

Regional Wastewater Program

Annual Financial Report



Metropolitan Wastewater
MANAGEMENT COMMISSION



Fiscal Years
2023-2024

partners in wastewater management

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

ANNUAL FINANCIAL REPORT

For the Years Ended June 30, 2024 and 2023

METROPOLITAN WASTEWATER MANAGEMENT COMMISSION

ANNUAL FINANCIAL REPORT

For the Years Ended June 30, 2024 and 2023

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Introductory Section

Metropolitan Wastewater MANAGEMENT COMMISSION



partners in wastewater management

GOVERNING BOARD

June 30, 2024

Jennifer Yeh
Eugene, OR 97401

Eugene Council Representative
President

Joe Pishioneri
Springfield, OR 97478

Springfield Council Representative
Vice President

Bill Inge
Eugene, OR 97402

Lane County Citizen Representative

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

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 year ended June 30, 2024, 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, 2024, 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.

Other Matter – Auditor's Report on the June 30, 2023 Financial Statements

The financial statements as of June 30, 2023 were audited by Grove, Mueller & Swank, P.C. who merged with REDW LLC as of November 30, 2023, whose report dated December 18, 2023, expressed an unmodified opinion on the financial statements.

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 17, 2024, 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.



Ryan T. Pasquarella, Principal
For REDW LLC
Salem, Oregon
December 17, 2024

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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 years ended June 30, 2024 and 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 in 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, 2024 were \$260.0 million and exceeded liabilities and deferred inflows of resources by \$232.2 million (i.e. net position). The increase in net position for the fiscal year ended June 30, 2024 was \$14.2 million. The increase in net position for the fiscal year ended June 30, 2023 was \$12.9 million. The increase of \$1.3 million was the result of a \$2.2 million increase in operating revenues and \$2.4 million in non-operating revenues including capital contributions, offset by \$3.2 million in operations and maintenance expenses, and \$0.1 million in administration expenses. Of the total net position, \$15.9 million is restricted for capital improvements, \$115.5 million represents net investment in capital assets, \$.05 million for debt service, and \$100.8 million is unrestricted and available for future appropriation.
- Operating revenues for the year were \$40.8 million. This is 5.6 percent more than the fiscal year 2023 operating revenue of \$38.6 million. Fiscal year 2023 increased from 2022 with a change to operating revenues of \$1.9 million.

- Total operating and maintenance expenses for the year were \$19.4 million and the total administration expenses were \$5.1 million compared to the prior year when expenses were \$16.1 and \$5.0 million respectively, and 2022 when they were \$14.5 and \$4.2 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

	2024	2023	2022
Current and other assets	\$ 134,429,769	\$ 121,048,049	\$ 107,720,486
Capital assets, net, where applicable, of accumulated depreciation	<u>124,726,341</u>	<u>126,948,724</u>	<u>130,556,071</u>
Total assets	<u>259,156,110</u>	<u>247,996,773</u>	<u>238,276,557</u>
Deferred outflows of resources	<u>811,415</u>	<u>1,158,011</u>	<u>1,504,607</u>
Current liabilities	8,288,112	7,338,186	6,367,262
Long-term liabilities	<u>19,405,018</u>	<u>23,694,255</u>	<u>28,182,099</u>
Total liabilities	<u>27,693,130</u>	<u>31,032,441</u>	<u>34,549,361</u>
Deferred inflows of resources	<u>33,475</u>	<u>63,820</u>	<u>95,879</u>
Net position:			
Net investment in capital assets	115,517,326	113,896,357	113,678,083
Restricted for capital improvement	15,857,856	6,970,309	10,200,201
Restricted for debt service	50,000	50,000	50,000
Unrestricted	<u>100,815,738</u>	<u>97,141,857</u>	<u>81,207,640</u>
Total net position	<u>\$ 232,240,920</u>	<u>\$ 218,058,523</u>	<u>\$ 205,135,924</u>

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 increased in FY24 due to the decrease in unamortized outstanding capital debt. 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

