EWEB

Eugene Water & Electric Board

Independent Auditor's Reports and Financial Statements

December 31, 2021 and 2020

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Board of Commissioners

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

Officers

Mr. Frank Lawson	General Manager, Secretary
Ms. Anne Kah	Assistant Secretary
Ms. Deborah Hart	Treasurer
Mr. Aaron Balmer	Assistant Treasurer

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

EWEB
4200 Roosevelt Boulevard
Eugene, OR 97402

MOSSADAMS

Report of Independent Auditors

The Board of Directors
Eugene Water & Electric Board

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying statements of net position of the Electric System, Water System and Combined Total Systems, and the statements of fiduciary net position of the Retirement Benefits Trust (the Trust) of Eugene Water & Electric Board (the "Board"), as of December 31, 2021 and 2020, and the related statements of revenues, expenses and changes in net position and cash flows of the Electric System, Water System and Combined Total Systems for the years then ended, and the statements of changes in fiduciary net position of the Trust for the years then ended, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the of the Eugene Water & Electric Board as of December 31, 2021 and 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards (Government Auditing Standards)*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Board and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Board's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of EWEB's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about EWEB's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and pension and OPEB schedules on pages 5 through 21 and 85 through 89 be presented to supplement the financial statements. Such information is the responsibility of management and, although not a part of the financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the Electric System and Water System long-term bonded debt and interest payment requirements (including current portion) schedules and the Electric System and Water System analysis of certain restricted cash and investments for bond service schedules and sustainability accounting standards disclosures ("supplementary information") but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 18, 2022 on our consideration of Eugene Water & Electric Board's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Eugene Water & Electric Board's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Eugene Water & Electric Board's internal control over financial reporting and compliance.

Report on Other Legal and Regulatory Requirements

In accordance with the Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated March 18, 2022, on our consideration of the Board's compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statues as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.

Julie Desimone

Julie Desimone, Partner,
for Moss Adams LLP
Portland, Oregon
March 18, 2022

The following discussion provides an overview of the financial results of the Eugene Water & Electric Board (EWEB) for the years ended 2021 and 2020. This unaudited discussion is intended to be used in conjunction with the financial statements and note disclosures following this section.

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

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

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

Electric System

The Electric System supplies service to 96,000 residential, commercial, and industrial customers within the City of Eugene and areas along the McKenzie River between the cities of Walterville and Vida where two of EWEB's hydro-power plants are located. The total service area covers 236 square miles. The Electric System owns and operates approximately 1,100 circuit miles of overhead and underground distribution lines, 129 circuit miles of transmission lines, and 38 distribution substations. Power delivered to customers is supplied by Bonneville Power Administration (BPA) contracts, EWEB-owned generation resources, other contracted resources, and purchases from the wholesale energy markets. EWEB's power supply sources are primarily hydropower, but also include wind, biomass, steam, and solar.

Power resource attributes	MWh 2021	2020	2019
Hydro-power	2,441,552	2,583,553	2,371,222
Wind	178,014	186,900	158,169
Steam	136,796	231,357	236,042
Biomass	119,932	121,193	114,588
Other market purchases	758,623	1,047,442	1,130,227
	3,634,917	4,170,445	4,010,248

Power resources - owned, contracted, or market			
EWEB-owned generation	430,596	530,943	421,512
Contracted generation	2,445,698	2,592,060	2,458,509
Market purchases	758,623	1,047,442	1,130,227
	3,634,917	4,170,445	4,010,248

Electric System Condensed Financial Information
(in thousands of dollars)

	2021	2020	2019
Net utility plant	$ 444,355	$ 429,157	$ 407,800
Current assets	138,359	147,456	153,657
Other assets	117,275	125,995	87,369
Total assets	699,989	702,608	648,826
Deferred outflows of resources	35,655	43,938	52,351
Current liabilities	37,682	36,491	38,378
Long-term debt	217,864	228,371	190,132
Other liabilities	41,646	70,126	72,951
Total liabilities	297,192	334,988	301,461
Deferred inflows of resources	43,046	24,018	21,277
Net investment in capital assets	254,288	251,254	241,620
Restricted	4,791	6,435	6,552
Unrestricted	136,327	129,851	130,267
Total net position	$ 395,406	$ 387,540	$ 378,439
Residential	$ 102,529	$ 99,374	$ 100,561
Commercial and industrial	93,497	92,941	100,605
Sales for resale and other	61,719	51,585	62,173
Operating revenue	257,745	243,900	263,339
Purchased power	141,721	134,594	153,922
System control	4,287	4,637	4,269
Wheeling	12,052	11,248	13,107
Steam and hydraulic generation	13,482	12,142	12,277
Transmission and distribution	24,507	24,510	24,526
Customer accounting	8,054	8,242	7,668
Conservation expenses	4,176	4,014	3,633
Administrative and general	22,879	20,751	20,467
Depreciation on utility plant	24,492	21,594	22,785
Operating expenses	255,650	241,732	262,654
Net operating income	2,095	2,168	685
Non-operating revenue	10,089	11,960	10,273
Non-operating expense	(7,781)	(7,637)	(8,723)
Income before capital contributions	4,403	6,491	2,235
Capital contributions	3,463	2,806	2,606
Special items	-	-	(12,528)
Intersystem transfer	-	(196)	-
Change in net position	7,866	9,101	(7,687)
Total net position - beginning of year	387,540	378,439	386,126
Total net position - end of year	$ 395,406	$ 387,540	$ 378,439

Analysis of financial position and results of operations
The electric system's overall financial position improved in 2021 and 2020 as a measure of overall increases in net position and net operating income.

The net investment in capital assets component of net position, reflecting the value of capital assets net of the debt incurred to acquire those assets, increased in 2021 and 2020. At a high level, steady infrastructure investments increased net utility plant balances while annual debt service payments reduced the associated debt. Capital asset and debt activity are discussed further in sections below.

Restricted net position is subject to external legal restrictions on its use and is primarily representative of reserves for payments of debt service, customer donations, and amounts deposited in escrow accounts relating to the Harvest Wind Project. Restricted net position decreased in 2021 following the termination of an agreement related to initial financing of the Harvest Wind Project. Funds held in escrow were released without restriction. In 2020, restricted net position decreased due to lower debt service reserve requirements as part of the refunding of a portion of the 2012 bond series. The latest debt issuance, the 2020 bond series, had no debt service reserve requirement.

Unrestricted net position represents the accumulation of net position that are not capital assets, or subject to external restrictions on their use. Factors contributing to the unrestricted net position increase in 2021 were varied. A primary driver to the 2021 increase was reduction in the actuarial measurement of the net pension and other post-employment benefits (OPEB) liabilities following strong market performance of investment portfolios.

Electric system net operating income was $2.1 million in 2021, and $2.2 million in 2020. Depressed economic activity during the COVID-19 pandemic reduced demand in both years. Operating expenses in 2020 included nearly $5 million in system restoration costs from the Holiday Farm Fire. $3.5 million in FEMA grant revenue was recognized as non-operating revenue in 2021 and reimbursed eligible costs from the wildfire damage.

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

Residential customers make up approximately 90% of EWEB's customer base and approximately 50% of customer revenue. Sales to residential customers are variable based on weather trends, and traditionally, EWEB has been a winter-peaking utility. Recent peak loads during extreme summer weather reacted stronger than expected indicating growth of cooling load (building air conditioning) in EWEB's service territory. Notable heat waves in June and August of 2021 where peak loads were comparable though still lower than winter peak loads. Annual average temperatures for 2021 and 2020 were above normal by approximately 2 degrees Fahrenheit.

Commercial and industrial accounts make up approximately 10% of the EWEB customer base, and approximately 50% of customer revenue. Commercial and industrial sales are more reactive to economic conditions rather than weather conditions. Measures taken to stop the spread of COVID-19 restricted businesses' ability to operate to varying degrees throughout much of 2020 and 2021. Reduced commercial and industrial sales in 2020 were also impacted by the closure of a large industrial customer in May 2020; the closure was announced prior to COVID-19 impacts.

Overall load reductions due to COVID-19 were no longer observed beginning in the third quarter of 2021 though a slight shift in demand from commercial to residential customer classes has remained. Broadly, many employees able to work from home as a pandemic mitigation measure are continuing to do so.

EWEB sold power supply in excess of load into wholesale markets. The Electric System has an active hedging program to manage price risk associated with wholesale power sales. Regionally, lower than normal water supply for hydropower in 2021 contributed to higher wholesale prices. This increased the value of EWEB's surplus, but it also increased the cost of market purchases made during extreme peak load events. Market purchases were needed due to unbudgeted hydro variances from EWEB-owned projects. 2020 market prices were lower due to increased hydro-electric generation in the region.

Electric System operating expenses include purchased power and wheeling expenses. Prices are set for BPA and contracted resources by their respective contracts, which may escalate over time. Market purchases are made at times when resources aren't adequate for customer load or to support the EWEB hedging program and are subject to price variability to the extent not fully hedged. Purchased power costs increased in 2021 as a result of a below average water year and higher market prices, noted above. Lower purchased power costs in 2020 were due to lower market prices.

Increased fuel costs for a co-generation plant in 2021 contributed to the rise in steam and hydraulic generation costs. Generation costs were higher in 2019, compared to 2020, due to maintenance for a co-generation plant.

Within the customer accounting classification, in 2020, the COVID-19 pandemic caused many businesses to reduce operations or close and led to increased costs for collections and customer assistance. Collection and customer assistance costs remained elevated in 2021 compared to pre-pandemic levels.

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

Depreciation expense increased in 2021 as a function of prior year capital closeout activity. Various assets were finished near the end of the year, including improvements at the Carmen Smith facility, and depreciation recognition began early in 2021. Depreciation expense decreased in 2020 as depreciation associated to the Leaburg hydroelectric project was not recognized. In 2020, the Leaburg hydroelectric project was moved to property held for future use. Federal Energy Regulatory Commission (FERC) ordered the project to dewater the canal which forced the generation plant offline.
For the Electric System, non-operating revenue was primarily miscellaneous revenue from sources unrelated to core business functions, including investment earnings, rental revenue and claims revenue.

In 2021, non-operating revenue included recognition of a $3.5 million public assistance grant from FEMA tied to the 2020 Holiday Farm Fire. In 2020, non-operating revenue included recognition of a $3.1 million public assistance grant from FEMA tied to the 2019 snowstorm. Also, in 2021 and 2020, earnings from equity investments, Western Generation Agency (WGA) and Harvest Wind, were especially strong, $3.2 million in 2021 and 2020 as compared to $2.2 million in 2019.

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

Non-operating expense is primarily interest expense for long-term debt and other revenue deductions including taxes and losses on the disposition of property. A bond issuance in 2020 refunded prior debt and reduced associated interest expense compared to 2019.

Other transactions of note include the Oregon Public Employee Retirement System (OPERS) valuation. The net pension liability for the Electric System fell by $27 million from 2020 to 2021. The change was driven by better than projected earnings on pension assets. From 2019 to 2020, the net pension liability decreased by $1.2 million for the Electric System. For more information, see Note 16 - Retirement Benefits

Significant variations in original and final budget amounts

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

Recent residential price adjustments have been as follows:

2021	No change
2020	No change
2019	No change

For the Electric System, significant variations in the original and final O&M budget tend to revolve around purchased power costs. Volatility in regional energy markets has increased in recent years and is accentuated by supply and/or demand during extreme weather events. 2021 purchased power budgets were set under the assumptions of a 90% water flow year for regional hydro generation and included reduced demand due to COVID-19.

	2021
Approved Operations & Maintenance Budgets	$217,700,000
Operational Changes:	
Purchase Power	25,100,000
Shift of Labor and Overhead from Capital to O&M	3,900,000
Total O&M Budget Amendment	$29,000,000
Total Amended O&M Budgets	$246,700,000

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

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

2020 variances are outlined in the table below. Purchase power costs were expected to exceed budget by $8.8 million, primarily due to lower EWEB-owned hydro generation from poor water conditions on the McKenzie River and unplanned operational outages related to the wildfires. The increased purchased power costs were largely offset by higher wholesale revenue. The Electric System also expected to have increased costs due to the wildfires. Lower projected capital spending and accounting guidance for software capitalization shifted costs from capital to O&M.

	2020
Approved Operations & Maintenance Budgets	$221,000,000
Operational Changes:	
Purchase Power	8,800,000
Wildfire Damage	2,800,000
Software shift from Capital to O&M	1,200,000
Shift of Labor and Overhead from Capital to O&M	1,500,000
Total O&M Budget Amendment	$14,300,000
Total Amended O&M Budgets	**$235,300,000**

The 2020 capital budget was initially approved at $49.1 million and was amended to $46.4 million due to the shifts in spending.

Significant capital asset activity

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

2020 activity included:

- Restoration efforts from the Holiday Farm Fire. This accounted for approximately $1.25 million additional capital spending.
- Leaburg Canal: Approximately $1 million of work associated with the Leaburg Hydroelectric project was deferred due to uncertainty around the Leaburg Canal Path forward. This includes deferred Holden Creek and Leaburg Substation work at the generation plant.
- Substations: Approximately $1 million was spent in 2020 due to two emergent transformer failures that resulted in replacement work (IP and Willow Creek).
- IT: Data center storage at a disaster recovery site and the Roosevelt Operations Center as well as firewall upgrades

2021 activity included:

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

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

2020 activity included:

- Downtown Network: Installed four 15kV manual tie switches for downtown network feeders & upgraded all 8 feeder cables. This project substantially increased resiliency of the Downtown Network and will allow for reduced switching time from days to hours in the event of a source substation equipment or line failure.
- Advanced Metering Infrastructure (AMI): Completed aspects of installation of communications infrastructure for improved radio coverage and to support meter installation. Design completed to transfer deployment method to plug and play and procure a deployment contractor, most of this work was deferred to 2021.

2021 activity included:

- In early 2020, the Currin Substation rebuild project was initiated and an engineering contractor began work in fall 2021 with design estimated to be completed in 2022. Engineering started procuring long lead items and drafting temporary system designs to support construction. Construction is planned to begin late in 2022.
- AMI: Mass meter deployment occurred in 2021. Due to supply chain issues, the deployment of electric meters was postponed in October 2021. Once EWEB's meter vendor is able to restart mass production of meters, the installation will resume at a rate of 100% of plan.

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

2020 activity included:

- Turbine Runner replacement and Generator Rewind for Unit 2 – This project was delayed due to COVID-19 and contractor performance delays. EWEB completed digital governor conversions for both generating units and an exciter upgrade for one unit. The second exciter upgrade was completed in January 2021.
- Aquatics Management Plan: Fish passage design has been completed and regulatory review began in January 2021.
- Other Management Plans: With submission of the Carmen-Smith Water Quality Management Plan in November 2020, all 10 high level resource management plans required by the FERC license were completed. Deployment activities in 2021 for the resource management plans will continue through the 40-year term of the license.

