MEMORANDUM

EUGENE WATER & ELECTRIC BOARD

Rely on us.

TO:	Commissioners McRae, Barofsky, Schlossberg, Brown, and Carlson
FROM:	Deborah Hart, Assistant General Manager/CFO; Aaron Balmer, Acting Financial Services Manager; Rob Freytag, General Accounting & Treasury Supervisor; Matthew Miller, Lead Accounting Analyst
DATE:	March 27, 2024
SUBJECT:	2023 Year-end Audited Financial Statements and Communications with Those Charged with Governance (Management Letter)
OBJECTIVE:	Information Only

Included with this backgrounder are the 2023 Audited Financial Statements and Management Letter. EWEB's independent auditors, Moss Adams, will discuss the audit process, financial statements, and internal control recommendations.

Attachments:

- 2023 Audited Financial Statements
- 2023 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, 2023 and 2022

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Board of Commissioners

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

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" or "EWEB"), as of December 31, 2023 and 2022, 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, 2023 and 2022, 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. 96, *Subscription Based Information Technology Arrangements,* effective for periods ending after December 31, 2022. The adoption of this resulted in the restatement of previously reported amounts for the year ended December 31, 2022. 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 6 through 25 and 88 through 92 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 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 19, 2024 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 19, 2024, 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.

Keith Simovic, Partner
for Moss Adams LLP
Portland, Oregon
March 19, 2024

Management Discussion & Analysis

The following discussion provides an overview of the financial results of the Eugene Water & Electric Board (EWEB) for the years ended 2023 and 2022. 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 98,000 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	2023	2022	2021
Hydro-power	2,383,519	2,754,565	2,441,552
Wind	146,358	151,888	178,014
Steam	82,776	82,570	136,796
Biomass	130,070	145,433	119,932
Other market purchases	568,708	882,751	758,623
	3,311,431	4,017,207	3,634,917

Power resources - owned, contracted, or market			
EWEB-owned generation	415,405	446,267	430,596
Contracted generation	2,327,318	2,688,189	2,445,698
Market purchases	568,708	882,751	758,623
	3,311,431	4,017,207	3,634,917

Electric System Condensed Financial Information
(in thousands of dollars)

	2023	2022 (as restated)	2021
Net utility plant	$ 443,176	$ 433,034	$ 444,355
Current assets	134,477	169,973	138,491
Other assets	113,812	97,787	117,609
Total assets	691,465	700,794	700,455
Deferred outflows of resources	26,717	34,015	35,655
Current liabilities	40,144	52,978	37,682
Long-term debt	196,305	206,489	217,864
Other liabilities	61,874	57,056	41,646
Total liabilities	298,323	316,523	297,192
Deferred inflows of resources	12,215	24,043	43,491
Net investment in capital assets	241,817	236,606	254,288
Restricted	4,324	4,026	4,791
Unrestricted	161,503	153,611	136,348
Total net position	407,644	394,243	395,427
Residential	113,426	108,625	102,529
Commercial and industrial	99,255	101,020	93,497
Sales for resale and other	75,654	104,093	61,719
Operating revenue	288,335	313,738	257,745
Purchased power	148,313	164,546	141,721
System control	4,588	4,273	4,287
Wheeling	13,189	12,975	12,052
Steam and hydraulic generation	16,461	17,012	13,482
Transmission and distribution	30,366	26,746	24,507
Customer accounting	10,004	9,184	8,054
Conservation expenses	5,397	4,853	4,176
Administrative and general	27,509	25,263	22,879
Depreciation on utility plant	27,980	28,004	24,492
Operating expenses	283,807	292,856	255,650
Net operating income	4,528	20,882	2,095
Non-operating revenue	11,365	2,713	10,110
Non-operating expense	(7,309)	(7,472)	(7,781)
Income before capital contributions	8,584	16,123	4,424
Capital contributions	4,817	2,544	3,463
Extraordinary item	-	(19,851)	-
Change in net position	13,401	(1,184)	7,887
Total net position - beginning of year	394,243	395,427	387,540
Total net position - end of year	$ 407,644	$ 394,243	$ 395,427

Analysis of financial position and results of operations

Overall financial position improved in 2023 as a measure of increased net position. The Electric System's overall financial position declined in 2022 due primarily to the permanent impairment of the Leaburg Hydroelectric Project generating assets. This was recognized as an extraordinary loss of $19.9 million.

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 2023 due to progress on projects such as EWEB Enterprise Solutions, an information technology project to replace legacy systems, integrating applications and consolidating data across the organization using SAP. The net investment in capital assets component of net position decreased in 2022 due to the aforementioned impairment of Leaburg generating assets. 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 increased in 2023 due primarily to increases in reserves held for debt service and reductions in accrued interest year-over-year. Restricted net position decreased in 2022 due to the transfer of debt service reserves in excess of requirements.

Unrestricted net position represents the accumulation of net position that are not capital assets, or subject to external restrictions on their use. In 2023, unrestricted net position increased following positive operating results and a reduction in accounts payable, primarily from purchased power. Real time market purchases in December 2022 were at higher average prices than December 2023. 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 $4.5 million in 2023 and $20.9 million in 2022. While still positive, the year-over-year decline was most notable in wholesale sales and purchased power activity with less generation available for sale due to below average hydrological conditions in the region reducing the availability of hydroelectric generation. This was a marked shift from 2022, where above average water supply in the region contributed to higher wholesale volumes. Also notable to 2022, net operating income was strong from retail demand and higher wholesale energy prices, which more than offset increased power purchases.

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 August 2023 and July and August 2022 where peak loads were comparable though still lower than winter peak loads. Annual average temperatures for 2023 and 2022 were above normal by approximately 1.5 and 1 degrees Fahrenheit, respectively. Overall loads were down slightly in 2023 compared to 2022, as 2022 had a higher level of heating degree days, which is a measure of how cold the temperature was on a given day. Also, of note for Residential revenue were customer price increases in 2023 of 4.0% and in 2022 of 3.72%.

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.

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. 2023 wholesale activity was less than anticipated due to a poor hydrological conditions in the region. Overall generation available for sale was less, reducing wholesale market sales from expectations. In 2022, stronger than normal water supply for hydropower in the region 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.

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 are not 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 decreased in 2023 as energy trading activity was more conservative and at lower volumes. Increased awareness for seasonal readiness and responding to new market regulations were dynamics that contributed to conservatism in the face of market uncertainty. Purchased power costs increased in 2022 as a result of higher market prices and volumes, noted above.

A reduction in fuel costs for a co-generation plant was the leading contributor to the decrease in steam and hydraulic generation expense in 2023. Similarly, increased fuel costs contributed to the rise in steam and hydraulic generation costs in 2022.

Collection and customer assistance costs increased in 2023 compared to 2022 due to labor increases and purchased services.

Administrative and general costs increased in 2023 and 2022 due to multiple factors, including labor increases, software costs, insurance, and purchased services.

Depreciation expense was comparable from 2023 to 2022 and increased in 2022 as a function of prior year capital closeout activity. Various assets were finished near the end of 2021, including improvements at the Carmen Smith facility, and depreciation recognition began early in the following year.

Non-operating revenue increased in 2023 compared to 2022 due to interest earnings. The Board's investment portfolio is primarily comprised of fixed income securities. Investment securities generated more earnings as re-investment activity occurred in the higher interest rate market. Investment losses in 2022 were a function of the rapid rise in interest rates and were due to unrealized losses from fair market value changes in the investment portfolio. 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 expense is primarily interest expense for long-term debt and other revenue deductions including taxes and losses on the disposition of property.

Extraordinary items consisted of the recognition of the permanent impairment of generating assets at the Leaburg Hydroelectric Project in 2022.

Other transactions of note include the Oregon Public Employee Retirement System (OPERS) valuation. The net pension liability for the Electric System increased by $7.3 million from 2022 to 2023. From 2021 to 2022, the net pension liability increased by $13.5 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 are based on a cost-of-service analysis.

Recent residential price adjustments have been as follows:

2023	4.00%
2022	3.72%
2021	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.

Electric Capital and O&M budgets were not amended in 2023.

		2023
Approved Capital Budget	$	74,157,000
Electric Capital budgets were not amended in 2023		

		2023
Approved Operations & Maintenance Budgets	$	307,744,000
Electric O&M budgets were not amended in 2023		

		2022
Approved Capital Budget	$	55,016,000
Electric Capital budgets were not amended in 2022		

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.

		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**

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.

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, 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

2023 activity included:

- Remove Leaburg turbine runner to create a low-level outlet and increase stormwater conveyance capacity as a near term risk reduction measure
- Install sinkhole monitoring equipment at Trail Bridge dam
- Downtown Network Failing Vault replacements using in place concrete form system (estimated ¼ cost of full replacements)
- River Road Substation overhaul including protection and controls, high voltage equipment and transformer

- Westmoreland Substation Voltage Regulator replacement
- Failed Break Replacements at Hayden Bridge and Thurston Substations
- McKenzie Valley distribution transformer replacements and voltage regulator additions

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.

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.
- Leaburg Canal mitigation and International Paper switchgear and relay renewals.

2023 activity included:

- Property acquisition adjacent to Leaburg Canal in advance of near term risk reduction and decommissioning work.
- Currin Substation Rebuild - major milestones for bulk construction reached including design, contractor and materials procurement, demolition, substructure and substation major equipment installation (commissioning in 2024).
- AMI Deployment meter procurement
- Sale of Headquarters Building in downtown Eugene
- EWEB Enterprise Solutions project kickoff and implementation progress to replace customer information and core financial systems

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.

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

2023 activity included:

- Complete rehabilitation of one of the turbine generators at the Carmen Power Plant
- Construct temporary fish trap and haul facility at the Carmen-Smith spawning channel
- 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 2023 and 2022, 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
2023	$41,747	$17,273	2.4x
2022	$50,754	$16,679	3.0x
2021	$34,725	$15,340	2.3x

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)

	2023	2022 (as restated)	2021
Net utility plant	$ 257,363	$ 230,287	$ 209,504
Current assets	50,465	32,921	39,078
Other assets	39,548	25,899	34,189
Total assets	347,376	289,107	282,771
Deferred outflows of resources	8,177	10,652	10,736
Current liabilities	11,032	8,899	7,690
Long-term debt	107,418	63,067	65,899
Other liabilities	24,884	23,623	18,861
Total liabilities	143,334	95,589	92,450
Deferred inflows of resources	3,608	7,468	13,297
Net investment in capital assets	175,493	158,151	138,942
Restricted	109	706	4,048
Unrestricted	33,009	37,845	44,770
Total net position	208,611	196,702	187,760
Residential	22,494	20,483	21,409
Commercial and industrial	16,927	15,435	15,167
Sales for resale and other	6,770	8,143	5,542
Operating revenue	46,191	44,061	42,118
Transmission and distribution	7,663	7,756	6,632
Sources of supply, pumping, and purification	13,059	12,909	9,736
Customer accounting	2,484	1,845	1,782
Conservation expenses	649	581	545
Administrative and general	7,310	4,698	4,504
Depreciation on utility plant	8,658	8,285	7,263
Operating expenses	39,823	36,074	30,462
Net operating income	6,368	7,987	11,656
Non-operating revenue	6,419	1,319	1,031
Non-operating expense	(3,194)	(2,203)	(2,494)
Income before capital contributions	9,593	7,103	10,193
Capital contributions	2,316	1,839	2,355
Change in net position	11,909	8,942	12,548
Total net position - beginning of year	196,702	187,760	175,212
Total net position - end of year	$ 208,611	$ 196,702	$ 187,760

Analysis of financial position and results of operations

The Water System's overall financial position improved in 2023 and 2022 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 2023 and 2022. 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 2023 and 2022. In addition, the Water System issued debt in 2023 with a reserve requirement of zero, further reducing net position restricted for debt service.

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 2023 and 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. 2023 consumption was higher than 2022. Dry weather patterns brought a start to the summer watering season in May of 2023 compared to July of 2022. 2022 consumption decreased compared to 2021 as drought conditions eased from the prior year.

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 with a planned sunset after 60 months. 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. 2023 consumption increased with dry weather beginning in May and total rainfall in the second quarter declining over 5 inches compared to 2022. 2022 water consumption was less 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. Similar to residential consumption, commercial sales increased in 2023, with dry 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. 2023 and 2022 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 2023 due to multiple factors, including labor increases, software costs, insurance and purchased services.

Depreciation expense increases in 2023 and 2022 are 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. Significant capital asset activity is discussed below.

Other transactions of note include the OPERS valuation. The net pension liability for the Water System increased by $2.3 million from 2022 to 2023. The net pension liability for the Water System increased by $4.2 million from 2021 to 2022. 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 are based on a cost-of-service analysis.

