

LANE COUNCIL OF GOVERNMENTS  
Eugene, Oregon



# 2018 COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the fiscal year ended JUNE 30, 2018



# **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

## **FOR THE FISCAL YEAR ENDED JUNE 30, 2018**



### **LANE COUNCIL OF GOVERNMENTS**

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This document and related information are available at

*[www.lcog.org](http://www.lcog.org)*

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## Lane Council of Governments

### Board of Directors

For the Fiscal Year Ended June 30, 2018

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

Bethel School District 52  
Alan Laisure

City of Coburg  
Ray Smith

City of Cottage Grove  
Jeff Gowing

City of Creswell  
Richard Zettervall (#)

City of Dunes City  
Robert Forsythe

City of Eugene  
Chris Pryor (#) (\*)

City of Florence  
Susy Lacer

City of Junction City  
Mike Crenshaw

City of Lowell  
Don Bennett

City of Oakridge  
Vacant

City of Springfield  
Leonard Stoehr

City of Veneta  
Tom Cotter (#)

City of Westfir  
Matt Meske

Creswell School District 40  
Mike Anderson

Emerald People's Utility District  
Brandon Jordan (\*)

Eugene School District 4J  
Mary Walston (#) (^)

**Vice-Chair of the Board of Directors**

Eugene Water & Electric Board  
John Simpson (#) (\*)

Fern Ridge Library District  
Steve Brock

Heceta Water District  
Debby Todd (#)

Junction City Rural Fire Protection District  
Don Lighty

Lane Community College  
Matt Keating

Lane County  
Gary Williams (#)

Lane Education Service District  
Sherry Duerst-Higgins (#) (\*) (^)  
**Chair of the Board of Directors**

Lane Library District  
Vacant

McKenzie School District 68  
Vacant

Port of Siuslaw  
Vacant

River Road Park & Recreation District  
Wayne Helikson

Siuslaw Library District  
Susy Lacer

Siuslaw Valley Fire & Rescue District  
Jim Langborg

South Lane School District 45J  
Alan Baas

Springfield School District 19  
Zach Bessett

Western Lane Ambulance District  
Bob Sneddon

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

Non-Voting Member: Lane Transit District  
Carl Yeh

INTRODUCTORY SECTION





December 27, 2018

Lane Council of Governments Board of Directors:

In accordance with ORS 297.425, we are pleased to present the Comprehensive Annual Financial Report (CAFR) of the Lane Council of Governments (LCOG), for the fiscal year ended June 30, 2018, accompanied by the report of LCOG's independent auditors, Isler CPA.

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 unqualified opinion on the basic financial statements is located in the front of the financial section of the CAFR.

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 of LCOG 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 issued an unmodified ("clean") opinion on LCOG's financial statements for the year ended June 30, 2018 (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.

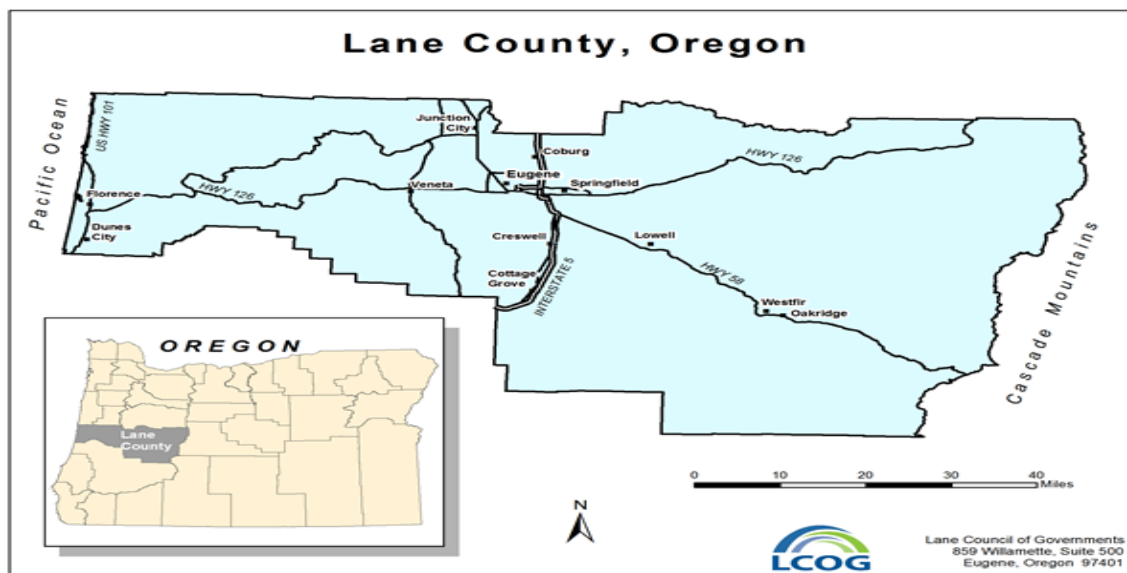
## Profile of LCOG

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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 34-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 374,748. The size of Lane County is approximately 4,554 square miles.



If Lane County were a state, it 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 141st largest MSA in the country.

## **Our Membership**

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Our members represent 34 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, three utilities, a transit district, two fire districts, an ambulance district, and a port.

### **Member Governments**

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

## **Our Mission**

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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**

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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 230 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 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, Economic Development, and Minutes Recorder Services;
- Administrative Services - Board of Directors and Executive Management Services, Finance and Budget, Human Resources, Information Technology, and Administration Support

## **Budget**

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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**

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Unlike its member agencies, LCOG is primarily dependent upon formula revenues and planning grants. The majority of revenues LCOG receives are from grants or contracts. The majority of revenues in FY18 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.

The Oregon Economic Forecast (OEF) office reported in June 2018 that Oregon's economy continues to grow. While wages and household incomes are rising faster than in the typical state and the Oregon unemployment rate has now essentially stopped declining, Oregon's growth is slower than a few years ago. Even with slower job growth, Oregon's economy will remain strong enough to keep up with increasing migration and workers returning to the job market. They note, however, with the tight job market, employers are having difficulty finding workers and may need to downskill in order to fill positions. Rising household income may mean poverty rates will begin to fall, and could reduce caseloads for needs-based programs, like some of the Senior and Disability Services programs.

Oregon's General Fund is dependent on personal income tax. This year's tax collections were higher than forecasted, and if not for the payment of kicker credits, Oregon would have ranked among the top states in the nation for growth. Public sector employment is growing and is expected to continue to grow with population growth.

The OEF report also noted several major risks facing the Oregon economy: worrisome trends in the U.S. economy, housing affordability, international risks, federal fiscal policy, climate and natural disasters, commodity price inflation, federal timber policy, and initiatives, referendums, and referrals.

The LCOG region is a top destination for people moving to Oregon. Between 2010 and 2017, more than 90 percent of the region's population growth was due to in-migration, with the region being one of six Oregon counties where in-migration accounted for more than 80 percent of the state's population growth. While a small percentage – 6 percent – of the growth currently coming from increased births over deaths, by 2030 it is forecasted that in-migration will become the sole source of population growth in the state. This population growth has been accompanied by jobs growth. In the LCOG region, the population was up 7 percent between 2010 and 2017, with employment up 12 percent, due to a revival in RV manufacturing, software and other information and technology work, and wood products.

In that LCOG relies heavily on contracts from our member agencies, economic growth can have positive results for LCOG revenue. As economic growth strengthens, more demand for services provided by LCOG are required; and as growth slows, so does the need for services. Any change in revenues must be matched by a change in expenditures. 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. Expenditures are managed carefully and adjustments made as conditions require. Adequate staffing and expenditure patterns must match projected revenues.

## **Long-Range Planning and Major Initiatives**

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### **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 knowing that current budget decisions can negatively impact long-term financial goals.

Through sound fiscal management, LCOG has positioned itself well to cope with revenue fluctuations and budgetary issues over time. LCOG continues to balance revenues and expenditures, maintain or enhance services, and build reserves. LCOG consistently strives to lower costs and rates while maintaining the level of services our members and the residents of Lane County expect.

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, 2018, the Operating Contingency Account had a balance of \$337,000, which met all policy requirements. The Capital Contingency Account does not have a level established by policy, but as of June 30, 2018, had a balance of \$550,000.

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.

## Awards and Acknowledgements

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Last year, the Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to LCOG for its Comprehensive Annual Financial Report (CAFR) for the Fiscal Year Ended June 30, 2017. This was the first time LCOG has submitted a CAFR for consideration of this award. To be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR that satisfies both generally accepted accounting principles and applicable legal requirements.

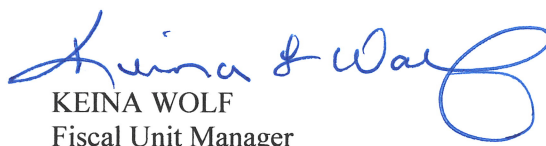
We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate. The preparation of this was made possible by the dedicated service of the entire staff of the Fiscal and Administrative Services Department and LCOG as a whole.

Acknowledgements. The preparation of this report could not be accomplished without the efficient and dedicated services of the entire staff of the Fiscal Unit and Administrative staff. We wish to acknowledge the professional and technical assistance of the audit staff of Isler CPA. Finally, we acknowledge the cooperation received from other LCOG staff in providing information required to fairly present LCOG's financial information. We also 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 Unit Manager

Special acknowledgment goes to:  
Laura Campbell, Administrative Coordinator  
Jody Cline, Senior and Disabilities Services Division Director  
David Joyal, Senior Financial Analyst  
Sondra Marks, Financial Associate  
David Phillips, Senior Financial Analyst  
Howard Schussler, Government Services Division Director  
Nicole Weikel, Senior Financial Analyst



Government Finance Officers Association

**Certificate of  
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for Excellence  
in Financial  
Reporting**

Presented to

**Lane Council of Governments  
Oregon**

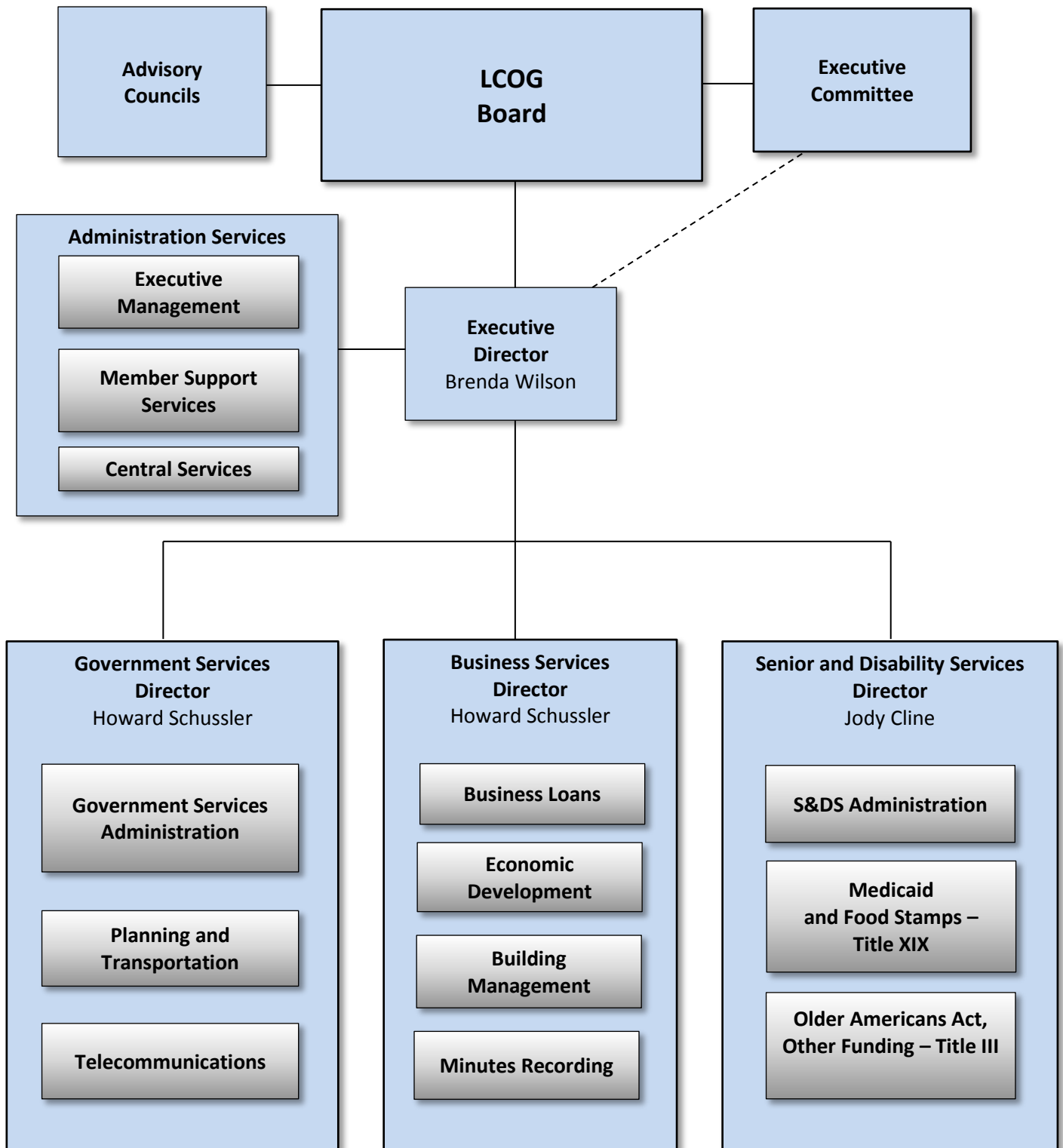
For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2017**

*Christopher P. Morill*

Executive Director/CEO

**Lane Council of Governments  
Organizational Chart**  
June 30, 2018



## FINANCIAL SECTION

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## 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](http://www.islercpa.com)

### **Report on the Financial Statements**

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, 2018, and the related notes to the financial statements, which collectively comprise LCOG's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

## ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of LCOG as of June 30, 2018, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Other Matters***

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require the Management's Discussion and Analysis and the required supplementary information as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise LCOG's basic financial statements. The budgetary comparison schedules presented as required supplementary information as listed in the table of contents 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.

#### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise LCOG's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and budgetary comparison schedules, statistical section, and continuing disclosure section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statement themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

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

#### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 27, 2018 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 December 27, 2018 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**



Paul Nielson, CPA, a member of the firm  
Eugene, Oregon  
December 27, 2018

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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**Lane Council of Governments**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2018**

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, 2018. 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.

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**Financial Highlights**

The overall net position of LCOG as of June 30, 2018 is \$11,484,267, a decrease of \$666,899 from last year. This decrease is due to a combination of positive change in fund balance related to business-type activities (Proprietary Funds) of \$414,344 and a decline in governmental activities (General Fund and Special Revenue Funds) of \$1,081,243 (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, 2018 decreased \$2,434,401. The decrease was largely due to a \$3,995,540 decrease in deferred outflows related to pensions offset by an increase of \$1,593,543 in current assets.

LCOG's total liabilities and deferred inflows of resources at June 30, 2018 decreased \$1,767,502. This decrease in liabilities is due primarily to a decrease in the proportionate share of net pension liability.

The restricted net position at June 30, 2018 is \$7,874,360, an increase of \$57,923 from last year. LCOG's unrestricted portion of net position is a negative \$8,189,538.

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**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.

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.

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**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2018**

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, 2018. 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 55 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 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, proprietary funds, and fiduciary 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.

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.

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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.

## Government-Wide Financial Analysis

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### Statement of Net Position

Net position may serve over time as a useful indicator of LCOG's financial health. LCOG's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$11,484,267 at the close of the fiscal year ending June 30, 2018, a decrease of \$666,899. The decrease is a combination of positive change in fund balance related to business-type activities (Proprietary Funds) of \$414,344 and a decline in governmental activities (General Fund and Special Revenue Funds) of \$1,081,243.

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

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
<b>Assets</b>						
Current assets	\$ 8,678,876	\$ 7,379,155	\$ 3,578,345	\$ 3,284,523	\$ 12,257,221	\$ 10,663,678
Interfund advances	169,486	211,175	(169,486)	(211,175)	-	-
Noncurrent assets	<u>10,049,072</u>	<u>10,016,507</u>	<u>8,922,847</u>	<u>8,987,816</u>	<u>18,971,919</u>	<u>19,004,323</u>
Total assets	18,897,434	17,606,837	12,331,706	12,061,164	31,229,140	29,668,001
Deferred outflows	<u>6,384,106</u>	<u>10,379,646</u>	-	-	<u>6,384,106</u>	<u>10,379,646</u>
Total assets and deferred outflows	<u>25,281,540</u>	<u>27,986,483</u>	<u>12,331,706</u>	<u>12,061,164</u>	<u>37,613,246</u>	<u>40,047,647</u>
<b>Liabilities</b>						
Current liabilities	2,307,653	1,685,227	393,437	307,978	2,701,090	1,993,205
Long-term liabilities	<u>16,647,616</u>	<u>19,276,075</u>	<u>5,924,143</u>	<u>6,153,404</u>	<u>22,571,759</u>	<u>25,429,479</u>
Total liabilities	18,955,269	20,961,302	6,317,580	6,461,382	25,272,849	27,422,684
Deferred inflows	<u>856,130</u>	<u>473,797</u>	-	-	<u>856,130</u>	<u>473,797</u>
Total liabilities and deferred inflows	<u>19,811,399</u>	<u>21,435,099</u>	<u>6,317,580</u>	<u>6,461,382</u>	<u>26,128,979</u>	<u>27,896,481</u>
<b>Net position</b>						
Invested in capital assets	10,049,072	10,016,507	1,750,373	1,869,243	11,799,445	11,885,750
Restricted	5,633,688	4,521,548	2,240,672	3,294,889	7,874,360	7,816,437
Unrestricted	<u>(10,212,619)</u>	<u>(7,986,671)</u>	<u>2,023,081</u>	<u>435,650</u>	<u>(8,189,538)</u>	<u>(7,551,021)</u>
Total net position	<u>\$ 5,470,141</u>	<u>\$ 6,551,384</u>	<u>\$ 6,014,126</u>	<u>\$ 5,599,782</u>	<u>\$ 11,484,267</u>	<u>\$ 12,151,166</u>

The largest portion of LCOG's net position, \$11,484,267, 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 \$7,874,360 which represents resources that are subject to external restrictions as to how they may be used. This category increased \$57,923 in the fiscal year ending June 30, 2018. LCOG's unrestricted portion of net position is a negative \$8,189,538.

