



December 29, 2022

Board of Directors
League of Oregon Cities
Salem, Oregon

This letter is to inform the Board of Directors of League of Oregon Cities about significant matters related to the conduct of our audit as of and for the year ended June 30, 2022, so that it can appropriately discharge its oversight responsibility and we comply with our professional responsibilities.

Generally accepted auditing standards (AU-C 260, *The Auditor's Communication With Those Charged With Governance*) require the auditor to promote effective two-way communication between the auditor and those charged with governance. Consistent with this requirement, the following summarizes our responsibilities regarding the financial statement audit, as well as observations arising from our audit that are significant and relevant to your responsibility to oversee the financial reporting process.

Our Responsibilities with Regard to the Financial Statement Audit

Our responsibility under auditing standards generally accepted in the United States of America has been described to you in our arrangement letter dated June 16, 2022. The audit of the financial statements does not relieve management or those charged with governance of their responsibilities, which are also described in that letter.

Overview of the Planned Scope and Timing of the Financial Statement Audit

We have issued a separate communication dated June 16, 2022, regarding the planned scope and timing of our audit and identified significant risks.

Significant Accounting Practices, Including Policies, Estimates and Disclosures

The following is a list of significant estimates, which you may wish to monitor for your oversight responsibilities of the financial reporting process:

Significant Accounting Policies

A summary of the significant accounting policies adopted by the League is included in Note 2 to the financial statements.

Significant Accounting Estimates

Management's estimate of the depreciation expense which is based on management's estimate of the economic useful life of capital assets. We evaluated the key factors and assumptions used to develop the depreciation expense in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of the net pension liability, deferred outflows and deferred inflows are based on an actuarial valuation performed on PERS. We evaluated the key factors and assumptions used in the actuarial valuation in determining that they are reasonable in relation to the financial statements taken as a whole.

Board of Directors
League of Oregon Cities
December 29, 2022

Significant Accounting Practices, including Policies, Estimates and Disclosures (Continued)

Management's estimate of the net other postemployment benefit asset, other postemployment benefit liability, deferred outflows – other postemployment benefit-related items, and deferred inflows – other postemployment benefit-related items are based on actuarial valuations performed on PERS and on the League's plan. We evaluated the key factors and assumptions used in the actuarial valuation in determining that they are reasonable in relation to the financial statements taken as a whole.

Audit Adjustments and Uncorrected Misstatements

Management corrected the material misstatements attached to this letter that were identified as a result of our audit procedures.

We are not aware of any uncorrected misstatements other than misstatements that are clearly trivial.

Consultation with Other Accountants

We are not aware of any consultations management had with other accountants about accounting or auditing matters.

Other Matters

Pursuant to professional standards, our responsibility as auditors for other information in documents containing the League's audited financial statements does not extend beyond the financial information identified in the audit report, and we are not required to perform any procedures to corroborate such other information. However, in accordance with such standards, we have read the information and considered whether such information, or the manner of its presentation, was materially inconsistent with its presentation in the financial statements.

Our responsibility also includes communicating to you any information which we believe is a material misstatement of fact. Nothing came to our attention that caused us to believe that such information, or its manner of presentation, is materially inconsistent with the information, or manner of its presentation, appearing in the financial statements.

Management Representations

Attached is a copy of the management representation letter.

Closing

We will be pleased to respond to any questions you have about the foregoing. We appreciate the opportunity to continue to be of service to League of Oregon Cities.

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



December 29, 2022

SingerLewak LLP
1255 Lee St SE Suite 210
Salem, OR 97302

This representation letter is provided in connection with your audit of the governmental activities, and major fund of League of Oregon Cities (the "League") as of and for the year ended June 30, 2022 for the purpose of expressing an opinion on whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

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

Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit arrangement letter dated June 16, 2022, for the preparation and fair presentation of the financial statements referred to above in accordance with U.S. GAAP.
2. We acknowledge our responsibility for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
3. We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud.
4. The methods, data, and significant assumptions used by us in making accounting estimates and their related disclosures are appropriate to achieve recognition, measurement, or disclosure that is reasonable in the context of U.S. GAAP, and reflect our judgment based on our knowledge and experience about past and current events, and our assumptions about conditions we expect to exist and courses of action we expect to take.
5. Related-party transactions have been recorded in accordance with the economic substance of the transaction and appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP. Types of related party transactions engaged in by the League include:
 - a. Those with the Local Government Center Trust ventures in which the League has an interest.
 - b. Those with Citycounty Insurance Services.

6. The financial statements properly classify all funds and activities in accordance with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, as amended.
7. The League is following either its established accounting policy regarding which resources (that is, restricted, committed, assigned or unassigned) are considered to be spent first for expenditures for which more than one resource classification is available or is following paragraph 18 of GASB Statement No. 54 to determine the fund balance classifications for financial reporting purposes.
8. All events subsequent to the date of the financial statements, and for which U.S. GAAP requires adjustment or disclosure, have been adjusted or disclosed.
9. The effects of all known actual or possible litigation and claims have been appropriately accounted for and disclosed in accordance with U.S. GAAP.
10. With respect to drafting the financial statements and proposing journal entries services performed in the course of the audit:
 - a. We have made all management decisions and performed all management functions;
 - b. We assigned an appropriate individual to oversee the services;
 - c. We evaluated the adequacy and results of the services performed, and made an informed judgment on the results of the services performed;
 - d. We have accepted responsibility for the results of the services; and
 - e. We have accepted responsibility for all significant judgments and decisions that were made.
11. Capital assets, including infrastructure and intangible assets, are properly capitalized, reported and, if applicable, depreciated.
12. Components of net position (net investment in capital assets, restricted, and unrestricted) and classifications of fund balance (nonspendable, restricted, committed, assigned, and unassigned) are properly classified and, if applicable, approved.
13. Revenues are appropriately classified in the statement of activities within program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.
14. Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.

15. The League's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available and appropriately disclosed and that net position is properly recognized under the policy.
16. We have no direct or indirect legal or moral obligation for any debt of any organization, public or private, or to special assessment bond holders, that is not disclosed in the financial statements.
17. We have complied with all aspects of laws, regulations and provisions of contracts and agreements that would have a material effect on the financial statements in the event of noncompliance. In connection therewith, we specifically represent that we are responsible for determining that we are not subject to the requirements of the Single Audit Act because we have not received, expended or otherwise been the beneficiary of the required amount of federal awards during the period of this audit.
18. We have reviewed the GASB Statement 87, *Leases*, effective for the fiscal year ending June 30, 2022, and concluded the implementation did not have a material impact on the basic financial statements.
19. We have no knowledge of any uncorrected misstatements in the financial statements.

Information Provided

20. We have provided you with:
 - a. Access to all information of which we are aware that is relevant to the preparation and fair presentation of the basic financial statements such as records, documentation and other matters.
 - b. Additional information that you have requested from us for the purpose of the audit.
 - c. Unrestricted access to persons within the League from whom you determined it necessary to obtain audit evidence.
 - d. Minutes of the meetings of the Board of Directors, or summaries of actions of recent meetings for which minutes have not yet been prepared.
21. All transactions have been recorded in the accounting records and are reflected in the basic financial statements.
22. We have disclosed to you the results of our assessment of risk that the basic financial statements may be materially misstated as a result of fraud.
23. It is our responsibility to establish and maintain internal control over financial reporting. One of the components of an entity's system of internal control is risk assessment. We hereby represent that our risk assessment process includes identification and assessment of risks of material misstatement due to fraud. We have shared with you our fraud risk assessment, including a description of the risks, our assessment of the magnitude and likelihood of misstatements arising from those risks, and the controls that we have designed and implemented in response to those risks.

24. We have no knowledge of allegations of fraud or suspected fraud affecting the League's basic financial statements involving:
 - a. Management.
 - b. Employees who have significant roles in internal control.
 - c. Others where the fraud could have a material effect on the basic financial statements.
25. We have no knowledge of any allegations of fraud or suspected fraud affecting the League's basic financial statements received in communications from employees, former employees, analysts, regulators or others.
26. We have no knowledge of noncompliance or suspected noncompliance with laws and regulations.
27. We are not aware of any pending or threatened litigation and claims whose effects should be considered when preparing the financial statements.
28. We have disclosed to you the identity of the League's related parties and all the related-party relationships and transactions of which we are aware.
29. We are aware of no significant deficiencies, including material weaknesses, in the design or operation of internal controls that could adversely affect the League's ability to record, process, summarize and report financial data.
30. There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
31. We believe that the actuarial assumptions and methods used by the actuary for funding purposes and for determining accumulated Plan benefits are appropriate in the circumstances. We did not give instructions, or cause any instructions to be given, to the specialists with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had an impact on the independence or objectivity of the Plan's actuary.
32. We believe that the information obtained from the audited financial statements of and other participant information provided by Oregon PERS is appropriate in the circumstances. We did not give instructions, or cause any instructions to be given, to the Plan or its auditor in an attempt to bias their work, and we are not otherwise aware of any matters that have had an impact on the independence or objectivity of the Plan or its auditor.
33. During the course of your audit, you may have accumulated records containing data that should be reflected in our books and records. All such data have been so reflected. Accordingly, copies of such records in your possession are no longer needed by us.

Supplementary Information

34. With respect to the individual fund schedule presented in relation to the basic financial statements as a whole:

- a. We acknowledge our responsibility for the presentation of such information.
 - b. We believe such information, including its form and content, is fairly presented in accordance with U.S. GAAP
 - c. The methods of measurement or presentation have not changed from those used in the prior period.
 - d. The significant assumptions or interpretations underlying the measurement or presentation of the individual fund schedule and the basis for our assumptions and interpretations are reasonable and appropriate in the circumstances.
 - e. When supplementary information is not presented with the audited basic financial statements, we will make the audited basic financial statements readily available to the intended users of the supplementary information no later than the date of issuance of the supplementary information and the auditor's report thereon.
35. With respect to the Management's Discussion and Analysis, Schedules of Proportionate Share of the Net Pension Liability, Pension Contributions, Proportionate Share of the Net Other Postemployment Benefits Liability, Other Postemployment Benefits Contributions and Changes in the League's Total Other Postemployment Benefit Liability and Related Ratios presented as required by U.S. GAAP to supplement the basic financial statements:
- a. We acknowledge our responsibility for the presentation of such required supplementary information.
 - b. We believe such required supplementary information is measured and presented in accordance with guidelines prescribed by U.S. GAAP.
 - c. The methods of measurement or presentation have not changed from those used in the prior period.
 - d. The significant assumptions or interpretations underlying the measurement or presentation of the Required Supplementary Information and the basis for our assumptions and interpretations are reasonable and appropriate in the circumstances.

