



LANE COUNCIL OF GOVERNMENTS
Eugene, Oregon



Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2016

ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2016



LANE COUNCIL OF GOVERNMENTS

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Finance and Budget Unit

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This document and related information are available at

www.lcog.org/fiscal.cfm

Lane Council of Governments
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Lane Council of Governments Member Governments

Bethel School District #52
Lane Library District
City of Coburg
City of Cottage Grove
City of Creswell
City of Dunes City
City of Eugene
City of Florence
City of Junction City
City of Lowell
City of Oakridge
City of Springfield

City of Veneta
City of Westfir
Creswell School District #40
Emerald People's Utility District
Eugene School District #4J
Eugene Water & Electric Board
Fern Ridge Library District
Heceta Water People's Utility District
Junction City RFPD
Lane Community College
Lane County

Lane Education Service District
Lane Transit District
McKenzie School District #68
Port of Siuslaw
River Road Park & Recreation District
Siuslaw Library District
Siuslaw Valley Fire District
South Lane School District #45J3
Springfield School District #19
Western Lane Ambulance District
Willamalane Park & Recreation District

What We Do

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. Our members represent 34 local governments and agencies varying from Lane County to 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, ambulance district, and a port.

LCOG is one of the oldest councils in the nation. LCOG was first organized in 1945 under the name Central Lane County Planning Commission with only six members. 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). It 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 services are offered over four broad areas: Government services (planning, transportation and telecommunications); Senior and Disabled Services; Business Services, and Administration. LCOG employs over 240 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.



LANE COUNCIL OF GOVERNMENTS BOARD OF DIRECTORS

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

Bethel School District 52
Rich Cunningham (#) (^)

City of Coburg
Ray Smith

City of Cottage Grove
Tom Munroe

City of Creswell
Dave Stram

City of Dunes City
Rebecca Ruede

City of Eugene
Chris Pryor (#) (*)

City of Florence
Susy Lacer (#)

City of Junction City
Mike Cahill

City of Lowell
Don Bennett

City of Oakridge
Jim Coey

City of Springfield
Marilee Woodrow (^)

City of Veneta
Sandra Larson

City of Westfir
Matt Meske

Creswell School District 40
Mike Anderson

Emerald Peoples Utility District
Penny Jordan

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

Eugene Water & Electric Board
John Simpson (#)

Chair of the Board of Directors

Fern Ridge Library District
Steve Recca (*)

Heceta Water District
Debby Todd

Lane Community College
Matt Keating (#) (*)

Lane County
Faye Stewart (#)

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

Western Lane Ambulance District
Bob Sneddon

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

Non-Voting Member: Lane Transit District
Carl Yeh

Non-Board Members of the Budget Committee:
Ric Ingham, Jessica Mumme

INTRODUCTORY SECTION



January 26, 2017

Lane Council of Governments Board of Directors

We are pleased to submit to you the Annual Financial Report of the Lane Council of Governments (LCOG) for the fiscal year ended June 30, 2016. This annual financial report includes all of the funds of Lane Council of Governments. This complete set of financial statements is presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards and Government Auditing Standards by a firm of licensed certified public accountants.

This report consists of management's representations concerning the finances of LCOG. 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.

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.

The firm of Pauly, Rogers, and Co., P.C., a licensed certified public accounting firm, has audited the basic financial statements. The goal of the independent audit was to provide reasonable assurance that the financial statements of LCOG for the fiscal year ended June 30, 2016, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation.

Pauly, Rogers, and Co., P.C. issued their unqualified (clean) opinion that the basic financial statements of LCOG for the fiscal year ended June 30, 2016, are fairly presented in accordance with GAAP. Their report is presented as the first component of the financial section of this Annual Financial Report.

Profile of LCOG

A broader perspective of the specific environment that LCOG operations in might be useful in understanding the information presented in the financial statements,

Councils of Governments (COGs) serve as regional planning, coordination, program development and service delivery organizations in local communities across the nation. Local issues often cross jurisdictional boundaries and can be most effectively addressed by communities working together within a regional forum. COGs differ in size and range of activities from one region to another, but their common purpose and function is solving area-wide problems. COGs are designed to help the public sector operate more efficiently and effectively through the pooling of resources so that communities accomplish more than they could individually.

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 362,150. The size of Lane County is approximately 4,554 square miles.



If a separate state, Lane County would be 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 144th largest MSA in the country.

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 is one of the oldest councils of governments in the nation. LCOG was first organized in 1945 under the name Central Lane County Planning Commission and had only six members. 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. It 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.

Our Membership

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

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

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

LCOG Services

LCOG services are offered over four broad areas: Government Services (planning, transportation and telecommunications); Senior and Disability Services; Business Services; and Administration. LCOG employs over 240 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:

Planning Services – Economic Development (coordination, resource and staff support to Lane Economic Committee representing both public and private sectors of Lane County); Community Safety (staff support and coordination to Lane County 9-1-1 service providers and resources), Development Services (grant writers and grant administration), Information, Research and Analysis (Geographic Information Systems, Regional Land Information Database Services, Regional Technology Services); Legal Services (hearings officials for land use and other quasi-judicial issues; city attorneys ; cable franchise administration), Urban and Regional Planning (Metropolitan and Regional Planning; Planning Assistance Contract Services, Natural Resources Planning

(groundwater protection and one-point source pollution mitigation assistance, wetlands identification and mitigation plans, Clean Water Act implementation assistance);

Transportation Services – LCOG is the federally designated Metropolitan Planning Organization - *Transportation and Public Infrastructure, Transportation Planning, staffing of the Lane Area Commission on Transportation;*

IT/Telecommunications/Cable - *Metropolitan cable system operations (public and educational channels, cablecasts and encodes for the internet), special programming, training and public service video services to member agencies); Telecommunications Management, Planning, Operations, and Projects (operate and maintain regional telephone system consortium, provide basic and advanced telephone services; development and coordination of local, wide area fiber optic system for data communications; operation of local peering point for improved broadband services, staff support for the Regional Fiber Consortium).*

Senior & Disability Services:

Title III -Older Americans Act – *Contract Management, Family Caregiver Support, Group Dining and Home Delivered Meals, Information and Assistance – Aging and Disability Resource Connection, Living Well, Options Counseling (Care, Coordination and Consultation); Oregon Project Independence, Transportation Coordination, Area Agency on Aging, Low Income Energy Assistance, Transportation Coordination;*

Title XIX Medicaid, Supplemental Nutrition Assistance Program - *Eligibility Determination, Screening and Referral (including the Oregon Health Plan eligibility), Case Management, Long-Term Care services, Licensing and Monitoring of Adult Foster Care Homes for seniors and adults with disabilities, Quality Assurance.*

Business Services:

Business Loans – *Business financing for businesses in Lane County; Small Business support (maximize loan opportunities with the U.S. Small Business Administration, U. S. Economic Development Administration, U.S. Department of Agriculture and State of Oregon);*

Building Management – *Provides property management for LCOG-owned real estate;*

Minutes Recorder Services – *Provides minutes recorder services to member agencies through contracted services.*

Administrative Services:

Board of Directors and Executive Management Services – *Provides support for the Board and its committees; support for the Executive Director;*

Finance and Budget – *Provides financial reporting, financial analysis, fiscal controls, and oversight to LCOG operations; accounting, payroll, cash management, investment oversight, grants management, and account disbursements; prepares and produces the Revised, Proposed and Adopted budgets, as well as oversees the annual external audit and prepares the CAFR; recommends, develops and ensures internal controls are in place and the management/handling of finances is in compliance with ethical business practices;*

Human Resources - *oversees the development, refinement, and administration of staff procedures; recruitment; collective bargaining; the management of the classification compensation and employee evaluation systems; health insurance and benefits management; and the provision of professional growth resources to staff member;*

Information Technology – Services here include services to the entire organization and does not include IS staff directly assigned to a grant, contract or billable project; develops and implements a variety of information technology solutions to maintain and support the hardware, software and network infrastructure necessary for optimal operation of the agency's computing environment;

Administration Support - Provides clerical support that assists all divisions and service areas;

The annual budget serves as the foundation for LCOG's financial planning and control. The budget is prepared in two segments: the overall budget and financial information and the overall work program information. 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 and staff, the Board of Directors, Budget Committee, and others are involved in defining the goals and objectives, as well as the projects, to be included in the work program. In April, the LCOG Budget Committee meets to review the budget background and trends which may shape the budget. In May, a public meeting is held where all interested parties are invited to comment on the work plan, with the Budget Committee approving the budget with final adoption by the Board of Directors occurring in June.

With the work program budget, the level of budgetary control is at the service level. Costs for the 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 reviewed by the Budget Committee.

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

Major Initiatives during the Fiscal Year

LCOG spent the last fiscal year continuing to address organizational challenges, find efficiencies, and stabilize our budget.

In the administrative area, LCOG updated our Policies and Procedures Manual to improve management and efficiency at LCOG, provide consistency, and eliminate contradictory actions due to lack of clarity. We replaced our timekeeping system and our fiscal system and created better budget tracking mechanisms and established guidelines. In the finance area, we continued to implement segregation of duties and preventative internal audits as part of continuous improvement in internal controls to ensure financial compliance and minimize agency risk of financial loss. LCOG continued to work on ways to stabilize our real estate debt, including selling our Springfield building, funding our capital expense reserve, and refinancing the one remaining mortgage LCOG has on the Park Place building.

In the Government Services area, LCOG continued its partnership with the City of Eugene, and the Eugene Water & Electric Board (EWEB) to enhance high speed fiber optic internet access in the core of Eugene. LCOG managed the broadband connections to two additional buildings and facilitated broadband services of at least one gigabit per second connections to more than 20 downtown businesses, with plans for service to 120 buildings. LCOG also coordinated an initiative to provide enhanced broadband service to three underserved rural communities; Oakridge, Westfir and Merrill. Metro TV, LCOG's video production unit, was recognized with multiple awards for program quality. The program received a "Telly" award for a production done for the City of Eugene, "Working City:

Safer Crossings.” Additionally, they received a first place award from the National Association of Telecommunications Officers and Advisors (NATOA) for the Working City episode “Women’s Fire Camp.” Metro TV partnered with Lane County and the City of Eugene to upgrade to HD cameras in two meeting rooms and to upgrade the audio system in Lane County’s Public Service Building, which allows the community to watch public meetings from any computer, pad, or mobile device.

As a part of the Lane County Public Area Network (PAN), LCOG and EWEB took the lead to begin mapping the fiber optic public network to enable and support growth and ensure service continuity. The current shared, multi-agency telecom system is 30 years old and approaching end of use life. Significant time and ease-of-use efficiencies were gained with the replacement of the obsolete call accounting system with a cloud-based platform that runs current technology and offers a robust modern feature set. A full telecom system analysis is underway to identify a replacement for the current end-of-life system. System replacement cost options range from \$3M to \$7M.

As the Central Lane Metropolitan Planning Organization (MPO), LCOG continued to support sound decisions in programming federal, state, and local funds to support a wide variety of projects including road preservation, transportation safety, bicycle, and transit. Staff actively supports local jurisdictions with significant planning projects including Transportation System Plans (TSPs) for Eugene, Springfield, Coburg, and Lane County. For the year, major accomplishments included completing all requirements of the 20-year air quality maintenance period for carbon monoxide emissions; and developing and supporting a data portal, which provides public access to transportation-related data including crash data, transit data, traffic counts, population data, and transportation options programs.

LCOG continued to provide support for the Lane County Public Safety Coordinating Council (PSCC). LCOG staff assisted with the implementation of Lane County’s federally funded local Justice Reinvestment Initiative. LCOG’s Planning Services worked with partner agencies to write \$3,127,974 in successful grants; funding Community Corrections, District Attorney, Sheriff’s Office, Drug Court, Sponsors Reentry Services, Emergency Addiction & Behavioral Therapies, Kids’ FIRST Center, and Lane Educational Service District. Additionally, staff provided grant administration services for multiple state and federal grants received by member and partner agencies. Staff secured grant funding for the Cities of Oakland, Yoncalla, and Coburg for code assistance and a multi-use path from the State’s Transportation Growth Management program (TGM).

Planning program staff also worked with the federal Environmental Protection Agency (EPA), the state Department of State Lands (DSL), and Department of Land Conservation & Development (DLCD) to develop a local wetlands assessment tool. Staff held more than 100 hearings on Land Use appeals, animal regulation violations, and Lane Regional Air Pollution violations. LCOG provided general city attorney services to Coburg, Lowell, and Lakeside, as well as individual service requests from numerous other agencies covering matters such as personnel discipline and terminations, franchise negotiations, and land use.

LCOG GIS staff expanded the Regional Land Information Database (RLID) data content to support Lane County agencies, businesses, and citizens. Additions include: residential dwelling types, year-built information, property details, Lane County comparable sales data, property legal descriptions, commercial improvements, and commercial appraisal data. Staff participated in the Census Bureau’s annual Boundary and Annexation Survey (BAS); updated the LCOG website with annual population estimates from Portland State University; and utilized the latest data to provide population estimates to local emergency response agencies for budgeting and resource allocations.

Information Services (IS) implemented an IT service desk solution to provide more responsive support to internal LCOG functions and member-customers. A Managed Services approach was developed to provide technology services to small agency customers to make their costs more predictable, their budget processes simpler, and helped make LCOG revenues and expenses more stable and predictable. IS staff also partnered with member agencies on projects to migrate several websites to a new platform, implement tablet systems for Council staff, deploy public WiFi systems and reader boards, and develop web-based applications for displaying real-time data. In addition, IS staff supported the technology needs of five member agencies, and worked in partnership with Senior & Disability Services to implement Electronic Data Management systems and deploy a new technical infrastructure to the third floor of the Schaefer's building to ensure a successful transition of data and telecom services.

In the Business Loan and Economic Development areas, LCOG packaged 16 loans for small businesses under various state and federal loan programs which are expected to help the small businesses to create over 250 jobs. Staff also worked on the Work Plan and Priority Initiatives for the 2015-2020 Comprehensive Economic Development Strategy (CEDS).

In Senior and Disability Services (S&DS), we continued to strive to provide increased and better services to seniors and adults with disabilities in the region. We continued to reorganize Senior and Disability Services to realize efficiencies and address service demands. The demand for in-home services continues to grow; the in-home service caseload grew by 15% and we continued to receive over 100 new eligibility cases per month. Our Aging and Disability Resource Connection (ADRC) call volume increased by 70%. We have improved intake wait time with a Rapid Process Improvement process and increased staffing. Our Money Management Program transitioned to a new program model and we increased the number of clients accessing this important service.

This is by no means the only work accomplished by LCOG this year. Many other efforts and projects support the principles of relevancy, vibrancy, and sustainability, helping make the Lane County region a better place to live, work, and do business.

Factors Affecting Financial Condition

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 with matching requirements. Federal and state revenue contributes the majority of revenues in FY2015-16. 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 Office of Economic Analysis September 2016 report (EA Report) noted that while some U.S. data is slowing or showing worrisome signs, Oregon is outpacing the typical state by a considerable margin today for both job and income gains. This growth trend is expected to have long-lasting impacts on the Oregon economy and help drive the state's more volatile swings over the business cycle.

The report also noted that Oregon is returning to what can be considered normal labor market dynamics: strong job growth, which diminishes economic slack and the pool of potential workers from which firms hire; labor scarcity, where businesses must compete more on price to attract and retain the best employees; and a job market with more plentiful, and better-paying jobs.

The LCOG region is primarily rural and rural Oregon, however, Baby Boomer retirements are slowing down in rural Oregon. The potential labor force is set to grow again in the near future and

that growth may begin in rural Oregon. The EA Report, however, notes that it is possible that the actual number of jobs and the actual size of the labor force will remain smaller in the future than in the past.

In that LCOG relies entirely upon grants and contracts, any change in revenues must be matched by a change in expenditures and vice-versa. 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. Expenditures are managed carefully and adjustments made as conditions require. Adequate staffing and expenditure patterns must match projected revenues.

Other Information

INDEPENDENT AUDIT

LCOG is required to undergo an annual Single Audit in conformity with the provisions of the 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 auditors' reports on Internal Controls and Compliance. The reports of Pauly, Rogers, and Co., P.C. are included in this report.

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

ACKNOWLEDGEMENTS

The preparation of this report could not be accomplished without the efficient and dedicated services of the entire staff of the Finance and Budget Unit and Administrative staff. We would also like to commend LCOG's Audit Committee, Executive Committee, and Board of Directors for their interest in, and support of, this substantial effort, as well as a shared commitment to assuring the financial viability of LCOG, which remains progressively committed to meeting the service needs of our members, our consumers, and the LCOG region.

Respectfully submitted,



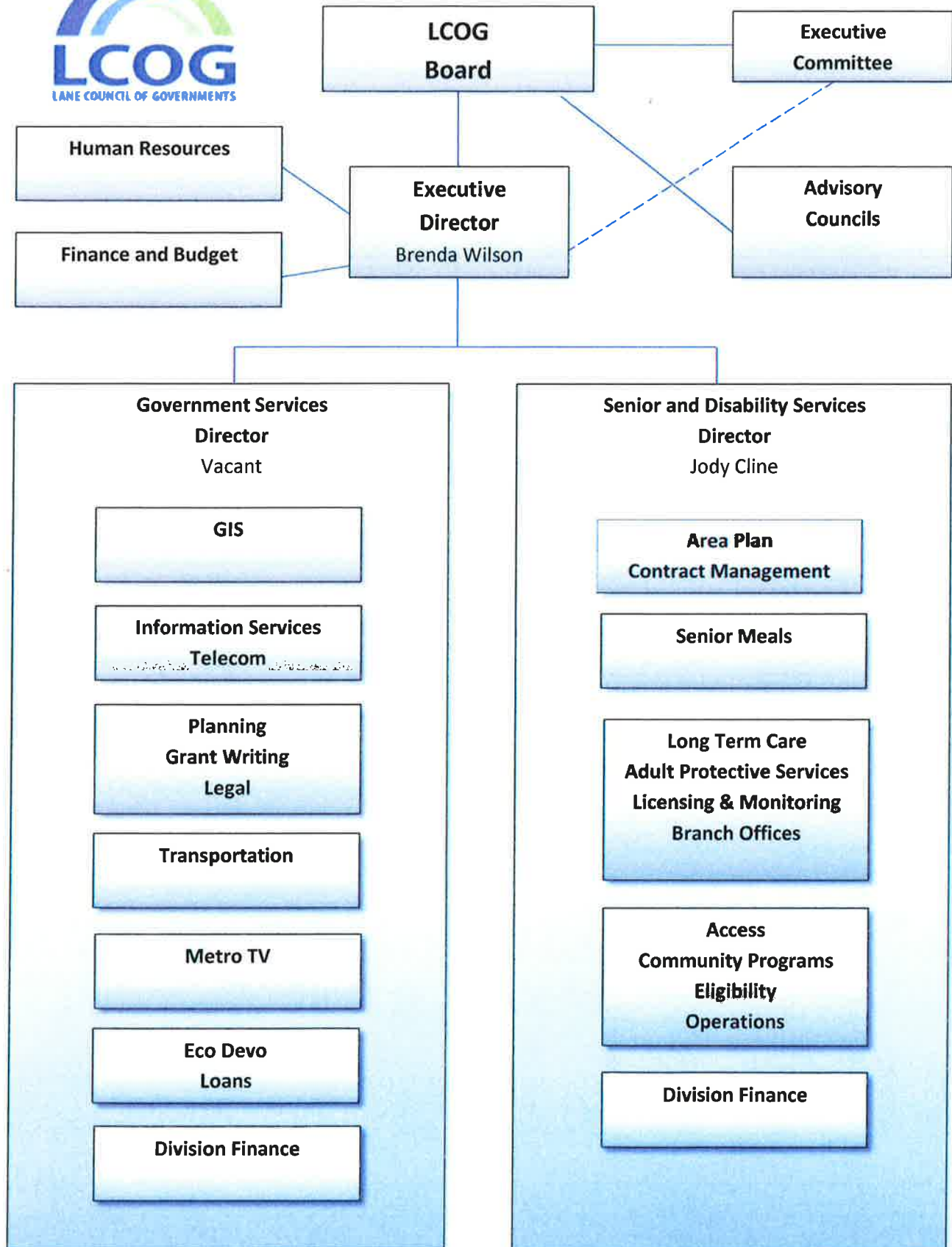
BRENDALEE S. WILSON
Executive Director



MARLENE "MITZI" COLBATH
Finance and Budget Manager

Special acknowledgment goes to:

Laura Campbell, Administrative Coordinator
Jody Cline, Senior and Disabilities Services Division Director
Estelle Coreris, Senior Finance and Budget Analyst
Suzanne Dodge, Senior Financial Analyst
David Phillips, Finance and Budget Administrative Associate
Howard Schussler, Government Services Division Director
Chris Shuster, Senior and Disabilities Finance and Budget Manager
Keina Wolf, Assistant Finance and Budget Manager



FINANCIAL SECTION



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January 20, 2017

INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying basic financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Lane Council of Governments as of and for the year ended June 30, 2016 and the related notes to the financial statements, which collectively comprise the 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 basic 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 basic financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these basic 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 basic financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the basic financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the basic financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the preparation and fair presentation of the basic 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 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 basic 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 basic 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 Lane Council of Governments as of June 30, 2016, 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.

Emphasis of Matter

The Council adopted the provisions of GASB 72 – *Fair Value Measurement and Application* and GASB 79 – *Certain External Investment Pools and Pool Participants*, for the year ended June 30, 2016. Our opinion is not modified with respect to these matters.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that 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, economical, 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 schedules of funding progress, employee contributions for post-employment health benefits and pension liability, other post-employment benefits schedule, or management's discussion and analysis because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The budgetary comparison schedules presented as Required Supplementary Information, as listed in the table of contents, 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 records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America, and in our opinion are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The supplementary and other information, as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CRF) 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 statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information, as listed in the table of contents and the schedule of expenditures of federal awards, are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections, as listed in the table of contents 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.

Reports on Other Legal and Regulatory Requirements

In accordance with *Government Auditing Standards*, we have also issued our reports dated January 20, 2017 on our consideration of the internal control over financial reporting and on our tests of compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of the reports are 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. The reports are an integral part of an audit performed in accordance with *Government Auditing Standards* in considering internal control over financial reporting and compliance.

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated January 20, 2017, on our consideration of 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.


ROY R. ROGERS, CPA
PAULY, ROGERS AND CO., P.C.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Lane Council of Governments
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2016

This section of the annual financial presents a discussion of the financial position and changes in financial position for the Lane Council of Governments (LCOG) for the fiscal year ended June 30, 2016. This discussion and analysis is intended to be used in conjunction with the financial statements and notes to the financial statements which follow this section.

Overview

Lane Council of Governments (LCOG)'s discussion and analysis provides an overview of LCOG's financial activities for the fiscal year ended June 30, 2016. The Management's Discussion and Analysis (MD&A) is intended to serve as an introduction to LCOG's basic financial statements. The basic financial statements are composed of the government-wide financial statements, the governmental fund financial statements, and notes to the basic financial statements. These various presentations combine to form a single, integrated set of basic financial statements.

In this MD&A, the Statement of Net Position and the individual accounts, which comprise total assets and liabilities, are discussed and analyzed for the reader. Specific information about the functional areas of grant revenues reported in the Statement of Activities is also provided. Revenue and expenditure information about planning, transportation, and Senior and Disability Services and other grants is reviewed.

Financial Highlights

The overall net position of LCOG as of June 30, 2016 is \$14,455,721, a decrease of \$2,294,678 from last year. This decrease is due to a combination of positive change in fund balance related to business-type activities (Proprietary Funds) of \$372,461 and a decline in governmental activities (General Fund and Special Revenue Funds) of \$2,667,139 (this includes deferred inflow and outflows of PERS pension liability), and prior period adjustments of \$11,201,474 as reflected in the notes to the financial statements.

In terms of fund performance, total LCOG resources, excluding transfers, are \$34,129,256 which is \$6,759,244 more than FY14-15 (\$27,370,012). In general, reductions in resources are matched by reductions in requirements. For the year ending June 30, 2016, the actual net increase over FY2014-15 actual consists of an increase in federal and state grants and contracts (\$2,413,804); an increase in local revenue grants, contracts and agreements (\$3,820,600); and gain on sale of Springfield building (\$1,638,361).

Total LCOG requirements, excluding transfers, are \$36,423,934, which is \$24,717,429 more than FY2014-15 (includes prior period adjustment of approximately \$11 million). The net increase from the prior year requirements consists of an increase of \$1,185,787 in personal services; \$21,581 increase in materials and services and capital outlay expenditures; a decrease of \$279,000 in loans made to local businesses; an increase in debt service of \$4,214,909 (payoff of building loans); an increase in services by other organizations of \$66,090; an increase in capital outlay of \$198,286, and changes due to proportionate share of pension asset/liability from FY 14-15 to FY 15-16.

Overall, LCOG services were fairly stable for the year, with a combined current year *operating* performance of \$1,209,040. (Operating performance is the net of resources excluding transfers and ending fund balance less requirements excluding transfers). The \$1,209,040 increase is a combination of a positive current year operating performance by the General Fund of \$95,043, an increase of \$683,454 from the Special Revenue Funds, and an increase of \$430,543 from the Enterprise Funds.

The General Fund performance is the result of improved forecasting and monitoring of costs, but was impacted by a prior period adjustment of \$328,875 for compensated absences liability. Overall, Special Revenue performance is the result of increased local revenues. The \$372,461 increase in Enterprise Funds

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2016

consists of the following program uses and/or contributions: Building Program contributed \$189,634 (primarily due to the sale of the Springfield building);

Minutes Recorder Program contributed \$35,641; the Loan Program contributed \$146,661 (This includes \$110,000 in resources from USDA to provide additional business loans being made to local businesses); and Economic Development contributed \$525.

In general, in years where LCOG expends more funds on projects or as multi-year projects phase out, overall unspent funds (ending fund balance) will fluctuate. For the year ending June 30, 2016, as a result of the operating performance, total LCOG overall ending fund balance grew to \$7,964,121, which is an increase of \$880,165 over FY2014-15.

In terms of the specific cumulative ending fund balance values, \$2,222,966 in Special Revenue – Government Services Fund – a gain of \$44,295; \$2,853,759 in Special Revenue Fund - Senior and Disability Services – a gain of \$659,055; and \$2,421,866 in Enterprise Funds – a gain of \$340,218 from FY2014-15. The General Fund has stabilized and there was a positive ending fund balance of \$465,530 in the General Fund – although this is a loss of \$163,402 from FY2014-15. This decrease is due primarily to the change in reporting of the compensated absences liability. Stabilization of the General Fund is especially noteworthy in that operations have consistently contributed to fund balance (now at \$465,530) and decreased internal charges to direct funds (consistent indirect cost decline). Since FY2012-13, when the General Fund had a deficit of \$45,838, each year since has seen a positive ending fund balance, including this year's positive ending fund balance of \$465,530. LCOG also met the Board's goal in the creation and funding of an operating contingency account and a capital improvement contingency account.

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.

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

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2016

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, 2016. 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 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 51 managerial funds are consolidated into the two reporting funds, General Fund and Special Revenue Fund.

Business-type activities – LCOG's real property management (building program) and loan Programs are reported here, as is minutes recorder services. Charges for service are the primary source of revenue for business-type activities. A total of 12 managerial funds are consolidated into the reporting fund, Enterprise Fund.

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.

Fund financial statements report the same activities as the government-wide financial statements but they use modified accrual accounting. 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.

LCOG has three governmental reporting funds – the General Fund, Special Revenue Fund – Governmental Services and Special Revenue Fund – Senior & Disability Services. 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. The Board of Directors adopts an annual budget for the governmental reporting funds. In addition, LCOG has one proprietary reporting fund – the Enterprise Fund. The proprietary fund is used to

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2016

account for the activities for the Loan Program, Building Program, and Minutes Recorder program supported by service charges and fees, and rental income.

LCOG has one fiduciary fund. LCOG serves in a trustee capacity - as an agent on behalf of other governments for the Public Safety Answering Point – 9-1-1 services. Emergency 9-1-1 telephone system accounts for the receipts, disbursements, and cash balances of Lane County's four public safety agency points (PSAPs).

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 (Deficit) – Proprietary Funds
- Statement of Revenues, Expenditures, and Changes in Net Position (Deficit) – Proprietary Funds
- Statement of Cash Flows – Proprietary Funds

Fiduciary Funds:

- Statement of Net Position (Deficit) – Fiduciary 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

Statement of Net Position

The Statement of Net Position is prepared using full accrual accounting since its measurement focus is total economic resources – both cash basis and values that have been earned or incurred but not actualized by June 30, 2016. The statement reports both short-term and long-term assets, deferred outflows of resources and liabilities, and deferred inflows of resources.

