

CENTRAL OREGON INTERGOVERNMENTAL
COUNCIL
BEND, OREGON

COMPREHENSIVE ANNUAL FINANCIAL
REPORT

YEAR ENDED JUNE 30, 2018

**Prepared by the Department of Fiscal and
Administrative Services**

Michelle Williams, Fiscal Services Manager

CENTRAL OREGON INTERGOVERNMENTAL COUNCIL

CENTRAL OREGON INTERGOVERNMENTAL COUNCIL

BEND, OREGON
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INTRODUCTORY SECTION



*Everywhere
Central Oregon
Works.*

December 30, 2018

Central Oregon Intergovernmental Council Board of Directors:
334 N.E. Hawthorne Avenue
Bend, Oregon 97701

Introduction

We are pleased to present the Comprehensive Annual Financial Report of Central Oregon Intergovernmental Council (COIC) for the fiscal year ended June 30, 2018, together with the opinion thereon of our independent certified public accountant, Stuart Katter, CPA, LLP. This report, required by Oregon Revised Statutes 297.425, is prepared by the Management of Central Oregon Intergovernmental Council. Also included are Audit Comments and Disclosures required under the Minimum Standards for Audits of Oregon Municipal Corporations Section of the Oregon Administrative Rules.

In addition, COIC is required to have a comprehensive single audit of its Federal Assistance Programs in accordance with the *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the provisions of Government Auditing Standards promulgated by the U.S. Comptroller General as they pertain to financial and compliance audits. A report on COIC's compliance with applicable Federal laws and regulations related to the Uniform Guidance is included.

This report is prepared in conformance with the guidelines for financial reporting developed by the Government Finance Officers Association of the United States and Canada and the principles established by the Governmental Accounting Standards Board (GASB). It presents fairly the financial position of the various funds of COIC at June 30, 2018, and the results of operations of such funds for the year then ended in conformity with accounting principles generally accepted in the United States of America (US GAAP). The report consists of management's representations concerning the finances of COIC. Consequently, management assumes full responsibility of the completeness and reliability of all information presented in this report. To provide a reasonable basis for making these representations, COIC management has established a comprehensive internal control framework that is designed both to protect COIC's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of COIC's financial statements. Because the cost of internal controls should not outweigh their benefits, COIC's comprehensive framework of internal controls has been designed to provide reasonable 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 reliable in all material respects.

GAAP requires management to provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of a Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. COIC's MD&A is located on page 3 immediately following the independent auditor's opinion.

“The Central Oregon Intergovernmental Council serves the local governments of Central Oregon , providing regional collaboration, efficiencies and service delivery for a stronger local economy and quality of life.”

- COIC Mission Statement

Profile of the Organization

The Central Oregon Intergovernmental Council (COIC) was formed in 1972 by the region’s cities and counties as a “Council of Governments” under Oregon Revised Statute Section 190, which provides for the establishment of intergovernmental organizations.

COIC initially served as a venue for regional prioritization, comprehensive planning, regional studies, and collaborative problem-solving. COIC’s early functions included planning for law enforcement, emergency medical services, affordable housing, senior services, economic development, transportation and workforce development.

In the late 1970’s COIC’s leadership moved the organization toward the delivery of economic development and workforce development services. COIC was designated as an “Economic Development District” in 1979 by the US Department of Commerce, with a resulting focus on activities that more directly impacted the region’s economy. COIC was designated by the counties as a workforce development service provider around that time, providing job training support to Central Oregon job seekers, youth and businesses through the federal Comprehensive Employment and Training Act (CETA).

COIC took on an Economic Development Administration public lending program in the early 1980’s. Later, COIC formed a Community Development Corporation to access Small Business Administration (SBA) 504 loan resources. These public lending programs were established within regionally-based community organizations such as COIC as a means to provide efficient local access to loan resources, particularly in communities struggling economically.

COIC successfully managed the transition from the federal CETA workforce program to the Job Training and Partnership Act (JTPA), and then on to the Workforce Innovation Act (WIA) in 2000. COIC, took on employment and training services in Klamath and Lake counties in 2008 in response to a request from the county members of The Oregon Consortium, primarily due to COIC’s outstanding track record in delivering services and managing federal funding resources.

As population growth ramped up in the late 1990’s and early 2000’s, COIC’s regional roles continued to evolve. Over the past 15 years COIC has taken on more functions consistent with its Council of Government origins, including regional telecommunications planning and advocacy, wildfire risk reduction planning, large lot industrial lands coordination, and public transportation services planning. COIC has increasingly become a home for regional stakeholder coordination, planning and problem solving – demonstrating the value and effectiveness of regional collaboration to meet a board array of economic and social needs.

Regional public transportation needs became a major issue in Central Oregon in the early 2000's, with no general public service available in Central Oregon at that time. In 2006 COIC was asked to take on public transportation service delivery by Crook County, with the understanding that by centralizing this service, efficiencies could be gained and more services could be provided to the region. COIC then took on client-based senior transportation services regionally, and opened the service to the general public. Cascades East Transit in 2010, formed a regionally integrated transit system with urban scale fixed route services in Bend, general public dial-a-ride services in rural communities, and connector shuttle services linking the region's cities. The system has continued to evolve, adding Warm Springs and recreational services.

COIC continues to strive to meet regional-scale needs in 2018 and beyond through regional collaboration, achieving economy-of-scale efficiencies, and through the efficient delivery of public services. COIC's current work force exceeds 120 staff members, with 12 office locations across seven cities and five counties. COIC's board of directors is composed of elected officials from Central Oregon's three counties and eight cities, along with appointment members from the Confederated Tribes of Warm Springs, the private sector, education, and chambers of commerce. Primary program areas are Community and Economic Development, Business Loans, Employment and Training (including education), and Transportation.

Employment and Training

COIC receives grants and contracts that provide training, education and employment services to businesses and residents of Central and South Central Oregon. These services help people of all ages and economic levels develop or improve skills so they can become job ready, employed, and self-sufficient. COIC receives funds from federal, state and local sources to administer the following programs:

- Title IB of the Workforce Innovation Opportunity Act (WIOA)
- National Emergency Grants
- Job Opportunities and Basic Skills (JOBS) Program in partnership with DHS
- Oregon Food Stamp Employment Transition (OFSET) Program in partnership with DHS
- Alternative Education (through contracts with local school districts)
- Family Support & Connections (FS&C) Program in partnership with DHS
- National Career Readiness Certification Programs

The Workforce Innovation Opportunity Act (WIOA) system is built around several key principles including a strong role for local boards and the private sector, state and local flexibility, universal access, streamlining services, and informed choice. The WIOA strives to increase the employment, retention and earnings of participants by: improving the quality of the workforce, enhancing the productivity and competitiveness of the nation, and reducing public assistance dependency. COIC offers services in a one-stop environment. One-Stop centers are locations where partner agencies provide many services to employers and job seekers at one site. National Emergency Grants are awarded for the purpose of serving specific populations of dislocated workers by providing employment and training activities.

JOBS, OFSET, and FS&C are funded by a combination of state and federal dollars. In Central Oregon, COIC and Oregon Department of Human Services (DHS) share responsibility for the success of these programs. COIC manages specific activities for DHS directed at helping families and individuals who are receiving public assistance enter the workforce and then be successful in retaining employment.

Central Oregon Intergovernmental Council provides a unique alternative education program through contracts with four local school districts for students ages 14-21. The program offers both classroom education and outdoor work-based education to help students get a high school diploma, a GED, or earn credits and return to school. The program also helps students enter the job market by teaching skills that are transferable to a paying job. COIC is one of the state's largest alternative education programs.

During fiscal year 2018/2019, the South Central program administration, delivery and related funding will be transferred to Klamath Community College and the Lakeview School Districts. COIC will continue to provide all these services in the Central Oregon region.

Community and Economic Development

As a regional Council of Governments, COIC provides a means for the region to work together to identify issues and needs which are regional in scope, achieve concurrence for cooperative actions, and achieve goals in areas including community and economic development, human services, natural resources and environmental protection, transportation, education, land use, housing workforce development.

COIC provides project-specific Community Development services for individual communities, government agencies, businesses, and other partner organizations. These services are offered to:

1. facilitate multi-stakeholder, regional-scope projects and problem-solving;
2. take advantage of economies of scale by sharing capacity;
3. address the need for additional staff, resources, and technical capacity; and
4. provide in-house expertise in areas that benefit the communities collectively.

COIC is designated by the U.S. Department of Commerce, Economic Development Administration (EDA) as the "Economic Development District" for Central Oregon. Within this role COIC is responsible for identifying priority economic development project needs within the region, articulating regional needs to the EDA, and assisting local governments in applying for grant funding through the EDA. EDA grant categories include: public works infrastructure, technical assistance, economic resilience, planning, and economic adjustment.

As an Economic Development District, COIC is also responsible for creating and maintaining a regional Comprehensive Economic Development Strategy. COIC recently revised the Comprehensive Economic Development Strategy (CEDS) for the Central Oregon region to include:

- a priority list of local economic development needs (projects) for which state or federal funding are needed, submitted by cities, counties, tribes, businesses and organizations; and
- an inventory of regional-scale economic development issues and challenges for which multi-jurisdictional collaborative action is necessary.
- A list of ten priority strategies to address the identified issues.

COIC offers contract and grant administration services to local governments, non-profits, special districts and other entities in Central Oregon. COIC staff has extensive experience administering grants, including Federal Transit Administration, Department of Labor, USDA, Economic Development Administration grants, and private foundation grants. Recent grant writing and administration projects include: EDA Disaster funds to plan a regional emergency management incident center, Jefferson County FEMA mitigation plan, Meyer Memorial Trust community food systems, City of Bend, and Deschutes County public works prevailing wage monitoring services.

Within COIC's Natural Resource program area, key projects include the Deschutes Collaborative Forest Project (DCFP) and the Ochoco Forest Restoration Collaborative (OFRC), which promotes healthier, safer, and more productive public lands through partnership efforts that reduce wildfire risk, enhance fish and wildlife habitats, and maintain and improve water quality across all lands. The DCFP is providing restoration recommendations for an 112,000 acre landscape in the Deschutes National Forest and the OFRC makes recommendations for the entire Ochoco National Forest. The majority of the landscape is ponderosa pine and dry mixed conifer forest types. The goals of these projects are to restore forest ecosystems and help to achieve a variety of community goals including the creation of new jobs.

Other recent Natural Resource projects include:

- Completion of a Natural Hazards Mitigation Plan for Crook County.
- Project development - biomass thermal heating projects at a variety of locations
- Ochoco National Forest Wild Horse Plan – providing a collaborative process to update the plan.
- Development of the Deschutes Trails Collaborative and the Ochoco Trails Strategy Group – efforts to promote sustainable recreation use on federal forest lands

COIC is also leading the development of a Local Food Sector program in Central Oregon, which is focused on strengthening regional infrastructure and markets for locally produced value-added food products, as a means to strengthen the agricultural sector and create jobs. COIC was instrumental in the formation of the High Desert Food and Farm Alliance, and development of the Central Oregon Regional Food Assessment and the Central Oregon Food Hub Business Plan. Much of COIC's current work is focused on the development of a regional food hub facility. A food hub is defined by the USDA as a centrally located facility that facilitates aggregation, storage, processing, distribution and/or marketing of locally produced foods.

COIC has recently developed a regional housing consortium – Housing for All – which aims “To address the full spectrum of Central Oregon's housing needs – from homelessness to middle income market housing – through integrated regional effort and action” (H4A Charter). The H4A consortium will be releasing a Regional Housing Needs Assessment in January 2019.

COIC convenes staffs and/or provides fiscal administration for boards or stakeholder groups in Central Oregon, including the Central Oregon Area Commission on Transportation, Central Oregon Large Lot Industrial partnership, Housing for All, DCFP and OFRC, and the Deschutes-Crook Resources Advisory Committee. COIC also staffs the Regional Administrator's meeting on a bi-monthly basis.

Transportation

The overarching purpose of COIC's transportation program is to strengthen regional transportation services and infrastructure through the development and implementation of regionally-based transportation plans, administration and operations, service coordination, and project development. A regional approach to transportation enhances efficiencies among transportation organizations and ensures regional connectivity for Central Oregon's residents, businesses, and visitors.

The core functions of COIC's Transportation services are:

- To identify regional public transportation needs and objectives and develop long-term, coordinated plans to address them;
- To develop and administer regional transportation programs and inter-community transit systems, as identified in regional plans on a priority basis;
- To assist communities in the development and operation of intra-city transit, as needed;
- To ensure connectivity of intra- and inter-community transportation systems; and

- To provide technical support and project development assistance to local governments, organizations, and federal and state agencies to assist their transportation programs.

COIC administers and manages transportation coordination, planning, and operation projects throughout the region, including the Cascades East Ride Center (CERC), the first Medical Ride Brokerage program developed on the east side of the Cascades. The Brokerage, through contracts with local providers, schedules rides to medical services for Medicaid eligible clients. The Brokerage serves Crook, Deschutes, and Jefferson counties.

In 2006 COIC assumed operation of local senior Dial-a-Ride services for the cities of Madras, Redmond, Sisters and La Pine. COIC created Cascades East Transit (CET), which provides fixed route transit services in Bend and local public demand-response transportation services in La Pine, Madras, Metolius, Culver, Prineville, Redmond, Terrebonne, and Sisters. COIC operates inter-city buses known as the “Community Connectors” connecting all of the Cities of Central Oregon. In 2011, COIC began operating through a public private partnership with Mt. Bachelor, service to Mt. Bachelor in the Deschutes National Forest, now known as Mountain Service. In 2016, a stop was added to the Mountain Service at Meissner Snow Park. In 2016, COIC also began working on connecting Warm Springs into the regional system with a deviated fixed route in Warm Springs and Community Connector service to Madras. Cascade East Transit provided approximately 733,002 rides in fiscal year 2017/2018. COIC staffs county and tribal public transportation planning processes.

COIC has also provided leadership in local transportation coordination projects. The development of the regional public transit system, known as Cascades East Transit, has provided the opportunity to greater coordinate public transportation options for the Central Oregon area. In 2018, COIC will complete the first regional human services transportation coordination plan.

In partnership with the City of Redmond, COIC completed the construction of a new transportation maintenance and operations facility in Redmond. The building is an operations and maintenance facility used to service buses as well as house the call center and dispatch functions of the transportation department. COIC has also developed a regional transit hub in Bend, known as Hawthorne Station. This hub serves as a connection for local Bend fixed routes in addition to inter-city routes that provide service across the state. COIC is also developing a regional transit hub in Redmond in fiscal year 2018/2019 and working with La Pine on a future transit hub. Regional planning projects completed recently include the Central Oregon Strategic Transportation options Plan, Regional Park and Ride Lot Plan, and Central Oregon Transit Access Project. Regional planning projects that are currently in progress include the Bend Transportation System Plan, the COIC Regional Master Plan.

