



LANE COUNCIL OF GOVERNMENTS
Eugene, Oregon



ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2022

ANNUAL COMPREHENSIVE FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2022



“Working Together for Our Community”

LANE COUNCIL OF GOVERNMENTS

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This document and related information are available at

www.lcog.org/fiscal.cfm

Lane Council of Governments

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Lane Council of Governments Board of Directors

For the Fiscal Year Ended June 30, 2022

(#) Executive Committee Member; (*) Budget Committee Member; (^) Audit Committee Member

Bethel School District 52
Rich Cunningham

City of Coburg
Ray Smith

City of Cottage Grove
Jeff Gowing

City of Creswell
Dave Stram

City of Dunes City
Vacant

City of Eugene
Randy Groves (#)

City of Florence
Joe Henry

City of Junction City
John Gambee

City of Lowell
Don Bennett

City of Oakridge
Christia Hollett

City of Springfield
Leonard Stoehr

City of Veneta
Tom Cotter

City of Westfir
Melody Cornelius

Creswell School District 40
Lacey Risdal

Emerald People's Utility District
Patti Chappel (#)

Eugene School District 4J
Alicia Hays (#)

Eugene Water and Electric Board
Sonya Carlson (#) (*) (^)

Vice-Chair of the Board of Directors

Fern Ridge Library District
Steve Recca (^)

Haceta Water District
Vacant

Junction City Rural Fire Protection District
Don Lighty

Lane Community College
Mike Eyster

Lane County
Heather Buch (#)

Chair of the Board of Directors

Lane Education Service District
Sherry Duerst-Higgins (#) (*)

Lane Library District
Vacant

McKenzie School District 68
Vacant

Port of Siuslaw
Robert Ward (#) (*)

Rainbow Water District
James "Jim" McLaughlin

River Road Park & Recreation District
Vacant

Siuslaw Library District
Susy Lacer

Siuslaw Valley Fire & Rescue District
Jim Langborg

South Lane School District 45J
Vacant

Springfield School District 19
Johnathan Light (#)

Western Lane Ambulance District
Bob Sneddon

Willamalane Park & Recreation District
Greg James (#) (^)

Non-Voting Member: Lane Transit District
Pete Knox

Non-Board Members of the Budget Committee
Brenda Holt, Jessica Mumme, Steve Wheeler

INTRODUCTORY SECTION



January 30, 2023

Lane Council of Governments Board of Directors:

In accordance with ORS 297.425, we are pleased to present the Annual Comprehensive Financial Report (ACFR) of the Lane Council of Governments (LCOG), for the fiscal year ended June 30, 2022. This report is published to provide the LCOG Board, LCOG's members, and the citizens of the Lane County region, LCOG staff, and other readers with detailed information concerning LCOG's financial position and activities.

This annual financial report includes information on the financial condition and operations of LCOG, and management is responsible for the contents. This complete set of financial statements is presented in conformity with generally accepted accounting principles (GAAP). The certified public accounting firm Isler CPA performed an audit of the basic financial statements and other information using generally accepted auditing standards and governmental auditing standards. Their unmodified opinion on the basic financial statements is located in the front of the financial section of the ACFR.

Management's discussion and analysis (MD&A) immediately follows the independent auditors' report and provides a narrative introduction, overview, and analysis of the basic financial statements. It provides additional information to this letter and this letter should be read in conjunction with it.

To the best of our knowledge and belief, the enclosed data is accurate in all material respects, and is reported in a manner designed to fairly present the financial position and changes in the financial position of the various funds of LCOG. All disclosures necessary to enable the reader to gain an understanding of LCOG's financial activities have been included.

Internal controls. To provide a reasonable basis for making these representations, management has established a comprehensive internal control framework that is designed both to protect LCOG's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of LCOG's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, LCOG's comprehensive framework of internal controls has been designed to provide reasonable, rather than absolute assurance, that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and accurate in all material respects.

Independent audit. In accordance with Oregon law, LCOG's financial statements have been audited by Isler CPA. The auditor has issued an unmodified ("clean") opinion on LCOG's financial statements for the year ended June 30, 2021 (see pages 1-3). The independent audit of the financial statements was performed in accordance with applicable auditing standards as described by Isler CPA in their reports included in this document.

LCOG is required to undergo an annual Single Audit in conformity with the provisions of the Single Audit Act Amendments of 1996 and the United States Office of Management and Budget Circular A-133, Audits of States, Local Governments and Non-Profit Organizations. The Schedule of Expenditures of Federal Awards can be found in the Single Audit section, along with the auditor's reports on Internal Controls and Compliance. The reports of Isler CPA are included in this report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). The MD&A immediately follows the independent auditor's report and provides a narrative introduction, overview and analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it.

Profile of LCOG

LCOG is one of the oldest regional councils in the nation, first organized in 1945 under the name Central Lane County Planning Commission. It was reorganized in 1971 under an intergovernmental agreement pursuant to Oregon Revised Statutes Chapter 190 and the name was changed to Lane Council of Governments. LCOG is an independent public agency that is established and supported by its member agencies to coordinate and provide high-quality public services within Lane County, Oregon. The governing body of LCOG is its Board of Directors, comprised of local elected and appointed officials designated to represent member governments and agencies. LCOG does not act under the direction and control of any single governmental entity and has the following characteristics:

- It is governed by a board of directors consisting of one appointed director from each of its 35-member organizations.
- It is a legally separate entity.
- It is fiscally independent of all member organizations and all other local government entities.
- It is vested with all the powers, rights, and duties relating to those functions and activities that are vested by law in each separate party to the intergovernmental agreement.

LCOG is located in Lane County, Oregon, the fourth most populous county in Oregon. LCOG's region is the entire Lane County area. Lane County's population is 383,958. The size of Lane County is approximately 4554 square miles.



If a separate state, Lane County would be roughly the size of Connecticut with a population half the size of Vermont. The LCOG region is also the state's third largest Metropolitan Statistical Area (MSA) and the 145th largest MSA in the country.

Our Membership

Our members represent 35 local governments and agencies including Lane County, twelve cities, six school districts, one education district, one college, two parks and recreation organizations, three library districts, four utilities, a transit district, two fire districts, an ambulance district, and a port.

Member Governments

Bethel School District #52	City of Westfir	Lane Transit District
City of Coburg	Creswell School District #40	McKenzie School District #68
City of Cottage Grove	Eugene Water & Electric Board	Port of Siuslaw
City of Creswell	Emerald People's Utility District	Rainbow Water District
City of Dunes City	Eugene School District #4J	River Road Park & Recreation District
City of Eugene	Fern Ridge Library District	Siuslaw Library District
City of Florence	Haceta Water People's Utility District	Siuslaw Valley Fire District
City of Junction City	Junction City RFPD	South Lane School District #45J3
City of Lowell	Lane Community College	Springfield School District #19
City of Oakridge	Lane County	Western Lane Ambulance District
City of Springfield	Lane Education Service District	Willamalane Park & Recreation District
City of Veneta	Lane Library District	

Our Mission

LCOG's mission is to coordinate and provide high quality public services in Lane County. Lane Council of Governments is dedicated to serving the public interest and enhancing the quality of life for citizens of Lane County.

Together with our member governments, we seek to create more accessible, sustainable, prosperous, and livable communities.

LCOG Services

LCOG services are offered over four broad areas: Government Services (planning, transportation and telecommunications); Senior and Disability Services; Business Services; and Administration. LCOG employs over 280 people and is the designated comprehensive planning and review agency for a number of federal and state programs. LCOG also serves as the fiscal agent for various federal and state programs carried out by member entities and serves as a coordinating agency for local government long-range planning activities.

LCOG provides services to its members and agency partners through these service areas:

- Government Services - Planning, Transportation, Local Government Personnel Services, and IT/Telecommunications/Cable;
- Senior & Disability Services - Title III -Older Americans Act and Title XIX Medicaid, and Supplemental Nutrition Assistance Program;
- Business Services – Business Loans, Building Management, and Minutes Recorder Services;
- Administrative Services - Board of Directors and Executive Management Services, Finance and Budget, Human Resources, Information Technology, and Administration Support

Budget

The annual budget serves as the foundation for LCOG's financial planning and control. The budget process begins in December with LCOG management and staff identifying projects for the subsequent year as well as grant projects that are not expected to be completed by the end of the current fiscal year.

Over the course of several months, LCOG management, staff, and advisory committees, the Budget Committee, and the Board of Directors are involved in defining the goals and objectives, as well as the projects, to be included in the work program. The LCOG Budget Committee meets to review the budget background and trends which may shape the budget. In June, a public meeting is held where all interested parties are invited to comment on the work plan, with final adoption by the Board of Directors.

The level of budgetary control is at the service level. Costs for projects can be modified as long as the total remains the same at the funding source level. Throughout the year, budget adjustments are proposed by staff for new grant funding and/or a realignment of projects and services, and reviewed by the Budget Committee.

Budget-to-actual comparisons are provided in this financial statement for the governmental funds and proprietary funds for which annual budgets are adopted.

Factors Affecting Financial Condition

Outlook

We talk about the need to recover from the global health crises, but it would be incorrect to say that is the sole cause of the challenges we face today. The outbreak of the coronavirus disease (COVID-19) merely exacerbated the issues our region faced. The creative efforts LCOG used to face ongoing issues such as worker shortages, have allowed LCOG to remain focused on continuing the timely delivery of high-quality services to our members, consumers, and partners. But our work is not over; as we celebrate this hard-fought progress, we must continue to make investments that allow us to more effectively deploy critical programs and services that address our region's needs and support our economic recovery.

Unlike its member agencies, LCOG is primarily dependent upon formula revenues and planning grants. The majority of revenues in FY22 consisted of federal and state grants and contracts. As federal or state contracts increase or as multi-year projects are completed, LCOG's budget fluctuates in both revenues and matching expenditures. The most significant source of local revenue is from service contracts. Due to the challenges faced by our regional partners and the uncertainty of the economy, budgeting is a significant challenge.

The Oregon Office of Economic Analysis (OEA) reported in December 2022 that a recession now appears more likely than not but expects a mild recession and for the recession to begin in Oregon starting next summer. The OEA estimates Job Losses to be around 24,000, a 1.2 percent decline, with the majority of losses in goods-producing industries like construction and manufacturing, and industries tied to them like finance, and transportation and warehousing. The unemployment rate is expected to increase from about 3.8 percent to a peak of 5.4 percent in early 2024. Income and spending levels are expected to rise slowly, making for one of the shallowest, and shortest recessions on record, similar to 1990.

Unlike what was seen during the 1991 cycle, however, revenues are expected to drop going forward with General Fund revenues dropping even as the economy recovers. Next year, even with this somewhat dire news, Oregon's economic outlook looks promising as expected revenue growth seen this year has left Oregon with unprecedented balances this biennium, making more funds available for essential services and putting refunds in taxpayer's pockets, possibly spurring economic growth.

In that LCOG relies heavily on contracts from our member agencies, any economic growth can have positive results for LCOG revenue. As economic growth steadies so does the need for services. A continuous challenge for LCOG is to accurately project contracts for a future time period that is 18 months in advance of the fiscal year. Because of this, expenditures are managed carefully, and adjustments made as conditions require and any change in revenues must be matched by a change in expenditures.

Long-Range Planning and Major Initiatives

Long-Range Planning

A significant part of LCOG's annual budget process is dedicated to the development of a reasonable plan regarding revenue sources, operating expenditures, proposed new amenities and programs, staffing requirements, capital plans, and debt management plans for the upcoming fiscal year. A long-range financial plan is difficult given LCOG's funding is largely based on grants and contracts which emerge over time, so there is always greater variability in LCOG's budgeting process than may be present for local government units that rely upon a tax base. LCOG develops each fiscal year's budget carefully, knowing that a framework for a stable and sustainable financial plan is essential. These plans, which form the basis of budget requests and plans approved by LCOG Board, help to ensure consistent and predictable financial results over time.

LCOG's managers, under direction of the Executive Director and Finance Director and following strong financial policies, produce budgets and financial plans that focus predominantly on short-range financial performance. The Board of Directors has approved policies establishing appropriate levels of cash reserves for operations, capital replacement, and debt service. The Operating Contingency Account is required to be maintained at a minimum level of two months of operating costs consisting of personnel costs and the equivalent of one quarterly mortgage loan payment, including principal and interest. As of June 30, 2022, the Operating Contingency Account had a balance of \$311,418, per policy requirements. The Capital Contingency Account does not have a level established by policy, but as of June 30, 2022, had a balance of \$1,000,000. This combination of strong financial policies, disciplined short-term budget management, and long-term fiscal monitoring provide the necessary financial management and oversight that are key attributes of our ability to consistently balance our budget while striving to lower costs and rates and maintain the level of services our members and the residents of Lane County expect.

In addition, LCOG Senior and Disability Services is required by the State of Oregon Department of Human Services to develop an Area Plan on Aging and Disability Services. The Area Plan is a multi-year document, with annual updates, and helps create and maintain a service delivery system to meet the needs of older adults and adults with disabilities in Lane County. The Area Plan provides guidance for expenditures in the upcoming fiscal year and beyond.

LCOG is not alone in facing the challenges stemming from the global health crises, and continues to reinforce fiscal stewardship, operational efficiencies, strategic investments and effective change management. The overall economy and surrounding region have many economic trends which indicate that LCOG remains well positioned to adapt to ongoing changes while maintaining its high level of service to the region..

Awards and Acknowledgements

The Government Finance Officers Association (GFOA) has awarded LCOG with a Certificate of Achievement for Excellence in Financial Reporting for its ACFR for the fiscal year ended June 30, 2021. LCOG has received a Certificate of Achievement for the last five consecutive fiscal years, which are the only five years LCOG has been eligible to apply for the award. GFOA's Certificate of Achievement is a prestigious national award, recognizing conformance with the highest standards for preparation of state and local government annual comprehensive financial reports. To be awarded a Certificate of Achievement, a government unit must publish an easily readable and well organized ACFR that satisfies both generally accepted accounting principles in the United States of America and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. This year's financial report is intended to meet the Certificate of Achievement Program's requirements and will be submitted to GFOA for their consideration for another certificate award.

We express our sincere gratitude to all LCOG personnel who contributed to this financial report, especially those in the Fiscal Unit. We would also like to acknowledge the professional and technical assistance of the audit staff of Isler CPA. Finally, we would like to extend our appreciation to LCOG's Audit Committee, Executive Committee, and Board of Directors for their support and commitment.

Respectfully submitted,



BRENDALEE S. WILSON
Executive Director



KEINA WOLF
Fiscal and Budget Manager

Special acknowledgment goes to:

Laura Campbell, Administrative Coordinator

Stacey Cornelius, Financial Associate

Ashley Garcia, Fiscal Assistant

David Joyal, Senior Financial Analyst

Elena Kuhnhenh, Senior Financial Analyst

Stephanie Sheelar, Senior and Disabilities Services Division Director

Michael Wisth, Government Services Division Director



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Lane Council of Governments
Oregon**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

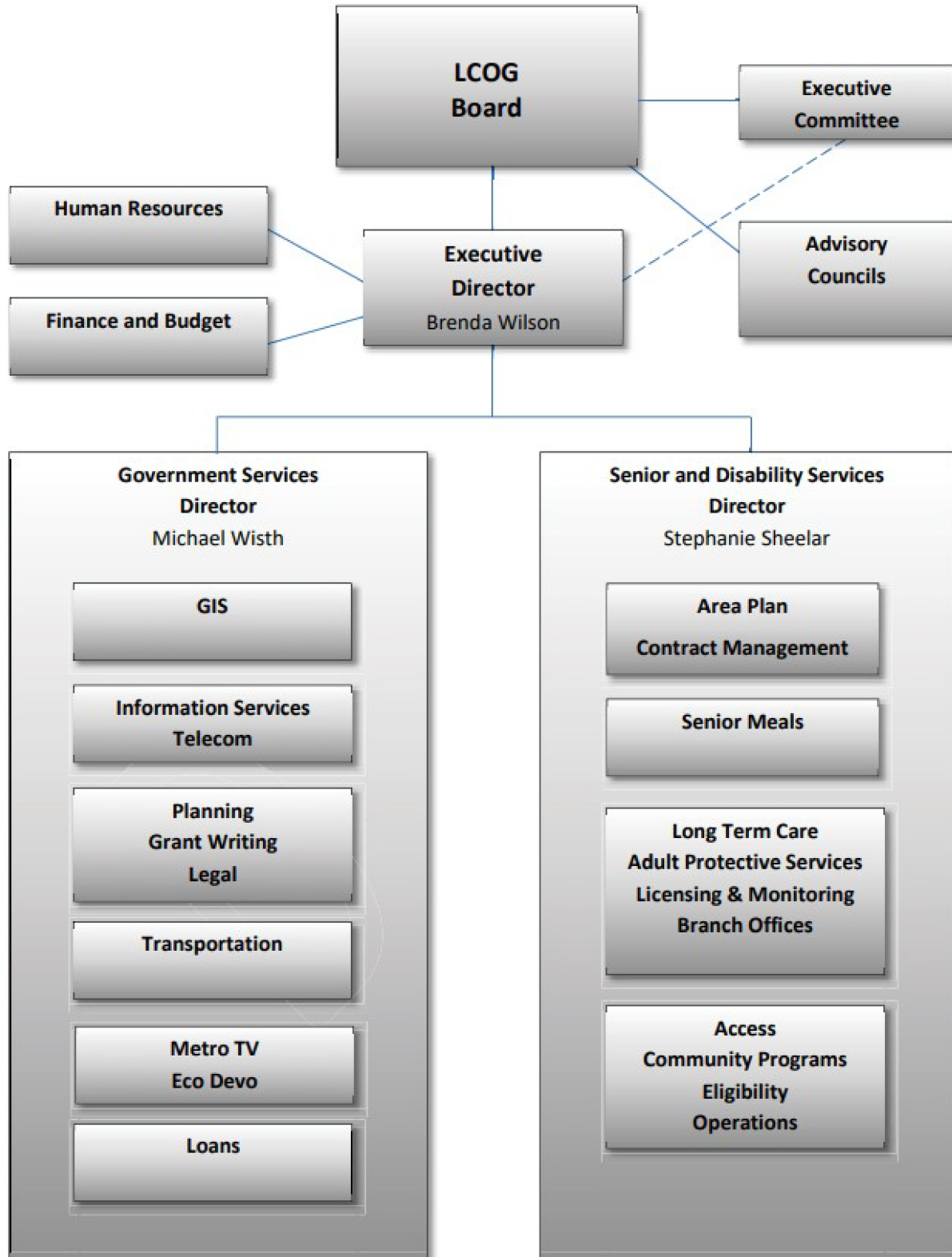
June 30, 2021

Christopher P. Morill

Executive Director/CEO

Lane Council of Governments Organizational Chart

June 30, 2022



FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT



To the Board of Directors
Lane Council of Governments
Lane County, Oregon

1976 Garden Ave.
Eugene, OR 97403
541.342.5161
www.islercpa.com

Opinion

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Lane Council of Governments (LCOG) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise LCOG's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of LCOG as of June 30, 2022 and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 LCOG, 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 opinion.

Responsibilities of Management for the Financial Statements

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

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 LCOG'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 generally accepted auditing standards and *Government Auditing Standards* 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 generally accepted auditing standards and Government Auditing Standards, 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 LCOG'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 LCOG'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 the Management's Discussion and Analysis, the Schedule of the Proportionate Share of Net Pension Liability, Schedule of Pension Contributions, Schedule of Changes in Total OPEB Liability and Related Ratios, and the Schedules of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual for the General Fund and the Grants and Contracts Fund (the "budgetary schedules"), as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

We have applied certain limited procedures to the Management's Discussion and Analysis, the Schedule of the Proportionate Share of Net Pension Liability, Schedule of Pension Contributions, and Schedule of Changes in Total OPEB Liability and Related Ratios, 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise LCOG's basic financial statements. The budgetary schedules described above are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The budgetary schedules have 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 financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the budgetary schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise LCOG's basic financial statements. The combining and individual nonmajor fund financial statements and budgetary comparison schedules, continuing disclosure section and schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are 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 supplementary information and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. 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, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 30, 2023 on our consideration of LCOG's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering LCOG's internal control over financial reporting and compliance.

Report on Other Legal and Regulatory Requirements

In accordance with the Minimum Standards of Audits of Oregon Municipal Corporations, we have issued our report dated January 30, 2023 on our consideration of LCOG's compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.

ISLER CPA



By: Gatlin Hawkins, CPA, a member of the firm
Eugene, Oregon
January 30, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS

Lane Council of Governments
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2022

The management of the Lane Council of Governments (LCOG) presents this narrative overview to facilitate both a short and a long-term analysis of the financial activities of LCOG for the fiscal year ended June 30, 2022. This Management's Discussion and Analysis (MD&A) is based on currently known facts, decisions, and conditions that existed as of the date of the independent auditor's report. Additional information outside the scope of this analysis can be found in the Letter of Transmittal.

FINANCIAL HIGHLIGHTS

The overall net position of LCOG as of June 30, 2022 is \$10,274,206, an increase of \$4,666,548 from last year, which includes a prior period adjustment. This increase is due to a combination of an increase in net position related to business-type activities (Proprietary Funds) of \$40,503 and an increase in governmental activities (General Fund and Special Revenue Funds) of \$4,626,045 (this includes deferred inflow and outflows of PERS pension and other post-employment benefits liability).

LCOG's total assets and deferred outflows of resources at June 30, 2022 increased \$12,832,221. The increase was largely due to a \$10,565,375 increase in other noncurrent assets.

LCOG's total liabilities and deferred inflows of resources at June 30, 2022 increased \$10,140,892. The increase is attributable to increases in liabilities and deferred inflows of \$12,527,814 resulting from the implementation of GASB 87, which establishes a single model for lease accounting based on the principle that leases are financings of the right to use an asset.

The restricted net position at June 30, 2022 is \$12,354,770, an increase of \$2,808,986 from the prior year. LCOG's unrestricted portion of net position is a negative \$13,284,658.

OVERVIEW OF THE FINANCIAL STATEMENTS

The basic financial statements are comprised of three components: 1) *government-wide financial statements*; 2) *fund financial statements*; and 3) *notes to the basic financial statements*.

Government –Wide Financial Statements

The first two financial statements that appear in the Annual Report are the *government-wide financial statements*. In addition to fund financial statements, reconciliations are also provided. These reconciliations highlight the relationship (differences) between governmental activities reported in the *Statement of Net Position* and the *Statement of Activities* to the governmental funds financial statements.

Government-wide financial statements present an overall picture of LCOG's financial position and results of operations. The government-wide financial statements are designed to provide readers with a broad overview of LCOG's financial performance in a manner similar to the financial reports provided to stockholders of private-sector companies in that both use accrual accounting and are designed to provide operational accountability. This means reporting the extent to which LCOG met its operating objectives.

Lane Council of Governments
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2022

Most of LCOG's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using modified accrual accounting, which emphasizes current assets and liabilities. Essentially the governmental fund statements provide a detailed short-term view of LCOG's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance LCOG programs and services.

Government-wide financial statements include the *Statement of Net Position* and *Statement of Activities*.

Government-wide financial statements distinguish between the activities of LCOG that are principally supported by grants or contracts, and the General Fund activities which are intended to be covered primarily by dues paid by LCOG's members. Changes in net position are a result of the financial activities of the General Fund and Special Revenue Funds which account for grants and contract funds.

The *Statement of Net Position* is the basic government-wide statement of financial position. It presents information on all assets and liabilities, deferred outflows of resources and deferred inflow of resources, with the difference reported as net position. The *Statement of Activities* presents information showing how LCOG's net position changed during the fiscal year. The statement is a full accrual statement, showing both cash basis and values that have been earned or incurred but not actualized by June 30, 2022. Changes to net position are reported when the underlying event giving rise to the transaction occurs, regardless of when cash is received or paid. Since it is not dependent on the timing of cash flows, some revenues and expenses that are reported in this statement will result in cash inflows and outflows in future fiscal years.

This *Statement of Net Position* presents the same information as a balance sheet. However it assesses the balance of LCOG's assets and the resources LCOG can use to operate and provide services against LCOG's liabilities – its obligation to turn over resources to others. It is what LCOG would have remaining after satisfying its liabilities. Over time (beyond year to year), increases or decreases in net position may serve as a useful indicator of whether the financial position of LCOG as a whole is improving or deteriorating.

In the *Statement of Net Position* and the *Statement of Activities*, LCOG is divided into two types of activities:

Governmental activities – Most of LCOG's services are reported here, including the Board, Government Services, and Senior and Disability Services. Federal, state and local grants and contracts finance most of these activities. A total of 66 managerial funds are consolidated into the three reporting funds: General Fund, Telecommunications Fund, and Grants and Contracts Fund.

Business-type activities – LCOG's business-type reporting funds are the Building Program for real property management, Loan Programs, Minutes Recorder services, and Economic Development services. Charges for service are the primary source of revenue for business-type activities.

Fund Financial Statements

Fund financial statements report on governmental funds and proprietary funds. The primary role of fund financial statements is fiscal accountability. This means demonstrating whether LCOG complied, in the short-term (usually a fiscal year), with the legal restrictions associated with its funding.

