LCOG

LANE COUNCIL OF GOVERNMENTS

ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2014

ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2014

"Working Together for Our Community"

LANE COUNCIL OF GOVERNMENTS

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Eugene, OR 97401-2910
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Prepared by:
Finance and Budget Unit

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Finance and Budget Manager

This document and related information are available at

www.lcog.org/fiscal.cfm

Lane Council of Governments

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Our Mission

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.
Lane Council of Governments provides and facilitates efficient and effective government services through
cooperative planning, program development, analysis and service delivery.

Lane Council of Governments
Member Governments

Bethel School District #52
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 Peoples Utility District
Eugene School District #4J
Eugene Water & Electric Board
Fern Ridge Library District
Heceta Water District
Lane Community College
Lane County
Lane Education District
Lane Library 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

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.

Lane Council of Governments (LCOG) is one of the oldest councils in the nation. LCOG is a single county council of governments. In Lane County, Oregon, the advantages of cooperation and joint ventures between local governments were recognized in the mid-1940s. Since 1945, LCOG has served the jurisdictions in this community. LCOG has no taxing or ordinance authority; rather, it conducts its work at the direction and with the voluntary participation of its member agencies. LCOG complies with Oregon Revised Statutes 190.003 to 190.030 and does not act under the direction or control of any single governmental entity.

The governing body of LCOG is its Board of Directors, comprised of local elected officials designated to represent member governments and agencies. Our members represent 33 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, two utilities, a transit district, fire district, water district, ambulance district, and a port.

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 210 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, is the area agency on aging and disability services for Lane County, and serves as a coordinating agency for local government long-range planning activities.

LANE COUNCIL OF GOVERNMENTS - BOARD OF DIRECTORS

(#) Denotes Executive Committee Member (*) Denotes Budget Committee Member

Bethel School District 52
Rich Cunningham

City of Coburg
Mayor Jae Pudewell

City of Cottage Grove
Councilor Victoria Doyle

City of Creswell
Councilor Adam Pelatt

City of Dunes City
Mayor Rebecca Ruede

City of Eugene
Councilor Chris Pryor

City of Florence
Mayor Nola Xavier (#)

City of Junction City
Mayor Dave Brunscheon

City of Lowell
Mayor Steve Paulson

City of Oakridge
Councilor Glenn Fortune (#)

City of Springfield
Mayor Christine Lundberg (*) (#)

City of Veneta
Mayor Sandra Larson

City of Westfir
Vacant

Creswell School District 40
Tony Marquess

Emerald Peoples Utility District
Penny Jordan

Eugene School District 4J
Mary Walston (#)

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

Fern Ridge Library District
Steve Recca

Heceta Water District
Debby Todd

Lane Community College
Matt Keating

Lane County
Commissioner Faye Stewart (*) (#) (Vice Chair)

Lane Education Service District
Sherry Duerst-Higgins (#)

Lane Library District
Vacant

McKenzie School District 68
Vacant

Port of Siuslaw
Joshua Greene

River Road Park & Recreation District
Wayne Helikson

Siuslaw Library District
Susy Lacer

Siuslaw Valley Fire District
Jim Langborg

South Lane School District 45J3
Alan Baas

Springfield School District 19
Al King (#) (Chair)

Western Lane Ambulance District
Bob Sneddon

Willamalane Park & Recreation District
Greg James (#)

Non-Voting Member: Lane Transit District
Carl Yeh

LANE COUNCIL OF GOVERNMENTS

December 18, 2014

Mr. Alan King, Chair, and
Members of the Board of Directors
Lane Council of Governments

Ladies and Gentlemen:

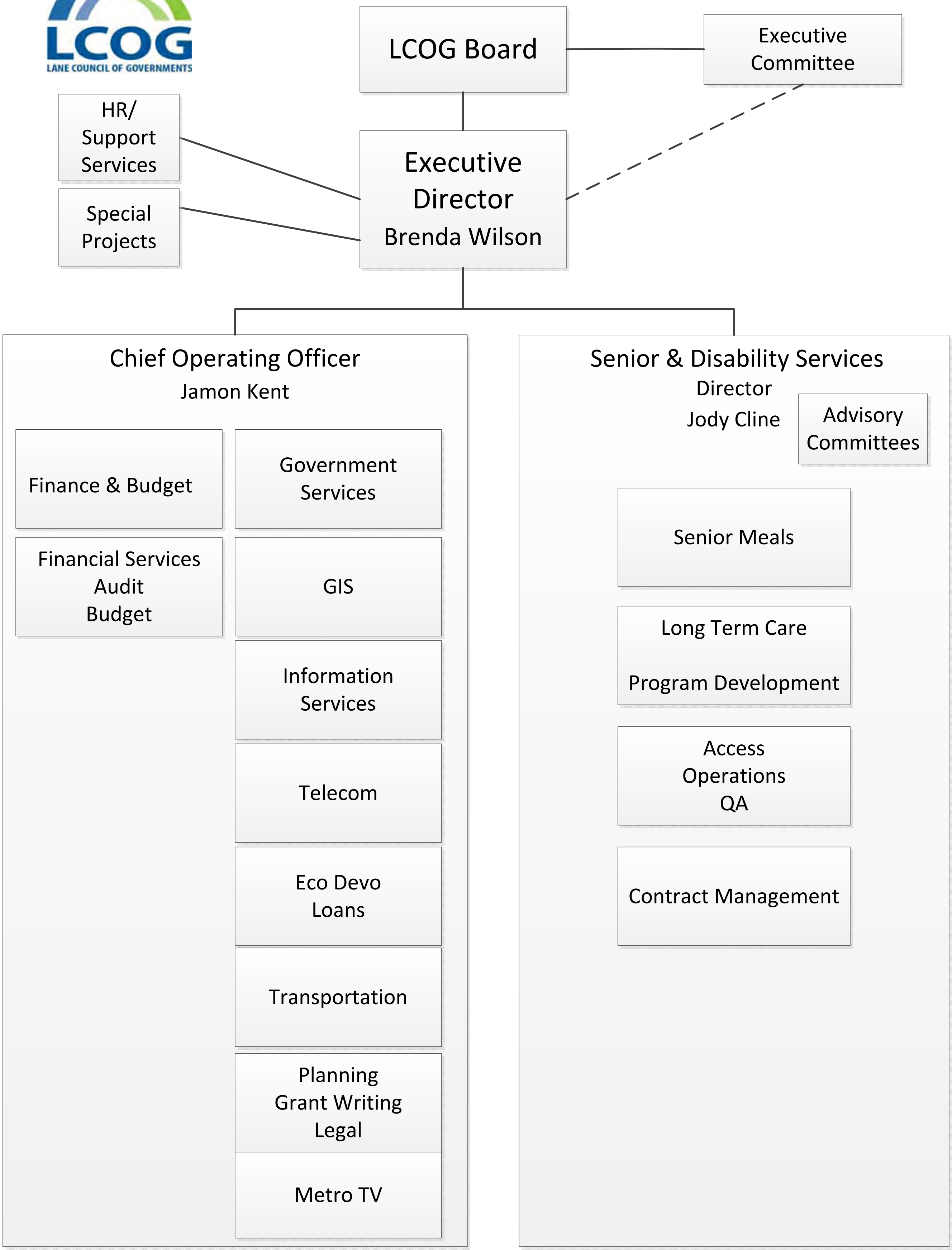
This document, submitted for your review and approval, contains the *Annual Financial Report* of the Lane Council of Governments for the fiscal year ending June 30, 2014. LCOG's Finance and Budget staff has prepared the report which includes a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards and Government Auditing Standards. Independent auditors from the firm of Pauly, Rogers & Co., Inc., certified public accountants, conducted a thorough examination of the agency's financial statements for FY 2013-14. The report of the auditors (Section A, page 1) confirms that LCOG's transactions during the past fiscal year were conducted in an appropriate manner. This *Annual Financial Report* also includes a section labeled *Management Discussion and Analysis* that is designed to assist the reader in identifying the financial highlights and changes in financial position across all of LCOG's programs and activities. During FY2013-14, resources in excess of $34 million were administered by this agency.

Management and administrative staff take very seriously our stewardship responsibilities for the public resources entrusted to us. This *Annual Financial Report* consists of management's representations concerning the finances of LCOG. We attest that, to the best of our knowledge and belief, this *Annual Financial Report* is complete and accurate in all material respects and fairly presents the financial position and changes in the financial position of the various funds of LCOG.

LCOG continues to strive to be a good steward of financial resources and a positive participant in the pursuit of good public policy in our region. Our exercise of this responsibility was consistent with the law, the policies of the Board of Directors, and the interests of the people of Lane County.

Sincerely,

Brendalee S. Wilson
Executive Director


LCOG Board
Executive Committee
HR/ Support Services
Special Projects
Executive Director
Brenda Wilson
Chief Operating Officer
Jamon Kent
Finance & Budget
Government Services
Financial Services
Audit
Budget
GIS
Information Services
Telecom
Eco Devo Loans
Transportation
Planning
Grant Writing
Legal
Metro TV
Senior & Disability Services
Director
Jody Cline
Advisory Committees
Senior Meals
Long Term Care
Program Development
Access
Operations
QA
Contract Management

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DECEMBER 8, 2014

INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Lane Council of Governments, as of and for the year ended June 30, 2014, 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 financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund, and the aggregate remaining fund information each major fund of Lane Council of Governments, as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, and required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America, and in our opinion are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Supplementary and 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 expenditures is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

The supplementary information, as listed in the table of contents, and the schedule of expenditures of federal expenditures 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 federal expenditures is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section, the statistical section and the other information, 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 December 8, 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 that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering internal control over financial reporting and compliance.

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our December 8, 2014, 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.

Matthew Graves

Matthew Graves, CPA
PAULY, ROGERS AND CO., P.C.

This section of the Annual Financial Report 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, 2014. 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

This section of the report is LCOG management's discussion and analysis of financial activities for the fiscal year ended June 30, 2014. 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. 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.

These various presentations combine to form a single, integrated set of basic financial statements.

Financial Highlights

The overall net position of LCOG as of June 30, 2014 is $6,564,378, an increase of $1,877,224 from last year.

In terms of fund performance, total LCOG resources, excluding transfers, are $31,614,648 which is $374,593 more than FY12-13 ($31,240,055). In general, reductions in resources are matched by reductions in requirements. For the year ending June 30, 2014, the increase from prior year consists of an increase in local revenue grants, contracts and agreements ($1,328,762); a decrease in federal and state grants and contracts ($792,260) and a decrease in beginning reserves ($161,909).

Total LCOG requirements, excluding transfers, are $24,981,304 which is $1,008,985 less than FY2012-13 ($25,990,289). The net decrease from prior year requirements consists of an increase of $586,618 in personal services; $1,756,377 reduction in materials and services and capital outlay expenditures; a reduction of $587,000 in loans made to local businesses; an increase in debt service of $1,046,790 ($954,633 of this amount is due to an early payoff of a USDA business loan due to softening of the loan market); and a decrease in services by other organizations of $298,597.

LCOG services were fairly stable for the year, with a combined current year *operating* performance of $1,383,577. (Operating performance is the net of resources excluding transfers and reserves less requirements excluding transfers). The current year overall net operating performance is the amount contributed to reserves (from FY2012-13 value of $5,249,767 to $6,633,344). The increase from prior year is a combination of a positive current year operating performance by the General Fund of $642,072, an increase of $897,746 from the Special Revenue Funds, and a decrease of ($156,241) from the Enterprise Funds.

The primary reason for the net changes in the General Fund performance is the result of improved forecasting and monitoring of costs and the collection of the anticipated rate increase for the employee retirement system. The Special Revenue performance is the result of improved forecasting and monitoring of costs as well as a new program being managed by LCOG. The $156,241 decrease in Enterprise Funds consists of the following contributions or uses: Building Program contributed $228,434; Minutes Recorder Program contributed $14,624; the Loan Program utilized $399,299 in resources to offset a material loan payout ($954,633); loan was paid off to save ongoing principal and interest (loan market softened in FY14 and the program had sufficient cash to pay off one of six USDA small business loans).

In general, in years where LCOG expends more funds on projects or as multi-year projects phase out, overall unspent funds (reserves) will fluctuate. For the year ending June 30, 2014, as a result of the total performance (all resources and all requirements) LCOG overall ending reserves grew to $6,633,344, which is an increase of $1,383,577 or approximately 26% over FY2012-13 ($5,249,767). In terms of the specific cumulative reserve values, the increase consists of $392,036 in the General Fund – a gain of $164,714; $2,306,877 in Special Revenue – Government Services Fund – a gain of $724,368 ($282,909 of the increase is due to LCOG assuming fiscal agent responsibilities over a new multi-member agency program; an increase of $195,414 is the net contribution to the telephone system reserve by participating agencies; $246,045 increase is due to improved forecasting and budgeting for planning and transportation services); and $1,451,411 in Special Revenue Fund - Senior and Disability Services – a gain of $521,731 (a donor contribution of $172,364 was received by Senior and Disability Services and $349,367 is due to meal fundraising, new local grants support, and improved forecasting and budgeting); $2,483,020 in Enterprise Funds – a loss of $27,236 from FY2012-13 which is due primarily to the loan program utilizing reserves as funding for a material pay out of a USDA loan.

LCOG stabilization of the General Fund reserves is especially noteworthy in that within a 14 month period - April 2013 to June 2014, the General Fund moved from a budgeted deficit of $45,838 to a positive reserve of $392,036.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to LCOG's basic 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.* Government-wide financial statements present an overall picture of LCOG's financial position and results of operations. These 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 by reporting the extent to which the agency met its financial operating objectives.

Government-wide financial statements include the *Statement of Net Position* and *Statement of Activities*. Government-wide financial statements distinguish between general governmental activities that are principally supported by grants or contracts and business-type or entrepreneurial activities. Changes in net position are a result of the financial activities of LCOG for the fiscal year. These statements use the full accrual method of accounting – showing both cash basis and values that have been earned or incurred but not actualized by June 30, 2014.

As noted, in the Statement of Net Position and the Statement of Activities, LCOG financial information is divided into two types of activities:

Governmental activities – Most of LCOG's services are reported here, including the Board, Administration, Government Services, and Senior and Disability Services. Federal, state and local grants and contracts finance most of these activities. A total of 78 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 services are the primary source of revenue for business-type activities. A total of 10 managerial funds are consolidated into the reporting fund (Enterprise Fund).

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. As such, this statement presents the same information as what a balance sheet would report. 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. 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. 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.

The Statement of Activities presents information showing how LCOG's net position changed during the fiscal year. This statement lists revenues and expenses and the difference between them as well as an indication of other changes that are not program revenues or expenses (such as transfers). Overall, the Statement of Activities compares the costs (expenses) of LCOG's functions and programs with the resources those functions or programs generated - or program revenues. To the degree that functions or programs cost more than they raise, the statement shows how LCOG chose to finance the difference. LCOG programs in governmental activities are Administration (board and executive), Government services (planning, transportation, and telecommunications); and Senior and Disability services; LCOG programs in business-type activities include the Building Program, Loan Program and Minutes Recorder services.

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.

FUND FINANCIAL STATEMENTS

Fund financial statements report the same activities as the government-wide financial statements but they use modified accrual accounting which emphasizes current assets and current liabilities. Fund financial statements focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. Revenues are recorded when a service is performed and expenses are reported when paid.

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 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. Essentially the fund financial statements provide a detailed short-term view of LCOG's general government operations and the basic services it provides. These statements help you determine whether there are more or fewer financial resources that can be spent in the near future to finance LCOG programs and services.

Fund financial statements report on governmental funds, proprietary funds, and fiduciary funds. LCOG has three governmental reporting funds – the General Fund, Special Revenue Funds – Governmental Services and Senior and 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. In addition, LCOG has one proprietary reporting fund – the Enterprise Fund. The proprietary fund is used to 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 Answering Points.

The Board of Directors adopts an annual budget for the General Fund, Special Revenue Funds and Enterprise (or proprietary) Fund.

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

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, 2014. The statement reports both short-term and long-term assets and deferred outflows of resources and liabilities and deferred inflows of resources. At the end of FY14, assets exceeded liabilities by $6,564,378, an increase of $1,877,224 from FY13 (liabilities include $241,986 in unearned resources at June 30, 2014). The net increase is the result of positive change in fund balances in the governmental funds of $1,373,036 and an increase in the proprietary fund balance of $504,188 (primarily due to the sale of Schaefers Building which resulted in a positive cash flow).

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

STATEMENT OF NET POSITION
For the Years Ended June 30, 2014 and 2013

	Governmental Activities		Business Activities		Total		Increase (Decrease)
	2014	2013	2014	2013	2014	2013	
ASSETS							
Current and other assets	$ 6,135,627	$ 4,516,597	$ 5,066,067	$ 5,946,550	$ 11,201,694	$ 10,463,147	$ 738,547
Capital Assets	$ 420,167	$ 449,951	$ 9,403,464	$ 9,920,744	$ 9,823,631	$ 10,370,695	$ (547,064)
Total Assets	$ 6,555,794	$ 4,966,548	$ 14,469,531	$ 15,867,294	$ 21,025,325	$ 20,833,842	$ 191,483
LIABILITIES							
Current and other Liabilities	$ 2,581,704	$ 2,329,253	$ 713,654	$ 1,018,738	$ 3,295,358	$ 3,347,991	$ (52,633)
Long term Liabilities	$ 1,129,084	$ 1,165,325	$ 10,036,505	$ 11,633,372	$ 11,165,589	$ 12,798,697	$ (1,633,108)
Total Liabilities	$ 3,710,788	$ 3,494,578	$ 10,750,159	$ 12,652,110	$ 14,460,947	$ 16,146,688	$ (1,685,741)
NET POSITION							
Invested in Capital Assets	$ 420,167	$ 449,951	$ 662,237	$ 825,246	$ 1,082,404	$ 1,275,197	$ (192,793)
Restricted:					$ -	$ -	$ -
Telecommunications	$ 2,060,833	$ 1,582,507	$ -	$ -	$ 2,060,833	$ 1,582,507	$ 478,326
Grants and Contracts	$ 1,697,456	$ 929,681	$ -	$ -	$ 1,697,456	$ 929,681	$ 767,775
USDA/EDA	$ -	$ -	$ 3,057,135	$ 2,389,938	$ 3,057,135	$ 2,389,938	$ 667,197
Unrestricted	$ (1,333,450)	$ (1,490,168)	$ -	$ -	$ (1,333,450)	$ (1,490,168)	$ 156,718
Total Net Position	$ 2,845,006	$ 1,471,970	$ 3,719,372	$ 3,215,184	$ 6,564,378	$ 4,687,154	$ 1,877,224

The increase in Net Position of $1,877,224 is the result of specific activity that occurred in each of LCOG's major funds. Highlights of the more relevant accounts follow.

<u>Assets</u>
Total assets increased by a net $191,483 consisting of an increase in current and other assets by $738,547 and a reduction in longer term capital assets by $547,064. Some of the key highlights to the increase are due to the following significant activity:

- Cash and investments: over the last year, cash and cash equivalents has increased by a net $1,728,498 to $7,144,000. During that same period, cash as a percentage of total assets increased from 52% to 71%. The primary increase from prior year occurred in the Governmental Funds – or $1,837,534 of the net increase – is due to the addition of new grants, contracts and programs that increased cash flow for operations and a decrease of $109,036 in Business-Type activities due to expending $954,633 in cash to pay off an outstanding USDA business loan early (cash from business activities would have been an increase of $845,597 otherwise).
- Accounts Receivable decreased by a net $397,149 from prior year. The decrease contributed to an increase in cash flow (see cash and investments). LCOG has carefully monitored its accounts receivable and the collection of funds has been more robust than prior year. The primary contribution to more collections occurred in the Governmental Funds.
- Due from Other Funds is the amount outstanding on the 2012 loan made from the Governmental Fund (General Fund) to the Business-Type Activities (Enterprise Fund). An interfund loan was made for Park Place Building tenant improvements (original loan was $418,000; amount on statement is net of loan payments). This has a net zero on the total Net Position in that the amount due from other funds is also an amount owed by other funds.

Non-current assets:

- Capital Assets are $547,064 less than prior year due to the accumulated depreciation and amortization of assets identified in depreciation/amortization expense.

<u>Liabilities</u>

Total liabilities decreased by a net $1,685,741 consisting of a decrease of $52,633 in current and other liabilities and a decrease of $1,633,108 in long term liabilities due to the following significant activity:

Current and other liabilities:

- $252,451 increase in accounts payable and accrued payroll and related liabilities for Governmental Activities which is a reflection on the increase in staffing and materials and services costs necessary to service the increase in grants and contracts.
- $305,084 decrease in Business-Type Activities due to a $223,913 reduction of current maturities on business loans payable and an $81,171 reduction in the loan balance due Governmental Activities (General Fund).

Non-current liabilities:

- $1,633,108 net decrease is due to a decrease of $36,241 in Government Activities (General Fund) as the result of annual principal payments reducing outstanding debt balance, and a decrease of $1,596,867 due to the early pay off of a USDA outstanding loan. The loan was paid off early due to the decrease in small business loans demand during the year and the program having available cash to pay off the debt early, saving future principal and interest debt payments.

<u>Net Position</u>

Net Position increased by a net $1,877,224 consisting of a $1,373,036 increase in Governmental activities and an increase of $504,188 for Business-Type activities as a result of:

- An overall decrease of $192,793 in the net investment in capital assets ($29,784 Governmental activities and $163,009 Business-Type activities). This reduction is due an increase in depreciation/amortization expense.

- Restricted net position increased by for Governmental activities by $1,246,101 as the result of increased grants and contracts funding; $478,326 of this is associated with Telecommunications Special Revenue Fund (source is consortium members who have reserve funds established as an ongoing funding source for LCOG to use as an offset to requested expenditures by the consortium members); $246,045 increase in Government Services net position as a result of improved budgeting and forecasting; $521,730 is Senior and Disability Services Special Revenue Fund. Monies are earmarked for projects to be completed in the upcoming fiscal year and as a result are restricted.
- Unrestricted net position, which is negative, experienced an improved performance from prior year of $156,718 in available funds. The value noted here is the amount of funds LCOG would need to identify should all restricted reserves be liquidated on the same day.

