

## **BUDGET COMMITTEE**

MID-WILLAMETTE VALLEY COUNCIL OF GOVERNMENTS

**12:00 p.m.**

**Tuesday, June 6, 2023**

COG Conference Room, 100 High Street SE, Suite 200/Zoom

Join Zoom Meeting:

<https://us06web.zoom.us/j/88532011364?pwd=K1NqNmZBVFlhZlpxeGYxVlphQlo4QT09>

Meeting ID: 885 3201 1364

Passcode: 622382

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### **AGENDA**

1. CALL TO ORDER ----- Lisa Leno, COG Board Chair
2. NOTE OF ATTENDANCE -----
3. ELECTION OF OFFICERS
  - a. CHAIR (Sal Peralta served last year)
  - b. VICE CHAIR (Ian Davidson served last year)
  - c. SECRETARY (signs minutes) (Julie Warncke served last year)
4. APPROVAL OF MINUTES OF JUNE 6, 2022
5. PRESENTATION OF BUDGET ----- Scott Dadson  
*(Budget document sent as separate document)*
6. PUBLIC TESTIMONY ----- (Limited to 3 minutes per person, please)
7. DISCUSSION
8. AMENDMENTS
9. APPROVAL AND RECOMMENDATION TO COG BOARD OF DIRECTORS
10. ADJOURN

## MINUTES OF JUNE 6, 2022

### MID-WILLAMETTE VALLEY COUNCIL OF GOVERNMENTS BUDGET COMMITTEE

COG Conference Room (100 High Street SE, Suite 200, Salem) with Zoom option  
3:00 p.m.

#### MEMBERS PRESENT

Councilor Sal Peralta, City of McMinnville (via Zoom)  
Mayor Cathy Clark, City of Keizer (via Zoom)  
Ian Davidson, Salem Area Mass Transit District/Cherriots (alternate) (via Zoom)  
Heidi Bell, City Manager, City of Sheridan (via Zoom)  
Derik Munns, Revolving Loan Program Board member (via Zoom)  
Julie Warncke, City of Salem (via Zoom)

#### MEMBERS ABSENT

Ken Huffer, Yamhill County (alternate)  
Tribal Councilwoman Lisa Leno, Confederated Tribes of Grand Ronde

#### STAFF PRESENT

Scott Dadson, Executive Director  
Renata Wakeley, Community Development Director  
Amber Mathiesen, Finance Director (via Zoom)  
Denise VanDyke, Admin. Specialist II

#### CALL TO ORDER AND NOTE OF ATTENDANCE

Councilor Peralta called the meeting to order at 3:01 p.m. Attendance was taken by roll call, and the presence of a quorum was noted.

#### ELECTION OF OFFICERS

**MOTION** By Mayor Clark, **SECONDED** by Ms. Bell to **ELECT SAL PERALTA AS CHAIR, IAN DAVIDSON AS VICE CHAIR, AND JULIE WARNCKE AS SECRETARY.**  
Discussion: It was clarified that, as an alternate, Mr. Davidson can serve as an officer.  
Motion carried. **In Favor:** Peralta, Warncke, Clark, Davidson, Bell, Munns. **Opposed:** None.

#### APPROVAL OF MINUTES

It was noted that Mike Jaffe's name was misspelled in the minutes. Staff will fix that typo.

**MOTION** By Ms. Warncke, **SECONDED** by Mr. Davidson to **APPROVE THE MINUTES OF JUNE 1, 2021, AS CORRECTED.** Motion carried. **In Favor:** Peralta, Warncke, Clark, Davidson, Bell, Munns. **Opposed:** None.

#### PRESENTATION OF BUDGET

Mr. Dadson shared a PowerPoint presentation. The proposed budget provides for the continuation of current programs and activities with minor adjustments based on conservative projections of both revenue and expenses. The proposed budget is \$8,853,853, which includes a six percent increase from the previous fiscal year. The charts showing revenue and expenses by type were explained. On the revenue side, Federal Funds are primarily transportation and loan funds, Local Revenue is our fee-for-service income, and it should be noted that the State Funds does not include pass-thru funds. For expenses,

Grants and Loans To Others includes loans and pass-thru funds, Materials and Services is our overhead, Personal Services includes our personnel expenses, the Contingency funds are for general use, and the Designated Reserves have been specifically identified for a purpose. It should be noted that while Undesignated Reserves is shown at 0%, it is actually a small amount that is rounded down. The Target Fund Balance is generally about 24 percent, as a rule, as well as being a specific target amount. Mr. Dadson pointed out that there was growth, though slow, in 2019-20 and the rapid growth in 2020-21 was a side effect of receiving COVID funds, decreased expenses related to COVID, and other changes. The general flow of the organizational chart is about the same as in the past. Even while many have been working remotely, staff have managed to remain a team and work together. Mr. Dadson reviewed the FTE summary. We will be increasing our overall FTE by 3.35. He briefly reviewed the departmental budgets. Administration includes IT services from WESD, and rent – which is about \$179,000 per year. The Transportation department will have a lot of new planning work to come, and will be working on both succession planning and adding positions. The GIS department has handled a lot of redistricting work in the last year and is continuing to grow their services. Community Development includes work as the regional Economic Development District, as well as land use planning services and grant administration services. Areas of focus will include the change of leadership, for which we are currently recruiting, the growing need for land use planning services and grant writing and administration services, and we will be bringing in a consultant for the next CEDS update. It is important that we follow up on opportunities for services or other assistance to our members, and we are adding capacity as is needed and we are able. We serve as an extra set of hand for our members. The Business Lending department works with several loan programs, and we have a new program manager, Jeff Hilderbrand. Staff is working to get loans through the process, and we may reach the point in the foreseeable future that we will want to request additional loan funds from the EDA and/or SBA.

### **PUBLIC TESTIMONY**

None.

### **DISCUSSION**

Ms. Warncke asked about the additional transportation planner. Will they be to cover additional work load, or part of the succession planning for retiring employees? There will be some overlap with the retirements for training and shifting of work load. Councilor Peralta asked about Mr. Dadson adding steps for staff. He requested that this be included in the presentation for the Board. Mr. Dadson replied that there is universal pressure on wages. Of the 27 employees, 16 are capped and many have been for more than three years. He did an informal study and will be adding four steps to the top of the ranges and lopping off the bottom three steps. This will cause the range to shift. He hopes that this will make recruitments easier, and this is reflected in the budget. Mr. Davidson asked how far off the salary ranges were. Mr. Dadson replied that one step is about 2.5 percent. Some positions were off by 5-7 percent. Councilor Peralta mentioned that in nonpublic fields compensation is very different than in public fields. He has seen some indications that the general public has a sense that their compensation is constrained but public employees aren't, so he wants to have the conversation in the open. Ms. Warncke shared that she has noticed that it is increasingly difficult to recruit or retain employees in the Public Works sector, and it is good to see an organization taking steps to address an inequity. Mayor Clark pointed out that there are a few places in the budget document that still refer to the Homeless Initiative. Those should be corrected to say the Homeless Alliance. She likes the format and the presentation. Mr. Dadson discussed the reformatting of the budget document and gave kudos to Ms. Mathiesen and her staff. The budget document includes updates to the Comprehensive Financial Management Policies as an attachment. The new format should be more self-explanatory when read.

### **AMENDMENTS**

None.

## **ADOPTION**

**MOTION** by Ms. Bell, **SECONDED** by Ms. Warncke, to approve the proposed budget for fiscal year 2022-2023, as presented, and recommend it to the COG Board of Directors for consideration and adoption at its meeting on June 21, 2022.

**Discussion:** Mayor Clark mentioned that with the text changes it should be “as corrected” or “as amended”. She made a friendly amendment to make the motion approval as corrected. The friendly amendment was seconded by Mr. Davidson.

**Friendly amendment carried. In Favor:** Peralta, Warncke, Clark, Davidson, Bell, Munns. **Opposed:** None.

**Motion carried. In Favor:** Peralta, Warncke, Clark, Davidson, Bell, Munns. **Opposed:** None.

## **ADJOURNMENT**

Hearing no further business Councilor Peralta adjourned the meeting at 3:56 p.m.

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Julie Warncke, Secretary



Oregon

2023-24 Proposed Budget

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# INTRODUCTION

## READER'S GUIDE

### **Introduction:**

Contains the budget message, information about the Mid-Willamette Valley Council of Governments' community, statistics, a description of the budget document, the budget process, the budget basis, summary of financial management policies, revenue sources descriptions and debt management policies and summaries.

### **Work Program**

Each service area has a narrative that describes the services provided well as the revenues and expenditure of the fund.

### **CPP:**

Capital Purchase details and expenditures included in the budget.

### **Acronyms:**

Abbreviations are explained here.

### **Glossary:**

A list of terms with explanations or definitions used throughout the budget document.

### **Appendix:**

Include documents supporting the budget document, such as the Comprehensive Financial Policies.

# BUDGET MESSAGE

## OVERVIEW

To the Members of the Mid-Willamette Valley Council of Governments Budget Committee and Board of Directors:

It is my pleasure to present to you this proposed Budget for the fiscal year beginning July 1, 2023 and ending June 30, 2024. This proposed budget represents management's best assessment of the obligations and financial capacity of the Mid-Willamette Valley Council of Governments (the COG) for the upcoming fiscal year. It provides for the continuation of COG's current programs and activities, with a few enhancements, while realistically and conservatively projecting anticipated revenues and expenditures.

## BUDGET SUMMARY

On June 20th, the MWVCOG Board of Directors will be presented with the resolution on page 18, to adopt this budget, requesting an appropriation of \$11,731,339 reflecting an overall increase of \$2,9752,629 (or 26%) from the previous budget.

The COG will provide services in Community Development to include grant and project management; under the Safe Routes to Schools program within the Transportation Planning Program, continue work toward economic development, small business lending program services, new services such as legal navigation under our Legal services program, and will continue to serve as fiscal agent to the Homeless Alliance, and Marion Cultural Development Corp.

Budget Highlights:

- (1) The majority of expenses are Personal Services. We are staffed with Professional Land Use and transportation Planners; GIS and Data Specialist, Grant Writers, and Program Managers and Local government Specialists. (The revenue of COG comes from "fees for service" to member Governments and serves as a conduit for placement of federal and state transportation and economic development funds in the region.)
- (2) Operationally, Business Lending, Transportation Planning, Land Use Planning, and Community Development comprise the overwhelming majority of the MWVCOG's expenditures.
- (3) Member dues make up a small percentage of the total operating revenue (3%) demonstrating that the MWVCOG continues to leverage member dues into local revenue (primarily in the form of fee-for-service), which represents 13% of the anticipated revenues; federal dollars, which represents 21% of the anticipated revenues; and state dollars, which represents 4% of the anticipated revenues; Transfers(Allocations) represent 12%, and Beginning Fund Balance represents 32% of the total revenue projected.

## TOTAL RESOURCES (REVENUES)

Member Dues are anticipated to increase by \$14,205 (+5%). This amount reflects the membership fee schedule that was adopted by the MWVCOG Board in December 2022, which provided an increase in

the per capita rate. The Board in determining the rate of increase, uses the annualized Seattle CPI-W for June 2022. In reviewing this increase in CPI, which was 8.6%, the board elected to keep the increase below this number. The rate is therefore \$.541 per capita, an increase of 5%, calculated based on the population reported. There is a minimum and a maximum fee, special districts are assessed the minimum rate. This budgeted amount reflects the updated population estimates from Portland State University and assumes 100% participation of the current membership.

Beginning Fund Balance is estimated to be \$3,578,514 at the beginning of FY 2023-2024.

## REQUIREMENTS (EXPENDITURES)

Personal Services, which includes salary and benefits amounting to \$3,514,682 in this proposed budget reflects an increase of \$252,135, over the amount budgeted for FY 2022-23. Included in personal services are the following:

- A net increase of 1.95 FTE which includes an Associate Project Manager in Community Development, and some increases in current FTE to allow for succession planning for upcoming retirements.
- A 6.33% cost-of-living adjustment (COLA) will be applied July 1, 2023. The Board has directed the staff to use the CPI-W for Seattle at the previous December 2022. This adjustment helps COG to attract and retain highly competent staff.
- The salary wage scale has been extended 4 steps from 11 to 15, and the first 3 steps have been retired. The remaining steps will be renumbered 1-12. This is to help address that our wage scales to the marketplace to provide future earnings potential to the staff.

Grants and Loans to Others this represents the total funds available to lend as we want to appropriate all available loan Revolving Loan funds for lending \$2,011,697.

Pass Through Payments represents payments of funds from revenues that come into COG for the purpose of management and disbursement. This budget contains \$1.8 million dollars in pass through payments related to a grant from DEQ for septic systems in the Santiam Canyon.

In January 2018, the Board of Directors adopted a policy establishing a method for determining a target beginning fund balance (Resolution 2019-10), establishing the target at three (3) months of estimated operating expenses. Based on that methodology the target would be \$798,099 for FY 23-24.

## PROGRAMS IN SUPPORT OF MEMBERS

Key items included in the Budget are:

1. Membership Services, including the Board of Directors and activities identified by the Board, including the Legislative Committee, convenings, and professional development.
2. Administration – through application of an indirect rate to all programs. The rate for 2023-24 is estimated to be 25.48 percent (the rate in 2022-23 was 25.48 percent).
3. Economic development planning as an Economic Development District and grant administration.

4. Business lending services to includes support to Valley Development Initiatives, a non-profit corporation, for administrative, loan processing and servicing activities, and housing rehabilitation activities.
5. Continue to work with Marion County and the Santiam Canyon communities as they move forward with rebuilding efforts, utility coordination, and resiliency as they recover from the devastating wildfires of 2020.
6. Support to the Salem/Keizer Area transportation planning program in cooperation with the State Department of Transportation.
7. Support to the Mid-Willamette Valley Area Commission on Transportation.
8. Technical Assistance Services such as map making, graphics, data, information services, grant writing, financial services, executive recruitments, charter reviews, and council goal settings.
9. Planning Services for member cities which includes current land use planning on a contractual basis, long range planning projects and transportation planning.
10. Support for maintenance of the computer network and a reworked and new website.
11. Continued support for the Mid-Willamette Homeless Alliance, as funded by the participating jurisdictions.
12. The provision of Legal Navigation services, to serve both as in-house counsel and to provide services to members on a fee for service basis.
13. Moneys for a contract lobbyist to ensure the MWVCOG's voice is heard by state and federal policy makers on matters of regional significance as well as to protect current and secure future revenue sources.

## **SUMMARY**

In all programs and activities, MWVCOG remains committed to providing excellent customer service, strengthening relationships, and promoting intergovernmental cooperation.

The MWVCOG Board of Directors has authority to increase or reduce the budget recommended by the Budget Committee to any degree it may desire when it meets. Budget law also provides an opportunity for the Board of Directors to adopt a supplemental budget, when necessary, without convening the Budget Committee. This proposed budget, when approved by the Budget Committee and the Board of Directors, will direct and empower the staff to apply their skills and energies to important programs and member services in the region.



I would like to thank the Board of Directors and each of the dedicated employees of the COG for their continued excellent public service for the membership of the Mid-Willamette Valley.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'S. Dadson', with a long horizontal flourish extending to the right.

