

ANNUAL COMPREHENSIVE FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2021



“Working Together for Our Community”

LANE COUNCIL OF GOVERNMENTS

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This document and related information are available at

www.lcog.org/fiscal.cfm

Lane Council of Governments
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Lane Council of Governments
Board of Directors

For the Fiscal Year Ended June 30, 2021

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

Bethel School District 52
Alan Laisure

City of Coburg
Ray Smith

City of Cottage Grove
Jeff Gowing

City of Creswell
Amy Knudsen (#) (^)

City of Dunes City
Vacant

City of Eugene
Randy Groves (#) (*)

City of Florence
Vacant

City of Junction City
John Gambee

City of Lowell
Don Bennett

City of Oakridge
Kathy Holston

City of Springfield
Leonard Stoehr

City of Veneta
Tom Cotter (#)

City of Westfir
Matt Meske

Creswell School District 40
Lacey Risdal

Emerald People's Utility District
Patti Chappel

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

Chair of the Board of Directors

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

Fern Ridge Library District
Steve Brock

Haceta Water District
Vacant

Junction City Rural Fire Protection District
Don Lighty

Lane Community College
Lisa Fragala

Lane County
Heather Buch (#) (*)

Vice-Chair of the Board of Directors

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

Lane Library District
Vacant

McKenzie School District 68
Vacant

Port of Siuslaw
Vacant

Rainbow Water District
James "Jim" McLaughlin

River Road Park & Recreation District
Vacant

Siuslaw Library District
Susy Lacer

Siuslaw Valley Fire & Rescue District
Jim Langborg

South Lane School District 45J
Vacant

Springfield School District 19
Todd Mann

Western Lane Ambulance District
Bob Sneddon

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

Non-Voting Member: Lane Transit District
Josh Skov

Non-Board Member of the Budget Committee
Jessica Mumme

INTRODUCTORY SECTION



January 27, 2022

Lane Council of Governments Board of Directors:

In accordance with ORS 297.425, we are pleased to present the Annual Comprehensive Financial Report (ACFR) of the Lane Council of Governments (LCOG), for the fiscal year ended June 30, 2021. This report is published to provide the LCOG Board, LCOG's members, and the citizens of the Lane County region, LCOG staff, and other readers with detailed information concerning LCOG's financial position and activities.

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

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

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

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

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

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

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

Profile of LCOG

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

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

LCOG is located in Lane County, Oregon, the fourth most populous county in Oregon. LCOG's region is the entire Lane County area. Lane County's population is 382,647. The size of Lane County is approximately 4554 square miles.



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

Our Membership

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

Member Governments

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

Our Mission

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

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

LCOG Services

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

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

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

Budget

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

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

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

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

Factors Affecting Financial Condition

Outlook

Unprecedented. How many times have we heard that word over the last year and a half? The outbreak of the coronavirus disease (COVID-19) in March 2020 compelled LCOG to implement emergency response measures to combat the pandemic. The effort to combat the pandemic extended into Fiscal Year 2021. Yet while our world has shifted, day-to-day operations have continued at LCOG. As each of us have dealt with the pandemic's twists and turns in our personal and professional lives, at LCOG we have remained committed to continuing timely delivery of high-quality services to our members, consumers, and partners.

Unlike its member agencies, LCOG is primarily dependent upon formula revenues and planning grants. The majority of revenues LCOG receives are from grants or contracts. The majority of revenues in FY21 consisted of federal and state grants and contracts. As federal or state contracts increase or as multi-year projects are completed, LCOG's budget fluctuates in both revenues and matching expenditures. The most significant source of local revenue is from service contracts.

The Oregon Office of Economic Analysis (OEA) reported in August 2021 that strong household incomes, boosted considerably by federal aid during the Pandemic, were providing consumers the feeling of safety to spend over the past year. Businesses, however, have struggled to keep up with staffing and demand. And while the actual number of jobs created in 2021 is expected to be the largest on record in Oregon, with the state's labor market expected to regain all of its lost jobs by summer 2022, growth in a supply-constrained economy has proved to be challenging with businesses struggling with supply chains and a tight labor market.

Next year, even with uncertainty about how long the Pandemic will last, Oregon's economic outlook looks bright. The OEA reports recovery will be faster and more complete as some of the Pandemic-specific challenges fade with the underlying economy on solid footing due to the strength of corporate and household balance sheets.

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

Long-Range Planning and Major Initiatives

Long-Range Planning

A significant part of LCOG's annual budget process is dedicated to the development of a reasonable plan regarding revenue sources, operating expenditures, proposed new amenities and programs, staffing requirements, capital plans, and debt management plans for the upcoming fiscal year. A long-range financial plan is difficult given LCOG's funding is largely based on grants and contracts which emerge over time, so there is always greater variability in LCOG's budgeting process than may be present for local government units that rely upon a tax base. LCOG develops each fiscal year's budget knowing that current budget decisions can negatively impact long-term financial goals.

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

The Board of Directors has approved policies establishing appropriate levels of cash reserves for operations, capital replacement, and debt service. The Operating Contingency Account is required to be maintained at a minimum level of two months of operating costs consisting of personnel costs and the equivalent of one quarterly mortgage loan payment, including principal and interest. As of June 30, 2021, the Operating Contingency Account had a balance of \$273,777, per policy requirements. The Capital Contingency Account does not have a level established by policy, but as of June 30, 2021, had a balance of \$675,500.

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

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

Awards and Acknowledgements

Awards

The Government Finance Officers Association (GFOA) has awarded LCOG with a Certificate of Achievement for Excellence in Financial Reporting for its ACFR consecutively for the last three fiscal years. This was the fourth time LCOG has submitted a ACFR for consideration of this award. To be awarded a Certificate of Achievement, the City must publish an easily readable and efficiently organized ACFR with contents that conform to program standards. Such reports must satisfy both accounting principles generally accepted in the United States of America and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. This ACFR is intended to meet the Certificate of Achievement Program's requirements and will be submitted to GFOA for their consideration of another certificate award.

Acknowledgements

The preparation of this report would not have been possible without the skill, effort, and dedication of the Fiscal Unit and the many members of other departments who responded so positively to the requests for detailed information that accompanies each annual audit. We also wish to acknowledge the professional and technical assistance of the audit staff of Isler CPA. Finally, we extend our appreciation to LCOG's Audit Committee and the LCOG Board of Directors for their support and commitment in maintaining the highest standards of professionalism in planning and conducting the financial affairs of LCOG.

Respectfully submitted,



BRENDALEE S. WILSON
Executive Director



KEINA WOLF
Fiscal and Budget Manager

Special acknowledgment goes to:
Laura Campbell, Administrative Coordinator
Emily Farrell, Senior and Disabilities Services Division Director
Ashley Garcia, Fiscal Assistant
David Joyal, Senior Financial Analyst
Elena Kuhnenn, Senior Financial Analyst
Sondra Marks, Financial Associate



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Lane Council of Governments
Oregon**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

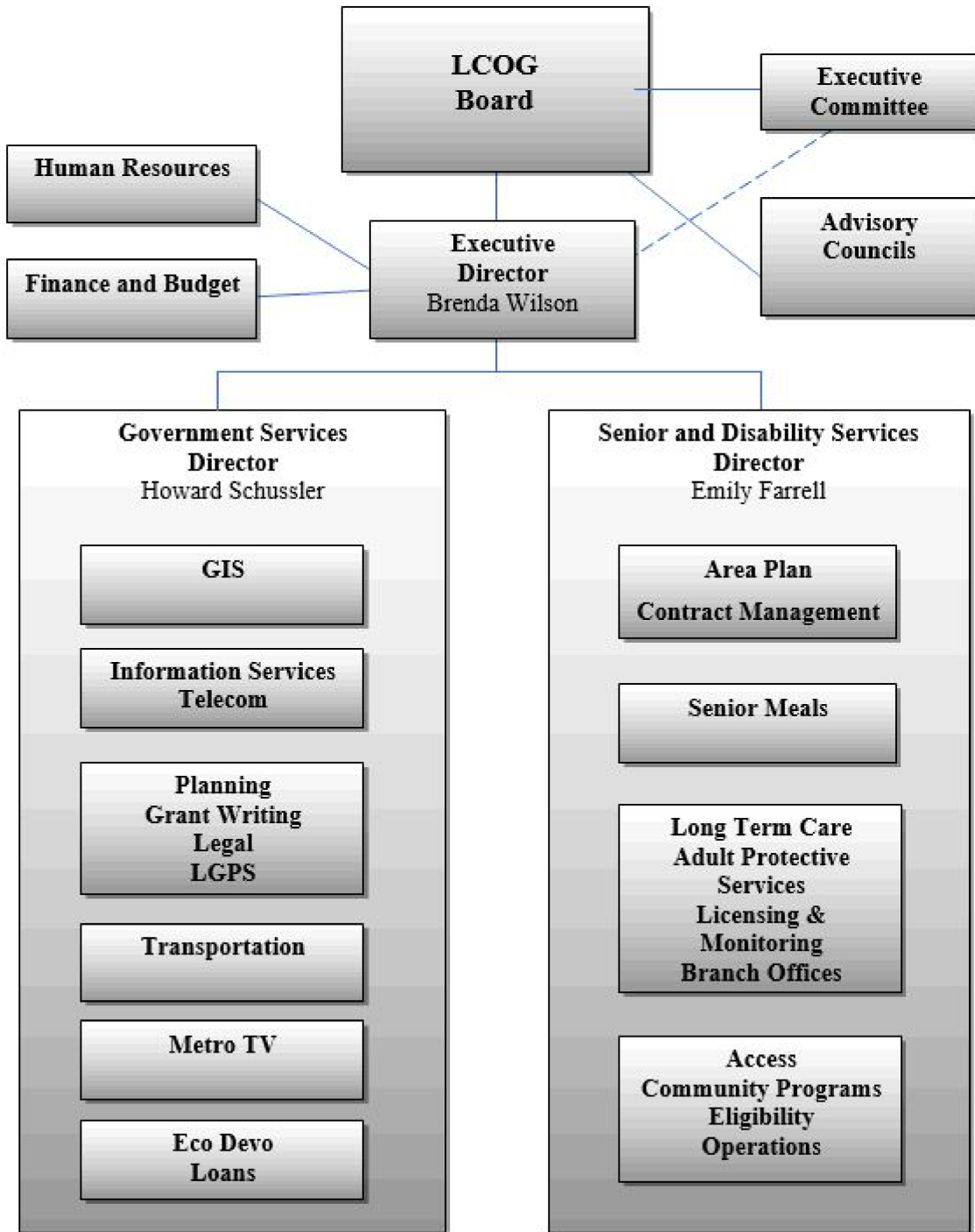
June 30, 2020

Christopher P. Morrill

Executive Director/CEO

**Lane Council of Governments
Organizational Chart**

June 30, 2021



FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Lane Council of Governments
Lane County, 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 the Lane Council of Governments (LCOG) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise LCOG's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of LCOG as of June 30, 2021 and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require the Management's Discussion and Analysis, the Schedule of the Proportionate Share of Net Pension Liability, Schedule of Pension Contributions, Schedule of Changes in Total OPEB Liability and Related Ratios, and the Schedules of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual for the General Fund, Telecommunications Fund, and Grants and Contracts Fund (the "budgetary schedules"), 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 Management's Discussion and Analysis, the Schedule of the Proportionate Share of Net Pension Liability, Schedule of Pension Contributions, and Schedule of Changes in Total OPEB Liability and Related Ratios, in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise LCOG's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and budgetary comparison schedules, statistical section, and continuing disclosure section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The supplementary information and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statement themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 27, 2022 on our consideration of LCOG's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering LCOG's internal control over financial reporting and compliance.

Report on Other Legal and Regulatory Requirements

In accordance with the Minimum Standards of Audits of Oregon Municipal Corporations, we have issued our report dated January 27, 2022 on our consideration of LCOG's compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.

ISLER CPA

By: Gatlin Hawkins, CPA, a member of the firm
Eugene, Oregon
January 27, 2022

DRAFT

MANAGEMENT'S DISCUSSION AND ANALYSIS

Lane Council of Governments
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021

The management of the Lane Council of Governments (LCOG) presents this narrative overview to facilitate both a short and a long-term analysis of the financial activities LCOG for the fiscal year ended June 30, 2021. This Management's Discussion and Analysis (MD&A) is based on currently known facts, decisions, and conditions that existed as of the date of the independent auditor's report. Additional information outside the scope of this analysis can be found in the Letter of Transmittal.

FINANCIAL HIGHLIGHTS

The overall net position of LCOG as of June 30, 2021 is \$7,582,877, a decrease of \$1,160,385 from last year, which includes a prior period adjustment. This decrease is due to a combination of an increase in net position related to business-type activities (Proprietary Funds) of \$438,186 and a decline in governmental activities (General Fund and Special Revenue Funds) of \$1,598,571 (this includes deferred inflow and outflows of PERS pension and other post-employment benefits liability).

LCOG's total assets and deferred outflows of resources at June 30, 2021 increased \$3,452,117. The increase was largely due to a \$3,366,565 increase in deferred outflows related to pensions and a decrease of \$175,404 in current assets.

LCOG's total liabilities and deferred inflows of resources at June 30, 2021 increased \$4,612,502. The increase was attributable to increases in long-term liabilities of \$4,849,513. This increase in liabilities is due primarily to a decrease in the assumed rate of return used to calculate LCOG's proportionate share of net pension liability.

The restricted net position at June 30, 2021 is \$9,545,784, an increase of \$683,668 from the prior year. LCOG's unrestricted portion of net position is a negative \$14,491,645.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government –Wide Financial Statements

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

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

Lane Council of Governments
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021

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

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

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

The *Statement of Net Position* is the basic government-wide statement of financial position. It presents information on all assets and liabilities, deferred outflows of resources and deferred inflow of resources, with the difference reported as net position. The *Statement of Activities* presents information showing how LCOG's net position changed during the fiscal year. The statement is a full accrual statement, showing both cash basis and values that have been earned or incurred but not actualized by June 30, 2021. Changes to net position are reported when the underlying event giving rise to the transaction occurs, regardless of when cash is received or paid. Since it is not dependent on the timing of cash flows, some revenues and expenses that are reported in this statement will result in cash inflows and outflows in future fiscal years.

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

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

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

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

Fund Financial Statements

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

Lane Council of Governments
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021

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

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

Fund Financial Statements include:

Governmental Funds:

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

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

Proprietary Funds:

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

Notes to the Basic Financial Statements

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

Lane Council of Governments
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Statement of Net Position

Net position may serve over time as a useful indicator of a LCOG's financial health. LCOG's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$7,582,877 at the close of the fiscal year ending June 30, 2021, a decrease of \$1,160,385.

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

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Assets						
Current assets	\$ 14,507,896	\$ 14,973,331	\$ 3,336,648	\$ 3,046,617	\$ 17,844,544	\$ 18,019,948
Interfund advances	43,166	85,483	(43,166)	(85,483)	-	-
Capital Assets	10,834,785	10,206,510	5,926,046	6,297,888	16,760,831	16,504,398
Other noncurrent assets	-	-	<u>2,672,563</u>	<u>2,668,040</u>	<u>2,672,563</u>	<u>2,668,040</u>
Total assets	25,385,847	25,265,324	11,892,091	11,927,062	37,277,938	37,192,386
Deferred outflows	<u>10,393,844</u>	<u>7,027,279</u>	-	-	<u>10,393,844</u>	<u>7,027,279</u>
Total assets and deferred outflows	<u>35,779,691</u>	<u>32,292,603</u>	<u>11,892,091</u>	<u>11,927,062</u>	<u>47,671,782</u>	<u>44,219,665</u>
Liabilities						
Current liabilities	4,975,249	5,202,860	338,783	561,850	5,314,032	5,764,710
Long-term liabilities	<u>28,119,586</u>	<u>23,019,983</u>	<u>5,204,952</u>	<u>5,455,042</u>	<u>33,324,538</u>	<u>28,475,025</u>
Total liabilities	33,094,835	28,222,843	5,543,735	6,016,892	38,638,570	34,239,735
Deferred inflows	<u>1,450,335</u>	<u>1,236,668</u>	-	-	<u>1,450,335</u>	<u>1,236,668</u>
Total liabilities and deferred inflows	<u>34,545,170</u>	<u>29,459,511</u>	<u>5,543,735</u>	<u>6,016,892</u>	<u>40,088,905</u>	<u>35,476,403</u>
Net position						
Invested in capital assets	10,834,785	10,206,510	1,693,953	1,931,985	12,528,738	12,138,495
Restricted	9,545,784	8,862,116	-	-	9,545,784	8,862,116
Unrestricted	<u>(19,146,048)</u>	<u>(16,235,534)</u>	<u>4,654,403</u>	<u>3,978,185</u>	<u>(14,491,645)</u>	<u>(12,257,349)</u>
Total net position	<u>\$ 1,234,521</u>	<u>\$ 2,833,092</u>	<u>\$ 6,348,356</u>	<u>\$ 5,910,170</u>	<u>\$ 7,582,877</u>	<u>\$ 8,743,262</u>

The largest portion of LCOG's net position, \$12,528,738, is its investment in capital assets. LCOG's investment in capital assets is reported net of related debt. Capital assets do not represent readily available resources to be used for ongoing operations or to liquidate existing liabilities.

The remaining portion of LCOG's net position consists of restricted and unrestricted resources. The restricted portion of LCOG's net position is \$9,545,784 which represents resources that are subject to external restrictions as to how they may be used. This category increased \$683,668 in the fiscal year ending June 30, 2021. LCOG's unrestricted portion of net position is a negative \$14,491,645.

Lane Council of Governments
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021

Statement of Activities

The *Statement of Activities* presents the same financial ending position as the *Statement of Net Position*: \$7,582,877 at June 30, 2021, which is a decrease in net position of \$1,160,385 from prior year. As noted in the table, most of LCOG's funding comes from operating grants and contributions. The balance of funding comes from local grants, contracts and other sources. Total revenues in 2021 were \$37,674,036, an increase from 2020 of \$687,226.

Total expenses increased from prior year by \$1,198,072. Of the net total increase in operating expenses, \$1,135,966 was Governmental activities and \$62,106 was Business - Type activities.