Statement of Net Activities

STATEMENT OF NET ACTIVITIES
For the Years Ended June 30, 2014 and 2013

	Governmental Activities		Business-Type Activities		Total		Increase (Decrease)
	2014	2013	2014	2013	2014	2013	
REVENUES							
Program Revenues:					$ -	$ -	$ -
Charges for Services	$ 6,168,702	$ 5,122,453	$ -		$ 6,168,702	$ 5,122,453	$ 1,046,249
Operating Grants and contributions	$ 16,694,432	$ 17,633,984	$ -		$ 16,694,432	$ 17,633,984	$ (939,552)
Building Program	$ -		$ 1,416,507	$ 1,396,968	$ 1,416,507	$ 1,396,968	$ 19,539
Loan Program	$ -		$ 282,036	$ 287,804	$ 282,036	$ 287,804	$ (5,768)
Minutes Recording service	$ -		$ 66,842	$ 71,817	$ 66,842	$ 71,817	$ (4,975)
General revenues and transfers					$ -	$ -	$ -
Unrestricted Investment earnings	$ -	$ -	$ 420,291	$ 166,605	$ 420,291	$ 166,605	$ 253,686
Member dues	$ 196,361	$ 195,879	$ -	$ -	$ 196,361	$ 195,879	$ 482
Sale of Schaefers Building	$ -		$ 413,402	$ -	$ 413,402	$ -	$ 413,402
Annual repayment of interfund loan	$ 85,489		$ -	$ -	$ 85,489	$ -	$ 85,489
Transfers	$ -	$ -	$ 129,007	$ 103,597	$ 129,007	$ 103,597	$ 25,410
Total Revenues	$ 23,144,984	$ 22,952,316	$ 2,728,085	$ 2,026,791	$ 25,873,069	$ 24,979,107	$ 893,962
EXPENDITURES							
Operating expenditures	$ 21,579,871	$ 22,967,200	$ 2,120,511	$ 2,236,762	$ 23,700,382	$ 25,203,962	$ (1,503,580)
General expenses and transfers							
Interest expense on long-term debt	$ 66,072	$ -	$ -		$ 66,072	$ -	$ 66,072
Tenant improvements	$ -	$ -	$ 14,896	$ 46,096	$ 14,896	$ 46,096	$ (31,200)
Annual repayment of interfund loan	$ -	$ -	$ 85,489	$ -	$ 85,489	$ -	$ 85,489
Transfers	$ 129,006	$ 103,597	$ -	$ -	$ 129,006	$ 103,597	$ 25,409
Total Expenses	$ 21,774,949	$ 23,070,797	$ 2,220,896	$ 2,282,858	$ 23,995,845	$ 25,353,655	$ (1,357,810)
Change in Net Position	$ 1,370,035	$ (118,481)	$ 507,189	$ (256,067)	$ 1,877,224	$ (374,548)	$ 2,251,772
Net Position - Beginning	$ 1,474,971	$ 1,590,451	$ 3,212,183	$ 3,471,251	$ 4,687,154	$ 5,061,702	$ (374,548)
Net Position - Ending	$ 2,845,006	$ 1,471,970	$ 3,719,372	$ 3,215,184	$ 6,564,378	$ 4,687,154	$ 1,877,224

The Statement of Activities presents the same financial ending position as the Statement of Net Position: $6,564,378 at June 30, 2014 which is an increase or change in net position of $1,877,224 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 in FY14 were $25,873,069 compared to $24,979,107 from the prior year. This is an increase of $893,962 or approximately 3.6% as the result of the following significant activity:

- Sale of Schaefers Building resulted in a net positive sale proceeds which accounts for approximately 45.6% or $408,000 of the net increase from prior year.

- Increase in program activity based on local contracts and agreements. Revenue from local sources is LCOG's second largest source of funding in FY2013-14 which is the primary reason for the increase from prior year.
- Decrease in grants and contributions are primarily the result of the completion of a major multi-year federal award ($8.3 million) in FY2013-14. A total of $2.6 million was transacted in prior year compared to $605,000 in the current year. (Project was significantly less in transaction value due to minor deliverables remaining to complete in the final phase of the project).

Total expenditures decreased from prior year by $1,357,810 as the result of the following significant activity:

- Decrease in expenditures related to grants and contracts primarily due to the completion of a multi-year federal contract ($8.3 million) in FY2013-14. A total of $2.6 million was transacted in prior year compared to only $605,000 in the current year due to the final phase of the project being completed (only minor costs were needed to complete the project. The majority of expenses on the project were incurred during phases one and two of the award).
- Internal fund loan to the Park Place Building required annual payments; however, the repayment in prior year was not made. As a result, FY2013-14 reflects two years of payments for $85,489. Had payments been made in the year due, the net change would have been $0.

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 Contract Funds) and for the proprietary funds (Park Place Building; Springfield Building; Schaefers Building; Loan Programs; and Minutes Recording).

Fund financial statements track the flow of resources in and out of the funds. In addition to revenues and expenditures coming in and going out of LCOG finances, "other financing sources and uses" are also noted. They 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 here is the net change in fund balance or net position – revenues minus expenditures and plus or minus "other financing sources/uses."

For governmental funds, as noted on the Balance Sheet and the Statement of Revenues, Expenditures, and Changes in Fund Balances, operating revenues exceeded operating expenditures by $1,539,818, which is a $1,665,066 improvement over prior year. This performance is primarily due to grants and contracts revenue exceeding expenditures on state and federal awards which will be reflected in the fund balance (carried over to the next fiscal year for project completion). Other financing sources (uses) increased by $25,409 from prior year. Overall then a total net change in fund balances for governmental funds is an increase of $1,639,658 from prior year.

In terms of specific fund performances, we see that the General Fund had positive revenue over expenditure performance but added a loss of $477,361 (to the overall loss of $129,006 in governmental fund balances) due to transferring a significant amount of resources out of the fund to other governmental funds to support those operations. Telecommunications also transferred more funds out to other governmental funds and added a loss of ($34,597) to the overall loss for all governmental funds. Grants and contracts performances were both positive for revenues over expenditures and other sources and uses exceeding requirements. Overall, the net change in fund balances is an increase of $1,639,658 from prior year for governmental funds.

SUPPLEMENTARY INFORMATION

For proprietary funds, the Statement of Net Position (Deficit), Statement of Revenues, Expenses, and Changes in Net Position note that operating revenues exceeded operating expenses by $138,935. The loan program has a net loss of $68,926 as the result of utilizing funds to contribute to the cash flow needed to do an early loan payout to USDA. Non-operating income contributed a positive $382,456 to the change in net position due to interest income earnings. Transfers were $49,696 which supported program administration. Overall, the Proprietary funds increased net position by $507,189 over 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 $88,088 which is the result of participating agencies requesting more funding that was brought in 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 changes between budget and actual for the Schedules 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 $34,783,764 which is $895,761 higher than prior year. Detail to the resources is as follows:

- $16,586,244 in federal and state revenues (federal is $4,980,343; state is $11,605,901) which is $792,260 lower than prior year.
- $9,670,450 in local revenues which is $1,476,056 higher than prior year.
- $108,818 in in-kind services which is $147,293 less than prior year.
- Transfer revenues of $3,169,116 are $521,168 higher than prior year.

Requirements for LCOG totaled $28,150,420 which is $487,817 lower than prior year. Overall ending fund balance increased by $1,383,578 from the prior year. What follows is detail to the fund analysis.

GENERAL FUND

LCOG relies solely upon grants and contracts for its funding. There is more pressure therefore 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. Prior to FY2012-13, the General Fund experienced continued declining operating performances. 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's change in balance increased by an additional $164,714 from last year to $392,026.

The activities that contributed to the $164,714 increase to fund balance are broken out into the following detail:

- Board and administrative activities expenditures, which includes member support services costs, of $242,489 was partially offset by member dues revenue ($196,361) with the balance provided by other local sources ($17,281 in transfer revenues to offset membership and member support costs, $23,493 from prior year recovery revenues and $5,354 transfer revenues reimbursing cost share expenses).
- Rental income ($100,761) offset the debt service on the General Fund share of the Springfield Building equity loan ($100,761).
- Funding for indirect recovery shortfall of $141,481 was offset by other local revenue sources.
- Funding in support of grants and contracts ($296,692) and Schaefers/Park Place building program shortages ($221,466) were offset by funds transferred from Springfield Building ($35,444), other local revenue sources ($284,844), and funds collected for anticipated revenue shortfall ($197,870).
- Revenue shortfall collected beyond requirements of $164,714 contributed to the change in fund balance.

SPECIAL REVENUE FUND – TELECOMMUNICATION SERVICES

Special Revenue – Telecommunications is one of two services within the Special Revenue Fund – Governmental Services 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 - is presented separate from the traditional government services activities which includes programs funded by federal, state, or local grants or contracts. The Telecommunications change in balance increased by $478,325 from last year to $2,060,832.

The activities that contributed to the $478,325 increase to fund balance are broken out into the following detail:

- LCOG share of operating costs was $608,418 and multi-agency services requests involving materials and supplies of $44,337; services performed on behalf of requests from multi-agency members was $803,451 for a total of $1,456,206 was offset by local revenue sources.
- Funds transferred for telecommunications share of a federal grant (BTOP) totaled $31,986 was offset by transfers from LCOG's share of telecommunication reserves; a net $153,418 in transfers between telecommunication subfunds was offset by local revenue sources.
- Revenues paid into telecommunications by the consortium members exceeded costs incurred which contributed $478,325 to the change in fund balance.

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 Government Services Administration; and Senior and Disability Services and Senior and Disability Services Administration. The Grants and Contracts Services change in balance was an increase of $767,775 from last year, to $1,697,456.

The activities that contributed to the $767,775 increase in fund balance are broken out into the following detail:

- Operating costs for Government Services totaling $4,833,042 and operating costs for Senior and Disability Services of $14,121,284 was offset by Federal ($4,982,398), state ($9,180,814) and local ($4,791,114) grants and contracts.
- Government Services received transfer revenues ($551,773) from local grants and contracts to offset expenditures ($551,773). Senior and Disability Services transferred within their operating budget a matching amount of transferred state revenues to expenditures ($1,804,039 for a net zero on the balance).
- Services performed by other agencies totaled $727,181 offset by state ($618,993) grant and contract revenues and in kind ($108,188) revenue.
- Revenues from local sources exceeded costs incurred which contributed $767,775 to the change in fund balance.

ENTERPRISE FUND

Enterprise Fund accounts for programs or activities funded by Business Loans (repayment of principal and interest, and loan contracts), Building Program (rental income) and Minutes Recorder services (fees for service). These various proprietary accounts are presented in the Enterprise Fund statement.

The activities that contributed to the $27,236 decrease in fund balance are broken out into the following detail:

- An increase of $421,761 to the fund balance was provided by the Building Program and the Minutes Recorder Program, as follows:
  Costs for the Building Program totaling $1,642,950 was offset by local revenue sources ($1,829,994) and transfer revenues ($221,466), contributing $408,510 to the fund balance. The contribution to fund balance is the result of the sale of Schaefers Building (net proceeds from the sale); costs for the Minutes Recorder program totaling $53,591 was offset by local revenue sources ($66,842), contributing $13,251 to the fund balance.
- A decrease of $448,997 to the fund balance was required to offset the current year costs of the Loan Program ($1,772,061) which exceeded the current year revenues ($1,323,064). The decrease or use of prior year reserves was required in order to fully pay out a USDA small business loan. The loan market had softened in FY2014 and the program had excess cash to liquidate a $954,633 debt obligation (outstanding principal and interest).

Capital Assets

Total investment in capital assets at June 30, 2014, net of accumulated depreciation, was $9,823,629, a decrease of $547,066 from the prior year. The primary reason for the decrease was depreciation and amortization expense. Capital additions were $41,321 for the year (three copiers for Senior and Disability Services). Governmental activities net assets are $420,166 with the balance being Business Activities at $9,403,463.

As noted on the following page, LCOG's Capital Assets are reported by program area: Administration, Government Services, Senior and Disability Services, and Business Activities.

(Continued)

Capital Assets at June 30, 2014:

	Administration	Government Services	Senior & Disability Services	Sub total: Governmental Activities	Business Activities
Land	$ -	$ -	$ -	$ -	$ 735,830
Buildings	$ -	$ -	$ -	$ -	$ 8,667,633
Equipment, Furniture, Computers	$ 24,495	$ 170,132	$ -	$ 194,627	$ -
Leasehold improvements	$ 30,066	$ -	$ 167,095	$ 197,162	$ -
Vehicles	$ -	$ -	$ 28,377	$ 28,377	$ -
Capital Assets, Net	$ 54,561	$ 170,132	$ 195,472	$ 420,166	$ 9,403,463

figures are rounded

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 approves 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 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 final 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 FY14 Adopted Budget was approved on June 27, 2013 at $33,445,525. On June 26, 2014 the Board approved the FY14 Revised Budget at $37,048,864, a change of $3,603,339. An overall increase in federal and state contract revenues represented $2,355,782 of this change, $1,067,013 increase is in transfers between funds, $184,429 is an increase to beginning fund balance, and $3,885 reduction is due to minor changes in local revenue sources.

As part of the cost reductions and savings implemented during the FY14 year, health insurance and deferred compensation programs are lower than prior years. LCOG has the following employee groups: Employee Association; Service Employees International Union (SEIU); Non-Represented; and Management employees (which includes directors). Non-SEIU employees contributed 5.0% of the cost of the monthly health insurance premium (up from 2.75% employee contribution in the prior year). Deferred compensation decreased across all employee categories, resulting in a decrease of $300 per year per participating non-SEIU employee (SEIU was reduced $600 per year per participating employee). For the year ending June 30, 2014, all employees (excluding directors) received a 1.5% cost of living adjustment with SEIU employees receiving an additional 1.5% increase effective the last month of the fiscal year.

During FY2013-14 the LCOG Board of Directors adopted a reserve policy for the General Fund. The target reserve is $355,000 by June 30, 2016. At June 30, 2014, LCOG has reserved $275,782 of the target. LCOG continues to improve its fiscal stability; in governmental funds, there was no use of reserves to cover current year requirements.

Economic Factors and Next Year's Budget

Federal and state revenue contributes more than half of all revenues. 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. Expenditures are managed carefully and adjustments made as conditions require it. An adequate staffing pattern and expenditure support must match the projected revenues.

The LCOG Board of Directors adopted a budget for the fiscal year 2014-15 (FY15). The FY15 adopted budget at $38,446,543 is $5,001,018 greater than the 2013-14 adopted budget. The increase in budget in primarily due to the anticipated increase grants and contracts from federal and state agencies. While much of the budget relies upon funding from the federal and state governments, there continues to be a steady flow of money from local revenue sources (at 36% of the total operating budget).

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

A new member dues structure will be in place for the fiscal year beginning 7/1/15. Rates have been held flat in previous years or the dues have been reduced. The proposed rate structure will be a two-tier structure with a minimum of $500 annual dues from a member agency.

Employees Association will receive a 1.5% cost of living increase effective 7/1/14. The current Employees Association contract will be in effect for the full fiscal year (expires December 31, 2015).

SEIU employees will receive a 3.4% cost of living increase effective 7/1/14. In addition, LCOG will complete a salary survey for SEIU staff per the collective bargaining agreement. The results of the survey will result in additional salary adjustments on January 1, 2015. The current SEIU contract will be in effect for the full fiscal year FY15 (expires June 30, 2016).

Insurance costs will increase on January 1, 2015: health premiums will increase 2% for the last six months of the fiscal year; dental insurance premiums will increase 9.5% for one of the two current insurance providers. Non-SEIU employees continue to contribute 5% of the employee's insurance premium cost.

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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LANE COUNCIL OF GOVERNMENTS
STATEMENT OF NET POSITION
June 30, 2014

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current assets:			
Cash and investments	$ 4,332,159	$ 2,811,841	$ 7,144,000
Accounts receivable	1,449,500	32,977	1,482,477
Current maturities of loans receivable	-	269,370	269,370
Accrued interest receivable	-	9,584	9,584
Due from other funds	333,730	(333,730)	-
Prepaid expense	23,626	26,274	49,900
Total current assets	6,139,015	2,816,316	8,955,331
Noncurrent assets:			
Restricted cash and investments	(3,388)	-	(3,388)
Loans receivable, net of current maturities	-	2,225,257	2,225,257
Financing costs, net of accumulated amortization	-	24,494	24,494
Capital assets, net of accumulated depreciation	420,167	9,403,464	9,823,631
Total noncurrent assets	416,779	11,653,215	12,069,994
Total assets	6,555,794	14,469,531	21,025,325
LIABILITIES			
Current liabilities:			
Accounts payable	506,867	6,168	513,035
Accrued payroll and related liabilities	1,236,451	10,736	1,247,187
Accrued interest payable	7,370	43,631	51,001
Unearned revenue	241,986	-	241,986
Compensated absences	552,363	-	552,363
Current maturities of loans payable	36,667	653,119	689,786
Total current liabilities	2,581,704	713,654	3,295,358
Noncurrent liabilities:			
Long-term debt, net of current maturities	1,129,084	10,015,757	11,144,841
Security deposits	-	20,748	20,748
Total noncurrent liabilities	1,129,084	10,036,505	11,165,589
Total liabilities	3,710,788	10,750,159	14,460,947
NET POSITION			
Net Investment in capital assets	420,167	662,237	1,082,404
Restricted for:			
Telecommunications	2,060,833	-	2,060,833
Grants and Contracts	1,697,456	-	1,697,456
Restricted (includes USDA, EDA)	-	3,057,135	3,057,135
Unrestricted	(1,333,450)		(1,333,450)
Total net position	$ 2,845,006	$ 3,719,372	$ 6,564,378

The accompanying notes are an integral part of the financial statements.

LANE COUNCIL OF GOVERNMENTS
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2014

		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	$ 367,978	$ 913,163	$ -	$ 545,185	$ -	$ 545,185
Government services	6,311,321	2,797,142	4,072,961	558,782	-	558,782
Senior and disabled services	14,900,572	2,543,886	12,621,471	264,785	-	264,785
Interest on long-term debt	66,072	-	-	(66,072)	-	(66,072)
Total governmental activities	21,645,943	6,254,191	16,694,432	1,302,680	-	1,302,680
Business-type activities:						
Park Place Building	1,196,976	976,354	-	-	(220,622)	(220,622)
Springfield Building	241,689	234,066	-	-	(7,623)	(7,623)
Schaefers Building	240,916	206,087	-	-	(34,829)	(34,829)
Loan program	388,712	282,036	-	-	(106,676)	(106,676)
Minutes recording	52,218	66,842	-	-	14,624	14,624
Total business-type activities	2,120,511	1,765,385	-	-	(355,126)	(355,126)
Total activities	$ 23,766,454	$ 8,019,576	$ 16,694,432	1,302,680	(355,126)	947,554
General revenues (expenses) and transfers:						
Unrestricted investment earnings				-	420,291	420,291
Member dues				196,361	-	196,361
Gain (loss) on sale of equipment					413,402	413,402
Tenant improvement expenses					(14,896)	(14,896)
Capital contributions					(85,489)	(85,489)
Transfers				(129,006)	129,007	-
Total general revenues and transfers				67,355	862,315	929,670
Change in net position				1,370,035	507,189	1,877,224
Net position, beginning of year				1,474,971	3,212,183	4,687,154
Net position, end of year				$ 2,845,006	$ 3,719,372	$ 6,564,378

The accompanying notes are an integral part of the financial statements.

LANE COUNCIL OF GOVERNMENTS
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2014

	General Fund	Tele-Communications	Grants and Contracts	Total Governmental Funds
ASSETS				
Cash and investments	$ 578,267	$ 1,945,550	$ 1,808,342	$ 4,332,159
Prepaid expenditures	7,843	10,063	5,720	23,626
Accounts receivable	1,602	194,159	1,253,739	1,449,500
Due from other funds	333,730	-	-	333,730
Restricted cash and investments	-	-	(3,388)	(3,388)
Total assets	$ 921,442	$ 2,149,772	$ 3,064,413	$ 6,135,627
LIABILITIES AND FUND BALANCES				
Liabilities:				
Due to other funds	$ -	$ -	$ -	$ -
Accounts payable	3,530	76,494	426,843	506,867
Accrued payroll and related liabilitie	463,466	12,445	760,540	1,236,451
Unearned Revenue	62,412	-	179,574	241,986
Total liabilities	529,408	88,939	1,366,957	1,985,304
Fund balances:				
Nonspendable	7,843	-	-	7,843
Restricted to:				-
Telecommunications	-	2,060,833	-	2,060,833
Grants and Contracts	-	-	1,697,456	1,697,456
Committed	-	-	-	-
Assigned to Compensated Absences	251,157	-	-	251,157
Unassigned	133,034	-	-	133,034
Total fund balances	392,034	2,060,833	1,697,456	4,150,323
Total liabilities and fund balances	$ 921,442	$ 2,149,772	$ 3,064,413	$ 6,135,627

The accompanying notes are an integral part of the financial statements.

LANE COUNCIL OF GOVERNMENTS
RECONCILIATION OF THE BALANCE SHEET --
GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
June 30, 2014

Total fund balances - governmental funds		$ 4,150,323
Capital assets used in governmental funds are not financial resources and therefore are not reported in the funds.		420,167
Loan costs are expensed by governmental funds in the year paid but are capitalized on the statement of net assets and amortized over the term of the loan.		-
Some liabilities are not due and payable in the current period and are therefore not reported in the funds:		
Loans payable	(1,165,751)	
Compensated Absences	(552,363)	
Accrued interest	(7,370)	
		(1,725,484)
Net position of governmental activities		$ 2,845,006

The accompanying notes are an integral part of the financial statements.

LANE COUNCIL OF GOVERNMENTS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -- GOVERNMENTAL FUNDS
For the Year Ended June 30, 2014

	General Fund	Tele-Communications	Grants and Contracts	Total Governmental Funds
Revenues:				
Member agency dues	$ 196,361	$ -	$ -	$ 196,361
Federal and state grants and contracts	-	-	16,586,244	16,586,244
Other local sources	913,163	1,969,130	3,371,898	6,254,191
In-kind services	-	-	108,188	108,188
Total revenues	1,109,524	1,969,130	20,066,329	23,144,984
Expenditures:				
Current:				
Board/executive services	366,691	-	-	366,691
Government services	-	1,456,207	4,833,042	6,289,249
Senior and disabled services	-	-	14,848,465	14,848,465
Debt service:				
Principal	100,760	-	-	100,760
Interest	-	-	-	-
Financing costs	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	467,451	1,456,207	19,681,507	21,605,165
Revenues over (under) expenditures	642,073	512,923	384,823	1,539,818
Other financing sources (uses):				
Transfers In	58,079	150,806	2,738,765	2,947,650
Transfers Out	(535,440)	(185,403)	(2,355,813)	(3,076,656)
Total other financing sources (uses)	(477,361)	(34,597)	382,952	(129,006)
Net change in fund balances	164,712	478,326	767,775	1,410,813
Fund balances, beginning of year	227,322	1,582,507	929,682	2,739,511
Fund balances, end of year	$ 392,034	$ 2,060,833	$ 1,697,456	$ 4,150,323

The accompanying notes are an integral part of the financial statements.