Lane Council of Governments
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2022

Governmental fund financial statements report the same activities as the government-wide financial statements but they use modified accrual accounting. Governmental fund financial statements focus on near-term annual inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year, rather than the longer-term focus of governmental activities as seen in the government-wide financial statements. Proprietary fund financial statements report the same as the government-wide financial statement, which both reflect the full accrual basis of accounting.

LCOG has three governmental reporting funds – the General Fund, Special Revenue Fund – Telecommunications and Special Revenue Fund – Grants and Contracts. The funds are used to account for the activities supported by member dues, administrative services, grants and contracts, and other similar types of revenue sources. In addition, LCOG has two major proprietary reporting funds, the Park Place Building and Loan Programs funds. LCOG has two non-major proprietary funds, the Minutes Recorder and Economic Development funds. These proprietary funds account for the activities supported by service charges, fees, and rental income.

Fund Financial Statements include:

Governmental Funds:

- Balance Sheet – Governmental Funds;
- Reconciliation of the Balance Sheet – Governmental Funds to the Statement of Net Position;
- Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds;
- Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds to the Statement of Activities.

The governmental funds balance sheet and the governmental funds statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate the comparison of the governmental funds to the government-wide statements. A comparison will provide a better understanding of the near-term and long-term impact on LCOG's financial decisions. Such information may be useful in assessing a government's near-term financing requirements. The reconciliations are reported in the basic financial statements.

Proprietary Funds:

- Statement of Net Position – Proprietary Funds;
- Statement of Revenues, Expenditures, and Changes in Net Position – Proprietary Funds;
- Statement of Cash Flows- Proprietary Funds.

Notes to the Basic Financial Statements

The notes to the Basic Financial Statements provide additional information that is essential for a full understanding of the data provided in the government-wide financial statements and the fund financial statements. The notes can be found in the Basic Financial Statements section of this report.

Lane Council of Governments
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2022

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Statement of Net Position

Net position may serve over time as a useful indicator of a LCOG's financial health. LCOG's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$10,274,206 at the close of the fiscal year ending June 30, 2022, an increase of \$2,691,329.

Below is the summary information for the *Statement of Net Position*:

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Assets						
Current assets	\$ 18,774,351	\$ 14,507,896	\$ 3,987,579	\$ 3,336,648	\$ 22,761,930	\$ 17,844,544
Interfund advances	-	43,166	-	(43,166)	-	-
Capital assets, net	9,737,474	10,834,785	5,559,104	5,926,046	15,296,578	16,760,831
Other noncurrent assets	<u>8,511,126</u>	<u>-</u>	<u>4,726,812</u>	<u>2,672,563</u>	<u>13,237,938</u>	<u>2,672,563</u>
Total assets	37,022,951	25,385,847	14,273,495	11,892,091	51,296,446	37,277,938
Deferred outflows	<u>9,207,557</u>	<u>10,393,844</u>	<u>-</u>	<u>-</u>	<u>9,207,557</u>	<u>10,393,844</u>
Total assets and deferred outflows	<u>46,230,508</u>	<u>35,779,691</u>	<u>14,273,495</u>	<u>11,892,091</u>	<u>60,504,003</u>	<u>47,671,782</u>
Liabilities						
Current liabilities	5,657,451	4,975,249	331,574	338,783	5,989,025	5,314,032
Long-term liabilities	<u>23,762,555</u>	<u>28,119,586</u>	<u>4,947,880</u>	<u>5,204,952</u>	<u>28,710,435</u>	<u>33,324,538</u>
Total liabilities	29,420,006	33,094,835	5,279,454	5,543,735	34,699,460	38,638,570
Deferred inflows	<u>13,002,983</u>	<u>1,450,335</u>	<u>2,527,354</u>	<u>-</u>	<u>15,530,337</u>	<u>1,450,335</u>
Total liabilities and deferred inflows	<u>42,422,989</u>	<u>34,545,170</u>	<u>7,806,808</u>	<u>5,543,735</u>	<u>50,229,797</u>	<u>40,088,905</u>
Net position						
Invested in capital assets	9,737,474	10,834,785	1,466,620	1,693,953	11,204,094	12,528,738
Restricted	12,354,770	9,545,784	-	-	12,354,770	9,545,784
Unrestricted	<u>(18,284,725)</u>	<u>(19,146,048)</u>	<u>5,000,067</u>	<u>4,654,403</u>	<u>(13,284,658)</u>	<u>(14,491,645)</u>
Total net position	<u>\$ 3,807,519</u>	<u>\$ 1,234,521</u>	<u>\$ 6,466,687</u>	<u>\$ 6,348,356</u>	<u>\$ 10,274,206</u>	<u>\$ 7,582,877</u>

The largest portion of LCOG's net position, \$11,204,094, is its investment in capital assets. LCOG's investment in capital assets is reported net of related debt. Capital assets do not represent readily available resources to be used for ongoing operations or to liquidate existing liabilities.

The remaining portion of LCOG's net position consists of restricted and unrestricted resources. The restricted portion of LCOG's net position is \$12,354,770 which represents resources that are subject to external restrictions as to how they may be used. This category increased \$2,808,986 in the fiscal year ending June 30, 2022. LCOG's unrestricted portion of net position is a negative \$13,284,658.

Lane Council of Governments
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2022

Statement of Activities

The *Statement of Activities* presents the same financial ending position as the *Statement of Net Position*: \$10,274,206 at June 30, 2022, which is an increase in net position of \$4,666,548 from the prior year. As noted in the table, most of LCOG's funding comes from operating grants and contributions. The balance of funding comes from local grants, contracts and other sources. Total revenues in 2022 were \$43,495,401, an increase from 2021 of \$5,821,365.

Total expenses increased from prior year by \$5,568. Of the net total decrease in operating expenses, a decrease of \$54,123 was in Governmental activities and an increase of \$48,555 was in Business - Type activities.

Below is the summary information for the *Statement of Activities*:

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Revenues						
Program revenues						
Charges for services	\$ 8,525,059	\$ 7,910,337	\$ -	\$ -	\$ 8,525,059	\$ 7,910,337
Operating grants and contributions	33,303,886	27,735,499	250,000	515,000	33,553,886	28,250,499
Park Place Building	-	-	783,657	954,050	783,657	954,050
Loan program	-	-	192,846	209,752	192,846	209,752
Minutes recording	-	-	56,344	77,126	56,344	77,126
Economic development	-	-	32,500	30,048	32,500	30,048
General revenues						
Unrestricted investment earnings	1,229	4,264	128,235	4,983	129,464	9,247
Member dues	221,645	232,977	-	-	221,645	232,977
Total revenues	<u>42,051,819</u>	<u>35,883,077</u>	<u>1,443,582</u>	<u>1,790,959</u>	<u>43,495,401</u>	<u>37,674,036</u>
Expenses						
Board/executive services	1,360,806	670,263	-	-	1,360,806	670,263
Governmental services	8,379,929	8,485,363	-	-	8,379,929	8,485,363
Senior and disability Services	27,717,830	28,357,062	-	-	27,717,830	28,357,062
Park Place Building	-	-	1,035,265	1,034,467	1,035,265	1,034,467
Loan program	-	-	279,504	224,392	279,504	224,392
Minutes recording	-	-	39,930	49,886	39,930	49,886
Economic development	-	-	15,589	12,988	15,589	12,988
Total expenses	<u>37,458,565</u>	<u>37,512,688</u>	<u>1,370,288</u>	<u>1,321,733</u>	<u>38,828,853</u>	<u>38,834,421</u>
Excess (deficiency) of revenues over (under) expenses	4,593,254	(1,629,611)	73,294	469,226	4,666,548	(1,160,385)
Transfers						
Transfers	32,791	31,040	(32,791)	(31,040)	-	-
Change in net position	4,626,045	(1,598,571)	40,503	438,186	4,666,548	(1,160,385)
Net position, July 1	1,234,521	2,833,092	6,348,356	5,910,170	7,582,877	8,743,262
Prior period adjustment	(2,053,047)	-	77,828	-	(1,975,219)	-
Net position, June 30	<u>\$ 3,807,519</u>	<u>\$ 1,234,521</u>	<u>\$ 6,466,687</u>	<u>\$ 6,348,356</u>	<u>\$ 10,274,206</u>	<u>\$ 7,582,877</u>

Lane Council of Governments
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2022

Operating grants and contributions were \$33,303,886 in FY22, an increase of \$5,568,387 compared to FY21. This increase was primarily due to increased Medicaid funding for additional FTE, and additional federal funding which is to be distributed to other member agencies. The distribution of a portion of this federal funding is also seen in the increase of Board/Executive services expense which increased \$690,543 in FY22 to \$1,360,806. Senior and Disability Services expense decreased slightly from \$28,357,062 in FY21 to \$27,717,830 in FY22. This decrease of \$639,232 is due to higher than anticipated staff turnover and challenges in hiring new employees.

FUND FINANCIAL STATEMENT ANALYSIS

As previously discussed, LCOG uses fund accounting to demonstrate transparency and ensure compliance with finance related legal requirements.

Funds have been established by LCOG to account for revenues that are restricted to certain uses, comply with legal requirements, or account for the use of federal and state grants. As noted earlier, LCOG uses fund accounting to ensure and demonstrate compliance with financial-related legal requirements. Fund financial statements are provided for the governmental funds (General Fund, Telecommunications Fund, and Grant and Contracts Funds) and for the proprietary funds (Park Place Building, Loan Programs, Economic Development and Minutes Recording Services).

Fund financial statements track the flow of resources in and out of the funds. In addition to revenues and expenditures, "other financing sources or uses" are also noted. Other sources and uses are shown separate from revenue and expenditures to facilitate assessing the balance between ongoing revenues and expenditures related to the basic operations of LCOG. Bottom line is the net change in fund balance or net position - revenues minus expenditures and plus or minus "other financing sources or uses."

The focus of LCOG's governmental funds is to provide information on near term inflows, outflows, and balances of spendable resources. Such information is useful in assessing LCOG's requirements for funding day to day operations. Significant issues regarding the governmental funds are listed below.

As of the end of the fiscal year, LCOG's governmental funds reported a combined ending fund balance of \$14,345,942, an increase of \$3,719,931 in comparison to the prior year. \$330,280 of the fund balance is nonspendable because it consists of prepaid expenditures and advances to other funds, \$12,354,770 of the fund balance is restricted by external limits on how the resources may be used, and \$1,660,892 is available for use without restrictions.

The General Fund reported an ending fund balance of \$1,671,494, with revenues in excess of expenditures of \$823,061. The General Fund change in fund balance was an increase of \$823,061, due primarily to revenues from local sources being more than expected.

What follows is detail to the fund analysis.

Lane Council of Governments
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2022

General Fund

LCOG relies primarily upon grants and contracts for its funding, therefore, there is more pressure to ensure a positive balance remaining in the General Fund in that the General Fund is the source services will look to for any required financial support. LCOG continues to improve on forecasting and projecting costs and to plan for anticipated changes to our services that will affect LCOG's financial stability. The General Fund change in fund balance was an increase of \$823,061, due primarily to revenues from local sources being more than expected while maintaining existing levels of expenditures.

Special Revenue Fund - Grants and Contract Services

Two material service areas combine on the statement:

Special Revenue Fund - Grants and Contracts Services accounts for programs or activities funded by federal, state or local grants and contracts.

Government Services - Planning, Transportation, Telecommunication, and Administration; and Senior and Disability Services and Administration.

Enterprise Fund

The major enterprise funds are Park Place Building and Loan Programs. Park Place Building is funded primarily by rental income and Loan Programs or activities are funded by business loans through repayment of principal and interest and loan contracts. Non-major enterprise funds consist of Economic Development and Minutes Recorder Services, which are both funded by fees for service. These various proprietary accounts are presented in the enterprise fund statement.

Enterprise Fund - Park Place Building

The Park Place Building Fund had a decrease in net position during the fiscal year of \$135,739 as a result of a decrease in capital assets.

Enterprise Fund - Loan Programs

Loan Programs had an increase in net position of \$178,891 due to the addition of EDA-3 funds received as a result of the CARES Act.

Lane Council of Governments
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2022

CAPITAL ASSETS

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>		<u>Increase</u>
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>(Decrease)</u>
Land & land improvements	\$ -	\$ -	\$ 436,200	\$ 436,200	\$ 436,200	\$ 436,200	\$ -
CIP	-	-	-	-	-	-	-
Building	-	-	3,818,796	3,966,769	3,818,796	3,966,769	(147,973)
Furniture and equipment	2,758,105	2,851,771	-	-	2,758,105	2,851,771	(93,666)
Building improvements	28,746	33,000	1,304,108	1,523,077	1,332,854	1,556,077	(223,223)
Fiber optics	6,798,086	7,321,016	-	-	6,798,086	7,321,016	(522,930)
Software and intangibles	-	24,658	-	-	-	24,658	(24,658)
Vehicles	152,537	-	-	-	152,537	-	152,537
Capital assets, net	<u>\$ 9,737,474</u>	<u>\$ 10,230,445</u>	<u>\$ 5,559,104</u>	<u>\$ 5,926,046</u>	<u>\$ 15,296,578</u>	<u>\$ 16,156,491</u>	<u>\$ (859,913)</u>

Total investment in capital assets at June 30, 2022, net of accumulated depreciation and amortization, was \$15,296,578, a decrease of \$859,913 from the prior year. An decrease in book value of approximately \$492,971 for governmental activities and a decrease of \$366,942 for business activities is the effect of accumulated depreciation on the assets. There were new capital additions of \$280,006 for the year ending June 30, 2022. For more detailed information, please see *Note 5* in the accompanying *Notes to the Financial Statements* of this report.

DEBT SERVICE

LCOG's outstanding debt continues to decline and there were no new debt incurrences during FY22. LCOG does not issue debt and as a result does not have a credit rating. In the last five years, 2018 to 2022, LCOG has reduced the number of outstanding building loans from seven to one and paid off one of six USDA business loans. For more detailed information, see *Note 6* in the accompanying *Notes to the Financial Statements* of this report.

BUDGETARY HIGHLIGHTS

Pursuant to the Oregon Revised Statutes 294.900 to 294.930, LCOG is required to follow certain procedures related to the adoption of a budget. The FY22 Budget was adopted on June 24, 2021, at \$55,757,067. On April 28, 2022, the Board approved the FY22 Revised Budget at \$66,277,379, an increase of \$10,520,312.

The increase is primarily due to increased transportation funding, higher than anticipated FY21 Medicaid carry forward, increased FY22 Medicaid funding, and federal emergency funding from the American Rescue Plan (ARP). The Beginning Reserve revenues are increased by a net \$2,068,961, to reflect actuals being greater than what we projected the beginning balance would be in the FY22 adopted budget.

Lane Council of Governments
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2022

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

A large percentage of revenues LCOG receives is from grants or contracts with matching requirements as federal or state contracts increase or decrease or as multi-year projects are completed. A continuous challenge for LCOG is to accurately project grants and contracts for a future time period that is 18 months in advance of the fiscal year. An adequate staffing pattern and expenditure forecast must match the projected revenues. State government continues to be our largest funding source. Federal funds flowing through the state are secure from annual state budget challenges, in that they are segregated from other state funding sources.

The LCOG FY23 Proposed Budget is developed strategically, using the best information available beginning with Budget Assumptions adopted by the LCOG Board in December of each year. Combined with known and expected revenues, a Work Program is created with a goal of keeping costs down, stabilizing rates, and providing outstanding services to the region. The FY23 Adopted Budget reflects an overall increase in revenues of 32.4% or \$18,040,252 more than the FY22 Adopted Budget.

REQUESTS FOR INFORMATION

This financial report is designed to provide the reader with a general overview of Lane Council of Governments' finances and to demonstrate LCOG's accountability for the resources it receives. If you have any questions about this report or need additional financial information, inquiries should be directed to:

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Eugene, Oregon 97401
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BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

- Statement of Net Position
- Statement of Activities

Lane Council of Governments
Statement of Net Position
June 30, 2022

	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets:			
Cash and investments	\$ 15,162,131	\$ 3,428,064	\$ 18,590,195
Accounts receivable	3,279,982	61,353	3,341,335
Current maturities of loans receivable	-	297,164	297,164
Accrued interest receivable	-	10,102	10,102
Leases receivable	-	189,864	189,864
Other current assets	1,957	-	1,957
Prepaid expense	<u>330,281</u>	<u>1,032</u>	<u>331,313</u>
Total current assets	18,774,351	3,987,579	22,761,930
Noncurrent assets:			
Leases receivable	-	2,486,812	2,486,812
Right-to-use leased assets, net of accumulated amortization	8,511,126	-	8,511,126
Loans receivable, net of current maturities and allowance	-	2,240,000	2,240,000
Capital assets, not being depreciated	-	436,200	436,200
Capital assets, net of accumulated depreciation	<u>9,737,474</u>	<u>5,122,904</u>	<u>14,860,378</u>
Total noncurrent assets	<u>18,248,600</u>	<u>10,285,916</u>	<u>28,534,516</u>
Total assets	37,022,951	14,273,495	51,296,446
DEFERRED OUTFLOWS			
OPEB related deferrals	71,181	-	71,181
Pension related deferrals	<u>9,136,376</u>	<u>-</u>	<u>9,136,376</u>
Total deferred outflows	<u>9,207,557</u>	<u>-</u>	<u>9,207,557</u>
Total assets and deferred outflows	46,230,508	14,273,495	60,504,003

Continued on next page

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

Lane Council of Governments
Statement of Net Position, continued

June 30, 2022

	Governmental Activities	Business-type Activities	Total
LIABILITIES			
Current liabilities:			
Accounts payable	1,940,603	46,426	1,987,029
Intergovernmental payable	3,312	-	3,312
Accrued payroll and related liabilities	2,198,089	9,180	2,207,269
Accrued interest payable	-	18,896	18,896
Unearned revenue	286,403	-	286,403
Leases payable	179,981	-	179,981
Compensated absences	1,049,063	-	1,049,063
Current maturities of loans payable	-	257,072	257,072
Total current liabilities	5,657,451	331,574	5,989,025
Noncurrent liabilities:			
Proportionate share of net pension liability	13,196,350	-	13,196,350
Leases payable	10,000,460	-	10,000,460
Compensated absences	116,563	-	116,563
Other post-employment benefits	449,182	-	449,182
Long-term debt, net of current maturities	-	4,911,818	4,911,818
Security deposits	-	36,062	36,062
Total noncurrent liabilities	23,762,555	4,947,880	28,710,435
Total liabilities	29,420,006	5,279,454	34,699,460
DEFERRED INFLOWS			
Lease related deferrals	-	2,527,354	2,527,354
OPEB related deferrals	16,936	-	16,936
Pension related deferrals	12,986,047	-	12,986,047
Total deferred inflows	13,002,983	2,527,354	15,530,337
Total liabilities and deferred inflows	42,422,989	7,806,808	50,229,797
NET POSITION			
Net Investment in capital assets	9,737,474	1,466,620	11,204,094
Restricted for:			
Grants and Contracts	12,354,770	-	12,354,770
Unrestricted	(18,284,725)	5,000,067	(13,284,658)
Total net position	\$ 3,807,519	\$ 6,466,687	\$ 10,274,206

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

Lane Council of Governments
Statement of Activities
For the year ended June 30, 2022

		Program Revenues		Net Revenue (Expense) and Change in Net Assets		
		Charges for	Operating Grants and	Governmental	Business-type	Total
	Expenses	Services	Contributions	Activities	Activities	
Governmental activities:						
Board/executive	\$ 1,360,806	\$ 2,320,424	\$ -	\$ 959,618	\$ -	\$ 959,618
Government Services	8,379,929	4,761,494	927,619	(2,690,816)	-	(2,690,816)
Senior and Disability Service	27,717,830	1,443,141	32,376,267	6,101,578	-	6,101,578
Total governmental activities	<u>37,458,565</u>	<u>8,525,059</u>	<u>33,303,886</u>	<u>4,370,380</u>	<u>-</u>	<u>4,370,380</u>
Business-type activities:						
Park Place Building	1,035,265	783,657	-	-	(251,608)	(251,608)
Loan program	279,504	192,846	250,000	-	163,342	163,342
Minutes recording	39,930	56,344	-	-	16,414	16,414
Economic Development	15,589	32,500	-	-	16,911	16,911
Total business-type activities	<u>1,370,288</u>	<u>1,065,347</u>	<u>250,000</u>	<u>-</u>	<u>(54,941)</u>	<u>(54,941)</u>
Total activities	<u>\$ 38,828,853</u>	<u>\$ 9,590,406</u>	<u>\$ 33,553,886</u>	4,370,380	(54,941)	4,315,439
General revenues (expenses) and transfers:						
Unrestricted investment and interest earnings				1,229	128,235	129,464
Member dues				221,645	-	221,645
Transfers				<u>32,791</u>	<u>(32,791)</u>	<u>-</u>
Total general revenues and transfers				<u>255,665</u>	<u>95,444</u>	<u>351,109</u>
Change in net position				4,626,045	40,503	4,666,548
Net position, beginning of year				1,234,521	6,348,356	7,582,877
Prior Period Adjustment				<u>(2,053,047)</u>	<u>77,828</u>	<u>(1,975,219)</u>
Net position, end of year				<u>\$ 3,807,519</u>	<u>\$ 6,466,687</u>	<u>\$ 10,274,206</u>

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

FUND FINANCIAL STATEMENTS

Governmental Funds

- Balance Sheet- Governmental Funds
- Reconciliation of the Balance Sheet- Governmental Funds to the Statement of Net Position
- Statement of Revenues, Expenditures, and Changes in Fund Balances- Governmental Funds
- Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances- Governmental Funds to the Statement of Activities

Proprietary Funds

- Statement of Net Position- Proprietary Funds
- Statement of Revenues, Expenses, and Changes in Net Position- Proprietary Funds
- Statement of Cash Flows- Proprietary Funds

Lane Council of Governments
Balance Sheet
Governmental Funds
June 30, 2022

	<u>General Fund</u>	<u>Grants and Contracts</u>	<u>Total Governmental Funds</u>
ASSETS			
Cash and investments	\$ 3,020,854	\$ 12,141,275	\$ 15,162,129
Prepaid expenditures	10,602	319,678	330,280
Accounts receivable	74,499	3,205,483	3,279,982
Other current assets	667	1,290	1,957
Due from other funds	<u>180,968</u>	<u>-</u>	<u>180,968</u>
Total assets	<u>\$ 3,287,590</u>	<u>\$ 15,667,726</u>	<u>\$ 18,955,316</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Due to other funds	\$ -	\$ 180,968	\$ 180,968
Accounts payable	148,891	1,791,711	1,940,602
Intergovernmental payable	-	3,312	3,312
Accrued payroll and related liabilities	1,240,046	958,043	2,198,089
Unearned revenue	<u>227,159</u>	<u>59,244</u>	<u>286,403</u>
Total liabilities	1,616,096	2,993,278	4,609,374
Fund balances:			
Nonspendable	10,602	319,678	330,280
Restricted to:			
Grants and contracts	-	12,354,770	12,354,770
Unassigned	<u>1,660,892</u>	<u>-</u>	<u>1,660,892</u>
Total fund balances	<u>1,671,494</u>	<u>12,674,448</u>	<u>14,345,942</u>
Total liabilities and fund balances	<u>\$ 3,287,590</u>	<u>\$ 15,667,726</u>	<u>\$ 18,955,316</u>

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

Lane Council of Governments
Reconciliation of the Balance Sheet
Governmental Funds to the Statement of Net Position
June 30, 2022

Total fund balances - governmental funds		\$ 14,345,942
Capital assets used in governmental funds are not financial resources and therefore are not reported in the governmental funds		
Cost	15,492,740	
Accumulated Depreciation	<u>(5,755,266)</u>	9,737,474
The right-to-use leased assets used in governmental funds are not financial resources and therefore are not reported in the governmental funds		
Right-to-use leased assets	10,917,627	
Accumulated Amortization	<u>(2,406,501)</u>	8,511,126
Certain liabilities are not due and payable in the current period, and therefore are not reported in the governmental funds		
Compensated absences	(1,165,626)	
Leases payable	<u>(10,180,441)</u>	(11,346,067)
The Net Pension Asset (Liability), and related deferred inflows and outflows is the difference between the total pension liability and assets set aside to pay benefits earned to past and current employees and beneficiaries		
Proportionate share of Net Pension Asset (Liability)	(13,196,350)	
Deferred Outflows - Pension	9,136,378	
Deferred Inflows - Pension	<u>(12,986,047)</u>	(17,046,019)
The Net Other Post Employment Benefits (OPEB) Liability, and related deferred inflows and outflows is the difference between the total OPEB liability and assets set aside to pay benefits earned to past and current employees and beneficiaries		
Net OPEB liability	(449,182)	
Deferred Outflows - OPEB	71,181	
Deferred Inflows - OPEB	<u>(16,936)</u>	<u>(394,937)</u>
Net position of governmental activities		\$ <u><u>3,807,519</u></u>

