



Finance Committee Meeting Packet

July 21, 2022

1:00 pm - 2:00 pm

Zoom Video Conference

[Click Here to Join](#)

**Next Finance Committee Meeting:
September 15, 2022 at 1:00 pm**

The meeting locations are wheelchair accessible. If you need special assistance, please contact Oregon Cascades West Council of Governments at 541-967-8720 or adminGA@ocwcog.org, forty-eight (48) hours prior to the meeting.



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**OREGON CASCADES WEST COUNCIL OF GOVERNMENTS
FINANCE COMMITTEE AGENDA
July 21, 2022
1:00 – 2:00 pm**

[Join Zoom Meeting](#)
or Call: 253-215-8782
Meeting ID: 899 8718 6210
Passcode: 358230

An Executive Session may be called as deemed necessary by the Chair, pursuant to ORS 192.660.

NOTE: Please contact Leah Snodgrass at 541.967.8720 or lsnodgrass@ocwcog.org, no later than noon on Wednesday, July 20th, to confirm your attendance.

1. **Welcome and Introductions** (*Chair, Commissioner Pat Malone*)
(1:00 – 1:05 pm)

2. **Public Comment** (*Chair, Commissioner Pat Malone*)
(1:05 – 1:10 pm)

Floor will be open to the public for comment.

3. **Consent Calendar** (*Chair, Commissioner Pat Malone*)
(1:10 – 1:15 pm)

Approval of the May 19, 2022, Finance Committee minutes ([Page 4](#)).

ACTION: Motion to approve Consent Calendar items.

4. **Financial Reports** (*Finance Director Marit Nelson*)
(1:15 pm– 1:25 pm)

Finance Director Nelson will review the Financial Reports and respond to questions. ([Page 9](#))

ACTION: Information only.

5. **Financial Policy Update** (*Finance Director Marit Nelson*)
(1:25 – 1:35 pm)

Finance Director Nelson will discuss the revision to the Financial Policy. ([Page 16](#))

ACTION: Motion to approve proposed policy and send to the Board of Directors for review and adoption.

6. **Financial Statement Audit Report** (*Finance Director Marit Nelson*)
(1:35 – 1:45 pm)

Finance Director Nelson will review the audit report and respond to questions. ([Page 18](#))

ACTION: Information only.

7. **Other Business** (*Chair, Commissioner Pat Malone*)
(1:45 – 1:50 pm)
8. **Adjournment** (*Chair, Commissioner Pat Malone*)
(1:50 pm)

**OREGON CASCADES WEST COUNCIL OF GOVERNMENTS
FINANCE COMMITTEE MINUTES
May 19, 2022
Via Zoom Video and Audio Conferencing**

Attendees: **CHAIR:** Commissioner Pat Malone, Benton County, CWACTION;
Commissioner Claire Hall, Lincoln County; Mayor Jim Lepin, Millersburg;
Mayor Dean Sawyer, Newport; and Mitzi Naucler, SSAC.

Absent: Commissioner Sherrie Sprenger, Linn County; Mayor Chas Jones, Philomath
Jan Molnar-Fitzgerald, DSAC; and Jesse Oakley, TBAC.

Staff: Executive Director Ryan Vogt; Finance Director Marit Nelson; Community
and Economic Development Director Jenny Glass; Technology Services
Director Jason Sele; Human Resources Manager Ryan Schulze; and
Executive Assistant Leah Snodgrass

1. Welcome and Introductions

The Oregon Cascades West Council of Governments' (OCWCOG) Finance Committee Meeting was called to order by Chair Malone on May 19, 2022, at 1:30 pm via Zoom Video and Audio Conferencing.

2. Public Comment

No comment.

3. Consent Calendar

Commissioner Hall moved to approve the Finance Committee meeting minutes from March 17, 2022. Mayor Lepin seconded the motion. With no objections, the minutes were voted upon and approved.

Mayor Jones joined the meeting at approximately 1:32 pm.

4. Financial Reports

Finance Director Nelson summarized the financial update provided in the Finance Committee meeting packet that starts on page Five (5). Finance Director Nelson pointed out income and expense are trending like previous years.

Finance Director Nelson shared her screen, presented and summarized the Fiscal Year End 2022 Forecast as shown below:

OREGON CASCADES WEST Council of Governments							
Description	Total Budget	July - Apr Actuals	% Of Budget	FYE Forecast	% Of Budget	Surplus/Deficit	
FEDERAL SOURCES	\$ 17,456,097	\$ 14,315,133	82.01%	\$ 17,178,159	98.41%	\$ (277,938)	
STATE SOURCES	\$ 2,217,311	\$ 1,209,403	54.54%	\$ 1,451,283	65.45%	\$ (766,028)	
LOCAL SOURCES	\$ 1,415,062	\$ 1,211,018	85.58%	\$ 1,453,222	102.70%	\$ 38,160	
PROGRAM INCOME	\$ 19,904,133	\$ 17,158,884	86.21%	\$ 20,590,661	103.45%	\$ 686,528	
Grand Total Revenue w/o Beg Balance	\$ 40,992,603	\$ 33,894,438	82.68%	40,673,326	99.22%	(319,277)	
Description	Total Budget	July - Apr Actuals	% Of Budget	FYE Forecast		Surplus/Deficit	
PERSONNEL	\$ 19,839,492	\$ 13,961,600	70.37%	\$ 16,753,920	84.45%	\$ 3,085,572	
MATERIALS AND SUPPLIES	\$ 19,880,776	\$ 13,308,245	66.94%	\$ 15,969,894	80.33%	\$ 3,910,882	
TRANSFERS	\$ 3,072,621	\$ 3,047,495	99.18%	\$ 3,047,495	99.18%	\$ 25,126	
CAPITAL OUTLAY	\$ 435,393	\$ 81,482	18.71%	\$ 163,393	37.53%	\$ 272,000	
DEBT SERVICES	\$ 48,490	\$ 45,912	94.68%	\$ 46,341	95.57%	\$ 2,149	
Grand Total Expenses w/o Contingency	\$ 43,276,772	\$ 30,444,734	70.35%	35,981,044	83.14%	7,295,728	
						\$ 4,692,282	

The Forecast shows the actuals year to date based off of total financial statements, which helps give an overall point of view of the budget to help with projections. Finance Director Nelson stated we are almost one hundred percent (100%) on target for budget revenue, and trending down on expenses coming through with a surplus to carry forward.

Finance Director Nelson reported the audit came in. It was submitted to the required federal departments on March 31, 2022. No audit findings, but there were two to three transaction adjustments to be made to the financial statements, and those transactions were initiated by OCWCOG. Finance Director Nelson was happy to report it was a good document and will be presenting copies of the audit to the Board members and possibly talk about it at the next meeting.

Chair Malone had a question from page five (5) in the meeting packet, regarding grants and donations. Chair Malone said the Grants and Donations revenue is about the same amount, and asked if they are related.

Finance Director Nelson answered the donations are funding sources that come in to support programs like Meals on Wheels that don't have a contract funding source. Grants are funds coming from a third party that is not state or federal contract.

SSAC Chair Mitzi Naucler was in and out of the meeting several times, appearing to have connection issues.

5. Other Business

Executive Director Vogt stated he just became aware that a few minutes ago, the Waldport City Manager, Dann Cutter, had sent an email to several members of the Finance Committee to express his concern about an ongoing negotiation related to allegations that OCWCOG failed to fully perform on a contract, which ended last June. Executive Director Vogt did not receive the email directly from Mr. Cutter. Executive Director Vogt has been communicating with the Executive Committee Officers about the issue, and it appears Mr. Cutter is asking the Finance Committee to reconsider what he thinks is the right way to resolve the issue. Executive Director Vogt opened the floor for discussion regarding this matter.

Chair Malone acknowledged he received the email and asked Executive Director Vogt to explain the situation.

Executive Director Vogt stated prior to his employment with OCWCOG, Mr. Cutter was the Mayor of Waldport and essentially acting Director for the OCWCOG with Mayor Biff Traber. OCWCOG engaged in a contract with Waldport to provide finance services for the city. The contract period was fifteen (15) months ending in June 2021. During that period of time, Mr. Cutter moved to the City Administrator role, OCWCOG lost a couple staff members and Covid came into effect, so the onsite support became challenging. Executive Director Vogt stated there was troubles with Waldport giving remote access to OCWCOG staff. Mr. Cutter claims that OCWCOG failed to perform one or more deliverables in the contract. Executive Director Vogt was not able to collect evidence supporting that OCWCOG performed them, because any and all the work we completed is on the Waldport systems.

Mr. Cutter alerted Executive Director Vogt of the information in January, seven (7) months after the close of the contract. Mr. Cutter indicated the accounting firm he hired had discovered the information, and Mr. Cutter's main concern about the body of work they had to redo is bank reconciliation statements. Mr. Cutter paid the accounting firm a considerable amount of money to rebuild those, and acknowledged to Executive Director Vogt that they paid the accounting firm more, because Mr. Cutter asked the accounting firm to do additional work. His main complaint is that OCWCOG failed to provide an adequate level of supervision, even though that was not a deliverable in the contract; it was something articulated in the contract in the "what the OCWCOG will do" section. Mr. Cutter indicated the failure to provide adequate supervision led to the failure to complete certain tasks.

Mr. Cutter's proposed remedy is for OCWCOG to refund approximately fifty percent (50%) of the contract, totaling around \$55,000. Executive Director Vogt has consulted with the Executive Committee Officers, the previous Finance Director Sue Forty, Finance Director Nelson, and our OCWCOG hired attorney. Executive Director Vogt did not find any evidence which could rationally support the amount Mr. Cutter presented.

Waldport never notified OCWCOG during the contract that OCWCOG was failing to deliver service, and once they discovered the failure, they did not give OCWCOG the opportunity to remedy it. Executive Director Vogt costed out the contracted work for what he believed would be the amount of labor it would have taken to complete that deliverable. He estimates the Bank Reconciliations would have taken approximately one day a month to complete during the contract period, totaling fifteen (15) days. He took the 15 days and applied it to the "fully loaded manager's rate". Executive Director Vogt countered with a shared proposal of what it would cost

if both OCWCOG and Waldport shared the responsibility of a manager for 15 days, which was approximately a \$5,000 counter offer.

Mr. Cutter was not happy with Executive Director Vogt's proposal. Mr. Cutter responded back to Executive Director Vogt very quickly saying Waldport was unhappy and gave OCWCOG until Monday to reconsider the offer. Mr. Cutter did not specify what a reconsider offer was, or if he would be filling a tort claim. Executive Director Vogt responded back to Mr. Cutter and extended an invitation to get together and discuss a different method of costing it out, to discover what the OCWCOG responsibility is, and what responsibility OCWCOG should take in this situation. Executive Director Vogt gave Mr. Cutter the option of meeting with him alone, or with him and Chair Hall, and another option could include the attorney. Executive Director Vogt reminded Mr. Cutter if a resolution cannot be made between them, the next step of remedy in the contract is mediation. Executive Director Vogt did not get a response back from Mr. Cutter prior to the Executive Committee getting the emails today. Executive Director Vogt asked the Committee what they would like him to do.

Mayor Lepin recommended looking into submitting this information to insurance and getting them on board sooner than later.

Executive Director Vogt stated that if mediation does happen, both parties could pay around \$20,000 to \$25,000 for legal fees. An option could be to meet in the middle and an offer could be made around \$30,000, but unsure if that will be helpful.

Mayor Sawyer stated it is disappointing the mediation costs are so high. Mayor Sawyer said he has never been part of the mediation process, but is curious if insurance can pay for those fees?

Executive Director Vogt stated he was hoping to salvage the relationship and not have to go through mediation or arbitration. It is unclear what Mr. Cutter's intent is.

Commissioner Hall stated she would like to see a resolution, but a fair and equitable one. Commissioner Hall would have liked to see Mr. Cutter's desire to talk it through and work on something in the middle that everyone can agree on. Commissioner Hall feels like Mr. Cutter's response is rather hostile and is unsure what the best approach is.

Chair Malone did not like the fact that Executive Director Vogt did not get the last email and that it appears Mr. Cutter may be negotiating in bad faith, or not negotiating at all. Mr. Cutter's approach is not very accommodating and is concerned by Mr. Cutter's communications not being transparent with the actual cost, and the timing of it. Chair Malone suggested the next step is to see what insurance says about the situation, and not change our position. Chair Malone would like to see Mr. Cutter provide more information like an invoice, and prove OCWCOG wrong. Chair Malone thinks that is a reasonable approach.

Mayor Lepin suggest OCWCOG contacts the insurance and inform them that our plan is to tell Mr. Cutter the original offer still stands, and per our contract, mediation is the next step.

Executive Director Vogt clarified the contract says our next step is mediation. If both parties do not agree to mediation, then the next step is arbitration.

HR Director Schulze stated that OCWCOG did reach out to the insurance company at the beginning of this issue. Insurance said that OCWCOG would have to seek services from an outside council due to conflict of interest.

Mayor Lepin stated that it sounds like OCWCOG's insurance also serves Waldport.

Mayor Sawyer thanked Executive Director Vogt for the discussion on the matter.

6. Adjournment

Chair Malone adjourned the meeting at 1:53 p.m.

Meeting minutes taken by Leah Snodgrass.



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M E M O R A N D U M

DATE: July 21, 2022
TO: OCWCOG Finance Committee
FROM: Marit Nelson, Finance Director
RE: **OCWCOG Financial Update**

Please accept the following snapshot, and Consolidated Revenue and Expense Statement, for fiscal year ending June 30, 2022. These values are unadjusted and unaudited. We will continue to review accounts, record accruals, complete reconciliations and submit billings and reimbursements for the next 60-90 days. These numbers will undoubtedly change prior to our audit beginning on September 26th. Please let me know if you have any questions.

Snapshot by Major Line Item

	FY 2022 Budget	June YTD	Percentage YTD	Prior Year YTD
Dues	330,506	326,241	98.7%	99.5%
Contracts	3,648,936	3,216,912	88.2%	56.6%
Grants	216,800	171,530	79.1%	62.7%
Donations	250,500	170,481	68.1%	84.3%
State Revenue	2,217,311	1,542,161	69.6%	56.0%
Federal Revenue	17,456,097	17,158,142	98.3%	71.4%
Coordinated Care	9,098,188	9,259,580	101.8%	68%
Total Income (all line items)	\$ 56,167,696	\$ 54,059,908	96.2%	78.8%
Total Payroll Expense	\$ 19,839,492	\$ 16,723,800	84.3%	63.8%
Contract Expense	12,877,243	10,579,993	82.2%	62.9%
Indirect Expense	2,572,175	2,572,114	100%	83%
Maintenance & Repair	103,000	51,466	50%	79.2%
Supplies	97,050	51,296	52.9%	53.4%
Telephone	155,775	142,114	91.2%	63%
Travel / Training	221,550	158,737	71.6%	12.5%
Total Expense (all line items)	\$ 51,364,832	\$35,772,888	69.6%	49.5%
Net Gain / (Loss)		\$ 18,280,262		

Fiscal Year (FY) FY 2021-2022 Financial Narrative (Revenue)

Overall, revenue looks healthy and when the final reports are submitted for billing and accruals are posted, it is my expectation that we will reach our annual budgeting benchmark. Some of our predictions or hopes did not come to fruition 100% this past year but as operations return to “normal” and consumer interaction increases, we should see those numbers adjust as well.

FY 2021-2022 Financial Narrative (Personnel and Material & Supplies)

- a. Personnel Expense will be ending the year 15% under budget. This surplus reflects the vacant positions we worked steadily all year to fill as well as costs coming in at lower rates than expected, i.e. projected COLAs, health insurance increases, etc.
- b. Materials and Supplies is also ending the year 15% under budget. A handful of line items were over budget, but most were under budget. Supply chain issues and vendor/contractor availability extended the time on several projects. We hope to see improvements in the coming fiscal year.
- c. Capital Outlay and purchases were under budget as well, again due to supply chain issues and vendor/contractor availability. Smaller projects were completed, and the remodeling of the Albany reception area took place. We are already starting on a few projects this fiscal year in the hopes of checking a few off the list.
- d. The final debt service payment on the Albany building took place this fiscal year.