Business Development Loans

COIC manages business loan programs throughout Oregon that provide term financing to small businesses for projects that create new jobs or retain existing jobs. Loan funds can be used to purchase or build new facilities, purchase equipment, or provide working capital. All of COIC’s loans are designed to participate with bank loans, but some projects can be wholly financed by COIC. Central Oregon Intergovernmental Council manages, services, or packages for the following loan programs:

- Job Creation loan program
- Title IX Economic Development Administration loan (EDA) program
- USDA Intermediary Relending Program (IRP)
- Jefferson County loan program
- Small Business Administration 504 loan program and SBA Intermediary Lending Pilot (ILP) loan program through a contract with Oregon Business Development Corporation (OBDC), an SBA Certified Development Company (CDC)

As of June 30, 2018, loan funds managed by the COIC Loan Department were approximately \$3,865,000, \$2,003,000 million in the EDA program, \$1,748,000 in the IRP program, and \$114,000 in the Job Creation program. The COIC Loan Department continues to support the area's economy by providing financing that would not otherwise be available through traditional bank lending programs.

Job Creation Loan Program

Central Oregon Intergovernmental Council established a locally funded revolving loan fund in January 1986 in anticipation of serving businesses unable to meet standard commercial lending requirements. The initial amount was \$250,000. Participation has been based upon case-by-case council decisions. To afford maximum flexibility and utilization, no limitations have been established. COIC dedicated \$25,000 from this portfolio to match RLF Round 3 recapitalization.

During 1997 the board used a portion of this fund for the match required to acquire funds from the USDA IRP program. In 2010, the board used the remaining balance of the fund to provide an internal loan to facilitate the acquisition of the Hawthorne Station building.

EDA Title IX Revolving Loan Fund (RLF)

As of July 1, 2016, COIC elected to combine the three EDA Title IX revolving loan funds into one fund with the permission from the EDA. COIC elected to combine these loan funds to consolidate available funds and make funding easier while reducing the administrative burden.

Central Oregon Intergovernmental Council was awarded \$300,000 in Department of Commerce, Economic Development Administration funds in 1987 to establish a revolving loan fund. The following conditions were required by EDA.

- 1) For business located in Crook, Deschutes, Jefferson, Harney, Klamath, and Lake Counties.
- 2) Local match at \$25,000 per county or \$100,000.

COIC elected to include an additional \$25,000 match to afford Jefferson County the opportunity of participation should it become eligible for Round #1 loans. Jefferson County was declared eligible for Round #1 funding in October 1986. During FY 1992-93, COIC's Board elected to transfer \$15,625 of the \$25,000 "excess match" to Round #3 to assure correct match within that portfolio. COIC elected to provide the match up front with repayment from Harney and Klamath Counties. Match reimbursement received from non-Central Oregon counties was transferred to the general fund upon receipt. Thus, beginning cash portfolio amount reflects \$300,000 EDA and \$109,375 local match for a total of \$409,375.

COIC was awarded recapitalization of \$450,000 in Department of Commerce, Economic Development Administration funds in 1987. The following conditions were required by EDA.

- 1) For business located in Crook, Deschutes, Jefferson, Harney, Klamath, and Lake Counties.
- 2) Local match at \$45,000 per county or \$225,000.

COIC elected to provide the match up front with repayment from Harney, Lake and Klamath Counties being anticipated. As of 6/30/96, all matches have been received. Beginning cash portfolio amount reflects \$450,000 EDA and \$225,000 local match for a total of \$675,000. Match received from non-Central Oregon counties is transferred to the general fund upon receipt.

COIC was awarded recapitalization of \$600,000 in Department of Commerce, Economic Development Administration funds in September 1990. The following conditions were required by EDA.

- 1) For business located in Crook, Deschutes, Jefferson, Harney, Klamath, and Lake Counties.
- 2) Local match at \$200,000. State Regional Strategies to provide \$150,000, Harney County \$25,000, and COIC \$25,000.

COIC received a waiver from EDA to disburse a \$500,000 loan in Klamath County. All cash has been received from EDA and the Oregon Economic Development Department. The transfer from COIC's local job creation portfolio in the amount of \$25,000 was completed. Harney County paid \$9,375 and COIC transferred \$15,625 from Round #1 to complete match requirements of the final \$25,000.

USDA IRP Loan Program

In March of 1997, Central Oregon Intergovernmental Council received a \$2 million loan from the USDA Rural Development Department. On February 8, 2000, COIC received an additional loan for \$572,000. This loan is intended to provide term financing targeted to projects that create new jobs or retain existing jobs in rural communities in Deschutes, Jefferson, Crook, Klamath, Lake, Harney, Malheur, Hood River, Sherman, Wasco, Lane, Douglas, Coos, Curry, Josephine, and Jackson counties. As of June 30, 2001, all available dollars had been borrowed from the USDA against the \$2.572 million loan commitment. The Central Oregon Intergovernmental Council pays an annual interest rate of 1% on funds borrowed from the USDA: principal repayments began in 2001. COIC was required to provide match money to secure funds borrowed from USDA. A portion of the Local Job Creation fund was committed to the IRP fund for the match requirement. The amount transferred was \$136,218.

Internal Controls

The financial reporting entity, Central Oregon Intergovernmental Council, includes all funds of the Council. The Council provides services in the areas of employment and training, economic development, and transportation.

The management of Central Oregon Intergovernmental Council is responsible for establishing and maintaining effective internal controls to ensure compliance with requirements of laws, regulations, contracts and grants applicable to each program. The locally elected Board of Directors is responsible and accountable for all decisions of management. Control of COIC is vested in its board of directors who are elected officials appointed to the COIC Board by their city or county. Administrative and management functions are delegated to COIC staff that report and are responsible to the Board. In the development and subsequent modifications of COIC's accounting system, consideration has been given to the adequacy of internal accounting controls. The internal control structure is subject to periodic review by management, the Board and funding agencies.

Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding:

- Safeguarding assets against loss from unauthorized use or disposition.
- Reliability of financial records for the preparation of financial statements and accounting for assets.

The concept of reasonable assurance recognizes that:

- The cost of control should not exceed the benefits to be derived; and
- The evaluation of costs and benefits requires management to use estimates and sound judgment.

As a part of Central Oregon Intergovernmental Council’s single audit, tests are made to determine the adequacy of the internal control structure, including that portion related to federal financial assistance programs, as well as to determine that the government has complied with applicable laws and regulations. The results of the government’s single audit for the fiscal year ended June 30, 2018, provided no instances of material weaknesses in the internal control structure or significant violations of applicable laws and regulations. We believe that COIC’s internal accounting controls adequately safeguard assets. We further believe that the accounting controls provide reasonable assurance of proper recording of transactions. As demonstrated by the statements and schedules included in the financial section of this report, COIC continues to meet its responsibility for sound financial management.

Factors Affecting Financial Condition

Local Economy

COIC primarily serves the Central Oregon region, which covers 7,787 square miles in the geographic heart of the state. The region is comprised of three counties (Crook, Deschutes, and Jefferson) with a combined population of 235,250 (Portland State University, July 1, 2018 estimate). Central Oregon continues to lead the state in population growth rates, paced by a 3.27% growth rate from 2017 to 2018, compared to a state wide 1.6%. Deschutes County’s growth specifically led the state once again. In 2018, it was the fastest growing county in Oregon. In March 2016, Portland State University’s Oregon Population Program released a population forecast for the tri-county area of an estimated 416,764 people by 2065, with 194,793 of them in greater Bend, increasing the city by an estimated 127% over today’s population. While the Central Oregon region was hit particularly hard by the recession, portions of the region have roared to life, with the Bend MSA (Deschutes County) leading the way. Bend MSA had the highest job growth rate in the nation in 2016 at 5.83%. Unemployment rates are dropping year-by-year:

Unemployment Rates, September 2017:	Unemployment Rates, September 2018:
Crook County – 6.3%	Crook County – 4.8%
Deschutes County – 4.7%	Deschutes County – 3.4%
Jefferson County – 6.2%	Jefferson County – 4.4%
Oregon – 4.2%	Oregon – 3.6%
US – 4.2%	US – 3.6%

Central Oregon generally sustains strong in-migration; therefore, job creation typically lags population growth. Historically Oregon’s unemployment rate tracks higher than the national rate. However, as of March 2018, Central Oregon’s unemployment rate was 0.7% lower than the national rate. The region is characterized by dynamic small business and entrepreneurial activity. The region boasts strong clusters of software, biosciences, renewable energy, brewing, and recreation equipment. Other important economic sectors include: travel/tourism, retail, and professional services. Other indicators, such as initial claims for unemployment and housing starts, have also shown improvement over the past 12 months. Median house costs are rising across Central Oregon (prices across the region are at their highest point since 2008).

Budgetary Process

The Central Oregon Intergovernmental Council is subject to the provisions of Oregon Revised Statute Chapter 294, Oregon’s Budget Law applicable to Councils of Government. Annually, a proposed budget is presented to the budget committee. The budget committee holds public meetings. After the budget committee approves the budget document, it is submitted to the Board of Directors for adoption. COIC maintains budgetary controls to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the Board of Directors. Activities of the general and special revenue funds are included in the annual appropriated budget. The legal levels of budgetary control are personal services, materials and services, and capital outlay.

Special revenue and general fund budget versus actual statements of revenues, expenditures, and changes in fund balances are reviewed by management and by the Board monthly at a publicly held meeting. Management also reviews cash flow projections monthly in order to ensure budgetary compliance will be met at year-end.

Long-term financial planning

COIC conducted a strategic planning process that concluded in the spring of 2016. The process included a comprehensive organization assessment that engaged nearly 40 key stakeholders and 100 employees, in addition to the Board of Directors and staff leadership team. Assessment results informed the Board in the creation of new statements of mission, vision and values. The Board focused on and affirmed key goals for the next three years, and provided strategic direction for each goal area. Board driven strategies are as follows:

- Enhance regional collaboration activities.
- Strengthen communications with primary partners: the region's local governments.
- Serve as a clearinghouse for funding opportunities
- Become more visible and better recognized as an important community resource.
- Ensure long-term organizational and program stability with sustainable funding.

As the provider of major consumer services in Central Oregon, including transit and workforce development, COIC positively impacts the lives of the residents of the region. With its expertise in program delivery, along with state and federal funding and contracts management, it is well positioned to impact other communities beyond Crook, Deschutes, and Jefferson Counties. COIC plans to focus on a goal of stable and sustainable funding with the following strategies:

- Continue to secure Workforce Program funding by providing high quality services and developing a quality response to requests for proposal for WIOA and DHS funding.
- Secure dedicated local funding for Cascades East Transit by developing partnership agreements, developing with local support and achieving legislative approval for ORS 190 modification.
- Build operational general fund by increasing member jurisdiction dues.

Awards and Acknowledgements

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Central Oregon Intergovernmental Council for its comprehensive annual financial report for the fiscal year ended June 30, 2017. This was the nineteenth consecutive year that COIC has achieved this prestigious award. In order to be awarded a Certificate of Achievement, COIC must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles (GAAP) and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate. The preparation of this was made possible by the dedicated service of the entire staff of the Fiscal and Administrative Services Department and COIC as a whole. I wish to thank the Central Oregon Intergovernmental Council Board of Directors for their commitment to our organization.

Sincerely,



Michelle Williams
Fiscal Services Manager

CENTRAL OREGON INTERGOVERNMENTAL COUNCIL
BEND, OREGON

OFFICIALS

JUNE 30, 2018

Chairman

Wayne Fording
Madras, Oregon

Vice Chairman

Bartt Brick
Madras, Oregon

Secretary/Treasurer

Karen Friend
Sisters, Oregon

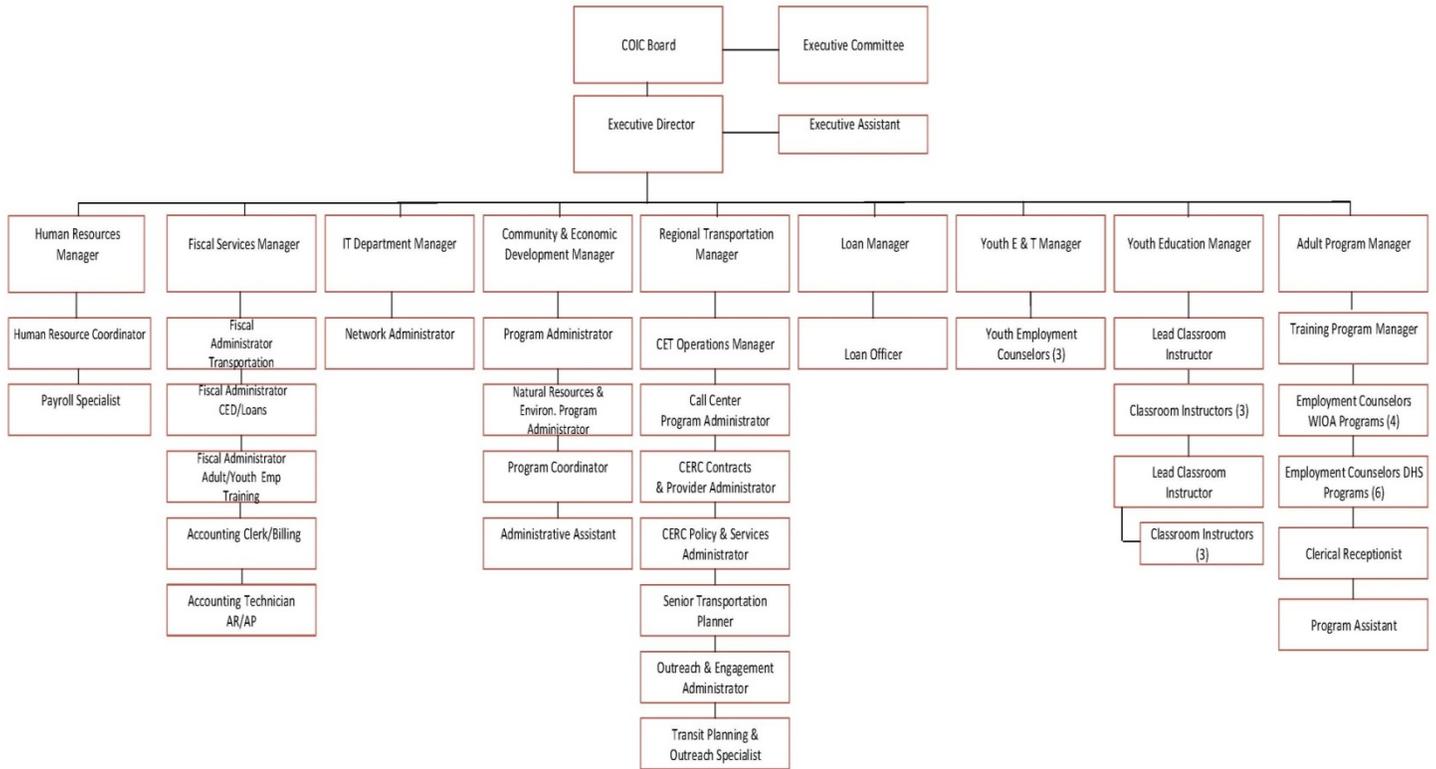
Executive Director

Karen Friend
Sisters, Oregon

Main Office

334 N.E. Hawthorne Avenue
Bend, Oregon 97701

COIC Organization Chart





Government Finance Officers Association

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**Central Oregon
Intergovernmental Council**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2017

Christopher P. Morrill

Executive Director/CEO

FINANCIAL SECTION

CENTRAL OREGON INTERGOVERNMENTAL COUNCIL

STUART KATTER, CPA, LLP

Certified Public Accountant

2689 Northwest Crossing Drive • Bend, Oregon 97703 • Phone (541) 639-7299 • Fax (541) 728-2137

INDEPENDENT AUDITORS' REPORT

Board of Officials
Central Oregon Intergovernmental Council
Bend, Oregon

Report on the financial statements

We have audited the accompanying financial statements of the governmental activities and each major fund of Central Oregon Intergovernmental Council as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Central Oregon Intergovernmental Council'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 and each major fund of Central Oregon Intergovernmental Council, as of June 30, 2018, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other information starting on page 3 and 34 be presented to supplement the basic financial statements. Such information, although not 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 discussion and analysis in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The budgetary comparison information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Information

Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the Central Oregon Intergovernmental Council's basic financial statements as a whole. The Introductory Section, Other Supplemental Information Section and Statistical 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 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 Other Supplemental Information and Schedule of Expenditures of Federal Awards are the responsibility of management and were derived from and directly relate to the underlying accounting and other records used to prepare the 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 financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America, and in our opinion, is fairly stated in all material respects when considered in relation to the financial statements taken as a whole. The Introductory and Statistical Sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion or any other form of assurance on such information.