2021 activity included:

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

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

Long-term debt activity, credit ratings, debt service coverage

The Electric System issues revenue bonds or notes payable to fund certain capital projects. During 2021, the Electric System made scheduled debt service payments. In 2020, the Electric System made scheduled debt service payments and issued $39.2 million in revenue bonds for capital improvements. In addition, $16.8 million in revenue refunding bonds were issued with proceeds used to pay issuance costs and refund bonds previously issued in 2012. For more information, see Note 12 – Long-Term Debt.

Electric System bonds are rated as follows:

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

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

Year	Net Revenue Available for Debt Service (000s)	Annual Debt Service (000s)	Debt Service Coverage
2021	$34,725	$15,340	2.3x
2020	$32,297	$16,112	2.0x
2019	$43,617	$16,373	2.7x

Currently known facts, decisions, or conditions expected to have a significant effect on financial position or results of operations

In 2020, the Leaburg hydroelectric project was moved from plant in service to property held for future use. FERC ordered the project to dewater the canal forcing the generation plant offline. The FERC ruling was due to increased seepage along the canal indicative of unstable soils and was deemed a public safety risk. Initial canal soil studies concluded in 2020 and the Board is discussing possible remediation of the canal for storm water conveyance or restoration to power generation.

Water System

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

Water System Condensed Financial Information
(in thousands of dollars)

	2021	2020	2019
Net utility plant	$ 209,504	$ 196,316	$ 185,692
Current assets	39,078	42,610	37,989
Other assets	34,189	34,094	18,617
Total assets	282,771	273,020	242,298
Deferred outflows of resources	10,736	13,201	15,201
Current liabilities	7,690	6,584	5,810
Long-term debt	65,899	69,008	51,319
Other liabilities	18,861	28,087	29,295
Total liabilities	92,450	103,679	86,424
Deferred inflows of resources	13,297	7,330	6,396
Net investment in capital assets	138,942	131,358	126,446
Restricted	4,048	6,484	9,396
Unrestricted	44,770	37,370	28,837
Total net position	$ 187,760	$ 175,212	$ 164,679
Residential	$ 21,409	$ 20,508	$ 19,492
Commercial and industrial	15,167	14,052	14,768
Sales for resale and other	5,542	4,320	3,832
Operating revenue	42,118	38,880	38,092
Transmission and distribution	6,632	7,269	5,840
Sources of supply, pumping, and purification	9,736	7,671	6,796
Customer accounting	1,782	1,975	1,780
Conservation expenses	545	520	492
Administrative and general	4,504	5,111	4,491
Depreciation on utility plant	7,263	6,805	6,645
Operating expenses	30,462	29,351	26,044
Net operating income	11,656	9,529	12,048
Non-operating revenue	1,031	762	1,486
Non-operating expense	(2,494)	(2,307)	(2,250)
Income before capital contributions	10,193	7,984	11,284
Capital contributions	2,355	2,353	4,674
Special items	-	-	(3,956)
Intersystem transfer	-	196	-
Change in net position	12,548	10,533	12,002
Total net position - beginning of year	175,212	164,679	152,677
Total net position - end of year	$ 187,760	$ 175,212	$ 164,679

Analysis of financial position and results of operations
The water system's overall financial position improved in 2021 and 2020 as a measure of overall increases in net position and net operating income.

The net investment in capital assets component of net position, reflecting the value of capital assets net of the debt incurred to acquire those assets, increased in 2021 and 2020. Capital asset additions such as main replacements and improvements, advanced metering infrastructure, and Hayden Bridge improvements have increased plant values and decreases in associated debt occurred as annual debt service payments were made.

Restricted net position is subject to external legal restrictions on its use and is primarily representative of reserves for payment of debt service and System Development Charges (SDC). The use of SDC reimbursement reserves toward payment of debt service decreased restricted net position in 2021 and 2020.

Unrestricted net position represents the accumulation of assets that are not capital assets, or subject to external restrictions on their use. A driver to the 2021 increase was reduction in the actuarial measurement of the net pension and OPEB liabilities following strong market performance of investment portfolios Increases in the Water System's unrestricted net position also reflect strong operating activity for the last several years.

Analysis of balances and transactions
Consumption of water varies depending on the season and the weather patterns of a particular year with peak consumption in the summer months. 2021 and 2020 were impacted by COVID-19. Social distancing and pandemic mitigation measures required many commercial facilities to reduce their typical operations. In addition, many employers transitioned to a remote working environment with staff working from home where possible. In 2021, overall consumption increased as drought conditions in Oregon corresponded with higher-than-normal consumption through the spring and summer months. Annual water production was the highest since 2008. 2020 overall consumption was stable with prior years with a small shift from commercial to residential consumption.

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

Residential accounts make up 90% of the customer base of the Water System, and approximately 60% of retail consumption. Similar to the Electric system, residential consumption is more responsive to weather conditions than commercial and industrial. Water sales revenue for retail customers was higher in 2020 corresponding to extended dry weather in September and October, compared to 2019, when September rains brought an end to the typical dry summer weather with over 5 inches of rain. 2021 consumption and revenue increased, due to drought conditions beginning early in the year.

Commercial and industrial accounts make up 10% of the Water System's customer base, and approximately 40% of retail sales. 2020 declines in commercial and industrial sales were a symptom of COVID-19 economic difficulty and social distancing measures. Commercial sales rebounded in 2021, with drought conditions early in the year and an early start to the irrigation season.

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

The Water System pumps and purifies all water sold and does not have wholesale purchase expense. The largest production expenses are purification and transmission and distribution of water. Other significant expenses are administrative and general, and depreciation. During 2020, increases in source of supply were driven by response efforts to the Holiday Farm Fire which destroyed areas of the McKenzie River Watershed. Increased contractor costs for watershed restoration work went toward erosion control and hazardous material stabilization. 2021 increases in source of supply were similar and geared toward the McKenzie River Watershed restoration efforts. Increased costs are funded through the Watershed Recovery Fee that took effect July 2021, noted above. Transmission and distribution costs were higher in 2020 due to contract work for patching and paving and increased labor costs in operating expense with less internal labor allocated to capital projects. Reduced customer accounting and administrative costs in 2021 were a function of overhead allocations to capital work. Overhead is applied to capital assets as they are constructed and effectively allocates current period costs to constructed assets where it is ultimately recognized as depreciation expense in a future period. Capital spending was higher in 2021 than 2020, increasing overhead allocations.

Similar to the Electric System, depreciation expense increased in 2021 as a function of prior year capital closeout activity. Various assets were finished near the end of the year, including improvements at the Hayden Bridge facility, and depreciation recognition began early in 2021.

Other transactions of note include the OPERS valuation. The net pension liability for the Water System fell by $8.5 million from 2020 to 2021. The change was driven by better than projected earnings on pension assets. From 2019 to 2020, the net pension liability increased by $390,000 for the Water System. For more information, see Note 17 - Retirement benefits.

Analysis of significant variations between original and final budget amounts

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

Recent residential price adjustments have been as follows:

2021	No change
2020	No change
2019	No change

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

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

Water capital budgets were not amended in 2021.

2020 O&M budget amendments included funds for Water Source Protection following the Holiday Farm Fire, and addressed delays and shifts in spending from Capital to O&M.

	2020
Approved Operations & Maintenance Budgets	$20,700,000
Operational Changes:	
Water Source Protection	1,000,000
Software shift from Capital to O&M	300,000
Shift of Labor and Overhead from Capital to O&M	600,000
Total O&M Budget Amendment	$1,900,000
Total Amended O&M Budgets	**$22,600,000**

The shifts from capital to O&M noted in the O&M budget amendment above, reduced the Capital budget. In addition, the Water Utility had an increase to amend the capital budget to cover their portion of an emergent opportunity for technology hardware replacement, offsetting planned costs in future years.

	2020
Approved Capital Budget	$18,000,000
Software shift from Capital to O&M	(300,000)
Shift from Capital to O&M	(600,000)
Higher than Estimated Costs	600,000
Total Amended Capital Budget	**$17,700,000**

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

2020 activity included:

- Source – Water intakes & Filtration Plant: Numerous smaller projects were completed at Hayden Bridge in 2020 in conjunction with progress on larger resiliency efforts at the filtration plant. These included some pipe improvements to the 'house water system', replacement of a variable frequency drive at the finish water pump station, and an upgrade of the filter control system. In addition, source water quality equipment was purchased to help with watershed monitoring going forward. Also, several projects are underway to help the plant handle potential source quality issues including improvements to the sodium hydroxide and powder activated carbon systems.

- Distribution Pipe and Services: Water main replacements and improvements are the largest component of the Type 1 work. COVID impacts slowed work early in the pandemic. Several large projects were contracted out in the second half of the year. Some of the large projects include a main replacement on Saratoga Ave and a large main replacement in the Willagillespie area in North Eugene.

2021 activity included:

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

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

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

2020 activity included:

- Hayden Bridge Lab and Backup Services Building: Design was completed in 2019 and the Board approved a contract for the construction of the lab in early 2020. The new building was approved for occupancy in late December. Finish site work remained for 2021.
- Distribution & Pipe Services: Design of a riverfront transmission extension project and boring for a main under a railroad as identified in the water system master plan.
- Planning and conceptual design work occurred for placement of new reservoirs at three locations: East 40th Ave., College Hill, and Hawkins Hill. The first reservoir to be constructed will be at East 40th Ave. Construction is planned to start in mid-2021 and be completed by the end of 2022.
- AMI: Completed aspects of installation of communications infrastructure for improved radio coverage and to support meter installation. Design completed to transfer deployment method to plug and play and procure a deployment contractor, most of this work was deferred to 2021.

2021 activity included:

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

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

2020 activity included:

- Work in this area was focused on continued efforts to construct emergency water distribution sites. Efforts were largely focused on the Bethel area and Lane Event Center emergency water distribution sites.

2021 activity included:

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

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

Long-term debt activity, credit ratings, debt service coverage

The Water System issues revenue bonds or notes payable to fund certain capital projects. During 2021, the Water System made scheduled debt service payments. During 2020, the Water System made scheduled debt service payments and issued $18.5 million in revenue bonds for capital improvements. In addition, $14.9 million in revenue refunding bonds were issued with proceeds used to pay issuance costs and refund bonds previously issued in 2011. For more information, see Note 12 – Long-Term Debt and Note 13 – Intersystem items.

Water System bonds are rated as follows:

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

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

Year	Net Revenue Available for Debt Service (000s)	Annual Debt Service (000s)	Debt Service Coverage
2021	$20,040	$4,927	4.1x
2020	$8,240	$3,821	2.2x
2019	$17,522	$4,451	3.9x

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

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

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

Financial statements for the Trust, including accompanying notes, are a set of two statements. The *statement of fiduciary net position* reports the assets, liabilities, and net position held in trust on the day of December 31 for the years presented. The *statement of changes in net position*, reflects the sources and uses of plan assets over the one-year periods presented. More information about the plan is provided in Note 17 and the Required Supplementary Information.

Significant totals from the financial statements are below.

	2021	2020	2019
Total assets	$ 20,371	$ 20,059	$ 19,273
Total liabilities	17	28	23
Total net position	$ 20,353	$ 20,031	$ 19,250
Contributions	$ 859	$ 1,202	$ 1,854
Net investment income	2,233	2,527	3,228
Total additions	3,092	3,729	5,082
Total deductions	2,787	2,948	3,003
Net increase (decrease) in net position	$ 306	$ 781	$ 2,079

Analysis

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

Total assets and net position as of December 31, increased each year from 2019 through 2021. This was primarily because of investment income, which was high each of those years. The money-weighted average return was 12.0% for 2021, 14.0% for 2020 and 19.8% for 2019. See Note 17 for further information on the portfolio's composition and investment returns. Employer contributions also boosted assets. This was significant in 2019, where employer contributions were $1.1 million. The Board makes contributions to the Trust based on the most recent actuarially determined contribution (ADC) for the plan. As the net position of the trust improved from 2019 to 2021, the ADC decreased. As of the August 31, 2021, actuarial valuation, the ADC was zero. The Board ceased contributions to the Trust in 2021 after receiving that report. Contributions from the Board in 2021 were $176,000 and $462,000 in 2020.

Contributions include payments from retirees, which are applied to their monthly health care insurance premiums. Retirees contributed $684,000 in 2021, $740,000 in 2020, and $717,000 in 2019. These contributions varied primarily for changes in premiums and an increasing proportion of retirees participating in the Medicare plans of Oregon PHIP. Premiums for Medicare plans increased in 2020 and decreased below the 2019 level, by 2%, in 2021. The overall number of retirees participating in medical benefits was stable from 2019 to 2021, declining approximately 4%.

Deductions are primarily benefit expenses. Administrative costs are also included. Benefit expenses declined each year as retirees aged out of the EWEB group medical plan, which is the most expensive insurance available to participants. The number of retirees participating in the EWEB group medical plan decreased 25% or 30 persons from August 31, 2019, to August 31, 2021. Upon becoming Medicare eligible, retirees continued their OPEB benefit by choosing a Medicare plan through Oregon PHIP, or they dropped off the OPEB plan. Both outcomes reduced benefit expenses. These savings were enhanced by the premium decreases for the PHIP plans in 2021. As of August 31, 2021, 78% or 311 of the plan's 401 retirees participating in medical coverage were Medicare retirees, 71% in 2019.

As of December 31, 2021, the plan's financial position was the highest it has been since inception of the Trust. Benefit expenses are expected to continue to decrease in the future as health care benefits are closed to employees hired after 2002 and as more participants become Medicare eligible.

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Eugene Water & Electric Board
Statements of Net Position
December 31, 2021 and 2020

	Electric System		Water System		Total System	
	2021	2020	2021	2020	2021	2020
ASSETS						
Capital assets						
Utility plant in service	$ 833,289,354	$ 803,732,684	$ 339,584,612	$ 320,683,728	$ 1,172,873,966	$ 1,124,416,412
Less accumulated depreciation	469,310,376	451,027,186	142,306,939	135,864,192	611,617,315	586,891,378
Net utility plant in service	363,978,978	352,705,498	197,277,673	184,819,536	561,256,651	537,525,034
Property held for future use	38,335,395	37,049,750	2,320,699	1,999,288	40,656,094	39,049,038
Construction work in progress	42,040,231	39,401,817	9,905,618	9,496,706	51,945,849	48,898,523
Net utility plant	444,354,604	429,157,065	209,503,990	196,315,530	653,858,594	625,472,595
Current assets						
Cash and cash equivalents	16,417,613	21,241,755	7,888,023	11,473,557	24,305,636	32,715,312
Short-term investments	11,192,566	9,148,677	3,197,125	3,613,615	14,389,691	12,762,292
Restricted cash and investments	23,984,812	38,676,438	4,575,504	10,863,810	28,560,316	49,540,248
Designated cash and investments	42,514,187	42,087,850	17,830,552	11,872,031	60,344,739	53,959,881
Receivables, less allowances	33,399,835	29,135,704	4,148,754	3,577,626	37,548,589	32,713,330
Due from Water System	383,331	375,128	-	-	-	-
Materials and supplies	8,302,145	4,676,862	1,310,842	1,079,149	9,612,987	5,756,011
Prepaids	941,848	915,451	127,258	130,609	1,069,106	1,046,060
Option premiums short-term	1,223,066	1,198,458	-	-	1,223,066	1,198,458
Total current assets	138,359,403	147,456,323	39,078,058	42,610,397	177,054,130	189,691,592
Non-current assets						
Investments – designated	32,241,661	30,112,526	13,522,230	8,494,062	45,763,891	38,606,588
Investments – unrestricted	15,314,315	11,144,265	4,374,491	4,457,346	19,688,806	15,601,611
Investments – restricted	19,290,845	27,328,703	3,853,994	8,067,197	23,144,839	35,395,900
Receivables, conservation, and other	2,887,762	3,103,002	159,522	133,830	3,047,284	3,236,832
Due from Water System	6,049,708	6,419,950	-	-	-	-
Investment in WGA	11,770	3,026,788	-	-	11,770	3,026,788
Investment in Harvest Wind	17,688,387	18,943,625	-	-	17,688,387	18,943,625
Preliminary investigations	262,199	128,497	1,302,816	1,302,816	1,565,015	1,431,313
Other assets	23,528,317	25,787,737	10,975,676	11,638,794	34,503,993	37,426,531
Total non-current assets	117,274,964	125,995,093	34,188,729	34,094,045	145,413,985	153,669,188
DEFERRED OUTFLOWS OF RESOURCES	35,655,368	43,937,752	10,736,278	13,201,421	46,391,646	57,139,173
Total assets and deferred outflows of resources	$ 735,644,339	$ 746,546,233	$ 293,507,055	$ 286,221,393	$ 1,022,718,355	$ 1,025,972,548

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

See accompanying notes.