### Statement of Activities

The *Statement of Activities* presented on the following page presents the same financial ending position as the *Statement of Net Position*: \$11,484,267 at June 30, 2018, which is a decrease in net position of \$666,899 from 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 (excluding transfers) in FY18 were \$29,663,979, an increase from FY17 of \$2,054,950, including transfers.

Total expenditures increased from prior year by \$181,007. Of the net total increase in operating expenditures, \$229,625 was Governmental activities and (\$48,618) was Business – Type activities.



	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
<b>Revenues</b>						
Program revenues						
Charges for services	6,044,184	5,995,817	-	-	6,044,184	5,995,817
Operating grants and contributions	22,130,901	19,808,835	31,000	-	22,161,901	19,808,835
Park Place Building	-	-	907,337	912,423	907,337	912,423
Loan program	-	-	209,129	556,885	209,129	556,885
Minutes recording	-	-	82,031	84,510	82,031	84,510
Economic development	-	-	30,513	34,742	30,513	34,742
General revenues						
Unrestricted Investment earnings	4,859	2,930	8,325	941	13,184	3,871
Member dues	<u>215,700</u>	<u>211,946</u>	<u>-</u>	<u>-</u>	<u>215,700</u>	<u>211,946</u>
Total revenues	<u>28,395,644</u>	<u>26,019,528</u>	<u>1,268,335</u>	<u>1,589,501</u>	<u>29,663,979</u>	<u>27,609,029</u>
<b>Expenses</b>						
Board/executive services	752,469	569,856	-	-	752,469	569,856
Governmental services	6,936,685	6,523,490	-	-	6,936,685	6,523,490
Senior and disabled services	21,071,850	21,438,033	-	-	21,071,850	21,438,033
Park place building	-	-	964,361	950,775	964,361	950,775
Loan program	-	-	217,000	269,827	217,000	269,827
Minutes recording	-	-	53,229	54,993	53,229	54,993
Economic development	-	-	21,164	28,777	21,164	28,777
Total expenses	<u>28,761,004</u>	<u>28,531,379</u>	<u>1,255,754</u>	<u>1,304,372</u>	<u>30,016,758</u>	<u>29,835,751</u>
Excess (deficiency) of revenues over (under) expenditures	\$ (365,360)	\$ (2,511,851)	\$ 12,581	\$ 285,129	\$ (352,779)	\$ (2,226,722)
<b>Other financing sources and (uses)</b>						
Transfers	(401,763)	1,088	401,763	(1,088)	-	-
Change in net position	<u>(767,123)</u>	<u>(2,510,763)</u>	<u>414,344</u>	<u>284,041</u>	<u>(352,779)</u>	<u>(2,226,722)</u>
Net position, July 1	6,551,384	9,068,207	5,599,782	5,387,512	12,151,166	14,455,719
Change in accounting principle	(314,120)	-	-	-	(314,120)	-
Prior period adjustment	<u>-</u>	<u>(6,060)</u>	<u>-</u>	<u>(71,771)</u>	<u>-</u>	<u>(77,831)</u>
Net position, June 30	<u>\$ 5,470,141</u>	<u>\$ 6,551,384</u>	<u>\$ 6,014,126</u>	<u>\$ 5,599,782</u>	<u>\$ 11,484,267</u>	<u>\$ 12,151,166</u>

### 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).

**Lane Council of Governments**  
**Management's Discussion and Analysis**  
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Fund financial statements track the flow of resources in and out of the funds. In addition to revenues and expenditures coming and going out of LCOG finances, "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 \$6,540,709, an increase of \$577,930 in comparison to the prior year. \$656,638 of the fund balance is nonspendable because it consists of prepaid expenditures and advances to other funds, \$5,633,688 of the fund balance is restricted by external limits on how the resources may be used, and \$250,383 is available for use without restrictions.

The General Fund reported an ending fund balance of \$419,869, with expenditures in excess of revenue of \$161,403, due primarily to the transfer of the Capital Contingency Reserve from the General Fund to the Enterprise Funds – Park Place Building.

What follows is detail to the fund analysis.

#### **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 a decrease of \$393,441 for a fund balance at the end of the fiscal year of \$419,869. This decrease of fund balance had been budgeted for and expected during the fiscal year.

#### **SPECIAL REVENUE FUND – GRANTS AND CONTRACT SERVICES**

Special Revenue Fund – Grants and Contracts Services accounts for programs or activities funded by federal, state, or local grants and contracts. Two material service areas combine on the statement:

Government Services – Planning, Transportation, and Administration; and Senior and Disability Services and Administration.

## SPECIAL REVENUE FUND – TELECOMMUNICATION SERVICES

Special Revenue – Telecommunications is also within the Special Revenue Fund. Because these funds have different funding sources (telecommunication source is consortium fees and charges), the Telecommunication Services fund statement – which accounts for the revenues and expenditures of a multi-agency telephone system which is referred to as the telecommunications consortium and public agency network - is presented separate from the traditional government services activities in that the traditional services includes programs funded by federal, state, or local grants or contracts. Telecommunications services are supported by fees and charges.

## 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 positive change in net position during the fiscal year of \$328,175. This increase in net position was due primarily to the transfer of the Capital Contingency Reserve from the General Fund to the Park Place Building Fund.

## ENTERPRISE FUND – LOAN PROGRAMS

Loan Programs had a positive change in net position of \$57,094 due to increases in loans receivable and decreases in liabilities during the fiscal year.

## Capital Assets

Total investment in capital assets at June 30, 2018, net of accumulated depreciation and amortization, was \$16,411,985, a decrease of \$204,144 from the prior year. A decline in book value of approximately \$725,862 for governmental activities and \$316,050 for business activities is the effect of accumulated depreciation on the assets. There were new capital additions of \$837,768 for the year ending June 30, 2018. For more detailed information, please see *Note 5* in the accompanying *Notes to the Financial Statements* of this report.

	Governmental Activities		Business-Type Activities		Total		Increase (Decrease)
	2018	2017	2018	2017	2018	2017	
Land	\$ -	\$ -	\$ 436,200	\$ 436,200	\$ 436,200	\$ 436,200	\$ -
Buildings	-	-	4,410,688	4,558,661	4,410,688	4,558,661	(147,973)
Furniture and Equipment	897,361	224,291	-	-	897,361	224,291	673,070
Building Improvements	30,152	-	1,516,025	1,604,761	1,546,177	1,604,761	(58,584)
Fiber Optics	8,889,805	9,412,735	-	-	8,889,805	9,412,735	(522,930)
Software and Intangibles	231,754	375,776	-	-	231,754	375,776	(144,022)
Vehicles	-	3,705	-	-	-	3,705	(3,705)
Capital Assets, Net	<u>\$ 10,049,072</u>	<u>\$ 10,016,507</u>	<u>\$ 6,362,913</u>	<u>\$ 6,599,622</u>	<u>\$ 16,411,985</u>	<u>\$ 16,616,129</u>	<u>\$ (204,144)</u>

## **Debt Service**

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LCOG's outstanding debt continues to decline and there were no new debt incurrences during FY18. LCOG does not issue debt and as a result does not have a credit rating. In the last five years – FY13 to FY18, LCOG has reduced the number of outstanding building loans from seven to one and paid off one of six USDA business loans. Comparatively, debt has decreased during the past five years from \$13,308,848 to \$6,177,791 – a \$7,131,057 reduction to outstanding debt service. For more detailed information, please see *Note 6* the accompanying financial statements and *Notes to the Financial Statements* section of this report.

## **Budgetary Highlights**

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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 FY18 Budget was adopted on June 22, 2017, at \$39,561,861. On April 26, 2018, the Board approved the FY18 Revised Budget at \$45,940,206, an increase of \$6,378,345.

Revenue in the General Fund was originally budgeted at \$289,648, but was increased in the FY18 Revised Budget by \$10,352 to reflect an increase in local revenue. On the requirement side, the General Fund was originally budgeted at \$411,739, and was increased by \$10,071 to cover unexpected Capital Outlay. There was a budgeted change in the Fund Balance of \$505,922 due primarily to the transfer of the Capital Contingency Account funds to the Enterprise Fund - Building Management Fund.

## **Economic Factors and Next Year's Budget**

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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 FY19 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 FY19 Adopted Budget reflects an overall increase in revenues of 10.2% or \$4,025,930 more than the FY18 Adopted Budget.

## **Requests for Information**

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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

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GOVERNMENT-WIDE  
FINANCIAL STATEMENTS

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- Statement of Net Position
- Statement of Activities

**Lane Council of Governments**  
**Statement of Net Position**  
For the Fiscal Year Ended June 30, 2018

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Current assets:			
Cash and investments	3,830,347	3,268,422	7,098,769
Accounts receivable	4,361,048	67,031	4,428,079
Current maturities of loans receivable	-	235,759	235,759
Accrued interest receivable	-	5,206	5,206
Other current assets	329	-	329
Prepaid expense	<u>487,152</u>	<u>1,927</u>	<u>489,079</u>
Total current assets	8,678,876	3,578,345	12,257,221
Noncurrent assets:			
Due to/from other funds (internal balance)	169,486	(169,486)	-
Loans receivable, net of current maturities and allowance	-	2,559,934	2,559,934
Capital assets, net of accumulated depreciation	<u>10,049,072</u>	<u>6,362,913</u>	<u>16,411,985</u>
Total noncurrent assets	<u>10,218,558</u>	<u>8,753,361</u>	<u>18,971,919</u>
Total assets	18,897,434	12,331,706	31,229,140
<b>DEFERRED OUTFLOWS</b>			
OPEB Related Deferrals	23,466	-	23,466
Pension Related Deferrals	<u>6,360,640</u>	<u>-</u>	<u>6,360,640</u>
Total Deferred Outflows	<u>6,384,106</u>	<u>-</u>	<u>6,384,106</u>
Total Assets and Deferred Outflows	25,281,540	12,331,706	37,613,246
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	1,103,225	34,433	1,137,658
Intergovernmental Payable	7,680	-	7,680
Accrued payroll and related liabilities	964,470	2,838	967,308
Accrued interest payable	-	16,753	16,753
Unearned revenue	232,278	53,988	286,266
Current maturities of loans payable	<u>-</u>	<u>285,425</u>	<u>285,425</u>
Total current liabilities	2,307,653	393,437	2,701,090
Noncurrent liabilities:			
Proportionate share of net pension liability	15,512,393	-	15,512,393
Claims payable	2,036	-	2,036
Compensated absences	725,685	-	725,685
Other post-employment benefits	407,502	-	407,502
Long-term debt, net of current maturities	-	5,892,366	5,892,366
Security deposits	<u>-</u>	<u>31,777</u>	<u>31,777</u>
Total noncurrent liabilities	<u>16,647,616</u>	<u>5,924,143</u>	<u>22,571,759</u>
Total liabilities	18,955,269	6,317,580	25,272,849
<b>DEFERRED INFLOWS</b>			
OPEB Related Deferrals	19,795	-	19,795
Pension Related Deferrals	<u>836,335</u>	<u>-</u>	<u>836,335</u>
Total Liabilities and Deferred Inflows	<u>856,130</u>	<u>-</u>	<u>856,130</u>
Total Liabilities and Deferred Inflows	19,811,399	6,317,580	26,128,979
<b>NET POSITION</b>			
Net Investment in capital assets	10,049,072	1,750,373	11,799,445
Restricted for:			
Telecommunications	1,364,915	-	1,364,915
Grants and Contracts	4,268,773	-	4,268,773
Restricted by USDA; EDA	-	2,240,672	2,240,672
Unrestricted	<u>(10,212,619)</u>	<u>2,023,081</u>	<u>(8,189,538)</u>
Total net position	<u>\$ 5,470,141</u>	<u>\$ 6,014,126</u>	<u>\$ 11,484,267</u>

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

**Lane Council of Governments**  
**Statement of Activities**  
For the Fiscal Year Ended June 30, 2018

	Expenses	Program Revenues		Net Revenue (Expense) and Change in Net Assets		
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:						
Board/executive	\$ 752,469	\$ 44,102	\$ -	\$ (708,367)	\$ -	\$ (708,367)
Government services	6,936,685	4,929,934	1,723,601	(283,150)	-	(283,150)
Senior and disabled services	21,071,850	1,070,148	20,407,300	405,598	-	405,598
Total governmental activities	<u>28,761,004</u>	<u>6,044,184</u>	<u>22,130,901</u>	<u>(585,919)</u>	<u>-</u>	<u>(585,919)</u>
Business-type activities:						
Park Place Building	964,361	907,337	-	-	(57,024)	(57,024)
Loan program	217,000	209,129	31,000	-	23,129	23,129
Minutes recording	53,229	82,031	-	-	28,802	28,802
Economic Development	21,164	30,513	-	-	9,349	9,349
Total business-type activities	<u>1,255,754</u>	<u>1,229,010</u>	<u>31,000</u>	<u>-</u>	<u>4,256</u>	<u>4,256</u>
Total activities	<u>\$ 30,016,758</u>	<u>\$ 7,273,194</u>	<u>\$ 22,161,901</u>	<u>(585,919)</u>	<u>4,256</u>	<u>(581,663)</u>
General revenues (expenses) and transfers:						
Unrestricted investment earnings				4,859	8,325	13,184
Member dues				215,700	-	215,700
Transfers				<u>(401,763)</u>	<u>401,763</u>	<u>-</u>
Total general revenues and transfers				<u>(181,204)</u>	<u>410,088</u>	<u>228,884</u>
Change in net position				(767,123)	414,344	(352,779)
Net position, beginning of year				<u>6,551,384</u>	<u>5,599,782</u>	<u>12,151,166</u>
Prior Period Adjustment				<u>(314,120)</u>	<u>-</u>	<u>(314,120)</u>
Net position, end of year				<u>\$ 5,470,141</u>	<u>\$ 6,014,126</u>	<u>\$ 11,484,267</u>



## FUND FINANCIAL STATEMENTS

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### 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, 2018

	General Fund	Tele- Communications	Grants and Contracts	Total Governmental Funds
<b>ASSETS</b>				
Cash and investments	\$ 948,966	\$ 972,008	\$ 1,909,373	\$ 3,830,347
Prepaid expenditures	-	4,434	482,718	487,152
Accounts receivable	132,415	427,762	3,800,871	4,361,048
Other current assets	100	-	229	329
Advance to other funds	169,486	-	-	169,486
Due from other funds	54,470	-	-	54,470
Total assets	<u>\$ 1,305,437</u>	<u>\$ 1,404,204</u>	<u>\$ 6,193,191</u>	<u>\$ 8,902,832</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Due to other funds	\$ -	\$ -	\$ 54,470	\$ 54,470
Accounts payable	53,049	27,238	1,022,938	1,103,225
Intergovernmental payable	-	-	7,680	7,680
Accrued payroll and related liabilities	600,241	7,617	356,612	964,470
Unearned Revenue	<u>232,278</u>	<u>-</u>	<u>-</u>	<u>232,278</u>
Total liabilities	885,568	34,855	1,441,700	2,362,123
Fund balances:				
Nonspendable	196,486	4,434	482,718	656,638
Restricted to:				
Telecommunications	-	1,364,915	-	1,364,915
Grants and Contracts	-	-	4,268,773	4,268,773
Committed	337,154	-	-	337,154
Unassigned	<u>(86,771)</u>	<u>-</u>	<u>-</u>	<u>82,715</u>
Total fund balances	<u>419,869</u>	<u>1,369,349</u>	<u>4,751,491</u>	<u>6,540,709</u>
Total liabilities and fund balances	<u>\$ 1,305,437</u>	<u>\$ 1,404,204</u>	<u>\$ 6,193,191</u>	<u>\$ 8,902,832</u>

**Lane Council of Governments**  
**Reconciliation of the Balance Sheet –**  
**Governmental Funds to the Statement of Net Position**

June 30, 2018

Total fund balances - governmental funds	\$	6,540,709
Capital assets used in governmental funds are not financial resources and therefore are not reported in the governmental funds.		
Cost	12,874,099	
Accumulated Depreciation	<u>(2,825,027)</u>	10,049,072
Certain liabilities are not due and payable in the current period, and therefore are not reported in the governmental funds.		
Compensated absences	(725,685)	
Claims payable	<u>(2,036)</u>	(727,721)
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)	(15,512,393)	
Deferred Outflows - Pension	6,360,640	
Deferred Inflows - Pension	<u>(836,335)</u>	(9,988,088)
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	(407,502)	
Deferred Outflows - OPEB	23,466	
Deferred Inflows - OPEB	<u>(19,795)</u>	<u>(403,831)</u>
Net position of governmental activities		<u><u>5,470,141</u></u>

**Lane Council of Governments**  
**Statement of Revenues, Expenditures, and**  
**Changes in Fund Balances – Governmental Funds**

For the Fiscal Year Ended June 30, 2018

	General Fund	Tele- Communications	Grants and Contracts	Governmental Funds
<b>Revenues</b>				
Member agency dues	\$ 215,700	\$ -	\$ -	\$ 215,700
Federal and state grants and contracts	-	-	22,130,901	22,130,901
Other local sources	78,271	1,767,158	4,159,512	6,004,941
Rental and In-Kind Income	<u>-</u>	<u>44,102</u>	<u>-</u>	<u>44,102</u>
Total revenues	293,971	1,811,260	26,290,413	28,395,644
<b>Expenditures</b>				
Current				
Board/executive services	425,790	-	184,437	610,227
Government services	-	-	4,651,416	4,651,416
Senior and disabled services	-	-	19,881,175	19,881,175
Telecommunications	-	1,514,708	-	1,514,708
Capital outlay	<u>29,584</u>	<u>706,696</u>	<u>22,145</u>	<u>758,425</u>
Total expenditures	<u>455,374</u>	<u>2,221,404</u>	<u>24,739,173</u>	<u>27,415,951</u>
Revenues over (under) expenditures	(161,403)	(410,144)	1,551,240	979,693
<b>Other financing sources (uses)</b>				
Transfers In	12,000	128,668	87,326	227,994
Transfers Out	<u>(405,441)</u>	<u>(95,648)</u>	<u>(128,668)</u>	<u>(629,757)</u>
Total other financing sources (uses)	(393,441)	33,020	(41,342)	(401,763)
Net change in fund balances	(554,844)	(377,124)	1,509,898	577,930
Fund balances, beginning of year	<u>974,713</u>	<u>1,746,473</u>	<u>3,241,593</u>	<u>5,962,779</u>
Fund balances, end of year	<u>\$ 419,869</u>	<u>\$ 1,369,349</u>	<u>\$ 4,751,491</u>	<u>\$ 6,540,709</u>