League of Oregon Cities

DocuSigned by:
Jamie Johnson-Davis
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Jamie Johnson-Davis, Finance Director

12/29/2022

Date



League of Oregon Cities

FINANCIAL REPORT
June 30, 2022

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LEAGUE OF OREGON CITIES
OFFICERS AND MEMBERS OF THE GOVERNING BODY
Year Ended June 30, 2022

OFFICERS

President

Tanea Browning, City Councilor, Central Point

Vice-President, President Elect

Steve Callaway, Mayor, Hillsboro

Treasurer

Dr. Dave Drotzmann, Mayor, Hermiston

Immediate Past President

Keith Mays, Mayor, Sherwood

Senior Manager

Byron Smith, City Manager, Hermiston

DIRECTORS

Catherine Biscoe, City Councilor, Philomath

Arlene Burns, Mayor, Mosier

Robert Cowie, City Councilor, Chiloquin

Jessica Engelke, Mayor, North Bend

Jim Hamsher, Mayor, Prairie City

Roland Herrera, City Councilor, Keizer

Beach Pace, City Councilor, Hillsboro

Carmen Rubio, City Commissioner, Portland

Dean Sawyer, Mayor, Newport

Kevin Stine, City Councilor, Medford

John Walsh, City Administrator, St. Helens

Kenna West, City Manager, Independence

PAST PRESIDENTS (EX OFFICIO)

George Endicott, Mayor, Redmond

Greg Evans, City Councilor, Eugene

John McArdle, Mayor, Independence

Timm Slater, City Councilor, North Bend

Pete Truax, Mayor, Forest Grove

All officers and directors receive mail at the registered address indicated below

Executive Director/Registered Agent and Registered Address

Patricia M. Mulvihill, Executive Director
1201 Court ST NE, Suite 200
Salem, OR 97301

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LEAGUE OF OREGON CITIES

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Accountants & Consultants

INDEPENDENT AUDITOR'S REPORT

Board of Directors
League of Oregon Cities
Salem, Oregon

Opinions

We have audited the financial statements of the governmental activities and major fund, of League of Oregon Cities (LOC) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise LOC's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the report of the other auditors, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and major fund, of LOC as of June 30, 2022, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

We did not audit the financial statements of the Local Government Center Trust, which is accounted for on the equity method and represents 18 percent of the assets of the governmental activities. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amount reported for the investment in the Local Government Center Trust, is based solely on the report of the other auditors.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis on pages a–f and the schedules of proportionate share of the net pension liability, contributions, proportionate share of the net other postemployment benefit liability, contributions and changes in LOC's total other postemployment benefit liability and related ratios on pages 37–41 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise LOC's basic financial statements. The General Fund schedule of revenues, expenditures and changes in fund balance – budget and actual is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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, individual fund schedule is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Oregon State Regulations

In accordance with *Minimum Standards for Audits of Oregon Municipal Corporations*, we have issued our report dated December 29, 2022 on our consideration of LOC's compliance with certain provisions of laws, and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that test and not to provide an opinion on compliance.

December 29, 2022

By:

Bradley G. Bingenheimer, CPA, Partner

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MANAGEMENT'S DISCUSSION AND ANALYSIS

LEAGUE OF OREGON CITIES

MANAGEMENT'S DISCUSSION AND ANALYSIS For the Year Ended June 30, 2022

This section of the annual financial report presents the executive director and finance director's discussion and analysis of the LOC's financial performance during the fiscal year that ended on June 30, 2022. Please read it in conjunction with the LOC's financial statements, which follow this section.

LOC's Financial Planning Process

The budget process at the LOC begins much the same as in Oregon's cities. The executive director and the management team meet for an in-depth financial review of the current fiscal year for an evaluation of the organization's current position, and a review of its long-term fiscal plan. The executive director and finance director combine projects and fiscal objectives for the coming year into a draft budget for submission to the budget committee for discussion, direction, and consideration. After consideration and amendments, if necessary, the budget committee forwards its recommended, proposed budget to the full board of directors for review and adoption at a June board meeting.

The budget committee consists of the LOC's executive committee (the president, vice-president, treasurer, immediate past-president, and senior city manager), a city finance director appointed by the president, and a representative from each recognized caucus (presently there are two recognized caucuses, the Local Government People of Color Caucus and the Women's Caucus). The executive director and finance director staff the committee. The full committee meets in May, with the final adoption of the budget by the full board of directors in June.

Financial Highlights

The LOC's total net position was \$1,952,389.

Total program revenues, general revenues and special items increased \$31,702.

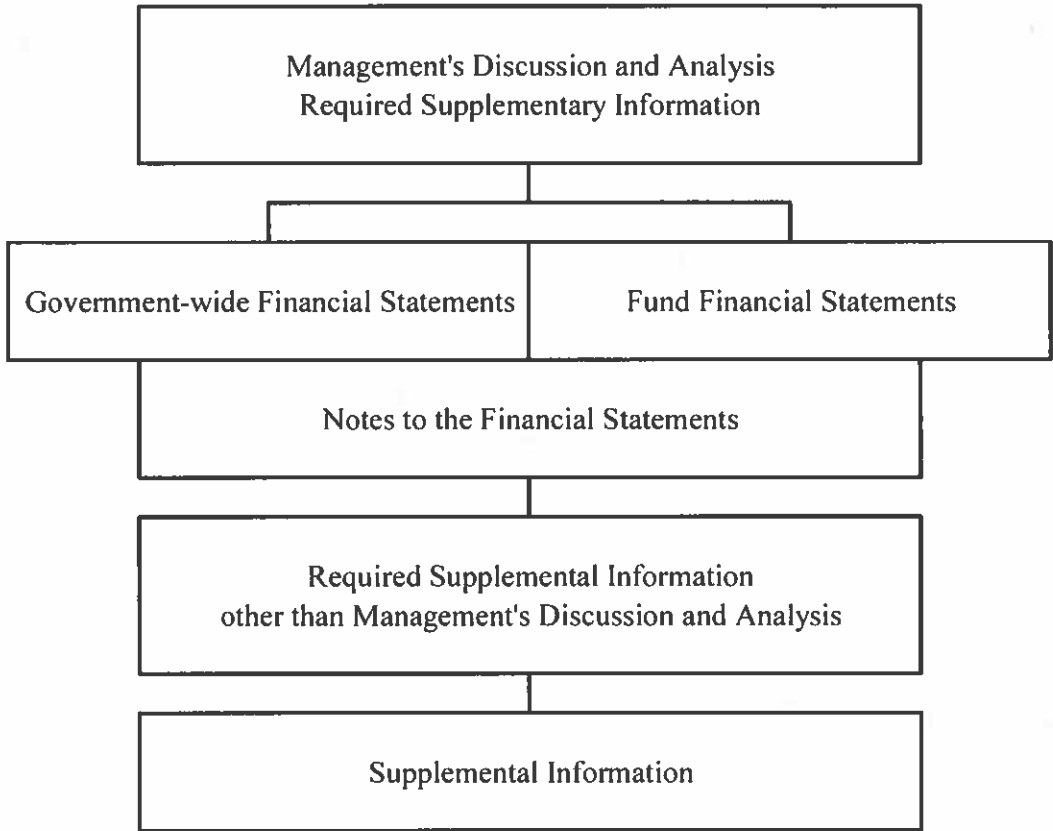
Total program expenses decreased \$727,256 (15% decrease) from the prior year.

Total fund balance in all funds shows a decrease of \$17,909 (0.44%) from the prior year.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

Using This Annual Report

The relationship between the various financial statements, notes and other information is illustrated in the following graphic:



The primary focus of the LOC's financial statements is on LOC as a whole and the LOC's major individual funds. LOC-wide and major-funds allow the reader to address relevant questions, broaden a basis for year-to-year comparison, and provide enhancement of the LOC's accountability.

LOC-Wide Financial Statements

The LOC -wide financial statements (pages 1 and 2) report information about the LOC, using accounting methods like those used by private-sector companies.

1. The focus of the statement of net position (page 1) is designed to be like a balance sheet for the LOC, and its governmental-type activities. This statement combines and consolidates all short-term resources with capital assets and long-term obligations.
2. The statement of activities (page 2) is focused on both the gross and net costs of various activities of the LOC and includes all the current year's revenues and expenses.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

These statements report the LOC's net position and how it has changed. Net position, the difference between the LOC's assets and liabilities, is one way to measure the LOC's financial health or position. Over time, and by comparison, increases or decreases in net position are an indicator of whether the LOC's financial health is improving or decreasing.

The government-wide statement of activities divides operations into three programs:

Administrative Services - general administration for LOC programs and activities.

Contractual Member Services - including contracted services and programs: ordinance codification, uniform traffic citations, and public relations.

Conferences and Workshops - including the annual conference, spring conference, and workshops.

Fund Financial Statements

The fund financial statements provide more detailed information about the LOC's most significant funds. Funds are accounting and budgetary devices that the LOC uses to keep track of specific revenues and expenditures for particular purposes. Resources are accounted for in individual funds based upon the purposes for which they are to be spent and are how spending activities are controlled. Traditional users of governmental financial statements will find the fund financial statement presentation more familiar.

Generally accepted accounting principles also allow the LOC to address its capital assets and long-term obligations outside of the fund financial statements. While these items represent assets and responsibilities of the organization, they are restricted in purpose and do not represent discretionary assets and liabilities of the LOC. Therefore, these items, including joint venture equity, long-term obligations, accumulated unpaid compensated absences, and capital assets, are not presented in the LOC's fund financial statements. These assets and liabilities, and the changes thereon, are reported in separate reconciliations between the fund financial statements and the organization-wide financial statements.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

Governmental-Wide Financial Statements

Statement of Net Position

The LOC's net position on June 30, 2022, was \$1,952,389, a decrease of five percent, or \$111,766.

	FY 20-21	FY 21-22	Total % Change
Assets			
Current and other assets	\$ 5,462,384	5,321,101	-3%
Capital assets	177,960	152,502	-14%
Total assets	5,640,344	5,473,603	-3%
Deferred outflows of resources	2,815,451	2,232,401	-21%
Liabilities			
Current and other liabilities	185,529	219,628	18%
Long-term obligations	5,514,780	2,804,720	-49%
Total liabilities	5,700,309	3,024,348	-47%
Deferred inflows of resources	691,331	2,729,267	295%
Net Position			
Net investment in capital assets	177,960	152,502	-14%
Unrestricted	1,886,195	1,799,887	-5%
Total net position	\$ 2,064,155	\$ 1,952,389	-5%

Statement of Activities

The total revenue for the LOC's activities was \$4,117,203, an increase of \$31,702, or one percent, above the prior year. While overall revenue increased in the most recent fiscal year, due to increases in membership dues and the CIS royalty payment, three specific revenue streams saw a decrease: income from interest payments; income from the jointly held interest in the Local Government Center; and interest from conferences (the fiscal year being discussed occurred during a year impacted by the COVID-19 pandemic, resulting in the cancellation of the LOC Annual Conference).

The total program expenses, including the effect of changes in PERS net pension liability and related deferred outflows and inflows of \$19,912, were \$4,228,969, or 15% less than the prior year. Expenses were less in this fiscal year due to several unfilled positions in the Member & Administrative Services Department and the canceling of the LOC Annual Conference.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

	FY 20-21	FY 21-22	Total % Change
Program Expenses			
Personnel services	\$ 3,950,526	\$ 3,192,736	-19%
Materials and services	972,949	1,010,775	4%
Depreciation	32,750	25,458	-22%
Total program expenses	4,956,225	4,228,969	-15%
Revenues			
Program revenues			
Charges for services	1,815,780	1,862,972	3%
Operating grants and contributions	2,198,915	2,226,799	1%
General revenues			
Interest	39,416	28,114	-29%
Rents	8,800	8,815	0%
Miscellaneous	(17,889)	61,089	295%
Income (loss) from joint venture	40,479	(70,587)	51%
Total revenues	4,085,501	4,117,203	1%
Change in net position	(870,724)	(111,766)	-87%
Net position – beginning	2,934,879	2,064,155	-30%
Net position - ending	\$ 2,064,155	\$ 1,952,389	-5%

Differences in amounts reported as revenues and expenses in the statement of activities and the amounts reported in the statement of revenues, expenditures and changes in fund balances result from differences between the full accrual and the modified accrual basis of accounting.