Other Reporting Required By Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 30, 2018, on our consideration of Central Oregon Intergovernmental Council's internal control over financial reporting and 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Report on Other Legal and Regulatory Requirements

In accordance with the *Minimum Standards for Audits of Oregon Municipal Corporations*, we have also issued a report titled "Independent Auditors' Report Required by State Regulations" dated December 30, 2018, which is also a required part of the financial statements. The purpose of the report is to address specific matters required by the State of Oregon.

Stuart Katter, CPA, LLP
Certified Public Accountant



By: Stuart D. Katter – a partner
December 30, 2018

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis

As management of Central Oregon Intergovernmental Council (COIC), we offer readers this narrative overview and analysis of the financial activities of COIC for the fiscal year ended June 30, 2018. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages i-x of this report.

Financial Highlights

COIC is primarily a grant-based organization. The vast majority of these grants are cost reimbursement contracts with revenues of approximately \$7.8 million in federal grants, \$6.2 million in state grants and contracts, \$4.3 million in local grants and contracts, \$1.9 million in charges for services, and \$0.2 million in interest and investment income. These grants only cover costs actually expended, and have no potential to build up any reserves.

As a grant-based organization, we are subject to uncertainties in both the federal and state budgets. When the federal appropriations are not passed and the nation goes on "continued resolution", it makes the timing and amount of grant awards very volatile. When the State of Oregon experiences budget shortfalls, we are negatively impacted in some of our contracts.

Overall, we feel that COIC was able to effectively manage its resources to meet increased demands felt in our communities with reduced resources. While the economic outlook is stable, funding for programs operated by COIC are not projected to be improved much in FY18/19. COIC will continue to look for new and unique opportunities to work with other agencies and organizations to provide quality programs for our communities.

At June 30, 2018 COIC reported a net Oregon Public Employees Retirement System pension liability in the amount of \$3,745,074 and deferred outflows of resources in the amount of \$884,174.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to COIC's basic financial statements. COIC's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements.

Overview of the Financial Statements - Continued

Government-wide financial statements:

The government-wide financial statements are designed to provide readers with a broad overview of COIC's finances, in a manner similar to a private-sector business. These statements provide information about the activities of COIC as a whole and present a longer-term view of COIC's finances.

The government-wide financial statements include all assets and liabilities, using the accrual basis of accounting, which is similar to the method of accounting used by most private-sector business. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report COIC's net position and changes to them. Net position (the difference between assets and liabilities) is one way to measure an organization's financial health. Changes in net position over time provide one indicator of whether financial health is improving or deteriorating.

Fund Financial Statements:

Fund financial statements also may give you some insights into COIC's overall health. Fund financial statements report COIC's operations in more detail than the government-wide financial statements. COIC has only one type of fund - governmental funds. Of the combined ending fund balance of \$7.8 million, \$0.1 million was non-spendable, \$3.9 million was restricted for loan programs and \$3.8 million was unassigned.

Governmental Funds:

These funds are reported using the modified accrual basis of accounting. The governmental fund statements provide a detailed short-term view of COIC's operations. The relationship (differences) between governmental activities (reported in the statement of net assets and the statement of activities) and governmental funds is described in the reconciliation after the fund financial statements on pages 13 and 16 of this report.

Notes to the Financial Statements:

The notes provide additional information that is essential for a full understanding of the information provided in the government-wide and fund financial statements. They are an integral part of the financial statements and should be read in conjunction with them.

Overview of the Financial Statements - Continued

Our auditor has provided assurance in the Independent Auditors' Report, located immediately preceding this Management's Discussion and Analysis, that the Basic Financial Statements are fairly presented. A user of this report should read the Independent Auditors' Report carefully to ascertain the level of assurance being provided for each of the other parts of the Financial Section.

Financial Analysis of COIC

COIC's net position at June 30, 2018 was \$14,156,241, an increase of \$1,900,534 or 16% from June 30, 2017. The increase in net position was mainly due to increased transportation revenues. (See TABLE A and B)

TABLE A

Central Oregon Intergovernmental Council's Net Position

	June 30, <u>2018</u>	June 30, <u>2017</u>
Current and other assets	\$ 8,590,672	\$ 8,116,989
Noncurrent assets	2,467,769	2,615,800
Capital assets, net of depreciation	<u>11,476,109</u>	<u>9,368,219</u>
<i>Total Assets</i>	<u>22,534,550</u>	<u>20,101,008</u>
Deferred outflows of resources	<u>884,174</u>	<u>2,443,823</u>
<i>Total Assets and deferred outflows of resources</i>	<u>23,418,724</u>	<u>22,544,831</u>
Current and other liabilities	3,401,726	3,165,638
Noncurrent liabilities	<u>5,860,757</u>	<u>7,123,486</u>
<i>Total Liabilities</i>	<u>9,262,483</u>	<u>10,289,124</u>
Net Position		
Net investment in capital assets	10,157,407	7,951,007
Restricted for loan programs	2,862,441	2,840,471
Unrestricted	<u>1,136,393</u>	<u>1,464,229</u>
<i>Total Net Position</i>	<u>\$ 14,156,241</u>	<u>\$ 12,255,707</u>

Restricted and Unrestricted Net Position. As a grant-based organization operating primarily under cost reimbursement contracts, COIC has very limited potential to build up an unrestricted reserve. Only the general fund balance is truly unrestricted, with virtually all other balances being restricted by grant conditions, or contractual arrangements.

Financial Analysis of COIC - Continued

Changes in net position. COIC's total revenues decreased by 4.7% percent from \$21,110,771 in FY17 to \$20,125,367 in FY18. This change was mainly due to decreased charges for services revenue in transportation programs. Total expenditures decreased by 1.7% mainly due to decreased grant expenditures compared to the prior year. (See TABLE B)

TABLE B

Central Oregon Intergovernmental Council's Changes in Net Position

	June 30, 2018	June 30, 2017
Program Revenues		
Charges for service	\$ 1,863,524	\$ 2,410,208
Operating grants and contracts	<u>18,261,843</u>	<u>18,700,563</u>
Total Program Revenues	<u>20,125,367</u>	<u>21,110,771</u>
General Revenues		
Interest and other investment earnings	<u>230,411</u>	<u>221,400</u>
Total General Revenues	<u>230,411</u>	<u>221,400</u>
Total Revenues	<u>20,355,778</u>	<u>21,332,171</u>
Program Expenses		
Employment and Training	3,633,465	5,380,335
Economic Development	1,338,217	1,289,756
Transportation expenses	<u>13,483,562</u>	<u>12,108,996</u>
Total Expenses	<u>18,455,244</u>	<u>18,779,087</u>
Change in Net Position	1,900,534	2,553,084
Net position - beginning of year	<u>12,255,707</u>	<u>9,702,623</u>
Net position, end of year	<u>\$ 14,156,241</u>	<u>\$ 12,255,707</u>

Changes in Notes Payable

During the year ended June 30, 2018, COIC's Notes Payable decreased by \$196,717. The decrease was due to scheduled principal payments paid on notes payable during the year ended June 30, 2018. See pages 23 and 24 for more detailed information on notes payable. No new loans were obtained during the year ended June 30, 2018.

Significant Changes in Fund Balances

The fund balance in the General Fund increased by \$159,628 or 4%. The increase in the fund balance was primarily due to increases in transportation grants and contracts.

The fund balance in the Intermediary Relending Fund decreased by \$94,649 or 5%. The decrease in the fund balance was primarily due to principal payments on long-term debt.

Budgetary Highlights

COIC's Governing Board revised its originally adopted budget in order to address unexpected changes in revenues and/or expenditures. The original budget was adopted on a very conservative basis with only grants and revenue sources whose award was almost certain were included. Additional changes to the original budget were included in a supplemental budget, as state, federal and local sources became more certain.

Budgeted revenues in the General Fund were increased due to an increase in certain contract revenues that were not originally anticipated. Expenditures for personal services increased from what was originally anticipated due to finalizing union negotiations. Expenditures for materials and services increased from what was originally anticipated due to additional contracting expenditures incurred in connection with the transportation and medical ride brokerage programs.

Budgeted revenues in the Special Revenue Funds were decreased to reflect a more accurate portrayal of revenue sources for fiscal year 17/18, due to loan balances being paid off early. Budgeted beginning and projected ending cash balances and other net assets was increased to actual ending balances as of June 30, 2017.

Capital Asset Administration

Capital assets, net of accumulated depreciation, were \$11,476,109 at June 30, 2018. COIC's largest capital asset investment is in transportation activities in the amount of \$11,220,694, net of accumulated depreciation. COIC also has capital assets in employment and training activities in the amount of \$141,701, and capital assets in economic development activities in the amount of \$113,714, net of accumulated depreciation. COIC's capital assets were substantially acquired from expenditures paid by grants. More detailed information on capital assets may be found on page 22 in note 5 of the financial section of this report.

Economic Factors and Next Year's Budgets

Central Oregon will continue to face challenges anchored in supporting high growth. COIC's largest areas of service are in the area of transportation and employment and training. One of the most important factors affecting our employment and training services budget is the federal workforce development system. Due to a restructuring of the system, we have transitioned from WIA to WIOA. COIC is now a contracted provider of service under this new system. Workforce dollars have decreased from previous years. Transportation service is a priority for Central Oregon and greatly affected by growth. There is continual pressure to expand services in a constrained budget environment. COIC is working on evolving the organization to allow funding mechanisms that could support development as a stable transportation system to meet community needs. However, we plan on complete continuity of the service to our communities and meeting our goals.

The continued expansion of the medical ride brokerage and other transportation programs, which now includes intercity public transportation in the Central Oregon area continue to secure COIC's position as being an integral part of regional transportation.

COIC continues to be a flexible and valuable organization to the region adjusting as programs incur funding reductions or as funding sources become available. COIC has budgeted in FY18/19 to receive revenues of approximately \$17.9 million.

Requests for Information

This financial report is designed to provide interested parties with a general overview of COIC's finances and to demonstrate COIC's accountability for the funds it receives. If you have questions about this report or need additional financial information, contact Central Oregon Intergovernmental Council, Michelle Williams, Fiscal Services Manager, 334 N.E. Hawthorne Avenue, Bend, Oregon 97701.

CENTRAL OREGON INTERGOVERNMENTAL COUNCIL

BASIC FINANCIAL STATEMENTS

CENTRAL OREGON INTERGOVERNMENTAL COUNCIL
BEND, OREGON

STATEMENT OF NET POSITION – GOVERNMENTAL ACTIVITIES

JUNE 30, 2018

ASSETS

Current assets

Cash and investments	\$ 3,834,175
Receivables	
Accounts	6,256
Grants and contracts	4,404,349
Interest	7,416
Notes due within one year	190,904
Prepaid items	<u>147,572</u>
<i>Total current assets</i>	<u>8,590,672</u>

Noncurrent assets

Notes receivable	2,455,878
Net OPEB asset	11,891
Capital assets, net	<u>11,476,109</u>
<i>Total noncurrent assets</i>	<u>13,943,878</u>
<i>Total assets</i>	22,534,550

DEFERRED OUTFLOWS OF RESOURCES

Deferred outflows of pension resources	<u>884,174</u>
<i>Total assets and deferred outflows of resources</i>	<u>23,418,724</u>

LIABILITIES

Current liabilities

Accounts payable	1,074,170
Accrued payroll and benefits	684,088
Accrued payroll tax	169,630
Accrued interest	3,453
Unearned revenue	1,267,981
Notes payable due within one year	<u>202,404</u>
<i>Total current liabilities</i>	<u>3,401,726</u>

Noncurrent liabilities

Notes payable	2,115,683
Net pension liability	<u>3,745,074</u>
<i>Total noncurrent liabilities</i>	<u>5,860,757</u>
<i>Total liabilities</i>	<u>9,262,483</u>

NET POSITION

Net investment in capital assets	10,157,407
Restricted for loan programs	2,862,441
Unrestricted	<u>1,136,393</u>
<i>Total net position</i>	<u>\$ 14,156,241</u>

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

CENTRAL OREGON INTERGOVERNMENTAL COUNCIL
BEND, OREGON

STATEMENT OF ACTIVITIES – GOVERNMENTAL ACTIVITIES

YEAR ENDED JUNE 30, 2018

Functions/Program	Expenses	Program Revenues		Changes in Net Assets
		Charges for Services	Operating Grants and Contracts	Total
GOVERNMENTAL ACTIVITIES				
Employment and Training	\$ 3,633,465	\$	\$ 3,351,326	\$ (282,139)
Economic Development	1,338,217	348,694	738,289	(251,234)
Transportation	13,483,562	1,514,830	14,172,228	2,203,496
<i>Total primary government</i>	\$ 18,455,244	\$ 1,863,524	\$ 18,261,843	1,670,123
GENERAL REVENUES				
Interest				230,411
CHANGE IN NET POSITION				1,900,534
NET POSITION, <i>beginning of year</i>				12,255,707
NET POSITION, <i>end of year</i>				\$ 14,156,241

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

CENTRAL OREGON INTERGOVERNMENTAL COUNCIL
BEND, OREGON

BALANCE SHEET – GOVERNMENTAL FUNDS

JUNE 30, 2018

	<u>General</u>	EDA Title IX Revolving <u>Loan Funds</u>	Intermediary Relending <u>Program</u>	Job Creation <u>Program</u>
ASSETS				
Cash and investments	\$ 2,629,700	\$ 427,201	\$ 708,242	\$ 69,032
Accounts receivable			6,256	
Grants and contracts receivable	4,404,349			
Interest receivable		4,337	3,079	
Notes receivable		1,571,123	1,030,518	45,141
Prepaid items	<u>147,572</u>			
<i>Total assets</i>	<u>\$ 7,181,621</u>	<u>\$ 2,002,661</u>	<u>\$ 1,748,095</u>	<u>\$ 114,173</u>
LIABILITIES AND FUND BALANCES				
<i>Liabilities</i>				
Accounts payable	\$ 1,074,170	\$	\$	\$
Accrued payroll and benefits	684,088			
Accrued payroll taxes	169,630			
Accrued interest	350		3,103	
Unearned revenue	<u>1,267,981</u>			
<i>Total liabilities</i>	<u>3,196,219</u>		<u>3,103</u>	
<i>Fund balances</i>				
Nonspendable - prepaid items	147,572			
Restricted for loan programs - long-term notes receivable		1,448,264	974,742	32,872
Restricted for loan programs - other		554,397	770,250	81,301
Unassigned	<u>3,837,830</u>			
<i>Total fund balances</i>	<u>3,985,402</u>	<u>2,002,661</u>	<u>1,744,992</u>	<u>114,173</u>
<i>Total liabilities and fund balances</i>	<u>\$ 7,181,621</u>	<u>\$ 2,002,661</u>	<u>\$ 1,748,095</u>	<u>\$ 114,173</u>

