
Lane Council of Governments

Annual Financial Report

For the Year Ended June 30, 2012



LANE COUNCIL OF GOVERNMENTS

ANNUAL FINANCIAL REPORT
For the Year Ended June 30, 2012

Prepared by: Fiscal Services

LANE COUNCIL OF GOVERNMENTS

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INTRODUCTORY SECTION

LCOG Overview

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

LCOG was first organized in 1945 under the name Central Lane County Planning Commission with only six members. It was reorganized in 1971 under an intergovernmental agreement pursuant to Oregon Revised Statutes 190.003 to 190.030 and the name was changed to Lane Council of Governments (LCOG). It does not act under the direction and control of any single governmental entity and has the following characteristics:

- It is governed by a board of directors consisting of one appointed director from each of its 29 member organizations.
- It is a legally separate entity.
- It is fiscally independent of all member organizations and all other local government entities.
- It is vested with all the powers, rights, and duties relating to those functions and activities that are vested by law in each separate party to the agreement.

LANE COUNCIL OF GOVERNMENTS
BOARD OF DIRECTORS
June 30, 2012

Coburg

Mayor Judy Volta
PO Box 8316
Coburg, OR 97408

Cottage Grove

Mayor Gary Williams
400 E. Main Street
Cottage Grove, OR 97424

Creswell

Mayor Bob Hooker
PO Box 276
Creswell, OR 97426

Dunes City

Mayor Rebecca Ruede
PO Box 97
Westlake, OR 97493

Emerald Peoples Utility District

Penny Jordan
33733 Seavey Loop Road
Eugene, OR 97405

Eugene

Chris Pryor
777 Pearl St., Rm. 105
Eugene, OR 97401

Eugene Water & Electric Board

Rich Cunningham
PO Box 10148
Eugene OR 97440

Fern Ridge Library

Steve Recca
PO Box 397
Veneta, OR 97487

Florence

Mayor Phil Brubaker
250 Hwy. 101
Florence, OR 97439

Junction City

Mayor Dave Brunscheon
PO Box 250
Junction City, OR 97448

Lane County

Commissioner Faye Stewart
125 E. 8th Ave.
Eugene, OR 97401

Lane Community College

Tony McCown
4000 E. 30th Avenue
Eugene, OR 97405

Lane E.S.D.

Sherry Duerst-Higgins
PO Box 927
Cottage Grove, OR 97424

Lane Library District

Bill McCoy
PO Box 579
Creswell, OR 97426

Lane Transit District

Mike Dubick
PO Box 7070
Eugene, OR 97401

Lowell

Mayor Bill George
PO Box 490
Lowell, OR 97452

Oakridge

Mayor Don Hampton
PO Box 1410
Oakridge, OR 97463

Port of Siuslaw

Vacant
PO Box 1220
Florence, OR 97439

School District 4J

Mary Walston
200 N. Monroe
Eugene, OR 97401

River Road Park & Recreation

Wayne Helikson
1400 Lake Drive
Eugene, OR 97404

School District 19

Al King
525 Mill Street
Springfield, OR 97477

School District 52

Alan Laisure
4640 Barger Drive
Eugene, OR 97402

School District 68

Vacant

Siuslaw Valley Fire District

Steve Olienyk
2625 Highway 101
Florence, OR 97439

Springfield

Joe Pishioneri
225 5th Street
Springfield, OR 97477

Veneta

Mayor Sharon Hobart-Hardin
PO Box 458
Veneta, OR 97487

Westfir

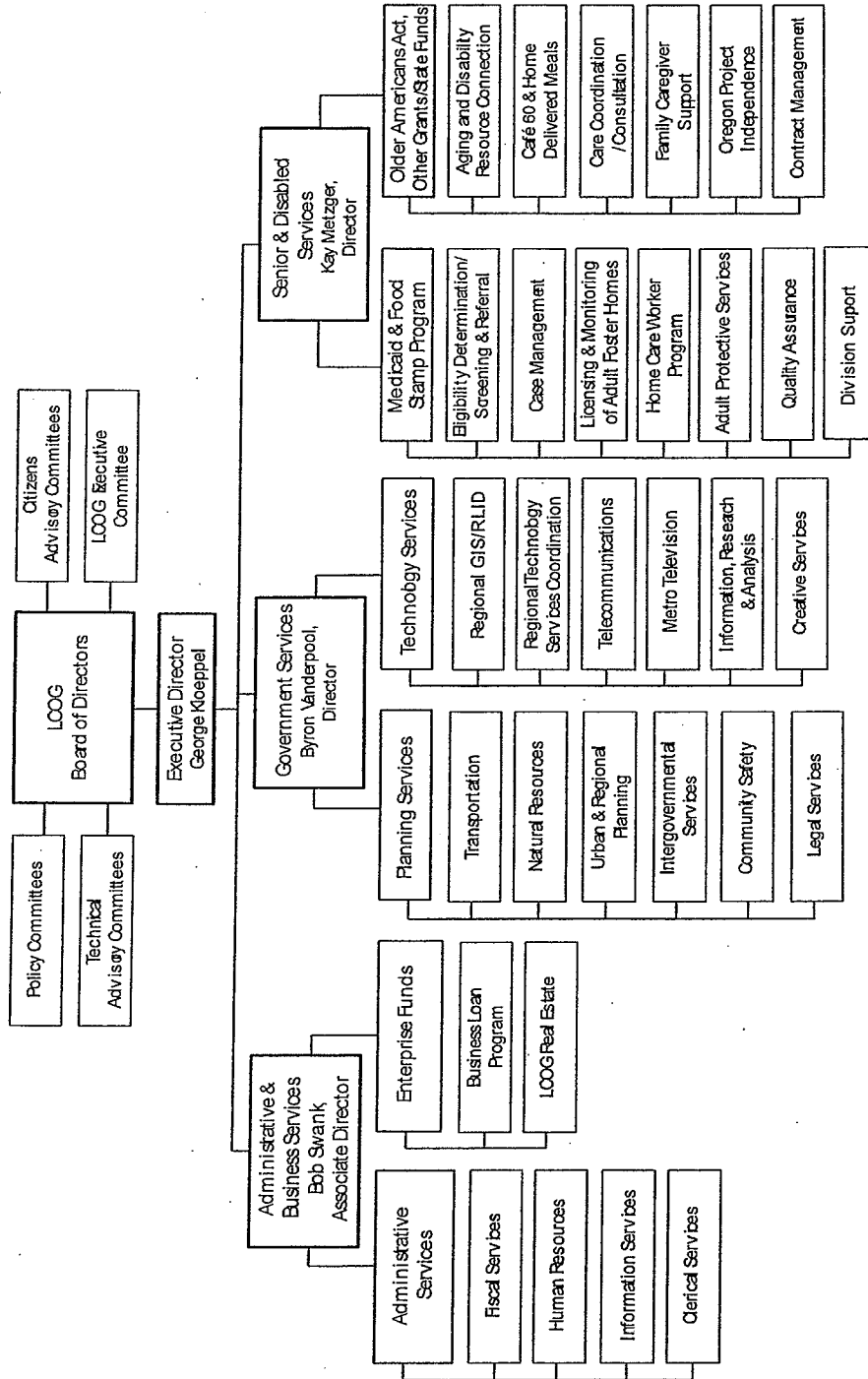
Mayor Neal Choiniere
PO Box 296
Westfir, OR 97482

Western Lane Ambulance District

Bob Sneddon
PO Box 2690
Florence, OR 97477

Willamalane Park & Recreation

Greg James
525 Mill St.
Springfield, OR 97477





December 13, 2012

Mr. Chris Pryor, Chair, and
Members of the Board of Directors
Lane Council of Governments

Ladies and Gentlemen:

This document, submitted for your review and approval, contains the *Annual Financial Report* of the Lane Council of Governments for the fiscal year ended June 30, 2012. LCOG's fiscal staff has prepared these statements in accordance with applicable statutes and regulations. They conform with all recommended governmental financial reporting standards and "generally accepted accounting principles."

Independent auditors from the firm of Pauly, Rogers & Co., Inc., certified public accountants, conducted a thorough examination of the agency's financial statements for FY 2011-2012. The report of the auditors on page 1 confirms that LCOG's transactions during the past fiscal year were conducted in an appropriate manner. The document also includes a section labeled Management Discussion and Analysis that begins on page 3.