Eugene Water & Electric Board
Statements of Net Position
December 31, 2021 and 2020

	Electric System		Water System		Total System	
	2021	2020	2021	2020	2021	2020
LIABILITIES						
Current liabilities						
Payables	$ 20,924,463	$ 21,897,140	$ 2,190,092	$ 1,343,138	$ 23,114,555	$ 23,240,278
Accrued payroll and benefits	4,989,239	4,267,939	1,510,950	1,322,644	6,500,189	5,590,583
Due to Electric System	-	-	383,331	375,128	-	-
Payable from restricted assets						
Accrued interest on long-term debt	3,508,017	3,581,186	945,691	988,388	4,453,708	4,569,574
Long-term debt due within one year	8,260,000	6,745,000	2,660,000	2,555,000	10,920,000	9,300,000
Total current liabilities	37,681,719	36,491,265	7,690,064	6,584,298	44,988,452	42,700,435
Non-current liabilities						
Long-term debt	217,864,002	228,371,384	65,898,766	69,007,546	283,762,768	297,378,930
Due to Electric System	-	-	6,049,708	6,419,950	-	-
Net pension liability	30,359,133	57,307,318	9,587,094	18,097,048	39,946,227	75,404,366
Net OPEB liability	9,256,616	10,307,702	2,923,142	3,255,064	12,179,758	13,562,766
Other liabilities	2,030,381	2,511,424	302,168	315,199	2,332,549	2,826,623
Total liabilities	297,191,851	334,989,093	92,450,942	103,679,105	383,209,754	431,873,120
DEFERRED INFLOWS OF RESOURCES	43,046,317	24,017,684	13,296,528	7,329,896	56,342,845	31,347,580
NET POSITION						
Net investment in capital assets	254,288,224	251,253,583	138,941,911	131,358,176	393,230,135	382,611,759
Restricted	4,791,132	6,434,467	4,047,985	6,483,739	8,839,117	12,918,206
Unrestricted	136,326,815	129,851,406	44,769,689	37,370,477	181,096,504	167,221,883
Total net position	395,406,171	387,539,456	187,759,585	175,212,392	583,165,756	562,751,848
Total liabilities, deferred inflows of resources, and net position	$ 735,644,339	$ 746,546,233	$ 293,507,055	$ 286,221,393	$ 1,022,718,355	$ 1,025,972,548

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

Eugene Water & Electric Board
Statements of Revenues, Expenses, and Changes in Net Position
Years Ended December 31, 2021 and 2020

	Electric System		Water System		Total System	
	2021	2020	2021	2020	2021	2020
Residential	$ 102,528,959	$ 99,374,113	$ 21,408,604	$ 20,508,148	$ 123,937,563	$ 119,882,261
Commercial and industrial	93,496,715	92,940,923	15,166,776	14,052,620	108,663,491	106,993,543
Sales for resale and other	61,719,367	51,584,582	5,542,505	4,319,880	67,261,872	55,904,463
Operating revenues	257,745,041	243,899,618	42,117,885	38,880,648	299,862,926	282,780,267
Purchased power	141,720,706	134,594,268	-	-	141,720,706	134,594,268
System control	4,287,467	4,637,338	-	-	4,287,467	4,637,338
Wheeling	12,052,379	11,247,747	-	-	12,052,379	11,247,747
Steam and hydraulic generation	13,481,492	12,141,792	-	-	13,481,492	12,141,792
Transmission and distribution	24,507,045	24,509,483	6,632,413	7,268,794	31,139,458	31,778,280
Source of supply, pumping, and purification	-	-	9,735,907	7,671,364	9,735,907	7,671,365
Customer accounting	8,054,473	8,242,160	1,781,613	1,975,022	9,836,086	10,217,179
Conservation expenses	4,175,787	4,013,788	545,056	520,141	4,720,843	4,533,929
Administrative and general	22,879,062	20,750,800	4,504,107	5,110,689	27,383,169	25,861,490
Depreciation on utility plant	24,491,728	21,594,275	7,262,502	6,805,228	31,754,230	28,399,503
Operating expenses	255,650,139	241,731,651	30,461,598	29,351,238	286,111,737	271,082,891
Net operating income	2,094,902	2,167,967	11,656,287	9,529,410	13,751,189	11,697,376
Investment earnings (losses)	(46,699)	1,546,093	(13,899)	499,832	(60,598)	2,045,925
Interest earnings, Water	161,133	169,874	-	-	-	-
Other revenue	9,974,990	10,243,786	1,045,124	262,097	11,020,114	10,505,883
Non-operating revenues	10,089,424	11,959,753	1,031,225	761,929	10,959,516	12,551,808

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

See accompanying notes.

Eugene Water & Electric Board
Statements of Revenues, Expenses, and Changes in Net Position
Years Ended December 31, 2021 and 2020

	Electric System		Water System		Total System	
	2021	2020	2021	2020	2021	2020
Other revenue deductions	$ 428,976	$ 476,259	$ 199,778	$ 60,490	$ 628,754	$ 536,749
Interest expense and related amortization	7,351,923	7,161,122	2,133,670	2,077,082	9,485,593	9,238,204
Interest expense, Electric	-	-	161,133	169,874	-	-
Non-operating expenses	7,780,899	7,637,381	2,494,581	2,307,446	10,114,347	9,774,953
Income before capital contributions and special items	4,403,427	6,490,339	10,192,931	7,983,894	14,596,358	14,474,233
Contributions in aid of construction	2,680,049	2,389,691	977,695	713,122	3,657,744	3,102,813
Contributed plant assets	783,239	416,521	217,897	524,179	1,001,136	940,700
System development charges	-	-	1,158,670	1,116,533	1,158,670	1,116,533
Capital contributions	3,463,288	2,806,212	2,354,262	2,353,834	5,817,550	5,160,046
Intersystem transfer	-	(195,792)	-	195,792	-	-
Change in net position	7,866,715	9,100,759	12,547,193	10,533,520	20,413,908	19,634,279
Total net position at beginning of year	387,539,456	378,438,697	175,212,392	164,678,872	562,751,848	543,117,569
Total net position at end of year	$ 395,406,171	$ 387,539,456	$ 187,759,585	$ 175,212,392	$ 583,165,756	$ 562,751,848

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

See accompanying notes.

Eugene Water & Electric Board
Statements of Cash Flows
Years Ended December 31, 2021 and 2020

	Electric System		Water System		Total System	
	2021	2020	2021	2020	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES						
Receipts from customers	$269,318,471	$ 262,065,995	$ 41,506,287	$ 38,994,488	$ 310,824,758	$ 301,060,483
Other receipts	3,432,409	7,109,214	427,975	639,558	3,860,384	7,748,772
Power purchases	(142,708,469)	(134,654,889)	-	-	(142,708,469)	(134,654,889)
Payments to employees, employer paid benefits	(48,674,097)	(48,306,478)	(15,096,101)	(14,963,817)	(63,770,198)	(63,270,295)
Payments to suppliers	(42,819,767)	(35,489,293)	(7,254,459)	(7,013,593)	(50,074,226)	(42,502,886)
Contributions in lieu of taxes	(12,967,399)	(12,855,478)	-	-	(12,967,399)	(12,855,478)
Net cash from operating activities	25,581,148	37,869,071	19,583,702	17,656,636	45,164,850	55,525,707
CASH FLOWS FROM INVESTING ACTIVITIES						
Purchases of investment securities	(72,695,106)	(157,570,099)	(19,340,204)	(43,185,717)	(92,035,310)	(200,755,816)
Proceeds from sale and maturities of investments	79,834,554	98,155,000	19,457,639	25,089,971	99,292,193	123,244,971
Interest on investments	1,844,603	1,237,264	457,389	317,954	2,301,992	1,555,218
Distributions from equity investments	7,454,005	4,935,271	-	-	7,454,005	4,935,271
Net cash from investing activities	16,438,056	(53,242,564)	574,824	(17,777,792)	17,012,880	(71,020,356)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES						
Intersystem obligations paid to Electric from Water	361,303	352,580	(361,303)	(352,580)	-	-
Interest receipts/(payments) to Electric from Water	161,870	170,593	(161,870)	(170,593)	-	-
Net cash from non-capital financing activities	523,173	523,173	(523,173)	(523,173)	-	-

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

See accompanying notes.

Eugene Water & Electric Board
Statements of Cash Flows
Years Ended December 31, 2021 and 2020

	Electric System		Water System		Total System	
	2021	2020	2021	2020	2021	2020
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Principal payments	$ (6,745,000)	$ (8,540,000)	$ (2,555,000)	$ (1,855,000)	$ (9,300,000)	$ (10,395,000)
Proceeds from issuance of bonds	-	63,149,007	-	35,124,291	-	98,273,298
Payments to refund debt	-	(17,147,475)	-	(15,114,186)	-	(32,261,661)
Additions to plant and non-utility property, net	(40,182,879)	(44,131,710)	(20,036,112)	(17,674,127)	(60,218,991)	(61,805,837)
Interest payments	(8,594,849)	(7,571,523)	(2,372,132)	(1,966,194)	(10,966,981)	(9,537,717)
Additions to preliminary surveys and other	(79,922)	8,006,090	-	-	(79,922)	8,006,090
Capital contributions	3,463,288	2,806,212	2,354,262	2,353,833	5,817,550	5,160,045
Net cash from capital and related financing activities	(52,139,362)	(3,429,399)	(22,608,982)	868,617	(74,748,344)	(2,560,782)
CHANGE IN CASH AND CASH EQUIVALENTS	(9,596,985)	(18,279,719)	(2,973,629)	244,288	(12,570,614)	(18,055,431)
CASH AND CASH EQUIVALENTS, beginning of year	54,850,733	73,130,452	20,568,183	20,343,895	75,418,916	93,474,347
CASH AND CASH EQUIVALENTS, end of year Including cash and cash equivalents restricted and designated: $28,836,134 and $9,706,529 ($33,608,979 and $9,094,622 in 2020) for Electric and Water, respectively	$ 45,253,748	$ 54,850,733	$ 17,594,554	$ 20,588,183	$ 62,848,302	$ 75,418,916

NON-CASH CAPITAL ACTIVITY

In 2021, plant assets contributed by developers were $783,239 for the electric system and $217,897 for the water system ($416,251 for the electric system and $524,179 for the water system in 2020).

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

See accompanying notes.

Eugene Water & Electric Board
Statements of Cash Flows
Years Ended December 31, 2021 and 2020

	Electric System		Water System		Total System	
	2021	2020	2021	2020	2021	2020
RECONCILIATION OF NET OPERATING INCOME TO NET CASH FROM OPERATING ACTIVITIES						
Net operating income	$ 2,094,902	$ 2,167,967	$ 11,656,285	$ 9,529,411	$ 13,751,187	$ 11,697,378
Adjustments to reconcile net operating income to net cash from operating activities						
Depreciation, including allocated	25,740,056	22,806,896	7,262,502	6,805,228	33,002,558	29,612,124
Other revenue	5,924,048	7,359,981	417,074	709,202	6,341,122	8,069,183
Other revenue deductions	(355,561)	(321,642)	(44,316)	(24,066)	(399,877)	(345,708)
(Increase) decrease in assets						
Receivables	(4,362,396)	4,231,076	(571,129)	68,260	(4,933,525)	4,299,336
Materials and supplies	(3,625,283)	375,984	(231,693)	216,737	(3,856,976)	592,721
Prepayments and special deposits	(26,397)	103,471	3,351	26,755	(23,046)	130,226
Conservation loans, net	313,506	1,050,834	-	-	313,506	1,050,834
Other assets	146,362	294,968	-	-	146,362	294,968
(Increase) decrease in deferred outflows						
Fair value of hedging derivatives	176,947	80,094	-	-	176,947	80,094
Increase (decrease) in liabilities						
Accounts payable, accrued payroll, and benefits	(98,294)	(68,657)	1,091,628	325,107	993,334	256,450
Other liabilities	(481,043)	2,971	-	-	(481,043)	2,971
Increase in deferred inflows of resources	134,301	(214,874)	-	-	134,301	(214,874)
Net cash from operating activities	$ 25,581,148	$ 37,869,069	$ 19,583,702	$ 17,656,634	$ 45,164,850	$ 55,525,703

See accompanying notes.

Eugene Water & Electric Board
Statements of Fiduciary Net Position – OPEB
December 31, 2021 and 2020

	Retirement Benefits Trust	
	2021	2020
ASSETS		
Money market investments	$ 133,293	$ 187,085
Interest and dividends receivable	2	5,138
Prepaid expenses	1,300	2,201
Investments, at fair value		
Corporate bonds		
Domestic	-	303,294
Mutual funds and exchange traded funds		
Fixed income	7,590,426	7,415,912
International	4,420,157	3,871,565
Domestic	7,189,272	7,296,886
Real estate	1,036,432	977,309
Total investments	20,236,287	19,864,966
Total assets	$ 20,370,882	$ 20,059,390
LIABILITIES		
Administrative costs payable	$ 17,423	$27,920
Benefits payable	16,120	-
Total liabilities	33,543	27,920
Net position restricted for postemployment benefits other than pensions	$ 20,337,339	$ 20,031,470

See accompanying notes.