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

<u>Totals</u>	
\$	3,834,175
	6,256
	4,404,349
	7,416
	2,646,782
	<u>147,572</u>
\$	<u>11,046,550</u>
\$	1,074,170
	684,088
	169,630
	3,453
	<u>1,267,981</u>
	<u>3,199,322</u>
	147,572
	2,455,878
	1,405,948
	<u>3,837,830</u>
	<u>7,847,228</u>
\$	<u>11,046,550</u>

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

CENTRAL OREGON INTERGOVERNMENTAL COUNCIL
BEND, OREGON

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF NET POSITION

JUNE 30, 2018

Total fund balances of governmental funds	\$ 7,847,228
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, is not reported as assets in the governmental funds.	11,476,109
The Net OPEB asset is related to future periods and, therefore, is not reported in the governmental funds.	11,891
Long-term liabilities are not due and payable in the current year and, therefore, are not reported as liabilities in the governmental funds.	(2,318,087)
The Net pension liability is not considered to be a current financial obligation and, therefore, is not reported as a liability in the governmental funds.	(3,745,074)
Deferred outflows of resources related to the pensions are applicable to future periods and, therefore, are not reported in the governmental funds.	<u>884,174</u>
<i>Net position of governmental activities</i>	<u><u>\$ 14,156,241</u></u>

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

CENTRAL OREGON INTERGOVERNMENTAL COUNCIL

CENTRAL OREGON INTERGOVERNMENTAL COUNCIL
BEND, OREGON

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – GOVERNMENTAL FUNDS

YEAR ENDED JUNE 30, 2018

	General	EDA Title IX Revolving Loan Program	Intermediary Relending Program	Job Creation Program
REVENUES				
<i>Intergovernmental</i>				
Grants and contracts	\$ 18,261,843	\$	\$	\$
<i>Local</i>				
Charges for services	1,858,448	4,272	804	
Interest on revolving loans		114,547	70,328	2,043
Interest on investments	34,213	6,234	1,950	1,096
<i>Total revenues</i>	20,154,504	125,053	73,082	3,139
EXPENDITURES				
<i>Current</i>				
Employment and training	3,510,547			
Economic development	1,120,982	106,641	58,859	3,139
Transportation	12,367,725			
<i>Capital Outlay</i>	2,859,024			
<i>Debt Service</i>				
Principal	98,510		98,207	
Interest	38,088		10,665	
<i>Total expenditures</i>	19,994,876	106,641	167,731	3,139
NET CHANGE IN FUND BALANCES	159,628	18,412	(94,649)	
FUND BALANCES, beginning of year	3,825,774	1,984,249	1,839,641	114,173
FUND BALANCES, end of year	\$ 3,985,402	\$ 2,002,661	\$ 1,744,992	\$ 114,173

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

	<u>Totals</u>
\$	18,261,843
	1,863,524
	186,918
	<u>43,493</u>
	<u>20,355,778</u>
	3,510,547
	1,289,621
	12,367,725
	2,859,024
	196,717
	<u>48,753</u>
	<u>20,272,387</u>
	83,391
	<u>7,763,837</u>
\$	<u><u>7,847,228</u></u>

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

CENTRAL OREGON INTERGOVERNMENTAL COUNCIL
BEND, OREGON

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2018

Net change in fund balances - total governmental funds	\$ 83,391
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report capital outlay as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay of \$2,859,024 exceeded depreciation expense in the amount of \$751,134.	2,107,890
Repayment of long-term debt principal is an expenditure in governmental funds. However, the repayment reduces long-term debt in the Statement of Net Position.	196,717
The change in the Net OPEB asset is not considered to be a current expenditure and is not recorded in the governmental funds.	11,891
The changes in the Net Pension Asset (Liability) and changes deferred outflows/inflows related the pension plan are not considered to be current expenditures and are not recorded in the governmental funds.	<u>(499,355)</u>
<i>Change in net position of governmental activities</i>	<u>\$ 1,900,534</u>

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

NOTES TO BASIC FINANCIAL STATEMENTS

CENTRAL OREGON INTERGOVERNMENTAL COUNCIL
BEND, OREGON

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Central Oregon Intergovernmental Council (COIC) have been prepared in conformity with accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of COIC's accounting policies are described below:

Reporting Entity

COIC was established by Articles of Agreement, entered into on August 21, 1972. COIC was formed under the authority of Oregon Revised Statutes 190.010, 190.030, 190.110, 190.210 and 190.220.

The primary goals of COIC are to improve planning, coordination and cooperation in the Central Oregon area. The functions and activities in which COIC is involved are:

1. To perform the function of an area-wide clearinghouse to review Local, State, and Federal projects affecting the Central Oregon area.
2. To provide a forum for discussion among City and County officials.
3. To provide planning on an area-wide basis.
4. To provide aid to sub-jurisdictions in the form of technical assistance and make available a process of channeling grant funds to local government units.
5. To perform a function of grantsmanship in terms of researching available grants and loans, writing and reviewing grant applications.
6. To administer employment and training, economic development, and transportation programs.
7. To provide grant administration services for other organizations in the Central Oregon area.

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 non-fiduciary activities of COIC.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Indirect expenses are directly allocated to program expenses. Program revenues include 1) charges for goods and services 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 instead as general revenues, including interest earnings.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the grantor have been met.

CENTRAL OREGON INTERGOVERNMENTAL COUNCIL
BEND, OREGON

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus, Basis of Accounting and Financial Statement Presentation (continued)

Governmental fund financial statements are reported using the current financial resource measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Measurable is when the amount of the transaction can be determined. Available means collectable within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, COIC considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The revenues susceptible to accrual include intergovernmental revenue, interest revenue and charges for services. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred, if measurable.

COIC has determined that each of its governmental funds are major funds and therefore reports the following governmental funds:

General Fund

The General Fund is used to account for the financial operations of COIC not accounted for in any other fund.

Special Revenue Funds

Special revenue funds are used to report activities of the revolving loan and other programs operated by COIC that are legally restricted to expenditures for specific purposes (not including expendable trusts). COIC reports the following special revenue funds:

The *Local Job Creation Fund* accounts for loans to businesses that will create jobs in the State of Oregon counties of Crook, Deschutes, Jefferson, Harney, Lake and Klamath. Principal sources of revenues are, loan principal and interest payments. Primary expenditures are for loan administration.

The *EDA IX Revolving Loan Fund* - Accounts for loans to businesses that will create jobs in the State of Oregon counties of Crook, Deschutes, Jefferson, Harney, Lake and Klamath. Principal sources of revenues are Federal and State grants, loan principal and interest payments. Primary expenditures are for loans and loan administration.

The *Intermediary Relending Fund* accounts for loans to businesses that will create jobs or retain existing jobs in the State of Oregon counties of Crook, Deschutes, Jefferson, Harney, Klamath, Lake, Wasco and Sherman. Principal sources of revenues are Federal grants, loan principal and interest payments. Primary expenditures are for loans and loan administration.

Interfund Activity

The effect of interfund activity has been eliminated in the government-wide financial statements, except where necessary to account for the cost of a program.

CENTRAL OREGON INTERGOVERNMENTAL COUNCIL
BEND, OREGON

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Investments

COIC maintains a common cash and investments pool for all COIC funds. COIC's cash and investments consist of cash on hand, demand deposits, time certificates of deposit and investments in the State of Oregon Treasurer's Local Government Investment Pool (LGIP). Investments that have a remaining maturity at the time of purchase of one year or less are stated at amortized cost. All other investments are stated at fair value, or estimated fair value. The LGIP is stated at cost which is 99% of fair value. Fair value of the LGIP is the same as COIC's value in the pool shares. Equity in pooled cash and investments includes amounts in demand deposits and time certificates of deposit as well as amounts in investments pools that have the same general characteristics of demand accounts. Interest earned on the pooled cash and investments is allocated monthly based on each fund's average cash and investments balance as a proportion of COIC's total pooled cash and investments.

The Oregon State Treasury administers the LGIP. It is an open-ended no-load diversified portfolio offered to any agency, political subdivision or public corporation of the State of Oregon that by law is made the custodian of, or has control of, any fund. The LGIP is commingled with the State's Short-Term Fund Board. The purpose of the Board is to advise the Oregon State Treasury in the management and investment options of the LGIP.

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items. COIC uses the consumption method of accounting for prepaid items.

Receivables

All receivables are considered to be collectible. No allowance for doubtful accounts is therefore considered necessary.

Capital Assets

Capital assets are recorded at original or estimated original cost. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are reported at acquisition value. COIC defines capital assets as assets with an initial cost of more the \$5,000 and an estimated life extending beyond a single reporting period. Interest and other costs incurred during construction are capitalized. Maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Capital assets are depreciated using the straight-line method over four to seven years for equipment and ten to fifty years for buildings and improvements.

Accrued Compensated Absences

Full-time, regular employees are granted vacation benefits in varying amounts depending on tenure with COIC. The estimated liability for accrued compensated absences, if significant, includes salary related payments and is included in accrued payroll and benefits. Accrued compensated absences are reported in the government-wide financial statements. Governmental funds report only matured accrued compensated absences to currently terminating employees.

CENTRAL OREGON INTERGOVERNMENTAL COUNCIL
BEND, OREGON

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Unearned Revenue

COIC reports unearned revenue on the balance sheets of the governmental funds. Unearned revenues arise when potential revenue does not meet both the measurable and available criteria for recognition in the current period. In subsequent periods, when both recognition criteria are met or when COIC has a legal claim to the resources, the liability for unearned revenue is removed from the balance sheet and revenue is recognized.

Long-Term Obligations

In the government-wide financial statements, long-term debt is reported as a liability in the Statement of Net Assets.

Fund Balances

In the fund financial statements, the fund balance for governmental funds is reported in the classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

Fund balance is reported as non-spendable when resources cannot be spent because they are either legally or contractually required to be maintained intact, or are in a non-spendable form such as inventories, prepaid amounts, and assets held for resale.

Fund balance is reported as restricted when constraints placed on the use of resources are either: (a) externally imposed by creditors (such as through debt covenants), grants, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Unassigned fund balance is the residual classification for the General Fund. This classification represents fund balance that has not been restricted, committed, or assigned within the General Fund. This classification is also used to report any negative fund balance amounts in other governmental funds.

COIC receives resources restricted for specific by grants, contracts, laws and regulations and enabling legislation. Unrestricted resources are available for any COIC purpose. COIC reduces restricted amounts first when expenditures are incurred for purposes for which restricted and unrestricted (committed, assigned or unassigned) amounts are available. COIC reduces committed amounts first, followed by assigned amounts then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may vary from those estimates.

CENTRAL OREGON INTERGOVERNMENTAL COUNCIL
BEND, OREGON

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2018

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

COIC, organized under Oregon Revised Statutes Chapter 190, is subject to budget provisions of Oregon Revised Statutes Sections 294.900 to 294.930. The governing board of COIC adopts appropriations on a budgetary basis at the legal level (personnel services, materials and services, capital outlay, and transfers) for each fund. The board adopted a supplemental budget for the year ended June 30, 2018.

NOTE 3 - CASH AND INVESTMENTS

COIC maintains a common cash and investment pool that is available for use by all funds. Each fund's portion of this pool is displayed in the Statement of Net Assets as "Cash and investments". The types of investments in which COIC may invest are restricted by Oregon Revised Statutes. Authorized investments include bank demand deposits, general obligations of the United States Government and its agencies, and certain states, certain guaranteed investments issued by banks, and the State of Oregon Local Government Investment Pool. Cash and investments are comprised of the following at June 30, 2018.

	<u>Security</u>		
Cash on hand	N/A	\$	986
Demand accounts	FDIC & collateral		2,015,593
Local Government Investment Pool	N/A		<u>1,817,596</u>
<i>Total cash and investments</i>		\$	<u><u>3,834,175</u></u>

Deposits with Financial Institutions

The State of Oregon formed the Oregon Public Funds Collateralization Program created a state-wide pool of qualified bank depositories for local governments, providing collateralization for bank balances that exceed the limits of the Federal Depository Insurance Corporation (FDIC), and eliminating the need for certificates of participation. As of At June 30, 2018, the carrying amount of COIC's deposits in a financial institution was \$2,015,593 and the balance per the bank statements was \$2,337,388. The bank balance as of June 30, 2018 in the amount of \$2,337,388 was covered by the FDIC and collateralized by the OPFCP.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. As a means of limiting its exposure to fair value losses arising from rising interest rates, COIC's investment policy requires that 100% of COIC's investment portfolio have maturities of one year or less. At June 30, 2018, the Local Government Investment Pool had investment maturities of less than one year.

CENTRAL OREGON INTERGOVERNMENTAL COUNCIL
BEND, OREGON

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2018

NOTE 3 - CASH AND INVESTMENTS (CONTINUED)

Credit Risk

Oregon Revised Statutes limit investments in commercial paper and corporate bonds to those rated at least A-1 and AA respectively by a nationally recognized rating agency. COIC has no investment policy that would further limit its investment choices. At June 30, 2018, COIC was in compliance with the above state limitations. The State of Oregon Local Government Investment Pool is unrated.

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of failure of counterparty, COIC will not be able to recover the value of its investments that are in the possession of an outside party. At June 30, 2018, COIC does not have investments exposed to custodial credit risk.

NOTE 4 - NOTES RECEIVABLE

Notes receivable at June 30, 2018 in the amount of \$2,646,782 are economic development loans made to businesses to create jobs in the State of Oregon. The amount reported as notes receivable as of June 30, 2018 is the amount of original notes, less principal repayments received. Interest received on these loans during the contract period is considered to be program income.

Interest rates on the loans range from 6.25% to 8.50% and are secured by various combinations of personal guarantees, real estate, equipment, inventory and receivables. Notes receivable at June 30, 2018 include approximately \$2,455,878 not expected to be collected within one year. COIC considers all loans to be collectible and, therefore, no allowance for doubtful accounts is considered necessary.

NOTE 5 - CAPITAL ASSETS

Capital assets activity for the year was as follows:

	<u>Balance</u> <u>July 1, 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2018</u>
<i>Governmental funds</i>				
Capital assets not depreciated:				
Land	\$ 2,074,552	\$	\$	\$ 2,074,552
Capital assets being depreciated:				
Equipment	6,096,339	1,796,869		7,893,208
Buildings and improvement	<u>6,246,605</u>	<u>1,062,155</u>		<u>7,308,760</u>
	<u>14,417,496</u>	<u>2,859,024</u>		<u>17,276,520</u>
Accumulated depreciation				
Equipment	(3,976,017)	(556,391)		(4,532,408)
Buildings and improvement	<u>(1,073,260)</u>	<u>(194,743)</u>		<u>(1,268,003)</u>
	<u>(5,049,277)</u>	<u>(751,134)</u>		<u>(5,800,411)</u>
<i>Capital assets, net</i>	<u>\$ 9,368,219</u>	<u>\$ 2,107,890</u>	<u>\$ -</u>	<u>\$ 11,476,109</u>

CENTRAL OREGON INTERGOVERNMENTAL COUNCIL
BEND, OREGON

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2018

NOTE 5 - CAPITAL ASSETS (CONTINUED)

For the year ended June 30, 2018 depreciation expense of \$751,134 was directly charged to Employment and Training, Economic Development activities and Transportation in the amounts of \$26,946, \$2,584, and \$721,604, respectively.