Scott F. Dadson, Executive Director and Budget Officer  
MID-WILLAMETTE VALLEY COUNCIL OF GOVERNMENTS

# BUDGET COMMITTEE

## MWVCOG Budget Committee

Councilor Sal Peralta	Ms. Julie Warncke
Tribal Councilwoman Lisa Leno	Ms. Heidi Bell
Mr. Ian Davidson	Mr. Derik Munns
Councilor Roxanne Beltz (alternate)	Mr. Ken Huffer (alternate)

## MWVCOG Executive Committee

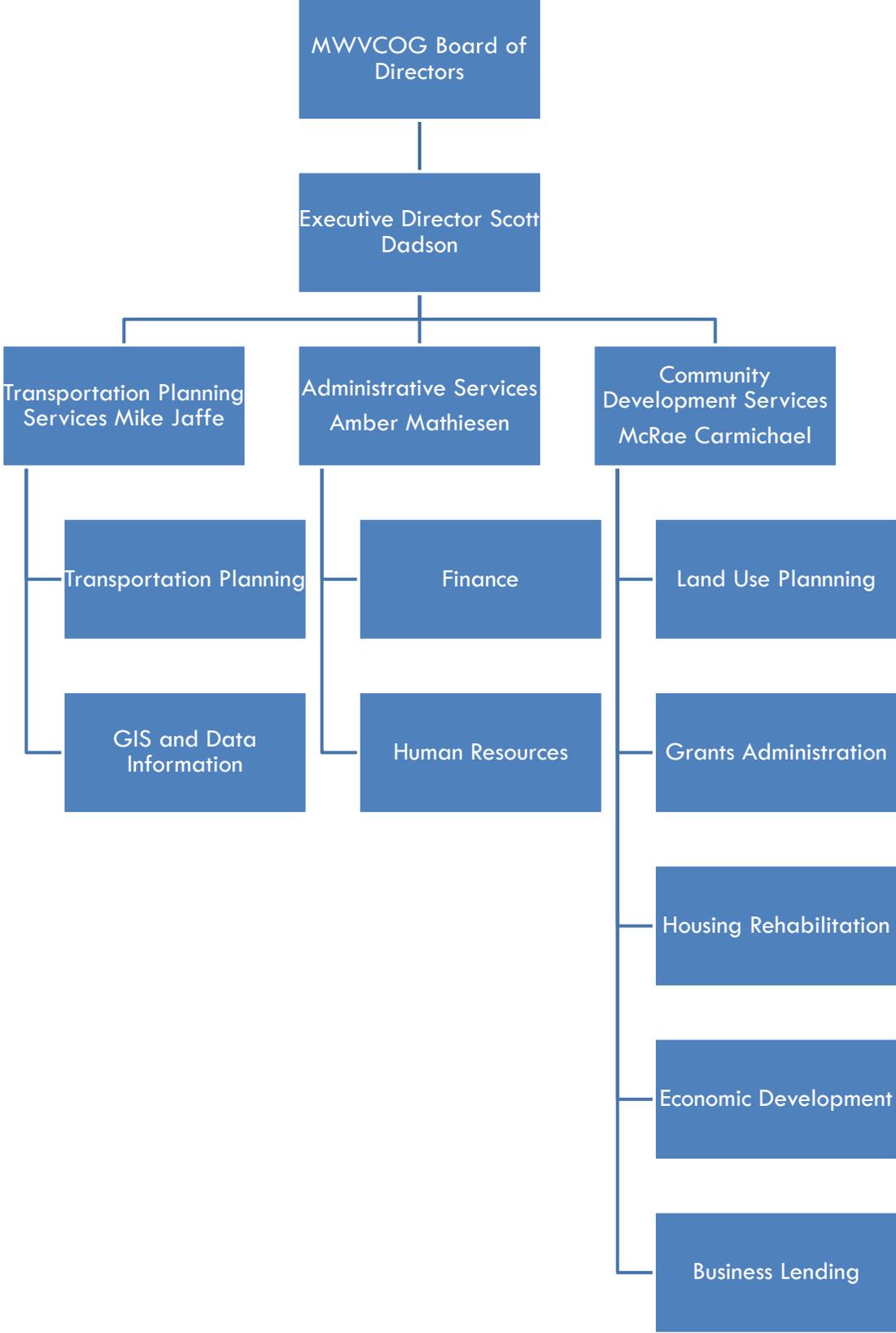
Tribal Councilwoman Lisa Leno	The Confederated Tribes of the Grand Ronde
Councilor Sal Peralta	City of McMinnville
Councilor Roxanne Beltz	City of Monmouth
Mr. Ian Davidson	Salem Area Mass Transit

## Board of Directors - 2023

### Mid-Willamette Valley Council of Governments

<b>Name</b>	<b>Jurisdiction</b>
Commissioner Danielle Bethel	Marion County
Commissioner Jeremy Gordon	Polk County
Commissioner Kit Johnson	Yamhill County
Mayor Ken Woods	City of Dallas
Mayor Cathy Clark	City of Keizer
*Councilor Sal Peralta	City of McMinnville
*Councilor Roxanne Beltz	City of Monmouth
Mayor Bill Rosacker	City of Newberg
Mayor Chris Hoy	City of Salem
Mayor Frank Lonergan	City of Woodburn
Mayor Jim Kingsbury	Small Cities of Marion County
Mayor John McArdle	Small Cities of Polk County
Mayor Linda Watkins	Small Cities of Yamhill County
Ms. Lisa Rogers	Chehalem Park and Recreation District
Ms. Betsy Earls	Chemeketa Community College
*Mr. Ian Davidson	Salem Area Mass Transit
Ms. Maria Hinojos Pressey	Salem/Keizer School District
Mr. Frank Pender	Willamette Education Service District
*Tribal Councilwoman Lisa Leno	The Confederated Tribes of the Grand Ronde

# ORGANIZATIONAL CHART



# MISSION

The Mid-Willamette Valley Council of Governments is a voluntary association of over 40 local governments. Members include Marion, Polk, and Yamhill counties, 32 cities, 7 special districts, and the Confederated Tribes of the Grand Ronde.

## **MISSION**

Our ongoing mission includes:

- Expanding interaction and improving dialogue among local units of government
- “Convenorship” – enhancing collective awareness of major regional issues through seminars and workshops
- Coordinating regional planning and development activities
- Providing technical assistance and local services tailored to individual needs of member governments.

# ABOUT MID-WILLAMETTE VALLEY COUNCIL OF GOVERNMENTS

**GOVERNMENT** The Mid-Willamette Valley Council of Governments operates under Oregon Revised Statute 190 however; the charter has enumerated powers, so we do not have all the same powers granted to municipal corporations by State statutes. Enumerated powers limit the Boards's power to the powers expressly listed in the ORS 190 Agreement. This affects the power to issue debt, levy taxes, as well as other Board's decisions and daily operations.

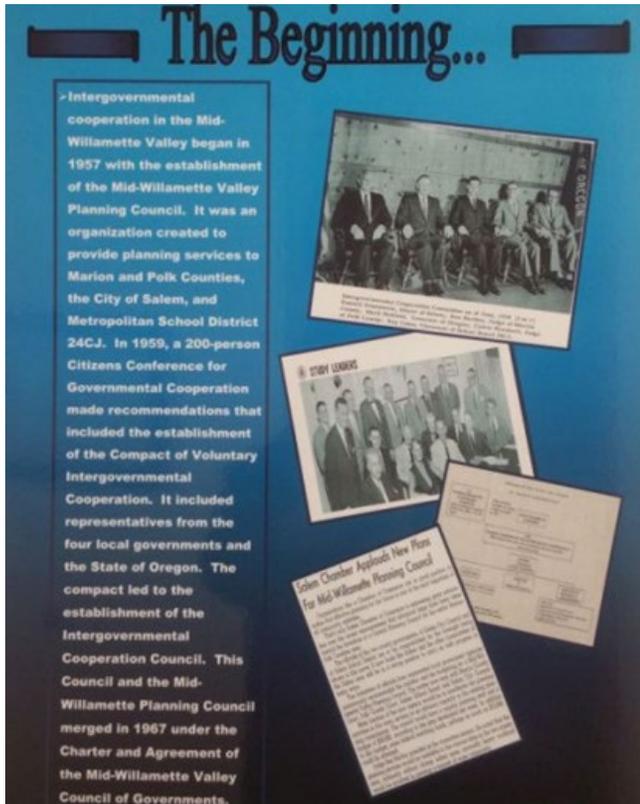
Mid-Willamette Valley Council of Governments is governed by a Board comprised of an appointed Chair and 19 Board members. The Board exercises policy-making and legislative authority and is responsible for COG legislation, adopting the budget, appointing committees, and hiring the Executive Director.

The Executive Director and staff are responsible for carrying out the day-to-day operations of the COG.

The COG's fiscal year begins July 1 and ends June 30. Current information about services and projects can be found at the website [www.mwvcog.org](http://www.mwvcog.org)



# MID-WILLAMETTE VALLEY COUNCIL OF GOVERNMENTS HISTORY



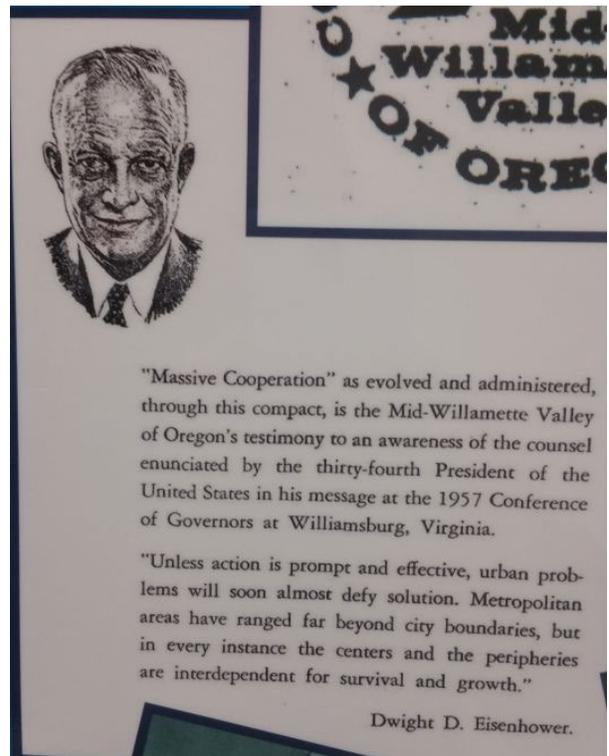
Intergovernmental cooperation in the Mid Valley began in July, 1957, with the establishment of the Mid- Willamette Valley Planning Council, an organization created to provide planning services to Marion and Polk Counties, the city of Salem, and the Salem School District. In December, 1959, a Compact of Voluntary Intergovernmental Cooperation was adopted by these same four parties and the State of Oregon.

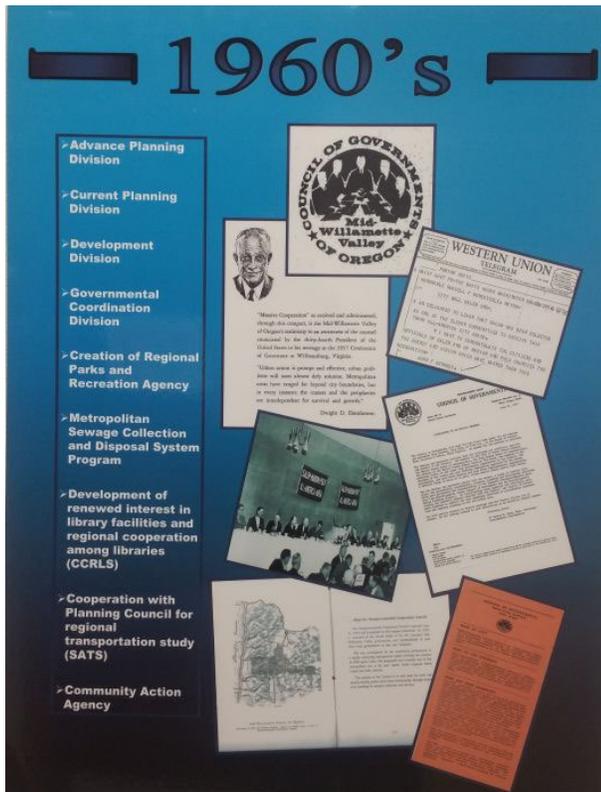
The compact was reviewed by President Dwight Eisenhower. In a letter sent to the Oregon Governor, President Eisenhower stated, "Your Intergovernmental Cooperation Council (ICC) could well bring the kind of lasting results that can only come from agreement on the part of the people back home who must live with the situation created by our tremendous nationwide

urban growth.....I would hope that we may see the Oregon concept spread-and quickly-to the other states in our Union."

In 1961, "Look" magazine publisher Vernon C. Meyers congratulated the Salem area for an All-America City award. The award was based on the fact that the people brought together five government bodies together in the ICC to solve area-wide problems.

In 1967, the Intergovernmental Cooperation Council and the Mid-Willamette Valley Planning Council joined together to become the Mid-Willamette Valley Council of Governments (MWVCOG). In 1968 Yamhill County joined to make the COG a tri-county organization.





The first issue of Cog Notes, the COG's first newsletter, was published in February 1971. The importance of communication with the public that the COG served was the basis for the creation of the newsletter. Initial distribution included member governments and planning commissions served by the COG, committees served by the COG, and mayors of non-member cities in the tri-county area. Quarterly newsletters are currently distributed to the public and a wide variety of interested parties as well as posted on the MWVCOG website.

# QUALITY OF LIFE IN OUR REGION... WHAT YOU ARE LOOKING FOR!

You would have to look a long time before you found a region with more to offer recreationally. There is great fishing, swimming, bicycling, hiking, wineries, and picnicking all in our beautiful region.

The Mid-Willamette Valley is one of America's premier wine regions with world class vineyards and tasting rooms. Vineyards abound providing a selection to satisfy anyone's taste. There are luxurious golf courses that span skillsets from novice to pro, and with our temperate climate the golf courses are open year-round. The region is also host to many locations for bird watching and observing local wildlife.



Photo Credit: Karen Odenthal



Photo Credit: Richard Schmid

Our region also boasts fine dining, balloon rides, paddling trips, waterfalls, and trails. Local food is a theme to be savored from hazelnuts to cheese, craft beer, artisan bread, brick oven pizza and more.

90-minute drive west is the Oregon Coast, with its green headlands, crashing surf and miles of beautiful sandy beach. On your way to the beach, you will travel through the Siuslaw National Forest of the Oregon coast range where you can enjoy the forests. These forests are a natural habitat for native fish and wildlife species, recreational opportunities, including camping, hiking, picnicking,

off-highway vehicle riding, horseback riding, fishing, hunting, swimming, bird watching, and berry picking. You will even have the weather to enjoy it all. The Mid-Willamette Valley Council of Governments area averages just 43 inches of precipitation a year and on average there are 157 sunny day per year. That is rain enough to keep things fresh and very green; but is less than the average rainfalls in places like Atlanta, Houston, and Miami. In fact, the moderate climate makes it one of the best nursery growing areas in the United States. Our long, warm summers give way to crisp, sunny autumn afternoons. In winter, we rarely get more than a dusting of snow. In spring, the surrounding farmlands come to life again and the cycle begins anew.



Photo Credit: Richard Schmid

# THE BUDGET PROCESS

A budget as defined by Oregon State Law (Oregon Revised Statutes (ORS), Chapter 294), is a financial plan containing estimates of revenues and expenditures for a given period or purpose, such as the fiscal year. The COG is required to budget all funds and for each fund to have a balanced budget. The state of Oregon defines balanced budgets as one in which total resources, including beginning resources, current resources and debt proceeds, equal total requirements, including current year expenditures, capital outlay, transfers, debt service and any other requirements such as debt service reserves.

As a rule, local governments in Oregon operate on a fiscal year that begins on July 1 and ends the following June 30. Mid-Willamette Valley Council of Governments' budget operates on this schedule. Budgeting is critical to COG because it requires the organization to evaluate plans and establish priorities in relation to available financial resources.

The Mid-Willamette Valley Council of Governments' budget will accomplish each of the four major purposes of Oregon Local Budget Law (ORS 294.305 – 294.555 and 294.565) including:

- Establish standard financial procedures
- Outline programs and services in conjunction with the fiscal policy and implement those policies
- Provide methods of estimating revenue, expenditures, and proposed tax levies
- Encourage public involvement in the budgeting process before budget adoption

Mid-Willamette Valley Council of Governments prepares and adopts its annual budget in accordance with its organizational Charter, Oregon Law and the Government Finance Officers Association budget guidelines.

Before the budget can accomplish these goals a schedule for preparation is developed. This schedule is called the budget calendar.

## 2023-24 BUDGET CALENDAR

Action	Proposed Date
Staff prepares DRAFT budget	December through April
Publish legal notices in newspaper, in newsletter, on website and social media with key dates and opportunities for public input as part of budget process. (Publish twice, 10 days before meeting, 1 newspaper, 1 web)	Per state budget law requirements
Proposed budget document available and posted online	Thursday, June 1, 2023
Budget Committee meeting – orientation, budget message and public hearings, additional meetings <u>as needed and announced</u> to review funds, discuss amendments, and make a recommendation on the budget	Tuesday, June 6, 2023
Publishing online and to paper by (publish once not later than 8 days before meeting)	No later than June 9, 2022
Board adopts budget, makes appropriations, imposes, and categorizes property tax  NOTE: Must be completed by June 30, 2023	Tuesday, June 20, 2023

In May-June a preliminary budget is prepared and presented to the Budget Committee, which, by law, comprises three COG Board members, and three citizen members. A hearing notice is published in the local newspaper. The COG Board holds a public hearing prior to July 1, which may result in further changes. If a change will increase revenues or increase expenditures within a fund by more than ten percent or \$5,000, whichever is greater, the budget must be referred to the Budget Committee. The COG Board adopts the budget prior to June 30 each year. The adopted budget is filed with the county clerk and State of Oregon each year.