Consolidate Revenue and Expense Statement

Finance Committee Financial Report

Unadjusted/Unaudited

For Period Ended June 30, 2022

Percent of budget to date: **100.0%**

Acct No	Description	Budget	YTD Bal	
000710	Beg Bal-Restricted for Grants	\$ 1,713	\$ 79,248	4626.3%
000725	Beg Bal-Restrict for Contracts	\$ 3,446,916	\$ 3,413,426	99.0%
000740	Beg Bal-Restricted for Other	\$ 3,617,322	\$ 3,529,392	97.6%
000745	Beg Bal-Restrict Reserve	\$ 1,156,564	\$ 989,709	85.6%
000750	Beg Bal-Unrestricted	\$ 6,992,851	\$ 6,863,224	98.1%
000801	Dues	\$ 314,768	\$ 310,706	98.7%
000802	Fees For Service	\$ 140,500	\$ 109,951	78.3%
000803	Internal Transfer	\$ 2,577,114	\$ 2,572,579	99.8%
000804	Miscellaneous Revenue	\$ -	\$ 5,778	0.0%
000805	Contract Revenue	\$ 3,648,936	\$ 3,216,912	88.2%
000806	Grant Revenue	\$ 216,800	\$ 171,530	79.1%
000807	Donations	\$ 250,500	\$ 170,481	68.1%
000808	Interest Revenue	\$ 266,756	\$ 220,333	82.6%
000809	Transfers In	\$ 3,406,242	\$ 3,376,242	99.1%
000813	Special Projects	\$ 15,738	\$ 15,535	98.7%
000819	Special Event Revenue	\$ 20,000	\$ -	0.0%
000820	Program Meals Revenue	\$ 160,000	\$ 217,232	135.8%
000822	Loan Packaging Fees	\$ 4,000	\$ 6,110	152.8%
000823	Program Income	\$ 711,153	\$ 711,966	100.1%
000824	Match	\$ 48,000	\$ 28,360	59.1%
000826	Borrowers Fees	\$ 3,000	\$ 4,124	137.5%
000828	Service Fees	\$ 5,000	\$ 5,512	110.2%
000829	Program Administration	\$ 150,000	\$ 81,674	54.4%
000840	Veterans	\$ 114,489	\$ 85,867	75.0%
000841	Oregon Project Independence	\$ 990,000	\$ 864,249	87.3%
000843	ODOT	\$ 1,112,822	\$ 592,044	53.2%
000846	Coordinated Care	\$ 9,098,188	\$ 9,259,580	101.8%
000848	CCO Metrics Income	\$ 242,500	\$ -	0.0%
000860	Economic Development Admin	\$ 425,000	\$ 265,871	62.6%

000862	Older Americans Act	\$	1,300,000	\$	1,075,207	82.7%
000863	Title XIX	\$	14,578,791	\$	14,948,365	102.5%
000864	Federal Senior Meals	\$	800,000	\$	591,943	74.0%
000865	USDA	\$	95,000	\$	94,375	99.3%
000867	Federal Match	\$	49,306	\$	11,037	22.4%
000868	Environmental Protection Agenc	\$	200,000	\$	164,307	82.2%
000869	Siletz Revenue	\$	8,000	\$	7,037	88.0%

REVENUE

\$ 56,167,969 \$ 54,059,908

96.2%

Overall Trend within range of meeting budget

000410	Leave Benefits	\$	686,714	\$	614,126	89.4%
000420	Fringe Benefits	\$	1,067,164	\$	900,506	84.4%
000421	Insurance Benefits	\$	3,439,490	\$	2,834,332	82.4%
000425	PERS Benefits	\$	3,015,699	\$	2,616,290	86.8%
000430	PERS Reserve	\$	224,846	\$	92,932	41.3%
0001ED	Executive Director	\$	155,070	\$	154,090	99.4%
0004PD	Program Director	\$	506,620	\$	420,084	82.9%
0010PM	Program Manager	\$	164,267	\$	89,787	54.7%
0013PS	Program Supervisor	\$	906,865	\$	773,809	85.3%
0019PM	Personnel Manager	\$	105,817	\$	107,012	101.1%
0046CM	Case Manager	\$	2,686,844	\$	2,219,794	82.6%
0053CC	Contracts Coordinator	\$	91,304	\$	100,173	109.7%
0055CS	Clerical Supervisor	\$	195,875	\$	199,763	102.0%
0058AP	Assistant Planner	\$	57,941	\$	154,059	265.9%
005PIO	Public Information Officer	\$	111,063	\$	17,556	15.8%
0060AS	Accounting Specialist	\$	39,623	\$	46,568	117.5%
0064ES	Eligibility Specialist	\$	1,349,473	\$	1,178,377	87.3%
0064MM	Money Management Coord	\$	50,478	\$	43,485	86.1%
0067EA	Executive Assistant	\$	26,532	\$	52,708	198.7%
0070AC	Accounting Clerk II	\$	55,081	\$	56,036	101.7%
0076AA	Administrative Assistant	\$	469,928	\$	347,419	73.9%
0076BO	Business Officer	\$	62,916	\$	61,444	97.7%
0085CS	Clerical Specialist	\$	349,811	\$	278,045	79.5%
0085WS	Workstation Support Specialist	\$	55,617	\$	59,518	107.0%
013SLO	Senior Loan Officer	\$	84,007	\$	65,297	77.7%
013TSM	Transportation Manager	\$	82,927	\$	50,479	60.9%

025NSS	Network Support Specialist	\$	146,441	\$	103,615	70.8%	
031CDP	CED Planner	\$	304,386	\$	200,520	65.9%	
034APS	Adult Protective Services Spec	\$	895,112	\$	764,443	85.4%	
037DTC	Diversion & Transition Coord	\$	201,122	\$	195,948	97.4%	
037LCM	Lead Case Manager	\$	227,501	\$	189,155	83.1%	
045ISS	Information Support Specialist	\$	57,530	\$	80,919	140.7%	
052ALO	Assistant Loan Officer	\$	37,620	\$	47,485	126.2%	
055SMS	Senior Meals Supervisor	\$	48,165	\$	44,707	92.8%	
055VSO	Veterans Service Officer	\$	44,634	\$	52,401	117.4%	
060FMC	Facility Maint. Coordinator	\$	52,425	\$	50,850	97.0%	
061LES	Lead Eligibility Specialist	\$	57,080	\$	55,697	97.6%	
064ADR	ADRC Specialist	\$	243,569	\$	170,084	69.8%	
064ALW	Asst. AFH Licensing Worker	\$	125,000	\$	116,511	93.2%	
067CEA	Confidential Executive Assist	\$	46,320	\$	44,307	95.7%	
073MRW	Medical Resource Worker	\$	42,773	\$	40,940	95.7%	
075LTB	Lead Trans Brokerage Spec.	\$	49,474	\$	46,740	94.5%	
075TBS	Transportation Brokerage Spec.	\$	358,576	\$	286,044	79.8%	
076IHA	In Home Assistant	\$	437,000	\$	335,787	76.8%	
082SMC	Senior Meals Coordinator	\$	40,885	\$	39,647	97.0%	
090RSM	Relief Site Manager	\$	25,000	\$	20,596	82.4%	
099EXH	Extra Hire	\$	162,405	\$	106,584	65.6%	
88MSM3	Meal Site Manager 3	\$	194,502	\$	197,131	101.4%	
	PERSONNEL	\$	19,839,492	\$	16,723,800	84.3%	Overall Trend 15% under budget
000504	Advertising	\$	35,590	\$	47,337	133.0%	
000506	Auto Expense	\$	17,000	\$	1,668	9.8%	
000510	Bank Charges	\$	15,175	\$	12,190	80.3%	
000513	Board/Comm/Meeting Expense	\$	32,750	\$	5,827	17.8%	
000514	CED Administration	\$	-	\$	230		
000516	Computer Maintenance	\$	179,530	\$	189,484	105.5%	
000521	Contract Administration	\$	1,500	\$	2,164	144.2%	
000522	Contract Expense	\$	12,877,243	\$	10,579,993	82.2%	
000523	Admin Contract Expense	\$	500,000	\$	467,647	93.5%	
000525	Copying	\$	62,500	\$	37,798	60.5%	
000531	Dues and Memberships	\$	33,115	\$	60,205	181.8%	

000532	Equipment Expense	\$	1,000	\$	-	0.0%	
000533	Finance Indirect	\$	568,185	\$	568,184	100.0%	
000534	Indirect Expense	\$	1,198,046	\$	1,198,045	100.0%	
000535	Furniture & Fixtures	\$	56,578	\$	10,340	18.3%	
000537	Insurance	\$	76,763	\$	72,579	94.5%	
000540	Interest Expense	\$	16,000	\$	10,748	67.2%	
000541	Loan Legal Expense	\$	50	\$	-	0.0%	
000542	Legal Services	\$	58,500	\$	5,762	9.8%	
000543	Licenses and Fees	\$	242,160	\$	224,537	92.7%	
000546	Loan Fees	\$	3,100	\$	6,764	218.2%	
000549	Maintenance and Repair	\$	103,000	\$	51,466	50.0%	
000550	Marketing Expense	\$	4,150	\$	2,853	68.7%	
000551	Taxes	\$	2,500	\$	-	0.0%	
000553	Loan Admin Exp	\$	150,000	\$	82,356	54.9%	
000555	Postage	\$	47,920	\$	39,636	82.7%	
000558	Printing	\$	21,050	\$	17,039	80.9%	
000561	Rent	\$	735,039	\$	721,573	98.2%	
000564	Resource Reserve	\$	30,000	\$	5,518	18.4%	
000567	Supplies	\$	97,050	\$	51,296	52.9%	
000568	Stipend	\$	147,072	\$	103,429	70.3%	
000570	Technology Indirect	\$	805,944	\$	805,885	100.0%	
000573	Telephone	\$	155,775	\$	142,114	91.2%	
000575	Special Event Expense	\$	20,000	\$	-	0.0%	
000576	Training	\$	108,700	\$	74,596	68.6%	
000577	Volunteer Recognition	\$	22,500	\$	27,601	122.7%	
000578	Meal Delivery Travel	\$	53,000	\$	35,081	66.2%	
000579	Travel	\$	112,850	\$	84,141	74.6%	
000582	Utilities	\$	65,000	\$	55,482	85.4%	
000584	Janitorial	\$	92,600	\$	82,506	89.1%	
	MATERIALS AND SUPPLIES	\$	18,748,935	\$	15,884,073	84.7%	Overall Trend 15% under budget
000580	Transfers Out	\$	3,072,621	\$	3,037,621	98.9%	
000583	Operating Contingency	\$	9,268,391	\$	-	0.0%	
	TRANSFERS AND CONTINGENCY	\$	12,341,012	\$	3,037,621	24.6%	No use of contingency is positive

000595	Capital Purchase	\$	283,000	\$	-	0.0%	
000596	Leasehold Improvement	\$	152,393	\$	81,481	53.5%	
	CAPITAL OUTLAY	\$	435,393	\$	81,481	18.7%	
000598	Principal Payment	\$	43,333	\$	43,333	100.0%	
000599	Interest Expense	\$	5,157	\$	2,578	50.0%	
	DEBT SERVICES	\$	48,490	\$	45,911	94.7%	Albany Building paid off
	EXPENSE	\$	51,413,322	\$	35,772,887	69.6%	
	NET (GAIN/LOSS)			\$	18,287,022		Projected Beginning balances FY 2023

EXPENDITURE LIMITS

Policy

In order to deliver efficient, cost-effective service to the public, and meet state and federal regulations, Oregon Cascades West Council of Governments must operate within acceptable fiscal standards. The following procedure facilitates the efficient expenditure of funds approved in the current budget, as well as provide a means to deal with unknown contingencies.

Authority

Program Directors/Managers, or designated staff, approve expenditures and authorize payments as determined by the Agency Adopted Budget. The OCWCOG Contracts Coordinator(s) serves as the Local Contract Review Officer(s) in accordance with ORS 279A.075. All purchasing shall conform to regulations contained in the Oregon Cascade West Councils of Government Public Contracting Rules Manual adopted by the Board of Directors in May 2020 and may have been modified by the Board since.

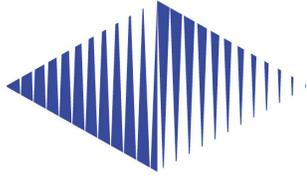
Procedure

Quotes will be obtained and recorded on all major purchases unless otherwise specified.

- A. \$1,000 or less--Shall have the approval of the individual program manager/supervisor responsible for that area of the budget, or his/her designee.
- B. \$1,001 to \$4,999--Shall have the approval of the Department Director responsible for control of that area of the budget or his/her designee.
- C. \$5,000 to \$10,000--Shall have the approval of Executive Director. Requests for approval shall follow the small procurement method as outlined in the OCWCOG Purchasing Policy. A minimum of three quotes shall be recorded on the appropriate form before expenditure is made. If three quotes are not obtainable, a purchaser shall document the steps taken to obtain three price quotes.
- D. \$10,001 to \$150,000--Shall follow the intermediate procurement method as outlined in the OCWCOG Purchasing Policy. All requests for approval shall have a minimum of three quotes, bids or proposals recorded on the appropriate form before the expenditure is made. If three quotes are not obtainable, the purchaser shall document these steps taken to obtain three price quotes.
- E. \$150,000 and above--Shall require sealed competitive proposals as outlined in the OCWCOG Purchasing Policy.

Any deviation from the adopted budget document shall have the approval of the Board of Directors as per Oregon budget law requirements.

The Executive Director will establish internal fiscal controls to ensure close monitoring of all financial operations addressed in this policy.



GROVE, MUELLER & SWANK, P.C.

Certified Public Accountants and Consultants

475 Cottage Street NE, Suite 200, Salem, OR 97301
(503) 581-7788 • FAX (503) 581-0152 • www.gms.cpa

March 31, 2022

Board of Directors
Oregon Cascades West Council of Governments
Albany, Oregon

We have audited the financial statements of Oregon Cascades West Council of Governments (OCWCOG) as of and for the year ended June 30, 2021, and have issued our report thereon dated March 31, 2022. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit

As communicated in our engagement letter dated July 9, 2021, our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of OCWCOG's internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of OCWCOG solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

Compliance with All Ethics Requirements Regarding Independence

The engagement team, others in our firm, as appropriate, and our firm have complied with all relevant ethical requirements regarding independence.

Qualitative Aspects of the Entity's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by OCWCOG is included in the notes to the financial statements. There have been no initial selection of accounting policies and no changes in significant accounting policies or their application during the fiscal year ended June 30, 2021. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments.

The most sensitive accounting estimates affecting the financial statements are the allowance for doubtful accounts related to outstanding notes receivable, net pension liability, as well as the net OPEB liability and related deferred inflows and outflows. We evaluated the key factors and assumptions used to develop the estimates and determined that they are reasonable in relation to the basic financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

Significant Difficulties Encountered during the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit, except for difficulties experienced in obtaining complete and accurate documentation in a timely manner, resulting in the delay of completion of the audit.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole and each applicable opinion unit. No misstatements were identified as a result of audit procedures.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to OCWCOG's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

Representations Requested from Management

We have requested certain written representations from management, which are included in the attached letter dated March 31, 2022.

Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Significant Matters, Findings, or Issues

In the normal course of our professional association with OCWCOG, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, operating and regulatory conditions affecting OCWCOG, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as OCWCOG's auditors.

We applied certain limited procedures to the required supplementary information (RSI) that supplements the basic financial statements as described in the Independent Auditor's Report. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI, except as described in such report.

We were engaged to report on the schedule of expenditures of federal awards, which accompanies the financial statements but is not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Restriction on Use

This report is intended solely for the information and use of the Board of Directors and management of Oregon Cascades West Council of Governments and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

Grove, Mueller & Swank, P.C.

CERTIFIED PUBLIC ACCOUNTANTS



1400 Queen Ave SE • Suite 201 • Albany, OR 97322
(541) 967-8720 • FAX (541) 967-6123

March 31, 2022

Grove, Mueller & Swank, P.C.
475 Cottage Street NE, Suite 200
Salem, OR 97301

This representation letter is provided in connection with your audit of the financial statements of Oregon Cascades West Council of Governments (OCWCOG) as of June 30, 2021 and for the year then ended, and the related notes to the financial statements, for the purpose of expressing opinions on whether the basic financial statements present fairly, in all material respects, the financial position, results of operations, and cash flows, where applicable, of the various opinion units of OCWCOG in accordance with accounting principles generally accepted for governments in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in the light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

We confirm, to the best of our knowledge and belief, as of March 31, 2022, the following representations made to you during your audit.

Financial Statements

- We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated July 9, 2021, for the preparation and fair presentation of the financial statements of the various opinion units referred to above in accordance with U.S. GAAP.
- We acknowledge our responsibility 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.
- We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- We acknowledge our responsibility for compliance with the laws, regulations, and provisions of contracts and grant agreements.
- We have reviewed, approved, and taken responsibility for the financial statements and related notes.
- We have a process to track the status of audit findings and recommendations.
- We have identified and communicated to you all previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
- Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.
- Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.

- All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed.
- We are not aware of any pending or threatened litigation, claims, or assessments, or unasserted claims or assessments that are required to be accrued or disclosed in the financial statements in accordance with GASB Statement No. 62 (GASB-62), *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements* (FASB Accounting Standards Codification™ (ASC) 450, *Contingencies*), and we have not consulted a lawyer concerning litigation, claims, or assessments.
- All funds and activities are properly classified.
- All funds that meet the quantitative criteria in GASB Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, GASB Statement No. 37, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments: Omnibus* as amended, and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, for presentation as major are identified and presented as such and all other funds that are presented as major are considered important to financial statement users.
- All components of net position, nonspendable fund balance, and restricted, committed, assigned, and unassigned fund balance are properly classified and, if applicable, approved.
- Our policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position/fund balance are available is appropriately disclosed and net position/fund balance is properly recognized under the policy.
- All revenues within the statement of activities have been properly classified as program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.
- All expenses have been properly classified in or allocated to functions and programs in the statement of activities, and allocations, if any, have been made on a reasonable basis.
- All interfund and intra-entity transactions and balances have been properly classified and reported.
- Deposit and investment risks have been properly and fully disclosed.
- Capital assets, including infrastructure assets, are properly capitalized, reported, and if applicable, depreciated.
- All required supplementary information is measured and presented within the prescribed guidelines.
- With respect to the required supplementary information accompanying the financial statements:
 - We acknowledge our responsibility for the presentation of the required supplementary information in accordance with U.S. GAAP.
 - We believe the required supplementary information, including its form and content, is measured and fairly presented in accordance with U.S. GAAP.
 - The methods of measurement or presentation have not changed from those used in the prior period.
 - We believe the significant assumptions or interpretations underlying the measurement or presentation of the required supplementary information, and the basis for our assumptions and interpretations, are reasonable and appropriate in the circumstances.
- With regard to investments and other instruments reported at fair value:
 - The underlying assumptions are reasonable and they appropriately reflect management's intent and ability to carry out its stated courses of action.
 - The measurement methods and related assumptions used in determining fair value are appropriate in the circumstances and have been consistently applied.

- The disclosures related to fair values are complete, adequate, and in accordance with U.S. GAAP.
- There are no subsequent events that require adjustments to the fair value measurements and disclosures included in the financial statements.
- With respect to the input of the data collection form and preparation of the financial statements and related notes, we have performed the following:
 - Made all management decisions and performed all management functions;
 - Assigned a competent individual to oversee the services;
 - Evaluated the adequacy of the services performed;
 - Evaluated and accepted responsibility for the result of the service performed; and
 - Established and maintained internal controls, including monitoring ongoing activities.

