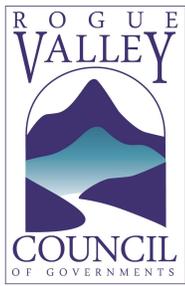




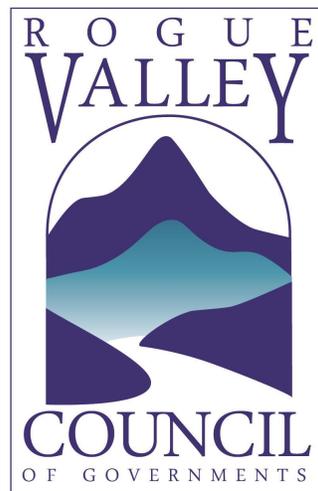
Jackson and Josephine Counties, Oregon
Comprehensive Annual Financial Report
For the Fiscal Year Ended
June 30, 2020



**Rogue Valley Council of Governments
Jackson and Josephine Counties, Oregon**

Comprehensive Annual Financial Report

**For the Fiscal Year Ended
June 30, 2020**



**Audited by:
Isler Medford, LLC
Certified Public Accountants**

Published December 20, 2020



Rogue Valley Council of Governments

Comprehensive Annual Financial Report

For the Fiscal Year Ended

June 30, 2020

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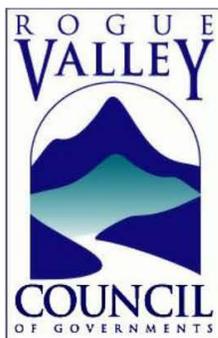
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Rogue Valley Council of Governments
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INTRODUCTORY SECTION



The Rogue Valley Council of Governments is a voluntary association of these local governments and special districts in our region:

Jackson County
 Josephine County
 City of Ashland
 Town of Butte Falls
 City of Cave Junction
 City of Central Point
 City of Eagle Point
 City of Gold Hill
 City of Grants Pass
 City of Jacksonville
 City of Medford
 City of Phoenix
 City of Rogue River
 City of Shady Cove
 City of Talent
 Emergency Communications of Southern Oregon (ECSO)
 Jackson County Library District (JCLD)
 Jackson Soil & Water Conservation District
 Rogue Community College (RCC)
 Rogue Valley Sewer Services (RVS)
 Rogue Valley Transportation District (RVTD)
 Southern Oregon Regional Economic Development, Inc. (SOREDI)
 Southern Oregon University (SOU)

Administration Office

Rogue Valley Council of Governments

(541) 664-6674 · FAX (541) 664-7927 · www.rvcog.org

To the Board of Directors of the Rogue Valley Council of Governments (RVCOG), and the Citizens of Jackson and Josephine Counties:

Oregon state law requires that all local governments publish within six months of the close of each fiscal year a complete set of financial statements. These financial statements need to be presented in conformity with generally accepted accounting principles and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants who are also certified by the State of Oregon as municipal auditors. Pursuant to that requirement, we hereby issue RVCOG's comprehensive annual financial report for the fiscal year ended June 30, 2020 (the audited fiscal year).

This report consists of management's representations concerning RVCOG's finances. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, RVCOG's management has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of RVCOG's financial statements in conformity with generally accepted accounting principles. Because the cost of internal controls should not outweigh their benefits, RVCOG's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

RVCOG's financial statements have been audited by Isler Medford, LLC, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that RVCOG's financial statements for the fiscal year ended June 30, 2020, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation.

The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that RVCOG's financial statements for the audited fiscal year ended June 30, 2020, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of RVCOG's financial statements was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in RVCOG's Single Audit Report, which is included in this report following the supplemental information combining statements and schedules.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. RVCOG's MD&A can be found immediately following the report of the independent auditors.

Profile of the Government

RVCOG, established through an intergovernmental agreement among its members on September 30, 1968, is located in the southwestern portion of the state and includes Jackson and Josephine counties. Membership in RVCOG comprises the two counties, all incorporated municipalities within the region, two institutions of higher learning, and a number of special districts.

RVCOG operates under the direction of a Board of Directors composed of one member representing, and appointed by, the governing body of each member entity. Policy-making and organizational oversight are vested in the Board of Directors. The Board of Directors is responsible, among other things, for adopting the budget, setting policy, and hiring the Executive Director. The Executive Director is responsible for carrying out the policies of the Board of Directors, for overseeing RVCOG's day-to-day operations, and for appointing the heads of the various departments.

RVCOG provides a range of diverse services, both to the public and to the member jurisdictions. The services provided include (but are not limited to): 1) functioning as the designated Area Agency on Aging for Jackson and Josephine counties, providing services to seniors and persons with disabilities, including operations of the senior meals program; 2) functioning as the designated Metropolitan Planning Organization (MPO) for the Middle Rogue and Rogue Valley MPO's; 3) providing both transportation planning and land-use planning services to member jurisdictions; 4) assisting member entities with public outreach, grants management, financial services, human resources services, project management, project development, drone services, and acquiring project funding; and 5) providing water-related services to member jurisdictions, including water quality monitoring and analysis; storm-water, wetland, and watershed planning; and environmental education.

The annual budget serves as the foundation for RVCOG's financial planning and control. All RVCOG departments are required to submit a proposed budget to the Executive Director during the spring of each year. All departmental budgets included in the special revenue fund must be submitted with the funding for each project identified. The level of funding available to the general

fund is determined based on the federally approved indirect rate being applied to applicable costs in the special revenue fund budget.

In the spring of each year the Executive Director submits a proposed budget to the Budget Committee. This committee comprises three members of the Board of Directors and an equal number of interested citizens appointed by the Board. The Budget Committee reviews the budget as submitted, and holds a public meeting for the purpose of discussing the budget with various department managers and to receive citizen comments. After making any changes to the budget that the members deem necessary, the Budget Committee makes a recommendation of approval to the Board of Directors. The Board of Directors then adopts the budget and sets the appropriations by resolution prior to July 1. The appropriated budget is prepared by fund with the exception of the special revenue fund, which is at the department level.

Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. This comparison is included as part of the basic financial statements for the governmental funds, with the general fund being presented on page 30, the special revenue fund on page 31, and the Food & Friends Endowment fund on page 32.

Factors Affecting Financial Condition

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which RVCOG operates. To best put RVCOG's operating environment into perspective, the reader should appreciate the fact that RVCOG's existence is dependent on others—mostly units of general government—to finance its activities. Although variable from year to year, more than 90 percent of the resources available to RVCOG are derived from grants and contracts with either federal, state, or local governmental entities. While the overall RVCOG budget enjoys significant stability, the distribution of revenue between departments and between projects within departments can vary depending on federal, state, and local changes in funding availability and programmatic priorities.

Local economy. For RVCOG, "local" includes both Jackson and Josephine counties. Until relatively recently in the region's history, the economics of both counties was dominated by, and dependent on, the timber industry, with the service industry, agriculture, manufacturing, and tourism coming in far behind. With the significant reductions in the timber industry during the latter part of the 20th Century, a major shift occurred in the economics of the two-county region that had an especially significant impact on the earning potential of workers in the middle and lower economic classes. While nothing has managed to completely replace the timber industry as a broad employer with above average wages, government has continued to be a strong employer, while health care and tourism have grown into an increasingly significant part of the economy.

During the last several decades population growth has increased the demand for a wide variety of services, although the rate has fluctuated with changes in the national and regional economy. Between 2000 and 2010 the regional population grew by 28,924 (11.25%), with the populations of Jackson and Josephine counties growing by 21,937 (12.10%) and 6,987 (9.23%) respectively. After 2010 growth slowed slightly, with the increase between April 2010 and April 2016 for Jackson County coming in at 6.5%, and for Josephine County at 3.8%. In 2017 the growth rate evened out between the two counties, coming in at 1.29% for Jackson County and 1.19% for Josephine County,

although the following year the growth rates (still estimated) declined for both – 1.06% for Jackson County, and .86% for Josephine County. For 2020, the growth rate for Jackson County is projected to be 1.26%, compared to .84% for Josephine County. In terms of population, the most current (2020) total for Jackson County is 225,170, with Josephine County coming in at 88,873.

Unfortunately, the region remains one of the more depressed in Oregon and the nation. In Jackson County in 2018 the median household income (\$55,511) was nearly 20% lower than the state level (\$69,165) and 12% below the national level (\$63,179), while Josephine County's median household income (\$46,578) ranks nearly 33% below the state level and more than 26% below the national level. In addition, based on the latest estimates, 16.3% of Jackson County families and 18.6% of Josephine County families are in poverty. These rates are significantly higher than the state and national poverty levels (11.4% in Oregon and 10.5% nationally). Unfortunately, while unemployment had been improving the last several years of the decade, COVID-19 has significantly distorted the recent unemployment numbers – in the late summer of 2020 unemployment in Jackson County was 10.9%, and almost exactly the same in Josephine County (10.7%). These rates were higher than the Oregon average of 7.7%.

Long-term financial planning. As stated earlier, RVCOG depends almost wholly on grants and contracts for its existence. While this can make long-range planning uncertain, for practical purposes RVCOG makes the assumption that there will be sufficient funding through grants and contracts to maintain the operations of the organization at or near its current level. The viability of this practice is supported by five decades of continued operation – even though the organization has seen major shifts in programs during that time period, RVCOG has remained a viable organization. Over the long term, it is RVCOG's primary financial goal to maintain a positive fund balance in the general fund, while also gradually eliminating an historic deficit fund balance in the special revenue fund.

Financial policies. RVCOG is primarily funded through grants and contracts from other governments and some non-governmental entities, and these funds are normally dedicated to very specific activities and products. Because of this, RVCOG does not have a ready source of discretionary funding, and because of this lack of discretionary funding, RVCOG has had a long standing policy that grants and contracts must be fully funded, with no dependence on other RVCOG resources. In addition, RVCOG, as a council of governments, is required to operate on a strict reimbursement basis for actual costs while adhering to often inflexible predetermined project budgets, so occasionally the actual costs of completing a specific project turn out to be in excess of the resources provided from the grant or contract. Such project deficits, when they occur, can result in a negative change in fund balance for the affected year.

Cash management policies and practices. Cash management for RVCOG does not include, for the most part, an investment strategy, as RVCOG rarely has any available cash to invest. During the fiscal year ended June 30, 2017, RVCOG was able to set up an endowment to benefit the Food & Friends Senior Meals program based on a donation from a meals recipient, but that endowment is being professionally managed by a private company. As mentioned above, the majority of the grants and contracts that RVCOG enters into are on an expense reimbursement basis, which requires that cash management is predominantly an exercise in balancing the reimbursements received with the need to meet current obligations.

Risk management. RVCOG maintains adequate commercial insurance policies to meet all potential losses.

Pension and other post-employment benefits. The Rogue Valley Council of Governments provides a 401(a) defined contribution pension plan for its regular employees. It also offers a 457 deferred compensation plan funded solely with individual employee contributions.

The only post-employment benefit provided to retirees by the Rogue Valley Council of Governments is the opportunity to remain enrolled in the health and dental insurance programs through a COBRA arrangement wherein the retiree pays his or her own premiums.

Acknowledgments

We would like to express our appreciation to all members of the administration department who assisted and contributed to the preparation of this report, without whose dedicated service the preparation of this report would not have been possible. Credit also must be given to the Board of Directors for its unfailing support for maintaining the highest standards of professionalism in the oversight of RVCOG's finances.

Respectfully submitted,

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

Michael Cavallaro
Executive Director

Board of Directors

Executive Committee

| | |
|---|--|
| President – Roy Lindsay | City of Grants Pass |
| 1 st Vice-President – Jody Hathaway | Emergency Communications of Southern Oregon (ECSO) |
| 2 nd Vice-President – Dick Gordon | City of Medford |
| Jim Lewis | City of Jacksonville |
| Chris Luz..... | City of Phoenix |
| Carl Tappert | Rogue Valley Sewer Services (RVSS) |

Board Members

| | |
|-------------------------|---|
| Rick Dyer | Jackson County |
| Darin Fowler | Josephine County |
| Steffani Sefinger | City of Ashland |
| Linda Spencer | Town of Butte Falls |
| Meadow Martell..... | City of Cave Junction |
| Taneea Browning..... | City of Central Point |
| Ruth Jenks | City of Eagle Point |
| Peter Newport | City of Gold Hill |
| Wayne Stuart..... | City of Rogue River |
| Lena Richardson | City of Shady Cove |
| Darby Ayers-Flood | City of Talent |
| Susan Kiefer..... | Jackson County Library District (JCLD) |
| Randy White | Jackson Soil & Water Conservation District (JSWCD) |
| Cathy Kemper-Pelle..... | Rogue Community College (RCC) |
| Bill Mansfield | Rogue Valley Transportation District (RVTD) |
| Colleen Padilla..... | Southern Oregon Regional Economic Development, Inc. (SORED) |
| Jason Catz | Southern Oregon University (SOU) |

All Board members receive mail at the Administrative Office.