Recent residential price adjustments have been as follows:

2023	6.00%
2022	3.00%
2021	No change

In 2023, Water Utility investments were projected to exceed the capital budget due to:

- Increased main replacement work in coordination with paving projects of the City
- Increased construction costs associated with Type 1 Pump Station work
- Contract timing, increased scope, and material costs for the Hilyard Transmission Main
- Timing of work for EWEB Enterprise Solutions (EES) – While the overall project is on budget, 2023 budget allocations were not sufficient for the work performed during the year

These increases were partially offset by a lower year end projection for the E. 40th Reservoir spending, as site backfill and grading will occur in 2024.

		2023
Approved Capital Budget	$	32,468,000
Operational Changes		
Increasing main replacements		1,600,000
Timing of construction/Project Cost Increases		5,200,000
Reduction for East 40th Reservoir		(1,800,000)
Total Capital Budget Amendment		5,000,000
Total Amended Capital Budget	**$**	**37,468,000**

Operational changes may be broadly characterized as planned future outflows happening in the current period and cost increases from revised project scope and material pricing. An amendment to increase the Water Capital budget by $5 million was approved with funding coming from reserves. Strong water consumption during the summer produced favorable retail revenue and contributes to reserves being above target.

2023 Water System O&M budgets were not amended.

		2023
Approved Operations & Maintenance Budget	$	36,765,000
Water O&M budgets were not amended in 2023		

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 Capital Budget Amendment		-
Total Amended Capital Budget	**$**	**29,131,000**

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.

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.

2023 activity included:

- Source – Water intakes & Filtration Plant: Numerous smaller projects were completed at Hayden Bridge in 2023. These included completion of 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 made significant progress made over the course of the year. Chlorine building locker room remodel was completed.

- Distribution Pipe and Services - Water main replacements and improvements are the largest component of the Type 1 work. Several large projects were completed ahead of city paving projects to renew the system and many smaller projects to replace leaky pipes in poor condition. These include main replacements on Chambers Street, Pierce Street/ West 25th, Highland Drive, Portland Street - 31st Ave, Portland Street - 28th Ave to 30th Ave, N. Park Avenue, Agate Street. One main improvement was made to loop and improve fire flows on Amazon parkway.
- Highland drive pump station. Construction was about 70% complete with building and piping installed.

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.

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.

2023 activity included:

- E. 40th Reservoirs – Tanks were being tested for commissioning at the end of 2023. Work to finish commissioning, backfill, restoration, and landscaping continues into 2024
- College Hill Tank Replacement Design Started
- Hilyard St Transmission Main – Construction of the first two phases was complete and were put into service by the end of 2023. Project also included completion of significant portion of storm drain overflow piping for reservoir and distribution water main replacement on Hilyard and East 40th Streets
- Shasta 975 Reservoirs - Design was completed and tree removal completed.
- Sale of Headquarters Building in downtown Eugene
- EWEB Enterprises Solutions project kickoff and implementation progress to replace customer information and core financial systems

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

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.

2023 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/Amazon Park in South Eugene and at Churchill High School. Wells were drilled and water treatment equipment purchased. Purchasing of equipment and construction of treatment systems progressed on both sites in 2023.
- Willamette Treatment Plant - Land Use and Federal Permitting efforts were ongoing in 2023 for the proposed river intake, treatment plant, and offsite piping. Value engineering of intake design options and locations completed in 2023.

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 2023, the Water System made scheduled debt service payments and issued $43 million in revenue bonds to support capital improvement projects. In 2022, 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
2023	$17,429	$4,551	3.8x
2022	$16,080	$4,930	3.3x
2021	$20,040	$4,927	4.1x

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.

Condensed Financial Information
(in thousands of dollars)

	2023	2022	2021
Total assets	$ 16,329	$ 15,564	$ 20,371
Total liabilities	42	13	34
Total net position	16,287	15,551	20,337
Contributions	874	865	859
Net investment income (loss)	2,211	(3,169)	2,233
Total additions	3,085	(2,304)	3,092
Benefits	2,268	2,380	2,706
Administrative expenses	81	102	80
Total deductions	2,349	2,482	2,786
Net increase (decrease) in net position	$ 736	$ (4,786)	$ 306

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.

Investment values have the largest impact on financial statements for the Trust. Investments, total assets, and net position on the Statements of Fiduciary Net Position for the years presented in the condensed financial information are approximately the same totals: $16.3 million as of December 31, 2023, and $15.5 million as of December 31, 2022. On December 31, 2021, total investments and total assets were $20.4 and net position was $20.3 million. Increases or decreases in net position for the years presented in the condensed financial information were driven by the magnitude and direction of changes in the market values of the investments. Changes in market values were an increase of $1.8 million in 2023, a decrease of $3.8 million in 2022, and an increase of $1.6 million in 2021. The net change in net position each of those years were increases or decreases matching the direction of the changes in market values of the investments. In 2022, investment values declined due to the economic environment including high inflation and rising interest rates.

Contributions reported for the plan are primarily from the retiree participants. Those contributions are received outside the Trust, passed through to the insurance providers of the plan's benefits, and reported by the plan with benefit expenses. Contributions from retirees were $524,000, $568,000, and $684,000 for years 2023, 2022 and 2021, respectively. Contributions from the Board are made to the Trust in the amount of the most recent actuarially determined contribution (ADC) prepared by the plan's actuary, which is sometimes received after the year has ended.

Actuarially determined contributions are based on the explicit benefit plan, meaning cash flows that are expected to come from the Trust over the life of the OPEB plan. This produces a funding status that is higher than the funded status reported with the Board's net OPEB liability disclosed in Note 16, and an ADC which may appear smaller than necessary based on the net OPEB liability. The Board's net OPEB liability includes an implicit benefit, which is actuarially estimated. The implicit benefit is an implicit rate subsidy that occurs when retirees pay a blended premium rate used to provide healthcare insurance to active employees. The OPEB plan's healthcare insurance for retirees under the age of 65 is the healthcare plan offered to the Board's active employees. This creates an implicit benefit that is paid from the Electric and Water Systems. The ADC for the OPEB plan was $279,005 for 2023, $348,000 for 2022, and $0 for 2021 when the plan was considered fully funded based on investment values at the time of measurement. The Board contributed approximately $350,000, $297,000, and $176,000 during years 2023, 2022, and 2021, respectively.

Deductions reported by the Trust are primarily for benefits. The most expensive benefit is the medical insurance of the Board's active employees. The cost of this benefit has been slowly but consistently declining for eight years including the effects of premium increases. This cost was down 9% for 2023, or $88,000, 15% or $161,000 for 2022, and 8% or $91,000 in 2021. The decline was correlated to declining participation by retirees. Subsidies paid from the Trust for Medicare supplement insurance declined in 2023 and 2021 although at a much slower pace than that of the Board's group insurance. In 2022, the cost held approximately even. Premiums for this coverage have been relatively stable during those years. As the OPEB plan ages, the ages of its participants do as well. 83% of the plan's participants were Medicare eligible as of the plan's latest census on June 30, 2023.

Overall, the plan's financial position and change in net position for 2023 has improved from the decline of its investment values during 2022. The funded ratios, based on the explicit plan, were healthy in all years presented in the Condensed Financial Information: 93% as of June 30, 2023, 90% as of December 31, 2022, and fully funded on August 31, 2021.

Financial Statements

Eugene Water & Electric Board
Statements of Net Position
December 31, 2023 and 2022

	Electric System 2023	Electric System 2022 (as restated)	Water System 2023	Water System 2022 (as restated)	Total System 2023	Total System 2022 (as restated)
ASSETS						
Capital assets						
Utility plant in service	$ 867,623,944	$ 849,763,222	$ 370,943,365	$ 352,239,112	$ 1,238,567,309	$ 1,202,002,334
Less accumulated depreciation	506,769,993	494,150,466	158,769,103	150,684,785	665,539,096	644,835,251
Net utility plant in service	360,853,951	355,612,756	212,174,262	201,554,327	573,028,213	557,167,083
Property held for future use	3,016,235	20,246,074	2,326,419	2,322,906	5,342,654	22,568,980
Construction work in progress	79,305,799	57,175,038	42,862,740	26,409,755	122,168,539	83,584,793
Net utility plant	443,175,985	433,033,868	257,363,421	230,286,988	700,539,406	663,320,856
Current assets						
Cash and cash equivalents	29,389,682	32,858,620	3,385,106	4,223,805	32,774,788	37,082,425
Short-term investments	13,953,638	16,045,946	2,260,253	2,870,944	16,213,891	18,916,890
Restricted cash and investments	8,385,529	17,248,672	22,653,237	828,590	31,038,766	18,077,262
Designated cash and investments	40,815,533	48,543,976	15,533,634	18,708,741	56,349,167	67,252,717
Receivables, less allowances	29,966,371	43,943,118	4,545,480	4,354,180	34,511,851	48,297,298
Due from Water System	400,350	391,736	-	-	-	-
Materials and supplies	7,963,878	9,566,283	1,698,219	1,671,240	9,662,097	11,237,523
Prepaids	2,947,993	1,374,891	388,997	263,468	3,336,990	1,638,359
Option premiums short-term	654,500	-	-	-	654,500	-
Total current assets	134,477,474	169,973,242	50,464,926	32,920,968	184,542,050	202,502,474
Non-current assets						
Investments – designated	28,588,795	26,532,621	10,880,364	10,225,613	39,469,159	36,758,234
Investments – unrestricted	18,391,071	15,534,160	2,979,043	2,779,376	21,370,114	18,313,536
Investments – restricted	659,243	10,258,405	14,754,842	778,257	15,414,085	11,036,662
Receivables, conservation, and other	7,835,178	3,325,457	843,718	321,887	8,678,896	3,647,344
Due from Water System	5,281,516	5,670,306	-	-	-	-
Investment in Harvest Wind	15,403,953	16,466,835	-	-	15,403,953	16,466,835
Preliminary investigations	351,481	152,640	-	1,682,143	351,481	1,834,783
Other assets	37,300,979	19,846,640	10,089,645	10,112,133	47,390,624	29,958,773
Total non-current assets	113,812,216	97,787,064	39,547,612	25,899,409	148,078,312	118,016,167
DEFERRED OUTFLOWS OF RESOURCES	26,716,801	34,015,370	8,176,984	10,651,566	34,893,785	44,666,936
Total assets and deferred outflows of resources	$ 718,182,476	$ 734,809,544	$ 355,552,943	$ 299,758,931	$ 1,068,053,553	$ 1,028,506,433

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, 2023 and 2022

	Electric System		Water System		Total System	
	2023	2022 (as restated)	2023	2022 (as restated)	2023	2022 (as restated)
LIABILITIES						
Current liabilities						
Payables	$ 23,245,342	$ 35,525,121	$ 3,896,810	$ 3,668,921	$ 27,142,152	$ 39,194,042
Accrued payroll and benefits	5,690,663	4,950,994	1,789,455	1,547,369	7,480,118	6,498,363
Due to Electric System	-	-	400,350	391,736	-	-
Payable from restricted assets						
Accrued interest on long-term debt	3,228,046	3,407,316	1,830,950	900,583	5,058,996	4,307,899
Long-term debt due within one year	7,980,000	9,095,000	3,115,000	2,390,000	11,095,000	11,485,000
Total current liabilities	40,144,051	52,978,431	11,032,565	8,898,609	50,776,266	61,485,304
Non-current liabilities						
Long-term debt	196,305,177	206,489,230	107,417,799	63,067,191	303,722,976	269,556,421
Due to Electric System	-	-	5,281,516	5,670,306	-	-
Net pension liability	51,150,189	43,811,455	16,152,691	13,835,196	67,302,880	57,646,651
Net OPEB liability	8,370,547	12,056,944	2,643,331	3,807,456	11,013,878	15,864,400
Other liabilities	2,353,111	1,187,917	806,392	310,624	3,159,503	1,498,541
Total liabilities	298,323,075	316,523,977	143,334,294	95,589,382	435,975,503	406,051,317
DEFERRED INFLOWS OF RESOURCES	12,214,968	24,042,655	3,607,971	7,467,533	15,822,939	31,510,188
NET POSITION						
Net investment in capital assets	241,817,324	236,606,307	175,493,531	158,151,349	417,310,855	394,757,656
Restricted	4,323,932	4,025,772	108,507	706,264	4,432,439	4,732,036
Unrestricted	161,503,177	153,610,833	33,008,640	37,844,403	194,511,817	191,455,236
Total net position	407,644,433	394,242,912	208,610,678	196,702,016	616,255,111	590,944,928
Total liabilities, deferred inflows of resources, and net position	$ 718,182,476	$ 734,809,544	$ 355,552,943	$ 299,758,931	$ 1,068,053,553	$ 1,028,506,433

See accompanying notes.