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, 2014

Net change in fund balances - governmental funds	$ 1,410,813
Amounts reported for governmental activities in the statement of activities are different because:	
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	41,592
Loss on sale of assets	-
Depreciation expense	(71,376)
In the governmental funds, the issuance of long-term debt provides current financial resources and the repayment of long-term debt consumes current financial resources:	
Principal payments on loans	34,688
Changes in Compensated Absences	(45,681)
Change in net assets of government activities	$ 1,370,036

The accompanying notes are an integral part of the financial statements.

LANE COUNCIL OF GOVERNMENTS
STATEMENT OF NET POSITION (DEFICIT)
PROPRIETARY FUNDS
June 30, 2014

	Park Place Building	Springfield Building	Schaefers Building	Loan Programs	Minutes Recording	Total
ASSETS						
Current assets:						
Cash and investments	355,101	187	413,380	2,045,303	(2,130)	$ 2,811,841
Accounts receivable	-	-	-	15,062	17,915	32,977
Current maturities of loans receivable	-	-	-	269,370	-	269,370
Accrued interest receivable	-	-	-	9,584	-	9,584
Prepaid expense	-	26,274	-	-	-	26,274
Total current assets	355,101	26,461	413,380	2,339,319	15,785	3,150,046
Noncurrent assets:						
Restricted cash and investments	-	-	-	-	-	-
Loans receivable, net of current maturities	-	-	-	2,225,257	-	2,225,257
Deferred finance costs	3,209	12,845	8,440	-	-	24,494
Capital assets, net of accumulated depreciation	7,549,596	735,733	1,118,135	-	-	9,403,464
Total noncurrent assets	7,552,805	748,578	1,126,575	2,225,257	-	11,653,215
Total assets	7,907,906	775,039	1,539,955	4,564,576	15,785	14,803,261
LIABILITIES						
Current liabilities:						
Due to other funds	333,730	-	-	-	-	333,730
Accounts payable	-	-	4,054	-	2,114	6,168
Accrued payroll and related liabilities	623	187	816	8,690	420	10,736
Accrued interest payable	21,021	2,396	2,090	18,124	-	43,631
Unearned revenue	-	-	-	-	-	-
Current maturities of loans payable	238,109	312,119	-	102,891	-	653,119
Total current liabilities	593,483	314,702	6,960	129,705	2,534	1,047,384
Noncurrent liabilities:						
Long-term debt, net of current maturities	6,602,966	680,127	907,906	1,824,758	-	10,015,757
Security deposits	20,748	-	-	-	-	20,748
Total noncurrent liabilities	6,623,714	680,127	907,906	1,824,758	-	(653,119)
Total liabilities	7,217,197	994,829	914,866	1,954,463	2,534	11,083,889
NET POSITION (DEFICIT)						
Net investment in capital assets	708,521	(256,513)	210,229	-	-	662,237
Restricted by USDA; EDA; others	-	-	-	2,349,279	-	2,349,279
Restricted by EDA	-	-	-	-	-	-
Unrestricted	(17,812)	36,723	414,860	260,834	13,251	707,856
Total net position (deficit)	$ 690,709	$ (219,790)	$ 625,089	$ 2,610,113	$ 13,251	$ 3,719,372

The accompanying notes are an integral part of the financial statements.

LANE COUNCIL OF GOVERNMENTS
STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION - PROPRIETARY FUNDS
For the Year Ended June 30, 2014

	Park Place Building	Springfield Building	Schaefers Building	Loan Programs	Minutes Recording	Total
Operating revenues:						
Charges for services	$ -	$ -	$ -	$ 280,409	$ 66,842	$ 347,251
Rent	976,354	234,066	206,087	-	-	1,416,507
State revenue	-	-	-	-	-	-
Other	-	-	-	1,627	-	1,627
Total operating revenues	976,354	234,066	206,087	282,036	66,842	1,765,385
Operating expenses:						
Personal services	12,015	3,933	10,679	264,833	10,320	301,780
Materials and services	415,936	141,068	122,359	86,129	41,898	807,390
Provisions for loan losses						-
Principal/Interest on loans						-
Depreciation	404,768	40,450	72,062			517,280
Total operating expenses	832,719	185,451	205,100	350,962	52,218	1,626,450
Operating income	143,635	48,615	987	(68,926)	14,624	138,935
Nonoperating revenues (expenses):						
Interest income		85		420,206		420,291
Federal revenue						-
Finance costs	(14,896)					(14,896)
Tenant improvement costs*						-
Interest expense	(364,257)	(56,238)	(35,816)	(37,750)		(494,061)
Total nonoperating revenues (expenses)	(379,153)	(56,153)	(35,816)	382,456	-	(88,666)
Income (loss) before transfers and capital contributions	(235,518)	(7,538)	(34,829)	313,530	14,624	50,269
Gain (loss) on sale	-	-	413,402	-	-	413,402
Capital contributions	(85,489)	-	-	-	-	(85,489)
Transfers in	193,133	28,333	-	-	-	221,466
Transfers out	(2,230)	(36,514)	(2,646)	(49,696)	(1,373)	(92,459)
Change in net position	(130,104)	(15,719)	375,927	263,834	13,251	507,189
Net position (deficit), beginning of year	820,813	(204,071)	249,162	2,346,279	-	3,212,183
Net position (deficit), end of year	$ 690,709	$ (219,790)	$ 625,089	$ 2,610,113	$ 13,251	$ 3,719,372

The accompanying notes are an integral part of the financial statements.

LANE COUNCIL OF GOVERNMENTS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended June 30, 2014

	Park Place Building	Springfield Building	Schaefers Building	Loan Programs	Minutes Recording	Total
Cash received from customers	$ 976,355	$ 234,066	$ 206,087	$ 281,199	$ 65,634	$ 1,763,341
Cash paid to suppliers	(409,296)	(132,611)	(117,733)	(96,747)	(42,379)	(798,766)
Cash paid to employees	(12,015)	(3,933)	(10,679)	(264,834)	(10,320)	(301,781)
Net cash provided (used) by operating activities	555,044	97,522	77,675	(80,382)	12,935	662,794
Loans received from USDA	-	-	-	-	-	-
Principal paid to USDA	-	-	-	-	-	-
Changes in loans receivable and accrued interest	-	-	-	421,365	-	421,365
Changes in due to/ due from other funds	-	-	-	-	-	-
Capital contributions	(85,489)	-	-	-	-	(85,489)
Transfers in/out	106,633	(8,181)	(2,646)	(49,696)	(1,373)	44,737
Net cash provided (used) by non-capital financing activities	21,144	(8,181)	(2,646)	371,669	(1,373)	380,613
Purchases of capital assets	-	-	-	-	-	-
Loan proceeds	-	-	-	-	-	-
Cash paid for financing costs	(7,174)	(3,963)	(4,295)	-	-	(15,432)
Principal paid on bank loans	(289,561)	(29,526)	(35,185)	(1,130,649)	-	(1,484,921)
Interest paid on bank loans	(364,257)	(56,238)	(35,816)	(37,612)	-	(493,923)
Change in deposits	8,139	-	-	-	-	8,139
Change in accrued interest	-	-	-	-	-	-
Net cash used by capital and related financing activities	(652,853)	(89,727)	(75,296)	(1,168,261)	-	(1,986,137)
Purchase of investments	-	-	-	-	-	-
Proceeds from investments	-	85	413,402	-	-	413,487
Earnings on investments	-	-	-	420,206	-	420,206
Net cash provided (used) by investing activities	-	85	413,402	420,206	-	833,693
Net increase (decrease) in cash and cash equivalents	(76,665)	(301)	413,135	(456,768)	11,562	(109,037)
Cash and cash equivalents, beginning of year	431,766	488	245	2,502,071	(13,692)	2,920,878
Cash and cash equivalents, end of year	$ 355,101	$ 187	$ 413,380	$ 2,045,303	$ (2,130)	$ 2,811,841

The accompanying notes are an integral part of the financial statements.

LANE COUNCIL OF GOVERNMENTS
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
June 30, 2014

		Agency Funds
ASSETS		
Cash and investments	$	400,397
Accounts receivable		-
Total assets	$	400,397
LIABILITIES		
Accounts payable	$	400,397
Due to other agencies		
Total liabilities	$	400,397

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

The accompanying notes are an integral part of the financial statements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 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, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all 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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

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 on Springfield Building; and revenue collected for anticipated PERS rate increases.
- Telecommunications – Accounts for the revenues and expenditures related to the operation of a multi-agency telephone system.
- 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:

LCOG has three building program funds and six loan program funds within the enterprise fund series.

- Park Place Building - Financial activity of the LCOG-owned building is recorded in this fund. Income from rents is the major source of revenue. The fourth and fifth floors of the building are occupancy space - LCOG Government Services and Senior and Disability Services occupies the 4th floor and Administration and Business Services occupies the fifth floor. The remaining space is lease/retail space and is rented and /or available to rent.
- Schaefers Building - Financial activity of the LCOG-owned building is recorded in this fund. Income from rents is the major source of revenue. The LCOG Senior and Disability Services Division (S&DS) occupied the building (35% of the building was vacant). On June 27, 2014, Schaefers Building was sold. S&DS remained in the building and became a tenant of the new owner.
- Springfield Building - Financial activity of the LCOG-owned building is recorded in this fund. Income from leases for office space is the major source of revenue.
- Loan Programs - A total of six funds are in the Loan Program. Loan funds finance business facilities and community development projects in rural Lane County. LCOG administers four revolving loan funds – Intermediary Relending Program/Rural Business Development Fund (RBDF); Economic Development Administration (EDA); Rural Business Enterprise Grant (RBEG); and LCOG Revolving Loan Fund Program Grant (RIB). Funding for the RBDF and RBEG was provided by the U.S. Department of Agriculture. Funding for the EDA was provided by the U.S. Department of Commerce. 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 Cascades West Financial Services to provide loan packaging services for all of Cascades West Financial Services' (CWFS) programs in Lane County. Activities of this contract are reported in two loan program funds: Loan-Other Packaging fund and Loan -SBA504 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). Cascades West Financial Services Inc. ended its contract with LCOG on 7/31/13 and the fund is no longer active.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. LCOG has elected to follow subsequent private-sector guidelines.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between 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.

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.

LCOG's investment in the LGIP is carried at amounts which approximate fair value. The State of Oregon's investment policies used in administering the LGIP are governed by statute and the Oregon Investment Council (OIC). The State Treasurer is the investment officer for the OIC and is responsible for the funds on deposit in the State Treasury. The State Treasury's investments in short-term securities are limited by the portfolio rules established by the Oregon Short-Term Fund Board and the OIC. 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 LGIP's securities in the State of Oregon's name.

For financial statement purposes, LCOG considers all highly liquid investments with original maturities of three months or less to be cash equivalents.

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 18.

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. For additional detail see Footnote 5.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

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.

Restricted Assets

Restricted cash and investments as of June 30, 2014, totaled $3,904,569 or 52% of the $7,540,964 total cash and investments. LCOG classifies the following cash and investments as restricted (restricted value as of June 30, 2014 is indicated):

- In the Communications/Technology Fund, various local government agencies limit the use of the funds, primarily for the replacement of telephone systems ($1,514,662).
- In the Loan Programs Fund, amounts are restricted by the USDA and EDA for loans (restricted value was $1,954,297) and loans servicing ($35,213).
- Fiduciary Fund is an agency fund and therefore the cash and investments is restricted ($400,397).

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Liability for Compensated Absences

Earned but unpaid vacation benefits are recorded as a current liability based on the funding level of 50% of the liability valuation. Employee vacation accrual is limited to 320 hours for SEIU positions and 480 for all other positions; actual payout liability for non SEIU positions is 200 hours (SEIU is 320 hours) for employees terminating service. Sick leave and holiday expense is only recorded as expenditure when leave is taken.

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.

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 Schaefers Building on June 27, 2014, which had an outstanding obligation of $2,449,826 on the date of sale. A lump sum payment was provided from sale proceeds of $3,000,000. Therefore at June 30, 2014 long-term debt was reduced by the outstanding principal paid on Schaefers Building.

Net Assets

Net assets represent the difference between assets and liabilities. Net assets 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 assets are 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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Fund Equity, continued

- 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.

  In FY14, LCOG Board developed a policy regarding General Fund reserves. As part of those reserve policies, a committed fund balance identified as "Reserve – Operating" resides in the General Fund and can only be revised, modified or utilized with prior Board approval via resolution.

- 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 294.900 through 294.930. There is no legal requirement that expenditures do not exceed appropriations.

NOTE 2 – BUDGET AND APPROPRIATIONS, Continued

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.

NOTE 3 – REPORTING ENTITY

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 190.003 to 190.030 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 33 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 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.

NOTE 4 – CASH AND INVESTMENTS

The state of Oregon's investment policies used in administering the LGIP is governed by statute and the Oregon Investment Council (OIC). The State Treasurer is the investment officer for the OIC 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 OIC. 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, 2014, 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, 2014, consisted of the following (includes Fiduciary funds

Cash with Fiscal Agent	$ 19,663
Certificates of Deposit	$ 472,332
Local Government Investment Pool	$ 478,712
Demand Deposits	$ 3,455,942
Money Market Accounts	$ 3,114,315
Total Cash and Investments	**$ 7,540,964**

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

Governmental activities	$ 3,389,241
Business-type activities	$ 3,751,326
Governmental and Propriet	$ 7,140,567
Fiduciary	$ 400,397
Total Cash and Investments	**$ 7,540,964**

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 than an issuer or other counterparty to an investment will not fulfill its obligation. The Local Government Investment Pool is not rated for credit risk.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, LCOG will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. Demand deposits are insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000 at each financial institution. During the year ended June 30, 2014, 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.

NOTE 4 – CASH AND INVESTMENTS, Continued

At June 30, total deposits per banks statements were $7,540,964. Of this, $3,043,001 was insured (including $498,375 LGIP of which $400,397 is fiduciary funds) and the remaining $4,497,963 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.

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, 2014, LCOG's only investments were in the LGIP.

NOTE 5 – RECEIVABLES

Receivables as of June 30, 2014, for LCOG are as follows:

Fund Type/Name	Grants and Contracts	Other Activity	Total
Governmental Funds:			
General Fund	$ -	$ 1,422	$ 1,422
Grants and Contracts	$ 1,447,898	$ -	$ 1,447,898
Other non-major funds	$ -	$ -	$ -
Total governmental funds/ Governmental activities:	$ 1,447,898	$ 1,422	$ 1,449,320
Proprietary Funds:			
Springfield Building	$ -	$ -	$ -
Park Place Building	$ -	$ -	$ -
Schaefers Building	$ -	$ -	$ -
Minutes Recorder	$ -	$ 17,915	$ 17,915
Loan Programs	$ -	$ 15,062	$ 15,062
Total proprietary funds/ Business activities:	$ -	$ 32,977	$ 32,977
Total Receivables	**$ 1,447,898**	**$ 34,399**	**$ 1,482,297**

NOTE 6 – CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2014, was as follows:

	July 1, 2013	Additions	Deletions	June 30, 2014
Governmental Activities:				
Fixed Assets				
Leasehold Improvements	$ 172,396	$ -	$ -	$ 172,396
Vehicles	103,178	-	-	103,178
Furniture & Equipment	705,047	41,321	-	746,368
Total Capital Assets	$ 980,620	$ 41,321	$ -	$ 1,021,941
Less Accumulated Depreciation for:				
Leasehold Improvements	$ 127,350	$ 14,979	$ -	$ 142,329
Vehicles	60,061	14,740	-	74,801
Furniture & Equipment	343,258	41,387	-	384,645
Total Accumulated Depreciation/Amortization	$ 530,669	$ 71,106	$ -	$ 601,775
Net Capital Assets - Governmental	**$ 449,951**	**$ (29,785)**	**$ -**	**$ 420,166**
Business Type Activities				
Fixed Assets				
Land & Land Improvements	$ 735,830	$ -	$ -	$ 735,830
Buildings	8,266,516	-	-	8,266,516
Improvements	5,583,682	-	-	5,583,682
Total Capital Assets	$ 14,586,028	$ -	$ -	$ 14,586,028
Less Accumulated Depreciation/Amortization for:				
Buildings	$ 1,890,113	$ 212,078	$ -	$ 2,102,191
Improvements	2,775,171	305,203	-	3,080,374
Total Accumulated Depreciation/Amortization	$ 4,665,284	$ 517,281	$ -	$ 5,182,566
Net Capital Assets - Business-type	**$ 9,920,744**	**$ (517,281)**	**$ -**	**$ 9,403,463**
Net Capital Assets, All	**$ 10,370,695**	**$ (547,066)**	**$ -**	**$ 9,823,629**

Note: Schaefers Building sold 6/27/14 and will be removed from the Asset Schedule in FY15 Annual Financial Report

The assets in the business-type activities include leased space. These assets and their lease terms are further described in Note 17.

NOTE 6 – CAPITAL ASSETS, Continued

Depreciation expense was charged to the following activities as of June 30, 2014:

Activity		Amount
Governmental:		
Board/Executive	$	19,340
Government Services		29,888
Senior and Disabled Services		21,878
Total governmental activities	$	71,106
Business:		
Schaefers Building	$	72,062
Springfield Building		40,450
Park Place Building		404,768
Loan Programs		-
Total business activities	$	517,280
Total depreciation expense	**$**	**588,386**

NOTE 7 – 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, 2014, LCOG's loans receivable for the Loans Program consisted of 32 loans, none exceeding $190,000, interest ranging from 5.25% 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 $1,533,792.

Total all loans outstanding (all programs)	$	2,494,627
Allowance for loan losses (all programs)	$	(200,000)
Loans receivable, net of allowance for loan losses (all programs)	**$**	**2,294,627**
By time period:		
Current loans receivable: amounts due within one year (all programs)	$	269,370
Non-current loans receivable (all programs)	$	2,025,257
Loans receivable, net of allowance for loan losses (all programs)	**$**	**2,294,627**

NOTE 7 – LOAN PROGRAMS, Continued

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

Balance at July 1, 2013	$	250,000
Reductions/net change in estimate	$	(50,000)
Write-offs of uncollectible loans	$	-
Recovery of amounts previously charged off	$	-
Balance at June 30, 2014 - loan loss allowance	**$**	**200,000**

NOTE 8 – 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
$ 1,165,750	Governmental activities: Building Loan
$ 1,165,750	Government long term debt outstanding at 6/30/14
$ 6,291,403	Business activities: Building Loans
$ 1,927,649	Business activities: Business Loans
$ 8,219,052	Business long term debt outstanding at 6/30/14
$ 9,384,802	**Total Long Term Debt Outstanding – All Activities at 6/30/14**

Building loan debt for government activities share of debt is transacted in the General Fund (share of the Springfield Building loan debt). Business activities building loan debt is transacted in the Enterprise Funds for building loan debt on the Park Place Building, Schaefers Building and Springfield Building (Schaefers Building sold 6/27/14).

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.

What follows is the detail of long term debt outstanding at 6/30/14 by activity and by specific loan.

NOTE 8 – LONG TERM DEBT, Continued

Long term debt outstanding at 6/30/14

Long-term Debt - Governmental activities – Building loan		Principal
$1,350,497 (54.02% of $2,500,000 Umpqua Bank loan). This represents amounts borrowed against the Springfield Building which was used as working capital; monthly payments of $8,397 through June 2016, including interest at 5.50%; monthly payments through October 2017 to be re-amortized; final principal and interest payment of $1,040,264 due November 2017; secured by real property, building fixtures, and the pledge of future income from tenant rents; subject to a covenant to maintain a current ratio of at least 1.25 or a ratio of 1.2 of cash flow to debt service during each 12 month period ending June 30.	$	1,165,750
Total long-term debt for governmental activities	$	1,165,750
Amounts due within one year	$	(36,677)
Long-term debt, net of current maturities - governmental activities (principal only)	**$**	**1,129,073**

Long-term Debt - Business activities – Building loans		
$1,149,503 (45.98% of $2,500,000 Umpqua Bank loan). This represents the portion of the loan proceeds required to pay off the 2002 Wells Fargo Bank loan to purchase the Springfield Building; monthly payments of $7,147 through June 2016, including interest at 5.50%; monthly payments through October 2017 to be re-amortized; final principal and interest payment of $885,438 due November 2017; secured by real property, building fixtures, and the pledge of future income from tenant rents; subject to a covenant to maintain a current ratio of at least 1.25 or a ratio of 1.2 of cash flow to debt service during each 12 month period ending June 30.	$	992,247
$5,500,000 Umpqua Bank loan; $4,750,000 dated January 3, 2009 and increased by $750,000 on April 6, 2009; to purchase the Park Place Building and pay for office improvements; monthly payments of $34,194 through March 2019; including interest at 5.5% to be re-amortized; final payment of $4,239,890 due April 2019; secured by real property, building fixtures, and the pledge of future income from tenant rents; subject to a covenant to maintain a current ratio of at least 1.25 or a ratio of 1.2 of cash flow to debt service during each 12 month period ending June 30.	$	4,948,372
$550,000 Wells Fargo Bank loan dated June 9, 2009; to fund LCOG office improvements in the Park Place Building. Biannual payments of $35,203 through February 2019, including interest at 5.35%, secured by real property and City of Eugene guarantee; cash reserve in escrow with U.S. Bank of $70,415 (current market value at June 30, 2014).	$	305,325
$219,963 Umpqua Bank loan dated May 20, 2010; to pay for tenant improvements; monthly payments of $4,377 through April 2015, including interest at 7.00%; final principal and interest payment of approximately $3,290 due May 2015; secured by real property, building fixtures, and the pledge of future income from tenant rents; subject to a covenant to maintain a current ratio of at least 1.25 or a ratio of 1.2 of cash flow to debt service during each 12 month period ending June 30.	$	45,459

NOTE 8 – LONG TERM DEBT, Continued

Long term debt outstanding as of June 30, 2014

Long-term Debt - Business activities – Business loans

		Principal
$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. .	$	551,492
$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.	$	315,581
$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.	$	278,260
$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.	$	365,380
$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.	$	416,936
Total long-term debt for business activities (building and business loans)	$	8,219,052
Less: Amounts due within one year	$	372,218
Long-term debt, net of current maturities – business activities (principal only)	**$**	**7,846,834**

SUMMARY LONG-TERM DEBT OUTSTANDING AT 6/30/14 BY ACTIVITY		
TOTAL LONG-TERM DEBT – GOVERNMENTAL-TYPE ACTIVITIES	$	1,165,750
TOTAL LONG-TERM DEBT – BUSINESS-TYPE ACTIVITIES	$	8,219,052
TOTAL LONG-TERM DEBT - ALL ACTIVITIES	$	9,384,802*
AMOUNTS DUE WITHIN ONE YEAR – ALL ACTIVITIES	$	408,895
LONG-TERM DEBT, NET OF CURRENT MATURITIES - ALL ACTIVITIES	**$**	**8,975,907**

** LCOG reduced its long term debt by $3,934,747 in FY14*

NOTE 8 - LONG TERM DEBT, Continued

Annual Projected Debt Service Requirements to Maturity – Governmental Activities*

Projected Amounts for the fiscal year ending:	Principal	Interest
2015	$36,677	$64,084
2016	$38,604	$62,156
2017	$40,984	$59,776
2018	$1,049,485	$24,366
Total projected debt service – governmental activities	$1,165,750	$210,382

* Debt is on the Springfield Building and is owed by the General Fund.