Eugene Water & Electric Board
Statements of Changes in Fiduciary Net Position – OPEB
Years Ended December 31, 2021 and 2020

	Retirement Benefits Trust	
	2021	2020
ADDITIONS		
Contributions		
Employer	$ 175,500	$ 462,000
Members – EWEB group plan, only	683,609	740,292
Total contributions	859,109	1,202,292
Investment income		
Net increase in fair value of investments	1,586,541	2,088,008
Interest	3,696	15,308
Dividends	460,139	373,766
Capital gain distributions	238,241	101,704
	2,288,617	2,578,787
Less investment expense	55,290	51,703
Net investment income	2,233,327	2,527,084
Total additions	$ 3,092,436	$ 3,729,376
DEDUCTIONS		
Benefits	$ 2,022,858	$ 2,118,257
Benefits funded by retirees – EWEB group plan	683,609	740,292
Administrative expenses	80,101	89,779
Total deductions	2,786,568	2,948,328
Net increase in net position	305,868	781,048
NET POSITION RESTRICTED FOR POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS		
Beginning of year	20,031,471	19,250,423
End of year	$ 20,337,339	$ 20,031,471

See accompanying notes.

Note 1 – Summary of Significant Accounting Policies

Reporting entity

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

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

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

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

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

Eliminations

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

Method of accounting

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

Note 1 – Summary of Significant Accounting Policies (continued)

In June 2018, GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period,* which was effective for the Board in 2020. The objective of this Statement is (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. The Board previously used provisions of regulatory accounting to discontinue the capitalized interest process prior to issuance of this Statement. Therefore, Statement 89 had no impact on the Board's reporting.

In January 2020, GASB issued Statement No. 92, Omnibus 2020. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. The Statement was effective for periods beginning after June 15, 2020 and the Board adopted the provisions for the year ended December 31, 2021, resulting in no current year impact.

In March 2020, GASB issued Statement No. 93, *Replacement of Interbank Offered Rates* (IBOR). The objective of this Statement is to address accounting and financial reporting implications that result from the replacement of an IBOR. The Statement was effective for periods beginning after June 15, 2020, and the Board adopted the provisions for the year ended December 31, 2021, resulting in no current year impact.

In May 2020, GASB issued Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance.* The objective of this Statement is to provide temporary relief from certain new accounting and financial reporting requirements in light of the COVID-19 pandemic. The Statement was effective immediately and the Board adopted the provisions for the year ended December 31, 2020.

In June 2020, GASB issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—An Amendment of GASB Statements No. 14 and No. 84, and a Supersession of GASB Statement No. 32.* The statement exempted primary governments from treating the absence of a governing board the same as the appointment of a voting majority of a governing board in determining whether they are financially accountable for defined contribution benefit plans, and it established accounting and financial reporting requirements for Section 457 plans that meet the definition of a pension plan. The exemption portion of the statement was effective immediately. The Board applied this statement for the year ended December 31, 2020.

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

Note 1 – Summary of Significant Accounting Policies (continued)

Reclassifications
Certain reclassifications have been made to the prior year financial statements to conform to the current year presentation. Such reclassifications have no effect on previous net revenue or net position.

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

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

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

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

Note 1 – Summary of Significant Accounting Policies (continued)

Restricted assets

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

Materials and supplies

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

Preliminary investigations

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

Regulatory assets

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

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

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

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

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

Debt refundings

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

Note 1 – Summary of Significant Accounting Policies (continued)

Compensated absences
Employees accrue vacation leave in varying amounts according to their years of service. The maximum vacation accrual an employee can carry over is 240 hours. At the end of each calendar year, employees with over 240 hours, who have used at least 80 hours of vacation within the calendar year, will receive a lump sum payout for unused vacation above the 240 hour maximum. If an employee has not used 80 hours or more of vacation, then vacation accruals above 240 hours at the end of the year are forfeited. Employees terminating for any reason are eligible to receive payment for unused vacation leave balances. Accrued liabilities for vacation leave were $4.1 million and $3.8 million at December 31, 2021 and 2020, respectively, and presented as part of the accrued payroll and benefits liability.

Sick leave accrues bi-weekly, at a rate of 3.69 hours per pay period (pro-rated for part-time employees). There is no limit to the amount of sick leave an employee can accrue. Retiring employees have cash out options depending on their PERS Tier. Employees terminating prior to retirement forfeit unused sick leave. Sick leave liabilities are estimated based on sick leave accumulated as of December 31 by those employees who currently are eligible to receive termination payments, as well as other employees who are expected to become eligible in the future to receive such payments. Accrual for those employees who are expected to become eligible in the future are based on assumptions concerning the probability an individual employee will become eligible to receive termination benefits at retirement. Accrued liabilities for sick leave were $1.1 million and $1.1 million at December 31, 2021 and 2020, respectively, and presented as part of the other liabilities.

Net position
Net position consists of:

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

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

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

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

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

Note 1 – Summary of Significant Accounting Policies (continued)

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

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

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

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

Note 2 – Power Risk Management

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

Note 2 – Power Risk Management (continued)

Derivative financial instruments

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

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

As of December 31, 2021, hedging derivatives with a fair value of $899,000 were reported as other assets and deferred inflows. Hedging derivatives with a fair value of $1.2 million were reported as other liabilities and deferred outflows. Changes in fair value are reported as an increase in other assets or other liabilities and deferred inflows or outflows of resources until the time of settlement. When hedging derivatives settle, revenue or expense is recorded as either purchased power or wholesale sales.

Investment derivatives

Hedging derivatives found through testing to be ineffective are classified as investment derivatives. At that time, the fair value, including any fair value changes previously deferred on the balance sheet, are recorded as investment revenue and a deferred inflow or outflow. A loss of $35,000 was recognized in investment earnings from derivatives in 2021. As of December 31, 2021, investment derivatives with a fair value of $6,500 were recorded as deferred outflows of resources, and investment derivatives with a fair value of $41,000 were recorded as deferred inflows of resources. As of December 31, 2020, there were no investment derivatives or related investment revenue.

	Options			
	Hedging Derivatives		Investment Derivatives	
	2021	2020	2021	2020
Notional value	$ 2,081,646	$ 1,365,058	$ 41,420	$ -
Fair value – asset	899,228	806,347	6,465	-
Fair value – liability	1,181,646	1,365,058	41,420	-
Cash paid	1,915,046	1,365,058	41,420	-
Reference rates	Mid-C index	Mid-C index	Mid-C index	-
Dates entered into	10/20 - 9/21	8/19 - 10/20	9/21	-
Dates of maturity	1/22 - 6/22	1/21 - 6/22	4/22	-

Note 2 – Power Risk Management (continued)

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

As of December 31, 2021, all derivative instrument assets were with four counterparties and the aggregate fair value was $906,000. This represents the maximum loss that would be recognized if the counterparties to the derivative instrument assets failed to perform as contracted. Counterparty credit ratings ranged from Baa2 to A+. This maximum exposure is reduced by $691,000 of liabilities included in a netting arrangement.

Termination risk
Hedging derivative contracts may be terminated by mutual agreement of the Board and the counterparty, or upon the occurrence of a termination event. Termination events include non-payment, non-delivery, deterioration of creditworthiness, or other material adverse changes. During the years 2021 and 2020, there were no terminations.

Note 3 – Utility Plant

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

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

Note 3 – Utility Plant (continued)

	Electric Utility Plant			
	Balance December 31, 2019	Increases	Decreases	Balance December 31, 2020
Plant in service not subject to depreciation				
Land	$ 9,337,835	$ 274,899	$ -	$ 9,612,734
Intangible assets	231,716	-	-	231,716
Plant in service subject to depreciation				
Intangible assets	23,526,562	4,831	-	23,531,393
Steam production	10,363,488	4,056	-	10,367,544
Hydro production	170,605,261	4,459,015	(52,213,900)	122,850,376
Transmission	84,207,010	309,113	(226,013)	84,290,110
Distribution	325,638,748	15,789,710	(4,232,808)	337,195,650
Telecommunications	19,753,703	38,503	-	19,792,206
General plant	161,186,720	1,850,591	(5,412)	163,031,899
Completed construction, not yet classified	11,466,539	32,829,054	(11,466,538)	32,829,055
Total utility plant in service	816,317,582	55,559,772	(68,144,671)	803,732,684
Accumulated depreciation	(446,919,036)	(22,806,896)	18,698,746	(451,027,186)
Plant not subject to depreciation				
Property held for future use	1,344,855	35,704,895	-	37,049,750
Construction work in progress	37,056,305	39,283,956	(36,938,445)	39,401,817
Net utility plant	$ 407,799,706	$ 107,741,727	$ (86,384,370)	$ 429,157,065

Note 3 – Utility Plant (continued)

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

Note 3 – Utility Plant (continued)

	Water Utility Plant			
	Balance December 31, 2019	Increases	Decreases	Balance December 31, 2020
Plant in service not subject to depreciation				
Land	$ 1,258,733	$ 36,224	$ -	$ 1,294,957
Intangible assets	58,188	-	-	58,188
Plant in service subject to depreciation				
Source of supply	24,670,897	781,439	-	25,452,336
Pumping	14,245,161	5,913	-	14,251,074
Water treatment	38,803,342	115,017	-	38,918,359
Transmission & distribution	180,193,856	9,815,255	(735,998)	189,273,113
General plant	38,832,453	731,666	(1,188)	39,562,931
Completed construction, not yet classified	2,759,123	11,872,769	(2,759,123)	11,872,769
Total utility plant in service	300,821,753	23,358,283	(3,496,309)	320,683,727
Accumulated depreciation	(129,025,071)	(7,124,019)	284,898	(135,864,192)
Plant not subject to depreciation				
Property held for future use	2,396,812	-	(397,523)	1,999,289
Construction work in progress	11,498,352	15,414,652	(17,416,297)	9,496,707
Net utility plant	$ 185,691,846	$ 31,648,916	$ (21,025,231)	$ 196,315,531

Capital contributions

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

Note 4 – Cash and Investments

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

Restricted cash and investments

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

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

Note 4 – Cash and Investments (continued)

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

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

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

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

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

Detailed amounts for restricted cash and investments were as follows:

	2021		2020	
	Electric System	Water System	Electric System	Water System
Debt service reserves	$ 6,694,970	$ 1,491,743	$ 6,696,693	$ 1,492,130
Customer deposit and other	1,525,925	-	1,809,957	-
Terrestrial wildlife habitat fund	48,947	-	-	-
Harvest Wind escrow accounts	549,012	-	1,952,824	-
Construction funds	34,456,786	3,401,675	55,545,654	11,405,384
System development charge reserves	-	3,536,074	-	6,033,489
Investments for bond principal and interest	17	6	13	4
Total restricted cash and investments	$ 43,275,657	$ 8,429,498	$ 66,005,141	$ 18,931,007

Designated cash and investments

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

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

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

Note 4 – Cash and Investments (continued)

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

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

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

Detailed amounts for designated cash and investments were as follows:

	2021		2020	
	Electric System	Water System	Electric System	Water System
Rate stabilization fund	$ 24,468,927	$ 10,000,000	$ 24,468,927	$ 1,000,000
Power reserve	17,000,000	-	17,000,000	-
Capital improvement reserve	26,424,242	14,345,616	23,900,770	12,148,754
Second source fund	-	5,253,796	-	5,449,521
Operating reserve	5,856,679	1,358,370	5,856,679	1,374,818
Pension and medical reserve	1,006,000	395,000	974,000	393,000
Total designated cash and investments	$ 74,755,848	$ 31,352,782	$ 72,200,376	$ 20,366,093

Deposits with financial institutions are comprised of bank demand deposits, certificates of deposit, and money market accounts. The total bank balances, as recorded in bank records at December 31, 2021, were $22.1 million. Of the bank balances, $3.8 million were covered by federal depository insurance and $18.3 million were collateralized with securities.

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

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

Note 4 – Cash and Investments (continued)

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

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

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

Note 4 – Cash and Investments (continued)

As of December 31, 2020, the Board held the following investments (Electric and Water Systems combined):

Investment Type	Credit Rating	Carrying Value	Weighted Average Maturity (Years)	% of Portfolio
Local Government Investment Pool	Unrated	$ 50,222,850	0.00	23.5%
U.S. Agency Securities				
FHLB		7,150,970		3.4%
FNMA		13,402,909		6.3%
FHLMC		21,056,860		9.9%
FFCB		24,592,380		11.5%
FAMCA		8,039,000		3.8%
Other Agency		4,063,940		1.9%
Subtotal U.S. Agency	AA	78,306,059	1.33	36.8%
U.S. Treasury Securities	AAA	65,534,556	1.42	30.7%
Municipal Bonds	AA	3,031,884	1.52	1.4%
Corporate Bonds	AA	16,290,420	1.53	7.6%
Subtotal all securities		163,162,919	1.19	76.5%
Total		$ 213,385,769	0.91	100.0%

Concentration risk is when investments are concentrated in one issuer. This concentration presents a heightened risk of potential loss. This does not apply for pooled investments or investments directly in the U.S. government. ORS 294.035 limits investment in any single issuer of bonds to 5% of a portfolio; there is not a limit for investment in U.S. Agencies. Many government-sponsored agency securities are not backed by the full faith and credit of the U.S. government, including those held by the Board, although market participants widely believe the government would provide financial support to an agency if the need arose. The Board does not have a policy for investment concentration in those agencies. Regarding the LGIP, with the exception of pass-through funds, the maximum amount of pooled investments to be placed in the pool is limited by ORS 294.810, *Local governments authorized to place limited funds in pool*, to $52.7 million as of December 31, 2021.

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

Note 4 – Cash and Investments (continued)

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

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

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

Cash and investments consisted of the following:

	Restricted Cash and Investments	Cash and Cash Equivalents and Short-Term Investments	Designated Funds	Total Carrying Amount 2021	Total Carrying Amount 2020
ELECTRIC SYSTEM					
Cash on hand	$ -	$13,560	$ -	$13,560	$ 13,560
Cash in bank	1,007,231	5,995,101	-	7,002,332	16,264,531
Investments in the State of Oregon local government investment pool	8,878,743	10,408,953	18,950,160	38,237,856	38,572,643
Investments – U.S. Agencies, Treasuries, and Corp.	33,389,683	26,506,880	55,805,688	115,702,251	124,889,480
Total electric system	43,275,657	42,924,494	74,755,848	160,955,999	179,740,214
WATER SYSTEM					
Cash in bank	110	5,316,901	-	5,317,011	8,917,972
Investments in the State of Oregon local government investment pool	1,758,678	2,571,123	7,947,742	12,277,543	11,650,207
Investments – U.S. Agencies, Treasuries, and Corp.	6,670,710	7,571,615	23,405,040	37,647,365	38,273,439
Total water system	8,429,498	15,459,639	31,352,782	55,241,919	58,841,618
	$51,705,155	$58,384,133	$106,108,630	$216,197,918	$238,581,832

Note 5 – Fair Value Measurement

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

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

As of December 31, 2021:

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

Note 5 – Fair Value Measurement (continued)

As of December 31, 2020:

	2020	Fair Value Measurements Using: Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by fair value level				
Debt securities				
U.S. treasury securities	$ 63,534,556	$ 65,534,556	$ -	$ -
U.S. agencies	78,306,059	-	78,306,059	-
Corporate bonds	16,290,420	-	16,290,420	-
Municipal bonds	3,031,884	-	3,031,884	-
Total debt securities	$ 161,162,919	$ 65,534,556	$ 97,628,363	$ -
Derivative instruments				
Effective hedge-asset	$ 806,347	$ -	$ 806,347	$ -
Effective hedge-liability	(1,365,058)	-	(1,365,058)	-
Total derivatives	$ (558,711)	$ -	$ (558,711)	$ -

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

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

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

Note 6 – Receivables

Significant receivables were as follows:

	2021		2020	
	Electric System	Water System	Electric System	Water System
Current receivables				
Accounts receivable	$ 27,447,276	$ 3,960,152	$ 25,372,317	$ 3,336,638
Allowance for doubtful accounts	(326,389)	(35,584)	(367,405)	(30,230)
Net accounts receivable	27,120,887	3,924,568	25,004,912	3,306,408
Loans to customers	1,719,738	78,579	1,914,952	110,833
Receivable from FEMA	3,455,921	-	844,519	-
Interest receivable	466,534	145,607	543,601	160,385
Miscellaneous receivables	636,755	-	827,720	-
Receivables, less allowance	$33,399,835	$ 4,148,754	$ 29,135,704	$ 3,577,626
Long-term receivables				
Loans to customers	$ 2,887,762	$ 159,522	$ 3,103,002	$ 133,830

Total amounts written off for the year ended December 31, 2021 were $530,000 ($512,000 for 2020) for the Electric System and $55,000 ($63,000 for 2020) for the Water System.

