

AGENDA
Board of Directors
Mid-Willamette Valley Council of Governments
Tuesday, March 19, 2024
12:00 – 1:00 p.m.
Hybrid Meeting – In Person/Zoom (Zoom Connection Link at Bottom of Agenda)
MWVCOG Conference Room
100 High Street SE, Suite 200, Salem OR 97301

CONTACT: Scott Dadson, Executive Director; 503-540-1601
CHAIR: Ian Davidson, Cherriots, Salem Area Mass Transit District
VICE CHAIR: Councilor Roxanne Beltz,

A. CALL TO ORDER – *Roxanne Beltz, Vice Chair*

B. INTRODUCTIONS – *Roxanne Beltz, Vice Chair*

C. PUBLIC COMMENT (*This time is reserved for questions or comments from persons in the audience*)

D. CONSENT CALENDAR (*All items on the Consent Calendar will be approved by one vote unless an item is withdrawn for discussion at the request of a Board member. Members may have an item withdrawn by notifying the Chair at the meeting. The item will be removed by the Chair for discussion and a separate motion will be required to take action on the item in question.*)

- 1. Minutes of December 19, 2023, meeting of the Board of Directors** **Pg. 4**
Requested Action: Approve minutes
- 2. Appointment of 2024 Budget Committee** **Pg. 8**
Requested Action: Appoint Budget Committee members for the 2024 budget process
- 3. Adoption of 2024-25 Budget Schedule** **Pg. 9**
Requested Action: Adopt the meeting schedule for the 2024 budget process
- 4. Resolution 2024-02-Annual Salem/Keizer Area Transportation Planning Contracts** **Pg. 10**
Requested Action: Approve Resolution No. 2024-02 authorizing the Executive Director to sign Transportation Planning contracts as outlined in the Resolution.
- 5. Resolution 2024-03 – GIS Services Contracts** **Pg. 14**
Requested Action: Approve Resolution No. 2024-03 authorizing the Executive Director to sign GIS Services contracts as outlined in the Resolution.
- 6. Resolution 2024-04 – Community Development Contracts** **Pg. 17**
Requested Action: Approve Resolution No. 2024-04 authorizing the Executive Director to sign Community Development, Land Use Planning, Small Business

Lending, and Housing Rehabilitation Services contracts as outlined in the Resolution.

- 7. Resolution 2023-05 – Member Services Contracts** **Pg. 21**
Requested Action: Approve Resolution No. 2024-05 authorizing the Executive Director to sign Member Services contracts as outlined in the Resolution.

- 8. Audit Report FY 2022-2023** **Pg. 23**
Requested Action: Accept the FY 2022-2023 Audit Report. *There was not a quorum at the end of the December 19, 2023 meeting to accept the report.*

F. FINANCIAL REPORT Information only. **Pg. 78**

G. DEPARTMENT ACTIVITY REPORTS **Pg. 79**

1. Information only. Includes reports from the Community Development Department, Transportation Department and Small Business Loan Program. New members and new MWVCOG staff will be introduced.

H. OLD BUSINESS

- 1. Polk County Member Dues Assessment Conversation** **Pg. 86**

ACTION ITEMS

- 1. Resolution 2024-01 – Establish Rates for Service** **Pg. 89**
Requested Action: Approve Resolution No. 2023-01 establishing rates for fee-for-service programs FY 2024-25.
- 2. Approval of Audit Contract** **Pg. 97**
Requested Action: Approve Audit Contract with RedW Advisors (former Grove, Mueller & Swank) for 2024-2029.

I. EXECUTIVE DIRECTOR’S REPORT

J. BOARD DISCUSSION/ROUNDTABLE

This is an opportunity for Board members to introduce subjects not on the agenda and report on happenings in their respective jurisdictions.

K. ADJOURNMENT

BUDGET COMMITTEE MEETING: May 21, 2024
12:00 p.m. COG Offices/Zoom

BOARD MEETING, PUBLIC HEARING ON FY 2024-25 BUDGET AND ADOPTION OF
BUDGET: June 18, 2024
12:00 p.m. COG Office/Zoom

The Mid-Willamette Valley Council of Governments is pleased to comply with the Americans with Disabilities Act (ADA). If you need special accommodations to attend this meeting, please contact Linda Hansen at (503) 588-6177 at least 48 hours prior to the meeting. Hearing impaired, please call Oregon Telecommunications Relay Service, 7-1-1. Thank you.

Join Zoom Meeting

<https://us06web.zoom.us/j/89291729315?pwd=b5ZJ1UeKZmNEtUaXb4L0AriPikHb2n.1>

Meeting ID: 892 9172 9315

Passcode: 214496

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MINUTES OF DECEMBER 19, 2023

MID-WILLAMETTE VALLEY COUNCIL OF GOVERNMENTS BOARD OF DIRECTORS

Hybrid meeting - COG Conference Room/Zoom Webinar

BOARD MEMBERS PRESENT

CHAIR: Lisa Leno, Tribal Council Member, Confederated Tribes of Grand Ronde

VICE CHAIR: Ian Davidson, Salem Area Mass Transit District

Commissioner Jeremy Gordon, Polk County

Commissioner Kit Johnson, Yamhill County

Mayor Cathy Clark, City of Keizer

Councilor Sal Peralta, City of McMinnville

Councilor Roxanne Beltz, City of Monmouth

Mayor Frank Lonergan, City of Woodburn

Mayor Jim Kingsbury, Small Cities of Marion County

Mayor John McArdle, Independence, representing Small Cities of Polk County

Ms. Betsy Earls, Chemeketa Community College

Maria Hinojos Pressey, Member, Salem-Keizer School District Board of Directors

Frank W. Pender, Jr., Board Member, Willamette Education Service District (WESD)

BOARD MEMBERS ABSENT

Commissioner Danielle Bethell, Marion County

Mayor Ken Woods, City of Dallas

Mayor Chris Hoy, City of Salem

Mayor Bill Rosacker, City of Newberg

Mayor Linda Watkins, Carlton, representing Small Cities of Yamhill County

Matt Smith, Board Chair, Chehalem Park and Recreation District

Darin Olson, Marion County Soil & Water Conservation District

OTHERS PRESENT

Scott Dadson, Executive Director

Amber Mathiesen, Finance Director

Jeff Hilderbrand, Loan Program Manager

Linda Hansen, Administration Support Coordinator

McRae Carmichael, Community Development Director

Ray Jackson, Senior Planner – Transportation

Theresa Whisenhunt, Admin Specialist III – Transportation

Ryan Pasquarella, Grove, Mueller & Swank/REDW CPAs

CALL TO ORDER & INTRODUCTIONS

Chair Leno called the meeting to order at 3:31 p.m. and she asked the Board members to share one thing that they are grateful for. The presence of a quorum was noted. Attendance was noted.

PUBLIC COMMENT

None.

CONSENT CALENDAR

MOTION by Mayor McArdle, **SECONDED** by Davidson, **TO APPROVE THE CONSENT CALENDAR, AS PRESENTED.**

Minutes of October 24, 2023, special meeting of the Board of Directors

Discussion: None.

Motion carried.

IN FAVOR: All present. **OPPOSED:** None. **ABSTAINED:** None.

INFORMATIONAL ITEMS

Amber Mathiesen, Finance Director presented the Finance Report, McRae Carmichael, Community Development Director presented her department's report, Ray Jackson presented the Transportation report on behalf of Mike Jaffe and Jeff Hilderbrand presented the Small Business Loan report.

Executive Director Scott Dadson then presented the Legislative Policy update, which was substantially the same as the 2023 policy with the addition of positions on regional capacity building, funding for regional transportation projects and increasing the amount of and access to affordable and available housing. Councilor Peralta mentioned Measure 110 implementation as a topic of interest.

ACTION ITEMS

1. Adopt the Legislative Policy for 2024

MOTION by Pender, **SECONDED** by Councilor Beltz, **TO APPROVE THE ADOPTION OF THE LEGISLATIVE POLICY FOR 2024**

Discussion: None.

Motion carried.

IN FAVOR: All present. **OPPOSED:** None. **ABSTAINED:** None

2. Adopt Member Dues/EDD Assessment FY 2024-2025

Dadson gave a brief overview of the proposed options to increase the member dues by 1%, which would follow the Seattle CPI or by 4% which would make up some of the dues not charged the previous year when the CPI was 8.6% and the dues increased by 5%.

MOTION by Pender, **SECONDED** by Davidson, **TO APPROVE THE ADOPTION OF A 4% RATE INCREASE FOR FY 2024-2025.**

Discussion: Commissioner Gordon supported a 1% increase due to his concerns about small jurisdictions and how the rate increases affect them. It was mentioned that Polk County is charged a 5% increase each year due to concessions made previously when it lost timber revenue, to make up for dues not paid to the COG over the years. Commissioner Gordon

feels that the dues structure should be reevaluated and not focus only on population and would like further conversation. It was pointed out that a few numbers were transposed on the sheet in the packet and staff took note to be sure to correct these items.

MOTION WAS AMENDED TO REMOVE POLK COUNTY FROM THE MOTION AND HAVE THEIR SITUATION BE REEVALUATED.

Motion carried.

IN FAVOR: All present. **OPPOSED:** None. **ABSTAINED:** None.

3. Election of Officers for 2024

- Chair: Ian Davidson, Salem Area Mass Transit District (Cherriots)
- Vice Chair: Roxanne Beltz
- Immediate Past Chair: Tribal Councilwoman Lisa Leno, Confederated Tribes of Grand Ronde
- Besty Earls, Chemeketa Community College Board Member

MOTION by Mayor McArdle, **SECONDED** by Pender, **TO APPROVE THE ELECTION OF THE SLATE OF OFFICERS RECOMMENDED BY THE EXECUTIVE COMMITTEE.**

Discussion: None.

Motion carried.

IN FAVOR: All present. **OPPOSED:** None. **ABSTAINED:** None

4. Adopt 2024 Meeting Schedule

There was some conversation about what the best meeting time on the 3rd Tuesday of the month would be for 2024 the COG Board members. Since only about half of the COG Board took the poll indicating what times they would be able to attend and what their preference of times would be there was the request that another poll be set up.

MOTION by Mayor McArdle, **SECONDED** by Peralta, **TO TABLE THE TOPIC OF MEETING TIME FOR THE COG BOARD UNTIL RESULTS OF ANOTHER POLL ARE AVAILABLE AND ALLOW THE EXECUTIVE COMMITTEE TO MAKE THE FINAL DECISION.**

Discussion: None.

Motion carried.

IN FAVOR: All present. **OPPOSED:** None. **ABSTAINED:** None

5. Audit Report

Ryan Pasquarella, Shareholder with Grove, Mueller & Swank/REDW gave a report on the FY 2022-2023 Audit. He stated that it was a clean audit and outlined the audit report. Several board members had to excuse themselves during the audit report due to other commitments. The board was pleased with the audit results and there was a motion to accept the audit report by Pender, seconded by Commissioner Gordon. All present voted "aye" but the decision was made to include this item in the consent calendar of the next meeting since a quorum of the board was no longer present.

EXECUTIVE DIRECTOR'S REPORT

Chair Leno provided a brief update on the Annual Dinner, to take place at the Spirit Mountain Casino in Grand Ronde on Wednesday February 28, 2024 at 6:00 p.m. Plans are well under way. Due to the time, Dadson did not give a report.

BOARD DISCUSSION/ROUNDTABLE

None

ADJOURNMENT

Hearing no further business, Chair Leno adjourned the meeting at 4:42 p.m.

Lisa Leno, MWVCOG Board Chair

Date

Attest:

Scott Dadson, Executive Director

Date



MEMORANDUM

TO: **Executive Committee**
Mid-Willamette Valley Council of Governments

DATE: March 5, 2024

THRU: **Scott Dadson**
Executive Director

FROM: Amber Mathiesen
Finance Director

SUBJECT: **APPOINTMENT OF FY 2024-25 BUDGET COMMITTEE**

RECOMMENDATION

1. Recommend that the Board appoint a six-member Budget Committee consisting of three members of the Executive Committee:

Ian Davidson, Cherriots Board Member
Councilor Roxanne Beltz, City of Monmouth
Betsy Earls, Chemeketa Community College

And three lay citizens representing the major services and programs of the Council of Governments:

Heidi Bell, City Manager, City of Sheridan (final year)
Lesa Goff, a member of the VDI Board and Bank of the Pacific SVP, Regional Business Development Officer.
David Trimble, Cherriots Deputy General Manager

2. Recommend that the Board appoint Lisa Leno, Tribal Councilwoman, as an alternate for any elected official not able to attend the Budget Committee meeting.
3. Recommend that the Board appoint Ken Huffer, Chief Administrative Officer, Yamhill County, as an alternate for any citizen member not able to attend.

BACKGROUND

To conform to Oregon Budget Law (ORS 294) the Board must establish a representative committee of members of the Board plus an equal number of lay citizens representing interests in the major programs of the Council of Governments. Since 1988, the Board has appointed a six-member Budget Committee.



MEMORANDUM

TO: Executive Committee
Mid-Willamette Valley Council of Governments

DATE: March 5, 2024

THRU: Scott Dadson
Executive Director

FROM: Amber Mathiesen
Finance Director

SUBJECT: PROPOSED FY 2024-25 BUDGET SCHEDULE

RECOMMENDATION

Recommend that the Board Adopt the proposed schedule. This schedule meets the requirements of Oregon law. The adoption of the COG budget on June 18, 2024 permits COG budget actions to follow those of most member governments.

2024-25 BUDGET SCHEDULE Mid-Willamette Valley Council of Governments

March 19	COG Board of Directors establishes the Budget Committee: <ul style="list-style-type: none">• Appoint three lay citizens representing the major services and programs of the COG• Appoint three COG Board members.
Present to May 1	Staff prepares revenue and expenditure estimates.
May 5	Budget to printing
May 13	Publish Notice of Budget Committee Meeting
May 21 12:00 p.m.	Budget Committee meets, reviews and approves budget.
June 10	Publish Notice of COG Board's Budget Hearing
June 18 12:00 p.m.	Board of Directors' Budget Hearing and adoption of budget
June 30	Submit documents to State Department of Revenue



MEMORANDUM

TO: **Board of Directors**
Mid-Willamette Valley
Council of Governments

DATE: **March 14, 2024**

THRU: **Scott Dadson**
Executive Director

FROM: **Mike Jaffe**
Transportation Planning Director

SUBJECT: Resolution 2024-02: Annual Salem-Keizer Area Transportation Planning

ISSUE

Does the Board wish to approve Resolution 2024-02 to authorize the Executive Director to apply for funds, enter into contracts and intergovernmental agreements (IGAs), and comply with other required federal filings with the Oregon Department of Transportation or the U.S. Department of Transportation to implement the 2024-25 Unified Planning Work Program for the Salem-Keizer Area Transportation Study (SKATS); and to authorized the Executive Director to enter into contracts and IGAs for other transportation-related activities in the MWVCOG area?

BACKGROUND

A Cooperative Agreement executed in 1987 and amended in 2003 by the members of SKATS (Marion and Polk Counties; the cities of Salem, Keizer, and Turner; the Salem Area Mass Transit District; the Salem-Keizer School District; and the Oregon Department of Transportation) states, “The Council of Governments shall retain the sole responsibility for acceptance of all contracts, grants and gifts for transportation planning in the Salem area, and all fiscal and financial responsibility therefore.”

The SKATS Policy Committee is comprised of six elected officials and one appointed official from the Salem-Keizer area and one ODOT representative. Every year, the Policy Committee adopts a Unified Planning Work Program, as required by federal law. There are times when it is to our advantage to enter into agreements with other agencies to share or access data in order to accomplish the work tasks identified in the UPWP. There are other times when the federal regulations require that we develop agreements with ODOT, the Transit District, or others regarding protocols or data assumptions. Most of the time these agreements have no financial payments associated with them, but some do (and must be consistent with the approved COG Budget).

The transportation planning and coordination activities of the Salem-Keizer Area Transportation Study (SKATS) are described, along with the funding sources for those activities, in the Unified Planning Work Program, which is developed annually by SKATS in conjunction with ODOT and U.S. DOT. The 2024-25 Unified Planning Work Program is currently being reviewed and is scheduled for adoption by the SKATS Policy Committee in April 2024.

Approval of the recommended requested actions will secure the funding required for the activities outlined in the SKATS 2024-25 fiscal year Unified Planning Work Program.

The dollar amounts identified in this memorandum and in Resolution 2024-02 are estimates and may be modified as part of the final signed agreements.

RECOMMENDATION

That the following actions be taken to implement funding agreements with the Oregon Department of Transportation:

1. Authorize the Acting Executive Director or Executive Director to enter into the following agreements with the Oregon Department of Transportation (ODOT) that provide federal and state funds to partially finance the SKATS Unified Planning Work Program:
 - a. Authorize approximately \$960,629.21 of FHWA “PL” Metropolitan Planning funds provided by the federal government through the FAST Act, plus \$108,078.03 ODOT matching funds.
 - b. Authorize approximately \$588,022.17 in federal Surface Transportation Block Grant Program funds, with \$67,301.17 in required local matching funds.
 - c. Authorize approximately \$258,672.02 in FTA Section 5303 funds, with \$29,606.17 in required local matching funds supplied by the Salem Area Mass Transit District.
2. Authorize the Executive Director to execute a contract with the Salem Area Mass Transit District conveying approximately \$133,735 of federal and local match funds to conduct the Transit Planning within the SKATS transportation planning area.
3. Authorize the Executive Director to pursue other sources of funding as may be requested by the SKATS Policy Committee during the 2024-25 fiscal year.
4. Authorize the Executive Director to enter into contracts and Intergovernmental Agreements (IGA) with the Oregon Department of Transportation (ODOT) and other public agencies as necessary to accomplish the work tasks identified in the 2024-25 Unified Planning Work Program for the Salem-Keizer Area Transportation Study (SKATS), as adopted by the SKATS Policy Committee and other regional transportation-related activities.

Attachment: Resolution 2024-02

BEFORE THE BOARD OF DIRECTORS

FOR THE MID-WILLAMETTE VALLEY COUNCIL OF GOVERNMENTS

In the matter for authorizing the filing of all applications with the Department of Transportation, United States of America, for planning grants under the Urban Mass Transportation Act of 1964, as amended; and

In the matter for authorizing the execution of applicable transportation program contracts with ODOT and member governments, as requested.

RESOLUTION 2024-02

WHEREAS, the Cooperative Agreement executed in 1987 and amended in 2003 by the governmental members of SKATS (Marion and Polk Counties; the cities of Salem, Keizer, and Turner; the Salem Area Mass Transit District; the Salem-Keizer School District; and the Oregon Department of Transportation) states, “The Council of Governments shall retain the sole responsibility for acceptance of all contracts, grants and gifts for transportation planning in the Salem area, and all fiscal and financial responsibility therefore”; and

WHEREAS, grant funds from the Federal Highway Administration (FHWA) Federal Transit Administration (FTA) are required to support the activities in the FY 2024-25 SKATS Unified Planning Work Program; and

WHEREAS, the Secretary of Transportation is authorized to make grants for mass transportation projects; and

WHEREAS, all contracts for financial assistance will impose certain obligations upon the applicant, including the provision by it of the project(s)’ local share costs:

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE MID-WILLAMETTE VALLEY COUNCIL OF GOVERNMENTS:

1. That the Executive Director or Acting Executive Director is authorized to execute and file an application on behalf of the Mid-Willamette Valley Council of Governments with the Oregon Department of Transportation for a Federal Transit Administration Section 5303 grant comprised of an estimated \$258,672.02 federal share and \$29,606.17 local share.
2. That the Executive Director or Acting Executive Director is authorized to execute and file an application on behalf of the Mid-Willamette Valley Council of Governments with the Oregon Department of Transportation for an estimated \$960,629.21 of Metropolitan Planning funds provided by the federal government (with ODOT supplying \$108,078.03 of matching funds) and estimated \$588,022.17 in federal Surface Transportation Block Grant Program funds.
3. That the Executive Director or Acting Executive Director is authorized to execute and file with such applications an assurance or any other document required by the U.S. Department of Transportation effectuating the purposes of the proposed project.
4. That the Transportation Planning Director is designated to furnish such additional information as the U.S. Department of Transportation may require in connection with all applications.

5. That the Executive Director or Acting Executive Director is authorized to set forth and execute minority business enterprise (disadvantaged business enterprise and women's business enterprise) policies and procedures in connection with the procurement needs of all projects.
6. That the Executive Director is authorized to apply for any other source of funding, including ODOT grants, that may become available during FY 2024-25 to support activities requested by the SKATS Policy Committee or available to support regional transportation activities in the region.