LCOG's overall financial position can be discerned from these statements. Management and administrative staff take very seriously our stewardship responsibilities for the public resources entrusted to us. LCOG continues to refine its internal management procedures and structures. The accuracy of the records and the effectiveness of the controls used justify the trust and confidence of member jurisdictions, local elected officials, and the public. LCOG will strive to be a good steward of financial resources and a positive participant in the pursuit of good public policy in this regional community.

The statements in this document depict the transactions that were performed within and between LCOG's General Fund, its Special Revenue Funds, and Enterprise Funds. In addition, this document reflects the activities during the year within the Fiduciary Funds for which LCOG bears responsibility. During FY 2011-2012, resources in excess of \$35 million were administered by this agency. Our exercise of that responsibility was consistent with the law, the policies of the Board of Directors and the interests of the people of Lane County.

Sincerely,

Brendalee S. Wilson
Executive Director

FINANCIAL SECTION



PAULY, ROGERS AND CO., P.C.

CERTIFIED PUBLIC ACCOUNTANTS

• 12700 SW 72ND AVENUE • TIGARD, OREGON 97223
• (503) 620-2632 • FAX (503) 684-7523

November 27, 2012

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

INDEPENDENT AUDITORS' REPORT

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Lane Council of Governments as of and for the year ended June 30, 2012, which collectively comprise the basic financial statements as listed in the table of contents. These financial statements are the responsibility of 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 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 of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control over financial reporting. Accordingly, we express no such opinion. 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 previously present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Lane Council of Governments, as of June 30, 2012, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our reports dated November 27, 2012 on our consideration of internal control over financial reporting and on our tests of compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of the reports is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and do not provide an opinion on the internal control over financial reporting or on compliance. Those reports are an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the Management's Discussion and Analysis, as listed in the table of contents, 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 Management's Discussion and Analysis, as listed in the table of contents, because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The budgetary comparison schedules presented as Required Supplementary Information, as listed in the table of contents, have been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting records used to prepare the

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Lane Council of Governments' financial statements. The supplementary information, as listed in the table of contents, and the Schedule of Expenditures of Federal Awards, as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, are presented for the purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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 or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the budgetary comparison information for all appropriated business-type funds and supplementary information, as listed in the table of contents, is fairly stated in all material respects in relation to the financial statements as a whole.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Lane Council of Government's financial statements. The listing of board members and the other information, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financials statements, and accordingly, we do not express an opinion or provide any assurance on it.

Pauly, Rogers and Co. P.C.
PAULY, ROGERS AND CO., P.C.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following discussion and analysis of the Lane Council of Governments' (LCOG) financial performance provides an overview of the agency's financial activities for the fiscal year ended June 30, 2012. This section, combined with the transmittal letter at the front of this report and the financial statements that follow, comprise the complete report of LCOG's financial activity for the fiscal year.

Financial Highlights

- Total LCOG resources (excluding transfers) for FY 2011-12 is 14.8% higher than FY2010-11 (\$35,517,708 versus \$30,940,002 or \$4,577,706 greater in FY2011-12). This resulted from the combination of an increase in beginning reserves (\$1,560,827), federal and state revenues (\$3,828,912), and decreases in all other revenues (\$812,033).
- Total LCOG requirements (excluding transfers) for FY2011-12 is 20.3% higher than FY2010-11 (\$29,679,934 versus \$24,671,306 or \$5,008,628 greater in FY2011-12). This resulted from the combination of increase in materials and services expenditures by \$4,399,439; capital outlay of \$379,822; loans made to small businesses \$650,000; and decreases in personal services, debt service and services by other organizations by a combined total of \$420,635.
- Total LCOG overall ending reserves in FY2011-12 of \$5,837,774 decreased 7.4% or \$430,922 from FY2010-11 (\$6,268,696).
- LCOG direct service programs were fairly stable for the year, with a combined deficit of \$72,189 from operations. LCOG's building programs contributed a positive net \$31,811 to LCOG's bottom line. Internally, LCOG's indirect services/overhead expenses exceeded rates recovery and other resources by \$270,490. Total deficit in operations totaled \$310,868. LCOG's activities from other financing sources further compounded the financials of LCOG: an additional expense of \$418,000 was incurred to loan funds to the Park Place Building to provide a source of funding to Park Place for tenant improvements in the building. This expense will be reimbursed by way of annual payments to LCOG General Fund over 10 years.

As a result of the overall deficit in current year operations, General Fund ending reserves declined. This decline is the most significant financial change for FY2011-12. Reserves have been declining however FY2011-12 reflected a 74.8% decrease in ending reserves - from \$941,310 to \$237,139 or a decline of \$704,171. Restoring this reserve will be a major impact on the FY2012-13 and future budgets.

Using This Report

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities provide information about the activities of LCOG as a whole and present a longer-term view for LCOG's finances. Also included in the accompanying report are fund financial statements. For governmental activities, the fund financial statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report LCOG's operations in more detail than the government-wide statements by providing information about LCOG's most significant funds. The remaining statements (fiduciary) provide financial information about activities for which LCOG acts solely as a trustee or agent for the benefit of those outside of LCOG.

OVERVIEW OF THE FINANCIAL STATEMENTS

The annual report consists of three parts – *management's discussion and analysis* (this section), the *basic financial statements*, and the *required supplementary information*. The basic financial statements include two kinds of statements that present different views of LCOG:

- The first two statements are government-wide financial statements that provide both long-term and short-term information about LCOG's overall financial status. These statements are the Government-Wide Financial Statements: Statement of Net Assets and Statement of Activities.
- The remaining statements are fund financial statements that focus on individual areas of LCOG, reporting LCOG's operation in more detail than the government-wide statements.
 - Governmental funds statements tell how general government was financed in the short-term as well as what remains for future spending.
 - Proprietary fund statements offer short-term and long-term financial information about the activities LCOG operates such as the building programs and Loan programs.
 - Fiduciary fund statements provide information about the fiduciary relationships in which LCOG acts solely as a fiscal agent for the benefit of others, to who the resources belong.

The financial statements also include *Notes to the Financial Statements* that explain key information in the financial statements and provide more detailed data. The statements are followed by a section of *Required Supplementary Information* which provides additional financial and budgetary information.

The below table summarizes the major features of LCOG's financial statements, including the portion of the operations they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statements.

Major Features of the LCOG's Government and Fund Financial Statements				
		Fund Statements		
	Government-Wide Statements	Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	All of LCOG (except: Fiduciary Funds)	Activities of LCOG that are not proprietary or fiduciary	Activities LCOG operates similar to private businesses	LCOG is the trustee or agent for other agency resources
Required Financial Statements	Statement of Net Assets Statement of Activities	Balance Sheet Statement of Revenues, Expenditures and Changes in Fund Balances	Statement of Net Assets Statement of Revenues, Expenditures and Changes in Fund Balances Statement of Cash Flows	Statement of Changes in Assets and Liabilities Agency Funds
Type of Asset and Liability				
Information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term debt included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term.

Reporting on LCOG as a whole: Government-wide Financial Statements

The accompanying *government-wide financial statements* include two statements that present financial data for LCOG as a whole. The Statement of Net Assets and the Statement of Activities report information about LCOG as a whole and about its activities in a way that helps the reviewer determine if LCOG's financial position has improved or deteriorated as a result of the years activities.

The government-wide financial statements are designed to provide readers with a broad overview of LCOG's financial performance in a manner similar to the financial reports provided to stakeholders of private sector governments. All activity regardless of the type of funds or accounting methodology is brought together in one place. As a result, all assets and liabilities are accounted for, including the inflows and outflows of resources.

In the statement of net assets and the statement of activities, LCOG is divided into two kinds of activities:

Governmental activities – Most of LCOG's services are reported here, including the Board, Government Services, and Senior and Disabled Services. Federal, state and local grants and contracts finance most of these activities.

Business-type activities – LCOG's real property management and Loan Programs are reported here, as customers pay most of the cost of the services.

These two statements report LCOG's net assets and changes to them. LCOG's net assets (the difference between assets and liabilities) as one way to measure LCOG's financial health. Over time, increases or decreases in LCOG's net assets provide an indicator of whether its financial health is improving or deteriorating. Other non-financial factors also need to be considered to assess the overall health of LCOG.

Statement of Net Assets

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

LCOG's net assets decreased by a net \$92,716 in fiscal year 2011-12 as compared to an increase of \$437,960 in FY2010-11. The net decrease of \$92,716 consists of the following: decrease of \$388,737 in net assets for governmental activities and an increase of \$296,021 in business-type activities.

