1574-2009

LGPI

ANNUAL FINANCIAL REPORT
Year Ended June 30, 2009

LOCAL GOVERNMENT PERSONNEL INSTITUTE

For The Year Ended June 30, 2009

EXECUTIVE DIRECTOR

Diana Moffat

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Association of Oregon Counties

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REGISTERED ADDRESS

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LOCAL GOVERNMENT PERSONNEL INSTITUTE

TABLE OF CONTENTS
For The Year Ended June 30, 2009

BOLDT, CARLISLE & SMITH LLC
CERTIFIED PUBLIC ACCOUNTANTS
PARTNERSHIP ■ ASSURANCE ■ INNOVATION

INDEPENDENT AUDITOR'S REPORT

Board of Directors
LOCAL GOVERNMENT PERSONNEL INSTITUTE
Salem, Oregon

We have audited the accompanying financial statements of the governmental activities and the major fund of **LOCAL GOVERNMENT PERSONNEL INSTITUTE**, as of and for the year ended June 30, 2009, which collectively comprise the Institute's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Institute's management. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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 the major fund of the **LOCAL GOVERNMENT PERSONNEL INSTITUTE**, as of June 30, 2009, the respective changes in financial position, and the budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis on pages a - d is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Boldt, Carlisle & Smith, LLC
Certified Public Accountants
Salem, Oregon

By: Douglas C. Parham
Douglas C. Parham, Member
November 18, 2009

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MANAGEMENT'S DISCUSSION AND ANALYSIS

LOCAL GOVERNMENT PERSONNEL INSTITUTE

MANAGEMENT'S DISCUSSION AND ANALYSIS
For The Year Ended June 30, 2009

Our discussion and analysis of Local Government Personnel Institute's (hereinafter LGPI) financial performance provides an overview of the Institute's financial activities for the fiscal year ended June 30, 2009. This information is presented in conjunction with the audited financial statements that follow this section.

Financial Highlights

- LGPI's total net assets exceeded its liabilities by $146,052 of which $126,244 is unrestricted.

- The revenue generated by LGPI was $18,071 less than budgeted, mostly due to less than estimated interest earnings, membership dues, and conference fees.

Overview of the Financial Statements
These financial statements include all of LGPI activities using the integrated approach as prescribed by GASB Statement No. 34.

Government-wide financial statements. The government-wide financial statements present LGPI's financial picture from the economic resources measurement focus using the accrual basis of accounting.

The statement of net assets presents information on all of LGPI's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether LGPI's financial position is improving or deteriorating.

The statement of activities presents information showing how LGPI's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only effect cash flows in future fiscal periods (e.g., unused vacation leave).

Both the government-wide financial statements distinguished LGPI functions that are primarily supported by charges for services and membership dues.

Fund financial statement. LGPI has only one fund.

All LGPI services, membership dues, and other revenue are reported in the General Fund, using the accrual basis of accounting, measuring cash and other financial assets that can readily be converted to cash. The General Fund statements provide a detailed short-term view of LGPI's general operation and the basic services provided. The General Fund information determines whether there are more or fewer financial resources that can be spent in the near future to finance LGPI's projects, with the exception of a restricted cash amount which represents a fiduciary responsibility to parties outside of LGPI and which is not available to support LGPI's own programs.

Notes to basic financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Government-wide Financial Analysis

Net assets may serve over time as a useful indicator of an entity's financial position. In the case of LGPI, assets exceeded liabilities by $146,052 at the end of the current fiscal year.

Net Assets

	2009	2008
Assets		
Current and other assets	$ 160,058	$ 126,409
Capital assets, net	19,808	25,806
Total assets	179,866	152,215
Liabilities		
Current liabilities	11,667	23,027
Accumulated unpaid vacation	22,147	22,143
Total liabilities	33,814	45,170
Net assets		
Investment in capital assets	19,808	25,806
Unrestricted	126,244	81,239
Total net assets	$ 146,052	$ 107,045

Statement of Activities

Approximately 14% of LGPI's net assets are invested in capital assets. LGPI uses these capital assets to provide services to local governments; consequently, these assets are not available for future spending. Although LGPI's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

During FY 2008-09, consulting revenue was $2,686 more than budgeted.

