCA delayed construction on this site. Planning efforts continued for potential emergency sites in Southeast and Southwest Eugene

2022 activity included:

- Emergency Water Distribution Sites - The majority of work in this area was focused on continued efforts to construct emergency water distribution sites at two locations: at the new YMCA in South Eugene and at Churchill High School. Wells were drilled and water treatment equipment purchased. Construction is in progress at both sites.
- Willamette Treatment Plant - Land Use and Federal Permitting efforts were initiated in late 2022 for this project as well as a value engineering evaluation of the proposed river intake.

More information about plant activity is available in Note 3 – Utility Plant, in the note disclosures to the financial statements.

Long-term debt activity, credit ratings, debt service coverage
The Water System issues revenue bonds or notes payable to fund certain capital projects. During 2022 and 2021, the Water System made scheduled debt service payments. For more information, see Note 12 – Long-Term Debt and Note 13 – Intersystem items.

Water System bonds are rated as follows:

Moody's Investors Service	Aa2
S&P Global Ratings	AA
Fitch Ratings	AA+

The Water System monitors Debt Service Coverage as a requirement under its master bond resolution. Under the resolution, net revenues available for debt service must be at least 1.25x the annual debt service on all outstanding bonds. Within financial policy, the Board targets a range of 2.0x – 2.5x for debt service coverage.

Year	Net Revenue Available for Debt Service (000s)	Annual Debt Service (000s)	Debt Service Coverage
2022	$16,080	$4,930	3.3x
2021	$20,040	$4,927	4.1x
2020	$8,240	$3,821	2.2x

Currently known facts, decisions, or conditions expected to have a significant effect on financial position or results of operations.
Current capital projects expected to have significant effects on financial position are storage tank projects noted in the capital asset section: East 40th, College Hill, and Hawkins Hill.

Eugene is the largest metro area in the Pacific Northwest with a single source of water. The Board owns property along the Willamette River and has been planning to build a second source filtration plant to create additional resiliency to the water supply. Construction is tentative to start in 2025.

Retirement Benefits Trust

The Eugene Water & Electric Board Retirement Benefits Trust (the Trust) was created in 2007 to fund other post-employment benefits (OPEB). The plan provides $5,000 life insurance coverage for all retirees and subsidies toward health insurance coverage under either the EWEB group plan or the Oregon PERS Health Insurance Program (Oregon PHIP) Medicare plans for retirees meeting eligibility criteria. Plan changes in 2016 and 2017 removed the health care subsidies available to employees upon retirement if they were hired after 2002.

Financial statements for the Trust, including accompanying notes, are a set of two statements. The *statement of fiduciary net position* reports the assets, liabilities, and net position held in trust on the day of December 31 for the years presented. The *statement of changes in net position*, reflects the sources and uses of plan assets over the one-year periods presented. More information about the plan is provided in Note 16 and the Required Supplementary Information.

Significant totals from the financial statements are below.

	2022	2021	2020
Total assets	$ 15,564	$ 20,371	$ 20,059
Total liabilities	13	34	28
Total net position	$ 15,551	$ 20,337	$ 20,031
Contributions	$ 865	$ 859	$ 1,202
Net investment income (loss)	(3,169)	2,233	2,527
Total additions	(2,304)	3,092	3,729
Benefits	2,380	2,706	2,858
Administrative expenses	102	80	90
Total deductions	2,482	2,786	2,948
Net increase/(decrease) in net position	$ (4,786)	$ 306	$ 781

Analysis

Assets are primarily the Trust's investment portfolio, which increases with investment income and contributions from the Board. Assets decrease for benefit payments and reductions in the market value of investments held. Liabilities were for administrative and benefit payments pending at the end of each year.

Total assets and net position are sensitive to investment earnings. The return on investments was -16% for the year ended December 31, 2022, which was a significant decrease from investment returns of 12% for 2021 and 14% for 2020.

Contributions were relatively stable for years 2020 through 2022. They were primarily from retirees. The plan reports contributions from retirees who have EWEB group health care. Those contributions are applied directly to insurance premiums. So, those payments are reported in equal measure as contributions and benefit expenses. Contributions from retirees were $568,000 in 2022, $684,000 in 2021, and $740,000 in 2020. The decrease in contributions each year corresponds to decreases in the number of retirees enrolled in EWEB group coverage. There were increases in premiums for that coverage during each of the years presented in the Condensed Financial Information.

Contributions from the Board to the Trust are based on the most recent actuarially determined contribution (ADC) for the OPEB plan. ADC amounts are based on expected cash flows from the Trust over the expected life of the plan. Those cash flows are less than implied by the Board's OPEB liability, which is reported by the Electric and Water systems. The Board's OPEB liability, determined with GASB standards, includes an implicit liability, which won't be paid from the Trust. Also, the assumed investment return for the ADC, is reduced when determining the OPEB liability by blending the rate of return with the rate of 20-year municipal general obligation bonds. The ADC for 2022, received in 2023, was $348,000. The Board contributed $297,000 during 2022. The ADC for 2021, based on Trust assets which had appreciated from strong investment returns, was $0. The Board contributed $176,000 to the Trust in 2021. The Board's contributions were $462,000 during 2020.

Deductions are primarily benefit expenses. Benefit expenses declined gradually each year as retirees became Medicare eligible. When retirees become Medicare eligible, they are no longer covered under the EWEB group plan. Retirees who meet the Board's OPEB plan eligibility requirements can enroll in a Medicare supplement plan offered through Oregon's PHIP with a subsidy from EWEB. Those retirees also make contributions toward their coverage. Those contributions are reported with the Oregon PERS financial statements. Premiums for the Medicare supplement plans are substantially less than the premiums for EWEB group coverage. Most of the Board's OPEB plan participants who have medical coverage are Medicare eligible. Retirees participating in Medicare related coverage were 80% of EWEB's OPEB plan participants with medical coverage when measured as of August 31, 2022. This was a 6% increase from August 31, 2020.

While the plan's net position declined during 2022, the plan was still well funded based on the ADC. Benefit expenses are expected to continue to decline due to the plan's design which limits eligibility for subsidized medical care.

Eugene Water & Electric Board
Statements of Net Position
December 31, 2022 and 2021

	Electric System		Water System		Total System	
	2022	2021 (as restated)	2022	2021	2022	2021 (as restated)
ASSETS						
Capital assets						
Utility plant in service	$ 848,268,217	$ 833,289,354	$ 352,042,352	$ 339,584,612	$ 1,200,310,569	$ 1,172,873,966
Less accumulated depreciation	493,532,898	469,310,376	150,597,898	142,306,939	644,130,796	611,617,315
Net utility plant in service	354,735,319	363,978,978	201,444,454	197,277,673	556,179,773	561,256,651
Property held for future use	20,246,074	38,335,395	2,322,906	2,320,699	22,568,980	40,656,094
Construction work in progress	57,175,038	42,040,231	26,409,755	9,905,618	83,584,793	51,945,849
Net utility plant	432,156,431	444,354,604	230,177,115	209,503,990	662,333,546	653,858,594
Current assets						
Cash and cash equivalents	32,858,620	16,417,613	4,223,805	7,888,023	37,082,425	24,305,636
Short-term investments	16,045,946	11,192,566	2,870,944	3,197,125	18,916,890	14,389,691
Restricted cash and investments	17,248,672	23,984,812	828,590	4,575,504	18,077,262	28,560,316
Designated cash and investments	48,543,976	42,514,187	18,708,741	17,830,552	67,252,717	60,344,739
Receivables, less allowances	43,943,118	33,531,458	4,354,180	4,148,754	48,297,298	37,680,212
Due from Water System	391,736	383,331	-	-	-	-
Materials and supplies	9,566,283	8,302,145	1,671,240	1,310,842	11,237,523	9,612,987
Prepaids	1,374,891	941,848	263,468	127,258	1,638,359	1,069,106
Option premiums short-term	-	1,223,066	-	-	-	1,223,066
Total current assets	169,973,242	138,491,026	32,920,968	39,078,058	202,502,474	177,185,753
Non-current assets						
Investments – designated	26,532,621	32,241,661	10,225,613	13,522,230	36,758,234	45,763,891
Investments – unrestricted	15,534,160	15,314,315	2,779,376	4,374,491	18,313,536	19,688,806
Investments – restricted	10,258,405	19,290,845	778,257	3,853,994	11,036,662	23,144,839
Receivables, conservation, and other	3,325,457	3,221,838	321,887	159,522	3,647,344	3,381,360
Due from Water System	5,670,306	6,049,708	-	-	-	-
Investment in WGA	-	11,770	-	-	-	11,770
Investment in Harvest Wind	16,466,835	17,688,387	-	-	16,466,835	17,688,387
Preliminary investigations	152,640	262,199	1,682,143	1,302,816	1,834,783	1,565,015
Other assets	19,846,640	23,528,317	10,112,133	10,975,676	29,958,773	34,503,993
Total non-current assets	97,787,064	117,609,040	25,899,409	34,188,729	118,016,167	145,748,061
DEFERRED OUTFLOWS OF RESOURCES	34,015,370	35,655,368	10,651,566	10,736,278	44,666,936	46,391,646
Total assets and deferred outflows of resources	$ 733,932,107	$ 736,110,038	$ 299,649,058	$ 293,507,055	$ 1,027,519,123	$ 1,023,184,054

Note: Inter-system obligations and payments are eliminated in the total systems columns.

See accompanying notes.

Eugene Water & Electric Board
Statements of Net Position
December 31, 2022 and 2021

	Electric System		Water System		Total System	
	2022	2021 (as restated)	2022	2021	2022	2021 (as restated)
LIABILITIES						
Current liabilities						
Payables	$ 34,962,578	$ 20,924,463	$ 3,592,362	$ 2,190,092	$ 38,554,940	$ 23,114,555
Accrued payroll and benefits	4,950,994	4,989,239	1,547,369	1,510,950	6,498,363	6,500,189
Due to Electric System	-	-	391,736	383,331	-	-
Payable from restricted assets						
Accrued interest on long-term debt	3,407,316	3,508,017	900,583	945,691	4,307,899	4,453,708
Long-term debt due within one year	9,095,000	8,260,000	2,390,000	2,660,000	11,485,000	10,920,000
Total current liabilities	52,415,888	37,681,719	8,822,050	7,690,064	60,846,202	44,988,452
Non-current liabilities						
Long-term debt	206,489,230	217,864,002	63,067,191	65,898,766	269,556,421	283,762,768
Due to Electric System	-	-	5,670,306	6,049,708	-	-
Net pension liability	43,811,455	30,359,133	13,835,196	9,587,094	57,646,651	39,946,227
Net OPEB liability	12,056,944	9,256,616	3,807,456	2,923,142	15,864,400	12,179,758
Other liabilities	896,741	2,030,381	283,181	302,168	1,179,922	2,332,549
Total liabilities	315,670,258	297,191,851	95,485,380	92,450,942	405,093,596	383,209,754
DEFERRED INFLOWS OF RESOURCES	24,042,655	43,491,191	7,467,533	13,296,528	31,510,188	56,787,719
NET POSITION						
Net investment in capital assets	236,582,589	254,288,224	158,145,478	138,941,911	394,728,067	393,230,135
Restricted	4,025,772	4,791,132	706,264	4,047,985	4,732,036	8,839,117
Unrestricted	153,610,833	136,347,640	37,844,403	44,769,689	191,455,236	181,117,329
Total net position	394,219,194	395,426,996	196,696,145	187,759,585	590,915,339	583,186,581
Total liabilities, deferred inflows of resources, and net position	$ 733,932,107	$ 736,110,038	$ 299,649,058	$ 293,507,055	$ 1,027,519,123	$ 1,023,184,054

Note: Inter-system obligations and payments are eliminated in the total systems columns.

Eugene Water & Electric Board
Statements of Revenues, Expenses, and Changes in Net Position
Years Ended December 31, 2022 and 2021

	Electric System		Water System		Total System	
	2022	2021 (as restated)	2022	2021	2022	2021 (as restated)
Residential	$ 108,624,489	$ 102,528,959	$ 20,482,883	$ 21,408,604	$ 129,107,372	$ 123,937,563
Commercial and industrial	101,020,323	93,496,715	15,434,908	15,166,776	116,455,231	108,663,491
Sales for resale and other	104,093,127	61,719,367	8,143,578	5,542,505	112,236,705	67,261,872
Operating revenues	313,737,939	257,745,041	44,061,369	42,117,885	357,799,308	299,862,926
Purchased power	164,545,623	141,720,706	-	-	164,545,623	141,720,706
System control	4,545,722	4,287,467	-	-	4,545,722	4,287,467
Wheeling	12,975,645	12,052,379	-	-	12,975,645	12,052,379
Steam and hydraulic generation	17,012,038	13,481,492	-	-	17,012,038	13,481,492
Transmission and distribution	26,745,670	24,507,045	7,756,235	6,632,413	34,501,905	31,139,458
Source of supply, pumping, and purification	-	-	12,909,352	9,735,907	12,909,352	9,735,907
Customer accounting	9,184,503	8,054,473	1,845,290	1,781,613	11,029,793	9,836,086
Conservation expenses	4,853,314	4,175,787	580,642	545,056	5,433,956	4,720,843
Administrative and general	26,184,732	22,879,062	4,928,579	4,504,107	31,113,311	27,383,169
Depreciation on utility plant	26,837,760	24,491,728	8,060,910	7,262,502	34,898,670	31,754,230
Operating expenses	292,885,007	255,650,139	36,081,008	30,461,598	328,966,015	286,111,737
Net operating income	20,852,932	2,094,902	7,980,361	11,656,287	28,833,293	13,751,189
Investment losses	(1,175,518)	(46,699)	(425,176)	(13,899)	(1,600,694)	(60,598)
Interest earnings, Water	152,176	161,133	-	-	-	-
Other revenue	3,736,632	9,995,815	1,744,613	1,045,124	5,481,245	11,040,939
Non-operating revenues	2,713,290	10,110,249	1,319,437	1,031,225	3,880,551	10,980,341

Note: Inter-system obligations and payments are eliminated in the total systems columns.

See accompanying notes.

Eugene Water & Electric Board
Statements of Revenues, Expenses, and Changes in Net Position
Years Ended December 31, 2022 and 2021

	Electric System		Water System		Total System	
	2022	2021 (as restated)	2022	2021	2022	2021 (as restated)
Other revenue deductions	$ 484,300	$ 428,976	$ 16,629	$ 199,778	$ 500,929	$ 628,754
Interest expense and related amortization	6,982,190	7,351,923	2,033,304	2,133,670	9,015,494	9,485,593
Interest expense, Electric	-	-	152,176	161,133	-	-
Non-operating expenses	7,466,490	7,780,899	2,202,109	2,494,581	9,516,423	10,114,347
Income before capital contributions and special items	16,099,732	4,424,252	7,097,689	10,192,931	23,197,421	14,617,183
Contributions in aid of construction	2,263,359	2,680,049	601,151	977,695	2,864,510	3,657,744
Contributed plant assets	280,483	783,239	637,552	217,897	918,035	1,001,136
System development charges	-	-	600,168	1,158,670	600,168	1,158,670
Capital contributions	2,543,842	3,463,288	1,838,871	2,354,262	4,382,713	5,817,550
Extraordinary item	(19,851,376)	-	-	-	(19,851,376)	-
Change in net position	(1,207,802)	7,887,540	8,936,560	12,547,193	7,728,758	20,434,733
Total net position at beginning of year	395,426,996	387,539,456	187,759,585	175,212,392	583,186,581	562,751,848
Total net position at end of year	$ 394,219,194	$ 395,426,996	$ 196,696,145	$ 187,759,585	$ 590,915,339	$ 583,186,581

Note: Inter-system obligations and payments are eliminated in the total systems columns.

Eugene Water & Electric Board
Statements of Cash Flows
Years Ended December 31, 2022 and 2021

	Electric System		Water System		Total System	
	2022	2021	2022	2021	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES						
Receipts from customers	$315,554,920	$269,318,471	$ 43,667,685	$ 41,506,287	$ 359,222,605	$310,824,758
Other receipts	5,030,747	3,432,409	1,694,504	427,975	6,725,251	3,860,384
Power purchases	(153,309,976)	(142,708,469)	-	-	(153,309,976)	(142,708,469)
Payments to employees, employer paid benefits	(54,390,291)	(48,674,097)	(17,146,338)	(15,096,101)	(71,536,629)	(63,770,198)
Payments to suppliers	(44,628,599)	(42,819,767)	(10,281,439)	(7,254,459)	(54,910,038)	(50,074,226)
Contributions in lieu of taxes	(13,523,025)	(12,967,399)	-	-	(13,523,025)	(12,967,399)
Net cash from operating activities	$54,733,776	25,581,148	17,934,412	19,583,702	72,668,188	45,164,850
CASH FLOWS FROM INVESTING ACTIVITIES						
Purchases of investment securities	(56,498,134)	(72,695,106)	(6,564,779)	(19,340,204)	(63,062,913)	(92,035,310)
Proceeds from sale and maturities of investments	62,531,976	79,834,554	15,368,494	19,457,639	77,900,470	99,292,193
Interest on investments	1,452,656	1,844,603	361,668	457,389	1,814,324	2,301,992
Distributions from equity investments	1,639,799	7,454,005	-	-	1,639,799	7,454,005
Net cash from investing activities	9,126,297	16,438,056	9,165,383	574,824	18,291,680	17,012,880
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES						
Intersystem obligations paid to Electric from Water	370,242	361,303	(370,242)	(361,303)	-	-
Interest receipts/(payments) to Electric from Water	152,931	161,870	(152,931)	(161,870)	-	-
Net cash from non-capital financing activities	523,173	523,173	(523,173)	(523,173)	-	-

Note: Intersystem obligations and payments are eliminated in the total systems columns.

See accompanying notes.

	Electric System		Water System		Total System	
	2022	2021	2022	2021	2022	2021
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Principal payments	$ (8,260,000)	$ (6,745,000)	$ (2,660,000)	$ (2,555,000)	$ (10,920,000)	$ (9,300,000)
Additions to plant and non-utility property, net	(34,932,596)	(40,182,879)	(28,685,653)	(20,036,112)	(63,618,249)	(60,218,991)
Interest payments	(8,419,242)	(8,594,849)	(2,269,659)	(2,372,132)	(10,688,901)	(10,966,981)
Additions to preliminary surveys and other	79,135	(79,922)	-	-	79,135	(79,922)
Capital contributions	2,543,841	3,463,288	1,838,871	2,354,262	4,382,712	5,817,550
Net cash from capital and related financing activities	(48,988,862)	(52,139,362)	(31,776,441)	(22,608,982)	(80,765,303)	(74,748,344)
CHANGE IN CASH AND CASH EQUIVALENTS	15,394,384	(9,596,985)	(5,199,819)	(2,973,629)	10,194,565	(12,570,614)
CASH AND CASH EQUIVALENTS, beginning of year	45,253,748	54,850,733	17,594,554	20,568,183	62,848,302	75,418,916
CASH AND CASH EQUIVALENTS, end of year Including cash and cash equivalents restricted and designated: $27,789,512 and $8,170,929 ($28,836,134 and $9,706,529 in 2021) for Electric and Water, respectively	$ 60,648,132	$ 45,253,748	$ 12,394,735	$ 17,594,554	$ 73,042,867	$ 62,848,302

NON-CASH CAPITAL ACTIVITY

In 2022, plant assets contributed by developers were $280,483 for the electric system and $637,552 for the water system ($783,239 for the electric system and $217,897 for the water system in 2021).

