

Regional Wastewater Program Annual Financial Report



Metropolitan Wastewater
MANAGEMENT COMMISSION



partners in wastewater management

Fiscal Year 2024-2025

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

ANNUAL FINANCIAL REPORT

For the Years Ended June 30, 2025 and 2024

METROPOLITAN WASTEWATER MANAGEMENT COMMISSION

ANNUAL FINANCIAL REPORT

For the Years Ended June 30, 2025 and 2024

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Introductory Section

Metropolitan Wastewater MANAGEMENT COMMISSION



partners in wastewater management

GOVERNING BOARD

June 30, 2025

Pat Farr
Eugene, OR 97401

Lane County Board of Commissioners Representative
President

Doug Keeler
Springfield, OR 97477

Springfield Citizen Representative
Vice President

Jennifer Yeh
Eugene, OR 97401

Eugene Council Representative

Alan Stout
Springfield, OR 97477

Springfield Council Representative

Bill Inge
Eugene, OR 97402

Lane County Citizen Representative

Christopher Hazen
Eugene, OR 97405

Eugene 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

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, 2025 and 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, 2025 and 2024, and the respective changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit 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 issuance 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 an opinion 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 19, 2025, 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 19, 2025

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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, 2025 and 2024. 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, 2025 were \$270.5 million and exceeded liabilities and deferred inflows of resources by \$245.2 million (i.e. net position). The increase in net position for the fiscal year ended June 30, 2025 was \$13.0 million. The increase in net position for the fiscal year ended June 30, 2024 was \$14.2 million. The decrease of \$1.2 million was the result of an increase of \$1.7 million in operating expenses and a decrease in non-operating expenses of \$891 thousand, only partially offset by an increase in operating revenues of \$383 thousand and \$1.0 million in administration and depreciation expense decreases.
- Operating revenues for the year were \$41.1 million as compared to \$40.8 million for fiscal year 2024. This is \$383 thousand more than the prior year, a 1.0 percent increase. Fiscal year 2024 increased from 2023 with a change to operating revenues of \$2.2 million.
- Total operating and maintenance expenses for the year were \$20.6 million and the total administration expenses were \$4.9 million compared to the prior year when expenses were \$19.4 and \$5.1 million respectively, and 2023 when they were \$16.1 and \$5.0 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

	2025	As restated, 2024	2023
Current and other assets	\$ 141,005,486	\$ 134,429,769	\$ 121,048,049
Capital assets, net, where applicable, of accumulated depreciation	<u>129,056,663</u>	<u>124,726,341</u>	<u>126,948,724</u>
Total assets	<u>270,062,149</u>	<u>259,156,110</u>	<u>247,996,773</u>
Deferred outflows of resources	<u>464,819</u>	<u>811,415</u>	<u>1,158,011</u>
Current liabilities	9,771,558	8,288,112	7,338,186
Long-term liabilities	<u>15,519,650</u>	<u>19,405,018</u>	<u>23,694,255</u>
Total liabilities	<u>25,291,208</u>	<u>27,693,130</u>	<u>31,032,441</u>
Deferred inflows of resources	<u>16,010</u>	<u>33,475</u>	<u>63,820</u>
Net position:			
Net investment in capital assets	123,851,002	115,517,326	113,896,357
Restricted for capital improvement	16,700,739	15,857,856	6,970,309
Restricted for debt service	50,000	50,000	50,000
Unrestricted	<u>104,618,009</u>	<u>100,787,148</u>	<u>97,141,857</u>
Total net position	<u>\$ 245,219,750</u>	<u>\$ 232,212,330</u>	<u>\$ 218,058,523</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 fiscal year 2025 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

	2025	As restated, 2024	2023
Operating revenues	\$ 41,074,726	\$ 40,752,172	\$ 38,592,209
Operations & maintenance	(20,632,112)	(19,361,818)	(16,121,306)
Administration	(4,891,179)	(5,063,464)	(4,972,942)
Depreciation	(9,908,855)	(10,389,078)	(10,403,006)
Operating income	5,642,580	5,937,812	7,094,955
Non-operating revenues (expenses), net (includes capital contributions)	7,364,840	8,244,585	5,827,644
Change in net position	\$ 13,007,420	\$ 14,182,397	\$ 12,922,599

Operating revenues increased by 0.7 percent from fiscal year 2024 to 2025 and increased by 5.6 percent from fiscal year 2023 to 2024. The fiscal year 2024 increase was primarily due to a \$1.3 million increase in sewer user fees collected. The smaller increase from 2024 to 2025 as compared to prior years was caused primarily by two issues. First, issues with the renewable natural gas credit management company caused sales of credits to be temporarily delayed. Second, issues with Eugene Water and Electric Board's accounting software resulted in the majority of 2025's user fees being remitted based on an estimated payment which will be reconciled in 2026.

