

# Regional Wastewater Program

## Annual Financial Report



Metropolitan Wastewater  
MANAGEMENT COMMISSION



*partners in wastewater management*

Fiscal Year  
2022-2023



**METROPOLITAN WASTEWATER MANAGEMENT COMMISSION  
OF THE EUGENE-SPRINGFIELD METROPOLITAN AREA**

**ANNUAL FINANCIAL REPORT**

**For the Years Ended June 30, 2023 and 2022**



METROPOLITAN WASTEWATER MANAGEMENT COMMISSION

ANNUAL FINANCIAL REPORT

For the years ended June 30, 2023 and 2022

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# Introductory Section





# Metropolitan Wastewater MANAGEMENT COMMISSION



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## GOVERNING BOARD

June 30, 2023

Bill Inge  
Eugene, OR 97402

Lane County Citizen Representative  
President

Jennifer Yeh  
Eugene, OR 97401

Eugene Council Representative  
Vice President

Pat Farr  
Eugene, OR 97401

Lane County Board of Commissioners Representative

Christopher Hazen  
Eugene, OR 97405

Eugene Citizen Representative

Peter Ruffier  
Eugene, OR 97405

Eugene Citizen Representative

Doug Keeler  
Springfield, OR 97477

Springfield Citizen Representative

Joe Pishioneri  
Springfield, OR 97478

Springfield Council Representative

The Board and Officers can be contacted at the following address:

ADMINISTRATION  
225 Fifth Street  
Springfield, Oregon 97477

Matt Stouder

MWMC General Manager/Executive Officer

Michelle Miranda

Wastewater Division Director

Nathan Bell

MWMC Finance Officer



# Financial Section



# **Independent Auditor's Report**





# GROVE, MUELLER & SWANK

**redw**  
Advisors & CPAs

## ***INDEPENDENT AUDITOR'S REPORT***

Governing Board  
Metropolitan Wastewater Management Commission  
Springfield, Oregon

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

We have audited the financial statements of the business-type activities of Metropolitan Wastewater Management Commission (MWMC), as of and for the years ended June 30, 2023 and 2022, and the related notes to the financial statements, which collectively comprise MWMC's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the business-type activities of Metropolitan Wastewater Management Commission, as of June 30, 2023 and 2022, and the respective changes in financial position and cash flows thereof for the year 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). 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 MWMC 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 opinion.

#### ***Responsibilities of Management for the Financial Statements***

MWMC's 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 MWMC'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 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, 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 MWMC'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 MWMC'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 (MD&A) be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic 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 basic 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.



## ***Supplemental Information***


Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise MWMC's basic financial statements. The other supplemental information is presented for purposes of additional analysis and are not a required part of the basic financial statements.

The other supplemental information as listed in the table of contents is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

## ***Other Reporting Required by Minimum Standards for Audits of Oregon Municipal Corporations***

In accordance with *Minimum Standards for Audits of Oregon Municipal Corporations*, we have also issued our report dated December 18, 2023 on our consideration of MWMC's compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes 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.

GROVE, MUELLER & SWANK  
CERTIFIED PUBLIC ACCOUNTANTS

By:   
Ryan T. Pasquarella, A Shareholder  
December 18, 2023

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# **Management's Discussion and Analysis**

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## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

As management of the Metropolitan Wastewater Management Commission (MWMC), we offer readers of MWMC's financial statements this narrative overview and analysis of the financial activities of MWMC for the fiscal year ended June 30, 2023. Please read it in conjunction with MWMC's basic financial statements, which begin on page 19.

### **Mission**

The purpose of the MWMC is to protect health, safety and the environment by providing high quality wastewater management services to the Eugene-Springfield metropolitan area. The MWMC and its regional partners are committed to providing these services in a manner that is effective, efficient, and meets customer service expectations. Since the mid-1990's, the Commission and staff have worked together to identify key outcome areas within which to focus the annual work plan and budget priorities, as well as planning capital and construction administration.

### **Responsibility and Controls**

The City of Springfield performs all administrative duties, as well as planning and capital construction of major capital assets for the MWMC in accordance with the provisions of an intergovernmental service agreement among the City of Springfield, the City of Eugene, and the MWMC.

The City of Eugene performs all operations and maintenance duties for the MWMC in accordance with the provisions of the intergovernmental service agreement among the City of Eugene, the City of Springfield, and the MWMC.

### **FINANCIAL HIGHLIGHTS**

- Total assets and deferred outflows of resources at June 30, 2023 were \$249.2 million and exceeded liabilities and deferred inflows of resources by \$218.1 million (i.e. net position). The increase in net position for the fiscal year ended June 30, 2023 was \$12.9 million. The increase in net position for the fiscal year ended June 30, 2022 was \$9.5 million. The increase of \$3.4 million was the result of a \$1.9 million increase in operating revenues and \$4.5 million in non-operating revenues including capital contributions, offset by \$1.6 million in operations and maintenance expenses, \$0.7 million in administration expenses, and \$0.5 million in depreciation expense. Of the total net position, \$7.0 million is restricted for capital improvements, \$113.9 million represents net investment in capital assets, \$0.05 million for debt service, and \$97.1 million is unrestricted and available for future appropriation.
- Operating revenues for the year were \$38,592,209. This is 5.1% more than the fiscal year 2022 operating revenue of \$36,731,644. Fiscal year 2022 increased from 2021 with a change to operating revenues by \$2,275,279.

- Total operating and maintenance expenses for the year were \$16.1 million and the total administration expenses were \$5.0 million compared to the prior year when expenses were \$14.5 and \$4.2 million respectively, and 2021 when they were \$15.3 and \$4.3 million respectively.

## **OVERVIEW OF ANNUAL FINANCIAL REPORT**

Management's Discussion and Analysis (MD&A) serves as an introduction to the basic financial statements and supplementary information. The MD&A represents management's examination and analysis of MWMC's financial condition and performance.

The financial statements report information about MWMC using the accrual basis of accounting. As such, revenues are recognized when they are earned and expenses are recognized when they are incurred.

The financial statements include a statement of net position, a statement of revenues, expenses, and changes in net position, a statement of cash flows and notes to the financial statements. The statement of net position provides information about the nature and amount of resources and obligations at year-end. The statement of revenues, expenses, and changes in net position presents the results of the business activities over the course of the fiscal year and information on how the net position changed during the year. The statement of cash flows presents changes in cash and cash equivalents resulting from operational, capital and related financing, and investing activities. This statement presents information about cash receipts and cash disbursements, without consideration of the earnings event, when an obligation occurs, or depreciation of capital assets.