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Operating revenues	\$ 40,752,172	\$ 38,592,209	\$ 36,731,644
Operations & maintenance	(19,361,818)	(16,121,306)	(14,484,573)
Administration	(5,063,464)	(4,972,942)	(4,197,186)
Depreciation	<u>(10,389,078)</u>	<u>(10,403,006)</u>	<u>(9,876,657)</u>
Operating income	5,937,812	7,094,955	8,173,228
Non-operating revenues (expenses), net (includes capital contributions)	<u>8,244,585</u>	<u>5,827,644</u>	<u>1,340,348</u>
Change in net position	<u>\$ 14,182,397</u>	<u>\$ 12,922,599</u>	<u>\$ 9,513,576</u>

Operating revenues increased by 5.6 percent from fiscal year 2023 to 2024 and increased by 5.1 percent from fiscal year 2022 to 2023. The fiscal year 2024 increase was primarily due to a \$1.3 million increase in sewer user fees collected, the prior year increase in sewer fees was \$1.9 million. Additionally, interest accumulated on the operating reserve was \$281 thousand higher than fiscal year 2023. Miscellaneous receipts were \$124 thousand higher than they were in fiscal year 2023.

Operations & maintenance expenses increased by approximately \$3.2 million, or 20.1 percent, compared to fiscal year 2023. 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 \$995 thousand which was driven primarily by an increase to regular wages of \$459 thousand and related payroll expenses due to salary increases and the filling of vacant positions. Eugene operations increased by \$1.7 million driven primarily by increases to internal service fund charges of \$462 thousand, utilities of \$357 thousand, materials and supplies other of \$276 thousand, computer software of \$229 thousand, chemicals/paints/sealers of \$188 thousand, and contractual services at \$124 thousand.

Net non-operating revenues/(expenses) increased from \$5.8 million in fiscal year ending June 30, 2023 to \$8.2 million for the year ending June 30, 2024. This was mainly due to the increase in interest income of \$3.1 million.

Capital Assets

MWMC's investment in capital assets as of June 30, 2024 was \$124.7 million (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, buildings, machinery and equipment, and other assets. The net increase in the MWMC's investment in capital assets for the current fiscal year was 1.8 percent. MWMC had a net decrease to capital assets of \$2.2 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 programmable logic controllers at \$2.7 million, the DCS Yokohama upgrade at \$2.1 million, and fall protection at the Wastewater Treatment Plant at \$26.4 thousand. This resulted in \$4.8 million being transferred from construction in progress to machinery and equipment, and \$26.4 thousand being transferred to buildings.
- Increases in construction in progress were the aeration basin upgrade project with expenses of \$1.7 million, the comprehensive facilities plan with expenses of \$1.4 million, the admin buildings project with expenses of \$0.9 million, the water quality trading program with expenses of \$0.9 million, and the water quality trading program with expenses of \$0.7 million.
- Machinery increases were primarily due to vehicle acquisitions worth less than \$100 thousand, other than these there was a M860 tractor acquired for \$537.1 thousand and the biosolids controls upgrade with expenses of \$210 thousand.

MWMC's Capital Assets
(net of accumulated depreciation)

	June 30,		
	2024	2023	2022
Land	\$ 8,781,282	\$ 8,781,282	\$ 8,781,282
Land improvements	40,705	17,180.00	-
Construction in progress	11,585,488	8,017,005	4,591,460
Buildings	76,125,398	68,670,339	74,608,089
Machinery and equipment	26,980,393	39,642,008	40,814,506
Studies	1,213,075	1,820,910	-
Other assets	-	-	1,760,733
Total	<u>\$ 124,726,341</u>	<u>\$ 126,948,724</u>	<u>\$ 130,556,070</u>

Debt Administration

At the end of the current fiscal year, the MWMC had total bonded debt outstanding (net of unamortized premium) of \$9.4 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 \$600 thousand as of June 30, 2024.