Operations & maintenance expenses increased by approximately \$1.3 million, or 6.6 percent, compared to fiscal year 2024. 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 \$1.4 million which was driven primarily by an increase to regular wages and related payroll expenses due to salary increases and the filling of vacant positions. Eugene operations increased by \$322 thousand driven primarily by increases to parts and components, materials and supplies other, and computer software.

Net non-operating revenues/(expenses) decreased from \$8.2 million in fiscal year ending June 30, 2024 to \$7.4 million for the year ending June 30, 2025. Net non-operating expenditures were down in fiscal year 2025 due to a decrease in capital contributions of \$767 thousand, making up almost the entire change and indicating less property development in the region. Interest income was down slightly from the prior year.

Capital Assets

MWMC's investment in capital assets as of June 30, 2025 was \$129.1 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 3.5 percent. MWMC had a net increase to capital assets of \$4.3 million, this was due to capital increases being higher than decreases due to depreciation and asset disposals.

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

- Increases in construction in progress made up the largest category of increases that occurred during fiscal year ending June 30, 2025. The administration building project had an increase of \$4.6 million, the water quality trading program increased by \$1.5 million, the aeration basin upgrade increased by \$1.3 million, and the comprehensive facilities plan increased by \$1.2 million, along with other smaller additions.
- Machinery increases were primarily due to vehicle acquisitions worth less than \$100 thousand, in addition to those there was the purchase of a dredge for the biosolids management facility of \$726.6 thousand and the interior recoating of digester #1 for \$730.9 thousand.

MWMC's Capital Assets
(net of accumulated depreciation)

	June 30,		
	2025	2024	2023
Land	\$ 8,781,282	\$ 8,781,282	\$ 8,781,282
Land improvements	60,365	40,705	17,180
Construction in progress	22,850,025	11,585,488	8,017,005
Buildings and infrastructure	70,353,757	76,125,398	68,670,339
Machinery and equipment	26,368,841	26,980,393	39,642,008
Studies	642,393	1,213,075	1,820,910
Total	\$ 129,056,663	\$ 124,726,341	\$ 126,948,724

Debt Administration

At the end of the current fiscal year, the MWMC had total bonded debt outstanding (net of unamortized premium) of \$5.2 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 \$500 thousand as of June 30, 2025.

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, 2025, MWMC approved a 5 percent rate increase that was effective July 1, 2025 (a 5.5 percent increase was effective July 1, 2024). 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 and Equipment Replacement.