### THE BUDGET AMENDMENT PROCESS

Oregon Budget Law allows for amendments to the COG budget for reasons unforeseen at the time of adoption. The COG Board may adopt resolution changes that decrease one existing appropriation and increase another. Certain changes of ten percent or more to any fund require a supplemental budget. All changes over ten percent to any fund require a supplemental budget process, like the annual budget requiring a public hearing. Further detail may be found in ORS Chapter 294.

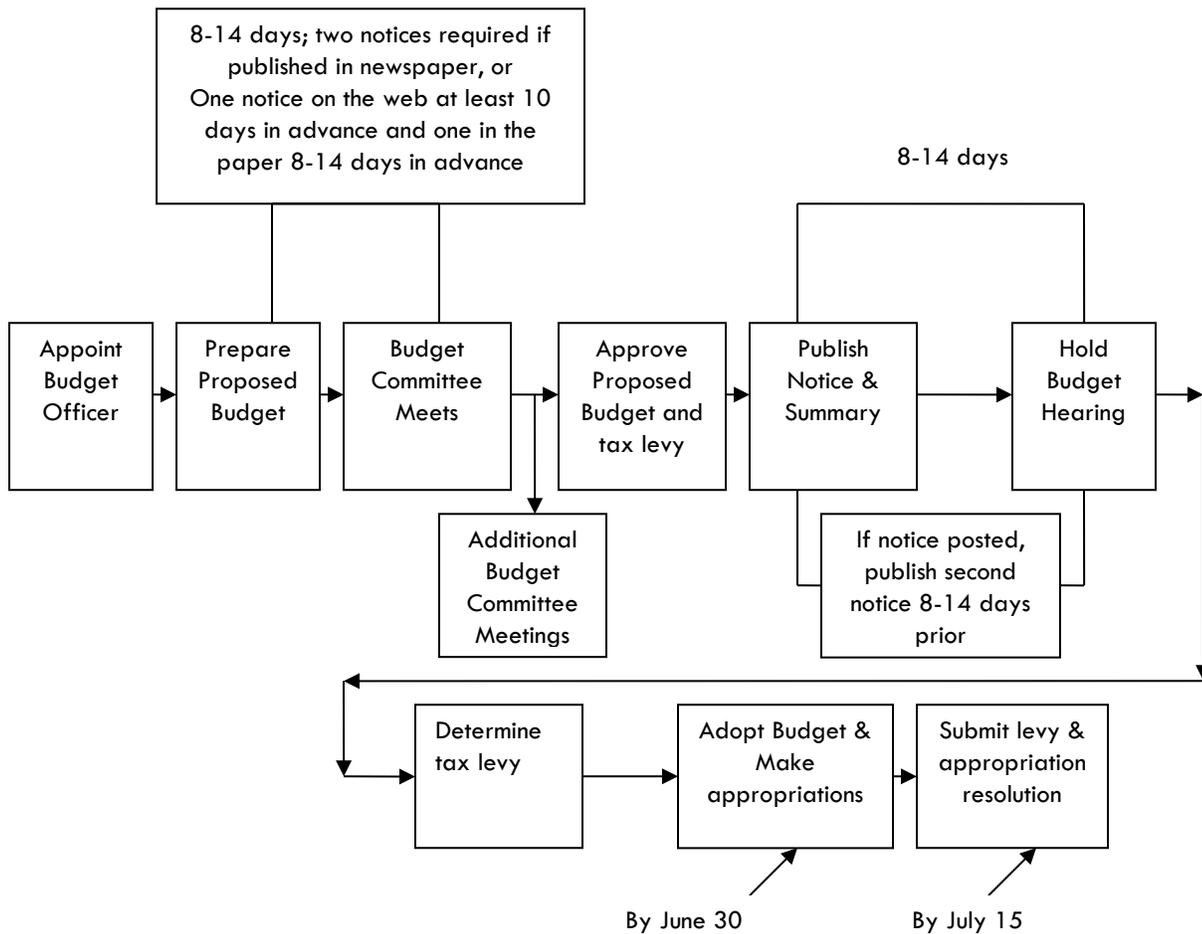
## **THE BUDGET COMMITTEE**

The Budget Committee is composed three COG Executive Committee Members and an equal number of citizen members appointed by the governing board, for a total of six members.

The appointed members:

- Must live in the Mid-Willamette Valley Council of Governments' boundaries,
- Cannot be officers, agents, or employees of the local government, and
- Can be spouses of officers, agents, or employees of the COG.

# THE BUDGET PROCESS SCHEMATIC



Oregon's Local Budget Law is governed by Chapter 294 of the Oregon Revised Statutes (ORS 294). This law does two important things: (1) establishes the standard procedures for preparing, presenting, and administering the budget, and (2) requires citizen involvement in the same. The above flowchart depicts this process.

# THE BUDGET BASIS

The budget is prepared using the *accrual base method of accounting*. This means that obligations of the COG are budgeted as expenses when the expense is incurred, and income is recorded when received. The Mid-Willamette Valley Council of Governments manages its finances in compliance with the modified accrual basis and budget laws of the State of Oregon. During the year, expenditures and revenues are closely monitored to ensure compliance with the adopted budget and state law. Monthly budget comparisons are distributed to management. Quarterly financial reports, prepared on the budgetary basis of accounting, are distributed to the COG Board, and the general public.

Annually, an audit is performed and filed with the State of Oregon by an independent certified public accountant. The Mid-Willamette Valley Council of Governments publishes an annual financial report that documents the COG's budgetary performance and the financial health of the COG. This report compares budgeted to actual revenues and expenditures, thus documenting the COG's budgetary compliance.

The government-wide financial statements and the proprietary funds financial statements are reported using the economic resources measurement focus and the full accrual basis of accounting as is the fiduciary fund financial statements. Revenues are recorded when received and expenses are recorded incurred. Grants and similar items are recognized as revenue as soon as received.

Requirements are generally recorded when incurred under accrual accounting. Long term compensated absences are recorded only when payment is due. Principal and interest on long-term debt are recorded as fund liabilities only when due, or when amounts have been accumulated in the debt service fund for payments to be made early in the following year.

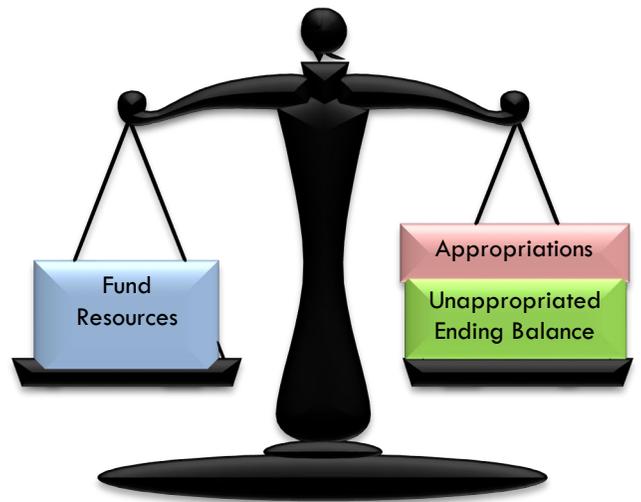
# BUDGET DOCUMENT

A budget as defined by Oregon State law is a "financial plan containing estimates of revenues and requirements for a single fiscal year." Local governments have the option of budgeting on a 24-month biennial budget period, or by fiscal year.

The Mid-Willamette Valley Council of Governments operates on a fiscal year beginning on July 1 and ending the following June 30.

Budgeting requires local governments to evaluate plans and priorities considering the fiscal resources available to meet those needs.

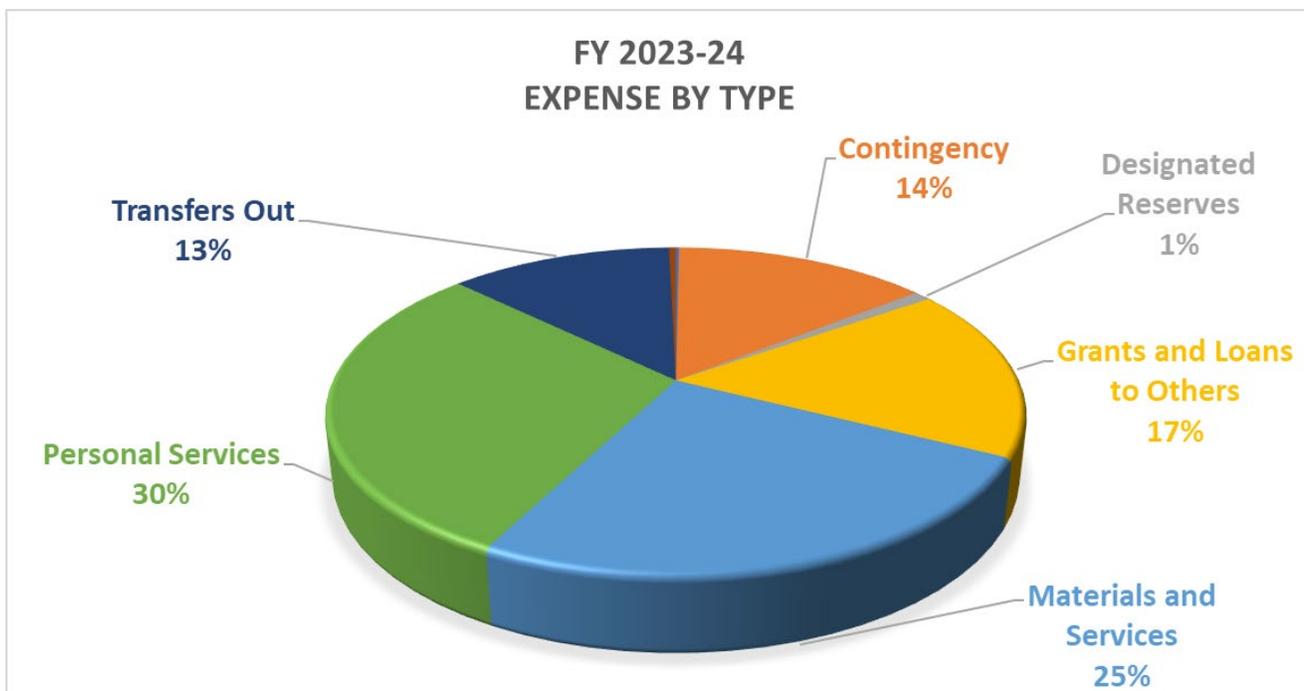
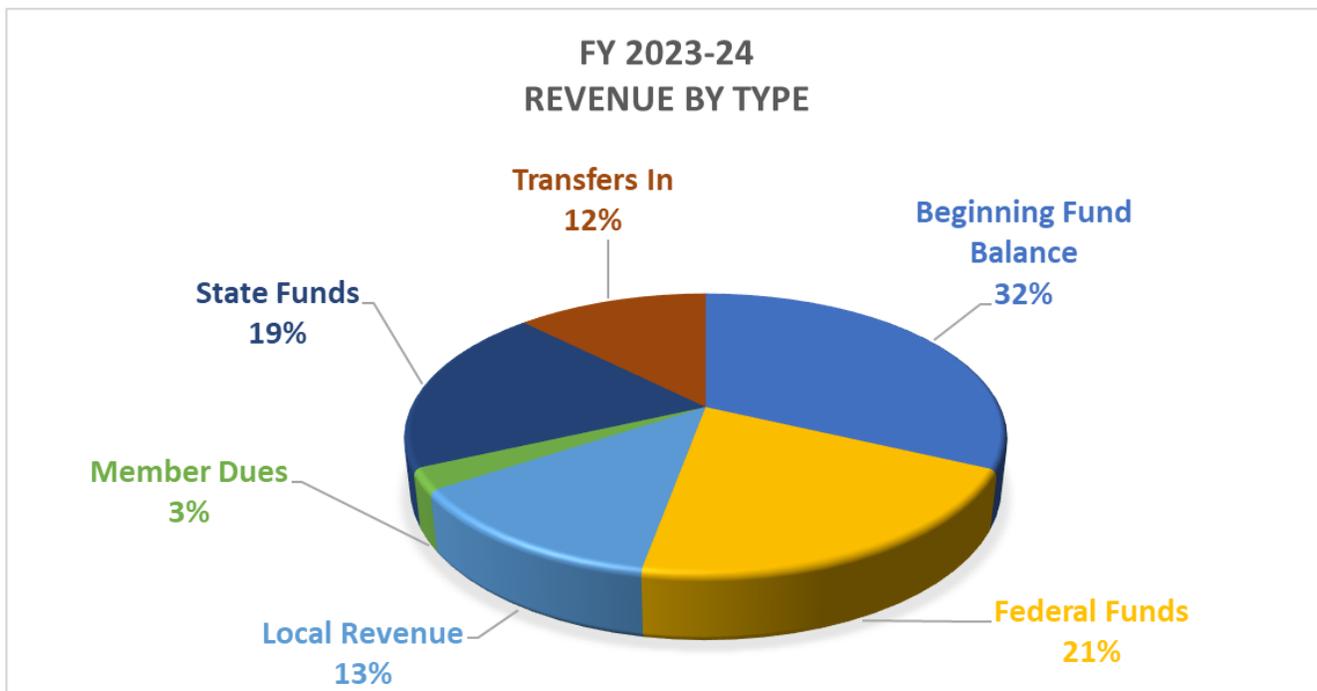
The budget document describes how the Mid-Willamette Valley Council of Governments government plans to meet the needs of the members and is a resource for citizens interested in learning more about the operations of their local government.



# BUDGET RESOLUTION

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# FINANCIAL SUMMARIES



# BUDGET SUMMARY

Budget Summary	Actuals FY 2020-21	Actuals FY 2021-2022	Budget FY 2022-23	Proposed FY 2023-24
<b>1Revenue</b>				
Beginning Fund Balance	-		2,085,333	3,758,514
Designated Reserves	87,604		112,707	-
Direct Federal Funds		-	-	-
Federal Funds	1,920,520	1,225,452	2,833,473	2,443,562
Local Revenue	2,534,049	2,114,234	2,045,712	1,503,177
Member Dues	-		273,775	289,299
State Funds	3,874,432	2,288,762	391,061	2,282,710
Transfers In	718,196		1,016,648	1,454,077
Undesignated Reserves	-		-	-
<b>1Revenue Total</b>	<b>9,134,801</b>	<b>5,628,447</b>	<b>8,758,709</b>	<b>11,731,339</b>
<b>2Expense</b>				
Capital Outlay	-		-	(20,000)
Contingency	-		(551,104)	(1,619,430)
Designated Reserves	-		(149,069)	(110,634)
Grants and Loans to Others	(630,950)		(1,615,471)	(2,011,697)
Materials and Services	(4,787,303)	(2,610,956)	(2,050,644)	(2,954,355)
Personal Services	(2,242,343)	(2,383,936)	(3,218,833)	(3,516,631)
Transfers Out	(477,060)	(0)	(1,129,355)	(1,454,077)
Undesignated Reserves	-		(44,233)	(44,514)
<b>2Expense Total</b>	<b>(8,137,656)</b>	<b>(4,994,892)</b>	<b>(8,758,709)</b>	<b>(11,731,339)</b>
<b>Grand Total</b>	<b>997,145</b>	<b>633,555</b>	<b>-</b>	<b>0</b>

# FISCAL YEAR 2023-24 ACTIVITIES

The Mid-Willamette Valley Council of Governments is dedicated to providing efficient and effective government services through cooperative planning, program development, analysis, and service delivery.