**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 Fiscal Year Ended June 30, 2018

Net change in fund balances - governmental funds, including prior period adjustments		\$ 577,930
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	758,425	
Current year depreciation	<u>(725,860)</u>	32,565
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		(1,485,556)
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		18,600
Some expenses do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.		
Compensated absences	81,034	
Claims payable	<u>8,304</u>	<u>89,338</u>
Change in net position of government activities (including prior period adjustments)		<u>\$ (767,123)</u>

**Lane Council of Governments**  
**Statement of Net Position**  
**Proprietary Funds**

June 30, 2018

	Park Place Building	Loan Programs	Total Nonmajor Funds	Total
<b>ASSETS</b>				
Current assets:				
Cash and investments	\$ 1,061,728	\$ 2,119,260	\$ 87,434	\$ 3,268,422
Accounts receivable	-	13,512	53,519	67,031
Current maturities of loans receivable	-	235,759	-	235,759
Accrued interest receivable	-	5,206	-	5,206
Prepaid expense	54	1,794	79	1,927
Total current assets	1,061,782	2,375,531	141,032	3,578,345
Noncurrent assets				
Loans receivable, net of current maturities and allowance	-	2,559,934	-	2,59,934
Capital assets, net of accumulated depreciation	6,362,913	-	-	6,362,913
Total noncurrent assets	6,362,913	2,559,934	-	8,922,847
Total assets	7,424,695	4,935,465	141,032	12,518,592
<b>LIABILITIES</b>				
Current liabilities				
Due to other funds	-	-	-	-
Accounts payable	110	4,475	29,848	34,433
Accrued payroll and related liabilities	55	2,689	94	2,838
Accrued interest payable	16,753	-	-	16,753
Unearned revenue	53,988	-	-	53,988
Interfund advance	169,486	-	-	169,486
Current maturities of loans payable	122,925	162,500	-	285,425
Total current liabilities	363,317	16,9664	29,942	393,437
Noncurrent liabilities				
Long-term debt, net of current maturities	4,489,615	1,402,751	-	5,892,366
Security deposits	31,777	-	-	31,777
Total noncurrent liabilities	4,521,392	1,402,751	-	5,924,143
Total liabilities	4,884,709	1,572,415	29,942	6,317,580
<b>NET POSITION (DEFICIT)</b>				
Net investment in capital assets	1,750,373	-	-	1,750,373
Restricted for building improvements	390,966	-	-	390,966
Restricted by USDA	-	1,853,398	-	1,853,398
Restricted by EDA	-	387,274	-	387,274
Unrestricted	398,647	1,122,378	111,090	1,632,115
Total net position (deficit)	\$ 2,539,986	\$ 3,363,050	\$ 111,090	\$ 6,014,126

**Lane Council of Governments**  
**Statement of Revenues, Expenses, and Changes in Net Position**  
**Proprietary Funds**

June 30, 2018

	Park Place	Loan Programs	Nonmajor Funds	Total
Operating revenues				
Charges for services and rent	\$ 907,337	\$ 209,129	\$ 112,544	\$ 1,229,010
Interest income	<u>-</u>	<u>6,792</u>	<u>-</u>	<u>6,792</u>
Total operating revenues	907,337	215,921	112,544	1,235,802
Operating expenses:				
Personal services	12,260	175,662	18,470	206,392
Materials and services	436,251	41,338	55,923	533,512
Depreciation	<u>316,050</u>	<u>-</u>	<u>-</u>	<u>316,050</u>
Total operating expenses	<u>764,561</u>	<u>199,600</u>	<u>74,393</u>	<u>1,055,954</u>
Operating income (loss)	142,776	(1,079)	38,151	179,848
Nonoperating revenues (expenses)				
Federal grants	-	31,000	-	31,000
Interest income	1,533	-	-	1,533
Interest expense	<u>(199,800)</u>	<u>-</u>	<u>-</u>	<u>(199,800)</u>
Total nonoperating revenues (expenses)	<u>(198,267)</u>	<u>31,000</u>	<u>-</u>	<u>(167,267)</u>
Income (loss) before transfers	(55,491)	29,921	38,151	12,581
Transfers in	390,966	92,881	-	483,847
Transfers out	<u>(7,300)</u>	<u>(65,708)</u>	<u>(9,076)</u>	<u>(82,084)</u>
Total transfers	<u>383,666</u>	<u>27,173</u>	<u>(9,076)</u>	<u>401,763</u>
Change in net position	328,175	57,094	29,075	414,344
Net position, beginning of year	<u>2,211,811</u>	<u>3,305,956</u>	<u>82,015</u>	<u>5,599,782</u>
Net position, end of year	<u>\$ 2,539,986</u>	<u>\$ 3,363,050</u>	<u>\$ 111,090</u>	<u>\$ 6,014,126</u>

**Lane Council of Governments**  
**Statement of Cash Flows – Proprietary Funds**

For the Fiscal Year Ended June 30, 2018

	Park Place	Loan Programs	Nonmajor Funds	Total
Cash flows from operating activities:				
Cash received from customers	\$ 907,627	\$ 35,626	\$ 96,296	\$ 1,039,549
Cash paid to suppliers	(465,063)	(36,208)	(28,991)	(530,262)
Cash paid to employees	(12,426)	(175,953)	(19,014)	(207,393)
Net cash provided by operating activities	<u>430,138</u>	<u>(176,535)</u>	<u>48,291</u>	<u>301,894</u>
Cash flows from noncapital financing activities:				
Loans received from USDA	-	31,000	-	31,000
Transfers	<u>383,666</u>	<u>27,173</u>	<u>(9,076)</u>	<u>401,763</u>
Net cash provided by non-capital financing activities	<u>383,666</u>	<u>58,173</u>	<u>(9,076)</u>	<u>432,763</u>
Cash flows from capital and related financing activities:				
Capital Assets construction/acquisition	(79,341)	-	-	(79,341)
Changes in Long-Term Debt	(117,839)	-	-	(117,839)
Principal paid on bank loans	-	(50,107)	-	(50,107)
Interest paid on bank loans	(199,800)	-	-	(199,800)
Change in accrued interest	-	(8,606)	-	(8,606)
Net cash used by capital and related financing activities	<u>(396,980)</u>	<u>(58,713)</u>	<u>-</u>	<u>(455,693)</u>
Cash flows from investing activities:				
Interest on investments	<u>1,533</u>	<u>-</u>	<u>-</u>	<u>1,533</u>
Net cash provided (used) by investing activities	<u>1,533</u>	<u>-</u>	<u>-</u>	<u>1,533</u>
Net increase (decrease) in cash and cash equivalents	418,357	(177,075)	39,215	280,497
Cash and cash equivalents, beginning of year	<u>643,371</u>	<u>2,296,335</u>	<u>48,219</u>	<u>2,987,925</u>
Cash and cash equivalents, end of year	<u>\$ 1,061,728</u>	<u>\$ 2,119,260</u>	<u>\$ 87,434</u>	<u>\$ 3,268,422</u>
Reconciliation of operating income to net cash provided (used) by operating activities:				
Operating income (loss)	\$ 142,776	\$ (1,079)	\$ 38,151	\$ 179,848
Depreciation	316,050	-	-	316,050
(Increase) decrease in:				
Accounts receivable	-	(13,512)	(21,710)	(35,222)
Other current assets	11,463	-	-	11,463
Loans receivable	-	(168,027)	-	(168,027)
Prepaid expense	27	711	231	969
Due from other funds	-	-	5,462	5,462
Interest Receivable	-	1,244	-	1,244
Increase (decrease) in:				
Unearned revenue	170,863	-	-	170,863
Security Deposits	290	-	-	290
Due to other funds	(211,275)	(56)	(798)	(212,129)
Accounts payable	110	4,475	27,499	32,084
Accrued payroll and related liabilities	(166)	(291)	(544)	(1,001)
Net cash provided (used) by operating activities	<u>\$ 430,138</u>	<u>\$ (176,535)</u>	<u>\$ 48,291</u>	<u>\$ 301,894</u>



## NOTES TO THE FINANCIAL STATEMENTS

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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, 2018

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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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 of the non-fiduciary 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, proprietary funds, and fiduciary funds, even though fiduciary funds are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

**Lane Council of Governments**  
**Notes to the Financial Statements**  
June 30, 2018

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

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**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.

The proprietary fund financial statements use the accrual basis of accounting and agency funds have no measurement focus. 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.
- Telecommunications – Accounts for the revenues and expenditures related to the operation of a multi-agency telephone system and other telecommunication and Information Services projects.
- Grants and Contracts – This fund accounts for programs or activities funded by federal, state, or local grants or contracts.

**Lane Council of Governments  
Notes to the Financial Statements**

June 30, 2018

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

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**LCOG has the following major proprietary (enterprise) funds:**

- **Park Place Building** – One fund that 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.
- **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 includes an sub-fund for overall administration and program oversight.

**Additionally, LCOG has the following 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 for the 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.

**Lane Council of Governments**  
**Notes to the Financial Statements**  
June 30, 2018

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

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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.

LCOG's only investments at June 30, 2018, 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 OST. The OST'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 2a-7-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, 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, 2018. 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. We intend to measure these investments at book value since it

**Lane Council of Governments**  
**Notes to the Financial Statements**  
June 30, 2018

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

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approximates fair value. The pool is comprised of a variety of investments. These investments are characterized as a level 2 fair value measurement in the OSTF's audited financial report.

As of June 30, 2018, the fair value of the position in the LGIP is 100.13% 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 up on 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 (including, but 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) or other market-corroborated inputs).
- **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 is immaterial, therefore no provision for uncollectible accounts has been made.

**Lane Council of Governments**  
**Notes to the Financial Statements**  
June 30, 2018

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

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**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, 2018, totaled \$9,204,467. LCOG classifies the following cash and investments as restricted, committed or assigned as of June 30, 2018:

- In the Telecommunications fund various local government agencies limit the use of the funds, primarily for the replacement of telephone systems and public agency network projects.
- In the Grants and Contracts fund, all amounts are considered restricted for specific use.
- In the Loan Programs fund, \$3,570,779 is restricted by the USDA and EDA for loans.
- In the Building- Park Place fund, \$550,000 is restricted for capital outlay on the building.

**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.

**Lane Council of Governments**  
**Notes to the Financial Statements**  
June 30, 2018

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

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**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 would be recorded at estimated fair market value at the date of donation (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 position 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 position that applies to future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time.

**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, 2018

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

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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 320 hours for SEIU positions and 480 for all other 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.

**Lane Council of Governments**  
**Notes to the Financial Statements**

June 30, 2018

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

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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, 2018, 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.

*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**

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In accordance with state law, budgets are adopted for all funds (except agency fund type) 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.

## **NOTE 2 – BUDGETARY INFORMATION, Continued**

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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 FY18.

### **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.

## **NOTE 3 – CASH AND INVESTMENTS**

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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, 2018, consisted of the following:

Cash with Fiscal Agent	\$	10,000
Certificates of Deposit		472,292
Local Government Investment Pool		51,935
Demand Deposits		2,215,908
Money Market Accounts		4,348,634
Total Cash and Investments	\$	<u>7,098,769</u>

### **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 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 over a year, and all other investments must mature in no more than three years.

### ***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 Federal Deposit Insurance Corporation (FDIC) up to \$250,000 at each financial institution. LCOG does not have a formalized custodial risk policy but has enacted procedure for oversight mitigation of such risk. At June 30, 2018 total

**Lane Council of Governments**  
**Notes to the Financial Statements**  
June 30, 2018

**NOTE 3 – CASH AND INVESTMENTS, Continued**

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in banks was \$7,046,834 and total in LGIP accounts was \$51,935. All of the \$7,046,834 in banks was insured and collateralized.

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. At June 30, 2018, all bank balances were in compliance with the collateral requirements of Oregon law. Deposits in excess of FDIC 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 the qualified depository institutions is available to repay deposits of public funds of the government entities.

***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**

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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, 2018, 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 \$970,652.

Total all loans outstanding (all programs)	\$ 2,989,725
Allowance for loan losses(all program)	<u>(194,032)</u>
Loans receivable, net of allowance for loan losses (all programs)	2,795,693
Less amount due within one year	<u>(235,759)</u>
Long-term portion	<u><u>\$ 2,559,934</u></u>

**Lane Council of Governments**  
**Notes to the Financial Statements**  
June 30, 2018

**NOTE 5 – CAPITAL ASSETS**

Capital asset activity for the fiscal year ended June 30, 2018, was as follows:

	<u>July 1, 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2018</u>
<b><u>Governmental Activities:</u></b>				
Depreciable Assets:				
Fiber Optics	\$ 10,458,595	\$ -	\$ -	\$ 10,458,595
Furniture and Equipment	936,531	727,028	-	1,663,559
Leasehold Improvements	125,305	31,399	-	156,704
Software and Intangibles	492,065	-	-	492,065
Vehicles	103,178	-	-	103,178
Total Depreciated Assets	<u>12,115,674</u>	<u>758,427</u>	<u>-</u>	<u>12,874,101</u>
Less Accumulated Depreciation for:				
Fiber Optics	1,045,860	522,930	-	1,568,790
Furniture and Equipment	712,240	53,958	-	766,198
Leasehold Improvements	125,305	1,247	-	126,552
Software and Intangibles	116,289	144,022	-	260,311
Vehicles	99,473	3,705	-	103,178
Total Accumulated Depreciation	<u>2,099,167</u>	<u>725,862</u>	<u>-</u>	<u>2,825,029</u>
Net Capital Assets - Governmental	<u>10,016,507</u>	<u>32,565</u>	<u>-</u>	<u>10,049,072</u>
<b><u>Business Type Activities</u></b>				
Non-depreciable Assets:				
Land & Land Improvements	436,200	-	-	436,200
Depreciable Assets:				
Buildings	5,918,899	-	-	5,918,899
Improvements	3,343,270	79,341	-	3,422,611
Total Depreciated Assets	<u>9,262,169</u>	<u>79,341</u>	<u>-</u>	<u>9,341,510</u>
Less Accumulated Depreciation/Amortization for:				
Buildings	1,360,238	147,973	-	1,508,211
Improvements	1,738,509	168,077	-	1,906,586
Total Accumulated Depreciation	<u>3,098,747</u>	<u>316,050</u>	<u>-</u>	<u>3,414,797</u>
Net Capital Assets - Business-type	<u>6,599,622</u>	<u>(236,709)</u>	<u>-</u>	<u>6,362,913</u>
Net Capital Assets, All	<u>\$ 16,616,129</u>	<u>\$ (204,144)</u>	<u>\$ -</u>	<u>\$ 16,411,985</u>

The assets in the business-type activities include retail space. These assets and their lease terms are further described in Operating leases note to the financial statements.

**Lane Council of Governments**  
**Notes to the Financial Statements**  
June 30, 2018

**NOTE 5 – CAPITAL ASSETS, Continued**

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Depreciation expense was charged to the following activities as of June 30, 2018:

<b>Activity</b>	<b>Amount</b>
<u>Governmental:</u>	
Board/Executive	\$ 67,914
Government Services	622,245
Senior and Disabled Services	35,703
Total governmental activities	<u>725,862</u>
<u>Business:</u>	
Park Place Building	316,050
Total depreciation expense	<u>\$ 316,050</u>

**NOTE 6 – LONG -TERM DEBT**

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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.

<b>Activity and Type of Loan</b>	<b>June 30, 2018 Balance</b>
Business Activities: Building Loan	\$ 4,612,540
Business Activities: Business Loans	1,565,251
Total Loans Payable - All Activities	<u>\$ 6,177,791</u>

There is no loan debt for government activities at June 30, 2018. Business activities building loan debt is transacted in the Enterprise Funds for building loan debt on the Park Place Building.

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 FY18, 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.

What follows is the detail of loans payable debt outstanding at June 30, 2018, by activity and by specific loan.

**NOTE 6 – LONG -TERM DEBT, Continued****Loan Debt - Business activities – Building loans****Principal**

\$4,825,000 Banner Bank loan; 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.

\$ 4,612,540

**Loan Debt - Business activities – Business Loans**

\$1,000,000 USDA loan; 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.

439,408

\$478,000 USDA loan; 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.

245,764

\$400,000 USDA loan; 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.

220,527

\$500,000 USDA loan; 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.

294,038

\$500,000 USDA loan; 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.

365,514

Total loan debt for business activities (building and business loans)

6,177,792

Less: Amounts due within one year

285,425

**Loan Debt, net of current maturities – Business Activities (principal only)**

**\$ 5,892,366**

**Lane Council of Governments**  
**Notes to the Financial Statements**  
June 30, 2018

**NOTE 6 – LONG -TERM DEBT, Continued**

The following schedule shows the debt service requirements for loans payable as of June 30, 2018:

Business-Type Activities						
Fiscal Year	Building Loan		Business Loans		Total Business-Type Activities	
	Principal	Interest	Principal	Interest	Principal	Interest
2019	\$ 122,925	\$ 193,658	\$ 162,500	\$ 23,347	\$ 285,425	\$ 217,005
2020	128,252	188,331	107,949	14,223	236,201	202,554
2021	133,810	182,773	109,029	13,143	242,839	195,916
2022	136,609	176,974	110,119	12,053	246,728	189,027
2023	145,659	170,923	111,220	10,952	256,879	181,875
2024-2028	3,945,285	486,065	572,201	37,851	4,517,486	523,916
2029-2033	-	-	327,175	13,122	327,175	13,122
2034-2038	-	-	65,058	1,460	65,058	1,460
Total	<u>\$ 4,612,540</u>	<u>\$ 1,398,724</u>	<u>\$ 1,565,251</u>	<u>\$ 126,151</u>	<u>\$ 6,177,791</u>	<u>\$ 1,524,875</u>

Total interest on debt paid for the year ended June 30, 2018 Business-Type Activities: \$ 213,678

\*See Interfund Receivables, Payables, Advances and Transfers Note for information regarding interfund advances and payables.