The notes to the financial statements provide required disclosures and other information that are essential to a full understanding of material data provided in the statements. The notes present information about the MWMC's accounting policies, significant account balances and activities, material risks, obligations, commitments, and contingencies.

The financial statements represent a consolidation of two budgetary funds: the Regional Wastewater Fund and the Regional Wastewater Capital Fund. For financial reporting purposes, management considers the activities relating to the operation of wastewater management to be of a unitary nature and they are reported as such. For operational purposes, the accounts of wastewater management are organized on the basis of funds, each of which is considered a separate accounting entity. Supplementary information comparing the budget to actual revenues and expenses is provided.

The financial statements were prepared by City of Springfield staff from the detailed books and records of the MWMC. The financial statements were audited during the independent external audit process.

## Financial Analysis

The following comparative condensed financial statements serve as the key financial data and indicators for management, monitoring, and planning.

### CONDENSED FINANCIAL STATEMENTS Statements of Net Position

	2023	2022	As restated, 2021
Current and other assets	\$ 121,048,049	\$ 107,720,486	\$ 97,059,893
Capital assets, net, where applicable, of accumulated depreciation	126,948,724	130,556,071	136,501,018
Total assets	247,996,773	238,276,557	233,560,911
Deferred outflows of resources	1,158,011	1,504,607	1,851,203
Current liabilities	7,338,186	6,367,262	6,886,945
Long-term liabilities	23,694,255	28,182,099	32,774,883
Total liabilities	31,032,441	34,549,361	39,661,828
Deferred inflows of resources	63,820	95,879	127,938
Net position:			
Net investment in capital assets	113,896,357	113,678,083	116,286,944
Restricted for capital improvement	6,970,309	10,200,201	8,231,886
Restricted for debt service	50,000	50,000	183,192
Unrestricted	97,141,857	81,207,640	70,920,326
Total net position	\$ 218,058,523	\$ 205,135,924	\$ 195,622,348

The largest portion of the MWMC's net position is net investment in capital assets, followed by unrestricted assets, and then the restricted amounts held for investment in the capital improvement plan and finally, the remaining amount that is restricted for debt service.

Total net position for MWMC continues to show a growth trend with increases to the categories of unrestricted and restricted for capital improvement. Net investments in capital assets decreased due to asset depreciation being greater than asset additions in FY23. MWMC is deliberately focused on a robust capital program that will maintain plant infrastructure to withstand the wear and tear of time, to meet current and future regulatory requirements, to survive natural disasters and to incorporate modern technologies. At the same time, MWMC has taken opportunities to retire long-term debt when cash has accumulated and interest rates are favorable.

## Statements of Revenues, Expenses, and Changes in Net Position

	2023	2022	2021
Operating revenues	\$ 38,592,209	\$ 36,731,644	\$ 34,456,365
Operations & maintenance	(16,121,306)	(14,484,573)	(15,280,858)
Administration	(4,972,942)	(4,197,186)	(4,275,285)
Depreciation	(10,403,006)	(9,876,657)	(9,389,412)
Operating income	7,094,955	8,173,228	5,510,810
Non-operating revenues (expenses), net (includes capital contributions)	5,827,644	1,340,348	3,003,235
Change in net position	\$ 12,922,599	\$ 9,513,576	\$ 8,514,045

Operating revenues increased by 5.1% from fiscal year 2022 to 2023 and increased by 6.6% from fiscal year 2021 to 2022. The fiscal year 2023 increase was primarily due to a \$1.9 million increase to sewer user fees collected, the prior year increase to sewer fees was \$2.3 million. Additionally, beginning in 2022 revenue was received from RNG (renewable natural gas) and RINs (renewable identification number) sales, in fiscal year 2023 \$1.2 million more was received than in fiscal year 2022.

Operations & maintenance expenses increased by approximately \$1.6 million or 11.3% compared to fiscal year 2022. The MWMC experienced small increases and decreases throughout the budget, but there were a couple of items with significance worth detailing. Personal services increased by \$871 thousand which was driven primarily by an increase to regular wages of \$613 thousand and related payroll expenses due to a return to full employment. Eugene operations increased by \$738 thousand driven primarily by increases to chemicals/paints/sealers of \$333 thousand, administration fees of \$113 thousand, temp agency extra help at \$77 thousand, and contractual services at \$48 thousand.

Net non-operating revenues/(expenses) increased from \$1.3 million in fiscal year ending June 30, 2022 to \$5.8 million for the year ending June 30, 2023. This was mainly due to the increase in interest income of \$3.3 million and capital contributions of \$901 thousand.

### Capital Assets

MWMC's investment in capital assets as of June 30, 2023 was \$126.9 million (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, buildings, machinery and equipment, and other assets. The net decrease in the MWMC's investment in capital assets for the current fiscal year was 2.8%. MWMC had a net decrease to capital assets of \$3.6 million, this was due to capital increases being far lower than depreciation and asset disposals.



Major capital asset events during the current fiscal year included the following:

- Work completed on the thermal load pre-implementation project with \$1.2 million transferred from construction in process to studies.
- Increases in construction in progress were the admin buildings project with expenses of \$1.3 million, the aeration basin upgrade project with expenses of \$0.8 million, and the water quality trading program with expenses of \$0.8 million.

**MWMC's Capital Assets**  
(net of accumulated depreciation)

	June 30,		
	2023	2022	2021
Land	\$ 8,781,282	\$ 8,781,282	\$ 8,339,727
Land improvements	17,180	-	-
Construction in progress	8,017,005	4,591,460	15,862,972
Buildings	68,670,339	74,608,089	68,920,608
Machinery and equipment	39,642,008	40,814,506	41,438,058
Studies	1,820,910	-	-
Other assets	-	1,760,733	1,939,652
Total	<u>\$ 126,948,724</u>	<u>\$ 130,556,070</u>	<u>\$ 136,501,018</u>

## Debt Administration

At the end of the current fiscal year, the MWMC had total bonded debt outstanding (net of unamortized premium) of \$13.5 million, all of which is secured solely by sewer revenues. Notes payable were comprised entirely of one State Revolving Fund Loan (SRF) which was obtained as additional funding to implement the Facilities Plan at more advantageous interest rates than would result from issuing another revenue bond. In November 2018, two of the five SRF loans were retired, a third was retired in October 2019 and the fourth was paid off in December 2020, leaving a balance of \$700 thousand as of June 30, 2023.