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,	
	2025	As restated, 2024
ASSETS		
Current assets:		
Cash and investments		
Unrestricted	\$ 113,040,749	\$ 106,917,652
Restricted	20,109,346	19,065,688
Accounts receivable	110,929	80,771
Intergovernmental receivable, net	5,217,377	5,883,037
Inventory	777,900	741,826
Accrued interest	857,364	616,735
Prepaid expenses	34,092	62,917
Notes receivable (System Development Charges)	141,393	327,165
Lease receivable	16,336	17,642
	<u>\$ 140,305,486</u>	<u>\$ 133,713,433</u>
Noncurrent assets:		
Deposits	700,000	700,000
Lease receivable	-	16,336
Land and construction in progress	31,631,307	20,366,770
Other capital assets, net of accumulated depreciation	97,425,356	104,359,571
	<u>129,756,663</u>	<u>125,442,677</u>
	<u>270,062,149</u>	<u>259,156,110</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred charge for debt refunding	464,819	811,415
	<u>464,819</u>	<u>811,415</u>
LIABILITIES		
Current liabilities:		
Accounts and contracts payable	5,645,670	4,334,133
Other accrued liabilities	95,512	75,776
Interest payable	30,376	55,459
Current portion of notes payable	100,000	100,000
Current portion of revenue bonds payable	3,900,000	3,750,000
Unearned revenues	-	1,334
	<u>9,771,558</u>	<u>8,316,702</u>
Long-term liabilities:		
Due to other governments	13,849,170	13,234,589
Notes payable	400,000	500,000
Revenue bonds payable (net of unamortized premium, and current portion)	1,270,480	5,670,429
	<u>15,519,650</u>	<u>19,405,018</u>
	<u>25,291,208</u>	<u>27,721,720</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred revenue lease	16,010	33,475
	<u>16,010</u>	<u>33,475</u>
NET POSITION		
Net investment in capital assets	123,851,002	115,517,326
Restricted for capital improvement	16,700,739	15,857,856
Restricted for debt service	50,000	50,000
Unrestricted	104,618,009	100,787,148
	<u>\$ 245,219,750</u>	<u>\$ 232,212,330</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,	
	2025	As restated, 2024
Operating revenues:		
Sewer user fees	\$ 41,053,088	\$ 40,733,350
Other operating receipts	21,638	18,822
Total operating revenues	41,074,726	40,752,172
Operating expenses:		
Operations and maintenance	20,632,112	19,361,817
Administration	4,891,179	5,063,465
Depreciation	9,908,855	10,389,078
Total operating expenses	35,432,146	34,814,360
Operating income	5,642,580	5,937,812
Non-operating revenues (expenses):		
Interest income	5,995,981	6,021,115
Interest expense	(79,314)	(239,647)
Lease income	63,550	51,939
Gain (loss) on disposal of capital assets	(121,106)	99,554
Miscellaneous revenue	44,202	81,482
Total non-operating revenues (expenses)	5,903,313	6,014,443
Income before contributions	11,545,893	11,952,255
Capital contributions	1,461,527	2,230,142
Change in net position	13,007,420	14,182,397
Net position, beginning of year	232,212,330	218,058,523
Prior period adjustment - Note J	-	(28,590)
Net position, beginning of year, as restated	232,212,330	218,029,933
Net position, end of year	\$ 245,219,750	\$ 232,212,330

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,	
	2025	As restated, 2024
Cash flows from operating activities:		
Cash received from customers	\$ 41,688,590	\$ 40,073,087
Cash paid to other governments	(12,952,454)	(13,526,611)
Cash paid to suppliers for goods and services	(10,603,643)	(10,029,554)
Other operating receipts	20,304	19,047
Net cash provided by operating activities	18,152,797	16,535,969
Cash flows from capital and related financing activities:		
Acquisition and construction of capital assets	(14,267,590)	(8,166,695)
Proceeds from sale of capital assets	(76,904)	181,036
Proceeds of capital contributions	1,461,527	2,230,142
Principal paid on notes payable	(100,000)	(100,000)
Principal paid on revenue bonds payable	(3,750,000)	(3,590,000)
Interest payments	(257,750)	(423,000)
Net cash used in capital and related financing activities	(16,990,717)	(9,868,517)
Cash flows from investing activities:		
Interest received	5,755,352	5,783,829
Notes receivable issued	(118,333)	(189,374)
Cash received on notes receivable	304,105	94,337
Lease income	63,550	53,170
Net cash provided by investing activities	6,004,674	5,741,962
Net increase (decrease) in cash and investments	7,166,754	12,409,414
Cash and investments, beginning of year	125,983,340	113,573,926
Cash and investments, end of year	\$ 133,150,094	\$ 125,983,340
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 5,642,579	\$ 5,937,812
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	9,908,855	10,389,078
Changes in assets / liabilities:		
Intergovernmental receivable, net	(104,825)	(660,263)
Prepaid expenses	28,825	(24,319)
Accounts and contracts payable	1,340,127	820,253
Due to other governments	634,317	60,160
Inventory	(36,074)	13,023
Unearned revenues	(1,334)	225
Net cash provided by operating activities	\$ 18,152,797	\$ 16,535,969

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, 2025 and 2024

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, 2025 and 2024

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, 2025, 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, 2025 and 2024

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:

Land improvements	10 – 30 years
Buildings and infrastructure	10 – 50 years
Machinery and equipment	1 – 50 years
Studies	5 – 40 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, 2025 and 2024

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, 2025, the MWMC implemented the following GASB pronouncements:

- 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 effects of adoption and implementation of Statement No. 101 are referenced in Note J of the financial statements.
- 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 Statement No. 103 and 104* – These are other pronouncements that have been issued by the GASB but not yet implemented by the MWMC.