ADOPTED by the Board of Directors of the Mid-Willamette Valley Council of Governments at Salem, Oregon this 19th day of March 2024.

ATTEST

Ian Davidson, Chair
MWVCOG Board of Directors

Scott Dadson
MWVCOG Executive Director



MEMORANDUM

TO: **Board of Directors** **DATE:** March 14, 2024
Mid-Willamette Valley Council of Governments

THRU: **Scott Dadson**
Executive Director

FROM: **Mike Jaffe**
Transportation Planning Director

SUBJECT: Resolution 2024-03: Annual Geographic Information System (GIS) Contracts

ISSUE

Shall the COG Board authorize the Executive Director to enter into contracts with the interested parties/members listed below to aid in various geographic information system (GIS) work throughout the region:

1. Contract with Yamhill County to maintain and update the county's online GIS web application and provide data updates to the applications, as well as other GIS services to Yamhill County and Yamhill County's Public Works Department.
2. Contract with the Salem-Keizer School district to maintain and update district attendance boundaries; provide annual export of street data and building permit datasets; maintenance of the School Finder website; geocoding student addresses as requested by the District; provide semi-annual summary of building permits and new subdivision lots; semi-annual subscription service to the Street Description File, and other services as requested. The contract includes both fixed priced and hourly services.
3. Contracts with cities, other local governments, special districts, and other members of the COG that express an interest in COG services throughout the year for mapping and other GIS assistance and applications, including assistance with Census program participation (e.g., Boundary and Annexation Survey).
4. Contracts with non-member local governments, non-profit agencies, or state agencies for GIS services provided by the MWVCOG.
5. Contracts with private for-profit entities that express an interest in COG services throughout the year for mapping and other GIS assistance

BACKGROUND

The projects listed above are either continuations of contracts begun in previous years or are routine activities undertaken in previous years by MWVCOG and do not represent any change in normal policy or practice.

The recommended Board action would give the Executive Director the authority to enter into agreements and contracts with the member and non-members when they have made their decisions.

RECOMMENDATION

Staff recommends the Board authorize the Executive Director to execute the above summarized Geographic Information System service contract renewals with Yamhill County, the Salem-Keizer School District and other continuing or new GIS contracts that may occur during the year as appropriate.

Applicable hourly rates to be identified via separate memorandum and MWVCOG Board resolution.

Attachments: Resolution 2024-03

BEFORE THE BOARD OF DIRECTORS

FOR THE MID-WILLAMETTE VALLEY COUNCIL OF GOVERNMENTS

In the matter for authorizing the execution of applicable Geographic Information System (GIS) program contracts with ODOT, member governments, and non-member and private parties.

RESOLUTION 2024-03

WHEREAS, the Mid-Willamette Valley Council of Governments, an intergovernmental entity formed by agreement pursuant to ORS Chapter 190, has the authority to enter into intergovernmental agreements for the delivery of services to its member governments pursuant to both ORS 190.020 and the agreement establishing the COG;

WHEREAS, member local governments, agencies, and districts that express an interest in COG GIS services on a contractual basis throughout the year may execute hourly services contract or fixed-fee contracts;

WHEREAS, non-profit and for-profit entities that express an interest in COG GIS services on a contractual basis throughout the year may execute hourly services contract or fixed-fee contracts;

WHEREAS, all contracts for assistance may impose certain obligations upon the member governments, including adopted hourly rates or fixed fee service contracts;

WHEREAS, the Board of Directors for the COG must authorize fixed fee-for-service contracts where the COG is the service provider:

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE MID-WILLAMETTE VALLEY COUNCIL OF GOVERNMENTS:

1. That the Executive Director is authorized to execute contracts for hourly services and/or fixed-fee services to COG members, non-COG member jurisdictions and agencies (including state agencies), non-profit entities, and for-profit entities for GIS and GIS-related services, which may also include Census-related services.
2. Fees for such services will be established by a separate Resolution of the Board.

ADOPTED by the Board of Directors of the Mid-Willamette Valley Council of Governments at Salem, Oregon this 19th day of March 2024.

ATTEST

Ian Davidson, Chair, COG Board of Directors

Scott Dadson, MWVCOG Executive Director



MEMORANDUM

TO: **Board of Directors** **DATE: March 12, 2024**
Mid-Willamette Valley Council of Governments

THRU: **Scott Dadson**
Executive Director

FROM: **McRae Carmichael**
Community Development Director

SUBJECT: Resolution 2024-04: Annual Community and Economic Development Program
Contract Renewals

ISSUE

Shall the COG Board authorize the Executive Director to enter contracts with the interested parties/members listed below to aid in various community and economic development work throughout the region:

1. Land use planning services for local governments that express an interest in COG land use planning services on a contractual basis throughout the year. Currently, COG has existing agreements with 25 jurisdictions for hourly services that are set to expire on June 30, 2024. Other contract work may include current planning, special planning projects and long-range planning work, such as updating comprehensive plans.
2. The cities of that request assistance with their small business loan funds.
3. Valley Development Initiatives (VDI) for administrative and staff support for SBA, SBA 7a, and other Rural Community Business Loan Programs; for Administrative Support for Housing Rehabilitation Loan Program; and for Loan Servicing and Closing Operations with Lane COG, CCD of Coos Bay, Oregon Cascades West COG and others for Operational and Loan Servicing Support.
4. Renewal of contracts for hourly services related to the housing rehabilitation program for the cities of Mt. Angel, Silverton, and Scotts Mills who maintain their own funds and desire COG assistance with program administration.

5. Cities and other local governments that express an interest in COG services throughout the year for application assistance, administration of public infrastructure grants and loans, and/or income surveys or other tasks needed to ensure continued eligibility for various state and federal funding programs.
6. Various economic development services, including contracts for urban renewal planning, and other economic development efforts as requested by member local governments to enhance the region.
7. A grant agreement with the federal Economic Development Administration anticipated for \$75,000 to the COG to carry out the economic development district program. This grant provides federal funds of \$75,000 to be matched with \$75,000 in non-federal resources, such as dues, to support regional development activities such as identifying and prioritizing potential EDA public works investments in the region, the costs of preparing grant and loan applications for public infrastructure and other activities included in the economic development district work plan. The grant has been awarded annually since 1985.
8. Contract with Marion County Project Management and coordination for the North Santiam Sewer Authority (NSSA) as requested by Marion County and the NSSA, and pending funding allocations from Marion County and/or the NSSA.
9. Contracts with member governments, not-for-profits, and/or other federal and state agencies associated with wildfire recovery in the Santiam Canyon and American Rescue Plan Act (ARPA) funds as opportunities arise and as requested by members to support community and economic response and recovery.

BACKGROUND

The projects listed above are either continuations of contracts begun in previous years or are routine activities, such as providing grant administration or planning support to a member government and do not represent any change in normal policy or practice.

The recommended Board action would give the Executive Director the authority to enter into agreements with the members when they have made their decisions.

RECOMMENDATION

Staff recommends the Board authorize the Executive Director to execute the above summarized Community and Economic Development service contract renewals.

Applicable hourly rates to be identified via separate memorandum via Resolution 2024-01.

Attachment: Resolution 2024-04

BEFORE THE BOARD OF DIRECTORS

FOR THE MID-WILLAMETTE VALLEY COUNCIL OF GOVERNMENTS

In the matter for authorizing the execution of applicable community and economic development program contracts with member governments, as requested.

RESOLUTION 2024-04

WHEREAS, the federal Economic Development Administration provides up to \$75,000 for the COG to carry out the economic development district program requirements and requires federal funds be matched with \$75,000 in non-federal resources, such as dues and assessments, to support regional development activities such as identifying and prioritizing potential EDA public works investments in the region, the costs of preparing grant and loan applications for public infrastructure and other activities included in the economic development district work plan;

WHEREAS, the Mid-Willamette Valley Council of Governments, an intergovernmental entity formed by agreement pursuant to ORS Chapter 190, has the authority to enter into intergovernmental agreements for the delivery of services to its member governments pursuant to both ORS 190.020 and the agreement establishing the COG;

WHEREAS, local governments that express an interest in COG land use planning services on a contractual basis throughout the year may execute hourly services contract, set to expire on June 30, 2023, and/or for other planning contract work for special planning projects and other long-range planning work;

WHEREAS, member governments request assistance with the administration of small business loan funds and Valley Development Initiatives (VDI) staff support toward the rural community business loan program and for the housing rehabilitation loan program;

WHEREAS, all contracts for assistance may impose certain obligations upon the member governments, including adopted hourly rates or fixed fee service contracts; and

WHEREAS, the Board of Directors for the COG must authorize fixed fee-for-service contracts where the COG is the service provider:

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE MID-WILLAMETTE VALLEY COUNCIL OF GOVERNMENTS:

1. That the Executive Director or Acting Executive Director is authorized to execute a grant agreement with the federal Economic Development Administration anticipated for \$75,000 to the COG to carry out the economic development district program, matched with \$75,000 in non-federal resources to support regional development activities such as identifying and prioritizing potential EDA public works investments in the region, the costs of preparing grant and loan applications for public infrastructure and other activities included in the economic development district work plan.

2. That the Executive Director is authorized to execute agreements for land use planning services with local governments that express an interest in COG land use planning services.
3. That the Executive Director is authorized to execute contracts with the cities of Newberg, Independence, Yamhill County, and other local governments that request assistance with their small business loan funds.
4. That the Executive Director is authorized to execute an agreement with Valley Development Initiatives (VDI) for staff support to the rural community business loan program and for the housing rehabilitation loan program.
5. That the Executive Director is authorized to execute renewal of contracts for hourly services related to the housing rehabilitation program for the cities of Mt. Angel, Scotts Mill, and Silverton, who maintain their own funds and desire COG assistance with program administration.
6. That the Executive Director is authorized to execute contracts with member governments for application assistance, grant and loan administration contracts, and/or income surveys or other tasks needed to ensure continued eligibility for various state and federal funding programs.
7. That the Executive Director is authorized to execute economic development services contracts, including contracts for urban renewal planning, and other economic development efforts as requested by member local governments to enhance the region.
8. That the Executive Director is authorized to execute contracts with member governments, not-for-profits, and/or other federal and state agencies associated with wildfire response, as opportunities arise and as requested by members to support community and economic response and recovery.
9. Fees for such services will be established by a separate Resolution of the Board.

ADOPTED by the Board of Directors of the Mid-Willamette Valley Council of Governments at Salem, Oregon this 19th day of March 2024.

ATTEST

Ian Davidson, Chair
MWVCOG Board of Directors

Scott Dadson
MWVCOG Executive Director



TO: **Board of Directors**
Mid-Willamette Valley Council of Governments

DATE: March 14, 2024

FROM: **Scott Dadson**
Executive Director

SUBJECT: Resolution 2024-05: Member Services Contracts

ISSUE

Shall the Mid-Willamette Valley Council of Governments (COG) Board of Directors authorize the Executive Director to enter into contracts with member governments to provide legal counsel services and other services as requested.

BACKGROUND

Historically, the COG has provided a variety of services for our members, including recruitment services, charter reviews, professional staff evaluations, and other administrative and financial services. Starting in 2018, the COG began offering legal services to its member governments. The recommended Board action would give the Executive Director the authority to enter into agreements to continue these services, or to respond to new requests.

RECOMMENDATION

Staff recommends the Board approve Resolution No 2023-05, authorizing the Executive Director to enter into contracts with member governments to provide administrative, financial, and/or legal counsel services.

Applicable hourly rates for this service will be established via a separate memorandum on Resolution 2024- 01.

Attachment: Resolution 2024-05

BEFORE THE BOARD OF DIRECTORS
FOR THE MID-WILLAMETTE VALLEY COUNCIL OF GOVERNMENTS

In the matter for authorizing the execution of legal service recruitment services, charter reviews, professional staff evaluations, and other administrative and financial services to members contracts with member governments.

RESOLUTION 2024-05

WHEREAS, the Mid-Willamette Valley Council of Governments, an intergovernmental entity formed by agreement pursuant to ORS Chapter 190, has the authority to enter into intergovernmental agreements for the delivery of services to its member governments pursuant to both ORS 190.020 and the agreement establishing the COG;

WHEREAS, the COG presently offers legal services to member entities under contracts consisting in one-year terms; and

WHEREAS, the Board of Directors for the COG must authorize fixed fee-for-service contracts where the COG is the service provider:

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE MID- WILLAMETTE VALLEY COUNCIL OF GOVERNMENTS:

1. That the Executive Director is authorized to execute with any member government an agreement for legal services.
2. That the Executive Director is authorized to execute with any member government an agreement to provide other services to include recruitment services, charter reviews, professional staff evaluations, and other administrative and financial services to members.
3. That the Executive Director is authorized to utilize qualified COG staff and/or execute an agreement with a contractor to serve as legal counsel to the MWVCOG and to provide legal counsel services to members.
4. Fees for such services will be established by a separate Resolution of the Board.

ADOPTED by the Board of Directors of the Mid-Willamette Valley Council of Governments at Salem, Oregon this 19th day of March 2024.

Ian Davidson, MWVCOG Board Chair

Scott Dadson MWVCOG Executive Director

***MID-WILLAMETTE VALLEY COUNCIL
OF GOVERNMENTS
ANNUAL FINANCIAL REPORT
For the Year Ended June 30, 2023***

MID-WILLAMETTE VALLEY COUNCIL OF GOVERNMENTS
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MID-WILLAMETTE VALLEY COUNCIL OF GOVERNMENTS
BOARD OF DIRECTORS, OFFICERS AND EXECUTIVE DIRECTOR
JUNE 30, 2023

Board Member

Commissioner Danielle Bethel
Commissioner Jeremy Gordon
Commissioner Kit Johnson
Mayor Ken Woods
Mayor Cathy Clark
Councilor Sal Peralta
Mayor Roxanne Beltz
Mayor Bill Rosacker
Mayor Chris Hoy
Mayor Frank Lonergan
Mayor Jim Kingsbury
Mayor John McArdle
Mayor Linda Watkins
Matthew Smith
Betsy Earls
Ian Davidson
Brenda Sanchez
Maria Hinojos-Pressey
Frank W. Pender, Jr.
Tribal Councilwoman Lisa Leno

Member Government

Marion County
Polk County
Yamhill County
City of Dallas
City of Keizer
City of McMinnville
City of Monmouth
City of Newberg
City of Salem
City of Woodburn
Small Cities of Marion County
Small Cities of Polk County
Small Cities of Yamhill County
Chehalem Park and Recreation District
Chemeketa Community College
Salem Area Mass Transit District (Cherriots)
Marion Soil & Water Conservation District
Salem-Keizer School District
Willamette Education Service District
The Confederated Tribes of the Grand Ronde

OFFICERS

Chairperson – Tribal Councilwoman Lisa Leno
Vice-Chairperson – Ian Davidson
Past Chair – Councilor Sal Peralta

EXECUTIVE DIRECTOR

Scott Dadson

100 High Street SE, Suite 200
Salem, Oregon 97301



GROVE, MUELLER & SWANK

redw
Advisors & CPAs

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Mid-Willamette Valley Council of Governments
Salem, Oregon

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities and the major fund of Mid-Willamette Valley Council of Governments (MWVCOG), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise MWVCOG's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of Mid-Willamette Valley Council of Governments as of June 30, 2023, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibility for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis; the schedule of revenues, expenditures, and changes in fund balance – general fund - budget and actual; and the schedule of changes in total OPEB liability and related ratios as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance, except as noted below.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise MWVCOG's basic financial statements. The budgetary schedule described above was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial

statements. The budgetary schedule has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the budgetary schedule is fairly stated, in all material respects, in relation to the basic financial statements as a whole.


Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 14, 2023, on our consideration of the MWVCOG's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering MWVCOG's internal control over financial reporting and compliance.

Other Reporting Required by Oregon Minimum Standards

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated December 14, 2023 on our consideration of MWVCOG's compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.

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

By: 
Ryan T. Pasquarella, Principal
December 14, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS

MID-WILLAMETTE VALLEY COUNCIL OF GOVERNMENTS
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2023

As management of Mid-Willamette Valley Council of Governments (MWVCOG), we offer readers of MWVCOG's financial statements this narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2023.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of MWVCOG exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by \$3,886,608 (net position). Of this amount, \$538,973 (net position - unrestricted) may be used to meet MWVCOG's ongoing obligations to citizens and creditors.
- MWVCOG's total net position decreased by \$605,229.
- MWVCOG continued to operate without the need for debt borrowings during the current fiscal year.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to MWVCOG's basic financial statements. This report also contains other supplemental information in addition to the basic financial statements themselves. MWVCOG is established under the authority of Chapter 190 of the Oregon Revised Statutes as an intergovernmental entity engaged in providing services to local governments in Marion, Polk, and Yamhill counties.

The basic financial statements are designed to provide readers with an overview of MWVCOG's finances, in a manner similar to a private-sector business.

Entity Financial Statements. The *statement of net position* presents information on all of MWVCOG's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of MWVCOG is improving or deteriorating.

The *statement of activities* presents information showing how MWVCOG's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows.

The functions of MWVCOG are principally supported by intergovernmental revenues. MWVCOG's functions are determined by MWVCOG's member governments and may change from time to time. MWVCOG's current functions include providing loans to local businesses, community and economic development programs and transportation planning, which are funded primarily with grant revenue through the State from the U.S. Department of Commerce and U.S. Department of Transportation.

Fund Financial Statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. MWVCOG uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. MWVCOG has one fund that accounts for all the activities of MWVCOG.

The fund is used to account for essentially the same functions reported in the entity-wide financial statements. Unlike the entity financial statements, the fund financial statements focus on near term inflows and outflows of spendable resources as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating near-term financial requirements.

MID-WILLAMETTE VALLEY COUNCIL OF GOVERNMENTS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
YEAR ENDED JUNE 30, 2023

USING THIS ANNUAL REPORT

MWVCOG's annual report consists of financial statements that show information about MWVCOG's activities. MWVCOG management has established controls to manage funds for particular purposes or to show that it is meeting legal responsibilities to its membership. MWVCOG uses the full accrual method of accounting in which all assets and all liabilities associated with its operation are included on the statement of net position. The focus is on income measurement, which, together with the maintenance of equity, is an important financial indication.

Our auditor has provided assurance in the independent auditor's report, located immediately preceding this Management's Discussion and Analysis, that the basic financial statements are fairly stated in all material respects. Varying degrees of assurance are being provided by the auditor regarding the other information included in this report. A user of this report should read the independent auditor's report carefully to ascertain the level of assurance being provided for each of the other parts of this report.

FINANCIAL ANALYSIS

MWVCOG's net position was \$3,866,608 at June 30, 2023. Of this amount, \$538,973 was unrestricted, \$2,368,667 was restricted for loan programs and other grants, and \$958,968 was invested in capital assets.

	<i>June 30,</i>	
	<i>2023</i>	<i>2022</i>
Current assets	\$ 3,615,098	\$ 2,999,502
Capital assets, net	958,968	1,123,180
Loans receivable	2,356,549	2,977,660
<i>Total Assets</i>	6,930,615	7,100,342
Deferred outflows of resources	14,379	13,689
Liabilities	3,060,218	2,642,194
Net Position		
Investment in capital assets	958,968	1,123,180
Restricted	2,368,667	1,700,126
Unrestricted	538,973	1,648,531
<i>Total Net Position</i>	<u>\$ 3,866,608</u>	<u>\$ 4,471,837</u>

MID-WILLAMETTE VALLEY COUNCIL OF GOVERNMENTS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
YEAR ENDED JUNE 30, 2023

FINANCIAL ANALYSIS (Continued)

	<i>Year Ended June 30,</i>	
	<i>2023</i>	<i>2022</i>
Revenues		
Program revenues	\$ 3,531,356	\$ 5,268,953
General revenues	213,556	475,348
<i>Total Revenues</i>	3,744,912	5,744,301
Expenses		
Program expenses	4,186,349	4,802,717
Depreciation	163,792	163,792
<i>Total Expenses</i>	4,350,141	4,966,509
<i>Change in Net Position</i>	\$ (605,229)	\$ 777,792

Overall agency revenues decreased by \$1,999,389 from the previous year. Major changes impacting revenue were revenues from program revenue decreasing by \$1,737,597. The decrease in program revenue is primarily due to a decrease in operating grants and contributions received compared to the prior year. Additionally, general revenue decreased by \$261,792. The decrease in general revenues is primarily due to a fewer number of contracts where COG served as a pass-through agency or project manager, decreasing the incremental income from managing projects.

Overall agency expenses decreased \$616,368. Major changes impacting expenses were a decrease to member services and administration expenses as well as transportation and environmental planning expenses by \$135,931 and \$595,908 respectively. These were partially offset by community development expenditures increasing by \$115,471.