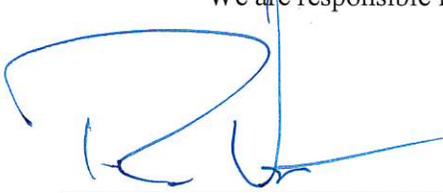
Information Provided

- We have provided you with:
 - Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements of the various opinion units referred to above, such as records, documentation, meeting minutes, and other matters;
 - Additional information that you have requested from us for the purpose of the audit; and
 - Unrestricted access to persons within OCWCOG from whom you determined it necessary to obtain audit evidence.
- All transactions have been recorded in the accounting records and are reflected in the financial statements.
- We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- We have no knowledge of any fraud or suspected fraud that affects OCWCOG and involves:
 - Management;
 - Employees who have significant roles in internal control; or
 - Others where the fraud could have a material effect on the financial statements.
- We have no knowledge of any allegations of fraud, or suspected fraud, affecting OCWCOG's financial statements communicated by employees, former employees, vendors, regulators, or others.
- We are not aware of any pending or threatened litigation, claims, and assessments whose effects should be considered when preparing the financial statements and we have not consulted legal counsel concerning litigation, claims, or assessments.
- We have disclosed to you the identity of OCWCOG's related parties and all the related party relationships and transactions of which we are aware.
- There have been no communications from regulatory agencies concerning noncompliance with or deficiencies in accounting, internal control, or financial reporting practices.
- OCWCOG has no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.
- We have disclosed to you all guarantees, whether written or oral, under which OCWCOG is contingently liable.

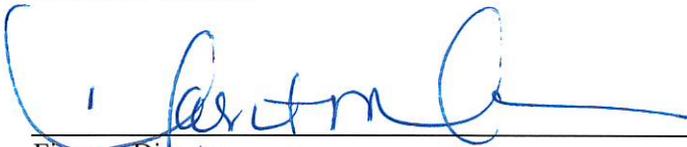
- We have disclosed to you all nonexchange financial guarantees, under which we are obligated and have declared liabilities and disclosed properly in accordance with GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*, for those guarantees where it is more likely than not that the District/City will make a payment on any guarantee.
- We have disclosed to you all significant estimates and material concentrations known to management that are required to be disclosed in accordance with GASB Statement No. 62 (GASB-62), *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. Significant estimates are estimates at the balance sheet date that could change materially within the next year. Concentrations refer to volumes of business, revenues, available sources of supply, or markets or geographic areas for which events could occur that would significantly disrupt normal finances within the next year.
- We have identified and disclosed to you the laws, regulations, and provisions of contracts and grant agreements that could have a direct and material effect on financial statement amounts, including legal and contractual provisions for reporting specific activities in separate funds.
- There are no:
 - Violations or possible violations of laws or regulations, or provisions of contracts or grant agreements whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency, including applicable budget laws and regulations.
 - Unasserted claims or assessments that our lawyer has advised are probable of assertion and must be disclosed in accordance with GASB-62.
 - Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by GASB-62
 - Continuing disclosure consent decree agreements or filings with the Securities and Exchange Commission and we have filed updates on a timely basis in accordance with the agreements (Rule 240, 15c2-12).
- OCWCOG has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset or future revenue been pledged as collateral, except as disclosed to you.
- We have complied with all aspects of grant agreements and other contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
- With respect to federal award programs:
 - We are responsible for understanding and complying with and have complied with the requirements of Title 2 CFR Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards* (the Uniform Guidance), including requirements relating to preparation of the schedule of expenditures of federal awards (SEFA), or we acknowledge our responsibility for presenting the SEFA in accordance with the requirements of the Uniform Guidance and we believe the SEFA, including its form and content, is fairly presented in accordance with the Uniform Guidance. The methods of measurement or presentation of the SEFA have not changed from those used in the prior period and we have disclosed to you any significant assumptions and interpretations underlying the measurement or presentation of the SEFA.
 - If the SEFA is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the SEFA no later than the date we issue the SEFA and the auditor's report thereon.
 - We have identified and disclosed to you all of our government programs and related activities subject to the Uniform Guidance and included in the SEFA made during the audit period for all awards provided by federal agencies in the form of grants, federal cost-reimbursement contracts, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other direct assistance.

- We are responsible for understanding and complying with, and have complied with, the requirements of laws, regulations, and the provisions of contracts and grant agreements related to each of our federal programs and have identified and disclosed to you the requirements of laws, regulations, and the provisions of contracts and grant agreements that are considered to have a direct and material effect on each major program.
- We are responsible for establishing and maintaining, and have established and maintained, effective internal control over compliance requirements applicable to federal programs that provides reasonable assurance that we are managing our federal awards in compliance with laws, regulations, and the provisions of contracts and grant agreements that could have a material effect on our federal programs. We believe the internal control system is adequate and is functioning as intended.
- We have made available to you all contracts and grant agreements (including amendments, if any) and any other correspondence with federal agencies or pass-through entities relevant to federal programs and related activities.
- We have received no requests from a federal agency to audit one or more specific programs as a major program.
- We have complied with the direct and material compliance requirements (except for noncompliance disclosed to you), including when applicable, those set forth in the *OMB Compliance Supplement*, relating to federal awards and have identified and disclosed to you all amounts questioned and all known noncompliance with the requirements of federal awards.
- We have disclosed any communications from grantors and pass-through entities concerning possible noncompliance with the direct and material compliance requirements, including communications received from the end of the period covered by the compliance audit to the date of the auditor's report.
- We have disclosed to you the findings received and related corrective actions taken for previous audits, attestation engagements, and internal or external monitoring that directly relate to the objectives of the compliance audit, including findings received and corrective actions taken from the end of the period covered by the compliance audit to the date of the auditor's report.
- Amounts claimed or used for matching were determined in accordance with relevant guidelines in the Uniform Guidance.
- We have disclosed to you our interpretation of compliance requirements that may have varying interpretations.
- We have made available to you all documentation related to compliance with the direct material compliance requirements, including information related to federal program financial reports and claims for advances and reimbursements.
- We have disclosed to you the nature of any subsequent events that provide additional evidence about conditions that existed at the end of the reporting period affecting noncompliance during the reporting period.
- There are no such known instances of noncompliance with direct and material compliance requirements that occurred subsequent to the period covered by the auditor's report.
- No changes have been made in internal control over compliance or other factors that might significantly affect internal control, including any corrective action we have taken regarding significant deficiencies in internal control over compliance (including material weaknesses in internal control over compliance), subsequent to the date as of which compliance was audited.
- Federal program financial reports and claims for advances and reimbursements are supported by the books and records from which the financial statements have been prepared.
- The copies of federal program financial reports provided you are true copies of the reports submitted, or electronically transmitted, to the respective federal agency or pass-through entity, as applicable.

- We have monitored subrecipients to determine that they have expended pass-through assistance in accordance with applicable laws and regulations and have met the requirements of the Uniform Guidance.
- We have taken appropriate action, including issuing management decisions, on a timely basis after receipt of subrecipients' auditor's reports that identified noncompliance with laws, regulations, or the provisions of contracts or grant agreements and have ensured that subrecipients have taken the appropriate and timely corrective action on findings.
- We have considered the results of subrecipient audits and have made any necessary adjustments to our books and records.
- We have charged costs to federal awards in accordance with applicable cost principles.
- We are responsible for and have accurately prepared the summary schedule of prior audit findings to include all findings required to be included by the Uniform Guidance and we have provided you with all information on the status of the follow-up on prior audit findings by federal awarding agencies and pass-through entities, including all management decisions.
- We are responsible for and have accurately prepared the auditee section of the Data Collection Form as required by the Uniform Guidance.
- We are responsible for preparing and implementing a corrective action plan for each audit finding.



Executive Director



Finance Director

***OREGON CASCADES WEST
COUNCIL OF GOVERNMENTS
ANNUAL FINANCIAL REPORT
Year Ended June 30, 2021***

OREGON CASCADES WEST COUNCIL OF GOVERNMENTS
BOARD OF DIRECTORS
JUNE 30, 2021

Benton County

Pat Malone, County Commissioner

Alan Rowe, City Council, Adair Village
Biff Traber, Mayor, Corvallis

Chas Jones, Mayor, Philomath

Lincoln County

Claire Hall, County Commissioner

Rod Cross, Mayor, Toledo
Joyce King, City Council, Depoe Bay
Dean Sawyer, Mayor, Newport

Gil Sylvia, Commissioner, Port of Newport
Greg Holland, Mayor, Waldport
Robert Kentta, Treasurer, Confederated Tribes of
Siletz

Riley Hoagland, City Council, Lincoln City

Leslie Vaaler, Mayor, Yachats

Linn County

Sherrie Sprenger, County Commissioner

Mike Caughey, City Council, Harrisburg
Alex Johnson II, Mayor, Albany
Jim Lepin, Mayor, Millersburg
Wayne Rieskamp, City Council, Lebanon
Don Ware, Mayor, Brownsville

Jerry Gillson, City Council, Halsey
Carol Kom, City Council, Tangent
Debbie Nuber, City Council, Scio
Angelita Sanchez, City Council, Sweet Home

The above individuals may be contacted at the address below.

Executive Committee

Claire Hall, Chair
Jim Lepin, Vice Chair
Pat Malone, Treasurer
Alan Rowe
Dean Sawyer
Sherrie Sprenger

Executive Director

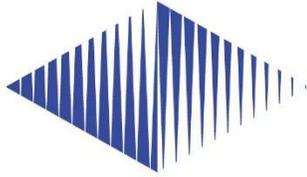
Ryan Vogt

Registered Office

1400 Queen Avenue SE
Albany, Oregon 97322

OREGON CASCADES WEST COUNCIL OF GOVERNMENTS
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GROVE, MUELLER & SWANK, P.C.

Certified Public Accountants and Consultants

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Oregon Cascades West Council of Governments
Albany, Oregon 97322

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Oregon Cascades West Council of Governments (the Council) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Council's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Council's preparation and fair presentation of the financial statements 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 the Council's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Oregon Cascades West Council of Governments as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (MD&A), and the required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplemental information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information (except as mentioned in the following paragraph) because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Council's basic financial statements. The other supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal awards, as required by *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is also not a required part of the basic financial statements.

The other supplementary information and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Reports on Other Legal and Regulatory Requirements

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 31, 2022, on our consideration of the Council'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 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 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 the Council's internal control over financial reporting and compliance.

Other Reporting Required by Oregon Minimum Standards

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated March 31, 2022 on our consideration of the Council's compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.

GROVE, MUELLER & SWANK, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

By: 
Ryan T. Pasquarella, A Shareholder
March 31, 2022

OREGON CASCADES WEST COUNCIL OF GOVERNMENTS

MANAGEMENT'S DISCUSSION AND ANALYSIS

This discussion and analysis presents the highlights of financial activities and financial position for the Oregon Cascades West Council of Governments (Council). The analysis focuses on the financial activities of the Council for the fiscal year ended June 30, 2021. It should be read in conjunction with the Council's financial statements, which follow this section.

Financial Highlights

- At June 30, 2021, total assets and deferred outflows of the Council exceeded total liabilities and deferred inflows by \$7,998,490 (net position).
- The Council's net position increased by \$107,043 during the fiscal year.
- The Council had program revenues of \$32,619,953 and program expenses of \$32,557,238 for the year ended June 30, 2021.

Overview of the Financial Statements

The following discussion and analysis is intended to serve as an introduction to the Oregon Cascades West Council of Government's basic financial statements and required supplementary information. The Council's basic financial statements are comprised of three components:

1. Government-wide financial statements
2. Fund financial statements
3. Notes to the basic financial statements

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the Council's finances, in a manner similar to a private-sector business.

The Statement of Net Position presents information on all of the Council's assets, deferred outflows, liabilities, and deferred inflows with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Council is improving or deteriorating.

The Statement of Activities presents information showing how the Council's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash inflows or outflows in a future fiscal period.

The government-wide financial statements report the functions of the Council that are principally supported by intergovernmental revenues. The Council's functions are determined by the Council's member governments and may change from time to time.

Government-wide financial statements can be found on pages 10-11 of this report.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Council uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Council are divided into two categories: governmental funds and proprietary funds.

Governmental funds - Governmental funds are used to account for activities where the emphasis is placed on available financial resources, rather than upon net income determination. Therefore, unlike the government-wide financial statements, governmental fund financial statements focus on the acquisition and use of current spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the Council's near-term requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financial decisions. Both the governmental funds Balance Sheet and the governmental funds Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Council maintains three individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General, Community Development, and Senior and Disability Services Funds, all of which are considered to be major governmental funds.

The Council adopts an annual appropriated budget for all of its funds. A budgetary comparison statement has been provided for each fund individually to demonstrate compliance with their respective budgets.

The governmental fund financial statements can be found on pages 12-15 in the basic financial statements.

Proprietary funds - Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The Council maintains two proprietary funds: an enterprise fund and an internal service fund.

Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Council uses its enterprise fund to account for its loan programs.

Internal service funds serve as an accounting device used to accumulate and allocate costs internally among the Council's various functions. The Council uses its internal service fund to account for real property, vehicles, and management information systems. Because these services predominantly benefit governmental functions rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

The proprietary fund financial statements provide separate information for the Loan and Internal Service Funds, both of which are considered to be major proprietary funds.

The proprietary fund financial statements can be found on pages 16-18 in the basic financial statements.

Notes to the basic financial statements - The notes provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements. They are an integral part of the basic financial statements and should be read in conjunction with them.

Other Information - In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information, which includes budgetary comparison information. This required supplementary information can be found on pages 48-53 of this report.

Individual fund schedules can be found immediately following the required supplementary information on pages 56 through 57 of this report.

Government-Wide Financial Analysis

Table 1
Statements of Net Position
June 30,

	<i>Governmental</i>		<i>Business-type</i>		<i>Total</i>	
	<i>2021</i>	<i>2020</i>	<i>2021</i>	<i>2020</i>	<i>2021</i>	<i>2020</i>
Current assets	\$ 15,845,935	\$ 14,058,266	\$ 3,737,493	\$ 3,132,782	\$ 19,583,428	\$ 17,191,048
Noncurrent assets	89,876	126,155	1,447,963	1,777,500	1,537,839	1,903,655
Net capital assets	1,858,210	1,954,050	-	-	1,858,210	1,954,050
<i>Total Assets</i>	17,794,021	16,138,471	5,185,456	4,910,282	22,979,477	21,048,753
Deferred outflows	5,884,435	3,966,819	-	-	5,884,435	3,966,819
Current liabilities	1,126,287	1,090,253	800,192	512,158	1,926,479	1,602,411
Noncurrent liabilities	16,871,297	12,776,152	1,060,212	1,267,358	17,931,509	14,043,510
<i>Total Liabilities</i>	17,997,584	13,866,405	1,860,404	1,779,516	19,857,988	15,645,921
Deferred inflows	1,007,434	1,478,204	-	-	1,007,434	1,478,204
Net position:						
Net investment in capital assets	1,814,872	1,867,379	-	-	1,814,872	1,867,379
Restricted	10,999,398	9,890,977	-	-	10,999,398	9,890,977
Unrestricted	(8,140,832)	(6,997,675)	3,325,052	3,130,766	(4,815,780)	(3,866,909)
<i>Total Net Position</i>	\$ 4,673,438	\$ 4,760,681	\$ 3,325,052	\$ 3,130,766	\$ 7,998,490	\$ 7,891,447

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Council, assets and deferred outflows exceeded liabilities and deferred inflows by \$7,998,490 at the close of the fiscal year.

A portion of the Council's net position reflects its investment in capital assets (e.g. land, buildings, and equipment) less any related debt used to acquire those assets that is still outstanding. The Council uses these capital assets to provide services to customers; consequently, these assets are not available for future spending.

Although the Council's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the Council's net position totaling \$10,999,398 as of June 30, 2021, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets may be used to meet the government's ongoing obligations.

The condensed statement of activities information shown below explains changes in net position

Table 2
Statements of Net Position
Years Ended June 30,

	<i>Governmental</i>		<i>Business-type</i>		<i>Total</i>	
	<i>2021</i>	<i>2020</i>	<i>2021</i>	<i>2020</i>	<i>2021</i>	<i>2020</i>
Program Revenues						
Programs	\$ 32,116,747	\$ 30,044,948	\$ 503,206	\$ 375,706	\$ 32,619,953	\$ 30,420,654
General revenues						
Investment earnings	150,686	182,266	-	-	150,686	182,266
Miscellaneous	60,907	13,490	500	5,025	61,407	18,515
<i>Total revenues</i>	<u>32,328,340</u>	<u>30,240,704</u>	<u>503,706</u>	<u>380,731</u>	<u>32,832,046</u>	<u>30,621,435</u>
Program expenses						
Programs	32,247,818	29,138,061	309,420	332,078	32,557,238	29,470,139
Interest	5,157	7,735	-	-	5,157	7,735
Depreciation	162,608	147,823	-	-	162,608	147,823
<i>Total expenses</i>	<u>32,415,583</u>	<u>29,293,619</u>	<u>309,420</u>	<u>332,078</u>	<u>32,725,003</u>	<u>29,625,697</u>
Changes in net position	(87,243)	947,085	194,286	48,653	107,043	995,738
Net position - beginning	<u>4,760,681</u>	<u>3,813,596</u>	<u>3,130,766</u>	<u>3,082,113</u>	<u>7,891,447</u>	<u>6,895,709</u>
Net position - ending	<u>\$ 4,673,438</u>	<u>\$ 4,760,681</u>	<u>\$ 3,325,052</u>	<u>\$ 3,130,766</u>	<u>\$ 7,998,490</u>	<u>\$ 7,891,447</u>

Financial Analysis of the Council's Funds

As noted earlier, the Council uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements,

Governmental Funds.

The focus of the Council's governmental funds is to provide information on relatively short-term cash flow and funding for future basic services on a fund basis. Such information is useful in assessing the Council's financing requirements. In particular, *fund balance* may serve as a useful measure of a government's net resources available for spending at the end of a fiscal year.