Financial Analysis of the LOC's Funds

On June 30, 2022, the LOC reported a balance for its General Fund of \$4,083,227, a decrease from the beginning of the year. The General Fund realized a net decrease of \$17,909 this fiscal year. LOC maintains cash reserves of \$4,083,227. Of the total cash reserves, the organization's policy is to hold an emergency reserve of 40% of the total expenses of the LOC as a restricted contingency, totaling \$1,681,404 in this particular fiscal year. The residual cash reserves of \$2,401,822 represent an additional 59% of the LOC's total General Fund balance.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

Budgetary Highlights

The LOC is not statutorily required to adopt a budget. However, management prepares, and the Board approves, a budget for management purposes.

Capital Assets and Debt Administration

LOC's investment in capital assets, including land, automobiles and equipment, totaled \$425,718. Total accumulated depreciation on capital assets is \$273,216. During the year ended June 30, 2022, depreciation on capital assets amounted to \$25,458. Additional information on capital assets may be found in note 4 to the financial statements.

LOC does not have any outstanding debt, but does have other long-term liabilities as follows:

	<u>June 30, 2021</u>	<u>June 30, 2022</u>	<u>Change</u>
Net pension liability	\$ 5,155,805	\$ 2,549,230	\$ (2,606,575)
Other postemployment benefit liability	89,324	86,896	(2,428)
Accumulated compensated absences	202,855	168,594	(34,261)

Additional information on the long-term liabilities may be found in note 6 to the financial statements.

Economic Factors and Next Year's Budget

The financial position of the organization was impacted by the pandemic which occurred during this fiscal year. Hopefully, the worst days of the pandemic are behind us, allowing in-person events and conferences to continue, making future budgets more consistent with prior year budgets. Additionally, the Fiscal Year 2023/24 budget will mark three years since the LOC began its robust partnership with NPP.gov, allowing the LOC to make reasoned projections about future revenue from this source, and resulting in a more objectively reasonable overall budget based on those particular revenue projections.

Contacting the LOC's Financial Management

The LOC's financial statements are designed to present users with a general overview of the LOC's finances and to demonstrate the LOC's fiscal accountability. If you have questions about this report or need additional financial information, contact the LOC's accountant at the LOC of Oregon Cities, 1201 Court Street NE Suite 200, Salem, OR 97301.

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BASIC FINANCIAL STATEMENTS

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LEAGUE OF OREGON CITIES

STATEMENT OF NET POSITION

June 30, 2022

	Governmental Activities
Assets	
Cash and cash equivalents	\$ 4,161,363
Accounts receivable	141,493
Investment in joint venture	1,003,415
Net other postemployment benefit asset	14,831
Capital assets	
Land	56,023
Other capital assets, net	<u>96,479</u>
 Total assets	 <u>5,473,603</u>
Deferred outflows of resources	
Pension-related items	2,167,234
Other postemployment benefit-related items	<u>65,167</u>
 Total deferred outflows of resources	 <u>2,232,401</u>
Liabilities	
Accounts payable and accrued liabilities	193,551
Unearned revenue	26,077
Long-term obligations:	
Due within one year	168,594
Due in more than one year	<u>2,636,126</u>
 Total liabilities	 <u>3,024,349</u>
Deferred inflows of resources	
Pension-related items	2,722,253
Other postemployment benefit-related items	<u>7,014</u>
 Total deferred inflows of resources	 <u>2,729,267</u>
Net position	
Net investment in capital assets	152,502
Unrestricted	<u>1,799,887</u>
 Total net position	 <u>\$ 1,952,389</u>

See notes to financial statements.

LEAGUE OF OREGON CITIES
STATEMENT OF ACTIVITIES
Year Ended June 30, 2022

Governmental Activities	Totals	Administrative Services	Member Services		Conferences and Workshops
			Direct	Contractual	
Program expenses					
Personnel services	\$ 3,192,736	\$ 1,666,211	\$ 1,526,525	\$ -	\$ -
Materials and services	1,010,775	547,664	115,074	304,588	43,450
Depreciation	25,458	19,859	1,289	3,441	869
Total program expenses	4,228,969	2,233,733	1,642,889	308,029	44,319
Program revenues					
Charges for services	1,862,973	1,152,357	-	619,206	91,410
Operating grants and contributions	2,226,799	2,039,766	187,033	-	-
Total program revenues	4,089,773	3,192,123	187,033	619,206	91,410
Net program (expense) revenue	(139,197)	\$ 958,390	\$ (1,455,856)	\$ 311,178	\$ 47,091
General revenues					
Interest	28,114				
Rents	8,815				
(Loss) on joint venture	(70,587)				
Miscellaneous	61,089				
Total general revenues	27,431				
Change in net position	(111,766)				
Net position – beginning	2,064,155				
Net position – ending	\$ 1,952,389				

See notes to financial statements.

LEAGUE OF OREGON CITIES

BALANCE SHEET GOVERNMENTAL FUND June 30, 2022

	<u>General</u>
Assets	
Cash and cash equivalents	\$ 4,161,363
Accounts receivable	<u>141,493</u>
Total assets	<u>\$ 4,302,855</u>
Liabilities and fund balances	
Liabilities	
Accounts payable and accrued liabilities	\$ 193,551
Unearned revenue	<u>26,077</u>
Total liabilities	<u>219,628</u>
Fund balances	
Unassigned	<u>4,083,227</u>
Total fund balances	<u>4,083,227</u>
Total liabilities and fund balances	<u>\$ 4,302,855</u>

See notes to financial statements.

LEAGUE OF OREGON CITIES
RECONCILIATION OF THE BALANCE SHEET OF THE GOVERNMENTAL FUND
TO THE STATEMENT OF NET POSITION
June 30, 2022

Total fund balance – governmental fund \$ 4,083,227

Amounts reported in the statement of net position are different because:

The statement of net position reports an asset for the proportionate share of the net other postemployment benefit liability related to its participation in the Oregon Public Employee Retirement System Retirement Health Insurance Account (RHIA) 14,831

Capital assets which are not financial resources and therefore not reported in the funds 152,502

Equity in a joint venture with other governmental entities which is not reported in the funds 1,003,415

The government-wide statements report as a deferred outflow, differences between expected and actual experience, changes of assumptions, net difference between projected and actual earnings on pension plan investments, differences between employer contributions and employer's proportionate share of system contributions, and contributions made to Oregon Public Employee Retirement System (OPERS) subsequent to the measurement date of June 30, 2021 2,167,234

The government-wide statements report as a deferred outflow, contributions made subsequent to the measurement date of June 30, 2021 and the net difference between projected and actual earnings related to its participation in other postemployment benefit plans for employees of the entity 65,167

Accumulated compensated absences are not payable in the current period and therefore not reported in the funds (168,594)

The statement of net position reports a liability for the entity's proportionate share of the net pension liability related to its participation in OPERS (2,549,230)

The statement of net position reports a liability related to its participation in the other postemployment benefit plans for employees of the entity (86,896)

The government-wide statements report a deferred inflow related to its participation in the Oregon Public Employee Retirement System (2,722,253)

The government-wide statements report a deferred inflow related to its participation in the Oregon Public Employee Retirement System Retirement Health Insurance Account (RHIA) plan and the other postemployment benefit plan for employees of the League (7,014)

Net position of the governmental activities \$ 1,952,389

See notes to financial statements.

LEAGUE OF OREGON CITIES
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
GOVERNMENTAL FUND
Year Ended June 30, 2022

	General
Revenues	
Interest	\$ 28,114
Contractual services	90,799
Administrative fees from related parties	1,152,357
Citations	77,769
Membership dues	2,039,766
Miscellaneous	61,089
STP apportionment	187,033
Conferences and workshops	91,410
Member services	450,639
Rents	8,815
Total revenues	4,187,790
Expenditures	
Current	
General government	4,172,970
Capital outlay	32,729
Total expenditures	4,205,699
Net change in fund balance	(17,909)
Fund balance at beginning of year	4,101,136
Fund balance at end of year	\$ 4,083,227

See notes to financial statements.

LEAGUE OF OREGON CITIES
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE OF THE GOVERNMENTAL FUND TO
THE STATEMENT OF ACTIVITIES
Year Ended June 30, 2022

Net change in fund balance – governmental fund	\$ (17,909)
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>	
Governmental funds report capital outlays as expenditures, while governmental activities report depreciation expense to allocate those expenditures over the life of the assets:	
Depreciation	(25,458)
The statement of activities includes the current year joint venture (loss) from the League's investment in the Local Government Center Trust	(70,587)
The changes in net pension liability and deferred inflows and outflows related to the entity's participation in OPERS are reported as a reduction in pension expense on the statement of activities	(19,912)
The changes in other postemployment benefits liability and deferred inflows and outflows related to the entity's participation in other postemployment benefits plan are reported as a reduction in benefits expense on the statement of activities	(12,161)
The statement of activities includes the effects of changes in accumulated unpaid compensated absences, whereas governmental funds do not report this item	<u>34,261</u>
Change in net position of the governmental activities	<u>\$ (111,766)</u>

See notes to financial statements.

LEAGUE OF OREGON CITIES

NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 1 – REPORTING ENTITY

The League of Oregon Cities (LOC) was formed on January 25, 1925, through the efforts of a group of officials representing various Oregon cities. LOC was organized under ORS 190 as a joint venture of local governments. The primary objectives of LOC are to conserve and defend home rule powers of Oregon cities, to advocate on behalf of, and to be the authoritative, and best source of information and training for cities.

Control of LOC is vested in a sixteen-member board of directors who are elected by League members. The chief administrative officer is the executive director, who reports to the board of directors.

The accompanying basic financial statements present the activities and funds for which LOC is considered to be financially accountable. The criteria used in making this determination includes appointment of a voting majority, imposition of will, financial benefit or burden on the primary government, and fiscal dependency on the primary government. Based upon an evaluation of this criteria, LOC is a primary government with no includable component units.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES

Government-wide and fund financial statements

The government-wide financial statements, which include the statement of net position and the statement of activities, report on all of the non-fiduciary activities of LOC. The effect of interfund activity has been eliminated from these statements.

The statement of activities demonstrates the degree to which direct expenses of a function are offset by program revenues. Direct expenses are those clearly identifiable with a specific function. Program revenues include charges for services provided by a function and contributions from members that are restricted to meeting the operational requirements of a particular function. Other revenues not includable as program revenues are reported as general revenues.

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

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. Revenues are recorded when earned and expenses are recorded when incurred, regardless of the timing of related cash flows. The government-wide financial statements also include non-current capital assets and long-term obligation liabilities.