Annual Debt Service Requirements to Maturity – Business Activities

Projected Amounts for the fiscal year ending:	Principal	Interest
2015	372,218	363,518
2016	339,068	349,117
2017	354,109	33,894
2018	1,224,724	290,591
2019 – 2023	4,960,344	266,493
2024 – 2028	578,358	36,870
2029 – 2033	328,105	12,103
2034 – 2036	62,126	1,252
Total projected debt service – business activities	**$8,219,052**	**$1,653,838**

Long-term debt - Actual Principal and Interest paid during the fiscal year ending June 30, 2014

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)	$ 1,200,439	$ -	$ (34,688)	$ 1,165,750	$ 36,677
TOTAL GOVERNMENTAL PRINCIPAL PAID	**$ 1,200,439**	**$ -**	**$ (34,688)**	**$ 1,165,750**	**$ 36,677**

Interest Paid	Outstanding Beginning	Matured	Paid	Outstanding Ending
Umpqua Bank loan (General Fund - Springfield Building)	$ -	$ 66,072	$ (66,072)	$ -
TOTAL GOVERNMENTAL INTEREST PAID	**$ -**	**$ 66,072**	**$ (66,072)**	**$ -**

NOTE 8 - LONG TERM DEBT, Continued

Long-term Debt Transactions – Business Activities:

Principal Paid	Beginning Balance	Additions	Reductions		Ending Balance	Due Within One Year
Building Loans:						
Park Place FPD Umpqua Bank	$ 92,904	$ -	$ 47,444		45,459	$ 45,459
Park Place Umpqua Bank	5,078,756	-	130,384		4,948,372	137,857
Park Place Wells Fargo Bank	357,300	-	51,975		305,325	54,793
Park Place-Schaefers [1] Umpqua Bank	1,601,677	-	1,601,677	(a)	-	-
Schaefers [1] Umpqua Bank	943,091	-	943,091	(b)	-	-
Springfield Umpqua Bank	1,021,772	-	29,526		992,247	31,218
Subtotal – Buildings	**$ 9,095,500**	**$ -**	**$ 2,804,097**		**$ 6,291,403**	**$ 269,327**
Business Loans:						
$2,000,000 USDA (#61-01) [2]	$ 1,028,850	$ -	$ 1,028,850		$ -	$ -
$1,000,000 USDA (#61-02)	588,014	-	36,522		$ 551,492	36,932
$ 478,000 USDA (#61-03)	332,484	-	16,903		$ 315,581	17,146
$ 400,000 USDA (#61-04)	292,253	-	13,993		$ 278,260	14,197
$ 500,000 USDA (#61-05)	382,746	-	17,366		$ 365,380	17,565
$ 500,000 USDA (#61-06)	$ 433,952	-	17,016		$ 416,936	17,051
Subtotal – Business loans	**$ 3,058,299**	**$ -**	**$ 1,130,650**		**$ 1,927,649**	**$ 102,891**
TOTAL – BUSINESS PRINCIPAL PAID	**$ 12,153,799**	**$ -**	**$ 3,934,747**	**#**	**$ 8,219,052**	**$ 372,218**

SUMMARY: ALL PRINCIPAL AT JUNE 30, 2014	
GOVERNMENTAL	$ 34,688
BUSINESS	$ 3,934,747 #
TOTAL ALL PRINCIPAL	**$ 3,969,435 ***

***of the total $3.9 million, $603,000 would be the annual principal paid in FY14; however LCOG paid off additional loans resulting in an additional $3.4 million debt reduction.**

[1] Schaefers Building was sold in FY14 (6/27/14). $3,000,000 sale price less $2,449,826 principal paid to Umpqua Bank by the title company, less $136,772 in other expenses due at closing, netting $413,402 in sale proceeds. LCOG did not transact the sale through its financials and as a result, the amount noted above is greater than the $1,519,609 principal expense noted in our financials: $36,688 governmental; $1,484,921 business.

#LCOG financials recorded/transacted $1,484,921 in principal payments for Business/Buildings. Difference of $2,449,826 was paid via loan proceeds. The $2,449,826 principal consisted of the following: (a) $1,541,920 for Park Place - Schaefers/Umpqua Bank loan
(b) $ 907,906 for Schaefers Umpqua Bank loan

[2] USDA Loan 61-01 was paid off effective 6/30/14. Loan was paid off due to a softening of the loan market; cash funds were available to pay off debt.

NOTE 8 - LONG TERM DEBT, Continued

Long-term Debt Transactions – Business Activities: continued

Interest Paid – Business Activities	Outstanding Beginning	Matured	Paid	Outstanding Ending
Park Place - FPD Umpqua Bank	$ -	$ 5,080	$ (5,080)	$ -
Park Place - Umpqua Bank	-	279,945	(279,945)	-
Park Place - Wells Fargo Bank	-	18,402	(18,402)	-
Park Place - Schaefers Umpqua Bank	-	60,830	(60,830)	-
Schaefers - Umpqua Bank	-	35,816	(35,816)	-
Springfield - Umpqua Bank	-	56,238	(56,238)	-
$2,000,000 USDA loan (#61-01)	-	17,379	(17,379)	-
$1,000,000 USDA loan (#61-02)	-	5,928	(5,928)	-
$478,000 USDA loan (#61-03)	-	3,388	(3,388)	-
$400,000 USDA loan (#61-04)	-	2,987	(2,987)	-
$500,000 USDA loan (#61-05)	-	3,859	(3,859)	-
$500,000 USDA loan (#61-06)	-	4,209	(4,209)	-
TOTAL INTEREST PAID	**$ -**	**$ 494,061**	**$ (494,061)**	**$ -**

SUMMARY: ALL INTEREST PAID AT JUNE 30, 2014	
GOVERNMENTAL	$ 66,072
BUSINESS	$ 494,061
TOTAL ALL INTEREST PAID	**$ 560,133**

Summary of Principal and Interest Paid – All Activities

Principal

Total principal paid for the year was	$3,969,435	
Detail by activity is as follows:		
Governmental activities:		$ 34,688 (Reported in the General Fund)
Business activities:		$3,934,747 (Reported in Enterprise Funds)
Total principal paid		**$3,969,435**

Interest

Total interest expense paid for the year was	$ 560,133 (no interest was capitalized for the year).	
Detail to interest by activity is as follows:		
Governmental activities:		$ 66,072 (Reported in the General Fund)
Business activities:		$ 494,061 (Reported in the Enterprise Funds)
Total interest paid		**$ 560,133**

Total Principal and Interest paid	**$4,529,568**
Transacted through LCOG financials:	**$ 2,079,742 (excludes debt on interfund loan of $85,489)**
Paid via Schaefers Building sale proceeds:	**$ 2,449,826**

NOTE 9 - PAYABLES

Account Payables as of June 30, 2014, for LCOG, are as follows:

Fund Type	Subfund		Total
General			
	Indirect - Central Services	$	5,906
	LCOG Board	$	3,530
	Sub total: General Fund	$	9,436
Special Revenue			
	Aging & Disability Resource Center	$	19
	Area Plan Administration	$	351
	Family Caregiver Services	$	2,382
	GIS CPA	$	526
	Government Services Admin	$	6
	Intergovernmental Human Services	$	2,026
	Living Well	$	35,000
	Meal Preparation	$	23,855
	Meals Fundraising	$	822
	Metro Television	$	492
	Minutes Recorder	$	2,114
	Miscellaneous Support - S&DS	$	606
	Natural Resources Planning	$	50,095
	OPI Case Management	$	114
	Oregon Project Independence	$	78,379
	OR Emergency Management & State Police	$	410
	Public Agency Network	$	1,624
	RTS Other	$	2
	S&DS Transportation Assessments	$	1,316
	Scenario Planning	$	10,125
	Senior Connections	$	1,338
	Senior Meals	$	14,043
	Special Projects	$	679
	Telecommunications Operations	$	35,757
	Telecommunications Projects	$	38,613
	Title III-B	$	6,814
	Title III-C-2	$	6,040
	Title VII-A	$	8,550
	Transportation Operations	$	101,623
	Type B Funds	$	18,297
	Urban and Regional Planning	$	108
	USDA/NSIP	$	2,256
	Willamette Internet Exchange	$	500
	Sub total: Special Revenue Funds	$	444,882
Enterprise	Schaefers Building	$	4,054
	Sub total: Enterprise Funds	$	4,054
	Total Accounts Payable as of June 30, 2014	**$**	**458,372**

NOTE 10 – COMPENSATED ABSENCES

Compensated absences activity for the fiscal year ended June 30, 2014, was as follows:

	July 1, 2013	Additions	Deletions	June 30, 2014
Compensated Absences	$ 251,157	$ -	$ -	$ 251,157

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, 2014. 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 200 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 May of each fiscal year. Based on the ending value, LCOG would increase or decrease the liability for the fiscal year.

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 11 – 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 12 – PENSION PLAN

Plan Description and Administration

All full-time LCOG employees participate in the Oregon Public Employees Retirement System (OPERS). Effective January 1, 2002, LCOG elected to participate in the State and Local Government Rate Pool, a statewide multiple-employer pool within OPERS, of which LCOG is a cost-sharing component. OPERS is established under Oregon Revised Statutes 238 and 238A and acts as a common investment and administrative agent for public employers in Oregon. OPERS is a component unit of the State of Oregon and issues a comprehensive annual financial report, which may be obtained by writing to Public Employees Retirement System, P.O. Box 23700, Tigard, Oregon 97281-3700.

Plan Benefits

All LCOG OPERS eligible employees become members of OPERS after six months of service. Generally, employees who retire at or after a stipulated age or number of years of credited service are entitled to a retirement benefit, payable either as a lump sum or monthly for life. Vested employees with fewer than the stipulated number of years of service receive reduced benefits if retirement occurs prior to the stipulated age. OPERS also provides death and disability benefits. Benefit provisions and all other requirements are established by the Oregon Legislature and are administered by a board of trustees (Retirement Board) appointed by the Governor.

NOTE 12 – PENSION PLAN, Continued

Public Employee Retirement System (PERS)

PERS is a defined benefit plan provided to members or their beneficiaries who were hired prior to August 29, 2003. In 1995 the Oregon legislature enacted a second level ("Tier Two") of PERS benefits for persons who became members after January 1, 1996. Tier One members have an assumed earnings rate guarantee, while Tier Two members have a later retirement age and do not have an assumed earnings rate guarantee.

Oregon Public Service Retirement Plan (OPSRP)

OPSRP is a combination defined benefit pension plan and defined contribution pension plan. The defined benefit pension plan is available to members or their beneficiaries who were hired on or after August 29, 2003. The defined contribution pension plan (Individual Account Program or "IAP") is available to all members or their beneficiaries who are PERS or OPSRP eligible.

Funding Policy

Covered employees are required by state statute to contribute 6% of their salary to the IAP. Members of PERS retain their existing PERS accounts, but member contributions are now deposited in the member's IAP rather than into the member's PERS account. As a result of collective bargaining agreements, most employee contributions are paid by LCOG.

LCOG is required by Oregon statute to contribute the remaining amounts necessary to pay benefits when due. Funding policy is set by the Oregon Public Employees Retirement System (OPERS) Board, which has statutory authority to revise employer contributions as necessary to ensure that promised benefits will be funded on a sound basis.

LCOG contributions on behalf of employees to satisfy the statute requirement, is as follows:

Fiscal year ending June 30:	Amount
FY11	$573,870
FY12	$561,202
FY13	$524,245
FY14	$495,223

Generally Accepted Accounting Principles

GASB Statement No. 27, *Accounting for Pension Plans by State and Local Government Employers*, establishes standards for the measurement, recognition, and presentation of pension information. Local governments which provide pension plans must measure and disclose an amount for Annual Pension Cost (APC) on the accrual basis of accounting, regardless of the amount actually recognized as an expenditure/expense on the modified accrual or accrual basis. The APC equals the Annual Required Contribution (ARC) adjusted by the amortization of the employer's Net Pension Obligation (NPO), a measure of the cumulative difference between the APC and an employer's actual contributions to OPERS. Because LCOG is required by law to submit the contributions adopted by the Retirement Board and the contributions are calculated in conformance with the standards of GASB Statement No. 27, the contributions actually made by LCOG were equal to the APC and LCOG's NPO is therefore zero.

NOTE 12 – PENSION PLAN, Continued

Employer Contributions

LCOG contributions to OPERS for the current and preceding three years were as follows:

Year Ended June 30	Percent of Covered Payroll		Annual Pension Cost (APC)*	Percent Contributed
	PERS	OPSRP		
	7.98%			
2011		9.03%	$ 793,248	100%
2012	12.52%	11.24%	$ 774,729	100%
2013	12.52%	11.24%	$ 774,729	100%
2014	12.63%	11.35%	$ 994,098	100%

The expected employer contribution to OPERS for the 2014-2015 year is estimated to increase by 4.39%.

As noted in the table, (*) the required OPERS contributions for the current year were based on an actuarial valuation as of December 31, 2011. The actuarial assumptions used in OPERS valuations are based on past experience and on current expectations as to future economic conditions. The assumptions are intended to estimate the future experience of the members of OPERS, anticipated earnings on investments, and projected member benefits. Variations in future experience will result in corresponding changes in required contributions.

NOTE 13 – DEFERRED COMPENSATION

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 2013-14	Cumulative at 6/30/14
Employer paid contribution:	$494,283	$2,545,801
Employee paid contribution:	$351,968	$3,399,713

NOTE 14 – OTHER POST EMPLOYMENT BENEFITS (OPEB)

LCOG Post-Retirement Medical Benefit Plan

LCOG offers current retired employees continuance of their medical insurance coverage by retirees paying 100% of the premium direct to the insurance provider. At June 30, 2014, ten retired employees were availing themselves of this benefit and 179 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 believes the implicit rate subsidy is immaterial to the financial statements, therefore no actuarial valuation has been obtained and no expenditure for this rate subsidy is reflected in the government-wide financial statements.

NOTE 15 – 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.

Schedule of Insurance in Force for the year ended June 30, 2014

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	$ 250,000
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	$30,405,553*	$1,000	
Buildings, contents, furniture and equipment owned by LCOG			
Portable equipment	$ 49,000	$ 500	

* On 6/27/14, LCOG sold Schaefers Building ($11,312,516 was the total insured value including contents valued at $1,336,800 which was retained and continued in force). FY15 will note a new property value then post Schaefers Building sale and net of coverage changes totaling $20,502,533, which is a decline in total insured property value by $9,903,020.

NOTE 16 – OPERATING LEASES

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) for $850 per month or $10,200 for the year ending June 30, 2014.

Central Kitchen: LCOG leases 4,172 square feet of space for the Meal Preparation program from Lulu Inc. (office is located at 1407 Cross Street, Eugene, OR). For the year ending June 30, 2014 the lease required monthly payments of $2,504 for the period July 2013 through May 2014, with June 2014 at $2,587 or $30,131 for the year ending June 30, 2014.

Title XIX sites: LCOG Senior and Disability Services leases a site from the State of Oregon, Department of Human Services (at 3180 Hwy 101, Florence, Oregon). The space is currently shared with Adult and Family Service. Cost is $4,465 per month or $53,579 for the year ending June 30, 2014.

LCOG also leases a site in Cottage Grove, Oregon from Gary and Ruth Ackley. The lease requires a monthly payment of $1,864 or $22,362 for the year ending June 30, 2014. This lease expires April 30, 2018.

Senior nutrition and outreach sites: LCOG has various nutrition and outreach sites. The majority of the agreements for these sites call for monthly rental payments ranging from $375 to $417 per month. 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.

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

Site	Amount
Public Service Building	$ 10,200
Central Kitchen	30,131
Type B Funds	75,941
Senior Nutrition and Outreach	18,241
Senior Connections	2,510
Park Place Building (see note #17)	464,292
Schaefers Building (see note #17)	206,052
Total rental expense	**$807,367**

NOTE 17 – BUILDINGS: PARK PLACE, SCHAEFERS, AND SPRINGFIELD BUILDINGS

Total income consists of rental revenue and occupancy revenue. Rental Income is revenue received from third parties. Occupancy revenue is revenue received from LCOG programs occupying space in LCOG owned buildings. LCOG purchased the Park Place Building at 859 Willamette Street in Eugene, Oregon on January 3, 2008. Administration, Loan Programs, Government Services (Planning and Transportation) and S&DS services are housed in Park Place Building. In addition, Senior and Disability Services leases space on the first floor (2,032 square feet). At year ending June 30, 2014 there are thirteen retail and office tenants with various lease terms and expiration dates, with lease amounts ranging from approximately $750 to $12,394 per month. The estimated rental income for 2014-2015 will be $532,000 from third party tenants, and $464,000 from LCOG occupancy for a total of $996,000.

LCOG sold the Schaefers Building at 1025 Willamette Street in Eugene, Oregon on 6/27/14. LCOG staff (Senior and Disability Services) continue to occupy the first and second floors of the building. Occupancy costs for LCOG's space totaled $206,052 for the year ended June 30, 2014 and are included in total rent income in the proprietary funds.

LCOG owns the Springfield Building at 640-644 A Street in Springfield, Oregon. LCOG leases the entire building to the Oregon Department of Transportation. The monthly base rate of $30,511 at June 30, 2014 increases by 2.5% per year through June 2017. Estimated rental income for 2014-2015 will be $31,274 per month or $375,290 for the year. Note that the rental income is shared between the Springfield Building subfund and the LCOG Board subfund.

Minimum rental payments on non-cancellable operating leases over the next five years (remaining non-cancellable lease terms in excess of one year) are noted in the table below. (Table excludes cancellable leases):

June 30		Amount
2015		$ 866,131
2016		701,795
2017		601,556
2018		110,868
2019		110,868
	Minimum estimated Rental payments	**$2,391,218**

NOTE 18 – 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, 2014 transfers were as follows:

	General Fund	Special Revenue Funds	Enterprise Funds	Total for the Year Ending 6/30/2014
Transfers In	**$ 58,079**	**$ 2,889,571**	**$ 221,466**	**$ 3,169,116**
Transfers Out	**$ 535,440**	**$ 2,541,215**	**$ 92,461**	**$ 3,169,116**

Fund/Service Area	Total	Detail by Subfund
General Fund:		
Administration		
LCOG Board		$ 48,798
Member Support		$ 9,281
Total - General Fund	**$ 58,079**	
Special Revenue Funds:		
Government Services - Planning		
BTOP Grant Match		$ 31,987
GIS		$ 930
Government Services Admin.		$ 883,746
Hearings Official and Land Use Law		$ 4,892
Natural Resources Planning		$ 6,059
Oregon Planning Institute		$ 7,111
Government Services - Planning	$ 934,725	
Government Services - Technology		
Telecommunications Projects		$ 8,838
Telecommunications Reserve		$ 141,968
Government Services - Technology	$ 150,806	
Senior & Disabled Services		
Title III services/programs		$ 1,804,039
Senior & Disabled Services	$ 1,804,039	
Total - Special Revenue Funds	**$ 2,889,571**	
Enterprise Funds:		
Building Program		
Park Place Building		$ 193,133
Springfield Building		$ 28,333
Total - Enterprise Funds	**$ 221,466**	
Total - Transfers In (Revenues)	**$ 3,169,116**	**$ 3,169,116**

NOTE 19 – 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, 2013 through June 30, 2014 are as follows:

Planning, Transportation, Business Programs	46.927%
Telecommunications	38.389%
Senior and Disability Services	14.811%

A carry forward calculation is included in the FY14 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 FY14 will be a cost in the FY16 plan proposal).

An under-recovery of $267,128 was carried forward in FY14 from FY12. A reconciliation of the carry-forward to fiscal year 2014 is as follows:

	As of June 30, 2014	
Indirect costs recovered	$2,857,016*	
FY14 Current Year Indirect costs	$2,731,369	
FY12 Under-Recovery of costs	$ 267,128	
FY14 Total Indirect Costs	$2,998,497	
(Under)/Over-recovered indirect costs	$ 141,481	** recovery less than actual

* *Note that $5,200 in local credits is not included (revenue source was not indirect charges)*

***The under recovery of indirect costs will be carried forward to the FY16 cost allocation plan as an expense in that plan year and will be recovered in FY16.*

NOTE 20 – PRIOR PERIOD ADJUSTMENTS

No prior period adjustments were made during the year ending June 30, 2014.

NOTE 21 – NEW ACCOUNTING PRONOUNCEMENTS

The Governmental Accounting Standards Board (GASB) has released the following new standards affecting financial statements issued after June 15, 2013:

GASB Statement No. 67, Financial Reporting for Pension Plans – An Amendment of GASB Statement No. 25 (issued 6/2012). The objective of this Statement is to improve financial reporting by state and local governmental pension plans. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement replaces the requirements of Statements No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, and No. 50, *Pension Disclosures*, as they relate to pension plans that are administered through trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria. The requirements of Statements 25 and 50 remain applicable to pension plans that are not administered through trusts covered by the scope of this Statement and to defined contribution plans that provide postemployment benefits other than pensions.

Statement No. 68, *Accounting and Financial Reporting for Pension (detail follows GASB 67)* establishes accounting and financial reporting requirements related to pensions for governments whose employees are provided with pensions through pension plans that are covered by the scope of this Statement, as well as for nonemployer governments that have a legal obligation to contribute to those plans.