LGPI's actual expenses were $63,079 less than budgeted.

- **Comparative Analysis.** Overall, revenue increased approximately 6% this year due largely to increases in consulting services revenue. Total expenditures increased about 1% which is attributable to normal increases in personal services and benefits, dues, publications and seminars combined with decreases in contracted services, travel and postage and phone.

	2009	2008
Revenues		
Membership fees	$ 172,299	$ 168,879
Consulting services	452,686	386,617
Conference	21,189	24,499
Publications	-	1,560
Test loan	-	2,892
Other	1,795	23,665
Interest	2,760	5,450
Total revenues	650,729	613,562
Expenses		
Personal services	486,848	467,203
Materials and services		
Contracted services	17,349	23,575
Travel	1,450	12,208
Facility rentals	35,370	34,729
Dues, publications and seminars	29,644	20,784
Equipment maintenance	6,679	4,861
Computer software	812	-
Insurance	1,850	2,058
Postage and phone	5,691	8,028
Office supplies	2,013	2,804
Printing and copying	170	2,756
Miscellaneous	2,848	5,060
Depreciation	20,998	20,677
Total expenses	611,722	604,743
Net change in fund balance	$ 39,007	$ 8,819

Membership revenue was stable, with a little more than 2% increase from last year.

Consulting services revenue increased approximately 17% this year, largely due to increased Human Resources and Investigation work.

LGPI's annual Conference in 2009 saw a revenue decrease of 14% over 2008.

Capital Assets
During 2009, LGPI decreased its capital assets by $5,998. No fixed assets were disposed of. New assets in the amount of $15,000 were acquired. At June 30, 2009, capital assets amounted to $19,908, which includes depreciation of $20,998. The change is due to depreciation expense less capital asset additions.

Economic Factors
LGPI is a voluntary membership organization for Oregon local government entities and as such is liable to be affected by the economies of those entities, and inasmuch as local governments rely on revenue from taxes and state revenues, LGPI is also thereby affected.

Requests for Information
This financial report is designed to provide members, citizens, taxpayers, and creditors with a general overview of LGPI's finances and to demonstrate LGPI's accountability for the money it receives. If you have any questions about this report or need any additional information, contact LGPI at PO Box 908, Salem OR 97308, or phone 503-588-2251.

BASIC FINANCIAL STATEMENTS

LOCAL GOVERNMENT PERSONNEL INSTITUTE

STATEMENT OF NET ASSETS
June 30, 2009

ASSETS		
Cash and investments	$	90,844
Receivables		66,826
Prepaid expenses		2,388
Capital assets, net of depreciation		19,808
TOTAL ASSETS		179,866
LIABILITIES		
Accounts payable		5,779
Deferred revenue		5,888
Accumulated unpaid vacation		22,147
TOTAL LIABILITIES		33,814
NET ASSETS		
Invested in capital assets		19,808
Unrestricted fund balance		126,244
TOTAL NET ASSETS	$	146,052

See notes to basic financial statements

LOCAL GOVERNMENT PERSONNEL INSTITUTE

STATEMENT OF ACTIVITIES
For The Year Ended June 30, 2009

EXPENSES	
Personal services	$ 486,848
Materials and services	103,876
Depreciation	20,998
TOTAL EXPENSES	611,722
PROGRAM REVENUES	
Membership fees	172,299
Charges for services	473,875
TOTAL PROGRAM REVENUES	646,174
NET PROGRAM REVENUE (EXPENSE)	34,452
GENERAL REVENUES	
Other	1,795
Interest	2,760
TOTAL GENERAL REVENUES	4,555
CHANGE IN NET ASSETS	39,007
NET ASSETS - BEGINNING	107,045
NET ASSETS - ENDING	$ 146,052