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

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Revenues						
Program revenues						
Charges for services	7,910,337	7,308,983	-	-	7,910,337	7,308,983
Operating grants and contributions	27,735,499	28,083,339	515,000	-	28,250,499	28,083,339
Park Place Building	-	-	954,050	1,022,967	954,050	1,022,967
Loan program	-	-	209,752	212,866	209,752	212,866
Minutes recording	-	-	77,126	82,384	77,126	82,384
Economic development	-	-	30,048	32,500	30,048	32,500
General revenues						
Unrestricted Investment earnings	4,264	4,264	4,983	8,304	9,247	12,568
Member dues	232,977	231,203	-	-	232,977	231,203
Total revenues	<u>35,883,077</u>	<u>35,627,789</u>	<u>1,790,959</u>	<u>1,359,021</u>	<u>37,674,036</u>	<u>36,986,810</u>
Expenses						
Board/executive services	670,263	823,264	-	-	670,263	823,264
Governmental Services	8,485,363	8,045,146	-	-	8,485,363	8,045,146
Senior and Disability Services	28,357,062	27,508,312	-	-	28,357,062	27,508,312
Park Place Building	-	-	1,034,467	998,585	1,034,467	998,585
Loan program	-	-	224,392	182,444	224,392	182,444
Minutes recording	-	-	49,886	51,597	49,886	51,597
Economic development	-	-	12,988	27,001	12,988	27,001
Total expenses	<u>37,512,688</u>	<u>36,376,722</u>	<u>1,321,733</u>	<u>1,259,627</u>	<u>38,834,421</u>	<u>37,636,349</u>
Excess (deficiency) of revenues over (under)expenses	\$ (1,629,611)	\$ (748,933)	\$ 469,226	\$ 99,394	\$ (1,160,385)	\$ (649,539)
Transfers						
Transfers	31,040	(275,911)	(31,040)	275,911	-	-
Change in net position	(1,598,571)	(1,024,844)	438,186	375,305	(1,160,385)	(649,539)
Net position, July 1	2,833,092	3,605,280	5,910,170	5,787,521	8,743,262	9,392,801
Prior period adjustment	-	252,656	-	(252,656)	-	-
Net position, June 30	<u>\$ 1,234,521</u>	<u>\$ 2,833,092</u>	<u>\$ 6,348,356</u>	<u>\$ 5,910,170</u>	<u>\$ 7,582,877</u>	<u>\$ 8,743,262</u>

Lane Council of Governments
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021

FUND FINANCIAL STATEMENT ANALYSIS

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

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

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

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

As of the end of the fiscal year, LCOG's governmental funds reported a combined ending fund balance of \$10,626,011, an increase of \$770,059 in comparison to the prior year. \$284,526 of the fund balance is nonspendable because it consists of prepaid expenditures and advances to other funds, \$9,545,784 of the fund balance is restricted by external limits on how the resources may be used, and \$795,701 is available for use without restrictions.

The General Fund reported an ending fund balance of \$848,433, with expenditures in excess of revenue of \$255,865. The General Fund change in fund balance was a decrease of \$255,865, due primarily to revenues from local sources being less than expected while needing to maintain existing levels of expenditures.

What follows is detail to the fund analysis.

General Fund

LCOG relies primarily upon grants and contracts for its funding, therefore, there is more pressure to ensure a positive balance remaining in the General Fund in that the General Fund is the source services will look to for any required financial support. LCOG continues to improve on forecasting and projecting costs and to plan for anticipated changes to our services that will affect LCOG's financial stability. The General Fund change in fund balance was an decrease of \$255,865, due primarily to revenues from local sources being less than expected while needing to maintain existing levels of expenditures.

Lane Council of Governments
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021

Special Revenue Fund - Grants and Contract Services

Two material service areas combine on the statement:

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

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

Enterprise Fund

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

Enterprise Fund - Park Place Building

The Park Place Building Fund had a decrease in net position during the fiscal year of \$82,358 as a result of a decrease in capital assets.

Enterprise Fund - Loan Programs

Loan Programs had an increase in net position of \$508,658 due to the addition of EDA-3 funds received as a result of the CARES Act.

Lane Council of Governments
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021

CAPITAL ASSETS

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>		<u>Increase</u>
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>(Decrease)</u>
Land	\$ -	\$ -	\$ 436,200	\$ 436,200	\$ 436,200	\$ 436,200	\$ -
CIP	-	969,103	-	-	-	969,103	(969,103)
Building	-	-	3,966,769	4,114,742	3,966,769	4,114,742	(147,973)
Furniture and Equipment	2,851,769	1,314,722	-	-	2,851,769	1,314,722	1,537,047
Building Improvements	32,817	24,080	1,523,077	1,746,946	1,555,894	1,771,026	(215,132)
Fiber optics	7,954,616	7,843,946	-	-	7,954,616	7,843,946	110,670
Software and Intangibles	(4,417)	54,659	-	-	(4,417)	54,659	(59,076)
Vehicles	-	-	-	-	-	-	-
Capital Assets, Net	<u>\$ 10,834,785</u>	<u>\$ 10,206,510</u>	<u>\$ 5,926,046</u>	<u>\$ 6,297,888</u>	<u>\$ 16,760,831</u>	<u>\$ 16,504,398</u>	<u>\$ 256,433</u>

Total investment in capital assets at June 30, 2021, net of accumulated depreciation and amortization, was \$16,760,831, a increase of \$256,433 from the prior year. An increase in book value of approximately \$628,275 for governmental activities and a decrease of \$371,842 for business activities is the effect of accumulated depreciation on the assets. There were new capital additions of \$2,329,377 for the year ending June 30, 2021. For more detailed information, please see *Note 5* in the accompanying *Notes to the Financial Statements* of this report.

DEBT SERVICE

LCOG's outstanding debt continues to decline and there were no new debt incurrences during FY21. LCOG does not issue debt and as a result does not have a credit rating. In the last five years, 2017 to 2021, LCOG has reduced the number of outstanding building loans from seven to one and paid off one of six USDA business loans. For more detailed information, see *Note 6* in the accompanying *Notes to the Financial Statements* of this report.

BUDGETARY HIGHLIGHTS

Pursuant to the Oregon Revised Statutes 294.900 to 294.930, LCOG is required to follow certain procedures related to the adoption of a budget. The FY21 Budget was adopted on June 25, 2021, at \$52,151,104. On April 13, 2021, the Board approved the FY21 Revised Budget at \$56,809,299, an increase of \$4,658,195.

Resources in the General Fund were originally budgeted at \$664,893 but was increased in the FY21 Revised Budget by \$221,741 to reflect an increase in local revenue and transfer of excess revenue from Enterprise Fund – Minutes Recorder Program. On the requirement side, the General Fund was originally budgeted at \$664,893, which was increased by \$221,741 to account for moving part of the cost of the Governmental Services Director position to the General Fund, legal fees for a billing issue, and a transfer to cover a shortfall in the Government Services Fund.

Lane Council of Governments
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

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

The LCOG FY22 Proposed Budget is developed strategically, using the best information available beginning with Budget Assumptions adopted by the LCOG Board in December of each year. Combined with known and expected revenues, a Work Program is created with a goal of keeping costs down, stabilizing rates, and providing outstanding services to the region. The FY22 Adopted Budget reflects an overall increase in revenues of 6.9% or \$3,605,963 more than the FY21 Adopted Budget.

REQUESTS FOR INFORMATION

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

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BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

- Statement of Net Position
- Statement of Activities

Lane Council of Governments Statement of Net Position

June 30, 2021

	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets:			
Cash and investments	\$ 10,155,682	\$ 2,960,638	\$ 13,116,320
Accounts receivable	4,108,226	82,955	4,191,181
Current maturities of loans receivable	-	279,927	279,927
Accrued interest receivable	-	12,768	12,768
Due to/from other funds (internal balance)	671	(671)	-
Other current assets	1,957	-	1,957
Prepaid expense	241,360	1,031	242,391
Total current assets	14,507,896	3,336,648	17,844,544
Noncurrent assets:			
Due to/from other funds (internal balance)	43,166	(43,166)	-
Loans receivable, net of current maturities and allowance	-	2,672,563	2,672,563
Capital assets, net of accumulated depreciation	10,834,785	5,926,046	16,760,831
Total noncurrent assets	10,877,951	8,555,443	19,433,394
Total assets	25,385,847	11,892,091	37,277,938
DEFERRED OUTFLOWS			
OPEB Related Deferrals	79,841	-	79,841
Pension Related Deferrals	10,314,003	-	10,314,003
Total Deferred Outflows	10,393,844	-	10,393,844
Total Assets and Deferred Outflows	35,779,691	11,892,091	47,671,782
LIABILITIES			
Current liabilities:			
Accounts payable	1,520,598	35,267	1,555,865
Intergovernmental Payable	2,941	-	2,941
Accrued payroll and related liabilities	2,181,729	9,085	2,190,814
Accrued interest payable	-	20,137	20,137
Unearned revenue	219,781	24,375	244,156
Compensated absences	1,050,200	-	1,050,200
Current maturities of loans payable	-	249,919	249,919
Total current liabilities	4,975,249	338,783	5,314,032
Noncurrent liabilities:			
Proportionate share of net pension liability	27,546,414	-	27,546,414
Compensated absences	116,689	-	116,689
Other post-employment benefits	456,483	-	456,483
Long-term debt, net of current maturities	-	5,168,890	5,168,890
Security deposits	-	36,062	36,062
Total noncurrent liabilities	28,119,586	5,204,952	33,324,538
Total liabilities	33,094,835	5,543,735	38,638,570
DEFERRED INFLOWS			
OPEB Related Deferrals	29,486	-	29,486
Pension Related Deferrals	1,420,849	-	1,420,849
Total Deferred Inflows	1,450,335	-	1,450,335
Total Liabilities and Deferred Inflows	34,545,170	5,543,735	40,088,905
NET POSITION			
Net Investment in capital assets	10,834,785	1,693,953	12,528,738
Restricted for:			
Grants and Contracts	9,545,784	-	9,545,784
Unrestricted	(19,146,048)	4,654,403	(14,491,645)
Total net position	\$ 1,234,521	\$ 6,348,356	\$ 7,582,877

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

Lane Council of Governments
Statement of Activities
For the year ended June 30, 2021

	Program Revenues			Net Revenue (Expense) and Change in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:						
Board/executive	\$ 670,263	\$ 83,172	\$ -	\$ (587,091)	\$ -	\$ (587,091)
Government Services	8,485,363	6,418,275	2,218,840	151,752	-	151,752
Senior and Disability Service	<u>28,357,062</u>	<u>1,408,890</u>	<u>25,516,659</u>	<u>(1,431,513)</u>	-	<u>(1,431,513)</u>
Total governmental activities	<u>37,512,688</u>	<u>7,910,337</u>	<u>27,735,499</u>	<u>(1,866,852)</u>	-	<u>(1,866,852)</u>
Business-type activities:						
Park Place Building	1,034,467	954,050	-	-	(80,417)	(80,417)
Loan program	224,392	209,752	515,000	-	500,360	500,360
Minutes recording	49,886	77,126	-	-	27,240	27,240
Economic Development	<u>12,988</u>	<u>30,048</u>	-	-	<u>17,060</u>	<u>17,060</u>
Total business-type activities	<u>1,321,733</u>	<u>1,270,976</u>	<u>515,000</u>	-	<u>464,243</u>	<u>464,243</u>
Total activities	<u>\$ 38,834,421</u>	<u>\$ 9,181,313</u>	<u>\$ 28,250,499</u>	(1,866,852)	464,243	(1,402,609)
General revenues (expenses) and transfers:						
Unrestricted investment earnings				4,264	4,983	9,247
Member dues				232,977	-	232,977
Transfers				<u>31,040</u>	<u>(31,040)</u>	<u>-</u>
Total general revenues and transfers				<u>268,281</u>	<u>(26,057)</u>	<u>242,224</u>
Change in net position				(1,598,571)	438,186	(1,160,385)
Net position, beginning of year				<u>2,833,092</u>	<u>5,910,170</u>	<u>8,743,262</u>
Net position, end of year				<u>\$ 1,234,521</u>	<u>\$ 6,348,356</u>	<u>\$ 7,582,877</u>

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

FUND FINANCIAL STATEMENTS

Governmental Funds

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

Proprietary Funds

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

Lane Council of Governments
Balance Sheet
Governmental Funds
June 30, 2021

	General Fund	Grants and Contracts	Total Governmental Funds
ASSETS			
Cash and investments	\$ 1,976,090	\$ 8,179,590	\$ 10,155,680
Prepaid expenditures	9,566	231,794	241,360
Accounts receivable	68,750	4,039,476	4,108,226
Other current assets	667	1,290	1,957
Advance to other funds	43,166	-	43,166
Due from other funds	<u>171,364</u>	<u>-</u>	<u>171,364</u>
Total assets	<u>\$ 2,269,603</u>	<u>\$ 12,452,150</u>	<u>\$ 14,721,753</u>
 LIABILITIES AND FUND BALANCES			
Liabilities:			
Due to other funds	\$ -	\$ 170,693	\$ 170,693
Accounts payable	149,774	1,370,824	1,520,598
Intergovernmental payable	-	2,941	2,941
Accrued payroll and related liabilities	1,051,615	1,130,114	2,181,729
Unearned Revenue	<u>219,781</u>	<u>-</u>	<u>219,781</u>
Total liabilities	1,421,170	2,674,572	4,095,742
Fund balances:			
Nonspendable	52,732	231,794	284,526
Restricted to:			
Grants and Contracts	-	9,545,784	9,545,784
Committed	273,777	-	273,777
Unassigned	<u>521,924</u>	<u>-</u>	<u>521,924</u>
Total fund balances	<u>848,433</u>	<u>9,777,578</u>	<u>10,626,011</u>
Total liabilities and fund balances	<u>\$ 2,269,603</u>	<u>\$ 12,452,150</u>	<u>\$ 14,721,753</u>

Lane Council of Governments
Reconciliation of the Balance Sheet
Governmental Funds to the Statement of Net Position
June 30, 2021

Total fund balances - governmental funds	\$	10,626,011
Capital assets used in governmental funds are not financial resources and therefore are not reported in the governmental funds		
Cost	15,851,582	
Accumulated Depreciation	(5,016,797)	10,834,785
Certain liabilities are not due and payable in the current period, and therefore are not reported in the governmental funds		
Compensated absences		(1,166,887)
The Net Pension Asset (Liability), and related deferred inflows and outflows is the difference between the total pension liability and assets set aside to pay benefits earned to past and current employees and beneficiaries		
Proportionate share of Net Pension Asset (Liability)	(27,546,414)	
Deferred Outflows - Pension	10,314,003	
Deferred Inflows - Pension	(1,420,849)	(18,653,260)
The Net Other Post Employment Benefits (OPEB) Liability, and related deferred inflows and outflows is the difference between the total OPEB liability and assets set aside to pay benefits earned to past and current employees and beneficiaries		
Net OPEB liability	(456,483)	
Deferred Outflows - OPEB	79,841	
Deferred Inflows - OPEB	(29,486)	(406,128)
Net position of governmental activities	\$	1,234,521

Lane Council of Governments
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the year ended June 30, 2021

	General Fund	Grants and Contracts	Total Governmental Funds
Revenues			
Member agency dues	\$ 232,977	\$ -	\$ 232,977
Federal and state grants and contracts	-	27,735,499	27,735,499
Other local sources	405,627	7,425,802	7,831,429
Rental and In-Kind Income	-	83,172	83,172
Total revenues	638,604	35,244,473	35,883,077
Expenditures			
Current			
Board/executive services	412,040	-	412,040
Government services	-	8,671,548	8,671,548
Senior and disability services	-	26,060,469	26,060,469
Total expenditures	412,040	34,732,017	35,144,057
Revenues over (under) expenditures	226,564	512,456	739,020
Other financing sources (uses)			
Transfers In	30,000	1,738	31,738
Transfers Out	(699)	-	(699)
Total other financing sources (uses)	29,301	1,738	31,039
Net change in fund balances	255,865	514,194	770,059
Fund balances, beginning of year	592,568	9,263,384	9,855,952
Fund balances, end of year	\$ 848,433	\$ 9,777,578	\$ 10,626,011

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, 2021

Net change in fund balances - governmental funds, including prior period adjustments	\$	770,059
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	1,360,274	
Current year depreciation	(731,999)	628,275
Pension expense and the changes in deferred inflows and outflows related to the net pension liability represents the changes in net pension asset (liability) from year to year due to changes in total pension liability and the fair value of pension plan net position available to pay pension benefits		(2,820,768)
Other Post Employment Benefit (OPEB) expense and the changes in deferred inflows and outflows related to the net OPEB liability represents the changes in net OPEB liability from year to year due to changes in total OPEB liability and the fair value of OPEB plan net position available to pay OPEB benefits		7,472
Some expenses do not require the use of current financial resources and therefore are not reported as expenditure in the governmental funds.		
Compensated absences		(183,609)
Change in net position of government activities (including prior period adjustments)	\$	<u>(1,598,571)</u>

Lane Council of Governments
Statement of Net Position
Proprietary Funds
June 30, 2021

	<u>Park Place Building</u>	<u>Loan Programs</u>	<u>Total Nonmajor Funds</u>	<u>Total</u>
ASSETS				
Current assets:				
Cash and investments	\$ 797,370	\$ 2,133,393	\$ 29,875	\$ 2,960,638
Accounts receivable	-	8,464	74,491	82,955
Current maturities of loans receivable	-	279,927	-	279,927
Accrued interest receivable	-	12,768	-	12,768
Prepaid expense	<u>37</u>	<u>966</u>	<u>28</u>	<u>1,031</u>
Total current assets	797,407	2,435,518	104,394	3,337,319
Noncurrent assets				
Loans receivable, net of current maturities and allowance	-	2,672,563	-	2,672,563
Capital assets, net of accumulated depreciation	<u>5,926,046</u>	<u>-</u>	<u>-</u>	<u>5,926,046</u>
Total noncurrent assets	<u>5,926,046</u>	<u>2,672,563</u>	<u>-</u>	<u>8,598,609</u>
Total assets	6,723,453	5,108,081	104,394	11,935,928
LIABILITIES				
Current liabilities				
Due to other funds	-	-	671	671
Accounts payable	323	6,171	28,773	35,267
Accrued payroll and related liabilities	352	8,488	245	9,085
Accrued interest payable	14,783	5,354	-	20,137
Unearned revenue	-	-	24,375	24,375
Current maturities of loans payable	<u>139,609</u>	<u>110,310</u>	<u>-</u>	<u>249,919</u>
Total current liabilities	155,067	130,323	54,064	339,454
Noncurrent liabilities				
Interfund advance	43,166	-	-	43,166
Long-term debt, net of current maturities	4,092,484	1,076,406	-	5,168,890
Security deposits	<u>36,062</u>	<u>-</u>	<u>-</u>	<u>36,062</u>
Total noncurrent liabilities	<u>4,171,712</u>	<u>1,076,406</u>	<u>-</u>	<u>5,248,118</u>
Total liabilities	4,326,779	1,206,729	54,064	5,587,572
NET POSITION (DEFICIT)				
Net investment in capital assets	1,693,953	-	-	1,693,953
Unrestricted	<u>702,721</u>	<u>3,901,352</u>	<u>50,330</u>	<u>4,654,403</u>
Total net position (deficit)	<u>\$ 2,396,674</u>	<u>\$ 3,901,352</u>	<u>\$ 50,330</u>	<u>\$ 6,348,356</u>