Note 7 – Payables

Current payables were as follows:

	2021		2020	
	Electric System	Water System	Electric System	Water System
Accounts payable	$ 6,353,881	$ 955,781	$ 6,118,488	$ 813,744
Accrued purchased power	11,637,857	-	12,767,611	-
Construction payables	982,156	1,229,018	1,137,288	515,198
Contributions in lieu of taxes	1,284,507	-	1,232,085	-
Customer deposits	519,721	-	443,834	-
Equipment purchases	50,579	-	102,309	-
Miscellaneous payables	41,982	5,293	-	-
Preliminary investigations payables	53,780	-	95,524	14,196
Total payables	$ 20,924,463	$ 2,190,092	$ 21,897,139	$ 1,343,138

Note 8 – Other Assets and Other Liabilities

Other assets and other liabilities were as follows:

	2021		2020	
	Electric System	Water System	Electric System	Water System
Other assets				
Non-utility property	$ 61,587	$ 579,162	$ 61,587	$ 579,162
Derivatives at fair value	899,228	-	806,347	-
Option premiums long-term	-	-	166,600	-
Prepaid transmission expense – Harvest Wind	672,657	-	769,908	-
Regulatory assets				
Pension debits	12,655,975	7,090,229	15,994,929	8,144,637
OPEB debits	6,903,859	2,704,910	5,514,092	2,266,036
Conservation assets	993,554	-	1,007,348	-
Unamortized bond issue costs	1,341,457	601,375	1,466,926	648,957
Other assets	$ 23,528,317	$ 10,975,676	$ 25,787,737	$ 11,638,792
Other liabilities				
Derivatives at fair value	$ 1,181,646	$ -	$ 1,365,058	$ -
Environmental clean up	-	-	317,640	-
Sick leave – upon retirement	848,735	268,022	828,726	261,703
System development charge	-	34,146	-	53,496
Other liabilities	$ 2,030,381	$ 302,168	$ 2,511,424	$ 315,199

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

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

	2021		2020	
	Electric System	Water System	Electric System	Water System
Deferred outflows of resources				
Accumulated decrease in fair value of hedging derivatives	$ 1,181,646	$ -	$ 1,365,058	$ -
Accumulated increase in fair value of investment derivatives	6,465	-	-	-
Unamortized losses on bond refunding	5,712,078	1,655,693	6,661,764	1,861,126
Pension – differences between expected and actual experience	2,841,814	897,415	2,522,215	796,489
Pension – net difference between projected and actual earnings on investments	-	-	6,738,596	2,127,978
Pension – changes of assumptions	7,599,805	2,399,938	3,075,502	971,212
Pension – differences between Board contributions and proportionate share of contributions	13,463,234	4,251,549	18,050,112	5,700,035
Pension contributions subsequent to measurement date	2,971,136	938,254	2,720,112	858,982
OPEB – changes of assumptions	1,879,190	593,429	2,804,393	885,599
Deferred outflows of resources	$ 35,655,368	$ 10,736,278	$ 43,937,752	$ 13,201,421
Deferred inflows of resources				
Accumulated increase in fair value of hedging derivatives	$ 899,228	$ -	$ 806,347	$ -
Accumulated decrease in fair value of investment derivatives	41,420	-	-	-
Pension – net difference between projected and actual earnings on investments	22,474,630	7,097,252	-	-
Pension – changes of assumptions	79,898	25,231	107,759	34,029
Pension – changes in proportion	14,574,364	4,602,431	19,642,451	6,202,879
OPEB – net difference between expected and actual experience	3,381,017	1,067,691	2,116,711	668,435
OPEB – net difference between projected and actual earnings on investments	1,595,760	503,923	1,344,416	424,553
Deferred inflows of resources	$ 43,046,317	$ 13,296,528	$ 24,017,684	$ 7,329,896

Note 10 – Investment in Western Generation Agency

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

On April 6, 2021, WGA ceased operations when it sold its 36 MW nameplate cogeneration project (the Project) located in Wauna, Oregon to Georgia Pacific. A condition of the sale requires WGA to continue to exist for 18 months after the sale or until all pending claims for performance by WGA have been satisfied. It is the intention of WGA to dissolve after the covenant of existence is no longer in effect.

The investment in WGA consists of 50% of net income and losses, and distributions from excess cash. During 2021, $5.6 million in distributions was received ($3.2 million in 2020), including $1.7 million from sale proceeds of the Project. The balance of the investment as of December 31, 2021, was $12,000 ($3.0 million at December 31, 2020 including estimated income of $2.4 million). Income is reported with investment earnings.

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

Note 11 – Investment in Harvest Wind

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

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

The investment in Harvest Wind consists of the Board's share of costs to develop the project, 20% of the Project's net income and losses, and any distributions. At December 31, 2021 the balance of the Board's investment in Harvest Wind was $17.7 million ($18.9 million at December 31, 2020) including estimated income of $645,000 ($745,000 in 2020) and distributions of $1.9 million ($1.8 million in 2020).

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

Note 11 – Investment in Harvest Wind (continued)

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

Under the terms of a transmission agreement, the Board has $549,000 as of December 31, 2021 ($577,000 at December 31, 2020) on deposit in an escrow account to ensure the payment of monthly transmission interconnection expenses.

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

Note 12 – Long-Term Debt

On June 4, 2020, the Water System issued $18.5 million in revenue bonds for the purpose of capital improvements and $14.9 million in revenue refunding bonds. Proceeds from the refunding bonds of $14.9 million plus $932,000 released from debt service funds were used to refund the Series 2011 bonds and to pay costs of issuance. The refunding reduced aggregate debt service payments through year 2040 by $3.7 million. The economic gain was $2.2 million.

On June 11, 2020, the Electric System issued $39.2 million in revenue bonds for the purpose of capital improvements and $16.8 million in revenue refunding bonds. Proceeds from the refunding bonds of $16.8 million were used to refund a portion of the Series 2012 bonds and to pay costs of issuance. The refunding reduced aggregate debt service payments through year 2038 by $2.7 million. The economic gain was $2.5 million.

The Board has defeased bonds by placing proceeds and other sources of cash in irrevocable trust or escrow accounts to provide for all future debt service payments on the old bonds. Accordingly, those assets and the liability for the defeased bonds are not included in the Board's financial statements. At December 31, 2021, $28 million of Electric System bonds are considered defeased ($85.1 million of Electric System bonds and $14.3 million of Water System bonds at December 31, 2020).

The resolutions authorizing the issuance of revenue bonds contain various covenants, sinking fund requirements and obligations with which the Board must comply. The principal and interest requirements are reflected in the supplementary schedule "Long-Term Bonded Debt and Interest Payment Requirements." To comply with sinking fund deposit requirements, the Board makes semi-annual deposits with the trustee, less accumulated interest earnings. The interest payments are made semi-annually on February 1 and August 1, and principal payments on August 1. At December 31, 2021 and 2020, no assets were pledged as security for the outstanding bonds of the Electric and Water Systems.

Note 12 – Long-Term Debt (continued)

Bonds and notes payable were as follows:

	2021	2020
Electric Utility System Revenue and Refunding Bonds		
2011 Series B, 6-08-11 issue		
Serial bonds 1.00%–4.35%, due 2013–2023	$ 1,930,000	$ 2,845,000
2012 Series, 8-1-12 issue		
Serial bonds 2.00%–5.00%, due 2013–2032	8,885,000	9,370,000
Term bonds, 3.75%, due 2039–2042	8,475,000	8,475,000
2016 Series A, 9-7-16 issue		
Serial bonds 2.00%–5.00%, due 2017–2036	79,450,000	80,665,000
Term bonds 4.00%, due 2037–2040	8,065,000	8,065,000
2016 Series B, 9-7-16 issue		
Serial bonds .835%–1.840%, due 2017–2022	4,455,000	8,585,000
2017 Series, 9-21-17 issue		
Serial bonds 5.00%, due 2027–2043	23,635,000	23,635,000
Term bonds 5.00%, due 2043-2047	10,160,000	10,160,000
2020 Series A, 6-11-20 issue		
Serial bonds 3.00%–4.00%, due 2027–2040	19,840,000	19,840,000
Term bonds 4.00%, due 2041-2045	9,910,000	9,910,000
Term bonds 4.00%, due 2046-2049	9,450,000	9,450,000
2020 Series B, 6-11-20 issue		
Serial bonds 1.341%-2.827%, due 2024–2038	16,790,000	16,790,000
	201,045,000	207,790,000
Add unamortized premium	25,079,002	27,326,384
Electric System bonds payable	226,124,002	235,116,384
Less current portion	8,260,000	6,745,000
Electric System bonds payable, net of current portion	217,864,002	228,371,384

Note 12 – Long-Term Debt (continued)

	2021	2020
Water Utility System Revenue and Refunding Bonds		
2016 Series, 5-19-16 issue		
Serial bonds, 2.00%–5.00%, due 2017–2037	$ 23,635,000	25,570,000
Term bonds, 4.00%, due 2038–2045	6,860,000	6,860,000
2020 Series A, 6-04-20 issue		
Serial bonds, 3.00%–4.00%, due 2023–2040	10,490,000	10,490,000
Term bonds, 3.00%, due 2041-2044	3,290,000	3,290,000
Term bonds, 3.00%, due 2045-2049	4,690,000	4,690,000
2020 Series B, 6-04-20 issue		
Serial bonds, .923%–2.631%, due 2021–2035	9,855,000	10,475,000
Term bonds, 3.123%, due 2036-2040	4,430,000	4,430,000
	63,250,000	65,805,000
Add unamortized premium	5,308,766	5,757,546
Water System bonds payable	68,558,766	71,562,546
Less current portion	2,660,000	2,555,000
Water System bonds payable, net of current portion	65,898,766	69,007,546
Total System long-term debt, net of current portion	$ 283,762,768	$ 297,378,930

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

	Electric System		Water System	
	Principal	Interest	Principal	Interest
2022	$ 8,260,000	$ 8,419,242	$ 2,660,000	$ 2,269,659
2023	9,095,000	8,177,558	2,390,000	2,161,399
2024	7,980,000	7,747,310	2,490,000	2,070,052
2025	8,275,000	7,370,236	2,575,000	1,986,913
2026	8,095,000	7,006,032	2,660,000	1,899,646
2027–2031	51,360,000	28,802,287	14,195,000	7,790,341
2032–2036	39,640,000	18,312,411	13,490,000	5,282,292
2037–2041	35,200,000	11,410,961	12,345,000	2,872,642
2042–2046	23,405,000	5,108,063	7,550,000	1,160,150
2047–2049	9,735,000	711,100	2,895,000	175,200
	$ 201,045,000	$ 103,065,197	$ 63,250,000	$ 27,668,294

Note 12 – Long-Term Debt (continued)

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

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

Long-term debt activity for the year ended December 31, 2020 was as follows:

	Outstanding January 1, 2020	Additions	Reductions	Outstanding December 31, 2020	Due Within One Year
Electric revenue bonds	$ 175,175,000	$ 55,990,000	$ (23,375,000)	$ 207,790,000	$ 6,745,000
Water revenue bonds	49,010,000	33,375,000	(16,580,000)	65,805,000	2,555,000
Total bonded debt	$ 224,185,000	$ 89,365,000	$ (39,955,000)	$ 273,595,000	$ 9,300,000

Note 13 – Intersystem Items

1. Obligations

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

Note 13 – Intersystem Items (continued)

	2020		
	Electric System	Water System	Total Systems
Due from Water, (Due to) Electric			
Current			
Interest	$ 13,825	$ (13,825)	$ -
Roosevelt Operations Center	361,303	(361,303)	-
	375,128	(375,128)	-
Non-current			
Roosevelt Operations Center	6,419,950	(6,419,950)	-
Totals	$ 6,795,078	$ (6,795,078)	$ -

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

Roosevelt Operations Center

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

Payments are revised for refinancing of underlying debt incurred by the Electric System. The obligation is also revised for capitalized improvements at the facility if they are financed by the Electric System. Monthly payments were approximately $44,000 as of December 31, 2021 and December 31, 2020 on a capitalized value of $17.6 million for the Water System.

Annual totals for payments (including interest) as of December 31, 2021 were as follows:

2022	$ 523,173
2023	523,173
2024	523,173
2025	523,173
2026	523,173
2027–2031	2,615,863
2032–2036	2,409,944
	$ 7,641,672

Note 13 – Intersystem Items (continued)

2. **Intersystem Transfer** – The Electric System transferred approximately $196,000 to the Water System in 2020 for cumulative rental income received by the Electric System pertaining to property of the Water System.

Note 14 – Net Position

Components of net position as of December 31, 2021 and 2020 are as follows:

	2021		2020	
	Electric System	Water System	Electric System	Water System
Net investment in capital assets	$ 254,288,224	$ 138,941,911	$ 251,253,583	$ 131,358,176
Restricted for:				
Customer care program	1,006,203	-	1,366,122	-
Harvest Wind escrow	549,012	-	1,952,824	-
Terrestrial wildlife habitat	48,947	-	-	-
System development changes	-	3,501,928	-	5,979,993
Debt service	3,186,970	546,057	3,115,521	503,746
	4,791,132	4,047,985	6,434,467	6,483,739
Unrestricted	136,326,815	44,769,689	129,851,406	37,370,477
	$ 395,406,171	$ 187,759,585	$ 387,539,456	$ 175,212,392

Note 15 – Power Supply Resources

Bonneville Power Administration

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

Note 15 – Power Supply Resources (continued)

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

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

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

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

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

EWEB-owned resources

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

Note 15 – Power Supply Resources (continued)

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

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

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

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

Jointly owned resources

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

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

Note 15 – Power Supply Resources (continued)

Contract resources

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

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

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

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

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

Solar PV Purchases – EWEB supports the development of Solar PV generation in Eugene through the provision of net metering rates to those customers with small systems that wish to self-generate power and renewable generation rates for customers with larger systems. To date, EWEB's Net Metered program has a total installed capacity of slightly over 6.8 MW and 0.85 aMW of energy and direct generation contracts with a total capacity of just over 2.8 MW and 0.36 aMW of energy.