LOCAL GOVERNMENT PERSONNEL INSTITUTE

BALANCE SHEET
GENERAL FUND
June 30, 2009

ASSETS		
Cash and investments	$	90,844
Prepaid expenses		2,388
Receivables		66,826
TOTAL ASSETS	$	160,058
LIABILITIES		
Accounts payable	$	5,779
Deferred revenue		5,888
TOTAL LIABILITIES		11,667
FUND BALANCES		
Unreserved fund balance		
Designated for personnel expenditures		33,146
Undesignated		115,245
TOTAL FUND BALANCES		148,391
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		19,808
Accumulated unpaid vacation is not due and payable in the current period and, therefore, is not reported in the funds.		(22,147)
NET ASSETS OF GOVERNMENTAL ACTIVITIES	$	146,052

LOCAL GOVERNMENT PERSONNEL INSTITUTE

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
For The Year Ended June 30, 2009

	Budget	Actual	Variance
REVENUES			
Membership fees	$ 180,000	$ 172,299	$ (7,701)
Consulting services	450,000	452,686	2,686
Conference	30,000	21,189	(8,811)
Other	2,000	1,795	(205)
Interest	6,800	2,760	(4,040)
TOTAL REVENUES	668,800	650,729	(18,071)
EXPENDITURES			
Personal services	500,920	486,845	14,075
Materials and services			
Contracted services	26,000	17,349	8,651
Travel	15,000	1,450	13,550
Meals and lodging	5,000	-	5,000
Facility rentals	34,300	35,370	(1,070)
Dues/publications/seminars	34,000	29,644	4,356
Insurance	2,500	1,850	650
Postage	-	1,011	(1,011)
Telephone	10,000	4,680	5,320
Equipment maintenance	13,500	6,679	6,821
Computer software	-	15,812	(15,812)
Office supplies	5,000	2,013	2,987
Printing	7,500	170	7,330
Miscellaneous	5,000	2,848	2,152
Total materials and services	157,800	118,876	38,924
Contingency	10,080	-	10,080
TOTAL EXPENDITURES	668,800	605,721	63,079
Net change in fund balance	-	45,008	45,008
Unreserved fund balance, beginning of fiscal year	-	103,383	103,383
Unreserved fund balance, end of fiscal year	$ -	$ 148,391	$ 148,391

See notes to basic financial statements

LOCAL GOVERNMENT PERSONNEL INSTITUTE

RECONCILIATION OF THE CHANGE IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For The Year Ended June 30, 2009

NET CHANGE IN FUND BALANCE - GENERAL FUND	$ 45,008
Amounts reported for governmental activities in the statement of activities are different because:	
General Fund reports capital outlay as an expenditure. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capitalized expenditures in the current period.	(5,998)
The statement of activities includes the effects of changes in accumulated unpaid vacation, whereas general fund does not report this item.	(3)
CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	$ 39,007

LOCAL GOVERNMENT PERSONNEL INSTITUTE

NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2009

1. Summary of significant accounting policies

A. Organization and fund structure

The **LOCAL GOVERNMENT PERSONNEL INSTITUTE** is a joint venture of the Association of Oregon Counties (AOC) and the League of Oregon Cities (LOC). The Institute was formed in July 1971 to provide personnel related services, publications, and consulting to Oregon municipal corporations and other local governments in Oregon.

Control of the Institute is vested in a board of directors, which is composed of one representative from the AOC and one representative from the LOC, as well as three other members. The chief administrative officer is the executive director, who reports to the board of directors.

The accompanying basic financial statements present the activities and funds for which the Institute is considered to be financially accountable. The criteria used in making this determination includes appointment of a voting majority, imposition of will, financial benefit or burden on the primary government, and fiscal dependency on the primary government. Based upon the evaluation of these criteria, the Institute is a primary government with no includable component units.