Note: Inter-system obligations and payments are eliminated in the total systems columns.

See accompanying notes.

Eugene Water & Electric Board
Statements of Cash Flows
Years Ended December 31, 2022 and 2021

	Electric System		Water System		Total System	
	2022	2021	2022	2021	2022	2021
RECONCILIATION OF NET OPERATING INCOME TO NET CASH FROM OPERATING ACTIVITIES						
Net operating income	$ 20,852,932	$ 2,094,902	$ 7,980,361	$ 11,656,285	$ 28,833,293	$ 13,751,187
Adjustments to reconcile net operating income to net cash from operating activities						
Depreciation, including allocated	28,014,259	25,740,056	8,060,910	7,262,502	36,075,169	33,002,558
Other revenue	3,741,662	5,944,873	1,520,635	417,074	5,262,297	6,361,947
Other revenue deductions	(332,640)	(355,561)	(15,281)	(44,316)	(347,921)	(399,877)
(Increase) decrease in assets						
Receivables	(10,574,244)	(4,828,095)	(205,425)	(571,129)	(10,779,669)	(5,399,224)
Materials and supplies	(1,264,137)	(3,625,283)	(360,398)	(231,693)	(1,624,535)	(3,856,976)
Prepayments and special deposits	(433,043)	(26,397)	(136,211)	3,351	(569,254)	(23,046)
Conservation loans, net	58,961	313,506	-	-	58,961	313,506
Other assets	2,219,546	146,362	-	-	2,219,546	146,362
Decrease in deferred outflows						
Fair value of hedging derivatives	1,188,111	176,947	-	-	1,188,111	176,947
Increase (decrease) in liabilities						
Accounts payable, accrued payroll, and benefits	13,386,059	(98,294)	1,089,821	1,091,628	14,475,880	993,334
Other liabilities	(1,133,640)	(481,043)	-	-	(1,133,640)	(481,043)
Increase (decrease) in deferred inflows of resources	(990,050)	579,175	-	-	(990,050)	579,175
Net cash from operating activities	$ 54,733,776	$ 25,581,148	$ 17,934,412	$ 19,583,702	$ 72,668,188	$ 45,164,850

See accompanying notes.

Eugene Water & Electric Board
Statements of Fiduciary Net Position – OPEB
December 31, 2022 and 2021

	Retirement Benefits Plan	
	2022	2021
ASSETS		
Money market investments	$ 117,542	$ 133,293
Interest and dividends receivable	343	2
Prepaid expenses	1,300	1,300
Investments, at fair value		
Mutual funds and exchange traded funds		
Fixed income	6,050,386	7,590,426
International	3,199,733	4,420,157
Domestic	4,938,590	7,189,272
Real estate	1,256,294	1,036,432
Total investments	15,445,003	20,236,287
Total assets	$ 15,564,188	$ 20,370,882
LIABILITIES		
Administrative costs payable	$ 12,800	$ 17,423
Benefits payable	-	16,120
Total liabilities	12,800	33,543
Net position restricted for postemployment benefits other than pensions	$ 15,551,388	$ 20,337,339

Eugene Water & Electric Board
Statements of Changes in Fiduciary Net Position – OPEB
Years Ended December 31, 2022 and 2021

	Retirement Benefits Plan 2022	Retirement Benefits Plan 2021
ADDITIONS		
Contributions		
Employer	$ 297,000	$ 175,500
Retirees – EWEB group plan, only	567,544	683,609
Total contributions	$ 864,544	$ 859,109
Investment income		
Net increase (decrease) in fair value of investments	(3,783,036)	1,586,541
Interest	1,504	3,696
Dividends	454,292	460,139
Capital gain distributions	206,861	238,241
	(3,120,379)	2,288,617
Less investment expense	48,573	55,290
Net investment income (loss)	(3,168,952)	2,233,327
Total additions	$ (2,304,408)	$ 3,092,436
DEDUCTIONS		
Benefits	$ 1,812,546	$ 2,022,858
Benefits funded by retirees – EWEB group plan	567,544	683,609
Administrative expenses	101,453	80,101
Total deductions	2,481,543	2,786,568
Net increase (decrease) in net position	(4,785,951)	305,868
NET POSITION RESTRICTED FOR POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS		
Beginning of year	20,337,339	20,031,471
End of year	$ 15,551,388	$ 20,337,339

See accompanying notes.

Note 1 – Summary of Significant Accounting Policies

Reporting entity
The Eugene Water & Electric Board (Board or EWEB) is an administrative unit of the City of Eugene, Oregon. However, as established by the Governmental Accounting Standards Board (GASB) definition of a reporting entity, the Board is a primary government and is not a component unit of another entity. The Board is responsible for the ownership and operation of the Electric and Water Systems, and the basic financial statements include these two Systems.

The Board has a trust for funding post-employment retirement benefits other than pensions (OPEB), which is a component unit of the Board. Financial statements for the OPEB trust are presented as a fiduciary fund.

The Board provides energy and water service to residential, commercial, and industrial customers located in a 236 square mile area, including the City of Eugene and adjacent suburban areas. The Board has the authority to fix rates and charges. In order to secure power resources, the Board has taken ownership of various generation facilities and entered into various power purchase agreements.

In addition, the Board has partial ownership in various generation facilities, which are joint ventures or separate entities where the Board has taken an equity position. The operations and sale of energy generated from the Board’s relationship with each of the facilities is subject to certain risks. Operations are contingent on various factors, such as regulation, licensing agreements, river flow levels and weather patterns.

The Board is subject to various forms of regulation under federal, state and local laws and is subject to various Federal Energy Regulatory Commission (FERC) regulations. Laws and regulations are subject to change and may have a direct impact on the operations of the Board.

Eliminations
Amounts receivable and payable between the Electric and Water Systems and related interest earnings and expenses are eliminated in the Total Systems columns of the financial statements (see Note 13).

Method of accounting
The Board maintains its accounting records in accordance with accounting principles generally accepted in the United States of America. The Board applies accounting and reporting standards of the GASB. The financial statements use a flow of economic resources measurement focus to determine financial position and the change in financial position. The accounting principles used are similar to those applicable to businesses in the private sector and are maintained on the accrual basis of accounting. Revenues are recognized when earned, and expenses are recognized when incurred.

Note 1 – Summary of Significant Accounting Policies (continued)

In June 2017, GASB issued statement No. 87, *Leases*. The Statement requires recognition of certain lease assets and liabilities that were previously defined as operating leases. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The amended effective date was for periods beginning after June 15, 2021.

Changes adopted to conform to the provisions of Statement 87 were applied retroactively by restating the financial statements for 2021. The adjustment did not have a material effect on the change in net position for the year ended December 31, 2021. Leases were recognized if their estimated undiscounted value as of January 1, 2021, met a policy threshold of $500,000 per contract or in the aggregate for a category of assets where contract terms are substantially alike. For the years ended December 31, 2022 and 2021, this resulted in recognition of Electric System leases receivable for pole attachment agreements, which met this threshold with its aggregate value.

	Electric System		
	As Originally Reported	As Restated	Effect of Change
Statement of Net Position			
Receivables, less allowances	$ 33,399,835	$ 33,531,458	$ 131,623
Receivables, conservation, and other	2,887,762	3,221,838	334,076
Deferred inflows of resources	(43,046,317)	(43,491,191)	(444,874)
Unrestricted net position	(136,326,815)	(136,347,640)	(20,825)
	$ (143,085,535)	$ (143,085,535)	$ -
Statement of Revenues, Expenses and Changes in Net Position			
Change in net position	$ 7,866,715	$ 7,887,540	$ 20,825
Beginning net position	387,539,456	387,539,456	-
Ending net position	$ 395,406,171	$ 395,426,996	$ 20,825

In April 2022, GASB issued Statement No. 99, Omnibus 2022*.* The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial report for financial guarantees. Portions of the Statement were effective immediately and the Board adopted the provisions for the year ended December 31, 2022, resulting in no current year impact.

Note 1 – Summary of Significant Accounting Policies (continued)

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions affecting the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Utility plant in service and depreciation

Utility plant is stated at original cost. Costs include labor, materials, and related indirect costs, such as engineering and transportation. Additions, renewals, and betterments with a cost of $5,000 or greater per item are capitalized. Repairs and minor replacements are recorded as operating expenses. Depreciation is computed using straight-line group rates. When property is retired, the property cost and any removal costs are charged to accumulated depreciation. The estimated useful lives of assets are those used commonly in the utility industry, or they are based on the Board's experience with similar assets.

Asset Class	Estimated Depreciable Lives in Years	
	Electric System	Water System
Land	n/a	n/a
Intangible assets	n/a	n/a
Distribution plant	20–50	-
Hydraulic production	15–50	-
Steam production	15–50	-
Other production	15–50	-
Telecommunications	10	-
Transmission plant	25–50	-
General plant	3–50	3–50
Pumping plant	-	15–50
Supply plant	-	20–50
Treatment plant	-	15–50
Transmission & distribution plant	-	15–50

Note 1 – Summary of Significant Accounting Policies (continued)

Cash equivalents
For purposes of these statements, cash equivalents are defined as short-term, highly liquid investments both readily convertible to known amounts of cash and so near maturity they present insignificant risk of changes in value because of changes in interest rates. Generally, only investments with original maturities of three months or less meet this definition. The Board considers money market accounts and government investment pool holdings to be cash equivalents.

Fair value of financial instruments
The carrying amounts of current assets, including unrestricted, designated and restricted cash and investments, and current liabilities approximate fair value due to the short-term maturity of those instruments. The fair value of the Board's investments and debt are estimated based on the quoted market prices for the same or similar issues.

Restricted assets
Cash and investments restricted by provisions of bond resolutions and agreements with other parties are identified as restricted assets. When the restricted assets are expendable within the terms of the agreements, it is the Board's policy to spend restricted resources first, then unrestricted resources as needed.

Leases
Leases receivable or payable are the present value of lease payments expected during a lease term. Recognition is limited to contracts where the undiscounted value met a policy threshold of $500,000 per contract or in the aggregate for a category of assets where contract terms are substantially alike.

Materials and supplies
Materials and supplies provide for additions and repairs to utility plant and are stated at weighted average cost.

Preliminary investigations
Preliminary investigations consist of costs for projects the Board believes will be viable in the future.

Regulatory assets
The Board has other assets to be charged to future periods matching the reporting periods when the expenses are included for rate-making purposes.

- *Conservation assets* – Conservation assets for the Electric System represent installations of energy saving measures at customer properties. The conservation asset balance is reduced as costs are recovered, which for the most part represent debt service payments included in rates for related borrowing.

- *Unamortized bond issue costs* – Unamortized bond issue costs represent the remaining expense related to various debt issuances. The asset is amortized over the duration of the related debt and recognition of these costs is included in the rate making process.

Note 1 – Summary of Significant Accounting Policies (continued)

- *Pension debits* – Pension debits represent a portion of the change in net pension liability, as defined under GASB Statement No. 68. Regulatory accounting is used to recognize pension expense in accordance with the required employer contribution rates set by the Oregon Public Employees Retirement System.

- *Other Post-employment Benefits (OPEB) debits* – OPEB debits represent a portion of the change in net OPEB liability, as defined under GASB Statement No. 75. Regulatory accounting is used to recognize components of OPEB expense in accordance with employer contributions made by the Board.

Debt refundings
For current and advance refundings resulting in defeasance of debt, the difference between the reacquisition price and the net carrying amount of the old debt (gain or loss) is deferred and amortized as a component of interest expense over the remaining life of the old debt or the new debt, whichever is shorter. These amounts are reported as a deferred outflow of resources on the statement of net position.

Compensated absences
Employees accrue vacation leave in varying amounts according to their years of service. The maximum vacation accrual an employee can carry over is 240 hours. At the end of each calendar year, employees with over 240 hours, who have used at least 80 hours of vacation within the calendar year, will receive a lump sum payout for unused vacation above the 240 hour maximum. If an employee has not used 80 hours or more of vacation, then vacation accruals above 240 hours at the end of the year are forfeited. Employees terminating for any reason are eligible to receive payment for unused vacation leave balances. Accrued liabilities for vacation leave were $4.4 million and $4.1 million at December 31, 2022 and 2021, respectively, and presented as part of the accrued payroll and benefits liability.

Sick leave accrues bi-weekly, at a rate of 3.69 hours per pay period (pro-rated for part-time employees). There is no limit to the amount of sick leave an employee can accrue. Retiring employees have cash out options depending on their PERS Tier. Employees terminating prior to retirement forfeit unused sick leave. Sick leave liabilities are estimated based on sick leave accumulated as of December 31 by those employees who currently are eligible to receive termination payments, as well as other employees who are expected to become eligible in the future to receive such payments. Accrual for those employees who are expected to become eligible in the future are based on assumptions concerning the probability an individual employee will become eligible to receive termination benefits at retirement. Accrued liabilities for sick leave were $1.2 million and $1.1 million at December 31, 2022 and 2021, respectively, and presented as part of the other liabilities.

Note 1 – Summary of Significant Accounting Policies (continued)

Net position
Net position consists of:

- *Net investment in capital assets* – Net investment in capital assets is capital assets, net of accumulated depreciation and outstanding balances of any bonds and other borrowings attributable to the acquisition, construction, or improvement of those assets.

- *Restricted* – Restricted components of net position have constraints placed on their use. Constraints include those imposed by creditors (such as through debt covenants), contributors, or laws or regulation of other governments or constraints imposed by law through constitutional provisions or through enabling legislation.

- *Unrestricted* – The unrestricted component of net position includes remaining amounts neither “restricted” nor “net investment in capital assets.”

Operating revenue and expense
Operating revenues are recorded on the basis of service delivered while operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Revenues are derived primarily from the sale and transmission of electricity and from the sale of water. Revenue is recognized when power or water is delivered to and received by the customer. Estimated revenues are accrued for power and water delivered but not yet billed to customers.

At the discretion of management, a deposit may be obtained from the customer. Concentrations of credit risk with respect to receivables for residential customers are limited due to the large number of customers comprising the Board’s customer base. Credit losses have been within management’s expectations. Similar to its evaluation of residential, commercial and industrial customers’ credit reviews, the Board continually evaluates its wholesale power customers (sales for resale revenue) by reviewing credit ratings and financial credit worthiness of existing and new wholesale customers.

Receivables are recorded net of the allowance for doubtful accounts. The allowance is determined by an examination of write off experience in the preceding five years, and consideration of other influences as appropriate.

Contributions in lieu of taxes
In accordance with ORS 225.270, *Use of surplus earnings*, the Electric System makes contributions in lieu of tax (CILT) payments to the City of Eugene at the rate of 6% of retail sales and a fixed component equal to $825,000. The fixed amount is subject to certain annual inflationary adjustments. The Board makes CILT payments to the City of Springfield at the rate of 3% of retail sales for a customer within the boundaries of the City of Springfield.

Note 1 – Summary of Significant Accounting Policies (continued)

Environmental expenses

Fish and plant habitat enhancements, as well as pollution prevention improvements are expensed or capitalized depending on their future economic benefits. Most pollution remediation outlays, legal obligations to address existing pollution, do not qualify for capitalization and are accrued as liabilities and expenses according to the estimated remediation costs on a current cost basis (rather than present value of future costs).

Note 2 – Power Risk Management

The Board's Power Risk Management Guidelines set forth policies, limits and control systems governing power purchase and sale activities for the Electric System. The objectives of such policies are to maximize benefits to the customers from wholesale activities while minimizing the risk wholesale activities will adversely affect retail prices. The Board does not enter into contracts for speculative purposes. During periods when resources are in excess of retail load, the Board may sell excess capacity into the wholesale markets and is exposed to commodity price risk. The Board enters into forward contracts intended to manage the price risk associated with power sales in the wholesale market.

Derivative financial instruments

In accordance with policy guidelines, the Board utilizes derivative instruments to minimize its exposure to commodity price risk. Hedging derivatives are reported on the statement of net position at fair value. The fair value of options and swaptions are determined using the Black formula. The fair value of financial swaps is determined by comparing the contract prices with the forecasted market prices.

All potential hedging derivatives were evaluated for effectiveness using the consistent critical terms method. A derivative instrument is effective under criteria for consistent critical terms when the significant terms of the hedging instrument and the hedgeable item are alike. The significant terms for hedging derivatives are the time period, quantity, price index, and point of delivery.

As of December 31, 2022, there were no hedging derivatives or related deferred inflows or outflows. Changes in fair value are reported as an increase in other assets or other liabilities and deferred inflows or outflows of resources until the time of settlement. When hedging derivatives settle, revenue or expense is recorded as either purchased power or wholesale sales.

Note 2 – Power Risk Management (continued)

Investment derivatives
Hedging derivatives found through testing to be ineffective are classified as investment derivatives. At that time, the fair value, including any fair value changes previously deferred on the balance sheet, are recorded as investment revenue and a deferred inflow or outflow. A gain of $35,000 was recognized in investments earnings from derivatives in 2022. As of December 31 ,2022 there were no investment derivatives. A loss of $35,000 was recognized in investment earnings from derivatives in 2021. As of December 31, 2021, investment derivatives with a fair value of $6,500 were recorded as deferred outflows of resources, and investment derivatives with a fair value of $41,000 were recorded as deferred inflows of resources.

	Options			
	Hedging Derivatives		Investment Derivatives	
	2022	2021	2022	2021
Notional value	$ -	$ 2,081,646	$ -	$ 41,420
Fair value – asset	-	899,228	-	6,465
Fair value – liability	-	1,181,646	-	41,420
Cash paid	-	1,915,046	-	41,420
Reference rates	-	Mid-C index	-	Mid-C index
Dates entered into	-	10/20 - 9/21	-	9/21
Dates of maturity	-	1/22 - 6/22	-	4/22

Credit risk
The Board enters into forward purchase and sale contracts for electricity with other industry participants such as public and investor-owned utilities, financial institutions, gas and oil producers, and energy marketers. Through this participation, the utility is exposed to credit risk related to the possibility of non-performance by its counterparties. To limit the risk of counterparty default or non-performance, the Board uses an evaluation process assigning an internal measure of credit worthiness to the Board's counterparties and sets limits to the dollar value of business transacted with counterparties. On a case-by-case basis, the Board may require letters of credit, cash collateral, pre-payment or other forms of credit support to ensure counterparty performance. Other assurances may include accelerated invoicing or pre-payment. In addition, the Board generally establishes netting arrangements with counterparties.

As of December 31, 2022 there were no derivative instrument assets.

Termination risk
Hedging derivative contracts may be terminated by mutual agreement of the Board and the counterparty, or upon the occurrence of a termination event. Termination events include non-payment, non-delivery, deterioration of creditworthiness, or other material adverse changes. During the years 2022 and 2021, there were no terminations.