For governmental activities specifically, the overall decrease of \$388,737 consists of: increase in capital assets, net of related debt by \$306,837; reduction in the amount needed for restricted net assets (telecommunications and grants and contracts) by \$229,657; and an increase in the negative unrestricted net asset balance of \$465,917. The main reason for this material increase is due to the financial commitments required in the General Fund: current year operating expenses exceeded revenues requiring reliance upon reserves set aside for compensated absences.

Statement of Activities

The statement of activities presents information showing how LCOG's net assets have changed during the fiscal year. Revenues and expenditures are reported when the underlying event giving rise to the transaction occurs, regardless of when the cash is received or paid.

Reporting on LCOG's most significant funds: Fund Financial Statements

The *fund financial statements* provide detailed information about LCOG's most significant funds – not LCOG as a whole. Some funds are required to be established by State law or contractual obligations. However, LCOG establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting administrative responsibilities for using certain grants, contracts or other money received. LCOG has two three types of funds – governmental, proprietary and fiduciary.

Governmental Funds (General Government)

Most of LCOG's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using modified accrual accounting, which emphasizes current assets and liabilities. The governmental fund statements provide a detailed short-term view of LCOG's operations and the basic services it provides. The relationship (differences) between governmental activities (reported in the statement of net assets and the statement of activities) and governmental funds is described in reconciliations after the fund financial statements.

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

1. General Fund

Principal sources of revenue are dues from member agencies, interest, and reimbursements from other funds. The General Fund includes the only discretionary or flexible resources of LCOG.

2. Special Revenue Funds

These funds account for revenues from specific revenue sources which include federal grants, state grants, and various contracts. These funds are reserved or designated to finance specific functions or activities.

Proprietary Funds (Enterprise)

Principal operating revenues of rents, loan fees, and interest on business loans are reported in the proprietary funds. These funds include LCOG-owned real estate and the business assistance loan programs.

Fiduciary Funds (Agency)

Lane Council of Governments is the fiduciary for assets that belong to other governmental agencies. LCOG is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of LCOG's fiduciary activities are reported in a separate statement of fiduciary net assets. LCOG excludes these activities from the government-wide financial statements because it cannot use these assets to finance its operations.

Notes to the Basic Financial Statements

The notes provide additional information that is essential for a full understanding of the data 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.

Government-wide Financial Analysis

Net Assets

Total assets exceeded total liabilities by \$5,380,787 at the close of 2012 which is the total FY2011-12 net assets for LCOG. This year 4% of the net assets are in the governmental activities (compared to 11% in FY10-11). A total of 96% of net assets are in business activities. Of the governmental activities, approximately \$3.0 million is restricted for the telecommunications consortium (\$1.8 million) which manages the telephone charges and the equipment reserve for the participating agencies and Grants/Contracts make up the balance of restricted reserves (\$1.2 million). Of the total unrestricted reserves, (\$2,053,587) is classified as unrestricted.

Lane Council of Governments Net Assets

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	2012	2011	2012	2011	2012	2011
Current and other assets	\$5,066,323	\$5,878,731	\$6,282,309	\$5,940,973	\$11,348,632	\$11,819,704
Capital assets	\$488,285	\$212,519	\$10,363,860	\$10,436,938	\$10,852,145	\$10,618,386
Total assets	\$5,554,608	\$6,060,179	\$16,646,169	\$16,377,911	\$22,200,777	\$22,438,090
Current liabilities	\$2,532,938	\$2,566,484	\$961,579	\$538,176	\$3,494,517	\$3,104,660
Noncurrent liabilities	\$2,804,676	\$2,887,964	\$10,520,797	\$10,971,963	\$13,325,473	\$13,859,927
Total liabilities	\$5,337,614	\$5,454,448	\$11,482,376	\$11,510,139	\$16,819,990	\$16,964,587
Net assets:						
Invested in capital assets, net of related debt	\$488,285	\$181,448	\$2,625,617	\$2,411,273	\$3,113,902	\$2,592,721
Restricted	\$3,009,472	\$3,239,129	\$1,311,000	\$1,461,062	\$4,320,472	\$4,700,191
Unrestricted	(3,280,763)	(2,814,846)	\$1,227,176	\$995,437	(2,053,587)	(1,819,409)
Total net assets	\$216,994	\$605,731	\$5,163,793	\$4,867,772	\$5,380,787	\$5,473,503

Changes in Net Assets

The governmental activities net assets decreased by approximately \$388,737 during the year. This was mainly due to financial support of \$418,000 from the General Fund to the Park Place Building fund for improvements and other expenses connected to the Park Place Building as well as operating expenses exceeding revenues. The net assets of the business-type activities increased by approximately \$296,021, primarily due to the transfers from the General Fund to the Park Place Building.

Lane Council of Governments Changes in Net Assets						
	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Revenues:						
Program revenues:						
Charges for services	\$5,673,232	\$6,781,475	\$2,018,221	\$2,203,713	\$7,691,453	\$8,985,188
Operating grants and contributions	19,233,291	15,267,084	-	-	19,233,291	15,267,084
General revenues:						
Member dues	233,848	222,063	-	-	233,848	222,063
Loan proceeds	-	-	418,000	-	418,000	-
Unrestricted investment earnings	-	-	235,376	281,776	235,376	281,776
Total revenues	\$25,140,371	\$22,270,622	2,671,597	2,485,489	27,811,968	24,756,111
Expenses:						
Board/Executive*	880,594	\$124,699	-	-	880,594	124,699
Government Services	11,936,489	\$8,378,779	-	-	11,936,489	8,378,779
Senior and Disabled Services	13,072,160	\$13,415,431	-	-	13,072,160	13,415,431
Interest on Long Term Debt**	24,043	\$23,003	-	-	24,043	23,003
Loss on disposition of capital assets**	7,960	51,260	0	0	7,960	51,260
Schaefers Building	-	-	360,312	416,690	360,312	416,690
Park Place Building	-	-	1,164,945	1,207,352	1,164,945	1,207,352
Springfield Building	-	-	247,902	263,589	247,902	263,589
Minutes Recorder	-	-	55,156	-	55,156	-
Loan Program	-	-	494,026	436,516	494,026	436,516
Total expenses	\$25,921,246	\$21,941,912	2,322,341	2,324,147	28,243,587	24,317,319
Change in net assets before transfers	(780,875)	\$277,450	349,256	161,342	(431,619)	438,792
Transfers	53,235	24,631	(53,235)	(24,731)	-	(100)
Change in net assets	(727,640)	\$302,081	296,021	136,611	(431,619)	438,692
Net assets, July 1	605,731	\$303,650	\$4,867,772	\$4,731,161	\$5,473,503	\$5,034,811
Prior Period Adjustment	338,903		-		338,903	
Net assets, June 30	\$216,994	\$605,731	\$5,163,793	\$4,867,772	\$5,380,787	\$5,473,503

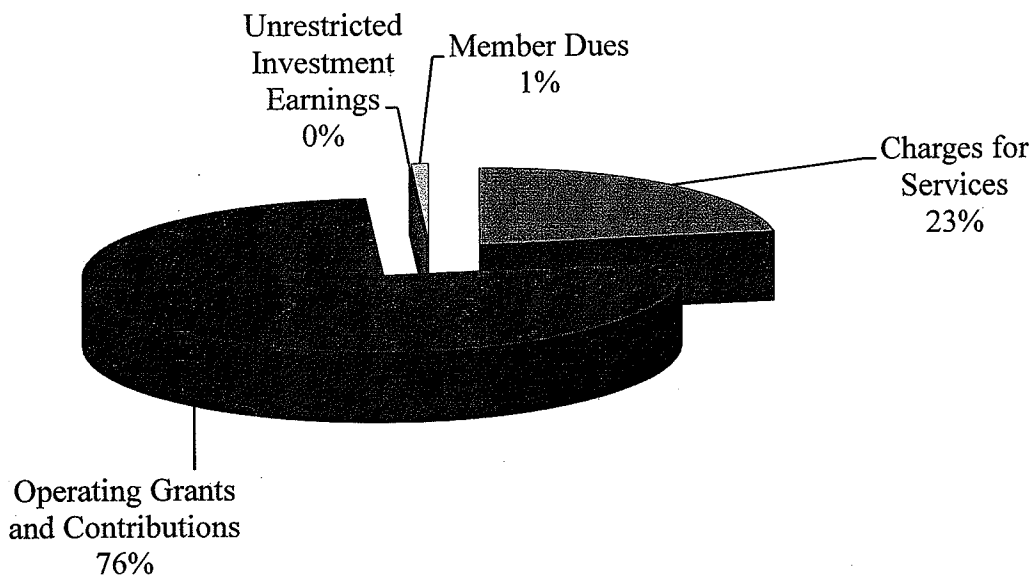
*includes \$418,000 support to Park Place Building;

** is Government Services

Governmental Activities

The following chart shows the type of revenue for each major governmental activity. Approximately 76% of all revenues for LCOG are from grants and contracts. Senior and Disabled Services receive 81.2% of its revenue from operating grants and contributions, while Government Services receives 73.6% of its revenue from operating grants and contracts.