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

Lane Council of Governments
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the year ended June 30, 2022

	<u>General Fund</u>	<u>Grants and Contracts</u>	<u>Total Governmental Funds</u>
Revenues			
Member agency dues	\$ 221,645	\$ -	\$ 221,645
Federal and state grants and contracts	-	33,303,886	33,303,886
Other local sources	2,141,341	6,204,842	8,346,183
Rental and In-Kind Income	<u>-</u>	<u>180,106</u>	<u>180,106</u>
Total revenues	2,362,986	39,688,834	42,051,820
Expenditures			
Current			
Board/executive services	1,511,650	-	1,511,650
Government services	-	7,945,585	7,945,585
Senior and disability services	-	28,689,407	28,689,407
Capital outlay	<u>-</u>	<u>218,037</u>	<u>218,037</u>
Total expenditures	<u>1,511,650</u>	<u>36,853,029</u>	<u>38,364,679</u>
Revenues over (under) expenditures	851,336	2,835,805	3,687,141
Other financing sources (uses)			
Transfers In	30,000	61,065	91,065
Transfers Out	<u>(58,275)</u>	<u>-</u>	<u>(58,275)</u>
Total other financing sources (uses)	(28,275)	61,065	32,790
Net change in fund balances	823,061	2,896,870	3,719,931
Fund balances, beginning of year	<u>848,433</u>	<u>9,777,578</u>	<u>10,626,011</u>
Fund balances, end of year	\$ <u><u>1,671,494</u></u>	\$ <u><u>12,674,448</u></u>	\$ <u><u>14,345,942</u></u>

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

Lane Council of Governments
Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances
Governmental Funds to the Statement of Activities
For the year ended June 30, 2022

Net change in fund balances - governmental funds, including prior period adjustments	\$	3,719,931
Governmental funds report capital outlays as expenditures; in the statement of activities the cost of those assets is allocated over their estimated useful lives as depreciation expense:		
Capital asset additions	274,758	
Current year depreciation	<u>(767,727)</u>	(492,969)
Governmental funds report payments on leases as expenditures; in the statement of activities the cost of those leases is allocated over the life of the lease as amortization expense:		(220,611)
Pension expense and the changes in deferred inflows and outflows related to the net pension liability represents the changes in net pension asset (liability) from year to year due to changes in total pension liability and the fair value of pension plan net position available to pay pension benefits		1,607,239
Other Post Employment Benefit (OPEB) expense and the changes in deferred inflows and outflows related to the net OPEB liability represents the changes in net OPEB liability from year to year due to changes in total OPEB liability and the fair value of OPEB plan net position available to pay OPEB benefits		11,191
Some expenses do not require the use of current financial resources and therefore are not reported as expenditure in the governmental funds.		
Compensated absences		<u>1,264</u>
Change in net position of government activities (including prior period adjustments)	\$	<u><u>4,626,045</u></u>

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

Lane Council of Governments
Statement of Net Position
Proprietary Funds
June 30, 2022

	Park Place Building	Loan Programs	Total Nonmajor Funds	Total
ASSETS				
Current assets:				
Cash and investments	\$ 773,395	\$ 2,621,930	\$ 32,739	\$ 3,428,064
Accounts receivable	-	12,918	48,435	61,353
Current maturities of loans receivable	-	297,164	-	297,164
Accrued interest receivable	-	10,102	-	10,102
Leases receivable	189,864	-	-	189,864
Prepaid expense	<u>37</u>	<u>966</u>	<u>29</u>	<u>1,032</u>
Total current assets	963,296	2,943,080	81,203	3,987,579
Noncurrent assets				
Leases receivable	2,486,812	-	-	2,486,812
Loans receivable, net of current maturities and allowance	-	2,240,000	-	2,240,000
Capital assets, not being depreciated	436,200	-	-	436,200
Capital assets, net of accumulated depreciation	<u>5,122,904</u>	<u>-</u>	<u>-</u>	<u>5,122,904</u>
Total noncurrent assets	<u>8,045,916</u>	<u>2,240,000</u>	<u>-</u>	<u>10,285,916</u>
Total assets	9,009,212	5,183,080	81,203	14,273,495
LIABILITIES				
Current liabilities				
Accounts payable	5	13,145	33,276	46,426
Accrued payroll and related liabilities	248	8,686	246	9,180
Accrued interest payable	14,296	4,600	-	18,896
Unearned revenue	-	-	-	-
Current maturities of loans payable	<u>145,659</u>	<u>111,413</u>	<u>-</u>	<u>257,072</u>
Total current liabilities	160,208	137,844	33,522	331,574
Noncurrent liabilities				
Long-term debt, net of current maturities	3,946,825	964,993	-	4,911,818
Security deposits	<u>36,062</u>	<u>-</u>	<u>-</u>	<u>36,062</u>
Total noncurrent liabilities	<u>3,982,887</u>	<u>964,993</u>	<u>-</u>	<u>4,947,880</u>
Total liabilities	4,143,095	1,102,837	33,522	5,279,454
DEFERRED INFLOWS OF RESOURCES				
Lease related deferrals	<u>2,527,354</u>	<u>-</u>	<u>-</u>	<u>2,527,354</u>
NET POSITION (DEFICIT)				
Net investment in capital assets	1,466,620	-	-	1,466,620
Unrestricted	<u>872,143</u>	<u>4,080,243</u>	<u>47,681</u>	<u>5,000,067</u>
Total net position (deficit)	<u>\$ 2,338,763</u>	<u>\$ 4,080,243</u>	<u>\$ 47,681</u>	<u>\$ 6,466,687</u>

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

Lane Council of Governments
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the year ended June 30, 2022

	<u>Park Place</u>	<u>Loan Programs</u>	<u>Total Nonmajor Funds</u>	<u>Total</u>
Operating revenues				
Charges for services and rent	\$ 783,657	\$ 192,846	\$ 88,844	\$ 1,065,347
Interest income	<u>117,482</u>	<u>10,649</u>	<u>-</u>	<u>128,131</u>
Total operating revenues	901,139	203,495	88,844	1,193,478
Operating expenses:				
Personal services	2,971	162,792	14,662	180,425
Materials and services	483,615	105,604	40,857	630,076
Depreciation	<u>372,192</u>	<u>-</u>	<u>-</u>	<u>372,192</u>
Total operating expenses	<u>858,778</u>	<u>268,396</u>	<u>55,519</u>	<u>1,182,693</u>
Operating income	42,361	(64,901)	33,325	10,785
Nonoperating revenues (expenses)				
Federal and state grants and contracts	-	250,000	-	250,000
Interest income	104	-	-	104
Interest expense	<u>(176,487)</u>	<u>(11,108)</u>	<u>-</u>	<u>(187,595)</u>
Total nonoperating revenues (expenses)	<u>(176,383)</u>	<u>238,892</u>	<u>-</u>	<u>62,509</u>
Income (loss) before transfers	(134,022)	173,991	33,325	73,294
Transfers in	-	4,900	-	4,900
Transfers out	<u>(1,717)</u>	<u>-</u>	<u>(35,974)</u>	<u>(37,691)</u>
Total transfers	<u>(1,717)</u>	<u>4,900</u>	<u>(35,974)</u>	<u>(32,791)</u>
Change in net position	(135,739)	178,891	(2,649)	40,503
Net position, beginning of year	2,396,674	3,901,352	50,330	6,348,356
Prior period adjustment	<u>77,828</u>	<u>-</u>	<u>-</u>	<u>77,828</u>
Net position, end of year	<u>\$ 2,338,763</u>	<u>\$ 4,080,243</u>	<u>\$ 47,681</u>	<u>\$ 6,466,687</u>

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

Lane Council of Governments
Statement of Cash Flows
Proprietary Funds
For the year ended June 30, 2022

	<u>Park Place</u>	<u>Loan Programs</u>	<u>Total Nonmajor Funds</u>	<u>Total</u>
Cash flows from operating activities:				
Cash received from customers	\$ 829,645	\$ 617,033	\$ 114,900	\$ 1,561,578
Cash paid to suppliers	(527,099)	(98,630)	(61,401)	(687,130)
Cash paid to employees	<u>(3,075)</u>	<u>(162,594)</u>	<u>(14,661)</u>	<u>(180,330)</u>
Net cash provided by operating activities	<u>299,471</u>	<u>355,809</u>	<u>38,838</u>	<u>694,118</u>
Cash flows from noncapital financing activities:				
Federal grants received	-	250,000	-	250,000
Transfers	<u>(1,717)</u>	<u>4,900</u>	<u>(35,974)</u>	<u>(32,791)</u>
Net cash provided by non-capital financing activities	<u>(1,717)</u>	<u>254,900</u>	<u>(35,974)</u>	<u>217,209</u>
Cash flows from capital and related financing activities:				
Capital assets construction/acquisition	(5,250)	-	-	(5,250)
Principal paid on bank loans	(139,609)	(110,310)	-	(249,919)
Interest paid on bank loans	(176,974)	(11,862)	-	(188,836)
Net cash used by capital and related financing activities	<u>(321,833)</u>	<u>(122,172)</u>	<u>-</u>	<u>(444,005)</u>
Cash flows from investing activities:				
Interest on investments	<u>104</u>	<u>-</u>	<u>-</u>	<u>104</u>
Net cash provided (used) by investing activities	<u>104</u>	<u>-</u>	<u>-</u>	<u>104</u>
Net increase (decrease) in cash and cash equivalents	(23,975)	488,537	2,864	467,426
Cash and cash equivalents, beginning of year	<u>797,370</u>	<u>2,133,393</u>	<u>29,875</u>	<u>2,960,638</u>
Cash and cash equivalents, end of year	<u>\$ 773,395</u>	<u>\$ 2,621,930</u>	<u>\$ 32,739</u>	<u>\$ 3,428,064</u>
Reconciliation of operating income to net cash provided (used) by operating activities:				
Operating income	\$ 42,361	\$ (64,901)	\$ 33,325	\$ 10,785
Depreciation	372,192	-	-	372,192
(Increase) decrease in:				
Accounts receivable	-	(4,454)	26,056	21,602
Leases receivable	(427,367)	-	-	(427,367)
Loans receivable	-	415,326	-	415,326
Prepaid expense	-	-	(1)	(1)
Interest receivable	-	2,666	-	2,666
Increase (decrease) in:				
Unearned revenue	-	-	(24,375)	(24,375)
Lease related deferrals	355,873	-	-	355,873
Due to other funds	(43,166)	-	(671)	(43,837)
Accounts payable	(318)	6,974	4,503	11,159
Accrued payroll and related liabilities	<u>(104)</u>	<u>198</u>	<u>1</u>	<u>95</u>
Net cash provided (used) by operating activities	<u>\$ 299,471</u>	<u>\$ 355,809</u>	<u>\$ 38,838</u>	<u>\$ 694,118</u>

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

NOTES TO THE FINANCIAL STATEMENTS

Notes consist of a summary of significant accounting policies and all additional information necessary for a fair presentation of the basic financial statements in conformity with generally accepted accounting principles

Lane Council of Governments
Notes to the Financial Statements
June 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

LCOG is a voluntary association of governmental entities in Lane County, Oregon. It is the designated comprehensive planning and review agency for a number of federal and state programs. It also serves as the fiscal agent for various federal and state programs carried out by member entities and serves as a coordinating agency for local government long-range planning activities.

LCOG is not a component unit of any of its member organizations because no member organization appoints a voting majority of LCOG's board, the elected and appointed officials of member organizations are not financially accountable for LCOG, and the relationship between LCOG and its individual member organizations is not significant enough that its exclusion from their financial statements is misleading.

Authorized Investments

State statutes authorize LCOG to invest in general obligations of the U.S. government and its agencies, certain bonded obligations of Oregon municipalities, bank repurchase agreements, bankers' acceptances, and the State of Oregon Local Government Investment Pool (LGIP), among others.

Oregon Revised Statutes (ORS) Chapter 295, requires deposits in excess of insured limits be deposited with depositories that participate in a multiple financial institution collateral pool administered by the Oregon State Treasury (OST). Each participating depository must provide collateral, generally equal to 10% of its uninsured public funds deposits. The OST is responsible for monitoring compliance with the collateralization and reporting requirements of ORS 295 and notifying local governments of compliance by financial institutions. No specific collateral can be identified as security for any one public depositor, however all pool collateral is potentially available if a participating depository is unable to satisfy claims.

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all activities of LCOG. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by local and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on charges for support.

The Statement of Activities demonstrates the degree to which the expenses of a given function are offset by program revenues. Direct expenses are those clearly identifiable with a specific function. Indirect expenses have been allocated to the function receiving the benefit of the expense. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Other items not properly included among program revenues are reported as general revenues. For schedules that reference total revenues and expenditures, both program and general revenues and expenses are included in the financial information.

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

Measurement Focus, Basis of Accounting, and Basis of Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting.

Lane Council of Governments
Notes to the Financial Statements
June 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period, within 90 days, subject to the following:

- Entitlements, shared revenues, and interest are recognized as revenue of the period to which they relate.
- Charges for services are recognized as revenue of the period in which the services are performed.
- Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.
- Other receipts are not considered measurable and available until cash is received.

Expenditures are recorded when the related fund liability is incurred, with certain exceptions.

Major differences between the modified accrual basis and the accrual basis are:

- Unmatured interest on long-term debt is not recognized until due.
- Capital outlay expenditures are recognized as expenditures when the assets are acquired (depreciation is not recorded).
- Proceeds of long-term borrowing are recognized as an “other financing source” and principal paid is considered an expenditure.
- Loan costs and loan discounts (premiums) are recognized as expenditures (income) when loans are taken out.

LCOG has the following major governmental funds:

- **General Fund** – This is the general operating fund of LCOG, used to account for all revenues and expenditures not properly accounted for in another fund. The major revenue sources are: dues paid by member government agencies and repayment of a tenant improvement loan.
- **Grants and Contracts** – This fund accounts for programs or activities funded by federal, state, or local grants or contracts.

LCOG has the following major proprietary (enterprise) funds:

- **Park Place Building** – This fund records the financial activity of the LCOG-owned building. Income from rents is the major source of revenue. Part of the fourth and the entire fifth floors of the building are occupancy space - LCOG Government Services occupies part of the fourth floor and Administration, Business Services, and Information Services occupies the fifth floor. The remaining space is lease/retail space and is rented and/or available to rent.

Lane Council of Governments
Notes to the Financial Statements
June 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- **Loan Programs** – Seven loan funds that finance business facilities and community development projects in Lane County. LCOG administers five revolving loan funds – Intermediary Relending Program/Rural Business Development Fund (RBDF); Economic Development Administration (EDA; EDA-2); Rural Business Enterprise Grant (RBEG); and Rural Investment Board Grant (RIB). Funding for the RBDF and RBEG was provided by the U.S. Department of Agriculture. Funding for EDA and EDA-2 was provided by the U.S. Department of Commerce (with a \$500,000 local match by Lane County). Funding for the RIB was provided by Oregon Cascades West Community and Economic Development Corporation. Note that RBDF and EDA loans are considered Federal Awards and are subject to repayment of the loans (all other revolving loan programs are grants and/or awards not subject to repayment). Also, in an effort to offer Lane County businesses a comprehensive source of loan programs, LCOG has contracted with two Certified Development Companies (CDC) to provide loan packaging services. Activities of these contracts are reported in two loan program funds: Loan-Other Packaging fund and Loan-SBA504 fund. The Loan Programs include a sub-fund for overall administration and program oversight. EDA-3 was the result of the CARES Act, but does not require a local match.

Additionally, LCOG has the following fund types:

- Nonmajor enterprise fund - Minutes Recording – LCOG provides minutes recording services to a variety of local entities. Services are provided through contracted help. Fund consists of fees charged and contract expenses. Activities of this program are reported in the Minutes Recording fund.
- Nonmajor enterprise fund - Economic Development – This fund is devoted to economic development services.

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 LCOG's enterprise funds and other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported. Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources (transfers) are reported as general revenues rather than as program revenues. Likewise, general revenues include dues assessed to member agencies.

Proprietary (enterprise) funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of LCOG's enterprise funds are rents, loan fees, and interest on business loans. Operating expenses for the enterprise funds include the cost of services, interest on loans from the USDA, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available, it is LCOG's policy to use restricted resources first.

Cash and Investments

Cash and investments consist of cash on hand, demand deposits, money market accounts, nonnegotiable certificates of deposit, and investments in the State of Oregon Treasury Department's Local Government Investment Pool (LGIP). LCOG reports all money market investments and U.S. Treasury and agency obligations at cost, which approximates fair value.

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

Lane Council of Governments
Notes to the Financial Statements
June 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

LCOG's only investments at June 30, 2022, were funds deposited with the State of Oregon LGIP, which is part of the Oregon Short Term Fund (OSTF). The OSTF is a cash and investment pool available for use by all state funds and eligible local governments. The LGIP is an open-ended, no-load diversified portfolio offered to eligible participants who by law are made custodian of, or have control over, any public funds. The LCOG's investment in the LGIP is carried at cost, which approximates fair value.

The State of Oregon's investment policies used in administering the LGIP is governed by statute and the Oregon Investment Council (Council). The State Treasurer is the investment officer for the Council and is responsible for the funds on deposit in the OSTF. The OSTF's investments in short-term securities are limited by the portfolio rules established by the OSTF Board and the Council. In accordance with Oregon statutes, the investment funds are invested, and the investments of those funds managed, as a prudent investor would do, exercising reasonable care, skill, and caution. The LGIP's portfolio rules provide that broker/dealers meet certain qualifications and that investments are delivered to and held by a third-party custodian which holds the securities in the State of Oregon's name.

Investments in the LGIP are included in the OSTF, which is an external investment pool that is not a 2a7-like external investment pool, and is not registered with the U.S. Securities and Exchange Commission as an investment company. Fair value of the LGIP is calculated at the same value as the number of pool shares owned. The unit of account is each share held, and the value of the position would be the fair value of the pool's share price multiplied by the number of shares held. Investments in the OSTF are governed by ORS 294.135, the Council, and portfolio guidelines issued by the OSTF Board, which establish diversification percentages and specify the types and maturities of investments. The portfolio guidelines permit securities lending transactions as well as investments in repurchase agreements and reverse repurchase agreements. The fund appears to be in compliance with all portfolio guidelines at June 30, 2022. The LGIP seeks to exchange shares at \$1.00 per share; an investment in the LGIP is neither insured nor guaranteed by the FDIC or any other government agency. Although the LGIP seeks to maintain the value of share investments at \$1.00 per share, it is possible to lose money by investing in the pool. LCOG measures these investments at book value since it approximates fair value. The pool is comprised of a variety of investments. These investments are valued as a level 2 fair value measurement in the OSTF's audited financial report.

As of June 30, 2022, the fair value of the position in the LGIP is 98.98% of the value of the pool shares as reported in the OSTF audited financial statements. Amounts in the State Treasurer's LGIP are not required to be collateralized.

Fair Value Inputs and Methodologies and Hierarchy

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

- **Level 1** – unadjusted price quotations in active markets/exchanges for identical assets or liabilities that each fund has the ability to access.
- **Level 2** – other observable inputs. These include, but are not limited to, quoted prices for similar assets or liabilities in markets that are active, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the assets or liabilities (such as interest rates, yield curves, volatilities, loss severities, credit risks and default rates) and other market-corroborated inputs.

Lane Council of Governments
Notes to the Financial Statements
June 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- **Level 3** – unobservable inputs based on the best information available in the circumstances, to the extent observable inputs are not available (including each Fund’s own assumptions used in determining the fair value of investments).

The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). Accordingly, the degree of judgment exercised in determining fair value is greatest for instruments categorized in Level 3. The inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the fair value hierarchy classification is determined based on the lowest level input that is significant to the fair value measurement in its entirety.

Receivables

Receivables for federal and state grants and contracts are recorded as revenue in all fund types as earned. Receivables in proprietary fund types for rent or services are recorded as revenue when earned. LCOG management believes that any uncollectible amounts included in accounts and grants receivable are immaterial, therefore no provision for uncollectible accounts has been made.

Loan Program Receivables and Allowance for Loan Losses

Loans receivable are stated at their unpaid principal balance, less an allowance for loan losses. Interest on loans is recognized over the term of the loan and is calculated using the simple interest method on principal amounts outstanding. If management believes collection of interest is doubtful, interest income is not accrued; uncollectible interest previously accrued is charged to interest income and interest income is recognized only to the extent cash is received. LCOG adjusts the value of its small business loan portfolio to approximate its fair value by use of an allowance for loan losses. The allowance consists of an individual assessment of each loan of factors including:

- The borrower’s payment history,
- The borrower’s current economic condition,
- The availability and quality of collateral, and
- The existence and quality of guarantees by third parties.

Based on the above factors, each loan is rated to establish its degree of risk. An allowance is then established for each loan based on a percentage of the outstanding balance, reduced by the amount recoverable through collateral or guarantees. The allowance is management’s best estimate of the amount collectible on outstanding loans. It is possible that actual loan losses could materially differ from the estimate.

Prepays

Certain costs such as building rents may be paid in advance of the period to which the payment relates. These payments, to the extent not consumed at the end of the fiscal year, are recorded as an asset in the government-wide and fund financial statements. These prepaid amounts are considered to be non-spendable fund balance as they are not in spendable form.

Restricted Assets

Restricted net position as of June 30, 2022, totaled \$12,354,770. LCOG classifies the following cash and investments as restricted, committed or assigned as of June 30, 2022:

In the grants and contracts fund, all spendable amounts are considered restricted for specific use.

Lane Council of Governments
Notes to the Financial Statements
June 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates

The preparation of the basic financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

In-Kind Contributions

LCOG recognizes contribution revenue for certain services received at the estimated fair value of those services when they create or enhance non-financial assets or require specialized skills, which are provided by individuals possessing those skills and would typically need to be purchased if not donated. Contributed materials and furniture and equipment are recorded at fair value at the date of donation.

Capital Assets

Capital assets, which include land, buildings, leasehold improvements, vehicles, furniture, and equipment are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by LCOG as assets with an initial, individual cost of \$5,000 or more and an estimated useful life in excess of one year. Such assets are recorded at actual cost. Donated capital assets and similar items, and capital assets received in a service concession arrangement are reported at acquisition value. Acquisition value is the price that would be paid to acquire an asset with equivalent service potential in an orderly market transaction at the acquisition date, or the amount at which a liability could be liquidated with the counterparty at the acquisition date. (LCOG has no donated assets). The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are depreciated using the straight line method over the following useful lives:

Buildings	40 years
Building improvements	7-40 years
Office equipment	3-5 years
Office furniture	5-7 years
Kitchen equipment	4-10 years
Vehicles and other equipment	5-10 years
Software/intangibles	3-5 years

Deferred Outflows/Inflows of Resources

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

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

Leases

Lessee: LCOG is a lessee for several noncancellable leases of office and building space. LCOG recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements. LCOG recognizes lease liabilities with an initial, individual value of \$5,000 or more.

Lane Council of Governments
Notes to the Financial Statements
June 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

At the commencement of a lease, LCOG initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how LCOG determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- LCOG uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, LCOG generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that LCOG is reasonably certain to exercise.

LCOG monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

Lessor: LCOG is a lessor for several noncancellable leases of space within the Park Place Building. LCOG recognizes a lease receivable and a deferred inflow of resources in the government-wide and proprietary fund financial statements.

At the commencement of a lease, LCOG initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how LCOG determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- LCOG uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

LCOG monitors changes in circumstances that would require a remeasurement of its lease, and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

Long-term Obligations

In the government-wide and proprietary fund financial statements, long-term debt is reported as a liability in the applicable governmental activities, business-type activities, or proprietary fund statement of net position. Costs incurred to obtain or renew financing for long-term debt are being amortized using the effective interest method.

Lane Council of Governments
Notes to the Financial Statements
June 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

In the fund financial statements, governmental funds recognize loan premiums and discounts, as well as loan issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds, are reported as debt service expenditures.

Compensated Absences

LCOG employees accumulate vacation and sick leave benefits in accordance with applicable bargaining agreements and agency policies. Employee vacation accrual is limited to 480 for all positions; actual maximum payout liability for all positions is 320 hours for employees terminating service. Sick leave and holiday expense is only recorded as expenditure when leave is taken. Earned but unpaid vacation benefits are recorded as a liability on government-wide financial statement. No liability is accrued for proprietary funds as management considers the amount to be immaterial. The liability for compensated absences is typically liquidated by the individual funds at the time of occurrence (i.e. vacation being taken, upon retirement or resignation).

Net Pension Liability

LCOG reports its share of the net pension liability of the Oregon Public Employees Retirement System (OPERS). A negative net pension liability is reported as a net pension asset. For purposes of measuring the net pension liability or asset, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of OPERS and additions to/deductions from OPERS's 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 benefit terms. Investments are reported at fair value.

Retirement Plan

All qualified LCOG employees are participants in the Oregon Public Employees Retirement System (PERS). Contributions to PERS are charged to expense/expenditures in the same period as the related payroll cost.

Other Post-employment Benefits

LCOG's net Other Post-employment Benefits (OPEB) liability is recognized as a long-term liability in the government-wide financial statements, the amount of which is actuarially determined.