Note 3 – Utility Plant

The major classifications of utility plant in service are as follows:

	Electric Utility Plant			
	Balance December 31, 2021	Increases	Decreases	Balance December 31, 2022
Plant in service not subject to depreciation				
Land	$ 9,820,003	$ -	$ -	$ 9,820,003
Intangible assets	231,716	-	-	231,716
Plant in service subject to depreciation				
Intangible assets	23,685,422	726,939	-	24,412,361
Steam production	10,619,188	3,030	-	10,622,218
Hydro production	134,640,819	2,941,341	(8,564)	137,573,596
Transmission	89,301,988	199,031	(143,950)	89,357,069
Distribution	355,219,738	14,945,254	(3,568,488)	366,596,505
Telecommunications	22,008,981	1,738,264	(22,519)	23,724,726
General plant	177,323,609	4,222,516	(229,203)	181,316,922
Completed construction, not yet classified	10,437,889	4,613,099	(10,437,889)	4,613,099
Total utility plant in service	833,289,354	29,389,475	(14,410,613)	848,268,217
Accumulated depreciation	(469,310,376)	(28,361,149)	4,138,627	(493,532,898)
Plant not subject to depreciation				
Property held for future use	38,335,395	17,613,266	(35,702,587)	20,246,074
Construction work in progress	42,040,231	30,447,266	(15,312,459)	57,175,038
Net utility plant	$ 444,354,604	$ 49,088,859	$ (61,287,032)	$ 432,156,431

Note 3 – Utility Plant (continued)

	Electric Utility Plant			
	Balance December 31, 2020	Increases	Decreases	Balance December 31, 2021
Plant in service not subject to depreciation				
Land	$ 9,612,734	$ 207,269	$ -	$ 9,820,003
Intangible assets	231,716	-	-	231,716
Plant in service subject to depreciation				
Intangible assets	23,531,393	154,029	-	23,685,422
Steam production	10,367,544	251,644	-	10,619,188
Hydro production	122,850,376	11,795,945	(5,502)	134,640,819
Transmission	84,290,110	5,644,520	(632,642)	89,301,988
Distribution	337,195,650	20,781,466	(2,757,378)	355,219,738
Telecommunications	19,792,206	2,216,775	-	22,008,981
General plant	163,031,899	19,871,525	(5,579,815)	177,323,609
Completed construction, not yet classified	32,829,055	10,437,889	(32,829,055)	10,437,889
Total utility plant in service	803,732,684	71,361,062	(41,804,392)	833,289,354
Accumulated depreciation	(451,027,186)	(25,740,055)	7,456,865	(469,310,376)
Plant not subject to depreciation				
Property held for future use	37,049,750	1,285,645	-	38,335,395
Construction work in progress	39,401,817	34,487,762	(31,849,348)	42,040,231
Net utility plant	$ 429,157,065	$ 81,394,414	$ (66,196,875)	$ 444,354,604

Note 3 – Utility Plant (continued)

	Water Utility Plant			
	Balance December 31, 2021	Increases	Decreases	Balance December 31, 2022
Plant in service not subject to depreciation				
Land	$ 1,294,957	$ -	$ -	$ 1,294,957
Intangible assets	58,188	-	-	58,188
Plant in service subject to depreciation				
Source of supply	25,519,959	475,875	-	25,995,834
Pumping	14,427,980	33,231	-	14,461,211
Water treatment	47,288,423	157,921	-	47,446,344
Transmission & distribution	201,463,806	9,554,219	(147,584)	210,870,441
General plant	43,424,217	1,389,009	-	44,813,226
Completed construction, not yet classified	6,107,082	7,102,151	(6,107,082)	7,102,151
Total utility plant in service	$ 339,584,612	$ 18,712,406	$ (6,254,666)	$ 352,042,352
Accumulated depreciation	(142,306,939)	(8,464,343)	173,384	(150,597,898)
Plant not subject to depreciation				
Property held for future use	2,320,699	2,207	-	2,322,906
Construction work in progress	9,905,618	26,819,642	(10,315,505)	26,409,755
Net utility plant	$ 209,503,990	$ 37,069,912	$ (16,396,787)	$ 230,177,115

Note 3 – Utility Plant (continued)

	Water Utility Plant			
	Balance December 31, 2020	Increases	Decreases	Balance December 31, 2021
Plant in service not subject to depreciation				
Land	$1,294,957	$ -	$ -	$ 1,294,957
Intangible assets	58,188	-	-	58,188
Plant in service subject to depreciation				
Source of supply	25,452,336	67,623	-	25,519,959
Pumping	14,251,074	176,906	-	14,427,980
Water treatment	38,918,359	8,535,883	(165,819)	47,288,423
Transmission & distribution	189,273,114	12,333,015	(142,323)	201,463,806
General plant	39,562,931	4,847,979	(986,693)	43,424,217
Completed construction, not yet classified	11,872,769	6,107,082	(11,872,769)	6,107,082
Total utility plant in service	320,683,728	32,068,488	(13,167,604)	339,584,612
Accumulated depreciation	(135,864,192)	(7,614,080)	1,171,333	(142,306,939)
Plant not subject to depreciation				
Property held for future use	1,999,288	321,411	-	2,320,699
Construction work in progress	9,496,706	17,605,738	(17,196,827)	9,905,618
Net utility plant	$ 196,315,530	$ 42,381,557	$ (29,193,098)	$ 209,503,990

Capital contributions
Contributions in Aid of Construction and System Development Charges are paid by developers and customers to cover the cost of new electric and water infrastructure (capital assets). When developers install and cover the costs of the infrastructure directly, those assets are referred to as Contributed Plant Assets.

Note 4 – Cash and Investments

The Board maintains cash and investments in several fund accounts in accordance with bond resolutions and Board authorization. Descriptions of these fund account types are as follows:

Restricted cash and investments
Customer deposits and other – Used to account for 1) deposits collected from retail customers and held for future refund or application to customer account balances, and 2) donations to the Customer Care Program.

Terrestrial wildlife habitat fund – Used to account for funds required to be held in reserve for the creation and management of terrestrial wildlife habitat, including early seral habitat, during the term of the Carmen Smith operating license.

Note 4 – Cash and Investments (continued)

Harvest Wind escrow accounts – Funds include amounts held in escrow related to EWEB's investment in the Harvest Wind Project, consisting of funds deposited to escrow from the receipt of federal energy grant funds in 2010, and a deposit in lieu of a letter of credit regarding the Project's transmission contract with Klickitat PUD. The funds related to the federal energy grant were released from escrow in 2021.

Construction funds – Used to account for legally restricted cash and investments for the purpose of construction of capital projects. Funds include proceeds from the issuance of bonds and notes.

System development charge reserves – Used to account for charges assessed and collected in conjunction with installation of new water services in the Water System and are restricted by State of Oregon Statutes to system enhancements and other related capital expenditures.

Debt service reserves – Deposits held for debt service coverage pursuant to bond indentures and/or in lieu of bond sureties.

Investments for bond principal and interest – Used to account for cash and investments restricted by Bond Indentures of Trust for future payment of principal and interest on debt.

Detailed amounts for restricted cash and investments were as follows:

	2022		2021	
	Electric System	Water System	Electric System	Water System
Debt service reserves	$ 5,858,070	$ 1,519,515	$ 6,694,970	$ 1,491,743
Customer deposit and other	1,741,057	-	1,525,925	-
Terrestrial wildlife habitat fund	75,486	-	48,947	-
Harvest Wind escrow accounts	521,223	-	549,012	-
Construction funds	19,311,229	-	34,456,786	3,401,675
System development charge reserves	-	87,328	-	3,536,074
Investments for bond principal and interest	12	4	17	6
Total restricted cash and investments	$ 27,507,077	$ 1,606,847	$ 43,275,657	$ 8,429,498

Designated cash and investments

Rate stabilization fund – Used to account for cash and investments the Board has designated to reserve for one-time expenditures, with any allocations made at Board discretion.

Power reserve – Used to account for cash and investments the Board has designated to reserve for fluctuations in purchased power costs, load, generation levels, or margin requirements.

Capital improvement reserve – Used to account for cash and investments the Board has designated to reserve for capital improvements.

Note 4 – Cash and Investments (continued)

Second source fund – Used to account for cash and investments the Board has designated to reserve for costs incurred to create alternate water sources.

Operating reserves – Used to account for cash and investments the Board has designated for payments of emergency operating costs and self-insured claims.

Pension and medical reserves – Used to account for cash and investments the Board has designated for pension and post-retirement medical costs.

Detailed amounts for designated cash and investments were as follows:

	2022		2021	
	Electric System	Water System	Electric System	Water System
Rate stabilization fund	$ 26,668,927	$ 15,300,000	$ 24,468,927	$ 10,000,000
Power reserve	21,000,000	-	17,000,000	-
Capital improvement reserve	20,423,670	7,249,162	26,424,242	14,345,616
Second source fund	-	4,488,136	-	5,253,796
Operating reserve	5,720,000	1,351,056	5,856,679	1,358,370
Pension and medical reserve	1,264,000	546,000	1,006,000	395,000
Total designated cash and investments	$ 75,076,597	$ 28,934,354	$ 74,755,848	$ 31,352,782

Deposits with financial institutions are comprised of bank demand deposits, certificates of deposit, and money market accounts. The total bank balances, as recorded in bank records at December 31, 2022, were $28.9 million. Of the bank balances, $3.9 million were covered by federal depository insurance and $25 million were collateralized with securities.

Custodial credit risk for deposits is in the event of failure of a depository financial institution a depositor will not be able to recover deposits or will not be able to recover collateral securities in possession of an outside party. Deposits not covered by depository insurance are exposed to custodial credit risk when collateral for deposits is held by the pledging institution or its trust department or agency, but not in the name of the depositor. Within the Public Funds Collateralization Program (PFCP) in Oregon, securities pledged by financial institutions are required to be held in the name of the pool, and, therefore, cannot be in the Board’s name. However, provided an entity is recognized by the PFCP administrator as an entity covered by the pool, balances in excess of FDIC are covered by the collateral of the pool.

The Board’s investments during the year, which included obligations of the U.S. Government, are authorized by State of Oregon Statutes and bond resolution and by the Board’s investment policy. Authorized investments include the Oregon Local Government Investment Pool (LGIP), U.S. Treasury securities, U.S. Government Agency securities, public funds money market accounts, corporate commercial paper and bonds, and other investments enumerated in and authorized by ORS 294.035, *Investments of funds of political subdivisions*.

Note 4 – Cash and Investments (continued)

The LGIP is included in the Oregon Short Term Fund (OSTF), which was established by the State Treasurer. The OSTF is not subject to SEC regulation. The OSTF is subject to requirements established in Oregon Revised Statutes, investment policies adopted by the Oregon Investment Council, and portfolio guidelines established by the OSTF Board. The Governor appoints the members of the Oregon Investment Council and OSTF Board. The fair value of the Board's position in the pool is the same as the value of the pool shares. Financial statements for the OSTF may be obtained from the Oregon State Treasurer's website.

As of December 31, 2022, the Board held the following investments (Electric and Water Systems combined):

Investment Type	Credit Rating	Carrying Value	Weighted Average Maturity (Years)	% of Portfolio
Local Government Investment Pool	Unrated	$ 51,204,155	0.00	27.7%
U.S. Agency Securities				
FHLB		20,904,718		11.3%
FNMA		7,821,540		4.2%
FHLMC		11,768,488		6.3%
FFCB		21,434,790		11.5%
FAMCA		3,167,098		1.7%
Subtotal U.S. Agency	AA	65,096,634	1.04	35.0%
U.S. Treasury Securities	AAA	56,447,902	1.13	30.4%
Municipal Bonds	AA	2,209,684	1.52	1.2%
Corporate Bonds	AAA	10,640,640	0.97	5.7%
Subtotal all securities		134,394,860	1.07	72.3%
Total		$ 185,599,015	0.78	100.0%

Note 4 – Cash and Investments (continued)

As of December 31, 2021, the Board held the following investments (Electric and Water Systems combined):

Investment Type	Credit Rating	Carrying Value	Weighted Average Maturity (Years)	% of Portfolio
Local Government Investment Pool	Unrated	$ 50,515,399	0.00	23.5%
U.S. Agency Securities				
FHLB		13,718,000		3.4%
FNMA		7,978,980		6.3%
FHLMC		9,953,040		9.9%
FFCB		20,534,880		11.5%
FAMCA		3,297,300		3.8%
Other Agency		2,019,900		1.9%
Subtotal U.S. Agency	AA	57,502,100	1.32	36.8%
U.S. Treasury Securities	AAA	77,072,236	1.20	30.7%
Municipal Bonds	AA	3,630,480	1.32	1.4%
Corporate Bonds	AA	15,144,800	1.51	7.6%
Subtotal all securities		153,349,616	1.28	76.5%
Total		$ 203,865,015	0.96	100.0%

Concentration risk is when investments are concentrated in one issuer. This concentration presents a heightened risk of potential loss. This does not apply for pooled investments or investments directly in the U.S. government. ORS 294.035 limits investment in any single issuer of bonds to 5% of a portfolio; there is not a limit for investment in U.S. Agencies. Many government-sponsored agency securities are not backed by the full faith and credit of the U.S. government, including those held by the Board, although market participants widely believe the government would provide financial support to an agency if the need arose. The Board does not have a policy for investment concentration in those agencies. Regarding the LGIP, with the exception of pass-through funds, the maximum amount of pooled investments to be placed in the pool is limited by ORS 294.810, *Local governments authorized to place limited funds in pool*, to $56.8 million as of December 31, 2022.

The “weighted average maturity in years” calculation assumes all investments are held until maturity.

Note 4 – Cash and Investments (continued)

As a means of limiting its exposure to fair value losses resulting from changes in interest rates, the Board's investment policy limits at least 25% of its investment portfolio to maturities of less than 180 days. Investment maturities are limited as follows:

Maturity	Minimum Investment
Less than 180 days	25%
Less than 1 year	40%
Less than 3 years	100%

Custodial credit risk for investments is in the event of the failure of the counterparty, the Board will not be able to recover the value of its investments or collateral securities in the possession of an outside party because they are neither insured nor registered and they are held by the counterparty or the counterparty's trust department or agent, but not in the investor's name. All of the aforementioned investments, and the investments in the LGIP, which are not evidenced by securities, are held in the Board's name by a third-party custodian. The Board's policy, which adheres to Oregon statutes, is to limit its investments to the top two ratings issued by nationally recognized credit rating organizations. As a general practice, and in a further effort to minimize credit risk, the Board invests primarily in U.S. agency investments and in the LGIP.

Cash and investments consisted of the following:

	Restricted Cash and Investments	Cash and Cash Equivalents and Short-Term Investments	Designated Funds	Total Carrying Amount 2022	Total Carrying Amount 2021
ELECTRIC SYSTEM					
Cash on hand	$ -	$13,560	$ -	$13,560	$13,560
Cash in bank	979,372	18,836,057	-	19,815,429	7,002,332
Investments in the State of Oregon local government investment pool	5,672,924	14,009,003	21,137,216	40,819,143	38,237,856
Investments – U.S. Agencies, Treasuries, and Corp.	20,854,781	31,580,106	53,939,381	106,374,268	115,702,251
Total electric system	27,507,077	64,438,726	75,076,597	167,022,400	160,955,999
WATER SYSTEM					
Cash in bank	107	2,009,615	-	2,009,722	5,317,011
Investments in the State of Oregon local government investment pool	24,586	2,214,190	8,146,236	10,385,012	12,277,543
Investments – U.S. Agencies, Treasuries, and Corp.	1,582,154	5,650,320	20,788,118	28,020,592	37,647,365
Total water system	1,606,847	9,874,125	28,934,354	40,415,326	55,241,919
	$29,113,924	$74,312,851	$104,010,951	$ 207,437,726	$216,197,918

Note 5 – Fair Value Measurement

The Board categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The Board determines disclosures related to these investments only need to be disaggregated by major type because investing is not a core part of the Board's mission. The Board has the following recurring fair value measurements:

As of December 31, 2022:

	Fair Value Measurements Using			
	2022	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by fair value level				
Debt securities				
U.S. treasury securities	$ 56,447,902	$ 56,447,902	$ -	$ -
U.S. agencies	65,096,634	-	65,096,634	-
Corporate bonds	10,640,640	-	10,640,640	-
Municipal bonds	2,209,684	-	2,209,684	-
Total debt securities	$ 134,394,860	$ 56,447,902	$ 77,946,958	$ -

Note 5 – Fair Value Measurement (continued)

As of December 31, 2021:

		Fair Value Measurements Using		
	2021	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by fair value level				
Debt securities				
U.S. treasury securities	$ 77,072,236	$ 77,072,236	$ -	$ -
U.S. agencies	57,502,100	-	57,502,100	-
Corporate bonds	15,144,800	-	15,144,800	-
Municipal bonds	3,630,480	-	3,630,480	-
Total debt securities	$ 153,349,616	$ 77,072,236	$ 76,277,380	$ -
Derivative instruments				
Investment derivative-asset	$ 6,465	$ -	$ 6,465	$ -
Investment derivative-liability	(41,420)	-	(41,420)	-
Effective hedge-asset	899,228	-	899,228	-
Effective hedge-liability	(1,181,646)	-	(1,181,646)	-
Total derivatives	$ (317,373)	$ -	$ (317,373)	$ -

Debt securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities.

Debt securities classified in Level 2 of the fair value hierarchy are valued using various market and industry inputs, including institutional bond quotes.

Derivative instruments classified in Level 2 of the fair value hierarchy are valued using an approach considering contract prices with forecast market prices.

Note 6 – Receivables

Significant receivables were as follows:

	2022		2021	
	Electric System	Water System	Electric System (as restated)	Water System
Current receivables				
Accounts receivable	$ 39,699,743	$ 4,144,947	$ 27,447,276	$ 3,960,152
Allowance for doubtful accounts	(346,164)	(34,869)	(326,389)	(35,584)
Net accounts receivable	39,353,579	4,110,078	27,120,887	3,924,568
Loans to customers	1,503,286	124,387	1,719,738	78,579
Receivable from FEMA	1,194,779	-	3,455,921	-
Interest receivable	475,134	119,715	471,019	145,607
Leases receivable	152,064	-	127,138	-
Miscellaneous receivables	1,264,276	-	636,755	-
Receivables, less allowance	$ 43,943,118	$ 4,354,180	$ 33,531,458	$ 4,148,754
Long-term receivables				
Loans to customers	$ 3,045,253	$ 321,887	$ 2,887,762	$ 159,522
Leases receivable	280,204	-	334,076	-
Long-term receivables	$ 3,325,457	$ 321,887	$ 3,221,838	$ 159,522

Total amounts written off for the year ended December 31, 2022 were $507,000 ($530,000 for 2021) for the Electric System and $47,000 ($55,000 for 2021) for the Water System.