Lane Council of Governments
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2016

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

STATEMENT OF NET POSITION
For the Years Ended June 30, 2016 and 2015

	Governmental Activities		Business Activities		Total		Increase (Decrease)
	2016	2015	2016	2015	2016	2015	
ASSETS							
Current and other assets	\$ 8,317,978	\$ 10,381,844	\$ 2,853,040	\$ 2,375,209	\$ 11,171,018	\$ 12,757,053	\$ (1,586,035)
Noncurrent Loans Receivable	\$ -	\$ -	\$ 2,295,444	\$ 2,476,315	\$ 2,295,444	\$ 2,476,315	\$ 4,590,888
Capital Assets	\$ 10,229,273	\$ 10,707,658	\$ 6,895,445	\$ 7,796,972	\$ 17,124,718	\$ 18,504,630	\$ (1,379,912)
Total Assets	\$ 18,547,251	\$ 21,089,502	\$ 12,043,929	\$ 12,648,496	\$ 30,591,180	\$ 33,737,998	\$ (3,146,818)
DEFERRED OUTFLOWS	\$ 1,668,104	\$ -	\$ -	\$ -	\$ 1,668,104	\$ -	\$ 1,668,104
Total Assets and Deferred Outflows	\$ 20,215,355	\$ 21,089,502	\$ 12,043,929	\$ 12,648,496	\$ 32,259,284	\$ 33,737,998	\$ (1,478,714)
LIABILITIES							
Current and other Liabilities	\$ 2,775,724	\$ 2,872,589	\$ 281,268	\$ 322,579	\$ 3,056,992	\$ 3,195,168	\$ (138,176)
Long term Liabilities	\$ 6,406,247	\$ 1,090,469	\$ 6,375,147	\$ 7,314,997	\$ 12,781,394	\$ 8,405,466	\$ 4,375,928
Total Liabilities	\$ 9,181,971	\$ 3,963,058	\$ 6,656,415	\$ 7,637,576	\$ 15,838,386	\$ 11,600,634	\$ 4,237,752
DEFERRED INFLOWS	\$ 1,965,177	\$ 5,386,694		\$ -	\$ 1,965,177	\$ 5,386,694	\$ (3,421,517)
Total Liabilities and Deferred Inflows	\$ 11,147,148	\$ 9,349,752	\$ 6,656,415	\$ 7,637,576	\$ 17,803,563	\$ 16,987,328	\$ 816,235
NET POSITION							
Invested in Capital Assets	\$ 10,229,273	\$ 10,707,658	\$ 2,965,647	\$ 2,025,428	\$ 13,194,920	\$ 12,733,086	\$ 461,834
Restricted:					\$ -	\$ -	\$ -
Telecommunications	\$ 1,436,908	\$ 1,948,489	\$ -	\$ -	\$ 1,436,908	\$ 1,948,489	\$ (511,581)
Grants and Contracts	\$ 4,789,651	\$ 4,044,634	\$ -	\$ -	\$ 4,789,651	\$ 4,044,634	\$ 745,017
USDA/EDA	\$ -	\$ -	\$ 1,455,887	\$ 1,146,177	\$ 1,455,887	\$ 1,146,177	\$ 309,710
Unrestricted	\$ (7,387,625)	\$ (4,961,031)	\$ 965,980	\$ 1,839,315	\$ (6,421,645)	\$ (3,121,716)	\$ (3,299,929)
Total Net Position	\$ 9,068,207	\$ 11,739,750	\$ 5,387,514	\$ 5,010,920	\$ 14,455,721	\$ 16,750,670	\$ (2,294,949)

Note: 2015 includes prior period adjustments

As of the year ending June 30, 2016, assets exceeded liabilities by \$14,455,721 an decrease of \$2,294,949 over prior year. Overall net position declined by \$2,294,949 (with prior period adjustments) compared to prior year. The decrease is a combination of positive change in fund balance related to business-type activities (Proprietary Funds) of \$372,461 and a decline in governmental activities (General Fund and Special Revenue Funds) of \$2,667,139 (this includes deferred inflow and outflows of PERS pension liability and not the transfer of fund balance \$4004 for Economic Development).

Specific activity that occurred in each of LCOG's major funds is as follows.

Current assets:

- Cash and investments: over the last fiscal year, cash and cash equivalents increased by a net \$279,988 During this period, Governmental Activities cash decreased \$68,870; however, cash as a percentage of total assets decreased from 30.3% to 24%. This percentage decrease from prior year occurred in the Governmental Activities primarily due to the prior period adjustments to capital assets, which increased total assets by \$10,570,577. There was a positive increase from Business - Type activities of \$348,858. Increases to Business - Type activities cash included the sale of the Springfield Building and refinance of the Park Place building.
- Accounts Receivable is \$575,224 greater than prior year. Receivables in Business-Type activities increased by \$10,666 and Governmental Activities increased by \$564,558.
- Due from Other Funds is the amount outstanding on the 2012 loan made from the Governmental activities (governmental funds) to the Business-Type activities (proprietary funds). A loan was made

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2016

for Park Place Building tenant improvements (original loan was \$418,000); amount on statement is net of loan payments as of June 30, 2016.

Non-current assets:

- Capital Assets are \$1,379,912 less than prior year primarily due to a reduction in assets from the \$678,253 removal of the Springfield Building and related improvements from LCOG fixed assets (building sold 12/11/15). The remainder represents purchases of assets \$243,663 and accumulated depreciation and amortization of assets of \$950,000 in governmental activities.
- Proportionate share of net pension asset of \$2,874,427 was eliminated from noncurrent assets from prior year.

Total liabilities increased from prior year by a net \$4,237,752 consisting of a decrease of \$138,176 in current and other liabilities and an increase of \$4,375,928 in long term liabilities due to the following significant activity:

Current and other liabilities:

- Accounts payable liabilities increased by \$192,842 due to having less invoices unpaid at June 30, 2016 compared to prior year.
- Accrued payroll and related liabilities declined by \$556,104 compared to prior year primarily due to a change in payroll from monthly in the prior fiscal year to bimonthly in the current fiscal year, therefore all payroll and payroll liabilities associated with that payroll were lower. Medical insurance was paid in advance of year end.
- Current maturities of loans payable declined by \$120,521 compared to prior year as a result of the overall reduction in outstanding debt (sale of Springfield building, refinance of Park Place building).
- Unearned revenue increased by \$206,604 as a result of more pre-payments for dues and services compared to prior year; and compensated absences liabilities increased by \$422,917 compared to prior year (including a prior period adjustment of \$328,875) which more accurately represents the vacation payout liability at June 30, 2015 and June 30, 2016.

Non-current liabilities:

- Long-term debt, net of current maturities, declined by \$4,375,928 due to the sale of Springfield building of \$2,060,973.
- Proportionate share of net pension liability of \$6,406,247 was added to long term debt in current year.

In addition to the above changes, beginning net position of \$5,548,926 was increased for recording of \$1,965,177 for deferred inflow due to pension related deferrals from prior year deferred inflow of \$5,386,694, decreasing overall liabilities and increasing net position by \$3,421,517. Net Position was increased for recording of deferred outflows due to pension related deferrals, an increase to overall assets over the prior year \$1,668,104. In addition to the changes due to pension related deferrals, the overall net ending position compared to prior year details are as follows:

- An overall net increase of \$461,834 in the net investment in capital assets compared to prior year is due to the sale of the Springfield building, additional asset purchases of \$243,663, and reducing outstanding debt on business loans.
- Restricted net position for Governmental activities from telecommunication services declined by \$511,581 compared to prior year (consortium members utilized more funds than contributed); and net position for Governmental activities from grants and contracts increased by \$745,017 compared to prior year as a result of increased grants and contracts (monies are earmarked for projects to be completed in the upcoming fiscal year and as a result are restricted) and an overall increase in ending fund balances compared to prior year.

Lane Council of Governments
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2016

- Restricted net position for Business-type activities increased by \$309,710 compared to prior year with \$965,980 classified at the end of the year as unrestricted funds (from restricted in the prior year).
- Unrestricted net position for Business-Type activities consists of \$654,707 in loan program balances, 255,121 of funds available for appropriation within the building program, \$51,224 of funds available for appropriation within the Minutes Recording program, and \$4,928 of funds available for appropriation within the Economic Development program. This is a total of \$965,980 unrestricted at the end of the fiscal year. The increase in unrestricted balance was the result of reclassifying restricted balances to only those funds committed to USDA and EDA funds (issued to LCOG for rural and small business loans) for relending repayments.

Statement of Net Activities

The Statement of Activities presented on the following page presents the same financial ending position as the Statement of Net Position: \$14,455,721 at June 30, 2016 which is a decrease (after prior period adjustment included in the table) in net position of \$2,294,949 from prior year.

As noted in the table, most of LCOG's funding comes from federal and state government. The balance of funding comes from local grants, contracts and sources. Total revenues (including transfers) in FY16 were \$34,223,984.

STATEMENT OF NET ACTIVITIES
For the Years Ended June 30, 2016 and 2015

	Governmental Activities		Business-Type Activities		Total		Increase (Decrease)
	2016	2015	2016	2015	2016	2015	
REVENUES							
Program Revenues:							
Charges for Services	\$ 1,631,053	\$ 6,247,233	\$ -	\$ 112,385	\$ 1,631,053	\$ 6,359,618	\$ (4,728,565)
Operating Grants and contributions	\$ 28,382,224	\$ 18,883,695	\$ -	\$ -	\$ 28,382,224	\$ 18,883,695	\$ 9,498,529
Building Program	\$ -	\$ -	\$ 1,180,810	\$ 1,284,948	\$ 1,180,810	\$ 1,284,948	\$ (104,138)
Loan Program	\$ -	\$ -	\$ 493,522	\$ 314,008	\$ 493,522	\$ 314,008	\$ 179,514
Business services	\$ -	\$ -	\$ 121,857	\$ 58,842	\$ 121,857	\$ 58,842	\$ 63,015
General revenues and transfers					\$ -	\$ -	\$ -
Unrestricted Investment earnings	\$ 4,504	\$ -	\$ 5,080	\$ 230,307	\$ 9,584	\$ 230,307	\$ (220,723)
Member dues	\$ 206,671	\$ 197,825	\$ -	\$ -	\$ 206,671	\$ 197,825	\$ 8,846
Sale of Springfield Building	\$ 1,638,361	\$ -	\$ -	\$ -	\$ 1,638,361	\$ -	\$ 1,638,361
Other	\$ 195,611	\$ 40,768	\$ 269,563	\$ -	\$ 465,174	\$ 40,768	\$ 424,406
Transfers/Special item	\$ 94,728	\$ -	\$ -	\$ 36,768	\$ 94,728	\$ 36,768	\$ 57,960
Total Revenues	\$ 32,153,152	\$ 25,369,521	\$ 2,070,832	\$ 2,037,258	\$ 34,223,984	\$ 27,406,780	\$ 6,817,205
EXPENDITURES							
Operating expenditures	\$ 34,794,646	\$ 10,960,794	\$ 1,603,643	\$ 704,942	\$ 36,398,289	\$ 11,665,737	\$ 24,732,552
General expenses and transfers							
Interest expense on long-term debt	\$ 25,645	\$ -	\$ -	\$ -	\$ 25,645	\$ -	\$ 25,645
Tenant improvements	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Annual repayment of interfund loan	\$ -	\$ -	\$ -	\$ 40,768	\$ -	\$ 40,768	\$ (40,768)
Transfers	\$ -	\$ 36,768	\$ 94,728	\$ -	\$ 94,728	\$ 36,768	\$ 57,960
Total Expenses	\$ 34,820,291	\$ 10,997,562	\$ 1,698,371	\$ 745,710	\$ 36,518,662	\$ 11,743,273	\$ 24,775,389
Change in Net Position	\$ (2,667,139)	\$ 14,371,959	\$ 372,461	\$ 1,291,548	\$ (2,294,678)	\$ 15,663,507	\$ (17,958,185)
Net Position - Beginning of Year	\$ 1,493,644	\$ 2,845,006	\$ 4,055,281	\$ 3,719,372	\$ 5,548,925	\$ 6,564,378	\$ (1,015,453)
Changes in Net Position - prior period adjustments	\$ 10,241,702	\$ (90,521)	\$ 959,772	\$ -	\$ 11,201,474	\$ (90,521)	\$ 11,291,995
Changes to Net Position due to PERS							
Net Pension Liability	\$ -	\$ (5,386,694)	\$ -	\$ -	\$ -	\$ (5,386,694)	\$ 5,386,694
Net Position - Restated	\$ 11,735,346		\$ 5,015,053		\$ 16,750,399		\$ 16,750,399
Net Pension Liability		\$ (2,632,209)		\$ 3,719,372		\$ 1,087,163	\$ (1,087,163)
Net Position - Ending	\$ 9,068,207	\$ 11,739,750	\$ 5,387,514	\$ 5,010,920	\$ 14,455,721	\$ 16,750,670	\$ (2,294,949)

Note: 2015 includes prior period adjustments

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2016

Total revenues in FY 15-16 increased by \$6,817,205 (with transfers) or approximately 25% over the prior fiscal year. Governmental activities contributed \$6,783,631 (with transfers) over prior year and Business – Type activities contributed \$33,574 (with transfers).

- Sale of the Springfield building resulting in a gain of \$1,638,361, which represents approximately 5% of total revenues in governmental activities.

Total expenditures increased from prior year by \$24,775,389. In terms of expenditure increases, Government activities used \$23,822,728 of net position and Business-Type activities used \$952,661 of net position over prior year. Over expenditure changes are the result of the following significant activity:

- A total of \$24,775,389 increase in overall program operating expenditures compared to prior year. Approximately half of this increase was due to prior period adjustments to reduce prior year expenditures for capitalizable assets that were reclassified as capital assets. The remaining half of this increase was in Senior and Disability Services. This represented an increase in allocation/revenue from the prior year and expenditures follow accordingly with changes needed for program deliverables on operating grants and awards

Of the total increase in operating expenditures, \$23,859,728 was Governmental activities and \$952,661 was Business – Type activities.

Fund Financial Statement Analysis

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; Springfield Building; Loan Programs; and Minutes Recording Services).

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. 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.”

For governmental funds, as noted on the Statement of Revenues, Expenditures, and Changes in Fund Balances, operating revenues increased by \$4,390,315 from prior year; operating expenditures increased by \$5,869,731 from prior year as a result of increased staffing and materials and services necessary to meet grants and contract deliverables, resulting in a net \$1,479,416 reduction in operating performance compared to the prior year. Other financials sources (uses) decreased by \$131,496 from prior year and one-time \$1,369,161 from proceeds from sale of Springfield building. Total net change in fund balances decreased by \$20,794 compared to prior year. Fund balance as of the beginning of the year was \$852,433 less than prior year. Overall then total ending fund balances for governmental funds was an increase of \$873,227 from prior year (This total includes \$539,949 plus prior period adjustment of \$328,875 plus \$4,403 transfer from governmental funds to business- type funds in FY 16).

In terms of specific fund performances, the General Fund had positive revenue over expenditure performance. General Fund - other financing uses are transfers of a significant amount of resources out of the fund to other governmental funds to support those operations, Overall, considering the prior period

Lane Council of Governments
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2016

adjustment of \$328,875 for compensated absences liability, the fund ended up with an ending fund balance \$165,472 greater than prior year. Telecommunications and Grants and Contracts (both special revenue funds) had an overall \$703,351 increase in ending fund balance compared to the prior year.

SUPPLEMENTARY INFORMATION

For proprietary funds, the Statement of Revenues, Expenses, and Changes in Net Position note that operating performance was \$425,663 more than prior year due to operating revenues increasing by \$39,661 and operating expense decreasing by \$386,002 from prior year. Net nonoperation sources contributed \$739,354 less than the prior year (primarily from loan proceeds of Schaefer's Building included in prior year). Overall net position as of June 30, 2016 was \$1,336,636 greater than prior year, due to a reduction of \$1,000,000 as a prior period adjustment to properly reflect outstanding debt in the prior year.

For the fiduciary fund that LCOG manages for the Public Safety Answering Point (9-1-1), a total change in assets and liabilities from prior year totaled \$151,940 which is the result of participating agencies contributing more funding than requested during the current year.

OTHER INFORMATION

This section of the MD&A addresses information that is not included in the independent auditors review in that the information is not required information. LCOG is providing this additional analysis in that it supports LCOG's budgeted funds activity and provides a narrative to the change between budget and actual activity for the Schedule of Resources and Requirements. These statements are prepared using the cash basis methodology. Information noted here will not necessarily correspond to other financial statements which utilize a different basis of accounting (full accrual and/or modified accrual).

Resources for LCOG totaled \$45,068,453 which is \$5,135,239 higher than prior year. Detail to the resources is as follows:

- \$20,042,495 in federal and state revenues (federal is \$6,634,264; state is \$13,408,231) which is \$2,413,804 higher than prior year.
- \$14,891,297 in local revenues which is \$3,820,600 higher than prior year.
- \$0 in in-kind services which is \$77,620 lower than prior year.
- Transfer revenues of \$3,172,909 which is \$1,152,579 lower than prior year.

Requirements for LCOG totaled \$37,104,332 which is \$4,255,074 higher than prior year. Overall ending fund balance increased by \$880,165 from the prior year. What follows is detail to the fund analysis.

GENERAL FUND

LCOG relies solely 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 our financial stability. The General Fund change in fund balance was a decrease of \$163,402 from last year to \$465,530.

The activities that contributed to the \$163,403 decrease to fund balance are broken out into the following detail:

- Prior period adjustment for increase in compensated absences liability at June 30, 2015 in the amount of \$328,875 decreased ending fund balance June 30, 2015 from \$628,932 to \$300,058.

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2016

- Funding in support of Member Support Services (\$5,566) and Government Services grants and contracts (\$27,570) were offset by \$5,566 transfer revenues from LCOG Board, \$3,306 Scenario Planning, and \$94,693 from proceeds from the sale of Springfield building.
- Overall, a negative variance of actual compared to budget was (\$252,150) – primarily due to prior period adjustment for compensated absences \$328,875.

SPECIAL REVENUE FUND – TELECOMMUNICATION SERVICES

Special Revenue – Telecommunications is one of three services within the Special Revenue Fund. 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.

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. As a result it is separately presented from the Telecommunication special revenue activities due to the different funding source (telecommunication source is consortium fees and charges). Two material service areas combine on the statement: Government Services – Planning, Transportation, and Administration; and Senior and Disability Services and Administration.

ENTERPRISE FUND

Enterprise Fund accounts for programs or activities funded by business loans (repayment of principal and interest, and loan contracts), building management (rental income) and minutes recorder (fees for service). These various proprietary accounts are presented in the Enterprise Fund statement.

Capital Assets

Total investment in capital assets at June 30, 2016, net of accumulated depreciation and amortization, was \$17,124,717, an decrease of \$1,379,912 from the prior year. The primary reason for the decrease was the sale of Springfield building which removed the asset and related improvements from LCOG capital assets inventory (\$678,253) and current year asset additions of \$243,663. A decline in book value of approximately \$950,000 for governmental activities is the effect of accumulated depreciation on the assets. There were no new capital additions for the year ending June 30, 2016. For more detailed information, please see the accompanying notes to the financial statements in Section A of this report.

	Administration	Government Services	Senior & Disability Services	Sub total: Governmental Activities	Business Activities	Total
Land	\$ -	\$ -	\$ -	\$ -	\$ 436,200	\$ 436,200
Buildings	\$ -	\$ -	\$ -	\$ -	\$ 4,706,635	\$ 4,706,635
Equipment, Furniture, Computers	\$ 11,397	\$ 48,088	\$ 105,617	\$ 165,102	\$ -	\$ 165,102
Leasehold Improvements	\$ 8,758	\$ -	\$ -	\$ 8,758	\$ 1,707,233	\$ 1,715,991
Finance Costs	\$ -	\$ -	\$ -	\$ -	\$ 45,377	\$ 45,377
Fiber Optics	\$ -	\$ 9,935,666	\$ -	\$ 9,935,666	\$ -	\$ 9,935,666
Software	\$ 108,632	\$ -	\$ -	\$ 108,632	\$ -	\$ 108,632
Vehicles	\$ -	\$ -	\$ 11,114	\$ 11,114	\$ -	\$ 11,114
Capital Assets, Net	\$ 128,786	\$ 9,983,754	\$ 116,731	\$ 10,229,272	\$ 6,895,445	\$ 17,124,717

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2016

Debt Service

LCOG's outstanding debt continues to decline. There were no new debt incurrences during FY2015-16 (LCOG did however, refinance a loan on the Park Place Building). LCOG does not issue debt and as a result does not have a credit rating. The debt outstanding as of the year ended June 30, 2016 versus the year ended June 30, 2015, has declined as a result of LCOG paying off outstanding debt. In the last four years – FY2012-13 to FY2015-16, LCOG has reduced the number of outstanding building loans from seven to one and paid off one of six U.S.D.A. business loans. Comparatively, debt has decreased during the past three years from \$13,308,848 to \$6,545,898 – a \$6,762,950 reduction to outstanding debt service. For more detailed information, please see the accompanying financial statements and *Notes to the Financial Statements* in Section A of this report.

Budget

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. Each year, the LCOG Board of Directors adopts a budget. The Board of Directors of LCOG has elected to adopt its budget on the basis of organizational units. Administrative Services, Government Services, and Senior and Disability Services are the divisional organizational units for LCOG.

As part of the budget process, a proposed budget is prepared and presented to the LCOG Budget Committee and LCOG Executive Committee. A public hearing on the budget is held as part of Budget Committee review process. The Budget Committee reviews and approves the budget then recommends the proposed budget to the Board of Directors. At that time the recommended proposed budget is presented to the Board of Directors; a public hearing on the budget is held as part of the Board adoption process. At the June Board meeting, the budget is adopted and becomes the final budget for the organization for the upcoming fiscal year. During the year, revisions are made to the adopted budget which becomes the revised budget for the current fiscal year.

The FY16 Budget was adopted on June 25, 2015 at \$40,597,772. On April 27, 2016, the Budget Committee approved the FY16 Revised Budget at \$41,714,699, an increase of \$1,116,927. The changes in the Budget were the result of Federal and State revenues increases of \$2,438,533 as the result of increased funding and additional contracts awarded for Government Services (\$945,543) and Senior and Disability Services (\$1,492,990). A reduction of \$1,743,274 from Local Sources (\$734,334) and Transfers In (\$1,008,940) was the result of revising rental revenues (selling Springfield Building) and reducing the need from transfers from other funds (transfers have matching expenditures for a net zero to LCOG's budget bottom line. The balance of \$421,668 was an increase in beginning balance revenues due to our actual earnings being greater than what we projected the beginning balance would be in the FY16 adopted budget.

The proposed FY16 Revised Budget General Fund share of the total budgeted contingencies/reserves increase was \$152,073 (to \$717,680). The General Fund now has two dedicated contingency accounts: the designated operating contingency fund, established per the Board's direction and policy, which has been funded at \$326,714; and the capital improvement contingency fund at \$390,966. The largest source of increase to contingencies was the proceeds from Springfield Building deposited into the General Fund which increased the Contingency – Capital Improvement fund.

Economic Factors and Next Year's Budget

Below are some key forecast and projection estimates that we will use for next year's budget:

- LCOG will continue to stabilize the General Fund and be in compliance with approved reserve policies.
- To the maximum extent possible, all direct programs and contracts will be self-supporting. LCOG General Fund dollars will only be used to support programs and contracts when required as match or

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2016

to provide temporary support to a program or to support a strategic initiative that has received Executive Director prior approval to fund.

The large percentage of revenues LCOG receives is from grants or contracts with matching requirements (in FY2015-16 federal and state revenue was 44.5% of total resources). As federal or state contracts increase or as multi-year projects are completed, LCOG's budget fluctuates in both revenues and matching expenditures. 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 support must match the projected revenues. Expenditures are managed carefully and adjustments made as conditions require. The state government continues our largest funding source. Federal funds flowing through the state are secure from the state budget annual challenges, in that they are segregated from other state funding sources. In the long term we expect funding opportunities to increase as the economy, federal and state funding improves.

In terms of the overall resources budget, LCOG continues to rely upon funding from federal and state governments (44.5% of total resources). Senior and Disability Services (S&DS), LCOG's largest Division, has two primary sources of funding. First, as a Type B Transfer agency, S&DS has a contract with Oregon's Department of Human Services to provide Medicaid and Food Stamp services to seniors and people with disabilities in Lane County. Second, as an Area Agency on Aging, S&DS receives funding through the Older Americans Act (OAA). In the 2015-2017 Biennium, Medicaid funding was increased by \$5,176,746 to \$28,917,308 due to caseload increases. As a result, S&DS was able to hire five new Medicaid related positions in FY16; and in order to accommodate the extra staff, S&DS expanded occupancy of the Schaefers building to include the third floor in early 2016.

Oregon Project Independence (OPI) funding was decreased by \$105,447 to \$1,923,930. Because S&DS spent significantly more of the 13-15 OPI allocation in the second year of the biennium, a significant OPI ramp down was underway in FY16, reducing from 270 clients to a sustainable level of 150 clients. We will hold OPI steady for FY17. The OPI Pilot which expanded services to adults age 19-59 with disabilities has continued and is funded at \$952,360 for 15-17 (the 13-15 OPI Pilot Allocation was \$393,303). We will be able to keep services steady in the pilot for FY17.

Total OAA funding is \$2,894,156, which is slightly lower than 2013-2015 biennium funding of \$2,913,780. However, with the unexpected continuation of sequestration mitigation funding at \$189,103, S&DS will be able to maintain the OAA programs despite expected increases in costs (COLA, health insurance, etc.).

Several funding sources under the umbrella of the ADRC such as Options Counseling, Evidenced Based Mental Health, Evidenced Based Health Promotion, and Money Management have continued funding in the 2015-2017 biennium, for a total of \$303,000, and we will continue to provide these services at the current levels. However, the Gatekeeper Program, which was funded at \$160,020 in the 2013-2015 Biennium, was not continued so we have reorganized this program so we can continue to provide education, but have cut services in this area. Despite these increases in funding, S&DS currently continues to rely upon additional resources, such as new contracts for services, donations, and fundraising to maintain adequate staffing and service levels in the program.

LCOG's second largest area is the Central Lane Metropolitan Planning Organization (MPO). Each year, the partner agencies of the MPO work with the Oregon Department of Transportation (ODOT), the Federal Highway Administration, and the Federal Transit Administration to update and adopt a unified work program for transportation planning. The current UPWP covers FY2016-17. For both Fiscal Years, the MPO received \$450,000.

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2016

In terms of LCOG requirements, personal services costs are expected to increase overall. While some employees are eligible for 3.5% annual merit increases, for the fiscal year 2016-17 over 50% of eligible employees will be at the top step of their salary range, which means that they are not eligible for merit increases (staff at the top step will receive a merit increase of \$250 or \$350 depending on Division).

A new Member Dues Structure was implemented in FY2015-16 that included a two-tier structure with a minimum \$500 Member Dues amount under which a member would receive a basic RLID subscription; a \$1,000 Member Dues amount would provide the member with the basic RLID subscription and 12 hours of staff time. In addition, all rates were increased since they have been held steady for several years or the dues have been reduced. The rates for FY215-16 were: 0.22 for the County; 0.4 for cities; 0.1 for school districts; and 0.1 for utilities. The FY17 rates will remain constant to make sure the new dues structure is serving LCOG's members well.

We entered into new Collective bargaining agreements for the Employees Association (EA) on January 1, 2016, and SEIU on July 1, 2016. Effective July 1, 2016, EA, Administrative, and Government Services management employees received a 1.7% COLA; SEIU and S&DS management received 2.75% COLA. No additional COLA increases are due until FY18.

Health Insurance premiums increased 7.9% on January 1, 2016. For calendar year 2017, we will see an increase of only 5.7% due to better claims experience. Dental insurance premiums will increase 4% for Met Life and 0% for Willamette Dental in January 2017.

The current EA contract provides for a 5% cost-share for health insurance premiums and an LCOG funded Health Reimbursement Account (HRA) contribution of \$1,800 or \$2,400, depending on the type of health coverage of the employee. Under the current Service Employees International Union (SEIU) contract, SEIU employees pay no cost share of health insurance premiums; rather, employees who have elected plus-one coverage contribute \$15 a month which LCOG pays into the employee's HRA. LCOG also pays into HRA accounts for SEIU members a contribution of \$1,800 or \$2,400 (\$2,580), on the level of health coverage the employee chooses.

In FY17, merit increases are expected to increase total compensation for LCOG employees. Employees are eligible for 3.5% annual merit increases; however, 40% of non-management eligible Government and Administrative Services employees will be at the top step of their salary range, which means that they will not be eligible for merit increases. In S&DS, 84% are not at top-step and thus are eligible for merit increases. Over 30% of management employees will be at the top step of their salary range, which means that they are not eligible for merit increases. Staff at the top step will receive a merit increase of \$250 or \$350 depending on length of service.

Workers' Compensation Insurance premiums increased by 12% for FY17. This was due to having more employees and a slightly higher claims experience, although overall better than in recent years.

The Executive Director's compensation is set by the LCOG Board under a contract. The current contract is for the time period from July 1, 2015 through June 30, 2017, and has no increase in compensation for FY17.

Lastly, Public Employees Retirement System (PERS) rates for FY2015-16 were as follows: Tier 1 / Tier 2: 17.12%; OPSRP: 10.94%. For FY17, the rates will be: Tier 1 / Tier 2: 21.46%; OPSRP: 14.11%.

The FY16 adopted budget at \$40,597,772 was \$2,151,229 greater than the 2014-15 adopted budget. The increase in budget is primarily due to the anticipated increase in interfund transfers between funds (76% of the increase). For FY17, the adopted budget totals \$41,285,782, which is \$688,010 more than the FY16

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2016

adopted budget. The change within revenue sources – higher projection for federal revenues and lower projection for state and local revenues - is a reflection of the anticipated projects that LCOG will be working on during FY17. LCOG revenues fluctuate each year depending on the type of grants and contracts the agency will be awarded for any given year. In FY17, LCOG is projected to receive more federal funding for projects and activities and lower state and local funding than the previous year.

LCOG is expected to employ 198.42 FTE in FY2016-17. LCOG has always adjusted the size of its professional staff to match the level of revenue it expects to receive. This is an overall net increase to LCOG's staff of 6.40 FTE over the FY16 budget.