Eugene Water & Electric Board
Statements of Revenues, Expenses, and Changes in Net Position
Years Ended December 31, 2023 and 2022

	Electric System		Water System		Total System	
	2023	2022 (as restated)	2023	2022 (as restated)	2023	2022 (as restated)
Residential	$ 113,426,037	$ 108,624,489	$ 22,494,274	$ 20,482,883	$ 135,920,311	$ 129,107,372
Commercial and industrial	99,255,586	101,020,323	16,926,853	15,434,908	116,182,439	116,455,231
Sales for resale and other	75,653,682	104,093,127	6,769,525	8,143,578	82,423,207	112,236,705
Operating revenues	288,335,305	313,737,939	46,190,652	44,061,369	334,525,957	357,799,308
Purchased power	148,313,355	164,545,623	-	-	148,313,355	164,545,623
System control	4,588,208	4,272,634	-	-	4,588,208	4,272,634
Wheeling	13,188,851	12,975,645	-	-	13,188,851	12,975,645
Steam and hydraulic generation	16,461,181	17,012,038	-	-	16,461,181	17,012,038
Transmission and distribution	30,365,849	26,745,670	7,663,344	7,756,235	38,029,193	34,501,905
Source of supply, pumping, and purification	-	-	13,058,693	12,909,352	13,058,693	12,909,352
Customer accounting	10,004,015	9,184,503	2,484,235	1,845,290	12,488,250	11,029,793
Conservation expenses	5,397,369	4,853,314	649,101	580,642	6,046,470	5,433,956
Administrative and general	27,509,171	25,262,993	7,309,979	4,698,145	34,819,150	29,961,138
Depreciation on utility plant	27,979,496	28,003,592	8,657,768	8,284,863	36,637,264	36,288,455
Operating expenses	283,807,495	292,856,012	39,823,120	36,074,527	323,630,615	328,930,539
Net operating income	4,527,810	20,881,927	6,367,532	7,986,842	10,895,342	28,868,769
Investment earnings (losses)	6,699,559	(1,175,518)	2,550,013	(425,176)	9,249,572	(1,600,694)
Interest earnings, Water	142,997	152,176	-	-	-	-
Other revenue	4,523,033	3,736,632	3,869,456	1,744,613	8,392,489	5,481,245
Non-operating revenues	11,365,589	2,713,290	6,419,469	1,319,437	17,642,061	3,880,551

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, 2023 and 2022

	Electric System		Water System		Total System	
	2023	2022 (as restated)	2023	2022 (as restated)	2023	2022 (as restated)
Other revenue deductions	$ 621,597	$ 484,299	$ 241,975	$ 16,629	$ 863,572	$ 500,928
Interest expense and related amortization	6,687,157	6,987,468	2,809,461	2,033,914	9,496,618	9,021,382
Interest expense, Electric	-	-	142,997	152,176	-	-
Non-operating expenses	7,308,754	7,471,767	3,194,433	2,202,719	10,360,190	9,522,310
Income before capital contributions and special items	8,584,645	16,123,450	9,592,568	7,103,560	18,177,213	23,227,010
Contributions in aid of construction	4,640,065	2,263,359	842,501	601,151	5,482,566	2,864,510
Contributed plant assets	176,811	280,483	679,362	637,552	856,173	918,035
System development charges	-	-	794,231	600,168	794,231	600,168
Capital contributions	4,816,876	2,543,842	2,316,094	1,838,871	7,132,970	4,382,713
Extraordinary item	-	(19,851,376)	-	-	-	(19,851,376)
Change in net position	13,401,521	(1,184,084)	11,908,662	8,942,431	25,310,183	7,758,347
Total net position at beginning of year	394,242,912	395,426,996	196,702,016	187,759,585	590,944,928	583,186,581
Total net position at end of year	$ 407,644,433	$ 394,242,912	$ 208,610,678	$ 196,702,016	$ 616,255,111	$ 590,944,928

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, 2023 and 2022

	Electric System		Water System		Total System	
	2023	2022 (as restated)	2023	2022 (as restated)	2023	2022 (as restated)
CASH FLOWS FROM OPERATING ACTIVITIES						
Receipts from customers	$ 314,686,083	$ 315,554,920	$ 46,324,842	$ 43,667,685	$ 361,010,925	$ 359,222,605
Other receipts	4,468,412	5,030,747	4,094,941	1,694,504	8,563,353	6,725,251
Power purchases	(158,625,119)	(153,309,976)	-	-	(158,625,119)	(153,309,976)
Payments to employees, employer paid benefits	(60,373,962)	(54,390,291)	(20,187,302)	(17,146,338)	(80,561,264)	(71,536,629)
Payments to suppliers	(49,017,299)	(43,433,772)	(11,366,702)	(10,051,004)	(60,384,001)	(53,484,776)
Contributions in lieu of taxes	(13,471,229)	(13,523,025)	-	-	(13,471,229)	(13,523,025)
Net cash from operating activities	37,666,886	55,928,603	18,865,779	18,164,847	56,532,665	74,093,450
CASH FLOWS FROM INVESTING ACTIVITIES						
Purchases of investment securities	(65,233,102)	(56,498,134)	(48,711,982)	(6,564,779)	(113,945,084)	(63,062,913)
Proceeds from sale and maturities of investments	84,451,036	62,531,976	25,831,696	15,368,494	110,282,732	77,900,470
Interest on investments	1,610,429	1,452,656	506,265	361,668	2,116,694	1,814,324
Distributions from equity investments	1,507,000	1,639,799	-	-	1,507,000	1,639,799
Net cash from investing activities	22,335,363	9,126,297	(22,374,021)	9,165,383	(38,658)	18,291,680
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES						
Intersystem obligations paid to Electric from Water	379,403	370,242	(379,403)	(370,242)	-	-
Interest receipts/(payments) to Electric from Water	143,770	152,931	(143,770)	(152,931)	-	-
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.

Eugene Water & Electric Board
Statements of Cash Flows
Years Ended December 31, 2023 and 2022

	Electric System		Water System		Total System	
	2023	2022 (as restated)	2023	2022 (as restated)	2023	2022 (as restated)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Principal payments	$ (9,095,000)	$ (8,260,000)	$ (2,390,000)	$ (2,660,000)	$ (11,485,000)	$ (10,920,000)
Principal payments, right of use assets	(1,123,185)	(1,189,549)	(299,604)	(229,824)	(1,422,789)	(1,419,373)
Proceeds from issuance of bonds	-	-	48,010,323	-	48,010,323	-
Additions to plant and non-utility property, net	(57,792,300)	(34,853,461)	(32,829,188)	(28,685,653)	(90,621,488)	(63,539,114)
Interest payments	(8,214,616)	(8,424,520)	(2,636,222)	(2,270,270)	(10,850,838)	(10,694,790)
Capital contributions	4,816,876	2,543,841	2,316,093	1,838,871	7,132,969	4,382,712
Net cash from capital and related financing activities	(71,408,225)	(50,183,689)	12,171,402	(32,006,876)	(59,236,823)	(82,190,565)
CHANGE IN CASH AND CASH EQUIVALENTS	(10,882,803)	15,394,384	8,139,987	(5,199,819)	(2,742,816)	10,194,565
CASH AND CASH EQUIVALENTS, beginning of year	60,648,132	45,253,748	12,394,735	17,594,554	73,042,867	62,848,302
CASH AND CASH EQUIVALENTS, end of year Including cash and cash equivalents restricted and designated: $20,375,647 and $17,149,616 ($27,789,512 and $8,170,929 in 2022) for Electric and Water, respectively	$ 49,765,329	$ 60,648,132	$ 20,534,722	$ 12,394,735	$ 70,300,051	$ 73,042,867

NON-CASH CAPITAL ACTIVITY

In 2023, plant assets contributed by developers were $176,811 for the electric system and $679,362 for the water system ($280,483 for the electric system and $637,552 for the water system in 2022).

In 2023, intangible right of use assets, net of accumulated amortization, were $1,520,836 for the electric system and $1,097,966 for the water system ($877,438 for the electric system, and $109,873 for the water system in 2022)

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, 2023 and 2022

	Electric System		Water System		Total System	
	2023	2022 (as restated)	2023	2022 (as restated)	2023	2022 (as restated)
RECONCILIATION OF NET OPERATING INCOME TO NET CASH FROM OPERATING ACTIVITIES						
Net operating income	$ 4,527,810	$ 20,881,927	$ 6,367,532	$ 7,986,842	$ 10,895,342	$ 28,868,769
Adjustments to reconcile net operating income to net cash from operating activities						
Depreciation, including allocated	29,124,907	29,180,091	8,657,768	8,284,864	37,782,675	37,464,955
Other revenue	3,695,375	3,741,662	4,420,432	1,520,635	8,115,807	5,262,297
Other revenue deductions	(371,184)	(332,640)	(1,029)	(15,281)	(372,213)	(347,921)
(Increase) decrease in assets						
Receivables	14,217,500	(10,574,244)	(191,300)	(205,425)	14,026,200	(10,779,669)
Materials and supplies	1,602,405	(1,264,137)	(26,979)	(360,398)	1,575,426	(1,624,535)
Prepayments and special deposits	(1,573,103)	(433,043)	(125,528)	(136,211)	(1,698,631)	(569,254)
Conservation loans, net	(1,281,903)	58,961	-	-	(1,281,903)	58,961
Other assets	(943,191)	2,219,546	-	-	(943,191)	2,219,546
Decrease in deferred outflows						
Fair value of hedging derivatives	(654,500)	1,188,111	-	-	(654,500)	1,188,111
Increase (decrease) in liabilities						
Accounts payable, accrued payroll, and benefits	(11,887,787)	13,386,059	(235,117)	1,089,821	(12,122,904)	14,475,880
Other liabilities	816,299	(1,133,640)	-	-	816,299	(1,133,640)
Increase (decrease) in deferred inflows of resources	394,258	(990,050)	-	-	394,258	(990,050)
Net cash from operating activities	$ 37,666,886	$ 55,928,603	$ 18,865,779	$ 18,164,847	$ 56,532,665	$ 74,093,450

See accompanying notes.

Eugene Water & Electric Board
Statements of Fiduciary Net Position – OPEB
December 31, 2023 and 2022

	Retirement Benefits Plan	
	2023	2022
ASSETS		
Money market investments	$ 90,242	$ 117,542
Interest and dividends receivable	313	343
Prepaid expenses	2,005	1,300
Investments, at fair value		
Mutual funds and exchange traded funds		
Fixed income	6,364,739	6,050,386
International	3,631,968	3,199,733
Domestic	5,422,952	4,938,590
Real estate	817,123	1,256,294
Total investments	16,236,782	15,445,003
Total assets	$ 16,329,342	$ 15,564,188
LIABILITIES		
Administrative costs payable	$ 9,773	$ 12,800
Benefits payable	31,952	-
Total liabilities	41,725	12,800
Net position restricted for postemployment benefits other than pensions	$ 16,287,617	$ 15,551,388

See accompanying notes.

Eugene Water & Electric Board
Statements of Changes in Fiduciary Net Position – OPEB
Years Ended December 31, 2023 and 2022

	Retirement Benefits Plan 2023	Retirement Benefits Plan 2022
ADDITIONS		
Contributions		
Employer	$ 350,010	$ 297,000
Retirees – EWEB group plan, only	524,327	567,544
Total contributions	874,337	864,544
Investment income		
Net increase (decrease) in fair value of investments	1,773,255	(3,783,036)
Interest	5,018	1,504
Dividends	476,727	454,292
Capital gain distributions	1,713	206,861
	2,256,713	(3,120,379)
Less investment expense	46,235	48,573
Net investment income (loss)	2,210,478	(3,168,952)
Total additions	3,084,815	(2,304,408)
DEDUCTIONS		
Benefits	1,743,172	1,812,546
Benefits funded by retirees – EWEB group plan	524,327	567,544
Administrative expenses	81,087	101,453
Total deductions	2,348,586	2,481,543
Net increase (decrease) in net position	736,229	(4,785,951)
NET POSITION RESTRICTED FOR POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS		
Beginning of year	15,551,388	20,337,339
End of year	$ 16,287,617	$ 15,551,388

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.

In May 2020, GASB issued statement no. 96, *Subscription Based Information Technology Arrangements.* The Statement defines a subscription-based information technology arrangement (SBITA); establishes that a SBITA results in a right-to-use, intangible, subscription asset and a corresponding subscription liability, and provides capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA.