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, 2024, MWMC approved a 5.5 percent rate increase that was effective July 1, 2024 (a 4.5 percent increase was effective July 1, 2023). The new rate resulted in an average residential billing of \$31.91 per month based on typical residential consumption of 5,000 gallons per month. The budget included an annual capital contribution of \$14.3 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:

Kevin Vanderwall
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,	
	2024	2023
ASSETS		
Current assets:		
Cash and investments		
Unrestricted	\$ 106,902,649	\$ 103,285,744
Restricted	19,080,691	10,288,182
Accounts receivable	851,256	851,256
Intergovernmental receivable, net	5,112,552	4,452,289
Interest receivable	-	48
Inventory	741,826	754,849
Accrued interest	616,735	379,401
Prepaid expenses	62,917	38,598
Notes receivable (System Development Charges)	327,165	232,128
Lease receivable	17,642	31,576
	\$ 133,713,433	\$ 120,314,071
Noncurrent assets:		
Deposits	700,000	700,000
Lease receivable	16,336	33,978
Land and construction in progress	20,366,770	16,798,287
Other capital assets, net of accumulated depreciation	104,359,571	110,150,437
	125,442,677	127,682,702
	259,156,110	247,996,773
DEFERRED OUTFLOWS OF RESOURCES		
Deferred charge for debt refunding	811,415	1,158,011
	811,415	1,158,011
LIABILITIES		
Current liabilities:		
Accounts and contracts payable	4,305,543	3,485,290
Other accrued liabilities	75,776	76,328
Interest payable	55,459	85,459
Current portion of notes payable	100,000	100,000
Current portion of revenue bonds payable	3,750,000	3,590,000
Unearned revenues	1,334	1,109
	8,288,112	7,338,186
Long-term liabilities:		
Due to other governments	13,234,589	13,173,877
Notes payable	500,000	600,000
Revenue bonds payable (net of unamortized premium, and current portion)	5,670,429	9,920,378
	19,405,018	23,694,255
	27,693,130	31,032,441
DEFERRED INFLOWS OF RESOURCES		
Deferred revenue lease	33,475	63,820
	33,475	63,820
NET POSITION		
Net investment in capital assets	115,517,326	113,896,357
Restricted for capital improvement	15,857,856	6,970,309
Restricted for debt service	50,000	50,000
Unrestricted	100,815,738	97,141,857
	\$ 232,240,920	\$ 218,058,523

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,	
	2024	2023
Operating revenues:		
Sewer user fees	\$ 40,733,350	\$ 38,575,467
Other operating receipts	18,822	16,742
Total operating revenues	40,752,172	38,592,209
Operating expenses:		
Operations and maintenance	19,361,818	16,121,307
Administration	5,063,465	4,972,942
Depreciation	10,389,078	10,403,006
Total operating expenses	34,814,360	31,497,254
Operating income	5,937,812	7,094,955
Non-operating revenues (expenses):		
Interest income	6,021,115	2,797,378
Interest expense	(239,647)	(416,647)
Lease income	51,939	30,373
Gain (loss) on disposal of capital assets	99,554	(39,475)
Miscellaneous revenue	81,482	225,003
Total non-operating revenues (expenses)	6,014,443	2,596,632
Income before contributions	11,952,255	9,691,587
Capital contributions	2,230,142	3,231,012
Change in net position	14,182,397	12,922,599
Net position, beginning of year	218,058,523	205,135,924
Net position, end of year	\$ 232,240,920	\$ 218,058,523

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,	
	2024	2023
Cash flows from operating activities:		
Cash received from customers	\$ 40,073,087	\$ 39,377,124
Cash paid to other governments	(13,526,611)	(12,304,248)
Cash paid to suppliers for goods and services	(10,029,554)	(8,296,122)
Other operating receipts	19,047	16,049
Net cash provided by operating activities	16,535,969	18,792,803
Cash flows from capital and related financing activities:		
Acquisition and construction of capital assets	(8,166,695)	(6,795,659)
Proceeds from sale of capital assets	181,036	185,529
Proceeds of capital contributions	2,230,142	3,231,012
Principal paid on notes payable	(100,000)	(100,000)
Principal paid on revenue bonds payable	(3,743,353)	(3,563,354)
Interest payments	(269,647)	(445,146)
Net cash used in capital and related financing activities	(9,868,517)	(7,487,618)
Cash flows from investing activities:		
Interest received	5,783,829	2,704,499
Notes receivable issued	(189,374)	(282,545)
Cash received on notes receivable	94,337	284,368
Lease income	53,170	30,211
Net cash provided by investing activities	5,741,962	2,736,533
Net increase (decrease) in cash and investments	12,409,414	14,041,718
Cash and investments, beginning of year	113,573,926	99,532,208
Cash and investments, end of year	\$ 125,983,340	\$ 113,573,926
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 5,937,812	\$ 7,094,955
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	10,389,078	10,403,006
Changes in assets / liabilities:		
Intergovernmental receivable, net	(660,263)	801,657
Prepaid expenses	(24,319)	6,491
Accounts and contracts payable	820,253	803,836
Due to other governments	60,160	(281,614)
Inventory	13,023	(34,835)
Unearned revenues	225	(693)
Net cash provided by operating activities	\$ 16,535,969	\$ 18,792,803