NOTE 6 – NOTES PAYABLE

Note payable to the U.S. Department of Agriculture. Payments of \$84,900 including interest at 1% are due annually. The loan is secured by revolving notes receivable and is due March 2027.	\$ 726,103
Note payable to the Oregon Job Creation Program. Payments of \$1,154 including interest at 4% are due monthly. The loan is due December 2021.	45,141
Note payable to the Oregon Certified Business Development Corporation. Payments of \$4,050 including interest at 4% are due monthly. The loan is due February 2021.	122,731
Note payable to the U.S. Department of Agriculture. Payments of \$24,282 including interest at 1% are due annually. The loan is secured by revolving notes receivable and is due March 2030.	273,282
Note payable to Wells Fargo Bank. Payments of \$6,456 including interest at 6.4% are due monthly, the loan is secured by land and buildings. The note is due March 2027.	511,174
Note payable to the City of Bend. Payments in the amount \$31,982 including effective interest at 4% are due annually beginning July 31, 2022. The note is secured by land and buildings. The note is due July 2042.	<u>639,656</u>
<i>Total</i>	<u>\$ 2,318,087</u>

Notes payable were incurred to fund revolving loan programs and acquire capital assets used for economic development activities and transportation activities. Interest expense in the amount of \$48,753 on the above notes payable has been directly allocated to economic development and transportation program expenses in the amount of \$10,665 and \$38,088, respectively.

CENTRAL OREGON INTERGOVERNMENTAL COUNCIL
BEND, OREGON

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2018

NOTE 6 – NOTES PAYABLE (CONTINUED)

Changes in notes payable are as follows:

<i>Governmental activities:</i>	<u>Balances</u> <u>July 1, 2017</u>	<u>Principal</u> <u>Additions</u>	<u>Principal</u> <u>Reductions</u>	<u>Balances</u> <u>June 30, 2018</u>	<u>Due Within</u> <u>One Year</u>
Note payable dated March 6, 1997, original loan \$2,000,000	\$ 802,973	\$	\$ 76,870	\$ 726,103	\$ 77,638
Note payable dated March 1, 2011, original loan \$114,000	56,950		11,809	45,141	12,267
Note payable dated February 1, 2010, original loan \$304,602	165,484		42,753	122,731	44,495
Note payable dated March 15, 2000, original loan \$572,000	294,619		21,337	273,282	21,550
Note payable dated May 22, 2012, original loan \$739,300	555,122		43,948	511,174	46,454
Note payable dated May 22, 2012, original loan \$639,656	<u>639,656</u>			<u>639,656</u>	
	<u>\$ 2,514,804</u>	<u>\$ -</u>	<u>\$ 196,717</u>	<u>\$ 2,318,087</u>	<u>\$ 202,404</u>

The annual requirements to pay principal and interest on notes payable at June 30, 2018 are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 202,404	\$ 43,026	\$ 245,430
2020	208,378	37,051	245,429
2021	198,322	30,928	229,250
2022	163,907	25,999	189,906
2023	193,232	21,733	214,965
2024-2028	856,250	42,355	898,605
2029-2033	207,750	636	208,386
2034-2038	159,914		159,914
2039-2042	<u>127,930</u>		<u>127,930</u>
	<u>\$ 2,318,087</u>	<u>\$ 201,728</u>	<u>\$ 2,519,815</u>

CENTRAL OREGON INTERGOVERNMENTAL COUNCIL
BEND, OREGON

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2018

NOTE 7 - UNEARNED REVENUES

Unearned revenues as of June 30, 2018 consisted of the following:

Grants and contracts	\$ <u>1,267,981</u>
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Unearned grant and contract revenue will be recognized as services are provided under the terms of the agreements.

NOTE 8 - PENSION PLAN

Plan Description

The Oregon Public Employees Retirement System (PERS) consists of a single cost-sharing multiple-employer defined benefit plan. All benefits of the system are established by the legislature pursuant to Oregon Revised Statute (ORS) Chapters 238 and 238A. Oregon PERS produces an independently audited Comprehensive Annual Financial Report which can be obtained by contacting PERS at the following address: PO BOX 23700 Tigard, OR 97281-3700.

- a) PERS Pension (Chapter 238). The ORS Chapter 238 Defined Benefit Plan is closed to new members hired on or after August 29, 2003.
- i) 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 of 2.0 percent for police and fire employees, and 1.67 percent for general service employees is multiplied by the number of years of service and the final average salary. Benefits may also be calculated under a formula plus annuity (for members who were contributing before August 21, 1981) or a money match computation if a greater benefits results.
- ii) 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 contributions are met:
- member was employed by PERS employer at the time of death,
 - member died within 120 days after termination of PERS covered employment,
 - member died as a result of injury sustained while employed in a PERS-covered job, or
 - member was on an official leave of absence from a PERS-covered job at the time or death.
- iii) 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 (55 for police and fire members) when determining the monthly benefit.

CENTRAL OREGON INTERGOVERNMENTAL COUNCIL
BEND, OREGON

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2018

NOTE 8 - PENSION PLAN (CONTINUED)

- iv) Benefit Changes after Retirement. Members may choose to continue participation in a variable equities investment account after retiring and may experience annual benefit fluctuations due to changes in the market value equity investments. Under ORS 238.360 monthly benefits are adjusted annually through cost-of-living changes. The cap on the COLA will vary based on the amount of the annual benefit.

- b) OPSRP Pension Program (OPSRP DB). The ORS Chapter 238A Defined Benefit Pension Program provides benefits to members hired on or after August 29, 2003.
 - i) Pension Benefits. This portion of OPSRP provides a life pension funded by employer contributions. Benefits are calculated with the following formula for members who attain normal retirement age: Police and fire: 1.8 percent is multiplied by the number of years of service and the final average salary. Normal retirement age for police and fire members is age 60 or age 53 with 25 years of retirement credit. To be classified as a police and fire member, the individual must have been employed continuously as a police and fire member for at least five years immediately preceding retirement.
General Service: 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 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.
 - ii) 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.
 - iii) 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.
 - iv) Benefit Changes after Retirement. Under ORS 238A.210 monthly benefits are adjusted annually through cost-of-living changes. The cap on the COLA will vary based on the amount of the annual benefit.

Contributions

PERS funding policy provides for monthly employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. The funding policy applies to the PERS Defined Benefit Plan and Other Postemployment Benefit Plans. Employer contribution rates during the period were based on the December 31, 2015 actuarial valuation, which became effective July 1, 2017. The state of Oregon and certain schools, community colleges, and political subdivision have made unfunded actuarial liability payments and their rates have been reduced. Employer contributions for the year ended June 30, 2018 were \$601,280, excluding amounts to fund employer specific liabilities.

CENTRAL OREGON INTERGOVERNMENTAL COUNCIL
BEND, OREGON

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2018

NOTE 8 - PENSION PLAN (CONTINUED)

Pension Asset or Liability

At June 30, 2018, the net actuarial pension liability from the June 30, 2017 valuation was \$4,346,354. COIC reported the net pension liability less contributions in the amount of \$601,280 for the year ended June 30, 2018 in the amount of \$3,745,074. The pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2015. COIC's proportion of the net pension liability was based on a projection of COIC's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2017, COIC's proportion was .031 percent.

	<u>Deferred Outflow of Resources</u>
Difference between expected and actual experience	\$ 210,192
Changes in assumptions	792,263
Net difference between actual and expected earnings on investments	44,778
Changes in proportionate share	(174,750)
Differences between employer contributions and employer's proportionate share of system contributions	<u>210,026</u>
Deferred OutFlows as of June 30, 2017	1,082,509
Recognized as pension expense year ended June 30, 2018	<u>(198,335)</u>
Net Deferred Outflow of resources	<u>\$ 884,174</u>
	<u>Amount</u>
<u>Year Ended June 30,</u>	
2019	\$ 552,396
2020	388,597
2021	(73,160)
2022	<u>16,341</u>
Total	<u>\$ 884,174</u>

Actuarial Valuations

All assumptions, methods and plan provisions used in these calculations are described in the Oregon PERS system-wide GASB 68 reporting summary dated February 8, 2017. Oregon PERS produces an independently audited CAFR which can be found the Oregon PERS website.

CENTRAL OREGON INTERGOVERNMENTAL COUNCIL
BEND, OREGON

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2018

NOTE 8 - PENSION PLAN (CONTINUED)

The employer contribution rates effective July 1, 2017 through June 30, 2018, were set using the entry age normal actuarial cost method. For the Tier One/Tier Two component of the PERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (1) an amount for normal cost (estimated amount necessary to finance benefits earned by employees during the current service year), (2) an amount for the amortization unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial liabilities being amortized over 20 years.

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

Actuarial Methods and Assumptions:

Valuation date	December 31, 2015 rolled forward to June 30, 2017
Experience Study Report	2014, Published September, 2016
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
Inflation rate	2.75 percent
Investment rate of return	7.75 percent
Projected salary increase	3.50 percent overall payroll growth; salaries for individuals are assumed to grow at 3.50 percent plus assumed rates of merit/longevity increases based on service. For COLA, a blend of 2% COLA and a graded COLA (1.25%) in accordance with the Moro decision, blended based on service.
Mortality	Healthy retirees and beneficiaries: RP-2000 Sex-distinct, generational per Scale BB, with collar adjustments and set-backs as described in the valuation. Active members: Mortality rates are a percentage of healthy retiree rates that vary by group, as described in the valuation. Disabled retirees: Mortality rates are a percentage (70% for males and 95% for females) of the RP-2000 static combined disabled mortality sex-distinct table.

CENTRAL OREGON INTERGOVERNMENTAL COUNCIL
BEND, OREGON

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2018

NOTE 8 - PENSION PLAN (CONTINUED)

Actuarial valuations of an ongoing plan involve estimates of value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Experience studies are performed as of December 31 of even numbered years. The method and assumptions shown are based on the 2014 Experience Study which is reviewed for the four-year period ending December 31, 2014.

Discount Rate- The discount rate used to measure the total pension liability was 7.50 percent for the Defined Benefit Pension Plan. The projection of cash flows used to determine the discount rate assumed that contributions from the plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the Defined Benefit Pension Plan was applied to all periods of projected benefit payments to determine the total pension liability.

Assumed Asset Allocation:

Asset Class/Strategy	<u>Range</u>	<u>Range</u>	<u>Target</u>
Cash	0.0%	3.0%	0.0%
Debt Securities	15.0%	25.0%	20.0%
Public Equity	32.5%	42.5%	37.5%
Private Equity	16.0%	24.0%	20.0%
Real Estate	9.5%	15.5%	12.5%
Alternative Energy	0.0%	10.0%	10.0%
Opportunity Portfolio	0.0%	3.0%	0.0%
<i>Total</i>			<u><u>100.0%</u></u>

Long-term Expected Rate of Return:

To develop an analytical basis for the selection of long-term expected rate of return assumptions, in July 2013 the PERS board reviewed long-term assumptions developed by both Milliman's capital market assumptions team and the Oregon Investment Council's investment advisors. The table below show's Milliman's assumptions for each asset class in which the plan was invested at that time based on the target allocation of the asset classes below. Each asset assumption is based on a consistent set of underlying assumptions, and includes adjustment for the inflation assumption. Assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

CENTRAL OREGON INTERGOVERNMENTAL COUNCIL
BEND, OREGON

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2018

NOTE 8 - PENSION PLAN (CONTINUED)

Asset Class/Strategy	<u>Target</u>	<u>Annual Return</u>
Core Fixed Income	7.20%	4.50%
Short-term bonds	8.00%	3.70%
Intermediate-term Bonds	3.00%	4.10%
High Yield Bonds	1.80%	6.66%
Large Cap US securities	11.65%	7.20%
Mid Cap US securities	3.88%	7.30%
Small Cap US securities	2.27%	7.45%
Developed Foreign Equities	14.21%	6.90%
Emerging Foreign Equities	5.49%	7.40%
Private Equity	20.00%	8.26%
Opportunity Funds	5.00%	6.01%
Real Estate - property	13.75%	6.51%
Real Estate - REITS	2.50%	6.76%
Commodities	7.71%	6.07%
Assumed inflation		2.75%

Sensitivity to COIC's Proportion of the Net Pension Liability to Changes in the Discount Rate

The following is a calculation of COIC's proportionate share of the net pension liability calculated using the discount rate of 7.50 percent compared to a 1% higher and lower discount rate:

1% Lower discount rate - 6.50%	\$ 7,406,980
7.50% COIC's rate	\$ 4,346,354
1% Higher discount rate - 8.50%	\$ 1,787,103

Changes Subsequent to the Measurement Date

As described above, GASB 67 and GASB 68 require the Total Pension Liability to be determined based on the benefit terms in effect at the measurement date. Any changes to benefit terms that occur after that date are reflected in the amounts reported for the subsequent measurement date. However, GASB 68 requires employers to briefly describe any changes between the measurement date and the employer's reporting date that are expected to have a significant effect on the employer's share of the collective net pension liability, along with an estimate of the resulting change, if available.

At its July 28, 2017 meeting, the PERS board lowered the assumed rate to 7.2 percent from 7.5 percent. The new rate will take effect January 1, 2018. The effect of this change has not been determined.

CENTRAL OREGON INTERGOVERNMENTAL COUNCIL
BEND, OREGON

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2018

NOTE 8 - PENSION PLAN (CONTINUED)

Individual Account Program

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

NOTE 9 - COMMITMENTS AND CONTINGENCIES

Reimbursement claims under federal and state program grants are subject to audit and adjustment by grantor agencies. Any disallowed claims might become a liability of COIC. COIC is aware of no communications from granting agencies regarding the lack of compliance with grant conditions that could result in a liability. There are no asserted or known unasserted claims against COIC that require disclosure or a loss accrual under Financial Accounting Standards Board Statement No. 5.

NOTE 10 - RISK MANAGEMENT

COIC is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

COIC carries commercial insurance for other risks of loss, including employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

NOTE 11 - RISK MANAGEMENT

COIC is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

COIC carries commercial insurance for other risks of loss, including employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

CENTRAL OREGON INTERGOVERNMENTAL COUNCIL
BEND, OREGON

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2018

NOTE 12 – RECONCILIATION OF BUDGETARY BASIS TO GOVERNMENTAL FUND FINANCIAL STATEMENTS

The schedules of Revenues, Expenditures and Changes in Fund Balance -Budgetary Basis as presented in required supplemental information have been prepared using COIC's budgetary basis of accounting, which differs from the Governmental Fund Financial Statements. The following is a reconciliation of the excess of revenues over expenditures – Budgetary Basis to net change in fund balances – Governmental Fund Basis as reported in the Basic Financial Statements:

	<u>Governmental Funds</u>
Excess of revenues over expenditures - budgetary basis	\$ 319,718
Business loan principal payments	(406,327)
Business loans	<u>170,000</u>
Net change in fund balances - governmental fund basis	<u>\$ 83,391</u>

The schedules of Revenues, Expenditures and Changes in Fund Balance - Budgetary Basis are adjusted for notes receivable balances at year end in order to reconcile with the Governmental Fund Financial Statements basis.

NOTE 13 – SUBSEQUENT EVENTS

Subsequent events have been evaluated through December 30, 2018, which is the date the financial statements were issued.