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, 2025 for operation and maintenance costs incurred by the City of Eugene is \$2,503,161 (\$2,526,458 for 2024). The total costs charged to MWMC for the year ended June 30, 2025 were \$20,632,112 (\$19,361,818 for 2024). 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, 2025 and 2024 were \$4,891,178 and \$5,063,464 respectively and include employee benefits for City of Springfield employees.

METROPOLITAN WASTEWATER MANAGEMENT COMMISSION
NOTES TO FINANCIAL STATEMENTS

Years Ended June 30, 2025 and 2024

NOTE B – INTERGOVERNMENTAL AGREEMENTS - CONTINUED

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, 2025 was \$968,648 (\$935,877 for 2024).

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, 2025, MWMC has recorded an interagency payable to the respective cities for the compensated absences of \$1,312,419 (\$1,148,685 for 2024), and the net pension liability of \$11,568,103 (\$11,150,025 for 2024) computed for those employees. For 2025, the total interagency payable due to the cities of Eugene and Springfield is \$13,849,170 (\$13,234,589 for 2024.)

NOTE C – COMMITMENTS AND CONTINGENCIES

At June 30, 2025, MWMC was obligated by contracts for uncompleted construction projects for \$59,582,777. At June 30, 2024, the obligation on contracts for capital improvement projects was \$15,379,358.

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, 2025, MWMC adopted several transfer resolutions and supplemental budgets increasing expenditures by \$14,062,648. This was funded by adjustments to beginning cash - carrying forward budget planned, but not spent at the end of FY 2024.

METROPOLITAN WASTEWATER MANAGEMENT COMMISSION
NOTES TO FINANCIAL STATEMENTS

Years Ended June 30, 2025 and 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:

	2025	2024
State Revolving Fund loan reserves	\$ 50,000	\$ 50,000
System development charge reserves	16,559,346	15,515,688
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	\$ 20,109,346	\$ 19,065,688

METROPOLITAN WASTEWATER MANAGEMENT COMMISSION
NOTES TO FINANCIAL STATEMENTS

Years Ended June 30, 2025 and 2024

NOTE F – LEASE RECEIVABLE

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, 2025, the value of the lease receivable and deferred inflow of resources were \$16,336 and \$16,010, respectively. The lessee is required to make monthly fixed payments of \$1,493. The lease has an interest rate of 1.06 percent. Principal and interest payments received were \$17,642 and \$274, respectively, during the 2025 fiscal year. Principal and interest payments received were \$17,465 and \$421, respectively, during the 2024 fiscal year.

	Balance as of June 30, 2024	Additions	Reductions	Balance as of June 30, 2025
Lease receivables				
Infrastructure:				
410 River Avenue	\$ 33,978	\$ -	\$ (17,642)	\$ 16,336
Total lease receivables	\$ 33,978	\$ -	\$ (17,642)	\$ 16,336
	Balance as of June 30, 2024	Additions	Reductions	Balance as of June 30, 2025
Deferred inflows of resources				
Infrastructure:				
410 River Avenue	\$ 33,475	\$ -	\$ (17,465)	\$ 16,010
Total deferred inflows of resources	\$ 33,475	\$ -	\$ (17,465)	\$ 16,010

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

Fiscal Year	Principal Payments	Interest Payments	Total Payments
2026	\$ 16,336	\$ 87	\$ 16,423
	\$ 16,336	\$ 87	\$ 16,423