Note 16 – Retirement Benefits

1. Pension Plan

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

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

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

  Pension benefits – The PERS retirement allowance is payable monthly for life. It may be selected from 13 retirement benefit options. These options include survivorship benefits and lump-sum refunds. Retirement benefits are determined as 1.67 percent of the employee's final average salary times the employee's years of retirement credit. Benefits may also be calculated under either a formula plus annuity (for members who were contributing before August 21, 1981) or a money match computation if a greater benefit results.

  A member is considered vested and will be eligible at minimum retirement age for a service retirement allowance if he or she has had a contribution in each of five calendar years or has reached at least 50 years of age before ceasing employment with the Board. General service employees may retire after reaching age 55. Tier One general service employee benefits are reduced if retirement occurs prior to age 58 with fewer than 30 years of service. Tier Two members are eligible for full benefits at age 60 or 30 years of service.

  Death benefits – Upon the death of a non-retired member, the beneficiary receives a lump-sum refund of the member's account balance (accumulated contributions and interest). In addition, the beneficiary will receive a lump-sum payment from employer funds equal to the account balance, provided one or more of the following conditions are met:

  - the member was employed by a PERS employer at the time of death,
  - the member died within 120 days after termination of PERS-covered employment,
  - the member died as a result of injury sustained while employed in a PERS-covered job, or
  - the member was on an official leave of absence from a PERS-covered job at the time of death.

Note 16 – Retirement Benefits (continued)

Disability benefits – A member with 10 or more years of creditable service who becomes disabled from other than duty-connected causes may receive a non-duty disability benefit. A disability resulting from a job-incurred injury or illness qualifies a member (including PERS judge members) for disability benefits regardless of the length of PERS-covered service. Upon qualifying for either a non-duty or duty disability, service time is computed to age 58 (55 for police and fire members) when determining the monthly benefit.

Benefit changes after retirement – Members may choose to continue participation in a variable equities investment account after retiring and may experience annual benefit fluctuations due to changes in the market value of equity investments.

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

- **OPSRP Pension Program Pension Benefits**

Pension benefits – The Pension Program (ORS Chapter 238A) provides benefits to members hired on or after August 29, 2003.

This portion of OPSRP provides a life pension funded by employer contributions. Benefits are calculated with the following formula for members who attain normal retirement age: General service: 1.5 percent is multiplied by the number of years of service and the final average salary. Normal retirement age for general service members is age 65, or age 58 with 30 years of retirement credit.

A member of the OPSRP Pension Program becomes vested on the earliest of the following dates: the date the member completes 600 hours of service in each of five calendar years, the date the member reaches normal retirement age, and, if the pension program is terminated, the date on which termination becomes effective.

Death benefits – Upon the death of a non-retired member, the spouse or other person who is constitutionally required to be treated in the same manner as the spouse, receives for life 50 percent of the pension that would otherwise have been paid to the deceased member.

Disability benefits – A member who has accrued 10 or more years of retirement credits before the member becomes disabled or a member who becomes disabled due to job-related injury shall receive a disability benefit of 45 percent of the member's salary determined as of the last full month of employment before the disability occurred.

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

Note 16 – Retirement Benefits (continued)

Contributions

PERS funding policy provides for monthly employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. This funding policy applies to the PERS Defined Benefit Plan and the Other Postemployment Benefit Plans.

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

Employer contribution rates are based on a percentage of payroll and are established each biennium of odd-numbered years. The Board's rates during July 1, 2021, through December 31, 2021, were based on the December 31, 2019 actuarial valuation. Rates during this period were 19.16% for Tier One/Tier Two members and 15.94% for OPSRP. The Board's rates during January 1, 2020, through June 30, 2021 were 19.35% for Tier One/Tier Two members and 13.79% for OPSRP based on the December 31, 2017 actuarial valuation and the effects of the side account deposit made in 2019. Employer contributions based on payroll for the year ended December 31, 2021, were $7.4 million ($6.9 million in 2020).

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

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

At December 31, 2021, the Board reported a net pension liability of $37 million for its proportionate share of the OPERS net pension liability ($75.4 million in 2020). The net pension liability was measured as of June 30, 2021 (as of June 30, 2020, for December 31, 2020) and the total pension liability for each plan used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2019, rolled forward to June 30, 2020, and June 30, 2021 using standard update procedures. The Board's proportion of the net pension liability was based on a projection of the Board's long-term share of contributions to the plan relative to the projected contributions for all participating employers, actuarially determined. The Board's proportionate share of the net pension liability as of June 30, 2021 was 0.33381769% (0.345520080% as of June 30, 2020).

Note 16 – Retirement Benefits (continued)

For the year ended December 31, 2021, the Board's proportionate share of system pension expense was $5.8 million ($17.2 million in 2020). The Board has elected to use regulatory accounting to recognize pension expense in conjunction with the required employer contribution rates. Accordingly, the Board recognized pension expense related to Tier One/Tier Two and OPSRP of $7.4 million ($6.9 million in 2020).

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

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

	December 31, 2020	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on plan investments	$ 8,866,574	$ -
Differences between expected and actual experience	3,318,704	-
Changes in assumptions	4,046,714	141,788
Changes in employer proportion	-	25,845,330
Differences between employer contributions and proportionate share of contributions	23,750,147	-
Pension contributions subsequent to measurement date	3,579,094	-
	$ 43,561,233	$ 25,987,118

$3.9 million reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2022 ($3.6 million as of December 31, 2021).

Note 16 – Retirement Benefits (continued)

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

Fiscal Year	Net Difference Between Projected and Actual Earnings on Investments	Differences Between Expected and Actual Experience	Changes of Assumptions (Deferred Inflows of Resources)	Changes of Assumptions (Deferred Outflows of Resources)	Changes in Proportion	Difference Between Employer Contributions and Proportionate Share of Contributions
2022	$ (7,265,455)	$ 1,316,700	$ (32,974)	$ 3,841,113	$ (7,489,885)	$ 5,773,339
2023	(5,325,869)	1,163,217	(32,974)	1,799,667	(6,578,639)	5,488,640
2024	(6,921,926)	668,082	(32,974)	1,789,498	(3,768,926)	4,981,739
2025	(10,058,632)	435,941	(6,207)	1,843,973	(1,190,539)	1,466,999
2026	-	155,288	-	725,492	(148,806)	4,067
	$ (29,571,882)	$ 3,739,228	$ (105,129)	$ 9,999,743	$ (19,176,795)	$ 17,714,784

Actuarial methods and assumptions used in developing the total pension liability
The total pension liability was determined using the following actuarial assumptions.

Valuation date	December 31, 2019	December 31, 201ℇ
Measurement date	June 30, 2021	June 30, 2020
Actuarial cost method	Entry age normal	Entry age normal
Actuarial assumptions:		
Discount rate	6.90%	7.20%
Inflation	2.40%	2.50%
Payroll growth	3.40%	3.50%
Projected salary increase	3.40%	3.50%
Investment rate of return	6.90%	7.20%

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

Actuarial valuations of an ongoing plan involve estimates of the value of projected benefits and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Experience studies are performed as of December 31 of even numbered years. The methods and assumptions shown above are based on the 2018 Experience Study which reviewed experience for the four-year period ending on December 31, 2018.

Note 16 – Retirement Benefits (continued)

Discount rate
The discount rate used to measure the total pension liability was 6.90 percent for the Defined Benefit Pension Plan (7.20% for the June 30, 2020, measurement date). The projection of cash flows used to determine the discount rate assumed contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the Defined Benefit Pension Plan was applied to all periods of projected benefit payments to determine the total pension liability.

Long-term expected rate of return
To develop an analytical basis for the selection of the long-term expected rate of return assumption for June 30, 2021, and June 30, 2020, the PERS Board reviewed long-term assumptions developed by both Milliman's capital market assumptions team and the Oregon Investment Council's (OIC) investment advisors. The table below shows Milliman's assumptions for each of the asset classes in which the plan was invested based on the OIC long-term target asset allocation. The OIC's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions and includes adjustment for the inflation assumption.

These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

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

Asset Class	Target	Compound Annual Return (Geometric)
Global Equity	30.62%	5.85%
Private Equity	25.50%	7.71%
Core Fixed Income	23.75%	2.73%
Real Estate	12.25%	5.66%
Master Limited Partnerships	0.75%	5.71%
Infrastructure	1.50%	6.26%
Commodities	0.63%	3.10%
Hedge Fund of Funds – Multistrategy	1.25%	5.11%
Hedge Fund Equity - Hedge	0.63%	5.31%
Hedge Fund - Macro	5.62%	5.06%
US Cash	-2.50%	1.76%
Assumed Inflation – Mean		2.40%

Note 16 – Retirement Benefits (continued)

Assumptions for returns by asset class as of June 30, 2020:

Asset Class	Target	Compound Annual Return (Geometric)
Core Fixed Income	9.60%	4.07%
Short-Term Bonds	9.60%	3.68%
Bank/Leveraged Loans	3.60%	5.19%
High Yield Bonds	1.20%	5.74%
Large/Mid Cap US Equities	16.17%	6.30%
Small Cap US Equities	1.35%	6.68%
Micro Cap US Equities	1.35%	6.79%
Developed Foreign Equities	13.48%	6.91%
Emerging Market Equities	4.24%	7.69%
Non-US Small Cap Equities	1.93%	7.25%
Private Equity	17.50%	8.33%
Real Estate (Property)	10.00%	5.55%
Real Estate (REITS)	2.50%	6.69%
Hedge Fund of Funds – Diversified	1.50%	4.06%
Hedge Fund – Event-Driven	0.38%	5.59%
Timber	1.13%	5.61%
Farmland	1.13%	6.12%
Infrastructure	2.25%	6.67%
Commodities	1.13%	3.79%
Assumed Inflation – Mean		2.50%

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

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

Sensitivity of net pension liability to changes in the discount rate (in millions) as of June 30, 2020:

Employers' Net Pension Liability	1% Decrease (6.2%)	Current Discount Rate (7.2%)	1% Increase (8.2%)
Defined Benefit Pension Plan	$ 111,969,237	$ 75,404,366	$ 44,743,123

Note 16 – Retirement Benefits (continued)

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

Payable to the pension plan
The Board had no contributions payable to the pension plan for the year ended December 31, 2021.

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

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

Defined contribution pension – OPSRP Individual Account Program (OPSRP IAP)
Pension benefits – The IAP is an account-based program for all Tier One/Tier Two and OPSRP members who were in a qualifying position since January 1, 2004. An IAP member becomes vested on the date the employee account is established or on the date the rollover account was established. If the employer makes optional employer contributions for a member, the member becomes vested on the earliest of the following dates: the date the member completes 600 hours of service in each of five calendar years, the date the member reaches normal retirement age, the date the IAP is terminated, the date the active member becomes disabled, or the date the active member dies.

Upon retirement, a member of the IAP may receive the amounts in his or her employee account, rollover account, and vested employer account as a lump-sum payment or in equal installments over a 5-, 10-, 15-, 20-year period or an anticipated life span option. Each distribution option has a $200 minimum distribution limit.

Death benefits – Upon the death of a non-retired member, the beneficiary receives in a lump sum the member's account balance, rollover account balance, and vested employer optional contribution account balance. If a retired member dies before the installment payments are completed, the beneficiary may receive the remaining installment payments or choose a lump-sum payment.

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

Contributions – Covered employees are required to contribute 6% of their salary to the plan. The Board has chosen to pay the employees' contributions to the plan. For 2021, the Board contributed $2.8 million for employees ($2.7 million for 2020).

Changes in plan provisions during the measurement period
Under Senate Bill 1049, as of July 1, 2020 a portion of the employees' contributions to the IAP are being redirected to fund the defined benefit pension. Contributions to the IAP were 6% of salaries. For Tier 1/Tier 2 employees the contributions are now 3.5% IAP and 2.5% defined benefit. For OPSRP employees, the contributions are 5.25% IAP and .75% has been redirected to the defined benefit pension.

Note 16 – Retirement Benefits (continued)

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

2. Postemployment Benefits Plan Other than Pensions

Eugene Water & Electric Board Retirement Benefits Trust

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

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

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

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

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

Note 16 – Retirement Benefits (continued)

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

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

Plan membership

Enrolling in health care coverage is at the time of retirement. Therefore, there are no inactive plan members entitled to but not yet receiving benefits. Once a retiree opts out of coverage, there is no reinstatement. The plan's latest actuarial valuation dated August 31, 2021, rolled forward to December 31, 2021, included 537 retirees or surviving spouses of retired employees, of which 136 opted out of or were ineligible for health care coverage, and 495 active employees. The August 31, 2019 valuation, rolled forward to December 31, 2020, included 531 retirees or surviving spouses, 115 retirees without health care coverage, and 455 active employees.

Investments

The Trust has a third-party investment manager who has discretionary investment authority within the guidelines of the Trust's investment policy as approved by the board of trustees. The investment policy has a long-term objective of full funding for the plan through capital appreciation and reasonable consistency of earnings and growth. The policy acknowledges ongoing needs for liquidity to pay benefits and diversification of investments to minimize capital erosion. The Trust's adopted asset allocation as of July 31, 2019 has targets of 40% fixed income, 55% equities and 5% real estate.

For the years ended December 31, 2021 and 2020, the annual money-weighted rate of return on investments, net of investment expense, was 12.0% and 14.0%, respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for changing amounts actually invested.

The fixed income portfolio of the Trust is to be diversified with respect to average maturity, duration, and credit quality.

Below are the credit ratings and maturities at December 31, 2020. The Trust did not hold any investments at December 31, 2021 which were subject to this disclosure.

			Maturity				
Investment Type	Credit Rating	Fair Value	12 Months or Less	13 to 24 Months	25 to 36 Months	37 to 60 Months	More Than 60 months
Corporate bonds	AA	$ 153,196	$ -	$ 153,196	$ -	$ -	$ -
Corporate bonds	A+	150,098	-	150,098	-	-	-
Total		$ 303,294	$ -	$ 303,294	$ -	$ -	$ -

Note 16 – Retirement Benefits (continued),

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

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

Fair value measurements – Fair values are the estimated prices that would be received to sell these investments in their principal market. Level 1 inputs showing a quoted market price for an identical asset in an active market provides the most reliable evidence of fair value. Level 2 inputs are quoted prices for similar assets in active markets. Level 3 inputs, which is the last category, and doesn't apply to the investments held at December 31, 2021 and 2020 for the OPEB Trust, would include valuation techniques which make use of unobservable inputs using the best information available under the circumstances.