Additional information on the MWMC's capital assets and related debt can be found in Note G and Note I, beginning on page 30 of this report.

## Economic Factors and Next Year's Budget and Rates

For the year ended June 30, 2023, MWMC approved a 4.5% rate increase that was effective July 1, 2023 (a 3.5% increase was effective July 1, 2022). The new rate resulted in an average residential billing of \$30.25 per month based on typical residential consumption of 5,000 gallons per month. The budget included an annual capital contribution of \$14.6 million in order to fund implementation of the ongoing Capital Improvement Plan.

## **Requests for Information**

This financial report is designed to provide our citizens and rate payers with a general overview of the finances for those funds maintained by the MWMC and to show MWMC's accountability for the funds it receives. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

MWMC Accountant  
City of Springfield  
225 Fifth Street  
Springfield, OR 97477

# **Basic Financial Statements**

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Metropolitan Wastewater Management Commission  
Comparative Statements of Net Position

	June 30,	
	2023	2022
<b>ASSETS</b>		
Cash and investments		
Unrestricted	\$ 103,285,744	\$ 86,015,958
Restricted	10,288,182	13,516,250
Accounts receivable	851,256	851,256
Intergovernmental receivable, net	4,452,289	5,253,946
Interest Receivable	48	67
Inventory	754,849	720,014
Accrued interest	379,401	286,503
Prepaid expenses	38,598	45,089
Deposits	700,000	700,000
Notes receivable (System Development Charges)	232,128	233,952
Lease receivable	65,554	97,451
Capital assets:		
Land and construction in progress	16,798,287	13,372,743
Other capital assets, net of accumulated depreciation	110,150,437	117,183,328
Total assets	<u>247,996,773</u>	<u>238,276,557</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred charge for debt refunding	<u>1,158,011</u>	<u>1,504,607</u>
<b>LIABILITIES</b>		
Current liabilities:		
Accounts and contracts payable	3,485,290	2,681,454
Other accrued liabilities	76,328	60,048
Interest payable	85,459	113,958
Current portion of notes payable	100,000	100,000
Current portion of revenue bonds payable	3,590,000	3,410,000
Unearned revenues	1,109	1,802
Total current liabilities	<u>7,338,186</u>	<u>6,367,262</u>
Long-term liabilities:		
Due to other governments	13,173,877	13,471,771
Notes payable	600,000	700,000
Revenue bonds payable (net of unamortized premium, and current portion)	9,920,378	14,010,328
Total long-term liabilities	<u>23,694,255</u>	<u>28,182,099</u>
Total liabilities	<u>31,032,441</u>	<u>34,549,361</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred revenue lease initial	<u>63,820</u>	<u>95,879</u>
<b>NET POSITION</b>		
Net investment in capital assets	113,896,357	113,678,083
Restricted for capital improvement	6,970,309	10,200,201
Restricted for debt service	50,000	50,000
Unrestricted	97,141,857	81,207,641
Total net position	<u>\$ 218,058,523</u>	<u>\$ 205,135,924</u>

The accompanying notes are an integral part of these statements.

Metropolitan Wastewater Management Commission  
Comparative Statements of Revenues, Expenses and Changes in Net Position

	For the years ended June 30,	
	2023	2022
Operating revenues:		
Sewer user fees	\$ 38,575,467	\$ 36,715,418
Other operating receipts	16,742	16,226
Total operating revenues	<u>38,592,209</u>	<u>36,731,644</u>
Operating expenses:		
Operations and maintenance	16,121,307	14,484,573
Administration	4,972,942	4,197,186
Depreciation	10,403,006	9,876,657
Total operating expenses	<u>31,497,254</u>	<u>28,558,416</u>
Operating income	<u>7,094,955</u>	<u>8,173,228</u>
Non-operating revenues (expenses):		
Interest income	2,797,378	(493,275)
Interest expense	(416,647)	(584,897)
Lease income	30,373	57,202
Gain (loss) on disposal of capital assets	(39,475)	(36,527)
Miscellaneous revenue	225,003	67,657
Total non-operating revenues (expenses)	<u>2,596,632</u>	<u>(989,840)</u>
Income before contributions	9,691,587	7,183,388
Capital contributions	<u>3,231,012</u>	<u>2,330,188</u>
Change in net position	12,922,599	9,513,576
Net position, beginning of year	<u>205,135,924</u>	<u>195,622,348</u>
Net position, end of year	<u>\$ 218,058,523</u>	<u>\$ 205,135,924</u>

The accompanying notes are an integral part of these statements.

Metropolitan Wastewater Management Commission  
Comparative Statements of Cash Flows

	For the years ended June 30,	
	2023	2022
Cash flows from operating activities:		
Cash received from customers	\$ 39,377,124	\$ 36,343,377
Cash paid to other governments	(12,304,248)	10,349,178
Cash paid to suppliers for goods and services	(8,296,122)	(30,408,076)
Other operating receipts	16,049	16,672
Net cash provided by operating activities	18,792,803	16,301,151
Cash flows from capital and related financing activities:		
Acquisition and construction of capital assets	(6,795,659)	(3,931,710)
Proceeds from sale of capital assets	185,529	31,131
Proceeds of capital contributions	3,231,012	2,330,188
Principal paid on notes payable	(100,000)	(100,000)
Principal paid on revenue bonds payable	(3,563,354)	(3,398,353)
Interest payments	(445,146)	(612,022)
Net cash used in capital and related financing activities	(7,487,618)	(5,680,766)
Cash flows from investing activities:		
Interest received	2,704,499	(640,835)
Notes receivable issued	(282,545)	(284,003)
Cash received on notes receivable	284,368	198,826
Lease income	30,211	55,563
Net cash provided by investing activities	2,736,533	(670,449)
Net increase (decrease) in cash and investments	14,041,718	9,949,935
Cash and investments, beginning of year	99,532,208	89,582,273
Cash and investments, end of year	\$ 113,573,926	\$ 99,532,208
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 7,094,955	\$ 8,173,228
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	10,403,006	9,876,657
Changes in assets / liabilities:		
Intergovernmental receivable	801,657	203,427
Accounts receivable	-	(575,468)
Prepaid expenses	6,491	(1,444)
Accounts and contracts payable	803,836	(658,741)
Due to other governments	(281,614)	(582,098)
Inventory	(34,835)	(134,856)
Unearned revenue	(693)	446
Net cash provided by operating activities	\$ 18,792,803	\$ 16,301,151

The accompanying notes are an integral part of these statements.