LEAGUE OF OREGON CITIES
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement focus, basis of accounting and financial statement presentation (Continued)

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the functions of LOC, the elimination of which would distort the direct costs and program revenues reported for the various functions concerned.

Governmental fund financial statements (balance sheet and statement of revenues, expenditures and changes in fund balance) 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. LOC considers items received within 60 days after year end as available. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. This presentation conforms with LOC’s budgetary procedures.

The bases of accounting described above are in accordance with accounting principles generally accepted in the United States of America.

Individual major governmental funds included in the accompanying basic financial statements are as follows:

Fund	Principal Revenue Source	Primary Expenditure Purpose
General	Membership dues and administration fees	Administration and program operating expenses

Pensions

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

Other postemployment benefits

For purposes of measuring the net OPEB asset, deferred outflows of resources and deferred inflows of resources related to other postemployment benefits, and other postemployment benefits expense, information about the fiduciary net position of the Oregon Public Employee Retirement System Retirement Health Insurance Account (RHIA) and additions to/deductions from the RHIA’s fiduciary net position have been determined on the same basis as they are reported by OPERS. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

LEAGUE OF OREGON CITIES

NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

Other postemployment benefits (Continued)

An actuarial valuation dated July 1, 2021 was completed for purposes of measuring the other postemployment benefits liability, deferred outflows of resources and deferred inflows of resources related to other postemployment benefits, and other postemployment benefits expense for the Employee Benefit Plan for the Employees of the League of Oregon Cities.

Deferred outflows / inflows of resources

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. These include pension related items and other postemployment benefit-related items.

In addition to liabilities, the statement of net position will report a separate section for deferred inflows of resources. This separate financial statement element represents amounts that apply to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Pension related items and other postemployment benefit related items, which are amortized over specified periods, are reported as deferred inflows of resources.

Net position

Government-wide financial statements

Equity is classified on the government-wide financial statements as net position and displayed in three components:

Net investment in capital assets – Consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.

Restricted net position – Consists of resources with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

Unrestricted net position – All other resources that do not meet the definition of “restricted” or “net investment in capital assets.”

In the government-wide financial statements, when LOC has restricted and unrestricted resources available, it is LOC’s policy to expend restricted resources first and then unrestricted resources as needed in determining the amounts to report as restricted – net position and unrestricted – net position.

LEAGUE OF OREGON CITIES
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund balance

Governmental fund type fund balance reporting

Governmental type fund balances are reported within one of the fund balance categories below:

Non-spendable – Amounts that cannot be spent, either because they are in non-spendable form or because they are legally or contractually required to be maintained intact.

Restricted – Amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed – Amounts that can be used only for specific purposes determined by a formal action of the Board of Directors. The Board of Directors is the highest level of decision-making authority for LOC. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the Board of Directors.

Assigned – Amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. The Board of Directors has granted management authority to assign fund balance amounts.

Unassigned – the residual classification for the government's general fund and includes all spendable amounts not contained in the other classifications. Additionally, other funds may report negative unassigned fund balance in certain circumstances.

In the governmental fund financial statements, when LOC has restricted and unrestricted (committed, assigned or unassigned) resources available, it is LOC's policy to expend restricted resources first. Unrestricted resources are then expended in the order of committed, assigned, and unassigned as needed, unless otherwise provided for in actions to commit or assign resources, in determining the amounts to be reported in each of the fund balance categories.

Land and other capital assets

Land is stated at cost. Equipment and automobiles are stated at cost less accumulated depreciation. Equipment is depreciated over estimated useful lives of 3 to 7 years and automobiles are depreciated over estimated useful lives of 5 years using the straight-line method. LOC records capital assets for items with an original cost of \$5,000 or more and an expected useful life of one year or more.

Investment in joint venture

Investment in the Local Government Center Trust is presented using the equity method of accounting.

LEAGUE OF OREGON CITIES
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

Compensated absences

Sick leave

LOC has a policy which permits employees to earn sick leave at the rate of one day per month over their working careers. LOC does not compensate employees for accumulations of sick leave upon termination of employment.

Vacation leave

Employees earn vacation leave at rates determined by their length of employment and may accumulate a maximum of 240 hours.

Budgetary information and compliance

LOC is not required to comply with local budget law for Oregon municipal corporations, as it is organized under Internal Revenue Code 501(c)(4) as a nonprofit corporation and does not directly provide services to the public. LOC's management does prepare a budget for planning and control purposes. The budget to actual comparison statements have been included in the supplemental information section of the annual financial report.

Tax-exempt status

LOC is a tax-exempt organization under the provisions of the Internal Revenue Code Section 501(c)(4) as a nonprofit corporation. LOC, as an intergovernmental entity under ORS 190, is a governmental body. Accordingly, it is exempt from federal and state taxes on income derived from operations related to the purposes for which it was organized.

NOTE 3 – CASH AND CASH EQUIVALENTS

LOC maintains a pool of cash and cash equivalents that are available for use by all funds. Each fund's portion of this pool is displayed on the financial statements as cash and cash equivalents. Interest earned on pooled cash and cash equivalents is allocated to participating funds based upon their combined cash and cash equivalents balance.

LOC's cash and cash equivalents at June 30, 2022 are as follows:

Deposits with financial institutions	\$ 100,726
State of Oregon Local Government Investment Pool	<u>4,060,637</u>
Total deposits and cash equivalents	<u>\$ 4,161,363</u>

Deposits with financial institutions

Custodial Credit Risk – Deposits with Financial Institutions: This is the risk that, in the event of a bank failure, LOC's deposits may not be returned. The Federal Deposit Insurance Corporation (FDIC) provides insurance for LOC's deposits with financial institutions up to \$250,000, each for the aggregate of all non-interest-bearing accounts and the aggregate of all interest-bearing accounts at each financial institution.

LEAGUE OF OREGON CITIES
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 3 – CASH AND CASH EQUIVALENTS (Continued)

Deposits with financial institution (Continued)

Deposits in excess of FDIC coverage with financial institutions participating in the Oregon Public Funds Collateralization Program are collateralized under the Public Funds Collateralization Program (PFCP) of the Oregon State Treasurer. The PFCP is a shared liability structure for participating financial institutions and is considered additional depository insurance, as defined in GASB 40. Participating financial institutions are required to pledge securities, held by the Federal Home Loan Bank of Seattle in the name of the financial institution, with a value equal to at least 10%, with limited exceptions that may require up to 110%, of the amount of deposits of Oregon municipal corporations in excess of FDIC insurance. In the event of a failure of a participating financial institution the collective amount of all pledged securities under the PFCP are available to return LOC's deposits. As of June 30, 2022, none of LOC's deposits with financial institutions were exposed to custodial credit risk.

State of Oregon Local Government Investment Pool

Balances in the State of Oregon Local Government Investment Pool (LGIP) are stated at fair value. Fair value is determined at the quoted market price, if available; otherwise, the fair value is estimated based on the amount at which the investment could be exchanged in a current transaction between willing parties, other than a forced liquidation sale.

The Oregon State Treasury administers the LGIP. The LGIP is an unrated, open-ended, no-load, diversified portfolio offered to any agency, political subdivision or public corporation of the state who by law is made the custodian of, or has control of, any fund. The LGIP is commingled with the State's short-term funds. To provide regulatory oversight, the Oregon Legislature established the Oregon Short-Term Fund Board and LGIP investments are approved by the Oregon Investment Council. The fair value of LOC's position in the LGIP is the same as the value of the pool shares.

Credit Risk: Oregon statutes authorize LOC to invest in obligations of the U.S. Treasury and U.S. agencies, bankers' acceptances, repurchase agreements, commercial paper rated A-1 by Standard & Poor's Corporation or P-1 by Moody's Commercial Paper Record, and the state treasurer's investment pool.

Concentration of Credit Risk: LOC does not have a formal policy that places a limit on the amount that may be invested in any one insurer. 100% of LOC's investments are in the State of Oregon State and Local Investment Pool.

Interest Rate Risk: LOC does not have a formal policy that limits investment maturities as a means of managing its exposure to fair-value losses arising from increases in interest rates.

Custodial Credit Risk – Investments: This is the risk that, in the event of the failure of a counterparty, LOC will not be able to recover the value of its investments that are in the possession of an outside party. LOC does not have a policy which limits the amount of investments that can be held by counterparties.

LEAGUE OF OREGON CITIES
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 4 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2022 was as follows:

	Balances July 1, 2021	Additions	Deletions	Balances June 30, 2022
Capital assets not being depreciated				
Land	\$ 56,023	\$ -	\$ -	\$ 56,023
Capital assets being depreciated				
Automobiles	27,053	-	-	27,053
Furniture and equipment	342,642	-	-	342,642
Total capital assets being depreciated	369,695	-	-	369,695
Less accumulated depreciation for:				
Automobiles	27,053	-	-	27,053
Furniture and equipment	220,705	25,458	-	246,163
Total accumulated depreciation	247,758	25,458	-	273,216
Depreciable capital assets, net	121,937	(25,458)	-	96,479
Total capital assets, net	\$ 177,960	\$ (25,458)	\$ -	\$ 152,502

For the year ended June 30, 2022, depreciation charged to expense in the statement of activities amounted to \$25,458.

Included in land, furniture and equipment are capital assets owned jointly with Oregon School Boards Association and the Association of Oregon Counties. The amount recorded represents only that portion purchased by LOC.

LEAGUE OF OREGON CITIES
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 5 – EQUITY IN JOINT VENTURE

The Local Government Center Trust (the Trust) was created July 8, 1970. Its members include the League and the Oregon School Boards Association. The financial statements of the Trust are prepared on the accrual basis of accounting. Capital assets are stated at cost, less accumulated depreciation, which is computed on the straight-line method over the estimated useful lives of the assets, from 5 – 39 years.

The Trust's net assets and member's equity at June 30, 2022 is summarized as follows:

Cash		\$ 296,643
Accounts receivable		8,398
Capital assets:		
Land	\$ 562,636	
Land improvements	236,535	
Building	4,127,033	
Building improvements	378,018	
Furniture and equipment	158,411	
Less accumulated depreciation	<u>(2,735,838)</u>	
Capital assets, net		2,725,795
Accounts payable and accrued expenses		<u>(20,407)</u>
Total net assets		3,010,789
Less other member's equity:		
Oregon School Boards Association		<u>(2,007,374)</u>
League of Oregon Cities equity		<u>\$ 1,003,415</u>

LOC is not required to make monthly rental payments for occupied space. In lieu of rent, LOC pays its proportionate share of amounts assessed by the Trust to cover expenditures. Assessment payments and reimbursements, totaling \$108,996, were made to the Trust.

The Trust's separate financial statements may be obtained from LOC at 1201 Court Street NE, Salem, Oregon.

LEAGUE OF OREGON CITIES
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 6 – LONG-TERM LIABILITIES

	Balances			Balances	Due Within One
	July 1, 2021	Additions	Reductions		
Net pension liability	\$ 5,155,805	\$ -	\$ 2,606,575	\$ 2,549,230	\$ -
Other postemployment benefit liability	89,324	-	2,428	86,896	-
Accumulated compensated absences	202,855	168,594	202,855	168,594	168,594
Total long-term liabilities	<u>\$ 5,447,984</u>	<u>\$ 168,594</u>	<u>\$ 2,811,858</u>	<u>\$ 2,804,720</u>	<u>\$ 168,594</u>

NOTE 7 – DEFINED-BENEFIT PENSION PLAN

Plan description

Employees of LOC are provided with pensions through the Oregon Public Employees Retirement Systems (OPERS).