Note 16 – Retirement Benefits (continued)

		Fair Value Measurements Using	
	12/31/2021	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
Investments by fair value level			
Mutual funds			
Fixed income	$ 7,590,426	$ 7,590,426	-
International	4,420,157	4,420,157	-
Domestic	7,189,272	7,189,272	-
Real estate	1,036,432	1,036,432	-
Total investments by fair value level	$ 20,236,287	$ 20,236,287	$ -

		Fair Value Measurements Using	
	12/31/2020	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
Investments by fair value level			
Corporate bonds			
Domestic	$ 303,294	$ -	$ 303,294
Mutual funds			
Fixed income	7,415,912	7,415,912	-
International	3,871,565	3,871,565	-
Domestic	7,296,886	7,296,886	-
Real estate	977,309	977,309	-
Total investments by fair value level	$ 19,864,966	$ 19,561,672	$ 303,294

Contributions

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

Note 16 – Retirement Benefits (continued)

During 2021, the plan recognized $684,000 in contributions from retirees who had insurance coverage under the Board's group plan for active employees ($740,000 during 2020). The contributions are applied to insurance premiums. Retirees with Medicare coverage also pay a portion of their premiums; however, those contributions are recognized by the OPERS OPEB plan.

Funding

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

The plan was considered fully funded as of December 31, 2021, based on cash flows expected to be paid from the Trust for explicit benefits. Accordingly, the ADC was $0 for 2021 ($214,000 for 2020). The Board contributed $176,000 in 2021 ($462,000 in 2020). Contributions were recognized in administrative and general expenses: $133,380 for the Electric System and $42,120 for the Water System in 2021 ($351,120 for the Electric System and $110,880 for the Water System in 2020). The expenses differ from the Board's OPEB expense determined on an actuarial basis, which was $2.7 million for 2021 ($3.3 million for 2020). The Board has elected to apply regulatory accounting to recognize OPEB expense based on the timing and amount of contributions included in the rate making process.

Components of the actuarially determined OPEB expense are shown below:

	2021	2020
Service cost	$ 373,844	$ 240,509
Interest cost	1,006,215	1,268,479
Expected earnings	(1,247,739)	(1,202,976)
Administrative expenses	135,390	141,482
Change in benefits	552,275	-
Recognition of deferred outflows	4,741,464	5,033,637
Recognition of deferred inflows	(2,892,651)	(2,192,929)
	$ 2,668,798	$ 3,288,202

Note 16 – Retirement Benefits (continued)

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

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

	December 31, 2020	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 2,785,146
Changes of assumptions	3,689,992	-
Net difference between projected and actual earnings on OPEB plan investments	-	1,768,969
Total	$ 3,689,992	$ 4,554,115

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

	Net Deferred Inflows Amortization
2022	$ (1,451,140)
2023	(1,796,910)
2024	(545,250)
2025	(270,089)
2026	(12,383)
	$ (4,075,772)

Note 16 – Retirement Benefits (continued)

Net OPEB liability

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

	December 31, 2021	December 31, 2020
Total OPEB liability	$ 32,517,097	$ 33,594,237
Plan fiduciary net position	(20,337,339)	(20,031,471)
EWEB's net OPEB liability	$ 12,179,758	$ 13,562,766
Plan fiduciary net position as a percentage of the total OPEB liability	63%	60%

Changes in the net OPEB liability

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

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

Note 16 – Retirement Benefits (continued)

The Board's total net OPEB liability of $13.6 million was measured as of December 31, 2020:

	Total OPEB Liability	Fiduciary Net Position	Net OPEB Liability
Beginning of year 1/1/2020	$ 34,905,996	$ (19,250,423)	$ 15,655,573
Employer contributions	-	(462,000)	(462,000)
Retiree contributions	(740,292)	740,292	-
Expected investment income	-	(1,202,976)	(1,202,976)
Difference between expected and actual investment income	-	(1,375,811)	(1,375,811)
Benefit payments – implicit	(702,490)		(702,490)
Benefit payments	(1,377,965)	1,377,965	-
Administrative and trust expenses	-	141,482	141,482
Service cost	240,509	-	240,509
Interest on total OPEB liability	1,268,479	-	1,268,479
Changes of assumptions	-	-	-
Difference between expected and actual experience	-	-	-
End of year 12/31/20	$ 33,594,237	$ (20,031,471)	$ 13,562,766

Actuarial assumptions
The total OPEB liability as of December 31, 2021, and December 31, 2020, was determined using the following significant actuarial assumptions and inputs:

	December 31,	
	2021	2020
Discount rate	3.12%	3.76%
Inflation rate	2.5%	2.5%
Salary increases	3.5%	3.5%
Health care cost trend rates	3% - 6%	3% - 7%
Mortality	Pub-2010	Pub-2010
Withdrawal	OPERS experience study Jul 2019	Experience study 2014
Retirement	Experience study Nov 2020	Experience study 2014

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

The discount rates of 3.12% (3.76% December 31, 2020) were based on an expected 6.53% long-term rate of return on plan assets. Employer contributions are not assumed to occur for years beyond 2021. The fiduciary net position was projected to be available to make projected OPEB payments for plan participants through 2037 (2034 at December 31, 2020). Therefore, the expected long-term rates of return were blended with the December 31 rates from the 20-year General Obligation Municipal Bond Index as published by the Bond Buyer: 2.06% and 2.74% for 2021 and 2020, respectively.

Note 16 – Retirement Benefits (continued)

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

	December 31, 2021	
Fund Type	% of Total Portfolio	Expected Long-Term Real Rate of Return
Domestic equity	35%	5.9%
Foreign equity	22%	6.3%
Fixed income	37%	1.5%
Real estate	5%	5.4%
3-month Treasury bills	1%	-1.9%
	100%	

	December 31, 2020	
Fund Type	% of Total Portfolio	Expected Long-Term Real Rate of Return
Domestic equity	33%	5.9%
Foreign equity	22%	6.3%
Fixed income	39%	1.5%
Real estate	5%	5.4%
3-month Treasury bills	1%	-0.5%
	100%	

Note 16 – Retirement Benefits (continued)

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

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

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

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

Sensitivity of the net OPEB liability to changes in the discount rate, assuming the current rate, and rates that are one percentage point lower, and one percentage point higher than the current rate as of December 31, 2020:

	1% Decrease (2.76%)	Current Rate (3.76%)	1% Increase (4.76%)
Total OPEB liability	$ 38,190,888	$ 33,594,237	$ 30,642,862
Fiduciary net position	(20,031,471)	(20,031,471)	(20,031,471)
Net OPEB liability	$ 18,159,417	$ 13,562,766	$ 10,611,391

Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates assuming the current rate, rates that are one percentage point lower, and one percentage point higher than the current rate as of December 31, 2020:

	1% Decrease	Current Rates	1% Increase
Total OPEB liability	$ 30,345,763	$ 33,594,237	$ 38,500,250
Fiduciary net position	(20,031,471)	(20,031,471)	(20,031,471)
Net OPEB liability	$ 10,314,292	$ 13,562,766	$ 18,468,779

Note 16 – Retirement Benefits (continued)

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

Note 17 – Deferred Compensation

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

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

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

Note 18 – Trojan Nuclear Plant

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

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

Note 18 – Trojan Nuclear Plant (continued)

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

A summary of the balance sheets for EWEB's share of the Trojan Project as of September 30, 2021, and September 30, 2020, is as follows.

	Unaudited September 30, 2021	Unaudited September 30, 2020
ASSETS		
Current assets	$ 2,650,464	$ 1,691,918
Long-term receivable, BPA, net	30,117,970	31,895,157
Total assets	$ 32,768,434	$ 33,587,075
LIABILITIES		
Current liabilities	$ 2,349,772	$ 2,004,000
Accumulated provision for decommissioning costs	30,418,662	31,583,075
Total liabilities	$ 32,768,434	$ 33,587,075

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

Note 19 – Commitments and Contingencies

Electric Projects

Carmen-Smith Project – Contractual commitments were $22.2 million at December 31, 2021 including design and construction primarily for powerhouse improvements, various relicensing requirements such as habitat preservation, and dam safety inspections. ($18.8 million for design and construction, primarily for powerhouse upgrades at December 31, 2020).

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

Note 19 – Commitments and Contingencies (continued)

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

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

Water projects
Construction contracts primarily for storage tanks and main replacements were approximately $2.9 million at December 31, 2021 ($618,000 at December 31, 2020 for main replacements and an emergency water station).

Other projects
Contractual commitments for vehicles were $1.2 million, and $1.4 million for advanced metering at December 31, 2021 ($121,000 for construction at Roosevelt Operations Center, $2.5 million for advanced metering at December 31, 2020).

Self-insurance
The Board is exposed to various risks of loss because of the Board's self-insurance retention, up to the first $2,000,000 of exposure, per occurrence. Excess liability coverage protects the Board after the Board's self-insured limit is exhausted. However, public entities are also protected under State of Oregon tort limits ORS 30.260 – 30.300, *Tort actions against public bodies*, which reduce the liability for any single occurrence for property damage or personal injury. Limits are adjusted for the cost of living annually by the Oregon State Court Administrator. The most recent limits are $128,400 for a single claimant and $641,800 to all claimants for property damage. For injury or death, the most recent limits are $782,600 for a single claimant and $1,565,100 for multiple claimants. Consequently, except in extreme cases, the Board's exposure is mitigated by law. The limit is subject to change by State of Oregon legislation.

Claims liabilities recorded in the financial statements are based on the estimated ultimate loss as of the statement of net position date, adjusted from current trends through a case-by-case review of all claims, including incurred but not reported claims. Non-incremental claims adjustment costs such as salaries are not included in the claims estimates. At December 31, 2021 a total claims liability of approximately $46,000 is reported in the financial statements. All prior and current-year claim liabilities were fully reserved and have not been discounted.

		Liability Balance at Beginning of Year	Current Year Claims and Changes in Estimates	Claim Payments	Liability Balance at End of Year
2019	General Liability	$ 206,855	$ 233,291	$ (340,856)	$ 99,290
2020	General Liability	$ 99,290	$ 160,738	$ (151,648)	$ 108,380
2021	General Liability	$ 108,380	$ 532,392	$ (594,645)	$ 46,127

Note 19 – Commitments and Contingencies (continued)

Claims and other legal proceedings

EWEB was notified in September 2020 the US Attorney's Office was investigating the origin, cause, and consequences of the Holiday Farm Fire. EWEB has cooperated with the investigation including documentation requests and personnel interviews. EWEB has received tort claim notices and intends to vigorously contest them. EWEB has sent letters in response to each notice it has received, informing the potential claimants that EWEB's electric lines were de-energized at the time and location that the Holiday Farm Fire is alleged to have started. As of December 31, 2021 and 2020, no accrual was made in the financial statements for the Holiday Farm Fire.

The Board is involved in various litigations. In the opinion of management, the ultimate outcome of these claims will not have a material effect on the Board's financial position beyond amounts already accrued as of December 31, 2021.

Note 20 – Temporary Impairment

The service utility of the Leaburg hydroelectric project has significantly declined. Following increased seepage along the canal, indicative of unstable soils, FERC deemed the canal a public safety risk and ordered the canal to be dewatered in 2018. Without water, the Leaburg generation plant ceased operations. This was unexpected in the life of the project. Seepage along the canal has occurred for decades and because of the regulatory action taken by FERC, the nature of the impairment is judged to be temporary as of December 31, 2021. Initial canal soil studies concluded in 2020 and the Board continues to discuss possible remediation of the canal for storm water conveyance or restoration to power generation. Because the path forward is uncertain an impairment loss has not been recognized.

Carrying values for the project's assets were classified as property held for future use on the Statements of Net Position as of December 31, 2021, and 2020.

Required Supplementary Information

Eugene Water & Electric Board
Schedule of Proportionate Share of the Net Pension Liability
As of June 30, 2021
Last Ten Years*

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

*10 year trend information will be presented prospectively.

Eugene Water & Electric Board
Schedule of Contributions
Pension
As of June 30, 2021
Last Ten Years*

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

Notes to Schedule

Methods and assumptions used to determine contribution rates:

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

*10 year trend information will be presented prospectively.

Eugene Water & Electric Board
Schedule of Employer Contributions
OPEB
As of December 31, 2021
Last Ten Years*

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

*10 year trend information will be presented prospectively.

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

Methods and assumptions used to determine contribution rates:

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

Withdrawal assumptions beginning with 2021

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

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

Eugene Water & Electric Board
Schedule of Changes in Total OPEB Liability and Related Ratios
OPEB
As of December 31, 2021
Last Ten Years*

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

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

*10 year trend information will be presented prospectively.

Notes to schedule:

Benefit changes

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

Changes in assumptions

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

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

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

Eugene Water & Electric Board
Schedule of Investment Returns
OPEB Trust
As of December 31, 2021
Last Ten Years*

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

*10 year trend information will be presented prospectively.