This Statement and Statement 68 establish a definition of a pension plan that reflects the primary activities associated with the pension arrangement—determining pensions, accumulating and managing assets dedicated for pensions, and paying benefits to plan members as they come due. The scope of this Statement addresses accounting and financial reporting for the activities of pension plans that are administered through trusts that have the following characteristics:

- Contributions from employers and nonemployer contributing entities to the pension plan and earnings on those contributions are irrevocable.
- Pension plan assets are dedicated to providing pensions to plan members in accordance with benefit terms.
- Pension plan assets are legally protected from the creditors of employers, nonemployer contributing entities, and the pension plan administrator. If the plan is a defined benefit pension plan, plan assets also are legally protected from creditors of the plan members.

For defined benefit pension plans, this Statement establishes standards of financial reporting for separately issued financial reports and specifies the required approach to measuring the pension liability of employers and nonemployer contributing entities for benefits provided through the pension plan (the net pension liability), about which information is required to be presented. Distinctions are made regarding the particular requirements depending upon the type of pension plan administered, as follows:

- Single-employer pension plans—those in which pensions are provided to the employees of only one employer (as defined in this Statement).
- Agent multiple-employer pension plans (agent pension plans)—those in which plan assets are pooled for investment purposes but separate accounts are maintained for each individual employer so that each employer’s share of the pooled assets is legally available to pay the benefits of only its employees.
- Cost-sharing multiple-employer pension plans (cost-sharing pension plans)—those in which the pension obligations to the employees of more than one employer are pooled and plan assets can be used to pay the benefits of the employees of any employer that provides pensions through the pension plan.

This Statement also details the note disclosure requirements for defined contribution pension plans administered through trusts that meet the identified criteria.

NOTE 21 – NEW ACCOUNTING PRONOUNCEMENTS, Continued

Defined Benefit Pension Plans

Financial Statements

This Statement requires defined benefit pension plans to present two financial statements—a statement of fiduciary net position and a statement of changes in fiduciary net position. The statement of fiduciary net position presents the following items as of the end of the pension plan's reporting period, as applicable:

- Assets, such as cash and cash equivalents, receivables from employers and plan members, investments (measured at fair value), and equipment and other assets used in pension plan operations.
- Deferred outflows of resources.
- Liabilities, such as benefit payments due to plan members.
- Deferred inflows of resources.
- Fiduciary net position, which equals assets, plus deferred outflows of resources, minus liabilities, minus deferred inflows of resources.

The statement of changes in fiduciary net position presents the following items for the pension plan's reporting period:

- Additions, such as contributions from employers, nonemployer contributing entities, and plan members, and net investment income.
- Deductions, such as benefit payments and administrative expense.
- Net increase (decrease) in fiduciary net position, which equals the difference between additions and deductions.

In addition to the requirements of this Statement, defined benefit pension plans also should follow all accounting and financial reporting requirements of other standards, as applicable.

Notes to Financial Statements

This Statement requires that notes to financial statements of defined benefit pension plans include descriptive information, such as the types of benefits provided, the classes of plan members covered, and the composition of the pension plan's board. Such pension plans also should disclose information about pension plan investments, including the pension plan's investment policies, a description of how fair value is determined, concentrations of investments with individual organizations equaling or exceeding 5 percent of the pension plan's fiduciary net position, and the annual money-weighted rate of return on pension plan investments. Other required note disclosures include information about contributions, reserves, and allocated insurance contracts.

Single-employer and cost-sharing pension plans also should disclose the following information:

- The portion of the actuarial present value of projected benefit payments to be provided through the pension plan to current active and inactive plan members that is attributed to those members' past periods of service (the total pension liability), the pension plan's fiduciary net position, the net pension liability, and the pension plan's fiduciary net position as a percentage of the total pension liability.
- Significant assumptions and other inputs used to calculate the total pension liability, including those about inflation, salary changes, ad hoc postemployment benefit changes (including ad hoc cost-of-living adjustments [COLAs]), and inputs to the discount rate, as well as certain information about mortality assumptions and the dates of experience studies.

NOTE 21 – NEW ACCOUNTING PRONOUNCEMENTS, Continued

Required Supplementary Information

This Statement requires single-employer and cost-sharing pension plans to present in required supplementary information the following information for each of the 10 most recent fiscal years about employer and nonemployer contributing entity obligations for pensions provided through the pension plan:

- Sources of changes in the net pension liability.
- Information about the components of the net pension liability and related ratios, including the pension plan's fiduciary net position as a percentage of the total pension liability, and the net pension liability as a percentage of covered-employee payroll.

If the contributions of employers or nonemployer contributing entities to a single-employer or cost-sharing pension plan are actuarially determined, the pension plan should present in required supplementary information a schedule covering each of the 10 most recent fiscal years that includes information about the actuarially determined contribution, contributions to the pension plan, and related ratios. Significant methods and assumptions used in calculating the actuarially determined contributions should be presented as notes to the schedules.

All defined benefit pension plans, including agent pension plans, should present in required supplementary information a schedule covering each of the 10 most recent fiscal years that includes the annual money-weighted rate of return on pension plan investments for each year. In addition, all pension plans should explain factors that significantly affect trends in the amounts reported in the schedules of required supplementary information, such as changes of benefit terms, changes in the size or composition of the population covered by the benefit terms, or the use of different assumptions.

Measurement of the Net Pension Liability

This Statement requires the net pension liability to be measured as the total pension liability, less the amount of the pension plan's fiduciary net position. Actuarial valuations of the total pension liability are required to be performed at least every two years, with more frequent valuations encouraged. If a valuation is not performed as of the pension plan's fiscal year-end, the total pension liability is required to be based on update procedures to roll forward amounts from an earlier actuarial valuation (performed as of a date no more than 24 months prior to the pension plan's fiscal year-end). Unless otherwise specified by this Statement, all assumptions underlying the determination of the total pension liability are required to be made in conformity with Actuarial Standards of Practice issued by the Actuarial Standards Board.

Projections of benefit payments are required to be based on the benefit terms and legal agreements existing at the pension plan's fiscal year-end and to incorporate the effects of projected salary changes (if the pension formula incorporates compensation levels) and service credits (if the pension formula incorporates periods of service), as well as projected automatic postemployment benefit changes (including automatic COLAs). Projections also are required to include the effects of ad hoc postemployment benefit changes (including ad hoc COLAs), if they are considered to be substantively automatic.

Projected benefit payments are required to be discounted to their actuarial present value using the single rate that reflects (1) a long-term expected rate of return on pension plan investments to the extent that the pension plan's fiduciary net position is projected to be sufficient to pay benefits and pension plan assets are expected to be invested using a strategy to achieve that return and (2) a tax-exempt, high-quality municipal bond rate to the extent that the conditions for use of the long-term expected rate of return are not met.

NOTE 21 – NEW ACCOUNTING PRONOUNCEMENTS, Continued

The actuarial present value of projected benefit payments is required to be attributed to periods of plan member service using the entry age actuarial cost method with each period's service cost determined as a level percentage of pay. The actuarial present value is required to be attributed for each plan member individually, from the period when the plan member first accrues pensions through the period when the plan member retires.

Defined Contribution Pension Plans

In the notes to financial statements, defined contribution pension plans should disclose the classes of plan members covered; the number of plan members, participating employers, and, if any, nonemployer contributing entities; and the authority under which the pension plan is established and may be amended.

Effective Date and Transition

This Statement is effective for financial statements for fiscal years beginning after June 15, 2013. Earlier application is encouraged.

How the Changes in This Statement Will Improve Financial Reporting

The requirements of this Statement will improve financial reporting primarily through enhanced note disclosures and schedules of required supplementary information that will be presented by the pension plans that are within its scope. The new information will enhance the decision-usefulness of the financial reports of these pension plans, their value for assessing accountability, and their transparency by providing information about measures of net pension liabilities and explanations of how and why those liabilities changed from year to year. The net pension liability information, including ratios, will offer an up-to-date indication of the extent to which the total pension liability is covered by the fiduciary net position of the pension plan. The comparability of the reported information for similar types of pension plans will be improved by the changes related to the attribution method used to determine the total pension liability. The contribution schedule will provide measures to evaluate decisions related to the assessment of contribution rates in comparison to actuarially determined rates, when such rates are determined. In that circumstance, it also will provide information about whether employers and nonemployer contributing entities, if applicable, are keeping pace with actuarially determined contribution measures. In addition, new information about rates of return on pension plan investments will inform financial report users about the effects of market conditions on the pension plan's assets over time and provide information for users to assess the relative success of the pension plan's investment strategy and the relative contribution that investment earnings provide to the pension plan's ability to pay benefits to plan members when they come due.

The provisions of Statement 67 are effective for financial statements for fiscal years beginning after June 15, 2013.

GASB Statement No. 68, Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27. (Issued 6/2012). The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency.

This Statement replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria. The requirements of Statements 27 and 50 remain applicable for pensions that are not covered by the scope of this Statement.

NOTE 21 – NEW ACCOUNTING PRONOUNCEMENTS, Continued

Statement No. 67, *Financial Reporting for Pension Plans*, revises existing standards of financial reporting for most pension plans. This Statement and Statement 67 establish a definition of a pension plan that reflects the primary activities associated with the pension arrangement—determining pensions, accumulating and managing assets dedicated for pensions, and paying benefits to plan members as they come due.

The scope of this Statement addresses accounting and financial reporting for pensions that are provided to the employees of state and local governmental employers through pension plans that are administered through trusts that have the following characteristics:

- Contributions from employers and nonemployer contributing entities to the pension plan and earnings on those contributions are irrevocable.
- Pension plan assets are dedicated to providing pensions to plan members in accordance with the benefit terms.
- Pension plan assets are legally protected from the creditors of employers, nonemployer contributing entities, and the pension plan administrator. If the plan is a defined benefit pension plan, plan assets also are legally protected from creditors of the plan members.

This Statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, and deferred inflows of resources, and expense/expenditures. For defined benefit pensions, this Statement identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service.

Note disclosure and required supplementary information requirements about pensions also are addressed. Distinctions are made regarding the particular requirements for employers based on the number of employers whose employees are provided with pensions through the pension plan and whether pension obligations and pension plan assets are shared. Employers are classified in one of the following categories for purposes of this Statement:

- Single employers are those whose employees are provided with defined benefit pensions through single-employer pension plans—pension plans in which pensions are provided to the employees of only one employer (as defined in this Statement).
- Agent employers are those whose employees are provided with defined benefit pensions through agent multiple-employer pension plans—pension plans in which plan assets are pooled for investment purposes but separate accounts are maintained for each individual employer so that each employer’s share of the pooled assets is legally available to pay the benefits of only its employees.
- Cost-sharing employers are those whose employees are provided with defined benefit pensions through cost-sharing multiple-employer pension plans—pension plans in which the pension obligations to the employees of more than one employer are pooled and plan assets can be used to pay the benefits of the employees of any employer that provides pensions through the pension plan.

In addition, this Statement details the recognition and disclosure requirements for employers with liabilities (payables) to a defined benefit pension plan and for employers whose employees are provided with defined contribution pensions. This Statement also addresses circumstances in which a nonemployer entity has a legal requirement to make contributions directly to a pension plan.

NOTE 21 – NEW ACCOUNTING PRONOUNCEMENTS, Continued

Defined Benefit Pensions

This Statement requires the liability of employers and nonemployer contributing entities to employees for defined benefit pensions (net pension liability) to be measured as the portion of the present value of projected benefit payments to be provided through the pension plan to current active and inactive employees that is attributed to those employees' past periods of service (total pension liability), less the amount of the pension plan's fiduciary net position.

Actuarial valuations of the total pension liability are required to be performed at least every two years, with more frequent valuations encouraged. If a valuation is not performed as of the measurement date, the total pension liability is required to be based on update procedures to roll forward amounts from an earlier actuarial valuation (performed as of a date no more than 30 months and 1 day prior to the employer's most recent year-end). Unless otherwise specified by this Statement, all assumptions underlying the determination of the total pension liability and related measures set forth by this Statement are required to be made in conformity with Actuarial Standards of Practice issued by the Actuarial Standards Board.

Projections of benefit payments are required to be based on the benefit terms and legal agreements existing at the measurement date and to incorporate the effects of projected salary changes (if the pension formula incorporates future compensation levels) and service credits (if the pension formula incorporates periods of service), as well as projected automatic postemployment benefit changes, including automatic cost-of-living-adjustments (COLAs). Projections also are required to include the effects of ad hoc postemployment benefit changes (including ad hoc COLAs), if they are considered to be substantively automatic.

Projected benefit payments are required to be discounted to their actuarial present value using the single rate that reflects (1) a long-term expected rate of return on pension plan investments to the extent that the pension plan's fiduciary net position is projected to be sufficient to pay benefits and pension plan assets are expected to be invested using a strategy to achieve that return and (2) a tax-exempt, high-quality municipal bond rate to the extent that the conditions for use of the long-term expected rate of return are not met.

The actuarial present value of projected benefit payments is required to be attributed to periods of employee service using the entry age actuarial cost method with each period's service cost determined as a level percentage of pay. The actuarial present value is required to be attributed for each employee individually, from the period when the employee first accrues pensions through the period when the employee retires.

Single and Agent Employers

In financial statements prepared using the economic resources measurement focus and accrual basis of accounting, a single or agent employer that does not have a special funding situation is required to recognize a liability equal to the net pension liability. The net pension liability is required to be measured as of a date no earlier than the end of the employer's prior fiscal year (the measurement date), consistently applied from period to period.

The pension expense and deferred outflows of resources and deferred inflows of resources related to pensions that are required to be recognized by an employer primarily result from changes in the components of the net pension liability—that is, changes in the total pension liability and in the pension plan's fiduciary net position.

This Statement requires that most changes in the net pension liability be included in pension expense in the period of the change. For example, changes in the total pension liability resulting from current-period service cost, interest on the total pension liability, and changes of benefit terms are required to be included in pension expense immediately. Projected earnings on the pension plan's investments also are required to be included in the determination of pension expense immediately.

NOTE 21 – NEW ACCOUNTING PRONOUNCEMENTS, Continued

The effects of certain other changes in the net pension liability are required to be included in pension expense over the current and future periods. The effects on the total pension liability of (1) changes of economic and demographic assumptions or of other inputs and (2) differences between expected and actual experience are required to be included in pension expense in a systematic and rational manner over a closed period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the pension plan (active employees and inactive employees), beginning with the current period. The effect on the net pension liability of differences between the projected earnings on pension plan investments and actual experience with regard to those earnings is required to be included in pension expense in a systematic and rational manner over a closed period of five years, beginning with the current period. Changes in the net pension liability not included in pension expense are required to be reported as deferred outflows of resources or deferred inflows of resources related to pensions.

Employer contributions subsequent to the measurement date of the net pension liability are required to be reported as deferred outflows of resources.

Financial Statements Prepared Using the Current Financial Resources Measurement Focus and Modified Accrual Basis of Accounting

In governmental fund financial statements, a net pension liability should be recognized to the extent the liability is normally expected to be liquidated with expendable available financial resources. Pension expenditures should be recognized equal to the total of (1) amounts paid by the employer to the pension plan and (2) the change between the beginning and ending balances of amounts normally expected to be liquidated with expendable available financial resources.

Notes to Financial Statements

The Statement requires that notes to financial statements of single and agent employers include descriptive information, such as the types of benefits provided and the number and classes of employees covered by the benefit terms. Single and agent employers also should disclose the following information:

- For the current year, sources of changes in the net pension liability.
- Significant assumptions and other inputs used to calculate the total pension liability, including those about inflation, salary changes, ad hoc postemployment benefit changes (including ad hoc COLAs), and inputs to the discount rate, as well as certain information about mortality assumptions and the dates of experience studies.
- The date of the actuarial valuation used to determine the total pension liability, information about changes of assumptions or other inputs and benefit terms, the basis for determining employer contributions to the pension plan, and information about the purchase of allocated insurance contracts, if any.

Required Supplementary Information

This Statement requires single and agent employers to present in required supplementary information the following information, determined as of the measurement date, for each of the 10 most recent fiscal years:

- Sources of changes in the net pension liability
- The components of the net pension liability and related ratios, including the pension plan’s fiduciary net position as a percentage of the total pension liability, and the net pension liability as a percentage of covered-employee payroll.

NOTE 21 – NEW ACCOUNTING PRONOUNCEMENTS, Continued

If the contributions of a single or agent employer are actuarially determined, the employer should present in required supplementary information a schedule covering each of the 10 most recent fiscal years that includes information about the actuarially determined contribution, contributions to the pension plan, and related ratios. If the contributions of a single or agent employer are not actuarially determined but are established in statute or by contract, the employer should present a schedule covering each of the 10 most recent fiscal years that includes information about the statutorily or contractually required contribution rates, contributions to the pension plan, and related ratios.

Significant methods and assumptions used in calculating the actuarially determined contributions, if applicable, should be presented as notes to required supplementary information. In addition, the employer should explain factors that significantly affect trends in the amounts reported in the schedules, such as changes of benefit terms, changes in the size or composition of the population covered by the benefit terms, or the use of different assumptions.

Cost-Sharing Employers

In financial statements prepared using the economic resources measurement focus and accrual basis of accounting, a cost-sharing employer that does not have a special funding situation is required to recognize a liability for its proportionate share of the net pension liability (of all employers for benefits provided through the pension plan)—the collective net pension liability. An employer's proportion is required to be determined on a basis that is consistent with the manner in which contributions to the pension plan are determined, and consideration should be given to separate rates, if any, related to separate portions of the collective net pension liability. The use of the employer's projected long-term contribution effort as compared to the total projected long-term contribution effort of all employers as the basis for determining an employer's proportion is encouraged.

A cost-sharing employer is required to recognize pension expense and report deferred outflows of resources and deferred inflows of resources related to pensions for its proportionate shares of collective pension expense and collective deferred outflows of resources and deferred inflows of resources related to pensions.

In addition, the effects of (1) a change in the employer's proportion of the collective net pension liability and (2) differences during the measurement period between the employer's contributions and its proportionate share of the total of contributions from employers included in the collective net pension liability are required to be determined. These effects are required to be recognized in the employer's pension expense in a systematic and rational manner over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the pension plan (active employees and inactive employees). The portions of the effects not recognized in the employer's pension expense are required to be reported as deferred outflows of resources or deferred inflows of resources related to pensions. Employer contributions to the pension plan subsequent to the measurement date of the collective net pension liability also are required to be reported as deferred outflows of resources related to pensions.

In governmental fund financial statements, the cost-sharing employer's proportionate share of the collective net pension liability is required to be recognized to the extent the liability is normally expected to be liquidated with expendable available financial resources. Pension expenditures should be recognized equal to the total of (1) amounts paid by the employer to the pension plan and (2) the change between the beginning and ending balances of amounts normally expected to be liquidated with expendable available financial resources.

This Statement requires that notes to financial statements of cost-sharing employers include descriptive information about the pension plans through which the pensions are provided. Cost-sharing employers should identify the discount rate and assumptions made in the measurement of their proportionate shares of net pension liabilities, similar to the disclosures about those items that should be made by single and agent employers. Cost-sharing employers, like single and agent employers, also should disclose information about how their contributions to the pension plan are determined.

NOTE 21 – NEW ACCOUNTING PRONOUNCEMENTS, Continued

This Statement requires cost-sharing employers to present in required supplementary information 10-year schedules containing (1) the net pension liability and certain related ratios and (2) if applicable, information about statutorily or contractually required contributions, contributions to the pension plan, and related ratios.

Defined Contribution Pensions

An employer whose employees are provided with defined contribution pensions is required to recognize pension expense for the amount of contributions to employees' accounts that are defined by the benefit terms as attributable to employees' services in the period, net of forfeited amounts that are removed from employees' accounts. A change in the pension liability is required to be recognized for the difference between amounts recognized in expense and amounts paid by the employer to a defined contribution pension plan. In governmental fund financial statements, pension expenditures should be recognized equal to the total of (1) amounts paid by the employer to a pension plan and (2) the change between the beginning and ending balances of amounts normally expected to be liquidated with expendable available financial resources. A pension liability should be recognized to the extent the liability is normally expected to be liquidated with expendable available financial resources. Notes to financial statements of an employer with a defined contribution plan should include descriptive information about the pension plan and benefit terms, contribution rates and how they are determined, and amounts attributed to employee service and forfeitures in the current period.

Special Funding Situations

In this Statement, special funding situations are defined as circumstances in which a nonemployer entity is legally responsible for making contributions directly to a pension plan that is used to provide pensions to the employees of another entity or entities and either (1) the amount of contributions for which the nonemployer entity legally is responsible is not dependent upon one or more events unrelated to pensions or (2) the nonemployer is the only entity with a legal obligation to make contributions directly to a pension plan.

This Statement requires an employer that has a special funding situation for defined benefit pensions to recognize a pension liability and deferred outflows of resources and deferred inflows of resources related to pensions with adjustments for the involvement of nonemployer contributing entities. The employer is required to recognize its proportionate share of the collective pension expense, as well as additional pension expense and revenue for the pension support of the nonemployer contributing entities. This Statement requires the employer to disclose in notes to financial statements information about the amount of support provided by nonemployer contributing entities and to present similar information about the involvement of those entities in 10-year schedules of required supplementary information.

The approach required by this Statement for measurement and recognition of liabilities, deferred outflows of resources and deferred inflows of resources, and expense by a governmental nonemployer contributing entity in a special funding situation for defined benefit pensions is similar to the approach required for cost-sharing employers.

The information that should be disclosed in notes to financial statements and presented in required supplementary information of a governmental nonemployer contributing entity in a special funding situation depends on the proportion of the collective net pension liability that it recognizes. If the governmental nonemployer contributing entity recognizes a substantial proportion of the collective net pension liability, it should disclose in notes to financial statements a description of the pensions, including the types of benefits provided and the employees covered, and the discount rate and assumptions made in the measurement of the net pension liability. The governmental nonemployer contributing entity also should present schedules of required supplementary information similar to those required of a cost-sharing employer.

Reduced note disclosures and required supplementary information are required for governmental nonemployer contributing entities that recognize a less-than-substantial portion of the collective net pension liability.

NOTE 21 – NEW ACCOUNTING PRONOUNCEMENTS, Continued

This Statement also establishes requirements related to special funding situations for defined contribution pensions.

Effective Date and Transition

This Statement is effective for fiscal years beginning after June 15, 2014. Earlier application is encouraged.