Changes adopted to conform to the provisions of this statement were applied retroactively by restating financial statements for 2022.

	Electric System		
	As Originally Reported	As Restated	Effect of Change
Statement of Net Position			
Utility plant in service	$ 848,268,217	$ 849,763,222	$ 1,495,005
Accumulated amortization SBITAs	-	(617,568)	(617,568)
Payables	(34,962,578)	(35,525,121)	(562,543)
Other liabilities	(896,741)	(1,187,917)	(291,176)
Net investment in capital assets	(236,582,589)	(236,606,307)	(23,718)
	$ 575,826,309	$ 575,826,309	$ -
Statement of Revenues, Expenses and Changes in Net Position			
Change in net position	$ (1,207,802)	$ (1,184,084)	$ 23,718
Beginning net position	395,426,996	395,426,996	-
Ending net position	$ 394,219,194	$ 394,242,912	$ 23,718

	Water System		
	As Originally Reported	As Restated	Effect of Change
Statement of Net Position			
Utility plant in service	$ 352,042,352	$ 352,239,112	$ 196,760
Accumulated amortization SBITAs	-	(86,888)	(86,888)
Payables	(3,592,362)	(3,668,921)	(76,559)
Other liabilities	(283,181)	(310,624)	(27,443)
Net investment in capital assets	(158,145,478)	(158,151,349)	(5,871)
	$ 190,021,331	$ 190,021,330	$ -
Statement of Revenues, Expenses and Changes in Net Position			
Change in net position	$ 8,936,560	$ 8,942,431	$ 5,871
Beginning net position	187,759,585	187,759,585	-
Ending net position	$ 196,696,145	$ 196,702,016	$ 5,871

In March 2020, GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements.* The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements. The Statement was effective for fiscal years beginning after June 15, 2022 and the Board adopted the provisions for the year ended December 31, 2023, resulting in no current year impact.

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

SBITAs are right-to-use, intangible, capital assets with a contract term of more than one year. The assets are measured as the present value of payments to be made to the SBITA vendor over the term of the contract plus initial implementation costs. Recognition is limited to contracts with an undiscounted value meeting a policy threshold of $200,000. SBITAs are amortized using the straight-line method over the term of the contract.

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 – A lease is a contract that conveys control of the right to use another entity's nonfinancial asset as specified for a period of time in an exchange or exchange-like transaction. Examples of nonfinancial assets are land, buildings, and equipment. Leases receivable or payable are the present value of lease payments expected during a lease term. Recognition is limited to contracts with a noncancelable term greater than one year, and an undiscounted value meeting a policy threshold of $500,000 per contract, or in the aggregate, for a category of assets where contract terms are substantially alike. The Board has leases receivable and corresponding deferred inflows, which are amortized over the term of each lease.

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.

- *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 $5.2 million and $4.4 million at December 31, 2023 and 2022, 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 $1.4 million and $1.2 million at December 31, 2023 and 2022, respectively, and presented as part of the other liabilities.

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.

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, 2023, hedging derivatives with a fair value of $386,000 were reported as other assets and deferred inflows. Hedging derivatives with a fair value of $655,000 were reported as other liabilities and deferred 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.

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. As of December 31, 2023 and 2022, there were no investment derivatives or related investment revenue. As of December 31, 2022 there were no investment derivatives.

	Options			
	Hedging Derivatives		Investment Derivatives	
	2023	2022	2023	2022
Notional value	$ 654,500	$ -	$ -	$ -
Fair value – asset	385,943	-	-	-
Fair value – liability	654,500	-	-	-
Cash paid	654,500	-	-	-
Reference rates	Mid-C Index	-	-	-
Dates entered into	9/23	-	-	-
Dates of maturity	4/24 - 6/24	-	-	-

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, 2023, all derivative instrument assets were with one counterparty and the aggregate value was $386,000. This represents the maximum loss that would be recognized if the counterparty to the derivative instrument assets failed to perform as contracted. Counterparty credit rating was A-. This maximum exposure is reduced by $236,000 of liabilities included in a netting arrangement.

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 2023 and 2022, 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, 2022 (as restated)	Increases	Decreases	Balance December 31, 2023
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	24,412,361	460,300	-	24,872,661
Steam production	10,622,218	23,732	-	10,645,950
Hydro production	137,573,596	5,829,567	(20,245)	143,382,917
Transmission	89,357,069	3,775,197	(1,571,072)	91,561,194
Distribution	366,596,506	16,078,921	(1,141,584)	381,533,843
Telecommunications	23,724,726	688,143	-	24,412,869
General plant	181,316,922	4,749,020	(21,516,436)	164,549,506
SBITA	1,495,005	1,810,055	(494,956)	2,810,104
Completed construction, not yet classified	4,613,099	13,803,178	(4,613,099)	13,803,178
Total utility plant in service	849,763,221	47,218,114	(29,357,392)	867,623,944
Accumulated depreciation	(493,532,898)	(27,958,249)	16,010,424	(505,480,723)
Accumulated amortization SBITA	(617,567)	(1,166,658)	494,956	(1,289,269)
Plant not subject to depreciation				
Property held for future use	20,246,074	595,225	(17,825,064)	3,016,235
Construction work in progress	57,175,038	47,187,323	(25,056,562)	79,305,799
Net utility plant	$ 433,033,868	$ 65,875,755	$ (55,733,638)	$ 443,175,985

	Electric Utility Plant			
	Balance December 31, 2021	Increases	Decreases	Balance December 31, 2022 (as restated)
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
SBITA	-	1,495,005	-	1,495,005
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	30,884,481	(14,410,613)	849,763,222
Accumulated depreciation	(469,310,376)	(28,361,150)	4,138,627	(493,532,899)
Accumulated amortization SBITA	-	(617,567)	-	(617,567)
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	$ 49,966,296	$ (61,287,032)	$ 433,033,868

	Water Utility Plant			
	Balance December 31, 2022 (as restated)	Increases	Decreases	Balance December 31, 2023
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	25,995,834	-	-	25,995,834
Pumping	14,461,211	17,868	(302,922)	14,176,157
Water treatment	47,446,344	2,310,654	-	49,756,998
Transmission & distribution	210,870,441	20,738,035	(8,192,955)	223,415,521
General plant	44,813,226	1,627,937	(2,332,108)	44,109,055
SBITA	196,760	1,425,062	(141,139)	1,480,683
Completed construction, not yet classified	7,102,151	10,655,971	(7,102,151)	10,655,971
Total utility plant in service	$ 352,239,112	$ 36,775,527	$ (18,071,275)	$ 370,943,363
Accumulated depreciation	(150,597,898)	(8,745,276)	956,787	(158,386,387)
Accumulated amortization SBITA	(86,886)	(419,569)	123,739	(382,716)
Plant not subject to depreciation				
Property held for future use	2,322,906	3,514	-	2,326,420
Construction work in progress	26,409,755	31,343,579	(14,890,594)	42,862,740
Net utility plant	$ 230,286,988	$ 58,957,775	$ (31,881,343)	$ 257,363,421

	Water Utility Plant			
	Balance December 31, 2021	Increases	Decreases	Balance December 31, 2022 (as restated)
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
SBITA	-	196,760	-	196,760
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	$ 18,909,166	$ (6,254,666)	352,239,112
Accumulated depreciation	(142,306,939)	(8,464,343)	173,384	(150,597,898)
Accumulated amortization	-	(86,887)	-	(86,887)
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	$ 37,179,785	$ (16,396,787)	$ 230,286,988

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.

Harvest Wind escrow accounts – Funds include amounts held in escrow related to EWEB's investment in the Harvest Wind Project, consisting of a deposit in lieu of a letter of credit regarding the Project's transmission contract with Klickitat PUD.

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:

	2023		2022	
	Electric System	Water System	Electric System	Water System
Debt service reserves	$ 6,122,513	$ 1,588,100	$ 5,858,070	$ 1,519,515
Customer deposit and other	2,302,297	-	1,741,057	-
Terrestrial wildlife habitat fund	107,635	-	75,486	-
Harvest Wind escrow accounts	512,307	-	521,223	-
Construction funds	-	35,645,437	19,311,229	-
System development charge reserves	-	174,538	-	87,328
Investments for bond principal and interest	20	4	12	4
Total restricted cash and investments	$ 9,044,772	$ 37,408,079	$ 27,507,077	$ 1,606,847

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.

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:

	2023		2022	
	Electric System	Water System	Electric System	Water System
Rate stabilization fund	$ 26,668,927	$ 15,300,000	$ 26,668,927	$ 15,300,000
Power reserve	23,000,000	-	21,000,000	-
Capital improvement reserve	12,569,401	5,399,322	20,423,670	7,249,162
Second source fund	-	3,651,958	-	4,488,136
Operating reserve	5,720,000	1,363,718	5,720,000	1,351,056
Pension and medical reserve	1,446,000	699,000	1,264,000	546,000
Total designated cash and investments	$ 69,404,328	$ 26,413,998	$ 75,076,597	$ 28,934,354

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, 2023, were $28.1 million. Of the bank balances, $6 million were covered by federal depository insurance and $22.1 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*.

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, 2023, 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	$ 53,406,772	0.00	27.3%
U.S. Agency Securities				
FHLB		20,985,970		10.7%
FNMA		7,770,956		4.0%
FHLMC		7,056,465		3.6%
FFCB		24,684,090		12.6%
FAMCA		1,238,140		0.6%
Other Agency		2,087,460		1.1%
Subtotal U.S. Agency	AA	63,823,081	1.26	32.6%
U.S. Treasury Securities	AAA	69,596,330	1.07	35.6%
Municipal Bonds	AA	2,044,108	0.82	1.0%
Corporate Bonds	AAA	6,866,400	0.76	3.5%
Subtotal all securities		142,329,919	1.15	72.7%
Total		$ 195,736,691	0.84	100.0%

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%

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 $59.8 million as of December 31, 2023.

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

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 2023	Total Carrying Amount 2022
ELECTRIC SYSTEM					
Cash on hand	$ -	$ 13,560	$ -	$ 13,560	$ 13,560
Cash in bank	809,943	14,676,780	-	15,486,723	19,815,429
Investments in the State of Oregon local government investment pool	441,006	14,699,342	19,124,698	34,265,046	40,819,143
Investments – U.S. Agencies, Treasuries, and Corp.	7,793,823	32,344,709	50,279,630	90,418,162	106,374,268
Total electric system	9,044,772	61,734,391	69,404,328	140,183,491	167,022,400
WATER SYSTEM					
Cash in bank	744	1,392,252	-	1,392,996	2,009,722
Investments in the State of Oregon local government investment pool	9,870,367	1,992,854	7,278,505	19,141,726	10,385,012
Investments – U.S. Agencies, Treasuries, and Corp.	27,536,968	5,239,296	19,135,493	51,911,757	28,020,592
Total water system	37,408,079	8,624,402	26,413,998	72,446,479	40,415,326
	$ 46,452,851	$ 70,358,793	$ 95,818,326	$ 212,629,970	$ 207,437,726

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, 2023:

		Fair Value Measurements Using		
	2023	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	$ 69,596,330	$ 69,596,330	$ -	$ -
U.S. agencies	63,823,081	-	63,823,081	-
Corporate bonds	6,866,400	-	6,866,400	-
Municipal bonds	2,044,108	-	2,044,108	-
Total debt securities	$ 142,329,919	$ 69,596,330	$ 72,733,589	$ -
Derivative instruments				
Effective hedge-asset	$ 385,943	$ -	$ 385,943	$ -
Effective hedge-liability	(654,500)	-	(654,500)	-
Total derivatives	$ (268,557)	$ -	$ (268,557)	$ -

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	$ -

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:

	2023		2022	
	Electric System	Water System	Electric System	Water System
Current receivables				
Accounts receivable	$ 26,313,700	$ 3,996,520	$ 39,699,743	$ 4,144,947
Allowance for doubtful accounts	(377,819)	(34,475)	(346,164)	(34,869)
Net accounts receivable	25,935,881	3,962,045	39,353,579	4,110,078
Loans to customers	1,762,108	108,100	1,503,286	124,387
Receivable from Grants	1,113,138	116,934	1,194,779	-
Interest receivable	656,505	354,935	475,134	119,715
Leases receivable	155,405	-	152,064	-
Miscellaneous receivables	343,334	3,465	1,264,276	-
Receivables, less allowance	$ 29,966,371	$ 4,545,480	$ 43,943,118	$ 4,354,180
Long-term receivables				
Loans to customers	$ 4,068,334	$ 231,617	$ 3,045,253	$ 321,887
City of Eugene note receivable	3,468,569	612,100	-	-
Leases receivable	298,275	-	280,204	-
Long-term receivables	$ 7,835,178	$ 843,718	$ 3,325,457	$ 321,887

Total amounts written off for the year ended December 31, 2023 were $662,000 ($507,000 for 2022) for the Electric System and $53,000 ($47,000 for 2022) 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 $454,000 for the year ended December 31, 2023 ($432,000 in 2022). The Electric system recognized approximately $167,000, including approximately $6,000 in interest, as Other Revenue for the year ended December 31, 2023, for these contracts (approximately $159,000, including approximately $5,000 in interest, as Other Revenue for the year ended December 31, 2022).