Lane Council of Governments
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the year ended June 30, 2021

	<u>Park Place</u>	<u>Loan Programs</u>	<u>Total Nonmajor Funds</u>	<u>Total</u>
Operating revenues				
Charges for services and rent	\$ 954,050	\$ 209,752	\$ 107,174	\$ 1,270,976
Interest income	<u>-</u>	<u>4,705</u>	<u>-</u>	<u>4,705</u>
Total operating revenues	954,050	214,457	107,174	1,275,681
Operating expenses:				
Personal services	9,006	153,774	13,899	176,679
Materials and services	470,887	58,034	48,975	577,896
Depreciation	<u>371,842</u>	<u>-</u>	<u>-</u>	<u>371,842</u>
Total operating expenses	<u>851,735</u>	<u>211,808</u>	<u>62,874</u>	<u>1,126,417</u>
Operating income	102,315	2,649	44,300	149,264
Nonoperating revenues (expenses)				
Federal and state grants and contracts	-	515,000	-	515,000
Interest income	278	-	-	278
Interest expense	<u>(182,732)</u>	<u>(12,584)</u>	<u>-</u>	<u>(195,316)</u>
Total nonoperating revenues (expenses)	<u>(182,454)</u>	<u>502,416</u>	<u>-</u>	<u>319,962</u>
Income (loss) before transfers	(80,139)	505,065	44,300	469,226
Transfers in	-	4,152	-	4,152
Transfers out	<u>(2,219)</u>	<u>(559)</u>	<u>(32,414)</u>	<u>(35,192)</u>
Total transfers	<u>(2,219)</u>	<u>3,593</u>	<u>(32,414)</u>	<u>(31,040)</u>
Change in net position	(82,358)	508,658	11,886	438,186
Net position, beginning of year	<u>2,479,032</u>	<u>3,392,694</u>	<u>38,444</u>	<u>5,910,170</u>
Net position, end of year	<u>\$ 2,396,674</u>	<u>\$ 3,901,352</u>	<u>\$ 50,330</u>	<u>\$ 6,348,356</u>

Lane Council of Governments
Statement of Cash Flows
Proprietary Funds
For the year ended June 30, 2021

	<u>Park Place</u>	<u>Loan Programs</u>	<u>Total Nonmajor Funds</u>	<u>Total</u>
Cash flows from operating activities:				
Cash received from customers	\$ 904,051	\$ 255,870	\$ 85,227	\$ 1,245,148
Cash paid to suppliers	(680,307)	(62,780)	(47,616)	(790,703)
Cash paid to employees	<u>(9,124)</u>	<u>(155,677)</u>	<u>(14,169)</u>	<u>(178,970)</u>
Net cash provided by operating activities	<u>214,620</u>	<u>37,413</u>	<u>23,442</u>	<u>275,475</u>
Cash flows from noncapital financing activities:				
Loans received from USDA	-	515,000	-	515,000
Transfers	<u>(2,219)</u>	<u>3,593</u>	<u>(32,414)</u>	<u>(31,040)</u>
Net cash provided by non-capital financing activities	<u>(2,219)</u>	<u>518,593</u>	<u>(32,414)</u>	<u>483,960</u>
Cash flows from capital and related financing activities:				
Principal paid on bank loans	(133,810)	(109,200)	-	(243,010)
Interest paid on bank loans	(182,732)	(12,584)	-	(195,316)
Change in accrued interest	<u>(468)</u>	<u>(388)</u>	<u>-</u>	<u>(856)</u>
Net cash used by capital and related financing activities	<u>(317,010)</u>	<u>(122,172)</u>	<u>-</u>	<u>(439,182)</u>
Cash flows from investing activities:				
Interest on investments	<u>278</u>	<u>-</u>	<u>-</u>	<u>278</u>
Net cash provided (used) by investing activities	<u>278</u>	<u>-</u>	<u>-</u>	<u>278</u>
Net increase (decrease) in cash and cash equivalents	(104,331)	433,834	(8,972)	320,531
Cash and cash equivalents, beginning of year	<u>901,701</u>	<u>1,699,559</u>	<u>38,847</u>	<u>2,640,107</u>
Cash and cash equivalents, end of year	<u>\$ 797,370</u>	<u>\$ 2,133,393</u>	<u>\$ 29,875</u>	<u>\$ 2,960,638</u>
Reconciliation of operating income to net cash provided (used) by operating activities:				
Operating income	\$ 102,315	\$ 2,649	\$ 44,300	\$ 149,264
Depreciation	371,842	-	-	371,842
(Increase) decrease in:				
Accounts receivable	-	2,000	(22,079)	(20,079)
Loans receivable	-	19,291	-	19,291
Prepaid expense	123	1,388	405	1,916
Due from other funds	3,924	5,778	132	9,834
Interest Receivable	-	14,344	-	14,344
Increase (decrease) in:				
Unearned revenue	(53,923)	-	2,449	(51,474)
Due to other funds	(42,317)	-	671	(41,646)
Accounts payable	(167,226)	(6,134)	(2,166)	(175,526)
Accrued payroll and related liabilities	<u>(118)</u>	<u>(1,903)</u>	<u>(270)</u>	<u>(2,291)</u>
Net cash provided (used) by operating activities	<u>\$ 214,620</u>	<u>\$ 37,413</u>	<u>\$ 23,442</u>	<u>\$ 275,475</u>

NOTES TO THE FINANCIAL STATEMENTS

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

Lane Council of Governments
Notes to the Financial Statements

June 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

Authorized Investments

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

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

Government-wide and Fund Financial Statements

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

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

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

Measurement Focus, Basis of Accounting, and Basis of Presentation

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

Lane Council of Governments
Notes to the Financial Statements
June 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The proprietary fund financial statements use the accrual basis of accounting and agency funds have no measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all the eligibility requirements imposed by the provider have been met.

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

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

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

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

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

LCOG has the following major governmental funds:

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

LCOG has the following major proprietary (enterprise) funds:

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

Lane Council of Governments
Notes to the Financial Statements
June 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Additionally, LCOG has the following fund types:

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

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between LCOG’s enterprise funds and other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported. Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources (transfers) are reported as general revenues rather than as program revenues. Likewise, general revenues include dues assessed to member agencies.

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

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

Cash and Investments

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

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

Lane Council of Governments
Notes to the Financial Statements
June 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

LCOG's only investments at June 30, 2021, were funds deposited with the State of Oregon LGIP, which is part of the Oregon Short Term Fund (OSTF). The OSTF is a cash and investment pool available for use by all state funds and eligible local governments. The LGIP is an open-ended, no-load diversified portfolio offered to eligible participants who by law are made custodian of, or have control over, any public funds. The LCOG's investment in the LGIP is carried at cost, which approximates fair value.

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

Investments in the LGIP are included in the OSTF, which is an external investment pool that is not a 2a7-like external investment pool, and is not registered with the U.S. Securities and Exchange Commission as an investment company. Fair value of the LGIP is calculated at the same value as the number of pool shares owned. The unit of account is each share held, and the value of the position would be the fair value of the pool's share price multiplied by the number of shares held. Investments in the OSTF are governed by ORS 294.135, the Council, and portfolio guidelines issued by the OSTF Board, which establish diversification percentages and specify the types and maturities of investments. The portfolio guidelines permit securities lending transactions as well as investments in repurchase agreements and reverse repurchase agreements. The fund appears to be in compliance with all portfolio guidelines at June 30, 2021. The LGIP seeks to exchange shares at \$1.00 per share; an investment in the LGIP is neither insured nor guaranteed by the FDIC or any other government agency. Although the LGIP seeks to maintain the value of share investments at \$1.00 per share, it is possible to lose money by investing in the pool. LCOG measures these investments at book value since it approximates fair value. The pool is comprised of a variety of investments. These investments are valued as a level 2 fair value measurement in the OSTF's audited financial report.

As of June 30, 2021, the fair value of the position in the LGIP is 100.4% of the value of the pool shares as reported in the OSTF audited financial statements. Amounts in the State Treasurer's LGIP are not required to be collateralized.

Fair Value Inputs and Methodologies and Hierarchy

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

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

Lane Council of Governments
Notes to the Financial Statements
June 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

Receivables

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

Loan Program Receivables and Allowance for Loan Losses

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

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

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

Prepays

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

Restricted Assets

Restricted net position as of June 30, 2021, totaled \$9,545,784. LCOG classifies the following cash and investments as restricted, committed or assigned as of June 30, 2021:

In the grants and contracts fun, all amounts are considered restricted for specific use. In the General Fund, the Operations Reserve is restricted for emergencies and requires Board approval. In the Enterprise Fund - Park Place Building, the Capital Contingency Account is reserved for preservation and maintenance on the building. .

Lane Council of Governments
Notes to the Financial Statements
June 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates

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

In-Kind Contributions

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

Capital Assets

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

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

Deferred Outflows/Inflows of Resources

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

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

Long-term Obligations

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

Lane Council of Governments
Notes to the Financial Statements
June 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Compensated Absences

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

Net Pension Liability

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

Retirement Plan

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

Other Post-employment Benefits

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

Fund Balance

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

In the fund financial statements, the fund balance of governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent to which a government is bound to honor constraints imposed on the specific purposes for which amounts in those funds can be spent. LCOG evaluated each of its funds at June 30, 2021, and classified fund balances into the following five categories:

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

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

Lane Council of Governments
Notes to the Financial Statements
June 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

NOTE 2 – BUDGETARY INFORMATION

In accordance with state law, budgets are adopted for all funds (except agency fund type) on a modified accrual basis of accounting.

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

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

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

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

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

Appropriations lapse at the end of each year. The budget as originally adopted may be amended by the Board. There was one such amendment authorized in FY21.

Encumbrances

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

Lane Council of Governments
Notes to the Financial Statements
June 30, 2021

NOTE 3 – CASH AND INVESTMENTS

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

Cash and investments at June 30, 2021, consisted of the following:

Cash with Fiscal Agent	\$ 53,796
Certificates of Deposit	475,110
Local Government Investment Pool	54,891
Demand Deposits	8,691,146
Money Market Accounts	<u>3,841,377</u>
Total Cash and Investments	<u>\$ 13,116,320</u>

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

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. In general the longer the maturity of an investment, the greater the risk that the investment’s fair value will decline if interest rates rise. In order to manage the interest rate risk of its investments, LCOG invests only in the Oregon Short Term Fund, Local Government Investment Pool (LGIP). The LGIP has rules that require at least 50% of its investments to mature within 93 days, not more than 25% may mature in 94-366 days, and all other investments must mature in no more than three years. The audited financial statements of the Oregon Short Term Fund at June 30, 2021 disclose investment maturity by segmented time distribution as follows: 93 days or less (60%), 94 - 366 days (18%); and one to three years (22%).

Credit Risk

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

Custodial Credit Risk

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

Lane Council of Governments
Notes to the Financial Statements
June 30, 2021

NOTE 3 – CASH AND INVESTMENTS (CONTINUED)

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

LCOG does not have a formalized custodial risk policy but has enacted procedure for oversight mitigation of such risk. At June 30, 2021, the total amount of deposits with banks was \$12,684,303 and the total in LGIP accounts was \$54,891.

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

Concentration of Credit Risk

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

NOTE 4 – LOAN PROGRAM RECEIVABLES

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

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

At June 30, 2021, LCOG’s loans receivable for the Loan Program funds consisted of loans originally funded for no more than \$200,000, interest ranging from 5.00% to 8.25%, principal and interest due monthly for periods up to 20 years, secured by real property, machinery, and equipment. Included in the below loans receivable are USDA loans which are pledged as collateral. The collateralized loans have a carrying value of \$1,295,392.

Total all loans outstanding (all programs)	\$ 3,078,323
Allowance for loan losses(all program)	<u>(125,833)</u>
Loans receivable, net of allowance for loan losses (all programs)	2,952,490
Less amount due within one year	<u>(279,927)</u>
Long-term portion	<u><u>\$ 2,672,563</u></u>

Lane Council of Governments
Notes to the Financial Statements
June 30, 2021

NOTE 5 – CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2021, was as follows:

	<u>Beginning of year</u>	<u>Additions</u>	<u>Deletions</u>	<u>End of year</u>
<u>Governmental Activities:</u>				
Non-depreciable assets:				
	\$ <u>969,103</u>	\$ <u>1,348,095</u>	\$ <u>(2,317,198)</u>	\$ <u>-</u>
Fiber optics	10,458,596	633,600	-	11,092,196
Furniture & equipment	2,311,665	1,683,598	-	3,995,263
Leasehold improvements	156,704	12,179	-	168,883
Software	492,065	-	-	492,065
Vehicles	<u>103,177</u>	<u>-</u>	<u>-</u>	<u>103,177</u>
Total	<u>13,522,207</u>	<u>2,329,377</u>	<u>-</u>	<u>15,851,584</u>
Less accumulated depreciation:				
Accumulated depreciation - Fiber optics	2,614,650	522,930	-	3,137,580
Accumulated depreciation - Furniture & equipment	996,943	146,551	-	1,143,494
Accumulated depreciation - Leasehold improvements	132,624	3,442	-	136,066
Accumulated depreciation - Software	437,406	59,076	-	496,482
Accumulated depreciation - Vehicles	<u>103,177</u>	<u>-</u>	<u>-</u>	<u>103,177</u>
Total	<u>4,284,800</u>	<u>731,999</u>	<u>-</u>	<u>5,016,799</u>
Net capital assets	<u>10,206,510</u>	<u>2,945,473</u>	<u>(2,317,198)</u>	<u>10,834,785</u>
<u>Business-type activities:</u>				
Non-depreciable assets:				
Land & land improvements	<u>436,200</u>	<u>-</u>	<u>-</u>	<u>436,200</u>
Depreciable assets:				
Buildings	5,918,899	-	-	5,918,899
Improvements	<u>4,000,573</u>	<u>-</u>	<u>-</u>	<u>4,000,573</u>
Total cost	<u>9,919,472</u>	<u>-</u>	<u>-</u>	<u>9,919,472</u>
Less accumulated depreciation:				
Accumulated depreciation - Buildings	1,804,157	147,973	-	1,952,130
Accumulated depreciation - Improvements	<u>2,253,627</u>	<u>223,869</u>	<u>-</u>	<u>2,477,496</u>
Total accumulated depreciation	<u>4,057,784</u>	<u>371,842</u>	<u>-</u>	<u>4,429,626</u>
Net capital assets	<u>6,297,888</u>	<u>(371,842)</u>	<u>-</u>	<u>5,926,046</u>
Net capital assets - entity-wide	<u>\$ 16,504,398</u>	<u>\$ 2,573,631</u>	<u>\$ (2,317,198)</u>	<u>\$ 16,760,831</u>

Lane Council of Governments
Notes to the Financial Statements
June 30, 2021

NOTE 5 – CAPITAL ASSETS (CONTINUED)

Depreciation expense was charged to the following activities as of June 30, 2021:

Activity	Amount
Governmental activities:	
Board/Executive	\$ 6,533
Government Services	701,641
Senior and Disability Services	23,825
Total	731,999
Business-type activities:	
Park Place Building	371,842
Total	\$ 1,103,841

NOTE 6 – LONG -TERM DEBT

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

Activity and Loan Type	June 30, 2021 Balance
Business-type activities:	
Building loan	\$ 4,232,093
Business loan	1,186,716
Total	\$ 5,418,809

There is no loan debt for government activities at June 30, 2021. Business activities building loan debt is transacted in the Enterprise Fund for building loan debt on the Park Place Building. This debt is liquidated by the Park Place Building Fund.

LCOG opened a Business Line of Credit in the amount of \$100,000 with Banner Bank on February 13, 2018, with an interest rate of 6.250%. During the year ended June 30, 2021, no amounts were disbursed from this line of credit.

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

Lane Council of Governments
Notes to the Financial Statements
June 30, 2021

NOTE 6 – LONG -TERM DEBT (CONTINUED)

What follows is the detail of loans payable debt outstanding at June 30, 2021, by activity and by specific loan.