The OPERS consists of a single cost-sharing multiple employer defined-benefit pension plan. The Oregon Legislature has delegated the authority to the Public Employees Retirement Board to administer and manage the system.

OPERS produces an independently audited Comprehensive Annual Financial Report which includes detailed information about the pension plan's fiduciary net position. The report can be found at: www.oregon.gov/pers/Documents/Financials/CAFR/2021-ACFR.pdf.

Description of benefit terms

All benefits of the System are established by the legislature pursuant to ORS Chapters 238 and 238A.

Tier 1/Tier 2 retirement benefit (Chapter 238)

Tier 1/Tier 2 Retirement Benefit Plan is closed to new members hired on or after August 29, 2003.

Pension benefits

The OPERS retirement allowance is payable monthly for life. It may be selected from 13 retirement benefit options. These options include survivorship benefits and lump-sum refunds. The basic benefit is based on years of service and final average salary. A percentage (1.67% for general service employees and 2% for police and fire employees) is multiplied by the number of years of service and the final average salary. Benefits may also be calculated under either a formula plus annuity (for members who were contributing before August 21, 1981) or a money match computation if a greater benefit results.

NOTE 7 – DEFINED-BENEFIT PENSION PLAN (Continued)

Description of benefit terms (Continued)

Tier 1/Tier 2 retirement benefit (Chapter 238) (Continued)

Pension benefits (Continued)

A member is considered vested and will be eligible at minimum retirement age for a service retirement allowance if he or she has had a contribution in each of five calendar years or has reached at least 50 years of age before ceasing employment with a participating employer (age 45 for police and fire members). General service employees may retire after reaching age 55, and police and fire members after age 50. Tier 1 general service employee benefits are reduced if retirement occurs prior to age 58 with fewer than 30 years of service. Tier 2 members are eligible for full benefits at age 60.

Death benefits

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

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

Disability benefits

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

Benefit changes after retirement

Members may choose to continue participation in a variable equities investment account after retiring and may experience annual benefit fluctuations due to changes in the market value of equity investments. Under ORS 238.360 monthly benefits are adjusted annually through cost-of-living changes.

LEAGUE OF OREGON CITIES
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 7 – DEFINED-BENEFIT PENSION PLAN (Continued)

Oregon Public Service Retirement Plan (Chapter 238A) (OPSRP)

Pension benefits

The OPSRP pension program provides benefits to members hired on or after August 29, 2003.

This portion of OPSRP provides a life pension funded by employer contributions. Benefits are calculated with the following formula for members who attain normal retirement age:

General service: 1.5% is multiplied by the number of years of service and the final average salary. Normal retirement age for general service members is age 65, or age 58 with 30 years of retirement credit.

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

Death benefits

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

Disability benefits

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

Benefit changes after retirement

Under ORS 238A.210, monthly benefits are adjusted annually through cost-of-living changes.

Contributions

OPERS funding policy provides for periodic member and employer contributions at actuarial determined rates, subject to limits set in statute. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. Employer contribution rates during the period were based on the December 31, 2019 actuarial valuation.

Tier 1/Tier 2 employer contribution rates are 22.88%, and OPSRP employer contribution rates are 16.83% for general service employees. Employer contributions for the year ended June 30, 2022 were \$482,954.

LEAGUE OF OREGON CITIES
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 7 – DEFINED-BENEFIT PENSION PLAN (Continued)

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

Net pension liability

At June 30, 2022, LOC reported a liability of \$2,549,230 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2019. LOC's proportion of the net pension liability was actuarially determined based on a projection of LOC's long-term contributions effort to the pension plan relative to the long-term projected contributions effort of all participating employers. The projected long-term contribution effort is equal to the sum of the present value of future normal costs (PVFNC) and the unfunded actuarial liability (UAL).

Normal Cost Rate: The PVFNC represents the portion of the projected long-term contribution effort related to future service. An employer's PVFNC depends on both the normal cost rates charged on the employer's payrolls, and on the underlying demographics of the respective payrolls. For OPERS funding, employers have up to three different payrolls, each with a different normal cost rate: (1) Tier 1/Tier 2 payroll, (2) OPSRP general service payroll, and (3) OPSRP police and fire payroll.

UAL Rate: A UAL can arise when an event such as experience differing from the assumptions used in the actuarial valuation occurs. An amortization schedule is established to eliminate the UAL that arises over a fixed period of time if future experience follows assumption. The UAL Rate is the upcoming year's component of the cumulative amortization schedules, stated as a percent of payroll. The UAL represents the portion of the projected long-term contribution effort related to past service.

After the employer's projected long-term contribution effort is calculated, that amount is reduced by the value of the employer's supplemental lump-sum payments, known as side accounts, transition surpluses and pre-SLGRP (State and Local Government Rate Pool) surpluses as of the valuation date. Side accounts decrease the employer's projected long-term contribution effort because side accounts are effectively prepaid contributions. The employer's projected long-term contribution effort does not include payments toward the current value of transition liabilities and pre-SLGRP liabilities.

At June 30, 2021, LOC's proportion was 0.02130309%, which was a decrease of 0.00232199% from its proportion measured as of June 30, 2020.

Pension expense

For the year ended June 30, 2022, LOC recognized pension expense of \$502,866.

LEAGUE OF OREGON CITIES
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 7 – DEFINED-BENEFIT PENSION PLAN (Continued)

Net pension liability, pension expense and deferred outflows of resources and deferred inflows of resources related to pensions (Continued)

Deferred inflows of resources and deferred outflows of resources

Deferred inflows of resources and deferred outflows of resources are calculated at the plan level and are allocated to employers based on their proportionate share. For the measurement period ended June 30, 2021, employers will report the following deferred inflows or resources and/or deferred outflows of resources:

- Difference between expected and actual experience
- Changes in assumptions
- Net differences between projected and actual investment earnings
- Changes in employer proportion since the prior measurement date
- Differences between employer contributions and employer's proportionate share of system contributions
- Contributions subsequent to the measurement date

Differences between expected and actual experience, changes in assumptions and changes in employer proportionate are amortized over the average remaining service lives of all plan participants, including retirees, determined at the beginning of the respective measurement period. Employers are required to recognize pension expense based on the balance of the closed period "layers" attributable to each measurement period. The average remaining service lives determined as of the beginning of each measurement period are:

- Fiscal year ended June 30, 2021 – 5.4 years
- Fiscal year ended June 30, 2020 – 5.3 years
- Fiscal year ended June 30, 2019 – 5.2 years
- Fiscal year ended June 30, 2018 – 5.2 years
- Fiscal year ended June 30, 2017 – 5.3 years
- Fiscal year ended June 30, 2016 – 5.3 years
- Fiscal year ended June 30, 2015 – 5.4 years
- Fiscal year ended June 30, 2014 – 5.6 years

The net difference between projected and actual investment earnings attributable to each measurement period is amortized over a closed five-year period.

LEAGUE OF OREGON CITIES
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 7 – DEFINED-BENEFIT PENSION PLAN (Continued)

Net pension liability, pension expense and deferred outflows of resources and deferred inflows of resources related to pensions (Continued)

At June 30, 2022, LOC reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 238,625	\$ -
Changes of assumptions	638,149	6,709
Net difference between projected and actual earnings on pension plan investments	-	1,887,175
Changes in proportionate share	793,167	664,316
Differences between employer contributions and employer's proportionate share of system contributions	14,339	164,053
Contributions subsequent to the measurement date	<u>482,954</u>	<u>-</u>
Total	<u>\$ 2,167,234</u>	<u>\$ 2,722,253</u>

Deferred outflows of resources related to pensions resulting from LOC's contributions subsequent to the measurement in the amount of \$482,954 will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ends June 30,</u>		
2023	\$	(918,047)
2024		(253,143)
2025		(395,557)
2026		(564,849)
2027		<u>27,317</u>
Total	\$	<u>(2,104,279)</u>

LEAGUE OF OREGON CITIES
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 7 – DEFINED-BENEFIT PENSION PLAN (Continued)

Actuarial methods and assumptions used in developing the total pension liability

The total pension liability measured as of June 30, 2021 was based on an actuarial valuation as of December 31, 2019 using the following methods and assumptions:

Experience study report	2018, published July 24, 2019
Actuarial cost method	Entry age normal
Inflation rate	2.4%
Long-term expected rate of return	6.9%
Discount rate	6.9%
Administrative expenses – Tier 1/Tier 2	\$32.5 million per year added to normal cost
Administrative expenses – OPSRP	\$8 million per year added to normal cost
Projected salary increases	3.5%
Cost of living adjustments (COLA)	Blend of 2.00% COLA and graded COLA (1.25%/.015) in accordance with <i>Moro</i> decision; blend based on service

Actuarial methods and assumptions used in developing the total pension liability (Continued)

Mortality	<p>Healthy retirees and beneficiaries: Pub-2010 Health Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.</p> <p>Active members: Pub-2010 employee, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.</p> <p>Disabled retirees: Pub-2010 Disabled retirees, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and setbacks as described in the valuation.</p>
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Actuarial valuations of an ongoing plan involve estimates of the value of projected benefits and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Experience studies are performed as of December 31 of even-numbered years. The methods and assumptions shown above are based on the 2018 Experience Study which reviewed experience for the four-year period ended on December 31, 2018.

LEAGUE OF OREGON CITIES
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 7 – DEFINED-BENEFIT PENSION PLAN (Continued)

Actuarial methods and assumptions used in developing contribution rates and total pension liability (Continued)

UAL amortization

The Tier 1/Tier 2 UAL amortization period was reset to 20 years as of December 31, 2013. Gains and losses between subsequent odd-year valuations will be amortized as a level percentage of projected combined valuation payroll (Tier 1/ Tier 2 plus OPSRP payroll) over a closed 20-year period from the valuation in which they are first recognized. Senate Bill 1049 was signed into law in June 2019 and requires a one-time re-amortization of Tier 1/Tire 2 UAL over a closed 22-year period at the December 31, 2019 rate-setting actuarial valuation, which will set actuarially determined contribution rates for the 2021–2023 biennium.

The OPSRP UAL as of December 31, 2007 is amortized as a level percentage of projected combined valuation payroll (Tier 1/ Tier 2 plus OPSRP payroll) over a closed period 16-year period. Gains and losses between subsequent odd-year valuations are amortized as a level percentage of combined valuation payroll over 16 years from the valuation in which they are first recognized.

Discount rate

The discount rate used to measure the total pension liability was 6.9%, a reduction from 7.2% from the prior fiscal year. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Assumed asset allocation

<u>Asset Class</u>	<u>Target Allocation</u>
Cash	0.00%
Debt securities	20.00%
Public equity	32.50%
Private equity	17.50%
Real estate	12.50%
Alternatives portfolio	15.00%
Risk parity	2.50%
Total	<u>100.00%</u>

LEAGUE OF OREGON CITIES
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 7 – DEFINED-BENEFIT PENSION PLAN (Continued)

Actuarial methods and assumptions used in developing contribution rates and total pension liability (Continued)

Long-term expected rate of return

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in July 2019, the PERS Board reviewed long-term assumptions developed by both the actuary's capital market assumptions team and the Oregon Investment Council's (OIC) investment advisors. Each asset class assumption is based on a consistent set of underlying assumptions and includes adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on forward-looking capital market economic model.