Fund Balance

Fund balances, presented in the governmental fund financial statements, represent a resource for future periods that is the difference between assets and liabilities reported in a governmental fund. Invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition of those assets.

In the fund financial statements, the fund balance of governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent to which a government is bound to honor constraints imposed on the specific purposes for which amounts in those funds can be spent. LCOG evaluated each of its funds at June 30, 2022, and classified fund balances into the following five categories:

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

Restricted – amounts constrained to specific purposes by their providers or by enabling legislation.

Lane Council of Governments
Notes to the Financial Statements
June 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Committed – amounts that have been committed by formal action by the Board of Directors. Committed amounts may not be used for any other purpose unless the Board of Directors removes the constraint through Board motion.

Assigned – amounts that have been allocated by Board of Directors resolution adopting the budget with intent to use the funds for a specific purpose. Assigned fund balance is established through adoption or revision of the budget as intended for specific purpose.

Unassigned – This category includes amounts that do not fall into one of the above four categories. These are amounts that have no restrictions on them in the general fund or any deficit fund balance.

When both restricted and unrestricted resources are available for use, it is LCOG's policy to use restricted resources first followed by committed, assigned, and unassigned fund balance.

NOTE 2 – BUDGETARY INFORMATION

In accordance with state law, budgets are adopted for all funds on a modified accrual basis of accounting.

For budget purposes, interfund loans are budgeted as debt service and revenue in proprietary and governmental funds, respectively; however, on a generally accepted accounting principles basis they are balance sheet transactions for principal payments only.

In-kind contributions of professional services are not budgeted for or recorded on a budgetary basis; however, these contribution transactions are accounted for on a generally accepted accounting principles basis.

Major differences between the budgetary basis and the accrual basis are:

- Interest is not recorded as an expenditure until the debt payment becomes due.
- Land, building, and equipment purchases are budgeted as an expenditure in the year of acquisition.
- No depreciation is budgeted.
- In the Loan Programs, principal paid on loans is budgeted as an expenditure and loan proceeds are budgeted as revenue.
- In the Loan Programs, disbursements to borrowers are budgeted as expenditures and principal received on loans is budgeted as revenue.

Expenditures are controlled by appropriations adopted by resolution of the Board of Directors. Appropriations are adopted at the broad object level of personal services, materials and services, capital outlay, debt service, and special payments. These expenditure appropriations are adopted for purposes of accountability and as a method of providing public involvement into the budget process as provided by ORS 294.905 through 294.930. There is no legal requirement that expenditures do not exceed appropriations.

Appropriations lapse at the end of each year. The budget as originally adopted may be amended by the Board. There was one such amendment authorized in FY22.

Encumbrances

Encumbrance accounting, under which purchase orders and other commitments for the expenditure of funds are recorded to reserve that portion of the applicable appropriation, is not used.

Lane Council of Governments
Notes to the Financial Statements
June 30, 2022

NOTE 3 – CASH AND INVESTMENTS

LCOG maintains a cash account that is available for use by all funds. Each fund's portion of this pool is displayed on the Statement of Net Position as part of "cash and investments".

Cash and investments at June 30, 2022, consisted of the following:

Cash with Fiscal Agent	\$ 66,585
Certificates of Deposit	366,896
Local Government Investment Pool	55,203
Demand Deposits	13,737,862
Money Market Accounts	<u>4,363,649</u>
Total Cash and Investments	<u>\$ 18,590,195</u>

Investments in the Local Government Investment Pool (LGIP) are included in the Oregon Short Term Fund, which is an external investment pool that is not a 2a7-like external investment pool and is not registered with the U.S. Securities and Exchange Commission as an investment company. Fair value of the LGIP is calculated at the same value as the number of pool shares owned. The unit of account is each share held, and the value of the position would be the fair value of the pool's share price multiplied by the number of shares held. Investments in the Short Term Fund are governed by ORS 294.135, Oregon Investment Council, and portfolio guidelines issued by the Oregon Short Term Fund Board. The LGIP seeks to exchange shares at \$1.00 per share; an investment in the LGIP is neither insured nor guaranteed by the Federal Deposit Insurance Corporation (FDIC) or any other government agency. Although the LGIP seeks to maintain the value of share investments at \$1.00 per share, it is possible to lose money by investing in the pool. The City intends to measure these investments at book value, as the LGIP's fair value approximates its amortized cost basis.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. In general the longer the maturity of an investment, the greater the risk that the investment's fair value will decline if interest rates rise. In order to manage the interest rate risk of its investments, LCOG invests only in the Oregon Short Term Fund, Local Government Investment Pool (LGIP). The LGIP has rules that require at least 50% of its investments to mature within 93 days, not more than 25% may mature in 94-366 days, and all other investments must mature in no more than three years. The audited financial statements of the Oregon Short Term Fund at June 30, 2022 disclose investment maturity by segmented time distribution as follows: 93 days or less (68%), 94 - 366 days (13%); and one to three years (19%).

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation. The LGIP is not rated for credit risk.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, LCOG will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. Demand deposits are insured by the FDIC or the National Credit Union Administration (NCUA) up to \$250,000 at each financial institution. Deposits in excess of FDIC and NCUA insurance coverage are held with institutions participating in the Oregon Public Funds Collateralization Program. In the event of bank failure, the entire pool of collateral pledged by all participating qualified depository institutions is available to repay deposits of public funds of the government entities.

Lane Council of Governments
Notes to the Financial Statements
June 30, 2022

NOTE 3 – CASH AND INVESTMENTS (CONTINUED)

Custodial credit risk for investments is the risk that, in the event of a failure of the counterparty to a transaction, LCOG will not be able to recover the value of an investment or collateral securities in the possession of an outside party. Since LCOG's investment in the LGIP is not evidenced by securities that exist in physical or book entry form, LCOG is not exposed to custodial credit risk.

LCOG does not have a formalized custodial risk policy but has enacted procedure for oversight mitigation of such risk. At June 30, 2022, the total amount of deposits with banks was \$18,396,325 and the total in LGIP accounts was \$55,203.

During the year, all balances were fully insured or collateralized.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss due to a large portion of investments with a single issuer. LCOG's assessment of potential loss due to concentrations is considered remote. Placement of a majority of cash with major financial institutions believed to be creditworthy and the limitation of the total investments marginalizes this risk.

NOTE 4 – LOAN PROGRAM RECEIVABLES

LCOG loans money to qualifying rural small businesses under its Intermediary Relending Program in cooperation with the U.S. Department of Agriculture. Also, as the recipient of an award from the Economic Development Administration, LCOG operates a Revolving Loan Fund to assist business enterprises and create jobs. Local funds are also used to create small miscellaneous business loans.

LCOG considers a loan to be impaired when, based on current information, it is probable that all principal and interest will not be collected according to the terms of the loan. When a loan becomes impaired, its related allowance is adjusted so that the loan's carrying value reflects the value of its collateral and the present value of any expected cash flows. A restructured loan involving modification of terms is also treated as an impaired loan. In the years after the restructuring, loans are not considered impaired unless the interest rate on the restructured loan is less than the rate LCOG would have accepted on other loans with similar risks.

At June 30, 2022, LCOG's loans receivable for the Loan Program funds consisted of loans originally funded for no more than \$200,000, interest ranging from 5.00% to 8.25%, principal and interest due monthly for periods up to 20 years, secured by real property, machinery, and equipment. Included in the below loans receivable are USDA loans which are pledged as collateral. The collateralized loans have a carrying value of \$1,152,602.

Total all loans outstanding (all programs)	\$ 2,670,768
Allowance for loan losses(all program)	<u>(133,604)</u>
Loans receivable, net of allowance for loan losses (all programs)	2,537,164
Less amount due within one year	<u>(297,164)</u>
Long-term portion	<u><u>\$ 2,240,000</u></u>

Lane Council of Governments
Notes to the Financial Statements
June 30, 2022

NOTE 5 – CAPITAL ASSETS

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

	<u>Beginning of year</u>	<u>Additions</u>	<u>Deletions</u>	<u>End of year</u>
<u>Governmental Activities:</u>				
Depreciable assets:				
Fiber optics	\$ 10,458,596	\$ -	\$ -	\$ 10,458,596
Furniture & equipment	3,995,261	114,756	-	4,110,017
Leasehold improvements	168,883	-	-	168,883
Software	492,065	-	-	492,065
Vehicles	<u>103,177</u>	<u>160,000</u>	<u>-</u>	<u>263,177</u>
Total cost	<u>15,217,982</u>	<u>274,756</u>	<u>-</u>	<u>15,492,738</u>
Less accumulated depreciation:				
Fiber optics	3,137,580	522,930	-	3,660,510
Furniture & equipment	1,143,490	208,422	-	1,351,912
Leasehold improvements	135,883	4,254	-	140,137
Software	467,407	24,658	-	492,065
Vehicles	<u>103,177</u>	<u>7,463</u>	<u>-</u>	<u>110,640</u>
Total accumulated depreciation	<u>4,987,537</u>	<u>767,727</u>	<u>-</u>	<u>5,755,264</u>
Net capital assets	<u>10,230,445</u>	<u>(492,971)</u>	<u>-</u>	<u>9,737,474</u>
<u>Business-type activities:</u>				
Non-depreciable assets:				
Land & land improvements	<u>436,200</u>	<u>-</u>	<u>-</u>	<u>436,200</u>
Depreciable assets:				
Buildings	5,918,899	-	-	5,918,899
Improvements	<u>4,000,574</u>	<u>5,250</u>	<u>-</u>	<u>4,005,824</u>
Total cost	<u>9,919,473</u>	<u>5,250</u>	<u>-</u>	<u>9,924,723</u>
Less accumulated depreciation:				
Buildings	1,952,130	147,973	-	2,100,103
Improvements	<u>2,477,497</u>	<u>224,219</u>	<u>-</u>	<u>2,701,716</u>
Total accumulated depreciation	<u>4,429,627</u>	<u>372,192</u>	<u>-</u>	<u>4,801,819</u>
Net capital assets	<u>5,926,046</u>	<u>(366,942)</u>	<u>-</u>	<u>5,559,104</u>
Net capital assets - entity-wide	<u>\$ 16,156,491</u>	<u>\$ (859,913)</u>	<u>\$ -</u>	<u>\$ 15,296,578</u>

Lane Council of Governments
Notes to the Financial Statements
June 30, 2022

NOTE 5 – CAPITAL ASSETS (CONTINUED)

Depreciation expense was charged to the following activities as of June 30, 2022:

Activity	Amount
Governmental activities:	
Board/Executive	\$ 12,892
Government Services	720,355
Senior and Disability Services	<u>34,480</u>
Total	767,727
Business-type activities:	
Park Place Building	<u>372,192</u>
Total	<u>\$ 1,139,919</u>

NOTE 6 – LONG-TERM DEBT

The following schedule shows the debt service requirements for loan debt categorized by activity: governmental-type activity is loan debt that is the financial obligation of the General Fund; business-type activity is loan debt that is the financial obligation of the Enterprise Funds.

Activity and Loan Type	June 30, 2022 Balance
Business-type activities:	
Building loan	\$ 4,092,484
Business loan	<u>1,076,407</u>
Total	<u>\$ 5,168,891</u>

There is no loan debt for government activities at June 30, 2022. Business activities building loan debt is transacted in the Enterprise Fund for building loan debt on the Park Place Building. This debt is liquidated by the Park Place Building Fund.

LCOG opened a Business Line of Credit in the amount of \$100,000 with Banner Bank on February 13, 2018, with an interest rate of 6.250%. During the year ended June 30, 2022, no amounts were disbursed from this line of credit.

Business loans debt are loans made to Lane Council of Governments from USDA for rural small businesses loan support in Lane County. Business activities are transacted in the Enterprise Fund - Loan Program – Intermediary Relending Program. These loans are liquidated by the Loan Programs Fund.

Lane Council of Governments
Notes to the Financial Statements
June 30, 2022

NOTE 6 – LONG-TERM DEBT (CONTINUED)

What follows is the detail of loans payable debt outstanding at June 30, 2022, by activity and by specific loan.

Business activities – Building loans

\$4,825,000 Banner Bank loan (direct borrowing); dated June 16, 2016; monthly principal and interest payments of \$26,382 (annual payments of \$316,584) with final balloon payment of \$3,466,346 due July 1, 2026; interest rate of 4.25% per annum through and including June 30, 2023. Commencing July 1, 2023, through the remainder of the Note Term, interest shall accrue on the unpaid principal of this Note at a fixed interest rate equal to the then current Federal Home Loan Bank three year advance rate (the “Index”) plus three hundred twenty-five basis points (3.25%); provided, that in no event shall the interest rate accruing on the note be less than 4.25% (the “Floor Rate”). This note is secured by real property, building fixtures, and the pledge of future income from tenant rents. In the event of default, the loan may become due and payable in full, the lender may also raise the interest rate to 20%. \$ 4,092,484

Business activities – Business Loans

\$1,000,000 USDA loan (direct borrowing); dated May 21, 1998; annual principal and interest payments of \$42,450 through May 2027 and \$42,220 due May 2028; interest rate of 1.00%; secured by the rights to and revenues of LCOG's Intermediary Relending Program revolving fund, and all chattel paper, accounts receivable, contract rights, general intangibles, gross receipts, income, and revenue derived therefrom. In the event of default, the loan may become due and payable in full. 245,796

\$478,000 USDA loan (direct borrowing); dated October 11, 2000; annual principal and interest payments of \$20,292 through October 2029 and \$20,118 due October 2030; interest rate of 1.00%; secured by the rights to and revenues of LCOG's Intermediary Relending Program revolving fund, and all chattel paper, accounts receivable, contract rights, general intangibles, gross receipts, income, and revenue derived therefrom. In the event of default, the loan may become due and payable in full. 173,658

\$400,000 USDA loan (direct borrowing); dated July 30, 2001; annual principal and interest payments of \$16,980 through July 2030 and \$16,828 due July 2031; interest rate of 1.00%; secured by the rights to and revenues of LCOG's Intermediary Relending Program revolving fund, and all chattel paper, accounts receivable, contract rights, general intangibles, gross receipts, income, and revenue derived therefrom. In the event of default, the loan may become due and payable in full. 160,681

\$500,000 USDA loan (direct borrowing); dated August 22, 2002; annual principal and interest payments of \$21,225 through August 2031 and \$21,028 due August 2032; interest rate of 1.00%; secured by the rights to and revenues of LCOG's Intermediary Relending Program revolving fund, and all chattel paper, accounts receivable, contract rights, general intangibles, gross receipts, income, and revenue derived therefrom. In the event of default, the loan may become due and payable in full. 219,870

Lane Council of Governments
Notes to the Financial Statements
June 30, 2022

NOTE 6 – LONG-TERM DEBT (CONTINUED)

\$500,000 USDA loan (direct borrowing); dated June 29, 2006; annual principal and interest payments of \$21,225 through June 2035 and \$21,101 due June 2036 ; interest rate of 1.00%; secured by the rights to and revenues of LCOG's Intermediary Relending Program revolving fund, and all chattel paper, accounts receivable, contract rights, general intangibles, gross receipts, income, and revenue derived therefrom. In the event of default, the loan may become due and payable in full.

	<u>276,402</u>
Total loan debt for business activities (building and business loans)	5,168,891
Less amounts due within one year	<u>(257,073)</u>
Loan Debt, net of current maturities – Business Activities (principal only)	<u>\$ 4,911,818</u>

The following schedule shows the debt service requirements for loans payable as of June 30, 2022:

Fiscal Year	Business-Type Activities					
	Building Loans		Business Loans		Total Business-Type Activities	
	Principal	Interest	Principal	Interest	Principal	Interest
2023	\$ 145,659	\$ 170,923	\$ 111,220	\$ 10,952	\$ 256,879	\$ 181,875
2024	151,972	164,611	112,333	9,839	264,305	174,450
2025	158,558	158,025	113,456	8,716	272,014	166,741
2026	165,430	151,153	114,590	7,582	280,020	158,735
2027	3,470,865	12,277	115,736	6,436	3,586,601	18,713
2028 - 2032	-	-	402,540	17,155	402,540	17,155
2033 - 2037	-	-	<u>106,532</u>	<u>2,705</u>	<u>106,532</u>	<u>2,705</u>
Total	<u>\$ 4,092,484</u>	<u>\$ 656,989</u>	<u>\$ 1,076,407</u>	<u>\$ 63,385</u>	<u>\$ 5,168,891</u>	<u>\$ 720,374</u>

Total interest paid for the year ended June 30, 2022 for Business-Type Activities \$ 170,154

The Interfund Receivables, Payables, Advances and Transfers Note has information regarding interfund advances and payables.

Changes in long-term liabilities

Long-term liability activity for the year ended June 30, 2022, was as follows:

	<u>Beginning</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending</u>	<u>Due within one year</u>
Governmental Activities:					
Compensated absences	<u>\$ 1,166,889</u>	<u>\$ 1,048,937</u>	<u>\$(1,050,200)</u>	<u>\$ 1,165,626</u>	<u>\$ 1,049,063</u>
Business-Type Activities:					
Loans Payable:					
Building loan	4,232,093	-	(139,609)	4,092,484	145,659
Business loan	<u>1,186,716</u>	-	<u>(110,310)</u>	<u>1,076,406</u>	<u>111,413</u>
Total loans payable	5,418,809	-	(249,919)	5,168,890	257,072
Deposits	<u>36,062</u>	-	-	<u>36,062</u>	-
Total - Business-Type Activities	<u>\$ 5,454,871</u>	<u>\$ -</u>	<u>\$ (249,919)</u>	<u>\$ 5,204,952</u>	<u>\$ 257,072</u>

Lane Council of Governments
Notes to the Financial Statements
June 30, 2022

NOTE 7 – INTERFUND RECEIVABLES, PAYABLES, ADVANCES AND TRANSFERS

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the year are referred to as “interfund receivables/payables” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the noncurrent portion of interfund loans). All other outstanding balances between funds are reported as “due to/from other funds”. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances”.

Interfund Advances

On May 12, 2012, per Resolution 2012-03, LCOG General Fund made an advance of \$418,000 to the Enterprise Fund - Park Place Building. The purpose of this advance was to fund tenant improvements to the Park Place Building third floor. Amounts are repaid annually on or before August 15 of each fiscal year.

Interfund loan activity and balances for the year ended June 30, 2022 was as follows:

	Beginning of year	Additions	Payments	End of year	Current Portion
Park Place Building Fund					
Due to LCOG General Fund	\$ <u>43,166</u>	\$ <u>-</u>	\$ <u>(43,166)</u>	\$ <u>-</u>	\$ <u>-</u>

Interfund Transfers

Funds are transferred from one fund (transfers out) to support expenditures of other funds (transfers in) in accordance with the authority established for the individual fund. Transfers between funds are made for the purpose of moving unrestricted funding to offset expenses incurred in other operational areas. For the year ending June 30, 2022 transfers were as follows:

	Transfers in:			
	General Fund	Grants and Contracts	Loan Program	Total
Transfers out:				
General Fund	\$ -	\$ 58,275	\$ -	\$ 58,275
Park Place Building	-	240	1,475	1,715
Nonmajor Enterprise Funds	<u>30,000</u>	<u>2,550</u>	<u>3,425</u>	<u>35,975</u>
	<u>\$ 30,000</u>	<u>\$ 61,065</u>	<u>\$ 4,900</u>	<u>\$ 95,965</u>

NOTE 8 – COMPENSATED ABSENCES

Compensated Absences consists of the estimated vacation liability LCOG would be expected to pay out should employees of record all terminate at or on June 30, 2022. The basis of the value of the liability is the LCOG policy for vacation payout. LCOG employees accumulate vacation and sick leave benefits in accordance with applicable bargaining agreements and agency policies. Employee vacation accrual is limited to 480 for all positions; actual maximum payout liability for all positions is 320 hours for employees terminating service. Sick leave and holiday expense is only recorded as expenditure when leave is taken.

LCOG determines the reasonable value of individual employee vacation balances in June of each fiscal year. Based on the ending value, LCOG would increase or decrease the liability for the fiscal year. The net liability increased from \$1,166,889 at June 30, 2021 to \$1,165,626 at June 30, 2022. This change was the result of new accruals totaling \$1,048,937 and the use of \$1,050,200 of the total amount available during the year ended June 30, 2022. Of the 66 managerial funds, the funds where the employee usually charges their time is used to liquidate the compensated absence due the employee upon use or termination; the General Fund and the Grants and Contracts Fund are the major governmental funds used to liquidate compensated absences.

Lane Council of Governments
Notes to the Financial Statements
June 30, 2022

NOTE 9 – COMMITMENTS AND CONTINGENCIES

Under the terms of federal and state grants, periodic audits are required; certain costs may be questioned as not being appropriate expenditures under the terms of the grants. Any unforeseen disallowed claims, including amounts already collected, could become a liability of the general fund or other applicable funds.

NOTE 10 – NET INVESTMENT IN CAPITAL ASSETS

Net investment in capital assets as presented in the Statement of Net Position as of June 30, 2022 is determined as follows:

Governmental Activities:	
Capital assets net of accumulated depreciation	\$ 9,737,474
Less outstanding principal on capital related debt	<u>-</u>
Governmental Activities net investment in capital assets	<u>\$ 9,737,474</u>
Business-Type Activities:	
Capital assets net of accumulated depreciation	\$ 5,559,104
Less outstanding principal on capital related debt - mortgage loan	<u>(4,092,484)</u>
Business-Type Activities net investment in capital assets	<u>\$ 1,466,620</u>

NOTE 11 – DEFERRED COMPENSATION

Deferred compensation plans are available to employees wherein they may execute an individual agreement with LCOG for amounts earned by them to not be paid until a future date when circumstances are met. These deferred compensation plans are ones which are authorized under Internal Revenue Code Section 457 and have been approved in their specifics by a private ruling from the Internal Revenue Service. The assets of the plan are held by the administrators of the plans for the sole benefit of the plan participants and are not considered assets or liabilities of LCOG.

Two outside agencies currently collect, manage, and operate LCOG's deferred compensation program: Oregon Savings and Growth Plan (OSGP), and International City Managers Association (ICMA). The estimated total contributions for the year ended June 30, 2022 are as follows:

Employer contributions	\$ 194,510
Employee contributions	<u>369,874</u>
Total	<u>\$ 564,384</u>

Lane Council of Governments
Notes to the Financial Statements
June 30, 2022

NOTE 12 – LEASES

Real Estate Leases Payable

LCOG was the lessee in the following real estate leases as of June 30, 2022.

Senior Meals Eugene meal preparation space lease beginning June 1, 2016 for an initial term of 5 years, with an additional 5 year extension, ending May 31, 2026. Monthly payments at the inception of the lease were \$2,750 and have scheduled increases of \$50 to \$100 per month for the term of the lease.

Senior Meals Florence location lease with the State of Oregon, beginning April 1, 2017 and continuing through March 31, 2027. Monthly payments at the inception of the lease consist of rental payments of \$4,108, which increases 2% annually and an additional \$260 for taxes for the term of the lease.

Senior Meals Springfield location with Willamalane Park and Recreation District, beginning on July 1, 2020 and continuing through June 30, 2022. Monthly payments of \$855 are required for the term of the lease.

Senior and Disability Services building lease with an initial term of January 15, 2016 through June 30, 2034 and 3 optional 5 year extensions, ending on June 30, 2048. Initial monthly payments in the amount of \$40,000 increase July 1st of each odd numbered year based on the Consumer Price Index.

Metro TV Space lease from Lane County beginning August 1, 2021 and continuing through July 31, 2024 with monthly payments of \$1,250 for the duration of the lease. Monthly payments may decrease to \$690 for any period where the Council is required to vacate the area to allow for maintenance performed by the County.

All leases payable are reported as part of the governmental activities of LCOG. The value of the intangible right-to-use lease asset of the agreements above was \$10,917,627 as of June 30, 2022. Related accumulated amortization was \$2,406,501. The net carrying value of the right-to-use lease asset was \$8,511,125.

Future payments required under these leases consist of the following:

Fiscal year:	Principal	Interest	Total
2023	\$ 179,981	\$ 454,682	\$ 634,663
2024	206,596	446,381	652,977
2025	203,290	436,544	639,834
2026	227,737	426,857	654,594
2027	193,951	417,167	611,118
2028-2032	995,318	1,961,135	2,956,453
2033-2037	1,497,918	1,684,024	3,181,942
2038-2042	2,169,843	1,275,836	3,445,679
2043-2047	3,009,881	698,601	3,708,482
2048-2049	1,495,926	71,127	1,567,053
Total	\$ 10,180,441	\$ 7,872,354	\$ 18,052,795

Real Estate Leases Receivable

LCOG leased office space, storefront, and other space in the Park Place Building to tenants under 8 agreements required to be accounted for as leases receivable. Implicit interest rates on these agreement are estimated at 5%. Monthly payments ranging between \$500 and \$4,000 depending on the square footage of the leased space.

During the year ending June 30, 2022, LCOG received revenue under these agreements totaling \$277,375, consisting of \$163,308 in principal and \$114,067 in interest.