Business activities – Building loans

\$4,825,000 Banner Bank loan (direct borrowing); dated June 16, 2016; monthly principal and interest payments of \$26,382 (annual payments of \$316,584) with final balloon payment of \$3,466,346 due July 1, 2026; interest rate of 4.25% per annum through and including June 30, 2023. Commencing July 1, 2023, through the remainder of the Note Term, interest shall accrue on the unpaid principal of this Note at a fixed interest rate equal to the then current Federal Home Loan Bank three year advance rate (the “Index”) plus three hundred twenty-five basis points (3.25%); provided, that in no event shall the interest rate accruing on the note be less than 4.25% (the “Floor Rate”). This note is secured by real property, building fixtures, and the pledge of future income from tenant rents. In the event of default, the loan may become due and payable in full, the lender may also raise the interest rate to 20%. \$ 4,232,093

Business activities – Business Loans

\$1,000,000 USDA loan (direct borrowing); dated May 21, 1998; annual principal and interest payments of \$42,450 through May 2027 and \$42,220 due May 2028; interest rate of 1.00%; secured by the rights to and revenues of LCOG's Intermediary Relending Program revolving fund, and all chattel paper, accounts receivable, contract rights, general intangibles, gross receipts, income, and revenue derived therefrom. In the event of default, the loan may become due and payable in full. 285,391

\$478,000 USDA loan (direct borrowing); dated October 11, 2000; annual principal and interest payments of \$20,292 through October 2029 and \$20,118 due October 2030; interest rate of 1.00%; secured by the rights to and revenues of LCOG's Intermediary Relending Program revolving fund, and all chattel paper, accounts receivable, contract rights, general intangibles, gross receipts, income, and revenue derived therefrom. In the event of default, the loan may become due and payable in full. 192,029

\$400,000 USDA loan (direct borrowing); dated July 30, 2001; annual principal and interest payments of \$16,980 through July 2030 and \$16,828 due July 2031; interest rate of 1.00%; secured by the rights to and revenues of LCOG's Intermediary Relending Program revolving fund, and all chattel paper, accounts receivable, contract rights, general intangibles, gross receipts, income, and revenue derived therefrom. In the event of default, the loan may become due and payable in full. 175,901

\$500,000 USDA loan (direct borrowing); dated August 22, 2002; annual principal and interest payments of \$21,225 through August 2031 and \$21,028 due August 2032; interest rate of 1.00%; secured by the rights to and revenues of LCOG's Intermediary Relending Program revolving fund, and all chattel paper, accounts receivable, contract rights, general intangibles, gross receipts, income, and revenue derived therefrom. In the event of default, the loan may become due and payable in full. 238,706

Lane Council of Governments
Notes to the Financial Statements
June 30, 2021

NOTE 6 – LONG -TERM DEBT (CONTINUED)

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

	<u>294,689</u>
Total loan debt for business activities (building and business loans)	5,418,809
Less amounts due within one year	<u>(249,919)</u>
Loan Debt, net of current maturities – Business Activities (principal only)	<u>\$ 5,168,890</u>

The following schedule shows the debt service requirements for loans payable as of June 30, 2021:

Fiscal Year	Business-Type Activities					
	Building Loans		Business Loans		Total Business-Type Activities	
	Principal	Interest	Principal	Interest	Principal	Interest
2022	\$ 139,609	\$ 176,794	\$ 110,310	\$ 12,053	\$ 249,919	\$ 188,847
2023	145,659	170,923	111,220	10,952	256,879	181,875
2024	151,972	164,611	112,333	9,839	264,305	174,450
2025	158,558	158,025	113,456	8,716	272,014	166,741
2026	165,430	151,153	114,640	7,582	280,070	158,735
2027 - 2031	3,470,865	12,277	460,889	21,770	3,931,754	34,047
2032 - 2036	-	-	<u>163,868</u>	<u>4,526</u>	<u>163,868</u>	<u>4,526</u>
Total	<u>\$ 4,232,093</u>	<u>\$ 833,783</u>	<u>\$ 1,186,716</u>	<u>\$ 75,438</u>	<u>\$ 5,418,809</u>	<u>\$ 909,221</u>

Total interest paid for the year ended June 30, 2021 for Business-Type Activities \$ 195,731

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

Changes in long-term liabilities

Long-term liability activity for the year ended June 30, 2021, was as follows:

	Beginning	Additions	Reductions	Ending	Due within one year
Governmental Activities:					
Compensated absences	<u>\$ 983,280</u>	<u>\$ 1,068,561</u>	<u>\$ (884,952)</u>	<u>\$ 1,166,889</u>	<u>\$ 1,050,200</u>
Business-Type Activities:					
Loans Payable:					
Building loan	4,365,903	-	(133,810)	4,232,093	139,609
Business loan	<u>1,295,916</u>	<u>-</u>	<u>(109,200)</u>	<u>1,186,716</u>	<u>110,310</u>
Total loans payable	5,661,819	-	(243,010)	5,418,809	249,919
Deposits	<u>36,062</u>	<u>-</u>	<u>-</u>	<u>36,062</u>	<u>-</u>
Total - Business-Type Activities	<u>\$ 5,697,881</u>	<u>\$ -</u>	<u>\$ (243,010)</u>	<u>\$ 5,454,871</u>	<u>\$ 249,919</u>

Lane Council of Governments
Notes to the Financial Statements
June 30, 2021

NOTE 7 – INTERFUND RECEIVABLES, PAYABLES, ADVANCES AND TRANSFERS

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

Interfund Advances

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

Interfund loan activity and balances for the year ended June 30, 2021 was as follows:

	Beginning of year	Additions	Payments	End of year	Current Portion
Park Place Building Fund					
Due to LCOG General Fund	\$ <u>85,483</u>	\$ <u>-</u>	\$ <u>(42,317)</u>	\$ <u>43,166</u>	\$ <u>43,166</u>

Interfund Transfers

Funds are transferred from one fund (transfers out) to support expenditures of other funds (transfers in) in accordance with the authority established for the individual fund. For the year ending June 30, 2021 transfers were as follows:

	Transfers in:				Total
	General Fund	Grants and Contracts	Park Place Building	Loan Program	
Transfers out:					
General Fund	\$ -	\$ 699	\$ -	\$ -	\$ 699
Park Place Building	-	240	-	1,979	2,219
Loan Program	-	559	-	-	559
Nonmajor Enterprise Funds	<u>30,000</u>	<u>240</u>	<u>-</u>	<u>2,174</u>	<u>32,414</u>
	<u>\$ 30,000</u>	<u>\$ 1,738</u>	<u>\$ -</u>	<u>\$ 4,153</u>	<u>\$ 35,891</u>

NOTE 8 – COMPENSATED ABSENCES

Compensated Absences consists of the estimated vacation liability LCOG would be expected to pay out should employees of record all terminate at or on June 30, 2021. The basis of the value of the liability is the LCOG policy for vacation payout. LCOG employees accumulate vacation and sick leave benefits in accordance with applicable bargaining agreements and agency policies. Employee vacation accrual is limited to 480 for all positions; actual maximum payout liability for all positions is 320 hours for employees terminating service. Sick leave and holiday expense is only recorded as expenditure when leave is taken.

LCOG determines the reasonable value of individual employee vacation balances in June of each fiscal year. Based on the ending value, LCOG would increase or decrease the liability for the fiscal year. The net liability increased from \$983,280 at June 30, 2020 to \$1,166,889 at June 30, 2021. This change was the result of new accruals totaling \$1,068,561 and the use of \$884,952 of the total amount available during the year ended June 30, 2021. Of the 66 managerial funds, the funds where the employee usually charges their time is used to liquidate the compensated absence due the employee upon use or termination; the General Fund and the Grants and Contracts Fund are the major governmental funds used to liquidate compensated absences.

Lane Council of Governments
Notes to the Financial Statements
June 30, 2021

NOTE 9 – COMMITMENTS AND CONTINGENCIES

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

NOTE 10 – NET INVESTMENT IN CAPITAL ASSETS

Net investment in capital assets as presented in the Statement of Net Position as of June 30, 2021 is determined as follows:

Governmental Activities:	
Capital assets net of accumulated depreciation	\$ 10,834,785
Less outstanding principal on capital related debt	<u> -</u>
Governmental Activities net investment in capital assets	<u>\$ 10,834,785</u>
Business-Type Activities:	
Capital assets net of accumulated depreciation	\$ 5,926,046
Less outstanding principal on capital related debt - mortgage loan	<u>(4,232,093)</u>
Business-Type Activities net investment in capital assets	<u>\$ 1,693,953</u>

NOTE 11 – DEFERRED COMPENSATION

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

Two outside agencies currently collect, manage, and operate LCOG’s deferred compensation program: Oregon Savings and Growth Plan (OSGP), and International City Managers Association (ICMA). The estimated total contributions for the year ended June 30, 2021 are as follows:

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

NOTE 12 – OPERATING LEASES

Real Estate Rentals

Leases that constitute real estate rental agreements are classified as operating expenses. Real estate rental agreements are cancelable arrangements. Below are the real estate leases for LCOG as of June 30, 2021.

Lane Council of Governments
Notes to the Financial Statements
June 30, 2021

NOTE 12 – OPERATING LEASES (CONTINUED)

Lane County Public Svc Bldg: LCOG leases 930 square feet of space for the MetroTV program from Lane County (office is located at Lane County Public Service Building in Eugene, OR). For the year ending June 30, 2021, the lease required monthly payments of \$1,200 for a total of \$14,400 for the year ending June 30, 2021.

Senior Meals - Central Kitchen: LCOG leases 4,172 square feet of space for Senior Meals meal preparation from Lulu, Inc. (office is located at 1407 Cross Street, Eugene, OR). For the year ending June 30, 2021, the lease required monthly payments of \$2,900 for a total of \$34,800.

Title XIX sites: LCOG leases space in downtown Eugene for Senior & Disability Services at \$42,995 per month for a total of \$515,940 for the year ending June 30, 2021; LCOG also leases a site at 3180 Hwy 101, Florence, Oregon for Senior & Disability Services at a cost of \$4,619 per month (July 2020 - March 2021) and \$4706 (April 2021 - June 2021) for a total of \$55,689 for the year ending June 30, 2021; LCOG entered a lease agreement for space in Cottage Grove, OR at a cost of \$174 per month (July 2020 - August 2020) and \$450 (September 2020 - June 2021), for a total of \$4,848 for the year ending June 30, 2021.

Senior Meals – Nutrition/Outreach: LCOG has various nutrition and outreach sites for the Senior Meals program. The majority of the agreements for these sites call for monthly rental payments for a total cost of \$36,984 for the year ending June 30, 2021. The remaining sites are donated to LCOG, or are reimbursed by LCOG for operating expenses not considered to be rent.

Senior Connections: LCOG rents space from Mid Lane Cares and the City of Oakridge for the Senior Connections program at an annual cost of \$8,429 for the year ending June 30, 2021. In addition, LCOG shares space with the Title XIX and Type B staff at Florence, OR and Creswell, OR.

Park Place Building(*): LCOG occupies space in the Park Place Building for LCOG administration and government services at a total occupancy cost of \$398,083 for the year ending June 30, 2021.

Total rental expense LCOG paid on these real estate rental leases for the year ending June 30, 2021, was \$1,069,173.

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

Equipment Leases

Leases that constitute equipment rental agreements are classified as operating expenses. Equipment rental agreements represent copiers for office use. Below are the equipment operating leases for LCOG as of June 30, 2021.

Indirect – Canon IR C5560: Lease agreement calls for a \$262 payment on a monthly basis for a total cost of \$3,147 for the year ending June 30, 2021.

Government Services – Canon IR 6575i: Lease agreement calls for a \$246 payment on a monthly basis for a total cost of \$2,952 for the year ending June 30, 2021.

Total copier expense LCOG paid on these copier leases, excluding maintenance and supplies, for the year ending June 30, 2021 was \$6,099.

Telecommunications - Fiber Optic Lines: LCOG leases fiber optic lines to support its telecommunications services. These agreements call for monthly payments at a total of \$89,400 for the year ended June 30, 2021.

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June 30, 2021

NOTE 12 – OPERATING LEASES (CONTINUED)

At June 30, 2021, the approximate future minimum rental commitments under real estate operating leases, including occupancy costs and the approximate future minimum rental commitments under equipment operating leases are as follows:

<u>Fiscal Year(s) Ended June 30,</u>	<u>Real Estate</u>	<u>Equipment</u>
2022	\$ 639,509	\$ 52,499
2023	629,923	2,476
2024	642,263	-
2025	96,123	-
2026	95,261	-
2027 - 2031	<u>46,521</u>	<u>-</u>
Total	<u>\$ 2,149,600</u>	<u>\$ 54,975</u>

NOTE 13 – RISK MANAGEMENT

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

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

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

In addition, LCOG is self-insured for unemployment claims as of June 30, 2021 and 2020 as follows:

	<u>2021</u>	<u>2020</u>
Unpaid claims at beginning of year	\$ -	\$ 1,000
Incurred claims	59,880	20,102
Claims paid	<u>(59,880)</u>	<u>(21,102)</u>
Unpaid claims at end of year	<u>\$ -</u>	<u>\$ -</u>

Lane Council of Governments
Notes to the Financial Statements
June 30, 2021

NOTE 14 – PENSION PLAN

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

B - Plan Description/Description of Benefit Terms

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

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

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

A member is considered vested and will be eligible at minimum retirement age for a service retirement allowance if he or she has had a contribution in each of five calendar years or has reached at least 50 years of age before ceasing employment with a participating employer. General service employees may retire after reaching age 55. Tier One employee benefits are reduced if retirement occurs prior to age 58 with fewer than 30 years of service. Tier Two members are eligible for full benefits at age 60. The ORS Chapter 238 Defined Benefit Pension Plan is closed to new members hired on or after August 29, 2003.

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

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

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

Lane Council of Governments
Notes to the Financial Statements
June 30, 2021

NOTE 14 – PENSION PLAN (CONTINUED)

d. - Benefit Changes After Retirement. Members may choose to continue participation in a variable equities investment account after retiring and may experience annual benefit fluctuations due to changes in the market value equity investments.

Monthly benefits are adjusted annually through cost-of-living changes. In fiscal year 2021, the cost-of-living adjustment (COLA) for PERS benefit recipients receiving a monthly benefit was effective July 1, 2020, and was a part of the August 1, 2020 benefit payment.

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

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

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

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

General Service benefits are calculated with the following formula for members who attain normal retirement age: 1.5 percent is multiplied by the number of years of service and the final average salary. Normal retirement age for general service members is age 65, or age 58 with 30 years of retirement credit.

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

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

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

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

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

Lane Council of Governments
Notes to the Financial Statements
June 30, 2021

NOTE 14 – PENSION PLAN (CONTINUED)

3 - Individual Account Program (IAP)

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

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

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

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

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

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

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

Employer contribution rates during the period were based on the December 31, 2017 actuarial valuation. The rates based on a percentage of payroll, first became effective July 1, 2019. LCOG's actuarially determined contribution rate for the Tier One/Tier Two and OPSRP plans was 25.48 percent and 18.77 percent of subject payroll, respectively. Employer contributions recognized by PERS for the year ended June 30, 2021, were \$2,879,967.

In addition, all PERS members must make a member contribution in the amount of 6% of covered salary. These member contributions go into the IAP. LCOG makes the 6% IAP member contribution on behalf of its employees which totaled approximately \$863,246 in FY21.

Lane Council of Governments
Notes to the Financial Statements
June 30, 2021

NOTE 14 – PENSION PLAN (CONTINUED)

D - Pension Assets, Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2020, LCOG reported a net pension liability of \$27,546,414 for its proportionate share of the net pension liability. LCOG’s proportion of the net pension liability measured as of June 30, 2020, and the total pension liability was based on a projection of LCOG’s long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2020, LCOG’s proportion was 0.12622398 percent, which was changed from its proportion measured as of June 30, 2019 of 0.12499561 percent. The General Fund and the Grants and Contract Fund are the major governmental funds used to liquidate the net pension liability.

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

	Deferred Outflow of Resources	Deferred Inflow of Resources
Difference between expected and actual experience	\$ 1,212,375	\$ -
Changes of assumptions	1,478,329	(51,798)
Net difference between projected and actual earnings on investments	3,239,100	-
Changes in proportionate share	718,121	(154,497)
Differences between employer contributions and employer's proportionate share of system contributions	128,461	(1,214,554)
Total (prior to post-MD contributions)	6,776,386	(1,420,849)
Contributions subsequent to MD	3,537,617	-
Total	\$ 10,314,003	\$ (1,420,849)

Deferred outflows of resources related to pensions of \$3,537,617 resulting from LCOG's contributions subsequent to the measurement date will be recognized as either a reduction of the net pension liability or an increase in the net pension asset in the year ended June 30, 2022. Net deferred outflows (inflows) of resources of \$5,355,537 will be recognized in pension expense as follows:

Amortization	
Period	
2022	\$ 1,278,468
2023	1,695,248
2024	1,473,904
2025	943,081
2026	(35,164)
Total	\$ 5,355,537

E - Actuarial Assumptions. The employer contribution rates effective July 1, 2020 through June 30, 2021, were set using the projected unit credit actuarial cost method. For the Tier One/Tier Two component of the PERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (1) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), (2) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial accrued liabilities being amortized over 20 years.

Lane Council of Governments
Notes to the Financial Statements

June 30, 2021

NOTE 14 – PENSION PLAN (CONTINUED)

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

The total pension liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	December 31, 2018
Measurement Date	June 30, 2020
Experience Study Report	2018, published July 24, 2019
Actuarial Cost Method	Entry Age normal
Amortization Method	Amortized as a level percentage of payroll as layered amortization bases over a closed period; Tier One/Tier Two UAL is amortized over 20 years and OPSRP pension UAL is amortized over 16 years
Asset Valuation Method	Market value of assets
Actuarial Assumptions:	
Inflation Rate	2.5%
Long-Term Expected Rate of Return	7.2%
Discount Rate	7.2%
Project Salary Increases	3.5% overall payroll growth; salaries for individuals are assumed to grow 3.5% plus assumed rates of merit/longevity increases based on service
Cost of Living Adjustments (COLA)	Blend of 2.00% COLA and grade COLA (1.25%/0.15%) in accordance with <i>Moro</i> decision; blend based on service.
Mortality	Healthy retirees and beneficiaries: Pub-2010 Healthy retiree, sex-distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation. Active Members: Pub-2010 Employee, sex-distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.. Disabled retirees: Pub-2010 Disable Retiree, sex-distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.

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

Lane Council of Governments
Notes to the Financial Statements
June 30, 2021

NOTE 14 – PENSION PLAN (CONTINUED)

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

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

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

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

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

Lane Council of Governments
Notes to the Financial Statements
June 30, 2021

NOTE 14 – PENSION PLAN (CONTINUED)

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

Based on these circumstances, it is our independent actuary’s opinion that the detailed depletion date projections outlined in GASB 68 would clearly indicate that the Fiduciary Net Position is always projected to be sufficient to cover benefit payments and administrative expenses.

H - Discount Rate. The discount rate used to measure the total pension liability was 7.20 percent for the Defined Benefit Pension Plan. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the Defined Benefit Pension Plan was applied to all periods of projected benefit payments to determine the total pension liability.

I - Sensitivity of LCOG's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following presents LCOG's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.20 percent, as well as what LCOG's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is one percentage-point lower (6.20 percent) or one percentage-point higher (8.20 percent) than the current rate:

	1% Decrease (6.20%)	Discount Rate (7.20%)	1% Increase (8.20%)
Proportionate Share of Net Pension Liability (Asset)	<u>\$ 40,904,150</u>	<u>\$ 27,546,414</u>	<u>\$ 16,345,333</u>

J - Changes in Assumptions and Other Inputs. Changes in actuarial methods and assumptions since the December 31, 2016 valuation are described in the 2018 Experience Study at https://www.oregon.gov/pers/Documents/Exp_Study_2018.pdf

Changes in assumptions from that Study are reported in the table of actuarial methods and assumptions, modifications to the allocation of actuarial accrued liabilities, administrative expense assumptions, healthcare cost inflation, and mortality tables can be found at:

<http://www.oregon.gov/PERS/Pages/Financials/ActuarialPresentationsandReports.aspx>.

NOTE 15 – POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS

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

Lane Council of Governments
Notes to the Financial Statements
June 30, 2021

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

Financial Statement Presentation

At June 30, 2021, LCOG reported a total OPEB liability of \$456,483. Deferred outflows of resources and deferred inflows of resources related to OPEB were also reported and will be recognized in pension expense as follows:

	Deferred Outflow of Resources	Deferred Inflow of Resources
Changes in assumptions or inputs	\$ 22,223	\$ (7,060)
Differences between expected and actual experience	16,435	(22,426)
Total (prior to post-MD contributions)	38,658	(29,486)
Contributions subsequent to MD	41,183	-
Total	\$ 79,841	\$ (29,486)

Deferred outflows of resources related to OPEB of \$41,183 resulting from LCOG’s contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense for the years ended June 30, as follows:

Year ended	Amount
2022	\$ (3,054)
2023	(1,624)
2024	3,267
2025	7,522
2026	3,061
Total	\$ 9,172

Plan Description

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

Benefits Provided

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

Inactive beneficiaries or employees receiving benefits	4
Active employees	84
Total	88

Lane Council of Governments
Notes to the Financial Statements
June 30, 2021

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

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

LCOG’s total OPEB liability of \$456,483 at June 30, 2021 was calculated using a measurement date of June 30, 2020, and was determined by an actuarial valuation as of July 1, 2020. The General Fund and the Grants and Contract Fund are the major governmental funds used to liquidate the net OPEB liability.