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, 2024 and 2023

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 reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

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.

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, 2024 and 2023

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, 2024, 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.

Deferred Inflows and Outflows of Resources

In addition to assets, the statement of financial position includes a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then.

In addition to liabilities, the statement of financial position includes a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

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 the GASB. 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 percent 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.

METROPOLITAN WASTEWATER MANAGEMENT COMMISSION
NOTES TO FINANCIAL STATEMENTS

Years Ended June 30, 2024 and 2023

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, 2024 and 2023

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Net Position

Net position is comprised of three components: net investment in capital assets, restricted, and unrestricted. Net investment in capital assets consists of capital assets, net of accumulated depreciation/amortization and reduced by outstanding balances of bonds, notes, and other debt that are attributable to the acquisition, construction, or improvement of those assets. Assets are reported as restricted when constraints are placed on asset use either by external parties or by law through constitutional provision or enabling legislation. Unrestricted net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that does not meet the definition of the two preceding categories.

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.

New Accounting Pronouncements

During the fiscal year ended June 30, 2024, the MWMC implemented the following GASB pronouncements:

- GASB Statement No. 100 – *Accounting Changes and Error Corrections – an amendment of GASB Statement No. 62*. The objective of this statement is to enhance reporting requirements for accounting changes and error corrections to provide more understandable, consistent and comparable information. The adoption and implementation of Statement No. 100 did not have a significant impact to the MWMC.
- GASB Statement No. 101 – *Compensated Absences*. The objective of this statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The adoption and implementation of Statement No. 101 did not have a significant impact to the MWMC.
- GASB Statement No. 102 – *Certain Risk Disclosures*. The objective of this statement is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. The adoption and implementation of Statement No. 102 did not have a significant impact to the MWMC.
- GASB Implementation Guide No. 2023-1 – *Implementation Guidance Update 2023*. The objective of this update is to improve the consistency of authoritative literature by addressing practice issues that have been identified during application and implementation of certain GASB Statements

METROPOLITAN WASTEWATER MANAGEMENT COMMISSION
NOTES TO FINANCIAL STATEMENTS

Years Ended June 30, 2024 and 2023

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, 2024 for operation and maintenance costs incurred by the City of Eugene is \$2,561,775 (\$2,809,379 for 2023). The total costs charged to MWMC for the year ended June 30, 2024 were \$19,361,818 (\$16,121,307 for 2023). 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, 2024 and 2023 were \$5,063,464 and \$4,972,942 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, 2024 was \$935,876 (\$969,684 for 2023).

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, as of June 30, 2024, MWMC has recorded an interagency payable to the respective cities for the compensated absences of \$1,148,685 (\$1,020,946 for 2023), and the net pension liability of \$11,150,025 (\$11,183,247 for 2023) computed for those employees. For 2024, the total interagency payable due to the cities of Eugene and Springfield is \$13,234,589 (\$13,173,877 for 2023.)

NOTE C – COMMITMENTS AND CONTINGENCIES

At June 30, 2024, MWMC was obligated by contracts for uncompleted construction projects for \$15,379,358. At June 30, 2023, the obligation on contracts for capital improvement projects was \$17,915,811.

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.

METROPOLITAN WASTEWATER MANAGEMENT COMMISSION
NOTES TO FINANCIAL STATEMENTS

Years Ended June 30, 2024 and 2023

NOTE D – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY - CONTINUED

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, 2024, MWMC adopted several transfer resolutions and supplemental budgets increasing expenditures by \$7,515,647. This was funded by adjustments to beginning cash - carrying forward budget planned, but not spent at the end of FY 2024.