In terms of personal services costs, the overall net increase for FY17 is expected to be a .4% net increase or about \$604,600, and includes vacant positions that are filled at a lower cost than prior years, merging workloads, not replacing positions, and staff voluntarily reducing FTE to less than full time. Specifically, in terms of costs by division and service area, Administration Services will reduce positions by .93 FTE or a 4.0% decrease (\$131,608 Operating increase offset by a \$198,236 decrease in Indirect); Government Services will be approximately 5.5% less than FY16 budget or \$154,989 and .25 less FTE; Senior and Disability Services (S&DS) division will be about \$831,800 greater than FY16 budget (a 6.4% increase). The S&DS increase is the result of increased caseloads and additional staff will be hired to accommodate the demand. Such cost increases are necessary for S&DS to deliver mandated services (matched by federal and state revenues and local revenues). Business Services has reduced FTE by .07 and costs by \$5,550 or 2.4% as part of the overall effort to match positions with workload and revenues expected in FY17.

The balance of the change in the FY17 budget expenditures consists of an increase in Materials and Services and Capital Outlay offset by net decreases: Services by Other Organizations, Debt Service, Transfers Out, and Ending Reserves. The increase in Materials and Services and Capital Outlay is primarily in the Government Services division and includes a \$1,113,031 fiber contract with the City of Eugene. The decrease in Services by Other Organizations is primarily a result of LCOG's revising our budgeted expenditure classification – what had been previously coded in our legacy system as “services by other organizations” are more accurately budgeted in our new Caselle Clarity financial system as contract expenses – the result being the FY17 budget more clearly categorizes these two budget line items.

Most notable, for the third year in a row, is the reduction to Debt Service of about \$190,016 – with \$186,523 of the reduction due to LCOG Building debt declining. LCOG sold the Springfield Building in FY16 (December 2015) and used the net proceeds to pay off outstanding long-term debt (as you may recall LCOG sold Schaefer's in FY14 and also paid off outstanding long-term debt). What remains for building debt - as of January 2016 - is one long-term outstanding debt on the one remaining building that LCOG owns – Park Place. In addition, LCOG has reduced internal operating costs to decrease overhead rates for the fifth fiscal year in a row.

As we have continued to improve the organization, I believe the FY17 *Proposed Budget* sets a responsible course for the organization, representing a continued increase in revenues, a continued reduction in our administrative overhead costs, and a stable FTE pattern. I expect LCOG to continue to make progress on a number of fronts in 2016-2017 to better serve our members, partners, and communities.

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2016

Requests for Information

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

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BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE
FINANCIAL STATEMENTS

- Statement of Net Position
- Statement of Activities

LANE COUNCIL OF GOVERNMENTS
STATEMENT OF NET POSITION
June 30, 2016

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current assets:			
Cash and investments	\$ 4,583,007	\$ 2,733,086	\$ 7,316,093
Accounts receivable	3,061,324	41,940	3,103,264
Current maturities of loans receivable	-	320,655	320,655
Accrued interest receivable	-	5,873	5,873
Due to/from other funds (internal balance)	252,656	(252,656)	-
Other current assets	17,147	1,400	18,547
Prepaid expense	403,844	2,742	406,586
Total current assets	8,317,978	2,853,040	11,171,018
Noncurrent assets:			
Loans receivable, net of current maturities	-	2,295,444	2,295,444
Capital assets, net of accumulated depreciation	10,229,273	6,895,445	17,124,718
Total noncurrent assets	10,229,273	9,190,889	19,420,162
Total assets	18,547,251	12,043,929	30,591,180
DEFERRED OUTFLOWS			
Pension Related Deferrals	1,668,104	-	1,668,104
Total Assets and Deferred Outflows	20,215,355	12,043,929	32,259,284
LIABILITIES			
Current liabilities:			
Accounts payable	487,940	2,459	490,399
Intergovernmental Payable	27,275	-	27,275
Accrued payroll and related liabilities	1,215,769	9,839	1,225,608
Accrued interest payable	-	17,686	17,686
Unearned revenue	340,403	51,896	392,299
Compensated absences	704,337	-	704,337
Current maturities of loans payable	-	199,388	199,388
Total current liabilities	2,775,724	281,268	3,056,992
Noncurrent liabilities:			
Proportionate share of net pension liability	6,406,247	-	6,406,247
Long-term debt, net of current maturities	-	6,346,509	6,346,509
Security deposits	-	28,638	28,638
Total noncurrent liabilities	6,406,247	6,375,147	12,781,394
Total liabilities	9,181,971	6,656,415	15,838,386
DEFERRED INFLOWS			
Pension Related Deferrals	1,965,177	-	1,965,177
Total Liabilities and Deferred Inflows	11,147,148	6,656,415	17,803,563
NET POSITION			
Net Investment in capital assets	10,229,273	2,070,445	12,299,718
Restricted for:			
HVAC replacements	-	23,693	23,693
Telecommunications	1,436,908	-	1,436,908
Grants and Contracts	4,789,651	-	4,789,651
Restricted by USDA; EDA	-	1,455,887	1,455,887
Unrestricted	(7,387,625)	1,837,489	(5,550,136)
Total net position	\$ 9,068,207	\$ 5,387,514	\$ 14,455,721

LANE COUNCIL OF GOVERNMENTS
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2016

	Program Revenues			Net Revenue (Expense) and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:						
Board/executive	\$ 3,833,110	\$ 44,963	\$ -	\$ (3,788,147)	\$ -	\$ (3,788,147)
Government services	5,812,658	454,724	1,229,439	(4,128,495)	-	(4,128,495)
Senior and disabled services	25,148,879	1,131,365	27,152,787	3,135,273	-	3,135,273
Interest on long-term debt	25,645	-	-	(25,645)	-	(25,645)
Total governmental activities	34,820,292	1,631,052	28,382,226	(4,807,014)	-	(4,807,014)
Business-type activities:						
Park Place Building	1,028,278	997,920	-	-	(30,358)	(30,358)
Springfield Building	136,051	182,890	-	-	46,839	46,839
Loan program	266,620	383,522	110,000	-	226,902	226,902
Minutes recording	55,082	90,723	-	-	35,641	35,641
Economic Development	22,784	31,134	-	-	8,350	8,350
Business Services	94,828	-	-	-	(94,828)	(94,828)
Total business-type activities	1,603,643	1,686,189	110,000	-	192,546	192,546
Total activities	\$ 36,423,935	\$ 3,317,241	\$ 28,492,226	(4,807,014)	192,546	(4,614,468)
General revenues (expenses), special items, and transfers:						
Unrestricted investment earnings				4,504	5,080	9,584
Member dues				206,671	-	206,671
Other				195,611	-	195,611
Transfers				94,728	(94,728)	-
Special Item - Transfer related to building sale				-	269,563	269,563
Special Item - Gain on Sale of Springfield Building				1,638,361	-	1,638,361
Total general revenues, special items, and transfers				2,139,875	179,915	2,319,790
Change in net position				(2,667,139)	372,461	(2,294,678)
Net position, beginning of year				1,493,644	4,055,281	5,548,925
Prior Period Adjustment				10,241,702	959,772	11,201,474
Net position, end of year				\$ 9,068,207	\$ 5,387,514	\$ 14,455,721

FUND FINANCIAL STATEMENTS

Governmental Funds

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

Proprietary Funds

- Statement of Net Position (Deficit) – Proprietary Funds
- Statement of Revenues, Expenses, and changes in Net Position (Deficit) Proprietary Funds
- Statement of Cash Flows – Proprietary Funds

Fiduciary Funds

- Statement of Fiduciary Net Position – Fiduciary Funds

**LANE COUNCIL OF GOVERNMENTS
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2016**

	General Fund	Tele- Communications	Grants and Contracts	Total Governmental Funds
ASSETS				
Cash and investments	\$ 1,497,274	\$ 1,510,165	\$ 1,575,568	\$ 4,583,007
Prepaid expenditures	17,655	16,321	369,868	403,844
Accounts receivable	127,125	227,255	2,706,944	3,061,324
Other current assets	100	-	-	100
Advance to other funds	252,656	-	-	252,656
Due from other funds	108,498	-	137,271	245,769
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 2,003,308</u>	<u>\$ 1,753,741</u>	<u>\$ 4,789,651</u>	<u>\$ 8,546,700</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Due to other funds	\$ 6,354	\$ -	222,367	228,721
Accounts payable	50,738	14,149	423,053	487,940
Intergovernmental payable	-	-	27,275	27,275
Accrued payroll and related liabilities	572,579	17,840	625,350	1,215,769
Compensated Absences	704,337	-	-	704,337
Unearned Revenue	203,770	-	136,633	340,403
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>1,537,778</u>	<u>31,989</u>	<u>1,434,678</u>	<u>3,004,445</u>
Fund balances:				
Nonspendable	17,655	16,321	369,868	403,844
Restricted to:				-
Telecommunications	-	1,436,908	-	1,436,908
Grants and Contracts	-	-	2,985,105	2,985,105
Committed	-	-	-	-
Assigned to Telecommunications	-	268,523	-	268,523
Unassigned	447,875	-	-	447,875
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total fund balances	<u>465,530</u>	<u>1,721,752</u>	<u>3,354,973</u>	<u>5,542,255</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities and fund balances	<u>\$ 2,003,308</u>	<u>\$ 1,753,741</u>	<u>\$ 4,789,651</u>	<u>\$ 8,546,700</u>

LANE COUNCIL OF GOVERNMENTS
RECONCILIATION OF THE BALANCE SHEET --
GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
June 30, 2016

Total fund balances - governmental funds		\$ 5,542,255
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Capital assets used in governmental funds are not financial resources and therefore are not reported in the governmental funds.

Cost	11,674,901	
Accumulated Depreciation	<u>(1,445,629)</u>	10,229,272

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 ot past and current employees and beneficiaries

Proportionate share of Net Pension Asset (Liability)	(6,406,247)	
Deferred pension related inflows	(1,965,177)	
Deferred pension related outflows	<u>1,668,104</u>	(6,703,320)

Net position of governmental activities		<u>\$ 9,068,207</u>
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LANE COUNCIL OF GOVERNMENTS
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES -- GOVERNMENTAL FUNDS
For the Year Ended June 30, 2016

	General Fund	Tele- Communications	Grants and Contracts	Total Governmental Funds
Revenues:				
Member agency dues	\$ 206,671	\$ -	\$ -	\$ 206,671
Federal and state grants and contracts	-	-	19,932,496	19,932,496
Other local sources	200,115	1,649,828	8,351,657	10,201,600
Rental and In-Kind Income	44,963	34,335	-	79,298
Total revenues	451,749	1,684,163	28,284,153	30,420,065
Expenditures:				
Current:				
Board/executive services	505,385	-	2,737,017	3,242,402
Government services	-	-	3,376,298	3,376,298
Senior and disabled services	-	-	21,273,267	21,273,267
Telecommunications	-	1,821,258	-	1,821,258
Debt service:				
Principal	1,129,073	-	-	1,129,073
Interest	25,645	-	-	25,645
Capital outlay	65,764	24,023	52,997	142,784
Total expenditures	1,725,867	1,845,281	27,439,579	31,010,727
Revenues over (under) expenditures	(1,274,118)	(161,118)	844,574	(590,662)
Other financing sources (uses):				
Proceeds from sale of building	1,369,161	-	-	1,369,161
Transfers In	103,564	86,138	2,888,379	3,078,081
Transfers Out	(33,135)	(86,338)	(2,863,881)	(2,983,354)
Total other financing sources (uses)	1,439,590	(200)	24,498	1,463,888
Net change in fund balances	165,472	(161,318)	869,072	873,226
Fund balances, beginning of year	628,933	1,883,070	2,485,901	4,997,904
Prior period adjustment	(328,875)	-	-	(328,875)
Fund balances, end of year	\$ 465,530	\$ 1,721,752	\$ 3,354,973	\$ 5,542,255

**LANE COUNCIL OF GOVERNMENTS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES --
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2016**

Net change in fund balances - governmental funds, including prior period adjustments	\$ 544,351
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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	142,784	
Curret year depreciation	(621,169)	
Prior period adjustments	<u>10,570,577</u>	10,092,192

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	(4,191,053)
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Loans receivable, net of current maturities	
Principal payments on loans	<u>1,129,073</u>

Change in net position of government activities (including prior period adjustments)	<u><u>\$ 7,574,563</u></u>
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LANE COUNCIL OF GOVERNMENTS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2016

	Park Place Building	Springfield Building	Loan Programs	Minutes Recording	Economic Development	Business Services	Total
ASSETS							
Current assets:							
Cash and investments	\$ 592,865	\$ -	\$ 2,108,516	\$ 28,688	\$ (1,104)	\$ 4,121	\$ 2,733,086
Accounts receivable	3,114	-	7,200	24,456	7,170	-	41,940
Current maturities of loans receivable	-	-	320,655	-	-	-	320,655
Accrued interest receivable	-	-	5,873	-	-	-	5,873
Other current assets	1,400	-	-	-	-	-	1,400
Prepaid expense	90	-	1,822	88	180	562	2,742
Total current assets	597,469	-	2,444,066	53,232	6,246	4,683	3,105,696
Noncurrent assets:							
Loans receivable, net of current maturities	-	-	2,295,444	-	-	-	2,295,444
Capital assets, net of accumulated depreciation	6,895,445	-	-	-	-	-	6,895,445
Total noncurrent assets	6,895,445	-	2,295,444	-	-	-	9,190,889
Total assets	7,492,914	-	4,739,510	53,232	6,246	4,683	12,296,585
LIABILITIES							
Current liabilities:							
Due to other funds	\$ 252,656	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 252,656
Accounts payable	-	-	27	1,955	477	-	2,459
Accrued payroll and related liabilities	189	-	4,073	53	841	4,683	9,839
Accrued interest payable	8,969	-	8,717	-	-	-	17,686
Unearned revenue	51,896	-	-	-	-	-	51,896
Current maturities of loans payable	94,615	-	104,773	-	-	-	199,388
Total current liabilities	408,325	-	117,590	2,008	1,318	4,683	533,924
Noncurrent liabilities:							
Long-term debt, net of current maturities	4,730,385	-	1,616,124	-	-	-	6,346,509
Security deposits	28,638	-	-	-	-	-	28,638
Total noncurrent liabilities	4,759,023	-	1,616,124	-	-	-	6,375,147
Total liabilities	5,167,348	-	1,733,714	2,008	1,318	4,683	6,909,071
NET POSITION (DEFICIT)							
Net investment in capital assets	2,070,445	-	-	-	-	-	2,070,445
Restricted for HVAC replacement	23,693	-	-	-	-	-	23,693
Restricted by USDA	-	-	1,276,970	-	-	-	1,276,970
Restricted by EDA	-	-	178,917	-	-	-	178,917
Unrestricted	231,428	-	1,549,909	51,224	4,928	-	1,837,489
Total net position (deficit)	\$ 2,325,566	\$ -	\$ 3,005,796	\$ 51,224	\$ 4,928	\$ -	\$ 5,387,514

**LANE COUNCIL OF GOVERNMENTS
STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION - PROPRIETARY FUNDS
For the Year Ended June 30, 2016**

	Park Place Building	Springfield Building	Loan Programs	Minutes Recording	Economic Development	Business Services	Total
Operating revenues:							
Charges for services and Rent	\$ 997,920	\$ 182,890	\$ 383,522	\$ 90,723	\$ 31,134	\$ -	\$ 1,686,189
Total operating revenues	<u>997,920</u>	<u>182,890</u>	<u>383,522</u>	<u>90,723</u>	<u>31,134</u>	<u>-</u>	<u>1,686,189</u>
Operating expenses:							
Personal services	8,997	1,607	136,957	5,598	15,529	72,210	240,898
Materials and services	437,181	83,488	102,635	49,484	7,255	22,618	702,661
Provisions for loan losses	-	-	-	-	-	-	-
Loans receivable, net of current matur and allowance	-	-	-	-	-	-	-
	305,614	18,539	-	-	-	-	324,153
Total operating expenses	<u>751,792</u>	<u>103,634</u>	<u>239,592</u>	<u>55,082</u>	<u>22,784</u>	<u>94,828</u>	<u>1,267,712</u>
Operating income	<u>246,128</u>	<u>79,256</u>	<u>143,930</u>	<u>35,641</u>	<u>8,350</u>	<u>(94,828)</u>	<u>418,477</u>
Nonoperating revenues (expenses):							
Loans from USDA	-	-	110,000	-	-	-	110,000
Interest income	761	111	4,208	-	-	-	5,080
Interest expense	(276,486)	(32,417)	(27,028)	-	-	-	(335,931)
Total nonoperating revenues (expenses)	<u>(275,725)</u>	<u>(32,306)</u>	<u>87,180</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(220,851)</u>
Income (loss) before transfers and capital contributions	(29,597)	46,950	231,110	35,641	8,350	(94,828)	197,626
Transfers in	-	-	-	-	-	94,828	94,828
Transfers out	(1,937)	(95,345)	(84,449)	-	(7,825)	-	(189,556)
<i>Special Item</i> - Transfer related to building sale	-	269,563	-	-	-	-	269,563
Change in net position	(31,534)	221,168	146,661	35,641	525	-	372,461
Net position, beginning of year	1,409,857	(222,697)	2,848,135	15,583	4,403	-	4,055,281
Prior Period Adjustment	947,243	1,529	11,000	-	-	-	959,772
Net position, end of year	<u>\$ 2,325,566</u>	<u>\$ -</u>	<u>\$ 3,005,796</u>	<u>\$ 51,224</u>	<u>\$ 4,928</u>	<u>\$ -</u>	<u>\$ 5,387,514</u>

**LANE COUNCIL OF GOVERNMENTS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended June 30, 2016**

	Park Place Building	Springfield Building	Loan Programs	Minutes Recording	Economic Development	Business Services	Total
Cash flows from operating activities:							
Cash received from customers	\$ 1,049,792	\$ 214,164	\$ 484,013	\$ 66,267	\$ 32,500	\$ -	\$ 1,846,736
Cash paid to suppliers	(437,271)	(86,799)	(104,854)	(49,450)	(6,958)	(23,180)	(708,512)
Cash paid to employees	(9,241)	(1,722)	(143,374)	(6,021)	(16,730)	(67,527)	(244,615)
Net cash provided by operating activities	603,280	125,643	235,785	10,796	8,812	(90,707)	893,609
Cash flows from noncapital financing activities:							
Loans received from USDA	-	-	110,000	-	-	-	110,000
Loans receivable, net of current maturities and allowance	-	-	-	-	-	-	-
Capital contributions	-	-	-	-	-	-	-
Transfers	(1,937)	(95,345)	(84,449)	-	(7,825)	94,828	(94,728)
Net cash provided by non-capital financing activities	(1,937)	(95,345)	25,551	-	(7,825)	94,828	15,272
Cash flows from capital and related financing activities:							
Capital Assets construction/acquisition	(100,879)	-	-	-	-	-	(100,879)
Changes in Long-Term Debt	(26,790)	-	(103,861)	-	-	-	(130,651)
Principal paid on bank loans	-	(13,237)	-	-	-	-	(13,237)
Interest paid on bank loans	(276,486)	(32,417)	(27,028)	-	-	-	(335,931)
Change in accrued interest	8,969	-	8,717	-	-	-	17,686
Net cash used by capital and related financing activities	(395,186)	(45,654)	(122,172)	-	-	-	(563,012)
Cash flows from investing activities:							
Interest on investments	761	111	4,208	-	-	-	5,080
Net cash provided (used) by investing activities	761	111	4,208	-	-	-	5,080
Net increase (decrease) in cash and cash equivalents	206,918	(15,245)	143,372	10,796	987	4,121	350,949
Cash and cash equivalents, beginning of year	385,947	15,245	1,965,144	17,892	(2,091)	-	2,382,137
Cash and cash equivalents, end of year	\$ 592,865	\$ -	\$ 2,108,516	\$ 28,688	\$ (1,104)	\$ 4,121	\$ 2,733,086
Reconciliation of operating income to net cash provided (used) by operating activities:							
Operating income	\$ 246,128	\$ 79,256	\$ 143,930	\$ 35,641	\$ 8,350	\$ (94,828)	418,477
Adjustments to reconcile operating income to net cash provided (used) by operating activities:							
Depreciation	305,614	18,539	-	-	-	-	324,153
(Increase) decrease in:							
Accounts receivable	(3,114)	31,274	(7,200)	(24,456)	1,366	-	(2,130)
Other current assets	(1,400)	-	-	-	-	-	-
Loans receivable	-	-	112,234	-	-	-	112,234
Prepaid expense	(90)	-	(1,822)	(88)	(180)	(562)	(2,742)
Interest Receivable	-	-	(4,543)	-	-	-	(4,543)
Increase (decrease) in:							
Unearned revenue	27,748	-	-	-	-	-	27,748
Security Deposits	28,638	-	-	-	-	-	28,638
Accounts payable	-	(3,311)	(397)	122	477	-	(3,109)
Accrued payroll and related liabilities	(244)	(115)	(6,417)	(423)	(1,201)	4,683	(3,717)
Net cash provided (used) by operating activities	\$ 603,280	\$ 125,643	\$ 235,785	\$ 10,796	\$ 8,812	\$ (90,707)	\$ 893,609

**LANE COUNCIL OF GOVERNMENTS
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
June 30, 2016**

	<u>Agency Funds</u>
ASSETS	
Cash and investments	<u>\$ 895,735</u>
Total assets	<u><u>\$ 895,735</u></u>
 LIABILITIES	
Due to other funds	\$ 17,048
Due to other agencies	<u>878,687</u>
Total liabilities	<u><u>\$ 895,735</u></u>

Agency is the 9-1-1 Public Safety Answering Point (PSAP).

NOTES TO THE
FINANCIAL STATEMENTS

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

LANE COUNCIL OF GOVERNMENTS
Notes to the Financial Statements
For the Fiscal Year ended June 30, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

LCOG was first organized in 1945 under the name Central Lane County Planning Commission with only six members. It was reorganized in 1971 under an intergovernmental agreement pursuant to Oregon Revised Statutes (ORS) Chapter 190 and the name was changed to Lane Council of Governments (LCOG). It 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 agreement.

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.

LCOG is not a component unit of any other organization and no other organization is a component unit of LCOG.

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 Lane Council of Governments (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 fees and 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

LANE COUNCIL OF GOVERNMENTS
Notes to the Financial Statements
For the Fiscal Year ended June 30, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

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.

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, 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, rental income revenue; 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.

LCOG has the following major proprietary (enterprise) funds:

One business service administration fund:

- Business Services Administration – This fund accounts for the administration and program oversight of the enterprise funds.

Two building funds:

LANE COUNCIL OF GOVERNMENTS
Notes to the Financial Statements
For the Fiscal Year ended June 30, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

- Park Place Building - Financial activity of the LCOG-owned building is recorded in this fund. 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 most of the 4th 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.
- Springfield Building - Financial activity of the LCOG-owned building is recorded in this fund. The building was sold in December 2015.
Seven loan program funds:
 - Loan Programs - Loan funds finance business facilities and community development projects in rural 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. 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 this contract are reported in two loan program funds: Loan-Other Packaging fund and Loan -SBA504 fund.
One community service 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.

Additionally, LCOG reports the following fund type:

- Fiduciary funds – Agency funds account for assets held by LCOG in a trustee capacity or as an agent on behalf of other governments. The Emergency Telephone System (911) accounts for the receipts, disbursements, and cash balances of Lane County's four public safety answering points (PSAP).

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.

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.

LANE COUNCIL OF GOVERNMENTS
Notes to the Financial Statements
For the Fiscal Year ended June 30, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

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.

Investments in the Local Government Investment Pool (LGIP) are included in the Oregon Short-Term Fund, which is an external investment pool that is not a 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, 2016. 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 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 Oregon Short Term Fund's audited financial report. As of June 30, 2016, the fair value of the position in the LGIP is 100.6% of the value of the pool shares as reported in the Oregon Short Term Fund audited financial statements. Amounts in the State Treasurer's Local Government Investment Pool 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).

LANE COUNCIL OF GOVERNMENTS
Notes to the Financial Statements
For the Fiscal Year ended June 30, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

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.

Interfund Transactions

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “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.” For additional detail see Footnote 17.

Accounts Receivable

Cash received from grantor agencies in excess of related grant expenditures is recorded as unearned revenue in the government-wide financial statements and deferred revenue in the fund financial statements. LCOG management believes that any uncollectible amounts included in accounts and grants receivable is immaterial, therefore no provision for uncollectible accounts has been made.

Loans Receivable 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.

Prepaid Items

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 June 30, are recorded as an asset in the government-wide and fund financial statements.

LANE COUNCIL OF GOVERNMENTS
Notes to the Financial Statements
For the Fiscal Year ended June 30, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Use of Estimates

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

Restricted Assets

Restricted cash and investments as of June 30, 2016 totaled \$3,812,223 or 47% of the \$8,211,828 total cash and investments. LCOG classifies the following cash and investments as restricted (restricted value as of June 30, 2016 is indicated):

- In the Communications/Technology Fund, various local government agencies limit the use of the funds, primarily for the replacement of telephone systems and public agency network projects (\$1,436,908).
- In Building Fund, an amount was restricted by the Board for HVAC replacement at the Park Place building (restricted value \$23,693)
- In the Loan Programs Fund, amounts are restricted by the USDA and EDA for loans (restricted value was \$1,455,887)
- Fiduciary Fund is an agency fund and therefore the cash and investments is restricted (\$895,735).

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
Other equipment	5-10 years

Liability for 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 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 current liability and all compensated absences are paid by the individual funds as they become due.

Retirement Plan

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

LANE COUNCIL OF GOVERNMENTS
Notes to the Financial Statements
For the Fiscal Year ended June 30, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

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.

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.

LCOG sold the Springfield Building in December 2015, which had an outstanding obligation of \$2,060,973 on the date of sale. A lump sum payment was provided from sale proceeds of \$2,400,000. Therefore at June 30, 2016, long-term debt was reduced by the outstanding principal paid on the Springfield Building.

Net Position

Net position represents the difference between assets and liabilities. Net position 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. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by LCOG or through external restrictions imposed by creditors, grantors, laws, or regulations of other governments.

Fund Equity

In March 2009, the GASB issued Statement No. 54, *Fund Balance Reporting and Governmental Fund-type Definitions*. The objective of this statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund-type definitions. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed on the use of the resources reported in governmental funds. Under this standard, the fund balance classifications of reserved, designated, and unreserved/undesignated were replaced with five new classifications – non-spendable, restricted, committed, assigned, and unassigned.

- **Non-spendable fund balance**

This category represents amounts that are not in a spendable form (such as prepaid items or loans receivable) and/or legally or contractually required to be maintained intact.

- **Restricted fund balance**

This category represents external restrictions imposed by creditors, grantors, contributors (such as debt covenants, grant requirements, donor requirements, or laws or regulations of other governments and restrictions imposed by law (either through constitutional provisions or enabling legislation).

- **Committed fund balance**

This category represents amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority and remains binding unless removed in the same manner. LCOG's Board of Directors is the highest level of decision-making authority. Any formal actions to establish (and modify or rescind) a fund balance commitment would have to be approved by the Board of Directors through a resolution.

LANE COUNCIL OF GOVERNMENTS
Notes to the Financial Statements
For the Fiscal Year ended June 30, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

In FY14, LCOG Board developed a policy regarding General Fund reserves. As part of those reserve policies, a committed fund balance identified as “Contingency – Operating” resides in the General Fund and can only be revised, modified or utilized with prior Board approval via resolution. During FY16, the Board updated this policy and added another committed fund balance identified as “Contingency – Capital Outlay.”

- Assigned fund balance

This category represents amounts that are constrained by the expressed intent to use resources for specific purposes that do not meet the criteria to be classified as restricted or committed. Such intent can be stipulated by the governing body or by an official to whom that authority has been given by the governing body. The Executive Director has been designated for this purpose by the LCOG Board of Directors.

- Unassigned fund balance

This category includes amounts that do not fall into one of the above four categories. The General Fund is the only fund that should report this category of fund balance. Also, governmental funds would report any negative residual fund balance as unassigned.

NOTE 2 – BUDGET AND APPROPRIATIONS

Budgets are adopted for all funds (except agency funds) on the modified accrual basis of accounting. Major differences between the budgetary basis and the accrual basis are:

- Interest is not recorded as 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 expenditure and loan proceeds are budgeted as revenue.
- In the Loan Programs, disbursements to borrowers are budgeted as expenditures and principal received on loans is budgeted as revenue.

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

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

Encumbrances

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

LANE COUNCIL OF GOVERNMENTS
Notes to the Financial Statements
For the Fiscal Year ended June 30, 2016

NOTE 3 – CASH AND INVESTMENTS

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 Oregon Short-term Fund 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.

LCOG's only investments at June 30, 2016, 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.

Cash and investments at June 30, 2016, consisted of the following (includes Fiduciary funds):

Cash with Fiscal Agent	\$ 38,938
Certificates of Deposit	\$ 470,356
Local Government Investment Pool	\$ 974,486
Demand Deposits	\$ 3,128,608
Money Market Accounts	\$ 3,599,440
Total Cash and Investments	\$ 8,211,828

Cash and investments are presented in the financial statements as follows:

Governmental activities	\$ 4,583,007
Business-type activities	\$ 2,733,086
Governmental and Proprietary	\$ 7,316,093
Fiduciary	\$ 895,735
Total Cash and Investments	\$ 8,211,828

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, and U.S. government agency obligations. 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 Local Government Investment Pool is not rated for credit risk.