NOTES TO THE BASIC FINANCIAL STATEMENTS

The notes provide additional information that is essential to a full understanding of the data provided in the basic financial statements. The notes to the financial statements can be found on pages 12 through 21 of this report.

CAPITAL AND LEASE ASSETS

At June 30, 2023, MWVCOG had \$28,230 invested in capital assets. This investment is offset by \$20,249 of accumulated depreciation. Net capital assets decreased by \$5,714 which was a combination of disposed of office equipment and furniture as well as current year depreciation expense. At June 30, 2023, the right to use asset for the lease of the office space was \$950,987. This is offset by a lease payable on the balance sheet of \$1,018,312.

MID-WILLAMETTE VALLEY COUNCIL OF GOVERNMENTS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
YEAR ENDED JUNE 30, 2023

GENERAL FUND BUDGETARY INFORMATION

MWVCOG adopts an annual appropriated budget. A budgetary comparison statement has been provided to demonstrate compliance with this budget. The budget is adopted on the modified accrual basis. There was one budget adjustment for the appropriation of additional grant funds received during the year.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

MWVCOG is primarily dependent upon state and federal funding of operations; and is therefore affected by economic conditions. The budget for FY 2023-24 has already been approved. There were no major changes in relation to the previous year.

CONTACTING MID-WILLAMETTE VALLEY COUNCIL OF GOVERNMENTS

Our financial report is designed to provide our citizens and creditors with a general overview of Mid-Willamette Valley Council of Governments' finances and to show MWVCOG's accountability for the money it receives. If you have questions about this report or wish to request additional financial information, contact Amber Mathiesen, Finance Director, Mid-Willamette Valley Council of Governments.

BASIC FINANCIAL STATEMENTS

MID-WILLAMETTE VALLEY COUNCIL OF GOVERNMENTS
STATEMENT OF NET POSITION
JUNE 30, 2023

ASSETS

Current Assets

Cash and cash equivalents	\$ 2,862,101
Accounts receivable	716,725
Prepaid expenses	26,508
Interest receivable	6,183
Loans receivable, current portion	136,668
Recovery accrued indirect carryover	3,581

<i>Total Current Assets</i>	3,751,766
-----------------------------	-----------

Noncurrent Assets

Capital assets, net of amortization and depreciation	958,968
Loans receivable, long-term portion	2,219,881

<i>Total Noncurrent Assets</i>	3,178,849
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<i>Total Assets</i>	6,930,615
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DEFERRED OUTFLOWS OF RESOURCES

Deferred outflows of resources - OPEB	14,379
---------------------------------------	--------

LIABILITIES

Current Liabilities

Accounts payable	321,997
Accrued payroll	27,235
Accrued compensated absences	147,219
Unearned revenue	1,465,977
Current portion of lease payable	140,220

<i>Total Current Liabilities</i>	2,102,648
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Noncurrent Liabilities

OPEB liability	79,478
Lease payable	878,092

<i>Total Noncurrent Liabilities</i>	957,570
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<i>Total Liabilities</i>	3,060,218
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DEFERRED INFLOWS

Deferred inflows of resources - OPEB	18,168
--------------------------------------	--------

NET POSITION

Investment in capital assets	958,968
Restricted	2,368,667
Unrestricted	538,973

<i>Total Net Position</i>	\$ 3,866,608
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The accompanying notes are an integral part of the financial statements.

MID-WILLAMETTE VALLEY COUNCIL OF GOVERNMENTS
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2023

				<i>Net (Expenses) Revenues and Changes in in Net Position</i>
	<i>Expenses</i>	<i>Charges for Services</i>	<i>Operating Grants and Contributions</i>	
<i>FUNCTIONS/PROGRAMS</i>				
Member services and administration	\$ 526,388	\$ 380,100	\$ -	\$ (146,288)
Transportation and environmental planning	2,139,271	221,197	1,514,118	(403,956)
Community development	1,684,482	926,127	489,814	(268,541)
<i>Total Activities</i>	<u>\$ 4,350,141</u>	<u>\$ 1,527,424</u>	<u>\$ 2,003,932</u>	(818,785)
<i>General Revenues:</i>				
Interest earned				140,555
Other revenues				73,001
<i>Total General Revenues</i>				<u>213,556</u>
<i>Change in Net Position</i>				(605,229)
<i>Net Position - beginning of year</i>				<u>4,471,837</u>
<i>Net Position - end of year</i>				<u>\$ 3,866,608</u>

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

MID-WILLAMETTE VALLEY COUNCIL OF GOVERNMENTS
BALANCE SHEET
JUNE 30, 2023

ASSETS

Cash and cash equivalents	\$ 2,862,101
Accounts receivable	716,725
Prepaid expenses	26,508
Interest receivable	9,762
	<hr/>
<i>Total Assets</i>	<u><u>\$ 3,615,096</u></u>

LIABILITIES AND FUND BALANCE

Liabilities

Accounts payable	\$ 321,997
Accrued payroll	27,235
Accrued compensated absences	147,219
Unearned revenue	1,465,977
	<hr/>
<i>Total Liabilities</i>	<u>1,962,428</u>

Fund Balance

Nonspendable	26,508
Unassigned	1,626,160
	<hr/>
<i>Total Fund Balance</i>	<u>1,652,668</u>

<i>Total Liabilities and Fund Balance</i>	<u><u>\$ 3,615,096</u></u>
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RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET POSITION

<i>Fund Balance</i>	\$ 1,652,668
Capital assets are not financial resources in governmental funds, but are reported in the Statement of Net Position at their net depreciable value:	
Capital assets, cost	1,296,213
Accumulated depreciation	(337,245)
Long-term notes receivable are not a financial resource in governmental funds, but are reported in the Statement of Net Position	2,356,549
Lease payables are not a financial resource in governmental funds, but are reported in the Statement of Net Position	(1,018,312)
Total OPEB liability and related deferred outflows and inflows	<hr/> (83,265)
<i>Net Position</i>	<u><u>\$ 3,866,608</u></u>

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

MID-WILLAMETTE VALLEY COUNCIL OF GOVERNMENTS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
YEAR ENDED JUNE 30, 2023

REVENUES

Intergovernmental	
Grants and contracts	\$ 2,003,933
Local	
Charges for services	1,527,424
Interest on loans	103,788
Other revenues	730,877
	<hr/>
<i>Total Revenues</i>	4,366,022

EXPENDITURES

Current	
Member services and administration	498,976
Transportation and environmental planning	2,139,271
Community development	1,684,482
	<hr/>
<i>Total Expenditures</i>	4,322,729

NET CHANGE IN FUND BALANCE	43,293
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FUND BALANCE, Beginning of year	1,609,375
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FUND BALANCE, End of year	<u><u>\$ 1,652,668</u></u>
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RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES

<i>Net Change in Fund Balance</i>	\$ 43,293
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Capital outlays are reported as expenditures in governmental funds. However, the Statement of Activities allocates the cost of capital outlay over the estimated useful life as depreciation expense:

Capital asset deletions	(420)
Depreciation and amortization	(163,792)

Fund accounting reports the loan repayments as revenues	(621,111)
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Fund accounting reports lease principal repayments as expenditures	129,787
--	---------

OPEB revenue is reported at the government-wide level but is not considered current financial resources and, therefore, is not reported as revenue in the fund financial statements	7,014
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<i>Change in Net Position</i>	<u><u>\$ (605,229)</u></u>
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The accompanying notes are an integral part of the financial statements.

MID-WILLAMETTE VALLEY COUNCIL OF GOVERNMENTS
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023

ORGANIZATIONAL STRUCTURE

Mid-Willamette Valley Council of Governments (MWVCOG) is a voluntary organization comprised of local governments included within the boundaries of Marion, Polk, and Yamhill Counties. It is established under the authority of Chapter 190 of the Oregon Revised Statutes.

MWVCOG's Board of Directors is composed of elected officials from member governments per charter, the Commissioners from Marion, Polk and Yamhill counties, the Mayors and Councilors from member cities, and board members from other member entities.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

All significant activities and organizations over which MWVCOG exercises oversight responsibility have been included in the financial statements. Evaluation of the reporting entity was in accordance with generally accepted accounting principles (GAAP) as promulgated by the Governmental Accounting Standards Board (GASB).

A component unit is a legally separate organization for which elected officials of the primary government are financially accountable. Financial accountability is defined as appointment of a voting majority of the component unit's board, and either a) the ability to impose will by the primary government, or b) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government. MWVCOG does not have any component units.

Financial Statements

The financial statements (i.e., the statement of net position and the statement of activities) report information on all activities of MWVCOG. Program revenues include a) charges for goods and services provided by a given function and b) grants and contract related revenues that are restricted to meeting operational or capital requirements of a particular function. Other items not properly included among program revenues are reported instead as general revenues.

Fund Balance

In the fund financial statements, the fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent to which MWVCOG is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

Governmental Fund type fund balances are reported in the following classifications:

Fund balance is reported as nonspendable when the resources cannot be spent because they are either in a nonspendable form or legally or contractually required to be maintained intact. Resources in nonspendable form include inventories, prepaids and deposits, and assets held for resale.

Fund balance is reported as restricted when the constraints placed on the use of resources are either: (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Balance (Continued)

Fund balance is reported as committed when the Board of Directors takes formal action that places specific constraints on how the resources may be used. The Board of Directors can modify or rescind the commitment at any time through taking a similar formal action.

Resources that are constrained by the MWVCOG's intent to use them for a specific purpose, but are neither restricted nor committed, are reported as assigned fund balance. Intent is expressed when the Board of Directors approves which resources should be "reserved" during the adoption of the annual budget. The MWVCOG's Finance Director uses that information to determine whether those resources should be classified as assigned or unassigned for presentation in the MWVCOG's Annual Financial Report.

Unassigned fund balance is the residual classification for the General Fund. This classification represents fund balance that has not been restricted, committed, or assigned within the General Fund.

MWVCOG's policy is to first apply the expenditure toward restricted fund balance and then to other, less-restrictive classifications – committed and then assigned fund balances before using unassigned fund balances.

Basis of Presentation and Method of Accounting

The accompanying financial statements are presented in conformity with accounting principles generally accepted in the United States of America (GAAP) applicable to government entities.

The statement of net position and statement of activities display information about the reporting entity as a whole. These statements focus on the sustainability of MWVCOG as an entity and the change in aggregate financial position resulting from the activities of the year. These statements are reported using the economic resources measurement focus and the accrual method of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of cash flows.

The accounts of MWVCOG are organized in a single fund (General Fund) which is used to account for MWVCOG activities. Revenues are principally from intergovernmental sources. The General Fund is reported on the balance sheet and statement of revenues, expenditures and changes in fund balance using the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, MWVCOG considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred.

Budgets and Budgetary Accounting

The administrative and fiscal staff prepares a budget for each of the separate projects and for the total operation of MWVCOG. The budget is submitted to the Board of Directors for approval, modification, and adoption. The budget is prepared using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures are recorded when a liability is incurred, as under accrual accounting.

MID-WILLAMETTE VALLEY COUNCIL OF GOVERNMENTS
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2023

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents

For financial reporting purposes, MWVCOG considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents including the investment in the Local Government Investment Pool.

Oregon statutes and MWVCOG's policy authorize MWVCOG to invest in general obligations of the U.S. Government and its agencies, certain bonded obligations of Oregon municipalities, bank repurchase agreements, bankers' acceptances, commercial paper, and the Oregon State Treasurer's Local Government Investment Pool, among others. In addition, MWVCOG maintains an investment policy which is readopted annually by the Board.

Capital and Lease Assets

Capital assets with a cost greater than \$5,000 and a life longer than one year are recorded at cost or estimated historical cost. Lease assets are recorded at their net present value of future lease payments. Depreciation is recorded on the books of MWVCOG using the straight-line method over estimated useful lives ranging from three to ten years. Lease assets are amortized using the straight-line method over the term of the lease.

Lease Payables

In accordance with GASB 87, right to use leases are recorded as payables in the government-wide financial statements Statement of Net Position and amortized over the term of the lease.

Compensated Absences Payable

Total unpaid compensated absences at June 30, 2023 were recorded on the books of MWVCOG based on total vested hours multiplied by current wage rates.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then. MWVCOG reports deferred outflow of resources related to the total OPEB liability for contributions made after the June 30, 2022 measurement date.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. MWVCOG reports deferred inflows of resources related to the total OPEB liability for changes in projected earnings versus actual earnings and contribution versus proportionate share of contributions.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Unearned Revenue

MWVCOG reports unearned revenue on its statement of net position. Unearned revenues arise when resources are received by MWVCOG before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when MWVCOG has a legal claim to the resources, the liability for unearned revenue is removed from the statement of net position and revenue is recognized. Dues and contract monies received in advance are recorded as unearned revenue.

Income Taxes

MWVCOG is exempt from Federal income taxes under Internal Revenue Code Section 115.

Property Taxes

MWVCOG is exempt from taxes for all real and personal property, including property held under lease or lease purchase agreements under ORS 456.220 and ORS 456.225 of Oregon law.

Retirement Plan

MWVCOG participates in a defined contribution plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. All career employees working 600 or more hours per year are eligible to participate in the plan after six months of employment. The employer contributions for each employee are fully vested after three years of continuous service.

Risk Management

MWVCOG is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. MWVCOG carries commercial insurance for risks of loss including workers' compensation, property, general liability, umbrella, automobile liability, directors and officer's liability and employee dishonesty coverage. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect reporting amounts of certain assets, liabilities, revenues, and expenses. Actual results may differ from such estimates. Financial statement items particularly sensitive to estimates are the allowance for doubtful accounts, and the useful lives of property and equipment.

MID-WILLAMETTE VALLEY COUNCIL OF GOVERNMENTS
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2023

CASH AND CASH EQUIVALENTS

Petty cash	\$ 176
Cash in banks	2,639,188
Local Government Investment Pool (at cost)	222,737
	<hr/>
	\$ 2,862,101
	<hr/>

Deposits

At June 30, 2023, the book balance of MWVCOG's bank deposits (checking and saving accounts) was \$2,639,188 and the bank balance was \$2,673,734. Bank deposits are secured by federal deposit insurance to legal limits.

Custodial Credit Risk - Deposits

This is the risk that in the event of a bank failure, MWVCOG's deposits may not be returned. The Federal Deposit Insurance Corporation (FDIC) provides insurance for MWVCOG's deposits with financial institutions up to \$250,000 each for the aggregate of all demand accounts and the aggregate of all time and savings deposits accounts at each institution. Deposits not covered, if any, are covered by the Public Funds Collateralization Program (PFCP) of the State of Oregon. The PFCP is a shared liability structure for participating bank depositories, better protecting public funds though still not guaranteeing that all funds are 100% protected. Barring any exceptions, a bank depository is required to pledge collateral valued at least 10% of their quarter-end public fund deposits if they are well capitalized, 25% of their quarter-end public fund deposits if they are adequately capitalized, or 110% of their quarter-end public fund deposits if they are undercapitalized or assigned to pledge 110% by the Office of the State Treasurer. In the event of a bank failure, the entire pool of collateral pledged by all qualified Oregon public funds bank depositories is available to repay deposits of public funds of government entities. At June 30, 2023, \$1,544,176 of MWVCOG's bank balances were exposed to custodial credit risk as part of the Public Funds Collateralization Program.

Investments

The State Treasurer of the State of Oregon maintains the Oregon Short Term Fund, of which the Local Government Investment Pool is part. Participation by local governments is voluntary. The State of Oregon investment policies are governed by statute and the Oregon Investment Council. In accordance with Oregon Statutes, the investment funds are invested as a prudent investor would do, exercising reasonable care, skill, and caution. The Oregon Short Term Fund is the LGIP for local governments and was established by the State Treasurer. It was created to meet the financial and administrative responsibilities of federal arbitrage regulations. The investments are regulated by the Oregon Short Term Fund Board and approved by the Oregon Investment Council (ORS 294.805 to 294.895).

At June 30, 2023, the fair value of the position in the Oregon State Treasurer's Short Term Investment Pool was approximately equal to the value of the pool shares. The investment in the Oregon Short Term Fund is not subject to risk evaluation. The LGIP is not rated for credit quality. Separate financial statements for the Oregon Short Term Fund are available from the Oregon State Treasurer.

MID-WILLAMETTE VALLEY COUNCIL OF GOVERNMENTS
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2023

CASH AND CASH EQUIVALENTS (continued)

Interest Rate Risk

In accordance with its investment policy, MWVCOG manages its exposure to declines in fair value of its investments by limiting the weighted average maturity of its investments.

Custodial Risk - Investments

The LGIP is administered by the Oregon State Treasury with the advice of other state agencies and is not registered with the U.S. Securities and Exchange Commission. The LGIP is an open-ended no-load diversified portfolio offered to any agency, political subdivision, or public corporation of the state that by law is made the custodian of or has control of any fund. The LGIP is commingled with the State's short-term funds.

In seeking to best serve local governments of Oregon, the Oregon Legislature established the Oregon Short Term Fund Board, which has established diversification percentages and specifies the types and maturities of the investments. The purpose of the Board is to advise the Oregon State Treasury in the management and investment of the LGIP. These investments within the LGIP must be invested and managed as a prudent investor would, exercising reasonable care, skill and caution. Professional standards indicate that the investments in external investment pools are not subject to custodial risk because they are not evidenced by securities that exist in physical or book entry form. Nevertheless, management does not believe that there is any substantial custodial risk related to investments in the LGIP.

LOANS RECEIVABLE

Loans receivable consist of amounts outstanding under MWVCOG's revolving loan program. Loans receivable principal and interest collected are reserved for future loans and the payment of administrative expenses related to the program. MWVCOG uses the specific identification method when accounting for bad debts. At June 30, 2023, it was determined by MWVCOG that no allowance for doubtful accounts was deemed necessary.

The outstanding loans are collateralized by tangible assets and are payable in monthly or quarterly installments which include interest at 5.0 to 7.0% per annum.

Future maturities of the loans receivable are as follows:

<i>Year Ending June 30,</i>	
2024	\$ 136,668
2025	218,967
2026	359,115
2027	128,740
2028	114,659
Thereafter	1,398,400
	<hr/>
	\$ 2,356,549
	<hr/>

MID-WILLAMETTE VALLEY COUNCIL OF GOVERNMENTS
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2023

CAPITAL ASSETS

	<i>June 30, 2022</i>	<i>Additions</i>	<i>Deletions</i>	<i>June 30, 2023</i>
Capital assets amortized and depreciated				
Office equipment	\$ 112,972	\$ -	\$ (102,242)	\$ 10,730
Office furniture	15,295	-	(15,295)	-
Vehicles	17,500	-	-	17,500
Right to use leased building	1,267,983	-	-	1,267,983
<i>Total capital assets amortized and depreciated</i>	1,413,750	-	(117,537)	1,296,213
Accumulated depreciation				
Office equipment	(106,615)	(2,039)	101,040	(7,614)
Office furniture	(16,077)	-	16,077	-
Vehicles	(9,380)	(3,255)	-	(12,635)
Accumulated amortization				
Right to use leased building	(158,498)	(158,498)	-	(316,996)
<i>Total accumulated depreciation and amortization</i>	(290,570)	(163,792)	117,117	(337,245)
<i>Total capital assets, net</i>	<u>\$ 1,123,180</u>	<u>\$ (163,792)</u>	<u>\$ (420)</u>	<u>\$ 958,968</u>

LONG-TERM LIABILITIES

Lease Payable – MWVCOG leases office space for their headquarters from Mission, LLC. The current agreement, which began March 13, 2012, had an original base rent of \$10,500 monthly with annual escalators for seven years. MWVCOG exercised an option to renew the lease which is currently set to expire June 30, 2029. The lease payable was calculated using a discount rate of 3.75%.

At June 30, 2023, future principal and interest payments for the lease payable is as follows:

<i>Year Ending June 30,</i>	<i>Principal</i>	<i>Interest</i>
2024	\$ 140,220	\$ 38,187
2025	151,213	32,928
2026	162,790	27,258
2027	174,979	21,153
2028	187,807	14,592
2029	201,303	7,549
	<u>\$ 1,018,312</u>	<u>\$ 141,667</u>

MID-WILLAMETTE VALLEY COUNCIL OF GOVERNMENTS
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2023

POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS

Plan Description – MWVCOG’s single-employer defined benefit postemployment healthcare plan is administered by City county Insurance Services (CIS). Benefit provisions are established through negotiations between the MWVCOG and representatives of MWVCOG or through resolutions passed by the Board of Directors. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

MWVCOG’s postemployment healthcare plan administrator issues a publicly available financial report that includes financial statements and required supplementary information for CIS. This report may be obtained by writing to the CIS Main Office, 1212 Court Street NE, Salem OR 97301.