Governmental Activities Revenue By Source

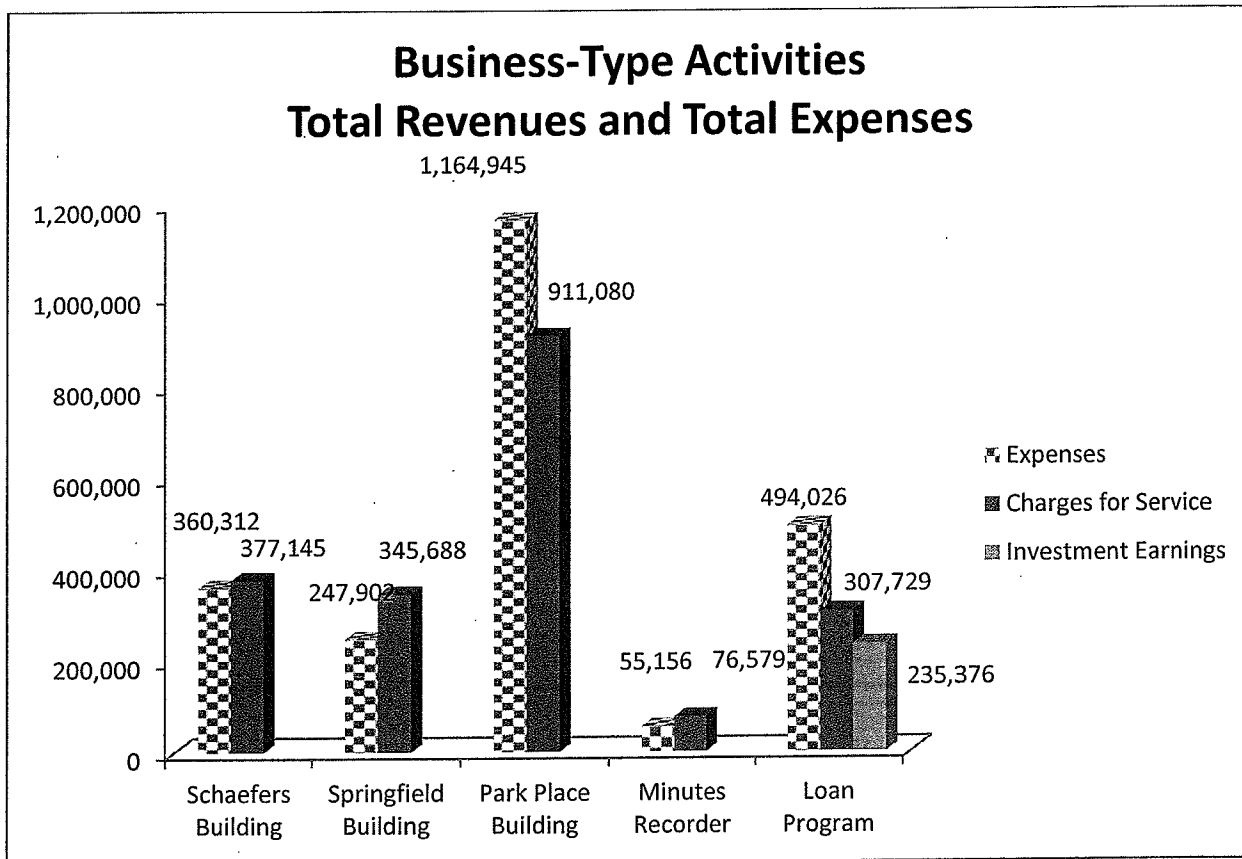


Revenue detail:

Governmental Activities	Charges for Service	Member Dues	Grants/Contracts	Total Revenue
Board/Executive	\$ 114,137	\$ 233,848	\$ -	\$ 347,985
Government Services	\$ 3,082,496	\$ -	\$ 8,568,716	\$ 11,651,212
Senior & Disabled Services	\$ 2,476,599	\$ -	\$ 10,664,575	\$ 13,141,174
	\$ 5,673,232	\$ 233,848	\$ 19,233,291	\$ 25,140,371

Business-Type Activities

The following chart shows the revenue and expense for the business-type activities. These activities represent approximately 8.2% of total LCOG expenses however it generates 96% of LCOG's net assets. Approximately 75.9% of business activities revenue is from charges for services. Park Place Building relied upon \$418,000 support from the General Fund for tenant improvements to the 4th floor of Park Place. This support will be repaid to the General Fund over 10 years.



The business activities now include Minutes Recorder services which had been reported as a governmental activity in prior years. Loan Proceeds of \$418,000 in Park Place Building is not included in this chart (source is not program generated; is an internal transfer of funding).

Capital Assets

During FY12, capital assets were reevaluated and restated for the correct net asset values for Lane Council of Governments at 6/30/12. Total Net Assets for FY2011-12 are \$223,108 net greater than FY2010-11. This net increase consists of \$432,462 in Park Place Building improvements and (\$209,354) in adjustments made to the base fixed asset inventory to reflect assets at documented values.

The table on the following page provides a comparison of FY2011-12 to FY2010-11 net capital asset values.

Lane Council of Governments Capital Assets, Net of Accumulated Depreciation

Net Capital Assets						
	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
Land	\$ -	\$ -	\$ 735,830	\$ 735,830	\$ 735,830	\$ 735,830
Buildings and building improvements	\$ -	\$ -	\$ 9,628,030	\$ 9,701,108	\$ 9,628,030	\$ 9,701,108
Leasehold improvements	\$ 60,895	\$ -	\$ -	\$ -	\$ 60,895	\$ -
Equipment and vehicles	\$ 427,390	\$ 192,099	\$ -	\$ -	\$ 427,390	\$ 192,099
Total capital assets	\$ 488,285	\$ 192,099	\$10,363,860	\$ 10,436,938	\$ 10,852,145	\$ 10,629,037

Governmental Activities:		Business Activities:	Total Net
Fixed Assets	\$958,020	\$14,534,221	\$15,492,241
Accumulated Depreciation	<u>\$469,735</u>	<u>\$ 4,170,361</u>	<u>\$ 4,640,096</u>
Net Capital Assets:	\$488,285	\$10,363,860	\$10,852,145

Fund Based Financial Analysis

Governmental Funds

The governmental funds are comprised of the General Fund, the Telecommunications Fund, and the Grants and Contracts Fund (which are considered major governmental funds). The governmental fund balance at June, 2012 was approximately \$3.25 million. This consisted of \$237,139 in the General Fund, \$1,861,227 reserved for Telecommunications, and \$1,148,245 designated for Grants and Contracts. For more detail, see page 8-9 of this document.

Proprietary Funds

The proprietary funds are comprised of the Springfield Building, the Schaefers Building, the Park Place Building, the Loan Programs and Minutes Recorder. The \$5,163,793 in net assets in these funds is distributed as follows (for more detail see pages 20-21 of this document):

Springfield Building	\$ (163,246)
Schaefers Building	\$ 300,446
Park Place Building	\$ 2,658,868
Loan Programs	\$ 2,367,725
Minutes Recorder	\$ 0

Long Term Debt Activity

LCOG had no new external loans in FY12. The following is the current year long term debt:

		Principal & Interest
General Fund	*	\$ 231,116
Enterprise Funds		\$ 900,778
Total Debt		\$ 1,131,894

*In FY2011-12 we performed a comprehensive review of debt. This review resulted in our finding that Park Place Building (Enterprise Funds) was not being correctly charged for a FY2007 loan that it directly benefitted from. As a result, in FY13, \$130,356 will no longer be paid by General Fund and will instead be charged to Park Place Building. For more information see Footnote 17.