Activities	Actuals FY 2020-21	Actuals FY 2021-2022	Budget FY 2022-23	Proposed FY 2023-24
<b>1 Administration</b>				
2 Indirect				
1Revenue	493,032	71,019	766,905	865,564
2Expense	(493,038)	(424,194)	(766,905)	(758,764)
<b>2 Indirect Total</b>	<b>(6)</b>	<b>(353,176)</b>	<b>-</b>	<b>106,800</b>
3 Member Services				
1Revenue	945,157	349,138	1,010,097	1,996,808
2Expense	(427,053)	(1,360,413)	(1,110,101)	(2,103,609)
<b>3 Member Services Total</b>	<b>518,104</b>	<b>(1,011,275)</b>	<b>(100,004)</b>	<b>(106,801)</b>
<b>1 Administration Total</b>	<b>518,098</b>	<b>(1,364,451)</b>	<b>(100,004)</b>	<b>(0)</b>
<b>2 Transportation</b>				
4 Transportation Planning				
1Revenue	1,466,846	3,356,590	2,769,970	3,173,469
2Expense	(1,430,803)	(1,972,196)	(2,541,792)	(2,843,169)
<b>4 Transportation Planning Total</b>	<b>36,044</b>	<b>1,384,394</b>	<b>228,178</b>	<b>330,300</b>
5 GIS				
1Revenue	66,439	163,375	116,930	73,330
2Expense	(76,318)	(254,758)	(345,108)	(403,630)
<b>5 GIS Total</b>	<b>(9,879)</b>	<b>(91,383)</b>	<b>(228,178)</b>	<b>(330,300)</b>
<b>2 Transportation Total</b>	<b>26,164</b>	<b>1,293,012</b>	<b>-</b>	<b>(0)</b>
<b>3 Community Development</b>				
10 Economic Development				
1Revenue	4,296,807	494,194	770,000	2,376,377
2Expense	(4,224,897)	(260,543)	(225,178)	(1,821,851)
<b>10 Economic Development Total</b>	<b>71,910</b>	<b>233,651</b>	<b>544,822</b>	<b>554,526</b>
6 Land Use Planning				
1Revenue	309,672	482,929	576,389	701,321
2Expense	(406,098)	(472,085)	(1,287,227)	(1,470,066)
<b>6 Land Use Planning Total</b>	<b>(96,426)</b>	<b>10,843</b>	<b>(710,838)</b>	<b>(768,745)</b>
7 Grant Administration				
1Revenue	69,273	177,200	119,020	147,219
2Expense	(52,769)	(14,329)	(10,400)	(10,400)
<b>7 Grant Administration Total</b>	<b>16,504</b>	<b>162,871</b>	<b>108,620</b>	<b>136,819</b>
8 Housing Rehab				
1Revenue	80,796	26,526	536,500	86,500
2Expense	(94,104)	(95,958)	(379,100)	(9,100)
<b>8 Housing Rehab Total</b>	<b>(13,308)</b>	<b>(69,433)</b>	<b>157,400</b>	<b>77,400</b>
9 Business Lending				
1Revenue	1,406,778	507,477	2,092,898	2,310,750
2Expense	(932,576)	(140,416)	(2,092,898)	(2,310,750)
<b>9 Business Lending Total</b>	<b>474,202</b>	<b>367,061</b>	<b>-</b>	<b>-</b>
<b>3 Community Development Total</b>	<b>452,883</b>	<b>704,994</b>	<b>100,004</b>	<b>0</b>

# MEMBER SERVICES

Financing for the tasks described in this section is provided through the agency's General Fund, which is supported primarily by the dues paid by member agencies, and through direct payments for contracted services. At the core of MWVCOG programs are: Promoting regional collaboration, cooperation and dialogue among local units of government; Enhancing collective awareness of major regional issues, projects and activities through newsletters, meetings, seminars and workshops; Providing staff support, technical assistance and local services tailored to the individual needs of Mid-Willamette Valley Council of Government member jurisdictions.

## ADMINISTRATIVE SERVICES

Administrative Services provide traditional management functions for the efficient operation of the organization and provides support services to the agency. Financial support for the tasks described in this section is provided by indirect charges to all agency programs.

### **General Administration**

Salary and Benefit Allocation: \$410,301

FTE: 3.0

Provides executive management and coordination of COG staff, projects, and activities, including communications and the provision of appropriate facilities and equipment; the development, implementation and refinement of new services; and coordination with regional, statewide and national associations of similar organizations. This area includes all aspects of human resources administration (recruitment and selection, personnel policy development and administration, classification and compensation, and employee benefits). General administration also includes organizational support, professional counsel and policy recommendations to the Mid-Willamette Valley COG Board of Directors, the Executive Committee and Budget Committee.

### **Support for Regional Initiatives/Dialogue**

As much of MWVCOG's work is interactive with our member local governments and with a variety of other agencies and organizations, staff members gather, analyze and distribute information; facilitate the participation of interested individuals in COG-related activities; and communicate policy positions and information to local, state and federal decision makers. Examples of activities in this area include the publishing of newsletters; providing staff support for public meetings, forums and various networking opportunities; delivering presentations relating to the COG's services and programs; and holding regional meetings, conferences and workshops.

### **Facilitation Services**

Provide COG staff services tailored to the individual needs of member jurisdictions. Examples of activities in this area include recruitment and related services; facilitation of goal-setting sessions and other meetings; and the development and presentation of City Council, Board and committee trainings and orientations.

Activities	Actuals FY 2020-21	Actuals FY 2021-2022	Budget FY 2022-23	Proposed FY 2023-24
3 Member Services				
1 Revenue				
1 Beginning Fund Balance	-		556,100	1,509,000
2 Federal Funds	-		-	-
3 State Funds				-
4 Local Revenue	834,673	349,138	66,600	90,000
4 Member Dues	-		273,775	289,299
5 Local Revenue	17,547			-
6 Local Revenue	5,333	-		-
7 Designated Reserves	87,604			-
7 Undesignated Reserves	-		-	-
8 Transfers In	-		113,622	108,509
1 Revenue Total	945,157	349,138	1,010,097	1,996,808
2 Expense				
11 Personal Services	(142,274)	(663,646)	(305,326)	(410,301)
12 Transfers Out		(249,817)	(70,286)	(104,545)
13 Materials and Services	(284,779)	(446,950)	(257,350)	(271,700)
14 Capital Outlay	-		-	-
16 Transfers Out	-		(26,366)	(273,184)
17 Contingency	-		(450,773)	(1,043,878)
18 Designated Reserves	-		-	-
19 Undesignated Reserves	-		-	-
2 Expense Total	(427,053)	(1,360,413)	(1,110,101)	(2,103,608)
3 Member Services Total	518,104	(1,011,275)	(100,004)	(106,800)

## **Fiscal and Budget Administration**

Salary and Benefit Allocation: \$306,686  
FTE: 2.50

The management of MWVCOG's financial system includes budgeting, accounting, payroll administration, financial reporting, cash management, insurance, investment oversight, fiscal records management, property management, analyses, and audit support.

### **Equipment Fund**

Provides funding for acquisition of capital equipment. The cost of equipment purchased by this fund is recovered via charges to the program utilizing the equipment. The charges are computed on the straight-line depreciation method over the estimated useful life of the asset.

## **Information Technology Services**

Willamette Education Service District (WESD) in collaboration with COG staff develop and implements plans and programs for enhanced use of information technologies; WESD maintains and supports the hardware, software, and telecommunications necessary for the efficient operation of the agency's IT equipment, local area network, and internet presence.

Activities	Actuals FY 2020-21	Actuals FY 2021-2022	Budget FY 2022-23	Proposed FY 2023-24
1 Administration				
2 Indirect				
1 Revenue				
1 Beginning Fund Balance	-		44,233	44,514
4 Local Revenue	7,577	71,019	37,500	-
8 Transfers In	485,455		685,172	821,050
1 Revenue Total	493,032	71,019	766,905	865,564
2 Expense				
11 Personal Services	(337,088)	(53,740)	(291,597)	(306,858)
12 Materials and Services	-	(56,369)	(67,126)	(78,144)
13 Materials and Services	(155,950)	(314,086)	(172,200)	(192,100)
14 Capital Outlay	-		-	(20,000)
14 Materials and Services	-		-	-
16 Transfers Out	-		(120,289)	(117,148)
17 Contingency			(71,460)	-
19 Undesignated Reserves	-		(44,233)	(44,514)
2 Expense Total	(493,038)	(424,194)	(766,905)	(758,764)
2 Indirect Total	(6)	(353,176)	-	106,800

# LOCAL GOVERNMENT SERVICES

Primarily funded through intergovernmental agreements with the governmental units receiving assistance, services are also supported by several federal and state funded grants and programs.

MWVCOG staff supports activities and services that are multi-jurisdictional in character and relatively freestanding, to the end that economies of scale are captured and efficiencies realized. Financial support for these projects is provided by the program entities from their own revenues.

Planning and technical expertise is available in the areas of intergovernmental relations, land use planning, transportation, economic analysis and development, land use law, natural resources, public infrastructure finance, local governmental financial issues, geographic information system, Census-related services, and information analysis.

## TRANSPORTATION PLANNING AND GIS SERVICES

### **Transportation Planning**

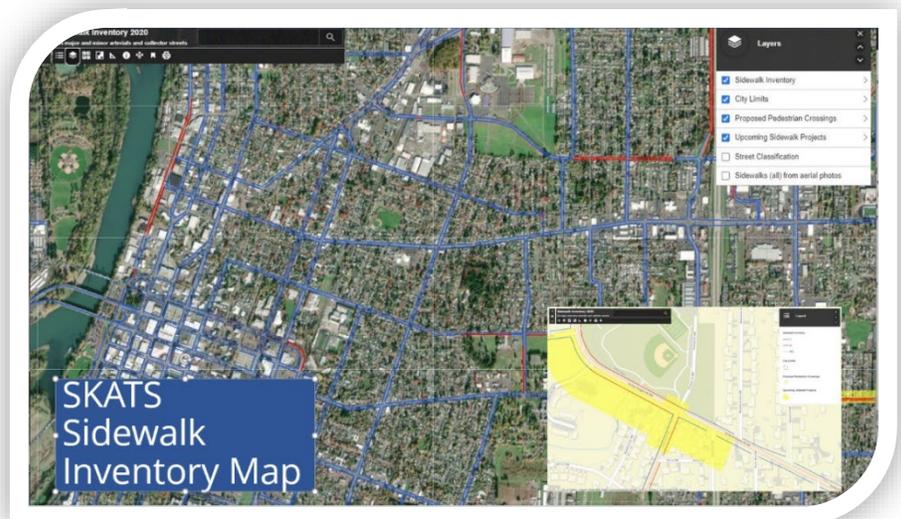
Salary and Benefit Allocation:

\$,1,92,817

FTE: 8.50

MWVCOG provides administrative services and staffing for the Metropolitan Planning Organization (MPO) responsible for transportation planning in the Salem-Keizer-Turner metropolitan planning area. Policy direction for the MPO program is provided by the Salem Keizer Area Transportation Study Policy Committee (SKATS). Participants in SKATS are: City of Salem, City of

Keizer, City of Turner, Marion County, Polk County, School District 24J, Salem Area Mass Transit District, and Oregon Department of Transportation (ODOT). The SKATS Cooperative Agreement of April 6, 1987, and amended in 2003 to add the City of Turner assigns the MWVCOG administrative responsibility for the MPO transportation planning program in the Salem/Keizer Urban Area and fiscal responsibility for contracts and grants related to SKATS operations. The program is funded by the federal government (FHWA and FTA), the Oregon Department of Transportation, and member contributions. A majority portion of the FTA funds are passed through to Cherriots Transit via an annual agreement between MWVCOG and the Salem Area Mass Transit District. SKATS is responsible for the adoption and maintenance of the SKATS Metropolitan Transportation Plan (MTP), the SKATS Transportation Improvement Program (TIP), development of the regional travel demand model, and coordination and technical assistance for major regional transportation studies within the SKATS boundary. SKATS transportation planning activities and those activities by Cherriots funded



**SafeRoutes**  
 To enter, create a drawing with this theme:  
**Human-Powered Transportation**

Contest open to children grades K-5 in the Salem-Keizer School District

Entry deadline is April 6th at 5 PM

**2022**

For contest rules and submission guidelines visit: [www.sksaferoutes.org](http://www.sksaferoutes.org)

The selected art will be featured in our annual school calendar

Sponsored by:  
 SafeRoutes, CHERRIOTS, Willamette Valley Council of Governments, SALEM-KEIZER PUBLIC SCHOOLS, Transportation Services

with the FTA pass-through funds are determined annually by the SKATS Policy Committee through adoption of the Unified Planning Work Program (UPWP). MWVCOG also started a Safe Routes to School program for the Salem Keizer School district area in 2020 using funding from transportation grants from ODOT the SKATS TIP, and matching funds from the Salem Keizer School District. Additionally, MWVCOG provides support and assistance to the Mid-Willamette Area Commission on Transportation (MWACT) to facilitate discussion and develop consensus on transportation issues throughout the three county-area. ODOT provides the funding used by MWVCOG for MWACT support.

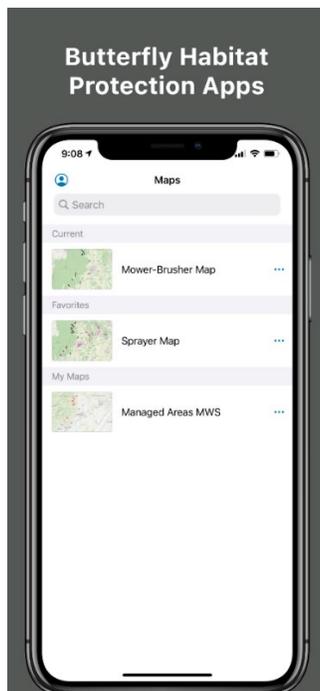
Activities	Actuals FY 2020-21	Actuals FY 2021-2022	Budget FY 2022-23	Proposed FY 2023-24
2 Transportation				
4 Transportation Planning				
1 Revenue				
1 Beginning Fund Balance			640,000	430,000
2 Federal Funds	1,020,507	925,827	1,758,473	2,368,562
3 State Funds	115,893	2,288,762	141,061	82,710
4 Local Revenue	97,706	142,002	101,776	109,804
7 Designated Reserves	-	-	112,707	-
8 Transfers In	232,741	-	15,953	182,393
<b>1 Revenue Total</b>	<b>1,466,846</b>	<b>3,356,590</b>	<b>2,769,970</b>	<b>3,173,469</b>
2 Expense				
11 Personal Services	(907,965)	(618,320)	(1,213,713)	(1,192,817)
12 Materials and Services		(126,017)		-
12 Transfers Out	(225,175)	126,017	(279,397)	(303,707)
13 Materials and Services	(247,822)	(1,353,876)	(653,800)	(412,990)
14 Materials and Services	-	-	(40,000)	(37,000)
16 Transfers Out	(49,841)	-	(176,942)	(210,469)
17 Contingency	-	-	(28,871)	(575,552)
18 Designated Reserves	-	-	(149,069)	(110,634)
<b>2 Expense Total</b>	<b>(1,430,803)</b>	<b>(1,972,196)</b>	<b>(2,541,792)</b>	<b>(2,843,169)</b>
<b>4 Transportation Planning Total</b>	<b>36,044</b>	<b>1,384,394</b>	<b>228,178</b>	<b>330,300</b>

## **GIS Services**

Salary and Benefit Allocation: \$310,234

FTE: 2.00

MWVCOG Staff provides information services and geographic information services (GIS) to its members as well as non-members. These services are funded through intergovernmental agreements with the members receiving the service, and service fees for non-members. Projects for Yamhill County and Special Districts include development and maintenance of three online web map applications, development of mobile applications for Yamhill County Public Works, and technical services to upgrade and deploy an Enterprise server system. Projects for the Salem/Keizer School District include updating attendance and district boundary maps, and collecting and organizing pertinent data (i.e. building permits issued) by useful geographic boundaries. MWVCOG also prepares specialized maps as requested, provides technical services for land use and census data planning, and assists members in establishing or expanding the use of geographic information services in their agencies.





available. MWVCOG also anticipates assisting several cities with Development Code completed several development code updates in 2022-2023. The communicates included Dayton, Detroit, Gates, Sublimity, Sheridan.