B. Government-wide and fund financial statements

The government-wide financial statements, which include the Statement of Net Assets and the Statement of Activities, report on all of the activities of the Institute.

The Statement of Activities demonstrates the degree to which direct expenses of a function are offset by program revenues. Direct expenses are those clearly identifiable with a specific function. Program revenues include charges for services provided by a function and contributions from members that are restricted to meeting the operational requirements of a particular function. Other revenues not includable as program revenues are reported as general revenues.

Separate financial statements are provided for the governmental fund. Additionally, the General Fund's revenues, expenditures and changes in fund balance—budget and actual has been included as a basic financial statement.

1. Summary of significant accounting policies (continued)

C. Fund structure

The accounts of the Institute are organized as a single (General) fund. The operations of the fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures. Institute resources are allocated to and accounted for based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The major governmental fund included in the accompanying basic financial statements is as follows:

Fund Type	Principal Revenue Source	Primary Expenditure Purpose
GOVERNMENTAL General	Membership and service fees	General operating expense

D. Basis of accounting

The government-wide financial statements are presented on an accrual basis of accounting. Under this method, revenues are recognized when earned and expenses are recognized when incurred. The government-wide financial statements also include capital assets and long-term obligations.

The fund financial statements are presented on a modified accrual basis of accounting. Under this method, revenues are recognized when they become measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures are recognized when the related liability is incurred. This presentation conforms to Institute budgetary procedures.

In the government-wide financial statements, Financial Accounting Standards Board (FASB) and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails.

When both restricted and unrestricted resources are available for use, it is the Institute's policy to use restricted resources first, then unrestricted resources as they are needed.

1. Summary of significant accounting policies (continued)

E. Budget policies and budgetary control

The Institute is not subject to Oregon Local Budget Law, ORS Chapter 294. Since the Institute does not provide services directly to individuals, the Institute is not subject to budget provisions under ORS 294.900 to 294.930. However, the Institute does prepare a budget for management control purposes. Comparisons of actual and budgeted transactions are shown on the Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual.

F. Capital assets

Capital assets, which include equipment and an online database, are reported in the government-wide financial statements. Capital assets are defined by the Institute as assets with an initial cost of more than $1,500. Such assets are recorded at historical cost and are depreciated over estimated useful lives of three to seven years using the straight-line method.

G. Compensated absences

1. Sick leave

The Institute has a policy which permits employees to accumulate sick leave at the rate of one day per month over their working careers up to a maximum of 720 hours. The Institute does not compensate the employees for unused accumulations upon termination of employment.

2. Vacation leave

The Institute employees earn vacation at rates determined by their length of employment, and may not carry more than two years' accumulation forward (at the calendar year anniversary) without approval of the director. Employees are paid for accumulated vacation upon termination of employment.

H. Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of certain assets, liabilities, revenues, expenses, and other disclosures. Accordingly, actual results may differ from estimated amounts.

2. Deposits and investments

Investments are stated at fair value. In accordance with Governmental Accounting Standards Board (GASB) Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, investments with a remaining maturity of more than one year, at the time of purchase are stated at fair value. Fair value is determined at the quoted market price, if available; otherwise the fair value is estimated based on the amount at which the investment could be exchanged in a current transaction between willing parties, other than a forced liquidation sale. Investments in the State of Oregon Local Government Investment Pool (LGIP) are stated at fair value.

The Oregon State Treasury administers the LGIP. The LGIP is an unrated, open-ended, no-load, diversified portfolio offered to any agency, political subdivision or public corporation of the state that by law is made the custodian of, or has control of, any fund. The LGIP is commingled with the State's short-term funds. To provide regulatory oversight, the Oregon Legislature established the Oregon Short-Term Fund Board and LGIP investments are approved by the Oregon Investment Council. The fair value of the Institute's position in the LGIP is the same as the value of the pool shares.