General Fund. The General Fund is the primary operating fund of the Council. Grant revenue and administrative service performed for other funds are the primary sources of revenue. The fund balance increased by \$431,670 during the fiscal year with an ending fund balance at June 30, 2021 of \$2,132,262.

Community Development Fund. The Community Development Fund accounts for contracts with local, state, and federal government agencies that assist member cities and counties with special economic and community development and transportation programs. The fund balance increased by \$1,797,881 during the fiscal year with an ending fund balance at June 30, 2021 of \$3,012,890.

Senior and Disability Fund. The Senior and Disability and Community Services Fund accounts for revenue and expenditures related to the oversight of state and federal disability service programs, as well as expenditures to provide assistance to seniors. The fund balance decreased by \$101,564 during the fiscal year with an ending fund balance at June 30, 2021 of \$7,992,411.

Business-type activities –

Loan Fund. The Loan Fund accounts for loan administration and revolving loan servicing to local businesses. The fund balance increased by \$194,286 during the fiscal year with an ending fund balance at June 30, 2021 of \$3,325,052.

General Fund Budgetary Highlights

The Council’s actual expenditures for the fund were \$2,283,487, while the budgeted expenditures were \$2,902,711, leaving a budget surplus of \$619,224. There were no budget modifications during the current fiscal year.

Capital Assets and Debt Administration

Capital Assets

At June 30, 2021, the Council’s investment in capital assets was \$1,858,210 (net of accumulated depreciation). This investment in capital assets includes land, machinery and equipment, and buildings and improvements.

Additional information on the Council’s capital assets can be found on page 29 of this report.

Long-Term Debt

At the end of the current fiscal year, the Council had total debt outstanding of \$1,306,299. Of this amount, \$1,262,961 comprises debt related to the revolving loan program, and \$43,338 relates to building purchases.

	<u>Current Portion</u>	<u>Long-Term Portion</u>	<u>Total Due</u>
Revolving loan program	\$ 202,749	\$ 1,060,212	\$ 1,262,961
Building note payable	43,338	-	43,338
	<u>\$ 246,087</u>	<u>\$ 1,060,212</u>	<u>\$ 1,306,299</u>

The Council’s outstanding debt decreased by \$200,645 during the current fiscal year due to regularly scheduled payments. No new debt was issued during the current fiscal year.

Additional information on the Council’s long-term debt can be found on pages 30 through 31 of this report.

Economic Factors and Next Year's Budgets and Rates

The following factors were considered in preparing the Council’s budget for the 2021-2022 fiscal year:

- The 2021-2022 budget was built and adopted by the Full Board with the goal of maintaining staffing levels to allow all programs within the Council to provide responsive and supportive services to member jurisdictions, community partners and consumers in Linn, Benton and Lincoln County.

Requests for Information

This financial report is designed to provide a general overview of Oregon Cascades West Council of Governments' finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional information should be addressed to: Marit Nelson, Finance Director, Oregon Cascades West Council of Governments, 1400 Queen Avenue SE, Suite 201, Albany, Oregon 97322.

BASIC FINANCIAL STATEMENTS

OREGON CASCADES WEST COUNCIL OF GOVERNMENTS
STATEMENT OF NET POSITION
JUNE 30, 2021

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Totals</u>
ASSETS			
Current			
Cash and investments	\$ 13,407,259	\$ 3,378,689	\$ 16,785,948
Accounts receivable	2,368,887	56,715	2,425,602
Loans receivable, current portion, net	-	302,089	302,089
Prepaid expenses	69,789	-	69,789
<i>Total current assets</i>	<u>15,845,935</u>	<u>3,737,493</u>	<u>19,583,428</u>
Noncurrent			
OPEB asset	89,876	-	89,876
Capital assets, not being depreciated	253,140	-	253,140
Capital assets, net of accumulated depreciation	1,605,070	-	1,605,070
Loans receivable, less current portion, net	-	1,447,963	1,447,963
<i>Total noncurrent assets</i>	<u>1,948,086</u>	<u>1,447,963</u>	<u>3,396,049</u>
<i>Total Assets</i>	<u>17,794,021</u>	<u>5,185,456</u>	<u>22,979,477</u>
Deferred outflows of resources	5,884,435	-	5,884,435
LIABILITIES			
Current			
Accounts payable	492,880	587	493,467
Accrued liabilities	17,794	-	17,794
Other liabilities	2,925	586,033	588,958
Compensated absences	569,350	10,823	580,173
Long-term liabilities, current portion	43,338	202,749	246,087
<i>Total current liabilities</i>	<u>1,126,287</u>	<u>800,192</u>	<u>1,926,479</u>
Noncurrent			
Long-term liabilities, less current portion	-	1,060,212	1,060,212
OPEB liability	359,934	-	359,934
Net pension liability - PERS	16,511,363	-	16,511,363
<i>Total noncurrent liabilities</i>	<u>16,871,297</u>	<u>1,060,212</u>	<u>17,931,509</u>
<i>Total Liabilities</i>	<u>17,997,584</u>	<u>1,860,404</u>	<u>19,857,988</u>
Deferred inflows of resources	1,007,434	-	1,007,434
NET POSITION			
Net investment in capital assets	1,814,872	-	1,814,872
Restricted	10,999,398	-	10,999,398
Unrestricted	(8,140,832)	3,325,052	(4,815,780)
<i>Total Net Position</i>	<u>\$ 4,673,438</u>	<u>\$ 3,325,052</u>	<u>\$ 7,998,490</u>

The accompanying notes are an integral part of the financial statements.

OREGON CASCADES WEST COUNCIL OF GOVERNMENTS
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2021

		<u>Program Revenues</u>	
	<u>Expenses</u>	<u>Fees, Fines, and Charges for Services</u>	<u>Operating Grants and Contributions</u>
FUNCTIONS/PROGRAMS			
Governmental activities:			
Administration	\$ 2,963,137	\$ 3,287,245	\$ -
Community development	9,848,628	9,266,062	1,561,310
Senior and disability services	19,436,053	1,794,594	16,207,536
Interest on long-term debt	5,157	-	-
Unallocated depreciation expense	162,608	-	-
	<u>32,415,583</u>	<u>14,347,901</u>	<u>17,768,846</u>
<i>Total governmental activities</i>			
Business-type activities:			
Lending programs	309,420	326,706	176,500
	<u>309,420</u>	<u>326,706</u>	<u>176,500</u>
<i>Total primary government</i>	<u>\$ 32,725,003</u>	<u>\$ 14,674,607</u>	<u>\$ 17,945,346</u>
General Revenues:			
Investment earnings			
Miscellaneous			
<i>Total general revenues</i>			
CHANGE IN NET POSITION			
NET POSITION, Beginning of year			
NET POSITION, End of year			

***Net (Expenses) Revenues and
Changes in Net Position***

<i>Governmental Activities</i>	<i>Business-type Activities</i>	<i>Totals</i>
\$ 324,108	\$ -	\$ 324,108
978,744	-	978,744
(1,433,923)	-	(1,433,923)
(5,157)	-	(5,157)
(162,608)	-	(162,608)
<hr/>	<hr/>	<hr/>
(298,836)	-	(298,836)
-	193,786	193,786
<hr/>	<hr/>	<hr/>
(298,836)	193,786	(105,050)
150,686	-	150,686
60,907	500	61,407
<hr/>	<hr/>	<hr/>
211,593	500	212,093
<hr/>	<hr/>	<hr/>
(87,243)	194,286	107,043
4,760,681	3,130,766	7,891,447
<hr/>	<hr/>	<hr/>
\$ 4,673,438	\$ 3,325,052	\$ 7,998,490
<hr/>	<hr/>	<hr/>

The accompanying notes are an integral part of the financial statements.

OREGON CASCADES WEST COUNCIL OF GOVERNMENTS
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2021

	<u>General</u>	<u>Community Development Fund</u>	<u>Senior and Disability Services Fund</u>	<u>Totals Governmental Funds</u>
ASSETS				
Cash and investments	\$ 2,082,245	\$ 2,476,154	\$ 6,645,677	\$ 11,204,076
Accounts receivable	47,052	686,065	1,634,570	2,367,687
Prepaid expenses	32,330	355	5,548	38,233
<i>Total Assets</i>	<u>\$ 2,161,627</u>	<u>\$ 3,162,574</u>	<u>\$ 8,285,795</u>	<u>\$ 13,609,996</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 23,176	\$ 149,684	\$ 292,984	\$ 465,844
Accrued liabilities	6,189	-	-	6,189
<i>Total Liabilities</i>	29,365	149,684	292,984	472,033
Deferred Inflows of Resources				
Unavailable revenue - grants	-	-	400	400
Fund Balances				
Nonspendable - prepaids	32,330	355	5,548	38,233
Restricted for:				
Community development	-	3,012,535	-	3,012,535
Senior and disability services	-	-	7,986,863	7,986,863
Assigned for:				
PERS reserve	1,545,232	-	-	1,545,232
Unassigned	554,700	-	-	554,700
<i>Total Fund Balances</i>	<u>2,132,262</u>	<u>3,012,890</u>	<u>7,992,411</u>	<u>13,137,563</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u>\$ 2,161,627</u>	<u>\$ 3,162,574</u>	<u>\$ 8,285,795</u>	<u>\$ 13,609,996</u>

The accompanying notes are an integral part of the financial statements.

OREGON CASCADES WEST COUNCIL OF GOVERNMENTS
RECONCILIATION TO THE STATEMENT OF NET ASSETS
JUNE 30, 2021

<i>Total fund balances</i>	\$ 13,137,563
Capital assets are not financial resources and are therefore not reported in the governmental funds:	
Cost	1,240,993
Accumulated depreciation	(1,120,091)
	120,902
Internal service funds are used by management to charge non-departmental costs to individual funds. The assets and liabilities, excluding capital assets, of the internal service funds are included in governmental activities in the statement of net assets.	
	3,885,767
Amounts relating to the council's proportionate share of net pension liability or asset for the Oregon Public Retirement System (PERS) are not reported in governmental fund statements. In the governmental fund statements, pension expense is recognized when due. The amounts consist of:	
Deferred outflows of resources	5,884,435
Deferred inflows of resources	(1,007,434)
Net OPEB asset	89,876
Net OPEB liability	(359,934)
Net pension liability - PERS	(16,511,363)
	(11,904,420)
Long-term liabilities are not due and payable in the current period and are therefore not reported in the governmental funds. Interest on long-term debt is not accrued in the governmental funds, but rather, is recognized as an expenditure when due. These liabilities consist of:	
Compensated absence payable	(566,374)
	(566,374)
<i>Net Assets of Governmental Activities</i>	\$ 4,673,438

The accompanying notes are an integral part of the financial statements.

OREGON CASCADES WEST COUNCIL OF GOVERNMENTS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2021

	<u>General</u>	<u>Community Development Fund</u>	<u>Senior and Disability Services Fund</u>	<u>Totals Governmental Funds</u>
REVENUES				
Contract revenues	\$ 199,891	\$ 250,023	\$ 1,563,938	\$ 2,013,852
Dues revenue	15,234	112,731	191,946	319,911
Fees revenue	2,346,937	20,000	215,883	2,582,820
Investment earnings	150,668	5,683	18	156,369
Events, sponsorships, donations	-	10,438,935	233,726	10,672,661
Grants	-	-	15,796,637	15,796,637
Miscellaneous revenue	2,427	12,678	44,053	59,158
<i>Total Revenues</i>	<u>2,715,157</u>	<u>10,840,050</u>	<u>18,046,201</u>	<u>31,601,408</u>
EXPENDITURES				
Current				
Administration	2,283,487	-	-	2,283,487
Community development	-	9,625,041	-	9,625,041
Senior and disability services	-	-	18,147,765	18,147,765
<i>Total Expenditures</i>	<u>2,283,487</u>	<u>9,625,041</u>	<u>18,147,765</u>	<u>30,056,293</u>
NET CHANGE IN FUND BALANCES	431,670	1,215,009	(101,564)	1,545,115
FUND BALANCES, Beginning of year	<u>1,700,592</u>	<u>1,797,881</u>	<u>8,093,975</u>	<u>11,592,448</u>
FUND BALANCES, End of year	<u>\$ 2,132,262</u>	<u>\$ 3,012,890</u>	<u>\$ 7,992,411</u>	<u>\$ 13,137,563</u>

The accompanying notes are an integral part of the financial statements.

OREGON CASCADES WEST COUNCIL OF GOVERNMENTS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2021

Net change in fund balances \$ 1,545,115

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlay as expenditures; however in the statement of activities, the costs of these assets are allocated over their estimated useful lives and are reported as depreciation expenses.

Capital asset additions	96,351	
Depreciation expense recorded in the current year	(29,583)	66,768

Governmental funds report pension and OPEB contributions as expenditures. However, in the statement of activities, the cost of pension and OPEB benefits earned net of employee contributions is reported as an expense.

PERS net pension liability and related deferrals	(1,798,173)	
Total OPEB liability and related deferrals	11,797	(1,786,376)

Compensated absences are reported in the statement of activities but do not require the use of current financial resources and are therefore not reported as expenditures in the government fund financial statements.

72,154

The net revenues of certain activities of the Internal Service Fund are not included in the governmental funds, but are reported in the statement of activities

15,096

Change in net assets of governmental activities.

\$ (87,243)

The accompanying notes are an integral part of the financial statements.

OREGON CASCADES WEST COUNCIL OF GOVERNMENTS
STATEMENT OF FUND NET POSITION - PROPRIETARY FUNDS
JUNE 30, 2021

	<i>Business-Type Activities</i>	<i>Governmental Activities</i>
	<i>Enterprise Fund</i>	<i>Internal Service Fund</i>
ASSETS		
Current assets		
Cash and cash equivalents	\$ 3,378,689	\$ 2,203,183
Accounts receivable	56,715	1,200
Prepaid items	-	20,352
Loans receivable, current portion, net	302,089	-
<i>Total current assets</i>	<u>3,737,493</u>	<u>2,224,735</u>
Noncurrent assets		
Capital assets not being depreciated	-	253,140
Capital assets, net of accumulated depreciation	-	1,484,168
Loans receivable, less current portion, net	1,447,963	-
<i>Total noncurrent assets</i>	<u>1,447,963</u>	<u>1,737,308</u>
<i>Total assets</i>	<u>5,185,456</u>	<u>3,962,043</u>
LIABILITIES		
Current liabilities		
Accounts payable	\$ 587	\$ 27,034
Other liabilities	586,033	2,925
Compensated absences	10,823	2,979
Notes payable, current portion	202,749	43,338
<i>Total current liabilities</i>	<u>800,192</u>	<u>76,276</u>
Noncurrent liabilities		
Note payable, less current portion	1,060,212	-
<i>Total noncurrent liabilities</i>	<u>1,060,212</u>	<u>-</u>
NET POSITION		
Net investment in capital assets	-	1,693,970
Unrestricted	3,325,052	2,191,797
<i>Total net position</i>	<u>\$ 3,325,052</u>	<u>\$ 3,885,767</u>

The accompanying notes are an integral part of the financial statements.

OREGON CASCADES WEST COUNCIL OF GOVERNMENTS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION -
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2021

	<u><i>Business-Type Activities Enterprise Fund</i></u>	<u><i>Governmental Activities Internal Service Fund</i></u>
OPERATING REVENUES		
Interest received on loans	\$ 161,423	\$ -
Rent revenue	-	685,686
Contract revenue	152,822	-
Grant revenue	176,500	-
Fee revenue	12,962	39,496
	<hr/>	<hr/>
<i>Total operating revenues</i>	503,707	725,182
	<hr/>	<hr/>
OPERATING EXPENSES		
Personnel services	143,734	150,824
Materials and services	150,093	393,249
Depreciation	-	162,608
	<hr/>	<hr/>
<i>Total operating expenses</i>	293,827	706,681
	<hr/>	<hr/>
<i>Operating income (loss)</i>	209,880	18,501
	<hr/>	<hr/>
NONOPERATING REVENUES (EXPENSES)		
Miscellaneous income	-	1,752
Interest expense	(15,594)	(5,157)
	<hr/>	<hr/>
<i>Total nonoperating revenues (expenses)</i>	(15,594)	(3,405)
	<hr/>	<hr/>
<i>NET CHANGE IN FUND NET POSITION</i>	194,286	15,096
	<hr/>	<hr/>
FUND NET POSITION - beginning of year	3,130,766	3,870,671
	<hr/>	<hr/>
FUND NET POSITION - end of year	\$ 3,325,052	\$ 3,885,767
	<hr/> <hr/>	<hr/> <hr/>

The accompanying notes are an integral part of the financial statements.