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 $219,000 for the year ended December 31, 2023 (approximately $196,000 for the year ended December 31, 2022).

City of Eugene Note Receivable – The Board sold its former headquarters property at 500 E 4th Avenue, Eugene, Oregon, to the City of Eugene on June 28, 2023. Part of the payment for sale was a $4 million promissory note. Interest accrues at 4.00% per annum. No periodic payments are due on the note before its maturity; however, it may be prepaid in whole or in part at any time without penalty. The note is secured with a deed of trust on the property at 500 E 4th Avenue.

Note 7 – Payables

Current payables were as follows:

	2023		2022	
	Electric System	Water System	Electric System	Water System
Accounts payable	$ 5,937,835	$ 774,580	$ 9,574,283	$ 1,061,465
Accrued purchased power	11,993,173	-	21,650,438	-
Construction payables	1,242,151	2,589,831	845,338	2,384,945
Contributions in lieu of taxes	1,202,714	-	1,224,150	-
Customer deposits	1,492,794	-	762,761	-
Equipment purchases	423,739	230,664	831,631	134,199
SBITAs - current portion	865,483	293,235	562,544	76,559
Miscellaneous payables	8,279	8,500	50,620	11,753
Preliminary investigations payables	79,174	-	23,356	-
Total payables	$ 23,245,342	$ 3,896,810	$ 35,525,121	$ 3,668,921

Note 8 – Other Assets and Other Liabilities

Other assets and other liabilities were as follows:

	2023		2022	
	Electric System	Water System	Electric System	Water System
Other assets				
Non-utility property	$ 18,766,138	$ 574,522	$ 95,196	$ 577,815
Derivatives at fair value	385,943	-	-	-
Prepaid transmission expense – Harvest Wind	478,153	-	575,405	-
Regulatory assets				
Pension debits	11,315,208	6,666,831	11,060,715	6,586,463
OPEB debits	4,348,591	1,897,985	5,926,774	2,396,357
Conservation assets	895,408	-	966,931	-
Unamortized bond issue costs	1,111,538	950,307	1,221,619	551,498
Other assets	$ 37,300,979	$ 10,089,645	$ 19,846,640	$ 10,112,133
Other liabilities				
Derivatives at fair value	$ 654,500	$ -	$ -	$ -
Sick leave – upon retirement	1,058,540	334,276	896,741	283,181
SBITAs	640,071	406,084	291,176	27,443
System development charges	-	66,032	-	-
Other liabilities	$ 2,353,111	$ 806,392	$ 1,187,917	$ 310,624

Principal and interest requirements to maturity for SBITAs were as follows:

	Electric System		Water System	
	Principal	Interest	Principal	Interest
2024	$ 833,618	$ 35,641	$ 282,675	$ 17,149
2025	506,498	17,936	245,944	9,667
2026	133,572	3,874	130,291	3,113
2027	-	-	29,849	151
	$ 1,473,689	$ 57,451	$ 688,759	$ 30,080

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

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

	2023		2022	
	Electric System	Water System	Electric System	Water System
Deferred outflows of resources				
Accumulated decrease in fair value of hedging derivatives	$ 654,500	$ -	$ -	$ -
Unamortized losses on bond refunding	4,186,532	1,268,847	4,893,683	1,455,241
Pension – differences between expected and actual experience	2,501,400	789,916	2,126,693	671,587
Pension – net difference between projected and actual earnings on investments	919,378	290,330	-	-
Pension – changes of assumptions	4,543,880	1,434,910	6,874,254	2,170,817
Pension – differences between Board contributions and proportionate share of contributions	5,186,049	1,637,698	9,075,497	2,865,948
Pension contributions subsequent to measurement date	4,522,575	1,428,182	3,870,581	1,222,289
Pension - changes in proportion	3,454,174	1,090,792	4,441,081	1,402,446
OPEB – net difference between projected and actual earnings on investments	748,313	236,309	1,448,179	457,320
OPEB – changes of assumptions	-	-	1,285,402	405,918
Deferred outflows of resources	$ 26,716,801	$ 8,176,984	$ 34,015,370	$ 10,651,566
Deferred inflows of resources				
Accumulated increase in fair value of hedging derivatives	$ 385,943	$ -	$ -	$ -
Leases	403,787	-	395,472	-
Pension – net difference between projected and actual earnings on investments	-	-	7,832,641	2,473,465
Pension – differences between expected and actual experience	202,815	64,047	273,216	86,279
Pension – changes of assumptions	33,879	10,699	62,803	19,833
Pension – differences between Board contributions and proportionate share of contributions	3,533,223	1,115,755	4,542,716	1,434,542
Pension – changes in proportion	5,478,620	1,730,090	8,882,052	2,804,858
OPEB – net difference between expected and actual experience	928,656	293,260	2,053,755	648,556
OPEB – changes of assumptions	1,248,045	394,120	-	-
Deferred inflows of resources	$ 12,214,968	$ 3,607,971	$ 24,042,655	$ 7,467,533

Note 10 – Subscription based information technology arrangements (SBITA)

A SBITA is a contract that conveys control of the right to use another party's IT software, alone or in combination with tangible assets, as specified in the contract for a period in an exchange or exchange-like transaction. The board's SBITAs are primarily subscription software used throughout its operations of the Electric and Water Systems. These right-to-use assets are reported as SBITAs in the disclosure for utility plant. The present value of the corresponding liabilities for the subscription fees are reported as SBITAs in the disclosure for payables and the disclosure for other liabilities. The discount of each liability is amortized over the life of the SBITA and recognized with interest expense. Variable payments, for which is there is not a minimum subscription fee, and other payments such as termination fees are recognized as operating expenses. Variable payments not previously included in the measurement of the subscription liabilities were approximately $36,000 for the Electric System and approximately $9,000 for the Water System for the year ended December 31, 2023 (approximately $39,000 and $9,000 for the Electric and Water Systems, respectively, for the year ended December 31, 2022).

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, 2023, the balance of the Board's investment in Harvest Wind was $15.4 million ($16.5 million at December 31, 2022) including estimated income of $444,000 ($415,000 in 2022) and distributions of $1.5 million ($1.6 million in 2022).

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.

Under the terms of a transmission agreement, the Board has $512,000 as of December 31, 2023 ($521,000 at December 31, 2022) 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

On June 27, 2023, the Water System issued a par amount of $43 million in revenue bonds at a premium for a total of $48 million for the purpose of capital improvements.

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, 2023, $3.2 million of Electric System bonds are considered defeased ($4.1 million of Electric System bonds as of December 31, 2022).

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, 2023, and 2022, no assets were pledged as security for the outstanding bonds of the Electric and Water Systems.

Bonds and notes payable were as follows:

	2023	2022
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
2012 Series, 8-1-12 issue		
Serial bonds 2.00%–5.00%, due 2013–2032	6,560,000	8,370,000
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	70,805,000	77,105,000
Term bonds 4.00%, due 2037–2040	8,065,000	8,065,000
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
	183,690,000	192,785,000
Add unamortized premium	20,595,177	22,799,230
Electric System bonds payable	204,285,177	215,584,230
Less current portion	7,980,000	9,095,000
Electric System bonds payable, net of current portion	$ 196,305,177	$ 206,489,230

	2023	2022
Water Utility System Revenue and Refunding Bonds		
2016 Series, 5-19-16 issue		
Serial bonds, 2.00%–5.00%, due 2017–2037	$20,265,000	$21,605,000
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	10,075,000	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	8,590,000	9,225,000
Term bonds, 3.123%, due 2036-2040	4,430,000	4,430,000
2023 Series, 6-27-2023 issue		
Serial bonds, 5.00%, due 2024–2043	22,780,000	-
Term bonds, 5.00%, due 2048-2052	20,220,000	-
	$101,200,000	$60,590,000
Add unamortized premium	9,332,799	4,867,191
Water System bonds payable	110,532,799	65,457,191
Less current portion	3,115,000	2,390,000
Water System bonds payable, net of current portion	107,417,799	63,067,191
Total System long-term debt, net of current portion	$ 303,722,976	$ 269,556,421

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

	Electric System		Water System	
	Principal	Interest	Principal	Interest
2024	$ 7,980,000	$ 7,747,310	$ 3,115,000	$ 4,291,719
2025	8,275,000	7,370,236	3,300,000	4,105,663
2026	8,095,000	7,006,032	3,420,000	3,982,146
2027	9,475,000	6,647,914	3,570,000	3,836,803
2028	10,000,000	6,231,023	3,720,000	3,683,801
2029–2033	52,295,000	24,236,174	18,540,000	16,055,734
2034–2038	33,310,000	15,399,834	20,665,000	12,335,293
2039–2043	31,265,000	8,660,175	17,410,000	8,357,194
2044–2048	20,490,000	3,069,500	16,385,000	4,759,850
2049–2052	2,505,000	100,200	11,075,000	1,321,200
	$ 183,690,000	$ 86,468,398	$ 101,200,000	$ 62,729,403

Long-term debt activity for the year ended December 31, 2023, was as follows:

	Outstanding January 1, 2023	Additions	Reductions	Outstanding December 31, 2023	Due Within One Year
Electric revenue bonds	$ 192,785,000	$ -	$ (9,095,000)	$ 183,690,000	$ 7,980,000
Water revenue bonds	60,590,000	43,000,000	(2,390,000)	$ 101,200,000	3,115,000
Total bonded debt	$ 253,375,000	$ 43,000,000	$ (11,485,000)	$ 284,890,000	$ 11,095,000

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

Note 13 – Intersystem Items

Obligations

	2023		
	Electric System	Water System	Total Systems
Due from Water, (Due to) Electric			
Current			
Interest	$ 11,560	$ (11,560)	$ -
Roosevelt Operations Center	388,790	(388,790)	-
Total current	400,350	(400,350)	-
Non-current			
Roosevelt Operations Center	5,281,516	(5,281,516)	-
Totals	$ 5,681,866	$ (5,681,866)	$ -

	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)	-
	391,736	(391,736)	-
Non-current			
Roosevelt Operations Center	5,670,306	(5,670,306)	-
Totals	$ 6,062,042	$ (6,062,042)	$ -

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, 2023, and December 31, 2022, on a capitalized value of $17.6 million for the Water System.

Annual totals for payments (including interest) as of December 31, 2023, were as follows:

	Principal	Interest	Total
2024	$ 388,789	$ 134,383	$ 523,173
2025	398,408	124,764	523,173
2026	408,265	114,907	523,173
2027	418,366	104,806	523,173
2028	428,717	94,455	523,173
2029–2033	2,308,037	307,826	2,615,863
2033–2036	1,319,722	43,876	1,363,598
	$ 5,670,306	$ 925,018	$ 6,595,324

Note 14 – Net Position

Components of net position as of December 31, 2023 and 2022 are as follows:

	2023		2022	
	Electric System	Water System	Electric System (as restated)	Water System (as restated)
Net investment in capital assets	$ 241,817,324	$ 175,493,531	$ 236,606,307	$ 158,151,349
Restricted for:				
Customer care program	809,503	-	978,296	-
Harvest Wind escrow	512,307	-	521,223	-
Terrestrial wildlife habitat	107,635	-	75,486	-
System development changes	-	108,507	-	87,328
Debt service	2,894,487	-	2,450,767	618,936
	4,323,932	108,507	4,025,772	706,264
Unrestricted	161,503,177	33,008,640	153,610,833	37,844,403
	$ 407,644,433	$ 208,610,678	$ 394,242,912	$ 196,702,016

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.

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.

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 2028), the project costs and output for this unit are shared equally by the parties.

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.

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 8.1 MW and 0.95 aMW of energy and direct generation contracts with a total capacity of 2.7 MW and 0.31 aMW of energy.

Note 16 – Retirement Benefits

1. Pension Plan

Plan description – Board employees are provided with pensions through the Oregon Public Employees Retirement System (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.

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.