Benefits Provided - The plan provides eligible retirees and their dependents under age 65 the same health care coverage at the same premium rates as offered to active employees. The retiree is responsible for the premiums. As of the valuation date of July 1, 2022, the following employees were covered by the benefit terms:

Inactive employees/beneficiaries receiving benefits	1
Active employees	<u>20</u>
	<u><u>21</u></u>

Total OPEB Liability, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB - MWVCOG’s total OPEB liability of \$79,478 was measured as of June 30, 2022, and was determined by an actuarial valuation as of July 1, 2022.

For the fiscal year ended June 30, 2023, MWVCOG recognized OPEB expense from this plan of \$7,014. At June 30, 2023, MWVCOG reported deferred outflows of resources and deferred inflows of resources related to this OPEB plan from the following sources:

	<u><i>Deferred Outflow of Resources</i></u>	<u><i>Deferred Inflow of Resources</i></u>
Differences between expected and actual experience	\$ -	\$ 11,072
Changes of assumptions	2,273	7,096
Benefit payments	12,106	-
Total	<u>\$ 14,379</u>	<u>\$ 18,168</u>

MID-WILLAMETTE VALLEY COUNCIL OF GOVERNMENTS**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)****YEAR ENDED JUNE 30, 2023****POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)**

Deferred outflows of resources related to OPEB of \$12,106 resulting from the MWVCOG's benefit payments will be recognized as an increase in the total OPEB liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year ended June 30:</u>	
2024	\$ (1,780)
2025	(2,696)
2026	(3,343)
2027	(3,364)
2028	(3,364)
Thereafter	(1,348)
	<hr/>
Total	\$ (15,895)
	<hr/>

Actuarial Assumptions and Other Inputs - The total OPEB liability for the June 30, 2022 valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified: inflation rate of 2.40%, projected salary increases of 3.40%, discount rate of 3.54% (change from 2.16% in the previous measurement period), medical and vision varies between 3.75% and 4.00% (due to the timing of the excise tax scheduled to affect health care benefits), dental at 4.00% and mortality rates based on the Pub-2010 General and Safety Employee and Healthy Retiree tables, sex distinct for members and dependents, with a one-year setback for male general service employees and female safety employees.

The discount rate was based on Bond Buyer 20-Year General Obligation Bond Index.

Changes in the Total OPEB Liability

Total OPEB Liability	
Service cost	\$ 4,632
Interest on total OPEB liability	2,240
Effect of economic/demographic gains or losses	(13,122)
Effect of assumptions changes or inputs	(8,408)
Benefit payments	(9,832)
	<hr/>
Net change in total OPEB liability	(24,490)
Total OPEB liability, beginning	103,968
	<hr/>
Total OPEB liability, ending	\$ 79,478
	<hr/>

The effect of changes in assumptions is the result of the change in the discount rate from 2.16 to 3.54.

MID-WILLAMETTE VALLEY COUNCIL OF GOVERNMENTS
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2023

POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

Sensitivity of the Total OPEB Liability - The following presents the MWVCOG's total OPEB liability, as well as what the liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.54 percent) or 1 percentage point higher (4.54 percent) than the current discount rate. A similar sensitivity analysis is then presented for changes in the healthcare trend assumption.

Discount Rate (Current Rate 3.54%)

	<u>1% Decrease</u>	<u>Current Rate</u>	<u>1% Increase</u>
Total OPEB Liability	\$ 83,075	\$ 79,478	\$ 75,884

Healthcare Cost Trend (Current Rate 3.75% Increasing to 4.0%)

	<u>1% Decrease</u>	<u>Current Rate</u>	<u>1% Increase</u>
Total OPEB Liability	\$ 73,949	\$ 79,478	\$ 85,596

RELATED PARTY

MWVCOG provides staff and other resources to Valley Development Initiatives (VDI) under a contract for services. For these services, VDI paid MWVCOG \$283,835 in the year ended June 30, 2023. There was no payable to MWVCOG from VDI as of June 30, 2023.

RETIREMENT PLANS

Defined Contribution Plan

MWVCOG contributes to a defined contribution plan for employees working more than 600 hours per year and who have been employed for more than six months. The defined contribution plan is administrated by ICMA.

Benefit terms, including contribution requirements, for the plan are established and may be amended by the Board of Directors. For each employee in the pension plan, MWVCOG is required to contribute 10.75% of annual salary and employees are required to contribute 4% of annual salary. For the year ended June 30, 2023, employee contributions totaled \$67,179 and MWVCOG recognized pension expense of \$180,544.

Employees are immediately vested in their own contributions and earnings on those contributions and become vested in MWVCOG contributions and earnings on MWVCOG contributions after 3 years of continuous employment. Nonvested MWVCOG contributions are forfeited upon termination of employment. Such forfeitures are used to reduce future contributions. For the year ended June 30, 2023, there were no forfeitures.

Deferred Compensation Plan

MWVCOG offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan permits them to defer a portion of their salary until future years. The deferred compensation is not available to the employees until termination, retirement, death, or an unforeseen emergency.

REQUIRED SUPPLEMENTARY INFORMATION

MID-WILLAMETTE VALLEY COUNCIL OF GOVERNMENTS**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – GENERAL FUND -
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2023**

	<i>Adopted Budget</i>	<i>Final Budget</i>	<i>Actual</i>	<i>Variance</i>
REVENUES				
Direct federal funds	\$ 2,833,473	\$ 2,833,473	\$ 260,494	\$ (2,572,979)
State funds, including pass through of federal funds	391,061	2,541,061	1,743,438	(797,623)
Member governments	1,764,093	1,764,093	1,312,511	(451,582)
Revolving loan fund program	237,447	237,447	214,914	(22,533)
Loan repayments				
Principal	164,000	164,000	619,695	455,695
Interest	103,500	103,500	103,788	288
Other revenues	50,447	50,447	111,182	60,735
<i>Total Revenues</i>	<i>5,544,021</i>	<i>7,694,021</i>	<i>4,366,022</i>	<i>(3,327,999)</i>
EXPENDITURES				
Personal services	3,218,833	3,543,958	2,785,989	757,969
Materials and services	2,050,644	3,875,519	1,536,740	2,338,779
Grants and loans to others	1,615,471	1,615,471	-	1,615,471
Contingency	551,104	551,104	-	551,104
<i>Total Expenditures</i>	<i>7,436,052</i>	<i>9,586,052</i>	<i>4,322,729</i>	<i>5,263,323</i>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,892,031)	(1,892,031)	43,293	1,935,324
FUND BALANCE (Beginning of year)	2,085,333	2,085,333	1,609,375	(475,958)
FUND BALANCE (End of year)	\$ 193,302	\$ 193,302	\$ 1,652,668	\$ 1,459,366

The modified accrual basis of accounting is used for budgetary reporting.

MID-WILLAMETTE VALLEY COUNCIL OF GOVERNMENTS
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
YEAR ENDED JUNE 30, 2023

Total OPEB Liability	2023	2022*	2021*	2020**	2019**	2018**
Service cost	\$ 4,632	\$ 4,500	\$ 26,376	\$ 2,865	\$ -	\$ 5,842
Interest on total OPEB liability	2,240	2,337	3,489	3,012	-	2,566
Effect of economic/demographic gains or (losses)	(13,122)	-	-	-	-	-
Effect of assumptions changes or inputs	(8,408)	249	6,719	(4,641)	-	(5,274)
Benefit payments	(9,832)	(8,646)	(8,646)	(7,777)	-	(6,318)
Net change in total OPEB liability	(24,490)	(1,560)	27,938	(6,541)	-	(3,184)
Total OPEB liability, beginning	103,968	105,528	77,590	84,131	84,131	87,315
Total OPEB liability, ending	<u>\$ 79,478</u>	<u>\$ 103,968</u>	<u>\$ 105,528</u>	<u>\$ 77,590</u>	<u>\$ 84,131</u>	<u>\$ 84,131</u>
Covered payroll	\$2,074,654	\$1,650,518	\$1,353,345	\$1,511,930	\$1,470,036	\$1,325,808
Total OPEB liability as a % of covered payroll	3.8%	6.3%	7.8%	5.1%	5.7%	6.3%

***Changes in valuation methodology** – In 2020, MWVCOG switched to the alternative measuring method in lieu of obtaining a formal actuarial valuation. In 2021, after obtaining a formal actuarial valuation, MWVCOG switched back to the actuarial cost method.

****Changes in benefit terms** – MWVCOG’s other post-employment benefits include retiree healthcare. The actuarial cost method for retiree healthcare benefits is the projected unit credit method. An actuarial valuation was not obtained for fiscal years ending June 30, 2020 and 2019.

Changes in assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period.

2018	3.58%
2019	3.58%
2020	3.58%
2021	2.21%
2022	2.16%
2023	3.54%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend has been compiled, information is presented only for the years for which the required supplementary information is available.

COMPLIANCE SECTION



GROVE, MUELLER & SWANK

redw
Advisors & CPAs

INDEPENDENT AUDITOR'S REPORT REQUIRED BY OREGON STATE REGULATIONS

Board of Directors
Mid-Willamette Valley Council of Governments
Salem, Oregon

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the basic financial statements of the Mid-Willamette Valley Council of Governments (MWVCOG) as of and for the year ended June 30, 2023, and have issued our report thereon dated December 14, 2023.

Compliance and Other Matters

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

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

- **Deposit of public funds with financial institutions (ORS Chapter 295).**
- **Budgets legally required (ORS Chapter 294.900).**
- **Insurance and fidelity bonds in force or required.**
- **Programs funded from outside sources.**
- **Authorized investment of surplus funds (ORS Chapter 294).**
- **Public contracts and purchasing (ORS Chapters 279A, 279B, 279C).**

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


Internal Control Over Financial Reporting

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

Restriction on Use

This report is intended solely for the information and use of the Board of Directors, management of MWVCOG and the Oregon Secretary of State and is not intended to be and should not be used by anyone other than these parties.

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

By: 
Ryan T. Pasquarella, Principal
December 14, 2023

***MID-WILLAMETTE VALLEY COUNCIL
OF GOVERNMENTS
FEDERAL COMPLIANCE REPORT
For the Year Ended June 30, 2023***



GROVE, MUELLER & SWANK

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Advisors & CPAs

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

Board of Directors
Mid-Willamette Valley Council of Governments
Salem, Oregon

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the major fund of Mid-Willamette Valley Council of Governments (MWVCOG), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise MWVCOG's basic financial statements and have issued our report thereon dated December 14, 2023.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether MWVCOG's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and

accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

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

Grove, Mueller & Swank

CERTIFIED PUBLIC ACCOUNTANTS

December 14, 2023



GROVE, MUELLER & SWANK

redw
Advisors & CPAs

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

Board of Directors
Mid-Willamette Valley Council of Governments
Salem, Oregon

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Mid-Willamette Valley Council of Governments' (MWVCOG) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of MWVCOG's major federal programs for the year ended June 30, 2023. MWVCOG's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, MWVCOG complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of MWVCOG and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of MWVCOG's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to MWVCOG's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on MWVCOG's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and

Government Auditing Standards, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about MWVCOG's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding MWVCOG's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of MWVCOG's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of MWVCOG's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

Grove, Mueller & Swank
CERTIFIED PUBLIC ACCOUNTANTS
December 14, 2023

MID-WILLAMETTE VALLEY COUNCIL OF GOVERNMENTS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2023

<i>Federal Grantor/Pass-Through Grantor/ Program or Cluster Title</i>	<i>Assistance Listing Number</i>	<i>Pass-Through Entity Identifying Number</i>	<i>Expenditures</i>	<i>Amounts Passed to Subrecipients</i>
U. S. Department of Commerce, Economic Development Administration				
Direct Programs:				
Economic Development Support for Planning Organizations	11.302	NA	\$ 19,617	\$ -
<i>Economic Development Cluster</i>				
COVID-19 Economic Adjustment Assistance	11.307	NA	269,141	-
COVID-19 Economic Adjustment Assistance - RLF	11.307	NA	1,359,660	-
<i>Total Economic Development Cluster</i>			1,628,801	-
<i>Total U.S. Department of Commerce</i>			1,648,418	-
U. S. Department of Transportation, Federal Highway Administration				
Passed through Oregon Department of Transportation				
<i>Highway Planning and Construction Cluster</i>				
Safe Routes to Schools	20.205	34008	71,395	-
PL Planning Funds	20.205	35234	252,053	-
Surface Transportation Program Funds	20.205	35234	598,826	-
Federal 5303 Funds	20.205	35234	184,605	164,610
<i>Total Highway Planning and Construction Cluster</i>			1,106,879	164,610
<i>Total U.S. Department of Transportation</i>			1,106,879	164,610
Total Federal Expenditures			\$ 2,755,297	\$ 164,610

See notes to schedule of expenditures of federal awards.

MID-WILLAMETTE VALLEY COUNCIL OF GOVERNMENTS
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2023

BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of Mid-Willamette Valley Council of Governments' (MWVCOG) under programs of the federal government for the year ended June 30, 2023. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. Because the Schedule presents only a selected portion of the operations of MWVCOG, it is not intended to and does not present the net position or changes in net position of MWVCOG.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

SPECIAL ECONOMIC DEVELOPMENT AND ADJUSTMENT ASSISTANCE PROGRAM

MWVCOG received grants totaling \$1,359,660 from the U.S. Department of Commerce, Economic Development Administration. These grant funds are being expended as part of the MWVCOG' Revolving Loan Fund. The activity of the Revolving Loan Fund for the year ended June 30, 2023 was as follows:

	<i>Balance July 1, 2022</i>	<i>Defederalized Loans</i>	<i>New Loans Issued</i>	<i>Loan Principal Repayments</i>	<i>Net Program Income (Loss)</i>	<i>Balance June 30, 2023</i>
Loans receivable	\$ 1,282,912	\$ -	\$ -	\$ (54,974)	\$ -	\$ 1,227,938
Available for new loans	417,214	-	-	54,974	31,705	503,893
<i>Total</i>	<u>\$ 1,700,126</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 31,705</u>	<u>\$ 1,731,831</u>

Balance at June 30, 2023 consists of:

Economic Development Administration funds	\$ 1,700,126
Net program income	31,705
<i>Total</i>	<u>\$ 1,731,831</u>

MID-WILLAMETTE VALLEY COUNCIL OF GOVERNMENTS

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)

YEAR ENDED JUNE 30, 2023

SPECIAL ECONOMIC DEVELOPMENT AND ADJUSTMENT ASSISTANCE PROGRAM (Continued)

The federal expenditures reported on the SEFA were calculated as follows:

Balance of outstanding loans, end of year	\$ 1,227,938
Cash balance, end of year	131,722
Administrative expenses paid (Initial admin expenses funded separately from the loan funds)	-
Total awards expended	<u>1,359,660</u>
Multiply by Federal Share of RLF (100%)	<u>1.00</u>
Total expenditures for Schedule of Federal Awards	<u><u>\$ 1,359,660</u></u>

MID-WILLAMETTE VALLEY COUNCIL OF GOVERNMENTS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2023

SUMMARY OF AUDITOR'S RESULTS

Financial Statements

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

Federal Awards

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

Identification of major program:

Assistance Listing Numbers

Name of Federal Program or Cluster

20.205

Highway Planning and Construction Cluster

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

FINANCIAL STATEMENT FINDINGS

None.

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None.

MID-WILLAMETTE VALLEY COUNCIL OF GOVERNMENTS
SCHEDULE OF PRIOR FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2023

FINANCIAL STATEMENT FINDINGS

Finding 2022-001 Maintenance of Accounting Records (Material Weakness)

Current Status: The corrective action was taken.

Finding 2022-002 Preparation of the Schedule of Expenditures of Federal Awards (SEFA) (Material Weakness)

Current Status: The corrective action was taken.

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None.



GROVE, MUELLER & SWANK

redw
Advisors & CPAs

December 14, 2023

Board of Directors
Mid-Willamette Valley Council of Governments
Salem, Oregon

We have audited the financial statements of Mid-Willamette Valley Council of Governments (MWVCOG) as of and for the year ended June 30, 2023, and have issued our report thereon dated December 14, 2023. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit

As communicated in our engagement letter dated August 21, 2023, our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

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

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

Planned Scope and Timing of the Audit

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

Compliance with All Ethics Requirements Regarding Independence

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

Significant Risks Identified

We have identified the following significant risks:

The possibility that management could override the system of controls. This risk is always identified and addressed by our planned audit procedures. This is not indicative of any unusual circumstances observed within your organization.

The possibility of non-compliance with federal grants resulting in the amounts being refunded to the funding agencies.

The possibility of incorrect payments made by the finance department due to the size of the department.

The possibility that net position is incorrectly stated. The accounting system closes capital asset and loan activity to net position and requires reclassifying journal entries each year for proper government-wide reporting.

Qualitative Aspects of the Entity's Significant Accounting Practices

Significant Accounting Policies

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

Significant Accounting Estimates

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

The most sensitive accounting estimates affecting the financial statements are the following:

1. Allowance for doubtful accounts related to outstanding notes receivable
2. OPEB liability and related deferred inflows and outflows.
3. Capital assets including right to use leased assets.

We evaluated the key factors and assumptions used to develop the estimates and determined that they are reasonable in relation to the basic financial statements taken as a whole.

Financial Statement Disclosures

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

Significant Difficulties Encountered during the Audit

Although we received full cooperation of management and believe that we were given direct and unrestricted access to MWVCOG's books and records, we had difficulties in performing and completing the audit process. Principally, these difficulties related to the poor condition of the books and records, lack of consistent and

standard accounting procedures, and the lack of accounting staff due to position vacancies for much of the year. All of these issues contributed to the problem and added to the time and related cost of the audit.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards also require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole and each applicable opinion unit. Management has corrected all identified misstatements.

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. The attached listing of misstatements that we identified as a result of our audit procedures, some of which were material, were brought to the attention of, and corrected by, management.

Disagreements with Management

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

Representations Requested from Management

We have requested certain written representations from management, which are included in the attached letter dated December 14, 2023.

Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, due to the position vacancies as noted above, they hired an accountant to assist with general bookkeeping and year-end closeout procedures.

Other Significant Matters, Findings, or Issues

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

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

Very truly yours,

Grove, Mueller & Swank
CERTIFIED PUBLIC ACCOUNTANTS

Client: **55780 - Mid-Willamette Valley Council of Governments**
Engagement: **Audit 2023 - Mid-Willamette Valley Council of Governments**

Account	Description	W/P Ref	Debit	Credit
Adjusting Journal Entries				
Adjusting Journal Entries JE # 9		6101		
Reverse client JE's posted to Retained Earnings on 7/1/22 for "KAT Beg Cash Savings"				
5460	Materials and Services:Other Misc Expense		1,424.02	
39500	Retained Earnings			1,424.02
Total			1,424.02	1,424.02
Adjusting Journal Entries JE # 11				
Adjusting Journal Entries JE # 11		5600		
PBC JE#1057: To reclass VDI deferred revenue to A/P				
2234	Deferred Revenue		51,755.84	
2002	Account Payable Other			51,755.84
Total			51,755.84	51,755.84
Adjusting Journal Entries JE # 12				
Adjusting Journal Entries JE # 12		4203		
PBC Record reduction in Accrued Indirect Carryforward for FY23				
5460	Materials and Services:Other Misc Expense		53,289.00	
1335	Under Recovery Accrued Indirect Carryover			53,289.00
Total			53,289.00	53,289.00
Adjusting Journal Entries JE # 13				
Adjusting Journal Entries JE # 13		4107		
PBC Reclass CLLLR grant revenue as unearned				
4465	Grant Revenue		1,000,000.00	
2234	Deferred Revenue			1,000,000.00
Total			1,000,000.00	1,000,000.00
Adjusting Journal Entries JE # 14				
Adjusting Journal Entries JE # 14		3701		
PBC Accrue payables for reimbursements back to grants for incomplete projects and services				
4110	Federal:Direct Federal Funds		42,272.50	
4202	State:State Direct		18,444.63	
2002	Account Payable Other			42,272.50
2002	Account Payable Other			18,444.63
Total			60,717.13	60,717.13
Total Adjusting Journal Entries			1,167,185.99	1,167,185.99
GASB 34 Entries				



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An equal opportunity lender, provider, and employer

December 14, 2023

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

This representation letter is provided in connection with your audit of the financial statements of Mid-Willamette Valley Council of Governments (MWVCOG) as of June 30, 2023, and for the year then ended, and the related notes to the financial statements, for the purpose of expressing opinions on whether the basic financial statements present fairly, in all material respects, the financial position, results of operations, and cash flows, where applicable, of the various opinion units of MWVCOG in accordance with accounting principles generally accepted for governments in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information such that, in the light of surrounding circumstances, there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

We confirm that, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves as of December 14, 2023:

Financial Statements

- We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated August 21, 2023, for the preparation and fair presentation of the financial statements of the various opinion units referred to above in accordance with U.S. GAAP.
- We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
- We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- We acknowledge our responsibility for compliance with the laws, regulations, and provisions of contracts and grant agreements.
- We have reviewed, approved, and taken responsibility for the financial statements and related notes.
- We have a process to track the status of audit findings and recommendations.