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METROPOLITAN WASTEWATER MANAGEMENT COMMISSION  
NOTES TO FINANCIAL STATEMENTS

Years ended June 30, 2023 and 2022

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Metropolitan Wastewater Management Commission (MWMC) was established on February 9, 1977 through an intergovernmental agreement between Lane County and the Cities of Eugene and Springfield. It was formed to construct, operate, and maintain regional sewage facilities. The Commission is composed of seven voting members from Eugene, Springfield, and Lane County. Three of the seven members are elected officials from each of the partner agencies' governing bodies.

The financial operations of MWMC are reported as an entity using enterprise fund accounting. It is MWMC's intent that the costs of providing services to users on a continuing basis will be financed or recovered primarily through an equitable fee levied on all user classes.

Reporting Entity

These financial statements include all funds, organizations, departments, and offices that are not legally separate from the MWMC.

The City of Springfield performs all administrative duties and construction of major capital assets for MWMC in accordance with the provisions of a July 14, 1983 service agreement, which was updated and reaffirmed in 2005. The City of Eugene performs all operations and maintenance duties for MWMC under the same updated service agreement. The agreement is part of an arrangement among the Cities of Eugene and Springfield and MWMC whereby the two Cities perform all necessary operational and staff support activities of MWMC.

Basis of Accounting

The financial operations of MWMC are accounted for using the accrual basis of accounting. As such, revenues are recognized when they are earned and expenses are recognized when they are incurred.

All activities of the MWMC are accounted for within two proprietary (enterprise) funds. Proprietary funds are used to account for operations that are (a) financed and operated in a manner similar to a private business enterprise where the intent of the governing body is that the cost (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

The accounting and financial reporting treatment applied to MWMC is determined by its measurement focus. The transactions of MWMC are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets, deferred outflows, liabilities and deferred inflows associated with the operations are included on the statement of net position. Net position (i.e., total assets plus deferred outflows of resources less total liabilities plus deferred inflows of resources) is segregated into four categories: net investment in capital assets; restricted for capital improvements; restricted for debt service; and unrestricted net position.

MWMC distinguishes operating revenue and expenses from non-operating items. Operating revenues and expenses generally result from providing services to users. The principal operating revenues involve charges for services and the major operating expenses include the costs of plant operation and maintenance, administration, and depreciation of capital assets. All revenues and expenses not meeting these definitions are reported in these financial statements as non-operating revenues and expenses.

METROPOLITAN WASTEWATER MANAGEMENT COMMISSION  
NOTES TO FINANCIAL STATEMENTS

Years ended June 30, 2023 and 2022

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

Cash and Investments

MWMC participates in a cash and investment pool maintained by the City of Springfield. The amount reported as cash and investments is the MWMC share of the total City of Springfield cash and investment pool. As of June 30, 2023, MWMC does not maintain investments separate from the investment pools.

State statutes authorize the City to invest in obligations of the U.S. Treasury and its agencies, bankers' acceptances, high grade commercial paper, the State of Oregon Local Government Investment Pool, and repurchase agreements.

Fair Value Measurements

Investments are stated at fair value.

Fair value is defined as the price that would be received at the sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The City categorizes fair value measurements within the hierarchy established by GASB Statement 72. This hierarchy defines three levels of inputs used to assess fair value which allows financial statement users to identify the level of reliability and determine variance risk between actual amounts received during a sale of assets or transfer of liabilities to that which is reported in the financial statements for the measurement date.

For purpose of the statement of cash flows, cash and investments in the City-wide investment pool (including restricted cash, investments and LGIP) are considered cash and cash equivalents. The pool has the general characteristics of a demand deposit account for MWMC in that MWMC may deposit additional cash at any time and may withdraw cash at any time without prior notice or penalty.

Intergovernmental Receivable

The municipal water utilities for the Cities of Eugene and Springfield bill and collect sewer user fees. The collected amounts are due to the MWMC. Accordingly, MWMC records the amounts due from the local water utilities as its intergovernmental receivable. Both utilities have historically collected over 99% of accounts receivable, therefore only a small allowance for uncollectible amounts is recorded.

Lease Receivables

Lease receivables are recognized at the net present value of the leased assets at a borrowing rate either explicitly described in the agreement or implicitly determined by the Metropolitan Wastewater Management Commission, reduced by principal payments received.

Restricted Assets

Assets whose use is restricted for construction or other purposes by provisions of state law, grants, bond or other agreements, are segregated.

When both restricted and unrestricted resources are available for use, it is the MWMC's practice to use restricted resources first, when applicable, then unrestricted resources as they are needed.

METROPOLITAN WASTEWATER MANAGEMENT COMMISSION  
NOTES TO FINANCIAL STATEMENTS

Years ended June 30, 2023 and 2022

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

Capital Assets

All capital assets are valued at historical cost or estimated historical cost. Cost includes labor, materials, and related indirect costs. The cost of additions, renewals, and betterments over \$10,000 are capitalized, except as modified by the guidance in GASB Implementation Guide 2021-1. This guidance has been implemented by MWMC and therefore if an item or items are purchased at a unit cost below the capitalization threshold they are capitalized if those assets in the aggregate are significant. Repairs and minor replacements are charged to operating expenses.

All depreciation is accumulated and shown as a reduction of historical costs reported on the Statement of Net Position. Depreciation has been provided over the estimated useful lives of the assets using the straight-line method. Upon disposal of such assets, the accounts are relieved of the related historical costs and accumulated depreciation and resulting gains and losses are reflected in income.

The estimated useful lives agree with those used for cost analysis purposes as required by federal regulations. They are as follows:

Plant and buildings	10 – 50 years
Machinery and equipment	1 – 50 years

Accumulated Unpaid Vacation, Sick Pay and Other Benefit Amounts

The portions of accumulated unpaid vacation, sick, and compensatory time that are not expected to be paid within the year are reported as long-term liabilities as “due to other governments” since all employees are contracted from the cities of Eugene and Springfield.

Long-term Debt

Long-term debt is reported as a liability in the Statement of Net Position. Bond issuance costs are expensed in full in the year incurred and deferred amounts on refunding are amortized over the life of the new debt. Bond premiums and discounts are amortized using the bonds outstanding method.

Use of Estimates

In preparing the Commission’s financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the 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.