LANE COUNCIL OF GOVERNMENTS
Notes to the Financial Statements
For the Fiscal Year ended June 30, 2016

NOTE 3 – CASH AND INVESTMENTS, Continued

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. During the year ended June 30, 2016, LCOG's uninsured deposits were all at financial institutions that were participating in the pool, therefore LCOG was in compliance with the collateral requirements of Oregon law.

At June 30, total in banks was \$7,586,140. Of this, \$1,768,628 was insured and \$5,227,622 was 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, 2016, \$72,947 of bank balances was not insured or collateralized.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss due to a large portion of investments with a single issuer. At June 30, 2016, LCOG's only investments were in the Local Government Investment Pool.

NOTE 4 – RECEIVABLES

Receivables as of June 30, 2016, for LCOG are as follows:

Fund Type/Name	Grants and Contracts	Telecommunications	Other Activity	Total
Governmental Funds:				
General Fund	\$ -	\$ -	\$ 127,125	\$ 127,125
Grants and Contracts	\$ 2,786,944	\$ -	\$ -	\$ 2,786,944
Other non-major funds	\$ -	\$ 227,255	\$ -	\$ 227,255
Total governmental funds/				
Governmental Activities:	\$ 2,786,944	\$ 227,255	\$ 127,125	\$ 3,141,324
Proprietary Funds:				
Economic Development	\$ -	\$ -	\$ 7,170	\$ 7,170
Park Place Building	\$ -	\$ -	\$ 3,114	\$ 3,114
Minutes Recorder	\$ -	\$ -	\$ 24,456	\$ 24,456
Loan Programs	\$ -	\$ -	\$ 7,200	\$ 7,200
Total Proprietary funds/				
Business activities:	\$ -	\$ -	\$ 41,940	\$ 41,940
Total Receivables	\$ 2,786,944	\$ 227,255	\$ 169,065	\$ 3,183,264

LANE COUNCIL OF GOVERNMENTS
Notes to the Financial Statements
For the Fiscal Year ended June 30, 2016

NOTE 5 – CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2016, was as follows:

	July 1, 2015	Additions	Deletions	June 30, 2016
<u>Governmental Activities:</u>				
Fixed Assets				
Leasehold Improvements	\$ 125,305	\$ -	\$ -	\$ 125,305
Vehicles	103,178	-	-	103,178
Fiber Optics	10,458,596 *	-	-	10,458,596
Software	99,798 *	52,267	-	152,065
Furniture & Equipment	745,241 *	90,517	-	835,758
Total Capital Assets	\$ 11,532,117	\$ 142,784	\$ -	\$ 11,674,901
Less Accumulated Depreciation for:				
Leasehold Improvements	\$ 107,789	\$ 8,758	\$ -	\$ 116,547
Vehicles	84,654	7,410	-	92,064
Fiber Optics	-	522,930	-	522,930
Software	-	43,433	-	43,433
Furniture & Equipment	632,016	38,639	-	670,655
Total Accumulated Depreciation/Amortization	\$ 824,459	\$ 621,170	\$ -	\$ 1,445,629
Net Capital Assets - Governmental	\$ 10,707,658	\$ (478,386)	\$ -	\$ 10,229,272
<u>Business Type Activities</u>				
Fixed Assets				
Land & Land Improvements	\$ 542,830	\$ -	\$ 106,630 **	\$ 436,200
Buildings	6,617,087	-	698,189 **	5,918,899
Financing	-	45,377	-	45,377
Improvements	4,223,225	55,502	995,517 **	3,283,210
Total Capital Assets	\$ 11,383,142	\$ 100,879	\$ 1,800,335	\$ 9,683,685
Less Accumulated Depreciation/Amortization for:				
Buildings	\$ 1,354,792	157,837	\$ 300,365 **	\$ 1,212,264
Improvements	2,231,378	166,316	821,717 **	1,575,977
Total Accumulated Depreciation/Amortization	\$ 3,586,170	\$ 324,154	\$ 1,122,083	\$ 2,788,241
Net Capital Assets - Business-type	\$ 7,796,972	\$ (223,275)	\$ 2,922,418	\$ 6,895,445
Net Capital Assets, All	\$ 18,504,630	\$ (701,661)	\$ 2,922,418	\$ 17,124,717

* Prior period adjustments for capital assets included in these amounts as follows: Fiber Optics \$10,458,596; Furniture & Equipment \$12,183 Tightrope Server; and Software License \$99,798.

** Springfield Building sold 12/11/15 and was removed from the Asset Schedule in FY16; net reduction of \$678,252 in FY 16.

The assets in the business-type activities include retail space. These assets and their lease terms are further described in Lease Note.

Numbers are rounded.

LANE COUNCIL OF GOVERNMENTS
Notes to the Financial Statements
For the Fiscal Year ended June 30, 2016

NOTE 5 – CAPITAL ASSETS, Continued

Depreciation expense was charged to the following activities as of June 30, 2016:

Activity	Amount
Governmental:	
Board/Executive	\$ 55,463
Government Services	536,148
Senior and Disabled Services	29,558
Total governmental activities	\$ 621,169
Business:	
Springfield Building	18,540
Park Place Building	305,614
Loan Programs	-
Total business activities	\$ 324,154
Total depreciation expense	\$ 945,324

NOTE 6 – LOAN PROGRAMS

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.

LOANS RECEIVABLE

At June 30, 2016 LCOG's loans receivable for the Loans Program consisted of 41 loans, none exceeding \$189,000, interest ranging from 5.00% to 8.25%, principal and interest due monthly for periods up to 20 years, secured by real property, machinery, and equipment. Included in the below loans receivable are USDA loans which are pledged as collateral. The collateralized loans have a carrying value of \$1,359,478.

Total all loans outstanding (all programs)	\$ 2,819,524
Allowance for loan losses (all programs)	\$ (203,425)
Loans receivable, net of allowance for loan losses (all programs)	\$ 2,616,099
<i>By time period:</i>	
Current loans receivable: amounts due within one year (all programs)	\$ 320,655
Non-current loans receivable (all programs)	\$ 2,295,444
Loans receivable, net of allowance for loan losses (all programs)	\$ 2,616,099

LANE COUNCIL OF GOVERNMENTS
Notes to the Financial Statements
For the Fiscal Year ended June 30, 2016

NOTE 6 – LOAN PROGRAMS, Continued

The following is a summary of the activity in the allowance for loan losses account:

Balance at July 1, 2015	\$ 203,425
Reductions/net change in estimate	\$ -
Write-offs of uncollectible loans	\$ -
Recovery of amounts previously charged off	\$ -
Balance at June 30, 2016 - loan loss allowance	\$ 203,425

NOTE 7 – LONG TERM DEBT

Long-term Debt consists of debt categorized by activity: governmental-type activity is debt that is the financial obligation of the General Fund; business-type activity is debt that is the financial obligation of the Enterprise Funds.

Summary of Outstanding Principal by Type of Loan

Amount	Activity and Type of Loan
\$ -	Government long term debt outstanding at 6/30/16
\$ 4,825,000	Business activities: Building Loans
\$ 1,720,898	Business activities: Business Loans
\$ 6,545,898	Business long term debt outstanding at 6/30/16
<u>\$ 6,545,898</u>	Total Long Term Debt Outstanding – All Activities at 6/30/16

There is no loan debt for government activities at June 30, 2016. Business activities building loan debt is transacted in the Enterprise Funds for building loan debt on the Park Place Building. As part of the refinance of the Park Place building in FY 16, LCOG took out a Business Line of Credit in the amount of \$100,000 with Banner Bank with a maturity date of 6/1/17 and an initial interest rate of 4.5%. No amounts were disbursed from this Line of Credit during the fiscal year ended June 30, 2016.

Business Loans debt is debt on 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.

LANE COUNCIL OF GOVERNMENTS
Notes to the Financial Statements
For the Fiscal Year ended June 30, 2016

NOTE 7 – LONG TERM DEBT, Continued

What follows is the detail of long term debt outstanding at June 30, 2016, by activity and by specific loan.

Long term debt outstanding at June 30, 2016

Long-term Debt - Business activities – Building loans

Principal

\$4,825,000 Banner Bank loan; dated June 16, 2016; annual principal and interest payments of \$26,382 with final balloon payment of \$3,466,353 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.

\$ 4,825,000

Long-term 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 \$41,840 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.

\$ 477,425

\$478,000 USDA loan; dated October 11, 2000; annual principal and interest payments of \$20,300 through October 2029 and \$19,840 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.

\$ 281,079

\$400,000 USDA loan; dated July 30, 2001; annual principal and interest payments of \$16,980 through 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.

\$ 249,702

\$500,000 USDA loan; dated August 22, 2002; annual principal and interest payments of \$21,221 through 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.

\$ 330,087

LANE COUNCIL OF GOVERNMENTS
Notes to the Financial Statements
For the Fiscal Year ended June 30, 2016

NOTE 7 – LONG TERM DEBT, Continued

Long-term Debt - Business activities – Building loans

\$500,000 USDA loan; dated June 29, 2006; annual principal and interest payments of \$21,223 through 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.

\$ 382,605

Total long-term debt for business activities (building and business loans)

\$ 6,545,898

Less: Amounts due within one year

\$ 199,388

Long-term debt, net of current maturities – business activities (principal only)

\$ 6,346,510

**SUMMARY LONG-TERM DEBT OUTSTANDING AT 6/30/16
BY ACTIVITY – ALL MATURITY DATES**

TOTAL LONG-TERM DEBT – GOVERNMENTAL-TYPE ACTIVITIES

\$ -

TOTAL LONG-TERM DEBT – BUSINESS-TYPE ACTIVITIES

\$ 6,545,898

TOTAL ALL LONG-TERM DEBT - ALL ACTIVITIES

\$ 6,545,898

CURRENT PORTION OF LONG-TERM DEBT

AMOUNT DUE WITHIN ONE YEAR – ALL ACTIVITIES

\$ 199,388

LONG-TERM DEBT, NET OF CURRENT MATURITIES - ALL ACTIVITIES

\$ 6,346,510

LONG-TERM DEBT, NET OF CURRENT MATURITIES - ALL ACTIVITIES BY ACTIVITY

GOVERNMENTAL-TYPE ACTIVITIES

\$ -

BUSINESS-TYPE ACTIVITIES

\$ 6,346,510

LONG-TERM DEBT, NET OF CURRENT MATURITIES - ALL ACTIVITIES

\$ 6,346,510

LANE COUNCIL OF GOVERNMENTS
Notes to the Financial Statements
For the Fiscal Year ended June 30, 2016

NOTE 7 - LONG TERM DEBT, Continued

Annual Projected Debt Service Requirements to Maturity – Governmental Activities*

Projected Amounts for the fiscal year ending:	Principal	Interest
2017	\$0	\$0
2018	<u>0</u>	<u>0</u>
Total projected debt service – governmental activities	<u>\$0</u>	<u>\$0</u>

Annual Projected Debt Service Requirements to Maturity – Business Activities

Projected Amounts for the fiscal year ending:	Principal	Interest
2017	\$199,388	\$212,807
2018	223,820	214,935
2019	229,986	208,768
2020	236,384	202,372
2021 – 2025	1,286,707	907,073
2026 – 2030	* 4,131,603	189,204
2031 – 2035	217,418	6,074
2036	<u>20,592</u>	<u>210</u>
Total projected debt service – business activities	<u>\$6,545,898</u>	<u>\$1,941,443</u>

*2027 is balloon payment is balance of debt on Park Place Building:

Annual Projected Debt Service Requirements to Maturity – All Activities

	Principal	Interest
Government activities	\$ -	\$ -
Business activities	<u>\$6,545,898</u>	<u>\$1,941,443</u>
<u>Annual Projected Debt Service Requirements to Maturity</u>	<u>\$6,545,898</u>	<u>\$1,941,443</u>

Long-term debt - Actual Principal and Interest paid during the fiscal year ending June 30, 2016

Below is detail transaction information regarding long-term debt payments, any new borrowings, the ending balances after those transactions and the amounts due within one year for both Governmental Activities and Business Activities.

Long-term Debt Transactions – Governmental Activities

Principal Paid	Beginning Balance	Additions/ Additional Borrowings	Reductions/Repaid	Ending Balance	Due Within One Year
Umpqua Bank loan (General Fund – Springfield Building)	<u>\$ 1,129,073</u>	<u>\$ -</u>	<u>\$ 1,129,073</u>	<u>\$ 0</u>	<u>\$ -</u>
TOTAL GOVERNMENTAL PRINCIPAL PAID	\$ 1,129,073	\$ -	\$ 1,129,073	\$ 0	\$ -

Interest Paid	Outstanding Beginning	Matured	Paid	Outstanding Ending
Umpqua Bank loan (General Fund - Springfield Building)	<u>\$ -</u>	<u>\$ 25,645</u>	<u>\$ 25,645</u>	<u>\$ -</u>
TOTAL GOVERNMENTAL INTEREST PAID	\$ -	\$ 25,645	\$ 25,645	\$ -

LANE COUNCIL OF GOVERNMENTS
Notes to the Financial Statements
For the Fiscal Year ended June 30, 2016

NOTE 7 - LONG TERM DEBT, Continued

Long-term Debt Transactions – Business Activities:

	Beginning			Ending	Due
Principal Paid	Balance	Additions	Reductions	Balance	Within One Year
Building Loans:					
Park Place Umpqua Bank	\$4,810,515	\$0	\$4,810,515	\$0	\$0
Park Place Banner Bank	0	4,825,000	0	\$4,825,000	94,615
Springfield Umpqua Bank	961,029	\$0	961,029	\$0	\$0
Subtotal – Buildings	\$ 5,771,544	\$4,825,000	\$ 5,771,544	\$ 4,825,000	\$94,615
Business Loans:					
\$1,000,000 USDA (#61-02)	514,560	-	37,135	\$ 477,425	37,673
\$ 478,000 USDA (#61-03)	298,435	-	17,356	\$ 281,079	17,479
\$ 400,000 USDA (#61-04)	264,063	-	14,361	\$ 249,702	14,481
\$ 500,000 USDA (#61-05)	347,815	-	17,728	\$ 330,087	17,745
\$ 500,000 USDA (#61-06)	\$ 399,885	-	17,280	\$ 382,605	17,395
Subtotal – Business loans	\$ 1,824,758	\$ -	\$ 103,860	\$ 1,720,898	\$ 104,773
TOTAL – BUSINESS PRINCIPAL PAID	\$ 7,596,302	\$ 4,825,000	\$ 5,875,404	\$ 6,545,898	\$ 199,388

SUMMARY OF LONG-TERM DEBT – PRINCIPAL PAYMENT TRANSACTIONS, ALL ACTIVITIES:

PRINCIPAL PAYMENTS – JULY 1, 2015 – JUNE 30, 2016

GOVERNMENTAL	\$ 1,129,073
BUSINESS	\$ 5,875,404
TOTAL ALL PRINCIPAL PAYMENTS AS OF JUNE 30, 2016	\$ 7,004,477

In FY16 (12/2015) LCOG sold the Springfield Building, paying off the mortgage loan with Umpqua Bank. Original loan of \$2,500,000 dated November 29, 2007. Payout - \$2,060,973 principal.

In FY 16 (6/16) LCOG refinanced the Park Place Building with Banner Bank for \$4,825,000 - original loans of \$5,500,000 (\$4,750,000 and \$750,000 on January 3, 2008 and April 6, 2009, respectively). Payoff at refinance - \$4,677,558 principal.

LANE COUNCIL OF GOVERNMENTS
Notes to the Financial Statements
For the Fiscal Year ended June 30, 2016

NOTE 7 - LONG TERM DEBT, Continued

Long-term Debt Transactions – Business Activities: continued

Interest Paid – Business Activities	Outstanding Beginning	Matured	Paid	Outstanding Ending
Park Place - Umpqua Bank	-	273,913	273,913	-
Park Place – Banner Bank	-	-	-	-
Springfield Bldg - Umpqua Bank	-	32,417	32,417	-
\$1,000,000 USDA loan (#61-02)	-	5,949	5,949	-
\$478,000 USDA loan (#61-03)	-	5,128	5,128	-
\$400,000 USDA loan (#61-04)	-	5,165	5,165	-
\$500,000 USDA loan (#61-05)	-	3,497	3,497	-
\$500,000 USDA loan (#61-06)	-	7,289	7,289	-
TOTAL INTEREST PAID	\$ -	\$ 333,358	\$ 333,358	\$ -

SUMMARY OF LONG-TERM DEBT – INTEREST PAYMENT TRANSACTIONS, ALL ACTIVITIES:

INTEREST PAYMENTS – JULY 1, 2015 – JUNE 30, 2016

GOVERNMENTAL	\$ 25,645
BUSINESS	\$ 333,358
TOTAL ALL INTEREST PAYMENTS AS OF JUNE 30, 2016	\$ 359,003

Summary of Principal and Interest Paid – All Activities

Principal

Total principal paid for the year was	\$7,004,477
Detail by activity is as follows:	
Governmental activities:	\$ 1,129, 073 (Reported in the General Fund)
Business activities:	\$ 5,875,404 (Reported in Enterprise Funds)
Total principal paid	\$ 7,004,477

Interest

Total interest expense paid for the year was	\$359,003	(no interest was capitalized for the year).
Detail to interest by activity is as follows:		
Governmental activities:	\$ 25,645	(Reported in the General Fund)
Business activities:	\$ 333,358	(Reported in the Enterprise Funds)
Total interest paid	\$ 359,003	

Total Principal and Interest paid **\$7,363,480 ***

* Excludes debt on interfund loan of \$41,275

LANE COUNCIL OF GOVERNMENTS
Notes to the Financial Statements
For the Fiscal Year ended June 30, 2016

NOTE 8 - PAYABLES

Account Payables as of June 30, 2016, for LCOG, are as follows:

Fund Type	Subfund	Total
General		
	Indirect - Central Services	\$ 13,427
	LCOG Board	\$ 50,739
	Sub total: General Fund	\$ 64,166
Special Revenue		
	Aging & Disability Resource Center	\$ 279
	Community Programs	\$ 1,995
	General Planning	\$ 207
	GIS CPA	\$ 2,478
	Government Services Admin	\$ 2,622
	Hearings Official & Land Use Law	\$ 19
	Metro Television	\$ 9,402
	Miscellaneous Support	\$ 1,333
	Natural Resource Planning	\$ 99
	Oregon Project Independence	\$ 138,171
	Public Agency Network	\$ 700
	Regional Planning	\$ 27
	RTS Other	\$ 1,167
	S&DS Administration	\$ 3,905
	Senior Connections	\$ 871
	Senior Meals	\$ 30,409
	Telecommunications Operations	\$ 532
	Title III B	\$ 4,454
	Title III C-2	\$ 5,375
	Title III E	\$ 6,724
	Title XIX -Type B	\$ 42,572
	Transportation Operations	\$ 155,639
	Transportation Projects	\$ 9,610
	Transportation Svs Admin	\$ 60
	USDA/NSIP	\$ 1,609
	Willamette Internet Exchange	\$ 3,515
	Sub total: Special Revenue Funds	\$ 423,774
Enterprise		
	Economic Development	\$ 477
	Loan Other Packaging	\$ 27
	Minutes Recorder	\$ 1,955
	Sub total: Enterprise Funds	\$ 2,459
Total Accounts Payable as of June 30, 2016		\$ 490,399

LANE COUNCIL OF GOVERNMENTS
Notes to the Financial Statements
For the Fiscal Year ended June 30, 2016

NOTE 9 – COMPENSATED ABSENCES

Compensated absences activity for the fiscal year ended June 30, 2016, was as follows:

	July 1, 2015, restated	Additions	Deletions	June 30, 2016
Compensated Absences	\$ 610,295	\$ 94,042	\$ -	\$ 704,337
Balance at June 30, 2015, as stated	\$ 281,420			
Prior Period Adjustment	\$ 328,875			
Balance at June 30, 2015, as restated	\$ 610,295			

The compensated absences account consists of the estimated vacation liability LCOG would be expected to pay out should employees of record all terminate at or on June 30, 2016. The basis of the value of the liability is the LCOG policy for vacation payout. All non SEIU employees are eligible to accrue up to 480 hours vacation with payout at termination capped at a maximum of 320 hours. SEIU employees are eligible to accrue up to 320 hours and are paid out up to the maximum 320 hours upon termination. LCOG determines the value of the individual employee vacation balance in June of each fiscal year. Based on the ending value, LCOG would increase or decrease the liability for the fiscal year. For fiscal year ending June 30, 2016 we increased the liability by \$94,043.

LCOG General Fund records the estimated payout liability for the entire organization. The direct subfund where the employee is charged is the fund used to liquidate the compensated absence due the employee upon termination.

NOTE 10 – CONTINGENT LIABILITIES, COMMITMENTS AND LONG-TERM LIABILITIES

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. Such audits could lead to reimbursement to the grantor agencies.

NOTE 11 – PENSION PLAN

A. Name of Pension Plan

All eligible LCOG employees are provided pensions as participants under one or more plans currently available through Oregon Public Employees Retirement System (PERS), a cost-sharing multiple-employer defined benefit plan.

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.

LANE COUNCIL OF GOVERNMENTS
Notes to the Financial Statements
For the Fiscal Year ended June 30, 2016

NOTE 11 – PENSION PLAN, Continued

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

Tier One/Tier Two Retirement Benefit plan is closed to new members hired on or after August 29, 2003.

a. Pension Benefits

The PERS retirement allowance is payable monthly for life. It may be selected from 13 retirement benefit options. These options include survivorship benefits and lump-sum refunds. The basic benefit is based on years of service and final average salary. A 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 who were 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 (age 45 for police and fire members). Employees may retire after reaching age 55. Tier One general service employee benefits are reduced if retirement occurs prior to age 58 with fewer than 30 years of service. Tier Two members are eligible for full benefits at age 60.

b. Death Benefits

Upon the death of a non-retired member, the beneficiary receives a lump-sum refund of the member's account balance (accumulated contributions and interest). In addition, the beneficiary will receive a lump-sum payment from employer funds equal to the account balance, provided on 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 (55 for police and fire members) 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. Under ORS 238.360 monthly benefits are adjusted annually through cost-of-living changes. The cap on the COLA will vary based on the amount of the annual benefit.

LANE COUNCIL OF GOVERNMENTS
Notes to the Financial Statements
For the Fiscal Year ended June 30, 2016

NOTE 11 – PENSION PLAN, Continued

2. OPSRP Pension Program (OPSRP DB)

a. Pension Benefits

The ORS Chapter 238A Defined Benefit Pension Program provides benefits to members hired on or after August 29, 2003. This portion of OPSRP provides a life pension funded by employer contributions.

A member of the 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.

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.

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 credits before the member becomes disabled or a member who becomes disabled due to job-related injury shall receive a disability benefit of 45 percent of the member's salary determined as of the last full month of employment before the disability occurred.

d. Benefit Changes After Retirement

Under ORS 238A.210 monthly benefits are adjusted annually through cost-of-living changes. The cap on the COLA will vary based on the amount of the annual benefit.

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 PERS Defined Benefit Plan and the Other Postemployment Benefit Plans.

Employer contribution rates during the period were determined by an actuarial valuation as of December 31, 2013, rolled forward to June 30, 2015. The state of Oregon and certain schools, community colleges, and political subdivision have made unfunded actuarial liability payments and their rates have been reduced.

At June 30, 2016, LCOG reported a net pension liability of \$6,406,247 for its proportionate share of the net pension liability. LCOG's proportion of the net 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. Employer contributions for the year ended June 30, 2016 were \$ 1,322,648. In addition, approximately \$601,235 in employees contributions were paid or picked up by LCOG in fiscal 2016.

At December 31, 2013, LCOG's proportion was 0.1116 percent (rounded).

LANE COUNCIL OF GOVERNMENTS
Notes to the Financial Statements
For the Fiscal Year ended June 30, 2016

NOTE 11 – PENSION PLAN, Continued

	Deferred Outflow of Resources	Deferred Inflow of Resources
Difference between Expected and Actual Experience	\$ 345,457	
Changes in assumptions due to post Moro decision:		
Net difference between projected and actual earnings on pension plan investments		\$ 1,342,895
Changes in proportionate share		\$ 261,514
Differences between LCOG contributions and LCOG's proportionate share of system contributions		\$ 360,768
Subtotal		\$ 1,965,177
Less: Amortized Deferrals (see note below)	\$ 345,457	
LCOG contributions post measurement date	\$ 1,322,647	
Net deferred Outflow (Inflow) of Resources	\$ 1,668,104	\$ 1,965,177

LCOG Pension Expense for Measurement Period:

\$ 6,305,895	Deferred Inflow: LCOG's proportionate share of system Pension Expense/(Income)
\$ (59,435)	Changes in proportionate share
\$ (89,050)	Differences between employer contributions and employers proportionate share of system contributions
\$ 6,157,410	LCOG's Total Pension Expense/(Income)

Subtotal amounts related to pension as deferred outflows of resources, \$345,457, and deferred inflows of resources, \$(1,965,177), net to \$(1,619,720) and will be recognized in pension expense as follows:

Employer subsequent Fiscal Years	Deferred Outflow/(Inflow) of Resources (prior to post-measurement date contributions)
1st Fiscal Year	\$ (710,713)
2nd Fiscal Year	\$ (710,713)
3rd Fiscal Year	\$ (710,713)
4th Fiscal Year	\$ 524,882
5th Fiscal Year	\$ (12,463)
Thereafter	\$ -
Total	\$ (1,619,720)

All assumptions, methods and plan provisions used in these calculations are described in the Oregon PERS system-wide GASB 68 reporting summary dated May 23, 2016.

LANE COUNCIL OF GOVERNMENTS
Notes to the Financial Statements
For the Fiscal Year ended June 30, 2016

NOTE 11 – PENSION PLAN, Continued

D. Pension Plan CAFR

Oregon PERS produces an independently audited CAFR which can be found at:

http://www.oregon.gov/pers/Pages/section/financial_reports/financial.aspx.

E. Actuarial Valuations

The employer contribution rates effective July 1, 2013 through June 30, 2016, were set using the entry age normal actuarial cost method. For the Tier One/Tier Two component of the PERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (1) an amount for normal cost (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.

F. Actuarial Methods and Assumptions Used in Developing Total Pension Liability

Actuarial valuations of an ongoing plan involve estimates of value of reported amounts 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 method and assumptions shown are based on the 2014 Experience Study which is reviewed for the four-year period ending December 31, 2014.

LANE COUNCIL OF GOVERNMENTS
Notes to the Financial Statements
For the Fiscal Year ended June 30, 2016

NOTE 11 – PENSION PLAN, Continued

Valuation date	December 31, 2013
Measurement date	June 30, 2015
Experience Study	2014, Published September 2015
Actuarial cost method	Entry Age Normal
Amortization method	Amortized as a level percentage of payroll as layered amortization bases over a closed period; Tier One/Tier Two UAL is amortized over 20 years and OPSRP pension UAL is amortized over 16 years
Actuarial assumptions:	
Inflation rate	2.75 percent (reduced to 2.50 percent)
Long-term expected rate of return	7.75 percent (reduced to 7.50 percent)
Discount rate	7.75 percent (reduced to 7.50 percent)
Projected salary increases	3.75 percent (reduced to 3.50 percent)
Cost of living adjustments (COLA)	Blend of 2.00% 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 AA, 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, 95% for females) of the RP-2000 sex-distinct, generational per Scale BB, disabled mortality table.</p>
Asset valuation method	Market value of assets
<u>Note:</u>	At September 24, 2015 meeting, the PERS Board reduced the assumed rate of return on investments from 7.75 percent to 7.50 percent.

Discount Rate – The discount rate used to measure the total pension liability was 7.75 percent for the 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 pension plan investments for the Defined Benefit Pension Plan was applied to all periods of projected benefit payments to determine the total pension liability.

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 7.75 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 (6.75percent) or 1-percentage-point higher (8.75 percent) than the current rate.

LANE COUNCIL OF GOVERNMENTS
Notes to the Financial Statements
For the Fiscal Year ended June 30, 2016

NOTE 11 – PENSION PLAN, Continued

	1% Decrease ▮ (6.75%)	Discount Rate ▮ (7.75%)	1% Increase ▮ (8.75%)
LCOG's proportionate share of the net pension liability	\$ 15,461,238	\$ 6,406,247	\$ (1,224,732)

G. Changes in Plan Provisions

Since the December 31, 2013 actuarial valuation, the system-wide actuarial accrued liability has increased primarily due to the Moro decision and assumption changes, along with interest on the liability as current active members get closer to retirement.

The Oregon Supreme Court decision in *Moro v. State of Oregon*, issued on April 30, 2015, reversed a significant portion of the reductions the 2013 Oregon Legislature made to future system Cost of Living Adjustments (COLA) through Senate Bills 822 and 861, creating a blended COLA for members who earned service both before and after the effective dates of the legislation. This reversal increased the benefits projected to be paid by Employers compared to those developed in the prior actuarial valuation, and consequently increased plan liabilities. The employers' projected long-term contribution effort has been adjusted for the estimated impact of the *Moro* Decision.

In accordance with statute, a biennial review of actuarial methods and assumptions was completed in 2015 to be used for the December 31, 2014 actuarial valuation. After completion of this review and subsequent to the measurement date, the PERS Board adopted several assumption changes, including lowering the investment return assumption to 7.50%.

The Oregon Supreme Court decision in *Moro v. State of Oregon* (issued on April 30, 2015) occurred after the December 31, 2013 valuation date thus these changes will be effective January 1, 2016 and will be included in the next update.