Leases Receivable

The Electric System has agreements allowing telecommunication companies to attach their equipment to its poles and towers. Leases receivable reflects the present value of payments expected over the lease term of these agreements which have fixed payments. Leases receivable totaled $432,000 for the year ended December 31, 2022 ($461,000 in 2021). The Electric system recognized approximately $159,000, including approximately $5,000 in interest, as Other Revenue for the year ended December 31, 2022, for these contracts (approximately $126,000, including approximately $5,000 in interest for the year ended December 31, 2021).

The Electric System also has contracts for telecommunication pole attachments where pricing is determined by application of Oregon Revised Statutes. The Board considers the pricing to be regulated. Pricing does not include fixed components with which to measure future minimum payments. The Electric System recognized Other Revenue for these leases, which was approximately $196,000 for the year ended December 31, 2022 (approximately $205,000 for the year ended December 31, 2021).

Note 7 – Payables

Current payables were as follows:

	2022		2021	
	Electric System	Water System	Electric System	Water System
Accounts payable	$ 9,574,283	$ 1,061,465	$ 6,353,881	$ 955,781
Accrued purchased power	21,650,439	-	11,637,857	-
Construction payables	845,338	2,384,945	982,156	1,229,018
Contributions in lieu of taxes	1,224,150	-	1,284,507	-
Customer deposits	762,761	-	519,721	-
Equipment purchases	831,631	134,199	50,579	-
Miscellaneous payables	50,620	11,753	41,982	5,293
Preliminary investigations payables	23,356	-	53,780	-
Total payables	$ 34,962,578	$ 3,592,362	$ 20,924,463	$ 2,190,092

Note 8 – Other Assets and Other Liabilities

Other assets and other liabilities were as follows:

	2022		2021	
	Electric System	Water System	Electric System	Water System
Other assets				
Non-utility property	$ 95,196	$ 577,815	$ 61,587	$ 579,162
Derivatives at fair value	-	-	899,228	-
Prepaid transmission expense – Harvest Wind	575,405	-	672,657	-
Regulatory assets				
Pension debits	11,060,715	6,586,463	12,655,975	7,090,229
OPEB debits	5,926,774	2,396,357	6,903,859	2,704,910
Conservation assets	966,931	-	993,554	-
Unamortized bond issue costs	1,221,619	551,498	1,341,457	601,375
Other assets	$ 19,846,640	$ 10,112,133	$ 23,528,317	$ 10,975,676
Other liabilities				
Derivatives at fair value	$ -	$ -	$ 1,181,646	$ -
Sick leave – upon retirement	896,741	283,181	848,735	268,022
System development charges	-	-	-	34,146
Other liabilities	$ 896,741	$ 283,181	$ 2,030,381	$ 302,168

Note 9 – Deferred Outflows of Resources and Deferred Inflows of Resources

Deferred outflows of resources and deferred inflows of resources were as follows:

	2022		2021	
	Electric System	Water System	Electric System (as restated)	Water System
Deferred outflows of resources				
Accumulated decrease in fair value of hedging derivatives	$ -	$ -	$ 1,181,646	$ -
Accumulated increase in fair value of investment derivatives	-	-	6,465	-
Unamortized losses on bond refunding	4,893,683	1,455,241	5,712,078	1,655,693
Pension – differences between expected and actual experience	2,126,693	671,587	2,841,814	897,415
Pension – changes of assumptions	6,874,254	2,170,817	7,599,805	2,399,938
Pension – differences between Board contributions and proportionate share of contributions	9,075,497	2,865,948	13,463,234	4,251,549
Pension contributions subsequent to measurement date	3,870,581	1,222,289	2,971,136	938,254
Pension - changes in proportion	4,441,081	1,402,446	-	-
OPEB – net difference between projected and actual earnings on investments	1,448,179	457,320	-	-
OPEB – changes of assumptions	1,285,402	405,918	1,879,190	593,429
Deferred outflows of resources	$ 34,015,370	$ 10,651,566	$ 35,655,368	$ 10,736,278
Deferred inflows of resources				
Accumulated increase in fair value of hedging derivatives	$ -	$ -	$ 899,228	$ -
Accumulated decrease in fair value of investment derivatives	-	-	41,420	-
Leases	395,472	-	444,874	-
Pension – net difference between projected and actual earnings on investments	7,832,641	2,473,465	22,474,630	7,097,252
Pension – differences between expected and actual experience	273,216	86,279	-	-
Pension – changes of assumptions	62,803	19,833	79,898	25,231
Pension – differences between Board contributions and proportionate share of contributions	4,542,716	1,434,542	-	-
Pension – changes in proportion	8,882,052	2,804,858	14,574,364	4,602,431
OPEB – net difference between expected and actual experience	2,053,755	648,556	3,381,017	1,067,691
OPEB – net difference between projected and actual earnings on investments	-	-	1,595,760	503,923
Deferred inflows of resources	$ 24,042,655	$ 7,467,533	$ 43,491,191	$ 13,296,528

Note 10 – Investment in Western Generation Agency

The Board was a party to an Intergovernmental Agency, Western Generation Agency (WGA), which was governed equally by the Board and Clatskanie PUD.

On April 6, 2021, WGA ceased operations when it sold its 36 MW nameplate cogeneration project (the Project) located in Wauna, Oregon to Georgia Pacific. A condition of the sale required WGA to continue to exist for 18 months after the sale or until all pending claims for performance by WGA were satisfied. WGA was terminated effective December 31, 2022.

The Board recognized a loss of approximately $9,000 upon termination. Prior to ceasing operation the investment in WGA consisted of 50% of net income and losses, and distributions from excess cash. During 2022, the Board received approximately $3,000 as a final distribution. During 2021, $5.6 million in distributions was received including $1.7 million from sale proceeds of the Project. The balance of the investment as of December 31, 2022, was $0 (approximately $12,000 as of December 31, 2021 including estimated income of $2.4 million). Income and losses have been reported with investment earnings.

The Board and Clatskanie PUD each purchased 50% of the Project's output until the date of its sale. Financial information for the Project is included in the financial statements of WGA and may be obtained from Clatskanie PUD.

Note 11 – Investment in Harvest Wind

The Board is a party to a joint ownership agreement, whereby the Board made an equity investment in the Harvest Wind project, a 98.9 MW wind generating facility located in Klickitat County, Washington. The Board's ownership share of Harvest Wind is 20%. Other owners are Peninsula Light Co., 20%, Cowlitz PUD, 30%, and Lakeview Light & Power, 30%. Commercial operations began on December 15, 2009.

During 2009, the joint owners of Harvest Wind elected to classify the project as an association taxable as a corporation. At the time of the election, all project assets were treated as contributed to the corporation. The corporation received a 4% share, and the joint owners received shares in proportion to their ownership. Owners share in power output, income and expenses according to their ownership shares.

The investment in Harvest Wind consists of the Board's share of costs to develop the project, 20% of the Project's net income and losses, and any distributions. At December 31, 2022, the balance of the Board's investment in Harvest Wind was $16.5 million ($17.7 million at December 31, 2021) including estimated income of $415,000 ($645,000 in 2021) and distributions of $1.6 million ($1.9 million in 2021).

The Board is committed, through an energy purchase agreement, to purchase its share of the output from the Project and pay its share of project expenses through year 2029. Additionally, the Board is committed, through a transmission service agreement and a transmission payment agreement, to subsidize the construction and replacement of transmission lines, deposit funds to ensure contract performance, and purchase transmission from the owner of the transmission lines through the year 2029.

Note 11 – Investment in Harvest Wind (continued)

Under the terms of a payment agreement, the Board deposited $1,340,000 from 2010 treasury grant proceeds in an escrow account to ensure payment of its share of contingent liabilities of the corporation. The funds were released to the Board from escrow during 2021.

Under the terms of a transmission agreement, the Board has $521,000 as of December 31, 2022 ($549,000 at December 31, 2021) on deposit in an escrow account to ensure the payment of monthly transmission interconnection expenses.

Financial information for the project is included in the financial statements of the project and may be obtained from the Board.

Note 12 – Long-Term Debt

The Board has defeased bonds by placing proceeds and other sources of cash in irrevocable trust or escrow accounts to provide for all future debt service payments on the old bonds. Accordingly, those assets and the liability for the defeased bonds are not included in the Board's financial statements. At December 31, 2022, $4.1 million of Electric System bonds are considered defeased ($28 million of Electric System bonds as of December 31, 2021).

The resolutions authorizing the issuance of revenue bonds contain various covenants, sinking fund requirements and obligations with which the Board must comply. The principal and interest requirements are reflected in the supplementary schedule "Long-Term Bonded Debt and Interest Payment Requirements." To comply with sinking fund deposit requirements, the Board makes semi-annual deposits with the trustee, less accumulated interest earnings. The interest payments are made semi-annually on February 1 and August 1, and principal payments on August 1. At December 31, 2022, and 2021, no assets were pledged as security for the outstanding bonds of the Electric and Water Systems.

Note 12 – Long-Term Debt (continued)

Bonds and notes payable were as follows:

	2022	2021
Electric Utility System Revenue and Refunding Bonds		
2011 Series B, 6-08-11 issue		
Serial bonds 1.00%–4.35%, due 2013–2023	$ 985,000	$ 1,930,000
2012 Series, 8-1-12 issue		
Serial bonds 2.00%–5.00%, due 2013–2032	8,370,000	8,885,000
Term bonds, 3.75%, due 2039–2042	8,475,000	8,475,000
2016 Series A, 9-7-16 issue		
Serial bonds 2.00%–5.00%, due 2017–2036	77,105,000	79,450,000
Term bonds 4.00%, due 2037–2040	8,065,000	8,065,000
2016 Series B, 9-7-16 issue		
Serial bonds .835%–1.840%, due 2017–2022	-	4,455,000
2017 Series, 9-21-17 issue		
Serial bonds 5.00%, due 2027–2043	23,635,000	23,635,000
Term bonds 5.00%, due 2043-2047	10,160,000	10,160,000
2020 Series A, 6-11-20 issue		
Serial bonds 3.00%–4.00%, due 2027–2040	19,840,000	19,840,000
Term bonds 4.00%, due 2041-2045	9,910,000	9,910,000
Term bonds 4.00%, due 2046-2049	9,450,000	9,450,000
2020 Series B, 6-11-20 issue		
Serial bonds 1.341%-2.827%, due 2024–2038	16,790,000	16,790,000
	192,785,000	201,045,000
Add unamortized premium	22,799,230	25,079,002
Electric System bonds payable	215,584,230	226,124,002
Less current portion	9,095,000	8,260,000
Electric System bonds payable, net of current portion	206,489,230	217,864,002

Note 12 – Long-Term Debt (continued)

	2022	2021
Water Utility System Revenue and Refunding Bonds		
2016 Series, 5-19-16 issue		
Serial bonds, 2.00%–5.00%, due 2017–2037	$21,605,000	$ 23,635,000
Term bonds, 4.00%, due 2038–2045	6,860,000	6,860,000
2020 Series A, 6-04-20 issue		
Serial bonds, 3.00%–4.00%, due 2023–2040	10,490,000	10,490,000
Term bonds, 3.00%, due 2041-2044	3,290,000	3,290,000
Term bonds, 3.00%, due 2045-2049	4,690,000	4,690,000
2020 Series B, 6-04-20 issue		
Serial bonds, .923%–2.631%, due 2021–2035	9,225,000	9,855,000
Term bonds, 3.123%, due 2036-2040	4,430,000	4,430,000
	60,590,000	63,250,000
Add unamortized premium	4,867,191	5,308,766
Water System bonds payable	65,457,191	68,558,766
Less current portion	2,390,000	2,660,000
Water System bonds payable, net of current portion	63,067,191	65,898,766
Total System long-term debt, net of current portion	$ 269,556,421	$ 283,762,768

The schedule of maturities for principal and interest on bonded debt is as follows:

	Electric System		Water System	
	Principal	Interest	Principal	Interest
2023	$ 9,095,000	$ 8,177,558	$ 2,390,000	$ 2,161,399
2024	7,980,000	7,747,310	2,490,000	2,070,052
2025	8,275,000	7,370,236	2,575,000	1,986,913
2026	8,095,000	7,006,032	2,660,000	1,899,646
2027	9,475,000	6,647,914	2,770,000	1,792,303
2028–2032	52,795,000	26,529,591	13,940,000	7,236,328
2033–2037	35,635,000	16,771,773	13,965,000	4,815,030
2038–2042	34,395,000	10,030,142	10,930,000	2,447,464
2043–2047	22,130,000	4,068,800	6,915,000	901,150
2048–2049	4,910,000	296,600	1,955,000	88,350
	$ 192,785,000	$ 94,645,955	$ 60,590,000	$ 25,398,635

Note 12 – Long-Term Debt (continued)

Long-term debt activity for the year ended December 31, 2022, was as follows:

	Outstanding January 1, 2022	Additions	Reductions	Outstanding December 31, 2022	Due Within One Year
Electric revenue bonds	$ 201,045,000	$ -	$ (8,260,000)	$ 192,785,000	$ 9,095,000
Water revenue bonds	63,250,000	-	(2,660,000)	60,590,000	2,390,000
Total bonded debt	$ 264,295,000	$ -	$ (10,920,000)	$ 253,375,000	$ 11,485,000

Long-term debt activity for the year ended December 31, 2021, was as follows:

	Outstanding January 1, 2021	Additions	Reductions	Outstanding December 31, 2021	Due Within One Year
Electric revenue bonds	$ 207,790,000	$ -	$ (6,745,000)	$ 201,045,000	$ 8,260,000
Water revenue bonds	65,805,000	-	(2,555,000)	63,250,000	2,660,000
Total bonded debt	$ 273,595,000	$ -	$ (9,300,000)	$ 264,295,000	$ 10,920,000

Note 13 – Intersystem Items

Obligations

	2022		
	Electric System	Water System	Total Systems
Due from Water, (Due to) Electric			
Current			
Interest	$ 12,334	$ (12,334)	$ -
Roosevelt Operations Center	379,402	(379,402)	-
Total current	391,736	(391,736)	
Non-current			
Roosevelt Operations Center	5,670,306	(5,670,306)	-
Totals	$ 6,062,042	$ (6,062,042)	$ -

Note 13 – Intersystem Items (continued)

	2021		
	Electric System	Water System	Total Systems
Due from Water, (Due to) Electric			
Current			
Interest	$ 13,089	$ (13,089)	$ -
Roosevelt Operations Center	370,242	(370,242)	-
	383,331	(383,331)	-
Non-current			
Roosevelt Operations Center	6,049,708	(6,049,708)	-
Totals	$ 6,433,039	$ (6,433,039)	$ -

Amounts receivable and payable between the Electric and Water Systems and related interest earnings and expense are eliminated in the Total System columns of the financial statements.

Roosevelt Operations Center

The Electric System financed the acquisition and construction of the Board's Roosevelt Operations Center consisting of land, buildings, equipment and personal property placed into service during November 2010. Both the Electric and Water Systems occupy the property. A payment schedule was established in November 2010 whereby the Water System will repay the Electric System for its estimated share of the fair value of the property and the associated financing costs incurred by the Electric System without gain to the Electric System. The Roosevelt Operations Center was recorded in equal amounts as Plant in Service and an obligation for the Water System, along with depreciation expense and a receivable for the Electric System.

Payments are revised for refinancing of underlying debt incurred by the Electric System. The obligation is also revised for capitalized improvements at the facility if they are financed by the Electric System. Monthly payments were approximately $44,000 as of December 31, 2022, and December 31, 2021, on a capitalized value of $17.6 million for the Water System.

Annual totals for payments (including interest) as of December 31, 2022, were as follows:

2023	$ 523,173
2024	523,173
2025	523,173
2026	523,173
2027	523,173
2028–2032	2,615,863
2033–2037	1,866,773
	$ 7,098,501

Note 14 – Net Position

Components of net position as of December 31, 2022 and 2021 are as follows:

	2022		2021	
	Electric System	Water System	Electric System (as restated)	Water System
Net investment in capital assets	$ 236,582,589	$ 158,145,478	$ 254,288,224	$ 138,941,911
Restricted for:				
Customer care program	978,296	-	1,006,203	-
Harvest Wind escrow	521,223	-	549,012	-
Terrestrial wildlife habitat	75,486	-	48,947	-
System development changes	-	87,328	-	3,501,928
Debt service	2,450,767	618,936	3,186,970	546,057
	4,025,772	706,264	4,791,132	4,047,985
Unrestricted	153,610,833	37,844,403	136,347,640	44,769,689
	$ 394,219,194	$ 196,696,145	$ 395,426,996	$ 187,759,585

Note 15 – Power Supply Resources

Bonneville Power Administration

Bonneville Power Administration Contracts – A contract was signed on December 4, 2008 providing power to EWEB from October 1, 2011 through September 30, 2028. The Board reselected a combination of both Block and Slice System power products from those offered by Bonneville Power Administration (BPA) in the previous contract which ended September 30, 2011. While Slice and Block are still the offered products, BPA implemented new policies on how it sells power and what it will charge to meet customer’s future load growth. Under BPA’s tiered rate methodology policy, BPA has allocated the power output and operational costs of the existing low-cost federal resources into a tier 1 pool. The tier 1 power was allocated to public power customers like EWEB based on each customer’s 2010 actual weather-adjusted load. The allocation determined the maximum planned amount of tier 1 power.

Each product provides attributes bringing different kinds of flexibility to the Board’s power portfolio. The Slice product provides a percentage of BPA’s resources rather than a guaranteed amount of power and in exchange the Board pays its Slice contract percentage share of BPA’s costs. Slice output, in combination with the Block and other EWEB resources, may be more or less than what is needed to serve EWEB’s hourly retail loads. In the spring months, available must-run water in the Columbia system is typically high due to the runoff from snow melting, and the increased power generation may require BPA to rely on spilling water as a tool to balance generation with demand. However, to maintain safe water conditions to protect fish, spills are limited. The risk associated with the Slice product is managing the water variability and available Slice storage to economically meet hourly load obligations and to optimally dispatch the value of the surplus portion of the Slice product.

Note 15 – Power Supply Resources (continued)

The Slice product consists of a Slice share of BPA's Federal Base System generation. Under the contract, the Board's initial Slice percentage share is 1.81%. The amount of actual power received under the Slice product will vary with seasonal water year conditions, the performance of the Columbia Generating Station nuclear plant and the performance and availability of all other Federal Base System resources. In years of heavy water flow and lack of overall storage in the Federal System, the Board may have rights to power in excess of their needs, and in low water years the Board would need to augment its share of Slice output with its own generation, market purchases, or storage releases from EWEB's share of Slice storage.

The second BPA product purchased is the Block, which provides a fixed hourly amount for a given month and varies by month. The value of the Block product is the certainty of a fixed volume of energy, shaped to monthly load requirement, and the monthly predictability of prices for the known quantity of power.

The annual amount of power the Board is entitled to under this contract is based on the actual weather adjusted load during the period between October 1, 2009 and September 30, 2010, with some adjustments specified in BPA's tiered rate methodology, is approximately 250 aMW. The current contract term extends through September 30, 2028 and regional discussions about the next BPA contract have begun. The Board will have a priority right to BPA power products available under the next contract.