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.

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:

	2024	2023
State Revolving Fund loan reserves	\$ 50,000	\$ 50,000
System development charge reserves	15,530,691	6,738,182
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	\$ 19,080,691	\$ 10,288,182

NOTE F – LEASE RECEIVABLE

On July 1, 2021, Metropolitan Wastewater Management Commission entered into a 35-month lease as Lessor for the use of Tower Site - 410 River Avenue. The lessee is required to make monthly fixed payments of \$1,122. The lease has an interest rate of 0.73 percent. Metropolitan Wastewater Management Commission recognized lease revenue of \$13,224 and interest revenue of \$43 during the 2024 fiscal year. As of June 30, 2024, the remaining balance of the Land lease is \$0.

METROPOLITAN WASTEWATER MANAGEMENT COMMISSION
NOTES TO FINANCIAL STATEMENTS

Years Ended June 30, 2024 and 2023

NOTE F – LEASE RECEIVABLE – CONTINUED

On July 1, 2021, Metropolitan Wastewater Management Commission entered into a 58-month lease as Lessor for the use of 410 River Avenue. As of June 30, 2024, the value of the lease receivable is \$33,978. The lessee is required to make monthly fixed payments of \$1,493. The lease has an interest rate of 1.06 percent. The value of the deferred inflow of resources as of June 30, 2024 was \$33,475, and Metropolitan Wastewater Management Commission recognized lease revenue of \$17,465 and interest revenue of \$421 during the 2024 fiscal year. The lessee has 1 extension option(s), each for 60 months. Metropolitan Wastewater Management Commission had a termination period of 12 months as of the lease commencement.

<u>Business-Type Activities</u>	<u>Balance as of June 30, 2023</u>	<u>Adjustments</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance as of June 30, 2024</u>
Lease Receivables					
Land:					
Tower Site - 410 River Avenue	\$ 14,120	\$ -	\$ -	\$ (14,120)	\$ -
Infrastructure:					
410 River Avenue	51,434	-	-	(17,456)	33,978
Total lease receivables	<u>\$ 65,554</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (31,576)</u>	<u>\$ 33,978</u>

<u>Business-Type Activities</u>	<u>Balance as of June 30, 2023</u>	<u>Adjustments</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance as of June 30, 2024</u>
Deferred Inflows of Resources					
Land:					
Tower Site - 410 River Avenue	\$ 13,224	\$ -	\$ -	\$ (13,224)	\$ -
Infrastructure:					
410 River Avenue	50,596	345	-	(17,465)	33,475
Total deferred inflows of resources	<u>\$ 63,820</u>	<u>\$ 345</u>	<u>\$ -</u>	<u>\$ (30,689)</u>	<u>\$ 33,475</u>

The future principal and interest lease receivable payments are as follows:

<u>Fiscal Year</u>	<u>Business-Type Activities</u>	
	<u>Principal Payments</u>	<u>Interest Payments</u>
2025	\$ 17,642	\$ 274
2026	16,336	87
	<u>\$ 33,978</u>	<u>\$ 361</u>

METROPOLITAN WASTEWATER MANAGEMENT COMMISSION
NOTES TO FINANCIAL STATEMENTS

Years Ended June 30, 2024 and 2023

NOTE G – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2024 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	8,017,005	5,993,308	(2,424,825)	11,585,488
Total capital assets, not being depreciated	<u>16,798,287</u>	<u>5,993,308</u>	<u>(2,424,825)</u>	<u>20,366,770</u>
Capital assets, being depreciated:				
Land improvements	19,635	3,698,557	-	3,718,192
Buildings	166,910,666	22,678,181	-	189,588,847
Machinery and equipment	136,828,944	8,275,790	(30,472,034)	114,632,700
Studies	5,760,864	-	-	5,760,864
Total capital assets, being depreciated	<u>309,520,109</u>	<u>34,652,528</u>	<u>(30,472,034)</u>	<u>313,700,603</u>
Less accumulated depreciation for:				
Land improvements	(2,455)	(3,675,032)	-	(3,677,487)
Buildings	(98,240,327)	(15,223,122)	-	(113,463,449)
Machinery and equipment	(97,186,936)	(6,602,962)	16,137,591	(87,652,307)
Studies	(3,939,954)	(607,835)	-	(4,547,789)
Total accumulated depreciation	<u>(199,369,672)</u>	<u>(26,108,951)</u>	<u>16,137,591</u>	<u>(209,341,032)</u>
Total capital assets, being depreciated, net	<u>110,150,437</u>	<u>8,543,577</u>	<u>(14,334,443)</u>	<u>104,359,571</u>
Capital assets, net	<u>\$ 126,948,724</u>	<u>\$ 14,536,885</u>	<u>\$ (16,759,268)</u>	<u>\$ 124,726,341</u>