The impact of the Moro decision on the total pension liability and employer's net pension liability (asset) has not been fully determined. However, PERS' third-party actuaries have estimated the impact of the Moro decision under one possible methodology, which is summarized below (dollars in millions). Estimates have been rounded to the nearest \$10 million.

	Pre-Moro Decision	Post-Moro Decision
Net pension liability		
Total pension liability		
Fiduciary net position		
net pension liability/(asset)	\$ (2,424)	\$ 5,354

LANE COUNCIL OF GOVERNMENTS
Notes to the Financial Statements
For the Fiscal Year ended June 30, 2016

NOTE 11 – PENSION PLAN, Continued

H. Individual Account Program

In the 2003 legislative session, the Oregon Legislative Assembly created a successor plan for OPERS. The Oregon Public Service Retirement Plan (OPSRP) is effective for all new employees hired on or after August 29, 2003, and applies to any inactive OPERS members who return to employment following a six month or greater break in service. The new plan consists of the defined benefit pension plans and a defined contribution pension plan (the Individual Account Program or IAP). Beginning January 1, 2004, all OPERS member contributions go into the IAP portion of OPSRP. OPERS' members retain their existing OPERS accounts, but any future member contributions are deposited into the member's IAP, not the member's OPERS account. Those employees who had established an OPERS membership prior to the creation of OPSRP will be members of both the OPERS and OPSRP system as long as they remain in covered employment. Members of OPERS and OPSRP are required to contribute six percent of their salary covered under the plan which is invested in the IAP. LCOG makes this contribution on behalf of its employees. LCOG contributed approximately \$601,235 (6% pickup only) for the year ended June 30, 2016.

Additional disclosures related to Oregon PERS not applicable to specific employers are available online at the below website, or by contacting PERS at the following address: PO BOX 23700 Tigard, OR97281-3700, http://www.oregon.gov/PERS/EMP/Pages/section/er_general_information/gasb-68.aspx

NOTE 12 – DEFERRED COMPENSATION

Deferred compensation plans are available to employees wherein they may execute an individual agreement with LCOG for amounts earned by them to not be paid until a future date when circumstances are met. These circumstances are: termination by reason of death, disability, resignation, or retirement. These deferred compensation plans are ones which are authorized under IRC 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 the Council.

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:

	For the fiscal year 2015-16	Cumulative at 6/30/16
Employer paid contribution:	\$ 166,028	\$ 2,886,762
Employee paid contribution:	\$ 338,218	\$ 4,079,878

LANE COUNCIL OF GOVERNMENTS
Notes to the Financial Statements
For the Fiscal Year ended June 30, 2016

NOTE 13 – OTHER POST EMPLOYMENT BENEFITS (OPEB)

LCOG Post-Retirement Medical Benefit Plan

Although not required by state law, LCOG offers retired employees who were hired before July 1, 2014, continuance of their medical, vision and dental insurance coverage by retirees paying 100% of the premium direct to the insurance provider. At June 30, 2016, five retired employees were availing themselves of the insurance benefit and 158 active employees are potentially eligible for the benefit.

LCOG retirees pay the same rate as active employees and because the cost paid by retirees might be greater if they were to purchase this coverage outside of the LCOG plan, LCOG is considered to be providing an implicit rate subsidy to these previous employees. Management obtained an actuary report but management believes it is immaterial to the financial statements. Therefore, it is not reflected in the government-wide financial statements.

NOTE 14 – RISK MANAGEMENT

LCOG is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees, and natural disasters. 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 covered limits. Also, there has been no reduction in coverage as compared to the prior year.

LANE COUNCIL OF GOVERNMENTS
Notes to the Financial Statements
For the Fiscal Year ended June 30, 2016

NOTE 14 – RISK MANAGEMENT, Continued

Schedule of Insurance in Force for the year ended June 30, 2016

LCOG's deductibles and maximum coverage are as follows:

Coverage	Insured Value	Deductible	Maximum per Occurrence
Commercial General Liability			\$5,000,000
Personal/bodily injury			
Property damage			
Crime coverage			
Public Officials errors and omissions			
Employment practice liability			
Workers Compensation			
Coverage A		Statutory/per occurrence	
Coverage B			\$3,000,000
Excess Crime Liability		\$1,000	\$ 500,000
Employee dishonesty (all employees, Commercial blanket coverage)			
Excess Cyber Liability			\$ 250,000
Auto Liability			\$5,000,000
Non-owned automobile liability			
Hired automobile liability			
Owned automobile liability			
Uninsured motorist			
Comprehensive		\$ 100	
Collision		\$ 500	
Maximum per occurrence, for all coverages combined			\$5,000,000
Property	\$12,472,866*	\$1,000	
Buildings, contents, furniture and equipment owned by LCOG			
Portable equipment	\$ 39,000	\$ 500	

*Reduced from prior year as the result of selling Springfield Building

NOTE 15 – OPERATING LEASES

Leases that constitute rental agreements are classified as operating expenses. Rental agreements are cancelable arrangements. Below are the operating leases for LCOG as of June 30, 2016.

Lane County Public Service Building:	LCOG leases 930 square feet of space for the MetroTV program from Lane County (office is located at Lane County PPB in Eugene) at as cost of \$12,847 for the year ending June 30, 2016 (\$850 for one month; \$1,000 for eleven months, plus additional charges).
Senior Meals - Central Kitchen:	LCOG leases 4,172 square feet of space for the Senior Meals Meal Preparation program from Lulu, Inc. (office is located at 1407 Cross Street, Eugene, OR). For the year ending June 30, 2016, the lease required monthly payments of \$2,671 for the period July 2015 through May 2016, with June 2016 at \$2,750 or \$32,131 for the year ending June 30, 2016.

LANE COUNCIL OF GOVERNMENTS
Notes to the Financial Statements
For the Fiscal Year ended June 30, 2016

NOTE 15 – OPERATING LEASES, Continued

Title XIX sites: (*)	Title XIX Medicaid services are provided at various site locations. As a result, LCOG leases space in the Schaefer's Building for Senior & Disability Services at \$26,391 per month for the period of July 2015 through December 2015, \$33,854 for January 2016, and \$40,000 per month for the period February 2016 through June 2016 (\$391,353 for the year ending June 2016); LCOG also leases a site from the State of Oregon, Department of Human Services (at 3180 Hwy 101, Florence, Oregon) for Senior & Disability Services at a cost of \$4,292 per month and an annual property tax expense associated with the lease of \$57 or \$51,561 for the year ending June 30, 2016. LCOG also leases a site in Cottage Grove, Oregon from Gary and Ruth Ackley. The lease requires a monthly payment of \$1,864 or \$22,368 for the year ending June 30, 2016. This lease expires April 30, 2018.
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 ranging from \$375 to \$1,125 per month for a total cost of \$33,601 for the year ending June 30, 2016. The remaining sites are donated to LCOG.
Senior connections:	LCOG rents space from Mid-Lane Community Chest and the City of Oakridge for the Senior Connections program at a cost of \$3,594 for the year ending June 30, 2016.
Park Place Building: (*)	LCOG occupies space in the Park Place Building for LCOG administration and government services at a total occupancy cost of \$432,060 for the year ending June 30, 2016. Title XIX Medicaid services occupied the Park Place Building for the first half of the fiscal year at a total occupancy cost of \$18,802 for the year ending June 30, 2016.

Total rental expense LCOG paid for the year ending June 30 was:

Site	Amount
Lane County - Public Service Building	\$12,847
Senior Meal Preparation - Central Kitchen	\$32,131
Senior Meals – Nutrition and Outreach sites	\$33,601
Senior Meals – Florence Senior Center	\$33,231
Title XIX - Type B Funds (*)	\$465,452
Senior Connections	\$3,594
Park Place Building (*)	<u>\$450,862</u>
Total rental expense	\$1,031,718

LANE COUNCIL OF GOVERNMENTS
Notes to the Financial Statements
For the Fiscal Year ended June 30, 2016

NOTE 15 – OPERATING LEASES, Continued

At June 30, 2016, the approximate minimum rental commitments under operating leases, including occupancy costs, are as follows:

2016-17	588,446
2017-18	546,567
2018-19	513,270
2019-20	480,000
2020-2024	1,920,000
Total	<u>4,048,283</u>

NOTE 16 – BUILDINGS: PARK PLACE AND SPRINGFIELD BUILDINGS

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 4th and 5th floors of the Park Place Building totaling 17,780 square feet (17,107 4th and 5th floors; 673 WIX). S&DS services were located on 1st and 4th floors of the Park Place Building until February 2016; Administration and Loan Programs are located on the 5th floor of Park Place Building. All other space is retail space. Retail space is the Garden level, 1st, 2nd, 3rd, and 4th floors of the Park

Place Building - At year ending June 30, 2016, there are eighteen retail and office tenants with various lease terms and expiration dates, with lease amounts ranging from approximately \$750 to \$9,239 per month. The estimated rental income for 2016-17 will be \$619,181 from third party tenants, and \$363,384 from LCOG occupancy for a total of \$982,565.

LCOG sold the Springfield Building at 640-644 A Street in Springfield, Oregon in December 2016. LCOG leased the entire building to the Oregon Department of Transportation until the sale. The monthly base rate at the time of sale was \$31,584 per month until the building sold. Note that the rental income was shared between the Springfield Building subfund and the LCOG Board subfund.

NOTE 17 – 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, 2016 transfers were as follows:

	General Fund	Special Revenue Funds	Enterprise Funds	Total for the Year Ending 6/30/2016
Transfers In	\$ 103,564	\$ 2,974,517	\$ 94,828	\$ 3,172,910
Transfers Out	\$ 33,135	\$ 2,950,219	\$ 189,556	\$ 3,172,910

LANE COUNCIL OF GOVERNMENTS
Notes to the Financial Statements
For the Fiscal Year ended June 30, 2016

NOTE 17 – INTERFUND TRANSFERS, Continued

Detail is as follows:

TRANSFERS IN (revenues to the receiving subfund)		TRANSFERS OUT (expenditures of the providing subfund)	
	Amount		Amount
General Fund		General Fund	
To General Fund - Board/Executive - Member Services From:		From General Fund - LCOG Board to:	
LCOG Board Subfund	\$ 5,566	General Fund - Board/Executive	
To General Fund - Board/Executive - LCOG Board From:		Member Support	\$ 5,566
Government Fund - Scenario Planning	\$ 3,306	Special Revenue Fund - Planning Services	
Enterprise Fund - Springfield Building	\$ 94,693	Government Services Admin	\$ 20,893
Total General Fund - Transfers In	\$ 103,565	GISCPA	\$ 5,568
		Lane Info Center (Pub and Information)	\$ 1,109
		Total General Fund - Transfers Out	\$ 33,136
Special Revenue Funds		Special Revenue Funds	
To Special Revenue Fund - Planning, Transportation, Technology & S&DS From:		From Special Revenue Fund - Planning, Transportation, Technology & S&DS To:	
LCOG Board (support)	\$ 19,618	Community Programs	\$ 128,614
Member Support	\$ 1,275	Community Safety	\$ 54,606
Community Programs	\$ 35,177	GISCPA	\$ 174,158
Community Safety Other	\$ 54,606	GIS Other	\$ 136,628
Economic Development	\$ 35	Government Services Admin	\$ 682
GISCPA	\$ 179,726	Hearing Official	\$ 23,331
GIS Other	\$ 136,628	Lane Info Center (Pub and Information)	\$ 2,457
GIS Misc Projects	\$ 682	OR Emergency Mgmt & State Police	\$ 15,623
Hearing Official	\$ 23,331	Metro TV	\$ 200
Lane Info Center (Pub and Information)	\$ 3,566	Natural Resource Planning	\$ 16,133
Metro TV	\$ 200	Regional Planning	\$ 16,750
Natural Resource Planning	\$ 25,936	RTS Other	\$ 26,329
OR Emergency Mgmt & State Police	\$ 15,623	Scenario Planning	\$ 25,143
Regional Planning	\$ 16,750	Senior Connections	\$ 698,546
RTS Other	\$ 26,329	Senior Meals	\$ 935,393
S&DS Fundraising	\$ 4,352	Special Projects	\$ 248
Special Projects	\$ 248	Tax Collections	\$ 1,412
Senior Meals Fundraising	\$ 130,917	Telecommunications Operations	\$ 86,138
Tax Collections	\$ 1,412	Title III - Area Plan Administration	\$ 307,920
Telecommunications Management	\$ 73,137	Title XIX - Type B	\$ 4,352
Telecommunications Projects	\$ 13,000	Transportation Operations	\$ 225,131
Title III - B	\$ 385,554	Transportation Projects	\$ 40,302
Title XIX - Type B	\$ 458,387	Urban Regional Planning	\$ 27,184
Title III - C-1	\$ 446,953	Wetland Projects	\$ 2,937
Title III - C-2	\$ 259,026	Transportation Services Admin	\$ -
Title III - D	\$ 30,000	Transportation Services Admin	\$ -
Title III - E	\$ 21,278	Willamette Internet Exchange	\$ -
Title III - Oregon Project Independence	\$ 236,162	Total Special Revenue Funds - Transfers Out	\$ 2,950,217
Title III - USDANSIP	\$ 67,021		
Transportation Operations	\$ 44,494	Enterprise Funds	
Transportation Projects	\$ 13,213	From Enterprise Fund - Building Services To:	
Transportation Services Admin	\$ 221,295	LCOG Board	\$ 94,693
Urban Regional Planning	\$ 27,184	From Enterprise Fund - Business Services To:	
Wetland Projects	\$ 1,402	Business Services Admin	\$ 94,829
Total Special Revenue Funds - Transfers In	\$ 2,974,517	Government Services Admin	\$ 35
		Total Enterprise Funds - Transfers Out	\$ 189,557
Enterprise Funds			
To Enterprise Funds - Business Services Admin From:			
Economic Development	\$ 7,790		
Loan EDA-RLF	\$ 10,756		
Loan EDA-2	\$ 4,567		
Loan Other Packaging	\$ 8,048		
Loan RBDF	\$ 32,207		
Loan RBEG RLF	\$ 263		
Loan RIB RLF	\$ 209		
Loan SBA504	\$ 28,399		
Park Place Building	\$ 1,937		
Springfield Building	\$ 652		
Total Enterprise Funds - Transfers In	\$ 94,828		
TOTAL ALL TRANSFER ACTIVITY	\$ 3,172,910	TOTAL ALL TRANSFER ACTIVITY	\$ 3,172,910

S&DS is Senior & Disability Services.

Transfers In indicate the receiving fund; Transfers Out indicate the fund transferring the funds.

LANE COUNCIL OF GOVERNMENTS
Notes to the Financial Statements
For the Fiscal Year ended June 30, 2016

NOTE 18 – INDIRECT CHARGES (OVERHEAD)

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

A cost allocation plan 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, 2015 through June 30, 2016 are as follows:

Planning, Transportation Services	36.453%
Business Programs	31.200%
Telecommunications	17.368%
Senior and Disability Services	14.003%

There is no carry forward calculation included in the FY16 rate. 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 FY16 will be a cost in the FY18 plan proposal).

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 Footnote - Transfers.

As of June 30, 2016	
Indirect costs recovered	\$2,737,017
FY16 Current Year Indirect costs	<u>\$2,737,017</u>
Under recovered indirect costs	<u>\$ 0</u>

LANE COUNCIL OF GOVERNMENTS
Notes to the Financial Statements
For the Fiscal Year ended June 30, 2016

NOTE 19 – PRIOR PERIOD ADJUSTMENTS AND/OR BUDGET DISCLOSURES

The following prior period adjustments were made during the year ending June 30, 2016:

Governmental Funds					
	General Fund	Telecommunications	Grants & Contracts	Total Government	
Fund balances, beg of year (modified basis)	\$ 628,933	\$ 1,883,070	\$ 2,490,304	\$	5,002,307
Prior period adjustments:					
To correct understatement of compensated absence liability	\$ (328,875)			\$	(328,875)
Total prior period adjustments	\$ (328,875)	\$ -	\$ -	\$	(328,875)
Fund balances, beg of year, restated (modified basis)	\$ 300,058	\$ 1,883,070	\$ 2,490,304	\$	4,673,432
Net Position, beginning of year	\$ (2,991,852)	\$ 1,903,272	\$ 2,586,628	\$	1,498,048
To correct compensated absence liability	\$ (328,875)	\$ -	\$ -	\$	(328,875)
To capitalize assets previously expended	\$ 99,798	\$ 10,458,596	\$ 12,183	\$	10,570,577
Total prior period adjustments	\$ (229,077)	\$ 10,458,596	\$ 12,183	\$	10,241,702
Net position, beg of year, restated	\$ (3,220,929)	\$ 12,361,868	\$ 2,598,811	\$	11,739,750

Proprietary Funds					
	Park Place Bldg	Springfield Bldg	Loan Program	Minutes Recording	Total Proprietary
Net position, beg of year	\$ 1,409,857	\$ (222,697)	\$ 2,848,135	\$ 15,583	\$ 4,050,878
Prior period adjustments:					
To correct capitalize assets balance	\$ (52,757)	\$ 1,509			\$ (51,248)
To correct scribners error on debt balance	\$ 1,000,000				\$ 1,000,000
To correct error on receivables/payables balance		20	11000		\$ 11,020
Total prior period adjustments	\$ 947,243	\$ 1,529	\$ 11,000	\$ -	\$ 959,772
Net position, beg of year, restated	\$ 2,357,100	\$ (221,168)	\$ 2,859,135	\$ 15,583	\$ 5,010,650

Note: Economic Development Fund was transferred from Governmental Funds to Proprietary Funds with a beginning fund balance of \$4,403 at the beginning of FY16.

During the fiscal year ended June 30, 2016 there were no violations of the budget.

NOTE 20 – SUBSEQUENT EVENTS

During December, 2016, the Fiduciary fund – 9-1-1 Public Safety Answering Point (PSAP)- was terminated and all funds were disbursed to participating agencies upon closure accordingly.

LANE COUNCIL OF GOVERNMENTS
Notes to the Financial Statements
For the Fiscal Year ended June 30, 2016

NOTE 21 – NEW ACCOUNTING PRONOUNCEMENTS

GASB Statement No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68 (issued 6/2015)

This Statement establishes accounting and financial reporting standards for pensions that don't meet the requirements set out in GASB Statements No. 67 and 68, and makes some modifications to GASB Statements No. 67 and 68. GASB Statement No. 73 will be effective for LCOG fiscal year ending June 30, 2016 for the provisions that amend GASB Statements No. 67 and 68. The provisions that effect pensions not within the scope of GASB Statement No. 67 and 68 will be effective for LCOG fiscal year ending June 30, 2017.

GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plan (issued 6/2015)

Issued June 2015, this statement replaces Statements No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*. It also includes requirements for defined contribution OPEB plans that replace the requirements for those OPEB plans in Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, as amended, Statement 43, and Statement No. 50, *Pension Disclosures*. GASB Statement No. 74 will be effective for LCOG fiscal year ending June 30, 2017.

GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (OPEB) (Issued 6/2015)

This statement replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, for OPEB. Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, establishes new accounting and financial reporting requirements for OPEB plans. GASB Statement No. 75 will be effective for LCOG fiscal year ending June 30, 2018.

GASB Statement No. 77, Tax Abatement Disclosures (Issued 8/2015)

This statement requires governments that enter into tax abatement agreements to disclose information about those agreements. GASB Statement No. 77 will be effective for LCOG fiscal year ending June 30, 2017.

LCOG will implement new GASB pronouncements no later than the required effective date. LCOG will evaluate whether or not the above listed new GASB pronouncements will have a significant impact to LCOG's financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

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

- General Fund
- Telecommunications
- Grants and Contracts

Schedule of the Proportionate Share of the Net Pension Liability – Public Employee Retirement System

Schedule of Contributions – Public Employee Retirement System

Schedule of Funding Progress and Employer Contributions – Other Post Employment Benefits

Schedule of Employer Contributions - Other Post Employment Benefits

Other Post Employment Benefits Schedule

**LANE COUNCIL OF GOVERNMENTS
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
For the Year Ended June 30, 2016**

	Adopted Budget	Revised Budget	Actual	Variance Over (Under)
Revenues:				
Local sources:				
Member dues	\$ 197,197	\$ 197,197	\$ 206,671	\$ 9,474
Other local sources	\$ 192,598	\$ 453,161	\$ 455,755	\$ 2,594
Rental Income	\$ 100,760	\$ 44,963	\$ 44,963	\$ -
Total local revenues	\$ 490,555	\$ 695,321	\$ 707,389	\$ 12,068
Expenditures:				
General services:				
Personal services	\$ 167,328	\$ 215,039	\$ 324,451 (c)	\$ (109,412)
Support services	\$ -	\$ -	\$ 29,153	\$ (29,153)
Materials and services	\$ 71,386	\$ 305,526	\$ 151,782	\$ 153,744
Capital outlay	\$ -	\$ -	\$ 65,764	\$ (65,764)
Debt service	\$ 100,760	\$ 41,196	\$ 41,196	\$ -
Total expenditures	\$ 339,474	\$ 561,761	\$ 612,346	\$ (50,585)
Revenues over (under) expenditures	\$ 151,081	\$ 133,560	\$ 95,043	\$ (38,517)
Other financing sources (uses):				
Transfers In	\$ 50,145	\$ 109,244	\$ 103,564	\$ (5,680)
Transfers Out	\$ (154,057)	\$ (154,057)	\$ (33,135)	\$ 120,922
Total other financing sources (uses)	\$ (103,912)	\$ (44,813)	\$ 70,429	\$ 115,242
Change in fund balance	\$ 47,169	\$ 88,747	\$ 165,472	\$ 76,725
Fund balance, beginning of year	\$ 518,438	\$ 628,933	\$ 300,058 (b)	\$ (328,875)
Fund balance, end of year at 6/30/16	\$ 565,607	\$ 717,680	\$ 465,530 (a)	\$ (252,150)

This statement includes the LCOG Operating and Member Support Services funds.

(a) In FY 16, the Board updated the General Fund contingency reserve policies. The targeted contingency reserves are: Operating - \$326,714 and Building/Capital Outlay - \$390,966 (which incorporated the FY 14 building reserve).

(b) The beginning fund balance was reduced by the prior period adjustment for compensated absences in the amount of \$328,875.

(c) Personal services actuals include \$94,043, representing the increase in compensated absences liabilities - governmentwide.

LANE COUNCIL OF GOVERNMENTS
SPECIAL REVENUE FUND - TELECOMMUNICATIONS
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
For the Year Ended June 30, 2016

	Adopted Budget	Revised Budget	Actual	Variance Over (Under)
Revenues:				
Local sources	\$2,182,751	\$2,249,267	\$ 1,649,828	\$ (599,439)
Rental income	\$ 38,508	\$ 38,508	\$ 34,335	\$ (4,173)
Total revenues	<u>\$2,221,259</u>	<u>\$2,287,775</u>	<u>\$ 1,684,163</u>	<u>\$ (603,612)</u>
Expenditures:				
Technology Services:				
Personal services	\$ 467,304	\$ 498,820	\$ 423,662	\$ 75,158
Support services	\$ 81,161	\$ 81,161	\$ 73,582	\$ 7,579
Materials and services	\$ 578,022	\$ 618,963	\$ 382,723	\$ 236,240
Services by other organizations	\$1,223,177	\$1,369,210	\$ 941,292	\$ 427,918
Capital outlay	\$ -	\$ -	\$ 24,023	\$ (24,023)
Total expenditures	<u>\$2,349,664</u>	<u>\$2,568,154</u>	<u>\$ 1,845,282</u>	<u>\$ 722,872</u>
Revenues over (under) expenditures	<u>\$ (128,405)</u>	<u>\$ (280,379)</u>	<u>\$ (161,119)</u>	<u>\$ 119,260</u>
Other financing sources (uses):				
Transfers In	\$ 42,689	\$ 41,249	\$ 86,138	\$ 44,889
Transfers Out	<u>\$ (94,669)</u>	<u>\$ (41,249)</u>	<u>\$ (86,338)</u>	<u>\$ (45,089)</u>
Total other financing (uses)	<u>\$ (51,980)</u>	<u>\$ -</u>	<u>\$ (200)</u>	<u>\$ (200)</u>
Change in fund balance	<u>\$ (180,385)</u>	<u>\$ (280,379)</u>	<u>\$ (161,319)</u>	<u>\$ 119,060</u>
Fund balance, beginning of year	<u>\$2,114,427</u>	<u>\$1,883,071</u>	<u>\$ 1,883,071</u>	<u>\$ -</u>
Fund balance, end of year at 6/30/16	<u><u>\$1,934,042</u></u>	<u><u>\$1,602,692</u></u>	<u><u>\$ 1,721,752</u></u> (a)	<u><u>\$ 119,060</u></u>

This special revenue fund is presented separate from the remaining special revenue funds (see next page) in that the basis of telecommunication services provided our customers is non contract and non grant based services.

(a) Fund balance includes a reserve set aside for telephone system maintenance and improvements of \$1,220,174 and Public Agency Network funds of \$216,734.

LANE COUNCIL OF GOVERNMENTS
SPECIAL REVENUE FUNDS - GRANTS AND CONTRACTS
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
For the Year Ended June 30, 2016

	Adopted Budget	Revised Budget	Actual	Variance Over (Under)
Revenues:				
Federal and state grants and contracts	\$18,161,190	\$ 20,599,723	\$ 19,932,496	\$ (667,227)
Local sources	\$ 8,715,696	\$ 7,808,446	\$ 8,351,655	\$ 543,209
Total revenues	\$26,876,886	\$ 28,408,169	\$ 28,284,151	\$ (124,018)
Expenditures:				
Board/executive services:				
Personal services	\$ 1,495,107	\$ 1,495,107	\$ 1,479,969	\$ 15,138
Materials and services	\$ 1,336,748	\$ 1,336,748	\$ 1,257,047	\$ 79,701
Sub total: Board/Executive Services	\$ 2,831,855	\$ 2,831,855	\$ 2,737,016	\$ 94,839
Government services:				
Personal services	\$ 2,364,548	\$ 2,226,331	\$ 1,976,678	\$ 249,653
Support services	\$ 861,936	\$ 861,936	\$ 720,559	\$ 141,377
Materials and services	\$ 622,492	\$ 350,125	\$ 679,061	\$ (328,936)
Services by other organizations	\$ 236,600	\$ 235,160	\$ -	\$ 235,160
Capital outlay	\$ -	\$ -	\$ -	\$ -
Sub total: Government Services	\$ 4,085,576	\$ 3,673,552	\$ 3,376,298	\$ 297,254
Senior and Disability services:				
Personal services	\$ 12,976,403	\$ 12,923,917	\$ 13,099,031	\$ (175,114)
Support services	\$ 1,817,086	\$ 1,817,086	\$ 1,838,531	\$ (21,445)
Materials and services	\$ 4,935,907	\$ 4,568,409	\$ 4,813,862	\$ (245,453)
Services by other organizations	\$ 1,225,101	\$ 1,587,989	\$ 1,521,842	\$ 66,147
Capital outlay	\$ -	\$ 80,000	\$ 52,997	\$ 27,003
Sub total: Senior & Disability Services	\$ 20,954,497	\$ 20,977,401	\$ 21,326,263	\$ (348,862)
Total expenditures	\$ 27,871,928	\$ 27,482,808	\$ 27,439,577	\$ 43,231
Revenues over (under) expenditures	\$ (995,042)	\$ 925,361	\$ 844,574	\$ (80,787)
Other financing sources (uses):				
Transfers In	\$ 3,839,734	\$ 2,773,135	\$ 2,888,379	\$ 115,244
Transfers Out	\$ (3,657,766)	\$ (2,635,078)	\$ (2,863,881)	\$ (228,803)
Total other financing sources or uses	\$ 181,968	\$ 138,057	\$ 24,498	\$ (113,559)
Change in fund balance	\$ (813,074)	\$ 1,063,418	\$ 869,072	\$ (194,346)
Fund balance, beginning of year	\$ 2,066,695	\$ 2,449,602	\$ 2,485,901	\$ 36,299
Fund balance, end of year at 6/30/16	\$ 1,253,621	\$ 3,513,020	\$ 3,354,973	\$ (158,047)

This special revenue fund includes Government Services (Planning and Transportation) and Senior & Disabled Services. Funds in 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	\$ 14,851	\$ 115,725	\$ 501,214	\$ 385,489
Fund Balance - Senior & Disability	\$1,238,770	\$3,397,295	\$ 2,853,759	\$ (543,536)

LANE COUNTY, OREGON

REQUIRED SUPPLEMENTARY INFORMATION

At June 30, 2016

PERS

SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

Year Ended June 30,	(a) Employer's proportion of the net pension liability (NPL)	(b) Employer's proportionate share of the net pension liability (NPL)	(c) Employer's covered payroll	(b/c) NPL as a percentage of covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2016	0.1116 %	\$ 2,512,267	\$ 9,559,449	26.3 %	91.9
2015	0.1268	(2,874,427)	8,826,685	(32.6)	103.6
2014	0.1268	6,471,313	8,838,698	73.2	92.0

The amounts presented for each fiscal year were actuarial determined at 12/31 and rolled forward to the measurement date of 6/30 for each year presented.

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

SCHEDULE OF CONTRIBUTIONS

	Statutorily required contribution	Contributions in relation to the statutorily required contribution	Contribution deficiency (excess)	Employer's covered payroll	Contributions as a percent of covered payroll
2016	\$ 1,322,647	\$ 1,322,647	\$ -	\$ 10,176,173	13.0
2015	1,122,589	1,122,589	-	9,559,449	11.7
2014	994,089	994,089	-	8,826,685	11.3

The amounts presented for each fiscal year were actuarial determined at 12/31 and rolled forward to the measurement date of 6/30 for each year presented.