Long-term Expected Rate of Return¹

Asset Class	Target Allocation	Annual Arithmetic Return ²	20 Year Annualized Geometric Mean	Annual Standard Deviation
Global Equity	30.62%	7.11%	5.85%	17.05%
Private Equity	25.50	11.35	7.71	30.00
Core Fixed Income	23.75	2.80	2.73	3.85
Real Estate	12.25	6.29	5.66	12.00
Master Limited Partnerships	0.75	7.65	5.71	21.30
Infrastructure	1.50	7.24	6.26	15.00
Commodities	0.63	4.68	3.10	18.85
Hedge Fund of Funds –				
Multistrategy	1.25	5.42	5.11	8.45
Hedge Fund Equity – Hedge	0.63	5.85	5.31	11.05
Hedge Fund – Macro	5.62	5.33	5.06	7.90
U.S. Cash	(2.50) ³	1.77	1.76	1.20
Assumed information – mean			2.40%	1.65%

¹ Based on the OIC Statement of Investment Objectives and Policy Framework for the Oregon Public Employees Retirement Fund, including revisions adopted at the OIC meeting on June 2, 2021.

² The arithmetic mean is a component that goes into calculating the geometric mean. Expected rates of return are presented using the geometric mean, which the Board uses in setting the discount rate.

³ Negative allocation to cash represents levered exposure from allocation to Risk Parity strategy.

LEAGUE OF OREGON CITIES
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 7 – DEFINED-BENEFIT PENSION PLAN (Continued)

Actuarial methods and assumptions used in developing contribution rates and total pension liability (Continued)

Depletion date projection

GASB 68 generally requires that a blended discount rate be used to measure the Total Pension Liability (the Actuarial Accrued Liability calculated using the Individual Entry Age Normal Cost Method). The long-term expected return on plan investments may be used to discount liabilities to the extent that the plan's fiduciary net position (fair market value of assets) is projected to cover benefit payments and administrative expenses. A 20-year high quality (AA/Aa or higher) municipal bond rate must be used for periods where the fiduciary net position is not projected to cover benefit payments and administrative expenses. Determining the discount rate under GASB 68 will often require that the actuary perform complex projections of future benefit payments and asset values. GASB 68 (paragraph 67) does allow for alternative evaluations of projected solvency, if such evaluation can reliably be made. GASB does not contemplate a specific method for making an alternative evaluation of sufficiency; it is left to professional judgment.

The following circumstances justify an alternative evaluation of sufficiency for OPERS:

- OPERS has a formal written policy to calculate an Actuarially Determined Contribution (ADC), which is articulated in the actuarial valuation report.
- The ADC is based on a closed, layered amortization period, which means that payment of the full ADC each year will bring the plan to a 100% funded position by the end of the amortization period if future experience follows assumption.
- GASB 68 specifies that the projections regarding future solvency assume that plan assets earn the assumed rate of return and there are no future changes in the plan provisions or actuarial methods and assumptions, which means that the projections would not reflect any adverse future experience which might impact the plan's funded position.

Based on these circumstances, it is OPERS independent actuary's opinion that the detailed depletion date projections outlined in GASB 68 would clearly indicate that the fiduciary net position is always projected to be sufficient to cover benefit payments and administrative expenses.

LEAGUE OF OREGON CITIES
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 7 – DEFINED-BENEFIT PENSION PLAN (Continued)

Sensitivity of the proportionate share of the net pension liability to changes in the discount rate
The following presents the proportionate share of the net pension liability calculated using the discount rate of 7.2%, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.2%) or 1-percentage-point higher (8.2%) than the current rate:

	1 Percentage Point Lower	Current Discount Rate	1 Percentage Point Higher
Proportionate share of net pension liability	\$5,006,078	\$ 2,549,230	\$ 493,740

NOTE 8 – DEFINED-CONTRIBUTION PLAN

Plan description

Individual account program (IAP) – Participants in OPERS defined benefit pension plan also participate in the defined-contribution plan.

Pension benefits

An IAP member becomes vested on the date the employee account is established or on the date the rollover account was established. If the employer makes optional employer contributions for a member, the member becomes vested on the earliest of the following dates: the date the member completes 600 hours of service in each of five calendar years, the date the member reaches normal retirement age, the date the IAP is terminated, the date the active member becomes disabled, or the date the active member dies.

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

Death benefits

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

Contributions

LOC makes the employee contributions of 6% of covered payroll to the plan. Contributions for the year ended June 30, 2022 were \$99,253.

Recordkeeping

PERS contracts with VOYA Financial to maintain IAP participant records.

LEAGUE OF OREGON CITIES NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 9 – PERS DEFINED-BENEFIT OTHER POSTEMPLOYMENT BENEFITS PLAN

Plan description

LOC contributes to the Oregon PERS Retirement Health Insurance Account (RHIA) for each of its eligible employees. The RHIA is a cost-sharing multiple-employer defined benefit other postemployment benefit plan administered by PERS. Contributions are mandatory for each employer that is a member of PERS.

The Oregon Legislature has delegated the authority to the Public Employees Retirement Board to administer and manage the system.

OPERS produces an independently audited Comprehensive Annual Financial Report which includes detailed information about the plan's fiduciary net position. The report can be found at: www.oregon.gov/pers/Documents/Financials/CAFR/2021-ACFR.pdf

Description of benefit terms

All benefits of the System are established by the legislature pursuant to Oregon Revised Statutes Chapters 238 and 238A.

The RHIA is closed to new members hired on or after August 29, 2003.

Other Postemployment Healthcare benefits

Eligible retired members receive a monthly healthcare benefit for life up to \$60 toward the monthly cost of health insurance.

To be eligible, the member must:

- 1) Have eight years or more of qualifying service in PERS at the time of retirement or receive a disability allowance as if the member had eight years or more of creditable service in PERS
- 2) Receive both Medicare Parts A and B coverage
- 3) Enroll in a PERS-sponsored health plan

Surviving spouse or dependent benefits

A surviving spouse or dependent of a deceased retiree who was eligible to receive the subsidy is eligible to receive the subsidy if he or she is receiving a retirement benefit or allowance from PERS or was insured at the time the member died and the member retired before May 1, 1991.

Contributions

OPERS funding policy provides for periodic member and employer contributions at the rates established by the Public Employees Retirement Board, subject to limits set in statute. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. Employer contribution rates during the period were based on the December 31, 2019 actuarial valuation.

LEAGUE OF OREGON CITIES
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 9 – PERS DEFINED-BENEFIT OTHER POSTEMPLOYMENT BENEFITS PLAN (Continued)

Contributions (Continued)

LOC contributed 0.06% of PERS-covered salaries for Tier 1 and Tier 2 members to fund the normal cost portion of RHIA benefits. Since the funded status of the RHIA UAL is in excess of 100%, no contributions were required to fund the RHIA UAL. For the year ended June 30, 2022, LOC made contributions in the amount of \$287 to the RHIA.

Net OPEB liability/(asset), OPEB expense and deferred outflows of resources and deferred inflows of resources related to other postemployment benefits

Net OPEB liability(asset)

At June 30, 2022, LOC reported an asset of \$14,831 for its proportionate share of the net OPEB liability/(asset). The net OPEB liability/(asset) was measured as of June 30, 2021, and the total OPEB liability used to calculate the net OPEB liability/(asset) was determined by an actuarial valuation as of that date. LOC's proportion of the net OPEB liability/(asset) was based on its actual, legally required contributions made during the fiscal year with the total actual contributions of all employers during the fiscal year.

At June 30, 2021, LOC's proportion was .00431875%, which was an increase of .01281973% from its proportion measured as of June 30, 2020.

OPEB expense

For the year ended June 30, 2022, LOC recognized OPEB expense of \$7,022.

Deferred inflows of resources and deferred outflows of resources

Deferred inflows of resources and deferred outflows of resources are calculated at the plan level and are allocated to employers based on their proportionate share. For the measurement period ended June 30, 2021, employers will report the following deferred inflows or resources and/or deferred outflows of resources:

- Difference between expected and actual experience
- Changes in assumptions
- Changes in employer proportion since the prior measurement date
- Net difference between projected and actual investment earnings
- Contributions subsequent to the measurement date

LEAGUE OF OREGON CITIES
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 9 – PERS DEFINED-BENEFIT OTHER POSTEMPLOYMENT BENEFITS PLAN (Continued)

Net OPEB liability/(asset), OPEB expense and deferred outflows of resources and deferred inflows of resources related to other postemployment benefits (Continued)

Deferred inflows of resources and deferred outflows of resources (Continued)

Differences between expected and actual experience, changes in assumptions and changes in employer proportionate are amortized over the average remaining service lives of all plan participants, including retirees, determined at the beginning of the respective measurement period. Employers are required to recognize OPEB expense based on the balance of the closed period “layers” attributable to each measurement period. The average remaining service lives determined as of the beginning of each measurement period are described below:

- Fiscal year ended June 30, 2021 – 2.7 years
- Fiscal year ended June 30, 2020 – 2.9 years
- Fiscal year ended June 30, 2019 – 3.1 years
- Fiscal year ended June 30, 2018 – 3.3 years
- Fiscal year ended June 30, 2017 – 3.7 years

The net difference between projected and actual investment earnings attributable to each measurement period is amortized over a closed five-year period.

At June 30, 2022, LOC reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ 413
Changes of assumptions	292	221
Net difference between projected and actual earnings on pension plan investments	-	3,525
Changes in proportionate share	15,923	127
Contributions subsequent to the measurement date	287	-
Total	\$ 16,502	\$ 4,286

LEAGUE OF OREGON CITIES
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 9 – PERS DEFINED-BENEFIT OTHER POSTEMPLOYMENT BENEFITS PLAN (Continued)

Actuarial methods and assumptions used in developing total OPEB liability (Continued)

Deferred inflows of resources and deferred outflows of resources (Continued)

Deferred outflows of resources related to OPEB resulting from LOC's contributions subsequent to the measurement date in the amount of \$287 will be recognized as an adjustment to the net OPEB (asset) / liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year ends June 30,</u>		
2023	\$	8,084
2024		5,763
2025		(805)
2026		(1,113)
2027		<u>-</u>
Total	\$	<u>11,929</u>

Actuarial methods and assumptions used in developing total OPEB liability

Except as identified below, actuarial methods and assumptions used in developing the total OPEB liability are the same as those used to develop the total PERS pension liability as discussed in Note 7.

Healthcare cost trend rate

A healthcare cost trend rate is not utilized in the actuarial valuation as statute stipulates a \$60 monthly payment to retirees for health insurance.