**Changes in long-term liabilities**

Long-term liability activity for the year ended June 30, 2018, was as follows:

Governmental Activities	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Compensated absences	<u>\$ 806,719</u>	<u>\$ -</u>	<u>\$ 81,034</u>	<u>\$ 725,685</u>	<u>\$ 653,000</u>
<b>Business-Type Activities</b>					
Loans payable:					
Building loan payable	\$ 4,730,379	\$ -	\$ 117,839	\$ 4,612,540	\$ 122,925
Business loans payable	1,615,357	-	50,106	1,565,251	162,500
Total loans payable	6,345,736	-	167,945	6,177,791	285,425
Deposits	31,487	2,500	2,210	31,777	-
Business -Type Activities Long-term Liabilities	<u>\$ 6,377,223</u>	<u>\$ 2,500</u>	<u>\$ 170,155</u>	<u>\$ 6,209,568</u>	<u>\$ 285,425</u>

*OPEB liability disclosed in new Note 15*



**Lane Council of Governments**  
**Notes to the Financial Statements**

June 30, 2018

**NOTE 7 – INTERFUND RECEIVABLES, PAYABLES, ADVANCES AND TRANSFERS**

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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, 2018 was as follows:

	<u>Beginning of year</u>	<u>Additions</u>	<u>Payments</u>	<u>End of year</u>	<u>Current portion</u>
Park Place Building Fund					
Due to LCOG General Fund	<u>\$ 211,175</u>	<u>\$ -</u>	<u>\$ 41,689</u>	<u>\$ 169,486</u>	<u>\$ 41,897</u>

**Lane Council of Governments**  
**Notes to the Financial Statements**  
June 30, 2018

**NOTE 7 – INTERFUND RECEIVABLES, PAYABLES, ADVANCES AND TRANSFERS, Cont.**

**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. For the year ending June 30, 2018 transfers were as follows:

Transfers Out:	Transfers In:					Total
	General Fund	Telecommunications	Grants and Contracts	Park Place Building	Loan Programs	Transfers Out
General Fund	\$ -	\$ -	\$ 3,063	\$ 390,966	\$ 11,412	\$ 405,441
Telecommunications	12,000	-	83,648	-	-	95,648
Grants and Contracts	-	128,668	-	-	-	128,668
Park Place - Building	-	-	116	-	7,184	7,300
Loan Programs	-	-	29	-	65,679	65,708
Nonmajor Proprietary Funds	-	-	470	-	8,606	9,076
Total Transfers In	<u>\$ 12,000</u>	<u>\$ 128,668</u>	<u>\$ 87,326</u>	<u>\$ 390,966</u>	<u>\$ 92,881</u>	<u>\$ 711,841</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, 2018. 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 320 hours for SEIU positions and 480 for all other 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. During the year ending June 30, 2018, the net liability decreased \$81,034 to \$725,685. This decrease is primarily due to several long-time employees retiring during FY18. The direct subfund where the employee charges time and effort is the fund used to liquidate the compensated absence due the employee upon use or termination.

**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**

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Net investment in capital assets as presented in the *Statement of Net Position* as of June 30, 2018 is determined as follows:

<u>Governmental Activities</u>	
Capital Assets, net of accumulated depreciation	\$ 10,049,072
Less outstanding principal on capital assets related debt:	<u>-</u>
Governmental Activities net investment in capital assets	<u><u>\$ 10,049,072</u></u>
 <u>Business - Type Activities</u>	
Capital Assets, net of accumulated depreciation	\$ 6,362,912
Less outstanding principal on capital assets related debt:	
Mortgage Loan Payable	<u>(4,612,540)</u>
Business - Type Activities net investment in capital assets	<u><u>\$ 1,750,372</u></u>

## **NOTE 11 – DEFERRED COMPENSATION**

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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 contribution is as follows:

	<u>For Fiscal Year 2018-19</u>	
Employer paid contributions	\$	184,091
Employee paid contributions		<u>412,704</u>
Total	\$	<u>596,795</u>

## **NOTE 12 – OPERATING LEASES**

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### **Real Estate Rentals**

Leases that constitute real estate rental agreements are classified as operating expenses. Real estate rental agreements are cancelable arrangements. Below are the real estate leases for LCOG as of June 30, 2018.

Lane County Public Svc Bldg: LCOG leases 930 square feet of space for the MetroTV program from Lane County (office is located at Lane County Public Service Building in Eugene, OR). For the year ending June 30, 2018, the lease required monthly payments of \$1,150 for a total of \$13,800 for the year ending June 30, 2018.

Senior Meals - Central Kitchen: LCOG leases 4,172 square feet of space for Senior Meals meal preparation from Lulu, Inc. (office is located at 1407 Cross Street, Eugene, OR). For the year ending June 30, 2018, the lease required monthly payments of \$2,750 for a total of \$33,000.

Title XIX sites: LCOG leases space in downtown Eugene for Senior & Disability Services at \$40,947 per month for a total of \$491,364 for the year ending June 30, 2018; LCOG also leases a site at 3180 Hwy 101, Florence, Oregon for Senior & Disability Services at a cost of \$4,368 per month and an annual property tax expense associated with the lease for a total of \$52,416 for the year ending June 30, 2018; LCOG also leased a site in Cottage Grove, OR at a cost of \$1,864 per month for a total of \$5,591. This lease was terminated, by agreement, as of September 30, 2017. LCOG also leased a site in Creswell, OR at a cost of \$755 per month for a total cost of \$8,305 for the year ending June 30, 2018. LCOG entered a lease agreement at year end for space in Cottage Grove, OR at a cost of \$72 per month.

## NOTE 12 – OPERATING LEASES, Continued

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Senior Meals – Nutrition/Outreach: LCOG has various nutrition and outreach sites for the Senior Meals program. The majority of the agreements for these sites call for monthly rental payments for a total cost of \$25,648 for the year ending June 30, 2018. The remaining sites are donated to LCOG.

Senior Connections: LCOG rents space from Mid Lane Cares and the City of Oakridge for the Senior Connections program at an annual cost of \$10,068 for the year ending June 30, 2018. In addition, LCOG shares space with the Title XIX and Type B staff at Florence, OR and Creswell, OR.

Park Place Building(\*): LCOG occupies space in the Park Place Building for LCOG administration and government services at a total occupancy cost of \$351,036 for the year ending June 30, 2018.

Total rental expense LCOG paid on these real estate rental leases for the year ending June 30, 2018, was \$982,949.

(\*) This is a building that is owned by Lane Council of Governments - occupancy costs are reflected.

At June 30, 2018, the approximate future minimum rental commitments under real estate operating leases, including occupancy costs, are as follows:

2018-19	\$	612,996
2019-20		628,612
2020-21		646,670
2021-22		616,023
2022-23		632,689
2023-2027		2,681,218
	\$	<u>5,818,208</u>

Leases that constitute equipment rental agreements are classified as operating expenses. Equipment rental agreements represent copiers for office use. Below are the equipment operating leases for LCOG as of June 30, 2018.

Indirect – Canon IR C5560: Lease agreement calls for a \$262 payment on a monthly basis for a total cost of \$2,884 for the year ending June 30, 2018.

Govt Services - Canon Ricoh MP7502: Lease agreement calls for a \$341 payment on a monthly basis at a total cost of \$2,387 for the year ending June 30, 2018. The lease ended November 30, 2017.

Govt Services – Canon IR 6575i: Lease agreement calls for a \$246 payment on a monthly basis for a partial year total cost of \$838 for the year ending June 30, 2018.

Total copier expense LCOG paid on these copier leases, excluding maintenance and supplies, for the year ending June 30, 2018 was \$6,400.

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**NOTE 12 – OPERATING LEASES, Continued**

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At June 30, 2018, the approximate future minimum rental commitments under equipment operating leases are as follows:

2018-19	\$	6,099
2019-20		6,099
2020-21		6,099
2021-22		6,099
2022-23		1,000
	\$	<u>25,396</u>

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**NOTE 13 – RISK MANAGEMENT**

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LCOG reports its risk management activities in its General Fund. LCOG purchases commercial insurance from independent third parties and by participation 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(s) were made. Premiums paid into the pool are recognized as expenditure 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. Excess cyber liability coverage was increased from \$200,000 maximum per occurrence in FY18 to \$4,800,000 in FY19 due to installation of our own network.

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

In addition, LCOG is self-insured for unemployment claims as follows:

	Year Ended June 30	
	2017	2018
<u>Unemployment Claims</u>		
Unpaid claims, beginning of year	\$ 10,045	\$ 10,340
Incurred claims	63,589	26,377
Claims payments	<u>(63,294)</u>	<u>(34,681)</u>
Unpaid claims, end of year	<u>\$ 10,340</u>	<u>\$ 2,036</u>

Liabilities are reported when the amount of the claims can be reasonably estimated.

## NOTE 14 – PENSION PLAN

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### **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 and defined contribution 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 ORS Chapters 238 and 238A. The 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 Oregon Public Service Retirement Plan (OPSRP) 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 and Actuarial Valuation that can be obtained at <https://www.oregon.gov/pers/EMP/Pages/Actuarial-Financial-Information.aspx>

### **B. Plan Description/Description of Benefit Terms**

#### **Plan Benefits**

All benefits of the system are established by the legislature pursuant to Oregon Revised Statute (ORS) Chapters 238 and 238A.

#### **1. Tier One/Tier Two Retirement Benefit Plan (ORS Chapter 238)**

##### **a. Pension Benefits**

The PERS Pension Benefit may be selected from 13 retirement benefit options which include survivorship benefit options and lump-sum refunds. The basic benefit is based on years of service and final average salary. A factor of 1.67 percent 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 contributing before August 21, 1981) or a money match computation if a greater benefits results.

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

##### **b. Death Benefits**

Upon the death of a non-retired member, the beneficiary receives a lump-sum refund of the member's Tier One/Tier Two 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 contributions are met:

- member was employed by PERS employer at the time of death,
- member died within 120 days after termination of PERS covered employment,
- member died as a result of injury sustained while employed in a PERS-covered job, or

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 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 2018, the cost-of-living adjustment (COLA) for PERS benefit recipients receiving a monthly benefit was effective July 1, 2018, and was a part of the August 1, 2018 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.



**Lane Council of Governments**  
**Notes to the Financial Statements**  
June 30, 2018

**NOTE 14 – PENSION PLAN, Continued**

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**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.

**c. Disability Benefits**

A member who has accrued 10 or more years of retirement credit 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 was established. If the employer makes optional employer contributions for a member, the member becomes vested on the earliest of the following dates: the date the member completes 600 hours of service in each of five calendar years, the date the member reaches normal retirement age, the date the IAP is terminated, the date the active member becomes disabled, or the date the active member dies.

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

**Lane Council of Governments**  
**Notes to the Financial Statements**

June 30, 2018

**NOTE 14 – PENSION PLAN, Continued**

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**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.

**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. The funding policy applies to the Defined Benefit Plans and the Other Post-employment Benefit Plans.

Employer contribution rates during the period were based on the December 31, 2015 actuarial valuation. The rates based on a percentage of payroll, first became effective July 1, 2015. LCOG's actuarially determined contribution rate for the Tier One/Tier Two and OPSRP plans was 17.12 percent and 10.94 percent of subject payroll, respectively. Employer contributions recognized by PERS for the year ended June 30, 2018, were \$1,833,219.

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 \$675,158 in FY18.

**D. Pension Assets, Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

At June 30, 2018, LCOG reported a net pension liability of \$15,512,393 for its proportionate share of the net pension liability. LCOG's proportion of the net pension liability measured as of June 30, 2017, 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, 2017, LCOG's proportion was 0.115077 percent, which was changed from its proportion measured as of June 30, 2016 of 0.122622 percent.

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

**Lane Council of Governments**  
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**NOTE 14 – PENSION PLAN, Continued**

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 750,186	\$ -
Changes of assumptions	2,827,633	-
Net difference between projected and actual earnings on investments	159,814	-
Changes in proportionate share	456,244	653,667
Differences between employer contributions and employer's proportionate share of system contributions	369,089	182,668
Sutbttotal	4,562,966	
LCOG contributions subsequent to measurement date	1,797,674	-
Total	<u>\$ 6,360,640</u>	<u>\$ 836,335</u>

Deferred outflows of resources related to pensions of \$1,797,674 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, 2019. Other net deferred outflows (inflows) of resources will be recognized in pension expense as follows:

Year Ended June 30:	
2018	\$ 702,024
2019	1,975,869
2020	1,418,885
2021	(374,636)
2022	4,489
Total	<u>\$ 3,726,631</u>

**E. Actuarial Assumptions**

The employer contribution rates effective July 1, 2017 through June 30, 2019, have a valuation date of December 31, 2015, and were adopted in September 2016. 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 (estimated amount necessary to finance benefits earned by employees during the current service year), (2) an amount for the amortization unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial liabilities being amortized over 20 years.

For the OPSRP Pension Program component of the PERS Defined Benefit Plan, this method produced an employer 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 actuarially determined amount for funding a disability benefit component, and (c) 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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**NOTE 14 – PENSION PLAN, Continued**

The total pension liability was determined using the following actuarial assumptions:

Valuation date	December 31, 2015
Measurement date	June 30, 2017
Experience study	2016, published September 28, 2018
<b>Actuarial assumptions</b>	
Actuarial cost method	Entry age normal
Inflation rate	2.50 percent
Long-term expected rate of return	7.50 percent
Discount rate	7.50 percent
Projected salary increases	3.50 percent
Cost of living adjustment (COLA)	Blend of 2% COLA and graded COLA (1.25%/0.15%) in accordance with Moro decision, blend based on service.
Mortality	<p><i>Healthy retirees and beneficiaries:</i>  RP-200 Sex-distinct, generational per Scale BB, with collar adjustments and set-backs as described in the valuation.</p> <p><i>Active members:</i>  Mortality rates are a percentage of healthy retiree rates that vary by group, as described in the valuation.</p> <p><i>Disabled retirees:</i>  Mortality rates are a percentage (70% for males and 90% for females) of the RP-2000 sex-distinct, generational per Scale BB, disabled mortality table.</p>

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 2016 Experience Study, published in July 2017. The study relied on data from an observation period of January 1, 2013 to December 31, 2016, with the exception of the merit scale assumption, which relied on data from 2008 through 2016. Assumptions selected from the study represent an estimate of future experience based on relevant recent experience and reasonable expectations about the future.

**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 longterm 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/Strategy	Assumed Asset Allocation		
	Low Range	High Range	OIC Target
Cash	0.0%	3.0%	0.0%
Debt Securities	15.0%	25.0%	20.0%
Public Equity	32.5%	42.5%	37.5%
Private Equity	13.5%	21.5%	17.5%
Real estate	9.5%	15.5%	12.5%
Alternative Equity	0.0%	12.5%	12.5%
Opportunity Portfolio	0.0%	3.0%	0.0%
Total			<u>100.0%</u>

**NOTE 14 – PENSION PLAN, Continued**

Asset Class	Target Allocation	Compounded Annual Return (Geometric)
Core Fixed Income	8.00%	4.00%
Short-Term Bonds	8.00%	3.61%
Bank/Leveraged loans	3.00%	5.42%
High Yield Bonds	1.00%	6.20%
Large/Mid Cap US Equities	15.75%	6.70%
Small Cap US Equities	1.30%	6.99%
Micro cap US equities	1.30%	7.01%
Developed Foreign Equities	13.13%	6.73%
Emerging Foreign Equities	4.12%	7.25%
Non-US small cap Equities	1.88%	7.22%
Private Equity	17.50%	7.97%
Real Estate (Property)	10.00%	5.84%
Real Estate (REITS)	2.50%	6.69%
Hedge fund of funds - diversified	2.50%	4.64%
Hedge fund - event-driven	0.63%	6.72%
Timber	1.88%	5.85%
Farmland	1.88%	6.37%
Infrastructure	3.75%	7.13%
Commodities	1.88%	4.58%
Total	100.00%	
Assumed Inflation - Mean		2.50%

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/EMP/Pages/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.

**NOTE 14 – PENSION PLAN, Continued**

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

- 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 7.50 percent for the PERS Defined Benefit Pension Plan. The projection of cash flows used to determine the discount rate assumed that contributions from the 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 plan investments for the PERS 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 calculated using the discount rate of 7.50 percent, as well as what LCOG's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50 percent) or 1-percentage-point higher (8.50 percent) than the current rate.

	1% Decrease 6.50%	Discount Rate 7.50%	1% Increase 8.50%
LCOG's proportionate share of the net pension liability	\$ 26,435,951	\$ 15,512,393	\$ 6,378,277

**J. Changes in Plan Provisions During the Measurement Period**

At its July 28, 2017 meeting, the PERS Board lowered the assumed earning rate from 7.50% to 7.20%. The new rate took effect January 1, 2018. The effect of this change has not been determined. Changes in actuarial methods and assumptions implemented since the December 31, 2013 valuation are described in the 2016 Experience Study (Study), published July 2016.

Changes in assumptions from that Study are reported in the table of actuarial methods and assumptions, modifications to the allocation of actuarial accrued liabilities, administrative expense assumptions, healthcare cost inflation, and mortality tables can be found in the Study at: <https://www.oregon.gov/pers/Documents/2016-Exp-Study.pdf>

In January 2018, PERS members became invested in a new IAP Target-Date Funds. IAP accounts shifted from a one-size-fits-all format to customized target-date funds that are designed for Oregon public employees. This enhanced approach will maintain 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 was shifted to 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.

**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.

**Financial Statement Presentation**

The amounts on the financial statements relate to the plans as follows:

Net OPEB assets	\$ -
Deferred outflows of resources	
Contributions made subsequent to measurement date	23,466
Total OPEB liability	(407,502)
Deferred inflows of resources	
Changes of assumptions or input	(19,795)
OPEB expenses	37,648



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**NOTE 14 – POST-EMPLOYMENT BENEFITS OTHER THAN PERSONS, Continued**

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Deferred outflows of resources related to OPEB of \$23,466 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, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30,	2019	\$	4,245
	2020		4,245
	2021		4,245
	2022		4,245
	2023		2,815
Total		\$	<u>19,795</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, 2016, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries receiving benefits	4
Active employees	<u>152</u>
Total	<u>156</u>

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

LCOG's total OPEB liability of \$407,502 at June 30, 2018 was calculated using a measurement date of June 30, 2017, and was determined by an actuarial valuation as of July 1, 2016.

For the fiscal year ended June 30, 2018, LCOG recognized OPEB expense from this plan of \$37,648.

**Actuarial Assumptions and Other Inputs**

The total OPEB liability in the July 1, 2016 valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

**NOTE 15 – POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS, Continued**

Actuarial cost method	Entry age normal
Inflation	2.5 percent
Salary increases	3.5 percent
Healthy, mortality	RP-2000 healthy white collar male and female mortality tables, set back one year for males. Mortality is projected on a generational basis using Scale BB for males and females.
Discount rate	3.58 percent (changes from 2.58 percent in previous measurement period)
Healthcare cost trend rate	Medical and vision 7.5 percent per year decreasing to 5 percent Dental 4.5 percent per year

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

**Changes in the Total OPEB Liability**

	Total OPEB Liability
Balance as of June 30, 2017	\$ 422,431
Changes for the year	
Service cost	29,477
Interest on total OPEB liability	12,416
Effects of assumptions changes or inputs	(24,040)
Benefit payments	(32,782)
Balance as of June 30, 2018	<u>\$ 407,502</u>

Changes in assumptions is the result of the change in the discount rate from 2.85 to 3.58.