BPA Transmission Contract – In 2001, the Board signed the Network Integration Transmission Service contract with BPA to provide transmission for the Board's generation projects and BPA power to serve EWEB's load. The current contract term extends through September 30, 2028. EWEB has firm roll-over rights with this contract.

EWEB-owned resources
Carmen-Smith Hydroelectric Project – EWEB owns and operates the Carmen-Smith Hydroelectric Project (Carmen-Smith Project) within the McKenzie River basin. The Carmen-Smith Project includes the Carmen Powerhouse with two generating units with a nameplate capacity of 52 MW each. The Carmen-Smith Project also includes the Trail Bridge re-regulating facility, with an additional generating unit with a nameplate capacity of 10 MW.

Note 15 – Power Supply Resources (continued)

A new 40-year federal operating license for the Carmen-Smith Project was issued on May 17, 2019. The license, which includes requirements for fish, wildlife, vegetation, water quality, land and road management and recreation enhancements, is supplemented by a Settlement Agreement that was filed with FERC in November 2016. Of note, EWEB will be modifying the Carmen-Smith Project for fish passage at Trail Bridge Dam. When complete, the Trail Bridge Powerhouse will transition from a re-regulating generation facility to the low-level outlet from Trail Bridge Reservoir. In addition, the Board is refurbishing the power plant to perform over the life of the new license.

International Paper Industrial Energy Center Cogeneration Project – The Board and International Paper Company jointly operate a cogeneration facility at the International Paper Springfield plant. The unit, which has a nameplate capacity of 25.4 MW (average output is approximately 20 aMW), is owned by the Board, with International Paper providing operation support and fuel. Under terms of the current agreement (which expires in September 2023), the project costs and output for this unit are shared equally by the parties. The Board and International Paper are participating in discussions to extend the current agreement.

Leaburg Walterville Hydroelectric Project – The Board owns and operates the Leaburg Walterville Hydroelectric Project (L-W Project) on the McKenzie River in Lane County, Oregon. The L-W Project is comprised of two run-of-river facilities located at different points on the McKenzie River. The Leaburg facility includes a diversion dam on the McKenzie River, a canal and two generating units with a combined nameplate capacity of 15.9 MW. See note 20 – Asset Impairment for additional information. The Walterville facility includes a canal diverting water from the McKenzie River and one generating unit with a nameplate capacity of 8 MW. In April 2000, FERC granted the Board a new hydroelectric license for the L-W Project. The license is for a term of 40 years.

Stone Creek Hydroelectric Project – The Stone Creek Project has one turbine with a peak capacity of 12 MW. The facility is on the Clackamas River approximately 45 miles southeast of Portland. The project is a run-of-the-river development located between two hydroelectric facilities that are owned and operated by Portland General Electric (PGE). The Stone Creek facility is operated and maintained for EWEB by Energy Northwest and is licensed through August 2039.

Jointly owned resources

Harvest Wind Project – The Board, Cowlitz PUD, Lakeview Light and Power, and Peninsula Light Company are the joint owners of the Harvest Wind Project, with the Board having a 20% ownership share. The project has a nameplate capacity of 98.9 MW and is located in Klickitat County, Washington. All project assets are held by a corporation formed by the owners. The Board and other owners have committed to purchase power from the corporation in proportion to their ownership shares through December 2029.

Western Generation Agency – The Board and Clatskanie People’s Utility District (CPUD) equally governed the Western Generation Agency, which owns a 36 MW nameplate cogeneration project at the Georgia Pacific mill in Wauna, Oregon. The generation facility includes a steam turbine and a fluidized bed boiler. EWEB and CPUD each purchased 50% of the output until the project was sold to Georgia Pacific on April 6, 2021.

Note 15 – Power Supply Resources (continued)

Contract resources

Stateline Wind Project – In 2002, the Board agreed to purchase 25 MW from Phase 1 of the Stateline Wind Project located in Walla Walla County, Washington and Umatilla County, Oregon. The project consists of 454 wind turbines with a total project nameplate capacity of 300 MW. The contract for this power expires on December 31, 2026.

Klondike III Wind Project – In 2006, the Board agreed to purchase 25 MW from Phase 3 of the Klondike Wind project located near the town of Wasco in Sherman County, Oregon. The project consists of 125 wind turbines with a total nameplate capacity of 224 MW. The contract for this power expires on October 31, 2027.

Seneca Sustainable Energy – In 2010, the Board entered into a Renewable Power Purchase Agreement with Seneca Sustainable Energy LLC to purchase the total output of the biomass fueled electric cogeneration facility located in Eugene, Oregon. Nameplate capacity is 19.8 MW. Expected average output is approximately 14 aMW. The contract for this power expires on April 5, 2026.

Priest Rapids and Wanapum Hydroelectric Projects – The Board purchases power from the Priest Rapids Project composed of the Priest Rapids Dam and the Wanapum Dam, two large hydroelectric developments on the Columbia River in Washington owned by Public Utility District No. 2 of Grant County, Washington (Grant County PUD). Under this contract, EWEB's share of purchased physical power from Grant County PUD is 0.14% of the project output or about 1.4 aMW per year. The contract for this power continues through March 31, 2052.

Energy Northwest – Energy Northwest is a Washington municipal corporation, engaged in the construction of five nuclear generation facilities (Projects Nos. 1,2,3,4 and 5), of which EWEB purchased a 0.061 percent share of Project No 1. The Board is not a member of Energy Northwest. EWEB, Energy Northwest, and Bonneville entered into a separate Net Billing Agreement, under which EWEB purchased from Energy Northwest, and in turn, assigned to Bonneville, EWEB's share of the capability. Construction of Project No 1 was terminated in 1994. However, under the Net Billing Agreement, Bonneville is responsible for EWEB's percentage share of the total annual cost of Project No 1, including debt service on revenue bonds issued to finance the cost of construction, whether or not the Project was completed. This has resulted in zero payments by, or credits to EWEB under the Net Billing Agreement. In the event that Bonneville fails to make a payment, or the parties terminate the agreement to directly pay, the original obligations of the Net Billing Agreements would resume. Bonneville has always met all of its obligations to Energy Northwest.

Solar PV Purchases – EWEB supports the development of Solar PV generation in Eugene through the provision of net metering rates to those customers with small systems that wish to self-generate power and renewable generation rates for customers with larger systems. To date, EWEB's Net Metered program has a total installed capacity of slightly over 6.8 MW and 0.80 aMW of energy and direct generation contracts with a total capacity of just over 2.6 MW and 0.31 aMW of energy.

Note 16 – Retirement Benefits

1. Pension Plan

Plan description – Board employees are provided with pensions through OPERS. It is a cost sharing multiple employer defined benefit pension plan. All Board employees are eligible to participate in OPERS after six months of employment. Oregon PERS, a component unit of the State of Oregon, issues an annual comprehensive financial report, which may be obtained from the OPERS website, www.oregon.gov/pers.

Description of Benefit Terms – All benefits of the OPERS are established by the legislature pursuant to ORS Chapters 238 and 238A.

- **Tier One/Tier Two Retirement Benefit (Chapter 238)** Tier One/Tier Two Retirement Benefit plan is closed to new members hired on or after August 29, 2003.

  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. Retirement benefits are determined as 1.67 percent of the employee's final average salary times the employee's years of retirement credit. 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.

  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 the Board. 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 or 30 years of service.

  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, or
  - the member was on an official leave of absence from a PERS-covered job at the time of death.

Note 16 – Retirement Benefits (continued)

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 (55 for police and fire members) when determining the monthly benefit.

Benefit changes after retirement – 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 market value of equity investments.

Under ORS 238.360 monthly benefits are adjusted annually through cost-of-living adjustments (COLA). Under current law, the COLA is a blended rate capped at 2 percent for service on or before October 1, 2013, 1.25 percent for service credits subsequent to that date and 0.15 percent on annual benefits above $60,000.

- **OPSRP Pension Program Pension Benefits**

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.

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 after retirement – Under ORS 238A.210 monthly benefits are adjusted annually through cost-of-living adjustments. Under current law, the COLA is a blended rate capped at 2 percent for service on or before October 1, 2013, 1.25 percent for service credits subsequent to that date and 0.15 percent on annual benefits above $60,000.

Note 16 – Retirement Benefits (continued)

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.

Effective in 2017, the Board elected to join the State & Local Government Rate Pool (SLGRP) rather than continue as an independent employer. The Board made a one-time contribution of $32.6 million in 2018 to cover the transition liability associated with joining the pool. The transition liability was the estimated amount needed to achieve rate equity with other members of the pool. During 2019, the Board made a lump-sum contribution to a side account of $22 million to qualify for a matching contribution from the Oregon Employer Incentive Fund of $5.5 million. The Board's employer contribution rates were reduced, effective November 1, 2019, as a result of these contributions.

Employer contribution rates are based on a percentage of payroll and are established each biennium of odd-numbered years. The Board's rates during July 1, 2021, through June 30, 2023, were based on the December 31, 2019 actuarial valuation. Rates during this period were 19.16% for Tier One/Tier Two members and 15.94% for OPSRP. The Board's rates during November 1, 2019, through June 30, 2021 were 19.35% for Tier One/Tier Two members and 13.79% for OPSRP based on the December 31, 2017 actuarial valuation and the effects of the side account deposit made in 2019. Employer contributions based on payroll for the year ended December 31, 2022, were $9 million ($7.4 million in 2021).

The state of Oregon and certain schools, community colleges, and political subdivisions have made lump sum payments to establish side accounts, and their rates have been reduced. In addition to the side account deposit the Board made in 2019, the Board elected to make lump-sum payments to OPERS during 2007 and 2001, which has had the effect of lowering the employer contribution rates.

Pension liability, pension expense, deferred outflows of resources, and deferred inflows of resources related to pensions

At December 31, 2022, the Board reported a net pension liability of $57.6 million for its proportionate share of the OPERS net pension liability ($39.9 million in 2021). The net pension liability was measured as of June 30, 2022 (as of June 30, 2021, for December 31, 2021) and the total pension liability for each plan used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2020, rolled forward to June 30, 2022, and an actuarial valuation as of December 31, 2019, rolled forward to June 30, 2021, using standard update procedures. The Board's proportion of the net pension liability was based on a projection of the Board's long-term share of contributions to the plan relative to the projected contributions for all participating employers, actuarially determined. The Board's proportionate share of the net pension liability as of June 30, 2022 was 0.37648006% (0.33381769% as of June 30, 2021).

Note 16 – Retirement Benefits (continued)

For the year ended December 31, 2022, the Board's proportionate share of system pension expense was $8.7 million ($5.8 million in 2021). The Board has elected to use regulatory accounting to recognize pension expense in conjunction with the required employer contribution rates. Accordingly, the Board recognized pension expense related to Tier One/Tier Two and OPSRP of $9 million ($7.4 million in 2021).

The Board reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	December 31, 2022	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on plan investments	$ -	$ 10,306,106
Differences between expected and actual experience	2,798,280	359,495
Changes in assumptions	9,045,071	82,636
Changes in employer proportion	5,843,527	11,686,910
Differences between employer contributions and proportionate share of contributions	11,941,445	5,977,258
Pension contributions subsequent to measurement date	5,092,870	-
	$ 34,721,193	$ 28,412,405

	December 31, 2021	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on plan investments	$ -	$ 29,571,882
Differences between expected and actual experience	3,739,229	-
Changes in assumptions	9,999,743	105,129
Changes in employer proportion	-	19,176,795
Differences between employer contributions and proportionate share of contributions	17,714,783	-
Pension contributions subsequent to measurement date	3,909,390	-
	$ 35,363,145	$ 48,853,806

$5.1 million reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2023 ($3.9 million as of December 31, 2022).

Note 16 – Retirement Benefits (continued)

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions are to be amortized as pension debits and pension credits as follows:

Fiscal Year	Net Difference Between Projected and Actual Earnings on Investments	Differences Between Expected and Actual Experience (Deferred Inflows of Resources)	Differences Between Expected and Actual Experience (Deferred Outflows of Resources)	Changes of Assumptions (Deferred Inflows of Resources)	Changes of Assumptions (Deferred Outflows of Resources)	Changes in Proportion (Deferred Inflows of Resources)	Changes in Proportion (Deferred Outflows of Resources)	Difference Between Employer Contributions and Proportionate Share of Contributions (Deferred Outflows of Resources)	Difference Between Employer Contributions and Proportionate Share of Contributions (Deferred Inflows of Resources)
2023	(2,325,789)	(79,888)	1,246,717	(32,974)	2,441,098	(6,578,639)	1,298,561	5,488,640	(1,328,280)
2024	(3,921,846)	(79,888)	751,582	(32,974)	2,430,929	(3,768,926)	1,298,561	4,981,739	(1,328,280)
2025	(7,058,552)	(79,888)	519,441	(16,688)	2,485,404	(1,190,539)	1,298,561	1,466,999	(1,328,280)
2026	3,000,081	(79,888)	238,788	-	1,366,923	(148,806)	1,298,561	4,067	(1,328,280)
2027	-	(39,943)	41,752	-	320,717	-	649,283	-	(664,138)
	$(10,306,106)	$ (359,495)	$ 2,798,280	$ (82,636)	$ 9,045,071	$ (11,686,910)	$ 5,843,527	$ 11,941,445	$ (5,977,258)

Actuarial methods and assumptions used in developing the total pension liability

The total pension liability was determined using the following actuarial assumptions.

Valuation date	December 31, 2020	December 31, 2019
Measurement date	June 30, 2022	June 30, 2021
Actuarial cost method	Entry age normal	Entry age normal
Actuarial assumptions:		
Discount rate	6.90%	6.90%
Inflation	2.40%	2.40%
Payroll growth	3.40%	3.40%
Projected salary increase	3.40%	3.40%
Investment rate of return	6.90%	6.90%

Mortality rates for healthy retirees and beneficiaries were based on the Pub-2010 sex-distinct tables, as appropriate. Mortality rates for active members are a percentage of healthy retiree rates that vary by group, as described in the valuation. For disabled retirees, mortality rates are based on the Pub-2010 generational disabled mortality sex-distinct table.

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 methods and assumptions shown above are based on the 2020 Experience Study which reviewed experience for the four-year period ending on December 31, 2020.

Note 16 – Retirement Benefits (continued)

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 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.

Long-term expected rate of return
To develop an analytical basis for the selection of the long-term expected rate of return assumption for June 30, 2022, and June 30, 2021, the PERS Board reviewed long-term assumptions developed by both Milliman's capital market assumptions team and the Oregon Investment Council's (OIC) investment advisors. The table below shows Milliman's assumptions for each of the asset classes in which the plan was invested based on the OIC long-term target asset allocation. The OIC's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions and includes 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.

Assumptions for returns by asset class as of June 30, 2022 and June 30, 2021:

Asset Class	Target	Compound 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%

Note 16 – Retirement Benefits (continued)

Sensitivity of net pension liability to changes in the discount rate as of June 30, 2022:

Employers' Net Pension Liability	1% Decrease (5.9%)	Current Discount Rate (6.9%)	1% Increase (7.9%)
Defined Benefit Pension Plan	$ 102,231,348	$ 57,646,651	$ 20,331,317

Sensitivity of net pension liability to changes in the discount rate as of June 30, 2021:

Employers' Net Pension Liability	1% Decrease (5.9%)	Current Discount Rate (6.9%)	1% Increase (7.9%)
Defined Benefit Pension Plan	$ 78,444,821	$ 39,946,227	$ 7,736,893

Pension plan fiduciary net position
Detailed information about each pension plan's fiduciary net position is available in the separately issued OPERS financial reports.

Payable to the pension plan
The Board had no contributions payable to the pension plan for the year ended December 31, 2022.

Changes in plan provisions during the measurement period
There were no changes in plan provisions during the measurement period.

Changes in plan provisions subsequent to the measurement period
In 2021,the assumed earnings rate was decreased from 7.20% to 6.90% for Tier 1 members. Death benefits were increased from 50% of the actuarially determined value to 100% for all members. Changes were effective January 1, 2022.

Defined contribution pension –Individual Account Program
Pension benefits – The IAP is an account-based program for all Tier One/Tier Two and OPSRP members who were in a qualifying position since January 1, 2004. An IAP member becomes vested on the date the employee account is established or on the date the rollover account was established. If the employer makes optional employer contributions for a member, the member 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, the date the IAP is terminated, the date the active member becomes disabled, or the date the active member dies.

Upon retirement, a member of the 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.

Note 16 – Retirement Benefits (continued)

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 – PERS contracts with VOYA Financial to maintain IAP participant records.

Contributions – Covered employees are required to contribute 6% of their salary to the plan. The Board has chosen to pay the employees' contributions to the plan. For 2022, the Board contributed $3.2 million for employees ($2.8 million for 2021).

Changes in plan provisions during the measurement period
There were no changes in plan provisions during the measurement period.

Changes in plan provisions subsequent to the measurement period
In 2021, the definition of salary was changed to include income that is or would be taxable under Oregon state income tax. The death benefit for all members was increased from 50% of the actuarially determined value to 100%. These changes were effective January 1, 2022.

2. Postemployment Benefits Plan Other than Pensions

Eugene Water & Electric Board Retirement Benefits Trust

Summary of significant accounting policies
Basis of accounting – The accrual basis of accounting is used; plan member contributions are recognized when they are due, benefit expenses and refunds are recognized when they are due and payable. Employer contributions are recognized only when they are due and accompanied by a formal commitment from the employer to pay them. Changes in the fair value of investments are recognized as increases or decreases to income.

Investment values – Investments are measured at fair value as provided by the Corporate Co-Trustee using recognized pricing services. Purchases and sales are recognized on a trade-date basis. Investment income is recognized as it is earned.

Plan description
The Board provides postemployment health care and life insurance benefits to certain employees who retire under OPERS with at least 11 years of service at EWEB. The plan is administered by a board of trustees, acting solely on the authorization of EWEB, as the Eugene Water & Electric Board Retirement Benefits Trust (The Trust). The board of trustees consists of 5 voting members and one commissioner of EWEB who serves as an ex-officio member with no voting power. The plan is a single employer defined benefits plan. Plan assets are dedicated solely to providing benefits to retirees and their beneficiaries, and plan assets are legally protected from creditors of the Board and the plan's administrators.

Note 16 – Retirement Benefits (continued)

The life insurance benefit is a fixed amount of $5,000 per retiree. Health care coverage is provided in the form of a subsidy toward insurance premiums. The subsidy varies with years of service and the benefits offered by the Board at the time of an employee's hire and retirement. Medicare eligible retirees choose from Medicare plans offered through the Oregon PERS Health Insurance Program (PHIP). The subsidy for Medicare coverage is established by the Board; however, the coverage is administered by OPERS as a cost sharing plan. Eligible retirees under the age of 65 receive coverage under the group plan the Board offers to its active employees, until such time as retirees are Medicare eligibile. Those group benefit provisions are established by the Board. Dental and/or vision benefits are offered in a retiree group plan for retirees with earlier hire and retirement dates.

During 2016 and 2017, the Board changed plan provisions for active employees hired on or after January 1, 2003. At retirement, those employees will not receive a subsidy toward health care coverage. Employees retiring before age 65 continue to have access to EWEB health care insurance offered to the active employees; however, the retirees pay the insurance premiums in full. This access to coverage before age 65 is also required by Oregon law.