Economic Factors and Future Forecast estimates for FY2012-13

During the preparation of the budget for FY 2012-2013, the long-term impact of the local and state economies as they pertain to LCOG resources was evaluated. In addition changes to our base expenditures were noted. As a result, the following were the major assumptions used in developing the FY 2011-2012 budget:

- State and local governments will continue to face budget challenges, limiting the ability of LCOG to find new or increased revenue. Our primary source of grant revenues – Title III and Title XIX (Senior & Disabled Services) continues to decline over prior biennium budgets.
- For budgeting purposes, represented staff (Employees Association, SEIU) and non-represented staff salaries will reflect a 1.0% increase for the FY13 budget.
- The PERS and OPSRP rates will remain stable for FY13, with PERS at 12.52% and 11.24% for OPSRP. These rates are scheduled to remain constant for FY13 at 12.52% for PERS and 11.24% for OPSRP.
- Health insurance expense will increase between 8% and 19.3% for FY13 due to larger than normal claims experience. LCOG has a high deductible Health Reimbursement Arrangement (HRA) ranging from \$2,500 for single to \$4,000 for all others. The LCOG annual contribution to each employee's HRA account will remain at \$1,800. As a result of the significant increase in health insurance, LCOG will be evaluating and selecting a provider that will provide a lower cost increase than the current provider estimate.

Contact Information

This annual report is designed to provide interested parties with a general overview of Lane Council of Governments' finances and to demonstrate LCOG's accountability for the money it receives. Questions concerning this report or requests for additional financial information should be directed to:

Janell Wooten
Financial Services Manager
859 Willamette Street, Suite 500
Eugene, Oregon 97401

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE
FINANCIAL STATEMENTS

Statement of Net Assets

Statement of Activities

LANE COUNCIL OF GOVERNMENTS
STATEMENT OF NET ASSETS
June 30, 2012

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current assets:			
Cash and investments	\$ 2,802,226	\$ 3,012,141	\$ 5,814,367
Accounts receivable	1,799,706	84,765	1,884,471
Current maturities of loans receivable	-	-	-
Accrued interest receivable	-	11,480	11,480
Due from other funds	418,000	-	418,000
Prepaid expense	46,391	60,895	107,286
Total current assets	<u>5,066,323</u>	<u>3,169,281</u>	<u>8,235,604</u>
Noncurrent assets:			
Restricted cash and investments	-	-	-
Loans receivable, net of current maturities	-	3,028,071	3,028,071
Financing costs, net of accumulated amortization	-	84,957	84,957
Capital assets, net of accumulated depreciation	488,285	10,363,860	10,852,145
Total noncurrent assets	<u>488,285</u>	<u>13,476,888</u>	<u>13,965,173</u>
Total assets	<u>5,554,608</u>	<u>16,646,169</u>	<u>22,200,777</u>
LIABILITIES			
Current liabilities:			
Accounts payable	502,549	28,064	530,613
Accrued payroll and related liabilities	1,218,408	20,857	1,239,265
Accrued interest payable	7,370	43,493	50,863
Due to other funds	-	418,000	418,000
Unearned revenue	98,755	-	98,755
Compensated absences	622,568	-	622,568
Current maturities of loans payable	83,288	451,165	534,453
Total current liabilities	<u>2,532,938</u>	<u>961,579</u>	<u>3,494,517</u>
Noncurrent liabilities:			
Long-term debt, net of current maturities	2,804,676	10,520,797	13,325,473
Security deposits	-	-	-
Total noncurrent liabilities	<u>2,804,676</u>	<u>10,520,797</u>	<u>13,325,473</u>
Total liabilities	<u>5,337,614</u>	<u>11,482,376</u>	<u>16,819,990</u>
NET ASSETS			
Invested in capital assets, net of related debt	488,285	2,625,617	3,113,902
Restricted for:			
Telecommunications	1,861,227	-	1,861,227
Grants and Contracts	1,148,245	-	1,148,245
USDA	-	1,311,000	1,311,000
EDA	-	-	-
Unrestricted	<u>(3,280,763)</u>	<u>1,227,176</u>	<u>(2,053,587)</u>
Total net assets	<u>\$ 216,994</u>	<u>\$ 5,163,793</u>	<u>\$ 5,380,787</u>

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

LANE COUNCIL OF GOVERNMENTS
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2012

	Program Revenues			Net Revenue (Expense) and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:						
Board/executive	\$ 462,594	\$ 114,137	\$ -	\$ (348,457)	\$ -	\$ (348,457)
Government services	11,936,489	3,082,496	8,568,716	(285,277)	-	(285,277)
Senior and disabled services	13,072,160	2,476,599	10,664,575	69,014	-	69,014
Interest on long-term debt	24,043	-	-	(24,043)	-	(24,043)
Total governmental activities	25,495,286	5,673,232	19,233,291	(588,763)	-	(588,763)
Business-type activities:						
Park Place Building	1,164,945	911,080	-	-	(253,865)	(253,865)
Springfield Building	247,902	345,688	-	-	97,786	97,786
Schaeffers Building	360,312	377,145	-	-	16,833	16,833
Loan program	494,026	307,729	-	-	(186,297)	(186,297)
Minutes recording	55,156	76,579	-	-	21,423	21,423
Total business-type activities	2,322,341	2,018,221	-	-	(304,120)	(304,120)
Total activities	\$ 27,817,627	\$ 7,691,453	\$ 19,233,291	(588,763)	(304,120)	(892,883)
General revenues and transfers:						
Unrestricted investment earnings				-	235,376	235,376
Member dues				233,848	-	233,848
Gain (loss) on sale of equipment				(7,960)	-	(7,960)
Loans made (to Park Place Building)				(418,000)	418,000	-
Transfers				53,235	(53,235)	-
Total general revenues and transfers				(138,877)	600,141	461,264
Change in net assets				(727,640)	296,021	(431,619)
Net assets, beginning of year				605,731	4,867,772	5,473,503
Prior period adjustment				338,903	-	338,903
Net assets, end of year				\$ 216,994	\$ 5,163,793	\$ 5,380,787

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

FUND FINANCIAL STATEMENTS

- Balance Sheet – Governmental Funds
- Reconciliation of the Balance Sheet – Governmental Funds to the Statement of Net Assets
- Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds
- Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds to the Statement of Activities
- Statement of Net Assets (Deficit) – Proprietary Funds
- Statement of Revenues, Expenses, and Changes in Net Assets (Deficit) – Proprietary Funds
- Statement of Cash Flows – Proprietary Funds
- Statement of Fiduciary Net Assets – Fiduciary Funds

LANE COUNCIL OF GOVERNMENTS
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2012

	General Fund	Tele- Communications	Grants and Contracts	Total Governmental Funds
ASSETS				
Cash and investments	\$ 130,078	\$ 1,935,395	\$ 736,753	\$ 2,802,226
Prepaid expenditures	46,391	-	-	46,391
Accounts receivable	64,344	58,103	1,677,259	1,799,706
Due from other funds	418,000	-	-	418,000
Restricted cash and investments	-	-	-	-
Total assets	<u>\$ 658,813</u>	<u>\$ 1,993,498</u>	<u>\$ 2,414,012</u>	<u>\$ 5,066,323</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Due to other funds	\$ -	\$ -	\$ -	\$ -
Accounts payable	4,842	132,271	365,436	502,549
Accrued payroll and related liabilities	416,832	-	801,576	1,218,408
Deferred revenue	-	-	98,755	98,755
Total liabilities	<u>421,674</u>	<u>132,271</u>	<u>1,265,767</u>	<u>1,819,712</u>
Fund balances:				
Nonspendable	46,391	-	-	46,391
Restricted to:				-
Telecommunications	-	1,861,227	-	1,861,227
Grants and Contracts	-	-	1,148,245	1,148,245
Committed	-	-	-	-
Assigned to Compensated Absences	622,568	-	-	622,568
Unassigned	(431,820)	-	-	(431,820)
Total fund balances	<u>237,139</u>	<u>1,861,227</u>	<u>1,148,245</u>	<u>3,246,611</u>
Total liabilities and fund balances	<u>\$ 658,813</u>	<u>\$ 1,993,498</u>	<u>\$ 2,414,012</u>	<u>\$ 5,066,323</u>