Activities	Actuals FY 2020-21	Actuals FY 2021-2022	Budget FY 2022-23	Proposed FY 2023-24
6 Land Use Planning				
1 Revenue				
1 Beginning Fund Balance			-	-
4 Local Revenue	308,032	482,968	494,960	390,000
5 Local Revenue	1,640	(40)	-	-
8 Transfers In	-	-	81,429	311,321
1 Revenue Total	309,672	482,929	576,389	701,321
2 Expense				
11 Personal Services	(325,399)	(421,827)	(972,378)	(1,124,691)
12 Transfers Out	(80,699)	-	(214,134)	(286,428)
13 Materials and Services	-	(50,258)	(96,200)	(54,500)
16 Transfers Out	-	-	(4,515)	(4,447)
17 Contingency	-	-	-	-
18 Designated Reserves	-	-	-	-
2 Expense Total	(406,098)	(472,085)	(1,287,227)	(1,470,066)
6 Land Use Planning Total	(96,426)	10,843	(710,838)	(768,745)

## **Grants Administration**

MWVCOG provides grant application, administration, and project management services to member governments for various community development and public works projects. These services include helping in insuring future eligibility for state and federal grants and loans by helping members with regulatory compliance in managing projects. Funding is normally provided by intergovernmental agreements with the member receiving the service. We have secured Grant Administration contracts with the following members for new projects: Amity, Falls City, Independence, Sheridan, , Gates, Willamina. We have also been awarded a \$5 million multi-year contract to administer Marion Counties CDBG home repair loan program through 2028. Additionally, we are implementing a reimbursement grant program for properties that were impacted by the 2020 Wildfires. MWVCOG received and award of \$2 million from DEQ for repair or replacement of septic systems damaged by the wildfires.

Activities	Actuals FY 2020-21	Actuals FY 2021-2022	Budget FY 2022-23	Proposed FY 2023-24
7 Grant Administration				
1 Revenue				
1 Beginning Fund Balance	-	-	-	-
2 Federal Funds			-	-
3 State Funds			-	-
4 Local Revenue	69,273	177,200	119,020	147,219
6 Local Revenue	-		-	-
7 Designated Reserves	-		-	-
8 Transfers In	-		-	-
9 Undesignated Reserves	-		-	-
1 Revenue Total	69,273	177,200	119,020	147,219
2 Expense				
11 Personal Services	(45,273)	(11,994)		-
12 Transfers Out	(1,228)	-		-
13 Materials and Services	(6,268)	(2,334)	(10,400)	(10,400)
16 Transfers Out	-		-	-
17 Contingency	-		-	-
18 Designated Reserves	-		-	-
19 Undesignated Reserves	-		-	-
2 Expense Total	(52,769)	(14,329)	(10,400)	(10,400)
7 Grant Administration Total	16,504	162,871	108,620	136,819

## Housing Rehabilitation Services

In 1999, the MWVCOG Board of Directors authorized staff to begin providing specialized assistance to members with management and administration of housing rehabilitation programs and funds. Via the HUD Community Development Block Grant (CDBG) Program, these funds provide loans or grants to low and moderate-income homeowners for home repairs and often require extensive regulatory compliance and specialized management on the part of funded cities. Members participating in the Housing Rehabilitation Program include: Marion County, the cities of Aumsville, Aurora, Detroit, Gates, Gervais, Hubbard, Idanha, Jefferson, Scotts Mills, Stayton, Turner and Woodburn. Due to regulatory changes, it is advantageous for many cities to assign these CDBG funds to Valley Development Initiatives, a regional non-profit corporation, for long term management. MWVCOG provides staff services to Valley Development Initiatives (VDI) under contract. MWVCOG also received a new CDBG housing rehabilitation grant in 2022 to help build upon existing program services and provide assistance in manufactured home parks.

Additionally, MWVCOG provides rehabilitation project management services through intergovernmental agreements with the cities of Mt. Angel, Scotts Mills, Silverton, Turner, and Woodburn for older grants that are not assigned to VDI.

Activities	Actuals FY 2020-21	Actuals FY 2021-2022	Budget FY 2022-23	Proposed FY 2023-24
8 Housing Rehab				
1Revenue				
1Beginning Fund Balance			-	-
3Local Revenue	9,044	8,692	456,500	6,500
6Local Revenue	71,752	17,834	80,000	80,000
8Transfers In	-	-	-	-
1Revenue Total	80,796	26,526	536,500	86,500
2Expense				
11Personal Services	(68,513)	(85,508)	-	-
12Transfers Out	(16,991)	-	-	-
13Materials and Services	(8,600)	(10,450)	(9,100)	(9,100)
14Materials and Services	-	-	(370,000)	-
16Transfers Out	-	-	-	-
17Contingency	-	-	-	-
18Designated Reserves	-	-	-	-
19Undesignated Reserves	-	-	-	-
2Expense Total	(94,104)	(95,958)	(379,100)	(9,100)
8 Housing Rehab Total	(13,308)	(69,433)	157,400	77,400

## **Economic Development**

The federal Public Works and Economic Development Act provides for the U.S. Economic Development Administration (EDA) to make planning grants to assist with regional economic development planning. The Act also includes provisions for loan and grant programs to finance public works improvements that affect the regional economy and reduce unemployment.

MWVCOG coordinates and provides staff support to the activities of the Mid-Willamette Valley Community

Development Partnership, an advisory Board chartered by the MWVCOG consisting of 29 members made up of both local government elected officials and private sector representatives. The Partnership provides policy direction for the regional economic development planning program. This program is supported by federal funds (EDA) and MWVCOG and Economic Development District dues.

With EDA assistance, MWVCOG provides economic development services such as urban renewal planning projects, mapping, infrastructure and employment land inventories, participation in regional economic development activities and meetings, and continued services as the Economic Development District to ensure eligibility for EDA funding and opportunities.

We are currently completing our Comprehensive Economic Development Strategy (CEDS) for 2023-2028 with the support of University of Oregon staff. This is a 5-year policy document to guide regional development and is required for the EDD to be maintained. The CEDS is anticipated to be adopted in Fall 2028 by the MWPEDD board. As part of this process, we are developing a master project list of members needs to forecast and prospect with our members of potential future funding sources for community needs.



**Fiduciary Funds**

Under an agreement with the Marion Cultural Development Corporation, MWVCOG acts as their fiscal agent. Donations are received and held pending disbursement instructions from the corporation.

Activities	Actuals FY 2020-21	Actuals FY 2021-2022	Budget FY 2022-23	Proposed FY 2023-24
3 Community Development				
10 Economic Development				
1 Revenue				
1 Beginning Fund Balance	-	-	-	-
2 Federal Funds	206,250	249,625	425,000	75,000
3 State Funds	3,748,800		235,000	2,200,000
4 Local Revenue	304,903	221,489	110,000	101,377
5 Local Revenue	36,854	23,081		-
7 Designated Reserves	-			-
8 Transfers In	-			-
9 Undesignated Reserves	-			-
<b>1 Revenue Total</b>	<b>4,296,807</b>	<b>494,194</b>	<b>770,000</b>	<b>2,376,377</b>
2 Expense				
11 Personal Services	(154,855)	(181,473)	-	-
12 Transfers Out	(38,404)	80,784	-	-
13 Materials and Services	(4,031,638)	(159,853)	(225,178)	(1,821,851)
16 Transfers Out	-			-
17 Contingency				-
18 Designated Reserves	-			-
19 Undesignated Reserves	-			-
<b>2 Expense Total</b>	<b>(4,224,897)</b>	<b>(260,543)</b>	<b>(225,178)</b>	<b>(1,821,851)</b>
<b>10 Economic Development Total</b>	<b>71,910</b>	<b>233,651</b>	<b>544,822</b>	<b>554,526</b>

**BUSINESS LENDING SERVICES OPERATIONS**

Salary and Benefit Allocation: \$171,714  
 FTE: 1.05

MWVCOG operates a regional loan program to help finance business facilities. This Revolving Loan Fund (RLF) program was capitalized by grants from the U.S. Economic Development Administration (EDA). Additional capital was provided by several member governments as well as the Regional Investment Program. The Board of Directors appointed a committee of seven members to a Loan Administration Board to review and approve loan applications and oversee the management of the program.



MWVCOG entered into intermediary relationships with the United States Department of Agriculture (USDA), the Oregon Business Development Corporation, CCD Business Development Corporation, and Business Oregon to provide loan packaging services. Funding for this service is provided from loan recipients as part of the loan closing costs, portfolio servicing income and fees.

Under contract with Valley Development Initiatives, MWVCOG provides staff support and fiscal services to administer an Intermediary Relending Program from the USDA Rural Business Development Loan Program and the SBA Intermediary Lending Pilot (ILP) Program. Additionally, we anticipate renewing contracts with several jurisdictions for revolving loan fund administration services (e.g. Independence, Newberg, and Yamhill County).



Valley Development Initiatives applied to the U.S. Small Business Administration to become a Community Advantage lender under the SBA 7a guaranty loan program. With this program Valley Development Initiatives can lend to eligible borrowers and receive an SBA guaranty for a portion of the loan, then selling the guaranteed portion to secondary market pools, receiving a premium on the sale, servicing income and income generated from the non-guaranteed portion of each loan. The Community Advantage program targets businesses that cannot find financing elsewhere but are creditworthy.

Activities	Actuals FY 2020-21	Actuals FY 2021-2022	Budget FY 2022-23	Proposed FY 2023-24
9 Business Lending				
1 Revenue				
1 Beginning Fund Balance			845,000	1,775,000
2 Direct Federal Funds		-	-	-
2 Federal Funds	693,763	50,000	650,000	-
3 Federal Funds		-	-	-
3 State Funds	9,739		15,000	-
4 Local Revenue	702,880	457,477	462,426	353,750
5 Local Revenue	396	-	-	151,197
7 Designated Reserves	-			-
8 Transfers In	-		120,472	30,803
1 Revenue Total	1,406,778	507,477	2,092,898	2,310,750
2 Expense				
11 Personal Services	(206,378)	(115,244)	(162,727)	(171,730)
12 Transfers Out	(51,182)	25,979	(53,250)	(43,753)
13 Materials and Services	(44,067)	(35,632)	(40,140)	(42,140)
14 Materials and Services		(15,520)	(100,000)	(10,000)
15 Grants and Loans to Others	(630,950)		(1,615,471)	(2,011,697)
16 Transfers Out	-		(121,310)	(31,430)
17 Contingency	-		-	-
18 Designated Reserves	-		-	-
2 Expense Total	(932,576)	(140,416)	(2,092,898)	(2,310,750)
9 Business Lending Total	474,202	367,061	-	-

# MEMBER DUES

July 2019 Population	July 2020 Population	July 2021 Population	Jurisdiction	FY 2022-23 COG Dues	Proposed FY 2023-24 COG Dues
99,820	97,773	88,319	<b>MARION COUNTY (less member cities)</b>	\$44,574	\$ 45,308
140,480	141,350	147,482	City of Salem (Marion Co.)*	See Below	See Below
4,130	4,215	4,237	City of Aumsville	2,133	2,280
985	1,023	1,133	City of Aurora	1,354	1,377
210	205	141	City of Detroit	1,354	1,377
990	995	1,012	City of Donald	1,354	1,377
440	498	470	City of Gates	1,354	1,377
2,615	2,624	2,596	City of Gervais	1,354	1,377
3,305	3,454	3,478	City of Hubbard	1,748	1,869
90	90	156	City of Idanha	1,354	1,377
3,265	3,335	3,339	City of Jefferson	1,688	1,804
38,580	38,585	39,458	City of Keizer	19,524	20,874
3,465	3,595	3,418	City of Mt. Angel	1,819	1,945
435	440	434	City of St. Paul	1,354	1,377
380	387	431	City of Scotts Mills	1,354	1,377
10,380	11,050	10,591	City of Silverton	5,591	5,978
7,870	8,159	8,265	City of Stayton	4,128	4,414
2,970	3,050	3,106	City of Sublimity	1,543	1,650
2,215	2,410	2,866	City of Turner	1,354	1,377
25,135	25,882	26,250	City of Woodburn	13,096	14,002
18,440	15,058	18,173	<b>POLK COUNTY (less member cities)</b>	8,269	8,682
26,920	29,768	30,212	City of Salem (Polk Co.)*	See Below	See Below
16,260	17,201	17,320	City of Dallas	8,704	9,306
980	1,000	1,064	City of Falls City	1,354	1,377
9,530	9,851	10,081	City of Independence	4,985	5,329
9,920	10,022	11,142	City of Monmouth	5,071	5,422
890	905	924	City of Willamina (Polk Co.)**	See Below	See Below
27,375	27,005	30,126	<b>YAMHILL COUNTY (less member cities)</b>	13,665	14,610
1,670	1,705	1,809	City of Amity	1,354	1,377
2,270	2,290	2,270	City of Carlton	1,354	1,377
2,740	2,745	2,698	City of Dayton	1,354	1,377
3,235	3,285	3,243	City of Dundee	1,662	1,777
4,125	4,255	4,446	City of Lafayette	2,153	2,302
33,930	34,615	34,251	City of McMinnville	17,515	18,727
24,045	24,120	20,496	City of Newberg	12,205	13,049
6,205	6,100	6,377	City of Sheridan	3,087	3,300
1,360	1,375	1,324	City of Willamina (Yamhill Co.)**	See Below	See Below
1,105	1,110	1,221	City of Yamhill	1,354	1,377
			<b>SPECIAL DISTRICTS</b>		
5,693	5,500	5,693	Salem Area Transit District	2,783	2,976
9,818	10,151	17,670	Chemeketa Community College	5,136	5,492
41,177	41,177	39,488	Salem/Keizer School District	20,836	22,277
			Willamette ESD	1,354	1,377
			Chehalem Park & Recreation District	1,354	1,377
			Marion SWCD	1,354	1,377
			Yamhill SWCD	1,354	1,377
			Lyons-Mehama Water District		1,377
5,516	5,689	6,680	Confederated Tribes of the Grand Ronde Community of Oregon	2,879	3,078
167,400	171,118	177,694	*City of Salem Total Fee	44,574	45,308
2,250	2,280	2,248	**City of Willamina Total Fee	1,354	1,377
			<b>TOTALS</b>	<b>\$275,094</b>	<b>\$ 289,299</b>

# ECONOMIC DEVELOPMENT DISTRICT ASSESMENT

<u>July 2020</u> <u>Population</u>	<u>July 2021</u> <u>Population</u>	<u>Percent</u> <u>of Pop.</u>	<u>Jurisdiction</u>	<u>FY 22-23</u> <u>Assessment</u>	<u>Proposed FY</u> <u>2022-23</u> <u>Assessment</u>
349,120	347,182	35.21%	Marion County	27,000	25,727
83,805	88,916	9.42%	Polk County	6,482	6,877
108,605	108,261	11.47%	Yamhill County	8,402	8,373
4,215	4,237	0.45%	City of Aumsville	329	329
985	1,133	0.12%	City of Aurora	161	161
205	141	0.01%	City of Detroit	161	161
995	1,012	0.11%	City of Donald	161	161
495	470	0.05%	City of Gates	161	161
2,620	2,596	0.28%	City of Gervais	204	204
3,315	3,478	0.37%	City of Hubbard	256	270
155	156	0.02%	City of Idanha	161	161
3,280	3,339	0.35%	City of Jefferson	256	256
38,585	39,458	4.18%	City of Keizer	2,986	3,051
3,520	3,418	0.36%	City of Mt. Angel	270	263
440	434	0.05%	City of St. Paul	161	161
168,970	177,694	18.83%	City of Salem	13,067	13,746
385	431	0.05%	City of Scotts Mills	161	161
10,520	10,591	1.12%	City of Silverton	810	818
7,780	8,265	0.88%	City of Stayton	599	642
3,050	3,106	0.33%	City of Sublimity	234	241
2,410	2,866	0.30%	City of Turner	190	219
25,185	26,250	2.78%	City of Woodburn	1,949	2,029
16,555	17,320	1.83%	City of Dallas	1,278	1,336
1,000	1,064	0.11%	City of Falls City	161	161
9,675	10,081	1.07%	City of Independence	745	781
9,940	11,142	1.18%	City of Monmouth	767	861
1,705	1,809	0.19%	City of Amity	161	161
2,290	2,270	0.24%	City of Carlton	175	175
2,745	2,698	0.29%	City of Dayton	212	212
3,285	3,243	0.34%	City of Dundee	256	248
4,155	4,446	0.47%	City of Lafayette	321	343
34,615	34,251	3.63%	City of McMinnville	2,679	2,650
24,120	20,496	2.17%	City of Newberg	1,869	1,584
6,100	6,377	0.68%	City of Sheridan	475	496
2,280	2,248	0.24%	City of Willamina	175	175
1,110	1,221	0.13%	City of Yamhill	161	161
			Confederated Tribes of the Grand		
5,689	6,680	0.71%	Ronde Community of Oregon	438	518
			Marion SWCD	161	161
			Chemeketa Community College	161	161
			Chehalem Park & Recreation District	161	161
			Salem/Keizer School Dist	161	161
			Salem Area Transit District	161	161
			WESD	161	161
<b><u>943,904</u></b>	<b><u>958,780</u></b>	<b><u>100%</u></b>	<b>TOTALS</b>	<b><u>\$ 75,000</u></b>	<b><u>75,000</u></b>

# BUDGET NOTES

Indirect Cost Allocation: Indirect, or overhead, costs of the agency are met through an *Indirect Cost Allocation Plan*, developed in conformance with the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (codified at 2 C.F.R. Part 200) (OMB Uniform Guidance) and submitted to MWVCOG's cognizant agency, the United States Department of Commerce, on behalf of the Economic Development Administration. The plan provides for direct programs and services to bear a fair share of the normal operating expenses that, in and of themselves, cannot easily be tied to specific grant or contract funded activity. Examples include telephone, supplies and support services staff, such as those working in areas of administration, fiscal, and information technology. MWVCOG's proposed *Indirect Cost Allocation Plan* for the fiscal year FY 2023-24 has not been developed yet because it relies on a completed audit document which has not been issued at the time of the preparation of the budget therefore, the budget assumes an indirect rate of 25.48%, which is the same as the rate from the previous fiscal year.