Management Staff

| | |
|------------------------|---|
| Michael Cavallaro..... | Executive Director |
| Ann Marie Alfrey..... | Deputy Director |
| Laura O’Byron | Senior and Disability Services Director |
| Berta Varble..... | SDS Operations Manager |
| Evelyn Kinsella..... | Nutrition Program Manager |
| Karl Welzenbach..... | Planning Program Manager |
| Greg Stabach..... | Natural Resources Program Manager |

Administrative Office

155 North 1st Street, P.O. Box 3275, Central Point, Oregon 97502



Rogue Valley Council of Governments
Comprehensive Annual Financial Report
For the Fiscal Year Ended
June 30, 2020

FINANCIAL SECTION



Certified Public Accountants
And Business Advisors

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Rogue Valley Council of Governments

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Rogue Valley Council of Governments, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Council's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Rogue Valley Council of Governments, as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Rogue Valley Council of Government's basic financial statements. The introductory section, schedule of expenditures by department, combining and individual nonmajor fund financial statements and schedules, and capital asset schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by *Title 2 U.S. Code of Federal Regulations (CFRR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirement of Federal Awards*, and is not a required part of the basic financial statements.

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

The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2020, on our consideration of Rogue Valley Council of Governments' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Rogue Valley Council of Governments' internal control over financial reporting and compliance.

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated December 20, 2020, on our consideration of compliance with certain provisions of laws and regulations, including the provision 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.

Isler Medford, LLC

Isler Medford, LLC

Medford, Oregon

December 20, 2020

By: *Carolyn M. Ryder, CPA, CGMA*
Carolyn M. Ryder, CPA, CGMA



Management's Discussion and Analysis

As management of the Rogue Valley Council of Governments, we offer readers of RVCOG's financial statements this narrative overview and analysis of the financial activities of the Rogue Valley Council of Governments for the fiscal year ended June 30, 2020. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages 2 through 6 of this report.

Financial Highlights

The assets of the Rogue Valley Council of Governments exceeded its liabilities at the close of the most recent fiscal year by \$3,532,359 (*Net Position*). Of this amount, \$569,056 (*unrestricted net position*) may be used to meet RVCOG's ongoing obligations to citizens and creditors.

RVCOG's total net position increased by \$439,273. This increase is related to the completion of RVCOG's Josephine County Senior Resource Center. Funds from a Community Development Block Grant (CDBG) and other contributions totaling \$491,256 was invested during the fiscal year to complete the project.

As of the close of the current fiscal year, RVCOG's governmental funds reported combined ending fund balances of \$800,712, a net increase of \$11,871 from the prior year.

At the end of the current fiscal year, unreserved fund balance for the General Fund was \$693,872 or 121% of total General Fund expenditures.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to RVCOG's basic financial statements. RVCOG's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

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

The *statement of net position* presents information on all of RVCOG'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 any shifts or trends in RVCOG's financial performance.

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

Both of the government-wide financial statements distinguish functions of the Rogue Valley Council of Governments that are principally supported by intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). As discussed previously, RVCOG's governmental activities include general government, health and welfare, natural resources and conservation, and planning.

The government-wide financial statements can be found on pages 25 and 26 of this report.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. RVCOC, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of RVCOC's funds can be divided into two categories: governmental funds and proprietary funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental 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 a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, and changes in fund equity provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

RVCOG maintains three individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, and changes in fund equity for the General, the Special Revenue, and the Food & Friends Endowment Funds, all of which are considered to be major funds.

RVCOG adopts an annual appropriated budget for all its funds. A budgetary comparison statement has been provided for each of the governmental funds to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 27 through 32 of this report.

Proprietary funds. RVCOC maintains one type of proprietary fund. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the organization's various functions. RVCOC uses internal service funds to account for its building operations, leave liability, vehicles, information systems, and other management functions that cannot be allocated to other functions. Because all of these services predominantly benefit governmental

rather than business-type functions, they have been included within *governmental activities* in the government-wide financial statements.

All of the internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of *combining statements* elsewhere in this report.

The basic proprietary fund financial statements can be found on pages 33 through 35 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 36 through 53 of this report.

Other information. The combining statements referred to earlier in connection with Internal Service Funds are presented immediately following the notes to the financial statements. Combining statements and schedules can be found on pages 59 through 61 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of RVCOG, assets exceed liabilities by \$3,532,359 at the close of the most recent fiscal year. The majority of RVCOG's net position reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. RVCOG uses these assets to provide services to member jurisdictions; consequently, these assets are *not* available for future spending. Although RVCOG's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. Another portion of RVCOG's net position is the investment in RVCOG's Food & Friends Endowment which is restricted to program use.

At the end of the current fiscal year, RVCOG is able to report a positive balance in net position for the government as a whole. Both the governmental and the internal service funds report positive balances in both the investment in capital assets and unrestricted categories of net position.

Rogue Valley Council of Governments' Net Position

| | Governmental activities | | |
|---|----------------------------|----------------------------|--------------------------|
| | 2020 | 2019 | Change |
| Current and other assets | \$ 2,421,361 | \$ 2,703,601 | \$ (282,240) |
| Capital assets | 2,566,683 | 2,220,742 | 345,941 |
| Total assets | <u>\$ 4,988,044</u> | <u>\$ 4,924,343</u> | <u>\$ 63,701</u> |
| Long-term liabilities outstanding | \$ 448,062 | \$ 484,835 | \$ (36,773) |
| Other liabilities | 1,007,623 | 1,346,422 | (338,799) |
| Total liabilities | <u>\$ 1,455,685</u> | <u>\$ 1,831,257</u> | <u>\$ (375,572)</u> |
| Net assets: | | | |
| Invested in capital assets, net of related debt | \$ 2,566,683 | \$ 2,220,742 | \$ 345,941 |
| Restricted | 396,620 | 388,742 | 7,878 |
| Unrestricted | 569,056 | 483,602 | 85,454 |
| Total net assets | <u><u>\$ 3,532,359</u></u> | <u><u>\$ 3,093,086</u></u> | <u><u>\$ 439,273</u></u> |

RVCOG's Net Position increased by \$439,273 during the current fiscal year. RVCOG's net position in the governmental funds and internal service funds are consolidated in the government-wide statement of net position; the \$439,273 is the result of this consolidation.

Governmental activities. Governmental activities accounted for the entire increase in RVCOG's net position since all activities are governmental. Key elements of this increase are as follows:

1. The General Fund's fund balance decreased by \$73,980 as a result of expenses exceeding revenues. The General Fund is funded by two primary sources, member dues and indirect charges, which are charged to the programs in the Special Revenue Fund. There are a small number of programs which are able to collect revenues from local sources in excess of the amounts expended on those projects. Member dues were exactly as anticipated. The indirect charges are based on an annual rate that is determined during the budget process using the General Fund budgeted expenditures, less member dues and other miscellaneous revenues, divided by the applicable Special Revenue Fund expenditures. When the actual expenses of the Special Revenue Fund fall below the level that was anticipated the result to the General Fund is a decrease in indirect revenues. This was the case during the current fiscal year; indirect revenue was under budget by \$10,129.

2. The net position of the Special Revenue Fund increased by \$77,973 as a result of total net revenues in the various programs, when taken as a whole, being greater than the total overall expenditures. The majority of both grants and contracts only reimburse actual expenditures up to a total amount; however, a small number of programs are able to collect revenues from local sources in excess of the amounts expended on those projects, thus while in some projects expenditures may exceed the available resources, other

projects can generate extra revenue which can be used as an offset. This year the projects that had available resources in excess of expenditures did exceed those with excess expenditures.

3. The net position of the Food and Friends Endowment Fund increased by \$7,878. This represents interest earned less investment fees.

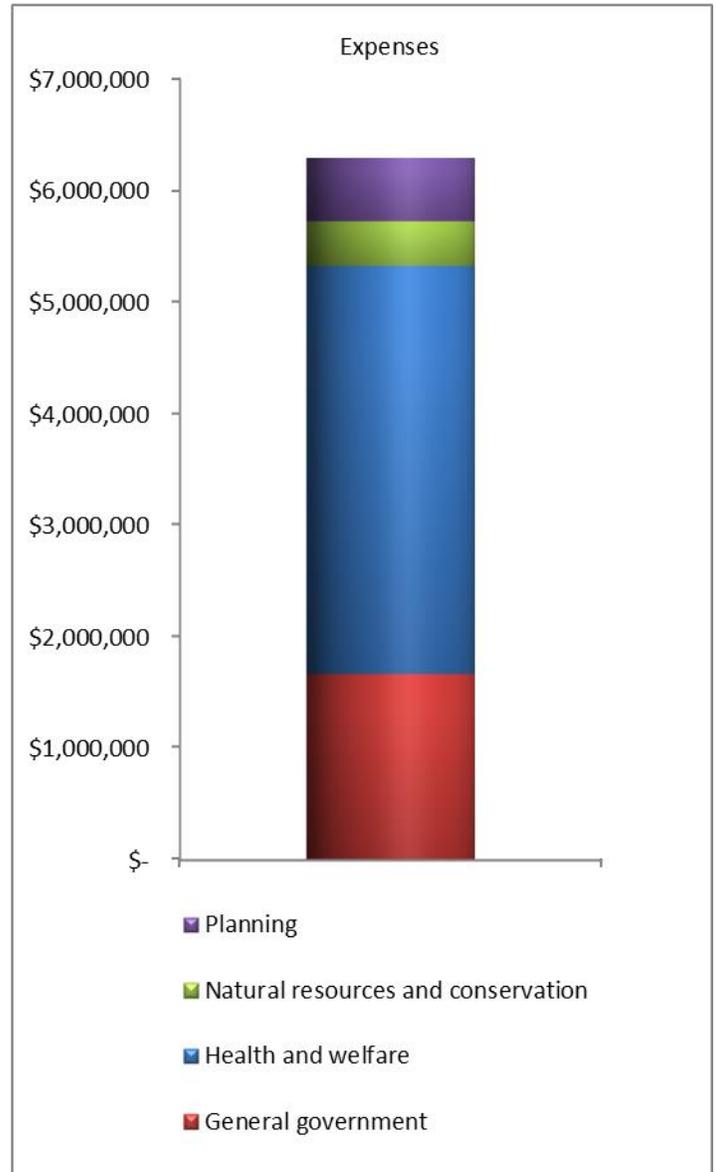
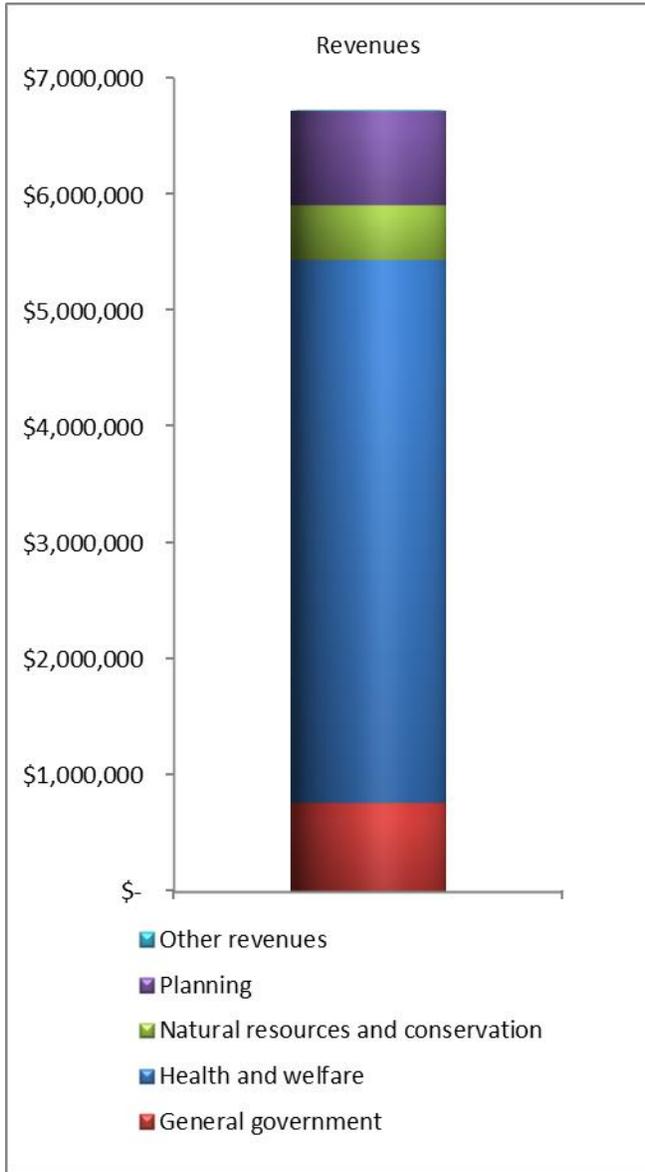
4. The net position of the internal service funds increased by \$438,103. As with the indirect charges, the charges for the internal service funds are based on an annual rate that is determined during the budget process using expenditures budgeted in the General and Special Revenue Funds. When the actual expenses of these funds exceed the level that was anticipated, the result is a shortfall in revenues received by the internal service funds. While that was the case this fiscal year in two of the funds, the Internal Service and Leave Liability funds had revenues in excess of expenses and the Building Operations and Maintenance Fund received an asset transfer from the General Fund.