For the fiscal year ended June 30, 2021, LCOG recognized a reduction in OPEB expense from this plan of \$7,427 due to changes in the OPEB liability and related deferred inflows and outflows as compared to the prior year.

Actuarial Assumptions and Other Inputs

The total OPEB liability in the July 1, 2020 valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Actuarial method	Entry age normal
Inflation	2.5%
Salary increases	3.5%
Healthy mortality	Pub-2010 General and Safety Employee and Healthy retiree tables, sex distinct for members and dependents, with a one-year setback fro male general service employees and female safety employees.
Discount rate	3.5 percent
Health care cost trend rate	Medical and vision 3.75 percent per year increasing to 4.00 percent (changed from 6.75 percent per year decreasing to 4.75 percent)

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

The change in the total OPEB liability for the year ended June 30, 2021 was as follows:

	Total OPEB Liability
Balance at beginning of year	\$ 415,456
Changes for the year:	
Service cost	21,965
Interest on total OPEB liability	14,800
Effect of economic/demographic gains or losses	20,087
Effects of assumption changes or inputs	13,579
Benefit payments	<u>(29,404)</u>
Balance at end of year	<u>\$ 456,483</u>

Lane Council of Governments
Notes to the Financial Statements
June 30, 2021

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

Sensitivity of the Total OPEB Liability

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

	Discount rate		
	1% decrease (2.5%)	3.5%	1% increase (4.5%)
	Discount rate	\$ 486,386	\$ 456,483
Health care cost trends	\$ 410,716	\$ 456,483	\$ 510,522

NOTE 16 – BUILDING - PARK PLACE

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

Occupancy space is identified as the fourth and fifth floors and part of the garden level of the Park Place Building totaling 17,780 square feet (17,107 fourth and fifth floors; 673 WIX). All other space is retail space. Retail space is the garden level, first, second, third, and fourth floors of the Park Place Building. At year ending June 30, 2021, there were 16 retail and office tenants with various lease terms and expiration dates, with lease amounts ranging from approximately \$505 to \$10,935 per month. The estimated rental income for FY21 was \$555,967 from third party tenants, and \$398,083 from LCOG occupancy for a total of \$954,050.

NOTE 17 – INDIRECT CHARGES (OVERHEAD)

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

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

Rates approved by ODOT in effect July 1, 2020 through June 30, 2021 are as follows:

Government Services, Transportation,	
Planning & Loan Programs	30.800 %
Senior and Disability Services	11.238 %
Business Services	28.061 %
Government Services	16.434 %
Communications (Metro TV)	15.977 %

Lane Council of Governments
Notes to the Financial Statements
June 30, 2021

NOTE 17 – INDIRECT CHARGES (OVERHEAD) (CONTINUED)

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

Indirect recovered	\$ 3,507,487
Indirect cost incurred for the year ended June 30, 2021	<u>(3,151,397)</u>
Over recovered indirect costs	\$ <u>356,090</u>

NOTE 18 – CONSOLIDATION OF SPECIAL REVENUE FUNDS

Prior to fiscal year 2021, LCOG reported a major governmental special revenue fund for telecommunication activities. This fund was consolidated with the grants and contracts major governmental special revenue fund during fiscal year 2021. At June 30, 2020, the fund balance of the telecommunications fund and the grants and contracts fund was \$652,149 and \$8,611,235, respectively. The consolidated balance presented as opening fund balance for the grants and contracts fund at July 1, 2020 is \$9,263,384. This consolidation was affected to align the financial statement reporting with LCOG's organizational budgeting and internal reporting policies and practices.

NOTE 19 – NEW ACCOUNTING PRONOUNCEMENTS

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

This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. This statement is effective for fiscal years beginning after June 15, 2021. Earlier application is encouraged.

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of the Proportionate Share of the Net Pension Liability

Schedule of Pension Contributions

Schedule of Changes in Total OPEB liability and Related Ratios

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

- General Fund
- Special Revenue Funds - Grants and Contracts

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

Lane Council of Governments
Schedule of the Proportionate Share of the Net Pension Liability
June 30, 2021

Oregon Public Employees Retirement System

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Proportion of the net pension liability or asset	0.1262 %	0.1250 %	0.1215 %	0.1151 %	0.1226 %	0.1116 %	0.1268 %	0.1268 %
Proportionate share of the net pension liability (asset)	\$ 27,546,414	\$ 21,621,247	\$ 18,401,958	\$ 15,512,393	\$ 18,408,381	\$ 6,406,247	\$ 2,874,427	\$ 6,471,313
Covered payroll	\$ 13,731,096	\$ 12,278,948	\$ 11,043,502	\$ 10,176,173	\$ 9,559,449	\$ 8,826,685	\$ 8,838,698	\$ 7,961,173
Proportionate share of the pension liability (asset) as a percentage of its covered payroll	200.61 %	176.08 %	166.63 %	152.44 %	192.57 %	72.58 %	32.52 %	81.29 %
Plan net position as a percentage of the total pension liability	75.8 %	80.2 %	82.1 %	83.1 %	80.5 %	91.9 %	103.6 %	92.0 %

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

Lane Council of Governments
Schedule of Pension Contributions

June 30, 2021

Oregon Public Employees Retirement System

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 2,879,967	\$ 2,589,454	\$ 1,914,899	\$ 1,833,219	\$ 1,454,150	\$ 1,322,647	\$ 1,122,589	\$ 994,089
Contributions in relation to the contractually required contribution	<u>2,879,967</u>	<u>2,589,454</u>	<u>1,914,899</u>	<u>1,833,219</u>	<u>1,454,150</u>	<u>1,322,647</u>	<u>1,122,589</u>	<u>994,089</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 14,605,728	\$ 13,731,096	\$ 12,278,948	\$ 11,043,502	\$ 10,176,173	\$ 9,559,449	\$ 8,826,685	\$ 8,838,698
Contributions as a percentage of covered payroll	19.72 %	18.86 %	15.59 %	16.60 %	14.29 %	13.84 %	12.72 %	11.25 %

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

Notes to Required Supplementary Information

Note I - Measurement Period

Amounts presented are for the measurement period reported during the fiscal year, which for FY21 is July 1, 2019 - June 30, 2020.

Lane Council of Governments
Schedule of Changes in Total OPEB Liability and Related Ratios
Year Ended June 30, 2021

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Balance at beginning of year	\$ 415,456	\$ 387,432	\$ 407,502	\$ 422,431
Services cost	21,965	19,580	27,758	29,477
Interest on total OPEB liability	14,800	15,399	15,166	12,416
Effects of economic/demographic gains or losses	20,087	-	(47,341)	-
Effect of assumptions changes or inputs	13,579	11,421	7,813	(24,040)
Benefit payments	<u>(29,404)</u>	<u>(18,376)</u>	<u>(23,466)</u>	<u>(32,782)</u>
Balance at end of year	<u>\$ 456,483</u>	<u>\$ 415,456</u>	<u>\$ 387,432</u>	<u>\$ 407,502</u>
Covered payroll	\$ 13,731,096	\$ 12,278,948	\$ 11,043,502	\$ 10,176,173
Total OPEB liability as a percentage of covered payroll	3.32 %	3.38 %	3.51 %	(0.32)%

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

Notes to Required Supplementary Information

Note I - Measurement Period

Amounts presented are for the measurement period reported during the fiscal year, which for FY21 is July 1, 2019 - June 30, 2020.

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

For the year ended June 30, 2021

	<u>Adopted Budget</u>	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Member dues	\$ 220,000	\$ 232,977	\$ 232,977	\$ -
Other local sources	<u>53,344</u>	<u>137,354</u>	<u>91,855</u>	<u>(45,499)</u>
Total revenues	<u>273,344</u>	<u>370,331</u>	<u>324,832</u>	<u>(45,499)</u>
Expenditures:				
Personnel services	218,570	304,690	260,027	44,663
Materials and services	<u>128,046</u>	<u>150,832</u>	<u>152,013</u>	<u>(1,181)</u>
Total expenditures	<u>346,616</u>	<u>455,522</u>	<u>412,040</u>	<u>43,482</u>
Revenues over (under) expenditures	<u>(73,272)</u>	<u>(85,191)</u>	<u>(87,208)</u>	<u>(2,017)</u>
Other financing sources and uses:				
Transfers in	13,000	43,000	34,244	(8,756)
Transfers out	<u>(14,500)</u>	<u>(28,542)</u>	<u>(4,943)</u>	<u>23,599</u>
Total other financing sources and uses	<u>(1,500)</u>	<u>14,458</u>	<u>29,301</u>	<u>14,843</u>
Change in fund balance	(74,772)	(70,733)	(57,907)	12,826
Fund balance, beginning of year	<u>378,549</u>	<u>473,303</u>	<u>436,204</u>	<u>(37,099)</u>
Fund balance, end of year	<u>\$ 303,777</u>	<u>\$ 402,570</u>	378,297	<u>\$ (24,273)</u>
Reconciliation to GAAP fund balance				
The Indirect Central Services fund is not a budgeted fund. Activity in this fund is consolidated with the Grants and Contracts Fund for financial reporting			426,970	
Advances to other funds are recognized as a budgetary expenditure when disbursed, but as an asset on the modified accrual basis.			<u>43,166</u>	
GAAP fund balance, end of year			<u>\$ 848,433</u>	

Lane Council of Governments
Special Revenue Fund - Grants and Contracts
Schedule of Revenues Expenditures, and Changes in Fund Balance
Budget and Actual (Budgetary Basis)

For the year ended June 30, 2021

	<u>Adopted Budget</u>	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Federal and state grants and contracts	\$ 29,863,930	\$ 29,313,347	\$ 27,735,498	\$ (1,577,849)
Local sources	<u>7,429,507</u>	<u>7,516,398</u>	<u>7,508,972</u>	<u>(7,426)</u>
Total resources	<u>37,293,437</u>	<u>36,829,745</u>	<u>35,244,470</u>	<u>(1,585,275)</u>
Expenditures:				
Government Services:				
Personnel services	3,695,404	3,656,269	3,496,742	159,527
Support services	1,075,076	1,083,288	1,083,288	-
Materials and services	1,579,622	1,629,069	1,460,192	168,877
Services by other organizations	<u>2,822,215</u>	<u>2,719,108</u>	<u>2,631,327</u>	<u>87,781</u>
Government services sub-total	<u>9,172,317</u>	<u>9,087,734</u>	<u>8,671,549</u>	<u>416,185</u>
Senior and disability services:				
Personnel services	21,146,394	21,118,634	18,921,195	2,197,439
Support services	2,376,487	2,373,387	2,376,546	(3,159)
Materials and services	3,563,834	3,412,677	3,576,278	(163,601)
Capital outlay	24,000	19,000	-	19,000
Services by other organizations	<u>1,231,504</u>	<u>1,340,657</u>	<u>1,186,449</u>	<u>154,208</u>
Senior and disability services sub-total	<u>28,342,219</u>	<u>28,264,355</u>	<u>26,060,468</u>	<u>2,203,887</u>
Total expenditures	<u>37,514,536</u>	<u>37,352,089</u>	<u>34,732,017</u>	<u>2,620,072</u>
Revenues over (under) expenditures	<u>(221,099)</u>	<u>(522,344)</u>	<u>512,453</u>	<u>1,034,797</u>
Other financing sources and uses:				
Transfers in	4,104,863	4,210,181	3,939,716	(270,465)
Transfers out	<u>(4,102,764)</u>	<u>(4,192,866)</u>	<u>(3,937,977)</u>	<u>254,889</u>
Total other financing sources and uses	<u>2,099</u>	<u>17,315</u>	<u>1,739</u>	<u>(15,576)</u>
Change in fund balance	(219,000)	(505,029)	514,192	1,019,221
Fund balance, beginning of year	<u>6,001,012</u>	<u>9,273,521</u>	<u>9,263,385</u>	<u>(10,136)</u>
Fund balance, end of year	<u>\$ 5,782,012</u>	<u>\$ 8,768,492</u>	<u>\$ 9,777,577</u>	<u>\$ 1,009,085</u>

SUPPLEMENTARY INFORMATION

Combining Statement of Net Position - Nonmajor Proprietary Funds

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

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

- Enterprise Funds

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

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

Intermediary Relending Program:

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

Lane Council of Governments
Combining Statement of Net Position
Nonmajor Proprietary Funds
June 30, 2021

	Minutes Recording	Economic Development	Total
ASSETS			
Current assets:			
Cash and investments	\$ -	\$ 29,875	\$ 29,875
Accounts receivable	41,991	32,500	74,491
Prepaid expense	28	-	28
Total assets	42,019	62,375	104,394
LIABILITIES			
Current liabilities			
Due to other funds	671	-	671
Accounts payable	2,676	26,097	28,773
Accrued payroll and related liabilities	245	-	245
Unearned revenue	-	24,375	24,375
Total liabilities	3,592	50,472	54,064
NET POSITION			
Unrestricted	38,427	11,903	50,330
Total net position	\$ 38,427	\$ 11,903	\$ 50,330

Lane Council of Governments
Combining Statement of Revenues, Expenses, and Changes in Net Position
Nonmajor Proprietary Funds
For the year ended June 30, 2021

	<u>Minutes Recording</u>	<u>Economic Development</u>	<u>Total</u>
Operating revenues			
Charges for services and rent	\$ <u>77,126</u>	\$ <u>30,048</u>	\$ <u>107,174</u>
Total operating revenues	<u>77,126</u>	<u>30,048</u>	<u>107,174</u>
Operating expenses:			
Personal services	4,355	9,544	13,899
Materials and services	<u>45,531</u>	<u>3,444</u>	<u>48,975</u>
Total operating expenses	<u>49,886</u>	<u>12,988</u>	<u>62,874</u>
Operating income	27,240	17,060	44,300
Transfers out	<u>(30,000)</u>	<u>(2,414)</u>	<u>(32,414)</u>
Change in net position	(2,760)	14,646	11,886
Net position, beginning of year	<u>41,187</u>	<u>(2,743)</u>	<u>38,444</u>
Net position, end of year	<u>\$ 38,427</u>	<u>\$ 11,903</u>	<u>\$ 50,330</u>

Lane Council of Governments
Combining Statement of Cash Flows
Nonmajor Proprietary Funds
For the year ended June 30, 2021

	<u>Minutes Recording</u>	<u>Economic Development</u>	<u>Total Nonmajor Funds</u>
Cash flows from operating activities:			
Cash received from customers	\$ 54,156	\$ 31,071	\$ 85,227
Cash paid to suppliers	(45,557)	(2,059)	(47,616)
Cash paid to employees	<u>(4,382)</u>	<u>(9,787)</u>	<u>(14,169)</u>
Net cash provided (used) by operating activities	<u>4,217</u>	<u>19,225</u>	<u>23,442</u>
Cash flows from noncapital financing activities:			
Transfers	<u>(30,000)</u>	<u>(2,414)</u>	<u>(32,414)</u>
Net cash provided (used) by non-capital financing activities	<u>(30,000)</u>	<u>(2,414)</u>	<u>(32,414)</u>
Net increase (decrease) in cash and cash equivalents	(25,783)	16,811	(8,972)
Cash and cash equivalents, beginning of year	<u>25,783</u>	<u>13,064</u>	<u>38,847</u>
Cash and cash equivalents, end of year	<u>\$ -</u>	<u>\$ 29,875</u>	<u>\$ 29,875</u>
Reconciliation of operating income to net cash provided (used) by operating activities:			
Operating income	\$ 27,240	\$ 17,060	\$ 44,300
(Increase) decrease in:			
Accounts receivable	(23,058)	979	(22,079)
Prepaid expense	108	297	405
Due from other funds	88	44	132
Increase (decrease) in:			
Unearned revenue	-	2,449	2,449
Due to other funds	671	-	671
Accounts payable	(805)	(1,361)	(2,166)
Accrued payroll and related liabilities	<u>(27)</u>	<u>(243)</u>	<u>(270)</u>
Net cash provided (used) by operating activities	<u>\$ 4,217</u>	<u>\$ 19,225</u>	<u>\$ 23,442</u>

Lane Council of Governments
Enterprise Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual (Budgetary Basis)
For the year ended June 30, 2021

	Adopted Budget	Revised Budget	Actual	Variance
Revenues				
Federal and state grants and contracts	\$ -	\$ 590,000	\$ 515,000	\$ (75,000)
Local sources	<u>1,481,844</u>	<u>1,720,710</u>	<u>1,881,594</u>	<u>160,884</u>
Total resources	1,481,844	2,310,710	2,396,594	85,884
Expenditures				
Loan program				
Personnel services	159,357	165,672	153,774	11,898
Support services	44,715	45,317	41,539	3,778
Materials and services	36,330	35,196	16,495	18,701
Services by other organizations	576,000	607,000	572,000	35,000
Debt service	<u>122,500</u>	<u>122,500</u>	<u>122,172</u>	<u>328</u>
Loan program sub-total	<u>938,902</u>	<u>975,685</u>	<u>905,980</u>	<u>69,705</u>
Building program				
Personnel services	5,020	7,741	9,006	(1,265)
Support services	1,409	2,060	2,060	-
Materials and services	427,484	512,695	468,827	43,868
Capital outlay	-	30,000	-	30,000
Debt service	<u>359,327</u>	<u>359,226</u>	<u>359,327</u>	<u>(101)</u>
Building program sub-total	<u>793,240</u>	<u>911,722</u>	<u>839,220</u>	<u>72,502</u>
Economic Development and Minutes Recording programs				
Personnel services	17,107	11,017	13,899	(2,882)
Support services	4,538	3,245	3,245	-
Materials and services	<u>63,654</u>	<u>47,610</u>	<u>45,729</u>	<u>1,881</u>
Economic Development and Minutes Recording programs sub-total	<u>85,299</u>	<u>61,872</u>	<u>62,873</u>	<u>(1,001)</u>
Total expenditures	<u>1,817,441</u>	<u>1,949,279</u>	<u>1,808,073</u>	<u>141,206</u>
Revenues over (under) expenditures	<u>(335,597)</u>	<u>361,431</u>	<u>588,521</u>	<u>227,090</u>
Other financing sources and uses				
Transfers in	35,346	89,153	74,491	(14,662)
Transfers out	<u>(35,945)</u>	<u>(120,926)</u>	<u>(105,530)</u>	<u>15,396</u>
Total other financing sources and uses	<u>(599)</u>	<u>(31,773)</u>	<u>(31,039)</u>	<u>734</u>
Change in fund balance	(336,196)	329,658	557,482	227,824
Fund balance, beginning of year	<u>2,569,709</u>	<u>3,209,355</u>	<u>2,339,575</u>	<u>(869,780)</u>
Fund balance, end of year	<u>\$ 2,233,513</u>	<u>\$ 3,539,013</u>	<u>\$ 2,897,057</u>	<u>\$ (641,956)</u>