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, 2023, through December 31, 2023, were based on the December 31, 2021 actuarial valuation. Rates during this period were 19.44% for Tier One/Tier Two members and 16.82% for OPSRP. The Board's rates during January 1, 2022, through June 30, 2023 were 19.16% for Tier One/Tier Two members and 15.94% for OPSRP based on the December 31, 2019 actuarial valuation and the effects of the side account deposit made in 2019. Employer contributions based on payroll for the year ended December 31, 2023, were $9.9 million ($9 million in 2022).

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, 2023, the Board reported a net pension liability of $67.3 million for its proportionate share of the OPERS net pension liability ($57.6 million in 2022). The net pension liability was measured as of June 30, 2023 (as of June 30, 2022, for December 31, 2022) 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, 2021, rolled forward to June 30, 2023, and an actuarial valuation as of December 31, 2020, rolled forward to June 30, 2022, 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, 2023 was 0.35931882% (0. 37648006% as of June 30, 2022).

For the year ended December 31, 2023, the Board's proportionate share of system pension expense was $11.8 million ($8.7 million in 2022). 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 $9.9 million ($9 million in 2022).

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

	December 31, 2023	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on plan investments	$ 1,209,708	$ -
Differences between expected and actual experience	3,291,316	266,862
Changes in assumptions	5,978,790	44,578
Changes in employer proportion	4,544,966	7,208,710
Differences between employer contributions and proportionate share of contributions	6,823,747	4,648,978
Pension contributions subsequent to measurement date	5,950,757	-
	$ 27,799,284	$ 12,169,128

	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

$6 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, 2024 ($5.1 million as of December 31, 2023).

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)
2024	$ (1,624,340)	$ (79,888)	$ 1,138,194	$ (32,974)	$ 2,288,842	$ (4,246,298)	$ 1,298,561	$ 5,066,044	$ (1,328,280)
2025	(4,761,046)	(79,888)	906,053	(11,604)	2,343,317	(1,667,911)	1,298,561	1,551,304	(1,328,280)
2026	5,297,587	(79,888)	625,400	-	1,224,836	(626,178)	1,298,561	88,372	(1,328,280)
2027	2,297,507	(27,198)	428,364	-	178,630	(477,372)	649,283	84,305	(664,138)
2028	-	-	193,305	-	(56,835)	(190,951)	-	33,722	-
	$ 1,209,708	$ (266,862)	$ 3,291,316	$ (44,578)	$ 5,978,790	$ (7,208,710)	$ 4,544,966	$ 6,823,747	$ (4,648,978)

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, 2021	December 31, 2020
Measurement date	June 30, 2023	June 30, 2022
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 2022 Experience Study which reviewed experience for the four-year period ending on December 31, 2022.

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, 2023, and June 30, 2022, 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, 2023:

Asset Class	Target	Compound Annual Return (Geometric)
Global Equity	27.50%	7.07%
Private Equity	25.50%	8.83%
Core Fixed Income	25.00%	4.50%
Real Estate	12.25%	5.83%
Master Limited Partnerships	0.75%	6.02%
Infrastructure	1.50%	6.51%
Hedge Fund of Funds – Multistrategy	1.25%	6.27%
Hedge Fund Equity - Hedge	0.63%	6.48%
Hedge Fund - Macro	5.62%	4.83%
Assumed Inflation – Mean		2.35%

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

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%

Sensitivity of net pension liability to changes in the discount rate as of June 30, 2023:

Employers' Net Pension Liability	1% Decrease (5.9%)	Current Discount Rate (6.9%)	1% Increase (7.9%)
Defined Benefit Pension Plan	$ 111,171,686	$ 67,302,880	$ 30,589,339

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

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, 2023.

Changes in plan provisions during 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.

Changes in plan provisions subsequent to the measurement period – There were no changes in plan provisions subsequent to the measurement period.

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.

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 2023, the Board contributed $3.5 million for employees ($3.2 million for 2022).

Changes in plan provisions during 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.

Changes in plan provisions subsequent to the measurement period – There were no changes in plan provisions subsequent to the measurement period.

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.

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 eligible. 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 June 30, 2023, rolled forward to December 31, 2023, included 523 retirees or surviving spouses of retired employees, of which 160 opted out of or were ineligible for health care coverage, and 540 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, 2023, or December 31, 2022.

For the years ended December 31, 2023, and 2022, the annual money-weighted rate of return on investments, net of investment expense, was 15.33% and (16.6%), respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for changing amounts actually invested.

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, 2023, and December 31, 2022, 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 2023, the plan recognized $524,000 in contributions from retirees who had insurance coverage under the Board's group plan for active employees ($568,000 during 2022). 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 2023 was approximately $279,000. The Board contributed $350,000 during 2023. The ADC for 2022, which was updated after year's end, was approximately $348,000. The Board contributed $297,000 during 2022. Contributions were recognized in administrative and general expenses: $266,000 for the Electric System and $84,000 for the Water System in 2023 ($225,720 for the Electric System and $71,280 for the Water System in 2022). The expenses differ from the Board's OPEB expense determined on an actuarial basis, which was negative $1.1 million for 2023, due to amortizations which reverse the direction of total OPEB expense (negative $325,000 for 2022). 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.

Components of the actuarially determined OPEB expense are shown below:

	Retirement Benefits Plan	
	2023	2022
Service cost	$ 341,117	$ 386,929
Interest cost	1,251,775	987,977
Expected earnings	(970,019)	(1,278,546)
Administrative expenses	81,087	150,026
Change in benefits	-	-
Recognition of deferred outflows	1,635,630	2,097,174
Recognition of deferred inflows	(3,411,102)	(2,668,529)
	$ (1,071,512)	$ (324,969)

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

	December 31, 2023	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 1,221,916
Changes of assumptions	945,189	2,587,354
Net difference between projected and actual earnings on OPEB plan investments	2,668,498	1,683,876
Total	$ 3,613,687	$ 5,493,146

	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

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
2024	$ (523,812)
2025	(248,651)
2026	9,053
2027	(868,061)
2028	(247,988)
	$ (1,879,459)

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

	December 31, 2023	December 31, 2022
Total OPEB liability	$ 27,301,495	$ 31,415,788
Plan fiduciary net position	(16,287,617)	(15,551,388)
EWEB's net OPEB liability	$ 11,013,878	$ 15,864,400
Plan fiduciary net position as a percentage of the total OPEB liability	60%	50%

Changes in the net OPEB liability – The Board's total net OPEB liability of $11 million was measured as of December 31, 2023:

	Total OPEB Liability	Fiduciary Net Position	Net OPEB Liability
Beginning of year 1/1/2023	$ 31,415,788	$ (15,551,388)	$ 15,864,400
Employer contributions	-	(350,010)	(350,010)
Retiree contributions	(524,327)	524,327	-
Expected investment income	-	(970,019)	(970,019)
Difference between expected and actual investment income	-	(1,240,459)	(1,240,459)
Benefit payments – implicit	(616,175)	-	(616,175)
Benefit payments	(1,218,845)	1,218,845	-
Administrative and trust expenses	-	81,087	81,087
Service cost	341,117	-	341,117
Interest on total OPEB liability	1,251,775	-	1,251,775
Changes of assumptions	(3,175,389)	-	(3,175,389)
Difference between expected and actual experience	(172,449)	-	(172,449)
End of year 12/31/23	$ 27,301,495	$ (16,287,617)	$ 11,013,878

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

Actuarial assumptions – The total OPEB liability as of December 31, 2023, and 2022, was determined using the following significant actuarial assumptions and inputs for both years:

	December 31, 2023	December 31, 2022
Discount rate	4.14%	3.12%
Inflation rate	2.5%	2.5%
Salary increases	3.5%	3.5%
Health care cost trend rates	3% - 5%	3% - 6%
Mortality	Pub-2010	Pub-2010
Withdrawal	OPERS experience study 2022	OPERS experience study Jul 2019
Retirement	Experience study Nov 2020	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 4.14% as of December 31, 2023, (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, 2023. 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, 2023 rate from the 20-year General Obligation Municipal Bond Index as published by the Bond Buyer: 3.26%.

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, 2023, and 2022 are summarized below:

	December 31, 2023	
Fund Type	% of Total Portfolio	Expected Long-Term Real Rate of Return
Domestic equity	33%	5.9%
Foreign equity	22%	6.3%
Fixed income	39%	1.5%
Real estate	5%	5.4%
3-month Treasury bills	1%	0.8%
	100%	

	December 31, 2022	
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%	

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, 2023:

	1% Decrease (3.14%)	Current Rate (4.14%)	1% Increase (5.14%)
Total OPEB liability	$ 30,519,450	$ 27,301,495	$ 24,599,198
Fiduciary net position	(16,287,617)	(16,287,617)	(16,287,617)
Net OPEB liability	$ 14,231,833	$ 11,013,878	$ 8,311,581

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, 2023:

	1% Decrease	Current Rates	1% Increase
Total OPEB liability	$ 24,576,245	$ 27,301,495	$ 30,523,663
Fiduciary net position	(16,287,617)	(16,287,617)	(16,287,617)
Net OPEB liability	$ 8,288,628	$ 11,013,878	$ 14,236,046

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

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

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.

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, 2023, and September 30, 2022, is as follows.

	Unaudited September 30, 2023	Unaudited September 30, 2022
ASSETS		
Current assets	$ 8,705,451	$ 5,319,451
Long-term receivable, BPA, net	22,597,191	25,983,191
Total assets	$ 31,302,642	$ 31,302,642
LIABILITIES		
Current liabilities	$ 8,402,000	$ 5,016,000
Accumulated provision for decommissioning costs	22,900,642	26,286,642
Total liabilities	$ 31,302,642	$ 31,302,642

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 $17.1 million at December 31, 2023, primarily for powerhouse improvements, and relicensing requirements for fish protection, and habitat development, and seismic upgrades ($23.7 million at December 31, 2022, primarily for powerhouse improvements, and relicensing requirements for fish protection, and habitat development).

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.

Distribution projects – Contractual commitments for 2 substation rebuilds and switchgear replacement were $5.5 million as of December 31, 2023 ($7.5 million as of December 31, 2022).

Generation projects – Commitments were $230,000 for replacement of switchgear and relays as of December 31, 2023 ($626,000 at December 31, 2022, for improvements to a dam hoist system, stormwater outlet and replacement of switchgear and relays).

Commitments under SBITAs before commencement of the subscription term were $8.4 million as of December 31, 2023 ($6.2 million as of December 31, 2022).

Water projects

Construction contracts primarily for storage tanks, a pump station, main replacements, seismic upgrades, SCADA system replacement, and Willamette Water Treatment Plant & River Intake were approximately $16.2 million at December 31, 2023 ($13.4 million as of December 31, 2022 for storage tanks and main replacements).

Commitments under SBITAs before commencement of the subscription term were $2.7 million as of December 31, 2023 ($1.9 million as of December 31, 2022).

Other projects

Contractual commitments for advanced metering were $1.4 million as of December 31, 2023 ($1.4 million, and $263,000 for advanced metering as of December 31, 2022).

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 $136,200 for a single claimant and $680,900 to all claimants for property damage. For injury or death, the most recent limits are $830,300 for a single claimant and $1,660,400 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, 2023, a total claims liability of approximately $12,000 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
2021	General Liability	108,380	532,392	(594,645)	46,127
2022	General Liability	46,127	295,494	(279,771)	61,850
2023	General Liability	61,850	259,868	(305,463)	16,255

Claims and other legal proceedings – Currently 3 federal lawsuits and 1 state lawsuit, representing approximately 600 plaintiffs, are pending against EWEB seeking damages related to the 2020 Holiday Farm Fire. EWEB expects one additional federal lawsuit to be filed shortly. 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. The plaintiffs allege that the Holiday Farm Fire resulted when two smaller fires combined. Plaintiffs further allege that the EWEB lines were re-energized when they fell onto the energized lines of another utility and started one of the smaller fires.

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, 2023.

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. 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 non-utility property and property held for future use on the Statements of Net Position as of December 31, 2023 and 2022, respectively.