Risk Management

MWMC is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets. MWMC carries commercial insurance for such risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

METROPOLITAN WASTEWATER MANAGEMENT COMMISSION  
NOTES TO FINANCIAL STATEMENTS

Years ended June 30, 2023 and 2022

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

New Accounting Pronouncements

During the fiscal year ended June 30, 2023, the MWMC implemented the following GASB pronouncements:

- GASB Statement No. 91 – *Conduit Debt Obligations*. The objective of this statement is to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice. The adoption and implementation of Statement No. 91 did not have a significant impact to the MWMC.
- GASB Statement No. 94 – *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The objective of this statement is to better meet the information needs of financial statement users by improving comparability of financial statements among governments that enter into PPPs and APAs and by enhancing the understandability, reliability, relevance, and consistency of information about PPPs and APAs. The adoption and implementation of Statement No. 94 did not have a significant impact to the MWMC.
- GASB Statement No. 96 – *Subscription-Based Information Technology Arrangements*. The objective of this statement is to provide guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users.
- GASB Statement No. 99 – *Omnibus 2022*. The objective of this statement is to enhance comparability in the accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during application and implementation of certain GASB Statements and financial reporting for financial guarantees. The adoption and implementation of Statement No. 89 did not have a significant impact to the MWMC.
- GASB Statements *No. 100 and 101* – These are other pronouncements that have been issued by the GASB but not yet required to be implemented.

**NOTE B – INTERGOVERNMENTAL AGREEMENTS**

In accordance with the MWMC service agreement dated July 14, 1983 and updated on July 5, 2005, the City of Eugene is responsible for the operations of the regional sewage facilities. The agreement obligated MWMC for costs incurred by the City of Eugene in operating and maintaining the Regional Sewage Facilities. These costs include employee benefits for City of Eugene employees. The interagency payable at June 30, 2023 for operation and maintenance costs incurred by the City of Eugene is \$2,809,379 (\$2,167,738 for 2022). The total costs charged to MWMC for the year ended June 30, 2023 were \$16,121,307 (\$14,484,573 for 2022). The City of Springfield, in accordance with the MWMC service agreement dated July 14, 1983 and updated July 5, 2005, provides the technical, financial, and administrative support services to MWMC. Costs charged to MWMC for the years ended June 30, 2023 and 2022 were \$4,972,942 and \$4,197,186 respectively and include employee benefits for City of Springfield employees.

These costs include a pro-rata share of other post-employment benefits, specifically medical, dental and vision coverage for eligible retirees, their spouses, domestic partners, and dependents on a self-pay basis. Due to the effect of age, retiree claim costs are generally higher than claim costs for all members as a whole. The difference between retiree claim costs and the amount of retiree healthcare premiums represents implicit employer contribution. In addition, life insurance benefits are provided to fully disabled employees. The actuarial computed liability for the plan at June 30, 2023 was \$969,684 (\$963,300 for 2022).

METROPOLITAN WASTEWATER MANAGEMENT COMMISSION  
NOTES TO FINANCIAL STATEMENTS

Years ended June 30, 2023 and 2022

**NOTE B – INTERGOVERNMENTAL AGREEMENTS POLICIES – Continued**

MWMC has no employees of its own. All personnel costs reflected are related to the employees of the cities of Eugene and Springfield contracted to do the work of MWMC. In addition to the post-employment benefit liability referenced above, MWMC has recorded an interagency payable to the respective cities for the compensated absences of \$1,020,946 (\$930,464 for 2022), and the net pension liability of \$11,183,247 (\$11,578,006 for 2022) computed for those employees. The total interagency payable due to the cities of Eugene and Springfield is \$13,173,877 (\$13,471,771 for 2022.)

**NOTE C – COMMITMENTS AND CONTINGENCIES**

At June 30, 2023, MWMC was obligated by contracts for uncompleted construction projects for \$17,915,811. At June 30, 2022, the obligation on contracts for capital improvement projects was \$2,660,473.

**NOTE D – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

Budgetary information

MWMC follows these procedures in establishing the budgetary data reflected in the statements presented in the supplementary information section.

In the spring of each year, the Executive Officer submits a proposed budget to the Metropolitan Wastewater Management Commission. The budget is prepared on the modified accrual basis of accounting. Estimated revenues and expenditures are budgeted for by fund, department, and category. Information on the past year's actual receipts and expenditures and the current-year amended budget are provided in the budget document. MWMC conducts a public hearing for the purpose of obtaining citizen comments on the budget. MWMC then adopts the budget. All three governmental bodies included in the intergovernmental agreement, the City of Springfield, the City of Eugene, and Lane County, ratify the budget as appropriate. MWMC then makes a final adoption by resolution.

MWMC may change the budget throughout the year by transferring appropriations between levels of control and by adopting supplemental budgets. Any changes adopted by MWMC in this manner must also be adopted by the City of Springfield, because MWMC's budget is included in the budget of the City of Springfield. Management may transfer budget amounts between individual line items within the control level, but cannot make changes between the legal levels of control. During the fiscal year ended June 30, 2023, MWMC adopted several transfer resolutions and supplemental budgets increasing expenditures by \$36,842,011. This was funded by adjustments to beginning cash - carrying forward budget planned, but not spent at the end of FY 2023.

**NOTE E – RESTRICTED CASH AND INVESTMENTS**

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

System Development Charge Reserves – Used to account for charges assessed and collected in conjunction with installation of new sewer services in the Regional Sewer System and are restricted by State of Oregon Statutes to system enhancements and other related capital expenditures.

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.

METROPOLITAN WASTEWATER MANAGEMENT COMMISSION  
NOTES TO FINANCIAL STATEMENTS

Years ended June 30, 2023 and 2022

**NOTE E – RESTRICTED CASH AND INVESTMENTS - CONTINUED**

State Revolving Loan Reserves – Deposits held for debt service as required by the State of Oregon Department of Environmental Quality for Clean Water State Revolving Fund Loan Agreements.

Insurance Reserve - Deposits held by direction of the Commission for use towards future insurance claims.

Detailed amounts for restricted cash and investments were as follows:

	2023	2022
State Revolving Fund loan reserves	\$ 50,000	\$ 50,000
System development charge reserves	6,738,182	9,966,250
Investments for bond principal and interest	2,000,000	2,000,000
Insurance reserve	1,500,000	1,500,000
Total restricted cash and investments	<u>\$ 10,288,182</u>	<u>\$ 13,516,250</u>

**NOTE F – LEASE RECEIVABLE**

On July 1, 2021, City of Springfield Metropolitan Water Waste Commission Management entered into a 35 month lease as Lessor for the use of Tower Site - 410 River Avenue. An initial lease receivable was recorded in the amount of \$42,077. As of June 30, 2023, the value of the lease receivable is \$14,120. The lessee is required to make monthly fixed payments of \$1,122. The lease has an interest rate of 0.7270%. The Land estimated useful life was 0 months as of the contract commencement. The value of the deferred inflow of resources as of June 30, 2023 was \$13,224, and City of Springfield Metropolitan Water Waste Commission Management recognized lease revenue of \$14,426 during the fiscal year. City of Springfield Metropolitan Water Waste Commission Management had a termination period of 12 months as of the lease commencement.