Member Dues and Economic Development District Dues: The FY 2023-24 Member Dues Schedule and the Economic Development District Dues Schedule are shown on pages 36 & 37 respectively. The rates for the schedules for this fiscal year were approved by the Board of Directors on December 13, 2022. Member Dues and Economic Development District Dues, adjusted upward by a 5 percent inflation factor (based on the Consumer Price Index), target revenue needs, and population changes.

Budget Assumptions: The following budget assumptions were used by management in the formulation of the document:

1. The CPI for the prior year is 6.33% (Seattle – Urban Wage Earners).
2. A market adjustment to the salary schedule of 6.33% (effective 7/1/2024) has been budgeted.
3. MWVCOG compensation, including salaries and benefits, will be comparable to similar positions in the same job market. This is necessary to attract and retain quality staff.
4. MWVCOG membership dollars are used, when required as match, to provide temporary support to a program, to support a strategic initiative, to provide technical assistance and local services tailored to individual needs of member governments; and to keep and retain a base level of service.
5. New programs or program reductions will be individually presented to the Board.

Personal Services – Salary and Benefits: Throughout the budget section of the Budget, staffing costs are expressed under the line-item heading of *Personal Services*. The dollar amounts shown include both salary and fringe benefit expense. Where appropriations are expressed by *organizational unit*, personal services costs are desegregated to the job classification level, and full-time-equivalent (FTE) authorizations are shown. The term *FTE* represents a commitment of 2,080 hours of work within the fiscal year – or the commitment of one employee working full-time (40 hours per week) for twelve months. However, because some employees

of the organization are employed for less than full-time work, the number of employees at any given time within the year, and certainly the total number of staff employed during the year, will be greater than the FTE shown.

While the ratio of fringe benefit cost to salary differs from one employee to another (and for an individual employee, it changes during the course of the fiscal period), the projected fringe benefit expense for fiscal year 2023-24 is 28 percent of all payroll costs. The anticipated breakdown for payroll costs are as follows:

Item	Amount	% of Total
All Wages	2,544,921	72%
MEDICAL	421,656	
VISION	31,217	
DENTAL	24,767	
Retirement Employer Contribution		
10.75%	273,579	
ADD	486	
EE/BasicLife	7,128	
LTD/P LIFE	13,378	
DLI	254	
Company contributions	772,465	22%
SOC SEC 6.2%	157,785	
MED 1.45%	36,901	
WBF .022/hr	645	
W/C PREMIUM Clerical	3,169	
W/C PREMIUM Field	1,345	
Total Payroll Tax	199,846	6%
Total Wages and Benefits	3,517,231	100%

Costs related to holiday, sick, and vacation leave are also noteworthy. Except for sick leave, leave costs are charged to each department as they are accrued and credited to the specific leave fund. When staff utilizes leave, the associated salary expense is charged to the leave fund used. Sick leave is earned, but not charged until it is actually used.

# CHANGES IN PERSONNEL LEVELS

## FY 2023-24 Personnel Budget Summary

<b>Classification</b>	<b>Number of FTE</b>	<b>Budgeted Salary</b>
Executive Director	1.00	178,393
Transportation Planning Director	1.00	140,182
Community Development Director	1.00	120,872
Finance Director	1.00	117,922
Loan Program Manager	1.00	114,188
Loan Officer	0.05	8,811
HR Manager	0.00	-
Communications Coordinator	0.00	-
Senior Planner - Modeling	1.00	117,648
Senior Planner	0.80	108,352
Senior Planner 2	1.50	87,645
Associate Project Manager	2.00	86,587
Associate Planner	5.80	595,730
Associate Planner 2/GIS Coordinator	1.00	111,631
Associate Planner/GIS	1.00	104,435
Grant Administration Specialist	1.00	81,574
Grant Writer	1.00	68,531
Safe Routes to School Coordinator	1.00	86,587
Loan Documentation/Servicing Specialist	0.00	-
Administrative Support Coordinator	1.00	
Admin Specialist 3	1.20	239,589
Financial Analyst	1.00	87,997
Accounting Clerk	0.50	26,187
Seasonal Relief - SRTS	1.00	97,050
<b>TOTAL</b>	<b>25.85 \$</b>	<b>2,579,911</b>

# PAYROLL SUMMARY

## FY 2023-24 Changes in Personnel Levels

Classification	Budgeted FTE For	Budgeted FTE For	Difference
	FY 2022-23	FY 2023-24	
Executive Director	1.00	1.00	0.00
Transportation Planning Director	1.00	1.00	0.00
Community Development Director	1.00	1.00	0.00
Finance Director	1.00	1.00	0.00
Loan Program Manager	1.00	1.00	0.00
Loan Officer	0.05	0.05	0.00
HR Manager	0.00	0.00	0.00
Communications Coordinator	0.00	0.00	0.00
Senior Planner - Modeling	1.00	1.00	0.00
Senior Planner	0.80	0.80	0.00
Senior Planner 2	1.50	1.50	0.00
Associate Project Manager	1.00	2.00	1.00
Associate Planner/Project Manager	5.80	5.80	0.00
Associate Planner 2/GIS Coordinator	1.00	1.00	0.00
Associate Planner/GIS	1.00	1.00	0.00
Grant Administration Specialist	1.00	1.00	0.00
Safe Routes to School Coordinator	1.00	1.00	0.00
Loan Documentation/Servicing Specialist	0.00	0.00	0.00
Admin Support Coordinator	0.00	1.00	1.00
Admin Specialist 3	0.00	0.00	0.00
Admin Specialist 2	2.25	1.20	-1.05
Admin Specialist 1	0.00	1.00	1.00
Financial Analyst	1.00	1.00	0.00
Accounting Clerk	0.50	0.50	0.00
Seasonal Relief - SRTS	1.00	1.00	0.00
<b>TOTAL</b>	<b>23.90</b>	<b>25.85</b>	<b>1.95</b>

# CAPITAL PURCHASE PROGRAM

Capital improvement purchases are funded through the Capital Equipment Reserve and cost recovered through rent back charges allocated to the departments over depreciation cycle of the equipment.

In FY 2023-24 planned capital projects include:

\$20,000 for potential server replacements and upgrades.

# TOTAL REVENUES AND EXPENDITURES ALL FUNDS

Row Labels	Sum of Actuals FY 2020-21	Sum of Actuals FY 2021-2022	Sum of Budget FY 2022-23	Sum of Proposed FY 2023-24
Expense	(8,137,656)	(4,994,892)	(8,758,709)	(11,734,593)
Revenue	9,134,801	5,628,447	8,758,709	11,734,593
(blank)				(0)
<b>Grand Total</b>	<b>997,145</b>	<b>633,555</b>	<b>-</b>	<b>(0)</b>

# FUNDS CLOSING WITH THE 2023-24 BUDGET

**FUNCTION**

These are funds that are being closed this fiscal year. The revenues and expenditures are being provided for historical purposes.

Note: This year we are not closing any funds.

# ACRONYMS

ADA	Americans with Disabilities Act
AV	Assessed Value
CA	Community Advantage
CAD	Computer Aided Dispatch
CAD	Computer Aided Drafting
CAFR	Comprehensive Annual Financial Report
CART	Crash Analysis Reconstruction Team
CCI	Construction Cost Index
CCIS	City County Insurance Services
CD	Community Development
CD	Compact Disk
CEP	Capital Equipment and Projects
CPP	Capital Purchase Program or Plan
CMFR	Comprehensive Monthly Financial Reports
COLA	Cost of Living Adjustment
COG	Mid-Willamette Valley Council of Governments
COP	Certificates of Participation
CPA	Certified Public Accountant
CPI	Consumer Price Index
DEQ	Department of Environmental Quality
DLCD	Department of Land Conservation and Development
DUI	Driving Under the Influence

DVD	Digital Video Disk
EMS	Emergency Management Services
EDA	Economic Development Agency
EPA	Environmental Protection Agency
EOP	Emergency Operations Plan
FASB	Financial Accounting Standards Board
FICA	Federal Insurance Contributions Act
FTE	Full-Time Equivalent
FY	Fiscal Year
GIS	Graphic Information System Mapping
GAAP	Generally Accepted Accounting Principles
GASB	Governmental Accounting Standards Board
GFOA	Government Finance Officers Association
GIS	Geographic Information Systems
GISSP	Geographic Information Systems Strategic Plan
HP	Horse Power
HR	Human Resources
HVAC	Heating, Ventilation, and Cooling Equipment
IGA	Intergovernmental Agreement
ILP	Intermediary Lending Pilot
IS	Information Systems
ISO	International Organization for Standardization
ISP	Internet Service Provider
IT	Information Technology

ITS	Intelligent Transportation System
LAN	Local Area Network
LCDC	Land Conservation and Development Board of Commissioners
LID	Local Improvement District
MATT	Multi-Agency Traffic Team
MAV	Maximum Assessed Value
METRO	Metropolitan
MWVCOG	Mid-Willamette Valley Council of Governments
NPDES	National Pollutant Discharge Eliminating System
OAA	Older Americans Act
ODOT	Oregon Department of Transportation
OECD	Oregon Economic and Community Development Department
ODOT	Oregon Department of Transportation
OR	Oregon
ORS	Oregon Revised Statutes
OSHA	Occupational Safety and Health Administration
PC	Personal Computer
PDA	Personal Digital Assistant
PEG	Public Educational Government
PERS	Public Employees Retirement System
PGE	Portland General Electric
PIO	Public Information Officer
RFA	Rural Fire Assistance
RLF	Revolving Loan Fund

RMV	Real Market Value
SBA	Small Business Association
SCADA	Supervisory Control and Data Acquisition
SDC's	System Development Charges
TDM	Transportation Demand Management
UBG	Urban Growth Boundary
VoIP	Voice-over Internet Protocol
WAN	Wide Area Network
WESD	Willamette Education Service District

# GLOSSARY OF BUDGET TERMS

(Adapted from the Local Budgeting Manual published by the Oregon Department of Revenue. Oregon Revised Statutes (ORS) are referenced here and are available online at [www.oregon.gov](http://www.oregon.gov))

**Accrual.** Recording of the financial effects on a municipal corporation of transactions and other events and circumstances that have cash consequences for the municipal corporation in the periods in which those transactions, events and circumstances occur, rather than only in the periods in which cash is received or paid by the municipal corporation (ORS 294.311).

**Adopted budget.** Financial plan that is the basis for appropriations. It is adopted by the governing body (ORS 294.435).

**Ad valorem tax.** A property tax computed as a percentage of the assessed value of taxable property.

**Appropriation.** Authorization to spend a specific amount of money for a specific purpose during a fiscal year. It is based on the adopted budget, including supplemental budgets, if any. It is presented in a resolution or ordinance adopted by the governing body [ORS 294.311(3)].

**Approved budget.** The budget that is approved by the budget committee. The data from the approved budget is published in the Financial Summary before the budget hearing (ORS 294.406).

**Assessed value.** The value set on real and personal property as a basis for imposing taxes. It is the lesser of the property's maximum assessed value or real market value.

**Assessment date.** The date on which the value of property is set, January 1 (ORS 308.210, 308.250)

**Audit.** The annual review and appraisal of a municipal corporation's accounts and fiscal affairs conducted by an accountant under contract (ORS 297.425).

**Audit report.** A report in a form prescribed by the Secretary of State made by an auditor expressing an opinion about the propriety of a local government's financial statements, and compliance with requirements, orders, and regulations.

**Balanced budget.** A budgeting process where total revenues are equal to or greater than total expenses.

**Budget.** Written document showing the local government's comprehensive financial plan for one fiscal year or biennium. It must include a balanced statement of actual revenues and expenditures during each of the last two years and estimated revenues and expenditures for the current and upcoming year [ORS 294.311(4)].

**Budget committee.** Fiscal planning board of a local government, consisting of the governing body plus an equal number of legal voters appointed from the city (ORS 294.336).

**Budget message.** Written explanation of the budget and the local government's financial priorities. It is prepared and presented by the executive officer or chairperson of the governing body (ORS 294.391).

**Budget officer.** Person appointed by the governing body to assemble budget material and information and to physically prepare the proposed budget (ORS 294.331).

**Budget transfers.** Amounts moved from one fund to finance activities in another fund or division. They are shown as expenditures in the originating fund and revenues in the receiving fund.

**Capital outlay.** Items which generally have a useful life of one or more years, such as machinery, land, furniture, equipment, or buildings [ORS 294.352(6)].

**Capital projects fund.** A fund used to account for resources, such as bond sale proceeds, to be used for major capital item purchase or construction [OAR 150-294.352(1)].

**Cash basis.** System of accounting under which revenues are accounted for only when received in cash, and expenditures are accounted for only when paid [ORS 294.311(9)]. The Mid-Willamette Valley Council of Governments uses cash basis accounting.

**Cash Carryover.** The accumulated unspent resources carried forward from the prior year into the next fiscal year. These can be used to support the appropriations for the next fiscal year.

**Consolidated billing tax rate.** The combined total of the billing rates for all taxing Districts in a code area. Does not include the billing rate for any urban renewal special levies or non-ad valorem taxes, fees, or other charges.

**Constitutional limits.** The maximum amount of tax on property that can be collected from an individual property in each category of limitation (Art. XI, sect. 11b, OR Const.).

**Contingency.** An amount appropriated in anticipation that some operating expenditures will become necessary which cannot be foreseen and planned in the budget. A general operating fund may contain one line for operating contingency. (ORS 294.352)

**Debt service fund.** A fund established to account for payment of general long-term debt principal and interest [OAR 150-294.352(1)].

**Division of tax.** Division of tax refers to the process of and revenue from, apportioning tax to urban renewal agencies based on the relationship of the excess to frozen value, a.k.a. tax increment revenue.

**Double majority.** A term that refers to an election where at least 50 percent of the registered voters eligible to vote in the election cast a ballot and more than 50 percent voting approve the question.

**Education category.** The category for taxes that will be used to support the public school system and are not used to pay exempt bonded indebtedness [ORS 310.150(2)].

**Encumbrance.** An obligation chargeable to an appropriation and for which part of the appropriation is reserved [ORS 294.311(10)].

**Enterprise fund.** A fund established to account for operations that are financed and operated in a manner like private business enterprises. They are usually self-supporting. Examples of enterprise funds are those for water, gas, and electric utilities, swimming pools, airports, parking garages, transit systems, and ports [OAR 150-294.352(1)].

**Equipment.** Capital expenses over \$1000. (Mid-Willamette Valley Council of Governments guideline; not defined by ORS).

**Estimate.** (v) To arrive at a rough calculation or an opinion formed from imperfect data. (n) The resulting amount.

**Excluded from limitation category.** The category for taxes used to pay principal and interest on exempt bonded indebtedness [ORS 310.150(2)].

**Exempt bonded indebtedness.** 1) Bonded indebtedness authorized by a specific provision of the Oregon Constitution, or 2) bonded indebtedness issued as a general obligation on or before November 6, 1990, incurred for capital construction or capital improvements, or 3) bonded indebtedness issued as a general obligation after November 6, 1990, incurred for capital construction or capital improvements with the approval of the electors of the local government. Bonded indebtedness issued to refund or refinance any bonded indebtedness described above is also included [ORS 310.140(15)].