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

**LANE COUNCIL OF GOVERNMENTS
RECONCILIATION OF THE BALANCE SHEET --
GOVERNMENTAL FUNDS TO THE STATEMENT OF NET ASSETS
June 30, 2012**

Total fund balances - governmental funds		\$ 3,246,611
Capital assets used in governmental funds are not financial resources and therefore are not reported in the funds.		488,285
Loan costs are expensed by governmental funds in the year paid but are capitalized on the statement of net assets and amortized over the term of the loan.		-
Some liabilities are not due and payable in the current period and are therefore not reported in the funds:		
Loans payable	(2,887,964)	
Compensated Absences	(622,568)	
Accrued interest	<u>(7,370)</u>	
		<u>(3,517,902)</u>
Net assets of governmental activities		<u><u>\$ 216,994</u></u>

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

LANE COUNCIL OF GOVERNMENTS
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES -- GOVERNMENTAL FUNDS

For the Year Ended June 30, 2012

	General Fund	Tele- Communications	Grants and Contracts	Total Governmental Funds
Revenues:				
Member agency dues	\$ 233,848	\$ -	\$ -	\$ 233,848
Federal and state grants and contracts	-	-	18,968,748	18,968,748
Other local sources	224,746	1,041,995	4,517,099	5,783,840
In-kind services	-	-	264,543	264,543
Total revenues	458,594	1,041,995	23,750,390	25,250,979
Expenditures:				
Current:				
Board/executive services	463,946	-	-	463,946
Government services	-	1,169,583	10,801,801	11,971,384
Senior and disabled services	-	-	13,110,375	13,110,375
Debt service:				
Principal	207,073	-	-	207,073
Interest	24,043	-	-	24,043
Financing costs	-	-	-	-
Capital outlay	9,325	-	33,896	43,221
Total expenditures	704,387	1,169,583	23,946,072	25,820,042
Revenues over (under) expenditures	(245,793)	(127,588)	(195,682)	(569,063)
Other financing sources (uses):				
Loans made (to Park Place Building)	(418,000)	-	-	(418,000)
Transfers In	213,252	136,029	1,929,854	2,279,135
Transfers Out	(253,630)	(207,560)	(1,764,710)	(2,225,901)
Total other financing sources (uses)	(458,378)	(71,531)	165,144	(364,765)
Net change in fund balances	(704,171)	(199,119)	(30,538)	(933,828)
Fund balances, beginning of year	941,310	2,060,346	1,178,783	4,180,439
Fund balances, end of year	\$ 237,139	\$ 1,861,227	\$ 1,148,245	\$ 3,246,611

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

LANE COUNCIL OF GOVERNMENTS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES --
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2012

Net change in fund balances - governmental funds \$ (933,828)

Amounts reported for governmental activities in the statement of activities
are different because:

Governmental funds report capital outlays as expenditures; in the statement of activities the cost of those assets is allocated over their estimated useful lives as depreciation expense:

Capital asset additions	58,390
Loss on sale of assets	(7,960)
Depreciation expense	(82,496)

In the governmental funds, the issuance of long-term debt provides current financial resources and the repayment of long-term debt consumes current financial resources:

Principal payments on loans	83,934
Changes in Compensated Absences	185,391

Governmental funds report debt issuance costs as expenditures. In the statement of activities the costs are capitalized and amortized over the term of the debt:

Issuance costs	-
Amortization of debt issuance costs	(31,071)

Change in net assets of government activities \$ (727,640)

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

LANE COUNCIL OF GOVERNMENTS
STATEMENT OF NET ASSETS (DEFICIT)
PROPRIETARY FUNDS
June 30, 2012

	Park Place Building	Springfield Building	Schaefers Building	Loan Programs	Minutes Recording	Total
ASSETS						
Current assets:						
Cash and investments	\$ 452,275	\$ -	\$ 1,517	\$ 2,572,682	\$ (14,333)	\$ 3,012,141
Accounts receivable	42,395	-	-	23,949	18,421	84,765
Current maturities of loans receivable	-	-	-	-	-	-
Accrued interest receivable	-	-	-	11,480	-	11,480
Prepaid expense	16,264	43,790	841	-	-	60,895
Total current assets	510,934	43,790	2,358	2,608,111	4,088	3,169,281
Noncurrent assets:						
Restricted cash and investments	-	-	-	-	-	-
Loans receivable, net of current maturities	-	-	-	3,028,071	-	3,028,071
Deferred finance costs	47,937	21,792	15,228	-	-	84,957
Capital assets, net of accumulated depreciation	8,281,660	817,330	1,264,870	-	-	10,363,860
Total noncurrent assets	8,329,597	839,122	1,280,098	3,028,071	-	13,476,888
Total assets	8,840,531	882,912	1,282,456	5,636,182	4,088	16,646,169
LIABILITIES						
Current liabilities:						
Due to other funds	418,000	-	-	-	-	418,000
Accounts payable	25,502	-	-	61	2,501	28,064
Accrued payroll and related liabilities	1,062	-	1,517	16,691	1,587	20,857
Accrued interest payable	21,021	2,396	2,090	17,986	-	43,493
Unearned revenue	-	-	-	-	-	-
Current maturities of loans payable	218,681	28,271	29,482	174,731	-	451,165
Total current liabilities	684,266	30,667	33,089	209,469	4,088	961,579
Noncurrent liabilities:						
Long-term debt, net of current maturities	5,497,397	1,015,491	948,921	3,058,988	-	10,520,797
Security deposits	-	-	-	-	-	-
Total noncurrent liabilities	5,497,397	1,015,491	948,921	3,058,988	-	10,520,797
Total liabilities	6,181,663	1,046,158	982,010	3,268,457	4,088	11,482,376
NET ASSETS (DEFICIT)						
Invested in capital assets, net of related debt	2,565,582	(226,432)	286,467	-	-	2,625,617
Restricted by USDA	-	-	-	1,311,000	-	1,311,000
Restricted by EDA	-	-	-	-	-	-
Unrestricted	93,286	63,186	13,979	1,056,725	-	1,227,176
Total net assets (deficit)	\$ 2,658,868	\$ (163,246)	\$ 300,446	\$ 2,367,725	\$ -	\$ 5,163,793

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

LANE COUNCIL OF GOVERNMENTS
STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET ASSETS - PROPRIETARY FUNDS
For the Year Ended June 30, 2012

	Park Place Building	Springfield Building	Schaefers Building	Loan Programs	Minutes Recording	Total
Operating revenues:						
Charges for services	\$ -	\$ -	\$ -	\$ 302,608	\$ 76,579	\$ 379,187
Rent	911,080	345,688	377,145	-	-	1,633,913
State revenue	-	-	-	-	-	-
Other	-	-	-	5,121	-	5,121
Total operating revenues	<u>911,080</u>	<u>345,688</u>	<u>377,145</u>	<u>307,729</u>	<u>76,579</u>	<u>2,018,221</u>
Operating expenses:						
Personal services	24,426	-	24,507	367,158	20,476	436,567
Materials and services	430,059	153,543	188,590	92,045	34,680	898,917
Provisions for loan losses	-	-	-	-	-	-
Principal/Interest on loans	-	-	-	-	-	-
Depreciation	389,152	39,638	98,390	-	-	527,180
Total operating expenses	<u>843,637</u>	<u>193,181</u>	<u>311,487</u>	<u>459,203</u>	<u>55,156</u>	<u>1,862,664</u>
Operating income	<u>67,443</u>	<u>152,507</u>	<u>65,658</u>	<u>(151,474)</u>	<u>21,423</u>	<u>155,557</u>
Nonoperating revenues (expenses):						
Interest income	-	-	-	235,376	-	235,376
Federal revenue	-	-	-	-	-	-
Finance costs	401,188	-	-	-	-	401,188
Interest expense	(304,496)	(54,721)	(48,825)	(34,823)	-	(442,865)
Total nonoperating revenues (expenses)	<u>96,692</u>	<u>(54,721)</u>	<u>(48,825)</u>	<u>200,553</u>	<u>-</u>	<u>193,699</u>
Income (loss) before transfers and capital contributions	164,135	97,786	16,833	49,079	21,423	349,256
Capital contributions	-	-	-	-	-	-
Transfers in	141,410	-	-	-	-	141,410
Transfers out	-	(85,894)	(87,328)	-	(21,423)	(194,645)
Change in net assets	305,545	11,892	(70,495)	49,079	-	296,021
Net assets (deficit), beginning of year	<u>2,353,323</u>	<u>(175,138)</u>	<u>370,941</u>	<u>2,318,646</u>	<u>-</u>	<u>4,867,772</u>
Net assets (deficit), end of year	<u>\$ 2,658,868</u>	<u>\$ (163,246)</u>	<u>\$ 300,446</u>	<u>\$ 2,367,725</u>	<u>\$ -</u>	<u>\$ 5,163,793</u>