Lane Council of Governments
Notes to the Financial Statements
June 30, 2022

NOTE 12 – LEASES (CONTINUED)

Infrastructure Lease Receivable

LCOG has 1 lease receivable for fiber optic lines leased to an internet service provider. This lease began January 1, 2021 and continues through April 30, 2026. This agreement requires quarterly payments of \$1,800 and has an implicit interest rate of 5%.

During the year ending June 30, 2022, LCOG received revenue under these agreements totaling \$7,200 consisting of \$5,717 in principal and \$1,483 in interest.

All leases receivable are reported as part of the business-type activities of LCOG. Future lease payments for all leases receivable consist of the following:

Fiscal year:	Principal	Interest	Total
2023	\$ 189,864	\$ 129,451	\$ 319,315
2024	181,448	120,266	301,714
2025	159,000	111,481	270,481
2026	166,515	103,458	269,973
2027	160,783	95,351	256,134
2028-2032	694,142	1,961,135	2,655,277
2033-2037	625,854	210,569	836,423
2038-2042	<u>499,070</u>	<u>39,403</u>	<u>538,473</u>
Total	\$ <u>2,676,676</u>	\$ <u>2,771,114</u>	\$ <u>5,447,790</u>

NOTE 13 – RISK MANAGEMENT

LCOG reports its risk management activities in its General Fund. LCOG purchases commercial insurance from independent third parties and participates in the City/County Insurance Services Trust (CIS) - a liability risk sharing pool for general and automobile liability and workers' compensation. CIS was established in 1981 by the League of Oregon Cities (LOC) and the Association of Oregon Counties (AOC) to provide risk management services including insurance and loss control to member entities. CIS is a governmental entity and works exclusively for the benefit of Oregon cities and counties. CIS's primary objective is to aggregate the collective buying power of its members to reduce and stabilize the cost of funding those risks. The pool insures members up to a pre-set limit.

Member rates are set based on experience and LCOG is potentially liable for a pro rata share of pool losses or eligible for a pro rata share of pool net income. In the event that a single loss or series of losses should exceed the amount of protection afforded by the pool or other insurance carried by CIS, then payment of losses is the obligation of the individual member against whom the claim was made. Premiums paid into the pool are recognized as expenditures when paid. The amount of any future claims or refunds cannot be ascertained. During the last three years, settled claims from all risks have not exceeded commercial insurance coverage. LCOG also maintains excess cyber liability coverage of \$4,800,000 due to LCOG's operation of its own network.

Workers compensation insurance was purchased under a retrospective rate plan with the final cost depending on the claims.

Lane Council of Governments
Notes to the Financial Statements
June 30, 2022

NOTE 13 – RISK MANAGEMENT (CONTINUED)

In addition, LCOG is self-insured for unemployment claims as of June 30, 2022 and 2021 as follows:

	2022	2021
Unpaid claims at beginning of year	\$ -	\$ -
Incurred claims	-	59,880
Claims paid	-	(59,880)
Unpaid claims at end of year	\$ -	\$ -

NOTE 14 – PENSION PLAN

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

B - Plan Description/Description of Benefit Terms

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

1 - Tier One/Tier Two Retirement Benefit Plan (ORS Chapter 238)

a. - Pension Benefits. The PERS retirement allowance 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 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. Under Senate Bill 1049, passed during the 2019 legislative session, the salary included in the determination of Final Average Salary will be limited for all members beginning in 2020. The limit was \$210,582 in 2022 and will be indexed with inflation in later years.

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. General service employees may retire after reaching age 55. Tier One employee benefits are reduced if retirement occurs prior to age 58 with fewer than 30 years of service. Tier Two members are eligible for full benefits at age 60. The ORS Chapter 238 Defined Benefit Pension Plan is closed to new members hired on or after August 29, 2003.

Lane Council of Governments
Notes to the Financial Statements
June 30, 2022

NOTE 14 – PENSION PLAN (CONTINUED)

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

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

d. - 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 equity investments.

Monthly benefits are adjusted annually through cost-of-living changes. In fiscal year 2022, the cost-of-living adjustment (COLA) for PERS benefit recipients receiving a monthly benefit was effective July 1, 2021, and was a part of the August 1, 2021 benefit payment.

The COLA amount, up to 2 percent each year, is based on the Consumer Price Index (CPI) for the Portland, Oregon area. Administratively, there are two relevant time periods for COLA:

- Service time before October 1, 2013: 2.0 percent maximum COLA for service time before this date; the 2.0 percent annual cap is tied to the Portland Consumer Price Index (CPI).
- Service time on or after October 1, 2013: two-tiered COLA; 1.25 percent on the first \$60,000 of an annual benefit and 0.15 percent on annual benefit over \$60,000.

2 - Oregon Public Service Retirement Plan (OPSRP) Pension Program (ORS Chapter 238A)

a. - Pension Benefits. The OPSRP Pension Program provides benefits a defined benefit to members hired on or after August 29, 2003. The OPSRP provides a life pension funded by employer contributions.

General Service benefits are calculated with the following formula for members who attain normal retirement age: 1.5 percent 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.

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

Lane Council of Governments
Notes to the Financial Statements
June 30, 2022

NOTE 14 – PENSION PLAN (CONTINUED)

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

d. - Benefit Changes After Retirement. Under ORS 238A.210 monthly benefits are adjusted annually through cost-of-living changes. Under current law, there are two relevant time periods for COLA:

- Service time before October 1, 2013: 2.0 percent maximum COLA for service time before this date; the 2.0 percent annual cap is tied to the Portland Consumer Price Index (CPI).
- Service time on or after October 1, 2013: two-tiered COLA; 1.25 percent on the first \$60,000 of an annual benefit and 0.15 percent on annual benefit over \$60,000.

3 - Individual Account Program (IAP)

a. - Historical. In the 2003 legislative session, the Oregon Legislative Assembly created a successor plan for PERS. The Oregon Public Service Retirement Plan (OPSRP) is effective for all new employees hired on or after August 29, 2003. The new plan consists of the defined benefit pension plan and a defined contribution plan (the Individual Account Program or IAP). Beginning January 1, 2004, all Tier One/Tier Two member contributions go into the IAP. PERS' members retain their existing PERS member accounts, but any future member contributions are deposited into the member's IAP, not the member's PERS Tier One/Tier Two account. Members of PERS and OPSRP are required to contribute six percent of their salary covered under the plan in to the IAP. LCOG makes this contribution on behalf of its employees.

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

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

c. - 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.

d. - Recordkeeping. PERS contracts with VOYA Financial to maintain IAP participant records.

e. - Target-Date Funds. IAP accounts are invested in customized target-date funds that are designed for Oregon public employees. This approach maintains the objective of the IAP program to achieve the highest total returns, while incurring an appropriate level of risk in addition to recognizing that risk levels should vary based on age. Money in a member's IAP is invested in a target-date fund that is chosen based on the member's year of birth. For example, if a member was born between 1973 and 1977, they will be in the IAP 2040 Target-Date Fund. Investments in each fund will adjust over time to reduce investment risk and potential losses in market downturns.

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Notes to the Financial Statements
June 30, 2022

NOTE 14 – PENSION PLAN (CONTINUED)

C - Contributions. PERS funding policy provides for monthly employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. This funding policy applies to the PERS Defined Benefit Plan and the Other Postemployment Benefit Plans.

Employer contribution rates during the period were based on the December 31, 2019 actuarial valuation. The rates based on a percentage of payroll, first became effective July 1, 2021. LCOG's actuarially determined contribution rate for the Tier One/Tier Two and OPSRP plans was 25.40 percent and 20.78 percent of subject payroll, respectively. Employer contributions recognized by PERS for the year ended June 30, 2022, were \$3,304,476.

In addition, all PERS members must make a member contribution in the amount of 6% of covered salary. These member contributions go into the IAP. LCOG makes the 6% IAP member contribution on behalf of its employees which totaled approximately \$920,354 in FY22.

D - Pension Assets, Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2021, LCOG reported a net pension liability of \$13,196,350 for its proportionate share of the net pension liability. LCOG's proportion of the net pension liability measured as of June 30, 2021, and the total pension liability was based on a projection of LCOG's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2021, LCOG's proportion was 0.11027763 percent, which was changed from its proportion measured as of June 30, 2020 of 0.12622398 percent. The General Fund and the Grants and Contract Fund are the major governmental funds used to liquidate the net pension liability.

Deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	Deferred Outflow of Resources	Deferred Inflow of Resources
Difference between expected and actual experience	\$ 1,235,265	\$ -
Changes of assumptions	3,303,444	(34,730)
Net difference between projected and actual earnings on investments	-	(9,769,156)
Changes in proportionate share	437,389	(2,266,171)
Differences between employer contributions and employer's proportionate share of system contributions	<u>1,041,217</u>	<u>(915,990)</u>
Total (prior to post-MD contributions)	6,017,315	(12,986,047)
Contributions subsequent to MD	<u>3,119,061</u>	<u>-</u>
Total	<u>\$ 9,136,376</u>	<u>\$ (12,986,047)</u>

Lane Council of Governments
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June 30, 2022

NOTE 14 – PENSION PLAN (CONTINUED)

Deferred outflows of resources related to pensions of \$3,119,061 resulting from LCOG's contributions subsequent to the measurement date will be recognized as either a reduction of the net pension liability or an increase in the net pension asset in the year ended June 30, 2023. Net deferred outflows (inflows) of resources of \$(6,968,732) will be recognized in pension expense as follows:

Amortization	
Period	
2023	\$ (1,190,450)
2024	(1,396,190)
2025	(1,865,321)
2026	(2,702,539)
2027	<u>185,768</u>
Total	<u>\$ (6,968,732)</u>

E - Actuarial Assumptions. The employer contribution rates effective July 1, 2021 through June 30, 2022, were set using the projected unit credit actuarial cost method. For the Tier One/Tier Two component of the PERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (1) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), (2) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial accrued liabilities being amortized over 20 years.

For the OPSRP Pension Program component of the PERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (a) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), (b) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial accrued liabilities being amortized over 16 years.

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June 30, 2022

NOTE 14 – PENSION PLAN (CONTINUED)

The total pension liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	December 31, 2019
Measurement Date	June 30, 2021
Experience Study Report	2018, published July 24, 2019
Actuarial Cost Method	Entry Age normal
Amortization Method	Amortized as a level percentage of payroll as layered amortization bases over a closed period; Tier One/Tier Two UAL is amortized over 20 years and OPSRP pension UAL is amortized over 16 years
Asset Valuation Method	Market value of assets
Actuarial Assumptions:	
Inflation Rate	2.4%
Long-Term Expected Rate of Return	6.9%
Discount Rate	2.4%
Project Salary Increases	3.4% overall payroll growth; salaries for individuals are assumed to grow 3.4% plus assumed rates of merit/longevity increases based on service
Mortality	Healthy retirees and beneficiaries: Pub-2010 Healthy retiree, sex-distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation. 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. Disabled retirees: Pub-2010 Disable Retiree, sex-distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.

Actuarial valuations of an ongoing plan involve estimates of the value of projected benefits and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Experience studies are performed as of December 31 of even numbered years. The methods and assumptions shown above are based on the 2018 Experience Study which reviewed experience for the four-year period ending on December 31, 2018.

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June 30, 2022

NOTE 14 – PENSION PLAN (CONTINUED)

F - Long-Term Expected Rate of Return. To develop an analytical basis for the PERS Board’s selection of the investment return assumption, PERS actuary, Milliman, used long-term assumptions developed by Milliman’s capital market assumptions team for each of the asset classes in which the plan is invested based on the Oregon Investment Council’s (OIC) long-term target asset allocation. Since the OIC uses broader asset classes than those for which Milliman’s investment actuaries develop long-term return assumptions, Milliman used the OIC’s description of each asset class to map it to the classes shown below. For example, the OIC’s allocation to “alternatives” was distributed among hedge funds, real estate, and commodities based on the detail available. Each asset class assumption is based on a consistent set of underlying assumptions, including the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model. Based on the target allocation and investment return assumptions for each of the asset classes, the model’s 50th percentile output is developed as follows:

Asset Class	Target Allocation	Compounded Annual Return (Geometric)
Global Equity	30.62 %	5.85 %
Private Equity	25.50 %	7.71 %
Core Fixed Income	23.75 %	2.73 %
Real Estate	12.25 %	5.66 %
Master Limited Partnerships	0.75 %	5.71 %
Infrastructure	1.50 %	6.26 %
Commodities	0.63 %	3.10 %
Hedge Fund of Funds - Multistrategy	1.25 %	5.11 %
Hedge Fund Equity - Hedge	0.63 %	5.31 %
Hedge Fund - Macro	5.62 %	5.06 %
US Cash	(2.50)%	1.76 %
Total	<u>100.00 %</u>	
Assumed Inflation - mean		2.40 %

For more information on the Plan’s portfolio, assumed asset allocation and long-term expected rate of return for each major asset class, calculated using both arithmetic and geometric means see PERS’ audited financial statements at: <https://www.oregon.gov/pers/pages/financials/actuarial-financial-information.aspx>

G - 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 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 pension plan investments. 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 PERS:

Lane Council of Governments
Notes to the Financial Statements
June 30, 2022

NOTE 14 – PENSION PLAN (CONTINUED)

- PERS 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 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 our 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.

H - Discount Rate. The discount rate used to measure the total pension liability was 6.90 percent for the Defined Benefit Pension Plan. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the Defined Benefit Pension Plan was applied to all periods of projected benefit payments to determine the total pension liability.

I - Sensitivity of LCOG's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following presents LCOG's proportionate share of the net pension liability (asset) calculated using the discount rate of 6.90 percent, as well as what LCOG's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is one percentage-point lower (5.90 percent) or one percentage-point higher (7.90 percent) than the current rate:

	1% Decrease (5.90%)	Discount Rate (6.90%)	1% Increase (7.90%)
Proportionate Share of Net Pension Liability (Asset)	\$ <u>25,914,475</u>	\$ <u>13,196,350</u>	\$ <u>2,555,896</u>

J - Changes in Assumptions and Other Inputs. In July 2021, the PERS Board approved changes to assumptions for the 2020 valuation, which will impact the system's actuarial accrued liability. These changes include reducing the assumed rate of return from 7.20% to 6.90% and reducing the assumed annual inflation from 2.50% to 2.40%, which together will increase the actuarial accrued liability. These assumptions were applied by the actuaries to the Net Pension Liability as of the June 30, 2021 measurement date included in this report.

K - Pension Plan Fiduciary Net Position. Detailed information about the pension plan's fiduciary net position is available in the separately issued OPERS financial report.

NOTE 15 – POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS

The other postemployment benefits (OPEB) for LCOG consists of an implicit rate subsidy for retiree health insurance premiums.

Lane Council of Governments
Notes to the Financial Statements
June 30, 2022

NOTE 15 – POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

Financial Statement Presentation

At June 30, 2022, LCOG reported a total OPEB liability of \$449,182. Deferred outflows of resources and deferred inflows of resources related to OPEB were also reported and will be recognized in pension expense as follows:

	Deferred Outflow of Resources	Deferred Inflow of Resources
Differences between expected and actual experience	\$ 12,783	\$ (14,121)
Changes in assumptions or inputs	\$ 17,572	\$ (2,815)
Total (prior to post-MD contributions)	30,355	(16,936)
Contributions subsequent to MD	40,826	-
Total	<u>\$ 71,181</u>	<u>\$ (16,936)</u>

Deferred outflows of resources related to OPEB of \$40,826 resulting from LCOG's contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability 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 for the years ended June 30, as follows:

Year ended	Amount
2023	\$ (1,359)
2024	3,532
2025	7,787
2026	3,326
2027	133
Total	<u>\$ 13,419</u>

Plan Description

LCOG's single-employer defined benefit postemployment healthcare plan is administered by City County Insurance Services. Benefit provisions are established through negotiations between LCOG and representatives of collective bargaining units or through resolutions passed by the LCOG Board. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

Benefits Provided

The plan provides eligible retirees and their dependents under age 65 the same health care coverage at the same premium rates as offered to active employees. The retiree is responsible for the premiums. As of the valuation date of July 1, 2020, the following employees were covered by the benefit terms:

Inactive beneficiaries or employees receiving benefits	4
Active employees	<u>84</u>
Total	<u>88</u>

Lane Council of Governments
Notes to the Financial Statements
June 30, 2022

NOTE 15 – POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

Total OPEB Liability, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

LCOG's total OPEB liability of \$449,182 at June 30, 2022 was calculated using a measurement date of June 30, 2021, and was determined by an actuarial valuation as of July 1, 2020. The General Fund and the Grants and Contract Fund are the major governmental funds used to liquidate the net OPEB liability.

For the fiscal year ended June 30, 2022, LCOG recognized a reduction in OPEB expense from this plan of \$11,191 due to changes in the OPEB liability and related deferred inflows and outflows as compared to the prior year.

Actuarial Assumptions and Other Inputs

The total OPEB liability in the July 1, 2021 valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Actuarial method	Entry age normal
Inflation	2.5%
Salary increases	3.5%
Healthy 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.
Discount rate	3.5%
Health care cost trend rate	Medical and vision 3.75 percent per year increasing to 4.00 percent (changed from 6.75 percent per year decreasing to 4.75 percent)

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

The change in the total OPEB liability for the year ended June 30, 2022 was as follows:

	Total OPEB Liability
Balance at beginning of year	\$ 456,483
Changes for the year:	
Service cost	22,296
Interest on total OPEB liability	10,128
Effect of economic/demographic gains or losses	-
Effects of assumption changes or inputs	1,458
Benefit payments	<u>(41,183)</u>
Balance at end of year	<u>\$ 449,182</u>

Lane Council of Governments
Notes to the Financial Statements
June 30, 2022

NOTE 15 – POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

Sensitivity of the Total OPEB Liability

The following presents LCOG’s total OPEB liability, as well as what the liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher.

	Discount rate		
	1% decrease (2.5%)	3.5%	1% increase (4.5%)
Discount rate	\$ 478,559	\$ 449,182	\$ 420,950
Health care cost trends	\$ 404,047	\$ 449,182	\$ 502,482

NOTE 16 – BUILDING - PARK PLACE

Total income consists of rental revenue and occupancy revenue. Rental Income is charged to agencies renting available retail space in owned buildings. Such rents are considered third party activity. LCOG distinguishes any rent charged on space that is administrative space as occupancy revenue.

Occupancy space is identified as the fourth and fifth floors and part of the garden level of the Park Place Building totaling 17,780 square feet (17,107 fourth and fifth floors; 673 WIX). The occupancy costs from LCOG occupancy for FY22 was a total of \$404,481.

NOTE 17 – INDIRECT CHARGES (OVERHEAD)

Indirect costs are budgeted and actual costs are allocated and recovered from all applicable grants, contracts, and agreements based on a negotiated fixed rate percentage applied to the sum of actual direct labor and fringe costs incurred. The annual budget and the calculations of the fixed rate percentage are reviewed, negotiated, and approved annually by LCOG’s designated cognizant agency - the Oregon Department of Transportation (ODOT).

The Indirect Cost Allocation Plan (ICAP) is prepared and submitted to ODOT in accordance with procedures of the Office of Management and Budget, 2 CFR Part 225, Cost Principles for State and Local, and Indian Tribal Governments (OMB Circular A-87). Rates are negotiated by LCOG and ODOT according to the authority contained in Appendix C, Section D.2 of 2 CFR Part 225.

Rates approved by ODOT in effect July 1, 2021 through June 30, 2022 are as follows:

Government Services, Transportation,	
Planning & Loan Programs	26.943 %
Senior and Disability Services	12.544 %
Business Services	25.202 %
Government Services	17.210 %
Communications (Metro TV)	16.171 %

Lane Council of Governments
Notes to the Financial Statements
June 30, 2022

NOTE 17 – INDIRECT CHARGES (OVERHEAD) (CONTINUED)

Indirect costs are excluded in the consolidation of the government-wide statements and all other accompanying financial statements. (Internal charges are not excluded – interfund services provided by and used between services is noted in all financial statements. For more detail on transfers, see Interfund Receivables, Payables, Advances and Transfers Note.

Indirect recovered	\$ 3,674,551
Indirect cost incurred for the year ended June 30, 2022	<u>(3,948,815)</u>
Over recovered indirect costs	<u>\$ (274,264)</u>

NOTE 18 – PRIOR PERIOD ADJUSTMENTS

In Fiscal Year 2022, LCOG implemented new accounting policies required under GASB 87 *Leases*.

The restatement below adjusts net position as of June 30, 2021 to account for implementing this policy.

Lease related balances calculated as of June 30, 2021:	Governmental Activities	Park Place Fund	Business-Type Activities
Right-to-Use Lease Asset	\$ 10,875,318	\$ -	\$ -
Accumulated Amortization of Right-to-Use Lease Asset	\$ (2,009,647)	\$ -	\$ -
Leases Payable	\$ (10,314,356)	\$ -	\$ -
Adjustments to Capital Assets, Net	\$ (604,362)	\$ -	\$ -
Leases Receivable	\$ -	\$ 2,249,309	\$ 2,249,309
Deferred Inflow of Resources - Leases	<u>-</u>	<u>(2,171,481)</u>	<u>(2,171,481)</u>
Adjustment to Beginning Net Position	<u>\$ (2,053,047)</u>	<u>\$ 77,828</u>	<u>\$ 77,828</u>
	Governmental Activities	Park Place Fund	Business-Type Activities
Beginning Net Position	\$ 1,234,521	\$ 2,396,674	\$ 6,348,356
Prior Period Adjustment	<u>(2,053,047)</u>	<u>77,828</u>	<u>77,828</u>
Beginning Net Position, as Restated	<u>\$ (818,526)</u>	<u>\$ 2,474,502</u>	<u>\$ 6,426,184</u>

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of the Proportionate Share of the Net Pension Liability

Schedule of Pension Contributions

Schedule of Changes in Total OPEB Liability and Related Ratios

Schedules of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual:

- General Fund
- Special Revenue Funds - Grants and Contracts

Budgetary Basis: The basis of budgeting for all major funds is consistent with the modified accrual basis, except that transactions related interfund advances are budgeted as revenues and expenditures for the year in which the cash flow occurs.

Lane Council of Governments
Schedule of the Proportionate Share of the Net Pension Liability
June 30, 2022

Oregon Public Employees Retirement System

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Proportion of the net pension liability or asset	0.1103 %	0.1262 %	0.1250 %	0.1250 %	0.1215 %	0.1151 %	0.1226 %	0.1116 %	0.1268 %
Proportionate share of the net pension liability (asset)	\$13,196,350	\$27,546,414	\$21,621,247	\$21,621,247	\$18,401,958	\$15,512,393	\$18,408,381	\$ 6,406,247	\$ 2,874,427
Covered payroll	\$14,605,728	\$13,731,096	\$12,278,948	\$11,043,502	\$10,176,173	\$ 9,559,449	\$ 8,826,685	\$ 8,838,698	\$ 7,961,173
Proportionate share of the pension liability (asset) as a percentage of its covered payroll	90.35 %	200.61 %	176.08 %	195.78 %	180.83 %	162.27 %	208.55 %	72.48 %	36.11 %
Plan net position as a percentage of the total pension liability	87.6 %	75.8 %	80.2 %	80.2 %	82.1 %	83.1 %	80.5 %	91.9 %	103.6 %

10-year trend information required by GASB Statement 68, as amended, will be presented prospectively

Lane Council of Governments
Schedule of Pension Contributions
June 30, 2022

Oregon Public Employees Retirement System

	<u>2022</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 3,304,475	\$ 2,879,967	\$ 2,589,454	\$ 1,914,899	\$ 1,833,219	\$ 1,454,150	\$ 1,322,647	\$ 1,122,589	\$ 994,089
Contributions in relation to the contractually required contribution	<u>3,304,475</u>	<u>2,879,967</u>	<u>2,589,454</u>	<u>1,914,899</u>	<u>1,833,219</u>	<u>1,454,150</u>	<u>1,322,647</u>	<u>1,122,589</u>	<u>994,089</u>
Contribution deficiency (excess)	\$ <u> -</u>	\$ <u> -</u>	\$ <u> -</u>	\$ <u> -</u>	\$ <u> -</u>	\$ <u> -</u>	\$ <u> -</u>	\$ <u> -</u>	\$ <u> -</u>
Covered payroll	\$15,580,253	\$14,605,728	\$13,731,096	\$12,278,948	\$11,043,502	\$10,176,173	\$ 9,559,449	\$ 8,826,685	\$ 8,838,698
Contributions as a percentage of covered payroll	21.21 %	19.72 %	18.86 %	15.59 %	16.60 %	14.29 %	13.84 %	12.72 %	11.25 %

10-year trend information required by GASB Statement 68, as amended, will be presented prospectively

Notes to Required Supplementary Information

Note I - Measurement Period

Amounts presented are for the measurement period reported during the fiscal year, which for FY22 is July 1, 2020 - June 30, 2021.