**Expenditures.** Total amount incurred if accounts are kept on an accrual basis; total amount paid if accounts are kept on a cash basis [ORS 294.311(16)].

**Fiscal year (FY).** A 12-month period to which the annual operating budget applies. The fiscal year is July 1 through June 30 for local governments [ORS 294.311(17)].

**Full-time equivalent (FTE).** A calculation used to convert part-time hours to equivalent full-time positions. Full-time employee salaries are based on 2,080 hours per year. The full-time equivalent of a part-time employee is calculated by dividing the number of hours budgeted by 2,080.

**Fund.** A fiscal and accounting entity with self-balancing accounts to record cash and other financial resources, related liabilities, balances, and changes, all segregated for specific, regulated activities and objectives.

**Fund balance.** The fund equity of government funds.

**Fund type.** One of nine fund types: General, special revenue, debt service, capital projects, special assessment, enterprise, internal service, trust and agency, and reserve [OAR 150-294.352(1) and ORS 280.100].

**General fund.** A fund used to account for most fiscal activities except for those activities required to be accounted for in another fund [OAR 150-294.352(1)].

**General government category.** The category for taxes used to support general government operations other than schools that are not for the purposes of paying exempt bonded indebtedness [ORS 310.150(1)].

**Good Faith.** The standard for estimating budget resources and requirements. Good faith estimates are reasonable and are reasonably likely to prove accurate, based on the known facts at the time.

**Governing body.** County court, board of commissioners, city council, school board, board of trustees, board of directors, or other managing board of a local government unit [ORS 294.311(15)].

**Governmental fund.** Supported by tax revenues, user fees, franchise fees, intergovernmental payments and other revenues. The accounting for a governmental-type activity focuses on available resources and the near-term demands upon them.

**Grant.** A donation or contribution in cash by one governmental unit to another unit which may be made to support a specified purpose or function, or general purpose [ORS 294.311(19)].

**Interfund loans.** Loans made by one fund to another and authorized by resolution or ordinance (ORS 294.460).

**Interfund transfer.** Transfer from an existing appropriation category in one fund to another existing appropriation category in another fund. (ORS 294.450)

**Intrafund transfer.** Transfer from one existing appropriation category to another within the same fund. (ORS 294.450)

**Internal service fund.** A fund used to account for fiscal activities when goods or services are provided by one department or agency to other departments or agencies on a cost-reimbursement basis (ORS 294.470).

**Legal opinion.** The opinion as to legality rendered by an authorized official, such as the Oregon attorney general or city attorney.

**Levy.** (v) To impose a property tax. (n) Ad valorem tax certified by a local government.

**Liability.** Debt or other legal obligation arising from transactions in the past which must be liquidated, renewed, or refunded at a future date; does not include encumbrances.

**Local government.** Any city, county, port, school district, education service district, community college, special district, public or quasi-public corporation (including a municipal utility or dock commission) operated by a separate board or commission; a municipality or municipal corporation under ORS 294.311(25).

**Local option tax.** Voter-approved taxing authority that is in addition to the taxes generated by the permanent tax rate. Local option taxes can be for general operations, a specific purpose or capital projects. It is limited to five years unless it is for a capital project, then it is limited to the useful life of the project or 10 years, whichever is less [Art. XI, section 11(4)].

**Materials and Services.** Reflects dollars expended on items other than personnel such as office supplies, payments for contracts or consultants, utilities, and rent.

**Maximum assessed value (MAV).** A constitutional limitation on the taxable value of real or personal property. It can increase a maximum of 3 percent each year. The 3 percent limit may be exceeded if there are qualifying improvements made to the property, such as a major addition or new construction.

**Measure 5.** A constitutional amendment (Art. XI, section 11b) passed in 1990 that limits the amount of operating tax that can be imposed on a property to \$5 per \$1,000 of real market value for education and \$10 per 1,000 for general government.

**Measure 50.** A constitutional amendment (Art. XI, section 11) passed in 1997 that limits the growth in a property's assessed value to 3% per year. It also limits a local government's taxing authority by creating permanent rate limits.

**Object classification.** A grouping of expenditures, such as personal services, materials and services, capital outlay, debt services, and other types of requirements [ORS 294.311(28)].

**Operating rate.** The rate determined by dividing the local government's operating tax amount by the estimated assessed value of the local government. This rate is needed when a local government wants to impose less tax than its permanent rate will raise.

**Ordinance.** A formal legislative enactment by the governing board of a local government.

**Organizational unit.** Any administrative subdivision of the local government, especially one charged with carrying on one or more specific functions (such as a department, office, or division) [ORS 294.311(30)].

**Pass Through Payments.** Accounts for dollars that MWVCOG receives and then passes through to other organizations that provide a specified service.

**Personal services expenses.** Expenses related to the compensation of salaried employees, such as, health and accident insurance premiums, Social Security and retirement contributions, civil service assessments.

**Permanent rate limit.** The maximum rate of ad valorem property taxes that a local government can impose. Taxes generated from the permanent rate limit can be used for any purpose. No action of the local government or its voters can change a permanent rate limit.

**Principal act.** The Oregon Revised Statutes that describe how a certain type of municipal corporation is formed and selects its governing body, and the powers it may exercise and the types of taxing authority that its voters may authorize.

**Prior years' tax levies.** Taxes levied for fiscal years preceding the current one.

**Property taxes.** Ad valorem tax certified to the county assessor by a local government unit.

**Proposed budget.** Financial plan prepared by the budget officer. All funds must balance. It is submitted to the public and the budget committee for review.

**Proprietary fund.** Refers to funds that account for activities that involve business-like interactions, within the government or outside of it.

**Publication.** Public notice given by publication in a newspaper of general circulation within the boundaries of the local government; mailing through the U.S. Postal Service by first class mail to each street address within the boundaries of the local government; and hand delivery to each street address within the boundaries of the local government [ORS 294.311(34)].

**Real Market Value (RMV).** The amount in cash which could reasonably be expected by an informed seller from an informed buyer in an arm's-length transaction as of the assessment date. For most properties, the value used to test the constitutional limits (ORS 308.205).

**Reserve fund.** Established to accumulate money from year to year for a specific purpose, such as purchase of new equipment (ORS 294.525).

**Reserve for Future Expenditure.** An amount budgeted, but not appropriated, that is not anticipated to be spent in the fiscal year, but rather carried forward into future fiscal years. The correct way to "save" money under Local Budget Law.

**Resolution.** A formal order of a governing body; lower legal status than an ordinance.

**Resource.** Estimated beginning funds on hand plus anticipated receipts (ORS 294.361).

**Sewer Sludge fund.** A new fund created in FY 2012-13 to set aside funds for the future need to dredge the ponds of the Mid-Willamette Valley Council of Governments wastewater treatment facility at a time undetermined.

**Special levy.** A special levy is an ad valorem tax, imposed for an urban renewal plan on the entire municipality that adopted the plan. It is not a result of a division of tax.

**Special revenue fund.** A fund used to account for the proceeds of specific revenue sources (other than special assessments, expendable trusts, or major capital projects) that are legally restricted to expenditure for specific purposes [OAR 150-294.352(1)].

**Special payment.** A budget expenditure category for pass-through payments, grants made to other organizations and other one-time or unusual expenditures that do not fall into the other categories of personal services, materials and services, capital outlay, etc.

**State revenue sharing.** A share of certain State revenues that is distributed to the city for general purposes as provided in this section. [Adapted from ORS 221.770]

**Supplemental budget.** A financial plan adopted during a budget period to meet unexpected needs or to appropriate revenues not anticipated when the regular budget was adopted. It cannot be used to authorize a tax (ORS 294.480).

**Tax increment financing.** A financial mechanism for urban renewal plans which captures the tax from the growth in property value within a designated geographical area by dividing the taxes of local governments.

**Tax on property.** Any tax, fee, charge, or assessment imposed by any government unit upon property or upon a property owner as a direct consequence of ownership of that property [ORS 310.140(1)].

**Tax rate.** The amount of tax stated in terms of a unit of tax for each \$1,000 of assessed value of taxable property.

**Tax roll.** The official listing of the amount of taxes imposed against each taxable property.

**Tax year.** The fiscal year from July 1 through June 30.

**Transportation Fund.** Supported by state and county gas tax revenues, contract payments, miscellaneous other revenues

**Trust fund.** A fund used to account for fiscal activities of assets held in trust by a local government.

**Unappropriated.** An amount set aside in the budget to be used as a cash carryover to the next year's budget to provide needed cash flow until other money is received.

**Unappropriated ending fund balance.** Amount set aside in the budget to be carried over to the next year's budget. It provides the local government with cash until tax money or other revenues are received later in the year. This amount cannot be transferred by resolution or used through a supplemental budget, unless necessitated by a qualifying emergency (ORS 294.398, renumbered from 294.371; ORS 294.481, renumbered from 294.455).

# APPENDIX



Comprehensive Financial Management Policies  
June 2022

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## **I. PURPOSE**

These Comprehensive Financial Management Policies are the tools used to ensure that the Mid-Willamette Valley Council of Governments is financially able to meet its current and future service needs. The policies contained herein set a basis for both the financial planning, reporting and internal financial management of the COG.

Municipal resources must be wisely used to ensure adequate funding for the services, operations, and public facilities, necessary to meet immediate and long-term needs of the COG. These policies safeguard the fiscal stability required to achieve the Board's objectives and ensure the long-term financial health of the COG.

These policies are adopted by Board of Directors as the basic framework for overall financial management of the COG, to guide day-to-day and long-range fiscal planning and decision making, and to achieve the following general financial goals.

1. Provide an adequate financial base to sustain a sufficient level of municipal services to maintain support the COG membership.
2. Deliver cost effective and efficient services to members.
3. Provide and maintain essential services, public facilities, and capital equipment.
4. Provide the financial stability needed to navigate through economic downturns, adjust to changes in the service requirements of the region and respond to other changes as they affect the members.
5. Protect and enhance the COG's credit rating so as to obtain the lowest cost of borrowing and also to assure the financial community that the COG is well managed and financially sound.
6. Adhere to the highest standards of financial management and reporting practices as set by the Government Finance Officers Association, the Governmental Accounting Standards Board and other professional standards.
7. Fully comply with finance related legal mandates, laws and regulations including Oregon Revised Statutes and Oregon Budget Law.

To achieve these goals, fiscal policies generally cover areas of revenue management, operating and capital budgeting, financial planning and forecasting, investment and asset management, debt management, accounting and financial reporting, reserves and internal controls. These policies shall be reviewed every year as part of the annual budget preparation process.

## **II. OBJECTIVES**

1. To guide the Board of Directors and management policy decisions that have significant fiscal impact.
2. To employ balanced revenue policies that provides adequate funding for services and service levels.
3. To maintain appropriate financial capacity for present and future needs.
4. To maintain sufficient reserves to maintain service levels during periods of economic downturn.
5. To promote sound financial management by providing accurate and timely information on the COG's financial condition.
6. To ensure the legal use of financial resources through an effective system of internal controls.
7. To protect the COG's credit rating and provide for adequate resources to meet the provisions of the COG's debt obligations on all municipal debt.
8. To promote cooperation and coordination with other governments and the private sector in financing and delivery of services.

## **III. MANAGEMENT OF FISCAL POLICY**

The Executive Director is responsible for overseeing the management of the COG's fiscal policies and monitor compliance. If the Executive Director discovers a material variation from policy, the Executive Director shall report it in writing to the Board in a timely manner. The report will explain the impact of the material variation on the COG's operations, service levels and/or finances and substantive impact of all recommendations to changes in fiscal policy.

As a part of the COG's annual budget document, the Executive Director's budget message will identify (a) all major changes in policy since the previous budget year and (b) any material variations from policy in the ensuing year's budget. Fiscal policies and changes in policies will be approved by the Board and adopted by resolution.

## IV. ACCOUNTING, AUDITING, AND FINANCIAL REPORTING POLICY

The COG will maintain accounting practices in accordance with state and federal law and regulations, and financial reporting that conforms to Generally Accepted Accounting Principles (GAAP). Provide for, prepare and present regular reports that analyze and evaluate the City's financial performance and economic condition.

### 1. Accounting Practices and Principles

The COG will maintain accounting practices in accordance with state and federal law and regulations, and annual financial reporting that conforms to GAAP as set forth by the Governmental Accounting Standards Board (GASB), the authoritative standard setting body for units of local government. The COG's monthly financial reports will be reported on the budgetary basis. At year-end, the general ledger and financials will be adjusted to GAAP, and the annual financial reports and continuing disclosure statements will meet these standards.

### 2. A system of internal controls and procedures will be maintained to provide reasonable assurance of the safeguarding of assets and proper recording of financial transactions and compliance with applicable laws and regulations. When staffing limitations require it, staff duties will be assigned to maximize a system of financial checks and balances.

### 3. Annual Audit

- a. Pursuant to state law, the COG will have an annual financial and compliance audit, and prepare financial statements based on the audited financial information. The audit will be performed by a certified public accounting (CPA) firm, licensed to practice as Municipal Auditors in the State of Oregon. The annual financial report, including the auditor's opinion and specific reports as required by Oregon state regulations, will be filed no later than six (6) months following the end of the fiscal year and will be presented to the Board in that same time frame. The audit firm will also provide a Single Audit of Federal and State grants, when necessary. The Executive Director will be responsible for establishing a process to ensure timely resolution of audit recommendations, if any.

### 4. Financial and Management Reporting

- a. Quarterly financial reports will be provided to the Board, the Executive Director and department heads. These reports will include department revenues and expenditures actual to date with comparison to the budget. These reports will be distributed within 45 working days of the end of each quarter.
- b. A goal of the COG is to eventually prepare a comprehensive annual financial report subjected to independent audit and prepared in a format that conforms to the standards of the Government Finance Officers Association *Certificate of Achievement for Excellence in Financial Reporting*. The report shall be shared with the Executive Director, Board, Budget Committee and the Secretary of State. In accordance with state law the report shall be distributed no later than December 31st of the following fiscal year.

## **V. REVENUE POLICY**

1. The COG will estimate its annual revenues by an objective, analytical process. Because most revenues are sensitive to conditions outside the COG's control, estimates will be conservative.
2. The COG should take advantage of every revenue generating opportunity authorized by Oregon Revised Statutes and the Oregon Constitution.
3. The COG shall pursue an aggressive policy of collecting delinquent accounts, including the use of collection agencies as authorized by the Board.
4. Charges for providing services will be sufficient to finance all operating, capital outlay and debt service expenses including operating contingency and reserve requirements. User fees and charges will be set at a level sufficient to recover the full cost of service whenever practical to minimize subsidization by the general membership. Rates will be adjusted as needed to account for major changes in consumption, capital improvements and cost increases. The COG will systematically review user fees and charges to consider the effects of additional service costs and inflation.
5. The COG will maintain a current schedule of fees which will be reviewed annually and adopted by resolution.

## **VI. EXPENDITURE POLICY**

Expenditures will be controlled through appropriate internal controls, procedures, and regular monitoring of monthly budget reports. Management must ensure expenditures comply with the legally adopted budget. Each department head will be responsible for the administration of their department program budget. This includes accomplishing the goals and objectives incorporated into the budget and monitoring each department program budget for compliance with spending limitations.

1. The Board of Directors will approve the budget by fund at the category or program level. Expenditures anticipated to be in excess of these levels require approval of a Board resolution (i.e. supplemental budget process).
2. The COG will follow the employee compensation practices that are consistent with the COG's adopted Personnel Handbook and approved collective bargaining agreements, if any.
3. The operation of COG departments or divisions must have adequate funds to procure needed supplies to provide service.
4. The COG will maintain a purchasing ordinance for public procurements and improvements and set expenditure authorization levels for staff.
5. All expenditure invoices must be reviewed and approved by the executive Director, and/or the appropriate department head before being paid. Two signatures or electronic approvals are required on COG checks.
6. The COG will make every effort to control expenditures to ensure COG services and programs provided to its members are cost effective and efficient.
7. Items costing \$5,000 or more, per item, will be budgeted and accounted as capital outlay and shall be tracked in the COG's fixed assets records. Significant repair or maintenance that extends the useful life of existing assets will be included here provided the dollar threshold is met. The

\$5,000 limit will apply to individual items unless a group of items are intended to function together as a unified system.

8. Pass-Through Funds are subject to the Pass-Through Funding Policy.

## **VII. CAPITAL IMPROVEMENT POLICY**

The COG will prepare a three-year Capital Purchase Plan (CPP) encompassing all COG capital equipment annually with the budget. The CPP will be composed of purchases identified in the COG's adopted master plans. The three-year CPP will be incorporated into the COG's budget and long-range financial planning processes.