On July 1, 2021, City of Springfield Metropolitan Water Waste Commission Management entered into a 58 month lease as Lessor for the use of 410 River Avenue. An initial lease receivable was recorded in the amount of \$85,861. As of June 30, 2023, the value of the lease receivable is \$51,434. The lessee is required to make monthly fixed payments of \$1,493. The lease has an interest rate of 1.0590%. The Infrastructure estimated useful life was 0 months as of the contract commencement. The value of the deferred inflow of resources as of June 30, 2023 was \$50,596, and City of Springfield Metropolitan Water Waste Commission Management recognized lease revenue of \$17,633 during the fiscal year. The lessee has 1 extension option(s), each for 60 months. City of Springfield Metropolitan Water Waste Commission Management had a termination period of 12 months as of the lease commencement.

METROPOLITAN WASTEWATER MANAGEMENT COMMISSION  
NOTES TO FINANCIAL STATEMENTS

Years ended June 30, 2023 and 2022

**NOTE F – LEASE RECEIVABLE – continued**

<b>BUSINESS-TYPE ACTIVITIES:</b>	Balance as of July 1, 2022	Additions	Reductions	Balance as of June 30, 2023
Lease Receivable				
Land				
Tower Site - 410 River Avenue	\$ 28,745	\$ -	\$ 14,625	\$ 14,120
Infrastructure				
410 River Avenue	68,706	-	17,272	51,434
Total Lease Receivable	<u>\$ 97,451</u>	<u>\$ -</u>	<u>\$ 31,897</u>	<u>\$ 65,554</u>

<b>BUSINESS-TYPE ACTIVITIES:</b>	Balance as of July 1, 2022	Additions	Reductions	Balance as of June 30, 2023
Deferred Inflow of Resources				
Land				
Tower Site - 410 River Avenue	\$ 27,650	\$ -	\$ 14,426	\$ 13,224
Infrastructure				
410 River Avenue	68,229	-	17,633	50,596
Total Deferred Inflow of Resources	<u>\$ 95,879</u>	<u>\$ -</u>	<u>\$ 32,059</u>	<u>\$ 63,820</u>

Future maturities are as follows:

Fiscal Year	Business-Type Activities	
	Principal Payments	Interest Payments
2024	\$ 31,576	\$ 511
2025	17,642	274
2026	16,336	87
	<u>\$ 65,554</u>	<u>\$ 872</u>

Deferred inflow of resources mirror the principal payment maturities described above.

METROPOLITAN WASTEWATER MANAGEMENT COMMISSION  
NOTES TO FINANCIAL STATEMENTS

Years ended June 30, 2023 and 2022

**NOTE G – CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2023 was as follows:

	Beginning Balance	Increases	Decreases and Reclassifications	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 8,781,282	\$ -	\$ -	\$ 8,781,282
Construction in progress	4,591,460	5,568,705	(2,143,160)	8,017,005
Total capital assets, not being depreciated	13,372,742	5,568,705	(2,143,160)	16,798,287
Capital assets, being depreciated:				
Land improvements	-	19,635	-	19,635
Buildings	168,950,183	1,400,042	(3,439,559)	166,910,666
Machinery and equipment	131,684,838	5,221,311	(77,205)	136,828,944
Studies	-	5,760,864	-	5,760,864
Other	5,589,749	-	(5,589,749)	-
Total capital assets, being depreciated	306,224,770	12,401,852	(9,106,513)	309,520,109
Less accumulated depreciation for:				
Land improvements	-	(2,455)	-	(2,455)
Buildings	(94,342,095)	(5,941,355)	2,043,123	(98,240,327)
Machinery and equipment	(90,870,331)	(6,391,381)	74,776	(97,186,936)
Studies	-	(3,939,954)	-	(3,939,954)
Other	(3,829,016)	3,829,016	-	-
Total accumulated depreciation	(189,041,442)	(12,446,129)	2,117,899	(199,369,672)
Total capital assets, being depreciated, net	117,183,328	(44,277)	(6,988,614)	110,150,437
Capital assets, net	\$ 130,556,070	\$ 5,524,428	\$ (9,131,774)	\$ 126,948,724

Capital asset activity for the year ended June 30, 2022 was as follows:

	Beginning Balance	Increases	Decreases and Reclassifications	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 8,339,727	\$ 905	\$ 440,650	\$ 8,781,282
Construction in progress	15,862,972	1,772,878	(13,044,390)	4,591,460
Total capital assets, not being depreciated	24,202,699	1,773,783	(12,603,740)	13,372,742
Capital assets, being depreciated:				
Buildings	157,608,910	1,536,402	9,804,871	168,950,183
Machinery and equipment	128,720,426	645,486	2,318,926	131,684,838
Other	5,570,114	19,635	-	5,589,749
Total capital assets, being depreciated	291,899,450	2,201,523	12,123,797	306,224,770
Less accumulated depreciation for:				
Buildings	(88,688,301)	(5,864,914)	211,120	(94,342,095)
Machinery and equipment	(87,282,368)	(3,813,189)	225,226	(90,870,331)
Other	(3,630,462)	(198,554)	-	(3,829,016)
Total accumulated depreciation	(179,601,131)	(9,876,657)	436,346	(189,041,442)
Total capital assets, being depreciated, net	112,298,319	(7,675,134)	12,560,143	117,183,328
Capital assets, net	\$ 136,501,018	\$ (5,901,351)	\$ (43,597)	\$ 130,556,070



METROPOLITAN WASTEWATER MANAGEMENT COMMISSION  
NOTES TO FINANCIAL STATEMENTS

Years ended June 30, 2023 and 2022

**NOTE H – REBATABLE ARBITRAGE**

On May 3, 2016 MWMC issued \$32,725,000 in revenue bonds. Interest earnings on unspent bond proceeds can result in an arbitrage rebate due to the federal government. Arbitrage regulations require that the first installment date computation be made at five years from the delivery date. The rebate is required to be made within 60 days of the calculation. MWMC's liability is estimated at zero as of June 30, 2023.