NOTE 14 – POST EMPLOYMENT BENEFITS OTHER THAN PENSION

Oregon Public Employees Retirement System (PERS) administers the retirement health insurance health account (RHIA) cost sharing, multiple-employer defined benefit Other Postemployment Benefit (OPEB) plan for units of state and local governments. GASB 75 reporting requirements for this plan became effective for the year ended June 30, 2018. Contributions to the plan are mandatory for each employer that participates in PERS. COIC reported a Net OPEB asset in the amount \$11,891. Due to the insignificance of the Net OPEB asset other reported amounts associated in connection with the plan, no other amounts or disclosures have been included in the year ended June 30, 2018 financial statements.

CENTRAL OREGON INTERGOVERNMENTAL COUNCIL
BEND, OREGON

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2018

NOTE 15 – 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 (including, but not limited to, quoted prices for similar assets or liabilities in markets that are active, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for assets or liabilities (such as interest rates, yield curves, volatilities, loss severities, credit risks and default rates) or other market-corroborated inputs)

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

The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). Accordingly, the degree of judgement 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.

Cash and investments at June 30, 2018 are classified as follows:

	<u>Not Applicable</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Cash on hand	\$ 986				\$ 986
Demand deposits	2,015,593				2,015,593
Oregon State Treasurer's Investment Pool	_____	_____	1,817,596	_____	1,817,596
	<u>\$ 2,016,579</u>	<u>\$ -</u>	<u>\$ 1,817,596</u>	<u>\$ -</u>	<u>\$ 3,834,175</u>

REQUIRED SUPPLEMENTAL INFORMATION

CENTRAL OREGON INTERGOVERNMENTAL COUNCIL
BEND, OREGON

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
AND SCHEDULE OF CONTRIBUTIONS

LAST FOUR FISCAL YEARS

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

Fiscal Year Ending June 30,	Employer's proportion of the net pension liability (NPL)	Employer's proportionate share of the net pension liability (NPL)	Employer's covered payroll	NPL as a percentage of covered payroll	Plan fiduciary net position as a percentage of total pension
2017	0.031%	4,346,354	5,005,185	86.8%	83.7%
2016	0.032%	4,805,368	5,619,158	85.5%	80.5%
2015	0.036%	2,047,568	5,545,652	36.9%	103.6%
2014	0.040%	-904,275	5,136,486	(17.6)%	103.6%

Note: This schedule is presented to illustrate the requirements to show information for ten years. However, until a full ten year trend has been compiled, information is presented only for the years for which the required supplementary information is available.

SCHEDULE OF CONTRIBUTIONS

Fiscal Year Ending June 30,	Statutorily required contribution	Contributions in relation to the statutorily required Contributions	Contribution deficiency (excess)	Employer's covered payroll	Contributions as a percentage of covered payroll
2018	601,200	601,200	\$ -	\$ 5,005,185	12.0%
2017	801,373	801,373	-	5,619,158	14.3%
2016	839,987	839,987	-	5,545,652	15.1%
2015	664,972	664,972	-	5,136,486	12.9%

Note: This schedule is presented to illustrate the requirements to show information for ten years. However, until a full ten year trend has been compiled, information is presented only for the years for which the required supplementary information is available.

CENTRAL OREGON INTERGOVERNMENTAL COUNCIL
BEND, OREGON

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGETARY BASIS
BUDGET AND ACTUAL

GENERAL FUND
YEAR ENDED JUNE 30, 2018

	Original Budget	Final Budget	Variance with Final Budget Over (Under)	Actual
REVENUES				
Intergovernmental				
Workforce Innovation Act	\$ 1,402,008	\$ 1,438,000	\$ 58,269	\$ 1,496,269
Department of Transportation	2,033,188	2,033,188	(4,484)	2,028,704
Department of Human Services	1,993,542	1,993,542	94,139	2,087,681
Department of Agriculture	242,452	242,452	(84,288)	158,164
Pacific Source Contract	3,845,125	4,834,000	(381,356)	4,452,644
Economic Development	75,000	123,000	(5,876)	117,124
Oregon Youth Conservation Corp	24,000	24,000	(6,295)	17,705
Oregon AGORA	6,500	6,500	(1,774)	4,726
Department of Colleges	34,080	34,080	(34,080)	
Oregon Department of Transp.	1,927,547	1,929,000	167,912	2,096,912
Oregon Business Development	738,000	738,000	14,602	752,602
Oregon Department of Land			5,000	5,000
Local government	4,439,778	4,803,567	(513,778)	4,289,789
Other revenue	983,947	952,000	(197,477)	754,523
Charges for services				
Grant and loan administration	971,164	1,144,100	36,535	1,180,635
Transportation revenue	654,766	716,000	(38,187)	677,813
Other				
Interest on investments	14,416	32,000	2,213	34,213
<i>Total revenues</i>	<u>19,385,513</u>	<u>21,043,429</u>	<u>(888,925)</u>	<u>20,154,504</u>
EXPENDITURES				
Personnel services				
Salaries	5,164,665	5,234,651	229,466	5,005,185
Taxes and benefits	3,133,548	2,888,839	78,678	2,810,161
	<u>8,298,213</u>	<u>8,123,490</u>	<u>308,144</u>	<u>7,815,346</u>
Materials and services				
Occupancy	461,776	461,776	70,282	391,494
Telephone	130,259	130,259	8,867	121,392
Utilities	158,950	175,000	5,138	169,862
Office	194,770	212,149	(50,451)	262,600
Fees and dues	271,765	273,000	128,365	144,635
Repairs and maintenance	315,451	315,451	67,592	247,859
Insurance	170,112	170,112	50,877	119,235
Professional services	79,570	134,000	(19)	134,019

- continued on page 36

CENTRAL OREGON INTERGOVERNMENTAL COUNCIL
BEND, OREGON

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGETARY BASIS
BUDGET AND ACTUAL

GENERAL FUND
YEAR ENDED JUNE 30, 2018

- continued from page 35

	Original Budget	Final Budget	Variance with Final Budget Over (Under)	Actual
EXPENDITURES (CONTINUED)				
Materials and services (continued)				
Contracting	5,458,016	6,336,003	(208,217)	6,544,220
Training and travel	86,355	105,500	(9,226)	114,726
Transportation	350,073	500,000	(17,440)	517,440
Client training services	288,355	389,043	5,272	383,771
Hawthorne supplies	51,746	51,746	19,091	32,655
	8,017,198	9,254,039	70,131	9,183,908
Capital outlay	2,779,581	2,902,581	43,557	2,859,024
Debt Service				
Principal	100,000	100,000	1,490	98,510
Interest	40,000	40,000	1,912	38,088
	140,000	140,000	3,402	136,598
Operating contingency	3,100,334	4,449,093	4,449,093	
<i>Total expenditures</i>	22,335,326	24,869,203	4,874,327	19,994,876
EXCESS OF REVENUES OVER				
(UNDER) EXPENDITURES				
	(2,949,813)	(3,825,774)	3,985,402	159,628
FUND BALANCE, <i>budgetary basis -</i>				
<i>beginning of year</i>				
	2,949,813	3,825,774		3,825,774
FUND BALANCE, <i>budgetary basis -</i>				
<i>end of year</i>				
	\$ -	\$ -	\$ 3,985,402	\$ 3,985,402

CENTRAL OREGON INTERGOVERNMENTAL COUNCIL
BEND, OREGON

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGETARY BASIS
BUDGET AND ACTUAL

EDA TITLE IX - REVOLVING LOAN FUND

YEAR ENDED JUNE 30, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Variance with Final Budget Over(Under)</u>	<u>Actual</u>
REVENUES				
Payments on loan principal	\$ 119,632	\$ 122,000	\$ 127,061	\$ 249,061
Loan fees	3,622	4,500	(228)	4,272
Interest on revolving loans	132,843	111,000	3,547	114,547
Interest on investments	4,779	5,800	434	6,234
<i>Total revenues</i>	<u>260,876</u>	<u>243,300</u>	<u>130,814</u>	<u>374,114</u>
EXPENDITURES				
Materials and services	100,000	108,000	1,359	106,641
Business loans	200,000	200,000	30,000	170,000
<i>Total expenditures</i>	<u>300,000</u>	<u>308,000</u>	<u>31,359</u>	<u>276,641</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(39,124)	(64,700)	162,173	97,473
FUND BALANCE, budgetary basis - beginning of year	<u>313,727</u>	<u>313,727</u>	<u>20,338</u>	<u>334,065</u>
FUND BALANCE, budgetary basis - end of year	<u>\$ 274,603</u>	<u>\$ 249,027</u>	<u>\$ 182,511</u>	431,538
Adjustment for ending notes receivable				<u>1,571,123</u>
FUND BALANCE, end of year				<u>\$ 2,002,661</u>

CENTRAL OREGON INTERGOVERNMENTAL COUNCIL
BEND, OREGON

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGETARY BASIS
BUDGET AND ACTUAL

INTERMEDIARY RELENDING PROGRAM FUND

YEAR ENDED JUNE 30, 2018

	Original Budget	Final Budget	Variance with Final Budget Over (Under)	Actual
REVENUES				
Payments on loan principal	\$ 64,836	\$ 146,000	\$ (543)	\$ 145,457
Loan fees	4,750	600	204	804
Interest on revolving loans	84,799	67,000	3,328	70,328
Interest on investments	3,026	1,000	950	1,950
<i>Total revenues</i>	157,411	214,600	3,939	218,539
EXPENDITURES				
Materials and services	60,000	62,000	3,141	58,859
Debt service				
Principal	98,207	98,500	293	98,207
Interest	10,975	11,000	335	10,665
Business loans	250,000			
<i>Total expenditures</i>	419,182	171,500	3,769	167,731
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES				
	(261,771)	43,100	7,708	50,808
FUND BALANCE, budgetary basis - beginning of year				
	666,440	662,677	989	663,666
FUND BALANCE, budgetary basis - end of year				
	\$ 404,669	\$ 705,777	\$ 8,697	714,474
Adjustment for ending notes receivable				1,030,518
FUND BALANCE, end of year				
				\$ 1,744,992

CENTRAL OREGON INTERGOVERNMENTAL COUNCIL
BEND, OREGON

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGETARY BASIS
BUDGET AND ACTUAL

JOB CREATION PROGRAM FUND

YEAR ENDED JUNE 30, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Variance with Final Budget Over (Under)</u>	<u>Actual</u>
REVENUES				
Payments on loan principal	\$ 11,326	\$ 12,000	\$ (191)	\$ 11,809
Interest on revolving loans	2,526	2,100	(57)	2,043
Interest on investments	<u>292</u>	<u>1,200</u>	<u>(104)</u>	<u>1,096</u>
<i>Total revenues</i>	<u>14,144</u>	<u>15,300</u>	<u>(352)</u>	<u>14,948</u>
EXPENDITURES				
Materials and services	<u>2,818</u>	<u>3,200</u>	<u>61</u>	<u>3,139</u>
<i>Total expenditures</i>	<u>2,818</u>	<u>3,200</u>	<u>61</u>	<u>3,139</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	11,326	12,100	(291)	11,809
FUND BALANCE, <i>budgetary basis</i> - <i>beginning of year</i>				
	<u>45,897</u>	<u>57,223</u>		<u>57,223</u>
FUND BALANCE, <i>budgetary basis</i> - <i>end of year</i>				
	<u>\$ 57,223</u>	<u>\$ 69,323</u>	<u>\$ (291)</u>	69,032
Adjustment for ending notes receivable				<u>45,141</u>
FUND BALANCE, <i>end of year</i>				<u>\$ 114,173</u>

OTHER SUPPLEMENTAL INFORMATION

CENTRAL OREGON INTERGOVERNMENTAL COUNCIL

CENTRAL OREGON INTERGOVERNMENTAL COUNCIL
BEND, OREGON

SCHEDULE OF CONTRACT EXPENDITURES WITH THE EAST
CASCADES WORKFORCE INVESTMENT BOARD
REGION 10

YEAR ENDED JUNE 30, 2018

<i>Expenditures</i>	<u>Administration</u>	<u>Program</u>
WIOA Title 1B Youth	\$	\$ 495,572
WIOA Title 1B Adult		414,703
WIOA Title 1B Dislocated Worker		467,854
Summer Jobs		50,000
		<u>1,428,129</u>
Work Experience - State Funded		49,016
WIOA TANF - State Funded		21,610
		<u>21,610</u>
<i>Total expenditures</i>	\$ -	\$ <u>1,498,755</u>

Total Current Year Expenditures	Program Income Expenditures	Total Program Costs
\$ 495,572	\$ 108,070	\$ 603,642
414,703		414,703
467,854		467,854
<u>50,000</u>		<u>50,000</u>
1,428,129	108,070	1,536,199
49,016		49,016
<u>21,610</u>		<u>21,610</u>
<u>\$ 1,498,755</u>	<u>\$ 108,070</u>	<u>\$ 1,606,825</u>

CENTRAL OREGON INTERGOVERNMENTAL COUNCIL
BEND, OREGON

SCHEDULE OF CONTRACT EXPENDITURES WITH THE EAST
CASCADES WORKFORCE INVESTMENT BOARD
REGION 11

YEAR ENDED JUNE 30, 2018

<i>Expenditures</i>	<u>Administration</u>	<u>Program</u>
WIOA Title 1B Youth	\$	\$ 14,736
WIOA Title 1B Adult		11,219
WIOA Title 1B Dislocated Worker		43,168
	<u>\$ -</u>	<u>\$ 69,123</u>

<u>Total Current Year Expenditures</u>	<u>Program Income Expenditures</u>	<u>Total Program Costs</u>
\$ 14,736	\$	\$ 14,736
11,219		11,219
<u>43,168</u>		<u>43,168</u>
<u>\$ 69,123</u>	<u>\$ -</u>	<u>\$ 69,123</u>

CENTRAL OREGON INTERGOVERNMENTAL COUNCIL
BEND, OREGON

SCHEDULE OF CONTRACT EXPENDITURES WITH THE EAST
CASCADES WORKFORCE INVESTMENT BOARD
COMBINED

YEAR ENDED JUNE 30, 2018

<i>Expenditures</i>	<u>Administration</u>	<u>Program</u>
WIOA Title 1B Youth	\$	\$ 510,309
WIOA Title 1B Adult		425,922
WIOA Title 1B Dislocated Worker		511,022
Summer Jobs		<u>50,000</u>
		1,497,253
Work Experience - State Funded		49,016
WIOA - TANF - State Funded		<u>21,610</u>
<i>Total expenditures</i>	<u>\$ -</u>	<u>\$ 1,567,879</u>

Total Current Year Expenditures	Program Income Expenditures	Total Program Costs
\$ 510,309	\$ 108,070	\$ 618,379
425,922		425,922
511,022		511,022
<u>50,000</u>		<u>50,000</u>
1,497,253	108,070	1,605,323
49,016		49,016
<u>21,610</u>		<u>21,610</u>
<u>\$ 1,567,879</u>	<u>\$ 108,070</u>	<u>\$ 1,675,949</u>

CENTRAL OREGON INTERGOVERNMENTAL COUNCIL
BEND, OREGON

SCHEDULE OF CAPITAL ASSETS BY SOURCE

JUNE 30, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
<i>Capital assets</i>		
Land	\$ 2,074,552	\$ 2,074,552
Equipment	7,893,208	6,096,339
Buildings and improvements	<u>7,308,760</u>	<u>6,246,605</u>
 <i>Total capital assets</i>	 <u>\$ 17,276,520</u>	 <u>\$ 14,417,496</u>
 <i>Capital assets by source</i>		
Intergovernmental		
Federal and other	<u>\$ 17,276,520</u>	<u>\$ 14,417,496</u>