Lane Council of Governments
All Organizational Units
Schedule of Resources and Requirements
Budget and Actual (Budgetary Basis)
For the year ended June 30, 2021

	<u>Adopted Budget</u>	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance</u>
Resources:				
Federal and state revenue	\$ 29,863,930	\$ 29,903,347	\$ 28,250,498	\$ (1,652,849)
Local revenue	8,964,695	9,374,462	9,482,423	107,961
Local revenue - member dues	220,000	232,977	232,977	-
Transfers in	4,153,209	4,342,334	4,048,451	(293,883)
Beginning reserves	<u>8,949,270</u>	<u>12,956,179</u>	<u>12,039,164</u>	<u>(917,015)</u>
Total resources	<u>\$ 52,151,104</u>	<u>\$ 56,809,299</u>	<u>\$ 54,053,513</u>	<u>\$ (2,755,786)</u>
Requirements:				
Personnel services	27,307,523	27,392,403	22,854,644	4,537,759
Support services	-	-	3,506,678	(3,506,678)
Materials and services	7,235,524	7,166,996	5,719,535	1,447,461
Capital outlay	24,000	49,000	-	49,000
Services by other organizations	4,629,719	4,666,765	4,389,776	276,989
Debt service	481,827	481,726	481,499	227
Transfers out	4,153,209	4,342,334	4,048,450	293,884
Ending reserves	<u>8,319,302</u>	<u>12,710,075</u>	<u>13,052,931</u>	<u>(342,856)</u>
Total requirements	<u>\$ 52,151,104</u>	<u>\$ 56,809,299</u>	<u>\$ 54,053,513</u>	<u>\$ 2,755,786</u>
Reserves by fund:				
General fund			\$ 378,297	
Special revenue funds			9,777,577	
Enterprise funds			<u>2,897,057</u>	
Reserves as of year end			<u>\$ 13,052,931</u>	

Lane Council of Governments
General Fund
Schedule of Resources and Requirements
Budget and Actual (Budgetary Basis)
For the year ended June 30, 2021

	<u>Adopted Budget</u>	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance</u>
Resources:				
Member agency dues	\$ 220,000	\$ 232,977	\$ 232,977	\$ -
Other local sources	52,217	136,227	90,876	(45,351)
Interest income	1,127	1,127	979	(148)
Transfers in	13,000	43,000	34,244	(8,756)
Beginning reserves	<u>378,549</u>	<u>473,303</u>	<u>436,204</u>	<u>(37,099)</u>
Total resources	<u>\$ 664,893</u>	<u>\$ 886,634</u>	<u>\$ 795,280</u>	<u>\$ (91,354)</u>
Requirements:				
Personnel services	218,570	304,690	260,027	44,663
Materials and services	128,046	150,832	152,013	(1,181)
Transfers out	14,500	28,542	4,943	23,599
Ending reserves	<u>303,777</u>	<u>402,570</u>	<u>378,297</u>	<u>24,273</u>
Total requirements	<u>\$ 664,893</u>	<u>\$ 886,634</u>	<u>\$ 795,280</u>	<u>\$ 91,354</u>

Lane Council of Governments
Government Services
Schedule of Resources and Requirements
Budget and Actual (Budgetary Basis)
For the year ended June 30, 2021

	<u>Adopted Budget</u>	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance</u>
Resources:				
Federal and state grants and contracts	\$ 4,227,933	\$ 4,175,515	\$ 2,588,058	\$ (1,587,457)
Other local sources	6,058,752	5,933,409	6,099,046	165,637
Rental and in-kind income	55,000	66,000	83,172	17,172
Transfers in	968,177	1,250,665	897,542	(353,123)
Beginning reserves	<u>1,359,438</u>	<u>1,576,447</u>	<u>1,566,312</u>	<u>(10,135)</u>
Total resources	<u>\$ 12,669,300</u>	<u>\$ 13,002,036</u>	<u>\$ 11,234,130</u>	<u>\$ (1,767,906)</u>
Requirements:				
Personnel services	3,695,404	3,656,269	3,496,742	159,527
Support services	1,075,076	1,083,288	1,083,288	-
Materials and services	1,579,622	1,629,069	1,460,192	168,877
Services by other organizations	2,822,215	2,719,108	2,631,327	87,781
Transfers out	966,078	1,233,350	895,803	337,547
Ending reserves	<u>2,530,905</u>	<u>2,680,952</u>	<u>1,666,778</u>	<u>1,014,174</u>
Total requirements	<u>\$ 12,669,300</u>	<u>\$ 13,002,036</u>	<u>\$ 11,234,130</u>	<u>\$ 1,767,906</u>

Lane Council of Governments
Senior and Disability Services
Schedule of Resources and Requirements
Budget and Actual (Budgetary Basis)
For the year ended June 30, 2021

	<u>Adopted Budget</u>	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance</u>
Resources:				
Federal and state grants and contracts	\$ 25,635,997	\$ 25,137,832	\$ 25,147,440	\$ 9,608
Other local sources	1,312,355	1,515,789	1,326,040	(189,749)
Interest income	3,400	1,200	714	(486)
Transfers in	3,136,686	2,959,516	3,042,174	82,658
Beginning reserves	<u>4,641,574</u>	<u>7,697,074</u>	<u>7,697,073</u>	<u>(1)</u>
Total resources	<u>\$ 34,730,012</u>	<u>\$ 37,311,411</u>	<u>\$ 37,213,441</u>	<u>\$ (97,970)</u>
Requirements:				
Personnel services	21,146,394	21,118,634	18,921,195	2,197,439
Support services	2,376,487	2,373,387	2,376,546	(3,159)
Materials and services	3,563,834	3,412,677	3,576,278	(163,601)
Capital outlay	24,000	19,000	-	19,000
Services by other organizations	1,231,504	1,340,657	1,186,449	154,208
Transfers out	3,136,686	2,959,516	3,042,174	(82,658)
Ending reserves	<u>3,251,107</u>	<u>6,087,540</u>	<u>8,110,799</u>	<u>(2,023,259)</u>
Total requirements	<u>\$ 34,730,012</u>	<u>\$ 37,311,411</u>	<u>\$ 37,213,441</u>	<u>\$ 97,970</u>

Lane Council of Governments
Enterprise Fund
Schedule of Resources and Requirements
Budget and Actual (Budgetary Basis)
For the year ended June 30, 2021

	<u>Adopted Budget</u>	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance</u>
Resources:				
Federal and state grants and contracts	\$ -	\$ 590,000	\$ 515,000	\$ (75,000)
Charges for services and rents	1,481,544	1,716,178	1,876,613	160,435
Interest income	300	4,532	4,983	451
Transfers in	35,346	89,153	74,491	(14,662)
Beginning reserves	<u>2,569,709</u>	<u>3,209,355</u>	<u>2,339,575</u>	<u>(869,780)</u>
Total resources	<u>\$ 4,086,899</u>	<u>\$ 5,609,218</u>	<u>\$ 4,810,662</u>	<u>\$ (798,556)</u>
Requirements:				
Personnel services	181,484	184,430	176,680	7,750
Support services	50,662	50,622	46,844	3,778
Materials and services	527,468	595,501	531,052	64,449
Capital outlay	-	30,000	-	30,000
Services by other organizations	576,000	607,000	572,000	35,000
Debt service	481,827	481,726	481,499	227
Transfers out	35,945	120,926	105,530	15,396
Ending reserves	<u>2,233,513</u>	<u>3,539,013</u>	<u>2,897,057</u>	<u>641,956</u>
Total requirements	<u>\$ 4,086,899</u>	<u>\$ 5,609,218</u>	<u>\$ 4,810,662</u>	<u>\$ 798,556</u>

Lane Council of Governments
Statement of Net Position
Intermediary Relending Program
June 30, 2021

ASSETS

Current assets:

Cash and investments	\$ 1,378,802
Current maturities of loans receivable	113,116
Accrued interest receivable	4,405
Prepaid expense	<u>178</u>
Total current assets	<u>1,496,501</u>

Noncurrent assets

Loans receivable, net of current maturities and allowance	<u>935,868</u>
-----------------------------------------------------------	----------------

Total assets	<u>2,432,369</u>
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LIABILITIES

Current liabilities

Accounts payable	1,047
Accrued payroll and related liabilities	2,647
Accrued interest payable	5,354
Current maturities of loans payable	<u>110,310</u>

Total current liabilities	<u>119,358</u>
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Noncurrent liabilities

Long-term debt, net of current maturities	<u>1,076,406</u>
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Total noncurrent liabilities	<u>1,076,406</u>
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Total liabilities	<u>1,195,764</u>
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NET POSITION

Restricted by USDA	<u>1,236,605</u>
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Total net position	<u>\$ 1,236,605</u>
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Lane Council of Governments
Schedule of Revenues, Expenses, and Changes in Net Position
Intermediary Relending Program
For the year ended June 30, 2021

Operating revenues	
Loan interest revenue	\$ 82,140
Loan fees revenue	<u>894</u>
Total operating revenues	<u>83,034</u>
Operating expenses:	
Personal services	47,587
Materials and services	<u>16,190</u>
Total operating expenses	<u>63,777</u>
Operating loss	19,257
Nonoperating revenues	
Interest income	3,193
Interest expense	<u>(12,584)</u>
Total nonoperating revenues (expenses)	<u>(9,391)</u>
Loss before transfers	9,866
Transfers out	<u>(12,762)</u>
Change in net position	(2,896)
Net position, beginning of year	<u>1,239,501</u>
Net position, end of year	<u>\$ 1,236,605</u>

STATISTICAL SECTION

Lane Council of Governments
Net Position by Components

For the Fiscal Years Ended June 30, 2010-2019

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

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Financial Trends 68 - 77

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

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

Revenue Capacity 78 - 79

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

Revenue by Source – Governmental Funds
Member Dues

Debt Capacity 80

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

Ratios of Outstanding Debt

Demographic and Economic Information 81 - 83

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

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

Lane Council of Governments
Net Position by Components
For the Fiscal Years Ended June 30, 2012-2021

<u>Fiscal year ended June 30,</u>	<u>2012**</u>	<u>2013**</u>	<u>2014**</u>	<u>2015**</u>	<u>2016**</u>
Governmental activities					
Net investment in capital assets	\$ 2,142,997 (a)	\$ 449,951	\$ 420,167	\$ 10,707,658 (d)	\$ 10,229,273
Restricted	3,009,472	2,512,187	3,753,886	5,988,719	6,226,559
Unrestricted	<u>(3,280,763)</u>	<u>(1,490,168) (b)</u>	<u>(6,810,666) (c)</u>	<u>(4,961,031)</u>	<u>(7,393,685)</u>
Total governmental activities net position	<u>1,871,706</u>	<u>1,471,970</u>	<u>(2,636,613)</u>	<u>11,735,346</u>	<u>9,062,147</u>
Business-type activities					
Net investment in capital assets	970,905 (a)	825,246	662,237	2,025,428	2,025,069
Restricted	1,273,170 (a)	2,389,938	3,061,538	2,989,626	3,005,526
Unrestricted	<u>1,227,176</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>285,148</u>
Total business-type activities net position	<u>3,471,251</u>	<u>3,215,184</u>	<u>3,723,775</u>	<u>5,015,054</u>	<u>5,315,743</u>
Primary government					
Net investment in capital assets	3,113,902	1,275,197	1,082,404	12,733,086	12,254,342
Restricted	4,282,642	4,902,125	6,815,424	8,978,345	9,232,085
Unrestricted	<u>(2,053,587)</u>	<u>(1,490,168)</u>	<u>(6,810,666)</u>	<u>(4,961,031)</u>	<u>(7,108,537)</u>
Total primary government net position	<u>\$ 5,342,957 (a)</u>	<u>\$ 4,687,154 (b)</u>	<u>\$ 1,087,162 (c)</u>	<u>\$ 16,750,400 (d)</u>	<u>\$ 14,377,890 (e)</u>

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

- (a) \$5,342,957 net position is restated, \$5,380,787 minus prior period adjustments of \$37,830 and \$1,692,542 reclassification across activities (net zero change).
- (b) \$4,687,154 net position is restated, \$4,968,409 minus prior period adjustment of \$281,255 for unrecorded costs.
- (c) \$1,087,162 net position is restated, \$6,564,377 minus prior period adjustments of \$5,386,694 for pension liability, \$90,521 for costs not recorded and fund transferred to new category \$4,003.
- (d) \$16,750,400 net position is restated, \$548,926 plus prior period adjustments of \$11,201,474. Major fiber optics project was completed and capitalized.
- (e) \$14,377,890 net position is restated, \$14,455,721 minus prior period adjustments of (\$77,831).
- (f) \$11,484,267 net position is restated, \$11,798,387 minus prior period adjustments of (\$314,120) due primarily to first year implementation of GASB 75 reporting.
- (g) \$8,743,262 net position is restated, \$8,490,606 plus prior period adjustment of \$252,656

Lane Council of Governments
Net Position by Components, Continued
For the Fiscal Years Ended June 30, 2012-2021

<u>Fiscal year ended June 30,</u>	<u>2017</u>	<u>2018**</u>	<u>2019</u>	<u>2020**</u>	<u>2021</u>
Governmental activities					
Net investment in capital assets	\$ 10,016,507	\$ 10,049,072	\$ 9,867,313	\$ 10,206,510	\$ 10,834,785
Restricted	4,521,548	5,633,688	5,788,384	8,862,116	9,545,784
Unrestricted	(7,986,671)	(10,212,617)	(12,050,417)	(16,235,534)	(19,146,048)
Total governmental activities net position	<u>6,551,384</u>	<u>5,470,143</u>	<u>3,605,280</u>	<u>2,833,092</u>	<u>1,234,521</u>
Business-type activities					
Net investment in capital assets	1,869,243	1,750,373	1,558,617	1,931,985	1,693,953
Restricted	3,294,889	2,240,672		-	-
Unrestricted	435,650	2,023,081	4,228,904	3,978,185	4,654,403
Total business-type activities net position	<u>5,599,782</u>	<u>6,014,126</u>	<u>5,787,521</u>	<u>5,910,170</u>	<u>6,348,356</u>
Primary government					
Net investment in capital assets	11,885,750	11,799,445	11,425,930	12,138,495	12,528,738
Restricted	7,816,437	7,874,360	5,788,384	8,862,116	9,545,784
Unrestricted	(7,551,021)	(8,189,538)	(7,821,513)	(12,257,349)	(14,491,645)
Total primary government net position	<u>\$ 12,151,166</u>	<u>\$ 11,484,267</u> (f)	<u>\$ 9,392,801</u>	<u>\$ 8,743,262</u> (g)	<u>\$ 7,582,877</u>

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

- (a) \$5,342,957 net position is restated, \$5,380,787 minus prior period adjustments of \$37,830 and \$1,692,542 reclassification across activities (net zero change).
- (b) \$4,687,154 net position is restated, \$4,968,409 minus prior period adjustment of \$281,255 for unrecorded costs.
- (c) \$1,087,162 net position is restated, \$6,564,377 minus prior period adjustments of \$5,386,694 for pension liability, \$90,521 for costs not recorded and fund transferred to new category \$4,003.
- (d) \$16,750,400 net position is restated, \$548,926 plus prior period adjustments of \$11,201,474. Major fiber optics project was completed and capitalized.
- (e) \$14,377,890 net position is restated, \$14,455,721 minus prior period adjustments of (\$77,831).
- (f) \$11,484,267 net position is restated, \$11,798,387 minus prior period adjustments of (\$314,120) due primarily to first year implementation of GASB 75 reporting.
- (g) \$8,743,262 net position is restated, \$8,490,606 plus prior period adjustment of \$252,656

Lane Council of Governments
Changes in Net Position, by Activity
For the Fiscal Years Ended June 30, 2012-2021

	Governmental Activities	Business-Type Activities	Total Change in Net Position	Net Change from Prior Year
FY12	(927,072)	1,396,521	469,449	31,489
FY13	(118,481)	(256,067)	(374,548)	(843,997) (a)
FY14	(4,108,583)	508,591	(3,599,992)	(3,225,444) (b)
FY15	14,371,959	1,291,279	15,663,238	19,263,230 (c)
FY16	(2,673,199)	300,689	(2,372,510)	(18,035,748) (c)
FY17	(2,510,763)	284,041	(2,226,722)	145,788 (d)
FY18	(767,121)	431,743	(335,378)	1,891,344 (e)
FY19	(1,864,861)	(226,605)	(2,088,945)	(1,753,567) (e)
FY20	(1,024,844)	375,305	(649,539)	1,439,406 (e)(f)
FY21	(1,598,571)	438,186	(1,160,385)	(510,846) (e)

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

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

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

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

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

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

(f): Net change from prior year includes prior period adjustment of \$252,656.