How the Changes in This Statement Will Improve Financial Reporting

The requirements of this Statement will improve the decision-usefulness of information in employer and governmental nonemployer contributing entity financial reports and will enhance its value for assessing accountability and interperiod equity by requiring recognition of the entire net pension liability and a more comprehensive measure of pension expense. Decision-usefulness and accountability also will be enhanced through new note disclosures and required supplementary information, as follows:

- More robust disclosures of assumptions will allow for better informed assessments of the reasonableness of pension measurements.
- Explanations of how and why the net pension liability changed from year to year will improve transparency.
- The summary net pension liability information, including ratios, will offer an indication of the extent to which the total pension liability is covered by resources held by the pension plan.
- The contribution schedules will provide measures to evaluate decisions related to the assessment of contribution rates—in comparison to actuarially, statutorily, or contractually determined rates, when such rates are determined. It also will provide information about whether employers and nonemployer contributing entities, if applicable, are keeping pace with those contribution rates.

The consistency and transparency of the information reported by employers and governmental nonemployer contributing entities about pension transactions will be improved by requiring:

- The use of a discount rate that considers the availability of the pension plan’s fiduciary net position associated with the pensions of current active and inactive employees and the investment horizon of those resources, rather than utilizing only the long-term expected rate of return regardless of whether the pension plan’s fiduciary net position is projected to be sufficient to make projected benefit payments and is expected to be invested using a strategy to achieve that return.
- A single method of attributing the actuarial present value of projected benefit payments to periods of employee service, rather than allowing a choice among six methods with additional variations
- Immediate recognition in pension expense, rather than a choice of recognition periods, of the effects of changes of benefit terms and the effects of projected pension plan investment earnings
- Recognition of pension expense that incorporates deferred outflows of resources and deferred inflows of resources related to pensions over a defined, closed period, rather than a choice between an open or closed period.

The comparability of reported pension information also will be improved by the changes related to the attribution method used to determine service cost and the total pension liability, requirements for immediate recognition in pension expense of certain items, and the establishment of standardized expense recognition periods for amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions.

Effective Date: The provisions of statement 68 are effective for fiscal years beginning after June 15, 2014.

NOTE 21 – NEW ACCOUNTING PRONOUNCEMENTS, Continued

GASB Statement No. 69, Government Combinations and Disposals of Government Operations. (Issued 1/2013). This Statement establishes accounting and financial reporting standards related to government combinations and disposals of government operations. As used in this Statement, the term *government combinations* includes a variety of transactions referred to as mergers, acquisitions, and transfers of operations.

The distinction between a government merger and a government acquisition is based upon whether an exchange of significant consideration is present within the combination transaction. Government mergers include combinations of legally separate entities without the exchange of significant consideration. This Statement requires the use of carrying values to measure the assets and liabilities in a government merger. Conversely, government acquisitions are transactions in which a government acquires another entity, or its operations, in exchange for significant consideration. This Statement requires measurements of assets acquired and liabilities assumed generally to be based upon their acquisition values. This Statement also provides guidance for transfers of operations that do not constitute entire legally separate entities and in which no significant consideration is exchanged. This Statement defines the term *operations* for purposes of determining the applicability of this Statement and requires the use of carrying values to measure the assets and liabilities in a transfer of operations.

A disposal of a government's operations results in the removal of specific activities of a government. This Statement provides accounting and financial reporting guidance for disposals of government operations that have been transferred or sold.

This Statement requires disclosures to be made about government combinations and disposals of government operations to enable financial statement users to evaluate the nature and financial effects of those transactions.

The requirements of this Statement are effective for government combinations and disposals of government operations occurring in financial reporting periods beginning after December 15, 2013, and should be applied on a prospective basis. Earlier application is encouraged.

How the Changes in This Statement Will Improve Financial Reporting

Until now, governments have accounted for mergers, acquisitions, and transfers of operations by analogizing to accounting and financial reporting guidance intended for the business environment, generally APB Opinion No. 16, *Business Combinations*. This Statement provides specific accounting and financial reporting guidance for combinations in the governmental environment. This Statement also improves the decision usefulness of financial reporting by requiring that disclosures be made by governments about combination arrangements in which they engage and for disposals of government operations.

GASB Statement No. 70, Accounting and Financial Reporting for Non Exchange Financial Guarantees. (Issued 4/2013). Pension Transition for Contributions made Subsequent to the Measurement Date – an Amendment to GASB No. 68 (issued 11/2013). Some governments extend financial guarantees for the obligations of another government, a not-for-profit entity, or a private entity without directly receiving equal or approximately equal value in exchange (a nonexchange transaction). As a part of this nonexchange financial guarantee, a government commits to indemnify the holder of the obligation if the entity that issued the obligation does not fulfill its payment requirements. Also, some governments issue obligations that are guaranteed by other entities in a nonexchange transaction. The objective of this Statement is to improve accounting and financial reporting by state and local governments that extend and receive nonexchange financial guarantees.

This Statement requires a government that extends a nonexchange financial guarantee to recognize a liability when qualitative factors and historical data, if any, indicate that it is more likely than not that the government will be required to make a payment on the guarantee. The amount of the liability to be recognized should be the discounted present value of the best estimate of the future outflows related to the guarantee expected to be incurred. When there is no best estimate but a range of the estimated future outflows can be established, the amount of the liability to be recognized should be the discounted present value of the minimum amount within the range.

NOTE 21 – NEW ACCOUNTING PRONOUNCEMENTS, Continued

This Statement requires a government that has issued an obligation guaranteed in a nonexchange transaction to recognize revenue to the extent of the reduction in its guaranteed liabilities. This Statement also requires a government that is required to repay a guarantor for making a payment on a guaranteed obligation or legally assuming the guaranteed obligation to continue to recognize a liability until legally released as an obligor. When a government is released as an obligor, the government should recognize revenue as a result of being relieved of the obligation. This Statement also provides additional guidance for intra-entity nonexchange financial guarantees involving blended component units.

This Statement specifies the information required to be disclosed by governments that extend nonexchange financial guarantees. In addition, this Statement requires new information to be disclosed by governments that receive nonexchange financial guarantees.

The provisions of this Statement are effective for reporting periods beginning after June 15, 2013. Earlier application is encouraged. Except for disclosures related to cumulative amounts paid or received in relation to a financial guarantee, the provisions of this Statement are required to be applied retroactively. Disclosures related to cumulative amounts paid or received in relation to a financial guarantee may be applied prospectively.

How the Changes in This Statement Will Improve Financial Reporting

The requirements of this Statement will enhance comparability of financial statements among governments by requiring consistent reporting by those governments that extend nonexchange financial guarantees and by those governments that receive nonexchange financial guarantees. This Statement also will enhance the information disclosed about a government's obligations and risk exposure from extending nonexchange financial guarantees. This Statement also will augment the ability of financial statement users to assess the probability that governments will repay obligation holders by requiring disclosures about obligations that are issued with this type of financial guarantee.

GASB Statement No. 71, Pension Transition for Contributions made Subsequent to the Measurement Date – an Amendment to GASB No. 68 (issued 11/2013). The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68, *Accounting and Financial Reporting for Pensions*. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability.

Statement 68 requires a state or local government employer (or nonemployer contributing entity in a special funding situation) to recognize a net pension liability measured as of a date (the measurement date) no earlier than the end of its prior fiscal year. If a state or local government employer or nonemployer contributing entity makes a contribution to a defined benefit pension plan between the measurement date of the reported net pension liability and the end of the government's reporting period, Statement 68 requires that the government recognize its contribution as a deferred outflow of resources. In addition, Statement 68 requires recognition of deferred outflows of resources and deferred inflows of resources for changes in the net pension liability of a state or local government employer or nonemployer contributing entity that arise from other types of events. At transition to Statement 68, if it is not practical for an employer or nonemployer contributing entity to determine the amounts of *all* deferred outflows of resources and deferred inflows of resources related to pensions, paragraph 137 of Statement 68 required that beginning balances for deferred outflows of resources and deferred inflows of resources not be reported.

Consequently, if it is not practical to determine the amounts of all deferred outflows of resources and deferred inflows of resources related to pensions, contributions made after the measurement date of the beginning net pension liability could not have been reported as deferred outflows of resources at transition. This could have resulted in a significant understatement of an employer or nonemployer contributing entity's beginning net position and expense in the initial period of implementation.

NOTE 21 – NEW ACCOUNTING PRONOUNCEMENTS, Continued

This Statement amends paragraph 137 of Statement 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. Statement 68, as amended, continues to require that beginning balances for other deferred outflows of resources and deferred inflows of resources related to pensions be reported at transition only if it is practical to determine all such amounts.

The provisions of this Statement are required to be applied simultaneously with the provisions of Statement 68.

How the Changes in This Statement Will Improve Financial Reporting

The requirements of this Statement will eliminate the source of a potential significant understatement of restated beginning net position and expense in the first year of implementation of Statement 68 in the accrual-basis financial statements of employers and nonemployer contributing entities. This benefit will be achieved without the imposition of significant additional costs.

LANE COUNCIL OF GOVERNMENTS
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE − BUDGET AND ACTUAL
For the Year Ended June 30, 2014

	Adopted Budget	Revised Budget	Actual		Over (Under)
Revenues:					
Federal and state revenues	$ -	$ -	$ -		$ -
Local sources:					
Member dues	$ 195,879	$ 195,879	$ 196,361		$ 482
Other local sources	$ 316,373	$ 783,809	$ 812,403		$ 28,594
Rental Income	$ 100,761	$ 100,761	$ 100,760		$ (1)
Total local revenues	$ 613,013	$ 1,080,449	$ 1,109,524		$ 29,075
Expenditures:					
General services:					
Personal services	$ 145,080	$ 174,363	$ 183,121		$ (8,758)
Support services	$ 5,301	$ 296,408	$ 144,445	(a)	$ 151,963
Materials and services	$ 30,500	$ 45,562	$ 39,123		$ 6,439
Capital outlay	$ 10,000	$ -	$ -		$ -
Debt service	$ 100,760	$ 100,760	$ 100,760		$ -
Total expenditures	$ 291,641	$ 617,093	$ 467,449		$ 149,644
Revenues over (under) expenditures	$ 321,372	$ 463,356	$ 642,075		$ 178,719
Other financing sources (uses):					
Transfers In	$ 54,830	$ 64,015	$ 58,079		$ (5,936)
Transfers Out	$ (139,523)	$ (421,909)	$ (535,440)		$ (113,531)
Total other financing sources (uses)	$ (84,693)	$ (357,894)	$ (477,361)		$ (119,467)
Change in fund balance	$ 236,679	$ 105,462	$ 164,714		$ 59,252
Fund balance, beginning of year	$ -	$ 227,322	$ 227,322		$ -
Fund balance, end of year at 6/30/13	$ 236,679	$ 332,784	$ 392,036	(b)	$ 59,252

This statement includes the LCOG Board and Member Support Services subfunds.

(a) Includes $141,481 in support required to balance indirect charges (under recovered in FY14).
(b) In FY14, Board passed a policy regarding General Fund reserves. The amount here includes $276,374 of a FY16 targeted $355,000 operating reserve. In addition $115,662 reserve is established for anticipated revenue shortfall.

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, 2014

	Adopted Budget	Revised Budget	Actual		Variance Over (Under)
Revenues:					
Local sources	$ 2,110,152	$ 2,389,396	$ 1,969,129		$ (420,267)
Total revenues	$ 2,110,152	$ 2,389,396	$ 1,969,129		$ (420,267)
Expenditures:					
Technology Services:					
Personal services	$ 449,070	$ 481,758	$ 435,886		$ 45,872
Support services	$ 172,394	$ 190,141	$ 172,532		$ 17,609
Materials and services	$ 127,680	$ 122,480	$ 44,337		$ 78,143
Services by other organizations	$ 1,200,200	$ 1,280,200	$ 803,451		$ 476,749
Capital outlay	$ -	$ -	$ -		$ -
Total expenditures	$ 1,949,344	$ 2,074,579	$ 1,456,207		$ 618,372
Revenues over (under) expenditui	$ 160,808	$ 314,817	$ 512,922		$ 198,105
Other financing sources (uses):					
Transfers In	$ 15,000	$ 66,846	$ 150,806		$ 83,960
Transfers Out	$ (15,000)	$ (46,987)	$ (185,403)		$ (138,416)
Total other financing (uses)	$ -	$ 19,859	$ (34,597)		$ (54,456)
Change in fund balance	$ 160,808	$ 334,676	$ 478,325		$ 143,649
Fund balance, beginning of year	$ 1,560,069	$ 1,606,885	$ 1,582,507		$ (24,378)
Fund balance, end of year	$ 1,720,877	$ 1,941,561	$ 2,060,832	(a)	$ 119,271

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 ($1,777,923) and Public Agency Network funds ($282,909).

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, 2014

	Adopted Budget	Revised Budget	Actual	Variance
Revenues:				
Federal and state grants and contracts	$ 15,539,308	$ 18,066,001	$ 16,586,244	$ (1,479,757)
Local sources	$ 5,192,884	$ 3,902,293	$ 3,371,898	$ (530,395)
In-kind services	$ 68,054	$ 64,169	$ 108,188	$ 44,019
Total revenues	$ 20,800,246	$ 22,032,463	$ 20,066,330	$ (1,966,133)
Expenditures:				
Government services:				
Personal services	$ 2,855,972	$ 2,178,332	$ 2,258,425	$ (80,093)
Support services	$ 1,313,362	$ 998,388	$ 1,001,683	$ (3,295)
Materials and services	$ 1,355,890	$ 2,354,313	$ 1,572,934	$ 781,379
Services by other organizations	$ -	$ -	$ -	$ -
Capital outlay	$ -	$ -	$ -	$ -
	$ 5,525,224	$ 5,531,033	$ 4,833,042	$ 697,991
Senior and disabled services:				
Personal services	$ 10,413,301	$ 10,402,380	$ 10,535,581	$ (133,201)
Support services	$ 1,542,314	$ 1,549,069	$ 1,588,061	$ (38,992)
Materials and services	$ 1,724,424	$ 2,189,401	$ 1,997,641	$ 191,760
Services by other organizations	$ 668,018	$ 1,001,326	$ 727,181	$ 274,145
Capital outlay	$ 15,000	$ 15,000	$ -	$ 15,000
	$ 14,363,057	$ 15,157,176	$ 14,848,464	$ 308,712
Total expenditures	$ 19,888,281	$ 20,688,209	$ 19,681,506	$ 1,006,703
Revenues over (under) expenditures	$ 911,965	$ 1,344,254	$ 384,824	$ (959,430)
Other financing sources (uses):				
Transfers In	$ 1,890,636	$ 2,896,618	$ 2,738,765	$ (157,853)
Transfers Out	$ (1,882,136)	$ (2,623,945)	$ (2,355,813)	$ 268,132
Total other financing sources or uses	$ 8,500	$ 272,673	$ 382,952	$ 110,279
Change in fund balance	$ 920,465	$ 1,616,927	$ 767,776	$ (849,151)
Fund balance, beginning of year	$ 1,014,837	$ 925,128	$ 929,681	$ 4,553
Fund balance, end of year	$ 1,935,302	$ 2,542,055	$ 1,697,457 (a)	$ (844,598)

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.

LANE COUNCIL OF GOVERNMENTS
ENTERPRISE FUNDS
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE − BUDGET AND ACTUAL
For the Year Ended June 30, 2014

	Adopted Budget	Revised Budget	Actual		Variance
Revenues:					
Local sources	$ 2,430,000	$ 2,803,000	$ 3,219,900	(a)	$ 416,900
Total revenues	$ 2,430,000	$ 2,803,000	$ 3,219,900		$ 416,900
Expenditures:					
Loan Program:					
Personal services	$ 255,798	$ 174,148	$ 180,249		$ (6,101)
Support services	$ 120,038	$ 81,725	$ 84,585		$ (2,860)
Materials and services	$ 90,000	$ 90,000	$ 86,128		$ 3,872
Loans made	$ 500,000	$ 200,000	$ 203,000		$ (3,000)
Capital outlay	$ -	$ -	$ -		$ -
Debt service	$ 205,000	$ 205,000	$ 1,168,401		$ (963,401)
sub-total: Loan Program	$ 1,170,836	$ 750,873	$ 1,722,363		$ (971,490)
Building Program:					
Personal services	$ 30,078	$ 21,566	$ 19,379		$ 2,187
Support services	$ 14,115	$ 10,119	$ 9,094		$ 1,025
Materials and services	$ 611,407	$ 624,407	$ 677,016		$ (52,609)
Capital outlay	$ 236	$ 236	$ -		$ 236
Debt service	$ 853,357	$ 853,357	$ 896,070		
sub-total: Building Program	$ 1,509,193	$ 1,509,685	$ 1,601,559		$ (49,161)
Minutes Recorder Program:					
Personal services	$ 7,212	$ 7,212	$ 7,024		$ 188
Support services	$ 3,384	$ 3,384	$ 41,898		$ (38,514)
Materials and services	$ 39,091	$ 39,091	$ 3,296		$ 35,795
Capital outlay	$ -	$ -	$ -		$ -
sub-total: Minutes Recorder	$ 49,687	$ 49,687	$ 52,218		$ (2,531)
Total expenditures	$ 2,729,716	$ 2,310,245	$ 3,376,140		$ (1,065,895)
Revenues over (under) expenditures	$ (299,716)	$ 492,755	$ (156,240)		$ (648,995)
Other financing sources (uses):					
Transfers In	$ 115,023	$ 115,023	$ 221,466		$ 106,443
Transfers Out	$ (38,830)	$ (49,661)	$ (92,462)		$ (42,801)
Total other financing sources or uses	$ 76,193	$ 65,362	$ 129,004		$ 63,642
Change in fund balance	$ (223,523)	$ 558,117	$ (27,236)	(b)	$ (585,353)
Fund balance, beginning of year	$ 2,841,719	$ 2,841,719	$ 2,510,256		$ (331,463)
Fund balance, end of year	$ 2,618,196	$ 3,399,836	$ 2,483,020	(c)	$ (916,816)

(a) Detail to the total actual revenue is: $1,323,065 Loans Program; $ 1,829,993 Building Program; Minutes Recorder $66,842.

(b) Change in fund balance is attributed to the Loan program; in FY14 one of six USDA loans was paid off ($954,633). Payout was based on a softening loan market resulting from lower demand for qualifying loans in the Intermediary Relending Program.

(c) Reserves consists of: $2,061,259 Loan Program; $408,510 Building Program reserves; and $13,251 Minutes Recorder. The Building Program reserve is the net proceeds from the sale of Schaefers Building on 6/27/14.

LANE COUNCIL OF GOVERNMENTS
ALL ORGANIZATIONAL UNITS
SCHEDULE OF RESOURCES AND REQUIREMENTS
BUDGET AND ACTUAL
For the Year Ended June 30, 2014

	Adopted Budget	Revised Budget	Actual		Variance
Resources:					
Federal and state	$ 15,539,308	$ 18,066,001	$ 16,586,244	(a)	$ (1,479,757)
Local sources	$ 10,150,170	$ 9,979,259	$ 9,474,089		$ (505,170)
In-kind services	$ 68,054	$ 64,169	$ 108,187		$ 44,019
Member dues	$ 195,879	$ 195,879	$ 196,361		$ 482
Transfers In	$ 2,075,489	$ 3,142,502	$ 3,169,116		$ 26,614
Beginning reserves	$ 5,416,625	$ 5,601,054	$ 5,249,767		$ (351,287)
Total resources	$ 33,445,525	$ 37,048,864	$ 34,783,763		$ (2,265,101)
Requirements:					
Personal services**	$ 16,050,135	$ 15,105,717	$ 15,014,900		$ 90,817
Materials and services**	$ 5,256,276	$ 6,925,530	$ 6,026,218	(a)	$ 899,312
Capital outlay	$ 25,236	$ 15,236	$ 41,321		$ (26,085)
Loans made	$ 500,000	$ 200,000	$ 203,000		$ (3,000)
Debt service	$ 1,159,117	$ 1,159,117	$ 2,165,231		$ (1,006,114)
Services by other organizations	$ 1,868,218	$ 2,281,526	$ 1,530,633		$ 750,893
Transfers Out	$ 2,075,489	$ 3,142,502	$ 3,169,116		$ (26,614)
Total requirements	$ 26,934,471	$ 28,829,628	$ 28,150,419		$ 679,209
Ending reserves	$ 6,511,054	$ 8,219,236	$ 6,633,344		$ (1,585,892)

Total Resources less Transfers In	$ 31,370,036	$ 33,906,362	$ 31,614,647
Total Requirements less Transfers Out	$ 24,858,982	$ 25,687,126	$ 24,981,303
	$ 6,511,054	$ 8,219,236	$ 6,633,344
Reserves by Fund:			
General Fund			$ 392,036
Special Revenue Funds			$ 3,758,287
Enterprise Funds			$ 2,483,020
Reserves as of 6/30/14			$ 6,633,344

(a) Federal revenues (ODOT) were over projected in the Revised Budget. For example, a material BTOP Fiber Project concluded in FY14 requiring minor tasks to complete which was less than anticipated.

** 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 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, 2014

	Adopted Budget	Revised Budget	Actual		Variance Over (Under)
Resources:					
Federal and state revenues	$ -	$ -	$ -		$ -
Member dues	$ 195,879	$ 195,879	$ 196,361		$ 482
Other local sources	$ 316,373	$ 783,809	$ 812,403	(a)	$ 28,594
Rental Income	$ 100,761	$ 100,761	$ 100,760	(b)	$ (1)
Transfers In - from Direct subfunds	$ 54,830	$ 64,015	$ 58,079		$ (5,936)
Beginning Reserves	$ -	$ 227,322	$ 227,322		$ -
Total resources	$ 667,843	$ 1,371,786	$ 1,394,925		$ 23,139
Requirements:					
Personal services	$ 145,080	$ 174,363	$ 183,121		$ (8,758)
Support services	$ 5,301	$ 296,408	$ 144,445	(c)	$ 151,963
Materials and services	$ 30,500	$ 45,562	$ 39,123		$ 6,439
Capital outlay	$ 10,000	$ -	$ -		$ -
Debt service	$ 100,760	$ 100,760	$ 100,760	(b)	$ -
Transfers Out - to Direct subfunds	$ 139,523	$ 421,909	$ 535,440	(d)	$ (113,531)
Total requirements	$ 431,164	$ 1,039,002	$ 1,002,889		$ 36,113
Ending reserves	$ 236,679	$ 332,784	$ 392,036	(e)	$ 59,252

(a) Includes loan payments due from Park Place Building $418,000 FY12 tenant improvement loan. Outstanding balance at 6/30/14 is $336,829 (principal and interest).

(b) Share of rental income on Springfield Building; and debt is principal and interest on FY08 Springfield Building equity loan.

(c) Includes $141,481 in support required to offset shortfall in indirect charge recovery.