Lane Council of Governments
Schedule of Changes in Total OPEB Liability and Related Ratios
Year Ended June 30, 2022

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Balance at beginning of year	\$ 456,483	\$ 415,456	\$ 387,432	\$ 407,502	\$ 422,431
Services cost	22,296	21,965	19,580	27,758	29,477
Interest on total OPEB liability	10,128	14,800	15,399	15,166	12,416
Effects of economic/demographic gains or losses	-	20,087	-	(47,341)	-
Effect of assumptions changes or inputs	1,458	13,579	11,421	7,813	(24,040)
Benefit payments	<u>(41,183)</u>	<u>(29,404)</u>	<u>(18,376)</u>	<u>(23,466)</u>	<u>(32,782)</u>
Balance at end of year	<u>\$ 449,182</u>	<u>\$ 456,483</u>	<u>\$ 415,456</u>	<u>\$ 387,432</u>	<u>407,502</u>
Covered-employee payroll	\$ 14,605,728	\$ 13,731,096	\$ 12,278,948	\$ 11,043,502	\$ 10,176,173
Total OPEB liability as a percentage of covered payroll	3.08 %	3.32 %	3.38 %	3.51 %	4.00 %

10-year trend information required by GASB Statement 75 will be presented prospectively

Notes to Required Supplementary Information

Note I - Measurement Period

Amounts presented are for the measurement period reported during the fiscal year, which for FY22 is July 1, 2020 - June 30, 2021.

Note II - Plan Assets

The plan has no accumulated assets in a trust that meets the applicable criteria established in the GASB codification.

Lane Council of Governments
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual (Budgetary Basis)

For the year ended June 30, 2022

	Adopted Budget	Revised Budget	Actual	Variance
Revenues:				
Member dues	\$ 223,928	\$ 222,000	\$ 221,645	\$ (355)
Other local sources	<u>45,482</u>	<u>82,582</u>	<u>2,102,680</u>	<u>2,020,098</u>
Total revenues	<u>269,410</u>	<u>304,582</u>	<u>2,324,325</u>	<u>2,019,743</u>
Expenditures:				
Personnel services	211,817	241,817	175,660	66,157
Materials and services	<u>67,560</u>	<u>193,060</u>	<u>1,335,990</u>	<u>(1,142,930)</u>
Total expenditures	<u>279,377</u>	<u>434,877</u>	<u>1,511,650</u>	<u>(1,076,773)</u>
Revenues over (under) expenditures	<u>(9,967)</u>	<u>(130,295)</u>	<u>812,675</u>	<u>942,970</u>
Other financing sources and uses:				
Transfers in	23,000	43,000	380,016	337,016
Transfers out	<u>(71,774)</u>	<u>(91,774)</u>	<u>(52,201)</u>	<u>39,573</u>
Total other financing sources and uses	<u>(48,774)</u>	<u>(48,774)</u>	<u>327,815</u>	<u>376,589</u>
Change in fund balance	(58,741)	(179,069)	1,140,490	1,319,559
Fund balance, beginning of year	<u>402,570</u>	<u>765,912</u>	<u>378,297</u>	<u>(387,615)</u>
Fund balance, end of year	\$ <u>343,829</u>	\$ <u>586,843</u>	1,518,787	\$ <u>931,944</u>
Reconciliation to GAAP fund balance				
The Indirect Central Services fund is not a budgeted fund. Activity in this fund is consolidated with the Grants and Contracts Fund for financial reporting			152,707	
GAAP fund balance, end of year			\$ <u>1,671,494</u>	

Lane Council of Governments
Special Revenue Fund - Grants and Contracts
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual (Budgetary Basis)
For the year ended June 30, 2022

	<u>Adopted Budget</u>	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Federal and state grants and contracts	\$ 29,849,590	\$ 37,675,590	\$ 33,303,886	\$ (4,371,704)
Local sources	<u>5,762,863</u>	<u>6,087,978</u>	<u>6,384,948</u>	<u>296,970</u>
Total revenues	<u>35,612,453</u>	<u>43,763,568</u>	<u>39,688,834</u>	<u>(4,074,734)</u>
Expenditures:				
Government services:				
Personnel services	3,942,656	3,961,880	3,751,894	209,986
Support services	1,005,044	1,005,053	976,481	28,572
Materials and services	3,503,339	4,147,886	3,100,041	1,047,845
Capital outlay	-	7,500	-	7,500
Services by other organizations	<u>95,001</u>	<u>122,001</u>	<u>117,168</u>	<u>4,833</u>
Government services sub-total	<u>8,546,040</u>	<u>9,244,320</u>	<u>7,945,584</u>	<u>1,298,736</u>
Senior and disability services:				
Personnel services	21,356,036	22,631,463	20,948,833	1,682,630
Support services	2,678,051	2,838,915	2,627,806	211,109
Materials and services	3,489,948	3,839,308	3,805,257	34,051
Capital outlay	189,000	246,402	218,037	28,365
Services by other organizations	<u>1,197,874</u>	<u>1,489,816</u>	<u>1,307,512</u>	<u>182,304</u>
Senior and disability services sub-total	<u>28,910,909</u>	<u>31,045,904</u>	<u>28,907,445</u>	<u>2,138,459</u>
Total expenditures	<u>37,456,949</u>	<u>40,290,224</u>	<u>36,853,029</u>	<u>3,437,195</u>
Revenues over (under) expenditures	<u>(1,844,496)</u>	<u>3,473,344</u>	<u>2,835,805</u>	<u>(637,539)</u>
Other financing sources and uses:				
Transfers in	4,825,465	5,183,333	4,381,454	(801,879)
Transfers out	<u>(4,763,854)</u>	<u>(5,122,081)</u>	<u>(4,320,389)</u>	<u>801,692</u>
Total other financing sources and uses	<u>61,611</u>	<u>61,252</u>	<u>61,065</u>	<u>(187)</u>
Change in fund balance	(1,782,885)	3,534,596	2,896,870	(637,726)
Fund balance, beginning of year	<u>8,792,121</u>	<u>10,106,441</u>	<u>9,777,578</u>	<u>(328,863)</u>
Fund balance, end of year	<u>\$ 7,009,236</u>	<u>\$ 13,641,037</u>	<u>\$ 12,674,448</u>	<u>\$ (966,589)</u>

SUPPLEMENTARY INFORMATION

Combining Statement of Net Position - Nonmajor Proprietary Funds

Combining Statement of Revenues, Expenses, and Changes in Net Position - Nonmajor Proprietary Funds

Combining Statement of Cash Flows - Nonmajor Proprietary Funds

Schedules of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual:

- Enterprise Funds

Schedules of Resources and Requirements - Budget and Actual (Budgetary Basis):

- All Organizational Units
- General Fund
- Government Services
- Senior and Disability Services
- Enterprise Fund

Intermediary Relending Program:

- Statement of Net Position
- Schedule of Revenues, Expenses, and Changes in Net Position

Lane Council of Governments
Combining Statement of Net Position
Nonmajor Proprietary Funds
June 30, 2022

	<u>Minutes Recording</u>	<u>Economic Development</u>	<u>Total</u>
ASSETS			
Current assets:			
Cash and investments	\$ -	\$ 32,739	\$ 32,739
Accounts receivable	32,185	16,250	48,435
Prepaid expense	<u>28</u>	<u>1</u>	<u>29</u>
Total assets	<u>32,213</u>	<u>48,990</u>	<u>81,203</u>
LIABILITIES			
Current liabilities:			
Accounts payable	7,126	26,150	33,276
Accrued payroll and related liabilities	<u>246</u>	<u>-</u>	<u>246</u>
Total liabilities	<u>7,372</u>	<u>26,150</u>	<u>33,522</u>
NET POSITION			
Unrestricted	<u>24,841</u>	<u>22,840</u>	<u>47,681</u>
Total net position	<u>\$ 24,841</u>	<u>\$ 22,840</u>	<u>\$ 47,681</u>

Lane Council of Governments
Combining Statement of Revenues, Expenses, and Changes in Net Position
Nonmajor Proprietary Funds
For the year ended June 30, 2022

	<u>Minutes Recording</u>	<u>Economic Development</u>	<u>Total</u>
Operating revenues:			
Charges for services and rent	\$ <u>56,344</u>	\$ <u>32,500</u>	\$ <u>88,844</u>
Total operating revenues	<u>56,344</u>	<u>32,500</u>	<u>88,844</u>
Operating expenses:			
Personal services	4,968	9,694	14,662
Materials and services	<u>34,962</u>	<u>5,895</u>	<u>40,857</u>
Total operating expenses	<u>39,930</u>	<u>15,589</u>	<u>55,519</u>
Operating income	16,414	16,911	33,325
Transfers out	<u>(30,000)</u>	<u>(5,974)</u>	<u>(35,974)</u>
Change in net position	(13,586)	10,937	(2,649)
Net position, beginning of year	<u>38,427</u>	<u>11,903</u>	<u>50,330</u>
Net position, end of year	<u>\$ <u>24,841</u></u>	<u>\$ <u>22,840</u></u>	<u>\$ <u>47,681</u></u>

Lane Council of Governments
Combining Statement of Cash Flows
Nonmajor Proprietary Funds
For the year ended June 30, 2022

	<u>Minutes Recording</u>	<u>Economic Development</u>	<u>Total Nonmajor Funds</u>
Cash flows from operating activities:			
Cash received from customers	\$ 66,150	\$ 48,750	\$ 114,900
Cash paid to suppliers	(31,183)	(30,218)	(61,401)
Cash paid to employees	<u>(4,967)</u>	<u>(9,694)</u>	<u>(14,661)</u>
Net cash provided (used) by operating activities	<u>30,000</u>	<u>8,838</u>	<u>38,838</u>
Cash flows from noncapital financing activities:			
Transfers	<u>(30,000)</u>	<u>(5,974)</u>	<u>(35,974)</u>
Net cash provided (used) by noncapital financing activities	<u>(30,000)</u>	<u>(5,974)</u>	<u>(35,974)</u>
Net increase (decrease) in cash and cash equivalents	-	2,864	2,864
Cash and cash equivalents, beginning of year	<u>-</u>	<u>29,875</u>	<u>29,875</u>
Cash and cash equivalents, end of year	<u>\$ -</u>	<u>\$ 32,739</u>	<u>\$ 32,739</u>
Reconciliation of operating income to net cash provided (used) by operating activities:			
Operating income	\$ 16,414	\$ 16,911	\$ 33,325
(Increase) decrease in:			
Accounts receivable	9,806	16,250	26,056
Prepaid expense	-	(1)	(1)
Increase (decrease) in:			
Unearned revenue	-	(24,375)	(24,375)
Due to other funds	(671)	-	(671)
Accounts payable	4,450	53	4,503
Accrued payroll and related liabilities	<u>1</u>	<u>-</u>	<u>1</u>
Net cash provided (used) by operating activities	<u>\$ 30,000</u>	<u>\$ 8,838</u>	<u>\$ 38,838</u>

Lane Council of Governments
Enterprise Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual (Budgetary Basis)
For the year ended June 30, 2022

	Adopted Budget	Revised Budget	Actual	Variance
Revenues				
Federal and state grants and contracts	\$ 550,000	\$ 350,000	\$ 250,000	\$ (100,000)
Local sources	<u>1,637,607</u>	<u>1,732,731</u>	<u>1,890,090</u>	<u>157,359</u>
Total revenues	2,187,607	2,082,731	2,140,090	57,359
Expenditures				
Loan program				
Personnel services	247,880	195,917	162,792	33,125
Support services	62,466	62,466	62,466	-
Materials and services	35,347	35,981	43,138	(7,157)
Services by other organizations	600,000	300,000	364,000	(64,000)
Debt service	<u>122,180</u>	<u>122,180</u>	<u>116,818</u>	<u>5,362</u>
Loan program sub-total	<u>1,067,873</u>	<u>716,544</u>	<u>749,214</u>	<u>(32,670)</u>
Building program				
Personnel services	10,291	10,291	2,971	7,320
Support services	2,593	2,593	2,593	-
Materials and services	454,043	449,776	480,919	(31,143)
Capital outlay	-	20,500	5,354	15,146
Debt service	<u>359,327</u>	<u>359,965</u>	<u>344,966</u>	<u>14,999</u>
Building program sub-total	<u>826,254</u>	<u>843,125</u>	<u>836,803</u>	<u>6,322</u>
Economic Development and Minutes				
Recording programs				
Personnel services	19,623	19,623	14,663	4,960
Support services	5,205	5,205	5,205	-
Materials and services	<u>42,458</u>	<u>34,000</u>	<u>35,652</u>	<u>(1,652)</u>
Economic Development and Minutes				
Recording programs sub-total	<u>67,286</u>	<u>58,828</u>	<u>55,520</u>	<u>3,308</u>
Total expenditures	<u>1,961,413</u>	<u>1,618,497</u>	<u>1,641,537</u>	<u>(23,040)</u>
Revenues over (under) expenditures	<u>226,194</u>	<u>464,234</u>	<u>498,553</u>	<u>34,319</u>
Other financing sources and uses				
Transfers in	127,890	119,962	101,400	(18,562)
Transfers out	<u>(140,727)</u>	<u>(132,440)</u>	<u>(134,189)</u>	<u>(1,749)</u>
Total other financing sources and uses	<u>(12,837)</u>	<u>(12,478)</u>	<u>(32,789)</u>	<u>(20,311)</u>
Change in fund balance	213,357	451,756	465,764	14,008
Fund balance, beginning of year	<u>3,516,551</u>	<u>3,907,850</u>	<u>2,897,057</u>	<u>(1,010,793)</u>
Fund balance, end of year	<u>\$ 3,729,908</u>	<u>\$ 4,359,606</u>	<u>\$ 3,362,821</u>	<u>\$ (996,785)</u>

Lane Council of Governments
All Organizational Units
Schedule of Resources and Requirements
Budget and Actual (Budgetary Basis)
For the year ended June 30, 2022

	<u>Adopted Budget</u>	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance</u>
Resources:				
Federal and state revenue	\$ 30,399,590	\$ 38,025,590	\$ 33,553,886	\$ (4,471,704)
Local revenue	7,445,952	7,903,291	10,401,808	2,498,517
Local revenue - member dues	223,928	222,000	221,645	(355)
Transfers in	4,976,355	5,346,295	4,862,870	(483,425)
Beginning reserves	<u>12,711,242</u>	<u>14,780,203</u>	<u>13,052,932</u>	<u>(1,727,271)</u>
Total resources	<u>\$ 55,757,067</u>	<u>\$ 66,277,379</u>	<u>\$ 62,093,141</u>	<u>\$ (4,184,238)</u>
Requirements:				
Personnel services	25,788,303	27,060,991	25,056,812	2,004,179
Support services	3,753,359	3,914,232	3,674,551	239,681
Materials and services	7,592,695	8,700,011	8,800,997	(100,986)
Capital outlay	189,000	274,402	223,391	51,011
Services by other organizations	1,892,875	1,911,817	1,788,680	123,137
Debt service	481,507	482,145	461,784	20,361
Transfers out	4,976,355	5,346,295	4,506,780	839,515
Ending reserves	<u>11,082,973</u>	<u>18,587,486</u>	<u>17,580,146</u>	<u>1,007,340</u>
Total requirements	<u>\$ 55,757,067</u>	<u>\$ 66,277,379</u>	<u>\$ 62,093,141</u>	<u>\$ 4,184,238</u>
Reserves by fund:				
General fund			\$ 1,518,787	
Special revenue funds			12,674,447	
Enterprise funds			<u>3,386,912</u>	
Reserves as of year end			<u>\$ 17,580,146</u>	

Lane Council of Governments
General Fund
Schedule of Resources and Requirements
Budget and Actual (Budgetary Basis)
For the year ended June 30, 2022

	Adopted Budget	Revised Budget	Actual	Variance
Resources:				
Member agency dues	\$ 223,928	\$ 222,000	\$ 221,645	\$ (355)
Other local sources	44,566	81,866	2,101,657	2,019,791
Interest income	916	716	1,023	307
Transfers in	23,000	43,000	380,016	337,016
Beginning reserves	<u>402,570</u>	<u>765,912</u>	<u>378,297</u>	<u>(387,615)</u>
Total resources	<u>\$ 694,980</u>	<u>\$ 1,113,494</u>	<u>\$ 3,082,638</u>	<u>\$ 1,969,144</u>
Requirements:				
Personnel services	211,817	241,817	175,660	66,157
Materials and services	67,560	193,060	1,335,990	(1,142,930)
Transfers out	71,774	91,774	52,201	39,573
Ending reserves	<u>343,829</u>	<u>586,843</u>	<u>1,518,787</u>	<u>(931,944)</u>
Total requirements	<u>\$ 694,980</u>	<u>\$ 1,113,494</u>	<u>\$ 3,082,638</u>	<u>\$ (1,969,144)</u>

Lane Council of Governments
Government Services
Schedule of Resources and Requirements
Budget and Actual (Budgetary Basis)
For the year ended June 30, 2022

	<u>Adopted Budget</u>	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance</u>
Resources:				
Federal and state grants and contracts	\$ 4,803,235	\$ 5,000,976	\$ 927,619	\$ (4,073,357)
Other local sources	4,395,763	4,613,135	4,761,495	148,360
Rental and in-kind income	102,924	150,000	180,106	30,106
Transfers in	1,541,526	1,520,632	905,676	(614,956)
Beginning reserves	<u>2,680,952</u>	<u>1,995,696</u>	<u>1,666,778</u>	<u>(328,918)</u>
Total resources	<u>\$ 13,524,400</u>	<u>\$ 13,280,439</u>	<u>\$ 8,441,674</u>	<u>\$ (4,838,765)</u>
Requirements:				
Personnel services	3,942,656	3,961,880	3,751,894	209,986
Support services	1,005,044	1,005,053	976,481	28,572
Materials and services	3,503,339	4,147,886	3,100,041	1,047,845
Capital outlay	-	7,500	-	7,500
Services by other organizations	95,001	122,001	117,168	4,833
Transfers out	1,479,915	1,459,380	844,611	614,769
Ending reserves	<u>3,498,445</u>	<u>2,576,739</u>	<u>(348,522)</u>	<u>2,925,261</u>
Total requirements	<u>\$ 13,524,400</u>	<u>\$ 13,280,439</u>	<u>\$ 8,441,673</u>	<u>\$ 4,838,766</u>

Lane Council of Governments
Senior and Disability Services
Schedule of Resources and Requirements
Budget and Actual (Budgetary Basis)
For the year ended June 30, 2022

	Adopted Budget	Revised Budget	Actual	Variance
Resources:				
Federal and state grants and contracts	\$ 25,046,355	\$ 32,674,614	\$ 32,376,267	\$ (298,347)
Other local sources	1,262,976	1,324,343	1,443,141	118,798
Interest income	1,200	500	206	(294)
Transfers in	3,283,939	3,662,701	3,475,778	(186,923)
Beginning reserves	<u>6,111,169</u>	<u>8,110,745</u>	<u>8,110,800</u>	<u>55</u>
Total resources	<u>\$ 35,705,639</u>	<u>\$ 45,772,903</u>	<u>\$ 45,406,192</u>	<u>\$ (366,711)</u>
Requirements:				
Personnel services	21,356,036	22,631,463	20,948,833	1,682,630
Support services	2,678,051	2,838,915	2,627,806	211,109
Materials and services	3,489,948	3,839,308	3,805,257	34,051
Capital outlay	189,000	246,402	218,037	28,365
Services by other organizations	1,197,874	1,489,816	1,307,512	182,304
Transfers out	3,283,939	3,662,701	3,475,778	186,923
Ending reserves	<u>3,510,791</u>	<u>11,064,298</u>	<u>13,022,969</u>	<u>(1,958,671)</u>
Total requirements	<u>\$ 35,705,639</u>	<u>\$ 45,772,903</u>	<u>\$ 45,406,192</u>	<u>\$ 366,711</u>

Lane Council of Governments
Enterprise Fund
Schedule of Resources and Requirements
Budget and Actual (Budgetary Basis)
For the year ended June 30, 2022

	Adopted Budget	Revised Budget	Actual	Variance
Resources:				
Federal and state grants and contracts	\$ 550,000	\$ 350,000	\$ 250,000	\$ (100,000)
Charges for services and rents	1,634,982	1,728,786	1,903,427	174,641
Interest income	2,625	3,945	10,753	6,808
Transfers in	127,890	119,962	101,400	(18,562)
Beginning reserves	<u>3,516,551</u>	<u>3,907,850</u>	<u>2,897,057</u>	<u>(1,010,793)</u>
Total resources	<u>\$ 5,832,048</u>	<u>\$ 6,110,543</u>	<u>\$ 5,162,637</u>	<u>\$ (947,906)</u>
Requirements:				
Personnel services	277,794	225,831	180,425	45,406
Support services	70,264	70,264	70,264	-
Materials and services	531,848	519,757	559,709	(39,952)
Capital outlay	-	20,500	5,354	15,146
Services by other organizations	600,000	300,000	364,000	(64,000)
Debt service	481,507	482,145	461,784	20,361
Transfers out	140,727	132,440	134,189	(1,749)
Ending reserves	<u>3,729,908</u>	<u>4,359,606</u>	<u>3,386,912</u>	<u>972,694</u>
Total requirements	<u>\$ 5,832,048</u>	<u>\$ 6,110,543</u>	<u>\$ 5,162,637</u>	<u>\$ 947,906</u>

Lane Council of Governments
Statement of Net Position
Intermediary Relending Program
June 30, 2022

ASSETS

Current assets:

Cash and investments	\$ 1,225,069
Current maturities of loans receivable	96,549
Accrued interest receivable	4,581
Prepaid expense	<u>178</u>
Total current assets	<u>1,326,377</u>

Noncurrent assets:

Loans receivable, net of current maturities and allowance	<u>994,059</u>
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Total assets	<u>2,320,436</u>
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LIABILITIES

Current liabilities:

Accounts payable	2,047
Accrued payroll and related liabilities	3,586
Accrued interest payable	4,600
Current maturities of loans payable	<u>111,413</u>
Total current liabilities	<u>121,646</u>

Noncurrent liabilities:

Long-term debt, net of current maturities	<u>964,993</u>
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Total noncurrent liabilities	<u>964,993</u>
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Total liabilities	<u>1,086,639</u>
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NET POSITION

Restricted by USDA	<u>1,233,797</u>
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Total net position	<u>\$ 1,233,797</u>
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Lane Council of Governments
Schedule of Revenues, Expenses, and Changes in Net Position
Intermediary Relending Program
For the year ended June 30, 2022

Operating revenues:	
Loan interest revenue	\$ 53,054
Loan fees revenue	<u>3,346</u>
Total operating revenues	<u>56,400</u>
Operating expenses:	
Personal services	41,268
Materials and services	<u>8,759</u>
Total operating expenses	<u>50,027</u>
Operating income	6,373
Nonoperating revenues (expenses)	
Interest income	8,927
Interest expense	<u>(11,108)</u>
Total nonoperating revenues (expenses)	<u>(2,181)</u>
Income before transfers	4,192
Transfers out	<u>(7,000)</u>
Change in net position	(2,808)
Net position, beginning of year	<u>1,236,605</u>
Net position, end of year	<u>\$ 1,233,797</u>

STATISTICAL SECTION

Lane Council of Governments Index of Tables

For the Fiscal Years Ended June 30, 2013-2022

This part of LCOG's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about LCOG's overall financial health. It is intended to provide users with a broad and more complete understanding of LCOG and its financial affairs than is possible from only the financial statements and supporting schedules. In contrast to the financial section, the statistical section information is not subject to independent audit.

Contents Page

Financial Trends 71 - 80

These schedules contain trend information to help the reader understand how LCOG's financial performance and well-being have changed over time.

- Net Position by Components
- Changes in Net Position by Activity
- Statement of Activities and Changes in Net Position
- Fund Balances – Governmental Funds
- Changes in Fund Balances – Governmental Funds
- Net Capital Assets by Activity

Revenue Capacity 81 - 82

These schedules contain information to help the reader assess LCOG's Governmental revenue sources, including Member Dues.

- Revenue by Source – Governmental Funds
- Member Dues

Debt Capacity 83

These schedules present information to help the reader assess the affordability of LCOG's current level of outstanding debt.

- Ratios of Outstanding Debt

Demographic and Economic Information 84 - 86

These schedules help the reader understand the environment within which LCOG's financial activities take place.