The obligation for payment of insured benefits rests with the insurance companies providing coverage. The Board does not guarantee benefits in the event of an insurance company's insolvency.

The plan does not issue a stand-alone financial report.

Plan membership
Enrolling in health care coverage is at the time of retirement. Therefore, there are no inactive plan members entitled to but not yet receiving benefits. Once a retiree opts out of coverage, there is no reinstatement. The plan's latest actuarial valuation dated August 31, 2021, rolled forward to December 31, 2022, included 537 retirees or surviving spouses of retired employees, of which 136 opted out of or were ineligible for health care coverage, and 495 active employees.

Investments
The Trust has a third-party investment manager who has discretionary investment authority within the guidelines of the Trust's investment policy as approved by the board of trustees. The investment policy has a long-term objective of full funding for the plan through capital appreciation and reasonable consistency of earnings and growth. The policy acknowledges ongoing needs for liquidity to pay benefits and diversification of investments to minimize capital erosion. The Trust's adopted asset allocation as of July 31, 2019, has targets of 40% fixed income, 55% equities and 5% real estate. Investments in debt securities are to be single-A rated or better and diversified with respect to average maturity and duration. The Trust did not hold any debt securities on December 31, 2022, or December 31, 2021.

For the years ended December 31, 2022, and 2021, the annual money-weighted rate of return on investments, net of investment expense, was -16.6% and 12.0%, respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for changing amounts actually invested.

Note 16 – Retirement Benefits (continued),

Custodial credit risk – Custodial credit risk for investments is the risk that in the event of the counterparty's failure, the Trust would not be able to recover the value of its investments that are in the possession of an outside party. Investments of the Trust are book entry securities held by the Corporate Co-Trustee who is both the investment manager and custodial trustee. Investments are held in a trust account under the name of the Corporate Co-Trustee, however, custodial credit risk is avoided because the custodian's internal records identify the Trust as the owner of the securities.

Bank trust accounts, being neither depository nor brokerage accounts are not insured.

Fair value measurements – Fair values are the estimated prices that would be received to sell these investments in their principal market. Level 1 inputs showing a quoted market price for an identical asset in an active market provides the most reliable evidence of fair value. Level 2 inputs are quoted prices for similar assets in active markets. Level 3 inputs include valuation techniques which make use of unobservable inputs using the best information available under the circumstances. All investments held by the Trust as of December 31, 2022, and December 31, 2021, are Level 1.

Contributions

Contributions toward health care premiums required from retirees are established in the plan and may be amended by the Board. Contributions from participating retirees are either a flat rate or a percentage of premium costs and vary by participant according to the benefits in place when the participant was hired and/or retired. The Board's subsidies toward premiums are capped for the more recent retirees. The cap is expressed as a percentage of the Board's share of premium increases each year compared to premiums beginning in a base year of 2003. The cap was 6% beginning in 2017 and is to remain that amount each year thereafter.

During 2022, the plan recognized $568,000 in contributions from retirees who had insurance coverage under the Board's group plan for active employees ($684,000 during 2021). The contributions are applied to insurance premiums. Retirees with Medicare coverage also pay a portion of their premiums; however, those contributions are recognized by the OPERS OPEB plan.

Funding

It is the Board's intent to pay the actuarially determined contribution (ADC) to the trust annually.

The ADC for 2022, which was updated after year's end, was approximately $348,000. The Board contributed $297,000 during 2022. The plan was considered fully funded as of December 31, 2021, based on cash flows expected to be paid from the Trust for explicit benefits. Accordingly, the ADC was $0 for 2021. The Board contributed $176,000 in 2021. Contributions were recognized in administrative and general expenses: $225,720 for the Electric System and $71,280 for the Water System in 2022 ($133,380 for the Electric System and $42,120 for the Water System in 2021). The expenses differ from the Board's OPEB expense determined on an actuarial basis, which was negative $325,000 for 2022, due to amortizations which reverse the direction of total OPEB expense ($2.7 million for 2021). The Board has elected to apply regulatory accounting to recognize OPEB expense based on the timing and amount of contributions included in the rate making process.

Note 16 – Retirement Benefits (continued)

Components of the actuarially determined OPEB expense are shown below:

	Retirement Benefits Plan	
	2022	2021
Service cost	$ 386,929	$ 373,844
Interest cost	987,977	1,006,215
Expected earnings	(1,278,546)	(1,247,739)
Administrative expenses	150,026	135,390
Change in benefits	-	552,275
Recognition of deferred outflows	2,097,174	4,741,464
Recognition of deferred inflows	(2,668,529)	(2,892,651)
	$ (324,969)	$ 2,668,798

The Board reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	December 31, 2022	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 2,702,311
Changes of assumptions	1,691,319	
Net difference between projected and actual earnings on OPEB plan investments	1,905,500	-
Total	$ 3,596,819	$ 2,702,311

	December 31, 2021	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 4,448,708
Changes of assumptions	2,472,619	-
Net difference between projected and actual earnings on OPEB plan investments	-	2,099,683
Total	$ 2,472,619	$ 6,548,391

Note 16 – Retirement Benefits (continued)

Amounts recorded as deferred inflows and outflows of resources will be subject to amortization and regulatory deferral in future years as follows:

	Net Deferred Outflows/(Inflows) Amortization
2023	$ (917,125)
2024	334,535
2025	609,696
2026	867,402
2027	-
	$ 894,508

Net OPEB liability

Components of the net OPEB liability and funded percentage are below:

	December 31, 2022	December 31, 2021
Total OPEB liability	$ 31,415,788	$ 32,517,097
Plan fiduciary net position	(15,551,388)	(20,337,339)
EWEB's net OPEB liability	$ 15,864,400	$ 12,179,758
Plan fiduciary net position as a percentage of the total OPEB liability	50%	63%

Note 16 – Retirement Benefits (continued)

Changes in the net OPEB liability

The Board's total net OPEB liability of $15.9 million was measured as of December 31, 2022.

	Total OPEB Liability	Fiduciary Net Position	Net OPEB Liability
Beginning of year 1/1/2022	$ 32,517,097	$ (20,337,339)	$ 12,179,758
Employer contributions	-	(297,000)	(297,000)
Retiree contributions	(567,544)	567,544	-
Expected investment income	-	(1,278,546)	(1,278,546)
Difference between expected and actual investment income	-	4,447,498	4,447,498
Benefit payments – implicit	(663,669)		(663,669)
Benefit payments	(1,245,002)	1,245,002	-
Administrative and trust expenses		101,453	101,453
Service cost	386,929	-	386,929
Interest on total OPEB liability	987,977	-	987,977
End of year 12/31/22	$ 31,415,788	$ (15,551,388)	$ 15,864,400

The Board's total net OPEB liability of $12.2 million was measured as of December 31, 2021:

	Total OPEB Liability	Fiduciary Net Position	Net OPEB Liability
Beginning of year 1/1/2021	$ 33,594,237	$ (20,031,471)	$ 13,562,766
Employer contributions	-	(175,500)	(175,500)
Retiree contributions	(683,609)	683,609	-
Expected investment income	-	(1,247,739)	(1,247,739)
Difference between expected and actual investment income	-	(1,040,878)	(1,040,878)
Benefit payments – implicit	(664,657)		(664,657)
Benefit payments	(1,339,250)	1,339,250	-
Administrative and trust expenses	-	135,390	135,390
Service cost	373,844	-	373,844
Interest on total OPEB liability	1,006,215	-	1,006,215
Change in benefit terms	552,275	-	552,275
Changes of assumptions	2,234,085	-	2,234,085
Difference between expected and actual experience	(2,556,043)	-	(2,556,043)
End of year 12/31/21	$ 32,517,097	$ (20,337,339)	$ 12,179,758

Note 16 – Retirement Benefits (continued)

Actuarial assumptions

The total OPEB liability as of December 31, 2022, and 2021, was determined using the following significant actuarial assumptions and inputs for both years:

Discount rate	3.12%
Inflation rate	2.5%
Salary increases	3.5%
Health care cost trend rates	3% - 6%
Mortality	Pub-2010
Withdrawal	OPERS experience study Jul 2019
Retirement	Experience study Nov 2020

Mortality rates are concurrent with those used for general service employees in the Oregon PERS Actuarial Valuations.

The discount rate of 3.12% as of December 31, 2021, and rolled forward to December 31, 2022, was based on an expected 6.53% long-term rate of return on plan assets. Employer contributions are not assumed to occur for years beyond the latest valuation year, 2021. At that time, the fiduciary net position was projected to be available to make projected OPEB payments for plan participants through 2037. Therefore, the expected long-term rate of return was blended with the December 31, 2021 rate from the 20-year General Obligation Municipal Bond Index as published by the Bond Buyer: 2.06%.

The long-term expected rate of return on the Trust's investments was determined using a building-block method in which estimates of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the current asset allocation percentage, and by adding expected inflation. The asset allocation estimates of arithmetic real rates of return for each asset class for years ended December 31, 2022, and 2021 are summarized below:

Fund Type	% of Total Portfolio	Expected Long-Term Real Rate of Return
Domestic equity	35%	5.9%
Foreign equity	22%	6.3%
Fixed income	37%	1.5%
Real estate	5%	5.4%
3-month Treasury bills	1%	-1.9%
	100%	

Note 16 – Retirement Benefits (continued)

The following table presents the sensitivity of the net OPEB liability to changes in the discount rate, assuming the current rate, and rates that are one percentage point lower, and one percentage point higher than the current rate as of December 31, 2022:

	1% Decrease (2.12%)	Current Rate (3.12%)	1% Increase (4.12%)
Total OPEB liability	$ 35,954,243	$ 31,415,788	$ 28,474,838
Fiduciary net position	(15,551,388)	(15,551,388)	(15,551,388)
Net OPEB liability	$ 20,402,855	$ 15,864,400	$ 12,923,450

The following presents the sensitivity of the net OPEB liability to changes in the healthcare cost trend rates assuming the current rate, rates that are one percentage point lower, and one percentage point higher than the current rate as of December 31, 2022:

	1% Decrease	Current Rates	1% Increase
Total OPEB liability	$ 28,180,620	$ 31,415,788	$ 36,289,900
Fiduciary net position	(15,551,388)	(15,551,388)	(15,551,388)
Net OPEB liability	$ 12,629,232	$ 15,864,400	$ 20,738,512

Sensitivity of the net OPEB liability to changes in the discount rate, assuming the current rate, and rates that are one percentage point lower, and one percentage point higher than the current rate as of December 31, 2021:

	1% Decrease (2.12%)	Current Rate (3.12%)	1% Increase (4.12%)
Total OPEB liability	$ 36,816,706	$ 32,517,097	$ 28,974,219
Fiduciary net position	(20,337,339)	(20,337,339)	(20,337,339)
Net OPEB liability	$ 16,479,367	$ 12,179,758	$ 8,636,880

Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates assuming the current rate, rates that are one percentage point lower, and one percentage point higher than the current rate as of December 31, 2021:

	1% Decrease	Current Rates	1% Increase
Total OPEB liability	$ 28,948,395	$ 32,517,097	$ 36,813,207
Fiduciary net position	(20,337,339)	(20,337,339)	(20,337,339)
Net OPEB liability	$ 8,611,056	$ 12,179,758	$ 16,475,868

Note 16 – Retirement Benefits (continued)

The actuarial funding method used to determine the plan cost is the entry age normal cost method. Under this method the actuarial present value of the projected benefits of each active employee included in the valuation is allocated on a level percentage of pay basis over the service life of the employee between entry age (date of hire) and assumed exit age.

Note 17 – Deferred Compensation

The Board offers all employees a deferred compensation plan created in accordance with Internal Revenue Code (IRC) Section 457. The plan permits them to defer a portion of their salary until future years. Participation in the plan is optional. Payment from the plan is not available to employees until termination, retirement, death, or unforeseeable emergency.

The Board works with separate investment providers who also provide third-party administration for all deferred compensation program funds. Participating employees have several investment options with varying degrees of market risk. The Board has no liability for losses under the plan.

The Board has little administrative involvement with the plan, does not perform the investing function and does not make contributions to the plan. In accordance with GASB Statement 97, *Certain Component Unit Criteria and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*, the plan assets are not included in the accompanying Statements of Net Position.

Note 18 – Trojan Nuclear Plant

The Trojan Nuclear Plant (Project) is jointly owned by Portland General Electric Company (PGE), 67.5%; the City of Eugene, acting by and through Eugene Water & Electric Board, 30%; and Pacific Power and Light Company, 2.5%; as tenants in common. The Project ceased commercial operation in 1993 and is decommissioned. The Project is now classified as an Independent Spent Fuel Storage Installation. In accordance with GASB Statement 61, *The Financial Reporting Entity*, the Project is reported as a joint venture on the equity method of accounting.

In 1970, the Board assigned to BPA and other public agency participants its 30% share of the output of Trojan. Under the terms of a Direct Pay Agreement, BPA is obligated to pay the Board amounts sufficient to cover all of the Board’s costs related to the Project. BPA pays those costs in cash, but in some cases could make payments by issuing credits against the Board’s purchases of electricity from BPA. The Board is required to transfer from its Electric System Fund to the Trojan Project Fund an amount equal to all payments received from BPA for Project related costs. The Board is then responsible for making payments from the Trojan Project Fund to the Trojan Project for the Board’s share of costs.

Note 18 – Trojan Nuclear Plant (continued)

Since BPA is obligated to pay the Board's share of all Project costs and has provided the Board with legally binding written assurances of its commitment to that obligation, the Board does not expect the closure and decommissioning of the Project to have any adverse effect on the Board's Electric or Water Systems. As such, the equity interest in the Project is zero. However, if one of the tenants in common fails to perform their financial obligation, the other tenants may be liable. This obligation may not be covered under the Direct Pay Agreement mentioned previously. However, the Board believes this risk is minimal.

A summary of the balance sheets for EWEB's share of the Trojan Project as of September 30, 2022, and September 30, 2021, is as follows.

	Unaudited September 30, 2022	Unaudited September 30, 2021
ASSETS		
Current assets	$ 5,319,451	$ 2,650,464
Long-term receivable, BPA, net	25,983,191	30,117,970
Total assets	$ 31,302,642	$ 32,768,434
LIABILITIES		
Current liabilities	$ 5,016,000	$ 2,349,772
Accumulated provision for decommissioning costs	26,286,642	30,418,662
Total liabilities	$ 31,302,642	$ 32,768,434

The Trojan Nuclear Plant financial statements can be obtained from the Board.

Note 19 – Commitments and Contingencies

Electric Projects

Carmen-Smith Project – Contractual commitments were $23.7 million at December 31, 2022, primarily for powerhouse improvements, and relicensing requirements for fish protection, and habitat development ($22.2 million for powerhouse improvements, relicensing requirements and dam safety inspections at December 31, 2021).

The Board has an arrangement with the U.S. Forest Service to provide for maintenance and enhancement measures on the National Forest Service land where the project is located. The Board expects to make annual payments of varying, prescheduled amounts to the Forest Service in accordance with settlement provisions. The payments are to total approximately $1.5 million before inflation indexing over the life of the license.

Note 19 – Commitments and Contingencies (continued)

Distribution projects – Contractual commitments for a substation rebuild and seismic anchoring were $7.5 million as of December 31, 2022 ($602,000 as of December 31, 2021).

Generation projects – Commitments were $626,000 for replacement of switchgear and relays as of December 31, 2022 ($671,000 at December 31, 2021, for improvements to a dam hoist system, stormwater outlet and replacement of switchgear and relays).

Water projects
Construction contracts primarily for storage tanks, a pump station and main replacements were approximately $13.4 million at December 31, 2022 ($2.9 million as of December 31, 2021 for storage tanks and main replacements).

Other projects
Contractual commitments for advanced metering were $1.4 million, and $263,000 for construction at Roosevelt Operations Center as of December 31, 2022 ($1.2 million for vehicles and $1.4 million for advanced metering as of December 31, 2021).

Self-insurance
The Board is exposed to various risks of loss because of the Board's self-insurance retention, up to the first $2,000,000 of exposure, per occurrence. Excess liability coverage protects the Board after the Board's self-insured limit is exhausted. However, public entities are also protected under State of Oregon tort limits ORS 30.260 – 30.300, *Tort actions against public bodies*, which reduce the liability for any single occurrence for property damage or personal injury. Limits are adjusted for the cost of living annually by the Oregon State Court Administrator. The most recent limits are $132,200 for a single claimant and $661,000 to all claimants for property damage. For injury or death, the most recent limits are $806,100 for a single claimant and $1,612,000 for multiple claimants. Consequently, except in extreme cases, the Board's exposure is mitigated by law. The limit is subject to change by State of Oregon legislation.

Claims liabilities recorded in the financial statements are based on the estimated ultimate loss as of the statement of net position date, adjusted from current trends through a case-by-case review of all claims, including incurred but not reported claims. Non-incremental claims adjustment costs such as salaries are not included in the claims estimates. At December 31, 2022, a total claims liability of approximately $62,000 is reported in the financial statements. All prior and current-year claim liabilities were fully reserved and have not been discounted.

		Liability Balance at Beginning of Year	Current Year Claims and Changes in Estimates	Claim Payments	Liability Balance at End of Year
2020	General Liability	$ 99,290	$ 160,738	$ (151,648)	$ 108,380
2021	General Liability	$ 108,380	$ 532,392	$ (594,645)	$ 46,127
2022	General Liability	$ 46,127	$ 295,494	$ (279,771)	$ 61,850

Note 19 – Commitments and Contingencies (continued)

Claims and other legal proceedings

13 lawsuits, representing approximately 750 plaintiffs, are pending against EWEB seeking damages related to the 2020 Holiday Farm Fire. These actions allege a variety of claims against EWEB and assert unproven damages. All plaintiffs were previously informed that EWEB's electric lines were de-energized at the time and location that the Holiday Farm Fire is alleged to have started. As of December 31, 2022 and 2021, no accrual has been made in the financial statements for the Holiday Farm Fire.

The Board is involved in various other litigations. In the opinion of management, the ultimate outcome of these claims will not have a material effect on the Board's financial position beyond amounts already accrued as of December 31, 2022.

Note 20 – Asset Impairment

The service utility of the Leaburg hydroelectric project has significantly declined. Following increased seepage along the canal, indicative of unstable soils, FERC deemed the canal a public safety risk and ordered the canal to be dewatered in 2018. Without water, the Leaburg generation plant ceased operations. This was unexpected in the life of the project. Seepage along the canal has occurred for decades and because of the regulatory action taken by FERC, the nature of the impairment was judged to be temporary as of December 31, 2021. Carrying values for the project's assets were classified as property held for future use on the Statements of Net Position as of December 31, 2021.

In 2022 it was determined that the project was permanently impaired due to the low likelihood of any future generation. The remaining net book value of the assets related to the generation of electricity were written off resulting in a recognized loss of $19.9 million categorized as an extraordinary item for the year ending December 31, 2022. Carrying values for the project's assets related to stormwater conveyance were classified as property held for future use on the Statements of Net Position as of December 31, 2022.