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	<u>13,372,742</u>	<u>5,568,705</u>	<u>(2,143,160)</u>	<u>16,798,287</u>
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	<u>306,224,770</u>	<u>12,401,852</u>	<u>(9,106,513)</u>	<u>309,520,109</u>
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	<u>(189,041,442)</u>	<u>(12,446,129)</u>	<u>2,117,899</u>	<u>(199,369,672)</u>
Total capital assets, being depreciated, net	<u>117,183,328</u>	<u>(44,277)</u>	<u>(6,988,614)</u>	<u>110,150,437</u>
Capital assets, net	<u>\$ 130,556,070</u>	<u>\$ 5,524,428</u>	<u>\$ (9,131,774)</u>	<u>\$ 126,948,724</u>

METROPOLITAN WASTEWATER MANAGEMENT COMMISSION
NOTES TO FINANCIAL STATEMENTS

Years Ended June 30, 2024 and 2023

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, 2024 and 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 \$811,415 unamortized as of June 30, 2024 and \$1,158,011 as of June 30, 2024. 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, 2024 and 2023.

Revenue obligation bonds payable transactions for the year ended June 30, 2024 are as follows:

	<u>Issue Date</u>	<u>Final Maturity Date</u>	<u>Effective Interest Rate</u>	<u>Outstanding July 1, 2023</u>	<u>Issued During Year</u>	<u>Matured During Year</u>	<u>Outstanding June 30, 2024</u>	<u>Due Within One Year</u>
Sewer system revenue bonds serviced by fund revenues:								
Series 2016	5/3/2016	2027	1.461%	\$ 11,840,000	\$ -	\$ 3,590,000	\$ 8,250,000	\$ 3,750,000
						Unamortized premium Due in current year	1,170,429 (3,750,000)	
						Total revenue bonds payable	<u>\$ 5,670,429</u>	

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

	<u>Issue Date</u>	<u>Final Maturity Date</u>	<u>Effective Interest Rate</u>	<u>Outstanding July 1, 2022</u>	<u>Issued During Year</u>	<u>Matured During Year</u>	<u>Outstanding June 30, 2023</u>	<u>Due Within One Year</u>
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 Due in current year	1,670,378 (3,590,000)	
						Total revenue bonds payable	<u>\$ 9,920,378</u>	

Maturities of bond principal and interest are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>
2025	\$ 3,750,000	\$ 255,000
2026	3,900,000	102,000
2027	<u>600,000</u>	<u>12,000</u>
	<u>\$ 8,250,000</u>	<u>\$ 369,000</u>

METROPOLITAN WASTEWATER MANAGEMENT COMMISSION
NOTES TO FINANCIAL STATEMENTS

Years Ended June 30, 2024 and 2023

NOTE I – LONG TERM DEBT – continued

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, 2024, note payable activity was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Notes payable	<u>\$ 700,000</u>	<u>\$ -</u>	<u>\$ (100,000)</u>	<u>\$ 600,000</u>	<u>\$ 100,000</u>

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

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

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:

Fiscal Year	Principal	Interest
2025	\$ 100,000	\$ 2,750
2026	100,000	2,250
2027	100,000	1,750
2028	100,000	1,250
2029	100,000	750
2030	<u>100,000</u>	<u>250</u>
Total	<u>\$ 600,000</u>	<u>\$ 9,000</u>

MWMC maintained a loan reserve of \$50,000 as of June 30, 2024 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 NET POSITION
 Year Ended June 30, 2024