- We have identified and communicated to you all previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
- Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.
- All related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.
- All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed.
- We have reviewed and approved the various adjusting journal entries that were proposed by you for recording in our books and records and reflected in the financial statements.
- We are not aware of any pending or threatened litigation, claims, or assessments, or unasserted claims or assessments that are required to be accrued or disclosed in the financial statements in accordance with GASB Statement No. 62 (GASB-62), *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements* (FASB Accounting Standards Codification™ (ASC) 450, *Contingencies*), and we have not consulted a lawyer concerning litigation, claims, or assessments.
- All funds and activities are properly classified.
- All funds that meet the quantitative criteria in GASB Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, GASB Statement No. 37, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments: Omnibus* as amended, and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, for presentation as major are identified and presented as such and all other funds that are presented as major are considered important to financial statement users.
- All components of net position, non-spendable fund balance, and restricted, committed, assigned, and unassigned fund balance are properly classified and, if applicable, approved.
- Our policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position/fund balance are available is appropriately disclosed and net position/fund balance is properly recognized under the policy.
- All revenues within the statement of activities have been properly classified as program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.
- All expenses have been properly classified in or allocated to functions and programs in the statement of activities, and allocations, if any, have been made on a reasonable basis.
- All inter-fund and intra-entity transactions and balances have been properly classified and reported.
- Deposit and investment risks have been properly and fully disclosed.
- Capital assets, including infrastructure assets, are properly capitalized, reported, and if applicable, depreciated.
- All required supplementary information is measured and presented within the prescribed guidelines.

- With respect to the required supplementary information accompanying the financial statements:
 - We acknowledge our responsibility for the presentation of the required supplementary information in accordance with U.S. GAAP.
 - We believe the required supplementary information, including its form and content, is measured and fairly presented in accordance with U.S. GAAP.
 - The methods of measurement or presentation have not changed from those used in the prior period.
 - We believe the significant assumptions or interpretations underlying the measurement or presentation of the required supplementary information, and the basis for our assumptions and interpretations, are reasonable and appropriate in the circumstances.
- With regard to investments and other instruments reported at fair value:
 - The underlying assumptions are reasonable and they appropriately reflect management's intent and ability to carry out its stated courses of action.
 - The measurement methods and related assumptions used in determining fair value are appropriate in the circumstances and have been consistently applied.
 - The disclosures related to fair values are complete, adequate, and in accordance with U.S. GAAP.
 - There are no subsequent events that require adjustments to the fair value measurements and disclosures included in the financial statements.
- With respect to the preparation of the financial statements and related notes and input of the data collection form, we have performed the following:
 - Made all management decisions and performed all management functions;
 - Assigned a competent individual to oversee the services;
 - Evaluated the adequacy of the services performed;
 - Evaluated and accepted responsibility for the result of the service performed; and
 - Established and maintained internal controls, including monitoring ongoing activities.

Information Provided

- We have provided you with:
 - Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements of the various opinion units referred to above, such as records, documentation, meeting minutes, and other matters;
 - Additional information that you have requested from us for the purpose of the audit; and
 - Unrestricted access to persons within MWVCOG from whom you determined it necessary to obtain audit evidence.
- All transactions have been recorded in the accounting records and are reflected in the financial statements.

- We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- We have provided to you our evaluation of MWVCOG's ability to continue as a going concern, including significant conditions and events present, and if necessary, our analysis of management's plans, and our ability to achieve those plans.
- We have no knowledge of any fraud or suspected fraud that affects MWVCOG and involves:
 - Management;
 - Employees who have significant roles in internal control; or
 - Others where the fraud could have a material effect on the financial statements.
- We have no knowledge of any allegations of fraud, or suspected fraud, affecting MWVCOG's financial statements communicated by employees, former employees, vendors, regulators, or others.
- We are not aware of any pending or threatened litigation, claims, and assessments whose effects should be considered when preparing the financial statements and we have not consulted legal counsel concerning litigation, claims, or assessments.
- We have disclosed to you the identity of MWVCOG's related parties and the nature of all the related party relationships and transactions of which we are aware.
- There have been no communications from regulatory agencies concerning noncompliance with or deficiencies in accounting, internal control, or financial reporting practices.
- MWVCOG has no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.
- We have disclosed to you all guarantees, whether written or oral, under which MWVCOG is contingently liable.
- We have disclosed to you all non-exchange financial guarantees, under which we are obligated and have declared liabilities and disclosed properly in accordance with GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*, for those guarantees where it is more likely than not that MWVCOG will make a payment on any guarantee.
- We have disclosed to you all significant estimates and material concentrations known to management that are required to be disclosed in accordance with GASB Statement No. 62 (GASB-62), *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. Significant estimates are estimates at the balance sheet date that could change materially within the next year. Concentrations refer to volumes of business, revenues, available sources of supply, or markets or geographic areas for which events could occur that would significantly disrupt normal finances within the next year.
- We have identified and disclosed to you the laws, regulations, and provisions of contracts and grant agreements that could have a direct and material effect on financial statement amounts, including legal and contractual provisions for reporting specific activities in separate funds.
- There are no:
 - Violations or possible violations of laws or regulations, or provisions of contracts or grant agreements whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency, including applicable budget laws and regulations.

- Unasserted claims or assessments that our lawyer has advised are probable of assertion and must be disclosed in accordance with GASB-62.
- Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by GASB-62
- Continuing disclosure consent decree agreements or filings with the Securities and Exchange Commission and we have filed updates on a timely basis in accordance with the agreements (Rule 240, 15c2-12).
- MWVCOG has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset or future revenue been pledged as collateral, except as disclosed to you.
- We have complied with all aspects of grant agreements and other contractual agreements that would have a material effect on the financial statements in the event of non-compliance.
- With respect to federal award programs:
 - We are responsible for understanding and complying with and have complied with the requirements of Title 2 CFR Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards* (the Uniform Guidance), including requirements relating to preparation of the schedule of expenditures of federal awards (SEFA), or we acknowledge our responsibility for presenting the SEFA in accordance with the requirements of the Uniform Guidance and we believe the SEFA, including its form and content, is fairly presented in accordance with the Uniform Guidance. The methods of measurement or presentation of the SEFA have not changed from those used in the prior period and we have disclosed to you any significant assumptions and interpretations underlying the measurement or presentation of the SEFA.
 - If the SEFA is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the SEFA no later than the date we issue the SEFA and the auditor's report thereon.
 - We have identified and disclosed to you all of our government programs and related activities subject to the Uniform Guidance and included in the SEFA made during the audit period for all awards provided by federal agencies in the form of grants, federal cost-reimbursement contracts, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other direct assistance.
 - We are responsible for understanding and complying with, and have complied with, the requirements of laws, regulations, and the provisions of contracts and grant agreements related to each of our federal programs and have identified and disclosed to you the requirements of laws, regulations, and the provisions of contracts and grant agreements that are considered to have a direct and material effect on each major program.
 - We are responsible for establishing and maintaining, and have established and maintained, effective internal control over compliance requirements applicable to federal programs that provides reasonable assurance that we are managing our federal awards in compliance with laws, regulations, and the provisions of contracts and grant agreements that could have a material effect on our federal programs. We believe the internal control system is adequate and is functioning as intended.

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

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

Scott F. Dadson

Scott F. Dadson (Dec 14, 2023 12:16 PST)

Scott Dadson, Executive Director

Amber Mathiesen

Amber Mathiesen (Dec 14, 2023 12:38 PST)

Amber Mathiesen, Finance Director

Mid-Willamette Valley Council of Governments

Budget vs. Actuals: FY 2023-24 Budget by Dept - FY24 P&L Departments

July 2023 - June 2024

	TOTAL			
	ACTUAL	BUDGET	OVER BUDGET	% OF BUDGET
Income				
4100 Federal				
4110 Direct Federal Funds	820,270.82	75,000.00	745,270.82	1,093.69 %
4120 Federal Pass Through Funds		2,368,562.44	-2,368,562.44	
Total 4100 Federal	820,270.82	2,443,562.44	-1,623,291.62	33.57 %
4200 State				
4202 State Direct	703,545.14	2,282,709.55	-1,579,164.41	30.82 %
Total 4200 State	703,545.14	2,282,709.55	-1,579,164.41	30.82 %
4400 Local	1,098,070.10	817,529.00	280,541.10	134.32 %
4410 Bank Interest	22,184.37		22,184.37	
4460 Loan Revenue				
4440 Loan Administration & Servicing	9,558.17	554,000.00	-544,441.83	1.73 %
4450 Loan Interest	67,314.46	103,500.00	-36,185.54	65.04 %
4462 Loan Packaging	3,960.00		3,960.00	
4466 Principal	98,327.42	164,000.00	-65,672.58	59.96 %
4467 CCD Loan Revenue	16,688.00	13,000.00	3,688.00	128.37 %
Total 4460 Loan Revenue	195,848.05	834,500.00	-638,651.95	23.47 %
4465 Grant Revenue	15,500.00		15,500.00	
4470 Non - Member Services	336.00		336.00	
4480 Other Miscellaneous Revenue	19,835.82	50,447.00	-30,611.18	39.32 %
4490 Services	28,153.68		28,153.68	
4500 Transfers In		636,679.87	-636,679.87	
4600 VDI Contract Revenue		80,000.00	-80,000.00	
4710 Discounts given	-13,872.52		-13,872.52	
Total Income	\$2,889,871.46	\$7,145,427.86	\$ -4,255,556.40	40.44 %
GROSS PROFIT	\$2,889,871.46	\$7,145,427.86	\$ -4,255,556.40	40.44 %
Expenses				
5100 Payroll Expenses				
5101 Wages	1,540,738.70	2,544,920.00	-1,004,181.30	60.54 %
5120 Taxes	127,705.10	199,846.00	-72,140.90	63.90 %
5130 Fringe Benefits	456,273.91	809,365.00	-353,091.09	56.37 %
Company Contributions (deleted-1)				
Health Insurance (deleted)	0.00		0.00	
Retirement (deleted)	0.00		0.00	
Total Company Contributions (deleted-1)	0.00		0.00	
Total 5130 Fringe Benefits	456,273.91	809,365.00	-353,091.09	56.37 %
Total 5100 Payroll Expenses	2,124,717.71	3,554,131.00	-1,429,413.29	59.78 %
5200 Materials and Services				
5201 Legal & Professional Services				
5210 Legal Services	323.00		323.00	
5220 Lobbyist	13,200.00	20,000.00	-6,800.00	66.00 %
5230 Audit Services	43,500.00	82,000.00	-38,500.00	53.05 %

Mid-Willamette Valley Council of Governments

Budget vs. Actuals: FY 2023-24 Budget by Dept - FY24 P&L Departments

July 2023 - June 2024

	TOTAL			
	ACTUAL	BUDGET	OVER BUDGET	% OF BUDGET
5250 Loan Program Administration		1,100.00	-1,100.00	
5260 Loan Servicing	4,810.87		4,810.87	
5290 Other Professional Services	111,919.13	298,300.00	-186,380.87	37.52 %
Total 5201 Legal & Professional Services	173,753.00	401,400.00	-227,647.00	43.29 %
5320 Communication, Printing	39,517.30	136,942.00	-97,424.70	28.86 %
5330 Computer Support, Supplies & Upgrades	75,460.66	112,050.00	-36,589.34	67.35 %
5340 Dues & subscriptions	8,433.02	15,600.00	-7,166.98	54.06 %
5350 Entertainment Meals	3,460.41	9,200.40	-5,739.99	37.61 %
5370 Equipment Repair & Maintenance	907.99		907.99	
5390 Insurance	7,642.60	44,500.00	-36,857.40	17.17 %
5410 Loans	200,000.00	2,011,697.00	-1,811,697.00	9.94 %
5440 Occupancy Expense	140,515.34	198,070.00	-57,554.66	70.94 %
5450 Office Supplies	11,649.94	46,991.00	-35,341.06	24.79 %
5460 Other Misc Expense	10,458.79	6,950.00	3,508.79	150.49 %
5470 Pass Through Payments	502,413.75	1,859,000.00	-1,356,586.25	27.03 %
5500 Postage	246.00		246.00	
5510 Travel, Training and Meetings	31,902.00	31,800.00	102.00	100.32 %
5520 Vehicle Repair & Maintenance	3,339.11	26,550.00	-23,210.89	12.58 %
5535 Grant Discounts	13,382.61	189,170.00	-175,787.39	7.07 %
Total 5200 Materials and Services	1,223,082.52	5,089,920.40	-3,866,837.88	24.03 %
5540 Indirect Cost	0.00	1,556,652.00	-1,556,652.00	0.00 %
5600 Capital Outlay	7,612.32		7,612.32	
5700 D - Transfers Out		397,166.00	-397,166.00	
5805 Reimbursements	795.22		795.22	
5815 Uncategorized Expense	9.00		9.00	
Total Expenses	\$3,356,216.77	\$10,597,869.40	\$ -7,241,652.63	31.67 %
NET OPERATING INCOME	\$ -466,345.31	\$ -3,452,441.54	\$2,986,096.23	13.51 %
Other Income				
4001 Beginning Balance		3,758,514.00	-3,758,514.00	
7000 Other Income	0.00		0.00	
Total Other Income	\$0.00	\$3,758,514.00	\$ -3,758,514.00	0.00 %
Other Expenses				
5820 Reconciliation Discrepancies-1	3.96		3.96	
9010 Designated Reserves		110,634.00	-110,634.00	
9020 Undesignated Reserves		44,514.00	-44,514.00	
9500 Contingency		1,629,430.40	-1,629,430.40	
Total Other Expenses	\$3.96	\$1,784,578.40	\$ -1,784,574.44	0.00 %
NET OTHER INCOME	\$ -3.96	\$1,973,935.60	\$ -1,973,939.56	-0.00 %
NET INCOME	\$ -466,349.27	\$ -1,478,505.94	\$1,012,156.67	31.54 %



MEMORANDUM

TO: Board of Directors
Mid-Willamette Valley Council of Governments

DATE: March 14, 2024

THRU: Scott Dadson
Executive Director

FROM: Amber Mathiesen
Finance Director

SUBJECT: Finance Report

Budget

The FY 2023-24 budget was adopted by the COG board in June 2023. We do not have any supplemental budgets to present currently.

Audit

The contract for Audit Services with REDW is a separate item on the agenda for consideration.

Indirect Cost Rate

Our indirect cost rate request for FY 2024-25 has been submitted to the Department of the Interior for negotiation. We will expect to have the rate in place for the budget process.

Revenue and Expense

COG's activities related to the budget for FY 2023-24 are shown in Attachment A, a COG wide Budget versus actuals report through March 14, 2023. At that time close to 75% of the budget year has elapsed. Overall expenses are approximately 31.54% of budget.

The revenue(income) section of the report demonstrates that COG has received 40.44%. Expenditures are currently also under budget at 31.67%.



MEMORANDUM

TO: Board of Directors
Mid-Willamette Valley Council of Governments

DATE: March 14, 2024

THRU: Scott Dadson
Executive Director

FROM: McRae Carmichael
Community Development Director

SUBJECT: Community Development Update

The following summary highlights new and continuing Community Development activities completed by COG staff over the past three (3) months:

Land Use Planning

Our planners continue to support communities with both current planning and long-range planning applications and efforts. This includes processing Site Plan Reviews, Partitions, Subdivisions, Conditional Uses and other current planning activities alongside code amendments, zone and comprehensive plan map updates, and new overlay zones and design standards. COG currently provides contract planning services to 25 cities.

Our planning staff continue to work on developing the work plan for code updates in **Amity, Carlton, Dayton, Jefferson and Mt. Angel**. This work will take place over the next year. We are also working on Code updates from HB 3395 for middle housing mandates for communities in population from 2500-10,000. These Cities include **Amity, Dayton, Hubbard, Jefferson, Lafayette, Mt. Angel, Sheridan and Willamina**. COG staff assisted **Hubbard** and **Amity** with developing and advertising RFPs for Hubbard DLCD funded EOA work and Amity's DLCD funded Periodic Review. This work will take place in 2024 and COG planning staff with assistance in the technical review committee for these projects.

We also will be assisting the City of **Keizer** with the code updates for Climate Friendly Cities code adoption. This work is building on the work that MWVCOG transportation and planning staff completed for Keizer in 2022-2023.

We have also supported several Cities with Strategic Planning, Goal Setting and Charter Reviews for some of members. This is a service we are working on refining this service and program for our members.

Grant Administration

We continue to assist **Amity** with their water improvements project and Davis-Bacon and BOLI wage monitoring requirements for the Salt Creek Bridge Water Line Project, the City of **Falls City** on their successful Community Development Block Grant (CDBG) award for \$2,050,145 for wastewater improvements, the city of **Independence** on Davis-Bacon and BOLI wage monitoring requirements related to a Oregon funded infrastructure project, and the City of **Willamina** on their successful CDBG award for \$873,912 and their Safe Drinking Water Revolving Loan Fund and Water/Wastewater award for \$6,114,660 to relocate their water intake.

We are assisting **Sheridan** with its **\$250,000 CDBG-CV** grant which in partnership with the Sheridan Food Bank provides critical equipment, supplies, staffing and food for vulnerable community members. The Food Bank recently purchased a cargo van to transport food and supplies as well as refrigeration equipment to extend the amount of food it can have onsite for community members. We are also assisting **Sheridan** with its **\$1,043,940 CDBG Wastewater System Improvements** design grant. We are beginning to work on the Environmental Review for the next phase of this project.

COG staff are administering a \$2 million DEQ septic reimbursement grant to reimburse property owners who have had to replace or repair septic systems destroyed or damaged by the Beachie Creek and Lionshead wildfires. We have 182 active applications and have successfully processed and issued over **\$600,000** in reimbursement checks to property owners in Wildfire Impacted **Marion County**. We have also amended our contract with DEQ to allow property owners outside the fire impacted area to receive reimbursement. These funds will have to be allocated by September 2024 and spent by June 2025.

Housing Rehabilitation

Planning efforts are underway with **Marion County** CDBG staff to begin their Home Loan repair program. The MWVCOG was awarded a five-year contract to assist the County with administering its programs to the 18 entitlement communities within **Marion County**. The County has approved that an eligible property owner can apply for \$50,000 in funds for home improvements. We currently have 4 projects in some phase of construction and have 25 applications in the process of review for eligibility.

We applied on behalf of **Mt. Angel** Marion County CDBG funds for a street improvement along Academy Ave. Mt. Angel will learn later this Spring if they are awarded funds for this project.

We also assisted the City of **Stayton** with a Safe Drinking Water Revolving Loan Fund application for approximately \$6 million for improvements to upgrade City water lines throughout the City to increase future capacity.

Economic Development

Latino Business Alliance

We have assisted the Latino Business Alliance in development of a small business loan program, writing the Loan Policies & Procedures and loan Guidelines. From 2023, we continue to provide loan underwriting and documentation services for the LBA. This program has booked a total of seven small business loans. Loans sizes range from \$5,000 - \$15,000.

We are in the process of applying for additional EDA funds to address loan requests for up to \$200,000.

Yamhill County Revolving Loan Fund

We are currently assisting Yamhill County Economic development in structuring a loan program for their revolving Loan Fund. Policies & Procedures, Loan Guidelines and administrative duties/contract is under review and advisement.

Oregon Economic Development Districts, in partnership with **Business Oregon** have been working with all three Counties and member Cities to prepare for upcoming Broadband Funding opportunities through Broadband Technical Assistance Program (BTAP) and Broadband Equity, Access, and Deployment (BEAD). It is estimated there will be \$8 million in BTAP funding, \$157 Million in ARPA funding and \$680 Million in BEAD funding that will be made available for Grant Applications. \$163 million will be available in 2024 for grants for planning and implementation.

In February of 2024- MWVCOG applied for BTAP funding to mapping and broadband planning for Marion, Polk and Yamhill Counties and member Cities. The COG continues to host a **Regional BAT (Broadband Action Team)** to collaborate on funding opportunities and planning resources.

In partnership with the Mid-Valley **Regional Solutions Team (RST)**, COG staff continues to track and monitor projects that align with the 2023-2028 Comprehensive Economic Development Strategy (CEDS). The CEDS was reviewed and adopted by the Mid-Willamette Valley Partnership Board in December 2023. The RST meets monthly at the COG to discuss projects in the region and prioritize resources for state agencies involvement in these projects.