Depletion date projection

GASB 75 generally requires that a blended discount rate be used to measure the Total OPEB Liability (the Actuarial Accrued Liability calculated using the Individual Entry Age Normal Cost Method). The long-term expected return on plan investments may be used to discount liabilities to the extent that the plan's fiduciary net position (fair market value of assets) is projected to cover benefit payments and administrative expenses. A 20-year high quality (AA/Aa or higher) municipal bond rate must be used for periods where the fiduciary net position is not projected to cover benefit payments and administrative expenses. Determining the discount rate under GASB 75 will often require that the actuary perform complex projections of future benefit payments and asset values. GASB 75 (paragraph 82) does allow for alternative evaluations of projected solvency, if such evaluation can reliably be made. GASB does not contemplate a specific method for making an alternative evaluation of sufficiency; it is left to professional judgment.

LEAGUE OF OREGON CITIES
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 9 – PERS DEFINED-BENEFIT OTHER POSTEMPLOYMENT BENEFITS PLAN (Continued)

Actuarial methods and assumptions used in developing total OPEB liability (Continued)

Depletion date projection (Continued)

The following circumstances justify an alternative evaluation of sufficiency for Oregon PERS (OPERS):

- OPERS has a formal written policy to calculate an Actuarially Determined Contribution (ADC), which is articulated in the actuarial valuation report.
- The ADC is based on a closed, layered amortization period, which means that payment of the full ADC each year will bring the plan to a 100% funded position by the end of the amortization period if future experience follows assumption.
- GASB 75 specifies that the projections regarding future solvency assume that plan assets earn the assumed rate of return and there are no future changes in the plan provisions or actuarial methods and assumptions, which means that the projections would not reflect any adverse future experience which might impact the plan's funded position.

Based on these circumstances, it is OPERS independent actuary's opinion that the detailed depletion date projections outlined in GASB 75 would clearly indicate that the fiduciary net position is always projected to be sufficient to cover benefit payments and administrative expenses.

Sensitivity of the proportionate share of the net OPEB liability/(asset) to changes in the discount rate

The following presents the proportionate share of the net OPEB liability/(asset) calculated using the discount rate of 7.2%, as well as what the proportionate share of the net OPEB liability/(asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.2%) or 1-percentage-point higher (8.2%) than the current rate:

	1 Percentage Point Lower	Current Discount Rate	1 Percentage Point Higher
Proportionate share of net OPEB liability/(asset)	\$ (13,116)	\$ (14,831)	\$ (16,296)

LEAGUE OF OREGON CITIES
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 10 – SINGLE EMPLOYER DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFITS PLAN

Plan description and benefits provided

LOC provides other postemployment benefits (OPEB) for employees, retirees, spouses and dependents through a single employer defined-benefit plan in the form of group health insurance benefits. As required by ORS 243.303(2), retirees who were hired after July 1, 2003 are allowed to continue, at the retirees' expense, coverage under the group health insurance plan until age 65. The difference between the premium actually paid by the retirees under the group insurance plan and the premium that they would pay if they were not included in the plan is considered to be an implicit subsidy under the provisions of GASB 75. The plan does not issue a separate stand-alone financial report.

Plan membership

As of June 30, 2020, there were 17 active employees, 1 eligible retiree, and zero spouses of eligible retirees for a total of 18 plan members.

Contributions

LOC funds the plan only to the extent of current year insurance premium requirements on a pay-as-you-go basis. The average monthly premium requirements for LOC are as follows:

For retirees	\$	763
For spouses of retirees		835

Total OPEB liability, changes in total OPEB liability, OPEB expense, deferred outflows of resources and deferred inflows of resources related to OPEB

At June 30, 2021, LOC reported a total OPEB liability of \$89,896. The total OPEB liability was measured as of June 30, 2022 and determined by an actuarial valuation as of July 1, 2020.

Changes in the total OPEB liability is as follows:

Balance at June 30, 2021	\$	89,324
Changes for the year:		
Service cost		5,367
Interest		1,983
Changes in assumptions or other inputs		215
Benefit payments		<u>(9,993)</u>
Balance at June 30, 2022	\$	<u>86,896</u>

For the year ended June 30, 2021, LOC recognized OPEB expense of \$16,184.

LEAGUE OF OREGON CITIES
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 10 – SINGLE EMPLOYER DEFINED-BENEFIT OTHER POSTEMPLOYMENT BENEFITS PLAN
(Continued)

Total OPEB liability, changes in total OPEB liability, OPEB expense, deferred outflows of resources and deferred inflows of resources related to OPEB (Continued)

At June 30, 2022, LOC reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 28,064	\$ -
Changes of assumptions or inputs	9,843	2,728
Benefit payments	<u>10,758</u>	<u>-</u>
Total	<u>\$ 48,665</u>	<u>\$ 2,728</u>

Deferred outflows of resources related to benefit payments in the amount of \$10,758 will be recognized as an adjustment to the net OPEB (asset) in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ends June 30,

2023	\$ 8,834
2024	8,834
2025	9,086
2026	6,452
2027	1,950
Thereafter	<u>23</u>
Total	<u>\$ 35,179</u>

Actuarial valuation

LOC's contributions are based on the accruing benefit costs measured using the individual entry age normal actuarial cost method. The present value of benefits is allocated over the service for each active employee from their date of hire to their expected retirement age, as a level percent of the employee's pay. This level percent times pay is referred to as the service cost and is that portion of the present value of benefits attributable to an employee's service in a current year. The service cost equals \$0 for retired members. The total OPEB liability is the present value of benefits less the actuarial present value of future normal costs and represents the liabilities allocated to service up to the valuation date. For retirees, the total OPEB liability is equal to the present value of benefits.

LEAGUE OF OREGON CITIES
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 10 – SINGLE EMPLOYER DEFINED-BENEFIT OTHER POSTEMPLOYMENT BENEFITS PLAN
(Continued)

Actuarial methods and assumptions used in developing total OPEB liability

Valuation Date	July 1, 2020
Actuarial Cost Method	Entry Age Normal, Level Percent of Pay
Actuarial Assumptions:	
Inflation Rate	2.5%
Projected Salary Increases	3.5%
Mortality	Pub-2010 General and Safety Employee and Healthy Retiree tables, sex distinct for members and dependents, with a one-year setback for male general service employees and female safety employees.
Election and Lapse Rates	40% of eligible employees. 60% of male members and 35% of female members will elect spouse coverage. 5% annual lapse rate

Actuarial valuations of an ongoing plan involve estimates of the value of projected benefits and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

Discount rate

The discount rate used to measure the total OPEB liability was 2.21%. The discount rate is based on the Bond Buyer 20-year General Obligation Bond Index. The discount rate at the prior measurement date was 3.50%.

Healthcare cost trend rate

The assumed healthcare cost trend for medical and vision costs is as follows:

<u>Year</u>	<u>Pre-65 Trend</u>
2021	5.75%
2022	5.25%
2023–2025	5.00%
2026–2040	4.75%
2041–2049	5.00%
2050–2064	4.75%
2065–2067	4.50%
2068–2071	4.25%
2072+	4.00%

Dental costs are assumed to increase 4% per year.

LEAGUE OF OREGON CITIES
NOTES TO BASIC FINANCIAL STATEMENTS

**NOTE 10 – SINGLE EMPLOYER DEFINED-BENEFIT OTHER POSTEMPLOYMENT BENEFITS PLAN
(Continued)**

Sensitivity of LOC's total OPEB liability to changes in the discount and healthcare cost trend rates
The following presents LOC's total OPEB liability calculated using the discount rate of 2.21%, as well as what LOC's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.21%) or 1-percentage-point higher (3.21%) than the current rate. A similar sensitivity analysis is then presented for changes in the healthcare cost trend assumption.

	1 Percentage Point Lower	Current Discount Rate	1 Percentage Point Higher
League's total OPEB liability	\$ 91,280	\$ 86,896	\$ 82,704
	1 Percentage Point Lower	Current Trend Rate	1 Percentage Point Higher
League's total OPEB liability	\$ 80,991	\$ 86,896	\$ 93,756

NOTE 11 – RELATED PARTY TRANSACTIONS

The Citycounty Insurance Services (CIS) was formed by LOC and the Association of Oregon Counties to aid members in obtaining insurance in the areas of tort liability, property loss and workers' compensation. LOC appoints one-half of the Board of Trustees of CIS. Administrative services are provided by LOC to CIS. Administrative fees for the year ended June 30, 2022 amounted to \$1,129,506 LOC also pays CIS for insurance which amounted to \$8,120 for the year ended June 30, 2022.

NOTE 12 – RISK MANAGEMENT

LOC is exposed to various risks of loss related to errors and omissions, automobile, damage to and destruction of assets, bodily injury, and worker's compensation. LOC is insured through CIS for these risks. There has been no significant reduction in insurance coverage from the prior year and settled claims have not reached the level of commercial coverage in any of the past three fiscal years.

REQUIRED SUPPLEMENTARY INFORMATION

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LEAGUE OF OREGON CITIES
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM
Last Ten Plan Years*

Year Ended June 30,	Proportion of the net pension liability (asset)	Proportionate share of the net pension liability (asset)	Covered payroll	Proportionate share of the net pension liability (asset) as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2021 ⁽¹⁾	0.02130309%	\$ 2,549,230	\$ 1,860,036	137.05%	87.60%
2020 ⁽¹⁾	0.02362508%	5,155,805	1,953,511	263.93%	75.80%
2019 ⁽¹⁾	0.02672661%	4,623,064	1,971,368	234.51%	80.23%
2018 ⁽¹⁾	0.01247966%	1,890,503	1,665,809	113.49%	82.07%
2017	0.00896083%	1,207,923	1,800,177	67.10%	83.12%
2016	0.01143102%	1,716,062	1,652,369	103.85%	80.53%
2015	0.01390345%	760,659	1,530,349	49.70%	92.00%
2014	0.01468172%	(332,793)	1,516,205	-21.95%	103.59%

⁽¹⁾ Beginning in 2018, one-half of the liability for the Local Government Personnel Institute is included.