(d) Includes $56,035 historical correction of building financials; $277,692 Government Services support; $165,431 Park Place Building support; and $36,282 in other Governmental/special revenue fund support.

(e) In FY14, Board passed a policy regarding General Fund reserves. The amount here includes $276,374 of a FY16 targeted $355,000 operating reserve. In addition $115,662 reserve is established for anticipated revenue shortfall.

Note: This schedule does not include GAAP adjustments. As a result, compensated absences liability changes are not included (not considered as a revenue or expenditure).

LANE COUNCIL OF GOVERNMENTS
GOVERNMENT SERVICES
SCHEDULE OF RESOURCES AND REQUIREMENTS
BUDGET AND ACTUAL
For the Year Ended June 30, 2014

	Adopted Budget	Revised Budget	Actual		Variance
Resources:					
Federal and state	$ 2,517,000	$ 3,705,829	$ 2,528,854	(a)	$ (1,176,975)
Local sources	$ 6,161,515	$ 4,990,495	$ 4,136,409	(b)	$ (854,086)
Transfers In	$ 23,500	$ 1,019,545	$ 1,085,531		$ 65,986
Beginning reserves	$ 1,560,069	$ 1,606,885	$ 1,582,507		$ (24,378)
Total resources	$ 10,262,084	$ 11,322,754	$ 9,333,302		$ (1,989,452)
Requirements:					
Personal services	$ 3,305,042	$ 2,660,090	$ 2,694,311		$ (34,221)
Support services	$ 1,485,756	$ 1,185,529	$ 1,174,216		$ 11,313
Materials and services	$ 1,483,570	$ 2,476,793	$ 1,617,271	(a)	$ 859,522
Capital outlay	$ -	$ -	$ -		$ -
Services by other organizations	$ 1,200,200	$ 1,280,200	$ 803,451	(b)	$ 476,749
Transfers Out	$ 15,000	$ 727,013	$ 737,176		$ (10,163)
Total requirements	$ 7,489,568	$ 8,329,625	$ 7,026,425		$ 1,303,200
Ending reserves	$ 2,772,516	$ 2,993,129	$ 2,306,877	(c)	$ (686,252)

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

(a) ODOT projects were less than estimated; and related is materials and services under expenditure.

(b) Telecommunications revenues and Telecommunications services by other organizations expenditure/activity was less than estimated for the year. Projects fluctuate depending on the technology needs of the agencies served.

(c) Ending Reserves is $246,045 Planning and $2,060,832 Telecommunications. An additional $724,370 was contributed to reserves at 6/30/14. Of this, a material amount ($282,909) is due to a new program - Public Agency Network) being assumed from EWEB.

LANE COUNCIL OF GOVERNMENTS
SENIOR AND DISABILITY SERVICES
SCHEDULE OF RESOURCES AND REQUIREMENTS
BUDGET AND ACTUAL
For the Year Ended June 30, 2014

	Adopted Budget	Revised Budget	Actual		Variance
Resources:					
Federal and state	$ 13,022,308	$ 14,360,172	$ 14,057,389	(a)	$ (302,783)
Local sources	$ 1,141,521	$ 1,301,194	$ 1,204,618		$ (96,576)
In-kind services	$ 68,054	$ 64,169	$ 108,188		$ 44,019
Transfers In	$ 1,882,136	$ 1,943,919	$ 1,804,039		$ (139,880)
Beginning reserves	$ 1,014,837	$ 925,128	$ 929,681	(b)	$ 4,553
Total resources	$ 17,128,856	$ 18,594,582	$ 18,103,916		$ (490,666)
Requirements:					
Personal services	$ 10,413,301	$ 10,402,380	$ 10,535,581		$ (133,201)
Support services	$ 1,542,314	$ 1,549,069	$ 1,588,061		$ (38,992)
Materials and services	$ 1,724,424	$ 2,189,401	$ 1,956,320		$ 233,081
Capital outlay	$ 15,000	$ 15,000	$ 41,321		$ (26,321)
Services by other organizations	$ 668,018	$ 1,001,326	$ 727,181		$ 274,145
Transfers Out	$ 1,882,136	$ 1,943,919	$ 1,804,039		$ 139,880
Total requirements	$ 16,245,193	$ 17,101,095	$ 16,652,504		$ 448,591
Ending reserves	$ 883,663	$ 1,493,487	$ 1,451,411	(b)	$ (42,076)

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

(a) Is the net of Federal revenues exceeding estimate by $185,664; and State revenues under estimate by $488,477. (For example, Oregon Project Independence revenues were $327,764 less than estimate; with Senior Connections activities at $65,496 under estimate and Title XIX at $102,166 less than estimated). See (b).

(b) An additional $521,730 was contributed to reserves at 6/30/14.

LANE COUNCIL OF GOVERNMENTS
ENTERPRISE FUNDS
SCHEDULE OF RESOURCES AND REQUIREMENTS
BUDGET AND ACTUAL
For the Year Ended June 30, 2014

	Adopted Budget	Revised Budget	Actual		Variance Over (Under)
Resources:					
Federal and state	$ -	$ -	$ -		$ -
Local sources	$ 2,430,000	$ 2,803,000	$ 3,219,899		$ 416,899
In-kind services	$ -	$ -	$ -		$ -
Transfers In	$ 115,023	$ 115,023	$ 221,466	(a)	$ 106,443
Beginning reserves	$ 2,841,719	$ 2,841,719	$ 2,510,256		$ (331,463)
Total resources	$ 5,386,742	$ 5,759,742	$ 5,951,621		$ 191,879
Requirements:					
Personal services	$ 293,088	$ 202,926	$ 206,651		$ (3,725)
Support services	$ 137,537	$ 95,228	$ 96,975		$ (1,747)
Materials and services	$ 740,498	$ 753,498	$ 805,043		$ (51,545)
Capital outlay	$ 236	$ 236	$ -		$ 236
Loans made (external)	$ 500,000	$ 200,000	$ 203,000		$ (3,000)
Debt service	$ 1,058,357	$ 1,058,357	$ 2,064,471	(b)	$ (1,006,114)
Transfers Out	$ 38,830	$ 49,661	$ 92,461		$ (42,800)
Total requirements	$ 2,768,546	$ 2,359,906	$ 3,468,601	(c)	$ (1,108,695)
Ending reserves	$ 2,618,196	$ 3,399,836	$ 2,483,020	(d)	$ (916,816)

Included in statement are Loans Program, Building Management Program, and Minutes Recorder funds.

a) Transfer In revenues of $221,466 is General Fund support provided the Building Enterprise funds in FY14, as follows: Park Place Building - $193,133; and Springfield Building - $28,333.

b) Includes $1,168,401 for USDA Loans, including pay off one of six USDA loans in at $954,633. Loan was paid off in FY14 due to the loans market softening; balance of debt is: Building loans: $896,070 - specifically: Park Place Building loan $739,305; Schaefers Building loan $71,001; and Springfield Building loan: $85,764. (Note that Schaefers Building was sold 6/27/14).

c) Requirements of $3,468,601 consist of loan program expenditures of $1,772,059; Building expenditures of $1,642,951; and Minutes Recorder expenditures of $53,591.

d) Reserves consist of Loan Program - $2,061,259; Building Program - $408,510; Minutes Recorder - $13,251.

LANE COUNCIL OF GOVERNMENTS
STATEMENT OF NET POSITION
INTERMEDIARY RELENDING PROGRAM
June 30, 2014

ASSETS		
Current assets:		
Cash and investments	$	-
Interest receivable	$	5,891
Loans receivable	$	168,886
Accounts receivable		
Prepaid expense		
Total current assets	$	174,777
Noncurrent assets:		
Restricted cash and investments	$	1,889,340
Loans receivable	$	1,364,906
Allowance for loan losses	$	(150,000)
Capital assets, net of accumulated depreciation	$	-
Total noncurrent assets	$	3,104,246
Total assets	$	3,279,023
LIABILITIES		
Current liabilities:		
Due to other funds		
Accounts payable		
Accrued payroll and fringe	$	1,892
Accrued interest		
Loans payable	$	102,891
Total current liabilities	$	104,783
Noncurrent liabilities:		
Long-term debt, net of current maturities	$	1,822,866
Total noncurrent liabilities	$	1,822,866
Total liabilities	$	1,927,649
NET ASSETS		
Invested in capital assets, net of related debt	$	-
Restricted by USDA	$	1,351,374
Total net position	$	1,351,374

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
SCHEDULE OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION
INTERMEDIARY RELENDING PROGRAM
Rural Business Development Program
For the Year Ended June 30, 2014

Operating revenues:		
Loan fees	$	3,672
Local revenue	$	5,463
State revenue		
Interest on business loans	$	102,340
Total operating revenues	$	111,475
Operating expenses:		
Personal services	$	90,101
Miscellaneous	$	1,883
Provision for loan losses	$	(50,000)
Interest on loans	$	37,750
Total operating expenses	$	79,733
Operating income	$	31,742
Non operating revenues (expenses):		
Interest income	$	-
Interest expense	$	8,555
Total non operating revenues	$	(8,555)
Income before transfers	$	23,187
Transfers in	$	-
Transfers out	$	12,870
Change in net position	$	36,057
Net position, beginning of year	$	1,315,317
Net position, end of year	$	1,351,374

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, 2014

	Beginning Balance	Additions	Deductions	Ending Balance
Assets:				
Cash and investments	$ 488,485	$ -	$ 88,088	$ 400,397
Total assets	$ 488,485	$ -	$ 88,088	$ 400,397
Liabilities:				
Accounts payable	$ -	$ -	$ -	$ -
Due to other agencies	$ 488,485	$ -	$ 88,088	$ 400,397
Total liabilities	$ 488,485	$ -	$ 88,088	$ 400,397

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

LANE COUNCIL OF GOVERNMENTS
SCHEDULE OF RECEIVABLES AND UNEARNED REVENUE
GRANTS AND CONTRACTS ONLY
For the Year Ended June 30, 2014

Governmental Service Fund	Accounts Receivable	Unearned Revenue
ADRC	$86,605	$0
Community Satety-Other	$60,727	$17,130
Economic Development	$846	$0
GISCPA	$25,900	$2,550
GIS--Other	$80,347	$0
Hearings Official	$17,664	$0
Hospital Intake Services	$16,777	$0
Intergovernmental Human Services	$18,800	$0
Lane Info Center	$1,191	$0
Living Well	$5,000	$0
Meal Preparation	$106,441	$0
Metro Television	$1,300	$23,464
Miscellaneous Support S&DS	$338	$0
Natural Resources Planning	$108,038	$0
OR Emergency Mgmt and OR State Police	$17,992	$0
Public Agency Network (PAN)	$8,047	$0
Regional Plannning	$16,442	$113,920
RTS--Other	$33,366	$0
S&DS Transportation Assessments	$49,177	$0
Scenario Planning	$16,315	$0
Senior Meals	$71,791	$0
Special Projects	$6,072	$0
Tax Collections	$0	$22,511
Telecommunications Operations	$133,895	$0
Telecommunications Projects	$36,258	$0
Telecommunications Management	$15,959	$0
Title III-D	$3,848	$0
Title VII-A	$5,978	$0
Transportation Operations	$308,905	$0
Transportation Projects	$10,567	$0
Type B Funds - Senior and Disabled Services	$48,128	$0
Urban and Regional Planning	$59,143	$0
USDA/NSIP	$76,041	$0
Total	$1,447,898	$179,574

Schedule includes Special Revenue Funds only. Excluded are General Fund ($1,422) and Enterprise Funds ($32,977) receivables and General Fund unearned revenue of ($62,412).

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

Fiscal	Park Place Building					
Year	Umpqua Bank Loan		Wells Fargo Loan		Umpqua Bank Loan/FPD	
Ending	Principal	Interest	Principal	Interest	Principal	Interest
2015	137,857	272,472	54,793	15,612	45,459	1,601
2016	145,015	265,314	57,763	12,641	-	-
2017	154,042	256,287	60,895	9,509	-	-
2018	162,855	247,474	64,197	6,208	-	-
2019	4,348,604	199,033	67,677	2,727	-	-
2020	-	-	-	-	-	-
2021	-	-	-	-	-	-
2022	-	-	-	-	-	-
2023	-	-	-	-	-	-
2024	-	-	-	-	-	-
2025	-	-	-	-	-	-
2026	-	-	-	-	-	-
2027	-	-	-	-	-	-
2028	-	-	-	-	-	-
2029	-	-	-	-	-	-
2030	-	-	-	-	-	-
2031	-	-	-	-	-	-
2032	-	-	-	-	-	-
2033	-	-	-	-	-	-
2034	-	-	-	-	-	-
2035	-	-	-	-	-	-
2036	-	-	-	-	-	-
	$ 4,948,372	$ 1,240,579	$ 305,325	$ 46,697	$ 45,459	$ 1,601
	Original loan	Date of loan	Original loan	Date of loan	Original loan	Date of loan
	$4,750,000	1/3/2008	$550,000	6/9/2009	$219,963	5/20/2010
	$750,000	4/6/2009				
	$5,500,000					

This schedule is continued on the following pages.

Springfield Building Umpqua Bank Loan			
LCOG Board		Springfield Building	
Principal	Interest	Principal	Interest
36,677	64,084	31,218	54,546
38,604	62,156	32,859	52,905
40,984	59,776	34,884	50,879
1,049,485	24,366	893,286	20,740
0	0	0	0
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
$ 1,165,750	$ 210,382	$ 992,247	$ 179,070
Original loan	Date of loan	Original loan	Date of loan
$1,350,497	11/29/2007	$1,149,503	11/29/2007

Note that Schaefers Building was sold in FY14.

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
2015	36,932	5,519	17,146	3,155
2016	36,760	5,149	17,376	2,984
2017	37,007	4,776	17,489	2,811
2018	36,432	4,399	17,664	2,636
2019	36,376	4,019	17,841	2,459
2020	35,809	3,635	18,019	2,281
2021	40,199	3,247	18,199	2,101
2022	40,591	2,855	18,381	1,919
2023	40,987	2,459	18,565	1,735
2024	41,387	2,059	18,751	1,549
2025	41,791	1,655	18,938	1,362
2026	42,199	1,247	19,128	1,172
2027	42,611	835	19,319	981
2028	42,411	418	19,512	788
2029	-	-	19,707	593
2030	-	-	19,904	396
2031	-	-	19,642	198
2032	-	-	-	-
2033	-	-	-	-
2034	-	-	-	-
2035	-	-	-	-
2036	-	-	-	-
	$ 551,492	$ 42,272	$ 315,581	$ 29,120
	Original loan $1,000,000	Date of loan 5/21/1998	Original loan $478,000	Date of loan 10/11/2000

Note that USDA loan #1 was paid off in FY14.

USDA Loan #4		USDA Loan #5		USDA Loan #6		Total - All Debt	
Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
14,197	2,784	17,565	3,656	17,051	4,173	408,895	427,602
14,365	2,642	17,736	3,480	17,194	4,002	377,672	411,273
14,481	2,499	17,918	3,303	17,393	3,830	395,093	393,670
14,626	2,354	18,097	3,124	17,567	3,656	2,274,209	314,957
14,773	2,207	18,278	2,943	17,743	3,480	4,521,292	216,868
14,920	2,060	18,461	2,760	17,920	3,303	105,129	14,039
15,069	1,911	18,645	2,575	18,100	3,124	110,212	12,958
15,220	1,760	18,832	2,389	18,281	2,943	111,305	11,866
15,372	1,608	19,020	2,201	18,463	2,760	112,407	10,763
15,526	1,454	19,210	2,010	18,648	2,575	113,522	9,647
15,681	1,299	19,402	1,818	18,834	2,389	114,646	8,523
15,838	1,142	19,596	1,624	19,023	2,200	115,784	7,385
15,997	983	19,792	1,428	19,213	2,010	116,932	6,237
16,156	824	19,990	1,230	19,405	1,818	117,474	5,078
16,318	662	20,190	1,030	19,599	1,624	75,814	3,909
16,481	499	20,392	829	19,795	1,428	76,572	3,152
16,646	334	20,596	625	19,993	1,230	76,877	2,387
16,594	167	20,802	419	20,193	1,030	57,589	1,616
-	-	20,858	211	20,395	828	41,253	1,039
-	-	-	-	20,600	624	20,600	624
-	-	-	-	20,805	418	20,805	418
-	-	-	-	20,721	210	20,721	210
$ 278,260	$ 27,189	$ 365,380	$ 37,655	$ 416,936	$ 49,655	$ 9,384,802	$ 1,864,220

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

	Principal	Interest
Business	$ 1,927,649	$ 185,891
Building	$ 6,291,403	$ 1,467,947
Total	$8,219,052	$1,653,838

	Principal	Interest
Government	$ 1,165,750	$ 210,382
Business	$8,219,052	$1,653,838
Total	$9,384,802	$1,864,220

This schedule is continued from previous page.

Statistical Section

For the Fiscal Year Ended June 30, 2014

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.

Index of Tables

LANE COUNCIL OF GOVERNMENTS
TEN YEAR COMPARISON: NET ASSETS BY ACTIVITY
FY2005 - FY2014

	Governmental Activities	Business-Type Activities	Total Net Assets	Net Change from Prior Year	
FY05	$5,810,725	$8,208,263	$14,018,988	$1,882,390	
FY06	$5,743,363	$8,385,410	$14,128,773	$109,785	
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)	
Average	$6,068,311	$13,740,935	$19,809,246	$897,240	

Net 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
TEN YEAR COMPARISON: CHANGE IN NET POSITION - BY ACTIVITY
FY2005 - FY2014

	Governmental Activities	Business-Type Activities	Total Change in Net Position	Net Change from Prior Year	
FY05	$370,480	$1,218,290	$1,588,770	$1,361,159	
FY06	($135,296)	$453,909	$318,613	($1,270,157)	
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	
Average	($156,953)	$494,383	$337,430	$93,321	

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. For example, the FY14 total change in net position of $1,877,224 is as follows:

Beginning Position	Ending Position	Change	
$1,474,971	$2,845,006	$1,370,035	Change in net position for governmental act
$3,212,183	$3,719,372	$507,189	Change in net position for business-type act
		$ 1,877,224	Total Change

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

LANE COUNCIL OF GOVERNMENTS
TEN YEAR COMPARISON: CHANGE IN FUND BALANCE
GOVERNMENTAL FUNDS
FY2004 - FY2013

	General Fund	Special Revenue Funds	Total Governmental Funds
FY05	$22,600	$373,902	$396,502
FY06	($318,856)	$218,995	($99,861)
FY07	$1,801,933 (a)	$187,770	$1,989,703
FY08	($878,814) (b)	$294,323	($584,491)
FY09	($905,644) (c)	$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
Average	($46,999)	$165,229 (d)	$118,231

Excludes enterprise/proprietary funds. For detail, see Financial Section - Statement of Changes in Fund Balance for governmental funds.
(a): Reflects first building loan proceeds of $1.8 million received (recorded in General Fund initially).
(b): Combination of Springfield building equity loan $1.3 million received and transfer of funds to Park Place Building.
(c): Current year loss (includes interest income decline $123,623; debt service increase $47,072; leave expense $63,303).
(d): This service area includes Building Program; overall program requires support from General Government.

LANE COUNCIL OF GOVERNMENTS
TEN YEAR COMPARISON: TOTAL RESOURCES, ALL FUNDS
FY2005 - FY2014

	Beginning Reserves	Current Year Revenues	Total Resources	Net Change from Prior Year
FY05	$4,096,944	$22,328,765	$26,425,709	$4,498,828
FY06	$4,633,754	$23,766,061	$28,399,815	$1,974,106
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) (d)
FY14	$5,249,766	$26,364,881	$31,614,647	$374,592
Average	$5,581,464	$25,530,680	$31,112,144	$1,111,752

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): Includes $4.6 million in BTOP/HUD/ODOT full funding for multi year project.
(d): BTOP/HUD/ODOT reduction in project revenues to match reduced expenditures in year two.

LANE COUNCIL OF GOVERNMENTS
TEN YEAR COMPARISON: REVENUE BY SOURCE - GOVERNMENTAL FUNDS
FY2005 - FY2014

	Federal Revenue	State Revenue (a)	Local Revenue	Member Dues (b)	In Kind Revenue	Total Revenues Governmental Funds	
FY05	$12,070,122	$0	$6,892,964	$195,340	$613,310	$19,771,736	
FY06	$10,364,218	$0	$7,780,662	$199,279	$3,496,007	$21,840,166	
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	(e)
FY14	$4,982,398	$11,603,846	$6,254,190	$196,361	$108,188	$23,144,982	
Average	$7,889,125	$5,850,413	$7,471,318	$212,886	$569,623	$21,993,364	

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 & Disabled Services.

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.
(b) This is the actual revenue received and does not indicate the total amount of dues from members for the year noted. For more detail on Member Dues, see Chart: Member Dues for the last ten years of dues.
(c): Reflects receipt of proceeds from loans on Schaefers Building and Park Place Building: $2,700,994.
(d): Reflects large multi year grant from ODOT - $4.6 million BTOP Fiber Project grant in year one.
(e): Includes reduction in federal revenues (project phases and completion timing resulting in reduced revenues).

LANE COUNCIL OF GOVERNMENTS
TEN YEAR COMPARISON: TOTAL REVENUE, ALL FUNDS
FY2005 - FY2014

	Revenues	Change from Prior Year	
FY05	$22,328,765	$4,646,328	
FY06	$23,766,061	$1,437,296	
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)
Average	$25,530,680	$868,244	

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

(a): Includes receipt of proceeds from equity loans on Schaefers 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; million; HUD/ODOT: $380,000 increase.
(f): Change is 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 Schaefers Building ($408,510).