Credit risk: Oregon statutes authorize the Institute to invest in obligations of the U.S. Treasury and U.S. agencies, bankers' acceptances, repurchase agreements, commercial paper rated A-1 by Standard & Poor's Corporation or P-1 by Moody's Commercial Paper Record, and the state treasurer's investment pool.

As of June 30, 2009, the Institute had the following investments:

	Maturities	Fair Value
State Treasurer's Investment Pool	N/A	$ 62,488

Interest Rate Risk: The Institute does not have a formal policy that limits investment maturities as a means of managing its exposure to fair-value losses arising from increases in interest rates.

Concentration of Credit Risk: The Institute does not have a formal policy that places a limit on the amount that may be invested in any one insurer. 100 percent of the Institute's investments are in the State Treasurer's Investment Pool.

Custodial Credit Risk – Investments: This is the risk that, in the event of the failure of a counterparty, the Institute will not be able to recover the value of its investments that are in the possession of an outside party. As of June 30, 2009, none of the Institute's investments have custodial credit risk. The Institute does not have a policy which limits the amount of investments that can be held by counterparties.

2. Deposits and investments (continued)

Custodial credit risk – deposits: This is the risk that in the event of a bank failure, the Institute's deposits may not be returned. The Federal Depository Insurance Corporation (FDIC) provides insurance for the Institute's deposits with financial institutions up to $250,000 each for the aggregate of all non-interest bearing accounts and the aggregate of all interest bearing accounts at each institution. Deposits in excess of FDIC coverage with institutions participating in the Oregon Public Funds Collateralization Program are considered fully collateralized. As of June 30, 2009, none of the Institute's bank balance was exposed to custodial credit risk.

A. The Institute's deposits and investments at June 30, 2009 are as follows:

Investments - State Treasurer - Local Government Investment Pool	$ 62,488
Unrestricted cash	28,356
Total deposits and investments	$ 90,844

3. Receivables

Receivables represent amounts owed to the Institute at June 30, 2009 for consulting services and other items.

4. Capital assets

	Balances July 1, 2008	Additions	Deletions	Balances June 30, 2009
Equipment	$ 11,560	$ --	$ --	$ 11,560
Online database	86,702	15,000	--	101,702
Subtotals	98,262	15,000	--	113,262
Accumulated depreciation	(72,456)	(20,998)	--	(93,454)
Totals	$ 25,806	$ (5,998)	$ --	19,808

For the year ended June 30, 2009, depreciation charged to expense in the statement of activities amounted to $20,998.

5. Deferred revenue

Deferred revenue at June 30, 2009 consists of:

Prepaid dues	$ 5,888

6. Defined benefit pension plan

The Institute contributes to the Oregon Public Employees' Retirement System (PERS), a cost sharing multiple-employer defined benefit pension plan and the Oregon Public Service Retirement Plan (OPSRP), a cost sharing multiple-employer hybrid pension plan. Both PERS and OPSRP are governed by the Public Employees' Retirement Board (PERB) under the provisions of Oregon Revised Statutes 238. PERS provides retirement benefits under a variety of benefit options, as selected by retiring employees, and provides death and disability benefits. OPSRP provides a combination of retirement benefits under a defined benefit plan and an individual account program (IAP), the balance of which will be paid out in either a lump sum or over a 5, 10, 15 or 20 year period. Employees hired on or after August 29, 2003 participate only in OPSRP. Beginning January 1, 2006, active PERS members hired before August 29, 2003 became members of the IAP of OPSRP. These members retain their existing PERS account; however, any future member contributions will be placed in the IAP. A copy of the Oregon Public Employees' Retirement System annual financial report may be obtained by writing to Public Employees' Retirement System, P.O. Box 23700, Tigard, OR 97281-3700, by calling (503) 598-7377 or at www.oregon.gov/PERS.