Required Supplementary Information

Eugene Water & Electric Board
Schedule of Proportionate Share of the Net Pension Liability
As of June 30, 2023
Last Ten Years

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
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%	0.35931882%
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)	$ (67,302,880)
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	55,350,825
Proportionate share of the net pension asset/(liability) as percentage of covered-employee payroll	47%	101%	240%	191%	225%	179%	169%	82%	116%	122%
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	$ 83,487,618,066
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%	81.70%

Eugene Water & Electric Board
Schedule of Contributions – Pension
As of June 30, 2023
Last Ten Years

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
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	$ 8,598,365
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	9,053,612
Contributions deficiency (excess)	-	-	-	-	-	(3,001,764)	(25,737,440)	(54,887)	7,305,538	(455,247)
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	55,350,825
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%	16.36%

Notes to Schedule

Methods and assumptions used to determine contribution rates:

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
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	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	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	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	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	Market value of assets
Inflation	2.75%	2.75%	2.50%	2.50%	2.50%	2.50%	2.50%	2.40%	2.40%	2.40%
Salary increases	3.75%	3.75%	3.50%	3.50%	3.50%	3.50%	3.50%	3.40%	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%	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	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	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%	6.90%

Eugene Water & Electric Board
Schedule of Employer Contributions – OPEB
As of December 31, 2023
Last Ten Years*

	2023	2022	2021	2020	2019	2018	2017
Actuarially determined contribution (ADC)	$ 279,005	$ 347,885	$ -	$ 214,406	$ 501,342	$ 1,284,204	$ 1,348,797
Employer contributions in relation to the ADC/ Contributions recognized by the plan	350,010	297,000	175,500	462,000	1,137,500	3,348,797	980,298
Contribution excess (deficiency)	$ 71,005	$ (50,885)	$ 175,500	$ 247,594	$ 636,158	$ 2,064,593	$ (368,499)
Covered-employee payroll	$ 56,405,282	$ 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	0.62%	0.53%	0.34%	0.90%	2.38%	7.46%	2.21%

*10 year trend information will be presented prospectively.

Valuation dates: June 30, 2023, August 31, 2021, August 31, 2019, and December 31, 2017

Methods and assumptions used to determine contribution rates, all years unless othewise indicated:

	2023	2022	2021	2020	2019	2018	2017
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%	5%	5%	5%	5%	5%	5%
Dental	3%	3%	3%	3%	3%	3%	3%
Vision	3%	3%	3%	3%	3%	3%	3%
EWEB group medical, December 31, 2023 valuation: 5% for 2025, decreasing to ultimate rate of 4% by 2027.							
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%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%
Retirement age:							
55–58	7.5%	7.5%	7.5%	10%	10%	10%	10%
59–61	15%	15%	15%				
59–64				15%	15%	15%	15%
62–64	30%	30%	30%				
65	100%	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%

	2023	2022	2021	2020	2019	2018	2017
Experience study reports	11/3/2020	11/3/2020	11/3/2020	2014	2014	2014	2014
Mortality	Pub-2010	Pub-2010	Pub-2010	Pub-2010	RP-2014 General Service		
Investment rate of return	4.14%	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, 2023
Last Ten Years*

	2023	2022	2021	2020	2019	2018	2017
	Total OPEB Liability						
Service cost	$ 341,117	$ 386,929	$ 373,844	$ 240,509	$ 235,056	$ 279,685	$ 270,227
Interest	1,251,775	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	(172,449)	-	(2,556,043)	-	(6,148,762)	-	4,969,184
Changes in assumptions	(3,175,389)	-	2,234,085	-	1,723,170	-	15,538,406
Benefit payments	(2,359,347)	(2,476,215)	(2,687,516)	(2,820,747)	(2,877,867)	(3,402,142)	(3,280,201)
Net change in OPEB liability	(4,114,293)	(1,101,309)	(1,077,140)	(1,311,759)	(5,599,500)	(1,374,639)	18,210,713
Total OPEB liability – beginning	31,415,788	32,517,097	33,594,237	34,905,996	40,505,496	41,880,135	23,669,422
Total OPEB liability – ending	$ 27,301,495	$ 31,415,788	$ 32,517,097	$ 33,594,237	$ 34,905,996	$ 40,505,496	$ 41,880,135
	Plan Fiduciary Net Position						
	2023	2022	2021	2020	2019	2018	2017
Contributions	$ (350,010)	$ (297,000)	$ (175,500)	$ (462,000)	$ (1,137,500)	$ (3,348,797)	$ (980,298)
Contributions from plan retirees – EWEB group insurance	(524,327)	(567,544)	(683,609)	(740,292)	(716,560)	(775,345)	(740,089)
Net investment income	(2,210,478)	3,168,952	(2,233,327)	(2,527,084)	(3,280,364)	952,424	(2,204,942)
Benefit payments	2,267,499	2,380,090	2,706,467	2,858,549	2,922,208	3,361,962	3,385,729
Administrative expense	81,087	101,453	80,101	89,779	132,931	88,919	81,076
Net change in plan fiduciary net position	(736,229)	4,785,951	(305,868)	(781,048)	(2,079,285)	279,163	(458,524)
Plan fiduciary net position – beginning	(15,551,388)	(20,337,339)	(20,031,471)	(19,250,423)	(17,171,138)	(17,450,301)	(16,991,777)
Plan fiduciary net position – ending	$ (16,287,617)	$ (15,551,388)	$ (20,337,339)	$ (20,031,471)	$ (19,250,423)	$ (17,171,138)	$ (17,450,301)
Net OPEB liability	$ 11,013,878	$ 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	59.7%	49.5%	62.5%	59.6%	55.1%	42.4%	41.7%
Covered-employee payroll	$ 56,405,282	$ 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	19.5%	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, 2023
Last Ten Years*

	2023	2022	2021	2020	2019	2018	2017
Annual money-weighted rate of return, net of investment expense	15.3%	-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, 2023

	Revenue and Revenue Refunding 2012 Series 9/11/2012		Revenue Refunding 2016 A Series 9/7/2016		Revenue 2017 Series 9/12/207		Revenue 2020 A Series 6/11/2020	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2024	$ 1,040,000	$ 537,169	$ 6,625,000	$ 3,616,150	$ -	$ 1,689,750	$ -	$ 1,516,250
2025	-	495,569	6,875,000	3,284,900	-	1,689,750	-	1,516,250
2026	-	495,569	6,675,000	2,941,150	-	1,689,750	-	1,516,250
2027	-	495,569	6,000,000	2,607,400	945,000	1,689,750	1,085,000	1,516,250
2028	-	495,569	6,400,000	2,307,400	995,000	1,642,500	1,130,000	1,472,850
2029	1,315,000	495,569	6,615,000	1,987,400	1,045,000	1,592,750	1,175,000	1,427,650
2030	1,360,000	454,475	6,945,000	1,656,650	1,095,000	1,540,500	1,225,000	1,380,650
2031	1,400,000	410,275	7,290,000	1,309,400	1,150,000	1,485,750	1,270,000	1,331,650
2032	1,445,000	364,775	6,935,000	1,017,800	1,205,000	1,428,250	1,325,000	1,280,850
2033	-	317,813	5,175,000	740,400	1,270,000	1,368,000	1,375,000	1,227,850
2034	-	317,813	1,685,000	533,400	1,330,000	1,304,500	1,430,000	1,172,850
2035	-	317,813	1,755,000	466,000	1,400,000	1,238,000	1,490,000	1,115,650
2036	-	317,813	1,830,000	395,800	1,465,000	1,168,000	1,550,000	1,056,050
2037	-	317,813	1,900,000	322,600	1,540,000	1,094,750	1,610,000	994,050
2038	-	317,813	1,975,000	246,600	1,620,000	1,017,750	1,675,000	929,650
2039	2,005,000	317,813	2,050,000	167,600	1,700,000	936,750	1,725,000	879,400
2040	2,080,000	242,625	2,140,000	85,600	1,785,000	851,750	1,775,000	827,650
2041	2,155,000	164,625	-	-	1,875,000	762,500	1,830,000	774,400
2042	2,235,000	83,813	-	-	1,965,000	668,750	1,900,000	701,200
2043	-	-	-	-	2,065,000	570,500	1,980,000	625,200
2044	-	-	-	-	2,170,000	467,250	2,060,000	546,000
2045	-	-	-	-	2,275,000	358,750	2,140,000	463,600
2046	-	-	-	-	2,390,000	245,000	2,225,000	378,000
2047	-	-	-	-	2,510,000	125,500	2,315,000	289,000
2048	-	-	-	-	-	-	2,405,000	196,400
2049	-	-	-	-	-	-	2,505,000	100,200
	15,035,000	6,960,293	78,870,000	23,686,250	33,795,000	26,626,500	39,200,000	25,235,800
Less current portion	1,040,000	-	6,625,000	-	-	-	-	-
	$ 13,995,000	$ 6,960,293	$ 72,245,000	$ 23,686,250	$ 33,795,000	$ 26,626,500	$ 39,200,000	$ 25,235,800

See accompanying notes.

Eugene Water & Electric Board
Electric System – Long-Term Bonded Debt and Interest Payment Requirements, Including Current Portion
Year Ended December 31, 2023

	Revenue 2020 B Series 6/11/2020		Total Electric System Payments		
	Principal	Interest	Principal	Interest	Totals
2024	$ 315,000	$ 387,991	$ 7,980,000	$ 7,747,310	$ 15,727,310
2025	1,400,000	383,767	8,275,000	7,370,236	15,645,236
2026	1,420,000	363,313	8,095,000	7,006,032	15,101,032
2027	1,445,000	338,945	9,475,000	6,647,914	16,122,914
2028	1,475,000	312,704	10,000,000	6,231,023	16,231,023
2029	-	283,543	10,150,000	5,786,912	15,936,912
2030	-	283,543	10,625,000	5,315,818	15,940,818
2031	-	283,543	11,110,000	4,820,618	15,930,618
2032	-	283,543	10,910,000	4,375,218	15,285,218
2033	1,680,000	283,543	9,500,000	3,937,606	13,437,606
2034	1,720,000	242,770	6,165,000	3,571,333	9,736,333
2035	1,765,000	199,305	6,410,000	3,336,768	9,746,768
2036	1,810,000	153,821	6,655,000	3,091,484	9,746,484
2037	1,855,000	105,368	6,905,000	2,834,581	9,739,581
2038	1,905,000	53,854	7,175,000	2,565,667	9,740,667
2039	-	-	7,480,000	2,301,563	9,781,563
2040	-	-	7,780,000	2,007,625	9,787,625
2041	-	-	5,860,000	1,701,525	7,561,525
2042	-	-	6,100,000	1,453,763	7,553,763
2043	-	-	4,045,000	1,195,700	5,240,700
2044	-	-	4,230,000	1,013,250	5,243,250
2045	-	-	4,415,000	822,350	5,237,350
2046	-	-	4,615,000	623,000	5,238,000
2047	-	-	4,825,000	414,500	5,239,500
2048	-	-	2,405,000	196,400	2,601,400
2049	-	-	2,505,000	100,200	2,605,200
	16,790,000	3,959,556	183,690,000	86,468,398	270,158,398
Less current portion	315,000	-	7,980,000	-	-
	$ 16,475,000	$ 3,959,556	$ 175,710,000	$ 86,468,398	$ 270,158,398

Eugene Water & Electric Board

Water System – Long-Term Bonded Debt and Interest Payment Requirements, Including Current Portion