CENTRAL OREGON INTERGOVERNMENTAL COUNCIL
BEND, OREGON

SCHEDULE OF CAPITAL ASSETS BY FUNCTION AND ACTIVITY

JUNE 30, 2018

	<u>Land</u>	<u>Equipment</u>	<u>Buildings and Improvements</u>	<u>Total</u>
Employment and training	\$	\$ 273,498	\$ 136,139	\$ 409,637
Economic development		10,626	129,218	139,844
Transportation	<u>2,074,552</u>	<u>7,609,084</u>	<u>7,043,403</u>	<u>16,727,039</u>
	<u>\$ 2,074,552</u>	<u>\$ 7,893,208</u>	<u>\$ 7,308,760</u>	<u>\$ 17,276,520</u>

CENTRAL OREGON INTERGOVERNMENTAL COUNCIL
BEND, OREGON

SCHEDULE OF CHANGES IN CAPITAL ASSETS BY FUNCTION AND ACTIVITY

YEAR ENDED JUNE 30, 2018

	Balance July 1, 2017	Additions	Deletions	Balance June 30, 2018
Employment and training				
Cost	\$ 409,637	\$	\$	\$ 409,637
Accumulated depreciation	<u>(240,990)</u>	<u>(26,946)</u>	<u></u>	<u>(267,936)</u>
	<u>168,647</u>	<u>(26,946)</u>	<u></u>	<u>141,701</u>
Economic development				
Cost	139,844			139,844
Accumulated depreciation	<u>(23,546)</u>	<u>(2,584)</u>	<u></u>	<u>(26,130)</u>
	<u>116,298</u>	<u>(2,584)</u>	<u></u>	<u>113,714</u>
Transportation				
Cost	13,868,015	2,859,024		16,727,039
Accumulated depreciation	<u>(4,784,741)</u>	<u>(721,604)</u>	<u></u>	<u>(5,506,345)</u>
	<u>9,083,274</u>	<u>2,137,420</u>	<u></u>	<u>11,220,694</u>
	<u>\$ 9,368,219</u>	<u>\$ 2,107,890</u>	<u>\$ -</u>	<u>\$ 11,476,109</u>

CENTRAL OREGON INTERGOVERNMENTAL COUNCIL

STATISTICAL SECTION

STATISTICAL SECTION CONTENTS

This part of Central Oregon Intergovernmental Council's statistical 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 COIC's overall health.

<i>FINANCIAL TRENDS</i>	49-56
These schedules contain trend information to help the reader Understand how COIC's financial performance and well-being have changed over time.	
<i>REVENUE CAPACITY</i>	57-60
These schedules contain information to help the reader assess COIC's significant sources of revenue.	
<i>DEBT CAPACITY</i>	61
These schedules present information to help the reader assess the affordability of COIC's current levels of outstanding debt.	
<i>DEMOGRAPHIC AND ECONOMIC INFORMATION</i>	62-63
These schedules offer demographic and economic indicators to help the reader understand the environment within which COIC's financial activities take place.	
<i>OPERATING INFORMATION</i>	64-68
These schedules contain service data to help the reader understand how the information in COIC's financial report relates to the services COIC provides and the activities it performs.	

SOURCES: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

CENTRAL OREGON INTERGOVERNMENTAL COUNCIL
BEND, OREGON

SCHEDULE OF NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS

GOVERNMENTAL ACTIVITIES
PRIMARY GOVERNMENT

	Year Ended				
	2009	2010	2011	2012	2013
GOVERNMENTAL ACTIVITIES					
Net investment in capital assets	\$ 456,904	\$ 2,291,683	\$ 3,977,577	\$ 7,395,235	\$ 6,990,087
Restricted for loan programs	3,673,547	3,334,915	3,205,747	3,188,133	3,093,754
Unrestricted	<u>1,025,073</u>	<u>1,044,222</u>	<u>799,768</u>	<u>793,317</u>	<u>863,245</u>
<i>Total governmental activities net position</i>	<u>\$ 5,155,524</u>	<u>\$ 6,670,820</u>	<u>\$ 7,983,092</u>	<u>\$ 11,376,685</u>	<u>\$ 10,947,086</u>

Year Ended				
2014	2015	2016	2017	2018
\$ 6,386,413	\$ 6,094,131	\$ 7,381,601	\$ 7,951,007	\$ 10,157,407
2,768,353	2,790,033	2,820,425	2,840,471	2,862,441
<u>1,419,928</u>	<u>1,358,898</u>	<u>(499,403)</u>	<u>1,464,229</u>	<u>1,136,393</u>
<u>\$ 10,574,694</u>	<u>\$ 10,243,062</u>	<u>\$ 9,702,623</u>	<u>\$ 12,255,707</u>	<u>\$ 14,156,241</u>

CENTRAL OREGON INTERGOVERNMENTAL COUNCIL
BEND, OREGON

SCHEDULE OF ACTIVITIES
LAST TEN FISCAL YEARS

GOVERNMENTAL ACTIVITIES
PRIMARY GOVERNMENT

	Year Ended				
	2009	2010	2011	2012	2013
EXPENSES					
Employment and training	\$6,198,775	\$7,833,591	\$6,924,606	\$5,116,557	\$5,297,102
Economic development	5,054,976	5,605,212	8,348,744	10,167,617	9,904,263
Transportation	<u> </u>				
<i>Total expenses</i>	<u>11,253,751</u>	<u>13,438,803</u>	<u>15,273,350</u>	<u>15,284,174</u>	<u>15,201,365</u>
PROGRAM REVENUES					
Charges for services	385,492	366,315	1,677,259	1,337,267	1,324,729
Operating grants					
Employment and training	5,095,544	7,805,739	6,865,798	4,137,329	5,171,689
Economic development	5,631,736	6,545,985	7,816,737	13,028,602	8,082,649
Transportation	<u> </u>				
<i>Total program revenues</i>	<u>11,112,772</u>	<u>14,718,039</u>	<u>16,359,794</u>	<u>18,503,198</u>	<u>14,579,067</u>
NET (EXPENSE)/REVENUE	<u>(140,979)</u>	<u>1,279,236</u>	<u>1,086,444</u>	<u>3,219,024</u>	<u>(622,298)</u>
GENERAL REVENUES					
Interest	<u>301,841</u>	<u>236,060</u>	<u>225,828</u>	<u>174,569</u>	<u>192,699</u>
CHANGE IN NET POSITION	<u>\$ 160,862</u>	<u>\$1,515,296</u>	<u>\$1,312,272</u>	<u>\$3,393,593</u>	<u>\$ (429,599)</u>

Year Ended				
2014	2015	2016	2017	2018
\$ 5,354,724	\$ 5,693,370	\$ 6,683,119	\$ 5,380,335	\$ 3,633,465
9,905,343	9,869,462	1,350,834	1,289,756	1,338,217
		<u>12,047,189</u>	<u>12,108,996</u>	<u>13,483,562</u>
<u>15,260,067</u>	<u>15,562,832</u>	<u>20,081,142</u>	<u>18,779,087</u>	<u>18,455,244</u>
1,360,049	1,385,351	1,843,457	2,410,208	1,863,524
5,407,578	5,872,171	5,685,251	5,244,813	3,351,326
7,934,932	8,628,986	667,674	777,806	738,289
		<u>11,128,933</u>	<u>12,677,944</u>	<u>14,172,228</u>
<u>14,702,559</u>	<u>15,886,508</u>	<u>19,325,315</u>	<u>21,110,771</u>	<u>20,125,367</u>
<u>(557,508)</u>	<u>323,676</u>	<u>(755,827)</u>	<u>2,331,684</u>	<u>1,670,123</u>
<u>185,116</u>	<u>202,544</u>	<u>215,388</u>	<u>221,400</u>	<u>230,411</u>
<u>\$ (372,392)</u>	<u>\$ 526,220</u>	<u>\$ (540,439)</u>	<u>\$ 2,553,084</u>	<u>\$ 1,900,534</u>

CENTRAL OREGON INTERGOVERNMENTAL COUNCIL
BEND, OREGON

SCHEDULE OF FUND BALANCES
LAST TEN FISCAL YEARS

GOVERNMENTAL ACTIVITIES
PRIMARY GOVERNMENT

	Year Ended				
	2009	2010	2011	2012	2013
GENERAL FUND					
Nonspendable -prepaid items	\$ 58,461	\$ 50,935	\$ 59,764	\$ 157,135	\$ 61,476
Unassigned	<u>966,612</u>	<u>993,287</u>	<u>740,004</u>	<u>636,182</u>	<u>801,769</u>
<i>Total general fund</i>	<u>\$ 1,025,073</u>	<u>\$ 1,044,222</u>	<u>\$ 799,768</u>	<u>\$ 793,317</u>	<u>\$ 863,245</u>
ALL OTHER GOVERNMENTAL FUNDS					
Restricted for loan programs - long-term notes receivable	\$ 2,568,821	\$ 2,574,113	\$ 2,495,714	\$ 2,130,285	\$ 2,052,398
Restricted for loan programs	<u>2,954,246</u>	<u>2,518,969</u>	<u>2,376,599</u>	<u>2,632,001</u>	<u>2,522,142</u>
<i>Total all other governmental funds</i>	<u>\$ 5,523,067</u>	<u>\$ 5,093,082</u>	<u>\$ 4,872,313</u>	<u>\$ 4,762,286</u>	<u>\$ 4,574,540</u>

Year Ended				
2014	2015	2016	2017	2018
\$ 56,121	\$ 44,131	\$ 134,841	\$ 149,081	\$ 147,572
<u>1,363,807</u>	<u>1,732,650</u>	<u>1,647,008</u>	<u>3,676,693</u>	<u>3,837,830</u>
<u>\$1,419,928</u>	<u>\$1,776,781</u>	<u>\$1,781,849</u>	<u>\$3,825,774</u>	<u>\$3,985,402</u>
\$2,395,218	\$2,149,410	\$2,605,736	\$2,615,800	\$2,455,878
<u>1,759,476</u>	<u>1,931,636</u>	<u>1,409,395</u>	<u>1,322,263</u>	<u>1,405,948</u>
<u>\$4,154,694</u>	<u>\$4,081,046</u>	<u>\$4,015,131</u>	<u>\$3,938,063</u>	<u>\$3,861,826</u>

CENTRAL OREGON INTERGOVERNMENTAL COUNCIL
BEND, OREGON

SCHEDULE OF CHANGES IN FUND BALANCES
LAST TEN FISCAL YEARS

GOVERNMENTAL ACTIVITIES
PRIMARY GOVERNMENT

	Year Ended				
	2009	2010	2011	2012	2013
REVENUES					
Interest	\$ 301,841	\$ 236,060	\$ 225,828	\$ 174,569	\$ 192,699
Intergovernmental	10,727,280	14,351,724	14,682,535	17,165,931	13,254,338
Charges for services	<u>385,492</u>	<u>366,315</u>	<u>1,677,259</u>	<u>1,337,267</u>	<u>1,324,729</u>
<i>Total revenues</i>	<u>11,414,613</u>	<u>14,954,099</u>	<u>16,585,622</u>	<u>18,677,767</u>	<u>14,771,766</u>
EXPENDITURES					
Employment and training	6,156,835	7,805,738	6,896,753	5,101,962	5,172,020
Economic development	5,015,768	5,475,022	8,202,692	9,565,630	8,996,166
Transportation					
Debt service					
Principal	89,808	91,353	102,595	136,035	168,785
Interest	19,374	17,491	33,353	36,673	79,996
Capital outlay	<u>384,596</u>	<u>2,279,933</u>	<u>2,024,850</u>	<u>5,332,901</u>	<u>472,617</u>
<i>Total expenditures</i>	<u>11,666,381</u>	<u>15,669,537</u>	<u>17,260,243</u>	<u>20,173,201</u>	<u>14,889,584</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(251,768)	(715,438)	(674,621)	(1,495,434)	(117,818)
OTHER FINANCING SOURCES					
Issuance of long-term debt	<u> </u>	<u>304,602</u>	<u>209,398</u>	<u>1,378,956</u>	<u> </u>
NET CHANGE IN FUND BALANCES	<u>\$ (251,768)</u>	<u>\$ (410,836)</u>	<u>\$ (465,223)</u>	<u>\$ (116,478)</u>	<u>\$ (117,818)</u>
DEBT SERVICE AS A PERCENTAGE OF NON-CAPITAL EXPENDITURES	1.0%	0.8%	0.9%	1.2%	1.8%

Year Ended				
2014	2015	2016	2017	2018
\$ 185,116	\$ 202,544	\$ 215,388	\$ 221,400	\$ 230,411
13,342,510	14,501,157	17,481,858	18,700,563	18,261,843
<u>1,360,049</u>	<u>1,385,351</u>	<u>1,843,457</u>	<u>2,410,208</u>	<u>1,863,524</u>
<u>14,887,675</u>	<u>16,089,052</u>	<u>19,540,703</u>	<u>21,332,171</u>	<u>20,355,778</u>
5,302,898	5,872,328	5,791,328	5,330,454	3,510,547
9,052,241	9,282,167	1,186,411	1,266,182	1,289,621
		10,413,763	11,234,666	12,367,725
173,737	178,701	185,405	191,061	196,717
75,138	70,105	63,697	61,453	48,753
<u>146,824</u>	<u>402,546</u>	<u>1,960,946</u>	<u>1,281,498</u>	<u>2,859,024</u>
<u>14,750,838</u>	<u>15,805,847</u>	<u>19,601,550</u>	<u>19,365,314</u>	<u>20,272,387</u>
136,837	283,205	(60,847)	1,966,857	83,391
<u>\$ 136,837</u>	<u>\$ 283,205</u>	<u>\$ (60,847)</u>	<u>\$ 1,966,857</u>	<u>\$ 83,391</u>

1.7% 1.6% 1.4% 1.4% 1.4%

CENTRAL OREGON INTERGOVERNMENTAL COUNCIL
BEND, OREGON

SCHEDULE OF GENERAL GOVERNMENTAL REVENUES BY SOURCE
LAST TEN FISCAL YEARS

GOVERNMENTAL FUNDS
PRIMARY GOVERNMENT

Fiscal Year Ending June 30,	Intergovernmental		
	Federal	State	Local
2009	\$ 5,933,097	\$ 4,266,399	\$ 527,784
2010	7,997,726	5,796,054	557,944
2011	6,294,537	5,117,138	3,270,860
2012	6,997,126	6,438,357	3,730,448
2013	6,689,210	3,282,454	3,282,674
2014	5,754,443	3,474,958	4,113,109
2015	6,422,662	5,273,341	2,805,154
2016	6,896,643	6,544,857	4,040,358
2017	7,998,050	5,103,289	5,599,224
2018	7,747,638	6,224,416	4,289,789

	Charges For Services		Interest		Totals
	_____		_____		_____
\$	385,492	\$	301,841	\$	11,414,613
	366,315		236,060		14,954,099
	1,677,259		225,828		16,585,622
	1,337,267		174,569		18,677,767
	1,324,729		192,699		14,771,766
	1,360,049		185,116		14,887,675
	1,385,351		202,544		16,089,052
	1,843,457		215,388		19,540,703
	2,410,208		221,400		21,332,171
	1,863,524		230,411		20,355,778