- Total Population by Jurisdiction
- Demographic and Economic Statistics
- Full Time Employee Equivalents for Each Fiscal Year

Lane Council of Governments
Net Position by Components
For the Fiscal Years Ended June 30, 2013-2022

Fiscal year ended June 30,	2013**	2014**	2015**	2016**	2017**
Governmental activities					
Net investment in capital assets	\$ 449,951	\$ 420,167	\$ 10,707,658 (c)	\$ 10,229,273	\$ 10,016,507
Restricted	2,512,187	3,753,886	5,988,719	6,226,559	4,521,548
Unrestricted	(1,490,168) (a)	(6,810,666) (b)	(4,961,031)	(7,393,685)	(7,986,671)
Total governmental activities net position	<u>1,471,970</u>	<u>(2,636,613)</u>	<u>11,735,346</u>	<u>9,062,147</u>	<u>6,551,384</u>
Business-type activities					
Net investment in capital assets	825,246	662,237	2,025,428	2,025,069	1,869,243
Restricted	2,389,938	3,061,538	2,989,626	3,005,526	3,294,889
Unrestricted	-	-	-	285,148	435,650
Total business-type activities net position	<u>3,215,184</u>	<u>3,723,775</u>	<u>5,015,054</u>	<u>5,315,743</u>	<u>5,599,782</u>
Primary government					
Net investment in capital assets	1,275,197	1,082,404	12,733,086	12,254,342	11,885,750
Restricted	4,902,125	6,815,424	8,978,345	9,232,085	7,816,437
Unrestricted	(1,490,168)	(6,810,666)	(4,961,031)	(7,108,537)	(7,551,021)
Total primary government net position	<u>\$ 4,687,154 (a)</u>	<u>\$ 1,087,162 (b)</u>	<u>\$ 16,750,400 (c)</u>	<u>\$ 14,377,890 (d)</u>	<u>\$ 12,151,166</u>

** These year end balances include prior period adjustments as follows:

- (a) \$4,687,154 net position is restated, \$4,968,409 minus prior period adjustment of \$281,255 for unrecorded costs.
- (b) \$1,087,162 net position is restated, \$6,564,377 minus prior period adjustments of \$5,386,694 for pension liability, \$90,521 for costs not recorded and fund transferred to new category \$4,003.
- (c) \$16,750,400 net position is restated, \$548,926 plus prior period adjustments of \$11,201,474. Major fiber optics project was completed and capitalized.
- (d) \$14,377,890 net position is restated, \$14,455,721 minus prior period adjustments of (\$77,831).

Lane Council of Governments
Net Position by Components, Continued
For the Fiscal Years Ended June 30, 2013-2022

<u>Fiscal year ended June 30,</u>	<u>2018**</u>	<u>2019</u>	<u>2020**</u>	<u>2021</u>	<u>2022</u>
Governmental activities					
Net investment in capital assets	\$ 10,049,072	\$ 9,867,313	\$ 10,206,510	\$ 10,834,785	\$ 9,737,474
Restricted	5,633,688	5,788,384	8,862,116	9,545,784	12,354,770
Unrestricted	(10,212,617)	(12,050,417)	(16,235,534)	(19,146,048)	(18,284,725)
Total governmental activities net position	<u>5,470,143</u>	<u>3,605,280</u>	<u>2,833,092</u>	<u>1,234,521</u>	<u>3,807,519</u>
Business-type activities					
Net investment in capital assets	1,750,373	1,558,617	1,931,985	1,693,953	1,466,620
Restricted	2,240,672	-	-	-	-
Unrestricted	2,023,081	4,228,904	3,978,185	4,654,403	5,000,067
Total business-type activities net position	<u>6,014,126</u>	<u>5,787,521</u>	<u>5,910,170</u>	<u>6,348,356</u>	<u>6,466,687</u>
Primary government					
Net investment in capital assets	11,799,445	11,425,930	12,138,495	12,528,738	11,204,094
Restricted	7,874,360	5,788,384	8,862,116	9,545,784	12,354,770
Unrestricted	(8,189,536)	(7,821,513)	(12,257,349)	(14,491,645)	(13,284,658)
Total primary government net position	<u>\$ 11,484,269</u> (e)	<u>\$ 9,392,801</u>	<u>\$ 8,743,262</u> (f)	<u>\$ 7,582,877</u>	<u>\$ 10,274,206</u>

** These year end balances include prior period adjustments as follows:

- (a) \$4,687,154 net position is restated, \$4,968,409 minus prior period adjustment of \$281,255 for unrecorded costs.
- (b) \$1,087,162 net position is restated, \$6,564,377 minus prior period adjustments of \$5,386,694 for pension liability, \$90,521 for costs not recorded and fund transferred to new category \$4,003.
- (c) \$16,750,400 net position is restated, \$548,926 plus prior period adjustments of \$11,201,474. Major fiber optics project was completed and capitalized.
- (d) \$14,377,890 net position is restated, \$14,455,721 minus prior period adjustments of (\$77,831).
- (e) \$11,484,267 net position is restated, \$11,798,387 minus prior period adjustments of (\$314,120) due primarily to first year implementation of GASB 75 reporting.
- (f) \$8,743,262 net position is restated, \$8,490,606 plus prior period adjustment of \$252,656

Lane Council of Governments
Changes in Net Position, by Activity
For the Fiscal Years Ended June 30, 2013-2022

	Governmental	Business-Type	Total	
	<u>Activities</u>	<u>Activities</u>	<u>Change in</u>	<u>Net Change</u>
			<u>Net Position</u>	<u>from Prior Year</u>
FY13	(118,481)	(256,067)	(374,548)	(843,997) (a)
FY14	(4,108,583)	508,591	(3,599,992)	(3,225,444) (b)
FY15	14,371,959	1,291,279	15,663,238	19,263,230 (c)
FY16	(2,673,199)	300,689	(2,372,510)	(18,035,748) (c)
FY17	(2,510,763)	284,041	(2,226,722)	145,788 (d)
FY18	(767,121)	431,743	(335,378)	1,891,344 (e)
FY19	(1,864,861)	(226,605)	(2,088,945)	(1,753,567) (e)
FY20	(1,024,844)	375,305	(649,539)	1,439,406 (e)
FY21	(1,598,571)	438,186	(1,160,385)	(510,846) (e)
FY22	4,626,045	40,503	4,666,548	5,826,933 (f)

Total change in net position then is the marginal change in year to year equity balances.

(a): Includes building additions and building improvements (Park Place Building)

(b): Business-type activities includes net sale proceeds from Schaefer's Building (sold 6/27/14) and prior period adjustments of (\$5,386,694) and (\$90,521); transfer of fund \$4,403 to new category.

(c): Net change from prior year includes prior period adjustments of \$11.2 million in capital outlay.

(d): Net change from prior year includes prior period adjustment of (\$77,831).

(e): Net change from prior year includes includes deferred inflow and outflows of PERS pension and other post-employment benefits liability.

(f): Net change from prior year includes prior period adjustment of \$1,975,219.

Lane Council of Governments
Statement of Activities and Changes in Net Position
For the Fiscal Years Ended June 30, 2013-2022

Activity	2013	2014	2015	2016	2017
EXPENSES					
Governmental activities					
Board/executive	\$ 178,135	\$ 367,978	\$ 481,450	\$ 3,833,110	\$ 569,856
Government Services	8,937,325	6,311,321	7,939,900	5,812,658	6,523,490
Senior and disabled services	13,783,793	14,900,572	12,781,146	25,148,879	21,438,033
Interest on long-term debt	67,947	66,072	-	25,645	-
Business-type activities					
Washington Mutual Building	-	-	-	-	-
Park Place Building	1,157,348	1,196,976	993,618	1,028,278	950,775
Springfield Building	255,269	241,689	213,455	136,051	-
Schaefers Building	284,984	240,916	4,075	-	-
Loan program	473,694	388,712	325,557	266,620	269,827
Business services	65,467	52,218	117,009	180,484	83,770
Total Expenses	25,203,962	23,766,454	22,856,210	36,431,725	29,835,751
REVENUES					
Governmental activities					
Operating grants and contributions					
Board/executive	-	-	-	-	-
Government Services	6,328,256	4,072,961	985,344	1,229,439	1,542,754
Senior and disability services	11,305,728	12,621,471	17,898,351	27,152,785	18,266,081
Charges for services					
Board/executive	311,079	913,163	100,760	44,963	46,686
Government Services	2,361,194	2,797,142	320,720	454,724	4,888,069
Senior and disabled services	2,450,180	2,543,886	5,825,753	1,131,366	1,061,060
Business-type activities					
Operating grants and contributions					
Loan program	-	-	-	110,000	175,000
Charges for services					
Washington Mutual Building	-	-	-	-	-
Park Place Building	937,263	976,354	1,018,686	997,920	912,423
Springfield Building	253,634	234,066	266,262	182,890	-
Schaefers Building	206,071	206,087	-	-	-
Loan program	287,804	282,036	302,738	383,522	381,885
Minutes Recording	71,817	66,842	58,842	90,723	84,510
Economic Development	-	-	-	31,134	34,742
Business Services	-	-	-	-	-
Total Revenues	24,513,026	24,714,008	26,777,456	31,809,466	27,393,210
NET EXPENSE (REVENUE)					
Governmental activities	(210,763)	1,302,680	3,928,432	(4,807,014)	(2,726,727)
Business-type activities	(480,173)	(355,126)	(7,186)	192,546	284,188
Total Net Expense	\$ (690,936)	\$ 947,554	\$ 3,921,246	\$ (4,614,468)	\$ (2,442,539)
GENERAL REVENUES AND OTHER CHANGES IN NET POSITION					
Governmental activities					
Unrestricted investment earnings	\$ -	\$ -	\$ -	\$ 4,504	\$ 2,930
Member dues	195,879	196,361	197,825	206,671	211,946
Other	-	-	-	195,611	-
Gain (loss) on disposition of capital assets	-	-	-	1,638,361	-
Loans made (to Park Place Building)	-	-	40,768	-	-
Transfers	(103,597)	(129,006)	(36,768)	94,728	1,088
Business-type activities					
Unrestricted investment earnings	166,605	420,291	230,307	5,080	941
Gain (loss) on disposition of capital assets	(46,096)	413,402	71,617	-	-
Loans made (to Park Place Building)	-	-	-	-	-
Tenant Improvement expenses	-	(14,896)	-	-	-
Capital Contributions	-	(85,489)	-	-	-
Special Items - Transfer of Assets	-	-	-	269,563	-
Transfers	103,597	129,007	36,768	(94,728)	(1,088)
Total General Revenues	316,388	929,670	540,517	2,319,790	215,817
Change in Net Position					
Governmental activities	(118,481)	1,370,035	4,130,257	(2,667,139)	(2,510,763)
Business-type activities	(256,067)	507,188	331,507	372,460	284,039
Total Change in Net Position	(374,548)	1,877,223	4,461,764	(2,294,679)	(2,226,724)
Net position, beginning of year, previously reported					
Governmental activities	1,871,706	1,471,970	(2,636,613)	11,735,346	9,062,147
Business-type activities	3,471,251	3,215,184	3,723,775	5,015,054	5,315,743
Total net position, beginning of year	<u>5,342,957</u>	<u>4,687,154</u>	<u>1,087,162</u>	<u>16,750,400</u>	<u>14,377,890</u>
Prior period adjustments					
Governmental activities	(281,255)	(5,472,812)	10,241,702	(6,060)	-
Business - type activities	-	-	959,772	(71,771)	-
Total prior period adjustments	<u>(281,255)</u>	<u>(5,472,812)</u>	<u>11,201,474</u>	<u>(77,831)</u>	<u>-</u>
Net position, end of year					
Governmental activities	1,471,970	(2,636,613)	11,735,346	9,062,147	6,551,384
Business-type activities	3,215,184	3,723,775	5,015,054	5,315,743	5,599,782
Total NET POSITION, end of year	\$ 4,687,154	\$ 1,087,162	\$ 16,750,400	\$ 14,377,890	\$ 12,151,166

NOTE: This information was obtained from prior audited financial statements and incorporating prior period adjustments.

Lane Council of Governments
Statement of Activities and Changes in Net Position, Continued
For the Fiscal Years Ended June 30, 2013-2022

Activity	2018	2019	2020	2021	2022
EXPENSES					
Governmental activities					
Board/executive	\$ 752,469	\$ 629,931	\$ 823,264	\$ 670,263	\$ 1,360,806
Government Services	6,936,685	7,310,521	8,045,146	8,485,363	8,379,929
Senior and disabled services	21,071,850	23,497,390	27,508,312	28,357,062	27,717,830
Interest on long-term debt	-	-	-	-	-
Business-type activities					
Washington Mutual Building	-	-	-	-	-
Park Place Building	964,361	1,024,742	998,585	1,034,467	1,035,265
Springfield Building	-	-	-	-	-
Schaefers Building	-	-	-	-	-
Loan program	217,000	238,770	182,444	224,392	279,504
Business services	74,393	93,879	78,598	62,874	55,519
Total Expenses	30,016,758	32,795,233	37,636,349	38,834,421	38,828,853
REVENUES					
Governmental activities					
Operating grants and contributions					
Board/executive	-	-	-	-	-
Government Services	1,723,601	1,775,801	2,246,667	2,218,840	927,619
Senior and disability services	20,407,300	21,025,348	25,836,672	25,516,659	32,376,267
Charges for services					
Board/executive	44,102	52,097	71,167	83,172	2,320,424
Government Services	4,929,934	5,218,592	5,935,009	6,418,275	4,761,494
Senior and disabled services	1,070,148	1,132,808	1,302,807	1,408,890	1,443,141
Business-type activities					
Operating grants and contributions					
Loan program	31,000	-	-	515,000	250,000
Charges for services					
Washington Mutual Building	-	-	-	-	-
Park Place Building	907,337	915,670	1,022,967	954,050	783,657
Springfield Building	-	-	-	-	-
Schaefers Building	-	-	-	-	-
Loan program	209,129	213,807	212,866	209,752	192,846
Minutes Recording	82,031	101,600	82,384	77,126	56,344
Economic Development	30,513	33,104	32,500	30,048	32,500
Business Services	-	-	-	-	-
Total Revenues	29,435,095	30,468,827	36,743,039	37,431,812	43,144,292
NET EXPENSE (REVENUE)					
Governmental activities	(585,919)	(2,233,196)	(984,400)	(1,866,852)	4,370,380
Business-type activities	4,256	(93,210)	91,090	464,243	(54,941)
Total Net Expense	\$ (581,663)	\$ (2,326,406)	\$ (893,310)	\$ (1,402,609)	\$ 4,315,439
GENERAL REVENUES AND OTHER CHANGES IN NET POSITION					
Governmental activities					
Unrestricted investment earnings	\$ 4,859	\$ 5,653	\$ 4,264	\$ 4,264	\$ 1,229
Member dues	215,700	221,298	231,203	232,977	221,645
Other	-	-	-	-	-
Gain (loss) on disposition of capital assets	-	-	-	-	-
Loans made (to Park Place Building)	-	-	-	-	-
Transfers	(401,763)	143,905	(275,911)	31,040	32,791
Business-type activities					
Unrestricted investment earnings	8,325	10,510	8,304	4,983	128,235
Gain (loss) on disposition of capital assets	-	-	-	-	-
Loans made (to Park Place Building)	-	-	-	-	-
Tenant Improvement expenses	-	-	-	-	-
Capital Contributions	-	-	-	-	-
Special Items - Transfer of Assets	-	-	-	-	-
Transfers	401,763	(143,905)	275,911	(31,040)	(32,791)
Total General Revenues	228,884	237,461	243,771	242,224	351,109
Change in Net Position					
Governmental activities	(767,123)	(1,862,340)	(1,024,844)	(1,598,571)	4,626,045
Business-type activities	414,344	(226,605)	375,305	438,186	40,503
Total Change in Net Position	(352,779)	(2,088,945)	(649,539)	(1,160,385)	4,666,548
Net position, beginning of year, previously reported					
Governmental activities	6,551,384	5,470,141	3,605,280	2,833,092	1,234,521
Business-type activities	5,599,782	6,014,126	5,787,521	5,910,170	6,348,356
Total net position, beginning of year	12,151,166	11,484,267	9,392,801	8,743,262	7,582,877
Prior period adjustments	-	-	252,656	-	-
Governmental activities	(314,120)	-	-	-	(2,053,047)
Business - type activities	-	-	-	-	77,828
Total prior period adjustments	(314,120)	-	252,656	-	(1,975,219)
Net position, end of year					
Governmental activities	5,470,141	3,607,801	2,833,092	1,234,521	3,807,519
Business-type activities	6,014,126	5,787,521	5,910,170	6,348,356	6,466,687
Total NET POSITION, end of year	\$ 11,484,267	\$ 9,395,322	\$ 8,743,262	\$ 7,582,877	\$ 10,274,206

NOTE: This information was obtained from prior audited financial statements and incorporating prior period adjustments.

Lane Council of Governments
Fund Balances - Governmental Funds
For the Fiscal Years Ended June 30, 2013-2022

<u>Fiscal year ending June 30,</u>	2013	2014	2015	2016	2017
General Fund					
Non spendable					
Prepaid expenditures	\$ 36,533	\$ 7,843	\$ 5,290	\$ 17,655	\$ 25,262
Advances to other funds	418,000	333,730	293,931	361,154	211,175
Loan to Consortium	-	-	-	-	-
Committed	-	-	-	-	597,154
Unassigned	51,045	50,461	611,132	86,721	141,122
Total General Fund	\$ 505,578	\$ 392,034	\$ 910,353	\$ 465,530	\$ 974,713
All Other Governmental Funds					
Non spendable					
Telecommunications	\$ -	\$ 10,063	\$ 10,360	\$ 16,321	\$ 13,297
Grants and contracts	-	5,720	49,093	369,868	331,353
Restricted for:					
Telecommunications	1,582,507	2,050,770	1,872,710	1,436,908	1,611,308
Grants and contracts	929,681	1,691,736	2,441,211	2,985,105	2,910,240
Other					
Assigned:					
Telecommunications	-	-	-	268,523	121,868
Unassigned	-	-	-	-	-
Total of all other governmental funds	\$ 2,512,188	\$ 3,758,289	\$ 4,373,374	\$ 5,076,725	\$ 4,988,066

This information was obtained from prior audited financial statements and does not include subsequent prior period adjustments.
Certain items have been reclassified to conform with current accounting principles.

Lane Council of Governments
Fund Balances - Governmental Funds, Continued
For the Fiscal Years Ended June 30, 2013-2022

<u>Fiscal year ending June 30,</u>	2018	2019	2020	2021	2022
General Fund					
Non spendable					
Prepaid expenditures	\$ -	\$ -	\$ 18,325	\$ 9,566	\$ 10,602
Advances to other funds	169,486	127,589	85,483	43,166	-
Loan to Consortium	-	-	-	-	-
Committed	-	337,154	287,000	273,777	-
Unassigned	419,869	259,290	201,760	521,924	1,660,892
Total General Fund	<u>\$ 589,355</u>	<u>\$ 724,033</u>	<u>\$ 592,568</u>	<u>\$ 848,433</u>	<u>\$ 1,671,494</u>
All Other Governmental Funds					
Non spendable					
Telecommunications	\$ 4,434	\$ 6,333	\$ 29,086	\$ -	\$ -
Grants and contracts	482,718	368,671	372,183	231,794	319,678
Restricted for:					
Telecommunications	1,364,915	702,630	623,064	-	-
Grants and contracts	4,268,773	5,085,754	8,239,052	9,545,784	12,354,770
Other					
Assigned:					
Telecommunications	-	-	-	-	-
Unassigned	-	-	-	-	-
Total of all other governmental funds	<u>\$ 6,120,840</u>	<u>\$ 6,163,388</u>	<u>\$ 9,263,385</u>	<u>\$ 9,777,578</u>	<u>\$ 12,674,448</u>

This information was obtained from prior audited financial statements and does not include subsequent prior period adjustments.
Certain items have been reclassified to conform with current accounting principles.

Lane Council of Governments
Changes in Fund Balance - Governmental Funds
For the Fiscal Years Ended June 30, 2013-2022

Fiscal year ending June 30,	2013	2014	2015	2016	2017
Revenues					
Member agency dues	\$ 195,879	\$ 196,361	\$ 197,825	\$ 206,671	\$ 211,946
Federal and state grants and contracts	17,378,504	16,586,244	15,376,937	19,932,496	19,327,141
Other local sources	5,122,453	6,254,191	10,890,234	7,464,581	6,198,676
Rental and In-Kind Income	255,481	108,188	77,620	79,298	324,157
Total revenues	22,952,317	23,144,984	26,542,616	27,683,046	26,061,920
Expenditures					
Current:					
Board/executive services	178,631	366,691	336,584	505,384	465,498
Government services	7,923,595	4,833,042	4,040,448	3,376,298	4,204,936
Telecommunications	1,038,591	1,456,207	1,773,838	1,821,258	1,458,717
Senior and disabled services	13,822,135	14,848,465	19,501,427	21,273,267	19,763,542
Debt service:					
Principal	32,813	34,688	36,674	1,129,073	
Interest	67,947	66,072	64,086	25,645	
Financing costs	-	-	-	-	-
Capital outlay	13,854	-	-	142,783	448,067
Total expenditures	23,077,566	21,605,165	25,753,057	28,273,708	26,340,760
Excess of revenue over (under) expenditures	(125,249)	1,539,819	789,559	(590,662)	(278,840)
Other financing sources (uses):					
Sale of capital assets	-	-	-	1,369,161	-
Transfers In	2,504,752	2,947,650	3,929,427	3,078,081	42,416
Transfers Out	(2,608,349)	(3,076,656)	(3,866,553)	(2,983,354)	(41,329)
Total other financing sources (uses)	(103,597)	(129,006)	62,874	1,463,888	1,087
Net change in fund balances	\$ (228,846)	\$ 1,410,813	\$ 852,433	\$ 873,226	\$ (277,753)
Debt service as a % of noncapital expenditures	0.44%	0.47%	0.39%	4.28%	0.00%

This information was obtained from prior audited financial statements and does not include subsequent prior period adjustments. Certain items have been reclassified to conform with current accounting principles.

Lane Council of Governments
Changes in Fund Balance - Governmental Funds, Continued
For the Fiscal Years Ended June 30, 2013-2022

Fiscal year ending June 30,	2018	2019	2020	2021	2022
Revenues					
Member agency dues	\$ 215,700	\$ 218,778	\$ 231,203	\$ 232,977	\$ 221,645
Federal and state grants and contracts	22,130,901	22,801,149	28,083,339	27,735,499	33,303,886
Other local sources	6,004,941	6,357,053	7,261,861	7,831,429	8,346,183
Rental and In-Kind Income	44,102	52,097	68,970	83,172	180,106
Total revenues	28,395,644	29,429,077	35,645,373	35,883,077	42,051,820
Expenditures					
Current:					
Board/executive services	610,227	416,590	442,069	412,040	1,511,650
Government services	4,651,416	4,445,128	5,332,707	8,671,548	7,945,585
Telecommunications	1,514,708	1,846,483	2,458,770	-	-
Senior and disabled services	19,881,175	21,965,442	24,381,044	26,060,469	28,689,407
Debt service:					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Financing costs	-	-	-	-	-
Capital outlay	758,425	555,147	36,476	-	218,037
Total expenditures	27,415,951	29,228,790	32,651,066	35,144,057	38,364,679
Excess of revenue over (under) expenditures	979,693	200,286	2,994,307	739,020	3,687,141
Other financing sources (uses):					
Sale of capital assets	-	-	-	-	-
Transfers In	227,994	934,313	130,418	31,738	91,065
Transfers Out	(629,757)	(790,408)	(406,329)	(699)	(58,275)
Total other financing sources (uses)	(401,763)	143,905	(275,911)	31,039	32,790
Net change in fund balances	\$ 577,930	\$ 344,191	\$ 2,718,396	\$ 770,059	\$ 3,719,931
Debt service as a % of noncapital expenditures	0.00%	0.00%	0.00%	0.00%	0.00%

This information was obtained from prior audited financial statements and does not include subsequent prior period adjustments.
Certain items have been reclassified to conform with current accounting principles.

Lane Council of Governments
Net Capital Assets by Activity
For the Fiscal Years Ended June 30, 2013-2022

	Governmental Activities	Business-Type Activities	Total Net Capital Assets	Net Change from Prior Year
FY13	449,680	9,920,744	10,370,424	(481,721)
FY14	420,166	9,403,463	9,823,629	(546,795)
FY15	137,081	7,848,220	7,985,301	(1,838,328) (a),(b)
FY16	10,229,273	6,895,445	17,124,718	9,139,417 (a),(c)
FY17	10,031,332	6,599,622	16,630,954	(493,764) (a)
FY18	10,049,071	6,362,913	16,411,984	(218,970) (d)
FY19	9,867,313	6,049,849	15,917,162	(494,822) (e)
FY20	10,206,510	6,297,888	16,504,398	587,236 (f)
FY21	10,834,785	5,926,046	16,760,831	256,433 (g)
FY22	9,737,474	5,559,104	15,296,578	(1,464,253)
Average	\$ 7,196,269	\$ 7,086,329	\$ 14,282,598	\$ 444,443

This schedule details the changes to LCOG's Capital Assets by activity. For example, in FY14 capital assets declined by \$546,795 from the prior year. The change is the fund net of additions, deletions or removals from assets, and accumulated depreciation (governmental) and accumulated amortization (business-type). Amounts are rounded.

(a) Includes a correction to historical book asset value.

(b) Reflects the removal of Schaefer's Building, sold 6/27/14, from LCOG assets.

(c) Reflects the removal of Springfield Building, sold 12/11/15, from LCOG assets and BTOP Fiber \$10,458,595.

(d) Reflects equipment additions.

(e) Reflects telephone system replacement equipment additions.