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

LANE COUNCIL OF GOVERNMENTS

Lane County, Oregon

**SCHEDULE OF FUNDING PROGRESS AND EMPLOYER CONTRIBUTIONS
OTHER POST EMPLOYMENT BENEFITS**

June 30, 2016

PLAN I (HEALTH INSURANCE)

SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	(a) Actuarial Value of Assets	(b) Actuarial Accrued Liability (AAL)	(b)-(a) AAL (UAAL)	(a/b) Funded Ratio	(c) Covered Payroll	((b-a)/c) UAAL as a Percentage of Covered Payroll
2010	\$ NA	NA	\$ NA	NA	\$ NA	
2012	NA	NA	\$ NA	NA	\$ NA	
2014		567,748	567,748	0.00%	10,176,173	5.58%

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Year Ended June 30,	Annual Required Contribution	Percentage Contributed
2016	\$ 116,643	38.8%
2015	NA	NA

The above table presents the most recent actuarial valuations for LCOG's post-retirement health insurance and it provides information that approximates the funding progress of the plan.

LANE COUNCIL OF GOVERNMENTS

Lane County, Oregon

OTHER POST EMPLOYMENT BENEFITS SCHEDULE

June 30, 2016

	<u>2016</u>	<u>2015</u>
Annual Required Contribution	\$ 116,643	NA
Interest on prior year Net OPEB Obligation	-	NA
Adjustment to Annual Required Contribution	-	NA
Annual OPEB Cost	116,643	-
Contributions Made	(45,224)	NA
Increase in Net OPEB Obligation	71,419	-
Net OPEB Obligation at Beginning of Year	-	NA
Net OPEB Obligation at End of Year	<u>\$ 71,419</u>	<u>\$ -</u>
Percentage of APC Contributed	38.8%	NA

Management obtained an actuary report but management believes it is immaterial to the financial statements. Therefore, it is not reflected in the government-wide financial statements.

SUPPLEMENTARY INFORMATION

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

- Enterprise Funds

LANE COUNCIL OF GOVERNMENTS
ENTERPRISE FUNDS
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
For the Year Ended June 30, 2016

	Adopted Budget	Revised Budget	Actual	Variance Over (Under)
Revenues:				
Federal and state grants and contracts	\$250,000	\$250,000	\$ 110,000	(\$140,000)
Local sources	\$2,318,718	\$2,286,868	\$ 7,091,778 (a)	\$4,804,910
Total revenues	\$2,568,718	\$2,536,868	\$ 7,201,778	\$4,664,910
Expenditures:				
Loan Program:				
Personal services	\$ 211,446	\$ 211,446	\$ 136,957	\$ 74,489
Support services	\$ 65,971	\$ 65,971	\$ 42,730	\$ 23,241
Materials and services	\$ 126,980	\$ 119,886	\$ 59,906	\$ 59,980
Loans made (services by others)	\$ 1,030,714	\$ 1,026,733	\$ 422,000	\$ 604,733
Capital outlay	\$ -	\$ -	\$ -	\$ -
Debt service	\$ 125,000	\$ 125,000	\$ 130,889	\$ (5,889)
sub-total: Loan Program	\$ 1,560,111	\$ 1,549,036	\$ 792,482	\$ 756,554
Building Program:				
Personal services	\$ 10,018	\$ 12,267	\$ 10,604	\$ 1,663
Support services	\$ 3,126	\$ 3,126	\$ 3,308	\$ (182)
Materials and services	\$ 440,149	\$ 551,834	\$ 562,714	\$ (10,880)
Capital outlay	\$ -	\$ -	\$ 55,502	\$ (55,502)
Debt service	\$ 538,836	\$ 489,594	\$ 5,173,931 (a)	\$ (4,684,337)
sub-total: Building Program	\$ 992,129	\$ 1,056,821	\$ 5,806,059	\$ (4,749,238)
Other Business Services: *				
Personal services	\$ 8,252	\$ 28,162	\$ 93,338	\$ (65,176)
Support services	\$ 2,575	\$ 2,575	\$ 29,121	\$ (26,546)
Materials and services	\$ 38,941	\$ 49,753	\$ 50,235	\$ (482)
Capital outlay	\$ -	\$ -	\$ -	\$ -
sub-total: Minutes Recorder	\$ 49,768	\$ 80,490	\$ 172,694	\$ (92,204)
Total expenditures	\$ 2,602,008	\$ 2,686,347	\$ 6,771,235	\$ (4,084,888)
Revenues over (under) expenditures	\$ (33,290)	\$ (149,479)	\$ 430,543	\$ 580,022
Other financing sources (uses):				
Transfers In	\$ 64,548	\$ 64,548	\$ 94,828	\$ 30,280
Transfers Out	\$ (90,624)	\$ (157,792)	\$ (189,556)	\$ (31,764)
Total other financing sources or uses	\$ (26,076)	\$ (93,244)	\$ (94,728)	\$ (1,484)
Change in fund balance	\$ (59,366)	\$ (242,723)	\$ 335,815	\$ 578,538
Fund balance, beginning of year	\$ 1,926,429	\$ 2,086,051	\$ 2,086,051	\$ -
Fund balance, end of year at 6/30/16	\$ 1,867,063	\$ 1,843,328	\$ 2,421,866 (b)	\$ 578,538

* Includes Economic Development and Minutes Recorder Services.

(a) Detail of the local actual revenue is Loan Programs - \$921,965; Building Programs - \$6,047,956; Business Services - \$121,857.

The building program local actual revenue includes loan refinance proceeds on Park Place Building of \$4,825,000 in FY 16.

(b) Fund balance: Loan Program - \$2,110,595; Bldg Programs - \$231,428; Business Services - \$56,152. HVAC reserve is \$23,693.

OTHER INFORMATION

Schedules of Resources and Requirements – Budget and Actual:

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

Intermediary Relending Program:

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

Combining State of Changes in Assets and Liabilities – Agency Fund

Schedule of Receivables and Deferred Revenue – Grants and Contracts

Schedule of Future Requirements for Retirement of Long-term Debt

LANE COUNCIL OF GOVERNMENTS
ALL ORGANIZATIONAL UNITS
SCHEDULE OF RESOURCES AND REQUIREMENTS
BUDGET AND ACTUAL
For the Year Ended June 30, 2016

	Adopted Budget	Revised Budget	Actual	Variance
Resources:				
Federal and state	\$ 18,411,190	\$ 20,849,723	\$ 20,042,495	\$ (807,228)
Local sources	\$ 11,366,280	\$ 10,631,946	\$ 14,891,297 (a)	\$ 4,259,351
Member dues	\$ 197,197	\$ 197,197	\$ 206,671	\$ 9,474
Transfers In	\$ 3,997,116	\$ 2,988,176	\$ 3,172,909	\$ 184,733
Beginning reserves	\$ 6,625,989	\$ 7,047,657	\$ 6,755,081 (b)	\$ (292,576)
Total resources	\$ 40,597,772	\$ 41,714,699	\$ 45,068,453	\$ 3,353,754
Requirements:				
Personal services**	\$ 17,700,406	\$ 17,421,214	\$ 17,544,658 (b)	\$ (123,444)
Materials and services**	\$ 8,150,625	\$ 8,059,603	\$ 7,957,329	\$ 102,274
Capital outlay	\$ -	\$ 80,000	\$ 198,286	\$ (118,286)
Loans made	\$ 1,030,714	\$ 1,026,733	\$ 422,000	\$ 604,733
Services by other organizations	\$ 2,684,878	\$ 3,192,359	\$ 2,463,134	\$ 729,225
Debt service	\$ 764,596	\$ 655,790	\$ 5,346,016 (a)	\$ (4,690,226)
Transfers Out	\$ 3,997,116	\$ 2,988,176	\$ 3,172,909	\$ (184,733)
Total requirements	\$ 34,328,335	\$ 33,423,875	\$ 37,104,332	\$ (3,680,457)
Ending reserves	\$ 6,269,437	\$ 8,290,824	\$ 7,964,121	\$ (326,703)
Total Resources less Transfers In	\$ 36,600,656	\$ 38,726,523	\$ 41,895,544	\$ 3,169,021
Total Requirements less Transfers Out	\$ 30,331,219	\$ 30,435,699	\$ 33,931,423	
	\$ 6,269,437	\$ 8,290,824	\$ 7,964,121	
Reserves by Fund:		\$ -		
General Fund			\$ 465,530	
Special Revenue Funds			\$ 5,076,725	
Enterprise Funds			\$ 2,421,866	
Reserves as of 6/30/16			\$ 7,964,121	

(a) The actual local source revenues include the Park Place refinance proceeds of 4,825,000 and debt service expenditures for pay off of loan of \$4,810,515. Federal and state revenues were overprojected for senior and disability services.

(b) Beginning reserve actuals - general fund decreased by \$328,875 for compensated absences prior period adjustment and personal services includes \$94,043 for current year increase in compensated absences liability - governmentwide.

** At the All Organization 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. For example, the total personal services here includes sum of the both direct services and administrative services personal services.

**LANE COUNCIL OF GOVERNMENTS
GENERAL FUND
SCHEDULE OF RESOURCES AND REQUIREMENTS
BUDGET AND ACTUAL
For the Year Ended June 30, 2016**

	<u>Adopted Budget</u>	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
Resources:				
Federal and state revenues	\$ -	\$ -	\$ -	\$ -
Member dues	\$ 197,197	\$ 197,197	\$ 206,671	\$ 9,474
Other local sources	\$ 192,598	\$ 453,161	\$ 455,755	\$ 2,594
Rental Income	\$ 100,760	\$ 44,963	\$ 44,963	\$ -
Transfers In - from Member Support Services	\$ 16,000	\$ 16,000	\$ 16,000	\$ -
Transfers In - from Direct subfunds	\$ 34,145	\$ 93,244	\$ 87,564	\$ (5,680)
Beginning Reserves	\$ 518,438	\$ 628,933	\$ 300,058 (a)	\$ (328,875)
 Total resources	 \$1,059,138	 \$1,433,498	 \$1,111,011	 \$ (322,487)
Requirements:				
Personal services	\$ 167,328	\$ 215,039	\$ 324,451 (b)	\$ (109,412)
Support services	\$ -	\$ -	\$ 29,153	\$ (29,153)
Materials and services	\$ 71,386	\$ 305,526	\$ 151,782 (d)	\$ 153,744
Capital outlay	\$ -	\$ -	\$ 65,764	\$ (65,764)
Services by other organizations	\$ -	\$ -	\$ -	\$ -
Debt service	\$ 100,760	\$ 41,196	\$ 41,196	\$ -
Transfers Out - to Member Support Services	\$ 16,000	\$ 16,000	\$ 5,566	\$ 10,434
Transfers Out - to Direct subfunds	\$ 138,057	\$ 138,057	\$ 27,569 (c)	\$ 110,488
 Total requirements	 \$ 493,531	 \$ 715,818	 \$ 645,481	 \$ 70,337
 Ending reserves	 \$ 565,607	 \$ 717,680	 \$ 465,530	 \$ (252,150)

(a) Beginning reserves were adjusted for prior period compensated absences liability increase of \$328,875.

(b) Personal services actuals include \$94,043, representing the increase in compensated absences liabilities - governmentwide.

(c) Transfers Out was overbudgeted to Government Services Administration. These transfers were not required in FY 16.

(d) Computer supplies and maintenance was not required to be expended as budgeted for FY 16.

LANE COUNCIL OF GOVERNMENTS
GOVERNMENT SERVICES
SCHEDULE OF RESOURCES AND REQUIREMENTS
BUDGET AND ACTUAL
For the Year Ended June 30, 2016

	<u>Adopted Budget</u>	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance</u>
Resources:				
Federal and state	\$ 1,549,200	\$ 1,549,200	\$ 1,294,642 (a)	\$ (254,558)
Local sources	\$ 4,820,686	\$ 4,712,059	\$ 3,951,336 (a)	\$ (760,723)
Transfers In	\$ 1,151,226	\$ 773,491	\$ 899,690	\$ 126,199
Beginning reserves	\$ 2,533,363	\$ 2,143,395	\$ 2,174,268	\$ 30,873
 Total resources	<u>\$ 10,054,475</u>	<u>\$ 9,178,145</u>	<u>\$ 8,319,936</u>	<u>\$ (858,209)</u>
Requirements:				
Personal services	\$ 2,831,852	\$ 2,693,635	\$ 2,400,340	\$ 293,295
Support services	\$ 943,097	\$ 943,097	\$ 794,140	\$ 148,957
Materials and services	\$ 1,200,514	\$ 969,088	\$ 1,061,784	\$ (92,696)
Capital outlay	\$ -	\$ -	\$ 24,023	\$ (24,023)
Services by other organizations	\$ 1,459,777	\$ 1,604,370	\$ 941,292	\$ 663,078
Debt service	\$ -	\$ -	\$ -	\$ -
Transfers Out	\$ 1,021,238	\$ 635,434	\$ 875,391	\$ (239,957)
 Total requirements	<u>\$ 7,456,478</u>	<u>\$ 6,845,624</u>	<u>\$ 6,096,970</u>	<u>\$ 748,654</u>
 Ending reserves	<u>\$ 2,597,997</u>	<u>\$ 2,332,521</u>	<u>\$ 2,222,966 (b)</u>	<u>\$ (109,555)</u>

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

(a) Overall net operating revenues were \$1,015,281 less than estimated. Of this change, Planning and Transportation federal projects were \$170,901 less than estimated and Telecommunications and Urban/Regional Planning overall net operating revenues were \$537,096 and \$107,011, respectively, less than estimated revenues. Projects and expenditures fluctuate depending on the needs of the agencies served.

(b) Ending reserves is administration - \$32,782; planning and transportation - \$468,432; and telecommunications - \$1,721,752.

**LANE COUNCIL OF GOVERNMENTS
SENIOR AND DISABILITY SERVICES
SCHEDULE OF RESOURCES AND REQUIREMENTS
BUDGET AND ACTUAL
For the Year Ended June 30, 2016**

	<u>Adopted Budget</u>	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance</u>
Resources:				
Federal and state	\$ 16,611,990	\$ 19,050,523	\$ 18,637,853	\$ (412,670)
Local sources	\$ 3,933,518	\$ 3,134,895	\$ 3,347,465	\$ 212,570
Transfers In	\$ 2,731,197	\$ 2,040,893	\$ 2,074,827	\$ 33,934
Beginning reserves	\$ 1,647,759	\$ 2,189,278	\$ 2,194,704	\$ 5,426
 Total resources	<u>\$ 24,924,464</u>	<u>\$ 26,415,589</u>	<u>\$ 26,254,849</u>	<u>\$ (160,740)</u>
 Requirements:				
Personal services	\$ 12,976,403	\$ 12,923,917	\$ 13,099,031	\$ (175,114)
Support services	\$ 1,817,086	\$ 1,817,086	\$ 1,838,531	\$ (21,445)
Materials and services	\$ 4,935,907	\$ 4,568,409	\$ 4,813,862	\$ (245,453)
Capital outlay	\$ -	\$ 80,000	\$ 52,997	\$ 27,003
Services by other organizations	\$ 1,225,101	\$ 1,587,989	\$ 1,521,842	\$ 66,147
Debt service	\$ -	\$ -	\$ -	\$ -
Transfers Out	\$ 2,731,197	\$ 2,040,893	\$ 2,074,827	\$ (33,934)
 Total requirements	<u>\$ 23,685,694</u>	<u>\$ 23,018,294</u>	<u>\$ 23,401,090</u>	<u>\$ (382,796)</u>
 Ending reserves	<u>\$ 1,238,770</u>	<u>\$ 3,397,295</u>	<u>\$ 2,853,759</u> (a)	<u>\$ (543,536)</u>

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

(a) Reserves consist of: Title XIX Medicaid - \$947,003; State revenue - \$231,480; Fundraising monies - \$1,343,370; and Local programs - \$331,906.

**LANE COUNCIL OF GOVERNMENTS
ENTERPRISE FUNDS
SCHEDULE OF RESOURCES AND REQUIREMENTS
BUDGET AND ACTUAL
For the Year Ended June 30, 2016**

	<u>Adopted Budget</u>	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
Resources:				
Federal and state	\$ 250,000	\$ 250,000	\$ 110,000	\$ (140,000)
Local sources	\$ 2,318,718	\$ 2,286,868	\$ 7,091,778 (a)	\$ 4,804,910
Transfers In	\$ 64,548	\$ 64,548	\$ 94,828	\$ 30,280
Beginning reserves	\$ 1,926,429	\$ 2,086,051	\$ 2,086,051	\$ -
 Total resources	 \$ 4,559,695	 \$ 4,687,467	 \$ 9,382,657	 \$ 4,695,190
Requirements:				
Personal services	\$ 229,716	\$ 251,875	\$ 240,899	\$ 10,976
Support services	\$ 71,672	\$ 71,672	\$ 75,160	\$ (3,488)
Materials and services	\$ 606,070	\$ 721,473	\$ 672,854	\$ 48,619
Capital outlay	\$ -	\$ -	\$ 55,502	\$ (55,502)
Loans made (external)	\$ 1,030,714	\$ 1,026,733	\$ 422,000	\$ 604,733
Debt service	\$ 663,836	\$ 614,594	\$ 5,304,820 (a)	\$ (4,690,226)
Transfers Out	\$ 90,624	\$ 157,792	\$ 189,556	\$ (31,764)
 Total requirements	 \$ 2,692,632	 \$ 2,844,139	 \$ 6,960,791	 \$ (4,116,652)
 Ending reserves	 \$ 1,867,063	 \$ 1,843,328	 \$ 2,421,866 (b)	 \$ 578,538

Included in statement are Building Management Program, Economic Development Program, Loans Program, and Minutes Reco

(a) Includes Park Place refinance proceeds of \$4,825,000 and loan pay off expenditure of \$4,810,515.

(b) Reserves consists of Loan Program - \$2,110,594; Building Program - \$255,120; Business Services - \$56,152.

In FY 16, the LCOG Board restricted funds of \$23,693 to replace the HVAC system for Park Place.

**LANE COUNCIL OF GOVERNMENTS
STATEMENT OF NET POSITION
INTERMEDIARY RELENDING PROGRAM
June 30, 2016**

ASSETS

Current assets:

Cash and investments	\$ -
Interest receivable	\$ 1,031
Loans receivable	\$ 153,750
Accounts receivable	\$ -
Prepaid expense	\$ 657
Total current assets	<u>\$ 155,438</u>

Noncurrent assets:

Restricted cash and investments	\$ 1,799,990
Loans receivable	\$ 1,205,728
Allowance for loan losses	\$ (153,425)
Capital assets, net of accumulated depreciation	\$ -
Total noncurrent assets	<u>\$ 2,852,293</u>

Total assets	<u>\$ 3,007,731</u>
--------------	---------------------

LIABILITIES

Current liabilities:

Due to other funds	\$ -
Accounts payable	\$ -
Accrued payroll and fringe	\$ 1,146
Accrued interest	\$ 8,717
Loans payable	\$ 104,773
Total current liabilities	<u>\$ 114,636</u>

Noncurrent liabilities:

Long-term debt, net of current maturities	<u>\$ 1,616,125</u>
Total noncurrent liabilities	<u>\$ 1,616,125</u>

Total liabilities	<u>\$ 1,730,761</u>
-------------------	---------------------

NET POSITION

Invested in capital assets, net of related debt	\$ (514,845)
Change in net investment in capital assets, current fiscal year	\$ 161,318
Revenue over expenditures, current fiscal year	<u>\$ 1,630,497</u>
Total net position, restricted by the USDA	<u>\$ 1,276,970</u>

Net position in this fund is restricted by the USDA. This is one of the four business loans programs. This statement is prepared and included in the Annual Financial Report in compliance with USDA financial requirements.

INTERMEDIARY RELENDING PROGRAM
Rural Business Development Program
For the Year Ended June 30, 2016

Operating revenues:	
Loan fees	\$ 3,420
Local revenue	\$ -
State revenue	\$ -
Interest on business loans	\$ 93,688
Total operating revenues	<u>\$ 97,108</u>
Operating expenses:	
Personal services	\$ 68,650
Miscellaneous	\$ 88
Provision for loan losses	\$ -
Interest on loans	\$ 27,028
Total operating expenses	<u>\$ 95,766</u>
Operating income	<u>\$ 1,342</u>
Non operating revenues (expenses):	
Interest income	\$ 3,735
Interest expense	\$ -
Total non operating revenues	<u>\$ 3,735</u>
Income before transfers	\$ 5,077
Transfers in	\$ -
Transfers out	<u>\$ (32,207)</u>
Change in net position	\$ (27,130)
Fund balance, beginning of year	<u>\$1,657,627</u>
Revenue over expenditures, current fiscal year	<u><u>\$1,630,497</u></u>

This is one of the four business loans programs. This statement is prepared and included in the Annual Financial Report in compliance with USDA financial requirements.

LANE COUNCIL OF GOVERNMENTS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
For the Year Ended June 30, 2016

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>
Assets:				
Cash and investments	\$ 743,795	\$ 151,940	\$ -	\$ 895,735
Total assets	<u>\$ 743,795</u>	<u>\$ 151,940</u>	<u>\$ -</u>	<u>\$ 895,735</u>
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to other funds	\$ -	\$ 17,048	\$ -	\$ 17,048
Due to other agencies	\$ 743,795	\$ 134,892	\$ -	\$ 878,687
Total liabilities	<u>\$ 743,795</u>	<u>\$ 151,940</u>	<u>\$ -</u>	<u>\$ 895,735</u>

Agency is 9-1-1 Public Safety Answering Point (PSAP).

LANE COUNCIL OF GOVERNMENTS

GRANTS AND CONTRACTS ONLY**For the Year Ended June 30, 2016**

Governmental Service Fund	Accounts Receivable	Unearned Revenue
LCOG Operating	127,125	
LCOG Operating	-	(203,770)
GS Administration	1,592	
Community Safety	70,182	
GISCPA	24,819	
GIS-Other	151,463	
Hearings Official & Land Use Law	18,677	
Natural Resources Planning	35,490	
OR Emergency Management & State Police	17,988	
Publications and Information	280	
Publications and Information	350	
Regional Plannning	26,209	
RTS-Other	52,462	
RTS-Other	11,887	
Transportation Operations	465,278	
Tranportation Projects	99,584	(6,633)
Urban and Regional Planning	40,619	
Regional Imagery Acquisition Program	-	(130,000)
Metro TV	1,760	
Public Agency Network (PAN)	17,077	
Telecommunications Management	3,547	
Telecommunications Operations	194,537	
Willamette Internet Exchange (WIX)	10,333	
ADRC	80,308	
Community Programs	33,637	
Senior Connections	32,067	
Senior Meals	30,280	
Senior Meals	64,644	
Title III-B	28,658	
Title III-C-1	104,362	
Title III-C-2	51,172	
Title III-D	8,503	
Title III-E	35,821	
USDA/NSIP	15,093	
Oregon Project Independence	248,648	
Type B Funds (Title XIX)	956,870	
Other Packaging	7,200	
Park Place	3,114	(\$51,896)
Economic Development	7,170	
Minutes Recording Services	24,457	
Total	3,103,264	(\$392,299)

**LANE COUNCIL OF GOVERNMENTS
SCHEDULE OF FUTURE REQUIREMENTS FOR
RETIREMENT OF LONG-TERM DEBT**

Fiscal Year Ending	Park Place Building					
	Umpqua Bank Loan		Umpqua Bank Loan		Wells Fargo Loan	
	Principal	Interest	Principal	Interest	Principal	Interest
2017	94,615	195,586	-	-	-	-
2018	117,819	198,764	-	-	-	-
2019	122,924	193,658	-	-	-	-
2020	128,252	188,331	-	-	-	-
2021	133,810	182,773	-	-	-	-
2022	139,609	176,973	-	-	-	-
2023	145,659	170,923	-	-	-	-
2024	151,972	164,611	-	-	-	-
2025	158,558	158,025	-	-	-	-
2026	165,429	151,153	-	-	-	-
2027	3,466,353	12,276	-	-	-	-
2028	-	-	-	-	-	-
2029	-	-	-	-	-	-
2030	-	-	-	-	-	-
2031	-	-	-	-	-	-
2032	-	-	-	-	-	-
2033	-	-	-	-	-	-
2034	-	-	-	-	-	-
2035	-	-	-	-	-	-
2036	-	-	-	-	-	-
	<u>\$4,825,000</u>	<u>\$1,793,073</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Original loan	Date of loan	Original loan	Date of loan	Original loan	Date of loan
\$4,825,000	6/16/2016	\$4,750,000	1/3/2008	\$550,000	6/9/2009
		\$750,000	4/6/2009	Loan paid off 9/2014	
		\$5,500,000			
		Loan paid off/refinance 6/16			

LANE COUNCIL OF GOVERNMENTS
SCHEDULE OF FUTURE REQUIREMENTS FOR
RETIREMENT OF LONG-TERM DEBT, continued

Fiscal Year Ending	USDA Loan #2		USDA Loan #3	
	Principal	Interest	Principal	Interest
2017	37,673	4,776	17,479	2,813
2018	38,050	4,399	17,654	2,638
2019	38,430	4,019	17,831	2,461
2020	38,815	3,635	18,009	2,283
2021	39,203	3,247	18,189	2,103
2022	39,595	2,855	18,371	1,921
2023	39,991	2,459	18,555	1,737
2024	40,391	2,059	18,740	1,552
2025	40,795	1,655	18,928	1,364
2026	41,203	1,247	19,117	1,175
2027	41,615	835	19,308	984
2028	41,664	419	19,501	791
2029	-	-	19,696	596
2030	-	-	19,893	399
2031	-	-	19,808	200
2032	-	-	-	-
2033	-	-	-	-
2034	-	-	-	-
2035	-	-	-	-
2036	-	-	-	-
	<u>\$ 477,425</u>	<u>\$ 31,605</u>	<u>\$ 281,079</u>	<u>\$ 23,017</u>
	Original loan	Date of loan	Original loan	Date of loan
	\$1,000,000	5/21/1998	\$478,000	10/11/2000

**LANE COUNCIL OF GOVERNMENTS
SCHEDULE OF FUTURE REQUIREMENTS FOR
RETIREMENT OF LONG-TERM DEBT, continued**

USDA Loan #4		USDA Loan #5		USDA Loan #6		Total - All Debt	
Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
14,481	2,499	17,745	3,303	17,395	3,830	199,388	212,807
14,626	2,354	18,102	3,124	17,569	3,656	223,820	214,935
14,773	2,207	18,283	2,943	17,745	3,480	229,986	208,768
14,920	2,060	18,466	2,760	17,922	3,303	236,384	202,372
15,069	1,911	18,650	2,575	18,102	3,124	243,023	195,733
15,220	1,760	18,837	2,389	18,283	2,943	249,915	188,841
15,372	1,608	19,025	2,201	18,466	2,760	257,068	181,688
15,526	1,454	19,215	2,010	18,650	2,575	264,494	174,261
15,681	1,299	19,408	1,818	18,837	2,389	272,207	166,550
15,838	1,142	19,601	1,624	19,025	2,200	280,213	158,541
15,997	983	19,797	1,428	19,215	2,010	3,582,285	18,516
16,156	824	19,996	1,230	19,407	1,818	116,724	5,082
16,318	662	20,196	1,030	19,602	1,624	75,812	3,912
16,481	499	20,397	827	19,798	1,428	76,569	3,153
16,646	334	20,601	624	19,996	1,230	77,051	2,388
16,598	166	20,808	417	20,196	1,030	57,602	1,613
-	-	20,960	203	20,397	828	41,357	1,031
-	-	-	-	20,601	624	20,601	624
-	-	-	-	20,807	418	20,807	418
-	-	-	-	20,592	210	20,592	210
<u>\$ 249,702</u>	<u>\$ 21,762</u>	<u>\$ 330,087</u>	<u>\$ 30,506</u>	<u>\$ 382,605</u>	<u>\$ 41,480</u>	<u>\$ 6,545,898</u>	<u>\$1,941,443</u>
Original loan	Date of loan	Original loan	Date of loan	Original loan	Date of loan		
\$400,000	7/30/2001	\$500,000	8/22/2002	\$500,000	6/29/2006		
		<u>Principal</u>	<u>Interest</u>			<u>Principal</u>	<u>Interest</u>
Business		\$ 1,720,898	\$ 148,370	Government		\$ -	\$ -
Building		\$ 4,825,000	\$ 1,793,073	Business		<u>\$6,545,898</u>	<u>\$1,941,443</u>
Total		\$6,545,898	\$1,941,443	Total		\$6,545,898	\$1,941,443

STATISTICAL SECTION

Financial, Revenue Capacity, Operating Information and Demographic Information

Lane Council of Governments
Statistical Section
For the Fiscal Year Ended June 30, 2016

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
Total Assets by Activity

For the Fiscal Years Ended June 30, 2007 - 2016

	Governmental Activities	Business-Type Activities	Total Assets	Net Change from Prior Year
FY07	\$7,640,468	\$8,520,237	\$16,160,705	\$2,031,932
FY08	\$6,623,930	\$15,273,599	\$21,897,529	\$5,736,824 (a)
FY09	\$5,799,650	\$16,774,853	\$22,574,503	\$676,974 (a)
FY10	\$5,646,590	\$16,886,079	\$22,532,669	\$41,834
FY11	\$6,060,179	\$16,377,911	\$22,438,090	(\$94,579)
FY12	\$5,554,608	\$16,646,169	\$22,200,777	(\$237,313) (a) (b)
FY13	\$5,247,803	\$15,867,294	\$21,115,097	(\$1,085,680) (c)
FY14	\$6,555,794	\$14,469,531	\$21,025,325	(\$89,772)
FY15	\$21,089,502	\$12,648,496	\$33,737,998	\$12,712,673 (b)
FY16	\$18,547,251	\$12,043,929	\$30,591,180	(\$3,146,818)

Total assets are LCOG assets less accumulated depreciation (governmental) and accumulated amortization (business-type).