COG continues to support **Marion County** and the **Santiam Canyon** communities with wildfire response and recovery, including supporting land use planning applications and code updates to respond to immediate fire recovery and rebuilding, and coordinating meetings and support related to redevelopment efforts in the Canyon.

We continue to work with **Marion County Economic Development** on the Micro Business Loan Program for the communities in the Santiam Canyon that were impacted by the fire of 2020. With input from Marion County Economic Development, we have developed the Policy & Procedures and the Loan program Guidelines. Marion County has not finalized approval of this program. This program endeavors to support the businesses and these communities, as a loan program with a forgivable option for up to \$30,000 of loan proceeds, based on new jobs created.

We are supporting the **North Santiam Sewer Authority**, a joint venture of the cities of **Idanha, Detroit, Gates** and **Mill City**, which has the aim of supporting the development of a sewer system for the canyon communities. The NSSA works in partnership with **Marion County** which is providing fiscal and engineering oversight of a \$50M ARPA allocation from the Oregon legislature to provide planning, design, and construction of sewer and septic solutions for the canyon. **\$40M** is allocated to construct a new treatment plant and collection system that can serve the communities of **Mill City** and **Gates**. **\$10M** was allocated to fund design and planning for a sewer system for **Detroit** and **Idanha** long term, and commercial and residential septic solutions in the interim, while additional funding for the construction of a sewer system is sought. This summer and fall COG support has and continues to be focused on assisting the NSSA board with its deliberations on the questions; what entity will own, operate and maintain the sewer system facilities during and after their construction and what will be the governance structure of the system. COG also works closely with county staff to identify potential sources of funding for gap funding to ensure completion of the construction of the Mill City -Gates treatment and collection system. COG supports the board with community engagement events and media inquiries regarding the project.

Small Business Loan Program

Commercial Loan Loss Reserve Program

In 2023 we applied and received funding through Business Oregon for a combined total of \$1,750,000 to develop a business loan loss reserve. \$1,000,000 was allocated for Mid-Willamette Valley Council of Governments and \$750,000 was allocated to Valley Development Initiatives.

Loans Booked in 2023-2024:

Loans Booked	Loan Amount	Loan Program		Date Funded
MWVCOG:				
Commercial Owner Occupied RE	\$200,000	RLF		7/20/23
VDI:				
Bus. Equip.	\$106,250	ILP		2/28/23
Shop Building	\$180,000	ILP		3/38/23
Preschool remodel	\$200,000	VDI		7/26/23
Total	\$686,250			

Loan pipeline as of 3/14/2024:

Borrower/Applicant	Loan Amount	Loan Program	Probability	Est. Funding Date
Direct funded loans:				
MWVCOG:				
Winery relocation/expansion	\$100,000		80%	4 th quarter 2024
Sub-total	\$100,000			
VDI:				
Bus. Equip.	\$55,000		70%	2 nd quarter 2024
Food/beverage trailer	\$40,000		50%	3 rd quarter 2024
Bus. Relocation/expansion	\$70,000		60%	2 nd Quarter 2024
Business Acquisition	\$200,000		50%	3 rd quarter 2024
Business Acquisition	\$100,000		70%	2 nd quarter 2024
Sub-total	\$465,000			
Total Direct:	\$565,000			
SBA 504:				
Equestrian Center	\$1,630,000	SBA 504	90%	6/1/2024
Restaurant acquisition	\$1,960,000	SBA 504	70%	8/1/2024
Total Indirect	\$3,590,000			



MEMORANDUM

TO: Board of Directors **DATE:** March 13, 2024

THRU: Scott Dadson, Executive Director

FROM: Mike Jaffe, Transportation Program Director

SUBJECT: Transportation and GIS Programs Update

Mid-Willamette Area Commission on Transportation (MWACT)

MWACT held one meeting this quarter, on February 1, 2024

February 1, 2024 MWACT meeting

Items on the agenda included a presentation and discussion about the funding allocations for Oregon 2027-2030 State Transportation Improvement Program (STIP). Due to reductions in expected revenue, most of the funding categories have been reduced, with the exception of the program that will continue to build ADA-compliant ramps on state facilities (that program will increase from over \$310 million to \$625 million in 2027 to 2030.) ODOT's also described development of the Great Street 2.0 funding program (at \$70 million statewide), a strategic fund to advance safety, climate and equity outcomes in a corridor or community.

OTC Allocation

Category	2021-2024 STIP	2024-2027 STIP	2027-2030 STIP
Fix-it	1,024,937,739	1,004,248,351	640,053,025
Public and Active Trans. (PAT)	750,000,000	800,000,000	583,824,096
ADA	90,500,000	310,660,686	625,000,000
Local	534,583,562	535,732,694	461,898,337
Safety	174,207,738	189,728,305	177,472,200
Enhance	711,580,261	200,000,000	-
Other	274,800,989	317,290,521	387,614,693
Unallocated	Distributed above	Distributed above	70,571,954
Total	3,560,610,289	3,357,660,557	2,946,434,305

There was also a presentation from ODOT's Climate Office about the federal Carbon Reduction Program, which was created by the 2021 Bipartisan Infrastructure Law. The program will provide Oregon \$82 million over five years to fund projects that reduce greenhouse gas emissions from transportation.

Salem Keizer Area Transportation Study (SKATS)

In January, Cathy Clark was elected chair of the SKATS Policy Committee. Sadie Carney was elected Vice Chair.

MPO Structure – The 2020 Census expanded the Salem Urban Area to include the city of Aumsville. This will also bring the city of Aumsville within the SKATS Metropolitan Planning Area. In February, the Policy Committee continued the discussion -- started in 2023 -- about potential changes to the membership structure of the SKATS MPO. The Policy Committee will continue this item at the March 2024 meeting.

Staff developed the **draft Unified Planning Work Program (UPWP)** that describes anticipated federally funded and regional transportation planning activities within the SKATS MPO. This UPWP covers the time period from July 1, 2024, through June 30, 2025. After review by the SKATS committees, it was sent to ODOT and the federal agencies (FHWA, FTA) for their review and comment.

Staff produced the required **2023 Annual List of Federal Obligations**, which is a listing of projects for which federal transportation funds were obligated in the preceding federal fiscal year within the SKATS area. In 2023, over \$28 million of funds (for 21 projects) using FHWA funds and over \$12 million of funds (for 7 projects) using FTA funds were obligated. The report can be viewed at <https://www.mwvcog.org/media/4996>

At the request of the Policy Committee, staff provided a **summary of the projects that SKATS has programmed** federal transportation funds in the SKATS Transportation Improvement Program. This was for projects starting in 2003 and including projects in the FY2024 – 2027 TIP. The summary is only the federal funds that the SKATS Policy Committee has discretion for allocating, which totals **over \$127 million for this 24-year period**, and excluded local matching funds

During the quarter, staff continued to process the **necessary amendments and adjustments** to transportation projects in the 2024-2029 SKATS Transportation Improvement Program so these **projects can continue in the project development pipeline**.

Safe Routes to School Program (MWVCOG and Salem-Keizer School District)

Activities and events for the Salem-Keizer Safe Routes to School (S-K SRTS) this quarter included:

- Winter Walk-and-Roll events (Feb 7th) at Cummings Elementary School (with the entire student body participating) and at Washington Elementary School
- Walking school bus events at Washington Elementary School
- Assisted with Auburn Elementary School Pedestrian Safety Classes – Note: more elementary schools are using the Pedestrian Safety Kits (provided by the COG’s SRTS Program) for their pedestrian safety curriculum during PE classes.
- Coordination with Cycle Oregon, Salem-Keizer schools, and volunteers for upcoming bicycle safety classes this Spring at several schools.
- Using a grant from ODOT, purchased over 150 bike helmets, to be distributed to students this year
- Launch of the SRTS’s 4th Annual Art Contest. Theme this year is “What is your dream route to school?”
- School site assessments at schools in the Salem-Keizer School district area (Faye Wright ES, Forest Ridge ES, Leslie Middle School)
- Presentations at PTA meetings (for Cummings Elementary school)
- Coordination with Marion County Community Health and city of Salem Public Works
- Coordinated with Cherriots staff on a “Mobile Classroom” which teaches 4th and 5th graders on the proper way to ride a bus (safety and etiquette)
- The SRTS program and Coordinator Beth Schmidt was profiled in a Statesman Journal feature article this quarter

Census and Geographic Information Systems (GIS) Department

GIS staff continued to provide mapping and analysis work to support a **buildable land inventory** for the **city of Aurora**.

GIS staff provided maps for the **city of Sheridan** showing 1,000 foot buffers around schools and parks for a council discussion on psilocybin rules.

GIS staff examined and analyzed broadband data and participated in regional broadband discussions in preparation for a **grant application for Broadband Technical Assistance Program** funds.

GIS staff began work on upgrading **Yamhill County’s online web map applications to a new development platform** in preparation for support for the current sites ending later this year.

Polk County Adjustments Summary

	Dues Should Have Been	Actual Dues	Difference	Total	
FY 2012-13	6,830	5,000	1,830	1,830	
FY 2013-14	6,985	5,055	1,930	3,760	
FY 2014-15	7,343	5,308	2,035	5,795	
FY 2015-16	7,538	5,626	1,912	7,707	
FY 2016-17	7,645	5,907	1,738	9,445	
FY 2017-18	7,839	6,202	1,637	11,082	
FY 2018-19	8,082	6,592	1,490	12,572	
FY 2019-20	8,677	6,922	1,755	14,327	
FY 2020-21	9,122	7,268	1,854	16,181	
FY 2021-22	9,128	7,875	1,253	17,434	
FY 2022-23	9,423	8,269	1,154	18,588	
FY 2023-24	9,894	8,682	1,212	19,800	
FY 2024-25	10,290	9,030	1,260	21,060	* Assumes 4% increase



MEMORANDUM

TO: Board of Directors
Mid-Willamette Valley Council of Governments

DATE: March 14, 2024

FROM: Executive Committee
Mid-Willamette Valley Council of Governments

THRU: Scott Dadson, Executive Director

SUBJECT: Proposed COG Membership Fees for Polk County

Issue

- A. Should the Board adopt the attached Member Dues for Polk County for FY 2024-25
- B. Should the Board waive the past fees not collected

Background

MWVCOG uses our membership dues our members and to support all COG member services. The COG Board and staff recognize the funding impacts that our members are likely to experience in the years to come and we hope that our staff have shown the importance and value that we provide to members in leveraging funds generally and strengthening our partnerships.

The COG Executive Committee wishes to affirm the respect and value we place upon your continued membership in service and support of our region and seek your feedback on other ways our staff and the COG Board can be of services to our members.

Section XIII of the Agreement of the Mid-Willamette Valley Council of Governments (MWVCOG) requires that the Executive Committee recommend a participation cost structure to the Council annually, no later than March prior to the fiscal budget cycle. Since most jurisdictions are well into their budget cycle by then, the Board has directed dues be established at the December meeting prior to going into effect in the following July.

In December 2006, the Board of Directors approved the recommendation from the Executive Committee that the per capita rate for membership fees be increased by the CPI on an annual basis.

The methodology approved by the Board of Directors for calculating Member dues is as follows:

A per capita rate is established (currently 0.546 for FY 2023-24) and multiplied by the jurisdiction's population as determined by Portland State Population Research Center. Because dues are required to be approved by the Board of Directors at their December meeting, the data we use is the most current available from published sources in November. The per capita rate is adjusted each year by the Consumer Price Index (CPI) for all wage earners in the Seattle area. The minimum and maximum amounts were previously established by the Board of Directors and have been adjusted by the CPI beginning in FY 2007-08.

In FY 2012-13, a concession was granted to Polk County to reduce their member dues to \$5,000 because of loss of timber funds that created a financial hardship on the County. It was agreed that Polk County member dues would increase at least 5 percent (regardless of the CPI) until the dues deficit was made up.

Below is a historical representation of the Actual CPI and the rates the Board adopted. Last year the Board opted to apply a rate increase of 5% as opposed to the 8.6% Actual CPI in order to level increases to the members.

History of Member Dues

	<u>FY 2018-19</u>	<u>FY 2019-20</u>	<u>FY 2020-21</u>	<u>FY 2021-22</u>	<u>FY 2022-23</u>	<u>FY 2023-24</u>
Actual CPI	3.60%	4.00%	1.90%	3.30%	8.60%	1.00%
Board Adopted	3.60%	4.00%	1.90%	3.30%	5.00%	4.00%

At the December 2024 COG Board meeting Polk County requested the Board table setting a member rate for the county, and to allow staff to present information based on a proposal to consider establishing a membership rate that calculates their 2024-25 dues to be based on the prior year rate plus the 4% rate as was adopted for all other members, to consider this their new base for future rate increases, and to consider forgiveness of past uncollected dues. This request for consideration was made on the basis that the original loss of timber related funding has never been restored, and Polk County would struggle to make up for the years of past uncollected dues amounting to \$21,060.

Recommendation

A. **Member Dues**

Adopt a 4% rate increase from the 2023-24 rates of \$8,682 to \$9,030 for 2024-25, and use the 2024-25 rate as a new base for member rates and future rate increases.

B. Forgive the past uncollected rates in the amount of \$21,060, thus eliminating debt from Polk County to the COG.

Attachments:

Polk County Adjustments Summary



MEMORANDUM

TO: Board of Directors
Mid-Willamette Valley Council of Governments

DATE: March 14, 2024

THRU: Scott Dadson
Executive Director

FROM: Amber Mathiesen
Finance Director

SUBJECT: Resolution No. 2024-01 Establishing Rates for Services for FY 2024-25

ISSUE

Should the Mid-Willamette Valley Council of Governments (COG) Board of Directors adopt the attached resolution establishing rates for fee-for-service programs FY 2024-25?

BACKGROUND

The COG, as an intergovernmental entity formed by agreement pursuant to ORS Chapter 190, has the authority to enter into intergovernmental agreements for the delivery of services to its member governments. The COG presently offers a host of fee-for-service programs on a contractual basis with its member governments, including but not limited to: land use planning, housing rehabilitation loan administration, revolving loan program administration, legal services, executive recruiting, and other technical services.

As part of the budget setting process, the Board adopts a rate schedule annually that sets out the fees that the COG charges for services provided to member and non-member governments.

RECOMMENDATION

The Board adopt Resolution No. 2024-01 establishing rates for fee-for-service programs FY 2024-25.

DISCUSSION

The following discussion summarizes the analysis that staff used to arrive at the rates on the attached resolution to include:

- Any relevant historical context for the program or service and its associated rates;
- The assumptions and methodology staff used to arrive at the recommended rate;

- Where applicable, how the recommended rate compares with private sector rates for similar work; and
- Whether the proposed rate will generate revenue in excess of expenses, only recover costs, or result in a program loss (and if so, why that is advisable).
-

Member Services Rates

Recruiting Services. The rates set forth in the attached resolution are based on an analysis that averages the number of hours spent on this service over a five-year period and tiered by entity size. The rates are well below that which recruiters charge (which based on recent recruitments in the area are \$25,000 - \$35,000 per recruitment). However, the services conducted by recruiters is markedly different, in that recruiters offer a guarantee and will also actively recruit candidates (whereas the COG's service approximates the role of an internal Human Resources staff - a passive recruitment model). The anticipated net effect of the attached rates is to be both revenue and cost neutral based on a five-year average.

Legal Services. The COG began providing legal services in 2018. The attached resolution contains two rates for attorney services. The first is for Legal Services subscriptions which allow members to get up to 10 hours of legal services for a flat rate. Then there are rates for general counsel and hearings officer services at a rate of \$200 per hour. Both rates are at or below what cities have historically paid for these services.

The COG's cost for providing this service is expected to be \$114 per hour starting July 1, 2024. On a strictly per-hour basis, this model results in a net revenue of \$86 per hour for attorney services. That net revenue goes to pay for the cost of legal services provided to the COG on internal matters. The anticipated net effect of the attached rates is to be revenue and cost neutral, with some potential for a net gain (depending on the degree to which the attorney is used for internal matters).

Strategic Planning / Goal Setting. The COG provides goal setting and strategic planning sessions through a contractor. The attached rates reflect the cost of the contractor. The net effect is to be both revenue and cost neutral.

Miscellaneous Services. The COG will occasionally provide additional member services on a fee for service basis. For example, members will contract with the COG to facilitate amendments to the city Charter, facilitate resolution of conflicts, or perform other studies within the skills and abilities of the Executive Director. The anticipated hourly cost for the Executive Director (including wages and benefits) is \$150.00. The anticipated hourly cost for administrative support is \$80.00. Staff recommends a rate of \$187 per hour for the Executive Director and \$84.00 per hour for the Administrative Support, which is the rate that most facilitators charge for similar services. Because the demand for this type of work is intermittent, it is difficult to accurately predict the revenue impact of this rate, but any revenue would be minimal.

Community Development Rates

Land Use Planning. The COG provides land use planning services on a contractual, hourly basis for over twenty (20) jurisdictions throughout the region. The current contracts are set to expire on June 30, 2024.

Contract work includes current planning, special planning projects and long-range planning work, such as updating comprehensive plans, buildable land inventories and UGB expansions, code updates, mapping, etc. and this work is often shared between the local jurisdiction and private sector (if we are not successful in securing grant sources).

The staff recommended rates are intended to recover costs, however, some rates have historically been lower than cost recovery. In these cases, we are raising these rates incrementally 10% this year, and similar increases in following years)to improve recovery over time.

A market rate analysis of other planning services consultants within the region shows that, at the recommended rates, the COG proposed FY24/25 in the mid-range of other planning consultants within the region.

Program attributes that sets the COG apart, in addition to our hourly services contracts, are:

- Direct representation of our local jurisdictions with an assigned planner they can become familiar with and develop firm relationships and understandings;
- Support from the Community Development program as a whole, including support from the Community Development Director, Housing Rehabilitation Specialist, Grant Administrator, and Small Business Loan Program staff; and
- Support from a total of seven (7) Community Development staff rather than a single land use planner providing office hours that can often serve as a siloed resource.

Grants Administration. COG staff also contract with cities and other local governments throughout the year for funding application assistance, administration of public infrastructure grants and loans, and/or income surveys or other tasks needed to ensure continued eligibility for various state and federal funding programs. The recommended rate will achieve full cost recovery for this program area and is well within market rates for similar services.

Housing Rehabilitation. Community Development staff support the Valley Development Initiatives (VDI) housing rehabilitation program and contracted hourly services to support housing rehabilitation program contracts for the cities of Jefferson, Mt. Angel, Scotts Mills, Silverton, and Woodburn who maintain their own housing funds and desire COG assistance with program administration. The recommended rate will achieve full cost recovery for this program area.

Other Economic Development Services. Community Development staff will occasionally provide other economic development services, such as urban renewal planning and other

economic development efforts as requested by member local governments to enhance the region. The recommended rates for these services will achieve full cost recovery for those activities.

Geographic Information Services (GIS) / Transportation Modeling Services Rates

The COG provides various technical GIS services to member governments to include:

- Updates of zoning and comprehensive plan maps as well as other maps needed for local land use planning services;
- Requested services of a local government, such as address mapping, or assistance with Census program participation (e.g. Boundary and Annexation Survey)
- Support to Yamhill County to maintain and update the county's online GIS web application;
- Services for the Salem-Keizer School District to maintain and update data layers, update and create maps of school boundaries, and maintain the district's online GIS web application (the Salem-Keizer School Finder), and other services requested by the district; and
- Mailing list GIS services for ODOT Region 2.

The hourly member rate is the needed to cover COG's labor rate for a GIS analyst, plus indirect and material costs.

Modeling Services. On an infrequent basis (from two to four times per year), the COG transportation section will get requests for modeling forecasts from private sector companies (or their consultants) for projects associated with a private-sector land use development application. COG only provides this service only for the geographic area inside the SKATS MPO area. The proposed Transportation Modeling services hour charges of \$130/hour is higher than the "break-even" costs of \$110.00/hour for a Senior Planner- \$100/hour for an Associate Planner. In a typical year, the total amount of hours charge is less than 20 hours. Requests from our local governments within SKATS and ODOT for modeling forecasts and related outputs is not charged to those jurisdictions or ODOT since they provide local or state funds for matching the federal funds provided to the COG for SKATS.

Loan Program Service Rates

The loan program bills the individual loan programs for the time spent to market, underwrite, funding and servicing the loans. The recommended staff rates are expected to achieve full cost recovery when loans are funded. However, because many prospective lending opportunities are not pursued by the business borrowers and their participating lenders, for a variety of reasons beyond the control of the loan program staff, the time spent working on these prospective projects is not billable, so the time and costs are not recovered in instances when a loan does not

fund. The costs of those activities are then borne by the carryover in program income from year to year, which derives from other program revenues.