During this fiscal year compensated absences expense was \$497,910.

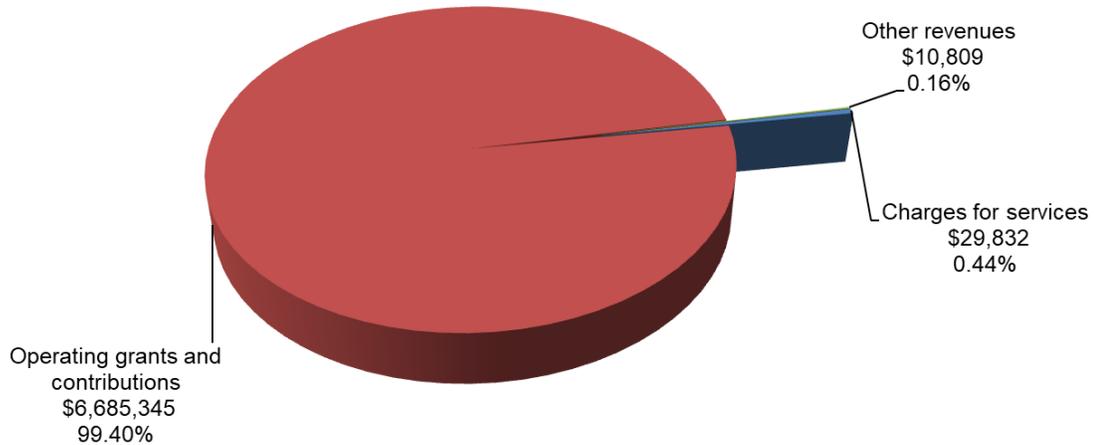
Rogue Valley Council of Governments' Changes in Net Assets

| | Governmental activities | | |
|------------------------------------|-------------------------|---------------------|---------------------|
| | 2020 | 2019 | Change |
| <u>Revenues:</u> | | | |
| Program revenues: | | | |
| Charges for services | \$ 29,832 | \$ 20,477 | \$ 9,355 |
| Operating grants and contributions | 6,685,345 | 7,193,759 | (508,414) |
| General revenues: | | | |
| Other revenues | 10,809 | 268,690 | (257,881) |
| Total revenues | <u>\$ 6,725,986</u> | <u>\$ 7,482,926</u> | <u>\$ (756,940)</u> |
| <u>Expenses:</u> | | | |
| General government | \$ 1,667,405 | \$ 1,602,474 | \$ 64,931 |
| Health and welfare | 3,653,605 | 3,795,977 | (142,372) |
| Natural resources and conservation | 400,407 | 329,537 | 70,870 |
| Planning | 565,296 | 537,114 | 28,182 |
| Interest on long-term debt | - | - | - |
| Total expenses | <u>\$ 6,286,713</u> | <u>\$ 6,265,102</u> | <u>\$ 21,611</u> |
| Increase in net assets | \$ 439,273 | \$ 1,217,824 | \$ (778,551) |
| Net assets 7/1 | 3,093,086 | 1,875,262 | 1,217,824 |
| Net assets 6/30 | <u>\$ 3,532,359</u> | <u>\$ 3,093,086</u> | <u>\$ 439,273</u> |

Revenues and Expenses – Governmental Activities



Revenues by Source – Governmental Activities



Financial Analysis of the Governmental Funds

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

Governmental funds. The focus of RVCOG's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing RVCOG's financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the Rogue Valley Council of Governments' governmental funds reported combined ending fund balances of \$800,712, an increase of \$11,871 in comparison with the prior year. Of this amount \$396,620 is committed to the Food & Friends Endowment Fund, while the *unreserved fund balance* of \$404,002 is available for spending at the government's discretion.

The General Fund is the administrative operating fund of the Rogue Valley Council of Governments. At the end of the current fiscal year, unreserved fund balance of the General Fund was \$693,872. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures.

RVCOG's General Fund equity decreased by \$73,980 during the current fiscal year. Key factors in this decrease are as follows:

- Indirect charges are the major source of revenue for the General Fund, with the rate being based on the budgeted expenditures of the Special Revenue Fund projects. A shortfall in this revenue source would be due to the expenditures of the Special Revenue Fund falling short of the amounts budgeted; that was the case in this fiscal year with indirect revenues coming in \$10,129 under budget.
- A planned use of \$27,945 from unreserved fund balance for the completion of the Josephine County Senior Resource Center.
- An additional \$25,308 of unreserved fund balance used to fund excess pre-project costs.

Capital Assets and Debt Administration

Capital assets. RVCOG's investment in capital assets for its governmental type activities as of June 30, 2020, amounts to \$2,566,683 (net of accumulated depreciation). This investment in capital assets includes land, buildings, machinery, and equipment.

Rogue Valley Council of Governments' Capital Assets (net of depreciation)

| | Governmental activities | | |
|--|-------------------------|--------------|------------|
| | 2020 | 2019 | Change |
| Land | \$ 381,750 | \$ 381,750 | - |
| Buildings and Construction In Progress | 2,012,632 | 1,630,735 | \$ 381,897 |
| Machinery and equipment | 172,301 | 208,257 | (35,956) |
| Total | \$ 2,566,683 | \$ 2,220,742 | \$ 345,941 |

The total change in RVCOG's investment in capital assets for the current fiscal year was \$345,941. Accumulated depreciation in buildings and machinery and equipment increased \$80,929.

Additional information on RVCOG's capital assets can be found in note 4.C on page 45 of this report.

Long-term debt. At the end of the current fiscal year, RVCOG had no bonded debt outstanding.

Economic Factors and Next Year's Budgets

RVCOG is less affected by the economy locally than it is statewide, due to the fact that a majority of the projects undertaken by RVCOG are funded through state grants and contracts. Nonetheless, RVCOG does depend to a significant degree on the ability of its members to pay dues, which a poor local economy could impact. While dues are commonly less than 1.0% of RVCOG's overall budget (\$48,088 in the current year), they are critically important in providing

a small amount of contingency and in funding activities that are not recoverable through indirect cost allocation or reimbursement (per OMB Uniform Guidance).

The State of Oregon continues to face revenue shortfalls due to economic uncertainties affecting the entire state along with the nationwide economic downturn caused by the COVID-19 pandemic. As discussed, this is a situation that does tend to have a direct impact on RVCOG's budget, and therefore this was a significant consideration during the preparation of RVCOG's budget for the 2020-2021 fiscal year.

At the close of fiscal year ending June 30, 2020, unreserved fund balance in the General Fund was \$693,872. The federally approved indirect rate, which provided 38.83% of the General Fund resources for this fiscal year, is set at 14.0% of applicable direct cost of all projects in the Special Revenue Fund and has remained the same as prior years. Grant funds and contributions toward the Josephine County Senior Resource Center project significantly increased revenue in the General Fund in this fiscal year.

Requests for Information

This financial report is designed to provide a general overview of the Rogue Valley Council of Governments' finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Deputy Director, Rogue Valley Council of Governments, PO Box 3275, Central Point, OR 97502.

Rogue Valley Council of Governments
Comprehensive Annual Financial Report
For the Fiscal Year Ended
June 30, 2020

BASIC FINANCIAL STATEMENTS



Rogue Valley Council of Governments
Statement of Net Position
June 30, 2020

| | | <u>Primary Government Governmental Activities</u> |
|--|----|---|
| ASSETS | | |
| Cash and cash equivalents | \$ | 900,344 |
| Investments | | 396,620 |
| Receivables | | 1,099,944 |
| Prepays | | 24,453 |
| Capital assets (net of accumulated depreciation): | | |
| Land | | 381,750 |
| Buildings | | 2,012,632 |
| Machinery and equipment | | 172,301 |
| Total assets | \$ | <u>4,988,044</u> |
| LIABILITIES | | |
| Accounts payable and other current liabilities | \$ | 1,007,623 |
| Noncurrent liabilities: | | |
| Due within one year | | 102,001 |
| Due in more than one year | | 346,061 |
| Total liabilities | \$ | <u>1,455,685</u> |
| NET ASSETS | | |
| Investment in capital assets (net of related debt) | \$ | 2,566,683 |
| Committed | | 396,620 |
| Unrestricted | | 569,056 |
| Total net assets | \$ | <u><u>3,532,359</u></u> |

The notes to the financial statements are an integral part of this statement.

Rogue Valley Council of Governments
Statement of Activities
For the Year Ended June 30, 2020

| <u>Functions/Programs</u> | <u>Expenses</u> | <u>Program Revenues</u> | | <u>Net (Expense) Revenue and Changes in Net Assets</u> |
|---------------------------------------|---------------------|---------------------------------|---|--|
| | | <u>Charges for Services</u> | <u>Operating Grants and Contributions</u> | <u>Primary Government Governmental Activities</u> |
| Primary Government: | | | | |
| Governmental Activities: | | | | |
| General government | \$ 1,667,405 | \$ 14,422 | \$ 752,357 | \$ (900,626) |
| Health and welfare | 3,653,605 | 15,320 | 4,653,814 | 1,015,529 |
| Natural resources and conservation | 400,407 | | 471,011 | 70,604 |
| Planning | 565,296 | 90 | 808,163 | 242,957 |
| Interest on long-term debt | | | | - |
| Total governmental activities | <u>\$ 6,286,713</u> | <u>\$ 29,832</u> | <u>\$ 6,685,345</u> | <u>\$ 428,464</u> |
| Total primary government | <u>\$ 6,286,713</u> | <u>\$ 29,832</u> | <u>\$ 6,685,345</u> | <u>\$ 428,464</u> |
| General revenues: | | | | |
| | | | | 10,809 |
| | | | | - |
| | | | | <u>\$ 10,809</u> |
| | | | | \$ 439,273 |
| | | | | <u>3,093,086</u> |
| | | | | <u>\$ 3,532,359</u> |

The notes to the financial statements are an integral part of this statement.

Rogue Valley Council of Governments
Balance Sheet
Governmental Funds
June 30, 2020

| | General | Special Revenue | Food & Friends Endowment | Total Governmental Funds |
|--------------------------------------|---------------------|----------------------------|---|---|
| ASSETS | | | | |
| Cash and cash equivalents | \$ 1,093,860 | \$ (789,008) | \$ - | \$ 304,852 |
| Investments | | | 396,620 | 396,620 |
| Receivables | 38,890 | 953,811 | | 992,701 |
| Prepays | 8,839 | 2,156 | | 10,995 |
| Total assets | <u>\$ 1,141,589</u> | <u>\$ 166,959</u> | <u>\$ 396,620</u> | <u>\$ 1,705,168</u> |
| LIABILITIES AND FUND BALANCES | | | | |
| Liabilities: | | | | |
| Accounts payable | \$ 1,720 | \$ 214,498 | \$ - | \$ 216,218 |
| Payroll payable | 343,058 | | | 343,058 |
| Due to other governments | | | | - |
| Due to others | 102,939 | 226,755 | | 329,694 |
| Deferred revenues | | 15,486 | | 15,486 |
| Total liabilities | <u>\$ 447,717</u> | <u>\$ 456,739</u> | <u>\$ -</u> | <u>\$ 904,456</u> |
| Fund Balances: | | | | |
| Committed | \$ - | \$ - | \$ 396,620 | \$ 396,620 |
| Unassigned | 693,872 | (289,780) | | 404,092 |
| Total fund balance | <u>\$ 693,872</u> | <u>\$ (289,780)</u> | <u>\$ 396,620</u> | <u>\$ 800,712</u> |
| Total liabilities and fund balances | <u>\$ 1,141,589</u> | <u>\$ 166,959</u> | <u>\$ 396,620</u> | |

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

13,230

Internal service funds are used by management to charge the costs of internal services, computer rent, leave liability and building operating costs to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.

2,718,417

Net assets of governmental activities

\$ 3,532,359

The notes to the financial statements are an integral part of this statement.