Institute employees are eligible to participate after completing six months of service. Covered employees are required by state statute to contribute 6 percent of their compensation to the plan. Current law permits the Institute to pay this amount on behalf of the employees. The Institute's contribution rate is set by PERB and is periodically adjusted based upon actuarial computations of the amount needed to provide retirement benefits. The Institute's current contribution rate is 14.37 percent of covered compensation for employees hired before August 29, 2003. For employees hired on or after August 29, 2003, the Institute's contribution rate was 10.29 percent.

The Institute's contribution to the plan for the years ending June 30, 2009, 2008, and 2007 were equal to the Institute's required contributions for each year as follows:

Year Ended June 30,	Institute Contribution	Institute Paid Member Contribution	Totals
2009	$ 36,851	$ 27,413	$ 64,264
2008	39,595	19,228	58,823
2007	37,083	18,808	55,891

7. Related party transactions

Consulting services revenue includes $1,050 from LOC and $8,954 from AOC. Materials and services expenditures include $3,667 and $-0- of reimbursements and fees paid to LOC and AOC. The Institute paid LOC $2,393 to provide bookkeeping services during 2007-08.

Employee health insurance is provided through payments to the City County Insurance Services Employee Benefits Services Trust, which handles group insurance programs for participating cities and other related organizations.

8. Contingency - sick leave

Portions of amounts accumulated at any point in time are expected to be redeemed before termination of employment; however, such redemptions cannot be reasonably estimated. As of June 30, 2009, employees of the Institute had accumulated 492 hours of sick leave.

9. Risk management

The Institute 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. In 1981 the League of Oregon Cities joined together with the Association of Oregon Counties to form City County Insurance Services (CCIS), a public entity risk pool currently operating as a common risk management and insurance program for approximately 265 municipal corporations and associated entities in the State of Oregon. CCIS is self-sustaining through member premiums and reinsures through commercial companies for claims in excess of specified minimums for various insured events.

The Institute continues to carry commercial insurance for other risks of loss, including workers' compensation and 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.

10. Designation of fund balances

The Institute's Board of Directors designated $33,146 of the general fund balance as a reserve for personnel expenses.

11. Office space lease commitments

The Institute leases office space from the LOC for $2,857 per month. The lease is month to month and may be cancelled by either party.

Office space lease expenditures amounted to $30,481 for the year ended June 30, 2009.

LOCAL GOVERNMENT PERSONNEL INSTITUTE
REQUIRED DISCLOSURES AND INDEPENDENT AUDITOR'S COMMENTS
AS OUTLINED IN OREGON ADMINISTRATIVE RULES CHAPTER 162 [SECRETARY OF STATE, AUDITS DIVISION], DIVISION 10 [MINIMUM STANDARDS FOR AUDITS OF OREGON MUNICIPAL CORPORATIONS]

Oregon Administrative Rules 162-10-050 through 162-10-320 incorporated in the Minimum Standards for Audits of Oregon Municipal Corporations, prescribed by the Secretary of State in cooperation with the Oregon State Board of Accountancy, enumerate the financial statements, schedules, and comments and disclosures required in audit reports. The required statements and schedules are set forth in preceding sections of this report. Required comments and disclosures related to our audit of such statements and schedules are set forth in the following pages.

- *Accounting Records and Internal Controls*
- *Collateral*
- *Indebtedness*
- *Budget*
- *Insurance and Fidelity Bonds*
- *Programs Funded from Outside Sources*
- *Investments*
- *Public Contracts and Purchasing*

LOCAL GOVERNMENT PERSONNEL INSTITUTE

REQUIRED DISCLOSURES AND INDEPENDENT AUDITOR'S COMMENTS AS OUTLINED IN OREGON ADMINISTRATIVE RULES CHAPTER 162 [SECRETARY OF STATE, AUDITS DIVISION], DIVISION 10 [MINIMUM STANDARDS FOR AUDITS OF OREGON MUNICIPAL CORPORATIONS]
For the Year Ended June 30, 2009

162-10-230 - ACCOUNTING RECORDS AND INTERNAL CONTROLS

1. Accounting records

   The entity's accounting records were reasonably maintained and adequate to support our audit of the basic financial statements.