Year Ended December 31, 2023

	Revenue and Revenue Refunding 2016 Series 5/9/2016		Revenue 2020 A Series 6/4/2020		Revenue Refunding 2020 B Series 6/4/2020		Revenue 2023 Series 6/27/2023		Total Water System Payments		
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Totals
2024	$ 1,415,000	$ 1,151,000	$ 430,000	$ 593,450	$ 645,000	$ 325,602	$ 625,000	$ 2,221,667	$ 3,115,000	$ 4,291,719	$ 7,406,719
2025	1,470,000	1,094,400	450,000	576,250	655,000	316,263	725,000	2,118,750	3,300,000	4,105,663	7,405,663
2026	1,530,000	1,035,600	465,000	558,250	665,000	305,796	760,000	2,082,500	3,420,000	3,982,146	7,402,146
2027	1,610,000	959,100	485,000	539,650	675,000	293,553	800,000	2,044,500	3,570,000	3,836,803	7,406,803
2028	1,690,000	878,600	505,000	520,250	685,000	280,451	840,000	2,004,500	3,720,000	3,683,801	7,403,801
2029	1,770,000	794,100	525,000	500,050	700,000	265,991	880,000	1,962,500	3,875,000	3,522,641	7,397,641
2030	1,860,000	705,600	545,000	479,050	715,000	250,724	925,000	1,918,500	4,045,000	3,353,874	7,398,874
2031	1,125,000	631,200	570,000	457,250	735,000	234,772	975,000	1,872,250	3,405,000	3,195,472	6,600,472
2032	1,175,000	586,200	590,000	434,450	750,000	217,640	1,020,000	1,823,500	3,535,000	3,061,790	6,596,790
2033	1,225,000	539,200	615,000	410,850	770,000	199,407	1,070,000	1,772,500	3,680,000	2,921,957	6,601,957
2034	1,270,000	490,200	640,000	386,250	790,000	179,918	1,125,000	1,719,000	3,825,000	2,775,368	6,600,368
2035	1,320,000	439,400	660,000	367,050	805,000	159,528	1,180,000	1,662,750	3,965,000	2,628,728	6,593,728
2036	1,375,000	386,600	675,000	347,250	830,000	138,349	1,240,000	1,603,750	4,120,000	2,475,949	6,595,949
2037	1,430,000	331,600	700,000	327,000	860,000	112,428	1,305,000	1,541,750	4,295,000	2,312,778	6,607,778
2038	1,485,000	274,400	720,000	306,000	885,000	85,570	1,370,000	1,476,500	4,460,000	2,142,470	6,602,470
2039	680,000	215,000	740,000	284,400	910,000	57,932	1,435,000	1,408,000	3,765,000	1,965,332	5,730,332
2040	710,000	187,800	760,000	262,200	945,000	29,512	1,510,000	1,336,250	3,925,000	1,815,762	5,740,762
2041	735,000	159,400	785,000	239,400	-	-	1,585,000	1,260,750	3,105,000	1,659,550	4,764,550
2042	765,000	130,000	810,000	215,850	-	-	1,665,000	1,181,500	3,240,000	1,527,350	4,767,350
2043	795,000	99,400	835,000	191,550	-	-	1,745,000	1,098,250	3,375,000	1,389,200	4,764,200
2044	830,000	67,600	860,000	166,500	-	-	1,835,000	1,011,000	3,525,000	1,245,100	4,770,100
2045	860,000	34,400	885,000	140,700	-	-	1,925,000	919,250	3,670,000	1,094,350	4,764,350
2046	-	-	910,000	114,150	-	-	2,020,000	823,000	2,930,000	937,150	3,867,150
2047	-	-	940,000	86,850	-	-	2,125,000	722,000	3,065,000	808,850	3,873,850
2048	-	-	965,000	58,650	-	-	2,230,000	615,750	3,195,000	674,400	3,869,400
2049	-	-	990,000	29,700	-	-	2,340,000	504,250	3,330,000	533,950	3,863,950
2050	-	-	-	-	-	-	2,455,000	387,250	2,455,000	387,250	2,842,250
2051	-	-	-	-	-	-	2,580,000	264,500	2,580,000	264,500	2,844,500
2052	-	-	-	-	-	-	2,710,000	135,500	2,710,000	135,500	2,845,500
	$ 27,125,000	$ 11,190,800	$ 18,055,000	$ 8,593,000	$ 13,020,000	$ 3,453,436	$ 43,000,000	$ 39,492,167	$ 101,200,000	$ 62,729,403	$ 163,929,403
Less current portion	1,415,000	-	430,000	-	645,000	-	625,000	-	3,115,000	-	-
	$ 25,710,000	$ 11,190,800	$ 17,625,000	$ 8,593,000	$ 12,375,000	$ 3,453,436	$ 42,375,000	$ 39,492,167	$ 98,085,000	$ 62,729,403	$ 163,929,403

Eugene Water & Electric Board
Electric System – Analysis of Certain Restricted Cash and Investments for Bond Service
Year Ended December 31, 2023

	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, 2022	$ 12	$ 5,858,070	$ 19,311,229	$ 2,262,280	$ 75,486	$ 27,507,077
Deposits from general fund	17,881,551	-	-	1,012,296	27,972	18,921,819
Investment earnings (losses)	13	264,443	377,757	20,713	4,177	667,103
Receipts	17,881,564	264,443	377,757	1,033,009	32,149	19,588,922
Principal payments	9,095,000	-	-	-	-	9,095,000
Interest payments	8,786,554	-	-	-	-	8,786,554
Transfers to general fund	2	-	19,688,986	480,685	-	20,169,673
Disbursements	17,881,556	-	19,688,986	480,685	-	38,051,227
U.S. securities, at market	-	6,122,250	-	1,619,790	51,783	7,793,823
Cash in bank	20	263	-	773,505	36,155	809,943
State of Oregon Local Government						-
Investment Pool	-	-	-	421,309	19,697	441,006
Ending balance – December 31, 2023	$ 20	$ 6,122,513	$ -	$ 2,814,604	$ 107,635	$ 9,044,772

Eugene Water & Electric Board
Water System – Analysis of Certain Restricted Cash and Investments for Bond Service
Year Ended December 31, 2023

	Investments for Bond Principal & Interest	Debt Service Reserves	SDC Reserves	Construction Funds	Total All Funds
Ending balance – December 31, 2022	$ 4	$ 1,519,515	$ 87,328	$ -	$ 16,006,847
Deposits from general fund	3,942,398	-	806,620	47,552,414	52,301,432
Investment earnings (losses)	4	68,585	5,857	1,051,674	1,126,120
Receipts	3,942,402	68,585	812,477	48,604,088	53,427,552
Principal payments	2,390,000	-	-	-	2,390,000
Interest payments	1,552,402	-	-	-	1,552,402
Transfers to general fund	-	-	725,267	12,958,651	13,683,918
Disbursements	3,942,402	-	725,267	12,958,651	17,626,320
U.S. securities, at market	-	1,587,360	126,443	25,823,165	27,536,968
Cash in bank	4	740	-	-	744
State of Oregon Local Government					-
Investment Pool	-	-	48,095	9,822,272	9,870,367
Ending balance – December 31, 2023	$ 4	$ 1,588,100	$ 174,538	$ 35,645,437	$ 37,408,079

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	2023	2022	2021
Greenhouse Gas Emissions & Energy Resource Planning	Number of customers served in markets subject to renewable portfolio standards (RPS). (All retail customers)	98,000	97,000	96,000
	RPS target before exemptions	476,532 MWh	483,998 MWh	473,884 MWh
	Percentage fulfillment of RPS target by market	100%	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	2.35	2.03	4.4
	Fatality rate	0	0	0
End-Use Efficiency	Customer electricity savings from efficiency measures (In total across all customer types)	14,345 MWh 1.80 MW reduction in peak demand	15,034 MWh 2.3 MW reduction in peak demand	10,624 MWh 3.1 MW reduction in peak demand
Grid Resiliency	System Average Interruption Duration Index (SAIDI), per customer	48.65 minutes	62.22 minutes	46.21 minutes
	System Average Interruption Frequency Index (SAIFI), per customer	0.38 outages	0.48 outages	0.33 outages
	Customer Average Interruption Duration Index (CAIDI), per outage	129.01 minutes	130.90 minutes	138.98 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	2023	2022	2021
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	.35% of 819.2 miles 2.83 miles	.3% of 817 miles 2.30 miles	.2% of 817 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	202 944 Customers 106 minutes	222 972 Customers 80 minutes	267 1319 customers 112 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, 2023 and have issued our report thereon dated March 19, 2024. 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.

Keith Simovic, Partner
for Moss Adams LLP
Portland, Oregon
March 19, 2024

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Eugene Water & Electric Board
500 East 4th Avenue
Eugene OR 97401

www.eweb.org

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Eugene Water & Electric Board

Independent Auditor's Reports and Uniform Grant Guidance Reports

December 31, 2023

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* Incorporated by reference only.

MOSSADAMS

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, 2023, 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 19, 2024.

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 19, 2024

MOSSADAMS

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 the Board's major federal program for the year ended December 31, 2023. 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 its major federal program for the year ended December 31, 2023.

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, 2023, and have issued our report thereon dated March 19, 2024, 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 19, 2024

Federal Grantor/Pass-through Grantor Program Title	Agency or Pass-through Number	ALN Number	Expenditures	Amount Provided to Subrecipients
U.S. Department of Homeland Security				
Passed Through Oregon Office of Emergency Management Disaster Grants - Public Assistance (Presidentially Declared Disasters)	FEMA-DR-4562-OR	97.036	$ 39,738	$ -
Passed Through Oregon Office of Emergency Management Disaster Grants - Public Assistance (Presidentially Declared Disasters)	FEMA-DR-4432-OR	97.036	52,473	-
Passed Through Oregon Office of Emergency Management Hazard Mitigation Grant Program	FEMA-DR-4562-OR	97.039	25,338	-
Total U.S. Department of Homeland Security			117,549	-
U.S. Environmental Protection Agency				
Passed Through Oregon Business Development Department Capitalization Grants for Drinking Water State Revolving Funds - DWSRF Cluster	FAIN 98009019	66.468	5,554	-
Total U.S Environmental Protection Agency			5,554	-

Federal Grantor/Pass-through Grantor Program Title	Agency or Pass-through Number	ALN Number	Expenditures	Amount Provided to Subrecipients
U.S. Department of the Treasury				
Passed Through Lane County				
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	FAIN SLFRP4454	21.027	588,300	-
Passed through Oregon Department of Environmental Quality				
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	FAIN SKFRO4454	21.027	346,291	-
Total U.S. Department of the Treasury			934,591	-
Total Expenditures of Federal Awards			$ 1,057,694	$ -

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, 2023. 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, 2023 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*
21.027	COVID-19 Coronavirus State and Local Fiscal Recovery Funds	*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
Eugene OR 97401

www.eweb.org

Communications with Those Charged with Governance

Eugene Water & Electric Board

December 31, 2023

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Communications with Those Charged with Governance and Internal Control Related Matters

To the Board of Commissioners
Eugene Water & Electric Board

We have audited the financial statements of Eugene Water & Electric Board (EWEB or the Board) as of and for the year ended December 31, 2023 and have issued our report thereon dated March 19, 2024. 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 and Government Auditing Standards

As stated in our engagement letter dated August 16, 2023, 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) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. 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.

The supplementary information was subject to 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.

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 communication letter dated August 16, 2023.

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 May 2020, GASB issued statement no. 96, *Subscription Based Information Technology Arrangements*. The Statement defines a subscription-based information technology arrangement (SBITA); establishes that a SBITA results in a right-to-use, intangible, subscription asset and a corresponding subscription liability, and provides capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA. Adoption of this provision required certain restatement to the financial statements as of and for the year ended December 31, 2022.

In March 2020, GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements. The Statement was effective for fiscal years beginning after June 15, 2022 and the Board adopted the provisions for the year ended December 31, 2023, resulting in no impact to the December 31, 2023 and 2022 financial statements.

No other new accounting policies were adopted and there were no changes in the application of existing policies during 2023. 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 sensitive 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.

Discount Rate for Leases and Subscription-Based IT Arrangements – Management's estimate of the discount rate utilized to calculate the present value of the future payment streams for leases and subscription-based IT arrangements is based on review of the underlying contract for explicit rates, or in absence of an explicit rate management estimates EWEB's incremental borrowing rate. We have evaluated key factors and assumptions used to determine the discount rate of leases and SBITA arrangements 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 EWEB'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.

Circumstances that Affect the Form and Content of the Auditor's Report

There may be circumstances in which we would consider it necessary to include additional information in the auditor's report in accordance with U.S. GAAS and *Government Auditing Standards*. There were no circumstances that affected the form and content of the auditor's report.

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 lease or SBITA arrangements in accordance with GASB 87 and GASB 96, that fall below a threshold determined by a management policy, and as such will not be recorded in the financial statements. We have evaluated the impact of these passed leases and SBITA arrangements and they are not material individually or in the aggregate. In addition, we noted a work order in commercial operations at year end was not properly closed, and as such proposed proper adjustment.

Uncorrected misstatements identified in the current year are summarized as follows:

- To record leases not capitalized - $1,143,078 (Electric)
- To record SBITAs not capitalized - $642,801 (Electric)
- To record leases not capitalized - $105,391 (Water)
- To record SBITAs not capitalized - $145,112 (Water)
- To close work orders in commercial operation at year end - $145,127 (Water)

We noted no corrected misstatements as of and for the year ended December 31, 2023.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated March 19, 2024.

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 Entity’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 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 information is intended solely for the 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.

Communication of Internal Control Related Matters

In planning and performing our audit of the financial statements of the Board as of and for the year ended December 31, 2023, in accordance with auditing standards generally accepted in the United States of America, we considered the Board’s internal control over financial reporting (internal control) as a basis for designing our auditing procedures 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 Board’s financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses.

The following summarizes current year recommendations that we identified in the current year:

Work Order Review: During our testing over open work orders, we noted that one of the work orders selected for testing was in commercial operation at December 31, 2023 and had not been appropriately closed to assets in service. We recommend that all open work orders be reviewed at year end to determine if any are in fact completed and in service at year end so that such assets can be properly classified as assets in service and depreciated.

> ***Management Response: Mike Masters, Water Operations Manager –*** Management agrees with the recommendation for additional review and will work in collaboration with Finance to perform quarterly analysis to properly classify assets in service.

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

Moss Adams LLP

Portland, Oregon
March 19, 2024