Rogue Valley Council of Governments
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2020

| | General | Special Revenue | Food & Friends Endowment | Total Governmental Funds |
|---------------------------------------|---------------------|---------------------|--------------------------------|--------------------------------|
| REVENUES | | | | |
| Intergovernmental | \$ 541,541 | \$ 5,029,373 | \$ - | \$ 5,570,914 |
| Charges for services | 382,684 | 15,410 | | 398,094 |
| Contributions and donations | 2,025 | 816,649 | | 818,674 |
| Other revenues | 58,324 | 109,663 | 10,809 | 178,796 |
| Total revenues | <u>\$ 984,574</u> | <u>\$ 5,971,095</u> | <u>\$ 10,809</u> | <u>\$ 6,966,478</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| General government | \$ 578,891 | \$ - | \$ 2,931 | \$ 581,822 |
| Health and welfare | | 4,612,151 | | 4,612,151 |
| Natural resources and conservation | | 474,599 | | 474,599 |
| Planning | | 842,469 | | 842,469 |
| Debt service: | | | | |
| Principal | - | - | - | - |
| Interest | - | - | - | - |
| Capital assets | (4,411) | (6,290) | - | (10,701) |
| Total expenditures | <u>\$ 574,480</u> | <u>\$ 5,922,929</u> | <u>\$ 2,931</u> | <u>\$ 6,500,340</u> |
| Excess of revenues over expenditures | <u>\$ 410,094</u> | <u>\$ 48,166</u> | <u>\$ 7,878</u> | <u>\$ 466,138</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | \$ - | \$ 29,807 | \$ - | \$ 29,807 |
| Transfers out | (484,074) | - | | (484,074) |
| Total other financing sources (uses) | <u>\$ (484,074)</u> | <u>\$ 29,807</u> | <u>\$ -</u> | <u>\$ (454,267)</u> |
| Net change in fund balance | \$ (73,980) | \$ 77,973 | \$ 7,878 | \$ 11,871 |
| Fund balance - beginning | 767,852 | (367,753) | 388,742 | 788,841 |
| Fund balance - ending | <u>\$ 693,872</u> | <u>\$ (289,780)</u> | <u>\$ 396,620</u> | <u>\$ 800,712</u> |

The notes to the financial statements are an integral part of this statement.

Rogue Valley Council of Governments
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance
of Governmental Funds
To the Statement of Activities
For the Year Ended June 30, 2020

Amounts reported for governmental activities in the statement of activities (see page 26) are different because:

| | |
|---|------------------|
| Net change in fund balance - total governmental funds (see page 28) | <u>\$ 11,871</u> |
|---|------------------|

Internal service funds are used by management to charge the costs of internal services, computer rent, leave liability, and vehicle and building operating costs to individual funds. The net revenue of certain activities of internal service funds is reported with governmental activities.

| | |
|---------------------------------------|-------------------|
| Internal service fund | \$ 27,957 |
| Computer rental fund | (12,268) |
| Leave liability fund | 56,277 |
| Vehicle operating & maintenance fund | (49,541) |
| Building operating & maintenance fund | <u>415,678</u> |
| Net revenues | <u>\$ 438,103</u> |

| | |
|--|----------|
| The net effect of various transactions involving capital assets (i.e., purchase, sales, trade-ins, and donations) is to increase(decrease) net assets. | (10,701) |
|--|----------|

| | |
|---|--------------------------|
| Change in net assets of governmental activities (see page 26) | <u><u>\$ 439,273</u></u> |
|---|--------------------------|

The notes to the financial statements are an integral part of this statement.

Rogue Valley Council of Governments
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2020

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) |
|---------------------------------------|------------------|--------------|-------------------|---|
| | Original | Final | | |
| REVENUES | | | | |
| Intergovernmental | \$ 116,555 | \$ 671,022 | \$ 541,541 | \$ (129,481) |
| Charges for services | 392,488 | 392,488 | 382,684 | (9,804) |
| Contributions and donations | - | - | 2,025 | 2,025 |
| Other revenues | - | - | 58,324 | 58,324 |
| Total revenues | \$ 509,043 | \$ 1,063,510 | \$ 984,574 | \$ (78,936) |
| EXPENDITURES | | | | |
| Current: | | | | |
| General government | \$ 509,043 | \$ 579,436 | \$ 578,891 | \$ 545 |
| Debt service: | | | | |
| Principal | | | - | - |
| Interest | | | - | - |
| Capital assets | - | - | (4,411) | 4,411 |
| Total expenditures | \$ 509,043 | \$ 579,436 | \$ 574,480 | \$ 4,956 |
| Excess of revenues over expenditures | \$ - | \$ 484,074 | \$ 410,094 | \$ (73,980) |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | \$ - | \$ - | \$ - | \$ - |
| Transfers out | \$ - | \$ (484,074) | \$ (484,074) | \$ - |
| Total other financing sources (uses) | \$ - | \$ (484,074) | \$ (484,074) | \$ - |
| Net change in fund balance | \$ - | \$ - | \$ (73,980) | \$ (73,980) |
| Fund balance - beginning | 785,493 | 785,493 | 767,852 | \$ (17,641) |
| Fund balance - ending | \$ 785,493 | \$ 785,493 | \$ 693,872 | \$ 91,621 |

The notes to the financial statements are an integral part of this statement.

Rogue Valley Council of Governments
Special Revenue Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2020

| | <u>Budgeted Amounts</u> | | Actual Amounts | Variance with Final Budget Positive (Negative) |
|---------------------------------------|-------------------------|---------------------|---------------------|---|
| | Original | Final | | |
| REVENUES | | | | |
| Intergovernmental | \$ 5,802,952 | \$ 5,802,952 | \$ 5,029,373 | \$ (773,579) |
| Charges for services | 4,869 | \$ 4,869 | 15,410 | 10,541 |
| Contributions and donations | 844,800 | \$ 844,800 | 816,649 | (28,151) |
| Other revenues | 161,193 | \$ 161,193 | 109,663 | (51,530) |
| Total revenues | <u>\$ 6,813,814</u> | <u>\$ 6,813,814</u> | <u>\$ 5,971,095</u> | <u>\$ (842,719)</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| Health and welfare | \$ 5,225,652 | \$ 5,225,652 | \$ 4,612,151 | \$ 613,501 |
| Natural resources and conservation | 430,045 | 430,045 | 474,599 | (44,554) |
| Planning | 1,183,117 | 1,183,117 | 842,469 | 340,648 |
| Debt service: | | | | |
| Principal | | | - | - |
| Interest | | | - | - |
| Capital assets | | | (6,290) | 6,290 |
| Total expenditures | <u>\$ 6,838,814</u> | <u>\$ 6,838,814</u> | <u>\$ 5,922,929</u> | <u>\$ 915,885</u> |
| Excess of revenues over expenditures | <u>\$ (25,000)</u> | <u>\$ (25,000)</u> | <u>\$ 48,166</u> | <u>\$ 73,166</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | \$ - | \$ - | \$ 29,807 | \$ 29,807 |
| Transfers out | - | - | - | - |
| Total other financing sources (uses) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 29,807</u> | <u>\$ 29,807</u> |
| Net change in fund balance | \$ (25,000) | \$ (25,000) | \$ 77,973 | \$ 102,973 |
| Fund balance - beginning | (367,753) | (367,753) | (367,753) | - |
| Fund balance - ending | <u>\$ (392,753)</u> | <u>\$ (392,753)</u> | <u>\$ (289,780)</u> | <u>\$ (102,973)</u> |

The notes to the financial statements are an integral part of this statement.

Rogue Valley Council of Governments
Food & Friends Endowment Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2020

| | <u>Budgeted Amounts</u> | | | Actual Amounts | Variance with Final Budget Positive (Negative) |
|---------------------------------------|-------------------------|-------------------|-------------------|-------------------|---|
| | Original | Final | | | |
| REVENUES | | | | | |
| Intergovernmental | \$ - | \$ - | \$ - | \$ - | - |
| Charges for services | | | | | - |
| Contributions and donations | | | | | - |
| Other revenues | 7,000 | 7,000 | 10,809 | | 3,809 |
| Total revenues | <u>\$ 7,000</u> | <u>\$ 7,000</u> | <u>\$ 10,809</u> | <u>\$ 3,809</u> | |
| EXPENDITURES | | | | | |
| Current: | | | | | |
| General government | \$ 3,000 | \$ 3,000 | \$ 2,931 | \$ 69 | |
| Debt service: | | | | | |
| Principal | | | - | - | |
| Interest | | | - | - | |
| Total expenditures | <u>\$ 3,000</u> | <u>\$ 3,000</u> | <u>\$ 2,931</u> | <u>\$ 69</u> | |
| Excess of revenues over expenditures | <u>\$ 4,000</u> | <u>\$ 4,000</u> | <u>\$ 7,878</u> | <u>\$ 3,878</u> | |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Transfers in | \$ - | \$ - | \$ - | \$ - | - |
| Transfers out | | | | | - |
| Total other financing sources (uses) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | |
| Net change in fund balance | \$ 4,000 | \$ 4,000 | \$ 7,878 | \$ 3,878 | |
| Fund balance - beginning | 388,742 | 388,742 | 388,742 | - | |
| Fund balance - ending | <u>\$ 392,742</u> | <u>\$ 392,742</u> | <u>\$ 396,620</u> | <u>\$ 3,878</u> | |

The notes to the financial statements are an integral part of this statement.

Rogue Valley Council of Governments
Statement of Net Position
Proprietary Funds
June 30, 2020

| | <u>Governmental Activities - Internal Service Funds</u> |
|--|--|
| ASSETS | |
| Current assets: | |
| Cash and cash equivalents | \$ 595,492 |
| Receivables (net of allowance for uncollectables) | 107,243 |
| Prepaid | 13,458 |
| Due from other funds | - |
| Total current assets | <u>\$ 716,193</u> |
| Long-term assets: | |
| Capital assets | |
| Land | \$ 381,750 |
| Buildings | 2,476,170 |
| Machinery and equipment | 271,147 |
| Less accumulated depreciation | (575,614) |
| Total capital assets (net of accumulated depreciation) | <u>\$ 2,553,453</u> |
| Total long-term assets | <u>\$ 2,553,453</u> |
| Total assets | <u>\$ 3,269,646</u> |
| LIABILITIES | |
| Current liabilities | |
| Accounts payable and other current liabilities | \$ 117,661 |
| Compensated absences-current portion | 86,515 |
| Due to other funds | - |
| Other Current Liabilities | 992 |
| Total current liabilities | <u>\$ 205,168</u> |
| Long-term liabilities | |
| Compensated absences-non-current portion | \$ 346,061 |
| Other Non-Current Liabilities | - |
| Total long-term liabilities | <u>\$ 346,061</u> |
| Total liabilities | <u>\$ 551,229</u> |
| NET ASSETS | |
| Investment in capital assets (net of related debt) | \$ 2,553,453 |
| Unrestricted | 164,964 |
| Total net assets | <u>\$ 2,718,417</u> |

The notes to the financial statements are an integral part of this statement.

Rogue Valley Council of Governments
Statement of Revenues, Expenses, and Changes in Net Assets
Proprietary Funds
For the Year Ended June 30, 2020

| | Governmental Activities - Internal Service Funds |
|--|---|
| | |
| OPERATING REVENUES | |
| Charges for services: | |
| Charges for services | \$ 830,558 |
| Leave liability accrual charges | 554,166 |
| Other revenues | 238 |
| Total operating revenues | \$ 1,384,962 |
| OPERATING EXPENSES | |
| Costs of services | \$ 815,056 |
| Leave liability costs | 497,910 |
| Depreciation | 88,160 |
| Total operating expenses | \$ 1,401,126 |
| Operating income (loss) | \$ (16,164) |
| NON-OPERATING REVENUES (EXPENSES) | |
| Donations | \$ - |
| Sale of Assets | - |
| Purchase of assets | - |
| Interest expense | - |
| Income (loss) before contributions and transfers | \$ (16,164) |
| Capital contributions from government: | |
| Contributed capital assets | \$ - |
| Transfers In | 454,267 |
| Change in net assets | \$ 438,103 |
| Total net assets - beginning | \$ 2,280,314 |
| Total net assets - ending | \$ 2,718,417 |

The notes to the financial statements are an integral part of this statement.

Rogue Valley Council of Governments
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2020

| | Governmental Activities - Internal Service Funds |
|--|---|
| | |
| CASH FLOWS FROM OPERATING ACTIVITIES | |
| Receipts from interfund services provided | \$ 1,401,344 |
| Receipts from outside services provided | 217 |
| Payments to suppliers | (434,517) |
| Payments to employees | (858,879) |
| Net cash used by operating activities | \$ 108,165 |
| CASH FLOWS FROM NONCAPITAL ACTIVITIES | |
| Interfund loans (short-term) | \$ - |
| Transfers from other funds | 4,457 |
| Net cash provided by noncapital financing activities | \$ 4,457 |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | |
| Proceeds from sale of capital assets | \$ 5,008 |
| Purchase of capital assets for general purposes | - |
| Principle paid on capital debt | - |
| Net cash used by capital and related financing activities | \$ 5,008 |
| Net Decrease in cash and cash equivalents | \$ 117,630 |
| Cash and cash equivalents - July 1 | 477,862 |
| Cash and cash equivalents - June 30 | \$ 595,492 |
| Reconciliation of operating income to net cash provided (used) by operating activities: | |
| Operating income | \$ (16,164) |
| Adjustments to reconcile operating income to net cash provided (used) by operating activities: | |
| Depreciation | \$ 88,160 |
| Increase in accounts receivable | (18,575) |
| Increase in prepaids | 1,976 |
| Decrease in uncompensated absences | 27,840 |
| Increase in accounts payable | (8,270) |
| Total adjustments | \$ 91,131 |
| Net cash used by operating activities | \$ 74,967 |
| Noncash investing, capital, and financing activities: | |
| Contributions of capital assets from government (net of related debt) | \$ 892,229 |

The notes to the financial statements are an integral part of this statement.