1. The COG will maintain its physical assets at a level adequate to protect the COG's capital investment and to minimize future operating maintenance and replacement costs. The COG recognizes that deferred maintenance increases future capital costs, thus placing a burden on the membership. Therefore, the budget will provide for adequate maintenance and the orderly replacement of capital equipment from current revenues when possible.
2. The COG will determine the least costly funding method for its capital assets and will obtain grants, contributions and low-cost state or federal loans whenever possible.
3. The COG will establish capital equipment reserves to provide for funding of vehicles and equipment. The COG will also establish major repairs and replacement reserves to provide for funding of major repairs and replacements.
4. The COG may utilize "pay-as-you-go" funding for capital purchases when current revenues and adequate fund balances are available or when acquiring debt would adversely affect the COG's credit rating or put the COG in violation of its debt limitation provision in the ORS 190 agreement.
5. The COG will consider the use of debt financing for capital projects under the following circumstances:
  - a. When the purchase's useful life will exceed the terms of the financing.
  - b. When resources are deemed sufficient and reliable to service the debt.
  - c. When market conditions present favorable interest rates for COG financing.
  - d. When the acquisition of debt will not adversely affect the COG's credit rating, coverage ratios or violate the ORS 190 agreement.
6. Special funds dedicated for capital purchases will be segregated in the accounting system and used only for the intended capital purposes.

## **VIII. OPERATING BUDGET POLICY**

The COG will prepare an annual budget with the participation of all departments. All budgetary procedures will conform to existing state and local regulations. Oregon Budget Law requires each local government to prepare a balanced budget and Oregon Administrative Rules state: 1) the budget must be constructed in such a manner that the total resources in a fund equal the total of expenditures and requirements for that fund and 2) the total of all resources of the must equal the total of all expenditures and all requirements.

1. A Budget Committee will be appointed in conformance with state statutes. The Budget Committee's chief purpose is to review the Executive Director's proposed budget and recommend a budget and tax levy for the Board to adopt.
2. The budget will support COG Board goals and priorities and the long-range needs of the membership.
3. The COG budget process will incorporate the proposed Capital Purchase Plan for the upcoming fiscal year.
4. Multi-year projections will be prepared in conjunction with the proposed budget to determine if adjustments in expenditures or revenues are needed.
5. The COG will manage each fund as an independent entity in accordance with applicable statutes and with generally accepted accounting principles.
6. The COG will allocate direct and administrative costs to each fund based upon the cost of providing these services.
7. The COG will take immediate corrective action if at any time during the fiscal year financial monitoring indicates that an operating fund's anticipated expenditures are expected to exceed its anticipated revenues.
8. The use of fund balance, which is a one-time revenue source, may be used to fund an annual operating deficit only with approval of a plan to replenish the fund balance if it is brought down below policy level. (See Reserve Policy)
9. The COG will work towards the goal of preparing a budget document which complies with the standards necessary to obtain the *Award for Distinguished Budget Presentation* from the Government Finance Officers Association (GFOA). The COG will submit its budget for award consideration annually.

## **IX. LONG-RANGE FINANCIAL PLANNING POLICY**

The COG will prepare a long-term financial plan to promote responsible planning for the use of its resources. The long-term financial plan will project revenues, expenditures and reserve balances for the next five years. The analysis will incorporate the COG's approved Capital Purchase Plan.

Long term projections of revenues and expenditures will be realistic, conservative, and based on best practices established by the Government Finance Officers Association.

## **X. DEBT MANAGEMENT POLICY**

1. Capital purchases financed through the acquisition of debt, will be financed for a period not to exceed the useful life of the purchase.
2. The COG will use the most prudent methods of acquiring capital outlay items, including the use of lease-purchase agreements.
3. The COG will not use long-term debt to fund current operations, to balance the budget or to fund purchases projects that can be funded from current resources.

4. The COG will comply with all statutory debt limitations imposed by the Oregon Revised Statutes and the ORS 190 agreement.
5. The COG will obtain and maintain a good credit rating.

## **XI. RESERVE AND CONTINGENCY POLICY**

Reserves and contingencies are an important indicator of the COG's financial position and its ability to withstand adverse events. Maintaining reserves and contingencies are a prudent management practice. The following are examples of their use:

**Operating Contingency** – A budgetary account used to appropriate resources that can be used to address events or services needs that were unanticipated during budget development.

**Capital Asset Reserve** – A reserve established to accumulate resources that will be used to replace capital assets and to provide for major customer service enhancements, where procurement will be budgeted in a future year. The COG will maintain capital reserves sufficient to replace assets at the end of their useful lives.

**Debt Service Reserve** – A reserve established as a requirement of in a debt instrument.

The COG will maintain sufficient contingency and reserves in each fund to be able to:

1. Mitigate short-term volatility in revenue.
2. Absorb unanticipated operating needs that arise during the fiscal year but were not anticipated during the budget process.
3. Sustain COG services in the event of an emergency.
4. Meet operating cash flow requirements before the collection of property taxes, grant proceeds and other operating revenues.
5. Meet major facility and equipment repair and maintain needs.
6. Meet future capital purchase needs to minimize future debt obligations and burden on future citizens.

The COG will maintain a contingency of no less than three months of total operating expenses for the General Fund, and no less than two months of total operating expenses for other operational activities. The COG will also establish capital asset reserves to provide for the replacement of certain fixed assets as determined by the Board.

The formula for calculating the reserve target is:

Personal Services plus Materials and Services, then subtract pass through payments, contingencies, reserves (designated and undesignated) and any carry overs. The result of this calculation will be divided by 4 to result in 3 months operating expenses.

If reserves, and contingencies decrease to levels below the levels established by this policy, the COG will develop a plan to restore reserves and contingencies to the required levels.

## **XII. INVESTMENTS**

All COG funds shall be invested to provide safety of principal and a sufficient level to meet cash flow needs. One hundred percent of all idle cash will be continuously invested in the Local Government Investment Pool maintained by the State Treasurer.

### **XIII. FIXED ASSET CAPITALIZATION POLICY**

The purpose of this policy is to establish standard procedures for capitalizing fixed assets to facilitate the identification, reporting, and safeguarding of COG assets in compliance with generally accepted financial reporting requirements.

#### **ASSET VALUE**

Capital assets are valued at their historical cost. In the absence of historical cost information, the asset's estimated historical cost will be assigned and used. Contributed capital is reported at fair market value or cost on the date the asset is contributed.

The historical cost of a capital asset includes the following:

- Cost of the asset
- Ancillary charges necessary to place the asset in its intended location (i.e. freight charges)
- Ancillary charges necessary to place the asset in its intended condition for use (i.e. installation and site preparation charges)
- Capitalized interest
- Any subsequent improvements that meet the qualifications listed below.

#### **CAPITALIZATION THRESHOLD**

The COG will capitalize all individual assets with a threshold of \$5,000 and has an estimated useful life of 3 years or more.

#### **GROUPED OR NETWORKED ASSETS**

Individual assets that cost less than the capitalization threshold, but that operates as part of a network system will be capitalized in the aggregate, using the group method if the estimated average useful life of the individual asset is 3 years or more. A network is determined to be where individual components may be below the capitalization threshold but are interdependent and the overriding value to the COG is on the entire network and not the individual assets. Examples include: computers, software licenses, new office furniture, etc.

#### **DEPRECIATION METHOD**

Capitalized assets are depreciated using the straight-line method in the Annual Financial Report. The COG maintains a depreciation schedule for the General Fund and all proprietary funds.

#### **ESTIMATED USEFUL LIVES**

The following guidelines are used in setting estimated useful lives for asset reporting:

Buildings & Improvements	25 – 40 years
Land Improvements	10 – 20 years
Machinery and Equipment	3 – 10 years
Vehicles	5 – 10 years
Utility Systems	25 – 40 years

Infrastructure	20 – 40 years
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### **IMPROVEMENTS VS. MAINTENANCE COSTS**

With respect to asset improvements, costs at or over the capitalization threshold will be capitalized if:

- The estimated life of the asset is extended by more than 25%, or
- The cost results in an increase in the capacity of the asset, or
- The efficiency of the asset is increased by more than 10%, or
- Significantly changes the character of the asset.

Improvements that do not meet these criteria would be expensed as repair and maintenance.

### **ASSETS BELOW CAPITALIZATION POLICY**

The COG will report assets which do not meet the capitalization threshold on an inventory list to maintain adequate control and safeguard COG property. Periodic audits will be performed to verify that items listed on the inventory report are still located on COG property for COG's personnel use. Example: tools, small equipment, office equipment, etc. An annual inventory will be completed each year.

### **Supplemental Financial Policies**

Appendix A: Pass-Through Funding Policy

## Pass-through Funding Policy

### Overview

Managing federal pass-through grants can be an excellent way for a regional government to facilitate more funding for their region. The federal government allows grant recipients to act as pass-through entities to provide funding to other recipients. The pass-through entity receives federal funds which it “passes on” or “passes through it” to other recipients. These government programs require extensive record-keeping and data reporting, as well as enhanced security.

The Mid-Willamette Valley Council of Governments was formed as an ORS 190 Entity for the purpose of leveraging regional opportunities, and to provide service to our member governments. One of the services we provide is to serve as a pass through agency for Federal Grants. The purpose of a pass-through grant is to carry out the work of a large federal program on smaller, local levels. Our members rely on the expertise of MWVCOG to distribute funds to the right sub-recipients and to monitor the activities and spending of the grant funds.

The purpose of a Pass-through Funding Policy is to ensure the MWVCOG is meeting key compliance requirements. Such as

- Having specific federal authorization prior to entering into any subaward under the award.
- Requiring subawardee compliance with 2 C.F.R. Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.
- Requiring progress and financial reporting. Reporting subawards (over \$30,000) as required by the Federal Funding Accountability and Transparency Act (FFATA).
- Collection of performance data from the subawardee Monitoring subawardees: take the appropriate actions to get the subrecipient back on track if problems arise.

### Definitions:

Pass Through Entity - A non-federal entity that provides a subaward to a subrecipient to carry out part of a Federal program (Title 2 CFR 200.74).

Subrecipient - A non-federal entity that receives a subaward from a pass-through entity to carry out part of a federal program (Title 2 CFR 200.93).

### Roles and Responsibilities

As a pass-through entity, MWVCOG’s role is to determine which local offices and organizations should receive federal assistance. These sub-recipients should work toward accomplishing the mission and goals of the larger governmental organizations allocating the funds. The federal office granting the funding may provide you with a list of standards or requirements that sub-recipients must fulfill to receive a pass-through grant.

Once pass-through grant is awarded, it’s important to understand that both MWVCOG and the sub-recipient need to adhere to the policies set by the government office funding the grant.

### Pass Through Entity Requirements:

- Evaluate the risk posed by applicants before they receive an award.
- Consider such elements as:

- Applicant's eligibility or the quality of its application;
- Financial stability and quality of management system;
- History of performance; and ○ Audit findings.
- Identify total funding amount to be provided to subrecipients
- Ensure payment to subrecipient is processed timely.
- Ensure subrecipients audits are complete, issue a management decision on audit findings within 6 months after receipt of the subrecipient's audit report, and ensure that subrecipients take the proper and timely actions on audit findings
- Closeout the subaward when all applicable administrative actions and all grant related work have been completed
- Require the subrecipient to submit all financial, performance, and other reports to the pass-through entity within a specified time after the end date of the subaward's period of performance.
- Closeouts should be completed in time to meet the federal agency's closeout timeline.

Please refer to the Pass-through Entity's Responsibilities Checklist.

### **Subrecipient Files & Documentation:**

- Subrecipient Grant File: signed agreement, contract, MoU, correspondence between subrecipient and pass-through entity, signed award document, Progress Reports, Financial Reports.
- Pre-Award documentation: announcement, decision-making supporting documentation
- Financial documentation: including but not limited to: proof of payments, invoices, receipts, etc.
- Federal Funding Accountability and Transparency Act (FFATA) reports
  - For any subgrants issued awards in excess of \$100,000, please ensure you have subrecipient's Lobbying Certification which can be found here: <https://www.gsa.gov/forms-library/disclosure-lobbying-activities>

This policy is subject to change to comply with reporting requirements.

**Pass-through Entity's Responsibilities Checklist**

Section	Uniform Requirements – 2 CFR Part 200	Completed (Y/N)
<b>Subrecipient and Contractor Determination</b>		
200.330	A determination has been made as to whether the entity receiving federal funds is a subrecipient or a contractor based on the definitions outlined in the Uniform Requirements.	
200.331 (a)	The subrecipient has been informed of the subaward and their requirements to comply with the provisions outlined in the Uniform Requirements.	
<b>Required Subaward Identification Information</b>		
200.331 (a)(1)	Subrecipient name (must match registered name in DUNS)	
	Subrecipient's DUNS number	
	Federal Award Identification Number (FAIN)	
	Federal Award Date	
	Subaward period of performance start and end date	
	Amount of federal funds obligated by this action	
	Total amount of federal funds obligated to the subrecipient	
	Total amount of federal award	
	Federal award project description, as required to be responsive to the Federal Funding Accountability and Transparency Act (FFATA)	
	Name of federal awarding agency, pass-through entity, and contact information for awarding official	
	CFDA number and name	
	Whether or not the award is R&D	
	Indirect cost rate for the federal award	
	<b>Requirements for Pass-through Entities</b>	
200.331 (a)(2)	The subaward includes all requirements imposed by the pass-through entity to ensure the Federal award is used in accordance with Federal statutes, regulations and the terms and conditions of the Federal award.	
200.331 (a)(3)	Any additional requirements imposed by the pass-through entity in order to meet its responsibilities with the Federal awarding agency to include identifying any required financial and performance reports.	
200.331 (a)(4)	A current approved indirect cost rate between the subrecipient and the federal government. If no rate exist, either a rate negotiated between the pass-through entity and the subrecipient or a de minimis rate of 10%.	
200.331 (a)(5)	The subaward includes a requirement that the subrecipient allows the pass-through entity and auditor's access to their records and financial	

	statements.	
200.331 (a)(6)	The subaward includes the appropriate terms and conditions regarding the closeout of the award.	
200.331 (b)	Assess the subrecipient's risk of non-compliance with federal statutes, regulations, and terms and conditions of the subaward ( <i>see Subrecipient Monitoring Risk Factors Checklist</i> ).	
200.331 (c)	Consider imposing specific subaward conditions on a subrecipient, if appropriate as described in § 200.207 ( <i>Specific Conditions</i> ).	
<b>Subrecipient Monitoring Requirements</b>		
200.331 (d)	Activities of the subrecipient are monitored as necessary to ensure the subaward is used for authorized purposes; is in compliance with Federal statutes, regulations and the terms and conditions of the subaward and performance goals are met.	
Section	Uniform Requirements – 2 CFR Part 200	Completed (Y/N)
200.331 (d)(1) (2)&(3)	Monitoring of subrecipients must include: <ul style="list-style-type: none"> <li>• Reviewing financial and programmatic reports,</li> <li>• Follow-up process to ensure subrecipient takes timely and appropriate action on all deficiencies detected through audits, on-site reviews, and other methods, and</li> <li>• Issue a management decision for all audit findings pertaining to the award.</li> </ul>	
<b>Subrecipient Monitoring Tools</b>		
200.331 (e)	Based on the results of the risk assessment performed, consider other monitoring tools to ensure proper accountability and compliance with program requirements.	
200.331 (e)(1)	Provide subrecipients with training and technical assistance on program related matters.	
200.331 (e)(2)	Perform on-site reviews of the subrecipient's program operations.	
200.331 (e)(3)	Arrange for agreed upon procedures engagement as described in § 200.425 ( <i>Audit Services</i> ).	
<b>Additional Monitoring Requirements</b>		
200.331 (f)	Verify that every subrecipient is audited as required by Subpart F when it is expected that Federal funds expended during the fiscal year either equaled or exceeded the \$750,000 threshold set forth in § 200.501 ( <i>Audit Requirements</i> ).	
200.331 (g)	Make necessary adjustments to the pass-through entity's records based on the results of a subrecipient's audit, on-site review, or other monitoring efforts.	
200.331 (h)	Consider taking enforcement action against non-compliance subrecipients as described in § 200.338 ( <i>Remedies for Non-compliance</i> ).	