**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 (2.58 percent) or 1-percentage-point higher (4.58 percent).

	1% Decrease (2.58%)	Discount Rate (3.58%)	1% Increase (4.58%)
Discount Rate			
Total OPEB liability	\$ 439,938	\$ 407,502	\$ 377,641
Healthcare cost trends			
Total OPEB liability	\$ 365,965	\$ 407,502	\$ 456,831

## NOTE 16 – BUILDING - PARK PLACE

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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). All other space is retail space. Retail space is the garden level, first, second, third, and fourth floors of the Park Place Building. At year ending June 30, 2018, there were eighteen retail and office tenants with various lease terms and expiration dates, with lease amounts ranging from approximately \$505 to \$9,239 per month. The estimated rental income for FY18 was \$582,807 from third party tenants, and \$293,454 from LCOG occupancy for a total of \$876,261.

## NOTE 17 – INDIRECT CHARGES (OVERHEAD)

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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, 2017 through June 30, 2018 are as follows:

Government Services	21.4750%
Senior and Disability Services	10.6350%
Business Services	27.2290%
Technology/Communications	31.2400%

There is a carry forward calculation included in the FY18 rate in the amount of \$29,153. Carry forward is the difference between the budgeted indirect and actual indirect costs for the period. This carry forward or loss in recovery is recorded as a cost in the next cost plan year proposal (for example, cost difference in FY18 will be a cost in the FY20 plan proposal, if any).

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 Costs Recovered	\$	2,332,750
FY18 Indirect Costs		2,377,780
(Under)/Over Recovered Indirect Costs	\$	<u>45,030</u>

**Lane Council of Governments**  
**Notes to the Financial Statements**  
June 30, 2018

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**NOTE 18 – PRIOR PERIOD ADJUSTMENTS**

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In implementing GASB Statement No. 75, LCOG has restated beginning net position in order to recognize the correct Total OPEB Liability for the LCOG's Implicit Rate Subsidy plan and to recognize LCOG's proportionate share of the Net OPEB Asset of the Oregon Public Employees Retirement Systems (OPERS). LCOG had previously reported a Net OPEB Obligation in accordance with GASB Statement No. 45 related to the Implicit Rate Subsidy plan, which has been replaced with the Total OPEB Liability. The restatement also recognizes a deferred outflow of resources related to OPEB for contributions from each plan made after the June 30, 2017 measurement date.

The following prior period adjustments were made during the year ending June 30, 2018:

	Governmental Activities
Net position - beginning (as reported)	\$ 6,551,384
Cumulative effect of change in accounting principle	<u>(314,431)</u>
Net position - beginning (as restated)	<u><u>\$ 6,236,953</u></u>

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**NOTE 19 – NEW ACCOUNTING PRONOUNCEMENTS**

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**GASB Statement No. 87, Leases (Issued 6/2017)**

This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. This statement is effective for fiscal years beginning after December 15, 2019. Earlier application is encouraged.

**GASB Statement No. 88, Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements (Issued 4/2018)**

The primary objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. It defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. This Statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. For notes to financial statements related to debt, this Statement also requires that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt. This statement is effective for fiscal years beginning after June 15, 2018. Earlier application is encouraged.

## REQUIRED SUPPLEMENTARY INFORMATION

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

- General Fund
- Special Revenue Funds - Telecommunications
- Special Revenue Funds - Grants and Contracts

Schedule of Proportionate Share of the Net Pension Liability and Schedule of Pension Contributions

Schedule of Changes in Total OPEB Liability and Related Ratios

**Lane Council of Governments**

**General Fund**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balance – Budget and Actual (Budgetary Basis)**

For the Fiscal Year Ended June 30, 2018

	Adopted Budget	Revised Budget	Actual	Variance- Positive (Negative)
Revenues:				
Local sources:				
Member dues	\$ 211,200	\$ 215,700	\$ 215,700	\$ -
Other local sources	78,448	84,300	119,959	35,659
Total local revenues	289,648	300,000	335,659	35,659
Expenditures:				
General services:				
Personal services	253,631	253,631	270,140	(16,509)
Materials and services	153,609	135,179	155,650	(20,471)
Capital outlay	4,499	33,000	29,584	3,416
Total expenditures	411,739	421,810	455,374	(33,564)
Revenues over (under) expenditures	(122,091)	(121,810)	(119,715)	2,095
Other financing sources (uses):				
Transfers In	80,120	23,000	12,000	(11,000)
Transfers Out	(403,166)	(407,112)	(405,441)	1,671
Total other financing sources (uses)	(323,046)	(384,112)	(393,441)	(9,329)
Change in fund balance	(445,137)	(505,922)	(513,156)	(7,234)
Fund balance, beginning of year	948,506	1,016,195	1,016,195	-
Fund balance, end of year at 6/30/18	<u>\$ 503,369</u>	<u>\$ 510,273</u>	503,039	<u>\$ (7,234)</u>
Cumulative repayments of advance to other funds recognized as revenue on a budgetary basis, but recorded as a decrease in advances to other funds on a GAAP basis.			(83,170)	
Fund balance - generally accepted accounting principles basis, ending			<u>\$ 419,869</u>	

**Lane Council of Governments**

**Special Revenue Funds - Telecommunications  
Schedule of Revenues, Expenditures, and  
Changes in Fund Balance – Budget and Actual (Budgetary Basis)**

For the Fiscal Year Ended June 30, 2018

	Adopted Budget	Revised Budget	Actual	Variance - Positive (Negative)
Revenues:				
Federal and state revenue	\$ 500,000	\$ 500,000	\$ -	\$ (500,000)
Local sources	1,674,934	2,425,645	1,767,158	(658,487)
Rental income	76,800	76,800	44,102	(32,698)
Total revenues	2,251,734	3,002,445	1,811,260	(1,191,185)
Expenditures:				
Technology Services:				
Personal services	381,220	386,692	313,309	73,383
Support services	119,092	133,928	97,792	36,136
Materials and services	931,415	931,415	484,354	447,061
Capital outlay	-	1,922,582	706,696	1,215,886
Services by other organizations	684,000	684,140	619,253	64,887
Total expenditures	2,115,727	4,058,757	2,221,404	1,837,353
Revenues over (under) expenditures	136,007	(1,056,312)	(410,144)	646,168
Other financing sources (uses):				
Transfers In	124,438	1,241,051	1,194,582	(46,469)
Transfers Out	(329,257)	(1,340,047)	(1,290,230)	49,817
Total other financing (uses)	(204,819)	(98,996)	(95,648)	3,348
Change in fund balance	(68,812)	(1,155,308)	(505,792)	649,516
Fund balance, beginning of year	974,712	1,875,142	1,875,142	-
Fund balance, end of year at 6/30/18	\$ 905,900	\$ 719,834	\$ 1,369,350	\$ 649,516

**Lane Council of Governments**

**Special Revenue Funds – Grants and Contracts  
Schedule of Revenues, Expenditures, and  
Changes in Fund Balance – Budget and Actual (Budgetary Basis)**

For the Fiscal Year Ended June 30, 2018

	Adopted Budget	Revised Budget	Actual	Variance - Positive (Negative)
Revenues:				
Federal and state grants and contracts	\$ 19,815,456	\$ 22,762,147	\$ 22,130,901	\$ (631,246)
Local sources	4,339,375	4,124,751	4,005,308	(119,443)
Total revenues	<u>24,154,831</u>	<u>26,886,898</u>	<u>26,136,209</u>	<u>(750,689)</u>
Expenditures:				
Government services:				
Personal services	3,004,241	2,944,570	2,828,894	115,676
Support services	645,160	630,324	607,877	22,447
Materials and services	1,023,290	1,437,889	1,214,645	223,244
Capital outlay	-	14,825	14,825	-
Sub total: Government Services	<u>4,672,691</u>	<u>5,027,608</u>	<u>4,666,241</u>	<u>361,367</u>
Senior and Disability services:				
Personal services	14,596,173	15,209,928	14,488,703	721,225
Support services	1,552,245	1,617,800	1,540,874	76,926
Materials and services	2,722,902	3,004,781	2,737,601	267,180
Capital outlay	25,000	35,000	7,320	27,680
Services by other organizations	1,251,136	1,291,237	1,113,997	177,240
Sub total: Senior & Disability Services	<u>20,147,456</u>	<u>21,158,746</u>	<u>19,888,495</u>	<u>1,270,251</u>
Total expenditures	<u>24,820,147</u>	<u>26,186,354</u>	<u>24,554,736</u>	<u>1,631,618</u>
Revenues over (under) expenditures	<u>(665,316)</u>	<u>700,544</u>	<u>1,581,473</u>	<u>880,929</u>
Other financing sources (uses):				
Transfers In	3,420,947	3,569,994	3,284,902	(285,092)
Transfers Out	(3,282,631)	(3,480,380)	(3,197,576)	282,804
Total other financing sources or uses	<u>138,316</u>	<u>89,614</u>	<u>87,326</u>	<u>(2,288)</u>
Change in fund balance	<u>(527,000)</u>	<u>790,158</u>	<u>1,668,799</u>	<u>878,641</u>
Fund balance, beginning of year	<u>2,822,871</u>	<u>3,050,574</u>	<u>3,051,347</u>	<u>773</u>
Fund balance, end of year at 6/30/18	<u>\$ 2,295,871</u>	<u>\$ 3,840,732</u>	<u>\$ 4,720,146</u>	<u>\$ 879,414</u>

This special revenue fund includes Government Services (Planning and Transportation) and Senior & Disabled Services. Fund this statement are contract and grant based services. It excludes telecommunication services (see separate statement) which are contract or grant based services.

Fund Balance - Planning/Transportation	\$ 669,399	\$ 951,993	\$ 728,635	\$ (223,358)
Fund Balance - Senior & Disability	\$ 1,626,472	\$ 2,888,739	\$ 3,991,511	\$ 1,102,772



**Lane Council of Governments**  
**Schedule of Proportionate Share of the Net Pension Liability**  
**and Schedule of Pension Contributions**

For the Fiscal Year Ended June 30, 2018

**Proportionate Share of the Net Pension Liability and**  
**Oregon Public Employees Retirement System**

	2018	2017	2016	2015	2014
Proportion of the net pension liability (asset)	0.0210%	0.1226%	0.1116%	0.1268%	0.1268%
Proportionate share of the net pension liability (asset)	\$ 15,512,393	\$ 18,408,381	\$ 6,406,247	\$ (2,874,427)	\$ 6,471,313
Covered payroll	\$ 11,043,502	\$ 10,176,173	\$ 9,559,449	\$ 8,826,685	\$ 8,838,698
Proportionate share of the pension liability (asset) as a percentage of its covered employee payroll	140.47%	180.90%	67.01%	(32.57)%	73.22%
Plan net position as a percentage of the total pension liability	80.5%	80.5%	91.9%	103.6%	92.0%

**Schedule of Pension Contributions**  
**Oregon Public Employees Retirement System**

	2018	2017	2016	2015	2014
Contractually required contribution	\$ 1,833,219	\$ 1,454,150	\$ 1,322,647	\$ 1,122,589	\$ 994,089
Contributions in relation to the contractually required contribution	<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>
Covered employee payroll	\$ 11,043,502	\$ 10,176,173	\$ 9,559,449	\$ 8,826,685	\$ 8,838,698
Contributions as a percentage of covered employee payroll	16.60%	14.29%	13.84%	12.72%	11.25%

**Notes to Required Supplementary Information**

Note I - Measurement Period

Amounts presented are for the measurement period reported during the fiscal year, which for FY 2018 is July 1, 2016 - June 30, 2017.

**Lane Council of Governments**  
**Schedule of Changes in Total OPEB Liability**  
**and Related Ratios**

For the Fiscal Year Ended June 30, 2018

	2018
Balance at beginning of year	\$ 422,431
Services cost	29,477
Interest on total OPEB liability	12,416
Effect of assumptions changes or inputs	(24,040)
Benefit payments	<u>(32,782)</u>
Balance at end of year	<u>\$ 407,502</u>
Covered payroll	\$ 11,043,502
Total OPEB liability as a percentage of covered payroll	3.69%

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

Amounts presented are for the measurement period reported during the fiscal year, which for FY 2018 is July 1, 2016 - June 30, 2017.

## SUPPLEMENTARY INFORMATION

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Combining Statement of Net Position - Nonmajor Proprietary Funds

Combined Statement of Revenue, Expenditures, and Changes in Net Position - 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 Funds

Intermediary Relending Program:

- Statement of Net Position – Intermediary Relending Program
- Schedule of Revenues, Expenses, and Changes in Net Position - Intermediary Relending Program

**Lane Council of Governments**  
**Combining Statement of Net Position**  
**Nonmajor Proprietary Funds**  
For the Fiscal Year Ended June 30, 2018

	Minutes Recording	Economic Development	Total
<b>ASSETS</b>			
Current assets:			
Cash and investments	\$ 87,434	\$ -	\$ 87,434
Accounts receivable	24,504	29,015	53,519
Prepaid expense	<u>67</u>	<u>12</u>	<u>79</u>
Total assets	<u>112,005</u>	<u>29,027</u>	<u>141,032</u>
<b>LIABILITIES</b>			
Current liabilities			
Accounts payable	2,566	27,282	29,848
Accrued payroll and related liabilities	<u>70</u>	<u>24</u>	<u>94</u>
Total liabilities	<u>2,636</u>	<u>27,306</u>	<u>29,942</u>
<b>NET POSITION</b>			
Unrestricted	<u>109,369</u>	<u>1,721</u>	<u>111,090</u>
Total net position	<u>\$ 109,369</u>	<u>\$ 1,721</u>	<u>\$ 111,090</u>

**Lane Council of Governments**  
**Combining Statement of Revenues, Expenditures, and Changes in Net Position**  
**Nonmajor Proprietary Funds**  
For the Fiscal Year Ended June 30, 2018

	Minutes Recording	Economic Development	Total
Operating revenues			
Charges for services and rent	\$ 82,031	\$ 30,513	\$ 112,544
Total operating revenues	82,031	30,513	112,544
Operating expenses:			
Personal services	4,050	14,420	18,470
Materials and services	49,179	6,744	55,923
Total operating expenses	53,229	21,164	74,393
Operating income	28,802	9,349	38,151
Transfers out	-	(9,076)	(9,076)
Change in net position	28,802	273	29,075
Net position, beginning of year	80,567	1,448	82,015
Net position, end of year	<u>\$ 109,369</u>	<u>\$ 1,721</u>	<u>\$ 111,090</u>

# Lane Council of Governments

## Enterprise Funds Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual

For the Fiscal Year Ended June 30, 2018

	Adopted Budget	Revised Budget	Actual	Variance Over (Under)
Revenues:				
Federal and state grants and contracts	\$ -	\$ 31,000	\$ 31,000	\$ -
Local sources	1,780,535	1,809,535	1,533,494 (a)	(276,041)
Total revenues	1,780,535	1,840,535	1,564,494	(276,041)
Expenditures:				
Loan Program:				
Personal services	189,573	184,873	175,662	9,211
Support services	51,619	51,860	46,881	4,979
Materials and services	7,883	6,218	3,850	2,368
Loans made (services by others)	625,000	700,000	460,000	240,000
Debt service	125,000	125,000	50,107	74,893
Sub-total: Loan Program	999,075	1,067,951	736,500	331,451
Building Program:				
Personal services	7,378	15,251	12,260	2,991
Support services	2,009	4,153	4,153	-
Materials and services	506,000	531,650	432,098	99,552
Capital outlay	30,000	70,000	79,341	(9,341)
Debt service	332,937	359,326	359,327 (a)	(1)
Sub-total: Building Program	878,324	980,380	887,179	93,201
Economic Development & Minutes Recorder Programs:				
Personal services	28,110	19,824	18,470	1,354
Support services	7,655	5,271	5,330	(59)
Materials and services	51,755	51,843	50,594	1,249
Sub-total: Economic Development/Min Recorder	87,520	76,938	74,394	2,544
Total expenditures	1,964,919	2,125,269	1,698,073	427,196
Revenues over (under) expenditures	(184,384)	(284,734)	(133,579)	151,155
Other financing sources (uses):				
Transfers In	425,368	486,641	483,847	(2,794)
Transfers Out	(35,819)	(93,146)	(82,084)	11,062
Total other financing sources or uses	389,549	393,495	401,763	8,268
Change in fund balance	205,165	108,761	268,184	159,423
Fund balance, beginning of year	2,364,951	2,656,731	2,656,733	2
Fund balance, end of year at 6/30/18	\$ 2,570,116	\$ 2,765,492	\$ 2,924,917 (c)	\$ 159,425

# Lane Council of Governments

## All Organizational Funds Schedule of Resources and Requirements Budget and Actual (Budgetary Basis)

For the Fiscal Year Ended June 30, 2018

	Adopted Budget	Revised Budget	Actual	Variance
Resources:				
Federal and state	\$ 20,315,456	\$ 23,293,146	\$ 22,161,901 (a)	\$ (1,131,245)
Local sources	7,873,292	8,521,032	7,470,021 (b)	(1,051,011)
Member dues	211,200	215,700	215,700	-
Transfers In	4,050,873	5,320,685	4,975,331 (c)	(345,354)
Beginning reserves	7,111,040	8,598,642	8,599,417	775
Total resources	39,561,861	45,949,205	43,422,370	(2,526,835)
Requirements:				
Personal services**	18,460,326	19,014,770	18,107,438	907,332
Support Services	2,377,780	2,443,335	2,302,906	140,429
Materials and services**	5,396,854	6,098,976	5,078,793	1,020,183
Capital outlay	59,499	2,075,407	837,766 (d)	1,237,641
Services by other organizations	2,560,136	2,675,377	2,193,250	482,127
Debt service	457,937	484,326	409,434	74,892
Transfers Out	4,050,873	5,320,685	4,975,331 (c)	345,354
Total requirements	33,363,405	38,112,876	33,904,918	4,207,958
Ending reserves	\$ 6,198,456	\$ 7,836,329	\$ 9,517,452	\$ 1,540,694
Total Resources less Transfers In	\$ 35,510,988	\$ 40,628,520	\$ 38,447,039	\$ 2,181,481
Total Requirements less Transfers Out	(29,312,532)	(32,792,191)	(28,929,587)	(3,862,604)
Ending Reserves less Transfers	\$ 6,198,456	\$ 7,836,329	\$ 9,517,452	\$ (1,681,123)
Reserves by Fund:				
General Fund			\$ 503,039	
Special Revenue Funds			6,089,496	
Enterprise Funds			2,924,917	
Reserves as of 6/30/18			\$ 9,517,452	

(a) Primarily due to EDA grant and transportation revenue not realized.