METROPOLITAN WASTEWATER MANAGEMENT COMMISSION
NOTES TO FINANCIAL STATEMENTS

Years Ended June 30, 2025 and 2024

NOTE G – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2025 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	11,585,488	11,264,537	-	22,850,025
Total capital assets, not being depreciated	<u>20,366,770</u>	<u>11,264,537</u>	<u>-</u>	<u>31,631,307</u>
Capital assets, being depreciated:				
Land improvements	3,718,192	25,660	-	3,743,852
Buildings and infrastructure	189,588,847	512,844	-	190,101,691
Machinery and equipment	114,632,700	2,477,978	(114,238)	116,996,440
Studies	5,760,864	-	-	5,760,864
Total capital assets, being depreciated	<u>313,700,603</u>	<u>3,016,482</u>	<u>(114,238)</u>	<u>316,602,847</u>
Less accumulated depreciation for:				
Land improvements	(3,677,487)	(6,000)	-	(3,683,487)
Buildings and infrastructure	(113,463,449)	(6,058,210)	-	(119,521,659)
Machinery and equipment	(87,652,307)	(3,273,963)	72,396	(90,853,874)
Studies	(4,547,789)	(570,682)	-	(5,118,471)
Total accumulated depreciation	<u>(209,341,032)</u>	<u>(9,908,855)</u>	<u>72,396</u>	<u>(219,177,491)</u>
Total capital assets, being depreciated, net	<u>104,359,571</u>	<u>(6,892,373)</u>	<u>(41,842)</u>	<u>97,425,356</u>
Capital assets, net	<u>\$ 124,726,341</u>	<u>\$ 4,372,164</u>	<u>\$ (41,842)</u>	<u>\$ 129,056,663</u>

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 and infrastructure	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)	(4,395)	(3,670,637)	(3,677,487)
Buildings and infrastructure	(98,240,327)	(6,523,916)	(8,699,206)	(113,463,449)
Machinery and equipment	(97,186,936)	(3,252,932)	12,787,561	(87,652,307)
Studies	(3,939,954)	(607,835)	-	(4,547,789)
Total accumulated depreciation	<u>(199,369,672)</u>	<u>(10,389,078)</u>	<u>417,718</u>	<u>(209,341,032)</u>
Total capital assets, being depreciated, net	<u>110,150,437</u>	<u>24,263,450</u>	<u>(30,054,316)</u>	<u>104,359,571</u>
Capital assets, net	<u>\$ 126,948,724</u>	<u>\$ 30,256,758</u>	<u>\$ (32,479,141)</u>	<u>\$ 124,726,341</u>

METROPOLITAN WASTEWATER MANAGEMENT COMMISSION
NOTES TO FINANCIAL STATEMENTS

Years Ended June 30, 2025 and 2024

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, 2025 and 2024.

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 \$464,819 unamortized as of June 30, 2025 and \$811,415 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, 2025 and 2024.

Revenue obligation bonds payable transactions for the year ended June 30, 2025 are as follows:

	<u>Issue Date</u>	<u>Final Maturity Date</u>	<u>Effective Interest Rate</u>	<u>Outstanding July 1, 2024</u>	<u>Issued During Year</u>	<u>Matured During Year</u>	<u>Outstanding June 30, 2025</u>	<u>Due Within One Year</u>
Sewer system revenue bonds serviced by fund revenues:								
Series 2016	5/3/2016	2027	1.461%	\$ 8,250,000	\$ -	\$ 3,750,000	\$ 4,500,000	\$ 3,900,000
						Unamortized premium Due in current year	670,479 (3,900,000)	
					Total revenue bonds payable		\$ 1,270,479	

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		\$ 5,670,429	

Maturities of bond principal and interest are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>
2026	\$ 3,900,000	\$ 102,000
2027	600,000	12,000
	<u>\$ 4,500,000</u>	<u>\$ 114,000</u>

METROPOLITAN WASTEWATER MANAGEMENT COMMISSION
NOTES TO FINANCIAL STATEMENTS

Years Ended June 30, 2025 and 2024

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, 2025, note payable activity was as follows:

<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
\$ 600,000	\$ -	\$ (100,000)	\$ 500,000	\$ 100,000

At June 30, 2024, note payable activity was as follows:

<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
\$ 700,000	\$ -	\$ (100,000)	\$ 600,000	\$ 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>
2026	\$ 100,000	\$ 2,250
2027	100,000	1,750
2028	100,000	1,250
2029	100,000	750
2030	100,000	250
Total	<u>\$ 500,000</u>	<u>\$ 6,250</u>

MWMC maintained a loan reserve of \$50,000 as of June 30, 2025 in accordance with the loan agreements with the Oregon Department of Environmental Quality.