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

LEAGUE OF OREGON CITIES
SCHEDULE OF PENSION CONTRIBUTIONS
OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM
Last Ten Fiscal Years*

Year Ended June 30,	Statutorily required contribution	Contributions in relation to the statutorily required contribution	Contribution deficiency (excess)	Covered payroll	Contributions as a percent of covered payroll
2022	\$ 482,954	\$ 482,954	\$ -	\$ 2,162,998	22.33%
2021	442,585	442,585	-	1,860,036	23.79%
2020	419,151	419,151	-	1,953,511	21.46%
2019	286,437	286,437	-	1,971,368	14.53%
2018	195,882	195,882	-	1,665,809	11.76%
2017	189,963	189,963	-	1,800,177	10.55%
2016	173,493	173,493	-	1,652,369	10.50%
2015	127,322	127,322	-	1,530,349	8.32%
2014	147,732	147,732	-	1,516,205	9.74%

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

LEAGUE OF OREGON CITIES
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET
OTHER POSTEMPLOYMENT BENEFITS LIABILITY/(ASSET)
OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM
Last Ten Plan Years*

<u>Year Ended June 30,</u>	<u>Proportion of the net OPEB liability (asset)</u>	<u>Proportionate share of the net OPEB liability (asset)</u>	<u>Covered employee payroll</u>	<u>Proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll</u>	<u>Plan fiduciary net position as a percentage of the total OPEB liability</u>
2021	0.00431875%	\$ (14,831)	\$ 1,860,036	-0.80%	183.90%
2020	0.01713848%	(34,921)	1,953,511	-1.79%	150.10%
2019	0.01755882%	(33,930)	1,971,368	-1.72%	144.38%
2018	0.01273186%	(14,212)	1,665,809	-0.85%	123.99%
2017	0.01248609%	(5,208)	1,800,177	-0.29%	108.88%
2016	0.01227827%	3,332	1,652,369	0.20%	80.53%

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

LEAGUE OF OREGON CITIES
SCHEDULE OF OTHER POSTEMPLOYMENT BENEFITS CONTRIBUTIONS
OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM
Last Ten Fiscal Years*

Year Ended June 30,	Statutorily required contribution	Contributions in relation to the statutorily required contribution	Contribution deficiency (excess)	Covered employee payroll	Contributions as a percent of covered payroll
2022	\$ 287	\$ 287	\$ -	\$ 2,162,998	0.01%
2021	116	116	-	1,860,036	0.01%
2020	1,224	1,224	-	1,953,511	0.06%
2019	8,703	8,703	-	1,971,368	0.44%
2018	6,165	6,165	-	1,665,809	0.37%
2017	7,089	7,089	-	1,800,177	0.39%

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

LEAGUE OF OREGON CITIES
SCHEDULE OF CHANGES IN LOC'S TOTAL OTHER
POSTEMPLOYMENT BENEFITS LIABILITY AND RELATED RATIOS
Last 10 Plan Fiscal Years*

	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Service cost	\$ 5,367	\$ 4,283	\$ 3,819	\$ 2,018
Interest on total OPEB liability	1,983	2,630	2,828	768
Effect of economic/demographic gains or losses	-	2,920	1,703	54,890
Effect of assumptions changes or inputs	215	12,225	(6,386)	(4,693)
Benefit payments	<u>(9,993)</u>	<u>(7,114)</u>	<u>-</u>	<u>-</u>
Net change in total OPEB liability	(2,428)	14,944	1,964	52,983
Total OPEB liability – beginning of year	<u>89,324</u>	<u>74,380</u>	<u>72,416</u>	<u>19,433</u>
Total OPEB liability – end of year	<u>\$ 86,896</u>	<u>\$ 89,324</u>	<u>\$ 74,380</u>	<u>\$ 72,416</u>
Covered employee payroll	\$ 1,860,036	\$ 1,953,511	\$ 1,971,368	\$ 1,665,809
Total OPEB liability as a percentage of covered payroll	4.7%	4.6%	3.8%	4.3%

Notes to schedule

* Information will be accumulated until 10 years are presented.

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

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SUPPLEMENTARY INFORMATION

LEAGUE OF OREGON CITIES
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
Year Ended June 30, 2022

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
Administration			
Interest	\$ 60,000	\$ 28,114	\$ (31,886)
Contractual services	171,500	90,799	(80,701)
Administrative fees from related parties	1,168,500	1,152,357	(16,143)
Citations	40,000	77,769	37,769
Membership dues	2,018,750	2,039,766	21,016
Rents	9,000	8,815	(185)
Miscellaneous	24,800	61,089	36,289
Total Administration	<u>3,492,550</u>	<u>3,458,709</u>	<u>(33,841)</u>
Member Services			
Contractual services	215,000	307,034	92,034
Workshops	96,500	97,126	626
SGR program	1,000	484	(517)
Total Member Services	<u>312,500</u>	<u>404,643</u>	<u>92,143</u>
Training			
Workshops	15,000	45,996	30,996
Total Training	<u>15,000</u>	<u>45,996</u>	<u>30,996</u>
Conferences			
Conferences and workshops	394,000	91,410	(302,590)
Total Conferences	<u>394,000</u>	<u>91,410</u>	<u>(302,590)</u>
Transportation			
STP apportionment	185,000	187,033	2,033
Total Transportation	<u>185,000</u>	<u>187,033</u>	<u>2,033</u>
Total revenues	<u>4,399,050</u>	<u>4,187,790</u>	<u>(211,260)</u>

LEAGUE OF OREGON CITIES
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL (Continued)

Expenditures	Budget	Actual	Variance
Personnel and Benefits			
Member/administration services	\$ 889,600	\$ 904,655	\$ (15,055)
Communications and marketing	218,150	221,421	(3,271)
Intergovernmental relations	788,600	821,172	(32,572)
Legal/research salaries	243,800	224,128	19,672
Payroll tax federal and state	153,000	151,316	1,684
PERS contribution and pickup	645,050	581,077	63,973
Workers compensation	10,000	329	9,671
Employee benefits	268,000	258,692	9,308
Cell phones	14,300	14,599	(299)
Total personnel and benefits	3,230,500	3,177,390	53,110
Member/administration services			
Payroll expense	10,000	17,534	(7,534)
Staff training	15,000	10,707	4,293
Membership/dues	3,000	695	2,305
Internal recruiting	3,100	4,036	(936)
Small City program	7,500	11,071	(3,571)
Contractual services	12,500	14,386	(1,886)
Bank fees	5,000	10,472	(5,472)
Postage	5,000	4,480	520
Supplies	10,000	7,249	2,751
Books/publications	250	24	226
Printer/copier lease	8,000	5,752	2,248
Conferences and workshops	35,000	10,313	24,687
Staff travel/in-state	15,000	7,532	7,468
Telephone	12,500	7,724	4,776
NLC membership	25,000	25,586	(586)
Membership/sponsor	45,000	41,250	3,750
Conference calls	2,000	341	1,659
Maintenance - local gov center	112,000	105,584	6,416
Repairs and maintenance - auto	2,000	1,024	976
Audit	26,000	20,650	5,350
Insurance	6,000	7,632	(1,632)
Miscellaneous	3,000	13,954	(10,954)
Total member/administration	362,850	327,996	34,854
Board of Directors			
Travel	12,000	8,413	3,587
Board meetings	15,000	22,415	(7,415)
Conferences and workshops	10,000	10,521	(521)
Miscellaneous	1,000	897	103
Total Board of Directors	38,000	42,246	(4,246)

LEAGUE OF OREGON CITIES
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL (Continued)

Expenditures (Continued)	Budget	Actual	Variance
Technology, equipment and furniture			
Contractual services	\$ 75,000	\$ 98,030	\$ (23,030)
Building internet	7,500	32	7,468
Software	20,000	23,785	(3,785)
Furniture and equipment	5,000	1,623	3,377
Computer hardware	20,000	7,321	12,679
Total technology, equipment and furniture	<u>127,500</u>	<u>130,791</u>	<u>(3,291)</u>
Training			
Meetings	3,000	24	2,976
Training contracts	15,000	9,058	5,942
Elected essentials	15,000	-	15,000
Postage	500	-	500
Printing	500	-	500
Cell phones	1,000	960	40
Miscellaneous	500	-	500
Total training	<u>35,500</u>	<u>10,042</u>	<u>25,458</u>
Conferences			
Travel	8,000	-	8,000
Affiliate workshop	14,000	-	14,000
Hotel - banquet	200,000	(5,989)	205,989
Hotel - lodging	20,000	-	20,000
Speakers	25,000	(2,172)	27,172
Decorator - pipe and drape	7,500	-	7,500
Design/special printing	7,500	-	7,500
Signage	3,000	-	3,000
Awards	750	-	750
AV equipment	31,000	8,565	22,435
AV equipment - hotel	7,500	-	7,500
Contract services	7,500	6,840	660
Bank fees	4,500	-	4,500
Postage	1,000	-	1,000
Supplies	2,500	-	2,500
Printing	1,000	-	1,000
Miscellaneous	500	-	500
Spring conference	20,000	36,206	(16,206)
Total conferences	<u>361,250</u>	<u>43,450</u>	<u>317,800</u>

LEAGUE OF OREGON CITIES
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL (Continued)

Expenditures (Continued)	Budget	Actual	Variance
Communications and marketing			
Membership/dues	\$ 500	\$ -	\$ 500
Conferences/workshops	9,500	795	8,705
Contract services	35,000	43,259	(8,259)
Postage	5,000	1,159	3,841
Books/publications	4,000	3,003	997
Printing	5,000	6,445	(1,445)
Marketing	10,000	9,503	497
Miscellaneous	1,000	-	1,000
Total communications and marketing	<u>70,000</u>	<u>64,164</u>	<u>5,836</u>
Intergovernmental relations			
Staff training	5,000	-	5,000
Membership/dues	5,000	4,445	555
Meetings	3,600	1,113	2,487
Conferences/workshops	25,000	10,834	14,166
Contract services	9,500	1,800	7,700
Congressional cities conference	2,500	2,950	(450)
Grass roots program	5,000	-	5,000
Books/publications	1,500	-	1,500
Printing	3,500	-	3,500
Miscellaneous	1,000	-	1,000
Total intergovernmental relations	<u>61,600</u>	<u>21,142</u>	<u>40,458</u>
Legal/research			
Membership/dues	2,500	2,546	(46)
Conferences/workshops	8,000	4,670	3,330
Contract Services	100,000	69,704	30,296
Subscription services	7,500	6,781	719
Books/publications	500	189	311
Total legal/research	<u>118,500</u>	<u>83,890</u>	<u>34,610</u>
Special projects			
Uniform traffic citation	38,000	74,479	(36,479)
Limited duration contract services	60,000	26,992	33,008
Contract services	185,000	177,531	7,469
NLC membership	25,000	25,586	(586)
OHCS IGA	100,000	-	100,000
Total special projects	<u>408,000</u>	<u>304,588</u>	<u>103,412</u>

LEAGUE OF OREGON CITIES
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL (Continued)

Expenditures (Continued)	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Total expenditures	4,813,700	4,205,699	608,001
Excess (deficiency) of revenues over expenditures	(414,650)	(17,909)	396,741
Net change in fund balance	(414,650)	(17,909)	396,741
Fund balance at beginning of year	4,046,423	4,101,136	54,713
Fund balance at end of year	<u>\$ 3,631,773</u>	<u>\$ 4,083,227</u>	<u>\$ 451,454</u>

COMPLIANCE SECTION

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Accountants & Consultants

**INDEPENDENT AUDITOR'S REPORT REQUIRED BY
OREGON STATE REGULATIONS**

Board of Directors
League of Oregon Cities
Salem, Oregon

We have audited the basic financial statements of the League of Oregon Cities (LOC) as of and for the year ended June 30, 2022, and have issued our report thereon dated December 29, 2022. Our audit was conducted in accordance with auditing standards generally accepted in the United States of America.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether LOC's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-010-0230 through 162-010-0320 of the Minimum Standards for Audits of Oregon Municipal Corporations, noncompliance with which could have a direct and material effect on the determination of financial statements amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

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

- Deposit of public funds with financial institutions (ORS Chapter 295).
- 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 LOC 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 162-010-0230 through 162-010-0320 of the Minimum Standards for Audits of Oregon Municipal Corporations.

OAR 162-010-0230 Internal Control

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

Board of Directors
League of Oregon Cities
Independent Auditor's Report Required by Oregon State Regulations

Restriction of Use

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

December 29, 2022

By:

Brad Bingenheimer, CPA, Partner