(f) Reflects Downtown Fiber Project Construction in Progress

(g) Reflects Completion of Downtown Fiber Project Construction

Lane Council of Governments
Revenue by Source - Governmental Funds
For the Fiscal Years Ended June 30, 2013-2022

	<u>Federal and State Revenue</u>	<u>Local Revenue</u>	<u>Member Dues</u>	<u>In Kind Revenue</u>	<u>Total Revenues Governmental Funds</u>
FY13	17,378,504	5,122,453	195,879	255,481	22,952,317
FY14	16,586,244	6,254,190	196,361	108,188	23,144,982
FY15	17,444,690	8,822,481	197,825	77,620	26,542,616
FY16	19,932,496	10,201,600	206,671	79,298	30,420,065
FY17	19,327,141	6,198,676	211,946	324,157	26,061,920
FY18	22,130,901	6,004,941	215,700	44,102	28,395,644
FY19	22,801,149	6,357,053	218,778	52,097	29,429,077
FY20	28,083,339	7,261,861	231,203	68,970	35,645,373
FY21	27,735,499	7,831,429	232,977	83,172	35,883,077
FY22	33,303,886	8,346,183	221,645	180,106	42,051,820
Average	<u>\$ 22,472,385</u>	<u>\$ 7,240,087</u>	<u>\$ 212,898</u>	<u>\$ 127,319</u>	<u>\$ 30,052,689</u>

Above schedule is for governmental funds only, not LCOG as a whole. Governmental Funds are: General Fund and Special Revenue Funds (excludes enterprise funds). Special Revenue Funds consist of Governmental Services and Senior & Disability Services and excludes: reserves; internal charges matched by internal revenues; and internal transfers. Fluctuations in total revenues is not indicative of ongoing increased funding. Changes in grants and contracts funding as well as one time revenues will create fluctuations in annual revenues.

Lane Council of Governments
Member Dues
For the Fiscal Years Ended June 30, 2013-2022

Member Agency	FY13	FY14	FY15	FY16*	FY17*	FY18*	FY19*	FY20*	FY21*	FY22*
Bethel School District 52	\$ 559	\$ 559	\$ 573	\$ 1,000	\$ 1,000	\$ 1,000	\$ 500	\$ 510	\$ 640	\$ 500
City of Coburg	410	410	410	1,000	1,000	1,000	1,500	1,020	1,000	1,000
City of Cottage Grove	3,823	3,823	3,832	3,908	3,950	3,956	3,968	4,142	4,198	4,204
City of Creswell	1,967	1,967	1,957	1,996	2,050	2,144	2,164	2,258	2,281	2,312
City of Dunes City	512	512	512	522	1,000	1,000	1,000	1,020	557	1,000
City of Eugene	61,629	61,629	62,020	63,334	65,360	66,354	67,112	70,254	70,881	71,879
City of Florence	3,323	3,323	3,323	3,388	3,448	3,472	3,498	3,641	3,664	3,695
City of Junction City	2,136	2,136	2,136	2,178	2,348	2,404	2,430	2,536	2,554	2,567
City of Lowell	410	410	414	500	500	500	500	510	1000	1000
City of Oakridge	1,257	1,257	1,259	1,284	1,296	1,302	1,298	1,358	1,368	1,370
City of Springfield	23,417	23,417	23,473	23,936	24,054	24,056	24,262	25,198	25,401	25,475
City of Veneta	1,808	1,808	1,808	1,844	1,880	1,902	1,914	1,983	1,987	2,006
City of Westfir	100	100	100	1,000	1,000	1,000	1,000	1,020	1,000	1,000
Creswell School District	-	52	123	1,000	500	500	500	510	500	500
EPUD	1,996	1,996	2,598	2,660	2,047	2,153	2,168	2,020	2,475	2,040
Eugene School District 4J	1,651	1,651	1,647	1,687	1,720	1,740	1,735	1,943	1,980	1,956
EWEB	8,530	8,530	8,530	8,736	8,901	9,231	9,280	10,509	10,591	10,622
Fern Ridge Library District	392	392	392	500	500	500	500	510	500	500
Heceta Water District	-	90	216	500	500	500	500	510	500	500
Junction City RFPD	-	-	-	-	1,000	1,000	1,000	1,020	1,000	1,000
Lane Community College	1,506	1,506	1,369	1,402	1,438	1,372	1,326	1,478	1,513	1,616
Lane County	76,635	76,635	76,635	77,694	79,673	80,507	81,532	86,278	87,142	87,714 (a)
Lane ESD	392	392	392	1,000	1,000	1,000	1,000	1,020	1,000	1,000
Lane Library District	392	392	392	500	500	1,000	500	510	500	500
McKenzie School District 68	20	20	21	500	500	500	500	510	500	500
Port of Siuslaw	392	392	392	500	500	500	1,000	1,020	1,000	1,000
Rainbow Water District	-	-	-	-	-	-	500	1,020	1,000	1,000
River Road Park&Rec District	392	392	392	1,000	500	1,000	500	510	500	500
Siuslaw Library District	-	163	392	500	500	500	500	510	500	500
Siuslaw Rural FPD #1	392	392	392	500	500	500	1,000	1,020	1,000	1,000
South Lane School District	-	177	265	500	500	1,000	1,000	1,020	1,000	0
Springfield School District 19	1,054	1,054	1,076	1,102	1,105	1,107	1,091	1,225	1,245	1,195
Western Lane Ambulance	392	392	392	500	500	500	1,000	1,000	1,000	1,000
Willamalane Parks & Rec District	392	392	392	-	500	500	500	1,020	1,000	1,000
Total Member Dues	\$ 195,879	\$ 196,361	\$ 197,825	\$ 206,671	\$ 211,770	\$ 215,700	\$ 218,778	\$ 230,613	\$ 232,977	\$ 233,651

*Amounts represent the two-level dues structure with first level at \$500 and second level at \$1,000.

(a) Credit of \$10,390 was applied to Lane County's dues reducing revenue in fund 102.

Lane Council of Governments
Ratios of Outstanding Debt
For the Fiscal Years Ended June 30, 2013-2022

Fiscal Year	Building Loans		Business		Total Loans		Total Outstanding Debt
	Building Loans	% of Total Loans	Business Loans	Loans % of Total Loans	Total Loans	Total Loans	
2022	\$ 4,092,484	79.18%	\$ 1,076,406	20.82%	\$ 5,168,890	\$ 5,168,890	\$ 5,168,890
2021	\$ 4,232,093	78.10%	\$ 1,186,716	21.90%	\$ 5,418,809	\$ 5,418,809	\$ 5,418,809
2020	4,365,903	77.11%	1,295,916	22.89%	5,661,819	5,661,819	5,661,819
2019	4,491,232	76.19%	1,403,816	23.81%	5,895,048	5,895,048	5,895,048
2018	4,612,540	74.66%	1,565,251	25.34%	6,177,791	6,177,791	6,177,791
2017	4,730,379	74.54%	1,615,358	25.46%	6,345,737	6,345,737	6,345,737
2016	4,825,000	73.71%	1,720,898	26.29%	6,545,898	6,545,898	6,545,898
2015	6,900,617	79.09%	1,824,758	20.91%	8,725,375	8,725,375	8,725,375
2014	7,457,153	79.46%	1,927,649	20.54%	9,384,802	9,384,802	9,384,802
2013	10,250,699	77.02%	3,058,149	22.98%	13,308,848	13,308,848	13,308,848

Lane Council of Governments
Total Population by Jurisdiction
For the Fiscal Years Ended June 30, 2013-2022

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022*
State of Oregon	3,919,020	3,962,710	4,013,845	4,076,350	4,141,100	4,195,300	4,236,400	4,268,055	4,266,560	4,278,555
LCOG Region:										
Lane County	356,125	358,805	362,150	365,940	370,600	375,120	378,880	381,365	382,647	383,958
Lane County % of state	9.1%	9.1%	9.0%	9.0%	8.9%	8.9%	8.9%	8.9%	9.0%	9.0%
Coburg	1,045	1,045	1,055	1,070	1,085	1,195	1,295	1,375	1,322	1,316
Cottage Grove	9,785	9,840	9,875	9,890	9,920	10,005	10,140	10,155	10,792	10,729
Creswell	5,020	5,075	5,125	5,360	5,410	5,455	5,510	5,585	5,684	5,662
Dunes City	1,310	1,315	1,315	1,320	1,325	1,335	1,345	1,365	1,454	1,450
Eugene	159,580	160,775	163,400	165,885	167,780	169,695	171,210	173,620	175,626	178,259
Florence	8,480	8,565	8,620	8,680	8,745	8,795	8,850	8,925	9,600	951
Junction City	5,550	5,620	5,870	6,010	6,075	6,125	6,160	6,200	7,032	7,009
Lowell	1,060	1,060	1,065	1,070	1,070	1,075	1,090	1,090	1,211	1,233
Oakridge	3,215	3,220	3,240	3,255	3,245	3,280	3,305	3,310	3,238	3,224
Springfield	59,990	60,065	60,135	60,140	60,658	60,865	61,355	61,535	62,352	62,189
Veneta	4,635	4,690	4,700	4,755	4,785	4,790	4,800	4,845	5,271	5,207
Westfir	255	255	255	255	255	260	260	265	260	267
Unincorporated	96,200	97,280	97,495	98,250	100,247	102,245	103,560	103,095	98,805	106,462
Total	356,125	358,805	362,150	365,940	370,600	375,120	378,880	381,365	382,647	383,958

Source: Annual Population Estimates Program, Population Research Center, Portland State University.

* The Population Research Center (PRC) at Portland State University has provided preliminary estimates for 2022.

Lane Council of Governments
Demographic and Economic Statistics
For the Fiscal Years Ended June 30, 2012-2021**

Calendar Year	Population (a)	Personal Income, in \$1,000s (b)	Per Capita Personal Income (b)	Lane County Median Age (c)	Oregon Median Age (c)	Lane County Unemployment Rate (d)	Oregon Unemployment Rate (d)
2012	355,081	12,910,394	36,359	38.8	38.9	8.9%	8.8%
2013	355,506	12,964,344	36,467	39.3	39.1	8.0%	7.9%
2014	358,076	13,867,878	38,729	39.9	39.3	6.9%	6.8%
2015	362,047	14,909,371	41,181	39.0	39.1	5.8%	5.6%
2016	369,061	15,594,472	42,254	39.4	39.2	5.1%	4.8%
2017	375,617	16,512,047	43,960	39.5	39.3	4.4%	4.1%
2018	379,611	17,431,415	45,919	39.5	39.6	4.5%	4.2%
2019	382,067	18,087,217	47,340	39.5	39.7	4.1%	3.7%
2020	382,971	18,988,851	49,583	39.7	40.2	3.6%	4.2%
2021	382,647	21,101,451	55,146	39.7	39.5	6.3%	5.4%

** Information for 2022 is not available as of the report date.

Reflects Lane County, Oregon Boundaries

Notes:

(b) The 2021 personal income was not available and has been estimated by multiplying population by per capita income.

Sources:

(a) Population Research Center, Portland State University. Estimates are for July 1 of the fiscal year.

(b) Personal Income from Bureau of Economic Analysis (BEA).

(c) Census Bureau did not release 2021 estimates because of the impact of the COVID-19 Pandemic on data collection; these are estimated numbers.

(d) Oregon Employment Department - As of July 1 of the fiscal year

Note: All dollar estimates are in current dollars as of year indicated (not adjusted for inflation).

Lane Council of Governments
Full Time Employee Equivalents for Each Fiscal Year
For the Fiscal Years Ended June 30, 2013-2022

Fiscal Year	Governmental Funds			Proprietary Funds			Full Time Employee Equivalents (FTE)
	Board/ Executive	Government Services	Senior & Disability Services	Park Place Building **	Loan Programs	Non-major Proprietary	
2013	21.29	32.19	118.60	0.35	1.91	0.04	174.38
2014	18.75	22.7	142.06	0.19	1.32	0.09	185.11
2015	12.94	25.59	153.10	0.13	1.35	0.10	193.21
2016	13.60	24.43	151.90	0.07	1.40	0.23	191.63
2017	12.59	24.79	165.91	0.04	1.24	0.22	204.79
2018	12.65	29.77	176.11	0.07	1.07	0.13	219.80
2019	12.77	26.82	177.58	0.03	0.93	0.16	218.29
2020	13.81	27.42	205.82	0.03	0.93	0.17	248.18
2021	13.51	29.78	215.07	0.04	0.93	0.04	259.38
2022	19.20	32.37	243.00	0.05	2.81	0.04	297.47

Sources: Budget documents, audited financial statements, and internal payroll documentation.

** Was Building Management Fund in Prior Fiscal Years.

COMPLIANCE SECTION

INDEPENDENT AUDITOR'S REPORT REQUIRED BY OREGON STATE
REGULATIONS



To the Board of Directors
Lane Council of Governments
Lane County, Oregon

1976 Garden Ave.
Eugene, OR 97403
541.342.5161
www.islercpa.com

We have audited the basic financial statements of Lane Council of Governments (LCOG) as of and for the year ended June 30, 2022, and have issued our report thereon dated January 30, 2023. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*.

Compliance

As part of obtaining reasonable assurance about whether LCOG's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants including provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules OAR 162-10-000 to 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations, noncompliance with which could have a direct and material effect on determination of financial statements amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. We performed procedures to the extent we considered necessary to address the required comments and disclosures which included, but were not limited to the following:

- Deposit of public funds with financial institutions (ORS Chapter 295).
- Indebtedness limitations, restrictions and repayment.
- Budgets legally required (ORS Chapter 294).
- Insurance and fidelity bonds in force or required by law.
- Programs funded from outside sources.
- 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 LCOG was not in substantial compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations.

OAR 162-10-0230 Internal Control

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

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

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

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

ISLER CPA

A handwritten signature in black ink, reading "Gatlin C. Hawkins". The signature is fluid and cursive, with the first name "Gatlin" and last name "Hawkins" clearly legible.

By: Gatlin Hawkins, CPA, a member of the firm

Eugene, Oregon
January 30, 2023

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



To the Board of Directors
Lane Council of Governments
Lane County, Oregon

1976 Garden Ave.
Eugene, OR 97403
541.342.5161
www.islercpa.com

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Lane Council of Governments (LCOG) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise LCOG's basic financial statements and have issued our report thereon dated January 30, 2023.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of This Report

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

Isler CPA

A handwritten signature in black ink, reading "Gatlin Hawkins". The signature is written in a cursive, flowing style.

By: Gatlin Hawkins, CPA, a member of the firm
Eugene, Oregon
January 30, 2023

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



To the Board of Directors
Lane Council of Governments
Lane County, Oregon

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Opinion on Each Major Federal Program

We have audited the Lane Council of Governments (LCOG) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the LCOG's major federal programs for the year ended June 30, 2022. LCOG's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, LCOG complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on LCOG's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about LCOG's compliance with the requirements of each major federal program as a whole.

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

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

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

Report on Internal Control Over Compliance

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

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

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

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

Isler CPA



By: Gatlin Hawkins, CPA, a member of the firm
Eugene, Oregon
January 30, 2023

Lane Council of Governments
Schedule of Expenditures of Federal Awards
For Fiscal Year Ended June 30, 2022

<u>Federal Grantor/Pass-Through Grantor/Program Title or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Agency or Pass-Through Number</u>	<u>Loan Balance</u>	<u>Amounts Provided to Sub-Recipients</u>	<u>Expenditures of Federal Awards</u>
U.S. Department of Agriculture					
<i>Direct Assistance IRP/RBDF Loan Program:</i>					
Intermediary Relending Program	10.767	61-02-052198	\$ 245,795	\$ -	\$ -
Intermediary Relending Program	10.767	61-03-101100	173,657	-	-
Intermediary Relending Program	10.767	61-04-073001	160,680	-	-
Intermediary Relending Program	10.767	61-05-082202	219,868	-	-
Intermediary Relending Program	10.767	61-06-062906	<u>276,406</u>	-	-
<i>Total IRP/RBDF Loan Program</i>			\$ 1,076,406	-	-
Total U.S. Department of Agriculture				-	-
U.S. Department of Housing and Urban Development					
<i>Pass-through Assistance City of Eugene:</i>					
Community Development Block Grant	14.218	2021-02012		-	5,374
Total U.S. Department of Housing and Urban Development				-	<u>5,374</u>
U.S. Department of Justice					
<i>Pass-through Assistance Lane County Parole and Probation:</i>					
Improving Criminal Justice Responses Grant Program	16.590	53742			1,158
<i>Pass-through Assistance Lane County Sheriff's Office:</i>					
Comprehensive Opioid Abuse Site-Based Program	16.838	2020-AR-BX-0125		-	<u>579</u>
Total U.S. Department of Justice				-	<u>1,737</u>
U.S. Department of Transportation					
<i>Pass-through Assistance Oregon Department of Transportation:</i>					
<i>Highway Planning and Construction Cluster:</i>					
Highway Planning and Construction (MPO PL FY22)	20.205	35232		-	720,323
Highway Planning and Construction (MPO STBG FY22)	20.205	35232		182,460	798,012
Highway Planning and Construction (Eugene Bike Counters FY19-24)	20.205	33024		10,590	10,590
Highway Planning and Construction (OMPOC)	20.205	34919		-	13,290
Highway Planning and Construction (OHAS Admin)	20.205	34790		96,666	96,666
Highway Planning and Construction (TranspOptions Service Delivery)	20.205	34807		-	78,598
Highway Planning and Construction (TranspOptions Program)	20.205	73000-00003310		-	29,721
Highway Planning and Construction (Safe Routes to Schools)	20.205	73000-00003195		109,922	109,922
Highway Planning and Construction (e-TIP)	20.205	73000-00004885		-	10,268
Highway Planning and Construction (DLCD Lowell Phase I)	20.205	73000-00005206		-	<u>10,310</u>
<i>Total Highway Planning and Construction Cluster</i>				399,638	1,877,700
Formula grants for Rural Areas and Tribal Transit Program (CARES Act 5311 LinkLane)	20.509	34606		-	1,320
Formula grants for Rural Areas and Tribal Transit Program (CARES Act 5311 LinkLane)	20.509	34525		-	43,192

Lane Council of Governments
Schedule of Expenditures of Federal Awards, Continued
For Fiscal Year Ended June 30, 2022

<u>Federal Grantor/Pass-Through Grantor/Program Title or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Agency or Pass-Through Number</u>	<u>Loan Balance</u>	<u>Amounts Provided to Sub-Recipients</u>	<u>Expenditures of Federal Awards</u>
U.S. Department of Transportation, continued					
<i>Pass-through Assistance Oregon Department of Transportation, continued:</i>					
<i>Highway Safety Cluster:</i>					
State and Community Highway Safety (LC Safe Community FY21)	20.600	SA-20-25-07		-	16,046
State and Community Highway Safety (LC Safe Community FY22)	20.600	SA-21-25-07		-	86,852
National Priority Safety Programs (Safe Driver Class)	20.616	FHTR-21-60-02		-	292
National Priority Safety Programs (Safe Driver Class)	20.616	FHTR-22-60-02		-	8,075
<i>Total Highway Safety Cluster</i>				-	111,265
<i>Pass-through Assistance Lane Transit District:</i>					
Federal Transit Formula Grants (Safe Routes to School)	20.507	OR-2020-05600		65,673	65,673
Total U.S. Department of Transportation				465,311	2,099,150
U.S. Environmental Protection Agency					
<i>Direct Assistance Environmental Protection Agency:</i>					
Regional Wetlands Program Development Grants	66.461	CD-01J69001		-	32,403
Regional Wetlands Program Development Grants	66.461	CD-02J02901		-	682
Total U.S. Environmental Protection Agency				-	33,085
U.S. Department of Health and Human Services					
<i>Pass-through Assistance Oregon Department of Human Services:</i>					
<i>Aging Cluster:</i>					
Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers	93.044	171794		-	474,301
COVID-19- Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers (American Rescue Plan Covid-19 Emergency Funding)	93.044	171794		-	520,022
Special Programs for the Aging, Title III, Part C, Nutrition Services	93.045	171794		-	448,535
COVID-19 Special Programs for the Aging, Title III, Part C, Nutrition Services (American Rescue Plan Covid-19 Emergency Funding)	93.045	171794		-	146,039
Special Programs for the Aging, Title III, Part C, Nutrition Services	93.045	171794		-	432,204
Special Programs for the Aging, Title III, Part C, Nutrition Services (HDC5 CAA 2021 Supplemental Funding)	93.045	171794		-	84,743
COVID-19 Special Programs for the Aging, Title III, Part C, Nutrition Services (American Rescue Plan Covid-19 Emergency Funding)	93.045	171794		-	768,898
Nutrition Services Incentive Program	93.053	171794		-	126,492
<i>Total Aging Cluster</i>				-	3,001,234

Lane Council of Governments
Schedule of Expenditures of Federal Awards, Continued
For Fiscal Year Ended June 30, 2022

<u>Federal Grantor/Pass-Through Grantor/Program Title or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Agency or Pass-Through Number</u>	<u>Loan Balance</u>	<u>Amounts Provided to Sub-Recipients</u>	<u>Expenditures of Federal Awards</u>
U.S. Department of Health and Human Services, continued					
<i>Pass-through Assistance Oregon Department of Human Services, continued:</i>					
Special Programs for the Aging, Title VII, Chapter 3, Programs for Prevention of Elder Abuse, Neglect, and Exploitation	93.041	171794		-	3,875
Special Programs for the Aging, Title III, Part D, Disease Prevention and Health Promotion Services	93.043	171794		-	2,876
Special Programs for the Aging, Title III, Part D, Disease Prevention and Health Promotion Services (American Rescue Plan Covid-19 Emergency Funding)	93.403	171794		-	26,762
National Family Caregiver Support, Title III, Part E	93.052	171794		-	129,850
COVID-19 National Family Caregiver Support, Title III, Part E (American Rescue Plan Covid-19 Emergency Funding)	93.052	171794		-	172,058
<i>Total Oregon Depart of Human Services</i>				-	335,421
<i>Pass-through Assistance Lane County Sheriff's Office:</i>					
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	53586		-	14,354
<i>Pass-through Assistance Lane County Health and Human Services:</i>					
Low-Income Home Energy Assistance	93.568	55617		-	79,814
Total U.S. Department of Health and Human Services				-	3,430,823
U.S. Department of Homeland Security					
<i>Pass-through Assistance University of Oregon:</i>					
Hazard Mitigation Grant Program	97.039	PCS 222000-054		-	790
<i>Pass-through Assistance DOGAMI:</i>					
Cooperating Technical Partners Program	97.045	Unknown		-	1,959
Total U.S. Department of Homeland Security				-	2,749
Total Expenditures of Federal Awards				\$ 465,311	\$ 5,572,918

Lane Council of Governments
Notes to the Schedule of Expenditures of Federal Awards
For Fiscal Year Ended June 30, 2022

NOTE 1 – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Lane Council of Governments under programs of the federal government for the year ended June 30, 2022. The information in this schedule is presented in accordance with the requirements of Title 2 CFR 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the Organization, it is not intended to, and does not, present financial position, changes in net position, or cash flow of Lane Council of Governments.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Expenditures of Federal Awards is presented using the modified accrual basis of accounting. Expenditures reported on this schedule are recognized following the costs principles in Title 2 CFR 200, where certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available. Negative amounts shown on the schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

NOTE 3 – INDIRECT COST RATE

Lane Council of Governments did not elect to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

NOTE 4 – LOAN OR LOAN GUARANTEE PROGRAMS

Lane Council of Governments had the following loan payments and loan balances outstanding at June 30, 2022. Loans made during the year are included in the federal expenditures presented in the schedule.

<u>Program Name</u>	<u>Federal CFDA Number</u>	<u>Agency or Pass Through Number</u>	<u>Loan Amounts Repaid During the Fiscal Year</u>	<u>Year End Balance</u>
U.S. Department of Agriculture:				
Direct Programs (IRP/RBDF Loan and RBEG				
Loan Programs):				
Intermediary Relending Program	10.767	61-02-052198	\$ 39,596	\$ 245,795
Intermediary Relending Program	10.767	61-03-101100	18,372	173,657
Intermediary Relending Program	10.767	61-04-073001	15,221	160,680
Intermediary Relending Program	10.767	61-05-082202	18,878	219,868
Intermediary Relending Program	10.767	61-06-062906	18,283	276,406
			<u>\$ 110,350</u>	<u>\$ 1,076,406</u>

Lane Council of Governments
Schedule of Findings and Questioned Costs
For Fiscal Year Ended June 30, 2022

Section I Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
Material weaknesses identified?	No
Significant deficiencies identified that are not considered material weakness?	No
Noncompliance material to financial statements noted?	No

Federal Awards:

Internal control over major programs:	
Material weaknesses identified?	No
Significant deficiencies identified that are not considered to be material weaknesses?	No
Type of auditors' report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with section 516(a) of the Uniform Guidance?	No

Identification of Major Programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>	
20.205	Highway Planning and Construction Cluster	
Dollar threshold used to distinguish between type A and type B programs:		\$750,000
Auditee qualified as low risk auditee?		Yes

Section II Financial Statement Findings None

Section III Federal Award Findings and Questioned Costs None

Section IV Summary Schedule of Prior Audit Findings None

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