Supplementary Information

Eugene Water & Electric Board
Electric System
Long-Term Bonded Debt and Interest Payment Requirements, Including Current Portion
Year Ended December 31, 2021

	Revenue Refunding 2011 B Series 6-29-11		Revenue and Revenue Refunding 2012 Series 9-11-12		Revenue Refunding 2016 A Series 9-7-16		Revenue and Revenue Refunding 2016 B Series 9-7-16	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2022	$ 945,000	$ 83,010	$ 515,000	$ 635,319	$ 2,345,000	$ 4,024,950	$ 4,455,000	$ 81,972
2023	985,000	42,848	1,810,000	609,569	6,300,000	3,931,150	-	-
2024	-	-	1,040,000	537,169	6,625,000	3,616,150	-	-
2025	-	-	-	495,569	6,875,000	3,284,900	-	-
2026	-	-	-	495,569	6,675,000	2,941,150	-	-
2027	-	-	-	495,569	6,000,000	2,607,400	-	-
2028	-	-	-	495,569	6,400,000	2,307,400	-	-
2029	-	-	1,315,000	495,569	6,615,000	1,987,400	-	-
2030	-	-	1,360,000	454,475	6,945,000	1,656,650	-	-
2031	-	-	1,400,000	410,275	7,290,000	1,309,400	-	-
2032	-	-	1,445,000	364,775	6,935,000	1,017,800	-	-
2033	-	-	-	317,813	5,175,000	740,400	-	-
2034	-	-	-	317,813	1,685,000	533,400	-	-
2035	-	-	-	317,813	1,755,000	466,000	-	-
2036	-	-	-	317,813	1,830,000	395,800	-	-
2037	-	-	-	317,813	1,900,000	322,600	-	-
2038	-	-	-	317,813	1,975,000	246,600	-	-
2039	-	-	2,005,000	317,813	2,050,000	167,600	-	-
2040	-	-	2,080,000	242,625	2,140,000	85,600	-	-
2041	-	-	2,155,000	164,625	-	-	-	-
2042	-	-	2,235,000	83,813	-	-	-	-
2043	-	-	-	-	-	-	-	-
2044	-	-	-	-	-	-	-	-
2045	-	-	-	-	-	-	-	-
2046	-	-	-	-	-	-	-	-
2047	-	-	-	-	-	-	-	-
2048	-	-	-	-	-	-	-	-
2049	-	-	-	-	-	-	-	-
	1,930,000	125,858	17,360,000	8,205,180	87,515,000	31,642,350	4,455,000	81,972
Less current portion	945,000	-	515,000	-	2,345,000	-	4,455,000	-
	$ 985,000	$ 125,858	$ 16,845,000	$ 8,205,180	$ 85,170,000	$ 31,642,350	$ -	$ 81,972

Eugene Water & Electric Board
Electric System
Long-Term Bonded Debt and Interest Payment Requirements, Including Current Portion
Year Ended December 31, 2021

	Revenue 2017 Series 9-12-17		Revenue 2020 A Series 6-11-20		Revenue 2020 B Series 6-11-20		Total Electric System Payments		
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Totals
2022	$ -	$ 1,689,750	$ -	$ 1,516,250	$ -	$ 387,991	$ 8,260,000	$ 8,419,242	$ 16,679,242
2023	-	1,689,750	-	1,516,250	-	387,991	9,095,000	8,177,558	17,272,558
2024	-	1,689,750	-	1,516,250	315,000	387,991	7,980,000	7,747,310	15,727,310
2025	-	1,689,750	-	1,516,250	1,400,000	383,767	8,275,000	7,370,236	15,645,236
2026	-	1,689,750	-	1,516,250	1,420,000	363,313	8,095,000	7,006,032	15,101,032
2027	945,000	1,689,750	1,085,000	1,516,250	1,445,000	338,945	9,475,000	6,647,914	16,122,914
2028	995,000	1,642,500	1,130,000	1,472,850	1,475,000	312,704	10,000,000	6,231,023	16,231,023
2029	1,045,000	1,592,750	1,175,000	1,427,650	-	283,543	10,150,000	5,786,912	15,936,912
2030	1,095,000	1,540,500	1,225,000	1,380,650	-	283,543	10,625,000	5,315,818	15,940,818
2031	1,150,000	1,485,750	1,270,000	1,331,650	-	283,543	11,110,000	4,820,618	15,930,618
2032	1,205,000	1,428,250	1,325,000	1,280,850	-	283,543	10,910,000	4,375,218	15,285,218
2033	1,270,000	1,368,000	1,375,000	1,227,850	1,680,000	283,543	9,500,000	3,937,606	13,437,606
2034	1,330,000	1,304,500	1,430,000	1,172,850	1,720,000	242,770	6,165,000	3,571,333	9,736,333
2035	1,400,000	1,238,000	1,490,000	1,115,650	1,765,000	199,305	6,410,000	3,336,768	9,746,768
2036	1,465,000	1,168,000	1,550,000	1,056,050	1,810,000	153,821	6,655,000	3,091,484	9,746,484
2037	1,540,000	1,094,750	1,610,000	994,050	1,855,000	105,368	6,905,000	2,834,581	9,739,581
2038	1,620,000	1,017,750	1,675,000	929,650	1,905,000	53,854	7,175,000	2,565,667	9,740,667
2039	1,700,000	936,750	1,725,000	879,400	-	-	7,480,000	2,301,563	9,781,563
2040	1,785,000	851,750	1,775,000	827,650	-	-	7,780,000	2,007,625	9,787,625
2041	1,875,000	762,500	1,830,000	774,400	-	-	5,860,000	1,701,525	7,561,525
2042	1,965,000	668,750	1,900,000	701,200	-	-	6,100,000	1,453,763	7,553,763
2043	2,065,000	570,500	1,980,000	625,200	-	-	4,045,000	1,195,700	5,240,700
2044	2,170,000	467,250	2,060,000	546,000	-	-	4,230,000	1,013,250	5,243,250
2045	2,275,000	358,750	2,140,000	463,600	-	-	4,415,000	822,350	5,237,350
2046	2,390,000	245,000	2,225,000	378,000	-	-	4,615,000	623,000	5,238,000
2047	2,510,000	125,500	2,315,000	289,000	-	-	4,825,000	414,500	5,239,500
2048	-	-	2,405,000	196,400	-	-	2,405,000	196,400	2,601,400
2049	-	-	2,505,000	100,200	-	-	2,505,000	100,200	2,605,200
	33,795,000	30,006,000	39,200,000	28,268,300	16,790,000	4,735,537	201,045,000	103,065,197	304,110,197
Less current portion	-		-	-	-		8,260,000	-	-
	$ 33,795,000	$ 30,006,000	$ 39,200,000	$ 28,268,300	$ 16,790,000	$ 4,735,537	$ 192,785,000	$ 103,065,197	$ 304,110,197

Eugene Water & Electric Board
Water System
Long-Term Bonded Debt and Interest Payment Requirements, Including Current Portion
Year Ended December 31, 2021

	Revenue and Revenue Refunding 2016 Series 5-9-16		Revenue 2020 A Series 6-4-20		Revenue Refunding 2020 B Series 6-4-20		Total Water System Payments		
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Totals
2022	$ 2,030,000	$ 1,319,500	$ -	$ 610,050	$ 630,000	$ 340,109	$ 2,660,000	$ 2,269,659	$ 4,929,659
2023	1,340,000	1,218,000	415,000	610,050	635,000	333,349	2,390,000	2,161,399	4,551,399
2024	1,415,000	1,151,000	430,000	593,450	645,000	325,602	2,490,000	2,070,052	4,560,052
2025	1,470,000	1,094,400	450,000	576,250	655,000	316,263	2,575,000	1,986,913	4,561,913
2026	1,530,000	1,035,600	465,000	558,250	665,000	305,796	2,660,000	1,899,646	4,559,646
2027	1,610,000	959,100	485,000	539,650	675,000	293,553	2,770,000	1,792,303	4,562,303
2028	1,690,000	878,600	505,000	520,250	685,000	280,451	2,880,000	1,679,301	4,559,301
2029	1,770,000	794,100	525,000	500,050	700,000	265,991	2,995,000	1,560,141	4,555,141
2030	1,860,000	705,600	545,000	479,050	715,000	250,724	3,120,000	1,435,374	4,555,374
2031	1,125,000	631,200	570,000	457,250	735,000	234,772	2,430,000	1,323,222	3,753,222
2032	1,175,000	586,200	590,000	434,450	750,000	217,640	2,515,000	1,238,290	3,753,290
2033	1,225,000	539,200	615,000	410,850	770,000	199,407	2,610,000	1,149,457	3,759,457
2034	1,270,000	490,200	640,000	386,250	790,000	179,918	2,700,000	1,056,368	3,756,368
2035	1,320,000	439,400	660,000	367,050	805,000	159,528	2,785,000	965,978	3,750,978
2036	1,375,000	386,600	675,000	347,250	830,000	138,349	2,880,000	872,199	3,752,199
2037	1,430,000	331,600	700,000	327,000	860,000	112,428	2,990,000	771,028	3,761,028
2038	1,485,000	274,400	720,000	306,000	885,000	85,570	3,090,000	665,970	3,755,970
2039	680,000	215,000	740,000	284,400	910,000	57,932	2,330,000	557,332	2,887,332
2040	710,000	187,800	760,000	262,200	945,000	29,512	2,415,000	479,512	2,894,512
2041	735,000	159,400	785,000	239,400	-	-	1,520,000	398,800	1,918,800
2042	765,000	130,000	810,000	215,850	-	-	1,575,000	345,850	1,920,850
2043	795,000	99,400	835,000	191,550	-	-	1,630,000	290,950	1,920,950
2044	830,000	67,600	860,000	166,500	-	-	1,690,000	234,100	1,924,100
2045	860,000	34,400	885,000	140,700	-	-	1,745,000	175,100	1,920,100
2046	-	-	910,000	114,150	-	-	910,000	114,150	1,024,150
2047	-	-	940,000	86,850	-	-	940,000	86,850	1,026,850
2048	-	-	965,000	58,650	-	-	965,000	58,650	1,023,650
2049	-	-	990,000	29,700	-	-	990,000	29,700	1,019,700
	30,495,000	13,728,300	18,470,000	9,813,100	14,285,000	4,126,894	63,250,000	27,668,294	90,918,294
Less current portion	2,030,000		-		630,000	-	2,660,000		
	$ 28,465,000	$ 13,728,300	$ 18,470,000	$ 9,813,100	$ 13,655,000	$ 4,126,894	$ 60,590,000	$ 27,668,294	$ 90,918,294

Eugene Water & Electric Board
Electric System
Analysis of Certain Restricted Cash and Investments for Bond Service
Year Ended December 31, 2021

	Investments for Bond Principal & Interest	Debt Service Reserve	Construction Funds	Customer & Escrow Deposit Reserve	Terrestrial Wildlife Habitat Fund	Total All Funds
Ending balance – December 31, 2020	$ 13	$ 6,696,693	$ 55,545,654	$ 3,762,780	$ -	$ 66,005,140
Deposits from general fund	15,339,827	-	-	417,210	24,984	15,782,021
Investment earnings (losses)	23	(1,723)	4,058	2,097	(70)	4,385
Other transfers	-	-	-	-	24,033	24,033
Receipts	15,339,850	(1,723)	4,058	419,307	48,947	15,810,439
Principal payments	6,745,000	-	-	-	-	6,745,000
Interest payments	8,594,846	-	-	-	-	8,594,846
Transfers to general fund	-	-	21,068,893	2,107,150	-	23,176,043
Other transfers	-	-	24,033	-	-	24,033
Disbursements	15,339,846	-	21,092,926	2,107,150	-	38,539,922
U.S. securities, at market	-	6,694,355	25,003,891	1,655,918	35,519	33,389,683
Cash in bank	17	615	962,224	43,008	1,367	1,007,231
State of Oregon Local Government Investment Pool	-	-	8,490,671	376,011	12,061	8,878,743
Ending balance – December 31, 2021	$ 17	$ 6,694,970	$ 34,456,786	$ 2,074,937	$ 48,947	$ 43,275,657

Eugene Water & Electric Board
Water System
Analysis of Certain Restricted Cash and Investments for Bond Service
Year Ended December 31, 2021

	Investments for Bond Principal & Interest	Debt Service Reserves	SDC Reserves	Construction Funds	Total All Funds
Ending balance – December 31, 2020	$ 4	$ 1,492,130	$ 6,033,489	$ 11,405,384	$ 18,931,007
Deposits from general fund	4,927,127	-	1,077,319	-	6,004,446
Investment earnings (losses)	7	(387)	2,562	5,981	8,163
Receipts	4,927,134	(387)	1,079,881	5,981	6,012,609
Principal payments	2,555,000	-	-	-	2,555,000
Interest payments	2,372,132	-	-	-	2,372,132
Transfers to general fund	-	-	3,577,296	8,009,690	11,586,986
Disbursements	4,927,132	-	3,577,296	8,009,690	16,514,118
U.S. securities, at market	-	1,491,640	2,639,700	2,539,371	6,670,711
Cash in bank	6	103	-	-	109
State of Oregon Local Government Investment Pool	-	-	896,374	862,304	1,758,678
Ending balance – December 31, 2021	$ 6	$ 1,491,743	$ 3,536,074	$3,401,675	$8,429,498

Eugene Water & Electric Board
Sustainability Accounting Standards Disclosures
Years Ended December 31, 2021, 2020 and 2019

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

Electric System

Topic	Metric	2021	2020	2019
Greenhouse Gas Emissions & Energy Resource Planning	Number of customers served in markets subject to renewable portfolio standards (RPS). (All retail customers)	96,000	95,000	94,000
	RPS target before exemptions	473,884 MWh	465,707 MWh	361,808 MWh
	Percentage fulfillment of RPS target by market	Greater than 100%	Greater than 100%	100%
Water Management	Number of incidents of non-compliance with water quality and/or quantity permits, standards, and regulations	None	None	None
Workforce Health & Safety	Total recordable injury rate	4.4	4.1	3.9
	Fatality rate	0	0	0
End-Use Efficiency	Customer electricity savings from efficiency measures (In total across all customer types)	10,624 MWh 3.1 MW reduction in peak demand	15,053 MWh 3.7 MW reduction in peak demand	10,958 MWh 2.2 MW reduction in peak demand
Grid Resiliency	System Average Interruption Duration Index (SAIDI), per customer	46.21 minutes	41.49 minutes	69.37 minutes
	System Average Interruption Frequency Index (SAIFI), per customer	0.33 outages	0.32 outages	0.47 outages
	Customer Average Interruption Duration Index (CAIDI), per outage	138.98 minutes	130.15 minutes	146.91 minutes

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

Water System

Topic	Metric	2021	2020	2019
Water Scarcity	Total fresh water sourced from regions with high or extremely high baseline water stress	None	None	None
	Fresh water purchased from a third party	None	None	None
	Volume of recycled water delivered	None	None	None
Drinking Water Quality	Number of acute health-based, non-acute health-based, and non-health-based drinking water violations	None	None	None
Distribution Network Efficiency	Water pipe replacement rate	.2% of 817 miles or 1.8 miles	.2% of 816 miles or 1.8 miles	.2% of 814 miles or 1.9 miles
Network Resiliency & Impacts of Climate Change	Water treatment capacity located in FEMA Special Flood Hazard Areas	Treatment plant is outside flood zone, intake is within	Treatment plant is outside flood zone, intake is within	Treatment plant is outside flood zone, intake is within
	Number of service disruptions, population affected, and average duration	267 1319 customers 112 minutes	257 1043 customers 94 minutes	286 1152 customers 125 minutes

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

Audit Comments

MOSSADAMS

Report of Independent Auditors on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with *Oregon Minimum Audit Standards*

Board of Commissioners
Eugene Water & Electric Board

We have audited the individual and combined financial statements of the Eugene Water & Electric Board (the "Board") as of and for the year ended December 31, 2021 and have issued our report thereon dated March 18, 2022. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the provisions of the *Minimum Standards for Audits of Oregon Municipal Corporations*, prescribed by the Secretary of State. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

Compliance

As part of obtaining reasonable assurance about whether the Board's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, grants, including provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules OAR 162-10-0000 to 162-10-0330, as set forth below, noncompliance with which could have a direct and material effect on the determination of financial statement amounts:

- The accounting records and related internal control structure.
- The use of various depositories to secure the deposit of public funds.
- The requirements relating to insurance and fidelity bond coverage.
- The appropriate laws, rules and regulations pertaining to programs funded wholly or partially by other governmental agencies.
- The statutory requirements pertaining to the investment of public funds.
- The requirements pertaining to the awarding of public contracts and the construction of public improvements.

However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Minimum Standards for Audits of Oregon Municipal Corporations*, prescribed by the Secretary of State.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Board's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Board's internal control. Accordingly, we do not express an opinion on the effectiveness of the Board's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Purpose of the Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Minimum Standards for Audits of Oregon Municipal Corporations*, prescribed by the Secretary of State, in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Julie Desimone

Julie Desimone, Partner,
for Moss Adams LLP
Portland, Oregon
March 18, 2022

Rely on us.

EWEB

Eugene Water & Electric Board
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Eugene OR 97401

www.eweb.org