	Regional Wastewater Fund	Regional Wastewater Capital Fund	Eliminations	Total
Revenues:				
Charges for services	\$ 41,223,645	\$ -	\$ (438,357)	\$ 40,785,288
Investment earnings	571,779	5,449,336	-	6,021,115
Intergovernmental revenue	-	218	-	218
Licenses and permits	16,704	-	-	16,704
Fines and forfeitures	1,900	-	-	1,900
Miscellaneous revenue	73,813	7,669	-	81,482
Total revenues	<u>41,887,841</u>	<u>5,457,223</u>	<u>(438,357)</u>	<u>46,906,707</u>
Expenses:				
Current operating:				
City manager's office	13,216	-	-	13,216
Finance	170,988	-	-	170,988
Development and public works	24,605,403	74,031	(438,357)	24,241,077
Debt service:				
Interest and premium amortization	393,000	(153,353)	-	239,647
Depreciation	10,389,078	-	-	10,389,078
Total expenses	<u>35,571,685</u>	<u>(79,322)</u>	<u>(438,357)</u>	<u>35,054,006</u>
Excess of revenues over (under) expenses	<u>6,316,156</u>	<u>5,536,545</u>	<u>-</u>	<u>11,852,701</u>
Other financing sources (uses):				
Transfers in	8,311,723	17,990,000	(26,301,723)	-
Transfers out	(17,990,000)	(8,311,723)	26,301,723	-
Capital contributions	88,290	2,141,852	-	2,230,142
Gain (loss) on disposal of capital assets	99,554	-	-	99,554
Total other financing sources (uses)	<u>(9,490,433)</u>	<u>11,820,129</u>	<u>-</u>	<u>2,329,696</u>
Change in net position	<u>(3,174,277)</u>	<u>17,356,674</u>	<u>-</u>	<u>14,182,397</u>
Net position, beginning of year	<u>130,947,080</u>	<u>87,111,443</u>	<u>-</u>	<u>218,058,523</u>
Net position, end of year	<u>\$ 127,772,803</u>	<u>\$ 104,468,117</u>	<u>\$ -</u>	<u>\$ 232,240,920</u>

Metropolitan Wastewater Management Commission
REGIONAL WASTEWATER FUND
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
(NON-GAAP BUDGETARY BASIS) - BUDGET AND ACTUAL
Year Ended June 30, 2024

	Original Budget	Revised Budget	Budget Basis Actual	Variance	Adjustments to Budget Basis Actual	GAAP Basis Actual
Revenues:						
Charges for services	\$ 40,378,460	\$ 40,378,460	\$ 40,794,863	\$ 416,403	\$ 428,782	\$ 41,223,645
Investment earnings	200,000	200,000	587,314	387,314	(15,535)	571,779
Licenses and permits	16,000	16,000	16,704	704	-	16,704
Fines and forfeitures	-	-	1,900	1,900	-	1,900
Miscellaneous revenue	700,000	700,000	212,899	(487,101)	(139,086)	73,813
Total revenues	<u>41,294,460</u>	<u>41,294,460</u>	<u>41,613,680</u>	<u>319,220</u>	<u>274,161</u>	<u>41,887,841</u>
Expenses:						
Current operating:						
City manager's office	17,648	17,648	13,216	4,432	-	13,216
Finance	181,874	181,874	170,988	10,886	-	170,988
Development and public works	23,712,952	24,685,012	24,040,287	644,725	565,116	24,605,403
Debt service:						
Principal	3,690,000	3,690,000	3,690,000	-	(3,690,000)	-
Interest and premium amortization	423,000	423,000	423,000	-	(30,000)	393,000
Depreciation	-	-	-	-	10,389,078	10,389,078
Total expenses	<u>28,025,474</u>	<u>28,997,534</u>	<u>28,337,491</u>	<u>660,043</u>	<u>7,234,194</u>	<u>35,571,685</u>
Excess of revenues over (under) expenses	<u>13,268,986</u>	<u>12,296,926</u>	<u>13,276,189</u>	<u>979,263</u>	<u>(6,960,033)</u>	<u>6,316,156</u>
Other financing sources (uses):						
Transfers in	25,904	25,904	25,904	-	8,285,819	8,311,723
Transfers out	(14,300,000)	(14,300,000)	(14,300,000)	-	(3,690,000)	(17,990,000)
Capital contributions	-	-	-	-	88,290	88,290
Gain (loss) on disposal of assets	-	-	(50,826)	(50,826)	150,380	99,554
Total other financing sources (uses)	<u>(14,274,096)</u>	<u>(14,274,096)</u>	<u>(14,324,922)</u>	<u>(50,826)</u>	<u>4,834,489</u>	<u>(9,490,433)</u>
Change in net position	(1,005,110)	(1,977,170)	(1,048,733)	928,437	(2,125,544)	(3,174,277)
Net position, beginning of year	<u>11,599,893</u>	<u>13,682,709</u>	<u>13,681,723</u>	<u>-</u>	<u>117,265,357</u>	<u>130,947,080</u>
Net position, end of year	<u>\$ 10,594,783</u>	<u>\$ 11,705,539</u>	<u>\$ 12,632,990</u>	<u>\$ 928,437</u>	<u>\$ 115,139,813</u>	<u>\$ 127,772,803</u>