Rogue Valley Council of Governments
Notes to the Financial Statements
June 30, 2020

Note 1 - Summary of Significant Accounting Policies

A. Reporting Entity

Rogue Valley Council of Governments (RVCOG) is an independent local governmental entity formed under the authority of Oregon Revised Statutes (ORS) Chapter 190 on September 30, 1968. Although RVCOG's governing board includes elected officials representing several of the local governmental units, counties, cities and special districts, located in Jackson and Josephine Counties, none of these other governing bodies exert direct oversight over RVCOG. In addition, RVCOG does not exert oversight authority over any other local governmental entity. The decisions of the RVCOG Board are not binding on any member entity. RVCOG is not a component unit of any other local governmental entity, nor is any other governmental entity a component unit of RVCOG.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of changes in net position) report information on all of RVCOG's activities. The effect of interfund services provided and used is not eliminated in the process of consolidating the funds for these statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Other items not properly included among program revenues are reported instead as *other revenues*.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

Rogue Valley Council of Governments
Notes to the Financial Statements
June 30, 2020

Note 1 - Summary of Significant Accounting Policies (continued)

C. Measurement focus, basis of accounting, and financial statement presentation

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, RVCOG considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Interest associated with the current fiscal period is considered to be susceptible to accrual and so has been recognized as revenue of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by RVCOG.

RVCOG reports the following major governmental funds:

The *General Fund* is RVCOG's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *Special Revenue Fund* accounts for all financial resources associated with the functional programs carried out by RVCOG with the exception of the administrative function which is accounted for in the General Fund.

The *Endowment Fund* accounts for a donation to the Food & Friends program.

Rogue Valley Council of Governments
Notes to the Financial Statements
June 30, 2020

Note 1 - Summary of Significant Accounting Policies (continued)

C. Measurement focus, basis of accounting, and financial statement presentation (continued)

Additionally, RVCOG reports the following fund types:

Internal service funds account for administrative services not included in the General Fund, information systems operation, computer acquisition and replacement, building operations, vehicle operations, and leave liability services provided to other RVCOG departments, or to other governments, on a cost reimbursement basis.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contracts and contributions, 3) capital grants and contributions, and (4) internally dedicated resources.

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the government's internal service funds are charges to customers for sales and services. Operating expenses for internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is RVCOG's policy to use restricted resources first, then unrestricted resources as they are needed.

D. Assets, liabilities, and net position or equity

1. Deposits and investments

RVCOG's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Rogue Valley Council of Governments
Notes to the Financial Statements
June 30, 2020

Note 1 - Summary of Significant Accounting Policies (continued)

D. Assets, liabilities, and net position or equity (continued)

An endowment fund to benefit RVCOG's Food & Friends program was setup with a donation received in a prior fiscal year.

2. Receivables and payables

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds."

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

All trade receivables are shown at actual amount with no allowance for uncollectables included because all receivables are expected to be collected eventually.

3. Prepaid items

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

4. Capital assets

Capital assets, which include land, buildings, and equipment, are reported in the applicable governmental or business-type activity columns in the government-wide financial statements. Capital assets are defined by RVCOG as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of five years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Buildings and equipment of RVCOG are depreciated using the straight line method over the following estimated useful lives:

Rogue Valley Council of Governments
Notes to the Financial Statements
June 30, 2020

Note 1 - Summary of Significant Accounting Policies (continued)

D. Assets, liabilities, and net position or equity (continued)

| <u>Assets</u> | <u>Years</u> |
|--------------------|--------------|
| Buildings | 35/40 |
| Vehicles | 5 |
| Office Equipment | 5 |
| Computer Equipment | 5 |

5. Compensated absences

It is RVCOG's policy to permit employees to accumulate earned but unused vacation and sick pay benefits up to maximum limits. Upon separation, employees are entitled to all accrued but unused vacation benefits and 20% of unused sick leave benefits if separating in "good standing." A Catastrophic Leave Bank was established to provide additional sick leave benefits to eligible employees who exhaust all other paid leave due to a qualifying illness or injury. The Leave Bank is funded through donations of excess sick and/or vacation leave from current employees as well as the 80% balance of sick leave remaining from separating employees.

6. Long-term obligations

In the government-wide financial statements and governmental and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position.

7. Fund equity

In the fund financial statements, Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB 54) defines the different types of fund balances that a governmental entity must use for financial reporting purposes. GASB 54 requires the fund balance amounts to be properly reported within one of the five fund balance components listed below:

Non-spendable – This component includes amounts that cannot be spent because they are either (1) not in spendable form or (2) legally or contractually required to be maintained intact.

Rogue Valley Council of Governments
Notes to the Financial Statements
June 30, 2020

Note 1 - Summary of Significant Accounting Policies (continued)

D. Assets, liabilities, and net position or equity (continued)

Restricted – This component consists of amounts that can be spent only for specific purposes stipulated by external resource providers, constitutional provisions, or enabling legislation. RVCOG has no restricted fund balance.

Committed – This component consists of amounts that can only be spent for specific purposes determined by a formal action of RVCOG’s highest level of decision-making authority, which includes resolutions. Those committed amounts cannot be used for any other purposes unless RVCOG removes or changes the specified use by taking the same type of action (resolution) it employed previously to commit those amounts. The Food & Friends Endowment Fund is considered committed.

Assigned – This component consists of amounts that are intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed. The authority for assigning fund balance is expressed by the Board of Directors, or its designee as established in RVCOG’s Fund Balance Policy. RVCOG has no assigned fund balance.

Unassigned – This residual classification of fund balance includes all spendable amounts that have not been restricted, committed, or assigned.

When both restricted and unrestricted resources are available for use, it is RVCOG’s policy to use restricted resources first, then unrestricted resources (committed, assigned, and unassigned) as they are needed. When unrestricted resources are available for use it is RVCOG’s policy to use committed resources first, then assigned, and then unassigned, as they are needed.

Note 2 - Reconciliation of government-wide and fund financial statements

A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position

The governmental fund balance sheet includes a reconciliation between *fund balance-total governmental funds* and *net position-governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation explains that “capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.” The details of this \$13,230 difference are as follows:

Rogue Valley Council of Governments
Notes to the Financial Statements
June 30, 2020

Note 2 - Reconciliation of government-wide and fund financial statements(continued)

A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position (continued)

| | | |
|--|----|------------------|
| Capital assets | \$ | 22,050 |
| Accumulated depreciation | | <u>(8,820)</u> |
| Net adjustment to increase fund balance - total governmental funds to arrive at net position - governmental activities | | <u>\$ 13,230</u> |

Another element of that reconciliation explains that “internal service funds are used by management to charge the costs of internal services, computer rent, leave liability, and building operating costs to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.” The details of this \$2,718,417 difference are as follows:

| | | |
|--|----|---------------------|
| Net position of internal service funds | \$ | 164,964 |
| Capital assets net of accumulated depreciation and related debt | | <u>\$ 2,553,453</u> |
| Net adjustment to decrease fund balance - total governmental funds to arrive at net position - governmental activities | | <u>\$ 2,718,417</u> |

Note 3 - Stewardship, compliance, and accountability

A. Budgetary information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. All annual appropriations lapse at fiscal year end.

In the spring of each year the Executive Director submits a proposed budget to the budget committee. This committee comprises three members of the Board of Directors and an equal number of concerned citizens who are appointed by the Board. The budget committee reviews the budget as submitted, and holds a public hearing for the purpose of discussing the budget with the various department managers and to receive citizen comments. After making any changes that the members deem necessary, the budget committee approves the budget and recommends it to the Board of Directors. The Board of Directors adopts the budget and sets appropriations by resolution prior to July 1.

Rogue Valley Council of Governments
Notes to the Financial Statements
June 30, 2020

Note 3 - Stewardship, compliance, and accountability (continued)

A. Budgetary information (continued)

The appropriated budget is prepared by fund with the exception of the Special Revenue Fund, which is prepared by department. Only the Special Revenue Fund is divided into programmatic departments; the General Fund includes only the organization's central administrative functions. Department heads may make transfers of appropriations within a department's programs; all other changes to the appropriations must be approved by the Board. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the fund level for all funds except the Special Revenue Fund, which is at the department level.

B. Excess of expenditures over appropriations

For the year ended June 30, 2020, expenditures did not exceed appropriations in the General Fund, Special Revenue Fund, or Food & Friends Endowment Fund.

C. Deficit fund equity

The Special Revenue Fund has had a deficit fund balance for most of its historical (from the latter half of the 1990's) existence. The deficit fund balance is \$289,780 as of June 30, 2020. The revenues for a number of the projects within the fund exceeded expenditures by a net of \$77,973 during the year then ended. This amount decreased the deficit beginning fund balance of \$367,753.

Note 4 - Detailed notes on all funds

A. Deposits and investments

RVCOG maintains cash and investments with Peoples Bank of Commerce, Banner Bank, Evergreen Federal Savings, and SEI Private Trust Company.

At year end, RVCOG's carrying amount of deposits in People's Bank of Commerce was \$829,432 and Banner Bank was \$152,260. The carrying amount of deposits in Evergreen Federal Savings was \$1,231. The carrying amount of deposits in SEI Private Trust Company was \$396,620. Of the bank balances, \$250,000 per institution is covered by federal depository insurance. The Governmental Accounting Standards Board Statement (GASB) No. 40, *Deposits and Investment Risk Disclosures*, requires government agencies to disclose an indication of the level of risk assumed by the entity at year-end. If bank deposits at year-end are not entirely insured or collateralized with securities held by

Rogue Valley Council of Governments
Notes to the Financial Statements
June 30, 2020

Note 4 - Detailed notes on all funds (continued)

A. Deposits and investment (continued)

RVCOG or by its agent in RVCOG's name, the custodial credit risk that exists must be disclosed.

Deposits with financial institutions are held in RVCOG's name and comprise bank demand deposits. During 2007, the legislature revised ORS 295 which governs the collateralization of Oregon public funds. This revision created a shared liability structure for bank depositories and streamlined the collateralization process for local governments. The Office of the State Treasurer monitors the banks collateral and issues a list of qualified bank depositories to public officials to verify the banks they do business with comply with State collateralization requirements. RVCOG's financial institutions are on the approved list.

Custodial credit risk for deposits is the risk that, in the event of a bank failure, the government's deposits may not be returned to it. RVCOG does not have a formal deposit policy for custodial credit risk.

The custodian, Federal Home Loan Bank of Seattle, is the agent of the depository bank. The securities pledged are designated as subject to the Pledge Agreement between the Depository Bank, Custodian Bank, and Office of the State Treasurer (OST) and are held for the benefit of the OST on behalf of the public depositors.

As of June 30, 2020, and for the year then ended, RVCOG was in compliance with the aforementioned State of Oregon statutes.

Credit Risk – State Statutes authorize RVCOG to invest primarily in general obligations of the U.S. Government and its agencies, certain bonded obligations of Oregon municipalities, bank repurchase agreements, bankers' acceptances, time certificates of deposit, certain commercial paper, and the Oregon State Treasury LGIP, among others.

Concentration of Credit Risk – RVCOG is required to provide information about the concentration of credit risk associated with its investments in one issuer that represents 5 percent or more of the total investments, excluding investments in external investment pools or those issued and explicitly guaranteed by the U.S. Government. RVCOG has no such investments.

Interest Rate Risk – RVCOG has no formal investment policy that explicitly limits investment maturities as a means of managing its exposure to fair value loss arising from increasing interest rates.

Rogue Valley Council of Governments
Notes to the Financial Statements
June 30, 2020

Note 4 - Detailed notes on all funds (continued)

A. Deposits and investment (continued)

RVCOG had \$396,620 of investments as of June 30, 2020.

B. Receivables

Receivables as of year-end for RVCOG's individual major funds and internal service funds in the aggregate are as follows:

| <u>Receivables:</u> | <u>General</u> | Special <u>Revenue</u> | <u>Other Funds</u> | <u>Total</u> |
|-----------------------|------------------|---------------------------|--------------------|---------------------|
| Accounts | \$ 38,890 | \$ 953,811 | \$ 107,243 | \$ 1,099,944 |
| Intergovernmental | - | - | - | - |
| Net total receivables | <u>\$ 38,890</u> | <u>\$ 953,811</u> | <u>\$ 107,243</u> | <u>\$ 1,099,944</u> |

RVCOG's accounts receivable are pledged as collateral for the line of credit. See note 4.G on page 47.

Governmental funds reported \$15,486 as *deferred revenue* in connection with receivables for revenues that are considered to be available to liquidate liabilities of the current period.