OREGON CASCADES WEST COUNCIL OF GOVERNMENTS
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2021

	<i>Business-Type Activities</i>	<i>Governmental Activities</i>
	<i>Enterprise Fund</i>	<i>Internal Service Fund</i>
<i>Cash flows from operating activities</i>		
Receipts from customers and users	\$ 456,498	\$ 685,686
Receipts from interfund services provided	-	39,496
Payments to suppliers	(149,740)	(411,246)
Payments to employees	137,445	(147,845)
	<hr/>	<hr/>
<i>Net cash provided (used) by operating activities</i>	444,203	166,091
	<hr/>	<hr/>
<i>Cash flows from noncapital financing activities</i>		
Miscellaneous income	-	1,752
Principal payments on long-term debt	(200,645)	-
Interest payments on long-term debt	(15,594)	-
	<hr/>	<hr/>
<i>Net cash provided (used) by noncapital financing activities</i>	(216,239)	1,752
	<hr/>	<hr/>
<i>Cash flows from capital financing activities</i>		
Principal payments on long-term debt	-	(43,333)
Interest payments on long-term debt	-	(5,157)
	<hr/>	<hr/>
<i>Net cash provided (used) by capital financing activities</i>	-	(48,490)
	<hr/>	<hr/>
<i>Cash flows from investing activities</i>		
Principal disbursed/collected on long-term notes receivable	342,380	-
	<hr/>	<hr/>
<i>Net increase (decrease) in cash and cash equivalents</i>	570,344	119,353
	<hr/>	<hr/>
Cash and cash equivalents - beginning	2,808,345	2,083,830
	<hr/>	<hr/>
Cash and cash equivalents - ending	<u>\$ 3,378,689</u>	<u>\$ 2,203,183</u>

	<i>Business-Type Activities</i>	<i>Governmental Activities</i>
	<i>Enterprise Fund</i>	<i>Internal Service Fund</i>
<i>Reconciliation of operating income (loss) to net cash provided (used) by operating activities</i>		
Operating income (loss)	\$ 209,880	\$ 18,501
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:		
Depreciation	-	162,608
Allowance for uncollectible receivables	(4,500)	-
(Increase) decrease in:		
Accounts and other receivables	(42,709)	-
Prepaid items	-	(20,352)
Increase (decrease) in:		
Accounts payable	353	2,355
Compensated absences	1,949	2,979
Other liabilities	279,230	-
<i>Net cash provided by (used for) operating activities</i>	<u>\$ 444,203</u>	<u>\$ 166,091</u>

The accompanying notes are an integral part of the financial statements.

OREGON CASCADES WEST COUNCIL OF GOVERNMENTS

NOTES TO BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Oregon Cascades West Council of Governments, Oregon (Council) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting entity for establishing governmental accounting and financial reporting standards.

Reporting Entity

Oregon Cascades West Council of Governments is organized under Oregon Revised Statutes Chapter 190 as a voluntarily created intergovernmental council formed by 27 governmental entities located in whole or part within Benton, Lincoln, and Linn Counties. The Council was chartered as a Type B Area Agency on Aging in 1982. The purpose of the Council is to be aware of and facilitate communications relating to the region’s physical and social condition, provide staff for planning and operations of programs deemed to be of regional benefit, and to offer staff resources to local governments to assist in programs or activities that are locally beneficial. Operations include a wide variety of human services, economic and community development, and transportation programs. Funding for programs and administration is received from a wide variety of federal, state, and local governmental contracts and fundraising, including community groups and individual donations.

Control of the Council is vested in its board of directors, which is comprised of one representative from the governing board of each member unit. Administrative functions are delegated to the Council’s executive director, who reports to and is responsible to the board.

Basic Financial Statements

Basic financial statements are presented at both the government-wide and fund financial level. Both levels of statements categorize primary activities as either governmental or business-type. Governmental activities, which are normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

Government-wide financial statements: While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities incorporate data from governmental funds, while the business-type activities incorporate data from enterprise funds. Separate financial statements are provided for all governmental and proprietary funds. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Fund financial statements display information at the individual fund level. Each fund is considered to be a separate accounting entity. Funds are classified and summarized as governmental, proprietary, or fiduciary. Currently, the Council has governmental (general, special revenue, capital projects and debt service funds) and proprietary (enterprise) type funds.

The Council reports the following major governmental funds:

General – The General Fund is the Council’s primary operating fund. It accounts for all financial resources of the Council except those required to be accounted for in another fund.

OREGON CASCADES WEST COUNCIL OF GOVERNMENTS

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2021

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Special Revenue Funds

Community Development Fund – This fund is used to account for the construction or replacement of existing facilities and equipment.

Senior and Disability and Community Services Fund - The Senior and Disability and Community Services Fund accounts for revenue and expenditures related to the oversight of state and federal disability service programs, as well as expenditures to provide assistance to seniors for: obtaining in-home care, respite care, and legal advice; assessments, planning, and monitoring of care for eligible seniors; and the oversight of nutrition programs for seniors. Revenue is primarily from federal and state contracts.

The Council reports the following major proprietary funds:

Enterprise Fund

Loan Fund – The Loan Fund accounts for loan administration and revolving loan servicing to local businesses.

Internal Service Fund – The Internal Service Fund accounts for services to the other funds of the Council.

During the course of operations the government has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in the fund financial statements, certain eliminations are made in preparation of the government-wide financial statements. Balances between the funds included in governmental activities are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as internal balances in the business-type activity column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column.

Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

OREGON CASCADES WEST COUNCIL OF GOVERNMENTS

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2021

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus and Basis of Accounting (Continued)

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Expenditure driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). All other revenue items are considered to be measurable and available only when cash is received by the government.

The proprietary funds are reported using the economic resources measurement focus and the accrual basis of accounting.

Budgetary Information

The Council budgets all funds in accordance with the requirements of state law. Annual appropriated budgets are adopted for the general, special revenue, enterprise, and internal service funds. The general, special revenue and internal service funds are budgeted on the modified accrual basis of accounting. The enterprise fund is budgeted on the accrual basis of accounting.

The Council begins its budgeting process by appointing budget committee members. The budget officer prepares a budget, which is reviewed by the budget committee. The budget is then published in proposed form and is presented at public hearings to obtain public comments and approval from the budget committee. The budget is legally adopted by the board of directors by resolution prior to the beginning of the Council's fiscal year. The board resolution authorizing appropriations for each fund sets the level by which expenditures cannot legally exceed appropriations. Total personal services, materials and services, debt service, and capital outlay for each fund are the levels of control established by the resolution. The detailed budget document, however, is required to contain more specific detailed information for the aforementioned expenditure categories and management may revise the detailed line item budgets within appropriation categories.

Unexpected additional resources may be added to the budget through the use of a supplemental budget and appropriation resolution. Supplemental budgets may be adopted by the board of directors at a regular board meeting and must be published. Original and supplemental budgets may be modified by the use of appropriation transfers between the levels of control. Such transfers require approval by the board of directors. During the year, there were no supplemental budgets. The Council does not use encumbrances and appropriations lapse at year-end. Budgetary comparison schedules for each fund are presented for additional analysis only, not to demonstrate compliance with Oregon Budget Law as it relates to Chapter 190 organizations.

Budget amounts shown in the financial statements reflect the original budget amounts.

OREGON CASCADES WEST COUNCIL OF GOVERNMENTS

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2021

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents

The Council’s cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of one year or less from the date of acquisition.

Investments

State statutes authorize the Council to invest in legally issued general obligations of the United States, the agencies and instrumentalities of the United States and the states of Oregon, Washington, Idaho, or California, certain interest bearing bonds, time deposit open accounts, certificates of deposit, and savings accounts in banks, mutual saving banks, and savings and loan associations that maintain a head office or a branch in this state in the capacity of a bank, mutual savings bank, or savings and loan association, and share accounts and savings accounts in credit unions in the name of, or for the benefit of, a member of the credit union pursuant to a plan of deferred compensation.

Loans Receivable

Loans receivable consist of amounts outstanding under the Council’s revolving loan program. The loan principal and interest collected are reserved for future loans and the payment of administrative expenses related to the program. The Council uses the specific identification method when accounting for bad debts, as management has determined that this approximates accounting principles generally accepted in the United States of America. The Council determines past due status based on how recent payments have been received.

Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the government-wide financial statements. Capital assets are defined by the Council as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost where no historical records exist. Donated capital assets are recorded at their estimated fair market value at the date of donation.

The costs of normal maintenance or repairs that do not add to the value of an asset or materially extend its life are charged to expenditures as incurred and are not capitalized. Major capital outlays for capital assets and improvements are capitalized as projects are constructed.

Capital assets are depreciated using the straight-line method over the following useful lives:

Assets	Years
Equipment	3-25
Buildings	10-50
Amortizable bond issuance costs	20

Prepaid Expenses

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements.

OREGON CASCADES WEST COUNCIL OF GOVERNMENTS

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2021

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accrued Compensated Absences

Liabilities for accumulated or vested vacation leave and compensation time benefits are recorded in the government-wide and proprietary fund financial statements. The governmental fund financial statements do not report liabilities for compensated absences unless they are due for payment. Sick leave does not vest and is recorded in all funds as taken.

Deferred Outflows/Inflows of Resources (Non-Pension Related)

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and will therefore not be recognized as an outflow of resources (expense/expenditure) until that time.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and will therefore not be recognized as an inflow of resources (revenue) until that time.

The Council has only one type of item, which arises only under a modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from grants. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Net Position Flow Assumption

Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government’s policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

Fund Balance Flow Assumption

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied.

It is the government’s policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

OREGON CASCADES WEST COUNCIL OF GOVERNMENTS

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2021

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Balance Policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The government itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

Nonspendable fund balance are amounts that are in nonspendable form (such as inventory) or are required to be maintained intact.

Restricted fund balance are amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. The Board of Directors is the highest level of decision-making authority for the government that can, by adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the government for the specific purposes but do not meet the criteria to be classified as committed. The Board of Directors has by resolution authorized the Finance Director to assign fund balance. The board may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

Program Revenues

Amounts reported as program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Oregon Public Employees Retirement System (PERS) and additions to/deductions from PERS' fiduciary net position have been determined on the same basis as they are reported by PERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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 that affect certain reported amounts and disclosures. Accordingly, actual results may vary from those estimates.

OREGON CASCADES WEST COUNCIL OF GOVERNMENTS

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2021

CASH AND INVESTMENTS

Cash and investments are comprised of the following at June 30, 2021:

	<u>Carrying Value</u>	<u>Fair Value</u>
Cash		
Deposits with financial institutions	\$ 1,798,173	\$ 1,798,173
Investments		
Local Government Investment Pool	14,987,775	14,987,775
	<u>\$ 16,785,948</u>	<u>\$ 16,785,948</u>

Cash and investments by fund:

Governmental activities	
General Fund	\$ 2,082,245
Community Development Fund	2,476,154
Senior and Disability Services Fund	6,645,677
Internal Service Fund	2,203,183
	<hr/>
Total governmental activities	13,407,259
Business-type activities	
Loan Fund	3,378,689
	<hr/>
Total cash and unrestricted investments	<u>\$ 16,785,948</u>

Deposits and Investments

Oregon Cascades West Council of Governments maintains a cash and cash equivalents pool that is available for use by all funds. Each fund type's portion of this pool is displayed on the fund financial statements as cash and cash equivalents. Additionally, several funds held separate cash accounts. Interest earned on pooled cash and investments is allocated to participating funds based upon their combined cash and investment balances. The Council participates in an external investment pool (State of Oregon Local Government Investment Pool). The Pool is not registered with the U.S. Securities and Exchange Commission as an investment company.

At year end, the book balance of the Council's bank deposits (checking accounts) was \$1,798,173 and the bank balance was \$2,120,602. The difference is due to transactions in process. Bank deposits are secured to legal limits by federal deposit insurance. The remaining amount is secured in accordance with ORS 295 under a collateral program administered by the Oregon State Treasurer.

OREGON CASCADES WEST COUNCIL OF GOVERNMENTS

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2021

CASH AND INVESTMENTS (Continued)

The State's investment policies are governed by the Oregon Revised Statutes (ORS) and the Oregon Investment Council (OIC). The State Treasurer is the investment officer for the OIC and is responsible for all funds in the State Treasury. These funds are invested exercising reasonable care, skill, and caution. Investments in the Pool are further governed by portfolio guidelines issued by the Oregon Short-Term Fund Board, which established diversification percentages and specifies the types and maturities of investments. The portion of the external investment pool which belongs to local government investment participants is reported in an Investment Trust Fund in the State's Comprehensive Annual Financial Report (CAFR). A copy of the State's CAFR may be obtained at the Oregon State Treasury, 350 Winter St. N.E., Salem, Oregon 97310-0840.

Fair Value Measurement

Fair value is defined as the price that would be received to sell an asset or price paid to transfer a liability in an orderly transaction between market participants at the measurement date. Observable inputs are developed based on market data obtained from sources independent of the reporting entity. Unobservable inputs are developed based on the best information available about the assumptions market participants would use in pricing the asset. The classification of securities within the fair value hierarchy is based on the activity level in the market for the security type and the inputs used to determine their fair value, as follows:

- Level 1 – Unadjusted quoted prices for identical investments in active markets.
- Level 2 – Observable inputs other than quoted market prices; and,
- Level 3 – Unobservable inputs.

There were no transfers of assets or liabilities among the three levels of the fair value hierarchy for the year ended June 30, 2021.

Interest Rate Risk

In accordance with its investment policy, the Council manages its exposure to declines in fair value of its investments by limiting its investments to the LGIP.

Custodial Credit Risk - Deposits

This is the risk that in the event of a bank failure, the Council's deposits may not be returned. The Federal Depository Insurance Corporation (FDIC) provides insurance for the Council's deposits up to \$250,000 each for the aggregate of all demand deposits and the aggregate of all-time deposit and savings accounts at each financial institution.

Deposits in excess of FDIC coverage are with institutions covered by the Public Funds Collateralization program (PFCP). The PFCP is a shared liability structure for participating bank depositories, better protecting public funds though still not guaranteeing that all funds are 100% protected. Barring any exceptions, a bank depository is required to pledge collateral valued at least 10% of their quarter-end public fund deposits if they are well capitalized, 25% of their quarter-end public funds if they are adequately capitalized or 110% of their quarter-end public fund deposits if they are undercapitalized or assigned to pledge 110% by the Office of the State Treasurer. In the event of a bank failure, the entire pool of collateral pledged by all Oregon public funds bank depositories is available to repay deposits of public funds of governmental entities. As of June 30, 2021, \$1,618,569 of the Council's bank balances were collateralized under the Public Funds Collateralization Program.

OREGON CASCADES WEST COUNCIL OF GOVERNMENTS

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2021

CASH AND INVESTMENTS (Continued)

Custodial Risk - Investments

For an investment, this is the risk that, in the event of a failure of the counterparty, the Council will not be able to recover the value of its investments or collateralized securities that are in possession of an outside party. The Council's investment policy, in accordance with Oregon Revised Statutes, limits the types of investments that may be held and does not allow securities to be held by the counterparty.

Custodial Risk – Investments (Continued)

The LGIP is administered by the Oregon State Treasury with the advice of other state agencies and is not registered with the U.S. Securities and Exchange Council. The LGIP is an open-ended no-load diversified portfolio offered to any agency, political subdivision, or public corporation of the state that by law is made a custodian of or has control of any fund. The LGIP is comingled with the State's short-term funds. In seeking to best serve local governments of Oregon, the Oregon Legislature established the Oregon Short Term Fund Board, which has established diversification percentages and specifies the types and maturities of the investments. The purpose of the Board is to advise the Oregon State Treasury in the management and investment of the LGIP. These investments within the LGIP must be invested and managed as a prudent investor would, exercising reasonable care, skill and caution. Professional standards indicate that the investments in external investment pools are not subject to custodial credit risk because they are not evidenced by securities that exist in physical or book entry form. Nevertheless, management does not believe there are any substantial custodial risks related to investment in the LGIP. The LGIP is not rated for credit quality.

LOANS RECEIVABLE

Loans receivable consist of amounts outstanding under the Council's revolving loan programs. The loan principal and interest collected are reserved for future loans and the payment of administrative expenses related to the programs. At June 30, 2021, an allowance for doubtful accounts was deemed necessary in the amount of \$292,200. The outstanding loans are collateralized by tangible assets and are payable in monthly or quarterly installments, including interest at 6% to 9.5% per annum.

Loans receivable at June 30, 2021 consisted of:

OREGON CASCADES WEST COUNCIL OF GOVERNMENTS

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2021

<u>Loan Type</u>	
Economic Development Agency Revolving Loan Fund	\$ 591,616
Rural Micro Assistance Program	5,451
Rural Development Fund Rounds 1-3	744,179
Rural Development Fund Round 4	12,943
Lincoln County Revolving Loan Fund	44,070
Business Investment Fund	349,164
Economic Development Agency - CARES	138,617
Sub-total	<u>1,886,040</u>
Less allowance for doubtful accounts	(292,200)
Total	<u>1,593,840</u>
Loans in liquidation status	<u>156,212</u>
Total	<u><u>\$ 1,750,052</u></u>

OREGON CASCADES WEST COUNCIL OF GOVERNMENTS

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2021

LOANS RECEIVABLE (Continued)

At June 30, 2021, the Council had a total recorded investment in loans classified as “in liquidation” of \$156,212. This balance consists of one Intermediary Relending Program loans to one borrower. The loans are secured by real property. The Council has no commitments to loan additional funds to the borrower.