CENTRAL OREGON INTERGOVERNMENTAL COUNCIL
BEND, OREGON

SCHEDULE OF CHARGES FOR SERVICES BY LARGEST CUSTOMER
LAST TEN FISCAL YEARS

GOVERNMENTAL ACTIVITIES
PRIMARY GOVERNMENT

	For Year ended				
	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Oregon Business					
Development	\$ 175,489	\$ 200,602	\$ 211,108	\$ 216,121	\$ 244,660
Transportation					
All Others	<u>210,003</u>	<u>165,713</u>	<u>1,466,151</u>	<u>1,121,146</u>	<u>1,080,069</u>
<i>Total</i>	<u><u>385,492</u></u>	<u><u>366,315</u></u>	<u><u>1,677,259</u></u>	<u><u>1,337,267</u></u>	<u><u>1,324,729</u></u>

For Year ended

2014	2015	2016	2017	2018
\$ 212,429	\$ 199,085	\$ 189,121	\$ 204,653	\$ 174,979
		1,483,033	2,030,003	1,514,830
<u>1,147,620</u>	<u>1,186,266</u>	<u>171,303</u>	<u>175,552</u>	<u>173,715</u>
<u>1,360,049</u>	<u>1,385,351</u>	<u>1,843,457</u>	<u>2,410,208</u>	<u>1,863,524</u>

CENTRAL OREGON INTERGOVERNMENTAL COUNCIL
BEND, OREGON

SCHEDULE OF OUTSTANDING DEBT
LAST TEN FISCAL YEARS

GOVERNMENT ACTIVITIES
PRIMARY GOVERNMENT

Fiscal Year Ending June 30,	Total Debt	Central Oregon Personal Income	Total Debt to Personal Income	Central Oregon Population	Total Debt Per Capita
2009	\$ 1,849,250	\$ 6,714,281,000	0.0275%	\$ 200,485	\$ 9
2010	2,062,769	6,848,485,000	0.0301%	200,516	10
2011	2,169,572	7,188,409,000	0.0302%	202,948	11
2012	3,412,493	7,230,315,000	0.0472%	202,730	17
2013	3,243,708	7,265,289,000	0.0446%	205,255	16
2014	3,069,971	7,389,103,000	0.0415%	204,367	15
2015	2,891,270	9,299,391,000	0.0311%	219,564	13
2016	2,705,865	9,980,933,000	0.0271%	221,005	13
2017	2,514,804	11,159,000,000	0.0225%	238,225	11
2018	2,318,087	N/A	N/A	235,250	10

N/A - Not available

Source: Deschutes County and Economic Development for Central Oregon.

CENTRAL OREGON INTERGOVERNMENTAL COUNCIL
BEND, OREGON

SCHEDULE OF DEMOGRAPHIC STATISTICS
LAST TEN FISCAL YEARS

Fiscal Year Ending June 30,	Central (1a) Oregon Population	Central Oregon (1b) Per Capita Income	Central Oregon (1b) Total Personal Income	Unemployment (1c) Percentage Rate
2009	200,485	33,490	\$ 6,714,281,000	15.0
2010	200,516	34,154	6,848,485,000	14.4
2011	202,948	35,420	7,188,409,000	12.7
2012	202,730	35,665	7,230,315,000	11.8
2013	205,255	35,396	7,265,289,000	8.9
2014	204,367	36,459	7,389,103,000	6.3
2015	219,564	42,354	9,299,391,000	6.5
2016	221,005	45,162	9,980,933,000	3.8
2017	228,225	47,737	11,159,000,000	4.0
2018	235,250	N/A	N/A	N/A

CENTRAL OREGON INTERGOVERNMENTAL COUNCIL
BEND, OREGON

SCHEDULE OF PRINCIPAL EMPLOYERS
CURRENT YEAR AND 9 YEARS AGO

Employer	2018			2009		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
St. Charles Medical Center	4,437	1	4.88%	2,664	1	3.60%
Bend Memorial Clinic	1,880	2	2.07%			
Bend/La Pine School District	1,805	3	1.99%	1,780	2	2.40%
Safeway	1,013	4	1.11%			
Sunriver Resort	1,000	5	1.10%	950	3	
Deschutes County	977	6	1.07%	1,051	4	1.28%
Les Schwab	926	7	1.02%			1.42%
Bright Wood	915	8	1.01%			
Redmond School District	782	9	0.86%	744	5	1.00%
Mt. Bachelor	770	10	0.85%	886	6	1.20%
McDonald's						
T-Mobile				824	7	1.00%
Wal-Mart				623	8	1.11%
TRG Customer Solutions				564	9	0.76%
City of Bend				540	10	0.73%
	<u>14,505</u>		<u>15.96%</u>	<u>10,626</u>		<u>14.50%</u>

Total area employment was 90,908 for 2018.

Sources: Economic Development for Central Oregon, State of Oregon Employment Division and Deschutes County.

N/A - Not available

CENTRAL OREGON INTERGOVERNMENTAL COUNCIL

CENTRAL OREGON INTERGOVERNMENTAL COUNCIL
BEND, OREGON

SCHEDULE OF FULL-TIME EQUIVALENT EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

FUNCTION/PROGRAM	Full-time Equivalent Employees for the year ended June 30				
	2009	2010	2011	2012	2013
Employment and training	71	68	72	48	46
Economic development	32	44	57	62	61
Transportation	-----	-----	-----	-----	-----
<i>Total</i>	103	112	129	110	107

Full-time Equivalent Employees for the year ended June 30

<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
43	49	41	42	29
63	68	25	11	7
		<u>53</u>	<u>59</u>	<u>83</u>
<u>106</u>	<u>117</u>	<u>119</u>	<u>112</u>	<u>119</u>

CENTRAL OREGON INTERGOVERNMENTAL COUNCIL
BEND, OREGON

SCHEDULE OF PROGRAM PARTICIPANTS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

FUNCTION/PROGRAM	Program participants for the year ended June 30				
	2009	2010	2011	2012	2013
Employment and training Participants	9,545	13,528	16,903	21,024	23,943
Economic development Participants	4,419	5,544	N/A	N/A	N/A
Transportation Participants	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
<i>Total</i>	<u>13,964</u>	<u>19,072</u>	<u>16,903</u>	<u>21,024</u>	<u>23,943</u>

N/A - Not available

Program participants for the year ended June 30

2014	2015	2016	2017	2018
36,034	21,537	19,653	19,851	20,172
N/A	N/A	N/A	N/A	N/A
<u>N/A</u>	<u>N/A</u>	<u>673,000</u>	<u>693,000</u>	<u>733,002</u>
<u>36,034</u>	<u>21,537</u>	<u>692,653</u>	<u>712,851</u>	<u>753,174</u>

CENTRAL OREGON INTERGOVERNMENTAL COUNCIL
BEND, OREGON

SCHEDULE OF CAPITAL ASSETS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

FUNCTION/PROGRAM	Program facilities for the year ended June 30									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Employment and training	1	1	1	1	1	1	1	1	1	1
Economic development	1	1	1	1	1	1	1	1	1	1
Transportation				3	3	3	3	3	3	4

STATE COMPLIANCE SECTION

CENTRAL OREGON INTERGOVERNMENTAL COUNCIL
BEND, OREGON

INDEPENDENT AUDITORS' REPORT REQUIRED BY STATE REGULATIONS

YEAR ENDED JUNE 30, 2018

Board of Officials
Central Oregon Intergovernmental Council
Bend, Oregon

We have audited the basic financial statements of the Central Oregon Intergovernmental Council as of and for the year ended June 30, 2018, and have issued our report thereon dated December 30, 2018. 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.

Compliance

As part of obtaining reasonable assurance about whether the Central Oregon Intergovernmental Council's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations, noncompliance with which could have a direct and material effect on the determination of financial statements amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

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

- Deposits 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 the Central Oregon Intergovernmental Council was not in substantial compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations.

CENTRAL OREGON INTERGOVERNMENTAL COUNCIL
BEND, OREGON

INDEPENDENT AUDITORS' REPORT REQUIRED BY STATE REGULATIONS (CONTINUED)

YEAR ENDED JUNE 30, 2018

OAR 162-10-0230 Internal Control

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

This report is intended solely for the information and use of the management, the audit committee, Board of Directors and federal awarding agencies and pass-through entities of the Central Oregon Intergovernmental Council and the Oregon Secretary of State and is not intended to be and should not be used by anyone other than these specified parties.

Stuart Katter, CPA, LLP
Certified Public Accountant



By: Stuart D. Katter – a partner

December 30, 2018

CENTRAL OREGON INTERGOVERNMENTAL COUNCIL

FEDERAL COMPLIANCE SECTION

CENTRAL OREGON INTERGOVERNMENTAL COUNCIL
BEND, OREGON

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2018

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Grantor/ Pass-Through Entity Number	<u>Expenditures</u>
<i>U.S. Department of Labor</i>			
Passed Through The East Cascades Workforce Investment Board:			
Workforce Innovation and Opportunity Act - WIOA			
WIOA Title 1B Adult	(1)17.258	PY17/18	\$ 425,922
WIOA Title 1B Youth	(1)17.259	PY17	510,309
Youth Summer Jobs	(1)17.259	PY16	50,000
WIOA Title 1B Dislocated Worker	(1)17.278	PY17/18	<u>511,022</u>
Total WIOA Program Cluster - U.S. Department of Labor			<u>1,497,253</u>
 <i>U.S. Department of Agriculture</i>			
Intermediary Relending Program	10.767	N/A	1,058,244
Farm to School Program	10.575	N/A	30,249
Local Food Program	10.172	N/A	47,343
Rural Business Enterprise	10.351	N/A	16,515
Wood utilization program	10.674	N/A	28,314
RURAL Community Development	10.446	N/A	<u>4,726</u>
Total U.S. Department of Agriculture			<u>1,185,391</u>
 <i>U.S. Department of the Interior</i>			
Passed Through The Department of Community Colleges			
Workforce Development:			
Recreation Resource Management	15.225	N/A	<u>7,343</u>
Total U.S. Department of Interior			<u>7,343</u>

CENTRAL OREGON INTERGOVERNMENTAL COUNCIL
BEND, OREGON

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)

YEAR ENDED JUNE 30, 2018

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Grantor/ Pass-Through Entity Number	<u>Expenditures</u>
<i>U.S. Department of Commerce</i>			
Economic Development Grant	11.302	N/A	77,359
Economic Development Revolving Loan Programs	11.307	N/A	<u>1,555,340</u>
<i>Total U.S. Department of Commerce</i>			<u>1,632,699</u>
<i>U.S. Department of Transportation</i>			
Formula grant	20.507	N/A	1,935,319
FHWA - Federal Lands Access Program	20.224	N/A	93,385
Passed Through the State of Oregon			
Department of Transportation:			
Formula grant - rural areas	(1)20.509	N/A	770,448
Bus and Bus Facilities	20.526	N/A	335,750
Enhanced mobility - Cluster	20.513	N/A	<u>290,050</u>
<i>Total U.S. Department of Transportation</i>			<u>3,424,952</u>
<i>Total Expenditures of Federal Awards</i>			<u>\$ 7,747,638</u>

(1) - Major programs

CENTRAL OREGON INTERGOVERNMENTAL COUNCIL
BEND, OREGON

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2018

Purpose of the Schedule

The accompanying schedule of expenditures of federal awards (the "Schedule") is a supplementary schedule to COIC's financial statements and is presented for purposes of additional analysis. Because the Schedule presents only a selected portion of the activities of COIC, it is not intended to and does not present either the financial position, changes in fund balances, or the operating funds' revenues and expenditures.

SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The information in the Schedule is presented in accordance with 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).

Federal Financial Assistance

Pursuant to the Uniform Guidance, federal financial assistance is defined as assistance provided by a federal agency, either directly or indirectly, in the form of grants, contracts, cooperative agreements, loans, loan guarantees, property, interest subsidies, insurance or direct appropriations. Accordingly, nonmonetary federal assistance, including federal surplus property, is included in federal financial assistance and, therefore, is reported on the Schedule, if applicable. Federal financial assistance does not include direct federal cash assistance to individuals. Solicited contracts between the state and federal government for which the federal government procures tangible goods or services are not considered to be federal financial assistance.

Major Programs

The Uniform Guidance establishes criteria to be used in defining major federal financial assistance programs. Major programs for COIC are those programs selected for testing by the auditor using a risk-assessment model, as well as certain minimum expenditure requirements, as outlined in the Uniform Guidance. Programs with similar requirements may be grouped into a cluster for testing purposes.

Reporting Entity

The reporting entity is fully described in notes to the financial statements. Additionally, the Schedule includes all federal programs administered by COIC for the year ended June 30, 2018.

Revenue and Expenditure Recognition

The receipt and expenditure of federal awards are accounted for under the modified accrual basis of accounting. Revenues are recorded as received in cash or on the accrual basis where measurable and available. Expenditures are recorded when the liability is incurred.

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

Board of Officials
Central Oregon Intergovernmental Council
Bend, 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, and each major fund of Central Oregon Intergovernmental Council, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise Central Oregon Intergovernmental Council's basic financial statements, and have issued our report thereon dated December 30, 2018.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Central Oregon Intergovernmental Council'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 Central Oregon Intergovernmental Council's internal control. Accordingly, we do not express an opinion on the effectiveness of Central Oregon Intergovernmental Council'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 a 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.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Central Oregon Intergovernmental Council'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 the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Stuart Katter, CPA, LLP
Certified Public Accountant



By: Stuart D. Katter – a partner

December 30, 2018

STUART KATTER, CPA, LLP

Certified Public Accountant

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

Board of Officials
Central Oregon Intergovernmental Council
Bend, Oregon

Report on Compliance for Each Major Federal Program

We have audited Central Oregon Intergovernmental Council's compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on each of Central Oregon Intergovernmental Council's major federal programs for the year ended June 30, 2018. Central Oregon Intergovernmental Council's major federal programs are identified in the Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Central Oregon Intergovernmental Council'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 Central Oregon Intergovernmental Council'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 each major federal program. However, our audit does not provide a legal determination of Central Oregon Intergovernmental Council's compliance.

Opinion on Each Major Federal Program

In our opinion, Central Oregon Intergovernmental Council, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2018.

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

Report on Internal Control Over Compliance

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

Stuart Katter, CPA, LLP
Certified Public Accountant



By: Stuart D. Katter – a partner
December 30, 2018

CENTRAL OREGON INTERGOVERNMENTAL COUNCIL
BEND, OREGON

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2018

SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issues:	Unqualified
Internal control reporting:	
Material Weakness(es) identified?	No
Reportable condition(s) identified that are not considered to be material weaknesses?	No
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	No
Reportable condition(s) identified that are not considered to be material weaknesses?	No
Type of auditor's report issued on compliance for major programs:	Unqualified
Any audit findings disclosed that are required to be reported in accordance with the Uniform Administrative Requirements, Cost Principles, And Audit Requirements for Federal Awards.	No

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
17.258, 17.259, 17.278	WIOA Program Cluster
20.509	Formula Grant Rural Areas

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

The auditee elected to use the safe harbor 10% administration rate.

FINANCIAL STATEMENT FINDINGS

None.

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None.

PRIOR YEAR FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None.

CENTRAL OREGON INTERGOVERNMENTAL COUNCIL