Note 21 – Subsequent Event

On January 30, 2023 the Eugene City Council approved terms for the City of Eugene to purchase the Board's former headquarter location for use as a city hall and office space for the amount of $12 million. As part of the sale, the Board will maintain approximately 1,000 square feet of shared public facing space where customers can make appointments to conduct business with the Board. The sale is expected to close in the second quarter of 2023.

Required Supplementary Information

Eugene Water & Electric Board
Schedule of Proportionate Share of the Net Pension Liability
As of June 30, 2022
Last Ten Years*

	2014	2015	2016	2017	2018	2019	2020	2021	2022
Proportion of the net pension asset/(liability)	0.86138989%	0.79250364%	0.70531024%	0.62730522%	0.59283304%	0.44533405%	0.34552008%	0.33381769%	0.37648006%
Proportionate share of the net pension asset/(liability)	$ 19,525,251	$ (45,501,290)	$ (105,883,444)	$ (84,560,981)	$ (86,806,397)	$ (77,032,126)	$ (75,404,366)	$ (39,946,227)	$ (57,646,651)
Covered-employee payroll	$ 41,130,143	$ 45,250,685	$ 44,141,193	$ 44,353,971	$ 39,905,750	$ 43,024,470	$ 44,541,698	$ 48,590,235	$ 49,552,260
Proportionate share of the net pension asset/(liability) as percentage of covered-employee payroll	47%	101%	240%	191%	225%	179%	169%	82%	116%
Plan's fiduciary net position	$ 65,401,492,662	$ 64,923,626,094	$ 62,082,059,102	$ 66,371,703,247	$ 69,327,500,445	$ 70,203,720,619	$ 68,319,296,993	$ 84,331,316,437	$ 83,769,552,854
Plan's fiduciary net position as a percentage of the total pension liability	103.60%	91.90%	80.50%	83.10%	82.10%	80.20%	75.80%	87.60%	84.50%

*10 year trend information will be presented prospectively.

Eugene Water & Electric Board
Schedule of Contributions
Pension
As of June 30, 2022
Last Ten Years*

	2014	2015	2016	2017	2018	2019	2020	2021	2022
Contractually required contribution (actuarially determined)	$ 9,544,586	$ 9,734,173	$ 8,189,904	$ 8,256,069	$ 9,413,237	$ 7,660,562	$ 7,943,528	$ 7,215,306	$ 15,172,743
Contributions in relation to the actuarially determined contribution	$ 9,544,586	$ 9,734,173	$ 8,189,904	$ 8,256,069	$ 9,413,237	$ 10,662,356	$ 33,680,968	$ 7,270,193	$ 7,867,205
Contributions deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ (3,001,764)	$ (25,737,440)	$ (54,887)	$ 7,305,538
Covered-employee payroll	$ 41,130,143	$ 45,250,685	$ 44,141,193	$ 44,353,971	$ 39,905,750	$ 43,024,470	$ 44,541,698	$ 48,590,235	$ 49,552,260
Contributions as a percentage of covered-employee payroll	23.21%	21.51%	18.55%	18.61%	23.59%	24.78%	75.62%	14.96%	15.88%

Notes to Schedule

Methods and assumptions used to determine contribution rates:

	2014	2015	2016	2017	2018	2019	2020	2021	2022
Single and agent employers	Entry age normal	Entry age normal	Entry age normal	Entry age normal	Entry age normal	Entry age normal	Entry age normal	Entry age normal	Entry age normal
Experience study report	2012, published September 18, 2013	2012, published September 18, 2013	2014, published September 23, 2015	2014, published September 23, 2015	2016, published July 26, 2017	2016, published July 26, 2017	2018, published 24-Jul-19	2018, published 24-Jul-19	2020, published 20-Jul-21
Amortization method	Level percentage of payroll, closed	Level percentage of payroll, closed	Level percentage of payroll, closed	Level percentage of payroll, closed	Level percentage of payroll, closed	Level percentage of payroll, closed	Level percentage of payroll, closed	Level percentage of payroll, closed	Level percentage of payroll, closed
Remaining amortization period	Tier one/tier two – 20 year; OPSRP – 16 years	Tier one/tier two – 20 year; OPSRP – 16 years	Tier one/tier two – 20 year; OPSRP – 16 years	Tier one/tier two – 20 year; OPSRP – 16 years	Tier one/tier two – 20 year; OPSRP – 16 years	Tier one/tier two – 20 year; OPSRP – 16 years	Tier one/tier two – 20 year; OPSRP – 16 years	Tier one/tier two – 20 year; OPSRP – 16 years	Tier one/tier two – 20 year; OPSRP – 16 years
Asset valuation method	Market value of assets	Market value of assets	Market value of assets	Market value of assets	Market value of assets	Fair value	Market value of assets	Market value of assets	Market value of assets
Inflation	2.75%	2.75%	2.50%	2.50%	2.50%	2.50%	2.50%	2.40%	2.40%
Salary increases	3.75%	3.75%	3.50%	3.50%	3.50%	3.50%	3.50%	3.40%	3.40%
Investment rate of return	7.75%	7.75%	7.50%	7.50%	7.20%	7.20%	7.20%	6.90%	6.90%
Retirement age	55 for Tier 1/Tier 2; 65 for OPSRP	55 for Tier 1/Tier 2; 65 for OPSRP	55 for Tier 1/Tier 2; 65 for OPSRP	55 for Tier 1/Tier 2; 65 for OPSRP	55 for Tier 1/Tier 2; 65 for OPSRP	55 for Tier 1/Tier 2; 65 for OPSRP	55 for Tier 1/Tier 2; 65 for OPSRP	55 for Tier 1/Tier 2; 65 for OPSRP	55 for Tier 1/Tier 2; 65 for OPSRP
Mortality	RP-2000 Sex-distinct tables	RP-2000 Sex-distinct tables	RP-2000 Sex-distinct tables	RP-2000 Sex-distinct tables	RP-2014 Sex-distinct tables	RP-2014 Sex-distinct tables	Pub-2010 Sex-distinct tables	Pub-2010 Sex-distinct tables	Pub-2010 Sex-distinct tables
Discount rate	7.75%	7.75%	7.50%	7.50%	7.20%	7.20%	7.20%	6.90%	6.90%

*10 year trend information will be presented prospectively.

Eugene Water & Electric Board
Schedule of Employer Contributions
OPEB
As of December 31, 2022
Last Ten Years*

	2022	2021	2020	2019	2018	2017
Actuarially determined contribution (ADC)	$ 347,885	$ -	$ 214,406	$ 501,342	$ 1,284,204	$ 1,348,797
Employer contributions in relation to the ADC/ Contributions recognized by the plan	297,000	175,500	462,000	1,137,500	3,348,797	980,298
Contribution excess (deficiency)	$ (50,885)	$ 175,500	$ 247,594	$ 636,158	$ 2,064,593	$ (368,499)
Covered-employee payroll	$ 56,321,112	$ 51,259,823	$ 51,560,696	$ 47,799,139	$ 44,880,815	$ 44,343,971
Contributions as a percentage of covered-employee payroll	0.53%	0.34%	0.90%	2.38%	7.46%	2.21%

*10 year trend information will be presented prospectively.

Valuation dates: August 31, 2021, August 31, 2019, and December 31, 2017

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal					
Amortization method	Level percentage of payroll, open					
Amortization period	10 years					
Asset valuation method	Market value					
Inflation	2.5%					
Healthcare cost trend increases						
PERS Health Insurance Program - Medicare	5%					
Dental	5%					
Vision	3%					
EWEB group medical, December 31, 2019 valuation: 7%, decreasing to ultimate rate of 4% by 2027.						
EWEB group medical, December 31, 2017 valuation: 10%, decreasing to ultimate rate of 4% by 2025.						
Salary increases	3.5%					
Retirement age:						
55–58	7.5%	7.5%	10%	10%	10%	10%
59–61	15%	15%				
59–64			15%	15%	15%	15%
62–64	30%	30%				
65	100%	100%	100%	100%	100%	100%
Withdrawal age						
18–29			6.3%	6.3%	6.3%	6.3%
30–49			4.7%	4.7%	4.7%	4.7%
50–64			3.7%	3.7%	3.7%	3.7%

Withdrawal assumptions beginning with 2021

Years of service	Male	Female
0	15.00%	15.00%
5	7.19%	7.23%
10	4.13%	4.77%
15	2.93%	3.43%
20	2.08%	2.47%
25	1.47%	1.78%
30	1.40%	1.40%

	2022	2021	2020	2019	2018	2017
Experience study reports	11/3/2020	11/3/2020	2014	2014	2014	2014
Mortality	Pub-2010	Pub-2010	Pub-2010	RP-2014 General Service		
Investment rate of return	3.12%	3.12%	3.76%	4.32%		

Eugene Water & Electric Board
Schedule of Changes in Total OPEB Liability and Related Ratios
OPEB
As of December 31, 2022
Last Ten Years*

	Total OPEB Liability					
	2022	2021	2020	2019	2018	2017
Service cost	$ 386,929	$ 373,844	$ 240,509	$ 235,056	$ 279,685	$ 270,227
Interest	987,977	1,006,215	1,268,479	1,468,903	1,747,818	977,047
Changes in benefit terms	-	552,275	-	-	-	(263,950)
Differences between expected and actual experience	-	(2,556,043)	-	(6,148,762)	-	4,969,184
Changes in assumptions	-	2,234,085	-	1,723,170	-	15,538,406
Benefit payments	(2,476,215)	(2,687,516)	(2,820,747)	(2,877,867)	(3,402,142)	(3,280,201)
Net change in OPEB liability	(1,101,309)	(1,077,140)	(1,311,759)	(5,599,500)	(1,374,639)	18,210,713
Total OPEB liability – beginning	32,517,097	33,594,237	34,905,996	40,505,496	41,880,135	23,669,422
Total OPEB liability – ending	$ 31,415,788	$ 32,517,097	$ 33,594,237	$ 34,905,996	$ 40,505,496	$ 41,880,135

	Plan Fiduciary Net Position					
	2022	2021	2020	2019	2018	2017
Contributions	$ (297,000)	$ (175,500)	$ (462,000)	$ (1,137,500)	$ (3,348,797)	$ (980,298)
Contributions from plan retirees – EWEB group insurance	(567,544)	(683,609)	(740,292)	(716,560)	(775,345)	(740,089)
Net investment income	3,168,952	(2,233,327)	(2,527,084)	(3,280,364)	952,424	(2,204,942)
Benefit payments	2,380,090	2,706,467	2,858,549	2,922,208	3,361,962	3,385,729
Administrative expense	101,453	80,101	89,779	132,931	88,919	81,076
Net change in plan fiduciary net position	4,785,951	(305,868)	(781,048)	(2,079,285)	279,163	(458,524)
Plan fiduciary net position – beginning	(20,337,339)	(20,031,471)	(19,250,423)	(17,171,138)	(17,450,301)	(16,991,777)
Plan fiduciary net position – ending	$ (15,551,388)	$ (20,337,339)	$ (20,031,471)	$ (19,250,423)	$ (17,171,138)	$ (17,450,301)
Net OPEB liability	$ 15,864,400	$ 12,179,758	$ 13,562,766	$ 15,655,573	$ 23,334,358	$ 24,429,834
Plan fiduciary net position as a percentage of the total OPEB liability	49.5%	62.5%	59.6%	55.1%	42.4%	41.7%
Covered-employee payroll	$ 56,321,112	$ 51,259,823	$ 51,560,696	$ 47,799,139	$ 44,880,815	$ 44,353,971
Net OPEB liability as a percentage of covered payroll	28.2%	23.8%	26.3%	32.8%	52.0%	55.1%

*10 year trend information will be presented prospectively.

Notes to schedule:

Benefit changes

During 2016 and 2017, the subsidy for employees hired on or after January 1, 2003 was discontinued, and an incentive payment for opting out of health insurance subsidies at retirement was implemented. The incentive was recognized as a benefit change in the 2021 valuation.

Changes in assumptions

2017: The discount rate decreased from 6% to 4.32%. Health care cost trend increases for the Oregon PERS Medicare plans and EWEB supplemental Rx plans went up from 4% to 5%. The mortality table, RP-2000, projected to 2016 using Scale AA, was replaced with RP-2014.

2019: The expected long-term rate of return was decreased from 7% to 6.53%. Each December 31, that rate is blended with the 20-year General Obligation Municipal Bond Index rate to arrive at the investment and discount rate for the year.

2021: Retirement and withdrawal rates were updated based on a 2020 experience study.

Eugene Water & Electric Board
Schedule of Investment Returns
OPEB Trust
As of December 31, 2022
Last Ten Years*

	2022	2021	2020	2019	2018	2017
Annual money-weighted rate of return, net of investment expense	-16.2%	12.0%	14.0%	19.8%	-5.6%	14.1%

*10 year trend information will be presented prospectively.

Supplementary Information

Eugene Water & Electric Board
Electric System
Long-Term Bonded Debt and Interest Payment Requirements, Including Current Portion
Year Ended December 31, 2022

	Revenue Refunding 2011 B Series 6-29-11		Revenue and Revenue Refunding 2012 Series 9-11-12		Revenue Refunding 2016 A Series 9-7-16		Revenue 2017 Series 9-12-17	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2023	$ 985,000	$ 42,848	$ 1,810,000	$ 609,569	$ 6,300,000	$ 3,931,150	$ -	$ 1,689,750
2024	-	-	1,040,000	537,169	6,625,000	3,616,150	-	1,689,750
2025	-	-	-	495,569	6,875,000	3,284,900	-	1,689,750
2026	-	-	-	495,569	6,675,000	2,941,150	-	1,689,750
2027	-	-	-	495,569	6,000,000	2,607,400	945,000	1,689,750
2028	-	-	-	495,569	6,400,000	2,307,400	995,000	1,642,500
2029	-	-	1,315,000	495,569	6,615,000	1,987,400	1,045,000	1,592,750
2030	-	-	1,360,000	454,475	6,945,000	1,656,650	1,095,000	1,540,500
2031	-	-	1,400,000	410,275	7,290,000	1,309,400	1,150,000	1,485,750
2032	-	-	1,445,000	364,775	6,935,000	1,017,800	1,205,000	1,428,250
2033	-	-	-	317,813	5,175,000	740,400	1,270,000	1,368,000
2034	-	-	-	317,813	1,685,000	533,400	1,330,000	1,304,500
2035	-	-	-	317,813	1,755,000	466,000	1,400,000	1,238,000
2036	-	-	-	317,813	1,830,000	395,800	1,465,000	1,168,000
2037	-	-	-	317,813	1,900,000	322,600	1,540,000	1,094,750
2038	-	-	-	317,813	1,975,000	246,600	1,620,000	1,017,750
2039	-	-	2,005,000	317,813	2,050,000	167,600	1,700,000	936,750
2040	-	-	2,080,000	242,625	2,140,000	85,600	1,785,000	851,750
2041	-	-	2,155,000	164,625	-	-	1,875,000	762,500
2042	-	-	2,235,000	83,813	-	-	1,965,000	668,750
2043	-	-	-	-	-	-	2,065,000	570,500
2044	-	-	-	-	-	-	2,170,000	467,250
2045	-	-	-	-	-	-	2,275,000	358,750
2046	-	-	-	-	-	-	2,390,000	245,000
2047	-	-	-	-	-	-	2,510,000	125,500
2048	-	-	-	-	-	-	-	-
2049	-	-	-	-	-	-	-	-
	985,000	42,848	16,845,000	7,569,862	85,170,000	27,617,400	33,795,000	28,316,250
Less current portion	985,000	-	1,810,000	-	6,300,000	-	-	
	$ -	$ 42,848	$ 15,035,000	$ 7,569,862	$ 78,870,000	$ 27,617,400	$ 33,795,000	$ 28,316,250

Eugene Water & Electric Board
Electric System
Long-Term Bonded Debt and Interest Payment Requirements, Including Current Portion
Year Ended December 31, 2022

	Revenue 2020 A Series 6-11-20		Revenue 2020 B Series 6-11-20		Total Electric System Payments		
	Principal	Interest	Principal	Interest	Principal	Interest	Totals
2023	$ -	$ 1,516,250	$ -	$ 387,991	$ 9,095,000	$ 8,177,558	$ 17,272,558
2024	-	1,516,250	315,000	387,991	7,980,000	7,747,310	15,727,310
2025	-	1,516,250	1,400,000	383,767	8,275,000	7,370,236	15,645,236
2026	-	1,516,250	1,420,000	363,313	8,095,000	7,006,032	15,101,032
2027	1,085,000	1,516,250	1,445,000	338,945	9,475,000	6,647,914	16,122,914
2028	1,130,000	1,472,850	1,475,000	312,704	10,000,000	6,231,023	16,231,023
2029	1,175,000	1,427,650	-	283,543	10,150,000	5,786,912	15,936,912
2030	1,225,000	1,380,650	-	283,543	10,625,000	5,315,818	15,940,818
2031	1,270,000	1,331,650	-	283,543	11,110,000	4,820,618	15,930,618
2032	1,325,000	1,280,850	-	283,543	10,910,000	4,375,218	15,285,218
2033	1,375,000	1,227,850	1,680,000	283,543	9,500,000	3,937,606	13,437,606
2034	1,430,000	1,172,850	1,720,000	242,770	6,165,000	3,571,333	9,736,333
2035	1,490,000	1,115,650	1,765,000	199,305	6,410,000	3,336,768	9,746,768
2036	1,550,000	1,056,050	1,810,000	153,821	6,655,000	3,091,484	9,746,484
2037	1,610,000	994,050	1,855,000	105,368	6,905,000	2,834,581	9,739,581
2038	1,675,000	929,650	1,905,000	53,854	7,175,000	2,565,667	9,740,667
2039	1,725,000	879,400	-	-	7,480,000	2,301,563	9,781,563
2040	1,775,000	827,650	-	-	7,780,000	2,007,625	9,787,625
2041	1,830,000	774,400	-	-	5,860,000	1,701,525	7,561,525
2042	1,900,000	701,200	-	-	6,100,000	1,453,763	7,553,763
2043	1,980,000	625,200	-	-	4,045,000	1,195,700	5,240,700
2044	2,060,000	546,000	-	-	4,230,000	1,013,250	5,243,250
2045	2,140,000	463,600	-	-	4,415,000	822,350	5,237,350
2046	2,225,000	378,000	-	-	4,615,000	623,000	5,238,000
2047	2,315,000	289,000	-	-	4,825,000	414,500	5,239,500
2048	2,405,000	196,400	-	-	2,405,000	196,400	2,601,400
2049	2,505,000	100,200	-	-	2,505,000	100,200	2,605,200
	39,200,000	26,752,050	16,790,000	4,347,546	192,785,000	94,645,956	287,430,956
Less current portion	-	-	-		9,095,000	-	-
	$ 39,200,000	$ 26,752,050	$ 16,790,000	$ 4,347,546	$ 183,690,000	$ 94,645,956	$ 287,430,956