Lane Council of Governments
Statement of Activities and Changes in Net Position
For the Fiscal Years Ended June 30, 2012-2021

Activity	2012	2013	2014	2015	2016
EXPENSES					
Governmental activities					
Board/executive	\$ 462,594	\$ 178,135	\$ 367,978	\$ 481,450	\$ 3,833,110
Government Services	11,936,489	8,937,325	6,311,321	7,939,900	5,812,658
Senior and disabled services	13,072,160	13,783,793	14,900,572	12,781,146	25,148,879
Interest on long-term debt	24,043	67,947	66,072	-	25,645
Business-type activities					
Washington Mutual Building	-	-	-	-	-
Park Place Building	1,164,945	1,157,348	1,196,976	993,618	1,028,278
Springfield Building	247,902	255,269	241,689	213,455	136,051
Schaefers Building	360,312	284,984	240,916	4,075	-
Loan program	494,026	473,694	388,712	325,557	266,620
Business services	55,156	65,467	52,218	117,009	180,484
Total Expenses	27,817,627	25,203,962	23,766,454	22,856,210	36,431,725
REVENUES					
Governmental activities					
Operating grants and contributions					
Board/executive	-	-	-	-	-
Government Services	8,568,716	6,328,256	4,072,961	985,344	1,229,439
Senior and disability services	10,664,575	11,305,728	12,621,471	17,898,351	27,152,785
Charges for services					
Board/executive	114,137	311,079	913,163	100,760	44,963
Government Services	3,082,496	2,361,194	2,797,142	320,720	454,724
Senior and disabled services	2,476,599	2,450,180	2,543,886	5,825,753	1,131,366
Business-type activities					
Operating grants and contributions					
Loan program	-	-	-	-	110,000
Charges for services					
Washington Mutual Building	-	-	-	-	-
Park Place Building	911,080	937,263	976,354	1,018,686	997,920
Springfield Building	345,688	253,634	234,066	266,262	182,890
Schaefers Building	377,145	206,071	206,087	-	-
Loan program	307,729	287,804	282,036	302,738	383,522
Minutes Recording	76,579	71,817	66,842	58,842	90,723
Economic Development	-	-	-	-	31,134
Business Services	-	-	-	-	-
Total Revenues	26,924,744	24,513,026	24,714,008	26,777,456	31,809,466
NET EXPENSE (REVENUE)					
Governmental activities	(588,763)	(210,763)	1,302,680	3,928,432	(4,807,014)
Business-type activities	(304,120)	(480,173)	(355,126)	(7,186)	192,546
Total Net Expense	\$ (892,883)	\$ (690,936)	\$ 947,554	\$ 3,921,246	\$ (4,614,468)
GENERAL REVENUES AND OTHER CHANGES IN NET POSITION					
Governmental activities					
Unrestricted investment earnings	\$ -	\$ -	\$ -	\$ -	4,504
Member dues	233,848	195,879	196,361	197,825	206,671
Other	-	-	-	-	195,611
Gain (loss) on disposition of capital assets	(7,960)	-	-	-	1,638,361
Loans made (to Park Place Building)	(418,000)	-	-	40,768	-
Transfers	53,235	(103,597)	(129,006)	(36,768)	94,728
Business-type activities					
Unrestricted investment earnings	235,376	166,605	420,291	230,307	5,080
Gain (loss) on disposition of capital assets	-	(46,096)	413,402	71,617	-
Loans made (to Park Place Building)	418,000	-	-	-	-
Tenant Improvement expenses	-	-	(14,896)	-	-
Capital Contributions	-	-	(85,489)	-	-
Special Items - Transfer of Assets	-	-	-	-	269,563
Transfers	(53,235)	103,597	129,007	36,768	(94,728)
Total General Revenues	461,264	316,388	929,670	540,517	2,319,790
Change in Net Position					
Governmental activities	(727,640)	(118,481)	1,370,035	4,130,257	(2,667,139)
Business-type activities	296,021	(256,067)	507,188	331,507	372,460
Total Change in Net Position	(431,619)	(374,548)	1,877,223	4,461,764	(2,294,679)
Net position, beginning of year, previously reported					
Governmental activities	944,634	1,871,706	1,471,970	(2,636,613)	11,735,346
Business-type activities	4,867,772	3,471,251	3,215,184	3,723,775	5,015,054
Total net position, beginning of year	5,812,406	5,342,957	4,687,154	1,087,162	16,750,400
Prior period adjustments					
Governmental activities	1,654,712	(281,255)	(5,472,812)	10,241,702	(6,060)
Business - type activities	(1,692,542)	-	-	959,772	(71,771)
Total prior period adjustments	(37,830)	(281,255)	(5,472,812)	11,201,474	(77,831)
Net position, end of year					
Governmental activities	1,871,706	1,471,970	(2,636,613)	11,735,346	9,062,147
Business-type activities	3,471,251	3,215,184	3,723,775	5,015,054	5,315,743
Total NET POSITION, end of year	\$ 5,342,957	\$ 4,687,154	\$ 1,087,162	\$ 16,750,400	\$ 14,377,890

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

Lane Council of Governments
Statement of Activities and Changes in Net Position, Continued
For the Fiscal Years Ended June 30, 2012-2021

Activity	2017	2018	2019	2020	2021
EXPENSES					
Governmental activities					
Board/executive	\$ 569,856	\$ 752,469	\$ 629,931	\$ 823,264	\$ 670,263
Government Services	6,523,490	6,936,685	7,310,521	8,045,146	8,485,363
Senior and disabled services	21,438,033	21,071,850	23,497,390	27,508,312	28,357,062
Interest on long-term debt	-	-	-	-	-
Business-type activities					
Washington Mutual Building	-	-	-	-	-
Park Place Building	950,775	964,361	1,024,742	998,585	1,034,467
Springfield Building	-	-	-	-	-
Schaefers Building	-	-	-	-	-
Loan program	269,827	217,000	238,770	182,444	224,392
Business services	83,770	74,393	93,879	78,598	62,874
Total Expenses	29,835,751	30,016,758	32,795,233	37,636,349	38,834,421
REVENUES					
Governmental activities					
Operating grants and contributions					
Board/executive	-	-	-	-	-
Government Services	1,542,754	1,723,601	1,775,801	2,246,667	2,218,840
Senior and disability services	18,266,081	20,407,300	21,025,348	25,836,672	25,516,659
Charges for services					
Board/executive	46,686	44,102	52,097	71,167	83,172
Government Services	4,888,069	4,929,934	5,218,592	5,935,009	6,418,275
Senior and disabled services	1,061,060	1,070,148	1,132,808	1,302,807	1,408,890
Business-type activities					
Operating grants and contributions					
Loan program	175,000	31,000	-	-	515,000
Charges for services					
Washington Mutual Building	-	-	-	-	-
Park Place Building	912,423	907,337	915,670	1,022,967	954,050
Springfield Building	-	-	-	-	-
Schaefers Building	-	-	-	-	-
Loan program	381,885	209,129	213,807	212,866	209,752
Minutes Recording	84,510	82,031	101,600	82,384	77,126
Economic Development	34,742	30,513	33,104	32,500	30,048
Business Services	-	-	-	-	-
Total Revenues	27,393,210	29,435,095	30,468,827	36,743,039	37,431,812
NET EXPENSE (REVENUE)					
Governmental activities	(2,726,727)	(585,919)	(2,233,196)	(984,400)	(1,866,852)
Business-type activities	284,188	4,256	(93,210)	91,090	464,243
Total Net Expense	\$ (2,442,539)	\$ (581,663)	\$ (2,326,406)	\$ (893,310)	\$ (1,402,609)
GENERAL REVENUES AND OTHER CHANGES IN NET POSITION					
Governmental activities					
Unrestricted investment earnings	\$ 2,930	\$ 4,859	\$ 5,653	\$ 4,264	\$ 4,264
Member dues	211,946	215,700	221,298	231,203	232,977
Other	-	-	-	-	-
Gain (loss) on disposition of capital assets	-	-	-	-	-
Loans made (to Park Place Building)	-	-	-	-	-
Transfers	1,088	(401,763)	143,905	(275,911)	31,040
Business-type activities					
Unrestricted investment earnings	941	8,325	10,510	8,304	4,983
Gain (loss) on disposition of capital assets	-	-	-	-	-
Loans made (to Park Place Building)	-	-	-	-	-
Tenant Improvement expenses	-	-	-	-	-
Capital Contributions	-	-	-	-	-
Special Items - Transfer of Assets	-	-	-	-	-
Transfers	(1,088)	401,763	(143,905)	275,911	(31,040)
Total General Revenues	215,817	228,884	237,461	243,771	242,224
Change in Net Position					
Governmental activities	(2,510,763)	(767,123)	(1,862,340)	(1,024,844)	(1,598,571)
Business-type activities	284,039	414,344	(226,605)	375,305	438,186
Total Change in Net Position	(2,226,724)	(352,779)	(2,088,945)	(649,539)	(1,160,385)
Net position, beginning of year, previously reported					
Governmental activities	9,062,147	6,551,384	5,470,141	3,605,280	2,833,092
Business-type activities	5,315,743	5,599,782	6,014,126	5,787,521	5,910,170
Total net position, beginning of year	14,377,890	12,151,166	11,484,267	9,392,801	8,743,262
Prior period adjustments					
Governmental activities	-	(314,120)	-	-	-
Business - type activities	-	-	-	252,656	-
Total prior period adjustments	-	(314,120)	-	252,656	-
Net position, end of year					
Governmental activities	6,551,384	5,470,141	3,607,801	2,833,092	1,234,521
Business-type activities	5,599,782	6,014,126	5,787,521	5,910,170	6,348,356
Total NET POSITION, end of year	\$ 12,151,166	\$ 11,484,267	\$ 9,395,322	\$ 8,743,262	\$ 7,582,877

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

Lane Council of Governments
Fund Balances - Governmental Funds
For the Fiscal Years Ended June 30, 2012-2021

<u>Fiscal year ending June 30,</u>	2012	2013	2014	2015	2016
General Fund					
Non spendable					
Prepaid expenditures	\$ 46,391	\$ 36,533	\$ 7,843	\$ 5,290	\$ 17,655
Advances to other funds	418,000	418,000	333,730	293,931	361,154
Loan to Consortium	-	-	-	-	-
Committed	-	-	-	-	-
Unassigned	(227,252)	51,045	50,461	611,132	86,721
Total General Fund	<u>\$ 237,139</u>	<u>\$ 505,578</u>	<u>\$ 392,034</u>	<u>\$ 910,353</u>	<u>\$ 465,530</u>
All Other Governmental Funds					
Non spendable					
Telecommunications	\$ -	\$ -	\$ 10,063	\$ 10,360	\$ 16,321
Grants and contracts	-	-	5,720	49,093	369,868
Restricted for:					
Telecommunications	1,861,227	1,582,507	2,050,770	1,872,710	1,436,908
Grants and contracts	1,148,245	929,681	1,691,736	2,441,211	2,985,105
Other					
Assigned:					
Telecommunications	-	-	-	-	268,523
Unassigned	-	-	-	-	-
Total of all other governmental funds	<u>\$ 3,009,472</u>	<u>\$ 2,512,188</u>	<u>\$ 3,758,289</u>	<u>\$ 4,373,374</u>	<u>\$ 5,076,725</u>

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

Lane Council of Governments
Fund Balances - Governmental Funds, Continued
For the Fiscal Years Ended June 30, 2012-2021

<u>Fiscal year ending June 30,</u>	2017	2018	2019	2020	2021
General Fund					
Non spendable					
Prepaid expenditures	\$ 25,262	\$ -	\$ -	\$ 18,325	\$ 9,566
Advances to other funds	211,175	169,486	127,589	85,483	43,166
Loan to Consortium	-	-	-		
Committed	597,154	-	337,154	287,000	273,777
Unassigned	141,122	419,869	259,290	201,760	521,924
Total General Fund	\$ 974,713	\$ 589,355	\$ 724,033	\$ 592,568	\$ 848,433
All Other Governmental Funds					
Non spendable					
Telecommunications	\$ 13,297	\$ 4,434	\$ 6,333	\$ 29,086	\$ -
Grants and contracts	331,353	482,718	368,671	372,183	231,794
Restricted for:					
Telecommunications	1,611,308	1,364,915	702,630	623,064	-
Grants and contracts	2,910,240	4,268,773	5,085,754	8,239,052	9,545,784
Other					
Assigned:					
Telecommunications	121,868	-	-		-
Unassigned	-	-	-		-
Total of all other governmental funds	\$ 4,988,066	\$ 6,120,840	\$ 6,163,388	\$ 9,263,385	\$ 9,777,578

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

Lane Council of Governments
Changes in Fund Balance - Governmental Funds

For the Fiscal Years Ended June 30, 2012-2021

<u>Fiscal year ending June 30,</u>	2012	2013	2014	2015	2016
Revenues					
Member agency dues	\$ 233,848	\$ 195,879	\$ 196,361	\$ 197,825	\$ 206,671
Federal and state grants and contracts	18,968,748	17,378,504	16,586,244	15,376,937	19,932,496
Other local sources	5,783,840	5,122,453	6,254,191	10,890,234	7,464,581
Rental and In-Kind Income	264,543	255,481	108,188	77,620	79,298
Total revenues	25,250,979	22,952,317	23,144,984	26,542,616	27,683,046
Expenditures					
Current:					
Board/executive services	463,946	178,631	366,691	336,584	505,384
Government services	10,801,801	7,923,595	4,833,042	4,040,448	3,376,298
Telecommunications	1,169,583	1,038,591	1,456,207	1,773,838	1,821,258
Senior and disabled services	13,110,375	13,822,135	14,848,465	19,501,427	21,273,267
Debt service:					
Principal	207,073	32,813	34,688	36,674	1,129,073
Interest	24,043	67,947	66,072	64,086	25,645
Financing costs	-	-	-	-	-
Capital outlay	43,221	13,854	-	-	142,783
Total expenditures	25,820,042	23,077,566	21,605,165	25,753,057	28,273,708
Excess of revenue over (under) expenditures	(569,063)	(125,249)	1,539,819	789,559	(590,662)
Other financing sources (uses):					
Sale of capital assets	-	-	-	-	1,369,161
Transfers In	2,279,135	2,504,752	2,947,650	3,929,427	3,078,081
Transfers Out	(2,643,901)	(2,608,349)	(3,076,656)	(3,866,553)	(2,983,354)
Total other financing sources (uses)	(364,766)	(103,597)	(129,006)	62,874	1,463,888
Net change in fund balances	\$ (933,829)	\$ (228,846)	\$ 1,410,813	\$ 852,433	\$ 873,226
Debt service as a % of noncapital expenditures	0.90%	0.44%	0.47%	0.39%	4.28%

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

Lane Council of Governments
Changes in Fund Balance - Governmental Funds, Continued

For the Fiscal Years Ended June 30, 2012-2021

<u>Fiscal year ending June 30,</u>	2017	2018	2019	2020	2021
Revenues					
Member agency dues	\$ 211,946	\$ 215,700	\$ 218,778	\$ 231,203	\$ 232,977
Federal and state grants and contracts	19,327,141	22,130,901	22,801,149	28,083,339	27,735,499
Other local sources	6,198,676	6,004,941	6,357,053	7,261,861	7,831,429
Rental and In-Kind Income	324,157	44,102	52,097	68,970	83,172
Total revenues	<u>26,061,920</u>	<u>28,395,644</u>	<u>29,429,077</u>	<u>35,645,373</u>	<u>35,883,077</u>
Expenditures					
Current:					
Board/executive services	465,498	610,227	416,590	442,069	412,040
Government services	4,204,936	4,651,416	4,445,128	5,332,707	8,671,548
Telecommunications	1,458,717	1,514,708	1,846,483	2,458,770	-
Senior and disabled services	19,763,542	19,881,175	21,965,442	24,381,044	26,060,469
Debt service:					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Financing costs	-	-	-	-	-
Capital outlay	448,067	758,425	555,147	36,476	-
Total expenditures	<u>26,340,760</u>	<u>27,415,951</u>	<u>29,228,790</u>	<u>32,651,066</u>	<u>35,144,057</u>
Excess of revenue over (under) expenditures	<u>(278,840)</u>	<u>979,693</u>	<u>200,286</u>	<u>2,994,307</u>	<u>739,020</u>
Other financing sources (uses):					
Sale of capital assets	-	-	-	-	-
Transfers In	42,416	227,994	934,313	130,418	31,738
Transfers Out	(41,329)	(629,757)	(790,408)	(406,329)	(699)
Total other financing sources (uses)	<u>1,087</u>	<u>(401,763)</u>	<u>143,905</u>	<u>(275,911)</u>	<u>31,039</u>
Net change in fund balances	<u>\$ (277,753)</u>	<u>\$ 577,930</u>	<u>\$ 344,191</u>	<u>\$ 2,718,396</u>	<u>\$ 770,059</u>
Debt service as a % of noncapital expenditures	0.00%	0.00%	0.00%	0.00%	0.00%

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

Lane Council of Governments
Net Capital Assets by Activity
For the Fiscal Years Ended June 30, 2012-2021

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total Net Capital Assets</u>	<u>Net Change from Prior Year</u>
FY12	488,285	10,363,860	10,852,145	223,108 (a)
FY13	449,680	9,920,744	10,370,424	(481,721)
FY14	420,166	9,403,463	9,823,629	(546,795)
FY15	137,081	7,848,220	7,985,301	(1,838,328) (a),(b)
FY16	10,229,273	6,895,445	17,124,718	9,139,417 (a),(c)
FY17	10,031,332	6,599,622	16,630,954	(493,764) (a)
FY18	10,049,071	6,362,913	16,411,984	(218,970) (d)
FY19	9,867,313	6,049,849	15,917,162	(494,822) (e)
FY20	10,206,510	6,297,888	16,504,398	587,236 (f)
FY21	10,834,785	5,926,046	16,760,831	256,433 (g)
Average	<u>\$ 4,167,220</u>	<u>\$ 6,344,412</u>	<u>\$ 10,511,632</u>	<u>\$ 528,813</u>

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

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

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

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

(d) Reflects equipment additions.

(e) Reflects telephone system replacement equipment additions.