**NOTE I – LONG TERM DEBT**

Revenue Bonds

MWMC issued \$32,725,000 in revenue bonds as a result of a bond refunding in FY2015-16. The bond premium of \$5,249,467 is being amortized over the life of the bonds. Additionally, a deferred charge for debt refunding of \$3,639,258 is being amortized over the life of the 2016 bonds with \$1,158,011 unamortized as of June 30, 2023. There are no longer specific reserves required by the bond covenants.

As part of the Water bonds covenants MWMC is required to maintain net revenue equal to 1.25 times the annual debt service of the bonds. MWMC was in compliance with these covenants for the year ended June 30, 2023.

Revenue obligation bonds payable transactions for the year ended June 30, 2023 are as follows:

	Issue Date	Final Maturity Date	Effective Interest Rate	Outstanding July 1, 2022	Issued During Year	Matured During Year	Outstanding June 30, 2023	Due Within One Year
Sewer system revenue bonds serviced by fund revenues:								
Series 2016	5/3/2016	2027	1.461%	\$ 15,250,000	\$ -	\$ 3,410,000	\$ 11,840,000	\$ 3,590,000
						Unamortized premium	1,670,378	
						Due in current year	(3,590,000)	
						Total revenue bonds payable	<u>\$ 9,920,378</u>	

Revenue obligation bonds payable transactions for the year ended June 30, 2022 are as follows:

	Issue Date	Final Maturity Date	Effective Interest Rate	Outstanding July 1, 2021	Issued During Year	Matured During Year	Outstanding June 30, 2022	Due Within One Year
Sewer system revenue bonds serviced by fund revenues:								
Series 2016	5/3/2016	2027	1.461%	\$ 18,495,000	\$ -	\$ 3,245,000	\$ 15,250,000	\$ 3,410,000
						Unamortized premium	2,170,328	
						Due in current year	(3,410,000)	
						Total revenue bonds payable	<u>\$ 14,010,328</u>	

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>
2024	\$ 3,590,000	\$ 419,750
2025	3,750,000	255,000
2026	3,900,000	102,000
2027	<u>600,000</u>	<u>12,000</u>
	<u>\$ 11,840,000</u>	<u>\$ 788,750</u>

METROPOLITAN WASTEWATER MANAGEMENT COMMISSION  
NOTES TO FINANCIAL STATEMENTS

Years ended June 30, 2023 and 2022

**NOTE I – LONG TERM DEBT – continued**

Maturities of bond principal and interest are as follows:

Notes Payable

In September 2009 the MWMC entered into a Note Payable with the Oregon Department of Environmental Quality (DEQ). The Note was a direct placement. The Note is a "Revenue Secured Loan" and the DEQ was granted a security interest in the MWMC's Net Revenues. Other provisions include: note is subordinate to Revenue Bonds in existence at the time the Note was taken and possibly to future Revenue Bonds subject to the Master Declaration, there are no prepayment penalties, the Note is subject to a late payment fee of 5% of the late payment, the MWMC must maintain a loan reserve set by the DEQ, and the MWMC must meet and report annually on Debt Service Coverage ratio of 105% of that fiscal year's debt service payments. If there is an event of default which remains uncured, the DEQ may declare the outstanding loan amount plus unpaid accrued interest and fees to be due immediately. The DEQ may also: appoint a receiver at the MWMC's expense, set and collect utility rates, direct the State Treasurer of the State of Oregon to withhold any amounts otherwise due to the MWMC. To date, the MWMC has complied with all of the Note provisions and there have been no events of default.

At June 30, 2023, note payable was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Notes payable	\$ 800,000	\$ -	\$ (100,000)	\$ 700,000	\$ 100,000

At June 30, 2022, note payable was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Notes payable	\$ 900,000	\$ -	\$ (100,000)	\$ 800,000	\$ 100,000

Principal and interest amounts due on the note payable in each of the next five years, and in five-year increments thereafter, are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>
2024	\$ 100,000	\$ 3,250
2025	100,000	2,750
2026	100,000	2,250
2027	100,000	1,750
2028	100,000	1,250
2029-2030	<u>200,000</u>	<u>1,000</u>
Total	<u>\$ 700,000</u>	<u>\$ 12,250</u>

MWMC maintained a loan reserve of \$50,000 as of June 30, 2023 in accordance with the loan agreements with the Oregon Department of Environmental Quality.

# **Supplemental Information**

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Metropolitan Wastewater Management Commission  
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION  
Year Ended June 30, 2023

	Regional Wastewater Fund	Regional Wastewater Capital Fund	Eliminations	Total
Revenues:				
Charges for services	\$ 38,993,015	\$ -	\$ (387,175)	\$ 38,605,840
Investment earnings	327,764	2,469,614	-	2,797,378
Intergovernmental revenue	-	124	-	124
Licenses and permits	16,218	-	-	16,218
Fines and forfeitures	400	-	-	400
Miscellaneous revenue	211,745	13,258	-	225,003
Total revenues	39,549,142	2,482,996	(387,175)	41,644,963
Expenses:				
Current operating:				
CMO	9,320	-	-	9,320
Finance	164,174	-	-	164,174
Development and public works	20,920,169	387,760	(387,175)	20,920,754
Debt service:				
Interest and premium amortization	570,000	(153,353)	-	416,647
Depreciation	10,403,006	-	-	10,403,006
Total expenses	32,066,669	234,407	(387,175)	31,913,901
Excess of revenues over (under) expenses	7,482,473	2,248,589	-	9,731,062
Other financing sources (uses):				
Transfers in	7,140,124	18,110,000	(25,250,124)	-
Transfers out	(18,110,000)	(7,140,124)	25,250,124	-
Capital contributions	(5,469)	3,236,481	-	3,231,012
Loss on disposal of capital assets	(39,475)	-	-	(39,475)
Total other financing sources (uses)	(11,014,820)	14,206,357	-	3,191,537
Change in fund net position	(3,532,347)	16,454,946	-	12,922,599
Fund net position, beginning of year	134,479,427	70,656,497	-	205,135,924
Fund net position, end of year	\$ 130,947,080	\$ 87,111,443	\$ -	\$ 218,058,523

Metropolitan Wastewater Management Commission  
REGIONAL WASTEWATER FUND  
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION  
(NON-GAAP BUDGETARY BASIS) - BUDGET AND ACTUAL  
Year Ended June 30, 2023