(b) Telecom revenue reduced due to agency pulling out of Telephone Replacement Project; lower loan principal than anticipated.

(c) Some transfers not needed.

(d) Timing of Capital Outlay for Telephone Replacement Project and EDA grant delayed.

\*\* At the All Organizational level, support services costs are indirect charges which consist of Administrative Services personal services and materials and services expenses. In this statement we are reporting these costs in the line item Personal services and Materials and services for transparency purposes and not as "support services" costs. This All Organizational Unit statement reflects the legal level of budgetary control.

**Lane Council of Governments**

**General Fund  
Schedule of Resources and Requirements  
Budget and Actual (Budgetary Basis)  
For the Fiscal Year Ended June 30, 2018**

	<u>Adopted Budget</u>	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance</u>
Resources:				
Member dues	\$ 211,200	\$ 215,700	\$ 215,700	\$ -
Other local sources	78,448	84,300	119,959	35,659
Transfers In - from Member Support Services	11,000	11,000	- (a)	(11,000)
Transfers In - from Direct subfunds	69,120	12,000	12,000	-
Beginning Reserves	<u>948,506</u>	<u>1,016,195</u>	<u>1,016,195</u>	<u>-</u>
 Total resources	 <u>1,318,274</u>	 <u>1,339,195</u>	 <u>1,363,854</u>	 <u>24,659</u>
Requirements:				
Personal services	253,631	253,631	270,140 (b)	(16,509)
Materials and services	153,609	135,179	155,650 (c)	(20,471)
Capital outlay	4,499	33,000	29,584	3,416
Transfers Out - to Member Support Services	12,200	11,000	- (a)	11,000
Transfers Out - to Direct subfunds	<u>390,966</u>	<u>396,112</u>	<u>405,441 (d)</u>	<u>(9,329)</u>
 Total requirements	 <u>814,905</u>	 <u>828,922</u>	 <u>860,815</u>	 <u>(31,893)</u>
 Ending reserves	 <u>\$ 503,369</u>	 <u>\$ 510,273</u>	 <u>\$ 503,039</u>	 <u>\$ (7,234)</u>
Cumulative repayments of advance to other funds recognized as revenue on a budgetary basis, but recorded as a decrease in advances to other funds on a GAAP basis.			<u>(83,170)</u>	
Fund balance - generally accepted accounting principles basis, ending			<u>\$ 419,869</u>	

(a) Transfer not needed.

(b) Increase in compensation not budgeted for.

(c) Did not budget for Pass Thru expenses.

(d) Transfer to Enterprise Fund to move Capital Contingency Account and to balance funds.



# Lane Council of Governments

## Government Services Schedule of Resources and Requirements Budget and Actual (Budgetary Basis) For the Fiscal Year Ended June 30, 2018

	Adopted Budget	Revised Budget	Actual	Variance
Resources:				
Federal and state	\$ 2,185,857	\$ 2,893,145	\$ 1,927,133 (a)	\$ (966,012)
Local sources	4,818,575	5,273,310	4,464,927 (b)	(808,383)
Transfers In	1,122,691	2,537,810	2,268,840	(268,970)
Beginning reserves	1,348,988	2,601,120	2,601,892	772
	<u>9,476,111</u>	<u>13,305,385</u>	<u>11,262,792</u>	<u>(2,042,593)</u>
Total resources				
Requirements:				
Personal services	3,385,461	3,331,262	3,142,203	189,059
Support services	764,252	764,252	705,669	58,583
Materials and services	1,954,705	2,369,304	1,698,999	670,305
Capital outlay	-	1,937,407	721,521 (c)	1,215,886
Services by other organizations	684,000	684,140	619,253	64,887
Transfers Out	1,189,194	2,547,194	2,277,162 (d)	270,032
	<u>7,977,612</u>	<u>11,633,559</u>	<u>9,164,807</u>	<u>2,468,752</u>
Total requirements				
Ending reserves	<u>\$ 1,498,499</u>	<u>\$ 1,671,826</u>	<u>\$ 2,097,985</u>	<u>\$ 426,159</u>

Included in statement are Government Services - Administration, Planning, Transportation; Telecommunications and Metro TV activities.

- (a) Primarily due to EDA grant and transportation revenue not realized.
- (b) Telecom revenue reduced due to agency pulling out of Telephone Replacement Project.
- (c) Timing of Capital Outlay for Telephone Replacement Project and EDA grant delayed.
- (d) Timing of Telephone Replacement Project.

**Lane Council of Governments**

**Senior and Disability Services  
Schedule of Resources and Requirements  
Budget and Actual (Budgetary Basis)  
For the Fiscal Year Ended June 30, 2018**

	<u>Adopted Budget</u>	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance</u>
Resources:				
Federal and state	\$ 18,129,599	\$ 20,369,001	\$ 20,203,768 (a)	\$ (165,233)
Local sources	1,195,734	1,353,887	1,351,641	(2,246)
Transfers In	2,422,694	2,273,234	2,210,644 (b)	(62,590)
Beginning reserves	<u>2,448,595</u>	<u>2,324,597</u>	<u>2,324,597</u>	<u>-</u>
 Total resources	 <u>24,196,622</u>	 <u>26,320,719</u>	 <u>26,090,650</u>	 <u>(230,069)</u>
Requirements:				
Personal services	14,596,173	15,209,928	14,488,703	721,225
Support services	1,552,245	1,617,800	1,540,874	76,926
Materials and services	2,722,902	3,004,781	2,737,601	267,180
Capital outlay	25,000	35,000	7,320	27,680
Services by other organizations	1,251,136	1,291,237	1,113,997	177,240
Transfers Out	<u>2,422,694</u>	<u>2,273,234</u>	<u>2,210,644 (b)</u>	<u>62,590</u>
 Total requirements	 <u>22,570,150</u>	 <u>23,431,980</u>	 <u>22,099,139</u>	 <u>1,332,841</u>
 Ending reserves	 <u><u>\$ 1,626,472</u></u>	 <u><u>\$ 2,888,739</u></u>	 <u><u>\$ 3,991,511</u></u>	 <u><u>\$ 1,102,772</u></u>

Included in statement are Senior & Disabled Services - Title XIX Medicaid, Title III OAA, OPI activities, local grants and contracts.

(a) Did not invoice OPI and OPI Pilot as planned.

(b) Did not need.

# Lane Council of Governments

## Enterprise Funds Schedule of Resources and Requirements Budget and Actual (Budgetary Basis) For the Fiscal Year Ended June 30, 2018

	Adopted Budget	Revised Budget	Actual	Variance
Resources:				
Federal and state	\$ -	\$ 31,000	\$ 31,000 (a)	\$ -
Local sources	1,780,535	1,809,535	1,533,494 (a)	(276,041)
Transfers In	425,368	486,641	483,847	(2,794)
Beginning reserves	2,364,951	2,656,730	2,656,733	3
Total resources	4,570,854	4,983,906	4,705,074	(278,832)
Requirements:				
Personal services	225,061	219,949	206,392	13,557
Support services	61,283	61,283	56,363	4,920
Materials and services	565,638	589,712	486,543 (b)	103,169
Capital outlay	30,000	70,000	79,341	(9,341)
Loans made (external)	625,000	700,000	460,000 (c)	240,000
Debt service	457,937	484,326	409,434 (d)	74,892
Transfers Out	35,819	93,145	82,084	11,061
Total requirements	2,000,738	2,218,415	1,780,157	438,258
Ending reserves	\$ 2,570,116	\$ 2,765,491	\$ 2,924,917	\$ 159,426

Included in statement are Building- Park Place Program, Economic Development Program, Loans Program, and Minutes Recorder Program.

- (a) Lower loan principle than anticipated.
- (b) Building maintenance lower than anticipated.
- (c) Fewer loans than expected.
- (d) Late loan payment.

**Lane Council of Governments**

**Statement of Net Position**  
**Intermediary Relending Program**

For the Fiscal Year Ended June 30, 2018

**ASSETS**

Current assets:

Cash and investments	\$ 1,896,274
Current maturities of loans receivable	98,940
Accrued interest receivable	926
Prepaid expense	752
Total current assets	<u>1,996,892</u>

Noncurrent assets

Loans receivable, net of current maturities and allowance	<u>830,567</u>
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Total assets	<u>2,827,459</u>
--------------	------------------

**LIABILITIES**

Current liabilities

Accounts payable	1,567
Accrued payroll and related liabilities	766
Current maturities of loans payable	<u>122,925</u>
Total current liabilities	<u>125,258</u>

Noncurrent liabilities

Long-term debt, net of current maturities	<u>1,442,326</u>
---	------------------

Total liabilities	<u>1,567,584</u>
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**NET POSITION**

Restricted by USDA	<u>1,259,875</u>
Total net position	<u><u>\$ 1,259,875</u></u>

**Lane Council of Governments**

**Schedule of Revenues, Expenses, and Changes in Net Position**  
**Intermediary Relending Program**

For the Fiscal Year Ended June 30, 2018

Operating revenues	
Loan interest revenue	\$ 62,390
Loan fees revenue	1,496
Total operating revenues	<u>63,886</u>
Operating expenses:	
Personal services	62,348
Materials and services	9,436
Total operating expenses	<u>71,784</u>
Operating loss	(7,898)
Nonoperating revenues	
Interest income	<u>5,395</u>
Loss before transfers	(2,503)
Transfers out	<u>(34,097)</u>
Change in net position	(36,600)
Net position, beginning of year	<u>1,296,475</u>
Net position, end of year	<u><u>\$ 1,259,875</u></u>

## STATISTICAL SECTION



**Lane Council of Governments**  
**Statistical Section**

For the Fiscal Year Ended June 30, 2018

This Statistical section contains statistical data which relates to LCOG's ongoing operations. 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 this section, readers will find comparative information related to LCOG's revenue sources, expenditures for the past ten fiscal years and current year FTE/staffing. In contrast to the financial section, the statistical section information is not subject to independent audit.

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**Lane Council of Governments**  
**Net Position by Components**  
For the Fiscal Years Ended June 30, 2009-2018

<b>Fiscal year ended June 30,</b>	<b>2009</b>	<b>2010</b>	<b>2011**</b>	<b>2012**</b>	<b>2013**</b>
<b>Governmental activities</b>					
Net investment in capital assets	\$ 130,935	\$ 168,596	\$ 520,351 (a)	\$ 2,142,997 (b)	\$ 449,951
Restricted	2,282,700	1,996,235	3,239,129	3,009,472	2,512,187
Unrestricted	(1,998,646)	(1,860,449)	(2,814,846)	(3,280,763)	(1,490,168) (c)
Total governmental activities net position	<u>414,989</u>	<u>304,382</u>	<u>944,634</u>	<u>1,871,706</u>	<u>1,471,970</u>
<b>Business-type activities</b>					
Net investment in capital assets	2,595,245	2,704,793	2,411,273	970,905 (b)	825,246
Restricted	1,897,264	1,999,885	1,461,062	1,273,170 (b)	2,389,938
Unrestricted	177,754	26,483	995,437	1,227,176	-
Total business-type activities net position	<u>4,670,263</u>	<u>4,731,161</u>	<u>4,867,772</u>	<u>3,471,251</u>	<u>3,215,184</u>
<b>Primary government</b>					
Net investment in capital assets	2,726,180	2,873,389	2,931,624	3,113,902	1,275,197
Restricted	4,179,964	3,996,120	4,700,191	4,282,642	4,902,125
Unrestricted	(1,820,892)	(1,833,966)	(1,819,409)	(2,053,587)	(1,490,168)
Total primary government net position	<u>\$ 5,085,252</u>	<u>\$ 5,035,543</u>	<u>\$ 5,812,406 (a)</u>	<u>\$ 5,342,957 (b)</u>	<u>\$ 4,687,154 (c)</u>

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

- (a) \$5,812,406 net position is restated, \$5,473,503 plus prior period adjustments of \$338,903.
- (b) \$5,342,957 net position is restated, \$5,380,787 minus prior period adjustments of \$37,830 and \$1,692,542 reclassification across activities (net zero change).
- (c) \$4,687,154 net position is restated, \$4,968,409 minus prior period adjustment of \$281,255 for unrecorded costs.
- (d) \$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.
- (e) \$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.
- (f) \$14,377,890 net position is restated, \$14,455,721 minus prior period adjustments of (\$77,831).



<b>Fiscal year ended June 30,</b>	<b>2014**</b>	<b>2015**</b>	<b>2016**</b>	<b>2017</b>	<b>2018</b>
<b>Governmental activities</b>					
Net investment in capital assets	\$ 420,167	\$ 10,707,658 (e)	\$ 10,229,273	\$ 10,016,507	\$ 10,049,072
Restricted	3,753,886	5,988,719	6,226,559	4,521,548	5,633,688
Unrestricted	(6,810,666) (d)	(4,961,031)	(7,393,685)	(7,986,671)	(10,212,619)
Total governmental activities net position	<u>(2,636,613)</u>	<u>11,735,346</u>	<u>9,062,147</u>	<u>6,551,384</u>	<u>5,470,141</u>
<b>Business-type activities</b>					
Net investment in capital assets	662,237	2,025,428	2,025,069	1,869,243	1,750,372
Restricted	3,061,538	2,989,626	3,005,526	3,294,889	2,240,672
Unrestricted	-	-	285,148	435,650	2,023,081
Total business-type activities net position	<u>3,723,775</u>	<u>5,015,054</u>	<u>5,315,743</u>	<u>5,599,782</u>	<u>6,014,125</u>
<b>Primary government</b>					
Net investment in capital assets	1,082,404	12,733,086	12,254,342	11,885,750	11,799,444
Restricted	6,815,424	8,978,345	9,232,085	7,816,437	7,874,360
Unrestricted	(6,810,666)	(4,961,031)	(7,108,537)	(7,551,021)	(8,189,538)
Total primary government net position	<u>\$ 1,087,162 (d)</u>	<u>\$ 16,750,400 (e)</u>	<u>\$ 14,377,890 (f)</u>	<u>\$ 12,151,166</u>	<u>\$ 11,484,266</u>

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

- (a) \$5,812,406 net position is restated, \$5,473,503 plus prior period adjustments of \$338,903.
- (b) \$5,342,957 net position is restated, \$5,380,787 minus prior period adjustments of \$37,830 and \$1,692,542 reclassification across activities(net zero change).
- (c) \$4,687,154 net position is restated, \$4,968,409 minus prior period adjustment of \$281,255 for unrecorded costs.
- (d) \$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.
- (e) \$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 .
- (f) \$14,377,890 net position is restated, \$14,455,721 minus prior period adjustments of (\$77,831).

**Lane Council of Governments**  
**Changes in Net Position, by Activity**  
For the Fiscal Years Ended June 30, 2009-2018

	<b><u>Governmental Activities</u></b>	<b><u>Business-Type Activities</u></b>	<b><u>Total Change in Net Position</u></b>	<b><u>Net Change from Prior Year</u></b>
<b>FY09</b>	(805,284)	397,375	(407,909)	(550,705) (a)
<b>FY10</b>	(110,607)	60,897	(49,710)	(358,199)
<b>FY11</b>	301,349	136,611	437,960	487,670
<b>FY12</b>	(927,072)	1,396,521	469,449	31,489
<b>FY13</b>	(118,481)	(256,067)	(374,548)	(843,997) (a)
<b>FY14</b>	(4,108,583)	508,591	(3,599,992)	(3,225,444) (b)
<b>FY15</b>	14,371,959	1,291,279	15,663,238	19,263,230 (c)
<b>FY16</b>	(2,673,199)	300,689	(2,372,510)	(18,035,748) (c)
<b>FY17</b>	(2,510,763)	284,041	(2,226,722)	145,788 (d)
<b>FY18</b>	(767,123)	414,343	(352,780)	1,873,942 (e)

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.