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

(b): Includes a correction of historical book asset value to agree to actual financial transactions

(c): Includes net reduction in capital assets \$481,450; and \$604,230 reduction in restricted cash/investments, loans receivable

Lane Council of Governments
Change in Net Position, by Activity
For the Fiscal Years Ended June 30, 2007 - 2016

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total Change in Net Position</u>	<u>Net Change from Prior Year</u>
FY07	\$129,173	\$142,817	\$271,990	(\$46,623)
FY08	(\$1,843,993)	\$1,986,789	\$142,796	(\$129,194) (a)
FY09	(\$805,284)	\$397,375	(\$407,909)	(\$550,705) (a)
FY10	(\$110,607)	\$60,898	(\$49,709)	(\$358,200)
FY11	\$302,081	\$136,611	\$438,692	\$488,401
FY12	(\$727,640)	\$296,021	(\$431,619)	(\$870,311) (a)
FY13	(\$118,481)	(\$256,067)	(\$374,548)	\$57,071
FY14	\$1,370,035	\$507,189	\$1,877,224	\$2,251,772 (b)
FY15	\$4,130,257	\$331,506	\$4,461,763	\$2,584,539
FY16	(\$2,667,139)	\$372,461	(\$2,294,678)	(\$17,958,187) (c)

Change in net position is the net of program revenues and expenses. It is the marginal contribution to or (use) of net position. 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 Schaefers Building (sold 6/27/14)

(c): Net change from prior year includes prior period adjustments of \$16.75 million.

Lane Council of Governments
Statement of Activities and Changes in Net Position
For the Last Ten Fiscal Years

<u>Activity</u>	2007	2008	2009	2010	2011	2012	2013
EXPENSES							
Governmental activities							
Board/executive	\$ 314,586	\$ 307,001	\$ 436,491	\$ 83,477	\$ 124,699	\$ 462,594	\$ 178,135
Government Services	10,727,345	7,144,534	7,839,917	8,390,668	8,378,779	11,936,489	8,937,325
Senior and disabled services	10,157,483	10,441,048	11,863,804	12,154,150	13,415,431	13,072,160	13,783,793
Interest on long-term debt	36,992	150,636	179,866	181,906	23,003	24,043	67,947
Business-type activities							
Washington Mutual Building	223,358	0	0	0	0	0	0
Park Place Building	0	377,833	899,652	1,088,941	1,207,352	1,164,945	1,157,348
Springfield Building	0	308,677	306,499	313,694	263,589	247,902	255,269
Schaefer's Building	369,148	376,542	395,483	399,011	416,690	360,312	284,984
Loan program	506,353	535,951	484,155	504,454	436,516	494,026	473,694
Business services	0	0	0	0	0	55,156	65,467
Total Expenses	\$ 22,335,265	\$ 19,642,222	\$ 22,405,867	\$ 23,116,301	\$ 24,266,059	\$ 27,817,627	\$ 25,203,962
REVENUES							
Governmental activities							
Operating grants and contributions							
Board/executive	\$ 25,679	\$ 500	\$ -	\$ -	\$ -	\$ -	\$ -
Government Services	1,446,429	1,562,492	1,845,317	2,436,049	5,226,311	8,568,716	6,328,256
Senior and disabled services	8,899,985	9,227,510	10,797,560	11,231,416	10,040,773	10,664,575	11,305,728
Charges for services							
Board/executive	14,722	11,863	10,553	13,265	83,824	114,137	311,079
Government Services	9,275,695	5,740,872	6,086,081	5,738,872	3,175,427	3,082,496	2,361,194
Senior and disabled services	1,300,172	1,230,007	1,036,100	1,262,548	3,522,224	2,476,599	2,450,180
Business-type activities							
Operating grants and contributions							
Loan program	125,000	0	0	0	0	0	0
Charges for services							
Washington Mutual Building	191,933	0	0	0	0	0	0
Park Place Building	0	323,325	716,217	758,956	1,112,603	911,080	937,263
Springfield Building	0	281,772	321,638	329,679	337,921	345,688	253,634
Schaefer's Building	320,748	355,635	355,454	365,011	363,810	377,145	206,071
Loan program	553,423	525,238	549,294	688,905	389,379	307,729	287,804
Minutes Recording	0	0	0	0	0	76,579	71,817
Economic Development	0	0	0	0	0	0	0
Business Services	0	0	0	0	0	0	0
Total Revenues	\$ 22,153,786	\$ 19,259,214	\$ 21,718,214	\$ 22,824,701	\$ 24,252,272	\$ 26,924,744	\$ 24,513,026
NET EXPENSE (REVENUE)							
Governmental activities	\$ (273,724)	\$ (269,975)	\$ (544,467)	\$ (128,051)	\$ 106,647	\$ (588,763)	\$ (210,763)
Business-type activities	92,245	(113,033)	(143,186)	(163,549)	(120,434)	(304,120)	(480,173)
Total Net Expense	\$ (181,479)	\$ (383,008)	\$ (687,653)	\$ (291,600)	\$ (13,787)	\$ (892,883)	\$ (690,936)
GENERAL REVENUES AND OTHER CHANGES IN NET POSITION							
Governmental activities							
Unrestricted investment earnings	\$ 102,060	\$ 161,413	\$ 51,213	\$ 11,945	\$ -	\$ -	\$ -
Member dues	210,069	219,472	226,603	229,946	222,063	233,848	195,879
Other	0	0	0	0			
Gain (loss) on disposition of capital assets	3,500	1,910	1,928	0	(51,260)	(7,960)	0
Loans made (to Park Place Building)	0	0	0	0	0	(418,000)	0
Transfers	87,268	(1,956,813)	(540,561)	(224,447)	24,631	53,235	(103,597)
Business-type activities							
Unrestricted investment earnings	137,840	143,009	0	0	281,776	235,376	166,605
Gain (loss) on disposition of capital assets	0	0	0	0	0	0	(46,096)
Loans made (to Park Place Building)	0	0	0	0	0	418,000	0
Tenant Improvement expenses	0	0	0	0	0	0	0
Capital Contributions	0	0	0	0	0	0	0
Special Items - Transfer of Assets	0	0	0	0	0	0	0
Transfers	(87,268)	1,956,813	540,561	224,447	(24,731)	(53,235)	103,597
Total General Revenues	\$ 453,469	\$ 525,804	\$ 279,744	\$ 241,891	\$ 452,479	\$ 461,264	\$ 316,388
Change in Net Position							
Governmental activities	\$ 129,173	\$ (1,843,993)	\$ (805,284)	\$ (110,607)	\$ 302,081	\$ (727,640)	\$ (118,481)
Business-type activities	142,817	1,986,789	397,375	60,898	136,611	296,021	(256,067)
Total Change in Net Position	271,990	142,796	(407,909)	(49,709)	438,692	(431,619)	(374,548)
Net position, beginning of year, previously reported							
Governmental activities	2,935,093	3,064,266	1,220,273	414,989	304,382	605,731	216,994
Business-type activities	2,143,283	2,286,100	4,272,889	4,670,263	4,731,161	4,867,772	3,471,251
Total net position, beginning of year	5,078,376	5,350,366	5,493,162	5,085,252	5,035,543	5,473,503	3,688,245
Prior period adjustments							
Governmental activities	0	0	0	0	0	0	0
Business - type activities	0	0	0	0	0	0	0
Total prior period adjustments	0	0	0	0	0	0	0
Net position, end of year							
Governmental activities	3,064,266	1,220,273	414,989	304,382	605,731	216,994	1,753,225
Business-type activities	2,286,100	4,272,889	4,670,264	4,731,161	4,867,772	3,163,793	3,215,184
Total NET POSITION, end of year	\$ 5,350,366	\$ 5,493,162	\$ 5,085,253	\$ 5,035,543	\$ 5,473,503	\$ 3,380,787	\$ 4,968,409

Source: Lane Council of Governments, Annual Financial Report, Financial Statements.
Information is as of most recent audited report.

Lane Council of Governments
Statement of Activities and Changes in Net Position
For the Last Ten Fiscal Years

<u>Activity</u>	2014	2015	2016
EXPENSES			
Governmental activities			
Board/executive	\$ 367,978	\$ 481,450	\$ 3,833,110
Government Services	6,311,321	7,939,900	5,812,658
Senior and disabled services	14,900,572	12,781,146	25,148,879
Interest on long-term debt	66,072	0	25,645
Business-type activities			
Washington Mutual Building	0	0	0
Park Place Building	1,196,976	993,618	1,028,278
Springfield Building	241,689	213,455	136,051
Schaefers Building	240,916	4,075	0
Loan program	388,712	325,557	266,620
Business services	52,218	117,009	180,484
Total Expenses	\$ 23,766,454	\$ 22,856,210	\$ 36,431,725
REVENUES			
Governmental activities			
Operating grants and contributions			
Board/executive	\$ -	\$ -	\$ -
Government Services	4,072,961	985,344	1,229,439
Senior and disabled services	12,621,471	17,898,351	27,152,785
Charges for services			
Board/executive	913,163	100,760	44,963
Government Services	2,797,142	320,720	454,724
Senior and disabled services	2,543,886	5,825,753	1,131,366
Business-type activities			
Operating grants and contributions			
Loan program	0	0	110,000
Charges for services			
Washington Mutual Building	0	0	0
Park Place Building	976,354	1,018,686	997,920
Springfield Building	234,066	266,262	182,890
Schaefers Building	206,087	0	0
Loan program	282,036	302,738	383,522
Minutes Recording	66,842	58,842	90,723
Economic Development	0	0	31,134
Business Services	0	0	0
Total Revenues	\$ 24,714,008	\$ 26,777,456	\$ 31,809,466
NET EXPENSE (REVENUE)			
Governmental activities	\$ 1,302,680	\$ 3,928,432	\$ (4,807,014)
Business-type activities	(355,126)	(7,186)	192,546
Total Net Expense	\$ 947,554	\$ 3,921,246	\$ (4,614,468)
GENERAL REVENUES AND OTHER CHANGES IN NET POSITION			
Governmental activities			
Unrestricted investment earnings	\$ -	\$ -	\$ 4,504
Member dues	196,361	197,825	206,671
Other	0	0	195,611
Gain (loss) on disposition of capital assets	0	0	1,638,361
Loans made (to Park Place Building)	0	40,768	0
Transfers	(129,006)	(36,768)	94,728
Business-type activities			
Unrestricted investment earnings	420,291	230,307	5,080
Gain (loss) on disposition of capital assets	413,402	71,617	0
Loans made (to Park Place Building)	0	0	0
Tenant Improvement expenses	(14,896)	0	0
Capital Contributions	(85,489)	0	0
Special Items - Transfer of Assets	0	0	269,563
Transfers	129,007	36,768	(94,728)
Total General Revenues	\$ 929,670	\$ 540,517	\$ 2,319,790
Change in Net Position			
Governmental activities	\$ 1,370,035	\$ 4,130,257	\$ (2,667,139)
Business-type activities	507,189	331,506	372,461
Total Change in Net Position	1,877,224	4,461,763	(2,294,678)
Net position, beginning of year, previously reported			
Governmental activities	1,753,225	2,754,485	1,493,644
Business-type activities	3,212,184	3,719,372	4,055,281
Total net position, beginning of year	4,965,409	6,473,857	5,548,925
Prior period adjustments			
Governmental activities	0	0	10,241,702
Business - type activities	0	0	959,772
Total prior period adjustments	0	0	11,201,474
Net position, end of year			
Governmental activities	2,845,006	1,498,048	9,068,207
Business-type activities	3,719,372	4,050,878	5,387,514
Total NET POSITION, end of year	\$ 6,564,378	\$ 5,548,926	\$ 14,455,721

Lane Council of Governments
Change in Fund Balance - Governmental Funds
For the Fiscal Years Ended June 30, 2007 - 2016

	General Fund	Special Revenue Funds	Total Governmental Funds
FY07	\$1,801,933 (a)	\$187,770	\$1,989,703
FY08	(\$878,814)	\$294,323	(\$584,491)
FY09	(\$905,644)	\$99,325	(\$806,319)
FY10	(\$75,696)	(\$135,008)	(\$210,704)
FY11	\$155,510	\$93,824	\$249,334
FY12	(\$704,171)	(\$229,657)	(\$933,828)
FY13	\$268,439	(\$497,284)	(\$228,845)
FY14	\$164,714	\$1,246,100	\$1,410,814
FY15	\$237,577	\$614,858	\$852,435
FY16	\$165,472	\$707,753	\$873,225
Average	\$ 22,932 (b)	\$ 238,200	\$ 261,132

For detail, see Financial Section - Statement of Changes in Fund Balance for governmental funds.

(a): Reflects first building loan proceeds of \$1.8 million (recorded in General Fund initially).

(b): Prior to FY13, General Fund provided support to the Proprietary Fund (buildings).

Lane Council of Governments
Total Resources All Funds
For the Fiscal Years Ended June 30, 2007 - 2016

	<u>Beginning Reserves</u>	<u>Current Year Revenues</u>	<u>Total Resources</u>	<u>Net Change from Prior Year</u>
FY07	\$4,552,008	\$26,502,259	\$31,054,267	\$2,654,452 (a)
FY08	\$6,762,874	\$28,380,628	\$35,143,502	\$4,089,235 (a)
FY09	\$6,799,599	\$23,950,708	\$30,750,307	(\$4,393,195) (b)
FY10	\$5,707,294	\$24,328,135	\$30,035,429	\$714,878
FY11	\$5,519,951	\$25,420,051	\$30,940,002	\$904,573
FY12	\$7,080,778	\$28,436,930	\$35,517,708	\$4,577,706 (c)
FY13	\$5,411,676	\$25,828,379	\$31,240,055	(\$4,277,653) (c)
FY14	\$5,249,766	\$26,364,881	\$31,614,647	\$374,592
FY15	\$6,632,893	\$28,974,833	\$35,607,726	\$3,993,079 (d)
FY16	\$6,755,081	\$35,140,463	\$41,895,544	\$6,287,818 (e)
Average	\$ 6,047,192	\$ 27,332,727	\$ 33,379,919	\$ 1,492,549

Total Resources excludes transfer activity. The above data is per LCOG statements (see Supplementary Schedules section for details).

(a): Includes building loan proceeds received.

(b): In comparison to prior year is a returning to normal resource balances.

(c): FY12 and FY13 reflects the receipt in FY12 and expenditures in FY13 of a \$4.6 million ODOT multi year project.

(d): Primary increase involves Senior & Disability Services increased Federal and Local revenues.

Lane Council of Governments
Revenue by Source - Governmental Funds
For the Fiscal Years Ended June 30, 2007 - 2016

	<u>Federal Revenue</u>	<u>State Revenue</u>	(a)	<u>Local Revenue</u>	<u>Member Dues</u>	<u>In Kind Revenue</u>	<u>Total Revenues Governmental Funds</u>
FY07	\$10,441,683	\$0		\$12,490,398	\$210,069	\$168,019	\$23,310,169 (c)
FY08	\$10,925,138	\$0		\$8,434,065	\$219,472	\$172,250	\$19,750,925 (c)
FY09	\$3,615,086	\$8,539,233		\$7,702,473	\$226,603	\$190,288	\$20,273,683
FY10	\$4,398,642	\$9,067,922		\$7,237,966	\$229,946	\$200,901	\$21,135,377
FY11	\$5,297,871	\$9,741,966		\$7,014,166	\$222,063	\$227,245	\$22,503,311
FY12	\$9,611,949	\$9,356,799		\$5,783,839	\$233,848	\$264,543	\$25,250,978 (d)
FY13	\$7,184,139	\$10,194,365		\$5,122,453	\$195,879	\$255,481	\$22,952,317 (d)
FY14	\$4,982,398	\$11,603,846		\$6,254,190	\$196,361	\$108,188	\$23,144,982
FY15	\$4,842,080	\$12,602,609		\$8,822,481	\$197,825	\$77,620	\$26,542,616 (e)
FY16	\$6,524,263	\$13,408,233		\$10,201,600	\$206,671	\$79,298	\$30,420,065
Average	\$ 6,782,325	\$ 8,451,497		\$ 7,666,155	\$ 213,874	\$ 166,454	\$ 23,280,304

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

(a) As noted, FY04-FY08 recorded all federal and state revenues as one value; as of FY09 revenues were classified correctly.

(c): Reflects receipt of proceeds from loans on Schaefer's Building and Park Place Building: \$2,700,994.

(d): FY12 reflects large grant from ODOT - \$4.6 million; FY13 does not include grant (one time funding).

(e): Primary increase in local revenue is from Planning Services and Senior & Disability Services increase in contract awards.

Lane Council of Governments
Total Revenue All Funds

For the Fiscal Years Ended June 30, 2007 - 2016

	<u>Revenues</u>	<u>Change from Prior Year</u>
FY07	\$26,502,259	\$2,736,198 (a)
FY08	\$28,380,628	\$1,878,369 (b) (c)
FY09	\$23,950,708	(\$4,429,920) (d)
FY10	\$24,328,135	\$377,427
FY11	\$25,420,051	\$1,091,916
FY12	\$28,436,930	\$3,016,879 (e)
FY13	\$25,828,379	(\$2,608,551) (f)
FY14	\$26,364,881	\$536,502 (g)
FY15	\$ 31,805,181	\$2,609,952
FY16	\$35,140,463	\$6,165,630 (h)
Average	\$ 27,332,727	\$ 1,137,440

Revenue is Total All Resources less Reserves and Transfers. Change noted is not necessarily indicative of revenue decline; instead the majority of change represents funding fluctuations, grants, contracts from year to year or from one time transactions.

(a) Includes receipt of proceeds from equity loans on Schaefer's Building. \$3,000,000 one time revenue.

(b) Includes \$1,350,497 receipt of proceeds to purchase Park Place Building and pay off \$1,149,503 Wells fargo Bank loan - a \$2,500,000 one time revenue. Also includes partial receipt of proceeds for Park Place Building.

(c) Includes balance of proceeds to purchase Park Place Building.

(d) Change is due in part to the prior year including one time revenues (loan proceeds primarily).

(e) Includes large multi year grants - BTOP - \$4,285,383; HUD/ODOT: \$380,000 increase.

(f) Change due in part to level of project activities on BTOP/ODOT/HUD grant in year two being \$1.9 million less than prior year.

(g) Change is due in part to level of project activities on BTOP/ODOT/HUD concluding and therefore less in comparison to prior two years; and net sale proceeds from Schaefer's Building (\$408,510).

(h) Federal, state and local revenues increased; transfers decreased.

Lane Council of Governments
All Funds Summary: Resources

For the Fiscal Years Ended June 30, 2007 - 2016

	Beginning Balance	Federal Revenue	State Revenue	Local Revenue (a)	Total
FY07	\$ 4,552,008	\$ 10,754,683	\$ 125,000	\$ 15,622,576	\$ 31,054,267
FY08	\$ 6,762,874	\$ 10,925,138	\$ 187,000	\$ 17,268,490	\$ 35,143,502
FY09	\$ 6,799,599	\$ 3,615,086	\$ 8,539,233	\$ 11,796,389	\$ 30,750,307
FY10	\$ 5,707,294	\$ 4,398,642	\$ 9,105,422	\$ 10,824,071	\$ 30,035,429
FY11	\$ 5,519,951	\$ 5,397,870	\$ 9,741,966	\$ 10,280,215	\$ 30,940,002
FY12	\$ 7,080,778	\$ 9,611,949	\$ 9,356,799	\$ 9,468,182	\$ 35,517,708
FY13	\$ 5,411,676	\$ 7,184,139	\$ 10,194,365	\$ 8,449,875	\$ 31,240,055
FY14	\$ 5,249,766	\$ 4,982,398	\$ 11,603,845	\$ 9,778,638	\$ 31,614,647
FY15	\$ 6,632,893	\$ 5,026,080	\$ 12,602,611	\$ 11,346,142	\$ 35,607,726
FY16	\$ 6,755,081	\$ 6,634,263	\$ 13,408,232	\$ 14,891,297	\$ 41,688,873

NOTES

*This schedule excludes interfund transfers and internal charges revenue.

(a) Local Revenue includes member dues, rental income, and in-kind revenues.

Lane Council of Governments
All Funds Summary: Requirements*

For the Fiscal Years Ended June 30, 2007 - 2016

	Services by						
	Personal Costs	Materials & Supplies	Capital Outlay	Other Organizations	Debt Service	Reserves	Total
	(a)		(b)	(c)		(d)	
FY07	\$ 11,796,267	\$ 7,884,830	\$ 192,640	\$ 2,630,809	\$ 1,786,847	\$ 6,762,874	\$ 31,054,267
FY08	\$ 12,429,097	\$ 4,722,237	\$ 6,708,938	\$ 2,449,317	\$ 2,034,318	\$ 6,799,595	\$ 35,143,502
FY09	\$ 13,570,743	\$ 5,495,382	\$ 2,036,955	\$ 2,832,576	\$ 1,107,357	\$ 5,707,294	\$ 30,750,307
FY10	\$ 13,900,275	\$ 5,766,689	\$ 715,517	\$ 2,961,139	\$ 1,167,100	\$ 5,524,709	\$ 30,035,429
FY11	\$ 15,310,426	\$ 5,930,995	\$ 117,967	\$ 2,096,671	\$ 1,215,247	\$ 6,268,696	\$ 30,940,002
FY12	\$ 15,044,174	\$ 9,912,434	\$ 915,789	\$ 2,673,394	\$ 1,134,143	\$ 5,837,774	\$ 35,517,708
FY13	\$ 14,428,282	\$ 7,750,198	\$ 74,138	\$ 2,619,230	\$ 1,118,441	\$ 5,249,766	\$ 31,240,055
FY14	\$ 15,014,900	\$ 6,026,218	\$ 41,321	\$ 1,734,084	\$ 2,165,231	\$ 6,632,893	\$ 31,614,647
FY15	\$ 16,358,871	\$ 7,935,748	\$ -	\$ 3,098,044	\$ 1,131,107	\$ 7,083,956	\$ 35,607,726
FY16	\$ 17,544,658	\$ 7,957,329	\$ 198,286	\$ 2,885,134	\$ 5,346,016	\$ 7,964,121	\$ 41,895,544

NOTES

(a) Personal Costs are Salary + Fringe.

(b) Capital outlay in FY08: FY12 included building acquisitions and improvements capitalized on Park Place and Schaefer's Building (Schaefer's building no longer owned by LCOG.)

(c) Includes loans made to small businesses.

(d) All Reserves are designated at FY14; prior to FY14 reserves are both undesignated and designated.

* This schedule excludes interfund transfers and internal charges.

Lane Council of Governments

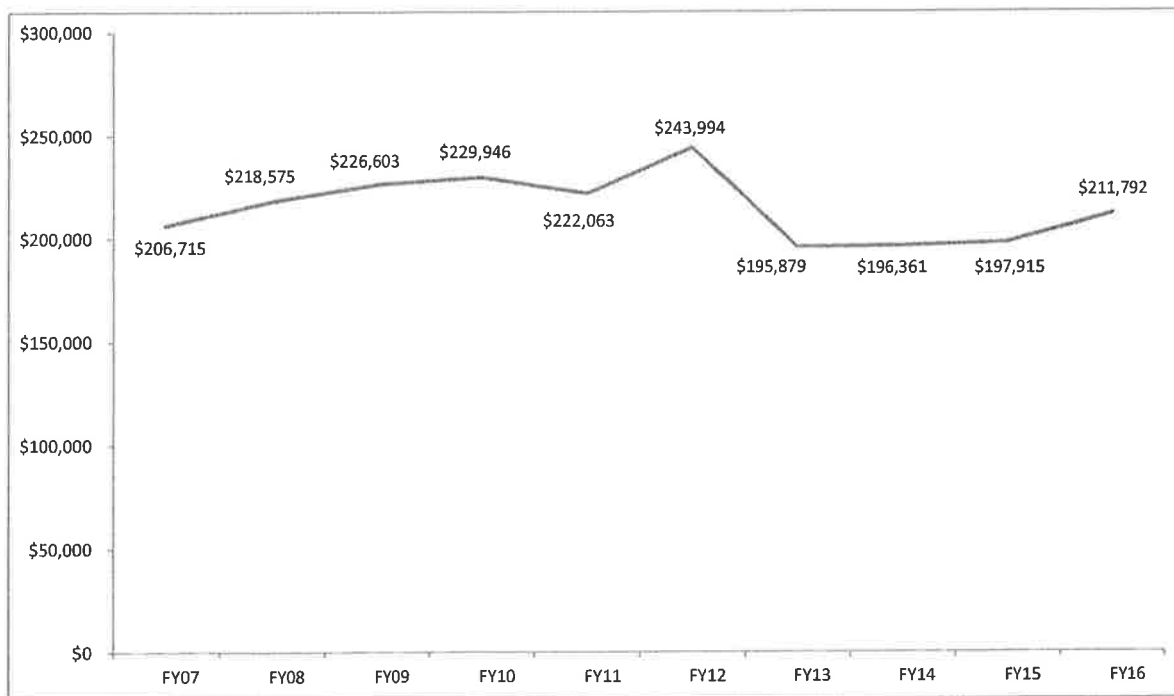
Member Dues

For the Fiscal Years Ended June 30, 2007 - 2015

Member Agency	FY07	FY08	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16
Bethel School District 52	\$1,292	\$667	\$0	\$635	\$632	\$646	\$559	\$559	\$573	\$1,000
City of Coburg	\$479	\$496	\$503	\$505	\$508	\$510	\$410	\$410	\$410	\$1,000
City of Cottage Grove	\$4,081	\$4,276	\$4,392	\$4,449	\$4,458	\$4,463	\$3,823	\$3,823	\$3,832	\$3,950
City of Creswell	\$2,027	\$2,084	\$2,186	\$2,214	\$2,251	\$2,277	\$1,967	\$1,967	\$1,957	\$2,050
City of Dunes City	\$596	\$620	\$0	\$0	\$0	\$268	\$512	\$512	\$512	\$522
City of Eugene	\$65,480	\$68,502	\$72,234	\$72,671	\$73,837	\$74,187	\$61,629	\$61,629	\$62,110	\$65,360
City of Florence	\$3,667	\$3,812	\$3,887	\$4,423	\$4,503	\$4,507	\$3,323	\$3,323	\$3,323	\$3,448
City of Junction City	\$2,215	\$2,289	\$2,413	\$2,491	\$2,566	\$2,665	\$2,136	\$2,136	\$2,136	\$2,348
City of Lowell	\$412	\$440	\$468	\$477	\$484	\$489	\$410	\$410	\$414	\$500
City of Oakridge	\$1,649	\$1,706	\$1,739	\$1,770	\$1,765	\$1,770	\$1,257	\$1,257	\$1,259	\$1,296
City of Springfield	\$25,025	\$26,307	\$26,940	\$27,262	\$27,300	\$27,530	\$23,417	\$23,417	\$23,473	\$24,054
City of Veneta	\$1,772	\$1,955	\$2,181	\$2,275	\$2,338	\$2,366	\$1,808	\$1,808	\$1,808	\$1,880
City of Westfir	\$148	\$154	\$157	\$160	\$160	\$160	\$100	\$100	\$100	\$1,000
Creswell School District	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$52	\$123	\$1,000
EPUD	\$2,089	\$2,198	\$2,309	\$2,328	\$2,351	\$2,420	\$1,996	\$1,996	\$2,598	\$2,047
Eugene School District 4J	\$1,934	\$1,929	\$1,927	\$1,884	\$1,948	\$1,916	\$1,651	\$1,651	1647	\$1,720
EWEB	\$4,491	\$9,676	\$9,994	\$10,124	\$0	\$20,471	\$8,530	\$8,530	\$8,530	\$8,901
Fern Ridge Library District	\$448	\$461	\$470	\$470	\$470	\$470	\$392	\$392	\$392	\$500
Heceta Water District	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$90	\$216	\$500
Junction City RFPD	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,000
Lane Community College	\$1,139	\$1,235	\$1,309	\$1,295	\$1,500	\$1,750	\$1,506	\$1,506	\$1,369	\$1,438
Lane County	\$83,349	\$86,634	\$89,216	\$89,929	\$90,399	\$90,623	\$76,635	\$76,635	\$76,635	\$79,673
Lane ESD	\$448	\$461	\$470	\$470	\$470	\$470	\$392	\$392	\$392	\$1,000
Lane Library District	\$909	\$0	\$470	\$470	\$470	\$470	\$392	\$392	\$392	\$500
McKenzie School District 68	\$30	\$29	\$27	\$25	\$26	\$23	\$20	\$20	\$21	\$0
Port of Siuslaw	\$448	\$461	\$470	\$470	\$470	\$470	\$392	\$392	\$392	\$500
River Road Park&Rec District	\$0	\$0	\$147	\$470	\$470	\$470	\$392	\$392	\$392	\$1,000
Siuslaw Library District	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$163	\$392	\$500
Siuslaw Rural FPD #1	\$0	\$461	\$470	\$470	\$470	\$470	\$392	\$392	\$392	\$500
South Lane School District	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$177	\$265	\$500
Springfield School District 19	\$1,230	\$1,261	\$1,284	\$1,269	\$1,277	\$1,193	\$1,054	\$1,054	\$1,076	\$1,105
Western Lane Ambulance	\$448	\$461	\$470	\$470	\$470	\$470	\$392	\$392	\$392	\$500
Willamalane Parks & Rec District	\$909	\$0	\$470	\$470	\$470	\$470	\$392	\$392	\$392	\$500
Total Member Dues	\$206,715	\$218,575	\$226,603	\$229,946	\$222,063	\$243,994	\$195,879	\$196,361	\$197,915	\$211,792

Notes: Amounts are dues actually paid, not necessarily annual amounts. For FY16, LCOG moved to a new two-level dues structure, setting dues at a minimum amount of \$500.