Metropolitan Wastewater Management Commission
REGIONAL WASTEWATER CAPITAL FUND
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
(NON-GAAP BUDGETARY BASIS) - BUDGET AND ACTUAL
Year Ended June 30, 2024

	Original Budget	Revised Budget	Budget Basis Actual	Variance	Adjustments to Budget Basis Actual	GAAP Basis Actual
Revenues:						
Investment earnings	\$ 420,000	\$ 420,000	\$ 5,516,678	\$ 5,096,678	\$ (67,342)	\$ 5,449,336
Intergovernmental revenue	800	800	218	(582)	-	218
Miscellaneous revenue	7,000	7,000	7,669	669	-	7,669
Total revenues	<u>427,800</u>	<u>427,800</u>	<u>5,524,565</u>	<u>5,096,765</u>	<u>(67,342)</u>	<u>5,457,223</u>
Expenses:						
Current operating:						
Development and public works	2,479,000	4,707,030	2,287,256	2,419,774	(2,213,225)	74,031
Capital projects	64,680,000	68,995,557	6,072,594	62,922,963	(6,072,594)	-
Debt service:						
Interest	-	-	-	-	(153,353)	(153,353)
Total expenses	<u>67,159,000</u>	<u>73,702,587</u>	<u>8,359,850</u>	<u>65,342,737</u>	<u>(8,439,172)</u>	<u>(79,322)</u>
Excess of revenues over (under) expenses	<u>(66,731,200)</u>	<u>(73,274,787)</u>	<u>(2,835,285)</u>	<u>70,439,502</u>	<u>8,371,830</u>	<u>5,536,545</u>
Other financing sources (uses):						
Transfers in	14,300,000	14,300,000	14,300,000	-	3,690,000	17,990,000
Transfers out	(25,904)	(25,904)	(25,904)	-	(8,285,819)	(8,311,723)
Capital contributions	2,000,000	2,000,000	2,141,852	141,852	-	2,141,852
Total other financing sources (uses)	<u>16,274,096</u>	<u>16,274,096</u>	<u>16,415,948</u>	<u>141,852</u>	<u>(4,595,819)</u>	<u>11,820,129</u>
Change in net position	(50,457,104)	(57,000,691)	13,580,663	70,581,354	3,776,011	17,356,674
Net position, beginning of year	<u>93,197,489</u>	<u>99,933,792</u>	<u>99,933,792</u>	<u>-</u>	<u>(12,822,349)</u>	<u>87,111,443</u>
Net position, end of year	<u>\$ 42,740,385</u>	<u>\$ 42,933,101</u>	<u>\$ 113,514,455</u>	<u>\$ 70,581,354</u>	<u>\$ (9,046,338)</u>	<u>\$ 104,468,117</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, 2024, and have issued our report thereon dated December 17, 2024.

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.

A handwritten signature in black ink, appearing to read 'R. Pasquarella', with a long horizontal line extending to the right.

Ryan T. Pasquarella, Principal
For REDW LLC
Salem, Oregon
December 17, 2024