The loan program budget is the aggregate revenues of each revenue source. For example, the SBA 504 program and the Oregon Business Development Fund generates income in excess of costs; the COG revolving loan fund and VDI loan programs fund most, to all of the revenues to cover expenses and the contract lending services provided two cities and one county is subsidized by the other COG lending activities.

The COG's rates are well below market rates and that of other public sector lenders. A true private sector comparison is problematic because a lender would reluctant to accept the liability risk and increased insurance costs inherent with a contract for lending services that are not core to the lenders activities. However, for comparisons purposes assume the COG's rate for loan officer and program manager to be doubled to match private sector salaries (loan officer and team leader) and add a factor of plus 50% for indirect costs; the loan servicing rates would be increased by an indirect increase of 50%. Public sector comparisons are limited to other Councils of Governments in the State, which either are understaffed, do not have the software capacity, and are unable to provide lending services outside of their area of operations. Typically, these public entities have higher staff rates because of their individual burden rates/indirect costs in comparison to MWVCOG, as per our prior affiliation with jointly operated (three COGs) Certified Development Company.

BEFORE THE BOARD OF DIRECTORS

FOR THE MID-WILLAMETTE VALLEY COUNCIL OF GOVERNMENTS

In the matter of establishing rates for services provided member and other entities on a fee-for-service basis.

RESOLUTION 2024-01

WHEREAS, the Mid-Willamette Valley Council of Governments (COG) is an intergovernmental entity established by agreement among the participating jurisdictions pursuant to their home rule authority and ORS 190.019.

WHEREAS, the agreement establishing the COG and ORS 190.020 allows the COG to enter into intergovernmental agreements for the delivery of services to its member governments

WHEREAS, the COG presently offers a host of fee-for-service programs on a contractual basis with its member governments to include land use planning, housing rehabilitation loan administration, revolving loan program administration, legal services, executive recruiting, and other technical services; and

WHEREAS, the Board of Directors for the COG desires to set rates for such services that are affordable for members and recover the COG's costs of providing such services,

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE MID-WILLAMETTE VALLEY COUNCIL OF GOVERNMENTS:

That the following rates shall take effect for the COG's fee-for-service program beginning July 1, 2024, and ending June 30, 2025, unless sooner amended:

Member Services

		COG Member Rates	Affiliate Member Rates
Recruitment Services			
Population - Up to 1,000		\$ 8,500	\$ 9,400
Population - 1,001 to 5,000		\$ 10,900	\$ 12,000
Population - Over 5,000		\$ 14,600	\$ 16,100
Background Check Services (per background check)		\$ 600	\$ 700
Legal Services			
Legal Service Subscription	Per year	\$ 1,000	\$ 1,200
(Includes up to 10 hours per year, unused hours do not roll forward)			
General Counsell Services	Per hour	\$ 200	\$ 230
Hearings Officer Services	Per hour	\$ 200	\$ 250

Member Services (continued)

		COG Member Rates	Affiliate Member Rates	Grant Contract Rates
Strategic Planning/Goal Setting				
Evening/Half Day (4 hours)*		\$ 2,700	\$ 2,970	
One Day (8 Hours)*		\$ 5,400	\$ 5,940	
Evening Plus full day (10 hours)*		\$ 6,450	\$ 7,095	
* hourly rates apply thereafter				
Staff Services				
Executive Director	per hour	\$ 187	\$ 230	\$ 225
Department Director	per hour	\$ 141	\$ 170	\$ 195
Loan Program Manager	per hour	\$ 148	\$ 180	\$ 180
Project Manager 2	per hour	\$ 114	\$ 140	\$ 165
Planner, Senior	per hour	\$ 109	\$ 130	\$ 165
Admin Services Coordinator	per hour	\$ 92	\$ 110	\$ 150
Accountant	per hour	\$ 92	\$ 110	\$ 150
Planner, Associate	per hour	\$ 107	\$ 130	\$ 150
Project Manager 1	per hour	\$ 99	\$ 120	\$ 150
Administrative Specialist	per hour	\$ 84	\$ 100	\$ 120
Planner, Assistant	per hour	\$ 84	\$ 100	\$ 120
Modeling Services				
Modeling Services Member Rate	per hour	\$ 100	\$ 160	
Modeling Services For Profit Rate	per hour		\$ 200	
Loan Underwriting , Packaging and Closing Services*				
*charged as per lender requirement		See contract	See contract	
Copy				
Black and White Copies (Each)		\$ 0.30	\$ 0.30	
Color Copies (Each)		\$ 0.80	\$ 0.90	
Regular Plots (Each)		\$ 39.00	\$ 42.00	
Image Plots (Each)		\$ 55.00	\$ 61.00	

Affiliate and Business Partner Rates

	Individual / Non-Profit Affiliate
Cost	\$500
Eligibility	<ul style="list-style-type: none">i. Local governments outside of Marion, Polk and Yamhill countiesii. Individual: Available to public employees or employees of nonprofits who work regularly with COG.iii. Nonprofit: Non-profit regional organizations and statewide intergovernmental associations that either have government representation on their boards (i.e. SEDCOR, Travel Salem, LOC, AOC, OSBA) or that partner with the COG in the delivery of its programs and services (i.e. Boys and Girls Club)
Scope of Services	<ul style="list-style-type: none">i. Affiliates are eligible for fee-for-service community development, transportation planning and GIS programs and such other services as the Executive Director may deem appropriate based on available resources.ii. Affiliates are not eligible to participate in the COG's fee for service programs that are limited to Marion, Polk, and Yamhill local government entities (i.e. recruitments, strategic planning, etc.)

ADOPTED by the Board of Directors of the Mid-Willamette Valley Council of Governments at Salem, Oregon this 19th Day of March 2024.

ATTEST

Ian Davidson, Chair
COG Board of Directors

Scott Dadson
Executive Director



Audit

The MWVCOG has been using the audit firm Grove Mueller and Swank for the performance of the annual financial audits for COG, VDI and the Homeless Alliance. Our current contract expired upon the completion of the FY 22-2023 audit processes.

In preparation for this contract ending, staff issued a Request for Proposals (RFP) to solicit proposals from prospective audit firms. This proposal was advertised on the COG website and all audit firms holding municipal licenses in the State of Oregon were invited to participate via direct mailing.

The RFP described our auditing needs and set out the criteria for measuring responses. Two audit firms responded to the RFP, Grove Mueller and Swank and Singer Lewark. Both firms have local auditors and offices in Salem.

Following receipt of the RFP's a committee was formed to rank the responses. The committee was comprised of Lesa Goff - representing VDI; Elaine Lozier - representing the Homeless Alliance; Rochelle Rodan, City of Dayton- representing COG members, Matt Apken, Merina and Company – CPA advisor to COG, and Amber Mathiesen, Finance Director at COG.

These committee members used the ranking criteria provided in the RFP to score and rank the responsive firms. The prevailing firm based on scoring was Grove Mueller and Swank who has since been acquired by the firm REDW LLC.

In January 2024 the Board authorized the Executive Director to enter negotiations to draft a contract for services. The draft Master Services Agreement and Statement of Work are attached.

Recommendation

Authorize the Executive Director to sign the Master Services Agreement and Statement of Work to engage the firm REDW for audit services for the years 2024-2029.

MASTER SERVICES AGREEMENT

This Master Services Agreement (“Agreement” or “MSA”) is entered into effective February 28, 2024, and is intended to establish the terms and conditions that will apply to all Services provided by REDW LLC and its affiliates (collectively “REDW”) for Mid-Willamette Valley Council of Governments (“Client” or “you”) even if such Services are not expressly covered by a Statement of Work (“SOW”). To the extent there is any inconsistency between the terms and conditions contained in this MSA and any SOW, the terms and conditions of this MSA shall prevail unless otherwise agreed to in writing. This MSA will apply to all SOWs executed on and after the above effective date. Existing engagement letters in effect prior to the effective date of this MSA will continue to govern the Services provided by REDW pursuant to such engagement letters.

1. Scope of MSA. As requested by you, REDW will provide specific professional and related services (“Services”) and items you request us to produce for you (“Deliverables”). These will be described in one or more written statements of work (“Statement of Work” or “SOW”). The SOWs will reference and incorporate this MSA and both you and REDW will need to agree to the terms and conditions contained in the SOWs. The Services will be performed, and the Deliverables will be created and provided to you, in accordance with the terms and conditions contained in this MSA and the SOWs.

2. Fees for Services. The fees for the Services provided by REDW will be explained in the SOWs. If REDW anticipates any changes in the fees while performing our Services, REDW will discuss this matter with you in a timely manner. If an SOW does not discuss the fees for the Services being provided pursuant to that SOW, the fees will be based on the overall value of the benefits provided to you by REDW in providing the Services requested.

REDW will send invoices for our fees periodically, such as monthly or when significant milestones are completed. Our invoices will include applicable New Mexico Gross Receipts taxes and / or any other applicable taxes. The invoices need to be paid promptly upon receipt. Sometimes, REDW may ask for a significant upfront payment before starting or completing the work mentioned in an SOW. If the account becomes overdue, a late fee of 1.5% per month (or the highest rate allowed by law if lower) may be charged, unless otherwise stated in the SOW. You agree that our fees and expenses are not dependent on the outcome of the work.

If your account is overdue, REDW may put the work on hold until the account is fully paid. If REDW decides to stop providing our Services due to nonpayment, our Services will

be considered completed once REDW notifies you in writing that it is stopping work, even if the work or Deliverables are not finished. In that case, you will need to compensate us for the time spent at our current hourly rates and reimburse us for any costs incurred through the notification date.

3. REDW Services and Warranties; Limitations. REDW will provide its Services with reasonable skill and care, following the applicable regulatory standards. REDW may use third-party service providers, including some residing outside the United States, to help us with the Services REDW provides to you. REDW also uses a variety of tools and technology to provide the Services, including generative AI.

REDW prioritizes the security and privacy of your data by implementing comprehensive measures within our virtual environment. REDW's data storage is restricted to servers located exclusively within the United States, ensuring compliance with local and federal regulations. REDW follows strict guidelines and employs various advanced tools and techniques in managing this virtual environment. REDW will take reasonable steps to keep the Client's information confidential and secure.

We may transfer some of your information to third-party service providers that we engage, including some who may reside in different countries. REDW has internal policies and procedures, as well as strict contracts with its service providers, to protect the confidentiality of the Client's personal and confidential information that may be provided to such service providers.

Unless specified in an SOW, our Services are not meant to identify fraud, irregularities, or misrepresentations. REDW will focus on the specific period(s) covered by the Services

REDW provides and not on earlier or later periods. The conclusions REDW provides are limited to the matters for which REDW was hired. Conclusions about other matters not mentioned in an SOW should not be assumed. Our conclusions are based on the facts and information provided by you, and conclusions may not be correct if the facts and information differ materially from what REDW was provided. You should not rely on draft or interim conclusions or verbal opinions REDW gives during the Services. If you want to rely on any verbal statements, you should inform us, and if appropriate, our final written conclusions will address those statements.

The technical and interpretive issues that REDW deals with often have uncertainties. Some issues may not have clear decisions from courts or government agencies, and even if they do, interpretations can change. Court decisions are generally specific to the facts of the case, and even small differences in facts can lead to different conclusions. Therefore, you understand and agree that REDW will not be held responsible for its good faith interpretation and recommendations regarding these issues.

4. Client Responsibilities. You will have certain responsibilities that help us provide the requested Services. These responsibilities may be explained in more detail in the SOW. It's important for the Client to fulfill these responsibilities so that REDW can properly deliver the requested Services. If you don't meet your responsibilities, REDW may not be able to perform the Services on time, the quality of the performance may be affected, and/or additional fees may be charged.

Third parties, like your attorneys, may be involved in some SOWs and have specific responsibilities related to the Services REDW is providing. The SOW will clearly state what are those responsibilities. You need to make sure that these third-party responsibilities are completed in a timely manner.

When you provide information to REDW as part of your responsibilities, it is important that the information is complete, accurate, and genuine to the best of your knowledge. Our personnel providing the Services described in the SOWs cannot be assumed to have knowledge or information provided to others, whether they are external to REDW or involved in other Services being provided by REDW to you.

5. Mutual Agreement regarding Electronic Communications. We both agree to use email and other electronic methods to send and receive information, including confidential information. This includes communication between outside specialists or entities engaged by either party. To ensure secure transfer and access to information needed for our work, REDW may use secure portals, file sharing, or a secure cloud-based document sharing site (collectively referred to as "secured systems"). You agree to follow the terms and conditions for using these secured systems.

The secured systems help us interact with you more efficiently as REDW works for you. Through these means, you can access stored documents and data. The documents and data stored in these secured systems are protected, and REDW takes reasonable steps to keep your information safe. However, like any data storage and transfer process, there is always a risk of breach. We both agree to make reasonable efforts to protect our electronic communications and exchanged data to prevent unauthorized access to each other's electronic systems. Each party is responsible for controlling access and proper use of the secured systems by their own staff.

If you do not agree to use the secured systems for any of the Services REDW is providing, you need to notify us in writing. However, note that this may result in increased costs and longer completion times for our Services, as may be reflected in the applicable SOW.

6. Potential Limited Use of Confidential Information. While performing services for you, REDW will obtain various confidential information. As stated in Section 3 above, REDW has internal policies and procedures in place to protect the confidentiality of the Client's personal and confidential information. You consent to REDW, within the limitations of applicable professional and legal restrictions, to aggregate some of your information for statistical or other similar purposes that does not disclose that information in any way that would allow any third-party to associate the information with the Client and to use your information for the purpose of providing you with materials and information, including newsletters or other business-related items of interest, news about REDW, and invitations to REDW-sponsored events.

7. Beneficial Ownership Reporting. Rules effective January 1, 2024 under the Corporate Transparency Act (the "CTA") require informational reporting for all business

entities that were incorporated or organized in the United States by filing a document with a Secretary of State or similar state office within the United States (a “Reporting Entity”). The CTA requires a Reporting Entity (with limited exceptions), to file a Beneficial Ownership Information (“BOI”) report with the U.S. Department of the Treasury’s Financial Crimes Enforcement Network (FinCEN). The failure to file a BOI report carries substantial penalties if not timely filed. This BOI reporting is mandatory regardless of ownership structure or type of owners. Additionally, you may be required to report changes with respect to any information contained in a previously reported BOI within 30 days of such change if the change is reportable under the CTA. Unless otherwise stated in an SOW, REDW is not responsible for assisting you in determining your CTA filing obligations, for filing reports, for filing updates to previously filed reports, or for ensuring you file or update reports.

8. Deliverables, Documents and Work Product.

When using REDW’s Services or Deliverables (except for copies of filed tax returns), they should only be used for their intended purpose, if specified. They should not be used or relied upon for other purposes unless expressly allowed in the applicable SOW. It is your responsibility to protect the Deliverables and prevent unauthorized disclosure to third parties.

To meet professional standards, REDW needs to keep sufficient documentation to support our work. REDW will store this documentation according to our document retention policies, which may change over time. REDW assumes that the documents and information you provide to us are accurate copies of the original documents, and REDW may keep them as part of our work records. As part of our regular process, REDW may save the documents and information you provide in electronic format and destroy the physical copies. REDW is not responsible for the safekeeping of the Client’s documents and will not be liable for any loss, damage, or destruction of your documents and information. If REDW has copies of your information, it will protect that information from unauthorized disclosure using reasonable methods. If you request copies of previously supplied documents and information, REDW will make our best effort to fulfill the request and there may be charges for responding to such a request.

The research, analysis, and other work documentation created by REDW for each SOW belong to REDW and may contain proprietary and confidential information. REDW is

not obligated to provide you with any work documentation, drafts, or work products other than the completed final work product(s) agreed upon in the SOW. With prior arrangements, you or your representatives may be allowed to inspect our work documentation under supervision.

9. Legal Process. Unless specifically stated otherwise, our Services do not involve testifying, appearing or taking part in legal or regulatory proceedings, such as court hearings, administrative hearings, or discovery proceedings. REDW does not provide Services related to legal or regulatory inquiries or proceedings unless expressly mentioned in the SOW.

If a third-party, through a subpoena or other legal process, tries to access any materials in our possession regarding any of the Services REDW provided, REDW will inform you about it and work with you regarding our compliance in responding to these requests.

Furthermore, if REDW needs to be involved in legal or regulatory matters or proceedings where our Services are not at issue, such as responding to subpoenas, providing testimony, or participating in bankruptcy filings or private party litigation matters, REDW will bill you separately for these Services based on the complexity of the Services to be performed, our time expended, and any out-of-pocket expenses incurred. This applies to inquiries from government or industry regulators as well, whether they are initiated by you, a third-party, or through a subpoena. These terms also apply to any third-party proceedings that occur after the termination of our MSA or any SOW.

10. Limitation of Liability and Damages. Regarding our Services and this MSA, the liability of REDW and its current and former partners, principals, members, officers, directors, employees, agents, and contractors will not exceed two times the fees received for the specific work that caused the liability. This limitation applies even if REDW is at fault, including cases of negligence. However, if it is determined that any claims, losses, or damages are the result of REDW’s intentional wrongdoing or fraud, the damages will be limited to the actual damages caused by such actions.

REDW will not be responsible for any indirect, consequential, incidental, special, or punitive damages. This includes claims for lost profits, taxes, interest, penalties, loss of savings, or missed business opportunities. Unless otherwise agreed in writing by REDW, REDW will

not be liable for damages resulting from any delays in completing the work as anticipated under any SOW.

If inaccurate or incorrect information is provided by you or if you fail to provide accurate information to REDW in a timely manner, REDW will not be liable for any claims, costs, damages, losses, penalties, or assessments imposed on you as a result.

Both the Client and REDW agree that any claim arising from the Services, whether in contract, tort, or any other legal basis, will be considered waived if the claim is made more than two years after the earlier of (a) the date when our Services are completed, or the report or Deliverable is issued or (b) when the claim should have reasonably become known to the party making the claim.

11. Mutual Indemnification. REDW agrees to protect and cover any costs or damages incurred by you, your affiliates, partners, directors, officers, employees, agents, and contractors arising from claims asserted against you by third parties because of REDW failing to fulfill its responsibilities under each SOW. This responsibility does not apply if (a) you provide false, incomplete or misleading information to REDW, or (b) you have engaged in intentional misconduct or committed fraud, or (c) you materially breach this MSA, or any obligations stated in the applicable SOW.

You agree to protect and cover any costs or damages incurred by REDW, its affiliates, partners, directors, officers, employees, agents, and contractors arising from claims asserted against REDW by third parties because of the following: (a) REDW's proper performance of its duties under each SOW or (b) you providing false, incomplete or misleading information to REDW. This responsibility does not apply in the event of REDW's intentional misconduct, fraud, or material breach of REDW's duties under this MSA or any SOW.

To the extent either party becomes aware and notifies the other party that the **Limitation of Liability and Damages** or **Mutual Indemnification** provisions in this Agreement are prohibited by law, regulatory authority or applicable professional standards, these provisions will not apply to either party.

12. Notices. All notices to be provided pursuant to this MSA shall be in writing and sent by email, hand-delivery, national delivery service or certified U.S. Mail, return

receipt requested, to the addresses included in the signature section of this MSA or any updated address information contained in an SOW.

Notices will be deemed given upon electronic confirmation of delivery, hand delivery, and three days after deposit in U.S. Mail, as applicable.

13. Arbitration. In case you and REDW have disagreements about our Services or fees, and we can't resolve them ourselves, both parties agree that the matter may involve complex business or accounting issues. As a result, you and REDW agree to give up the right to a trial by jury in any legal action or claim related to our Services and fees for those Services. Instead, we will try to settle our differences through formal mediation, led by a neutral mediator acceptable to both parties, to minimize the costs involved. If we can't agree on a mediator within thirty (30) days, we will use a mediator appointed by the American Arbitration Association (AAA) according to their rules. If mediation doesn't succeed, we agree that arbitration would be the fairest way to resolve the issues. The party wishing to go to arbitration must give written notice to the other party, specifying the dispute. The arbitration will take place in the city where the primary REDW office providing the relevant Services is located, unless both parties agree on a different location. The arbitration process will follow the Federal Arbitration Act and the current Arbitration Rules for Professional Accounting and Related Disputes of the AAA, except that pre-hearing discovery will only be allowed if authorized by the arbitrator. The arbitrator, chosen from organizations like AAA, JAMS, or the Center for Public Resources, will be experienced in accounting matters. They won't have the authority to award non-monetary, equitable relief or punitive damages. The arbitration award will be in writing and accompanied by a well-reasoned opinion. The award can be confirmed as a judgment by a federal or state court. Each party will bear its own costs associated with arbitration, except for the costs of the arbitrator, which will be split equally. The arbitration proceedings and any disclosed information will be kept confidential, except as required by professional or regulatory bodies or in related confidential mediation or arbitration.