   Through other reports and communications to management and those charged with governance, we have identified situations or practices that could be improved.

2. Internal control

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

   A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with accounting principles generally accepted in the United. States of America such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

   A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

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REQUIRED DISCLOSURES AND INDEPENDENT AUDITOR'S COMMENTS AS OUTLINED IN OREGON ADMINISTRATIVE RULES CHAPTER 162 [SECRETARY OF STATE, AUDITS DIVISION], DIVISION 10 [MINIMUM STANDARDS FOR AUDITS OF OREGON MUNICIPAL CORPORATIONS]
(Continued)

162-10-230 - ACCOUNTING RECORDS AND INTERNAL CONTROLS (continued)

2. Internal control (continued)

   Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

   We have issued a separate letter to management regarding internal control matters.

162-010-0240 – COLLATERAL

ORS 295 requires deposits with financial institutions in excess of the amount insured by the Federal Deposit Insurance Corporation be held at qualifying institutions under the Public Funds Collateralization Program and that public officials provide the Office of the Oregon State Treasurer with the names of all bank depositories in which the Institute currently deposits public funds.

The Institute has complied with the provisions of ORS 295 as it pertains to the collateralization of public funds.

162-010-0250 – INDEBTEDNESS

The Institute has no indebtedness.

162-010-0260 – BUDGET

The Institute does not provide services directly to individuals, therefore it is not subject to Oregon Local Budget Law under ORS 294.900 to 294.930. However, the Institute does prepare a budget for management control purposes. Comparisons of actual and budgeted transactions are shown on the Schedules of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual.

REQUIRED DISCLOSURES AND INDEPENDENT AUDITOR'S COMMENTS AS OUTLINED IN OREGON ADMINISTRATIVE RULES CHAPTER 162 [SECRETARY OF STATE, AUDITS DIVISION], DIVISION 10 [MINIMUM STANDARDS FOR AUDITS OF OREGON MUNICIPAL CORPORATIONS]
(Continued)

162-010-0270 – INSURANCE AND FIDELITY BONDS

1. Insurance

   The Institute's insurance agent has confirmed that the following policies were in force at June 30, 2009:

Company	Policy No.	Type of Coverage	Coverage Limit	Term
City County Insurance	08LLGPI	General & Auto Liability	$5,000,000 CSL	7/01/08-6/30/09
City County Insurance	08PLPGI	Property/Mobile Equipment	$136,591	7/01/08-6/30/09

   Our audit did not include a determination as to the adequacy of insurance coverage, since we are not professionally trained to make that determination. However, insurance coverage appears to comply with legal requirements.

2. Fidelity bonds

   The Institute did not carry Fidelity bonds on their employees for the year ended June 30, 2009.

162-010-0280 – PROGRAMS FUNDED FROM OUTSIDE SOURCES

The Institute operated no programs funded by outside sources.

162-010-0300 – INVESTMENTS

Funds of the Institute were invested in compliance with ORS 294.035.

REQUIRED DISCLOSURES AND INDEPENDENT AUDITOR'S COMMENTS AS OUTLINED IN OREGON ADMINISTRATIVE RULES CHAPTER 162 [SECRETARY OF STATE, AUDITS DIVISION], DIVISION 10 [MINIMUM STANDARDS FOR AUDITS OF OREGON MUNICIPAL CORPORATIONS] (Continued)

162-010-0310 – PUBLIC CONTRACTS AND PURCHASING

1. Awarding of public contracts

   The Institute did not award any public contracts during the year as defined by ORS 279.

2. Construction of public improvements

   The Institute did not award any public contracts during the year as defined by ORS 279.

Boldt, Carlisle & Smith LLC
Certified Public Accountants
Salem, Oregon
November 18, 2009