Lane Council of Governments
Chart: Member Dues
For the Fiscal Years Ended June 30, 2007 - 2015



Note: amount of dues in chart is based on actual amount paid in the fiscal year noted (not necessarily the amount of the annual dues).
Amounts are rounded.

Lane Council of Governments
Net Operating Performance
For the Fiscal Years Ended June 30, 2007 - 2016

		<u>Revenues</u>		<u>Expenditures</u>		<u>Net</u>	<u>Net Change from Prior Year</u>
FY07	\$	26,502,259	\$	24,291,393	\$	2,210,866 (a)	\$ 2,292,610
FY08	\$	28,380,628	\$	28,343,906	\$	36,722	\$ (2,174,144)
FY09	\$	23,950,708	\$	25,043,012	\$	(1,092,304)	\$ (1,129,026)
FY10	\$	24,327,987	\$	24,510,540	\$	(182,553)	\$ 909,751
FY11	\$	25,420,051	\$	24,671,306	\$	748,745	\$ 931,298
FY12	\$	28,704,058	\$	29,679,934	\$	(975,876)	\$ (1,724,621)
FY13	\$	25,828,379	\$	25,990,289	\$	(161,910)	\$ 813,966
FY14	\$	26,364,881	\$	24,981,303	\$	1,383,578 (b)	\$ 1,545,488
FY15	\$	31,805,181	\$	31,354,118	\$	451,063 (c)	\$ (932,515)
FY16	\$	35,140,464	\$	33,931,423	\$	1,209,041 (d)	\$ 1,558,932
Average	\$	27,642,460	\$	27,199,627	\$	442,833	\$ 209,174

This schedule details operating activity only (excludes internal charges, transfers and reserves). This schedule presents the net contribution or (use) of ending fund balance. Changes noted in net performance is not necessarily indicative of a decline in funding. Instead, the majority of change represents fluctuations in grants and contracts from year to year or fluctuations from one time transactions.

(a) Includes a one time \$2,500,000 in proceeds from borrowing on building (non operating revenue recorded as operating - local revenue).

(b) Includes a one time \$408,510 from net sale proceeds (sold Schaefer's Building 6/27/14).

(c) Includes payoff of two outstanding building loans (\$325,562) and an increase (\$498,000) from prior year for made to small businesses.

(b) Includes a one time net sale proceeds (sold Springfield building 12/11/15).

Lane Council of Governments
Net Operating Performance by Area
For the Fiscal Years Ended June 30, 2007 - 2016

	General Government	Government Services	Senior & Disability Services	Business Programs	(a)	Total Contribution/(use)
FY07	\$ 1,874,058	\$ 9,629	\$ 18,748	\$ 308,431	(b) \$	2,210,866
FY08	\$ 1,246,425	\$ 181,128	\$ (55,230)	\$ (1,335,601)	(c) \$	36,722
FY09	\$ (414,325)	\$ 129,917	\$ 18,649	\$ (826,545)	(d) \$	(1,092,304)
FY10	\$ 5,509	\$ (312,309)	\$ 265,084	\$ (140,837)	\$	(182,553)
FY11	\$ 160,241	\$ 36,935	\$ 27,235	\$ 524,334	\$	748,745
FY12	\$ (396,665)	\$ (324,914)	\$ 1,644	\$ (255,941)	\$	(975,876)
FY13	\$ 375,603	\$ (317,350)	\$ (35,465)	\$ (184,698)	\$	(161,910)
FY14	\$ 642,075	\$ 376,014	\$ 521,730	\$ (156,241)	(e) \$	1,383,578
FY15	\$ 237,577	\$ (127,756)	\$ 742,613	\$ (401,371)	(f) \$	451,063
FY16	\$ 165,472	\$ 48,698	\$ 659,055	\$ 335,815	\$	1,209,040
Average	\$ 389,596.95	\$ (30,000.76)	\$ 216,406.32	\$ (213,265.42)		\$ 362,737.09

For detail by service area, see Reserves All Funds statistical page. This schedule is the net contribution of use of ending fund balance by service area.

(a) This service area includes Building Program; overall program requires support from General Government.

(b) Reflects first building loan proceeds received (recorded in General Fund initially).

(c) Combination of second building loan proceeds received and costs of building improvements.

(d) Remaining building improvement costs.

(e) Amount includes a net positive \$408,510 from the sale of Schaefer's Building. Also, Loan Program paid off a material amount of outstanding USDA loan debt (\$954,633) using current year revenues.

(f) Business Programs - Loans: loans are disbursed in advance of refunding; also FY15 disbursed \$498,000 more small business loans in FY15 than FY14; and payout of two outstanding building loans (\$325,562).

Lane Council of Governments

Fund Balance, All Funds

For the Fiscal Years Ended June 30, 2006 - 2016

	<u>Governmental Funds</u>	<u>Proprietary Funds</u>	<u>Total Fund Balance</u>	<u>Change from Prior Year</u>
FY07	\$4,758,605	\$2,004,269	\$6,762,874	\$2,210,865 (a)
FY08	\$4,174,114	\$2,625,481	\$6,799,595	\$36,721 (b)
FY09	\$3,367,796	\$2,339,498	\$5,707,294	(\$1,092,301) (c)
FY10	\$3,157,095	\$2,367,614	\$5,524,709	(\$182,585)
FY11	\$3,368,164	\$2,900,532	\$6,268,696	\$743,987
FY12	\$3,246,417	\$2,591,357	\$5,837,774	(\$430,922) (d)
FY13	\$2,739,510	\$2,510,256	\$5,249,766	(\$588,008) (d)
FY14	\$4,150,324	\$2,482,569	\$6,632,893	\$1,383,127 (e)
FY15	\$5,002,308	\$2,081,648	\$7,083,956	\$451,063 (f)
FY16	\$5,542,254	\$2,421,866	\$7,964,120	\$880,164
Average	\$ 3,950,659	\$ 2,432,509	\$ 6,383,168	\$ 341,211

Fund Balance is the balance remaining as of June 30 for the year indicated. Amounts are rounded.

(a): Includes receipt of proceeds from loans on Schaefer's Building. \$3,000,000 one time revenue.

(b): Includes \$1,350,497 one-time receipt of proceeds to purchase Park Place Building; and one-time cost to pay off

(c): Change is due in part to the prior year including one time revenues (loan proceeds primarily).

(d): Change is due in part to level of project activities on ODOT grant - \$1.9 million less than prior year.

(e): Includes \$408,510 from sale of Schaefer's Building (6/27/14). Amount is net proceeds.

(f): Includes \$498,000 more loans made in FY15 than FY14; and payout of two outstanding building loans (\$325,562).

Lane Council of Governments
Net Capital Assets by Activity
For the Fiscal Years Ended June 30, 2007 - 2016

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total Net Capital Assets</u>	<u>Net Change from Prior Year</u>
FY07	334,985	2,848,638	3,183,623	(72,033)
FY08	278,816	9,223,574	9,502,390	6,318,767 (a)
FY09	130,935	10,815,134	10,946,069	1,443,679 (b)
FY10	168,596	10,954,482	11,123,078	(177,009)
FY11	192,099	10,436,938	10,629,037	(494,041) (c)
FY12	488,285	10,363,860	10,852,145	223,108 (b)
FY13	449,680	9,920,744	10,370,424	(481,721)
FY14	420,166	9,403,463	9,823,629	(546,795)
FY15	137,081	7,848,220	7,985,301	(1,838,328) (d),(c)
FY16	10,229,272	6,895,445	17,124,717	9,139,416 (e),(c)
Average	1,282,992	8,871,050	10,154,041	1,351,504

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

(a): Includes building additions (Park Place Building).

(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.

Total Population by Jurisdiction

For Years Ended 2007 - 2015

	2007	2008	2009	2010	2011	2012	2013	2014	2015
State of Oregon	3,745,455	3,791,075	3,823,465	3,831,074	3,857,625	3,883,735	3,919,020	3,962,710	4,013,845
LCOG Region:									
Lane County	343,140	345,880	347,690	351,715	353,155	354,200	356,125	358,805	365,940
Lane County % of State	9.2%	9.1%	9.1%	9.2%	9.2%	9.1%	9.1%	9.1%	9.1%
Coburg	1,070	1,075	1,080	1,035	1,045	1,045	1,045	1,045	1,070
Cottage Grove	9,345	9,445	9,485	9,686	9,745	9,770	9,785	9,840	9,890
Creswell	4,650	4,710	4,790	5,031	5,015	4,990	5,020	5,075	5,360
Dunes City	1,360	1,360	1,360	1,303	1,305	1,305	1,310	1,315	1,320
Eugene	153,690	154,620	157,100	156,185	157,010	158,335	159,580	160,775	165,885
Florence	8,270	9,410	9,580	8,466	8,470	8,470	8,480	8,565	8,680
Junction City	5,135	5,300	5,460	5,392	5,445	5,445	5,550	5,620	6,010
Lowell	995	1,015	1,030	1,045	1,045	1,055	1,060	1,060	1,070
Oakridge	3,700	3,745	3,755	3,205	3,205	3,210	3,215	3,220	3,255
Springfield	57,320	58,005	58,085	59,403	59,695	59,840	59,990	60,065	60,140
Veneta	4,640	4,840	4,975	4,561	4,610	4,610	4,635	4,690	4,755
Westfir	335	340	340	253	255	255	255	255	255
Unincorporated	92,630	92,015	90,650	96,150	96,310	95,870	96,200	97,280	98,250
Total	343,140	345,880	347,690	351,715	353,155	354,200	356,125	358,805	365,940

Lane Council of Governments
Demographic & Economic Statistics

For the Years Ended December 31, 2007 - 2015

Calendar Year	Population¹	Personal Income¹ (in \$1,000s)	Per Capita² Personal Income	Lane County³ Median Age	Oregon³ Median Age	Lane County⁴ Unemployment Rate	Oregon⁴ Unemployment Rate
2007	344,844	11,542,563	33,472	38.2	37.9	5.2%	5.2%
2008	348,176	11,951,855	34,327	38.3	38.0	6.7%	6.5%
2009	350,850	11,590,896	33,037	38.5	38.0	12.3%	11.3%
2010	351,966	11,739,756	33,355	39.1	38.4	11.0%	10.6%
2011	353,637	12,175,709	34,430	39.1	38.6	9.7%	9.5%
2012	354,610	12,696,903	35,805	39.2	38.8	8.9%	8.8%
2013	355,650	12,760,064	35,878	39.4	39.0	8.0%	7.9%
2014	358,805	13,575,594	37,867	39.4	39.2	6.9%	6.8%
2015	362,895	14,468,971	39,871	39.4	39.3	5.9%	5.7%

Reflects Lane County, Oregon Boundaries

Sources:

1/ Census Bureau midyear population estimates. Estimates for 2010-2015 reflect county population estimates available as of March 2016.

2/ Per capita personal income was computed using Census Bureau midyear population estimates. Estimates for 2010-2015 reflect county population estimates available as of March 2016.

3/ Census Bureau.

4/ Oregon Employment Department.

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

Lane Council of Governments

Housing - Occupied and Owner Occupied Units

For the Fiscal Years Ended June 30, 2007 - 2016

Year	LCOG Region:	LCOG Region:	State of	State of Oregon
	Lane County	Lane County	Oregon	Owner
	Occupied Units	Owner Occupied Units	Occupied Units	Occupied
2007	138,374	87,679	1,471,965	950,773
2008	142,951	87,136	1,474,755	948,798
2009	140,782	83,643	1,485,919	936,919
2010	144,923	87,193	1,507,137	942,674
2011	145,781	82,365	1,516,979	922,012
2012	146,327	85,881	1,516,957	933,775
2013	144,166	86,435	1,523,799	926,930
2014	145,732	86,197	1,535,511	932,392
2015	147,189	85,959	1,550,866	941,716
2016	148,761	85,822	1,560,149	929,352

* Reflects Lane County, Oregon Boundaries

Source: U.S. Department of Commerce, Census Bureau, Factfinder data search, Occupancy Characteristics (S2501).

Lane Council of Governments

Student Enrollment by School District

For the Years Ended 2006-07 to 2014-15 School Years

LCOG Region	2007	2008	2009	2010	2011	2012	2013	2014	2015
Bethel	6,170	5,856	6,091	5,784	5,934	5,907	5,660	5,644	5,671
Blachly	153	131	119	159	204	214	250	234	254
Creswell	1,248	1,268	1,250	1,281	1,294	1,269	1,264	1,273	1,315
Crow-Applegate-Lorane	367	335	319	284	307	288	272	270	263
Eugene	18,025	17,661	17,497	17,436	17,102	17,012	16,866	17,012	17,203
Fern Ridge	1,616	1,601	1,633	1,636	1,619	1,489	1,503	1,439	1,443
Junction City	1,747	1,663	1,670	1,668	1,675	1,693	1,689	1,690	1,726
Lowell	287	285	271	279	251	262	240	341	398
Mapleton	165	172	176	172	178	173	170	149	164
Marcola	239	284	462	201	193	195	212	221	217
McKenzie	233	216	216	205	215	218	224	223	185
Oakridge	641	602	587	563	564	505	534	533	524
Pleasant Hill	883	851	848	833	828	891	920	950	985
Siuslaw	1,427	1,367	1,345	1,321	1,380	1,332	1,329	1391	1,370
South Lane	2,979	2,853	2,818	2,800	2,697	2,850	2,880	2820	2,800
Springfield	11,259	11,087	10,874	10,864	10,812	11,033	10,991	11068	11,045
Lane County Total	47,439	46,232	46,176	45,486	45,253	45,331	45,004	45,258	45,563

Reflects Lane County, Oregon Boundaries

LCOG has just begun to accumulate this information. Data for 2015-16 was not available at the time this report was prepared

Source: State of Oregon, Department of Education, Enrollment Reports.

Lane Council of Governments
Lane County, Oregon - Road Miles Data
For the Years Ended June 30, 2007 - 2015

LCOG Region	2007	2008	2009	2010	2011	2012	2013	2014	2015
Road Area:									
City Streets	983	983	986	983	988	989	996	990	995
County Rural Roads	1,414	1,417	1,395	1,393	1,394	1,393	1,392	1,392	1,424
County Rds Inside Cities	28	28	52	50	49	49	44	44	44
Local Access Roads	145	145	145	145	145	145	145	145	145
State Highway	476	476	476	477	477	477	477	475	475
Campus	4	5	5	5	5	5	5	5	5
State Fish & Wildlife	0	0	0	0	0	0	0	0	0
State Institution	0	0	0	0	0	0	0	0	2
State Forest	0	0	0	0	0	0	0	0	0
State Park	14	14	14	14	14	14	14	14	14
Other Local Agency	0	0	0	0	0	0	0	0	0
Army Corps of Engineers	43	43	43	43	43	43	43	13	47
BIA & Indian Nation	1	1	0	0	0	0	0	0	0
BLM	2,498	1,616	1,583	1,583	1,582	1,440	1,498	1,573	1,573
National Park	0	0	0	0	0	0	0	0	0
Other Federal Agency	0	0	0	0	0	0	0	0	0
U.S. National Forest	432	425	429	433	433	520	523	522	604
Total LCOG Region:									
Total Road Miles	6,038	5,153	5,127	5,125	5,128	5,075	5,137	5,173	5,328
Total State-wide:									
Total Oregon Road Miles	80,230	75,611	74,493	74,522	74,508	74,589	71,671	73,917	73,917

Means of Transportation to Work

For the Fiscal Years Ended June 30, 2007 - 2015

Means	2007	2008	2009	2010	2011	2012	2013	2014	2015
Total	160,458	165,480	145,497	152,073	146,600	146,847	155,663	160,329	161,994
Total LCOG Region as a % of State:	9.1%	9.2%	8.5%	9.1%	8.8%	8.6%	8.9%	9.0%	9.1%
LCOG Region:									
Car, Truck or Van:	131,496	132,895	115,646	122,868	121,464	116,356	125,512	127,356	132,763
Drove alone	116,310	115,614	102,758	108,459	107,807	100,794	110,291	111,365	112,277
Carpooled:	15,186	17,281	12,888	14,409	13,657	15,562	15,221	15,991	20,486
In 2-person carpool	13,292	13,278	10,044	12,200	11,589	13,322	11,743	13,606	17,295
In 3-person carpool	1,078	2,192	1,828	1,102	1,301	1,444	2,611	1,569	2,000
In 4-person carpool	389	743	527	594	382	512	153	143	776
In 5- or 6-person carpool	326	460	109	264	343	225	534	262	259
In 7-or-more-person carpool	101	608	380	249	42	59	180	411	156
Public transportation:*	5,569	7,915	5,230	4,876	3,798	4,509	4,337	5,834	5,417
Bus or trolley bus	5,457	7,842	5,089	4,876	3,798	4,509	4,294	5,711	5,315
Streetcar or trolley car	53	0	92	0	0	0	0	0	7
Subway or elevated	59	0	0	0	0	0	0	0	7
Railroad	0	0	49	0	0	0	43	76	0
Ferryboat	0	73	0	0	0	0	0	47	88
Taxicab	0	0	0	170	119	0	90	0	53
Motorcycle	443	845	363	372	675	249	269	480	137
Bicycle	6,958	7,899	8,206	6,837	5,904	7,123	6,862	7,153	6,553
Walked	6,292	7,861	6,153	6,824	6,448	8,339	6,391	9,478	7,376
Other means	465	477	374	1,010	731	487	1,017	1,059	2,066
Worked at home	9,235	7,588	9,525	9,116	7,461	9,784	11,185	8,969	7,629

SINGLE AUDIT SECTION

Lane Council of Governments
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year ended June 30, 2016

Federal Grantor/Pass-Through Grant/ Program Title	Federal CFDA Number	Pass-Through Entity Number	Period Covered	Estimated Federal Award	Revenues		Federal Awards Expended FY16	Passed Through to Subrecipients	Receivable/ (Deferred Revenue)
					Federal	State and Local			
U.S. Environmental Protection Agency:									
Natural Resources Planning-GWMA Phase 3	66-660	DEQ0012-13	03/06/13-12/00/15	\$43,471	\$1,127.58	\$0	\$13,128	\$0	\$0
Natural Resources Planning-GWMA Phase 6	66-660	DEQ0015-15	10/71/14-12/01/16	\$3,187	\$19,922.56	\$0	\$19,923	\$0	\$19,923.56
EPA ORWAP Planning	66-661	CD-01309201-2	09/01/15-08/31/17	\$143,579	\$2,744.41	\$0	\$2,744.41	\$0	\$16,602
Total Environmental Protection Agency					\$0	\$0	\$60,795.55	\$0.00	\$16,602
U.S. Department of Transportation:									
Passed through State Department of Transportation:									
Transportation Operations-15 STP	20-205	30048	07/01/14-12/31/15	\$555,000	\$9,706.30	\$0	\$9,706	\$0	\$62,265
Transportation Operations-16 MPO-PL	20-205	30789	07/01/15-12/31/16	\$63,187	\$73,710.14	\$0	\$73,710.14	\$0	\$190,538.12
Transportation Operations-16 STP	20-205	30068	07/01/15-12/31/16	\$1,130,606	\$27,301.81	\$0	\$27,302	\$0	\$212,385.59
Transportation Operations-16 STP	20-205	30045	03/08/15-12/31/16	\$94,245	\$0.00	\$0	\$0	\$0	\$0.00
Urban & Reg Planning - Oakland TCM Code Assist	20-205	30940	08/28/15-11/30/16	\$46,750	\$0,972.02	\$0	\$0,972	\$0	\$17,770
Passed through State Department of Transportation:									
Transportation Projects-Lane City Regional Safety Plan	20-205	RS-1677-03	10/01/15-9/30/16	\$67,154	\$8,348.57	\$0	\$8,349	\$0	\$58,349
Transportation Projects-Lane County Highway Administration:									
Passed through State Department of Transportation:									
Transportation Projects-ODOT Regional Crash Data Pool	20-616	MDDA-15-54-03	04/01/15-02/29/16	\$54,138	\$17,602.86	\$0	\$17,603	\$0	\$0
Transportation Projects-ODOT Regional Crash Data Pool	20-616	MDDA-16-54-03	10/01/15-9/30/16	\$54,138	\$21,086.93	\$0	\$21,087	\$0	\$22,087
Passed through Federal Transit Capital Investment Grant:									
Total Department of Transportation					\$1,000,038.84	\$51,859	\$1,051,878	\$94,245.00	\$563,484
U.S. Department of Health and Human Services:									
Passed through State Department of Human Services:									
Special Programs for Aging, Title III-B	93-044	143129	07/01/15-06/30/17	\$773,065	\$420,064	\$51,301	\$471,365	\$61,772	\$26,658
Special Programs for Aging, Title III-C-1	93-045	143129	07/01/15-06/30/17	\$1,036,066	\$446,523	\$0	\$446,523	\$0	\$104,362
Special Programs for Aging, Title III-C-2	93-045	143129	07/01/15-06/30/17	\$587,640	\$345,177	\$6,402	\$351,579	\$92,552	\$14,172
Special Programs for Aging, Title III-D	93-043	143129	07/01/15-06/30/17	\$86,372	\$30,000	\$0	\$30,000	\$0	\$8,503
Special Programs for Aging, Title III-E	93-052	143129	07/01/15-06/30/17	\$39,188	\$230,820	\$2,311	\$233,131	\$0	\$33,821
Special Programs for Aging, Title VII	93-041	143129	07/01/15-06/30/17	\$9,166	\$0	\$0	\$0	\$0	\$0
Nutrition Services Incentive Program	93-053	143129	07/01/15-06/30/17	\$239,678	\$95,400	\$0	\$95,400	\$0	\$14,093
Oregon Living Well	93-734	141008	07/01/15-12/31/15	\$2,400	\$2,400	\$0	\$2,400	\$0	\$0
ADRC-Enhanced	93-517	141211	07/01/15-06/30/16	\$12,716	\$12,716	\$0	\$12,716	\$0	\$0
Demelia	93-051	146746	09/01/14-09/30/16	\$25,756	\$25,756	\$0	\$25,756	\$0	\$0
Passed through Lane County Health and Human Services:									
Senior Connection Program	93-568	22831	07/01/15-06/30/16	\$8,000	\$38,149	\$0	\$38,149	\$0	\$1,020
Low-Income Home Energy Assistance (LHEAP)					\$1,637,534	\$60,014	\$1,697,548	\$154,324	\$244,679
Total Department of Health and Human Services					\$3,293,763	\$0	\$3,293,763	\$0	\$344,892
U.S. Department of Agriculture:									
Passed through State Department of Human Services (Type B)									
Food Stamp Administration	10-561	143129	07/01/15-06/30/17	\$0	\$3,293,763	\$0	\$3,293,763	\$0	\$344,892
Total Department of Agriculture					\$0	\$0	\$0	\$0	\$0
U.S. Department of Commerce:									
Direct program (EDA Loan):	11-307	N/A	N/A	N/A	N/A	N/A	\$0	\$0	N/A
Economic Development Administration	11-307	N/A	N/A	N/A	N/A	N/A	\$0	\$0	N/A
Economic Development Administration							\$0	\$0	\$0
Total Department of Commerce					\$0	\$0	\$0	\$0	\$0
Total Grants Expended or Passed Through to Subrecipients					\$6,992,130.75	\$111,652.88	\$6,100,983.63	\$2,48,569.00	\$1,187,656.56
Federal Grantor/Pass-Through Loan/ Program Title									
U.S. Department of Agriculture:									
Direct Programs (IFR/REDF Loan and RREB Loan Programs):									
Intermediate Relending Program	10-767	61-02	7/1/15-6/30/16	\$514,542	\$37,135.41	\$0	\$37,135	\$0	N/A
Intermediate Relending Program	10-767	61-03	7/1/15-6/30/16	\$298,331	\$17,555.76	\$0	\$17,556	\$0	N/A
Intermediate Relending Program	10-767	61-04	7/1/15-6/30/16	\$264,039	\$14,613.30	\$0	\$14,611	\$0	N/A
Intermediate Relending Program	10-767	61-05	7/1/15-6/30/16	\$347,738	\$17,728.37	\$0	\$17,728	\$0	N/A
Intermediate Relending Program	10-767	61-06	7/1/15-6/30/16	\$399,582	\$17,279.96	\$0	\$17,280	\$0	N/A
Rural Business Enterprise Grant	10-763	N/A	7/1/15-6/30/16	\$29,835	\$11,930.17	\$0	\$11,930	\$0	N/A
Total Department of Agriculture					\$1,854,687	\$115,791	\$1,738,896	\$0	\$0
Not received by LCOG - City of Eugene received.									
Loans from USDA outstanding at beginning of year.					\$6,107,921.72	\$111,852.88	\$6,219,774.60	\$0	\$1,187,656.56

*Federal awards expended includes USDA loans outstanding plus interest subsidy.



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January 20, 2017

Independent Auditors' Report Required by Oregon State Regulations

We have audited the basic financial statements of the Lane Council of Governments as of and for the year ended June 30, 2016, and have issued our report thereon dated January 20, 2017. 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 the basic financial statements are free of material misstatement, we performed tests of compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations, noncompliance with which could have a direct and material effect on the determination of financial statements amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

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

- **Deposit of public funds with financial institutions (ORS Chapter 295)**
- **Budgets legally required (ORS Chapter 294)**
- **Insurance and fidelity bonds in force or required by law**
- **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 the Lane Council of Governments was not in substantial compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations except as follows:

1. Deposit of public funds in excess of the National Credit Union Share Insurance not held in a depository qualified by the Oregon Public Funds Collateralization Program (ORS 295.002), as described in Note 3 of the Financials.

OAR 162-10-0230 Internal Control

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

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


ROY R. ROGERS, CPA
PAULY, ROGERS AND CO., P.C.



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January 20, 2017

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

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

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 basic financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Lane Council of Governments as of and for the year ended June 30, 2016 and the related notes to the financial statements, which collectively comprise the basic financial statements, and have issued our report thereon dated January 20, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the basic financial statements, we considered the 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 basic financial statements, but not for the purpose of expressing an opinion on the effectiveness of internal control. Accordingly, we do not express an opinion on the effectiveness of internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the basic 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 the basic financial statements are free from material misstatement, we performed tests of compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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


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January 20, 2017

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

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

Report on Compliance for Each Major Federal Program

We have audited Lane Council of Governments's 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 major federal programs for the year ended June 30, 2016. The major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, Lane Council of Governments complied in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2016.

Report on Internal Control Over Compliance

Management 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 internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.


ROY R. ROGERS, CPA
PAULY, ROGERS AND CO., P.C.

LANE COUNCIL OF GOVERNMENTS
EUGENE, OREGON

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2016

SECTION I – SUMMARY OF AUDITORS' RESULTS

FINANCIAL STATEMENTS

Type of auditors' report issued Unmodified

Internal control over financial reporting:

Material weakness(es) identified? ☐ yes ☒ no

Significant deficiency(s) identified that are not considered to be material weaknesses? ☐ yes ☒ none reported

Noncompliance material to financial statements noted? ☐ yes ☒ no

Any GAGAS audit findings disclosed that are required to be reported in accordance with section 515(d)(2) of the Uniform Guidance? ☐ yes ☒ no

FEDERAL AWARDS

Internal control over major programs:

Material weakness(es) identified? ☐ yes ☒ no

Significant deficiency(s) identified that are not considered to be material weaknesses? ☐ yes ☒ none reported

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 200.516(a) of the Uniform Guidance? ☐ yes ☒ no

IDENTIFICATION OF MAJOR PROGRAMS

<u>CFDA NUMBER</u>	<u>NAME OF FEDERAL PROGRAM CLUSTER</u>
10.561	Supplemental Nutrition Assistance Program (SNAP)/Food Stamps
93.044, 93.045, 93.053	Special Programs for the Aging/Aging Cluster

LANE COUNCIL OF GOVERNMENTS
EUGENE, OREGON

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2016

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

Auditee qualified as low-risk auditee? ☒ yes ☐ no

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL EXPENDITURES

1. BASIS OF PRESENTATION

The schedule of expenditures of federal awards includes federal grant activity under programs of the federal government. The information in this schedule is presented in accordance with 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). Because the schedule presents only a selected portion of the operations, it is not intended to and does not present the net position, changes in net position, or cash flows of the Council.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

3. FEDERAL LOAN PROGRAMS

The federal loan programs listed subsequently are administered directly by the Council and balances and transactions relating to the programs are included in the Council's basic financial statements. Loans outstanding at the beginning of the year and loans made during the year are included in the federal expenditures presented in the schedule. The balance of loans outstanding as of June 30, 2016 consists of:

<u>CFDA Number</u>	<u>Program Name</u>	<u>Outstanding Balance at 6/30/16</u>
10.767, 10.783	Intermediary Relending Program	\$ 1,738,896

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