# Lane Council of Governments

## Statement of Activities and Changes in Net Position

For the Fiscal Years Ended June 30, 2009-2018

Activity	2009	2010	2011	2012	2013
<b>EXPENSES</b>					
Governmental activities					
Board/executive	\$ 436,491	\$ 83,477	\$ 124,699	\$ 462,594	\$ 178,135
Government Services	7,839,917	8,390,668	8,378,779	11,936,489	8,937,325
Senior and disabled services	11,863,804	12,154,150	13,415,431	13,072,160	13,783,793
Interest on long-term debt	179,866	181,906	23,003	24,043	67,947
Business-type activities					
Washington Mutual Building	-	-	-	-	-
Park Place Building	899,652	1,088,941	1,207,352	1,164,945	1,157,348
Springfield Building	306,499	313,694	263,589	247,902	255,269
Schaefers Building	395,483	399,011	416,690	360,312	284,984
Loan program	484,155	504,454	436,516	494,026	473,694
Business services	-	-	-	55,156	65,467
<b>Total Expenses</b>	<b>22,405,867</b>	<b>23,116,301</b>	<b>24,266,059</b>	<b>27,817,627</b>	<b>25,203,962</b>
<b>REVENUES</b>					
Governmental activities					
Operating grants and contributions					
Board/executive	-	-	-	-	-
Government Services	1,845,317	2,436,049	5,226,311	8,568,716	6,328,256
Senior and disabled services	10,797,560	11,231,416	10,040,773	10,664,575	11,305,728
Charges for services					
Board/executive	10,553	13,265	83,824	114,137	311,079
Government Services	6,086,081	5,738,872	3,175,427	3,082,496	2,361,194
Senior and disabled services	1,036,100	1,262,548	3,522,224	2,476,599	2,450,180
Business-type activities					
Operating grants and contributions					
Loan program	-	-	-	-	-
Charges for services					
Washington Mutual Building	-	-	-	-	-
Park Place Building	716,217	758,956	1,112,603	911,080	937,263
Springfield Building	321,638	329,679	337,921	345,688	253,634
Schaefers Building	355,454	365,011	363,810	377,145	206,071
Loan program	549,294	688,905	389,379	307,729	287,804
Minutes Recording	-	-	-	76,579	71,817
Economic Development	-	-	-	-	-
Busienss Services	-	-	-	-	-
<b>Total Revenues</b>	<b>21,718,214</b>	<b>22,824,701</b>	<b>24,252,272</b>	<b>26,924,744</b>	<b>24,513,026</b>
<b>NET EXPENSE (REVENUE)</b>					
Governmental activities	(544,467)	(128,051)	106,647	(588,763)	(210,763)
Business-type activities	(143,186)	(163,549)	(120,434)	(304,120)	(480,173)
<b>Total Net Expense</b>	<b>\$ (687,653)</b>	<b>\$ (291,600)</b>	<b>\$ (13,787)</b>	<b>\$ (892,883)</b>	<b>\$ (690,936)</b>
<b>GENERAL REVENUES AND OTHER CHANGES IN NET POSITION</b>					
Governmental activities					
Unrestricted investment earnings	\$ 51,213	\$ 11,945	\$ -	\$ -	\$ -
Member dues	226,603	229,946	222,063	233,848	195,879
Other	-	-	-	-	-
Gain (loss) on disposition of capital assets	1,928	-	(51,260)	(7,960)	-
Loans made (to Park Place Building)	-	-	-	(418,000)	-
Transfers	(540,561)	(224,447)	24,631	53,235	(103,597)
Business-type activities					
Unrestricted investment earnings	-	-	281,776	235,376	166,605
Gain (loss) on disposition of capital assets	-	-	-	-	(46,096)
Loans made (to Park Place Building)	-	-	-	418,000	-
Tenant Improvement expenses	-	-	-	-	-
Capital Contributions	-	-	-	-	-
Special Items - Transfer of Assets	-	-	-	-	-
Transfers	540,561	224,447	(24,731)	(53,235)	103,597
<b>Total General Revenues</b>	<b>279,744</b>	<b>241,891</b>	<b>452,479</b>	<b>461,264</b>	<b>316,388</b>
<b>Change in Net Position</b>					
Governmental activities	(805,284)	(110,608)	302,081	(727,640)	(118,481)
Business-type activities	397,375	60,898	136,611	296,021	(256,067)
<b>Total Change in Net Position</b>	<b>(407,909)</b>	<b>(49,710)</b>	<b>438,692</b>	<b>(431,619)</b>	<b>(374,548)</b>
Net position, beginning of year, previously reported					
Governmental activities	1,220,273	414,989	304,382	944,634	1,871,706
Business-type activities	4,272,889	4,670,264	4,731,161	4,867,772	3,471,251
<b>Total net position, beginning of year</b>	<b>5,493,162</b>	<b>5,085,253</b>	<b>5,035,543</b>	<b>5,812,406</b>	<b>5,342,957</b>
Prior period adjustments					
Governmental activities	-	-	338,903	1,654,712	(281,255)
Business - type activities	-	-	-	(1,692,542)	-
<b>Total prior period adjustments</b>	<b>-</b>	<b>-</b>	<b>338,903</b>	<b>(37,830)</b>	<b>(281,255)</b>
Net position, end of year					
Governmental activities	414,989	304,382	944,634	1,871,706	1,471,970
Business-type activities	4,670,264	4,731,161	4,867,772	3,471,251	3,215,184
<b>Total NET POSITION, end of year</b>	<b>\$ 5,085,253</b>	<b>\$ 5,035,543</b>	<b>\$ 5,812,406</b>	<b>\$ 5,342,957</b>	<b>\$ 4,687,154</b>

**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, 2009-2018

Activity	2014	2015	2016	2017	2018
<b>EXPENSES</b>					
Governmental activities					
Board/executive	\$ 367,978	\$ 481,450	\$ 3,833,110	\$ 569,856	\$ 752,469
Government Services	6,311,321	7,939,900	5,812,658	6,523,490	6,936,685
Senior and disabled services	14,900,572	12,781,146	25,148,879	21,438,033	21,071,850
Interest on long-term debt	66,072	-	25,645	-	-
Business-type activities					
Washington Mutual Building	-	-	-	-	-
Park Place Building	1,196,976	993,618	1,028,278	950,775	964,361
Springfield Building	241,689	213,455	136,051	-	-
Schaefer's Building	240,916	4,075	-	-	-
Loan program	388,712	325,557	266,620	269,827	217,000
Business services	52,218	117,009	180,484	83,770	74,393
<b>Total Expenses</b>	<b>23,766,454</b>	<b>22,856,210</b>	<b>36,431,725</b>	<b>29,835,751</b>	<b>30,016,758</b>
<b>REVENUES</b>					
Governmental activities					
Operating grants and contributions					
Board/executive	-	-	-	-	-
Government Services	4,072,961	985,344	1,229,439	1,542,754	1,723,601
Senior and disabled services	12,621,471	17,898,351	27,152,785	18,266,081	20,407,300
Charges for services					
Board/executive	913,163	100,760	44,963	46,686	44,102
Government Services	2,797,142	320,720	454,724	4,888,069	4,929,934
Senior and disabled services	2,543,886	5,825,753	1,131,366	1,061,060	1,070,148
Business-type activities					
Operating grants and contributions					
Loan program	-	-	110,000	175,000	31,000
Charges for services					
Washington Mutual Building	-	-	-	-	-
Park Place Building	976,354	1,018,686	997,920	912,423	907,337
Springfield Building	234,066	266,262	182,890	-	-
Schaefer's Building	206,087	-	-	-	-
Loan program	282,036	302,738	383,522	381,885	209,129
Minutes Recording	66,842	58,842	90,723	84,510	82,031
Economic Development	-	-	31,134	34,742	30,513
Business Services	-	-	-	-	-
<b>Total Revenues</b>	<b>24,714,008</b>	<b>26,777,456</b>	<b>31,809,466</b>	<b>27,393,210</b>	<b>29,435,095</b>
<b>NET EXPENSE (REVENUE)</b>					
Governmental activities	1,302,680	3,928,432	(4,807,014)	(2,726,727)	(585,919)
Business-type activities	(355,126)	(7,186)	192,546	284,188	4,256
<b>Total Net Expense</b>	<b>\$ 947,554</b>	<b>\$ 3,921,246</b>	<b>\$ (4,614,468)</b>	<b>\$ (2,442,539)</b>	<b>\$ (581,663)</b>
<b>GENERAL REVENUES AND OTHER CHANGES IN NET POSITION</b>					
Governmental activities					
Unrestricted investment earnings	\$ -	\$ -	\$ 4,504	\$ 2,930	\$ 4,859
Member dues	196,361	197,825	206,671	211,946	215,700
Other	-	-	195,611	-	-
Gain (loss) on disposition of capital assets	-	-	1,638,361	-	-
Loans made (to Park Place Building)	-	40,768	-	-	-
Transfers	(129,006)	(36,768)	94,728	1,088	(401,763)
Business-type activities					
Unrestricted investment earnings	420,291	230,307	5,080	941	8,325
Gain (loss) on disposition of capital assets	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	129,007	36,768	(94,728)	(1,088)	401,763
<b>Total General Revenues</b>	<b>929,670</b>	<b>540,517</b>	<b>2,319,790</b>	<b>215,817</b>	<b>228,884</b>
<b>Change in Net Position</b>					
Governmental activities	1,370,035	4,130,257	(2,667,139)	(2,510,763)	(767,123)
Business-type activities	507,188	331,507	372,460	284,039	414,344
<b>Total Change in Net Position</b>	<b>1,877,223</b>	<b>4,461,764</b>	<b>(2,294,679)</b>	<b>(2,226,724)</b>	<b>(352,779)</b>
Net position, beginning of year, previously reported					
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
<b>Total net position, beginning of year</b>	<b>4,687,154</b>	<b>1,087,162</b>	<b>16,750,400</b>	<b>14,377,890</b>	<b>12,151,166</b>
Prior period adjustments					
Governmental activities	(5,472,812)	10,241,702	(6,060)	-	(314,120)
Business - type activities	-	959,772	(71,771)	-	-
<b>Total prior period adjustments</b>	<b>(5,472,812)</b>	<b>11,201,474</b>	<b>(77,831)</b>	<b>-</b>	<b>(314,120)</b>
Net position, end of year					
Governmental activities	(2,636,613)	11,735,346	9,062,147	6,551,384	5,470,141
Business-type activities	3,723,775	5,015,054	5,315,743	5,599,782	6,014,126
<b>Total NET POSITION, end of year</b>	<b>\$ 1,087,162</b>	<b>\$ 16,750,400</b>	<b>\$ 14,377,890</b>	<b>\$ 12,151,166</b>	<b>\$ 11,484,267</b>

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

**Lane Council of Governments**  
**Fund Balances – Governmental Funds**  
 (Modified accrual basis of accounting)  
 For Fiscal Years Ended June 30, 2009-2018

<u>Fiscal year ending June 30,</u>	2009		2010		2011		2012		2013	
<b>General Fund</b>										
Non spendable										
Prepaid expenditures	\$	35,921	\$	38,033	\$	38,397	\$	46,391	\$	36,533
Advances to other funds		153,274		364,154		-		418,000		418,000
Committed		-		-		-		-		-
Unassigned		(101,712)		(390,400)		902,913		(227,252)		51,045
Total General Fund	\$	87,483	\$	11,787	\$	941,310	\$	237,139	\$	505,578
<b>All Other Governmental Funds</b>										
Non spendable										
Telecommunications	\$	-	\$	-	\$	-	\$	-	\$	-
Grants and contracts		-		-		-		-		-
Restricted for:										
Telecommunications		2,282,700		1,996,235		2,060,346		1,861,227		1,582,507
Grants and contracts		997,612		1,149,069		1,178,783		1,148,245		929,681
Other										
Assigned:										
Telecommunications		-		-		-		-		-
Unassigned		-		-		-		-		-
Total of all other governmental funds	\$	3,280,312	\$	3,145,304	\$	3,239,129	\$	3,009,472	\$	2,512,188

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**  
 (Modified accrual basis of accounting)  
 For Fiscal Years Ended June 30, 2009-2018

<b><u>Fiscal year ending June 30,</u></b>	2014	2015	2016	2017	2018
<b>General Fund</b>					
Non spendable					
Prepaid expenditures	\$ 7,843	\$ 5,290	\$ 17,655	\$ 25,262	\$ -
Advances to other funds	333,730	293,931	361,154	211,175	169,486
Committed	-	-	-	597,154	337,154
Unassigned	50,461	611,132	86,721	141,122	(86,771)
Total General Fund	<u>\$ 392,034</u>	<u>\$ 910,353</u>	<u>\$ 465,530</u>	<u>\$ 974,713</u>	<u>\$ 419,869</u>
<b>All Other Governmental Funds</b>					
Non spendable					
Telecommunications	\$ 10,063	\$ 10,360	\$ 16,321	\$ 13,297	\$ 4,434
Grants and contracts	5,720	49,093	369,868	331,353	482,718
Restricted for:					
Telecommunications	2,050,770	1,872,710	1,436,908	1,611,308	1,364,915
Grants and contracts	1,691,736	2,441,211	2,985,105	2,910,240	4,268,773
Other					
Assigned:					
Telecommunications	-	-	268,523	121,868	-
Unassigned	-	-	-	-	-
Total of all other governmental funds	<u>\$ 3,758,289</u>	<u>\$ 4,373,374</u>	<u>\$ 5,076,725</u>	<u>\$ 4,988,066</u>	<u>\$ 6,120,840</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 Balances – Governmental Funds**  
**(Modified accrual basis of accounting)**  
For Fiscal Years Ended June 30, 2009-2018

<b><u>Fiscal year ending June 30,</u></b>	2009	2010	2011	2012	2013
<b>Revenues</b>					
Member agency dues	\$ 226,603	\$ 229,946	\$ 222,063	\$ 233,848	\$ 195,879
Federal and state grants and contracts	12,125,851	13,466,564	15,039,837	18,968,748	17,378,504
Other local sources	7,730,940	7,237,967	7,031,974	5,783,840	5,122,453
Rental and In-Kind Income	190,290	200,901	227,247	264,543	255,481
Total revenues	20,273,684	21,135,378	22,521,121	25,250,979	22,952,317
<b>Expenditures</b>					
Current:					
Board/executive services	570,910	197,316	124,829	463,946	178,631
Government services	6,474,244	7,054,454	7,151,977	10,801,801	7,923,595
Telecommunications	1,316,165	1,362,825	1,235,515	1,169,583	1,038,591
Senior and disabled services	11,810,616	12,170,920	13,429,381	13,110,375	13,822,135
Debt service:					
Principal	147,789	68,231	225,212	207,073	32,813
Interest	190,830	179,985	23,004	24,043	67,947
Financing costs	-	-	-	-	-
Capital outlay	28,888	143,397	106,500	43,221	13,854
Total expenditures	20,539,442	21,177,128	22,296,418	25,820,042	23,077,566
Excess of revenue over (under) expenditures	(265,758)	(41,750)	224,703	(569,063)	(125,249)
Other financing sources (uses):					
Sale of capital assets	-	-	-	-	-
Transfers In	602,856	420,631	307,794	2,279,135	2,504,752
Transfers Out	(1,143,417)	(589,585)	(283,163)	(2,643,901)	(2,608,349)
Total other financing sources (uses)	(540,561)	(168,954)	24,631	(364,766)	(103,597)
Net change in fund balances	\$ (806,319)	\$ (210,704)	\$ 249,334	\$ (933,829)	\$ (228,846)
Debt service as a % of noncapital expenditures	1.68%	1.19%	1.13%	0.90%	0.44%

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 Balances – Governmental Funds, Continued**  
**(Modified accrual basis of accounting)**  
For Fiscal Years Ended June 30, 2009-2018

<b><u>Fiscal year ending June 30,</u></b>	2014		2015		2016		2017		2018	
<b>Revenues</b>										
Member agency dues	\$	196,361	\$	197,825	\$	206,671	\$	211,946	\$	215,700
Federal and state grants and contracts		16,586,244		15,376,937		19,932,496		19,327,141		22,130,901
Other local sources		6,254,191		10,890,234		7,464,581		6,198,676		6,004,941
Rental and In-Kind Income		108,188		77,620		79,298		324,157		44,102
Total revenues		23,144,984		26,542,616		27,683,046		26,061,920		28,395,644
<b>Expenditures</b>										
Current:										
Board/executive services		366,691		336,584		505,384		465,498		610,227
Government services		4,833,042		4,040,448		3,376,298		4,204,936		4,651,416
Telecommunications		1,456,207		1,773,838		1,821,258		1,458,717		1,514,708
Senior and disabled services		14,848,465		19,501,427		21,273,267		19,763,542		19,881,175
Debt service:										
Principal		34,688		36,674		1,129,073		-		-
Interest		66,072		64,086		25,645		-		-
Financing costs		-		-		-		-		-
Capital outlay		-		-		142,783		448,067		758,425
Total expenditures		21,605,165		25,753,057		28,273,708		26,340,760		27,415,951
Excess of revenue over (under) expenditures		1,539,819		789,559		(590,662)		(278,840)		979,693
Other financing sources (uses):										
Sale of capital assets		-		-		1,369,161		-		-
Transfers In		2,947,650		3,929,427		3,078,081		42,416		227,994
Transfers Out		(3,076,656)		(3,866,553)		(2,983,354)		(41,329)		(629,757)
Total other financing sources (uses)		(129,006)		62,874		1,463,888		1,087		(401,763)
Net change in fund balances	\$	1,410,813	\$	852,433	\$	873,226	\$	(277,753)	\$	577,930
Debt service as a % of noncapital expenditures		0.47%		0.39%		4.28%		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**  
**Revenue by Source- Governmental Funds**  
For Fiscal Years Ended June 30, 2009-2018

	<b>Federal and State Revenue</b>	<b>Local Revenue</b>	<b>Member Dues</b>	<b>In Kind Revenue</b>	<b>Total Revenues Governmental Funds</b>
<b>FY09</b>	\$ 12,154,319	\$ 7,702,473	\$ 226,603	\$ 190,288	\$ 20,273,683
<b>FY10</b>	13,466,564	7,237,966	229,946	200,901	21,135,377
<b>FY11</b>	15,039,837	7,014,166	222,063	227,245	22,503,311
<b>FY12</b>	18,968,748	5,783,839	233,848	264,543	25,250,978
<b>FY13</b>	17,378,504	5,122,453	195,879	255,481	22,952,317
<b>FY14</b>	16,586,244	6,254,190	196,361	108,188	23,144,983
<b>FY15</b>	17,444,690	8,822,481	197,825	77,620	26,542,616
<b>FY16</b>	19,932,496	10,201,600	206,671	79,298	30,420,065
<b>FY17</b>	19,327,141	6,198,676	211,946	324,157	26,061,920
<b>FY18</b>	22,130,901	6,004,941	215,700	44,102	28,395,644
<b>Average</b>	\$ 17,242,944	\$ 7,034,279	\$ 213,684	\$ 177,182	\$ 24,668,089

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 and 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**  
**Net Capital Assets by Activity**  
For Fiscal Years Ended June 30, 2009-2018

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total Net Capital Assets</u>	<u>Net Change from Prior Year</u>
<b>FY09</b>	130,935	10,815,134	10,946,069	1,443,679 (a)
<b>FY10</b>	168,596	10,954,482	11,123,078	177,009
<b>FY11</b>	192,099	10,436,938	10,629,037	(494,041) (b)
<b>FY12</b>	488,285	10,363,860	10,852,145	223,108 (c)
<b>FY13</b>	449,680	9,920,744	10,370,424	(481,721)
<b>FY14</b>	420,166	9,403,463	9,823,629	(546,795)
<b>FY15</b>	137,081	7,848,220	7,985,301	(1,838,328) (c),(d)
<b>FY16</b>	10,229,273	6,895,445	17,124,718	9,139,417 (c),(e)
<b>FY17</b>	10,031,332	6,599,622	16,630,954	(493,764) (c)
<b>FY18</b>	10,049,072	6,362,912	16,411,984	(218,970) (f)
<u>Average</u>	<u>\$ 3,229,652</u>	<u>\$ 8,960,082</u>	<u>\$ 12,189,734</u>	<u>\$ 690,959</u>

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.

(b): Includes building improvements (Park Place Building).

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

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

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

(f): Reflects equipment additions.