METROPOLITAN WASTEWATER MANAGEMENT COMMISSION
NOTES TO FINANCIAL STATEMENTS

Years Ended June 30, 2025 and 2024

NOTE J – RESTATEMENT OF NET POSITION

As required during the implementation of GASB Statement 101- *Compensated Absences*, the sick time calculation portion of compensated absences was increased to better reflect the estimated sick time usage expected during the next fiscal year. This was reflected in a restatement to prior year financial statements. These adjustments resulted in a decrease to beginning net position in the amount of \$28,590 to the government. These are recorded on the basic financial statements as follows:

Change in net position	\$	13,007,420
Net position - beginning as previously reported		232,240,920
Adjustment for implementation of GASB101		<u>(28,590)</u>
Net position - beginning as restated		<u>232,212,330</u>
Net position - ending	\$	<u>245,219,750</u>

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Supplemental Information

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Metropolitan Wastewater Management Commission
 COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
 Year Ended June 30, 2025

	Regional Wastewater Fund	Regional Wastewater Capital Fund	Eliminations	Total
Revenues:				
Charges for services	\$ 41,604,185	\$ -	\$ (487,545)	\$ 41,116,640
Investment earnings	356,538	5,639,443	-	5,995,981
Intergovernmental revenue	-	299	-	299
Licenses and permits	20,139	-	-	20,139
Fines and forfeitures	1,200	-	-	1,200
Miscellaneous revenue	37,107	7,095	-	44,202
Total revenues	42,019,169	5,646,837	(487,545)	47,178,461
Expenses:				
Current operating:				
City manager's office	12,304	-	-	12,304
Finance	183,312	-	-	183,312
Development and public works	25,763,919	51,303	(487,545)	25,327,677
Debt service:				
Interest and premium amortization	232,667	(153,353)	-	79,314
Depreciation	9,908,855	-	-	9,908,855
Total expenses	36,101,057	(102,050)	(487,545)	35,511,462
Excess of revenues over (under) expenses	5,918,112	5,748,887	-	11,666,999
Other financing sources (uses):				
Transfers in	13,996,707	18,950,000	(32,946,707)	-
Transfers out	(18,950,000)	(13,996,707)	32,946,707	-
Capital contributions	(191,495)	1,653,022	-	1,461,527
Gain (loss) on disposal of capital assets	(121,106)	-	-	(121,106)
Total other financing sources (uses)	(5,265,894)	6,606,315	-	1,340,421
Change in net position	652,218	12,355,202	-	13,007,420
Net position, beginning of year, as restated	127,744,214	104,468,116	-	232,212,330
Net position, end of year	\$ 128,396,432	\$ 116,823,318	\$ -	\$ 245,219,750