C. Capital Assets

Capital asset activity for the year ended June 30, 2020 was as follows:

Primary Government

| <u>Governmental Activities</u> | <u>Beginning Balance</u> | <u>Increases</u> | <u>Decreases</u> | <u>Ending Balance</u> |
|--|------------------------------|---------------------|-----------------------|---------------------------|
| Capital assets, not being depreciated: | | | | |
| Land | \$ 381,750 | \$ - | \$ - | \$ 381,750 |
| Construction Work In Progress | \$ 1,216,422 | | \$ (1,216,422) | \$ - |
| Total capital assets, not being depreciated | <u>\$ 1,598,172</u> | <u>\$ -</u> | <u>\$ (1,216,422)</u> | <u>\$ 381,750</u> |
| Capital assets, being depreciated: | | | | |
| Building | \$ 809,939 | \$ 1,666,232 | \$ - | \$ 2,476,171 |
| Equipment | 316,138 | - | (22,940) | 293,198 |
| Total capital assets, being depreciated | <u>\$ 1,126,077</u> | <u>\$ 1,666,232</u> | <u>\$ (22,940)</u> | <u>\$ 2,769,369</u> |
| Less accumulated depreciation for: | | | | |
| Building | \$ (395,626) | \$ (67,913) | \$ - | \$ (463,539) |
| Equipment | (107,881) | (24,658) | 11,642 | (120,897) |
| Total accumulated depreciation | <u>\$ (503,507)</u> | <u>\$ (92,571)</u> | <u>\$ 11,642</u> | <u>\$ (584,436)</u> |
| Total capital assets, being depreciated, net | <u>\$ 622,570</u> | <u>\$ 1,573,661</u> | <u>\$ (11,298)</u> | <u>\$ 2,184,933</u> |
| Governmental activities capital assets, net | <u>\$ 2,220,742</u> | <u>\$ 1,573,661</u> | <u>\$ (1,227,720)</u> | <u>\$ 2,566,683</u> |

Rogue Valley Council of Governments
Notes to the Financial Statements
June 30, 2020

Note 4 - Detailed notes on all funds (continued)

C. Capital Assets (continued)

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental Activities

Capital assets held by the government are charged to the various functions based on their usage of the assets:

| | | |
|--|----|---------------|
| General government | \$ | 16,892 |
| Health and welfare | | 64,082 |
| Natural resources and conservation | | 2,799 |
| Planning | | <u>8,798</u> |
| Total depreciation expense - governmental activities | \$ | <u>92,571</u> |

D. Interfund receivables, payables, and transfers

The following interfund transfers were made during the fiscal year:

| <u>Funds</u> | <u>Transfers in</u> | <u>Transfers out</u> |
|-------------------------------------|---------------------|----------------------|
| General | \$ - | \$ 484,074 |
| Leave Liability | - | - |
| Building Operations and Maintenance | 454,267 | - |
| Vehicle Operations and Maintenance | - | - |
| Computer Rental | - | - |
| Internal Service | - | - |
| Special Revenue | 29,807 | - |
| Total | <u>\$ 484,074</u> | <u>\$ 484,074</u> |

The Special Revenue Fund received a \$29,807 support transfer from the General Fund to support Senior Resource Center CDBG excess grant management expenses. The Building Operations and Maintenance Fund received an asset transfer from the General Fund representing the completion of the Josephine County Senior Resource Center.

E. Leases

RVCOG had no lease obligations at June 30, 2020.

Rogue Valley Council of Governments
Notes to the Financial Statements
June 30, 2020

Note 4 - Detailed notes on all funds (continued)

F. Long-term Debt

Changes in long-term liabilities

Long-term liability activity for the year ended June 30, 2020, was as follows:

| | <u>Beginning</u> <u>Balance</u> | <u>Additions</u> | <u>Reductions</u> | <u>Ending</u> <u>Balance</u> | <u>Due Within</u> <u>One Year</u> |
|---------------------------------|------------------------------------|-------------------|-------------------|---------------------------------|--------------------------------------|
| <u>Governmental activities:</u> | | | | | |
| Compensated absences | \$ 404,736 | \$ 554,166 | \$ 526,326 | \$ 432,576 | \$ 86,515 |
| Governmental activity | | | | | |
| Long-term liabilities | <u>\$ 404,736</u> | <u>\$ 554,166</u> | <u>\$ 526,326</u> | <u>\$ 432,576</u> | <u>\$ 86,515</u> |

Internal service funds predominantly serve the governmental funds. Accordingly, long-term liabilities for them are included as part of the above totals for governmental activities. At year-end \$432,576 of internal service funds compensated absences are included in the above amounts. Compensated absences are generally liquidated by the internal service funds where resources are accumulated for that purpose.

G. Current Debt

GASB Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements* requires the disclosure of information related to a government's debt.

RVCOG maintains a line of credit of \$250,000 to meet short-term cash flow needs. This line of credit is liquidated as cash resources become available and is not intended to fund long-term needs. RVCOG's accounts receivable are pledged as collateral for the line of credit. For the year ended June 30, 2020, the line of credit was not utilized and the ending balance was \$0.

RVCOG has no other debt.

H. Endowment Funds

RVCOG received a donation during a prior fiscal year that the donor requested be used specifically for the Food and Friends program. The Board of Directors (the Board) created a quasi-endowment fund with the donation and named it the Food & Friends of the Rogue Valley Council of Governments Endowment Fund (Endowment). By resolution, the Board determined that the purpose of the

Rogue Valley Council of Governments
Notes to the Financial Statements
June 30, 2020

Note 4 - Detailed notes on all funds (continued)

H. Endowment Funds (continued)

Endowment is to support the operations of the Food & Friends Meals on Wheels and Senior Meals Program of Jackson and Josephine Counties (Food & Friends). Since this endowment is not restricted by the donor, it is listed on the Statement of Financial Position as committed.

Investment Objectives

The primary long-term objective of the Endowment Fund is to achieve a real rate of return in excess of the rate of inflation (net of all investment costs), as measured by the Consumer Price Index, while ensuring that the assets are invested with a level of care, skill, prudence, and diligence at least equal to that of a prudent investor acting in like capacity under similar circumstances. To ensure marketability and liquidity, equity investments shall be executed through nationally recognized exchanges such as the New York Stock Exchange, American Stock Exchange, and NASDAQ.

Investment Guidelines

The Endowment Fund assets may be invested in publicly-traded common and preferred stocks, exchange traded funds (ETF's), convertible bonds and preferred stocks, bank common funds, mutual funds, and fixed income securities (including corporate bonds and money market instruments), whether interest-bearing or discount instruments. No other securities are permissible investments without the specific approval of the Board. As an asset allocation guideline, the investment manager will respect the following investment ranges:

- | | |
|---|----------|
| • U.S. Equity | 20 - 70% |
| • International Equity | 0 - 25% |
| • REITs and/or Real Estate Companies | 20 – 70% |
| • Investment Grade Bonds & Money Market | 20 – 70% |
| • Non-Investment Bonds | 0 – 15% |
| • Alternative investment strategies | 0 – 10% |

The changes in net assets of the endowment fund are as follows for the year ended June 30, 2020:

Rogue Valley Council of Governments
Notes to the Financial Statements
June 30, 2020

Note 4 - Detailed notes on all funds (continued)

H. Endowment Funds (continued)

| | | |
|-------------------------------------|----|----------------|
| Investment dividends | \$ | 13,100 |
| Realized and unrealized gains | | (2,291) |
| Investment advisory fees | | (2,931) |
| Food & Friends distributions | | - |
| Current year change in fund balance | | <u>7,878</u> |
| | | |
| Fund balance - beginning | | <u>388,742</u> |
| Fund balance - ending | \$ | <u>396,620</u> |

I. Fair Value Measurements

RVCOG follows the requirements of the GASB Statement No. 72, *Fair Value Measurement and Application*. Accordingly, investments in debt and equity securities with readily determinable values are required to be presented in the financial statements at their fair value (current market value) on June 30, 2020.

GASB Statement No. 72 describes three levels of measurement inputs that may be used to determine fair value:

Level 1 - Quoted prices in active financial markets for identical assets or liabilities.

Level 2 - Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

A table of fair values determined and methods used as of June 30, 2020 follows:

Rogue Valley Council of Governments
Notes to the Financial Statements
June 30, 2020

Note 4 - Detailed notes on all funds (continued)

I. Fair Value Measurements (continued)

| | Fair Value | Quoted Prices in | | |
|---------------------------------|-------------------|---|---|---|
| | | Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
| Cash and equivalents | \$ 29,651 | \$ 29,651 | \$ - | \$ - |
| Domestic fixed income | 158,790 | 158,790 | | |
| Domestic equity securities | 99,637 | 99,637 | | |
| International fixed income | 43,067 | 43,067 | | |
| International equity securities | 36,596 | 36,596 | | |
| Alternative investments | 23,999 | 23,999 | | |
| Emerging market equities | 4,880 | 4,880 | | |
| | <u>\$ 396,620</u> | <u>\$ 396,620</u> | <u>\$ -</u> | <u>\$ -</u> |

Note 5 - Other information

A. Risk management

RVCOG is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; natural disasters; and workers' compensation for which RVCOG carries commercial insurance.

There were no claim settlements that exceeded insurance coverage during the fiscal year.

B. Contingent liabilities

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the State of Oregon. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although RVCOG expects such amounts, if any, to be immaterial.

C. Employee retirement systems and pension plans

Plan Descriptions. Rogue Valley Council of Governments provides two retirement plans for employees, one plan for employer contributions and one plan for employee contributions.

Employer contributions are made under a special type of retirement plan commonly referred to as a profit sharing plan. This profit sharing plan allows eligible

Rogue Valley Council of Governments
Notes to the Financial Statements
June 30, 2020

Note 5 - Other information (continued)

C. Employee retirement systems and pension plans (continued)

employees to receive employer contributions without having to include such amounts in income. The employer contribution amount is 13.02% of eligible earnings. The profit sharing plan is a defined contribution plan, which is intended to qualify under Section 401(a) of the Internal Revenue Code. As a defined contribution plan, it is not covered under Title IV of ERISA, and, therefore, benefits are not insured by the Pension Benefit Guaranty Corporation.

Employee contributions are made under a special type of retirement plan commonly referred to as a 457 plan. A 457 plan allows employee contributions to be made through salary deferrals as a percent of eligible earnings or a flat dollar amount. The plan allows both pre-tax and after-tax (ROTH) contributions. The plan is intended to qualify under Section 457(b) of the Internal Revenue Code.

The plan is a single employer plan administered by Empower Retirement. Stand-alone financial reports are issued to each individual plan participant.

Funding policy. Both plans are fully funded by transfers directly to employees' accounts at Empower Retirement through banking transfers processed with each payroll.

Annual pension cost. RVCOG's current year contributions were calculated based on eligible payroll of \$2,023,769 resulting in an employer contribution of \$263,495.

D. Post-employment and termination benefits

Post-employment benefits. RVCOG implemented GASB Statement No. 75, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* for the fiscal year ended June 30, 2010. RVCOG provides the opportunity for retirees to remain on the health and dental insurance plans through a COBRA arrangement until they reach age 65. RVCOG does not currently have any retirees taking advantage of this opportunity.

Termination benefits. RVCOG provides no benefits to terminated employees.

E. Other Reporting Issues

Newly Implemented Accounting Standards

For the fiscal year ended June 30, 2020, RVCOG implemented the following new accounting standards:

Rogue Valley Council of Governments
Notes to the Financial Statements
June 30, 2020

Note 5 - Other information (continued)

E. Other Reporting Issues (continued)

GASB Statement No. 84 *“Fiduciary Activities.”* This Statement establishes criteria and guidance for identifying fiduciary activities of all state and local governments for accounting and financial reporting purposes, as well as the reporting requirements for these fiduciary funds. Management does not anticipate any financial impact as a result of implementing this statement; RVCOG has no fiduciary activities.

GASB Statement No. 87 *“Leases.”* This Statement addresses the accounting and financial reporting for leases by governments, requiring recognition of certain lease assets and liabilities for leases that were previously classified as operating leases. The statement is effective upon issuance. Management does not anticipate any financial impact as a result of implementing this statement; RVCOG has no lease obligations.

GASB Statement No. 90 *“Majority Equity Interests- An Amendment of GASB Statements No 14 and No. 61”* This Statement’s objective is to improve the consistency and comparability of reporting a government’s majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. Management does not anticipate any financial impact as a result of implementing this statement; RVCOG does not have a majority interest in a legally separate organization.

GASB Statement No. 92 *“Omnibus 2020”* The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. Management does not anticipate any financial impact as a result of implementing this statement.

GASB Statement No. 95 *“Postponement of the Effective Dates of Certain Authoritative Guidance”* The primary objective of this Statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later. Management does not anticipate any financial impact as a result of implementing this statement.

New Accounting Pronouncements Upcoming

RVCOG will implement new GASB pronouncements in the fiscal year no later than the required effective date. Management has not yet determined the effect on the financial statements from implementing any of the following pronouncements:

GASB Statement No. 89 *“Accounting for Interest Cost Incurred Before the End of a Construction Period”* This Statement’s objective is to enhance the relevance and

Rogue Valley Council of Governments
Notes to the Financial Statements
June 30, 2020

Note 5 - Other information (continued)

E. Other Reporting Issues (continued)

comparability of information about capital assets and the cost of borrowing for a reporting period and to simplify accounting for interest cost incurred before the end of a construction period. This statement is effective for fiscal years beginning after June 15, 2020.