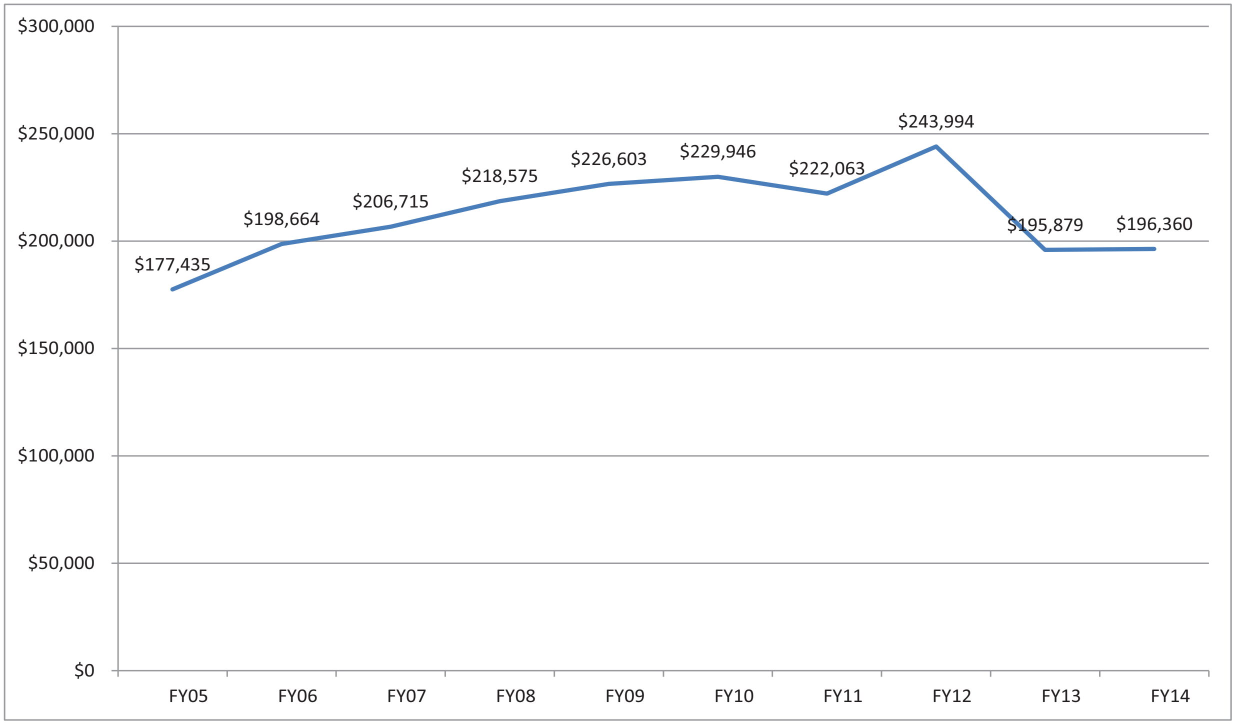
LANE COUNCIL OF GOVERNMENTS
TEN YEAR HISTORY: MEMBER DUES
FY2005 - FY2014

Member Agency	FY05	FY06	FY07	FY08	FY09	FY10	FY11	FY12	FY13	FY14	
Bethel School District 52	$1,213	$0	$1,292	$667	$0	$635	$632	$646	$559	$559	
City of Coburg	$445	$457	$479	$496	$503	$505	$508	$510	$410	$410	
City of Cottage Grove	$3,778	$3,919	$4,081	$4,276	$4,392	$4,449	$4,458	$4,463	$3,823	$3,823	
City of Creswell	$1,692	$1,792	$2,027	$2,084	$2,186	$2,214	$2,251	$2,277	$1,967	$1,967	
City of Dunes City	$555	$566	$596	$620	$0	$0	$0	$268	$512	$512	
EPUD	$952	$1,974	$2,089	$2,198	$2,309	$2,328	$2,351	$2,420	$1,996	$1,996	
City of Eugene	$61,018	$62,918	$65,480	$68,502	$72,234	$72,671	$73,837	$74,187	$61,629	$61,629	
Eugene School District 4J	$1,906	$1,882	$1,934	$1,929	$1,927	$1,884	$1,948	$1,916	$1,651	$1,651	
EWEB	$0	$8,981	$4,491	$9,676	$9,994	$10,124	$0	$20,471	$8,530	$8,530	
Fern Ridge Library District	$424	$435	$448	$461	$470	$470	$470	$470	$392	$392	
City of Florence	$3,299	$3,406	$3,667	$3,812	$3,887	$4,423	$4,503	$4,507	$3,323	$3,323	
City of Junction City	$2,065	$2,136	$2,215	$2,289	$2,413	$2,491	$2,566	$2,665	$2,136	$2,136	
Lane Community College	$1,311	$1,166	$1,139	$1,235	$1,309	$1,295	$1,500	$1,750	$1,506	$1,506	
Lane County*	$68,682	$77,405	$83,349	$86,634	$89,216	$89,929	$90,399	$90,623	$76,635	$76,635	
Lane ESD	$424	$435	$448	$461	$470	$470	$470	$470	$392	$392	
Lane Library District	$141	$435	$909	$0	$470	$470	$470	$470	$392	$392	
City of Lowell	$377	$392	$412	$440	$468	$477	$484	$489	$410	$410	
McKenzie School District 68	$30	$29	$30	$29	$27	$25	$26	$23	$20	$20	
City of Oakridge	$1,560	$1,601	$1,649	$1,706	$1,739	$1,770	$1,765	$1,770	$1,257	$1,257	
Port of Siuslaw	$424	$435	$448	$461	$470	$470	$470	$470	$392	$392	
River Road Park&Rec District	$0	$0	$0	$0	$147	$470	$470	$470	$392	$392	
Siuslaw Library District	$424	$435	$0	$0	$0	$0	$0	$0	$0	$163	*
Siuslaw Rural FPD #1	$0	$0	$0	$461	$470	$470	$470	$470	$392	$392	
City of Springfield	$23,201	$24,077	$25,025	$26,307	$26,940	$27,262	$27,300	$27,530	$23,417	$23,417	
Springfield School District 19	$1,050	$1,182	$1,230	$1,261	$1,284	$1,269	$1,277	$1,193	$1,054	$1,054	
City of Veneta	$1,476	$1,592	$1,772	$1,955	$2,181	$2,275	$2,338	$2,366	$1,808	$1,808	
Western Lane Ambulance	$424	$435	$448	$461	$470	$470	$470	$470	$392	$392	
City of Westfir	$140	$144	$148	$154	$157	$160	$160	$160	$100	$100	
South Lane School District	$0	$0	$0	$0	$0	$0	$0	$0	$0	$177	*
Heceta Water District	$0	$0	$0	$0	$0	$0	$0	$0	$0	$90	*
Creswell School District	$0	$0	$0	$0	$0	$0	$0	$0	$0	$52	*
Willamalane Parks & Rec District	$424	$435	$909	$0	$470	$470	$470	$470	$392	$392	
Total Member Dues	**$177,435**	**$198,664**	**$206,715**	**$218,575**	**$226,603**	**$229,946**	**$222,063**	**$243,994**	**$195,879**	**$196,361**	

Notes: Amounts are dues actually paid, not necessarily annual amounts. Amounts are rounded.

*prorated amount for partial year of membership

LANE COUNCIL OF GOVERNMENTS
TEN YEAR HISTORY: MEMBER DUES
FY2005 - FY2014



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
TEN YEAR COMPARISON: NET OPERATING PERFORMANCE
FY2005 - FY2014

	Revenues	Expenditures	Net		Net Change from Prior Year
FY05	$22,328,765	$21,791,955	$536,810		$684,309
FY06	$23,766,061	$23,847,805	($81,744)		($618,554)
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
Average	$25,557,378	$25,315,144	$242,233		$153,108

This statement details operating revenues only (excludes reserves).

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 funding 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 Schaefers Building 6/27/14).

LANE COUNCIL OF GOVERNMENTS
TEN YEAR COMPARISON: NET OPERATING PERFORMANCE BY AREA
FY2005 - FY2014

	General Government	Government Services	Senior & Disabled Services	Business Programs (a)	Total
FY05	$187,184	$38,477	$312,766	($1,617)	$536,810
FY06	($82,800)	$130,778	$18,172	($147,895)	($81,745)
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
Average	$359,730	($5,169)	$109,333	($221,661)	$242,233

For detail by service area, see Reserves All Funds statistical page
(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 Schaefers Building. Loan Program paid off a material amount of outstanding USDA loan debt ($954,633) using current year revenues which explains why an overall negative operating performance exists for the program area at 6/30/14.

LANE COUNCIL OF GOVERNMENTS
TEN YEAR COMPARISON: RESERVES, ALL FUNDS
FY2005 - FY2014

	Governmental Funds	Proprietary Funds	Total Reserves	Change from Prior Year	
FY05	$2,868,763	$1,764,991	$4,633,754	$536,809	
FY06	$2,768,902	$1,783,107	$4,552,009	($81,745)	
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)	(e)
FY14	$4,150,324	$2,483,020	$6,633,344	$1,383,578	(f)
Average	$3,459,969	$2,337,012	$5,796,981	$253,640	

Reserves is the balance remaining in LCOG funds at 6/30/14 (ending balances). Amounts are rounded.

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

(b): Includes $1,350,497 receipt of proceeds to purchase Park Place Building and costs to pay off $1,149,503 Wells Fargo Bank loan (one time $2,500,000 in transactions). In addition, reserves includes net of receipt of proceeds to purchase Park Place Building and make improvements.

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

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

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

(f): Includes $408,510 from sale of Schaefers Building (6/27/14). Amount is net proceeds.

LANE COUNCIL OF GOVERNMENTS
TEN YEAR COMPARISON: NET CAPITAL ASSETS BY ACTIVITY
FY2005 - FY2014

	Governmental Activities	Business-Type Activities	Total Net Capital Assets	Net Change from Prior Year
FY05	518,720	2,660,215	3,178,935	61,890
FY06	411,668	2,843,988	3,255,656	76,721
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)
Average	339,395	7,947,104	8,286,499	635,257

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.

LANE COUNCIL OF GOVERNMENTS
FTE BY JOB CLASSIFICATION
FY2014 ACTUAL

JOB CLASSIFICATION AND FTE

Accounting Associate	1.00	GIS Assistant	1.00
Administrative Aide III	11.00	GIS Senior Analyst	4.00
Administrative Aide IV	1.00	GIS Technician	1.00
Administrative Coordinator	2.00	Human Resources Manager	1.00
ADRC Lead	1.00	Human Resources Specialist	1.00
ADRC Screener	5.00	LAN Administrator	3.00
Adult Protective Servs. Specialist	7.00	LAN Technician	1.00
APS Lead Specialist	1.00	Lead Case Manager	4.00
APS Support	1.00	Licensing & Monitoring Assistant	1.00
Area Coordinator, Sen. Conn.	10.80	Licensing & Monitoring Specialist	2.00
Assistant Case Manager	4.00	MMA Enrollment Specialist	2.00
Assistant Planner	1.00	Pre Admission Screener	1.00
Associate Planner	5.00	Principal Planner	2.50
Bckground Check Specialist	1.00	Principal Systems Analyst	3.00
Budget Contracts Senior	1.00	Program Manager	9.45
Case Manager	36.50	Satellite Office Administrative Asst	1.75
Case Manager - Cottage Grove	1.00	SDS Specialist II	1.00
Case Manager - Hospital	2.00	Senior Meals Manager	1.00
Chief Operating Officer	0.75	Senior Loan Officer	0.80
Database Manager	1.00	Senior Meals Coordinator	4.63
Director	1.00	Senior Meals Kitchen Assistant	0.38
Eligibility Specialist	22.00	Senior Planner	1.55
Eligibility Specialist Lead Worker	2.00	Telecommunications Technician	1.00
Executive Director	1.00	Transition/Diversion CM	2.00
Finance and Budget Manager	1.00	Unit Manager	9.00
Financial Services Senior	3.00	Video Analyst	0.50
		Video Technician I	0.50
TOTAL FTE AT JUNE 30, 2014		**185.11**	

LANE COUNCIL OF GOVERNMENTS
FTE as of June 30, 2014

	FTE	Personal Services*
By Reporting Fund		
General Fund	18.75	$ 1,578,357
Special Revenue Fund	164.76	$ 13,229,892
Enterprise Fund	1.60	$ 206,651
Total	**185.11**	**$ 15,014,900**
By Division		
Governmental Funds		
Executive Director	1.00	$ 183,121
Administration	17.75	$ 1,395,236
Government Services	22.70	$ 2,694,310
Senior & Disabled Services	142.06	$ 10,535,581
Enterprise Funds		
Building Management Program	0.19	$ 19,379
Loan Program	1.32	$ 180,249
Minutes Recording	0.09	$ 7,024
Total	**185.11**	**$ 15,014,900**

**Personal Services is the total of salary and fringe costs*

LANE COUNCIL OF GOVERNMENTS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year ended June 30, 2014

Federal Grantor/Pass-Through Grantor/ Program Title	CFDA No.	Pass-Through Grantor's No.	Estimated Federal Award	Revenues: Federal	Revenues: State and Local	Revenues: Total	Federal Awards Expended	Receivable/ (Deferred Revenue)
U.S. Department of Agriculture:								
Direct Programs (IRP/RBDF Loan and RBEG Loan Programs):								
Intermediary Relending Program	10.767	61.01	$ 1,028,850 [1]	$ 1,028,850 [2]	$ -	$ 1,028,850	$ - [4]	$ N/A
Intermediary Relending Program	10.767	61.02	$ 588,014 [1]	$ 36,522 [2]	$ -	$ 36,522	$ 551,492 [4]	N/A
Intermediary Relending Program	10.767	61.03	$ 332,484 [1]	$ 16,903 [2]	$ -	$ 16,903	$ 315,581 [4]	N/A
Intermediary Relending Program	10.767	61.04	$ 292,253 [1]	$ 13,993 [2]	$ -	$ 13,993	$ 278,259 [4]	N/A
Intermediary Relending Program	10.767	61.05	$ 382,746 [1]	$ 17,366 [2]	$ -	$ 17,366	$ 365,379 [4]	N/A
Intermediary Relending Program	10.767	61.06	$ 433,952 [1]	$ 17,016 [2]	$ -	$ 17,016	$ 416,935 [4]	N/A
Intermediary Relending Program	10.767	N/A		$ - [3]	$ -	$ -	$ 70,000 [5]	N/A
Rural Business Enterprise Grant	10.783	N/A	$ 59,116	$ 18,110 [2]	$ -	$ 18,110	$ 41,006 [4]	N/A
Passed through State Department of Human Services (Type B)								
Food Stamp Administration	10.561	143129		$ 735,933	$ 735,933	$ 1,471,866	$ 735,933	$ 48,128
Total Department of Agriculture				$ 1,884,694	$ 735,933	$ 2,620,627	$ 2,774,586	$ 48,128
U.S. Department of Commerce:								
Direct Program (EDA Loan and BTOP Fiber Project):								
EDA Revolving Loan	11.307		N/A	N/A	N/A	N/A	$ 589,664	$ -
Passed through Nat'l Telecommunications & Info Admin								
BTOP Fiber Project	ARRA-11.557	N10BIX5570032	$ 8,325,530	$ 605,188	$ -	$ 605,188	$ 605,188	$ -
Total Department of Commerce				$ 605,188	$ -	$ 605,188	$ 1,194,852	$ -
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	$ 404,480	$ 399,900	$ 102,037	$ 501,937	$ 399,900	$ -
Special Programs for Aging, Title III-C-1	93.045	143129	$ 399,485	$ 399,485	$ 112,684	$ 512,169	$ 399,485	$ -
Special Programs for Aging, Title III-C-2	93.045	143129	$ 265,734	$ 250,977	$ 661,388	$ 912,365	$ 250,977	$ -
Special Programs for Aging, Title III-D	93.043	143129	$ 32,541	$ 8,848	$ -	$ 8,848	$ 8,848	$ 3,848
Special Programs for Aging, Title III-E	93.052	143129	$ 166,462	$ 131,338	$ 37,311	$ 168,649	$ 131,338	$ -
Special Programs for Aging, Title VII	93.041	143129	$ 10,584	$ 10,584	$ -	$ 10,584	$ 10,584	$ 5,978
Nutrition Services Incentive Program	93.053	143129	$ 138,270	$ 138,270	$ -	$ 138,270	$ 138,270	$ 76,041
Passed through Lane County Health and Human Services:								
Low-Income Home Energy Assistance (LIHEAP)	93.568	22831	$ 35,000	$ 32,240	$ -	$ 32,240	$ 32,240	$ -
Total Department of Health and Human Services				$ 1,371,642	$ 913,420	$ 2,285,062	$ 1,371,642	$ 85,867

[1]Loans from USDA outstanding at beginning of year.

[2]Estimated interest subsidy

3Loans received from USDA this year.

4Federal awards expended includes USDA loans outstanding plus interest subsidy.

5Federal awards expended include revolving loan fund loans issued during the year.

See Auditor's Grants Compliance Review for additional information on federal awards.

LANE COUNCIL OF GOVERNMENTS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, continued
For the year ended June 30, 2014

Federal Grantor/Pass-Through Grantor/ Program Title	CFDA No.	Pass-Through Grantor's No.	Estimated Federal Award	Revenues Federal	Revenues State and Local	Revenues Total	Federal Awards Expended	Receivable/ (Deferred Revenue)
U.S. Department of Housing & Urban Development:								
Direct Program (Transportation Projects)								
HUD Sustainability Grant	14.703	ORRIP0031-10	$1,450,000	$457,540	$1,547	$459,087	$457,540	$0
Total Department of Housing & Urban Development:				$457,540	$1,547	$459,087	$457,540	$0
U.S. Department of the Interior:								
Direct Programs (GIS Other):								
USGS Geographic Names info System (GNIS)	15.808	G12AC20099	$50,000	$4,188	$0	$4,188	$4,188	$0
Total Department of the Interior				$4,188	$0	$4,188	$4,188	$0
U.S. Environmental Protection Agency:								
Passed through the Oregon Department of Environmental Quality:								
Environmental Quality:								
Natural Resources Planning--GWMA Phase 4	66.460	DEQ#005-11	$72,480	$37,514	$0	$37,514	$37,514	$13,724
Natural Resources Planning--GWMA Phase 5	66.460	DEQ#012-13	$43,471	$1,851	$0	$1,851	$1,851	$919
Direct Programs (Natural Resources Planning)								
EPA Stakeholder Outreach Groundwater Project	66.119	EP-13-Z-000099	$20,923	$2,358		$2,358	$2,358	$1,054
EPA Wetlands Program Development	66.461	CD-96099301	$151,071	$25,291	$0	$25,291	$25,291	$0
EPA Phase III City/County Water Resources	66.461	CD-00J48901	$132,415	$73,829	$0	$73,829	$73,829	$25,712
EPA Wetlands Phase III	66.461	CD-00J25401-0	$167,119	$82,430	$0	$82,430	$82,430	$65,016
Total Environmental Protection Agency				$223,273	$0	$223,273	$223,273	$106,425
U.S. Department of Transportation:								
Passed through State Department of Transportation:								
Transportation Operations--13 MPO-STP	20.205	27819	$670,289	$37,308	$0	$37,308	$37,308	$0
Transportation Operations--14 MPO-STP	20.205	28618	$660,694	$201,354	$0	$201,354	$201,354	$175,874
Transportation Operations--14 MPO-PL	20.205	28617	$753,151	$484,253	$44,061	$528,314	$484,253	$129,649
Transportation Operations--13 STP-RTOP	20.205	28618-01	$61,250	$17,439	$0	$17,439	$17,439	$0
Transportation Projects--ODOT Regional Land Use Modeling	20.205	26015	$500,000	$14,180	$0	$14,180	$14,180	$539
Scenario Planning--ODOT Central Lane Scenario Planning	20.205	28901	$329,335	$82,312	$0	$82,312	$82,312	$0
Scenario Planning--ODOT Central Lane Scenario Planning Phase I &	20.505	28990	$730,800	$157,499	$0	$157,499	$157,499	$16,315
Transportation Operations--ODOT-Federal Transit Admin-13 FTA M	20.505	28816	$98,455	$51,166	$0	$51,166	$51,166	$3,382
Passed through Federal Transit Capital Investment Grant:								
Transportation Projects--Lane Transit District Gateway Before & Aft	20.500	2013-11	$10,000	$6,288	$0	$6,288	$6,288	$0
GIS Other--Lane Transit District Bus Rapid Transit Lane Use Tracki	20.500	2013-33	$24,704	$23,487	$0	$23,487	$23,487	$0
Total Department of Transportation				$1,075,286	$44,061	$1,119,347	$1,075,286	$325,759
TOTALS				**$5,621,810**	**$1,694,961**	**$7,316,771**	**$7,101,366**	**$518,052**

See Auditor's Grants Compliance Review for additional information on federal awards.

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To the Board of Directors
Lane Council of Government
Eugene, Oregon

Independent Auditors' Report Required by Oregon State Regulations

We have audited the basic financial statements of the Lane Council of Governments, Eugene, Oregon as of and for the year ended June 30, 2014, and have issued our report thereon dated December 8, 2014. 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 financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statues 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)**
- **Indebtedness limitations, restrictions and repayment.**
- **Insurance and fidelity bonds in force or required by law.**
- **Programs funded from outside sources.**
- **Authorized investment of surplus funds (ORS Chapter 294).**
- **Public contracts and purchasing (ORS Chapters 279A, 279B, 279C).**
- **Schedule of Accountability of Elected Officials.**

In connection with our testing nothing came to our attention that caused us to believe the Lane Council of Governments, Eugene, Oregon was not in substantial compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations.

OAR 162-10-0230 Internal Control

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

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

Matthew Graves
Matthew Graves, CPA
PAULY, ROGERS AND CO., P.C.

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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 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, 2014, and the related notes to the financial statements, which collectively comprise the basic financial statements, and have issued our report thereon dated December 8, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the 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 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 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 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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To the Board of Directors
Lane Council of Governments
Eugene, Oregon

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

Report on Compliance for Each Major Federal Program

We have audited Lane Council of Governments' compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the major federal programs for the year ended June 30, 2014. The major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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, 2014.

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 OMB Circular A-133, 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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Matthew Graves, CPA
PAULY, ROGERS AND CO., P.C.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I – Summary of Auditors' Results

Financial Statements

Type of Auditors' report issued:	Unmodified	
Internal control over financial reporting:		
Material weakness(es) identified?	____Yes	X No
Significant deficiency(ies) identified that are not considered to be material weaknesses reported	____Yes	X None
Any audit findings disclosed relating to the financial statements which are required to be reported in accordance with GAGAS, A-133 S505(d)(2)	____Yes	X No
Noncompliance material to financial statements noted?	____Yes	X No

Federal Awards

Internal control over major programs:		
Material weakness(es) identified?	____Yes	X No
Significant deficiency(ies) identified that are not considered to be material weaknesses reported	____Yes	X None
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 510(a) of OMB Circular A-133?	____Yes	X No

Identification of major programs

CFDA Number(s):	Name of Federal Program:
10.551	SNAP Cluster
10.767	Intermediary Relending Program

Dollar threshold used to distinguish between type A and type B programs: $ 300,000

Auditee qualified as low-risk auditee? x Yes ____No

Section II – Financial Statement Findings

None reported

Section III – Federal Award Findings and Question Costs

None Reported

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