CAPITAL ASSETS

The changes in the capital assets for governmental activities for the year ended June 30, 2021 are as follows:

	<i>Balances July 1, 2020</i>	<i>Additions</i>	<i>Retirements</i>	<i>Balances June 30, 2021</i>
Nondepreciable				
Land	\$ 253,140	\$ -	\$ -	\$ 253,140
<i>Total Nondepreciable</i>	253,140	-	-	253,140
Depreciable				
Machinery and equipment	2,846,162	72,020	(710,111)	2,208,071
Buildings and improvements	3,522,901	24,331	-	3,547,232
<i>Total Depreciable</i>	6,369,063	96,351	(710,111)	5,755,303
Accumulated Depreciation				
Machinery and equipment	(2,845,818)	(63,898)	710,111	(2,199,605)
Buildings and improvements	(1,822,335)	(128,293)	-	(1,950,628)
<i>Total Accumulated Depreciation</i>	(4,668,153)	(192,191)	710,111	(4,150,233)
Depreciable capital assets, net	1,700,910	-	-	1,605,070
Total capital assets, net	\$ 1,954,050	\$ -	\$ -	\$ 1,858,210

Depreciation expense for the year was allocated as follows:

General government	\$ 29,583
Unallocated depreciation expense	162,608
	<u>\$ 192,191</u>

OREGON CASCADES WEST COUNCIL OF GOVERNMENTS

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2021

DEFERRED INFLOWS/OUTFLOWS OF RESOURCES

Deferred inflows and outflows of resources summarized on the statement of net position are comprised of the following:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net Pension Liability - PERS	\$ 5,798,880	\$ 902,085
OPEB asset - RHIA	32,451	14,860
OPEB liability - Medical benefit	53,104	90,489
	<u> </u>	<u> </u>
Total	<u>\$ 5,884,435</u>	<u>\$ 1,007,434</u>

COMPENSATED ABSENCES

The following is a summary of compensated absences transactions for the year:

	<u>Balances July 1, 2020</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balances June 30, 2021</u>
Government activities				
Net compensated absences	\$ 638,529	\$ -	\$ (69,179)	\$ 569,350
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Business-type activities				
Net compensated absences	\$ 8,874	\$ 1,949	\$ -	\$ 10,823
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

LONG-TERM DEBT

Long-term debt transactions for the year were as follows:

	<u>Interest Rate</u>	<u>Original Amount</u>	<u>Outstanding July 1, 2020</u>	<u>Issued</u>	<u>Matured/ Redeemed During Year</u>	<u>Outstanding June 30, 2021</u>	<u>Due within One year</u>
Governmental activities							
Building note payable	5.95%	\$ 650,000	\$ 86,671	\$ -	\$ (43,333)	\$ 43,338	\$ 43,338
		<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Business-type activities							
Loans payable							
Revolving Fund #1	1%	\$ 1,500,000	\$ 307,434	\$ -	\$ (60,734)	\$ 246,700	\$ 61,199
Revolving Fund #2	1%	1,500,000	368,122	-	(59,989)	308,133	60,591
Revolving Fund #3	1%	1,000,000	324,178	-	(39,207)	284,971	39,599
Revolving Fund #4	1%	950,000	373,744	-	(36,453)	337,291	36,960
RMAP Fund	2%	95,653	90,128	-	(4,262)	85,866	4,400
		<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total business-type activities		<u>\$ 5,045,653</u>	<u>\$ 1,463,606</u>	<u>\$ -</u>	<u>\$ (200,645)</u>	<u>\$ 1,262,961</u>	<u>\$ 202,749</u>

OREGON CASCADES WEST COUNCIL OF GOVERNMENTS

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2021

LONG-TERM DEBT (Continued)

Governmental Activities Note Payable

The building note payable was signed on May 21, 2001. Proceeds from the note were used to purchase land and buildings. Payments are due monthly in the amount of \$6,100 through June 1, 2011, and \$6,450 thereafter. The Internal Service Fund has traditionally been used to liquidate long-term debt related to the note.

Future debt service requirements for governmental activities are as follows:

<i>Fiscal Year Ending June 30,</i>	<i>Principal</i>	<i>Interest</i>	<i>Total</i>
2022	\$ 43,338	\$ 2,578	\$ 45,916

Business-Type Activities Note Payable

The Revolving Loan Funds #1-4, and RMAP Funds were issued for use in relending programs. Interest is due annually. The Loan Fund has traditionally been used to liquidate the obligations. The loans contain events of default; if the Council is unable to make payments, the lenders may declare the entire principal balance and any unpaid accrued interest due immediately.

Future debt service requirements for business-type activities are as follows:

<i>Fiscal Year Ending June 30,</i>	<i>Principal</i>	<i>Interest</i>	<i>Total</i>
2022	\$ 202,749	\$ 13,577	\$ 216,326
2023	204,832	11,494	216,326
2024	206,936	9,390	216,326
2025	207,267	8,217	215,484
2026	146,576	5,414	151,990
2027-2031	257,235	10,124	267,359
2032-2036	28,000	2,990	30,990
2037-2039	9,366	3,030	12,396
	<u>\$ 1,262,961</u>	<u>\$ 64,236</u>	<u>\$ 1,327,197</u>

OREGON CASCADES WEST COUNCIL OF GOVERNMENTS

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2021

PUBLIC EMPLOYEES RETIREMENT SYSTEM (PERS)

Plan Description

Employees of the Council are provided with pensions through the Oregon Public Employees Retirement System (OPERS) a cost-sharing multiple-employer defined benefit pension plan, the Oregon Legislature has delegated authority to the Public Employees Retirement Board to administer and manage the system. All benefits of the System are established by the legislature pursuant to ORS Chapters 238 and 238A. Tier One/Tier Two Retirement Benefit plan, established by ORS Chapter 238, is closed to new members hired on or after August 29, 2003. The Pension Program, established by ORS Chapter 238A, provides benefits to members hired on or after August 29, 2003. OPERS issues a publicly available Annual Comprehensive Financial Report and Actuarial Valuation that can be obtained at <http://www.oregon.gov/pers/Pages/Financials/Actuarial-Financial-Information.aspx>

Benefits Provided

Tier One/Tier Two Retirement Benefit

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. The basic benefit is based on years of service and final average salary. A percentage (2.0 percent for police and fire employees, 1.67 percent for general service employees) is multiplied by the number of years of service and the final average salary. 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 a participating employer (age 45 for fire members). General service employees may retire after reaching age 55. Fire members are eligible after reaching age 50. Tier One general service employee benefits are reduced if retirement occurs prior to age 58 with fewer than 30 years of service. Fire member benefits are reduced if retirement occurs prior to age 55 with fewer than 25 years of service. Tier Two members are eligible for full benefits at age 60. The ORS Chapter 238 Defined Benefit Pension Plan is closed to new members hired on or after August 29, 2003.

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:

Tier One/Tier Two Retirement Benefit (Continued)

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

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

OREGON CASCADES WEST COUNCIL OF GOVERNMENTS

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2021

PUBLIC EMPLOYEES RETIREMENT SYSTEM (PERS) (Continued)

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 (COLA) changes. The COLA is capped at 2.0 percent.

OPSRP Pension Program

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. For general service members, 1.5% 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. For police and fire members, 1.8% is multiplied by the number of years of service and the final average salary. Normal retirement age for police and fire members is age 60, or age 53 with 25 years of retirement credit. To be classified as a police and fire member, the individual must have been employed continuously as a police and fire member for at least five years immediately preceding retirement.

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 changes. Under current law, the cap on the COLA in fiscal year 2015 and beyond will vary based on 1.25 percent on the first \$60,000 of annual benefit and 0.15 percent on annual benefits above \$60,000.

OPSRP Individual Account Program (OPSRP IAP)

Pension Benefits. 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 OPSRP Individual Account Program (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.

OREGON CASCADES WEST COUNCIL OF GOVERNMENTS

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2021

PUBLIC EMPLOYEES RETIREMENT SYSTEM (PERS) (Continued)

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. OPERS contracts with VOYA Financial to maintain IAP participant records.

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. Employer contribution rates during the period were based on the December 31, 2017 actuarial valuation based on a percentage of payroll, first became effective July 1, 2019. The Council's contribution rates for the period were 24.55% for Tier One/Tier Two members, 18.52% for OPSRP General Service members and 23.15% for OPSRP Police and Fire members. The Council's total contributions were \$1,792,021. Covered employees are required to contribute 6% of their salary to the Plan.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2021, the Council reported a liability of \$2,868,567 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2018 rolled forward to June 30, 2021. The Council's proportion of the net pension liability was based on a projection of the Council's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. At June 30, 2020, the Council's proportion was 0.01314%, which increased 0.01985% from its proportion measured as of June 30, 2019.

OREGON CASCADES WEST COUNCIL OF GOVERNMENTS

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2021

PUBLIC EMPLOYEES RETIREMENT SYSTEM (PERS) (Continued)

For the year ended June 30, 2021, the Council's recognized pension expense (income) of \$1,798,173. At June 30, 2021, the Council reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<i>Deferred Outflows of Resources</i>	<i>Deferred Inflows of Resources</i>
Differences between expected and actual experience	\$ 726,700	\$ -
Changes of assumptions	886,113	31,048
Net difference between projected and actual earnings on investments	1,941,522	-
Changes in proportionate share	448,907	554,408
Differences between employer contributions and proportionate share of contributions	3,617	316,629
Contributions subsequent to measurement date	1,792,021	-
Total	<u>\$ 5,798,880</u>	<u>\$ 902,085</u>

Deferred outflows of resources related to pensions of \$1,792,021 resulting from the Council's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability or an increase in the net pension asset in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as an addition to (reduction from) as follows:

<i>Fiscal Year Ending June 30,</i>	
2022	\$ 582,897
2023	851,457
2024	910,566
2025	726,295
2026	33,558
Total	<u>\$ 3,104,773</u>

OREGON CASCADES WEST COUNCIL OF GOVERNMENTS

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2021

PUBLIC EMPLOYEES RETIREMENT SYSTEM (PERS) (Continued)

Actuarial Methods and Assumptions

The total pension liability in the December 31, 2018 actuarial valuation was determined using the following actuarial methods and assumptions:

	Pension
Valuation Date	December 31, 2018
Measurement date	June 30, 2020
Experience Study	2018, published July 24, 2019
Actuarial assumptions:	
Actuarial cost method	Entry Age Normal
Inflation rate	2.50 percent
Long-term expected rate of return	7.20percent
Discount rate	7.20 percent
projected salary increases	3.50 percent
Cost-of-living adjustments (COLA)	Blend of 2.00% COLA and graded COLA (1.25%/0.15%) in accordance with Moro decision; blend based on service.
Mortality	<i>Healthy retirees and beneficiaries:</i> Pub-2010 Healthy Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation. <i>Active members:</i> Pub-2010 Employee, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation. <i>Disabled retirees:</i> Pub-2010 Disable Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.

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.

OREGON CASCADES WEST COUNCIL OF GOVERNMENTS

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2021

PUBLIC EMPLOYEES RETIREMENT SYSTEM (PERS) (Continued)**Long-term Expected Rate of Return**

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in July 2015 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 at that time 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.

<u>Asset Class</u>	<u>Target</u>	<u>Compound Annual Return</u>
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 - Diversifie	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 %

Discount Rate

The discount rate used to measure the total pension liability was 7.20 percent for the Defined Benefit Pension Plan. The projection of cash flows used to determine the discount rate assumed that 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.

OREGON CASCADES WEST COUNCIL OF GOVERNMENTS

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2021

PUBLIC EMPLOYEES RETIREMENT SYSTEM (PERS) (Continued)

Sensitivity of the Council's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the Council's proportionate share of the net pension liability calculated using the discount rate of 7.20 percent, as well as what the Council's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.20%) or 1-percentage-point higher (8.20%) than the current rate:

	<u>1% Decrease (6.20%)</u>	<u>Discount Rate (7.20%)</u>	<u>1% Increase (8.20%)</u>
Proportionate share of the net pension liability	\$ 24,518,011	\$ 16,511,363	\$ 9,797,418

Pension Plan Fiduciary Net Position

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

Retirement Health Insurance Account

Plan Description

As a member of Oregon Public Employees Retirement System (OPERS) the Council contributes to the Retirement Health Insurance Account (RHIA) for each of its eligible employees. RHIA is a cost-sharing multiple-employer defined benefit other postemployment benefit plan administered by OPERS. RHIA pays a monthly contribution toward the cost of Medicare companion health insurance premiums of eligible retirees. Oregon Revised Statute (ORS) 238.420 established this trust fund. Authority to establish and amend the benefit provisions of RHIA reside with the Oregon Legislature. The plan is closed to new entrants after January 1, 2004. OPERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Oregon Public Employees Retirement System, PO Box 23700, Tigard, OR 97281- 3700.

Funding Policy

Because RHIA was created by enabling legislation (ORS 238.420), contribution requirements of the plan members and the participating employers were established and may be amended only by the Oregon Legislature. ORS require that an amount equal to \$60 dollars or the total monthly cost of Medicare companion health insurance premiums coverage, whichever is less, shall be paid from the Retirement Health Insurance Account established by the employer, and any monthly cost in excess of \$60 dollars shall be paid by the eligible retired member in the manner provided in ORS 238.410. To be eligible to receive this monthly payment toward the premium cost the member must: (1) have eight years or more of qualifying service in OPERS at the time of retirement or receive a disability allowance as if the member had eight years or more of creditable service in OPERS, (2) receive both Medicare Parts A and B coverage, and (3) enroll in an OPERS-sponsored health plan. A surviving spouse or dependent of a deceased OPERS retiree who was eligible to receive the subsidy is eligible to receive the subsidy if he or she (1) is receiving a retirement benefit or allowance from OPERS or (2) was insured at the time the member died and the member retired before May 1, 1991.

OREGON CASCADES WEST COUNCIL OF GOVERNMENTS

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2021

PUBLIC EMPLOYEES RETIREMENT SYSTEM (PERS) (Continued)

Participating cities are contractually required to contribute to RHIA at a rate assessed each year by OPERS, and the Council currently contributes 0.06% of annual covered OPERF payroll and 0.00% of OPSRP payroll under a contractual requirement in effect until June 30, 2021. The OPERS Board of Trustees sets the employer contribution rates based on the annual required contribution of the employers (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The Council's contributions to RHIA for the year ended June 30, 2021 2020 were \$816, respectively, which equaled the required contributions each year.

At June 30, 2021, the Council's net OPEB liability/(asset) and deferred inflows and outflows were not considered significant by management and were not accrued on the government wide statements.

Additional disclosures related to Oregon PERS not applicable to specific employers are available online, or by contacting PERS at the following address: PO Box 23700 Tigard, OR 97281-3700.

<http://www.oregon.gov/pers/EMP/Pages/GASB.aspx>

POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS - OPEB

Oregon Public Employees Retirement System (PERS) Retirement Health Insurance Account (RHIA)

Plan Description

The Oregon PERS RHIA consists of a single cost-sharing multiple-employer defined benefit OPEB plan. Plan benefits of the System are established by the legislature pursuant to Oregon Revised Statute (ORS) Chapters 238 and 238A, and the Internal Revenue Code Section 401(a).

OPEB Membership

RHIA was established by ORS 238.420 and authorizes a payment of up to \$60 from RHIA toward the monthly costs of health insurance. The Plan is closed to new members hired on or after August 29, 2003. To be eligible to receive this monthly payment toward the premium cost the member must: (1) have eight years or more of qualifying service in PERS at the time of retirement or receive a disability allowance as if the member had eight years or more of creditable service in PERS, (2) receive both Medicare Parts A and B coverage, and (C) enroll in a PERS-sponsored health plan.

Basis of Accounting

Contributions for employers are recognized on the accrual basis of accounting. Employer contributions to PERS are calculated based on creditable compensation for active members reported by employers. Employer contributions are accrued when due pursuant to legal requirements. These are amounts normally included in the employer statements cut off as of the fifth of the following month. The schedules of OPEB amounts by Employer does not reflect deferred outflows of resources related to contributions made by employers after the measurement date.

OREGON CASCADES WEST COUNCIL OF GOVERNMENTS

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2021

POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

Consistent with GASB Statement No. 75, paragraph 59(a), employer proportions are determined as a measure of the proportionate relationship of the employer to all employers consistent with the manner in which contributions to the OPEB plan are determined.

Contributions

Employer contributions for the year ended June 30, 2021 were \$816.

OPEB RHIA Plan Annual Comprehensive Financial Report (ACFR)

All assumptions, methods, and plan provisions used in these calculations are described in the Oregon PERS RHIA Cost-Sharing Multiple-Employer OPEB Plan Schedules of Employer Allocations and OPEB Amounts by Employer report, as of and for the year ended June 30, 2020. That independently audited report was dated December 1, 2020 and can be found at:

<https://www.oregon.gov/pers/Documents/Financials/CAFR/2020-CAFR.pdf>

Proportionate Share Allocation Methodology

The basis for the employer’s proportion is determined by comparing the employer’s actual, legally required contributions made during the fiscal year to the Plan with the total actual contributions made in the fiscal year of all employers. If the employer did not make contributions during the fiscal year, their proportionate share will be set to zero and the employer will be allocated no proportionate share of the OPEB amounts.

Actuarial Methods and Assumptions

	Pension
Valuation Date	December 31, 2018
Measurement date	June 30, 2020
Experience Study	2018, published July 24, 2019
Actuarial assumptions:	
Actuarial cost method	Entry Age Normal
Inflation rate	2.50 percent
Long-term expected rate of return	7.20percent
Discount rate	7.20 percent
Projected salary increases	3.50 percent
Retiree healthcare participation	Healthy retirees: 35% Disabled retirees: 20%
Mortality	<p><i>Healthy retirees and beneficiaries:</i> Pub-2010 Healthy Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.</p> <p><i>Active members:</i> Pub-2010 Employee, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.</p> <p><i>Disabled retirees:</i> Pub-2010 Disable Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.</p>

OREGON CASCADES WEST COUNCIL OF GOVERNMENTS

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2021

POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

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 on the 2016 Experience Study, which reviewed experience for the four-year period ended December 31, 2016.

Discount Rate

The discount rate used to measure the total OPEB liability at June 30, 2019 was 7.20. The projection of cash flows used to determine the discount rate assumed that 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 RHIA 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 OPEB plan investments for the RHIA was applied to all periods of projected benefit payments to determine the total OPEB liability.

Long-Term Expected Rate of Return

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in July 2017 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. 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. For more information on the Plan's portfolio, assumed asset allocation, and the long-term expected rate of return for each major asset class, calculated using both arithmetic and geometric means, see PERS' audited financial statements at: <https://www.oregon.gov/pers/Documents/Financials/CAFR/2020-CAFR.pdf>

Depletion Date Projection

GASB 75 generally requires that a blended discount rate be used to measure the Total OPEB Liability (the Actuarial Accrued Liability calculated using the Individual Entry Age Normal Cost Method). The long-term expected return on plan investments may be used to discount liabilities to the extent that the plan's Fiduciary Net Position (fair market value of assets) is projected to cover benefit payments and administrative expenses.

OPEB Assets, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2021, the Council reported an asset of \$89,876 for its proportionate share of the OPEB asset. The OPEB asset was measured at June 30, 2020, and the total OPEB asset used to calculate the net OPEB asset was determined by an actuarial valuation as of that date.