14. Non-Solicitation. We each understand and agree that we each invest significant resources in attracting, training, and keeping our employees. When employees leave, it costs each of us both time and money. Therefore, we each agree that without prior written authorization from an authorized representative of the other, we will not

directly or indirectly try to persuade or encourage any employee of the other party to leave their employment with such party during the period of employment by that party and for a period of twelve (12) months thereafter. If, during this time, one of us or any affiliated entity hires or engages a former employee of the other party as an employee or independent contractor, that party will be considered to have violated this Agreement. In that case, the offending party agrees to pay the other party as liquidated damages an amount equal to the total W-2 compensation the former employee received from such party in the four (4) months leading up to their departure. Notwithstanding the above, neither of us are restricted from, and will not be required to pay any liquidated damages as a result of, hiring a current or former employee of the other party who contacts the hiring party in response to a general or other non-targeted solicitation by the hiring party.

15. Conflicts of Interest. If either party believes a conflict of interest exists which affects the ability of REDW to provide the Services contained in the SOW, they will notify the other party immediately including providing a description of the potential conflict of interest. If the conflict of interest identified requires the Services provided under the SOW to be terminated because of either party's own or professional ethical standards, the termination provisions included in this MSA will govern the termination of the SOW and the related Services.

16. Termination and Amendment. Either party can end this MSA and / or any SOW as applicable, by giving written notice to the other party at least sixty (60) days in advance. If this MSA terminates or is terminated while one or more SOWs remain outstanding, the terms of this MSA shall continue to govern the SOW, and the entire MSA shall be deemed finally terminated only upon termination of all outstanding SOW's, or completion of the work thereunder. Termination of one or more SOWs will not terminate this MSA. In addition, REDW has the right to terminate this MSA and/or any SOW immediately if you violate an important part of the MSA or SOW and do not fix the problem within ten (10) business days after receiving notice. REDW also may terminate this MSA and/or any SOW if REDW finds out information that makes it inappropriate for us to continue working together or client materially breaches our MSA or an SOW. A material breach includes, but is not limited to, not paying REDW's invoices on time, not providing requested information necessary for us to do our job, or engaging in dishonest, fraudulent, or illegal practices. If this MSA or any SOW is terminated by either party, you agree to pay for the Services provided by REDW up to the termination date, including reasonable expenses. Any changes to this MSA or a SOW must be in writing and signed by both parties.

17. Governing Law. All REDW Services are governed by the laws of the state in which the REDW office providing most of the relevant Services is located, except as superseded by any applicable federal law.

IN WITNESS WHEREOF, REDW and Client have executed this MSA through their duly authorized representatives as of the dates stated below.

REDW:

REDW LLC

By: _____

Its: Principal – Ryan Pasquarella

Date: February 28, 2024

Address: 475 Cottage Street NE, Suite 200
Salem, OR 97301

Email: Ryan.Pasquarella@REDW.com

Client:

Mid-Willamette Valley Council of Governments

By: _____

Its: _____

Date: _____

Address: 100 High St. SE, Ste. 200
Salem, Oregon 97301

Email: SDadson@mwvcog.org



February 28, 2024

MSA# 93067

Scott Dadson, Executive Director
Mid-Willamette Valley Council of Governments
Salem, Oregon

Dear Mr. Dadson:

We are pleased to confirm our acceptance and our understanding of this engagement by means of this Statement of Work (“SOW”) and the related Master Services Agreement (“MSA”) between REDW and the Mid-Willamette Valley Council of Governments dated February 28, 2024.

You have requested that we audit the financial statements of the governmental activities and the major fund of Mid-Willamette Valley Council of Governments (MWVCOG), as of June 30, 2024, and for the year then ended, and the related notes to the financial statements, which collectively comprise MWVCOG’s basic financial statements as listed in the table of contents.

In addition, we will audit MWVCOG’s compliance over major federal award programs for the period ended June 30, 2024. We are pleased to confirm our acceptance and our understanding of this audit engagement by means of this letter. Our audits will be conducted with the objectives of our expressing an opinion on each opinion unit and an opinion on compliance regarding MWVCOG’s major federal award programs. The objectives of our audit of the financial statements are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in the United States of America (GAAS) and in accordance with *Government Auditing Standards* will always detect a material misstatement when it exists. Misstatements, including omissions, can arise from fraud or error and are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

The objectives of our compliance audit are to obtain sufficient appropriate audit evidence to form an opinion and report at the level specified in the governmental audit requirement about whether MWVCOG complied in all material respects with the applicable compliance requirements and identify audit and reporting requirements specified in the governmental audit requirement that are supplementary to GAAS and *Government Auditing Standards*, if any, and perform procedures to address those requirements. Accounting principles generally accepted in the United States of

America (GAAP) require that the included supplementary information, such as management's discussion and analysis and budgetary comparison information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. As part of our engagement, we will apply certain limited procedures to the required supplementary information (RSI) in accordance with auditing standards generally accepted in the United States of America. These limited procedures will consist primarily of inquiries of management regarding their methods of measurement and presentation, and comparing the information for consistency with management's responses to our inquiries. We will not express an opinion or provide any form of assurance on the RSI. The following RSI is required by accounting principles generally accepted in the United States of America. This RSI will be subjected to certain limited procedures but will not be audited:

1. Management's Discussion and Analysis
2. Individual fund budgetary schedules for the general fund. Due to Oregon law, this RSI will receive an "in-relation-to" opinion
3. Schedules related to OPEB Liabilities

Schedule of Expenditures of Federal Awards

We will subject the schedule of expenditures of federal awards to the auditing procedures applied in our audit of the basic financial statements and certain additional procedures, including comparing and reconciling the schedule to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and additional procedures in accordance with auditing standards generally accepted in the United States of America. We intend to provide an opinion on whether the schedule of expenditures of federal awards is presented fairly in all material respects in relation to the financial statements as a whole.

Data Collection Form

Prior to the completion of our engagement, we will complete the sections of the Data Collection Form that are our responsibility. The form will summarize our audit findings, amounts and conclusions. It is management's responsibility to submit a reporting package including financial statements, schedule of expenditure of federal awards, summary schedule of prior audit findings and corrective action plan along with the Data Collection Form to the federal audit clearinghouse. The financial reporting package must be text searchable, unencrypted, and unlocked. Otherwise, the reporting package will not be accepted by the federal audit clearinghouse. We will assist you in the electronic submission and certification. You may request from us copies of our report for you to include with the reporting package submitted to pass-through entities.

The Data Collection Form is required to be submitted within the earlier of 30 days after receipt of our auditors' reports or nine months after the end of the audit period, unless specifically waived by a federal cognizant or oversight agency for audits. Data Collection Forms submitted untimely are one of the factors in assessing programs at a higher risk.

Audit of the Financial Statements

We will conduct our audits in accordance GAAS, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America; the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), and with the Minimum Standards for Audits of Oregon Municipal Corporation. As part of an audit of financial statements in accordance with GAAS, *Government Auditing Standards*, and with the Minimum Standards for Audits of Oregon Municipal Corporation, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of MWVCOG's internal control. However, we will communicate to you in writing concerning any significant deficiencies or material weaknesses in internal control relevant to the audit of the financial statements that we have identified during the audit.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Conclude, based on the audit evidence obtained, whether there are conditions or events, considered in the aggregate, that raise substantial doubt about MWVCOG's ability to continue as a going concern for a reasonable period of time.

Because of the inherent limitations of an audit, together with the inherent limitations of internal control, an unavoidable risk that some material misstatements or noncompliance may not be detected exists, even though the audit is properly planned and performed in accordance with GAAS, *Government Auditing Standards* of the Comptroller General of the United States of America, and with the Minimum Standards for Audits of Oregon Municipal Corporation. Please note that the determination of abuse is subjective and *Government Auditing Standards* does not require auditors to detect abuse.

Our responsibility as auditors is limited to the period covered by our audit and does not extend to any other periods.

We will issue a written report upon completion of our audit of MWVCOG's basic financial statements. Our report will be addressed to the governing body of MWVCOG. Circumstances may arise in which our report may differ from its expected form and content based on the results of our

audit. Depending on the nature of these circumstances, it may be necessary for us to modify our opinions, add an emphasis-of-matter or other-matter paragraph(s) to our auditor's report, or if necessary, withdraw from the engagement. If our opinions on the basic financial statements are other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed opinions, we may decline to express opinions or to issue a report as a result of this engagement.

In accordance with the requirements of *Government Auditing Standards*, we will also issue a written report describing the scope of our testing over internal control over financial reporting and over compliance with laws, regulations, and provisions of grants and contracts, including the results of that testing. However, providing an opinion on internal control and compliance over financial reporting will not be an objective of the audit and, therefore, no such opinion will be expressed.

We also will issue a written report on compliance with Minimum Standards for Audits of Oregon Municipal Corporations upon completion of our audit.

Audit of Major Program Compliance

Our audit of MWVCOG's major federal award program(s) compliance will be conducted in accordance with the requirements of the Single Audit Act, as amended; and the Uniform Guidance, and will include tests of accounting records, a determination of major programs in accordance with the Uniform Guidance and other procedures we consider necessary to enable us to express such an opinion on major federal award program compliance and to render the required reports. We cannot provide assurance that an unmodified opinion on compliance will be expressed. Circumstances may arise in which it is necessary for us to modify our opinion or withdraw from the engagement.

The Uniform Guidance requires that we also plan and perform the audit to obtain reasonable assurance about whether material noncompliance with applicable laws and regulations, the provisions of contracts and grant agreements applicable to major federal award programs, and the applicable compliance requirements occurred, whether due to fraud or error, and express an opinion on MWVCOG's compliance based on the audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about MWVCOG's compliance with the requirements of the federal programs as a whole.

As part of a compliance audit in accordance with GAAS and *Government Auditing Standards*, we exercise professional judgment and maintain professional skepticism throughout the audit. We also identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks.

Our procedures will consist of determining major federal programs and, performing the applicable procedures described in the U.S. Office of Management and Budget OMB Compliance Supplement for the types of compliance requirements that could have a direct and material effect on each of MWVCOG's major programs, and performing such other procedures as we consider necessary in the circumstances. The purpose of those procedures will be to express an opinion on MWVCOG's compliance with requirements applicable to each of its major programs in our report on compliance issued pursuant to the Uniform Guidance.

Also, as required by the Uniform Guidance, we will obtain an understanding of MWVCOG's internal control over compliance relevant to the audit in order to design and perform tests of controls to evaluate the effectiveness of the design and operation of controls that we consider relevant to preventing or detecting material noncompliance with compliance requirements applicable to each of MWVCOG's major federal award programs. Our tests will be less in scope than would be necessary to render an opinion on these controls and, accordingly, no opinion will be expressed in our report. However, we will communicate to you, regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we have identified during the audit.

We will issue a report on compliance that will include an opinion or disclaimer of opinion regarding MWVCOG's major federal award programs, and a report on internal controls over compliance that will report any significant deficiencies and material weaknesses identified; however, such report will not express an opinion on internal control.

Management's Responsibilities

Our audit will be conducted on the basis that management acknowledges and understands that they have responsibility:

1. For the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America;
2. For the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error;
3. For identifying, in its accounts, all federal awards received and expended during the period and the federal programs under which they were received;
4. For maintaining records that adequately identify the source and application of funds for federally funded activities;
5. For preparing the schedule of expenditures of federal awards (including notes and noncash assistance received) in accordance with the Uniform Guidance;
6. For designing, implementing, and maintaining effective internal control over federal awards that provides reasonable assurance that MWVCOG is managing federal awards in compliance with federal statutes, regulations, and the terms and conditions of the federal awards;

7. For identifying and ensuring that MWVCOG complies with federal laws, statutes, regulations, rules, provisions of contracts or grant agreements, and the terms and conditions of federal award programs, and implementing systems designed to achieve compliance with applicable federal statutes, regulations, and the terms and conditions of federal award programs;
8. For disclosing accurately, currently, and completely the financial results of each federal award in accordance with the requirements of the award;
9. For identifying and providing report copies of previous audits, attestation engagements, or other studies that directly relate to the objectives of the audit, including whether related recommendations have been implemented;
10. For taking prompt action when instances of noncompliance are identified;
11. For addressing the findings and recommendations of auditors, for establishing and maintaining a process to track the status of such findings and recommendations and taking corrective action on reported audit findings from prior periods and preparing a summary schedule of prior audit findings;
12. For following up and taking corrective action on current year audit findings and preparing a corrective action plan for such findings;
13. For submitting the reporting package and data collection form to the appropriate parties;
14. For making the auditor aware of any significant contractor relationships where the contractor is responsible for program compliance;
15. To provide us with:
 - a) Access to all information of which management is aware that is relevant to the preparation and fair presentation of the financial statements including the disclosures, and relevant to federal award programs, such as records, documentation, and other matters;
 - b) Additional information that we may request from management for the purpose of the audit; and
 - c) Unrestricted access to persons within MWVCOG and others from whom we determine it necessary to obtain audit evidence.
16. For adjusting the financial statements to correct material misstatements and confirming to us in the management representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the current year period(s) under audit are immaterial, both individually and in the aggregate, to the financial statements as a whole;
17. For acceptance of nonattest services, including identifying the proper party to oversee nonattest work;

18. For maintaining adequate records, selecting and applying accounting principles, and safeguarding assets;
19. For informing us of any known or suspected fraud affecting the entity involving management, employees with significant role in internal control and others where fraud could have a material effect on compliance;
20. For the accuracy and completeness of all information provided;
21. For taking reasonable measures to safeguard protected personally identifiable and other sensitive information; and
22. For confirming your understanding of your responsibilities as defined in this letter to us in your management representation letter.

With regard to the schedule of expenditures of federal awards referred to above, you acknowledge and understand your responsibility (a) for the preparation of the schedule of expenditures of federal awards in accordance with the Uniform Guidance, (b) to provide us with the appropriate written representations regarding the schedule of expenditures of federal awards, (c) to include our report on the schedule of expenditures of federal awards in any document that contains the schedule of expenditures of federal awards and that indicates that we have reported on such schedule, and (d) to present the schedule of expenditures of federal awards with the audited financial statements, or if the schedule will not be presented with the audited financial statements, to make the audited financial statements readily available to the intended users of the schedule of expenditures of federal awards no later than the date of issuance by you of the schedule and our report thereon.

As part of our audit process, we will request from management written confirmation concerning representations made to us in connection with the audit.

We understand that your employees will prepare all confirmations we request and will locate any documents or invoices selected by us for testing.

If you intend to publish or otherwise reproduce the financial statements and make reference to our firm, you agree to provide us with printers' proofs or masters for our review and approval before printing. You also agree to provide us with a copy of the final reproduced material for our approval before it is distributed.

Nonattest Services

We will also assist in the preparation of the financial statements, federal grant compliance report, and the input and submission of the Data Collection Form. We will not assume management responsibilities on behalf of MWVCOG. However, we will provide advice and recommendations to assist management of MWVCOG in performing its responsibilities.

MWVCOG's management is responsible for: (a) making all management decisions and performing all management functions; (b) assigning a competent individual to oversee the services; (c) evaluating the adequacy of the services performed; (d) evaluating and accepting responsibility for the results of the services performed; and (e) establishing and maintaining internal controls, including monitoring ongoing activities.

Our responsibilities and limitations of the nonattest services are as follows:

- We will perform the services in accordance with applicable professional standards.
- The nonattest services are limited to the services previously outlined. Our firm, in its sole professional judgment, reserves the right to refuse to do any procedure or take any action that could be construed as making management decisions or assuming management responsibilities, including determining account coding and approving journal entries.

Other

Ryan T. Pasquarella, CPA is the engagement partner for the audit services specified in this letter. His responsibilities include supervising REDW's services performed as part of this engagement and signing or authorizing another qualified firm representative to sign the audit report.

Our fees are based on the amount of time required at various levels of responsibility, plus actual out-of-pocket expenses. Invoices will be rendered as work progresses and are payable upon presentation. We estimate that our fee for the audit will be \$38,700 which includes one Single Audit major program. Our fee will increase \$4,400 for each additional Single Audit major program. We will notify you immediately of any circumstances we encounter that could significantly affect this initial fee estimate. Whenever possible, we will attempt to use MWVCOG's personnel to assist in the preparation of schedules and analyses of accounts. This effort could substantially reduce our time requirements and facilitate the timely conclusion of the audit.

We will schedule the engagement based in part on deadlines, working conditions, and the availability of your key personnel. We will plan the engagement based on the assumption that your personnel will cooperate and provide assistance by performing tasks such as preparing requested schedules, retrieving supporting documents, and preparing confirmations. If for whatever reason your personnel are unavailable to provide the necessary assistance in a timely manner, it may substantially increase the work we have to do to complete the engagement within the established deadlines, resulting in an increase in fees over our original fee estimate.

If any extended audit services are requested by MWVCOG, if such services are required to complete the audit (for example, if accounting records are not reconciled or otherwise not ready for audit), they would be billed additionally at our standard hourly rates, depending upon the degree of responsibility involved and the experience level of the personnel assigned. In that case, we will discuss the situation with you before proceeding. Examples of situations that may cause the fee to increase include, but are not limited to, the following:

- **Urgency:** Rush delivery to meet deadline (if MWVCOG provides requested information after agreed dates)
- **Rescheduling:** Fieldwork schedule changes with less than one-week notice
- **Extra Revisions:** Revised trial balances provided after fieldwork begins or numerous adjusting journal entries

Outstanding account balances may be charged a late fee at the rate of 1 ½ % per month.

During the course of the engagement, we may communicate with you or your personnel via fax or e-mail, and you should be aware that communication in those mediums contains a risk of misdirected or intercepted communications.

Regarding the electronic dissemination of audited financial statements, including financial statements published electronically on your Internet website, you understand that electronic sites are a means to distribute information and, therefore, we are not required to read the information contained in these sites or to consider the consistency of other information in the electronic site with the original document.

Professional standards prohibit us from being the sole host and/or the sole storage for your financial and non-financial data. As such, it is your responsibility to maintain your original data and records and we cannot be responsible to maintain such original information. By signing this statement of work, you affirm that you have all the data and records required to make your books and records complete.

The audit documentation for this engagement is the property of REDW and constitutes confidential information. However, we may be requested to make certain audit documentation available to state agencies, federal agencies, and the U.S. Government Accountability Office pursuant to authority given to it by law or regulation, or to peer reviewers. If requested, access to such audit documentation will be provided under the supervision of REDW's personnel. Furthermore, upon request, we may provide copies of selected audit documentation to these agencies and regulators. The regulators and agencies may intend, or decide, to distribute the copies of information contained therein to others, including other governmental agencies. We agree to retain our audit documentation or work papers for a period of at least seven years from the date of our report.

Further, we will be available during the year to consult with you on financial management and accounting matters of a routine nature.

During the course of the audit, we may observe opportunities for economy in, or improved controls over, your operations. We will bring such matters to the attention of the appropriate level of management, either orally or in writing.

We agree to retain our audit documentation or work papers for a period of at least seven years from the date of our report.

You agree to inform us of facts that may affect the financial statements of which you may become aware during the period from the date of the auditor's report to the date the financial statements are issued.

At the conclusion of our audit engagement, we will communicate to the board of directors the following significant findings from the audit:

- Our view about the qualitative aspects of MWVCOG's significant accounting practices;
- Significant difficulties, if any, encountered during the audit;
- Uncorrected misstatements, other than those we believe are trivial, if any;

- Disagreements with management, if any;
- Other findings or issues, if any, arising from the audit that are, in our professional judgment, significant and relevant to those charged with governance regarding their oversight of the financial reporting process;
- Material, corrected misstatements that were brought to the attention of management as a result of our audit procedures;
- Representations we requested from management;
- Management's consultations with other accountants, if any; and
- Significant issues, if any, arising from the audit that were discussed, or the subject of correspondence, with management.

In accordance with the requirements of *Government Auditing Standards*, we have attached a copy of our latest external peer review report of our firm for your consideration and files.

We appreciate the opportunity to be of service to MWVCOG and believe this SOW accurately summarize the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this SOW, please sign the enclosed copy and return it to us.

Sincerely,

REDW LLC

Ryan T. Pasquarella, CPA
Principal

[signature on following page]

RESPONSE

This letter correctly sets forth the understanding.

Mid-Willamette Valley Council of Governments

Acknowledged and agreed to by:

Signature

Title

Date