GASB Statement No. 91 “*Conduit Debit Obligations*” The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This statement is effective with fiscal years beginning after December 15, 2021.

GASB Statement No. 93 “*Replacement of Interbank Offered Rates*” The objective of this Statement is to address those and other accounting and financial reporting implications that result from the replacement of an IBOR. The earliest effective date of a component of this statement is for reporting periods ending after June 15, 2020.

GASB Statement No. 94 “*Public-Private and Public-Public Partnerships and Availability Payment Arrangements*” The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). The requirements of this Statement are effective for fiscal years beginning after June 15, 2022.

GASB Statement No. 96 “*Subscription-Based Information Technology Arrangements*” This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). The requirements of this Statement are effective for fiscal years beginning after June 15, 2022.

GASB Statement No. 97 “*Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*” The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. The requirements of this Statement are effective for fiscal years beginning after December 15, 2019, and June 15, 2021.



Rogue Valley Council of Governments
Comprehensive Annual Financial Report
For the Fiscal Year Ended
June 30, 2020

SUPPLEMENTARY INFORMATION
COMBINING STATEMENTS
AND SCHEDULES



Rogue Valley Council of Governments
Special Revenue Fund
Schedule of Expenditures by Department - Budget and Actual
For the Year Ended June 30, 2020

| | <u>Budgeted Amounts</u> | | | Variance with Final Budget Positive (Negative) |
|------------------------------------|-------------------------|---------------------|---------------------|---|
| | Original | Final | Actual Amounts | |
| <u>EXPENDITURES</u> | | | | |
| Current: | | | | |
| Health and welfare | | | | |
| Senior and disability services | \$ 3,297,393 | \$ 3,297,393 | \$ 2,598,564 | \$ 698,829 |
| Senior nutrition program | 1,928,259 | 1,928,259 | 2,013,587 | (85,328) |
| Total health and welfare | <u>\$ 5,225,652</u> | <u>\$ 5,225,652</u> | <u>\$ 4,612,151</u> | <u>\$ 613,501</u> |
| Natural resources and conservation | \$ 430,045 | \$ 430,045 | \$ 474,599 | \$ (44,554) |
| Natural resources | <u>\$ 430,045</u> | <u>\$ 430,045</u> | <u>\$ 474,599</u> | <u>\$ (44,554)</u> |
| Planning | | | | |
| Community development | \$ 108,457 | \$ 108,457 | \$ 72,405 | \$ 36,052 |
| Transportation planning | 911,753 | 911,753 | 612,557 | 299,196 |
| Land use planning | 162,907 | 162,907 | 157,507 | 5,400 |
| Total planning | <u>\$ 1,183,117</u> | <u>\$ 1,183,117</u> | <u>\$ 842,469</u> | <u>\$ 340,648</u> |
| Total expenditures | <u>\$ 6,838,814</u> | <u>\$ 6,838,814</u> | <u>\$ 5,929,219</u> | <u>\$ 909,595</u> |

Rogue Valley Council of Governments
Comprehensive Annual Financial Report
For the Fiscal Year Ended
June 30, 2020

Internal Service Funds

Internal service funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the government and to other governmental units, on a cost reimbursement basis.

Computer Rental Fund - This fund is used to account for the rental of computers to other departments and related costs.

Internal Service Fund - This fund is used to account for the accumulation and allocation of costs associated with certain administrative functions including: finance, personnel, photocopy, mail room, etc.

Building Operation and Maintenance (O & M) Fund - This fund is used to account for the accumulation and allocation of costs associated with building operations.

Vehicle Operation and Maintenance (O & M) Fund - This fund is used to account for the accumulation and allocation of costs associated with vehicle fleet operations.

Leave Liability Fund - This fund is used to account for the accumulation of resources to pay for leave used by employees and to allocate the associated costs to the appropriate projects at the time the leave is accrued.

Rogue Valley Council of Governments
Combining Schedule of Net Position
All Proprietary Fund Types
June 30, 2020

| | Computer Rental Fund | Internal Service Fund | Building O & M Fund | Vehicle O & M Fund | Leave Liability Fund | Totals |
|--|---------------------------------|----------------------------------|------------------------------------|-----------------------------------|---------------------------------|---------------|
| ASSETS | | | | | | |
| <u>Current assets:</u> | | | | | | |
| Cash and cash equivalents | \$ 48,896 | \$ 205,801 | \$ 489,639 | \$ 73,795 | \$ (222,639) | \$ 595,492 |
| Receivables | | 104,544 | 2,699 | | | 107,243 |
| Prepays | 1,381 | 5,508 | 3,940 | 2,629 | | 13,458 |
| Due from other funds | | | | | | - |
| Total current assets | \$ 50,277 | \$ 315,853 | \$ 496,278 | \$ 76,424 | \$ (222,639) | \$ 716,193 |
| <u>Long-term assets:</u> | | | | | | |
| Capital assets | | | | | | |
| Land | | | \$ 381,750 | | | \$ 381,750 |
| Buildings | | | 2,476,170 | | | 2,476,170 |
| Machinery and equipment | 17,922 | | 14,459 | 238,766 | | 271,147 |
| Less accumulated depreciation | (9,666) | | (468,963) | (96,985) | | (575,614) |
| Total capital assets (net of accumulated depreciation) | \$ 8,256 | | \$ 2,403,416 | \$ 141,781 | | \$ 2,553,453 |
| Total long-term assets | \$ 8,256 | \$ - | \$ 2,403,416 | \$ 141,781 | \$ - | \$ 2,553,453 |
| Total assets | \$ 58,533 | \$ 315,853 | \$ 2,899,694 | \$ 218,205 | \$ (222,639) | \$ 3,269,646 |
| LIABILITIES | | | | | | |
| <u>Current liabilities</u> | | | | | | |
| Accounts payable and other current liabilities | \$ 373 | \$ 111,644 | \$ 3,571 | \$ 2,073 | \$ - | \$ 117,661 |
| Uncompensated absences-current portion | | | | | 86,515 | 86,515 |
| Due to other funds | | | | | | - |
| Other Current Liabilities | | | 992 | | | 992 |
| Total current liabilities | \$ 373 | \$ 111,644 | \$ 4,563 | \$ 2,073 | \$ 86,515 | \$ 205,168 |
| <u>Long-term liabilities</u> | | | | | | |
| Uncompensated absences-non-current portion | | | | | \$ 346,061 | \$ 346,061 |
| Other Non-Current Liabilities | | | | | | - |
| Total long-term liabilities | \$ - | \$ - | \$ - | \$ - | \$ 346,061 | \$ 346,061 |
| Total liabilities | \$ 373 | \$ 111,644 | \$ 4,563 | \$ 2,073 | \$ 432,576 | \$ 551,229 |
| NET ASSETS | | | | | | |
| Investment in capital assets (net of related debt) | \$ 8,256 | \$ - | \$ 2,403,416 | \$ 141,781 | \$ - | \$ 2,553,453 |
| Unrestricted | 49,904 | 204,209 | 491,715 | 74,351 | (655,215) | 164,964 |
| Total net assets | \$ 58,160 | \$ 204,209 | \$ 2,895,131 | \$ 216,132 | \$ (655,215) | \$ 2,718,417 |

Rogue Valley Council of Governments
Combining Schedule of Revenues, Expenses, and Changes in Fund Net Position
All Proprietary Fund Types
For the Year Ended June 30, 2020

| | Computer Rental Fund | Internal Service Fund | Building O & M Fund | Vehicle O & M Fund | Leave Liability Fund | Totals |
|---|-------------------------|--------------------------|------------------------|-----------------------|----------------------------|---------------------|
| OPERATING REVENUES | | | | | | |
| Charges for services: | | | | | | |
| Charges for services | \$ 13,728 | \$ 716,518 | \$ 92,003 | \$ 8,309 | \$ - | \$ 830,558 |
| Leave liability accrual charges | | | | | 554,166 | 554,166 |
| Other revenues | | 217 | - | | 21 | 238 |
| Total operating revenues | <u>\$ 13,728</u> | <u>\$ 716,735</u> | <u>\$ 92,003</u> | <u>\$ 8,309</u> | <u>\$ 554,187</u> | <u>\$ 1,384,962</u> |
| OPERATING EXPENSES | | | | | | |
| Costs of services | \$ 22,412 | \$ 688,778 | \$ 62,259 | \$ 41,607 | \$ - | \$ 815,056 |
| Leave liability costs | | | | | 497,910 | 497,910 |
| Depreciation | 3,584 | | 68,333 | 16,243 | | 88,160 |
| Total operating expenses | <u>\$ 25,996</u> | <u>\$ 688,778</u> | <u>\$ 130,592</u> | <u>\$ 57,850</u> | <u>\$ 497,910</u> | <u>\$ 1,401,126</u> |
| Operating income(loss) | <u>\$ (12,268)</u> | <u>\$ 27,957</u> | <u>\$ (38,589)</u> | <u>\$ (49,541)</u> | <u>\$ 56,277</u> | <u>\$ (16,164)</u> |
| NON-OPERATING REVENUES (EXPENSES) | | | | | | |
| Donations | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Sale of assets | | | | | | - |
| Purchase of assets | | | | | | - |
| Interest expense | | | | | | - |
| Income(loss) before contributions and transfers | <u>\$ (12,268)</u> | <u>\$ 27,957</u> | <u>\$ (38,589)</u> | <u>\$ (49,541)</u> | <u>\$ 56,277</u> | <u>\$ (16,164)</u> |
| Capital contributions from government: | | | | | | |
| Contributed capital assets | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Transfers In | | | 454,267 | | | 454,267 |
| Change in net position | <u>\$ (12,268)</u> | <u>\$ 27,957</u> | <u>\$ 415,678</u> | <u>\$ (49,541)</u> | <u>\$ 56,277</u> | <u>\$ 438,103</u> |
| Total net assets - beginning | <u>70,428</u> | <u>176,252</u> | <u>2,479,453</u> | <u>265,673</u> | <u>(711,492)</u> | <u>2,280,314</u> |
| Total net assets - ending | <u>\$ 58,160</u> | <u>\$ 204,209</u> | <u>\$ 2,895,131</u> | <u>\$ 216,132</u> | <u>\$ (655,215)</u> | <u>\$ 2,718,417</u> |

Rogue Valley Council of Governments
Combining Schedule of Cash Flows
All Proprietary Fund Types
For the Year Ended June 30, 2020

| | Computer | Internal | Building | Vehicle | Leave | |
|--|--------------------|---------------------|-----------------------|-----------------------|---------------------|-------------------|
| | Rental Fund | Service Fund | O & M Fund | O & M Fund | Fund | Totals |
| Receipts from interfund services provided | \$ 12,348 | \$ 736,526 | \$ 89,937 | \$ 8,346 | \$ 554,187 | \$ 1,401,344 |
| Receipts from outside services provided | | 217 | - | | | 217 |
| Payments to suppliers | (22,317) | (311,319) | (59,377) | (41,504) | | (434,517) |
| Payments to employees | | (388,809) | | | (470,070) | (858,879) |
| Net cash (used) provided by operating activities | <u>\$ (9,969)</u> | <u>\$ 36,615</u> | <u>\$ 30,560</u> | <u>\$ (33,158)</u> | <u>\$ 84,117</u> | <u>\$ 108,165</u> |
| CASH FLOWS FROM NONCAPITAL ACTIVITIES | | | | | | |
| Interfund loans (short-term) | | | | | | \$ - |
| Transfers from other funds | | | 4,457 | | | 4,457 |
| Net cash provided by noncapital financing activities | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 4,457</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 4,457</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | | | | |
| Loss (Proceeds) from sale of capital assets | | | | \$ 5,008 | | \$ 5,008 |
| Purchase of capital assets for general purposes | | | | | | - |
| Principle paid on capital debt | | | | | | - |
| Net cash used by capital and related financing activities | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 5,008</u> | <u>\$ -</u> | <u>\$ 5,008</u> |
| Net (decrease) increase in cash and cash equivalents | \$ (9,969) | \$ 36,615 | \$ 35,017 | \$ (28,150) | \$ 84,117 | \$ 117,630 |
| Cash and cash equivalents - July 1 | 58,865 | 169,186 | 454,622 | 101,945 | (306,756) | 477,862 |
| Cash and cash equivalents - June 30 | <u>\$ 48,896</u> | <u>\$ 205,801</u> | <u>\$ 489,639</u> | <u>\$ 73,795</u> | <u>\$ (222,639)</u> | <u>\$ 595,492</u> |
| Reconciliation of operating income to net cash provided (used) by operating activities: | | | | | | |
| Operating income | \$ (12,268) | \$ 27,957 | \$ (38,589) | \$ (49,541) | \$ 56,277 | \$ (16,164) |
| Adjustments to reconcile operating income to net cash provided (used) by operating activities: | | | | | | |
| Depreciation | \$ 3,584 | | \$ 68,333 | \$ 16,243 | | \$ 88,160 |
| Increase (Decrease) in accounts receivable | | (21,025) | 2,450 | | | (18,575) |
| Increase (Decrease) in prepaids | 1,380 | 1,017 | (384) | (37) | | 1,976 |
| Increase (Decrease) in uncompensated absences | | | | | 27,840 | 27,840 |
| Increase (Decrease) in accounts payable | 95 | (11,350) | 2,882 | 103 | | (8,270) |
| Total adjustments | <u>\$ 5,059</u> | <u>\$ (31,358)</u> | <u>\$ 73,281</u> | <u>\$ 16,309</u> | <u>\$ 27,840</u> | <u>\$ 91,131</u> |
| Net cash provided (used) by operating activities | <u>\$ (7,209)</u> | <u>\$ (3,401)</u> | <u>\$ 34,692</u> | <u>\$ (33,232)</u> | <u>\$ 84,117</u> | <u>\$ 74,967</u> |
| Noncash investing, capital, and financing activities: | | | | | | |
| Contributions of capital assets from government (net of related debt) | <u>\$ 8,258</u> | | <u>\$ 737,185</u> | <u>\$ 146,786</u> | | <u>\$ 892,229</u> |