OREGON CASCADES WEST COUNCIL OF GOVERNMENTS

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2021

POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

The Council's proportion of the net OPEB asset was based on a projection of the Council's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating employers, actuarially determined. At December 31, 2018, the Council's proportion was 0.04410853%. For the year ended June 30, 2021, the Council recognized OPEB expense of \$4,552. At June 30, 2021, the Council reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<i>Deferred Outflows of Resources</i>	<i>Deferred Inflows of Resources</i>
Differences between expected and actual experience	\$ -	\$ 9,188
Changes of assumptions	-	4,777
Net difference between projected and actual earnings on investments	9,995	-
Changes in proportionate share	21,640	895
Contributions subsequent to the MD	816	-
Net deferred outflow/(inflow) of resources	<u>\$ 32,451</u>	<u>\$ 14,860</u>

Differences between expected and actual experience, changes in assumptions, and changes in employer proportion are amortized over the average remaining service lives of all plan participants, including retirees, determined as of the beginning of the respective measurement period. Employers are required to recognize OPEB expense based on the balance of the closed period "layers" attributable to each measurement period. The average remaining service life determined as of the beginning of the June 30, 2020 measurement period is 3.1 years.

Amounts reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB asset in the year ended June 30, 2021. Other amounts reported by the Council as deferred outflows or inflows of resources related to OPEB will be recognized in OPEB expense in subsequent years as follows:

<i>Year ended June 30,</i>	
2022	\$ 1,634
2023	8,293
2024	3,695
2025	3,153
Total	<u>\$ 16,775</u>

OREGON CASCADES WEST COUNCIL OF GOVERNMENTS

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2021

POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

Sensitivity of the Council’s Proportionate Share of the Net OPEB Asset to Changes in the Discount Rate

The following presents the Council’s proportionate share of the net OPEB asset calculated using the discount rate of 7.20 percent, as well as what the Council’s proportionate share of the net OPEB asset would be if it were calculated using a higher discount rate that is 1-percentage-point lower (6.20 percent) or 1-percentage-point higher (8.20 percent) than the current rate.

Council’s proportionate share of the net OPEB (asset) liability:

	<i>1% Decrease</i> <i>(6.20%)</i>	<i>Current</i> <i>Discount Rate</i> <i>(7.20%)</i>	<i>1% Increase</i> <i>(8.20%)</i>
Net OPEB liability (asset)	\$ (72,559)	\$ (89,876)	\$ (104,682)

Changes Subsequent to the Measurement Date

A change subsequent to the June 30, 2019 Measurement Date that may be considered to meet the reporting requirement is the passage of the Further Consolidated Appropriations Act (HR 1865), which became law in December 2020. The Act repealed the “Cadillac tax” on high cost health plans and removed the Health Insurer Fee permanently beginning in 2021. Both of these legislated changes are expected to decrease future expected medical costs projected by our trend assumption. For Oregon PERS, this has no effect on RHIA, but would be expected to decrease future projected RHIPA benefits. An initial estimate is that the change to RHIPA Net OPEB Liability may be a reduction of \$1 million to \$2 million.

Other Post-Employment Benefit (GASB 75) - Council Medical Benefit Plan

General Information about the OPEB Plan

The Council Medical Benefit Plan consists of a single-employer retiree benefit plan that provides post-employment health, dental, vision, and life insurance benefits to eligible employees and their dependents.

Plan Benefits – Implicit Medical Benefit

Plan benefits are established by the legislature pursuant to Oregon Revised Statute (ORS) Chapter 243. ORS stipulated that for the purpose of establishing health care premiums, the rate must be based on all plan members, including both active employees and retirees. The difference between retiree claims costs, which because of the effect of age is generally higher in comparison to all plan members, and the amount of retiree healthcare premiums represents the Council’s implicit employer contributions.

The calculated OPEB liability is derived using the OPEB benefits provided under the terms of the substantive plan in effect at the time of each valuation and on the pattern of sharing of costs between the employer and plan members at that point.

Actuarial valuations for OPEB plans involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Actuarial calculations of the OEB plan reflect a long-term perspective.

OREGON CASCADES WEST COUNCIL OF GOVERNMENTS

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2021

POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

Medical Benefit Membership and Eligibility

Benefits and eligibility for members are established through the collective bargaining agreements. All classes of employee are eligible to continue coverage upon retirement. Qualified spouses, domestic partners, and children may qualify for coverage.

Medical Benefit Duration and Amount

Coverage for retirees and eligible dependents continues until Medicare eligibility for each individual (or until dependent children become ineligible).

Participant Statistics

As of June 30, 2021, there were 151 active members and 4 retired participants in the Medical Benefit plan. The average age of participants is 44.3 and 63.0, respectively. The Council did not establish an irrevocable trust (or equivalent arrangement) to account for this plan.

Funding Policy

The benefits from this program are paid by the Council on a self-pay basis and the required contribution is based on projected pay-as-you-go financing requirements. There is no obligation on the part of the Council to fund these benefits in advance.

Actuarial Methods and Assumptions

The Council engaged an actuary to perform an evaluation as of July 1, 2020 using age entry normal, level percent of salary Actuarial Cost Method. The Single Employer Pension Plan liability was determined using the following actuarial assumptions, applied to all periods including the measurement:

	<u>Pension</u>
Valuation Date	July 1, 2020
Measurement date	June 30, 2020
Actuarial assumptions:	
Actuarial cost method	Entry Age Normal
Interest discount	2.21 percent discount rate assumption
General inflation	2.50 percent per year
Salary scale	3.50 percent per year

Election and lapse rates: 55% of eligible employees – 60% of male members and 35% of female members will elect spouse coverage; 5% annual lapse rate.

Expected healthcare costs were developed using a composite of the premiums due for retirees members electing coverage as of July 1, 2020.

Milliman’s Health Cost Guidelines were used to allocate costs by age and gender. Retirees’ costs include a load for expected health status of retirees relative to active employees and spouses.

OREGON CASCADES WEST COUNCIL OF GOVERNMENTS

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2021

POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

For the period July 1, 2020 through June 30, 2021, current medical premiums due for retirees and their spouses were modeled using an average monthly premium of \$633 per retiree per month, and \$760 per spouse per month. Dental and vision premiums were modeled using average monthly premiums of \$57 per retiree and \$56 per spouse.

Mortality rates were based on the Pub-2010 General and Safety Employee and Healthy Retiree tables, sex distinct for members and dependents, with a one-year setback for male general service employees and female safety employees.

Turnover rates were based on percentages developed for the valuation of benefits under Oregon PERS and vary by years of service. Disability rates were based on percentages developed for the valuation of benefits under Oregon PERS and vary by employee age.

The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

	<u>Total OPEB Liability</u>
Total OPEB Liability at June 30, 2020	\$ 306,275
Changes for the year:	
Service cost	35,703
Interest on total OPEB liability	11,900
Effect on economic/demographic gains or losses	15,212
Effect of assumptions changes or inputs	(5,184)
Benefit payments	(3,972)
	<hr/>
Balance as of June 30, 2021	<u><u>\$ 359,934</u></u>

At June 30, 2021, the Council reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 12,872	\$ 65,695
Changes of assumptions	8,167	24,794
Benefit payments	32,065	-
	<hr/>	<hr/>
Net deferred outflow/(inflow) of resources	<u><u>\$ 53,104</u></u>	<u><u>\$ 90,489</u></u>

OREGON CASCADES WEST COUNCIL OF GOVERNMENTS

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2021

POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

Amounts reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the OPEB liability in the year ended June 30, 2021.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in subsequent years as follows:

<i>Year ended</i> <i>June 30,</i>		
2022	\$	(22,783)
2023		(22,783)
2024		(19,321)
2025		(7,788)
2026		2,449
Thereafter		776
		<hr/>
Total	\$	<u>(69,450)</u>

Sensitivity of the Net OPEB Liability to Changes in Discount and Trend Rates

The following presents the net OPEB liability, calculated using the discount rate of 3.87%, as well as what the liability would be if it was calculated using a discount rate 1-percentage-point lower or 1-percentage-point higher than the current rate:

	<i>1% Decrease</i> <i>(2.50%)</i>	<i>Current</i> <i>Discount Rate</i> <i>(3.50%)</i>	<i>1% Increase</i> <i>(4.50%)</i>
Total OPEB liability	\$ 390,939	\$ 359,934	\$ 330,964

The following presents the net OPEB liability, calculated using the trend rate, as well as what the liability would be if it was calculated using a discount rate 1-percentage-point lower or 1-percentage-point higher than the current rate:

	<i>1% Decrease</i>	<i>Current Trend</i> <i>Rate</i>	<i>1% Increase</i>
Total OPEB liability	\$ 313,049	\$ 359,934	\$ 417,350

Concentrations

The Council has labor subject to collective bargaining agreements, approximately 85% of the Council's labor are covered by the current collective bargaining agreement. The current agreement was signed on November 1, 2019 and is effective until September 30, 2021.

OREGON CASCADES WEST COUNCIL OF GOVERNMENTS

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2021

CONTINGENCIES

The Council is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters. In 1981, the League of Oregon Cities joined together with the Association of Oregon Cities to form City County Insurance Services (CCIS), a public entity risk pool currently operating as a common risk management and insurance program for approximately 265 municipal corporations and associated entities in the State of Oregon. CCIS is self-sustaining through member premiums and reinsures through commercial companies for claims in excess of \$2 million for each insured event.

The Council continues to carry commercial insurance for other risks of loss, including employee health and accident insurance. There were no insurance settlements exceeding insurance coverage in any of the past three fiscal years.

REQUIRED SUPPLEMENTARY INFORMATION

OREGON CASCADES WEST COUNCIL OF GOVERNMENTS
PERS SCHEDULES
YEAR ENDED JUNE 30, 2021

SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

Year Ended June 30,	Proportion of the net pension liability (asset)	Proportionate share of the net pension liability (asset)	Covered payroll	Proportionate share of the net pension liability (asset) as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2021	0.0756589%	\$ 16,511,363	\$ 8,222,050	201%	76%
2020	0.0718397%	12,426,539	6,471,936	192%	80%
2019	0.0746271%	11,305,026	6,937,766	163%	82%
2018	0.0821614%	11,075,384	7,228,670	153%	83%
2017	0.0831984%	12,490,006	6,744,528	185%	81%
2016	0.0844982%	4,851,432	6,041,438	80%	92%
2015	0.0754529%	(1,710,301)	5,360,714	-32%	104%

The amounts presented for each fiscal year were actuarially determined at 12/31 and rolled forward to the measurement date.

These schedules are presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend has been compiled, information is presented only for the years for which the required supplementary information is available

SCHEDULE OF CONTRIBUTIONS

	Contractually required contributions	Contributions in relation to the contractually required contribution	Contribution deficiency (excess)	Covered payroll	Contributions as a percentage of covered payroll
2021	\$ 1,792,021	\$ 1,792,021	-	\$ 9,267,835	19%
2020	1,550,260	1,550,260	-	8,222,050	19%
2019	1,532,604	1,532,604	-	8,514,467	18%
2018	1,385,369	1,385,369	-	7,669,931	18%
2017	1,247,348	1,247,348	-	6,912,484	18%
2016	854,162	854,162	-	6,041,438	14%
2015	746,570	746,570	-	5,360,714	14%

The amounts presented for each fiscal year were actuarially determined at 12/31 and rolled forward to the measurement date.

These schedules are presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend has been compiled, information is presented only for the years for which the required supplementary information is available

OREGON CASCADES WEST COUNCIL OF GOVERNMENTS
OTHER POST-EMPLOYMENT BENEFITS SCHEDULES - RHIA
YEAR ENDED JUNE 30, 2021

SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET OPEB LIABILITY

<u>Year Ended June 30,</u>	<u>Proportion of the net OPEB liability (asset)</u>	<u>Proportionate share of the net OPEB liability (asset)</u>	<u>Covered payroll</u>	<u>Proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll</u>	<u>Plan fiduciary net position as a percentage of the total OPEB liability</u>
2021	0.0441085%	\$ (89,876)	\$ 9,267,835	-1%	76%
2020	0.0652855%	(126,155)	6,471,936	-2%	144%
2019	0.0652855%	(69,391)	6,937,766	-1%	124%
2018	0.0644874%	(26,913)	7,228,670	0%	109%

The amounts presented for each fiscal year were actuarially determined at 12/31 and rolled forward to the measurement date.

These schedules are presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend has been compiled, information is presented only for the years for which the required supplementary information is available

SCHEDULE OF CONTRIBUTIONS

<u>Year Ended June 30,</u>	<u>Contractually required contributions</u>	<u>Contributions in relation to the contractually required contribution</u>	<u>Contribution deficiency (excess)</u>	<u>Covered payroll</u>	<u>Contributions as a percentage of covered payroll</u>
2021	\$ 816	\$ 816	\$ -	\$ 9,267,835	0.01%
2020	3,150	3,150	-	8,222,050	0.04%
2019	32,357	32,357	-	8,514,467	0.38%
2018	30,100	30,100	-	7,669,931	0.39%

The amounts presented for each fiscal year were actuarially determined at 12/31 and rolled forward to the measurement date.

These schedules are presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend has been compiled, information is presented only for the years for which the required supplementary information is available

OREGON CASCADES WEST COUNCIL OF GOVERNMENTS
OTHER POST-EMPLOYMENT BENEFITS SCHEDULES – IMPLICIT RATE SUBSIDY
YEAR ENDED JUNE 30, 2021

Changes in Total OPEB Liability and Related Ratios

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Service cost	\$ 39,659	\$ 37,783	\$ 31,991	\$ 35,703
Interest on total OPEB liability	11,670	14,392	11,006	11,900
Effect of economic/demographic gains or (losses)	-	(122,005)	-	15,212
Effect of assumption change or inputs	(23,474)	(22,892)	11,797	(5,184)
Benefit payments	(30,845)	(36,097)	(1,829)	(3,972)
	<hr/>	<hr/>	<hr/>	<hr/>
Net change in total OPEB liability	(2,990)	(128,819)	52,965	53,659
Net OPEB liability, beginning	385,119	382,129	253,310	306,275
	<hr/>	<hr/>	<hr/>	<hr/>
Net OPEB liability, ending	\$ 382,129	\$ 253,310	\$ 306,275	\$ 359,934
	<hr/>	<hr/>	<hr/>	<hr/>
Covered payroll	\$ 7,228,670	\$ 8,514,467	\$ 8,222,050	\$ 9,267,835
Total OPEB liability as a % of covered payroll	5.29%	2.98%	3.73%	3.9%

OREGON CASCADES WEST COUNCIL OF GOVERNMENTS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - GENERAL FUND
YEAR ENDED JUNE 30, 2021

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance Favorable (Unfavorable)</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Contract revenue	\$ 181,103	\$ 181,103	\$ 199,891	\$ 18,788
Dues revenue	15,313	15,313	15,234	(79)
Fees revenue	2,349,181	2,349,181	2,346,937	(2,244)
Investment earnings	100,000	100,000	150,668	50,668
Events, sponsorships, donations	10,000	10,000	-	(10,000)
Miscellaneous	-	-	2,427	2,427
<i>Total Revenues</i>	<i>2,655,597</i>	<i>2,655,597</i>	<i>2,715,157</i>	<i>59,560</i>
EXPENDITURES				
Personnel services	1,981,553	1,981,553	1,654,190	327,363
Materials and services	865,431	865,431	629,297	236,134
Contingency	55,727	55,727	-	55,727
<i>Total Expenditures</i>	<i>2,902,711</i>	<i>2,902,711</i>	<i>2,283,487</i>	<i>619,224</i>
REVENUES OVER (UNDER) EXPENDITURES	(247,114)	(247,114)	431,670	678,784
OTHER FINANCING SOURCES (USES)				
Transfers in	150,000	150,000	-	(150,000)
NET CHANGE IN FUND BALANCE	(97,114)	(97,114)	431,670	528,784
FUND BALANCE, Beginning of year	97,114	97,114	1,700,592	1,603,478
FUND BALANCE, End of year	\$ -	\$ -	\$ 2,132,262	\$ 2,132,262

OREGON CASCADES WEST COUNCIL OF GOVERNMENTS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL – COMMUNITY DEVELOPMENT FUND
YEAR ENDED JUNE 30, 2021

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance Favorable (Unfavorable)</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Contract revenue	\$ 318,100	\$ 318,100	\$ 250,023	\$ (68,077)
Dues revenue	110,092	110,092	112,731	2,639
Fees revenue	-	-	20,000	20,000
Investment earnings	7,000	7,000	5,683	(1,317)
Events, sponsorships, donations	11,455,525	11,455,525	10,438,935	(1,016,590)
Miscellaneous	1,900	1,900	12,678	10,778
<i>Total Revenues</i>	11,892,617	11,892,617	10,840,050	(1,052,567)
EXPENDITURES				
Personnel services	2,353,814	2,353,814	1,901,878	451,936
Materials and services	9,971,271	9,971,271	7,723,163	2,248,108
Contingency	646,052	646,052	-	646,052
<i>Total Expenditures</i>	12,971,137	12,971,137	9,625,041	3,346,096
NET CHANGE IN FUND BALANCE	(1,078,520)	(1,078,520)	1,215,009	2,293,529
FUND BALANCE, Beginning of year	1,078,520	1,078,520	1,797,881	719,361
FUND BALANCE, End of year	\$ -	\$ -	\$ 3,012,890	\$ 3,012,890

OREGON CASCADES WEST COUNCIL OF GOVERNMENTS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL – SENIOR AND DISABILITY SERVICES FUND
YEAR ENDED JUNE 30, 2021