**Lane Council of Governments**  
**Member Dues**  
For Fiscal Years Ended June 30, 2009-2018

<b>Member Agency</b>	<b>FY09</b>	<b>FY10</b>	<b>FY11</b>	<b>FY12</b>	<b>FY13</b>	<b>FY14</b>	<b>FY15</b>	<b>FY16*</b>	<b>FY17*</b>	<b>FY18*</b>
Bethel School District 52	\$ -	\$ 635	\$ 632	\$ 646	\$ 559	\$ 559	\$ 573	\$ 1,000	\$ 1,000	\$ 1,000
City of Coburg	503	505	508	510	410	410	410	1,000	1,000	1,000
City of Cottage Grove	4,392	4,449	4,458	4,463	3,823	3,823	3,832	3,908	3,950	3,956
City of Creswell	2,186	2,214	2,251	2,277	1,967	1,967	1,957	1,996	2,050	2,144
City of Dunes City	-	-	-	268	512	512	512	522	1,000	1,000
City of Eugene	72,234	72,671	73,837	74,187	61,629	61,629	62,020	63,334	65,360	66,354
City of Florence	3,887	4,423	4,503	4,507	3,323	3,323	3,323	3,388	3,448	3,472
City of Junction City	2,413	2,491	2,566	2,665	2,136	2,136	2,136	2,178	2,348	2,404
City of Lowell	468	477	484	489	410	410	414	500	500	500
City of Oakridge	1,739	1,770	1,765	1,770	1,257	1,257	1,259	1,284	1,296	1,302
City of Springfield	26,940	27,262	27,300	27,530	23,417	23,417	23,473	23,936	24,054	24,056
City of Veneta	2,181	2,275	2,338	2,366	1,808	1,808	1,808	1,844	1,880	1,902
City of Westfir	157	160	160	160	100	100	100	1,000	1,000	1,000
Creswell School District	-	-	-	-	-	52	123	1,000	500	500
EPUD	2,309	2,328	2,351	2,420	1,996	1,996	2,598	2,660	2,047	2,153
Eugene School District 4J	1,927	1,884	1,948	1,916	1,651	1,651	1,647	1,687	1,720	1,740
EWEB	9,994	10,124	-	20,471	8,530	8,530	8,530	8,736	8,901	9,231
Fern Ridge Library District	470	470	470	470	392	392	392	500	500	500
Heceta Water District	-	-	-	-	-	90	216	500	500	500
Junction City RFPD	-	-	-	-	-	-	-	-	1,000	1,000
Lane Community College	1,309	1,295	1,500	1,750	1,506	1,506	1,369	1,402	1,438	1,372
Lane County	89,216	89,929	90,399	90,623	76,635	76,635	76,635	77,694	79,673	80,507
Lane ESD	470	470	470	470	392	392	392	1,000	1,000	1,000
Lane Library District	470	470	470	470	392	392	392	500	500	1,000
McKenzie School District 68	27	25	26	23	20	20	21	500	500	500
Port of Siuslaw	470	470	470	470	392	392	392	500	500	500
River Road Park&Rec District	147	470	470	470	392	392	392	1,000	500	1,000
Siuslaw Library District	-	-	-	-	-	163	392	500	500	500
Siuslaw Rural FPD #1	470	470	470	470	392	392	392	500	500	500
South Lane School District	-	-	-	-	-	177	265	500	500	1,000
Springfield School District 19	1,284	1,269	1,277	1,193	1,054	1,054	1,076	1,102	1,105	1,107
Western Lane Ambulance	470	470	470	470	392	392	392	500	500	500
Willamalane Parks & Rec District	470	470	470	470	392	392	392	-	500	500
<b>Total Member Dues</b>	<b>\$ 226,603</b>	<b>\$ 229,946</b>	<b>\$ 222,063</b>	<b>\$ 243,994</b>	<b>\$ 195,879</b>	<b>\$ 196,361</b>	<b>\$ 197,825</b>	<b>\$ 206,671</b>	<b>\$ 211,770</b>	<b>\$ 215,700</b>

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

**Lane Council of Governments**  
**Total Population by Jurisdiction**  
For Fiscal Years Ended June 30, 2009-2018

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018*
State of Oregon	3,823,465	3,831,074	3,857,625	3,883,735	3,919,020	3,962,710	4,013,845	4,076,350	4,141,100	4,195,300
<b>LCOG Region:</b>										
<b>Lane County</b>	<b>347,690</b>	<b>351,715</b>	<b>353,155</b>	<b>354,200</b>	<b>356,125</b>	<b>358,805</b>	<b>362,150</b>	<b>365,940</b>	<b>370,600</b>	<b>375,120</b>
Lane County % of state	9.1%	9.2%	9.2%	9.1%	9.1%	9.1%	9.0%	9.0%	8.9%	8.9%
Coburg	1,080	1,035	1,045	1,045	1,045	1,045	1,055	1,070	1,085	1,195
Cottage Grove	9,485	9,686	9,745	9,770	9,785	9,840	9,875	9,890	9,920	10,005
Creswell	4,790	5,031	5,015	4,990	5,020	5,075	5,125	5,360	5,410	5,455
Dunes City	1,360	1,303	1,305	1,305	1,310	1,315	1,315	1,320	1,325	1,335
Eugene	157,100	156,185	157,010	158,335	159,580	160,775	163,400	165,885	167,780	169,695
Florence	9,580	8,466	8,470	8,470	8,480	8,565	8,620	8,680	8,745	8,795
Junction City	5,460	5,392	5,445	5,445	5,550	5,620	5,870	6,010	6,075	6,125
Lowell	1,030	1,045	1,045	1,055	1,060	1,060	1,065	1,070	1,070	1,075
Oakridge	3,755	3,205	3,205	3,210	3,215	3,220	3,240	3,255	3,245	3,280
Springfield	58,085	59,403	59,695	59,840	59,990	60,065	60,135	60,140	60,658	60,865
Veneta	4,975	4,561	4,610	4,610	4,635	4,690	4,700	4,755	4,785	4,790
Westfir	340	253	255	255	255	255	255	255	255	260
Unincorporated	90,650	96,150	96,310	95,870	96,200	97,280	97,495	98,250	100,247	102,245
<b>Total</b>	<b>347,690</b>	<b>351,715</b>	<b>353,155</b>	<b>354,200</b>	<b>356,125</b>	<b>358,805</b>	<b>362,150</b>	<b>365,940</b>	<b>370,600</b>	<b>375,120</b>

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 2018.

**Lane Council of Governments**  
**Demographic and Economic Statistics**

For Fiscal Years Ended June 30, 2008-2017\*\*

<b>Calendar Year</b>	<b>Population (a)</b>	<b>Personal Income, in \$1,000s (b)</b>	<b>Per Capita Personal Income (b)</b>	<b>Lane County Median Age (c)</b>	<b>Oregon Median Age (c)</b>	<b>Lane County Unemployment Rate (d)</b>	<b>Oregon Unemployment Rate (d)</b>
2008	348,176	11,852,668	34,042	38.3	38.0	6.7%	6.5%
2009	350,850	11,535,236	32,878	38.5	38.0	12.3%	11.3%
2010	351,880	11,889,739	33,789	39.1	38.5	11.0%	10.6%
2011	353,419	12,321,230	34,863	39.0	38.7	9.7%	9.5%
2012	354,486	12,880,388	36,335	38.8	38.9	8.9%	8.8%
2013	355,041	12,934,935	36,432	39.3	39.1	8.0%	7.9%
2014	357,564	13,827,725	38,672	39.9	39.3	6.9%	6.8%
2015	361,721	14,879,842	41,136	39.0	39.1	5.8%	5.6%
2016	368,283	15,553,827	42,233	39.4	39.2	5.1%	4.8%
2017	374,748	16,275,162	43,430	39.5	39.3	4.5%	4.1%

\*\* Information for FY18 is not available as of the report date.

Reflects Lane County, Oregon Boundaries

Sources:

(a) Census Bureau midyear population estimates. Estimates for 2010-2017 reflect county population estimates available as of March 2018.

(b) Personal Income from Bureau of Economic Analysis (BEA) Per capita personal income was computed using Census Bureau midyear population estimates.

(c) Census Bureau, ACS 1-year Estimates, Table B01002

(d) Oregon Employment Department.

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

**Lane Council of Governments**  
**Full Time Employee Equivalents for Each Fiscal Year**

For Fiscal Years Ended June 30, 2009-2018

Fiscal Year	Governmental Funds			Proprietary Funds			Full Time Employee Equivalents (FTE)
	Board/ Executive	Government Services	Senior & Disabled Services	Park Place Building **	Loan Programs	Non-major Proprietary	
<b>2009</b>	21.80	37.09	116.48	0.41	2.20	0.04	178.02
<b>2010</b>	22.16	38.30	114.93	0.38	2.03	0.04	177.84
<b>2011</b>	21.83	38.81	127.92	0.47	2.56	0.06	191.65
<b>2012</b>	22.70	34.60	121.66	0.36	1.93	0.04	181.29
<b>2013</b>	21.29	32.19	118.60	0.35	1.91	0.04	174.38
<b>2014</b>	18.75	22.7	142.06	0.19	1.32	0.09	185.11
<b>2015</b>	12.94	25.59	153.10	0.13	1.35	0.10	193.21
<b>2016</b>	13.60	24.43	151.90	0.07	1.40	0.23	191.63
<b>2017</b>	12.59	24.79	165.91	0.04	1.24	0.22	204.79
<b>2018</b>	12.65	29.77	176.11	0.07	1.07	0.13	219.80

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

\*\* Was Building Management Fund in Prior Fiscal Years.

## COMPLIANCE SECTION





## INDEPENDENT AUDITORS' 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](http://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, 2018, and have issued our report thereon dated December 27, 2018. 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.
- Highway revenues used for public highways, roads, and streets.
- 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.



## **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 the City 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



Paul Nielson, CPA, a member of the firm  
Eugene, Oregon  
December 27, 2018

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](http://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, 2018, and the related notes to the financial statements, which collectively comprise LCOG's basic financial statements and have issued our report thereon dated December 27, 2018.

#### **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.

## **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 that reads "Paul R. Nielson". The signature is written in a cursive, flowing style.

Paul Nielson, CPA, a member of the firm  
Eugene, Oregon  
December 27, 2018

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



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

1976 Garden Ave.  
Eugene, OR 97403  
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**Report on Compliance for 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 program for the year ended June 30, 2018. LCOG's major federal program are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

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

***Auditor's Responsibility***

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

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of LCOG's compliance.

**Opinion on Each Major Federal Program**

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 program for the year ended June 30, 2018.

## Report on Internal Control Over Compliance

The management of LCOG is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered LCOG's internal control over compliance with types of requirements that could have a direct and material effect on a major federal program in order to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of LCOG's 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 combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

Isler CPA



By Paul Nielson, CPA, a member of the firm

Eugene, Oregon  
December 27, 2018

**Lane Council of Governments**  
**Schedule of Expenditures of Federal Awards**  
For Fiscal Year Ended June 30, 2018

<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>Beginning Loan Balance</u>	<u>Amounts Provided to Sub-Recipients</u>	<u>Expenditures of Federal Awards</u>
<b>U.S. Department of Agriculture</b>					
<i>Pass-through Assistance State Department of Human Services:</i>					
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	154435		\$ -	\$ 4,074,963
<i>Direct Assistance IRP/RBDF Loan Program:</i>					
Intermediary Relending Program	10.767	61-02-052198	\$ 439,312	-	-
Intermediary Relending Program	10.767	61-03-101100	263,418	-	-
Intermediary Relending Program	10.767	61-04-073001	235,153	-	-
Intermediary Relending Program	10.767	61-05-082202	311,960	-	-
Intermediary Relending Program	10.767	61-06-062906	365,514	-	-
Total IRP/RBDF Loan Program			\$ 1,615,357	-	-
<b>Total U.S. Department of Agriculture</b>				-	<b>4,074,963</b>
<b>U.S. Department of Commerce</b>					
<i>Direct Assistance Economic Development Cluster:</i>					
Economic Adjustment Assistance	11.307	N/A		-	-
Economic Adjustment Assistance	11.307	N/A		-	31,000
<b>Total U.S. Department of Commerce</b>				-	<b>31,000</b>
<b>U.S. Department of Justice</b>					
<i>Pass-through Assistance Lane County Sheriff's Office:</i>					
Edward Byrne Memorial Justice Assistance Grant Program:	16.738	53619		-	5,602
Edward Byrne Memorial Justice Assistance Grant Program:	16.738	53582		-	2,296
Total Lane County Sheriff's Office				-	7,898
<i>Pass-through Assistance Lane County Sheriff's Office:</i>					
Criminal and Juvenile Justice and Mental Health Collaboration Program	16.745	52309		-	4,896
<b>Total U.S. Department of Justice</b>				-	<b>12,794</b>
<b>U.S. Department of Labor Employment Training Administration</b>					
<i>Direct Assistance Lane Workforce Partnership:</i>					
Reentry Employment Opportunities	17.270	31069		180,157	183,485
<b>Total U.S. Department of Labor Employment Training Administration</b>				<b>180,157</b>	<b>183,485</b>
<b>U.S. Department of Transportation</b>					
<i>Direct Assistance ODOT Highway Planning and Construction Cluster:</i>					
Highway Planning and Construction (MPO STP FY17)	20.205	31712		20,517	62,662
Highway Planning and Construction (MPO PL FY18)	20.205	32251		-	626,768
Highway Planning and Construction (MPO STBG FY18)	20.205	32251		160,423	317,171
Highway Planning and Construction (MPO STBG - Project FY18)	20.205	32251		-	105,488
Highway Planning and Construction (Eugene-Florence Transit Study)	20.205	32548		-	12,516
Highway Planning and Construction (Eugene Regional Bike Counters)	20.205	30045		149,710	149,710
Highway Planning and Construction (OMPOC)	20.205	31249		-	38,735
Highway Planning and Construction (Oakland TGM)	20.205	31290		-	12,818
Highway Planning and Construction (Coburg TGM)	20.205	31625		-	24,039
Highway Planning and Construction (Yoncalla TGM)	20.205	31778		-	32,895
Total Highway Planning and Construction Cluster				330,650	1,382,802

**Lane Council of Governments**  
**Schedule of Expenditures of Federal Awards**  
For Fiscal Year Ended June 30, 2018

<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>Beginning Loan Balance</u>	<u>Amounts Provided to Sub-Recipients</u>	<u>Expenditures of Federal Awards</u>
<i>Direct Assistance ODOT State and Community Highway Safety Cluster:</i>					
State and Community Highway Safety (LC Safe Community FY17)	20.600	SA-17-25-07		-	39,313
State and Community Highway Safety (LC Safe Community FY18)	20.600	SA-18-25-07		-	39,316
<i>Total State and Community Highway Safety Cluster</i>				-	78,629
<i>Direct Assistance ODOT National Priority Safety Programs Cluster:</i>					
National Priority Safety Programs (Safe Driver Class)	20.616	FHTR-18-60-02		2,483	3,033
<b>Total U.S. Department of Transportation</b>				<b>333,133</b>	<b>1,464,464</b>
<b>U.S. Environmental Protection Agency</b>					
<i>Direct Assistance Environmental Protection Agency:</i>					
Regional Wetlands Program Development Grants	66.461	CD-01J09201		-	32,459
Regional Wetlands Program Development Grants	66.461	CD-01J37501		-	18,925
<b>Total U.S. Environmental Protection Agency</b>				-	<b>51,384</b>
<b>U.S. Department of Health and Human Services</b>					
<i>Pass-through Assistance Oregon Department of Human Services Aging Cluster:</i>					
Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers	93.044	154435		-	368,696
Special Programs for the Aging, Title III, Part C, Nutrition Services	93.045	154435		-	518,237
Special Programs for the Aging, Title III, Part C, Nutrition Services	93.045	154435		-	317,808
Subtotal for CFDA 93.045				-	836,045
Nutrition Services Incentive Program	93.053	154435		-	100,332
<i>Total Aging Cluster</i>				-	1,305,073
<i>Pass-through Assistance Oregon Department of Human Services:</i>					
Special Programs for the Aging, Title VII, Chapter 3, Programs for Prevention of Elder Abuse, Neglect, and Exploitation	93.041	154435		-	1,000
Special Programs for the Aging, Title III, Part D, Disease Prevention and Health Promotion Services	93.043	154435		-	5,696
National Family Caregiver Support, Title III, Part E	93.052	154435		-	170,634
<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		-	11,787
<i>Pass-through Assistance Lane County Health and Human Services:</i>					
Low-Income Home Energy Assistance	93.568	53470		-	26,615
<b>Total U.S. Department of Health and Human Services</b>				-	<b>1,520,805</b>
<b>U.S. Department of Homeland Security</b>					
<i>Pass-through Assistance Department of Land Conservation and Development:</i>					
Community Assistance Program State Support Services Element (CAP-SSSE)	97.023	PS15043		-	9,398
<b>Total U.S. Department of Homeland Security</b>				-	<b>9,398</b>
<b>Total Expenditures of Federal Awards</b>				<b>\$ 513,290</b>	<b>\$ 7,348,293</b>

For the Fiscal Year Ended June 30, 2018

**Lane Council of Governments**  
**Notes to the Schedule of Expenditures of Federal Awards**  
For Fiscal Year Ended June 30, 2018

**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, 2018. 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, 2018. Loans made during the year are included in the federal expenditures presented in the schedule.

<b>Program Name</b>	<b>Federal CFDA Number</b>	<b>Agency or Pass Through Number</b>	<b>Loan Amounts Repaid During the Fiscal Year</b>	<b>Year End Balance at 6/30/18</b>
<b>U.S. Department of Agriculture:</b>				
Direct Programs (IRP/RBDF Loan and RBEG Loan Programs):				
Intermediary Relending Program	10.767	61.02	\$ -	\$ 439,312
Intermediary Relending Program	10.767	61.03	17,449	245,969
Intermediary Relending Program	10.767	61.04	14,545	220,609
Intermediary Relending Program	10.767	61.05	18,114	293,846
Intermediary Relending Program	10.767	61.06	-	365,514
			<u>\$ 50,108</u>	<u>\$ 1,565,250</u>



**Lane Council of Governments**  
**Schedule of Findings and Questioned Costs**  
For Fiscal Year Ended June 30, 2018

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	
10.561	State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	
Dollar threshold used to distinguish between type A and type B programs:		\$750,000
Auditee qualified as low-risk auditee?		Yes

**Lane Council of Governments**  
**Schedule of Findings and Questioned Costs, Continued**  
For Fiscal Year Ended June 30, 2018

Section II - Financial Statement Findings

None.

Section III - Federal Award Findings and Questioned Costs

None.

Section IV - Summary Schedule of Prior Audit Findings

None.