Rogue Valley Council of Governments
Comprehensive Annual Financial Report
For the Fiscal Year Ended
June 30, 2020

CAPITAL ASSETS USED
IN THE OPERATION
OF GOVERNMENTAL FUNDS



Rogue Valley Council of Governments
Capital Assets Used in the Operations of Governmental Funds
Schedules by Source
June 30, 2020

| | |
|---|------------------|
| Governmental funds capital assets: | |
| Machinery and equipment | \$ 13,230 |
| Total governmental funds capital assets | <u>\$ 13,230</u> |
| Investments in governmental funds capital assets by source: | |
| General fund | \$ 13,230 |
| Special revenue fund | \$ - |
| Total governmental funds capital assets | <u>\$ 13,230</u> |

This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported on internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net assets.

Capital Assets Used in the Operations of Governmental Funds
Schedules by Function and Activity
June 30, 2020

| <u>Function and Activity</u> | <u>Machinery and Equipment</u> |
|--|------------------------------------|
| General government: | |
| Administration | \$ 13,230 |
| Total general government | <u>\$ 13,230</u> |
| Health and welfare: | |
| Senior nutrition program | \$ - |
| Total health and welfare | <u>\$ -</u> |
| Planning: | |
| Data processing | \$ - |
| Total planning | <u>\$ -</u> |
| Natural resources and conservation: | |
| Data processing | \$ - |
| Total natural resources and conservation | <u>\$ -</u> |
| Total governmental funds capital assets | <u>\$ 13,230</u> |

This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported on internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net assets.



**Rogue Valley Council of Governments
Comprehensive Annual Financial Report
For the Fiscal Year Ended
June 30, 2020**

**GOVERNMENT AUDITING STANDARDS
AND
UNIFORM GUIDANCE SECTION**



Certified Public Accountants
And Business Advisors

INDEPENDENT AUDITORS' 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

To the Board of Directors
Rogue Valley Council of Governments

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, each major fund, and the aggregate remaining fund information of Rogue Valley Council of Governments, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise Rogue Valley Council of Governments' basic financial statements, and have issued our report thereon dated December 20, 2020.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Rogue Valley Council of Governments' internal control over financial reporting (internal control) 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 Rogue Valley Council of Governments' internal control. Accordingly, we do not express an opinion on the effectiveness of Rogue Valley Council of Governments' internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Rogue Valley Council of Governments' 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 determination of financial statement 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. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity'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.

Isler Medford, LLC

Isler Medford, LLC

Medford, Oregon

December 20, 2020



Certified Public Accountants
And Business Advisors

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

To the Board of Directors
Rogue Valley Council of Governments

Report on Compliance for Each Major Federal Program

We have audited Rogue Valley Council of Governments' compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Rogue Valley Council of Governments' major federal programs for the year ended June 30, 2020. Rogue Valley Council of Governments' major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, Rogue Valley Council of Governments, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

Report on Internal Control over Compliance

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

the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Rogue Valley Council of Governments' 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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.



Isler Medford, LLC

Medford, Oregon
December 20, 2020

Rogue Valley Council of Governments
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2020

| <u>Federal Agency/Program Title/ Pass Through State Agency</u> | <u>CFDA Number</u> | <u>State Contract Number</u> | <u>2019-2020 Disbursements Recognized</u> |
|---|------------------------|----------------------------------|---|
| <u>U. S. Department of Health and Human Services</u> | | | |
| <u>Oregon Department of Human Services - Senior Services Division</u> | | | |
| <u>Aging Cluster</u> | | | |
| Special Programs for the Aging Title III, Part B Grants for Supportive Services and Senior Centers | 93.044 | 160436 | \$ 495,994 |
| Special Programs for the Aging Title III, Discretionary Projects | 93.044 | 160436 | 5,547 |
| Special Programs for the Aging Title III, Part C Nutrition Services | 93.045 | 160436 | 281,452 |
| Special Programs for the Aging Title III, Part C Nutrition Services | 93.045 | 160436 | 746,545 |
| Nutrition Services Incentive Program | 93.053 | 160436 | 145,478 |
| Total Aging Cluster * | | | \$ 1,675,016 |
| <u>Support Services</u> | | | |
| Special Programs for the Aging Title VII, Chapter 3 Programs for Prevention of Elder Abuse, Neglect, and Exploitation | 93.041 | 160436 | \$ 4,524 |
| Special Programs for the Aging Title III, Part D Disease Prevention and Health Promotion Services | 93.043 | 160436 | 33,157 |
| National Family Caregiver Support, Title III, Part E | 93.052 | 160436 | 317,468 |
| Total Support Services | | | \$ 355,149 |
| <u>Medicaid Cluster</u> | | | |
| Medical Assistance Program | 93.778 | 160446 | \$ 128,189 |
| Medical Assistance Program | 93.778 | 160446 | \$ 1,086 |
| Total Medicaid Cluster | | | \$ 129,275 |
| <u>Total U. S. Department of Health and Human Services</u> | | | \$ 2,159,440 |
| <u>U. S. Department of Transportation</u> | | | |
| <u>Oregon Department of Transportation</u> | | | |
| <u>Highway Planning and Construction Cluster</u> | | | |
| Highway Planning and Construction | 20.205 | 33452 | \$ 215,489 |
| Highway Planning and Construction | 20.205 | 33461 | 159,625 |
| Highway Planning and Construction | 20.205 | 30595-102-001 | 2,845 |
| Highway Planning and Construction | 20.205 | 29102 | 8,142 |
| Highway Planning and Construction | 20.205 | 30398 | 5,280 |
| Total Highway Planning and Construction Cluster | | | \$ 391,381 |
| <u>Metropolitan Transportation Planning and State and Non-Metropolitan Planning and Research</u> | | | |
| Metropolitan Transportation Planning | 20.505 | 33452 | 135,413 |
| Metropolitan Transportation Planning | 20.505 | 33461 | 64,016 |
| Total Metropolitan Transportation Planning | | | \$ 199,429 |
| <u>Total U. S. Department of Transportation</u> | | | \$ 590,810 |

Rogue Valley Council of Governments
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2020

| <u>Federal Agency/Program Title/ Pass Through State Agency</u> | <u>CFDA Number</u> | <u>State Contract Number</u> | <u>2019-2020 Disbursements Recognized</u> |
|--|------------------------|----------------------------------|---|
| <u>U. S. Department of Housing and Urban Development</u> | | | |
| Continuum of Care Program | 14.267 | OR0047L0E021811 | \$ 46,277 |
| Community Development Block Grants, Non-Entitlement | 14.228 | C16009 | 441,381 |
| Total U.S. Department of Housing and Urban Development | | | <u>\$ 487,658</u> |
| <u>U. S. Environmental Protection Agency</u> | | | |
| <u>Cooperative Agreements (Discretionary Grants)</u> | | | |
| Brownfields Assessment and Cleanup Cooperative Agreements | 66.818 | 01J40701 | <u>\$ 256,539</u> |
| <u>U. S. Department of the Interior</u> | | | |
| <u>US Department of Interior Fish and Wildlife</u> | | | |
| Endangered Species Conservation-Recovery Implementation Funds | 15.657 | F18AC00420 | <u>\$ 1,199</u> |
| <u>Total Federal Financial Assistance</u> | | | <u>\$ 3,495,646</u> |

* Major program as defined by the Uniform Guidance.

Notes:

(1) The 10% indirect de minimis cost rate was not used as the Organization is utilizing an approved Central Service Cost Allocation Plan which includes an Indirect Cost Rate of 14%.

(2) The schedule of expenditures of federal awards is presented on the modified accrual basis of accounting. 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). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

ROGUE VALLEY COUNCIL OF GOVERNMENTS
Schedule of Findings and Questioned Costs (continued)
For the year ended June 30, 2020

Dollar threshold used to distinguish
between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee? X Yes No

Section II - Financial Statement Findings

None

Section III - Federal Award Findings and Questioned Cost

None

Section IV – Summary Schedule of Prior Audit Findings

None



Rogue Valley Council of Governments
Comprehensive Annual Financial Report
For the Fiscal Year Ended
June 30, 2020

AUDIT COMMENTS AND DISCLOSURES
REQUIRED BY STATE REGULATIONS
SECTION

**AUDIT COMMENTS AND DISCLOSURES
REQUIRED BY STATE REGULATIONS**

Oregon Administrative Rules 162-10-050 through 162-10-320, incorporated in the Minimum Standards for Audits of Oregon Municipal Corporations, prescribed by the Secretary of State in cooperation with the Oregon State Board of Accountancy, enumerate the financial statements, schedules, comments and disclosures required in all audit reports. The required statements and schedules are set forth in the preceding sections of this report. Required comments and disclosures related to our examination of such statements and schedules are set forth in the following pages.



Certified Public Accountants
And Business Advisors

Independent Auditors' Report Required by Oregon State Regulations

We have audited the basic financial statements of Rogue Valley Council of Governments as of and for the year ended June 30, 2020, and have issued our report thereon dated December 20, 2020. We conducted our audit in accordance with auditing standards generally accepted in the United States of America.

Compliance

As part of obtaining reasonable assurance about whether Rogue Valley Council of Governments' 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 statement 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:

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

In connection with our testing nothing came to our attention that caused us to believe Rogue Valley Council of Governments 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.

OAR 162-10-0230 Internal Control

In planning and performing our audit, we considered Rogue Valley Council of Governments' internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Council's internal control over financial reporting.

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

A handwritten signature in blue ink that reads 'Isler Medford, LLC'.

Isler Medford, LLC
December 20, 2020

**ROGUE VALLEY COUNCIL OF GOVERNMENTS
AUDIT COMMENTS AND DISCLOSURES**

June 30, 2020

I. Internal Control

See Independent Auditors' Report on internal control structure related matters noted in a financial statement audit conducted in accordance with *Government Auditing Standards*.

II. Accounting Records

We found the accounting records of the Council to be adequate for audit.

III. Collateral

Based on the results of our tests, balances on deposit with financial institutions were secured in accordance with the requirements of ORS 295.

IV. Indebtedness

The Council complied with legal or contractual provisions relating to short-term and long-term debt.

V. Budget Compliance

We reviewed the preparation, adoption, and execution of the budget for the year ended June 30, 2020 and the preparation and adoption of the budget for the year ending June 30, 2021. The Council has complied with statutory requirement for the current and ensuing year's budget.

Resolutions authorizing appropriations for each fund sets the level by which expenditures cannot legally exceed appropriations. The legal level of budgetary control is the fund level for all funds except the Special Revenue Fund, which is budgeted at the department level. Budgeted amounts are as originally adopted or as amended by the Board of Directors. Expenditures did not exceed appropriations for the year ended June 30, 2020.

VI. Insurance and Fidelity Bond Coverage

We confirmed the Council's insurance policies and determined that such policies appeared to be in force at June 30, 2020. We are not competent by training to comment on the adequacy of the insurance policies covering Council-owned property at June 30, 2020.

**ROGUE VALLEY COUNCIL OF GOVERNMENTS
AUDIT COMMENTS AND DISCLOSURES**

June 30, 2020

VIII. Programs Funded from Outside Sources

See Independent Auditors' Report on compliance based on an audit of basic financial statements performed in accordance with *Government Auditing Standards*.

IX. Investments

Based on our review of the Council's records it appears the Council was in compliance with the legal requirements of ORS Chapter 294 pertaining to the investment of public funds as of June 30, 2020, and for the year then ended.

X. Public Contracts and Purchasing

The Council's procedures for awarding public contracts were reviewed and appear to comply with the legal requirements contained in ORS Chapter 279.