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance Favorable (Unfavorable)</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Contract revenue	\$ 1,678,615	\$ 1,678,615	\$ 1,563,938	\$ (114,677)
Dues revenue	196,179	196,179	191,946	(4,233)
Fees revenue	211,500	211,500	215,883	4,383
Investment earnings	-	-	18	18
Events, sponsorships, donations	220,500	220,500	233,726	13,226
Grants	16,556,244	16,556,244	15,796,637	(759,607)
Miscellaneous	-	-	44,053	44,053
<i>Total Revenues</i>	18,863,038	18,863,038	18,046,201	(816,837)
EXPENDITURES				
Personnel services	14,286,124	14,286,124	12,226,682	2,059,442
Materials and services	6,182,372	6,182,372	5,921,083	261,289
Contingency	2,671,904	2,671,904	-	2,671,904
<i>Total Expenditures</i>	23,140,400	23,140,400	18,147,765	4,992,635
NET CHANGE IN FUND BALANCE	(4,277,362)	(4,277,362)	(101,564)	4,175,798
FUND BALANCE, Beginning of year	7,808,778	7,808,778	8,093,975	285,197
FUND BALANCE, End of year	\$ 3,531,416	\$ 3,531,416	\$ 7,992,411	\$ 4,460,995

OTHER SUPPLEMENTARY INFORMATION

OREGON CASCADES WEST COUNCIL OF GOVERNMENTS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL – LOAN FUND
YEAR ENDED JUNE 30, 2021

	<i>Original and Final Budget</i>	<i>Variance Favorable (Unfavorable)</i>	<i>Actual</i>		<i>GAAP Basis</i>
			<i>Budget Basis</i>	<i>Adjustments</i>	
REVENUES					
Contract revenue	\$ 180,000	\$ (27,178)	\$ 152,822	\$ -	\$ 152,822
Fees revenue	11,000	1,962	12,962	-	12,962
Earnings on loan repayments	180,000	(18,577)	161,423	-	161,423
Grant revenue	-	176,500	176,500	-	176,500
<i>Total Revenues</i>	371,000	132,707	503,707	-	503,707
EXPENDITURES					
Current					
Personnel services	161,661	17,927	143,734	-	143,734
Materials and services	150,989	896	150,093	-	150,093
Debt service	18,000	2,406	15,594	-	15,594
Contingency	101,557	101,557	-	-	-
<i>Total Expenditures</i>	432,207	122,786	309,421	-	309,421
NET CHANGE IN FUND BALANCE	(61,207)	255,493	194,286	-	194,286
FUND BALANCE, Beginning of year	475,000	2,655,766	3,130,766	-	3,130,766
FUND BALANCE, End of year	\$ 413,793	\$ 2,911,259	\$ 3,325,052	\$ -	\$ 3,325,052

OREGON CASCADES WEST COUNCIL OF GOVERNMENTS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL – INTERNAL SERVICE FUND
YEAR ENDED JUNE 30, 2021

	<i>Original and Final Budget</i>	<i>Variance Favorable (Unfavorable)</i>	<i>Actual</i>		<i>GAAP Basis</i>
			<i>Budget Basis</i>	<i>Adjustments</i>	
REVENUES					
Fee revenue	\$ 65,000	\$ (25,504)	\$ 39,496	\$ -	\$ 39,496
Rent revenue	682,049	3,637	685,686	-	685,686
Grants	10,000	(10,000)	-	-	-
Miscellaneous revenue	-	1,752	1,752	-	1,752
<i>Total Revenues</i>	757,049	(30,115)	726,934	-	726,934
EXPENDITURES					
Current					
Personnel services	179,062	31,217	147,845	2,979	150,824
Materials and services	476,449	101,204	375,245	18,004	393,249
Capital outlay	215,000	196,996	18,004	(18,004)	-
Debt service	48,490	-	48,490	(43,333)	5,157
Depreciation	-	-	-	162,608	162,608
Contingency	1,446,681	1,446,681	-	-	-
<i>Total Expenditures</i>	2,365,682	1,776,098	589,584	122,254	711,838
NET CHANGE IN FUND BALANCE	(1,608,633)	1,745,983	137,350	(122,254)	15,096
FUND BALANCE, Beginning of year	2,584,633	(527,206)	2,057,427	1,813,244	3,870,671
FUND BALANCE, End of year	\$ 976,000	\$ 1,218,777	\$ 2,194,777	\$ 1,690,990	\$ 3,885,767

OTHER FINANCIAL SCHEDULES

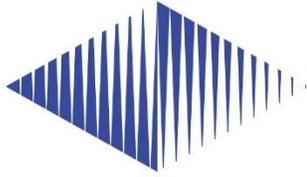
OREGON CASCADES WEST COUNCIL OF GOVERNMENTS
SCHEDULE OF NET POSITION
JUNE 30, 2021

	<u>Lending Operations</u>	<u>Linn Benton RLF</u>	<u>Business Investment</u>	<u>Rural Development 1-3</u>	<u>Rural Development 4</u>	<u>Revolving Loan</u>	<u>RMAP Loan</u>	<u>Lincoln County Revolving Loan</u>	<u>Totals</u>
ASSETS									
Current assets									
Cash and cash equivalents	\$ 720,475	\$ 88,040	\$ 255,354	\$ 958,625	\$ 234,122	\$ 435,652	\$ 94,118	\$ 592,304	\$ 3,378,690
Accounts receivable	56,715	-	-	-	-	-	-	-	56,715
Loans receivable, net	-	-	305,164	644,179	119,155	654,035	5,451	22,070	1,750,054
<i>Total assets</i>	<u>777,190</u>	<u>88,040</u>	<u>560,518</u>	<u>1,602,804</u>	<u>353,277</u>	<u>1,089,687</u>	<u>99,569</u>	<u>614,374</u>	<u>5,185,459</u>
LIABILITIES									
Current liabilities									
Accounts payable	587	-	-	-	-	-	-	-	587
Other liabilities	586,033	-	-	-	-	-	-	-	586,033
Compensated absences	10,823	-	-	-	-	-	-	-	10,823
Loans payable	-	-	-	839,805	337,290	-	85,866	-	1,262,961
<i>Total liabilities</i>	<u>597,443</u>	<u>-</u>	<u>-</u>	<u>839,805</u>	<u>337,290</u>	<u>-</u>	<u>85,866</u>	<u>-</u>	<u>1,860,404</u>
NET POSITION									
Unrestricted	<u>\$ 179,747</u>	<u>\$ 88,040</u>	<u>\$ 560,518</u>	<u>\$ 762,999</u>	<u>\$ 15,987</u>	<u>\$ 1,089,687</u>	<u>\$ 13,703</u>	<u>\$ 614,374</u>	<u>\$ 3,325,055</u>

OREGON CASCADES WEST COUNCIL OF GOVERNMENTS
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
RDF 1-3 AND RDF 4 LOANS
YEAR ENDED JUNE 30, 2021

	<i>Rural Development 1-3</i>	<i>Rural Development 4</i>	<i>Totals</i>
REVENUES			
Loan interest	\$ 57,215	\$ 17,640	\$ 74,855
Bank interest	1,047	308	1,355
Loan packaging fees	1,164	364	1,528
	<hr/>	<hr/>	<hr/>
<i>Total revenue</i>	59,426	18,312	77,738
	<hr/>	<hr/>	<hr/>
EXPENDITURES			
Interest payment	10,011	3,734	13,745
Adminstration expense	37,200	11,846	49,046
	<hr/>	<hr/>	<hr/>
<i>Total expenses</i>	47,211	15,580	62,791
	<hr/>	<hr/>	<hr/>
<i>Change in Net Position</i>	12,215	2,732	14,947
	<hr/>	<hr/>	<hr/>
Total net postion - beginning	750,784	13,255	764,039
	<hr/>	<hr/>	<hr/>
Total net postion - ending	\$ 762,999	\$ 15,987	\$ 778,986
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

COMPLIANCE SECTION



GROVE, MUELLER & SWANK, P.C.

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INDEPENDENT AUDITOR'S REPORT REQUIRED BY OREGON STATE REGULATIONS

Board of Directors
Oregon Cascades West Council of Governments
Albany, Oregon 97322

We have audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of the Oregon Cascades West Council of Governments (the Council) as of and for the year ended June 30, 2021, and have issued our report thereon dated March 31, 2022.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Council's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations, noncompliance with which could have a direct and material effect on the determination of financial statements amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

We performed procedures to the extent we considered necessary to address the required comments and disclosures which included, but were not limited to the following:

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

In connection with our testing nothing came to our attention that caused us to believe the Council was not in substantial compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations.

Internal Control Over Financial Reporting

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

Restriction on Use

This report is intended solely for the information and use of the council members and management of the Oregon Cascades West Council of Governments and the Oregon Secretary of State and is not intended to be and should not be used by anyone other than these parties.

GROVE, MUELLER & SWANK, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

By: 
Ryan T. Pasquarella, A Shareholder
March 31, 2022

OREGON CASCADES WEST COUNCIL OF GOVERNMENTS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2021

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Assistance Listing Number	Pass-Through Entity Identifying Number	Expenditures
U. S. Department of Agriculture			
Direct Programs:			
Rural Economic Community Development Administration			
Intermediary Relending Program 1-3 (see notes to SEFA)	10.767	N/A	\$ 2,055,131
Intermediary Relending Program 4 (see notes to SEFA)	10.767	N/A	637,592
Rural Microentrepreneur Assistance Program (see notes to SEFA)	10.767	N/A	187,125
<i>Total Economic Development Cluster</i>			2,879,848
U. S. Department of Commerce, Economic Development Administration			
Direct Programs:			
Economic Development Support for Planning			
Organizations	11.302	N/A	102,674
<i>Economic Development Cluster</i>			
Economic Adjustment Assistance (see notes to SEFA)	11.307	N/A	714,069
Economic Adjustment Assistance - CARES (see notes to SEFA)	11.307	N/A	138,940
<i>Total U.S. Department of Commerce</i>			955,683
U. S. Department of Transportation, Federal Highway Administration			
Passed through State of Oregon			
<i>Highway Planning and Construction Cluster</i>			
Highway Planning and Coordination	20.205	32904	446,813
<i>Total U.S. Department of Transportation</i>			446,813
U. S. Environmental Protection Agency			
Direct Funding			
EPA/Brownsfields	66.818	N/A	143,750
<i>Total U.S. Environmental Protection Agency</i>			143,750
U. S. Department of Health and Human Services			
Passed through Oregon Department of Human Resource, Senior, and Disability Services Division Special Programs for Aging			
<i>Aging Cluster</i>			
Title III-B, Grants for Supportive Services and Senior Centers	93.044	85090	364,786
Title III-C-1. Nutrition Services, Congregate Meals	93.045	85090	554,969
Title III-C-2, Nutrition Services, Home Meals	93.045	85090	284,390
COVID-19 FFCRA III-C-1 & C-2	93.045	85090	250
COVID-19 CARES Title III	93.045	85090	452,436
<i>Total Aging Cluster</i>			1,656,831

See notes to schedule of expenditures of federal awards

OREGON CASCADES WEST COUNCIL OF GOVERNMENTS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
YEAR ENDED JUNE 30, 2021

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Assistance Listing Number	Pass-Through Entity Identifying Number	Expenditures
Title VII-B, Elder Abuse Prevention	93.041	85090	\$ 8,468
Title III-D, Preventative Health Services	93.043	85090	45,796
Title III-E, National Family Caregiver Support Program	93.052	85090	131,072
SHIBA/MIPPA	93.071	85090	5,300
SPA-OSF Sequestration Mitigation + IT	93.044	85090	125
SHIBA/SHIP Award (RSVP)	93.324	85090	18,000
Medical Assistance Program	93.778	85090	288,231
<i>Total U. S. Department of Health and Human Services</i>			2,153,823
Corporation for National and Community Service (CNCS)			
Passed through Oregon Department of Human Resource, Senior, and Disability Services Division Special Programs for Aging			
RSVP Program	94.002	85090	127,126
<i>Foster Grandparents/Senior Companion Cluster</i>			
Foster Grandparent Program	94.011	85090	241,755
Senior Companion Program	94.016	85090	143,724
<i>T Total Foster Grandparents/Senior Companion Cluster</i>			385,479
<i>Total Corporation for National and Community Service</i>			512,605
U.S. Department of Homeland Security			
Passed through the United Way			
Emergency Food and Shelter National Board Program	97.024	Unknown	16,050
Passed through the University of Oregon			
Hazard Mitigation Grant	97.039	Unknown	20,000
<i>U.S. Department of Homeland Security</i>			36,050
Total Federal Expenditures			\$ 7,128,572

See notes to schedule of expenditures of federal awards

OREGON CASCADES WEST COUNCIL OF GOVERNMENTS
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2021

PURPOSE OF THE SCHEDULE

The accompanying schedule of expenditures of federal awards (the “Schedule”) includes the federal award activity of Oregon Cascades West Council of Governments (the Council) under programs of the federal government for the year ended June 30, 2021. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and Circular A-87 when applicable. Because the Schedule presents only a selected portion of the operations of the Council it is not intended to and does not present the net position, changes in net position, and cash flows of the Council.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance wherein certain types of expenditures are not allowable or are limited as to reimbursement.

INDIRECT COST RATE

The Council has not elected to use the 10 percent de minimus indirect cost rate as allowed under Uniform Guidance.

LOAN PROGRAMS

US Department of Agriculture, Intermediary Relending Program Rounds 1-3

Value of new federal loans received during the fiscal year	\$	-
Balance of loans from prior years for which the Federal Government imposes continuing compliance requirements - July 1 balances		999,594
+ Interest earned during the year		57,774
+ Cash balance in IRP at fiscal year-end		958,625
+ Administrative expenses of IRP		39,138
		<hr/>
Total federal awards expended - Intermediary Relending Program 1-3	\$	<u>2,055,131</u>

US Department of Agriculture, Intermediary Relending Program Round 4

Value of new federal loans received during the fiscal year	\$	-
Balance of loans from prior years for which the Federal Government imposes continuing compliance requirements - July 1 balances		373,884
+ Interest earned during the year		17,640
+ Cash balance in IRP at fiscal year-end		234,122
+ Administrative expenses of IRP		11,946
		<hr/>
Total federal awards expended - Intermediary Relending Program 4	\$	<u>637,592</u>

OREGON CASCADES WEST COUNCIL OF GOVERNMENTS
 NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
 YEAR ENDED JUNE 30, 2021

LOAN PROGRAMS (Continued)

US Department of Agriculture, Rural Microentrepreneur Assistance Program

Value of new federal loans received during the fiscal year	\$	-
Balance of loans from prior years for which the Federal Government imposes continuing compliance requirements - July 1 balances		90,128
+ Interest earned during the year		2,629
+ Cash balance in RMAP at fiscal year-end		94,118
+ Administrative expenses of RMAP		250
		<hr/>
Total federal awards expended - RMAP	\$	187,125
		<hr/> <hr/>

Economic Adjustment Assistance Revolving Loan Fund

RLF loans outstanding at 7/1/2020	\$	643,323
+ Cash balance in RLF at fiscal year-end		435,652
+ Administrative expenses paid from RLF income during 06/30/21		28,624
+ Unpaid principal of all loans written off during current year		-
		<hr/>
<i>Total</i>		1,107,599
x Federal share of the RLF		0.6447
		<hr/>
Total federal awards expended - RLF	\$	714,069
		<hr/> <hr/>

Economic Adjustment Assistance Revolving Loan Fund - CARES

RLF loans outstanding at 7/1/2020	\$	138,617
+ Cash balance in RLF at fiscal year-end		323
+ Administrative expenses paid from RLF income during 06/30/21		-
+ Unpaid principal of all loans written off during current year		-
		<hr/>
<i>Total</i>		138,940
x Federal share of the RLF		1.0000
		<hr/>
Total federal awards expended - RLF	\$	138,940
		<hr/> <hr/>



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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Directors
Oregon Cascades West Council of Governments
Albany, Oregon 97322

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Oregon Cascades West Council of Governments (the Council) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Council's basic financial statements, and have issued our report thereon dated March 31, 2022.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Council's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal control. Accordingly, we do not express an opinion on the effectiveness of the Council'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 Council'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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Council's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

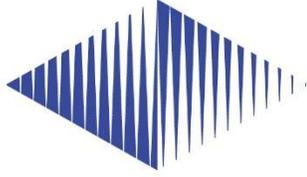
Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Council's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Council's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Grove, Mueller & Swank, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

March 31, 2022



GROVE, MUELLER & SWANK, P.C.

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Board of Directors
Oregon Cascades West Council of Governments
Albany, Oregon 97322

Report on Compliance for Each Major Federal Program

We have audited Oregon Cascades West Council of Governments' (the Council) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Council's major federal programs for the year ended June 30, 2021. The Council's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Council's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Council's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Council's compliance.

Opinion on Each Major Federal Program

In our opinion, Oregon Cascades West Council of Governments complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

Report on Internal Control over Compliance

Management of the Council is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Council's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Council's internal control over compliance.

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

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

Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Grove, Mueller & Swank, P.C.
CERTIFIED PUBLIC ACCOUNTANTS
March 31, 2022

OREGON CASCADES WEST COUNCIL OF GOVERNMENTS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2021

SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issues:	Unmodified
Internal control reporting:	
• Material weakness(es) identified?	No
• Significant deficiency(ies) identified?	None reported
• Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
• Material weakness(es) identified?	No
• Significant deficiency(ies) identified?	None reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)?	No

Identification of major program:

CFDA Numbers

Name of Federal Program or Cluster

93.044, 93.045 and 93.053
 10.767

Aging Cluster
 Intermediary Relending Program/RMAP

Dollar threshold used to distinguish between type A and type B programs:	\$750,000
Auditee qualified as low-risk auditee?	No

FINANCIAL STATEMENT FINDINGS

None

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None

OREGON CASCADES WEST COUNCIL OF GOVERNMENTS
SCHEDULE OF PRIOR FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2021

FINANCIAL STATEMENT FINDINGS

2020-001 – Prepaid balance was overstated in financials prepared by client.

Condition: Year end balances for prepaid expenses were misstated due to lack of reconciliation and review of subsequent transactions when the financial close was performed.

Effect: Expenses were understated by \$59,407 in balances presented for audit by client.

Status: No such misstatement was identified in the current year.

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None