	Original Budget	Revised Budget	Budget Basis Actual	Variance	Adjustments to Budget Basis Actual	GAAP Basis Actual
Revenues:						
Charges for services	\$ 38,916,421	\$ 38,916,421	\$ 39,391,549	\$ 475,128	\$ (398,534)	\$ 38,993,015
Investment earnings	80,000	80,000	305,984	225,984	21,780	327,764
Intergovernmental revenue	-	-	-	-	-	-
Licenses and permits	14,706	14,706	16,218	1,512	-	16,218
Fines and forfeitures	-	-	400	400	-	400
Miscellaneous revenue	700,000	700,000	68,650	(631,350)	143,095	211,745
Total revenues	39,711,127	39,711,127	39,782,801	71,674	(233,659)	39,549,142
Expenses:						
Current operating:						
CMO	17,222	17,222	9,320	7,902	-	9,320
Finance	187,593	187,593	164,174	23,419	-	164,174
Development and public works	22,115,080	22,300,080	20,717,399	1,582,681	202,770	20,920,169
Debt service:						
Principal	3,510,000	3,510,000	3,510,000	-	(3,510,000)	-
Interest	598,550	598,550	598,500	50	(28,500)	570,000
Depreciation	-	-	-	-	10,403,006	10,403,006
Total expenses	26,428,445	26,613,445	24,999,393	1,614,052	7,067,276	32,066,669
Excess of revenues over (under) expenses	13,282,682	13,097,682	14,783,408	1,685,726	(7,300,935)	7,482,473
Other financing sources (uses):						
Transfers in	24,744	24,744	24,744	-	7,115,380	7,140,124
Transfers out	(14,600,000)	(14,600,000)	(14,600,000)	-	(3,510,000)	(18,110,000)
Capital contributions	-	-	-	-	(5,469)	(5,469)
Gain (loss) on disposal of assets	-	-	-	-	(39,475)	(39,475)
Total other financing sources (uses)	(14,575,256)	(14,575,256)	(14,575,256)	-	3,560,436	(11,014,820)
Change in fund net position	(1,292,574)	(1,477,574)	208,152	1,685,726	(3,740,499)	(3,532,347)
Fund net position, beginning of year	12,052,852	13,473,571	13,473,570	-	121,005,857	134,479,427
Fund net position, end of year	<u>\$ 10,760,278</u>	<u>\$ 11,995,997</u>	<u>\$ 13,681,722</u>	<u>\$ 1,685,726</u>	<u>\$ 117,265,358</u>	<u>\$ 130,947,080</u>

Metropolitan Wastewater Management Commission  
REGIONAL WASTEWATER CAPITAL FUND  
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION  
(NON-GAAP BUDGETARY BASIS) - BUDGET AND ACTUAL  
Year Ended June 30, 2023

	Original Budget	Revised Budget	Budget Basis Actual	Variance	Adjustments to Budget Basis Actual	GAAP Basis Actual
Revenues:						
Charges for services	\$ -	\$ -	\$ (285,294)	\$ (285,294)	\$ 285,294	\$ -
Investment earnings	420,000	420,000	2,424,710	2,004,710	44,904	2,469,614
Intergovernmental revenue	10	10	124	114	-	124
Miscellaneous revenue	4,000	4,000	13,291	9,291	(33)	13,258
Total revenues	424,010	424,010	2,152,831	1,728,821	330,165	2,482,996
Expenses:						
Current operating:						
Development and public works	3,896,000	5,172,580	3,202,340	1,970,240	(2,814,580)	387,760
Capital projects	30,900,000	66,280,431	4,015,506	62,264,925	(4,015,506)	-
Debt service:						
Interest	-	-	-	-	(153,353)	(153,353)
Total expenses	34,796,000	71,453,011	7,217,846	64,235,165	(6,983,439)	234,407
Excess of revenues over (under) expenses	(34,371,990)	(71,029,001)	(5,065,015)	65,963,986	7,313,604	2,248,589
Other financing sources (uses):						
Transfers in	14,600,000	14,600,000	14,600,000	-	3,510,000	18,110,000
Transfers out	(24,744)	(24,744)	(24,744)	-	(7,115,380)	(7,140,124)
Capital contributions	1,800,000	1,800,000	3,238,506	1,438,506	(2,025)	3,236,481
Total other financing sources (uses)	16,375,256	16,375,256	17,813,762	1,438,506	(3,607,405)	14,206,357
Change in fund net position	(17,996,734)	(54,653,745)	12,748,747	67,402,492	3,706,199	16,454,946
Fund net position, beginning of year	80,718,763	87,185,045	87,185,046	1	(16,528,549)	70,656,497
Fund net position, end of year	<u>\$ 62,722,029</u>	<u>\$ 32,531,300</u>	<u>\$ 99,933,793</u>	<u>\$ 67,402,493</u>	<u>\$ (12,822,350)</u>	<u>\$ 87,111,443</u>

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# Compliance Section





# GROVE, MUELLER & SWANK

**redw**  
Advisors & CPAs

## ***INDEPENDENT AUDITOR'S REPORT REQUIRED BY OREGON STATE REGULATIONS***

Governing Board  
Metropolitan Wastewater Management Commission  
Springfield, Oregon

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the basic financial statements of Metropolitan Wastewater Management Commission (MWMC) as of and for the year ended June 30, 2023, and have issued our report thereon dated December 18, 2023.

### ***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether MWMC's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations, noncompliance with which could have a direct and material effect on the determination of financial statements amounts. 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:

- **Deposit of public funds with financial institutions (ORS Chapter 295).**
- **Indebtedness limitations, restrictions and repayment.**
- **Budgets legally required (ORS Chapter 294).**
- **Insurance and fidelity bonds in force or required by law.**
- **Programs funded from outside sources.**
- **Authorized investment of surplus funds (ORS Chapter 294).**
- **Public contracts and purchasing (ORS Chapters 279A, 279B, 279C).**
- **Accountability for collecting or receiving money by elected officials – no money was collected or received by elected officials.**

In connection with our testing nothing came to our attention that caused us to believe MWMC was not in substantial compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 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 MWMC's internal control over financial reporting 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 MWMC's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of MWMC's internal control.

### ***Restriction on Use***

This report is intended solely for the information and use of the governing board and management of MWMC and the Oregon Secretary of State and is not intended to be and should not be used by anyone other than these parties.

*GROVE, MUELLER & SWANK  
CERTIFIED PUBLIC ACCOUNTANTS*

By:   
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Ryan T. Pasquarella, Principal  
December 18, 2023