(f) Reflects Downtown Fiber Project Construction in Progress

(g) Reflects Completion of Downtown Fiber Project Construction

Lane Council of Governments
Revenue by Source - Governmental Funds
For the Fiscal Years Ended June 30, 2012-2021

	<u>Federal and State Revenue</u>	<u>Local Revenue</u>	<u>Member Dues</u>	<u>In Kind Revenue</u>	<u>Total Revenues Governmental Funds</u>
FY12	18,968,748	5,783,839	233,848	264,543	25,250,978
FY13	17,378,504	5,122,453	195,879	255,481	22,952,317
FY14	16,586,244	6,254,190	196,361	108,188	23,144,982
FY15	17,444,690	8,822,481	197,825	77,620	26,542,616
FY16	19,932,496	10,201,600	206,671	79,298	30,420,065
FY17	19,327,141	6,198,676	211,946	324,157	26,061,920
FY18	22,130,901	6,004,941	215,700	44,102	28,395,644
FY19	22,801,149	6,357,053	218,778	52,097	29,429,077
FY20	28,083,339	7,261,861	231,203	68,970	35,645,373
FY21	27,735,499	7,831,429	232,977	83,172	35,883,077
Average	<u>\$ 21,038,871</u>	<u>\$ 6,983,852</u>	<u>\$ 214,119</u>	<u>\$ 135,763</u>	<u>\$ 28,372,605</u>

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

Lane Council of Governments
Member Dues
For the Fiscal Years Ended June 30, 2012-2021

Member Agency	FY12	FY13	FY14	FY15	FY16*	FY17*	FY18*	FY19*	FY20*	FY21*
Bethel School District 52	\$ 646	\$ 559	\$ 559	\$ 573	\$ 1,000	\$ 1,000	\$ 1,000	\$ 500	\$ 510	\$ 640
City of Coburg	510	410	410	410	1,000	1,000	1,000	1,500	1,020	1,000
City of Cottage Grove	4,463	3,823	3,823	3,832	3,908	3,950	3,956	3,968	4,142	4,198
City of Creswell	2,277	1,967	1,967	1,957	1,996	2,050	2,144	2,164	2,258	2,281
City of Dunes City	268	512	512	512	522	1,000	1,000	1,000	1,020	557
City of Eugene	74,187	61,629	61,629	62,020	63,334	65,360	66,354	67,112	70,254	70,881
City of Florence	4,507	3,323	3,323	3,323	3,388	3,448	3,472	3,498	3,641	3,664
City of Junction City	2,665	2,136	2,136	2,136	2,178	2,348	2,404	2,430	2,536	2,554
City of Lowell	489	410	410	414	500	500	500	500	510	1000
City of Oakridge	1,770	1,257	1,257	1,259	1,284	1,296	1,302	1,298	1,358	1,368
City of Springfield	27,530	23,417	23,417	23,473	23,936	24,054	24,056	24,262	25,198	25,401
City of Veneta	2,366	1,808	1,808	1,808	1,844	1,880	1,902	1,914	1,983	1,987
City of Westfir	160	100	100	100	1,000	1,000	1,000	1,000	1,020	1,000
Creswell School District	-	-	52	123	1,000	500	500	500	510	500
EPUD	2,420	1,996	1,996	2,598	2,660	2,047	2,153	2,168	2,020	2,475
Eugene School District 4J	1,916	1,651	1,651	1,647	1,687	1,720	1,740	1,735	1,943	1,980
EWEB	20,471	8,530	8,530	8,530	8,736	8,901	9,231	9,280	10,509	10,591
Fern Ridge Library District	470	392	392	392	500	500	500	500	510	500
Heceta Water District	-	-	90	216	500	500	500	500	510	500
Junction City RFPD	-	-	-	-	-	1,000	1,000	1,000	1,020	1,000
Lane Community College	1,750	1,506	1,506	1,369	1,402	1,438	1,372	1,326	1,478	1,513
Lane County	90,623	76,635	76,635	76,635	77,694	79,673	80,507	81,532	86,278	87,142
Lane ESD	470	392	392	392	1,000	1,000	1,000	1,000	1,020	1,000
Lane Library District	470	392	392	392	500	500	1,000	500	510	500
McKenzie School District 68	23	20	20	21	500	500	500	500	510	500
Port of Siuslaw	470	392	392	392	500	500	500	1,000	1,020	1,000
Rainbow Water District	-	-	-	-	-	-	-	500	1,020	1,000
River Road Park&Rec District	470	392	392	392	1,000	500	1,000	500	510	500
Siuslaw Library District	-	-	163	392	500	500	500	500	510	500
Siuslaw Rural FPD #1	470	392	392	392	500	500	500	1,000	1,020	1,000
South Lane School District	-	-	177	265	500	500	1,000	1,000	1,020	1,000
Springfield School District 19	1,193	1,054	1,054	1,076	1,102	1,105	1,107	1,091	1,225	1,245
Western Lane Ambulance	470	392	392	392	500	500	500	1,000	1,000	1,000
Willamalane Parks & Rec District	470	392	392	392	-	500	500	500	1,020	1,000
Total Member Dues	\$ 243,994	\$ 195,879	\$ 196,361	\$ 197,825	\$ 206,671	\$ 211,770	\$ 215,700	\$ 218,778	\$ 230,613	\$ 232,977

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

Lane Council of Governments
Ratios of Outstanding Debt
For the Fiscal Years Ended June 30, 2012-2021

Fiscal Year	Building Loans		Business Loans		Total Loans	Total Outstanding Debt
	Building Loans	% of Total Loans	Business Loans	Loans % of Total Loans		
2021	\$ 4,232,093	78.10%	\$ 1,186,716	21.90%	\$ 5,418,809	\$ 5,418,809
2020	4,365,903	77.11%	1,295,916	22.89%	5,661,819	5,661,819
2019	4,491,232	76.19%	1,403,816	23.81%	5,895,048	5,895,048
2018	4,612,540	74.66%	1,565,251	25.34%	6,177,791	6,177,791
2017	4,730,379	74.54%	1,615,358	25.46%	6,345,737	6,345,737
2016	4,825,000	73.71%	1,720,898	26.29%	6,545,898	6,545,898
2015	6,900,617	79.09%	1,824,758	20.91%	8,725,375	8,725,375
2014	7,457,153	79.46%	1,927,649	20.54%	9,384,802	9,384,802
2013	10,250,699	77.02%	3,058,149	22.98%	13,308,848	13,308,848
2012	10,626,208	76.67%	3,233,719	23.33%	13,859,927	13,859,927

Lane Council of Governments
Total Population by Jurisdiction
For the Fiscal Years Ended June 30, 2012-2021

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021*
State of Oregon	3,883,735	3,919,020	3,962,710	4,013,845	4,076,350	4,141,100	4,195,300	4,236,400	4,268,055	4,266,560
LCOG Region:										
Lane County	354,200	356,125	358,805	362,150	365,940	370,600	375,120	378,880	381,365	382,647
Lane County % of state	9.1%	9.1%	9.1%	9.0%	9.0%	8.9%	8.9%	8.9%	8.9%	9.0%
Coburg	1,045	1,045	1,045	1,055	1,070	1,085	1,195	1,295	1,375	1,322
Cottage Grove	9,770	9,785	9,840	9,875	9,890	9,920	10,005	10,140	10,155	10,792
Creswell	4,990	5,020	5,075	5,125	5,360	5,410	5,455	5,510	5,585	5,684
Dunes City	1,305	1,310	1,315	1,315	1,320	1,325	1,335	1,345	1,365	1,454
Eugene	158,335	159,580	160,775	163,400	165,885	167,780	169,695	171,210	173,620	175,626
Florence	8,470	8,480	8,565	8,620	8,680	8,745	8,795	8,850	8,925	9,600
Junction City	5,445	5,550	5,620	5,870	6,010	6,075	6,125	6,160	6,200	7,032
Lowell	1,055	1,060	1,060	1,065	1,070	1,070	1,075	1,090	1,090	1,211
Oakridge	3,210	3,215	3,220	3,240	3,255	3,245	3,280	3,305	3,310	3,238
Springfield	59,840	59,990	60,065	60,135	60,140	60,658	60,865	61,355	61,535	62,352
Veneta	4,610	4,635	4,690	4,700	4,755	4,785	4,790	4,800	4,845	5,271
Westfir	255	255	255	255	255	255	260	260	265	260
Unincorporated	95,870	96,200	97,280	97,495	98,250	100,247	102,245	103,560	103,095	98,805
Total	354,200	356,125	358,805	362,150	365,940	370,600	375,120	378,880	381,365	382,647

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

*The Population Research Center (PRC) at Portland State University has provided preliminary estimates for 2021.

Lane Council of Governments
Demographic and Economic Statistics
For the Fiscal Years Ended June 30, 2011-2020**

Calendar Year	Population (a)	Personal Income, in \$1,000s (b)	Per Capita Personal Income (b)	Lane County Median Age (c)	Oregon Median Age (c)	Lane County Unemployment Rate (d)	Oregon Unemployment Rate (d)
2011	354,005	12,352,981	34,895	39.0	38.7	9.7%	9.5%
2012	355,081	12,910,394	36,359	38.8	38.9	8.9%	8.8%
2013	355,506	12,964,344	36,467	39.3	39.1	8.0%	7.9%
2014	358,076	13,867,878	38,729	39.9	39.3	6.9%	6.8%
2015	362,047	14,909,371	41,181	39.0	39.1	5.8%	5.6%
2016	369,061	15,594,472	42,254	39.4	39.2	5.1%	4.8%
2017	375,617	16,512,047	43,960	39.5	39.3	4.4%	4.1%
2018	379,611	17,431,415	45,919	39.5	39.6	4.5%	4.2%
2019	382,067	18,087,217	47,340	39.5	39.7	4.1%	3.7%
2020	382,971	18,988,851	49,583	39.7	40.2	3.6%	4.2%

** Information for 2021 is not available as of the report date.

Reflects Lane County, Oregon Boundaries

Notes:

(b) The 2020 personal income was not available and has been estimated by multiplying population by per capita income.

Sources:

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

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

(c) Census Bureau did not release 2020 estimates because of the impact of the COVID-19 Pandemic on data collection; these are estimated numbers.

(d) Oregon Employment Department.

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

Lane Council of Governments
Full Time Employee Equivalents for Each Fiscal Year
For the Fiscal Years Ended June 30, 2012-2021

Fiscal Year	Governmental Funds			Proprietary Funds			Full Time Employee Equivalents (FTE)
	Board/ Executive	Government Services	Senior & Disability Services	Park Place Building **	Loan Programs	Non-major Proprietary	
2012	22.70	34.60	121.66	0.36	1.93	0.04	181.29
2013	21.29	32.19	118.60	0.35	1.91	0.04	174.38
2014	18.75	22.7	142.06	0.19	1.32	0.09	185.11
2015	12.94	25.59	153.10	0.13	1.35	0.10	193.21
2016	13.60	24.43	151.90	0.07	1.40	0.23	191.63
2017	12.59	24.79	165.91	0.04	1.24	0.22	204.79
2018	12.65	29.77	176.11	0.07	1.07	0.13	219.80
2019	12.77	26.82	177.58	0.03	0.93	0.16	218.29
2020	13.81	27.42	205.82	0.03	0.93	0.17	248.18
2021	13.51	29.78	215.07	0.04	0.93	0.04	259.38

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

** Was Building Management Fund in Prior Fiscal Years.

COMPLIANCE SECTION

INDEPENDENT AUDITORS' REPORT REQUIRED BY OREGON STATE
REGULATIONS

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

We have audited the basic financial statements of Lane Council of Governments (LCOG) as of and for the year ended June 30, 2021, and have issued our report thereon dated January 27, 2022. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*.

Compliance

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

- Deposit of public funds with financial institutions (ORS Chapter 295).
- Indebtedness limitations, restrictions and repayment.
- Budgets legally required (ORS Chapter 294).
- Insurance and fidelity bonds in force or required by law.
- Programs funded from outside sources.
- Authorized investment of surplus funds (ORS Chapter 294).
- Public contracts and purchasing (ORS Chapters 279A, 279B, 279C).

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

Oregon Revised Statute 294.910 requires that councils of governments estimate and budget expenditures using the separate object classifications of personnel services, materials and services, and capital outlay. During our testing we became aware that several budgeted expenditures meeting the statutory definition of capital outlay had been included in the budgeted object classification of materials and services. For the year ending June 30, 2020, budgeted capital outlay was \$105,000, reported actual capital outlay was \$41,912, and total expenditures that met the statutory definition of capital outlay were \$1,360,274.

OAR 162-10-0230 Internal Control

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

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

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

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

ISLER CPA

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

Eugene, Oregon
January 27, 2022

DRAFT

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Lane Council of Governments (LCOG) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise LCOG's basic financial statements and have issued our report thereon dated January 27, 2022.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of This Report

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

Isler CPA

By: Gatlin Hawkins, CPA, a member of the firm
Eugene, Oregon
January 27, 2022

DRAFT

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

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

Report on Compliance for Each Major Federal Program

We have audited the Lane Council of Governments (LCOG) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the LCOG's major federal programs for the year ended June 30, 2021. LCOG's 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 federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, LCOG complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal programs for the year ended June 30, 2021.

Report on Internal Control Over Compliance

The management of LCOG is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered LCOG's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program in order to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of LCOG's internal control over compliance.

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

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

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

Isler CPA

By: Gatlin Hawkins, CPA, a member of the firm
Eugene, Oregon
January 27, 2022

DRAFT

Lane Council of Governments
Schedule of Expenditures of Federal Awards
For Fiscal Year Ended June 30, 2021

Federal Grantor/Pass-Through Grantor/Program Title or Cluster Title	Federal CFDA Number	Agency or Pass-Through Number	Beginning Loan Balance	Amounts Provided to Sub-Recipients	Expenditures of Federal Awards
U.S. Department of Agriculture					
<i>Direct Assistance IRP/RBDF Loan Program:</i>					
Intermediary Relending Program	10.767	61-02-052198	\$ 285,391	-	-
Intermediary Relending Program	10.767	61-03-101100	192,029	-	-
Intermediary Relending Program	10.767	61-04-073001	175,901	-	-
Intermediary Relending Program	10.767	61-05-082202	238,706	-	-
Intermediary Relending Program	10.767	61-06-062906	<u>294,689</u>	-	-
<i>Total IRP/RBDF Loan Program</i>			\$ 1,186,716	<u>-</u>	<u>-</u>
Total U.S. Department of Agriculture				<u>-</u>	<u>-</u>
U.S. Department of Housing and Urban Development					
<i>Pass-through Assistance City of Eugene:</i>					
Community Development Block Grant	14.218	2021-02012		-	13,895
Total U.S. Department of Housing and Urban Development				<u>-</u>	<u>13,895</u>
U.S. Department of Justice					
<i>Pass-through Assistance Lane County Sheriff's Office:</i>					
Comprehensive Opioid Abuse Site-Based Program	16.838	2020-AR-BX- 0125		-	<u>53</u>
Total U.S. Department of Justice				<u>-</u>	<u>53</u>
U.S. Department of Transportation					
<i>Pass-through Assistance Oregon Department of Transportation:</i>					
<i>Highway Planning and Construction Cluster:</i>					
Highway Planning and Construction (MPO PL FY21)	20.205	34272		-	655,739
Highway Planning and Construction (MPO STBG FY21)	20.205	34272		-	823,719
Highway Planning and Construction (Eugene Bike Counters FY19-24)	20.205	33024		8,796	8,796
Highway Planning and Construction (OMPOC)	20.205	33715		-	11,902
Highway Planning and Construction (RTP)	20.205	34141		<u>200,000</u>	<u>200,000</u>
<i>Total Highway Planning and Construction Cluster</i>				208,796	1,700,156
CARES Act 5311 LinkLane	20.509	34606		-	1,990
CARES Act 5311 LinkLane	20.509	34525		-	6,385
<i>Highway Safety Cluster:</i>					
State and Community Highway Safety (LC Safe Community FY20)	20.600	SA-20-25-07		-	21,971
State and Community Highway Safety (LC Safe Community FY21)	20.600	SA-21-25-07		-	78,954
National Priority Safety Programs (Safe Driver Class)	20.616	FHTR-20-60-02		-	3,847
National Priority Safety Programs (Safe Driver Class)	20.616	FHTR-21-60-02		-	<u>1,680</u>
<i>Total Highway Safety Cluster</i>				<u>-</u>	<u>106,452</u>
<i>Pass-through Assistance Lane Transit District:</i>					
Federal Transit Formula Grants (Safe Routes to School)	20.507	OR-2020-05600		<u>75,598</u>	<u>75,598</u>
Total U.S. Department of Transportation				<u>284,394</u>	<u>1,890,581</u>

Lane Council of Governments
Schedule of Expenditures of Federal Awards, Continued
For Fiscal Year Ended June 30, 2021

U.S. Environmental Protection Agency

Direct Assistance Environmental Protection Agency:

Regional Wetlands Program Development Grants	66.461	CD-01J37501	-	28,397
Regional Wetlands Program Development Grants	66.461	CD-01J69001	-	<u>13,240</u>

Total U.S. Environmental Protection Agency - 41,637

U.S. Department of Health and Human Services

Pass-through Assistance Oregon Department of Human Services:

Aging Cluster:

Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers	93.044	160448	-	539,539
COVID-19- CARES Emergency Funding - Title III-B	93.044	160448	-	12,698
Special Programs for the Aging, Title III, Part C, Nutrition Services	93.045	160448	-	486,232
COVID-19 FFCRA/CARES Emergency Funding - Title III-C	93.045	160448	-	131,930
Special Programs for the Aging, Title III, Part C, Nutrition Services	93.045	160448	-	366,144
HDC5 CAA 2021 Supplemental Funding - Title III-C	93.045	160448	-	134,048
COVID-19- FFCRA/CARES Emergency Funding - Title III-C	93.045	160448	-	364,846
Nutrition Services Incentive Program	93.053	160448	-	<u>135,128</u>

Total Aging Cluster - 2,170,565

Special Programs for the Aging, Title VII, Chapter 3, Programs for Prevention of Elder Abuse, Neglect, and Exploitation	93.041	160448	-	5,915
National Family Caregiver Support, Title III, Part E	93.052	160448	-	142,686
COVID-19 CARES Emergency Funding - Title III-E	93.052	160448	-	<u>94,486</u>

Total Oregon Depart of Human Services - 243,087

Pass-through Assistance Lane County Sheriff's Office:

Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	53586	-	2,423
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Pass-through Assistance Lane County Health and Human Services:

Low-Income Home Energy Assistance	93.568	53470	-	<u>47,664</u>
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Total U.S. Department of Health and Human Services - 2,463,739

Total Expenditures of Federal Awards \$ 284,394 \$ 4,409,905

Lane Council of Governments
Notes to the Schedule of Expenditures of Federal Awards

For Fiscal Year Ended June 30, 2021

NOTE 1 – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Lane Council of Governments under programs of the federal government for the year ended June 30, 2021. The information in this schedule is presented in accordance with the requirements of Title 2 CFR 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the Organization, it is not intended to, and does not, present financial position, changes in net position, or cash flow of Lane Council of Governments.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE 3 – INDIRECT COST RATE

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

NOTE 4 – LOAN OR LOAN GUARANTEE PROGRAMS

Lane Council of Governments had the following loan payments and loan balances outstanding at June 30, 2021. Loans made during the year are included in the federal expenditures presented in the schedule.

<u>Program Name</u>	<u>Federal CFDA Number</u>	<u>Agency or Pass Through Number</u>	<u>Loan Amounts Repaid During the Fiscal Year</u>	<u>Year End Balance at 6/30/20</u>
U.S. Department of Agriculture:				
Direct Programs (IRP/RBDF Loan and RBEG Loan Programs):				
Intermediary Relending Program	10.767	61.02	\$ 38,806	\$ 285,391
Intermediary Relending Program	10.767	61.03	17,991	192,029
Intermediary Relending Program	10.767	61.04	14,826	175,901
Intermediary Relending Program	10.767	61.05	18,362	238,706
Intermediary Relending Program	10.767	61.06	17,914	294,689
			<u>\$ 107,899</u>	<u>\$ 1,186,716</u>

Lane Council of Governments
Schedule of Findings and Questioned Costs
For Fiscal Year Ended June 30, 2021

Section I Summary of Auditor's Results

Financial Statements:

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

Federal Awards:

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

Identification of Major Programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
93.044, 93.045, 93.053	Aging Cluster

Dollar threshold used to distinguish between type A and type B programs:	\$750,000
Auditee qualified as low risk auditee?	Yes

Section II Financial Statement Findings None

Section III Federal Award Findings and Questioned Costs None

Section IV Summary Schedule of Prior Audit Findings None