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, 2025

	Original Budget	Revised Budget	Budget Basis Actual	Variance	Adjustments to Budget Basis Actual	GAAP Basis Actual
Revenues:						
Charges for services	\$ 43,218,000	\$ 43,218,000	\$ 39,597,165	\$ (3,620,835)	\$ 2,007,020	\$ 41,604,185
Investment earnings	300,000	300,000	302,013	2,013	54,525	356,538
Licenses and permits	16,000	16,000	20,139	4,139	-	20,139
Fines and forfeitures	-	-	1,200	1,200	-	1,200
Miscellaneous revenue	700,000	700,000	53,850	(646,150)	(16,743)	37,107
Total revenues	<u>44,234,000</u>	<u>44,234,000</u>	<u>39,974,367</u>	<u>(4,259,633)</u>	<u>2,044,802</u>	<u>42,019,169</u>
Expenses:						
Current operating:						
City manager's office	18,232	18,232	12,304	5,928	-	12,304
Finance	193,181	193,181	183,312	9,869	-	183,312
Development and public works	25,224,847	26,220,044	25,652,913	567,131	111,006	25,763,919
Debt service:						
Principal	3,850,000	3,850,000	3,850,000	-	(3,850,000)	-
Interest and premium amortization	257,750	257,750	257,750	-	(25,083)	232,667
Depreciation	-	-	-	-	9,908,855	9,908,855
Total expenses	<u>29,544,010</u>	<u>30,539,207</u>	<u>29,956,279</u>	<u>582,928</u>	<u>6,144,778</u>	<u>36,101,057</u>
Excess of revenues over (under) expenses	<u>14,689,990</u>	<u>13,694,793</u>	<u>10,018,088</u>	<u>(3,676,705)</u>	<u>(4,099,976)</u>	<u>5,918,112</u>
Other financing sources (uses):						
Transfers in	27,722	27,722	27,722	-	13,968,985	13,996,707
Transfers out	(15,100,000)	(15,100,000)	(15,100,000)	-	(3,850,000)	(18,950,000)
Capital contributions	-	-	-	-	(191,495)	(191,495)
Gain (loss) on disposal of assets	-	-	7,070	7,070	(128,176)	(121,106)
Total other financing sources (uses)	<u>(15,072,278)</u>	<u>(15,072,278)</u>	<u>(15,065,208)</u>	<u>7,070</u>	<u>9,799,314</u>	<u>(5,265,894)</u>
Change in net position	<u>(382,288)</u>	<u>(1,377,485)</u>	<u>(5,047,120)</u>	<u>(3,669,635)</u>	<u>5,699,338</u>	<u>652,218</u>
Net position, beginning of year, as restated	<u>11,089,438</u>	<u>12,632,990</u>	<u>12,632,990</u>	<u>-</u>	<u>115,111,224</u>	<u>127,744,214</u>
Net position, end of year	<u>\$ 10,707,150</u>	<u>\$ 11,255,505</u>	<u>\$ 7,585,870</u>	<u>\$ (3,669,635)</u>	<u>\$ 120,810,562</u>	<u>\$ 128,396,432</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, 2025

	Original Budget	Revised Budget	Budget Basis Actual	Variance	Adjustments to Budget Basis Actual	GAAP Basis Actual
Revenues:						
Investment earnings	\$ 1,500,000	\$ 1,500,000	\$ 5,378,380	\$ 3,878,380	\$ 261,063	\$ 5,639,443
Intergovernmental revenue	800	800	299	(501)	-	299
Miscellaneous revenue	8,000	8,000	7,095	(905)	-	7,095
Total revenues	<u>1,508,800</u>	<u>1,508,800</u>	<u>5,385,774</u>	<u>3,876,974</u>	<u>261,063</u>	<u>5,646,837</u>
Expenses:						
Current operating:						
Development and public works	4,149,000	7,866,810	4,191,473	3,675,337	(4,140,170)	51,303
Capital projects	69,120,000	75,665,472	9,828,814	65,836,658	(9,828,814)	-
Debt service:						
Premium amortization	-	-	-	-	(153,353)	(153,353)
Total expenses	<u>73,269,000</u>	<u>83,532,282</u>	<u>14,020,287</u>	<u>69,511,995</u>	<u>(14,122,337)</u>	<u>(102,050)</u>
Excess of revenues over (under) expenses	<u>(71,760,200)</u>	<u>(82,023,482)</u>	<u>(8,634,513)</u>	<u>73,388,969</u>	<u>14,383,400</u>	<u>5,748,887</u>
Other financing sources (uses):						
Transfers in	15,100,000	15,100,000	15,100,000	-	3,850,000	18,950,000
Transfers out	(27,722)	(27,722)	(27,722)	-	(13,968,985)	(13,996,707)
Capital contributions	2,770,000	2,770,000	1,616,009	(1,153,991)	37,013	1,653,022
Total other financing sources (uses)	<u>17,842,278</u>	<u>17,842,278</u>	<u>16,688,287</u>	<u>(1,153,991)</u>	<u>(10,081,972)</u>	<u>6,606,315</u>
Change in net position	(53,917,922)	(64,181,204)	8,053,774	72,234,978	4,301,428	12,355,202
Net position, beginning of year	<u>100,995,359</u>	<u>113,514,455</u>	<u>113,514,455</u>	<u>-</u>	<u>(9,046,339)</u>	<u>104,468,116</u>
Net position, end of year	<u>\$ 47,077,437</u>	<u>\$ 49,333,251</u>	<u>\$ 121,568,229</u>	<u>\$ 72,234,978</u>	<u>\$ (4,744,911)</u>	<u>\$ 116,823,318</u>

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Compliance Section

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, 2025, and have issued our report thereon dated December 19, 2025.

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 19, 2025