Eugene Water & Electric Board
Water System
Long-Term Bonded Debt and Interest Payment Requirements, Including Current Portion
Year Ended December 31, 2022

	Revenue and Revenue Refunding 2016 Series 5-9-16		Revenue 2020 A Series 6-4-20		Revenue Refunding 2020 B Series 6-4-20		Total Water System Payments		
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Totals
2023	$ 1,340,000	$ 1,218,000	$ 415,000	$ 610,050	$ 635,000	$ 333,349	$ 2,390,000	$ 2,161,399	$ 4,551,399
2024	1,415,000	1,151,000	430,000	593,450	645,000	325,602	2,490,000	2,070,052	4,560,052
2025	1,470,000	1,094,400	450,000	576,250	655,000	316,263	2,575,000	1,986,913	4,561,913
2026	1,530,000	1,035,600	465,000	558,250	665,000	305,796	2,660,000	1,899,646	4,559,646
2027	1,610,000	959,100	485,000	539,650	675,000	293,553	2,770,000	1,792,303	4,562,303
2028	1,690,000	878,600	505,000	520,250	685,000	280,451	2,880,000	1,679,301	4,559,301
2029	1,770,000	794,100	525,000	500,050	700,000	265,991	2,995,000	1,560,141	4,555,141
2030	1,860,000	705,600	545,000	479,050	715,000	250,724	3,120,000	1,435,374	4,555,374
2031	1,125,000	631,200	570,000	457,250	735,000	234,772	2,430,000	1,323,222	3,753,222
2032	1,175,000	586,200	590,000	434,450	750,000	217,640	2,515,000	1,238,290	3,753,290
2033	1,225,000	539,200	615,000	410,850	770,000	199,407	2,610,000	1,149,457	3,759,457
2034	1,270,000	490,200	640,000	386,250	790,000	179,918	2,700,000	1,056,368	3,756,368
2035	1,320,000	439,400	660,000	367,050	805,000	159,528	2,785,000	965,978	3,750,978
2036	1,375,000	386,600	675,000	347,250	830,000	138,349	2,880,000	872,199	3,752,199
2037	1,430,000	331,600	700,000	327,000	860,000	112,428	2,990,000	771,028	3,761,028
2038	1,485,000	274,400	720,000	306,000	885,000	85,570	3,090,000	665,970	3,755,970
2039	680,000	215,000	740,000	284,400	910,000	57,932	2,330,000	557,332	2,887,332
2040	710,000	187,800	760,000	262,200	945,000	29,512	2,415,000	479,512	2,894,512
2041	735,000	159,400	785,000	239,400	-	-	1,520,000	398,800	1,918,800
2042	765,000	130,000	810,000	215,850	-	-	1,575,000	345,850	1,920,850
2043	795,000	99,400	835,000	191,550	-	-	1,630,000	290,950	1,920,950
2044	830,000	67,600	860,000	166,500	-	-	1,690,000	234,100	1,924,100
2045	860,000	34,400	885,000	140,700	-	-	1,745,000	175,100	1,920,100
2046	-	-	910,000	114,150	-	-	910,000	114,150	1,024,150
2047	-	-	940,000	86,850	-	-	940,000	86,850	1,026,850
2048	-	-	965,000	58,650	-	-	965,000	58,650	1,023,650
2049	-	-	990,000	29,700	-	-	990,000	29,700	1,019,700
	28,465,000	12,408,800	18,470,000	9,203,050	13,655,000	3,786,785	60,590,000	25,398,635	85,988,635
Less current portion	1,340,000		415,000		635,000	-	2,390,000		
	$ 27,125,000	$ 12,408,800	$ 18,055,000	$ 9,203,050	$ 13,020,000	$ 3,786,785	$ 58,200,000	$ 25,398,635	$ 85,988,635

Eugene Water & Electric Board
Electric System
Analysis of Certain Restricted Cash and Investments for Bond Service
Year Ended December 31, 2022

	Investments for Bond Principal & Interest	Debt Service Reserve	Construction Funds	Customer & Escrow Deposit Reserve	Terrestrial Wildlife Habitat Fund	Total All Funds
Ending balance – December 31, 2021	$ 17	$ 6,694,970	$ 34,456,786	$ 2,074,937	$ 48,947	$ 43,275,657
Deposits from general fund	16,679,219	-	-	447,305	26,877	17,153,401
Investment earnings (losses)	18	113,100	(344,386)	2,066	(338)	(229,540)
Other transfers	-	-	-	-	-	-
Receipts	16,679,237	113,100	(344,386)	449,371	26,539	16,923,861
Principal payments	8,260,000	-	-	-	-	8,260,000
Interest payments	8,419,242	-	-	-	-	8,419,242
Transfers to general fund	-	950,000	14,801,171	262,028	-	16,013,199
Other transfers	-	-	-	-	-	-
Disbursements	16,679,242	950,000	14,801,171	262,028	-	32,692,441
U.S. securities, at market	-	5,857,316	13,231,874	1,713,869	51,722	20,854,781
Cash in bank	12	754	894,183	80,928	3,495	979,372
State of Oregon Local Government						-
Investment Pool	-	-	5,185,172	467,483	20,268	5,672,924
Ending balance – December 31, 2022	$ 12	$ 5,858,070	$ 19,311,229	$ 2,262,280	$ 75,486	$ 27,507,077

	Investments for Bond Principal & Interest	Debt Service Reserves	SDC Reserves	Construction Funds	Total All Funds
Ending balance – December 31, 2021	$ 6	$ 1,491,743	$ 3,536,074	$ 3,401,675	$ 8,429,498
Deposits from general fund	4,929,652	-	535,052	-	5,464,704
Investment earnings (losses)	5	27,772	(38,101)	(38,005)	(48,329)
Receipts	4,929,657	27,772	496,951	(38,005)	5,416,375
Principal payments	2,660,000	-	-	-	2,660,000
Interest payments	2,269,659	-	-	-	2,269,659
Transfers to general fund	-	-	3,945,697	3,363,670	7,309,367
Disbursements	4,929,659	-	3,945,697	3,363,670	12,239,026
U.S. securities, at market	-	1,519,412	62,742	-	1,582,154
Cash in bank	4	103	-	-	107
State of Oregon Local Government					-
Investment Pool	-	-	24,586	-	24,586
Ending balance – December 31, 2022	$ 4	$ 1,519,515	$ 87,328	$0	$1,606,847

Eugene Water & Electric Board
Sustainability Accounting Standards Disclosures
Years Ended December 31, 2022, 2021 and 2020

The following metrics are standardized disclosures recommended by the Sustainability Accounting Standards Board for electric and water utilities. The disclosures are voluntary and are not meant to demonstrate compliance with laws or regulations.

Electric System

Topic	Metric	2022	2021	2020
Greenhouse Gas Emissions & Energy Resource Planning	Number of customers served in markets subject to renewable portfolio standards (RPS). (All retail customers)	97,000	96,000	95,000
	RPS target before exemptions	482,635 MWh	473,884 MWh	465,707 MWh
	Percentage fulfillment of RPS target by market	100%	Greater than 100%	Greater than 100%
Water Management	Number of incidents of non-compliance with water quality and/or quantity permits, standards, and regulations	None	None	None
Workforce Health & Safety	Total recordable injury rate Fatality rate	2.03 0	4.4 0	4.1 0
End-Use Efficiency	Customer electricity savings from efficiency measures (In total across all customer types)	15,034 MWh 2.3 MW reduction in peak demand	10,624 MWh 3.1 MW reduction in peak demand	15,053 MWh 3.7 MW reduction in peak demand
Grid Resiliency	System Average Interruption Duration Index (SAIDI), per customer	62.22 minutes	46.21 minutes	41.49 minutes
	System Average Interruption Frequency Index (SAIFI), per customer	0.48 outages	0.33 outages	0.32 outages
	Customer Average Interruption Duration Index (CAIDI), per outage	130.90 minutes	138.98 minutes	130.15 minutes

RPS compliance information above is preliminary. Final information is published to eweb.org annually by June 1. Savings from efficiency measures are calculated based on the Regional Technical Forum of the Northwest Power and Conservation Council as adopted by Bonneville Power Administration for its regional resource acquisitions.

Water System

Topic	Metric	2022	2021	2020
Water Scarcity	Total fresh water sourced from regions with high or extremely high baseline water stress	None	None	None
	Fresh water purchased from a third party	None	None	None
	Volume of recycled water delivered	None	None	None
Drinking Water Quality	Number of acute health-based, non-acute health-based, and non-health-based drinking water violations	None	None	None
Distribution Network Efficiency	Water pipe replacement rate	.3% of 817 miles 2.30 miles	.2% of 817 miles or 1.8 miles	.2% of 816 miles or 1.8 miles
Network Resiliency & Impacts of Climate Change	Water treatment capacity located in FEMA Special Flood Hazard Areas	Treatment plant is outside flood zone, intake is within	Treatment plant is outside flood zone, intake is within	Treatment plant is outside flood zone, intake is within
	Number of service disruptions, population affected, and average duration	222 972 Customers 80 minutes	267 1319 customers 112 minutes	257 1043 customers 94 minutes

Water pipe is distribution pipe for potable water measuring 2 inches to 60 inches in diameter. Replacements do not include new construction. Total miles for these pipelines is all pipe including new construction.

Audit Comments

Report of Independent Auditors Required by Oregon State Regulations

Board of Commissioners
Eugene Water & Electric Board

We have audited the individual and combined financial statements of the Eugene Water & Electric Board (the "Board") as of and for the year ended December 31, 2022 and have issued our report thereon dated March 17, 2023. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the provisions of the *Minimum Standards for Audits of Oregon Municipal Corporations*, prescribed by the Secretary of State. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

Compliance

As part of obtaining reasonable assurance about whether the Board'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
- Insurance and fidelity bonds
- Programs funded from outside sources
- Investments
- Public contracts and purchasing

In connection with our testing, nothing came to our attention that caused us to believe the Board 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 Board's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Board's internal control. Accordingly, we do not express an opinion on the effectiveness of the Board'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, management of Eugene Water & Electric Board 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

Julie Desimone, Partner
for Moss Adams LLP

Portland, Oregon
March 17, 2023

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EWEB

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Eugene Water & Electric Board

Independent Auditor's Reports and Uniform Grant Guidance Reports

December 31, 2022

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* Incorporated by reference only.

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Report of Independent Auditors on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

To the Board of Commissioners
Eugene Water & Electric Board

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Eugene Water & Electric Board (the Board), which comprise the statements of net position of the Electric System, Water System and Combined Total Systems, and the statements of fiduciary net position of the Retirement Benefits Trust (the Trust) as of December 31, 2022, and the related statements revenues, expenses and changes in net position, and cash flows of the Electric System, Water System and Combined Total Systems for the year then ended, and the statements of changes in fiduciary net position of the Trust, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements and have issued our report thereon dated March 17, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Board'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 Board's internal control. Accordingly, we do not express an opinion on the effectiveness of the Board'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.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Board's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, 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. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Moss Adams LLP

Portland, Oregon
March 17, 2023

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Report of Independent Auditors on Compliance for the Major Federal Program; Report on Internal Control Over Compliance; and Report on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

To the Board of Commissioners
Eugene Water & Electric Board

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited Eugene Water & Electric Board's (the "Board") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Board's major federal programs for the year ended December 31, 2022. The Board's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Board complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2022

Basis for Opinion on the Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States *(Government Auditing Standards)*; and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Board and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Board's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Board's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express and opinion on the Board's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Board's compliance with the requirements of the major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards,* and the Uniform Guidance, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Board's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Board's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Board's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the Board as of and for the year ended December 31, 2022, and have issued our report thereon dated March 17, 2023, which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

Moss Adams LLP

Portland, Oregon
March 17, 2023

Federal Grantor/Pass-through Grantor Program Title	Agency or Pass-through Number	ALN Number	Expenditures	Amount Provided to Subrecipients
US Dept of Homeland Security / State of Oregon Office of Emergency Management Disaster Grants - Public Assistance (Presidentially Declared Disasters)	FEMA-DR-4562-OR	97.036	$ 607,239	$ -
US Department of the Treasury / Oregon Department of Administrative Services / "COVID-19" Coronavirus State Fiscal Recovery Fund	FAIN SLFRP4454	21.027	$ 325,000	$ -
US Environmental Protection Agency / State of Oregon Oregon Business Development Dept / Capitalization Grants for Drinking Water State Revolving Funds	FAIN 98009019	66.468	$ 9,237	$ -
			$ 941,476	$ -

See notes to schedule of expenditures of federal awards.

1. Reporting Entity

Eugene Water & Electric Board ("Board") is an administrative unit of the City of Eugene, Oregon. The Board is responsible for the ownership and operations of the electric and water systems.

2. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes all federal grant activity of the Board, under programs of the federal government for the year ended December 31, 2022. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because this Schedule presents only a selected portion of the operations of the Board, it is not intended to and does not present the financial position, changes in net position or cash flows of the Board.

3. Summary of Significant Accounting Policies and Revenue and Expense Recognition

Expenditures reported on the Schedule are reported on the accrual basis of accounting, which is consistent with the financial statements, as described in Note 1 to the Board's December 31, 2022 financial statements. Such expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

The Board does not utilize the 10 percent de minimis rate for overhead allocation.

Section I – Summary of Auditor's Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: *Unmodified*

Internal control over financial reporting:

- Material weakness(es) identified? ☐ Yes ☒ No
- Significant deficiency(ies) identified? ☐ Yes ☒ None reported

Noncompliance material to financial statements noted? ☐ Yes ☒ No

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? ☐ Yes ☒ No
- Significant deficiency(ies) identified? ☐ Yes ☒ None reported

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? ☐ Yes ☒ No

Identification of Major Federal Programs and type of Auditor's report issued on compliance for major federal programs

ALN Number	*Name of Federal Program or Cluster*	*Type of Auditor's Report Issued on Compliance for Major Federal Programs*
97.036	Disaster Grants- Public Assistance	*Unmodified*

Dollar threshold used to distinguish between type A and type B programs: $ 750,000

Auditee qualified as low-risk auditee? ☒ Yes ☐ No

Section II – Financial Statement Findings

None reported.

Section III – Federal Award Findings and Questioned Costs

None reported.

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500 East 4th Avenue
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COMMUNICATIONS WITH THOSE
CHARGED WITH GOVERNANCE

EUGENE WATER & ELECTRIC BOARD

December 31, 2022

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Communications with Those Charged with Governance and Internal Control Related Matters

To the Board of Commissioners
Eugene Water & Electric Board

Dear Commissioners:

We have audited the financial statements of Eugene Water & Electric Board (EWEB or the Board) as of and for the year ended December 31, 2022 and have issued our report thereon dated March 17, 2023. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility under Auditing Standards Generally Accepted in the United States of America

As stated in our engagement letter dated August 12, 2022, we are responsible for forming and expressing an opinion about whether the financial statements that have been prepared by management, with your oversight, are prepared, in all material respects, in accordance 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 responsibilities.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (U.S. GAAS). As part of an audit conducted in accordance with U.S. GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit.

An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Board's internal control over financial reporting. Accordingly, we considered the Board's internal control solely for the purposes of determining our audit procedures and not to provide assurance concerning such internal control.

We are also responsible for communicating significant matters related to the financial statement audit that, in our professional judgment, are relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you in our planning communications letter dated August 12, 2022.

Significant Audit Findings and Issues

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Board are described in Note 1 to the financial statements.

In June 2017, GASB issued statement No. 87, *Leases*. The Statement requires recognition of certain lease assets and liabilities that were previously defined as operating leases. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The amended effective date was for periods beginning after June 15, 2021. Adoption of this provision required certain restatements to the financial statements as of and for the year ended December 31, 2021.

In April 2022, GASB issued Statement No. 99, Omnibus 2022*.* The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial report for financial guarantees. Portions of the Statement were effective immediately and the Board adopted the provisions for the year ended December 31, 2022, resulting in no current year impact.

No other new accounting policies were adopted and there were no changes in the application of existing policies during 2022. We noted no transactions entered into by the Board during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most significant estimates affecting the financial statements were:

Unbilled Revenue – Unbilled revenue is a measure of revenue earned through the end of the reporting period that has yet to be billed. This generally represents accounts with billing cycles that start in the reporting year and end in the subsequent year. We have evaluated the key factors and assumptions used to develop unbilled revenue in determining that it is reasonable in relation to the financial statements taken as a whole.

Allowance for Doubtful Accounts – This represents an estimate of the amount of accounts receivable that will not be collected. We have evaluated the key factors and assumptions used to develop the allowance in determining that it is reasonable in relation to the financial statements taken as a whole.

Recovery Periods for the Cost of Plant – This represents the depreciation of plant assets. Management's estimate of the recovery periods for the cost of plant is based on regulatory-prescribed depreciation recovery periods. We have evaluated the key factors and assumptions used to develop the recovery periods in determining that they are reasonable in relation to the financial statements taken as a whole.

Other Post-Employment Benefit Obligations – This represents the amount of annual expense recognized for post-employment benefits. The amount is actuarially determined, with management input. We have evaluated the key factors and assumptions used to develop the annual expense in determining that it is reasonable in relation to the financial statements taken as a whole.

Mark-to-Market Adjustment – Certain derivative instruments are marked to market at year end. However, the impact to the statements of revenues, expenses, and changes in net position is deferred in accordance with GAAP. We have evaluated the key factors and assumptions used to develop year-end amounts and have determined that they are reasonable in relation to the financial statements taken as a whole.

Net Pension Liability – This represents the amount of pension liability. The amount is actuarially determined, with OPERS management input. We have evaluated the key factors and assumptions used to develop the annual expense in determining that it is reasonable in relation to the financial statements taken as a whole.

Valuation of Investments – Management's estimate of investments is based on current market rates and conditions. We evaluated the key factors and assumptions used to develop the valuation of investments and determined that they are reasonable in relation to the financial statements taken as a whole.

Financial Statement Disclosures

The disclosures in the financial statements are consistent, clear, and understandable. Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. Significant disclosures include: Note 2 – Power Risk Management, Note 19 – Commitments and Contingencies and Note 16 – Retirement Benefits.

Significant Unusual Transactions

We encountered no significant unusual transactions during our audit of the Board's financial statements.

Significant Difficulties Encountered in Performing the Audit

Professional standards require us to inform you of any significant difficulties encountered in performing the audit. No significant difficulties were encountered during our audit of the Board's financial statements.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. No such disagreements arose during the course of our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all factual and judgmental misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has determined certain contracts which meet the definition of a lease in accordance with GASB 87 that fall below a threshold determined by a management policy will not be recorded in the financial statements. We have evaluated the impact of these passed leases and have determined they are not material individually or in the aggregate.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated March 17, 2023.

Management Consultation with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a “second opinion” on certain situations. If a consultation involves application of an accounting principle to the Board’s financial statements or a determination of the type of auditor’s opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Significant Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Board’s auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Significant Audit Findings or Issues

We are required to communicate to you other findings or issues arising from the audit that are, in our professional judgment, significant and relevant to your oversight of the financial reporting process. There were no such items identified.

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

Moss Adams LLP

Portland, Oregon
March 17, 2022

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