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

LANE COUNCIL OF GOVERNMENTS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended June 30, 2012

	Park Place Building	Springfield Building	Schaefers Building	Loan Programs	Minutes Recording	Total
Cash received from customers	\$ 890,580	\$ 391,021	\$ 382,145	\$ 328,895	\$ 58,158	\$ 2,050,799
Cash paid to suppliers	(406,723)	(144,785)	(180,214)	(94,233)	(16,388)	(842,343)
Cash paid to employees	(24,426)	-	(24,507)	(367,158)	(34,680)	(450,771)
Net cash provided (used) by operating activities	459,431	246,236	177,424	(132,496)	7,090	757,685
Loans received from USDA	-	-	-	-	-	-
Principal paid to USDA	-	-	-	(173,001)	-	(173,001)
Changes in loans receivable and accrued interest	-	-	-	(195,770)	-	(195,770)
Changes in due to/ due from other funds	418,000	-	-	-	-	418,000
Transfers in/out	141,410	(85,894)	(87,328)	-	(21,423)	(53,235)
Net cash provided (used) by non-capital financing activities	559,410	(85,894)	(87,328)	(368,771)	(21,423)	(4,006)
Purchases of capital assets	(432,462)	(21,640)	-	-	-	(454,102)
Loan proceeds	-	-	-	-	-	-
Cash paid for financing costs	408,910	(7,605)	(8,375)	-	-	392,930
Principal paid on bank loans	(228,396)	(31,164)	(27,862)	-	-	(287,422)
Interest paid on bank loans	(304,496)	(54,721)	(48,825)	(34,823)	-	(442,865)
Change in accrued interest	(546)	121	(67)	(961)	-	(1,453)
Net cash used by capital and related financing activities	(556,990)	(115,009)	(85,129)	(35,784)	-	(792,912)
Purchase of investments	-	-	-	-	-	-
Proceeds from investments	-	-	-	-	-	-
Earnings on investments	-	-	-	235,376	-	235,376
Net cash provided (used) by investing activities	-	-	-	235,376	-	235,376
Net increase (decrease) in cash and cash equivalents	461,851	45,333	4,967	(301,675)	(14,333)	196,143
Cash and cash equivalents, beginning of year	(9,576)	(45,333)	(3,450)	2,874,357	-	2,815,998
Cash and cash equivalents, end of year	\$ 452,275	\$ -	\$ 1,517	\$ 2,572,682	\$ (14,333)	\$ 3,012,141
Reconciliation of operating income to net cash provided (used) by operating activities:						
Operating income	\$ 67,443	\$ 152,507	\$ 65,658	\$ (151,474)	\$ 21,423	\$ 155,557
Adjustments to reconcile operating income to net cash provided (used) by operating activities:						
Miscellaneous adjustments	-	-	-	-	-	-
Depreciation	389,152	39,638	98,390	-	-	527,180
Chargeoff against loan reserves	-	-	-	-	-	-
(Increase) decrease in:						
Accounts receivable	(20,500)	45,333	5,000	21,166	(18,421)	32,578
Prepaid expense	9,090	8,758	8,409	-	-	26,257
Increase (decrease) in:						
Deferred revenue	-	-	-	-	-	-
Accrued interest payable	-	-	-	-	-	-
Accounts payable	25,502	-	(33)	61	2,501	28,031
Accrued payroll and related liabilities	(11,256)	-	-	(2,249)	1,587	(11,918)
Net cash provided (used) by operating activities	\$ 459,431	\$ 246,236	\$ 177,424	\$ (132,496)	\$ 7,090	\$ 757,685

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

**LANE COUNCIL OF GOVERNMENTS
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
June 30, 2012**

	<u>Agency Funds</u>
ASSETS	
Cash and investments	\$ 813,172
Accounts receivable	<u>-</u>
Total assets	<u><u>\$ 813,172</u></u>
 LIABILITIES	
Accounts payable	\$ -
Due to other agencies	<u>813,172</u>
Total liabilities	<u><u>\$ 813,172</u></u>

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

NOTES TO THE
FINANCIAL STATEMENTS

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

NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies:

Government-wide and Fund Financial Statements:

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

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

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though fiduciary funds are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Basis of Presentation:

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies, Continued:

LCOG has the following major governmental funds:

- General Fund – This is the general operating fund of LCOG, used to account for all revenues and expenditures not properly accounted for in another fund. The major revenue sources are dues paid by member government agencies and interest earned on temporary investments.
- Telecommunications – Accounts for the revenues and expenditures related to the operation of a multi-agency telephone system.
- Grants and Contracts – This fund accounts for programs or activities funded by federal, state, or local grants or contracts.

LCOG has the following major proprietary (enterprise) funds:

- Springfield Building—Financial activity of the LCOG-owned building is recorded in this fund. Income from leases for office space is the major source of revenue.
- Schaefers Building—Financial activity of the LCOG-owned building is recorded in this fund. Income from rents is the major source of revenue. The LCOG Senior and Disabled Services Division (S&DS) occupies approximately 65% of the building. The other 35% of the building is leased to a private sector business.
- Park Place Building—Financial activity of the LCOG-owned building is recorded in this fund. Income from rents is the major source of revenue. LCOG Government Services and Administration occupy approximately 37% of the building, and S&DS occupies about 4%.
- Loan Programs—LCOG administers four revolving loan funds – Rural Business Development Fund (RBDF); Economic Development Administration (EDA); Rural Business Enterprise Grant (RBEG); and LCOG Revolving Loan Fund Program Grant (RIB). Funding for the RBDF and RBEG was provided by the U.S. Department of Agriculture. Funding for the EDA was provided by the U.S. Department of Commerce. Funding for the RIB was provided by Oregon Cascades West Community and Economic Development. Note that RBDF and EDA loans are considered Federal Awards. Loan funds finance business facilities and community development projects in rural Lane County. Also, in an effort to offer Lane County businesses a comprehensive source of loan programs, LCOG has contracted with Cascades West Financial Services to provide loan packaging services for all of Cascades West Financial Services' (CWFS) programs in Lane County.
- Minutes Recording—LCOG provides minutes recording services to a variety of local entities. Services are provided through contracted help. Fund consists of fees charged and contract expenses. Net residual is transferred to the General Fund at year end.

Additionally, LCOG reports the following fund type:

- Fiduciary funds – Agency funds account for assets held by LCOG in a trustee capacity or as an agent on behalf of other governments. The Emergency Telephone System (911) accounts for the receipts, disbursements, and cash balances of Lane County's four public safety answering points (PSAP); the Oregon Regional Counsel Agency (ORCA); and the Fiber South Consortium. The Fiber South Consortium is a local government unit formed under ORS Chapter 190 for the purpose of acquiring and operating fiber optic cable for the benefit of its member governments. The Consortium has the responsibility of using acquired cable and related assets to provide improved telecommunications services within the area served by the Consortium.

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

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between LCOG's enterprise funds and other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the functions concerned.

NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies, Continued:

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources (transfers) are reported as general revenues rather than as program revenues. Likewise, general revenues include dues assessed to member agencies.

Proprietary (enterprise) funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of LCOG's enterprise funds are rents, loan fees, and interest on business loans. Operating expenses for the enterprise funds include the cost of services, interest on loans from the USDA, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. When both restricted and unrestricted resources are available, it is LCOG's policy to use restricted resources first.

Cash and Investments

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

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

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

Interfund Transactions

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "interfund receivables/payables" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds". Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances." For additional detail see Footnote 9.

Accounts Receivable

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

Loans Receivable and Allowance for Loan Losses

Loans receivable are stated at their unpaid principal balance, less an allowance for loan losses. Interest on loans is recognized over the term of the loan and is calculated using the simple interest method on principal amounts outstanding.

NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies, Continued:

If management believes collection of interest is doubtful, interest income is not accrued; uncollectible interest previously accrued is charged to interest income and interest income is recognized only to the extent cash is received. LCOG adjusts the value of its small business loan portfolio to approximate its fair value by use of an allowance for loan losses. The allowance consists of an individual assessment of each loan of factors including:

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

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

Prepaid Items

Certain costs such as building rents may be paid in advance of the period to which the payment relates. These payments, to the extent not consumed at June 30, are recorded as an asset in the government-wide and fund financial statements.

Restricted Assets

LCOG classifies the following cash and investments as restricted:

- In the Telecommunications Fund, various local government agencies limit the use of the funds, primarily for the replacement of telephone systems.
- In the Loan Programs Fund, amounts are restricted by the USDA and EDA for loans and loans servicing.

Capital Assets

Capital assets, which include land, buildings, leasehold improvements, vehicles, and furniture and equipment are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by LCOG as assets with an initial, individual cost of \$5,000 or more and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are depreciated using the straight line method over the following useful lives:

Buildings	40 years
Building improvements	7-40 years
Office equipment	3-5 years
Office furniture	5-7 years
Kitchen equipment	4-10 years
Other equipment	5-10 years

Liability for Compensated Absences

Earned but unpaid vacation benefits are recorded as expense/expenditures and a corresponding current liability at the time the related payroll cost is incurred. Employee vacation accrual is limited to 320 hours. Accumulated sick leave is only recorded as an expenditure when leave is taken.

NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies, Continued:

Retirement Plan

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

Long-term Obligations

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

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

Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by LCOG or through external restrictions imposed by creditors, grantors, laws, or regulations of other governments.

Fund Equity

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

- Non-spendable fund balance represents amounts that are not in a spendable form. The non-spendable fund balance represents inventories and prepaid items.
- Restricted fund balance represents amounts that are legally restricted by outside parties for a specific purpose (such as debt covenants, grant requirements, donor requirements, or other governments) or are restricted by law (constitutionally or by enabling legislation).
- Committed fund balance represents funds formally set aside by the governing body for a particular purpose. The use of committed funds would be approved by resolution.
- Assigned fund balance represents amounts that are constrained by the expressed intent to use resources for specific purposes that do not meet the criteria to be classified as restricted or committed. Intent can be stipulated by the governing body or by an official to whom that authority has been given by the governing body.
- Unassigned fund balance is the residual classification of the General Fund. Only the General Fund may report a positive unassigned fund balance. Other governmental funds would report any negative residual fund balance as unassigned.

NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies, Continued:

The governing body has approved the following order of spending regarding fund balance categories: Restricted resources are spent first when both restricted and unrestricted (committed, assigned or unassigned) resources are available for expenditures. When unrestricted resources are spent, the order of spending is committed (if applicable), assigned (if applicable) and unassigned.

Indirect Costs

Expenditures and expenses for functional activities include indirect costs that are allocated under a central service cost allocation plan prepared in accordance with Office of Management and Budget Circular A-87. The basis of the allocation is direct labor dollars.

2. Budget and Appropriations:

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

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

Expenditures are controlled by appropriations adopted by resolution of the Board of Directors. Appropriations are adopted at the broad object level of personal services, materials and services, capital outlay, debt service, and special payments. These expenditure appropriations are adopted for purposes of accountability and as a method of providing public involvement into the budget process as provided by ORS 294.905 through 294.930. There is no legal requirement that expenditures do not exceed appropriations. Appropriations lapse at the end of each year. The budget as originally adopted may be amended by official resolution of the Board. There was one such amendment authorized.

Encumbrances

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

3. Reporting Entity:

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

LCOG was first organized in 1945 under the name Central Lane County Planning Commission with only six members. It was reorganized in 1971 under an intergovernmental agreement pursuant to Oregon Revised Statutes 190.003 to 190.030 and the name was changed to Lane Council of Governments (LCOG). It does not act under the direction and control of any single governmental entity and has the following characteristics:

- It is governed by a board of directors consisting of one appointed director from each of its 26 member organizations.
- It is a legally separate entity.
- It is fiscally independent of all member organizations and all other local government entities.
- It is vested with all the powers, rights, and duties relating to those functions and activities that are vested by law in each separate party to the agreement.

NOTES TO THE FINANCIAL STATEMENTS

3. Reporting Entity, continued:

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

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

4. Cash and Investments:

Cash and investments at June 30, 2012 consisted of the following:

Petty cash	\$ 200
Demand Deposits	1,724,493
Money Market Accounts	2,427,090
Certificates of Deposit	1,060,026
Cash with Fiscal Agent	57,153
Local Government Investment Pool	1,363,781
Total Cash and Investments:	<u>\$ 6,632,743</u>

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

Governmental Activities	\$ 2,807,430
Business-Type Activities	3,012,141
Fiduciary Funds	<u>813,172</u>
Total Cash and Investments:	<u>\$ 6,632,743</u>

Deposits

Custodial Credit Risk. Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, LCOG will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. Demand deposits are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 at each financial institution. Oregon Revised Statutes (ORS) Chapter 295, requires deposits in excess of insured limits be deposited with depositories that participate in a multiple financial institution collateral pool administered by the Oregon State Treasury (OST). Each participating depository must provide collateral, generally equal to 10% of its uninsured public funds deposits. The OST is responsible for monitoring compliance with the collateralization and reporting requirements of ORS 295 and notifying local governments of compliance by financial institutions. No specific collateral can be identified as security for any one public depositor, however all pool collateral is potentially available if a participating depository is unable to satisfy claims.

During the year ended June 30, 2012, LCOG's uninsured deposits were all at financial institutions that were participating in the pool, therefore LCOG was in compliance with the collateral requirements of Oregon law. At June 30, total deposits per banks statements were \$6,632,541. Of this, \$3,215,902 was insured and the remaining \$2,361,505 was collateralized.

Investments

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

NOTES TO THE FINANCIAL STATEMENTS

4. Cash and Investments, Continued:

LCOG's only investments at June 30, 2012, were funds deposited with the State of Oregon LGIP, which is part of the Oregon Short-term Fund (OSTF). The OSTF is a cash and investment pool available for use by all state funds and eligible local governments. The LGIP is an open-ended, no-load diversified portfolio offered to eligible participants who by law are made custodian of, or have control over, any public funds. The LCOG's investment in the LGIP is carried at cost, which approximates fair value. The state of Oregon's investment policies used in administering the LGIP are governed by statute and the Oregon Investment Council (Council).

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

Interest Rate Risk. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the risk that its fair value will decline if interest rates rise. In order to manage the interest rate risk of its investments, LCOG invests only in the LGIP, and U.S. government agency obligations. The LGIP has rules that require at least 50% of its investments to mature within 93 days, not more than 25% may mature in over a year, and all other investments must mature in no more than three years.

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

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

Concentration of Credit Risk. Concentration of credit risk is the risk of loss due to a large portion of investments with a single issuer. At June 30, 2012, LCOG's only investments were in the Local Government Investment Pool.

5. Accounts Receivable:

	Grants and Contracts	System User Accounts	Other	Total
Governmental funds:				
General Fund	\$ -	\$ -	\$ 64,344	\$ 64,344
Telecommunications	-	58,103	-	58,103
Grants and Contracts	1,677,260	-	-	1,677,260
Other Nonmajor	-	-	-	-
Total governmental	<u>\$ 1,677,260</u>	<u>\$ 58,103</u>	<u>\$ 64,344</u>	<u>\$ 1,799,707</u>
Proprietary funds:				
Springfield Building	-	-	\$ -	\$ -
Park Place Building	-	-	42,395	42,395
Schaefer's Building	-	-	-	-
Minutes Recording	-	-	18,421	18,421
Loan Programs	-	-	23,949	23,949
Total proprietary	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 84,765</u>	<u>\$ 84,765</u>
Total	<u>\$ 1,677,260</u>	<u>\$ 58,103</u>	<u>\$ 149,109</u>	<u>\$ 1,884,472</u>

NOTES TO THE FINANCIAL STATEMENTS

6. Capital Assets:

<u>Governmental Activities:</u>	Balance Beginning of Year	Adjustments	Additions	(Deletions)	Balance End Of Year
Fixed Assets					
Leasehold Improvements	78,242	94,154	-	-	172,396
Vehicles	103,177	-	-	-	103,177
Furniture & Equipment	590,100	44,192	58,390	(10,235)	682,447
Total	771,519	138,346	58,390	(10,235)	958,020
Accumulated Depreciation					
Leasehold Improvements	88,893	(3,649)	26,257	-	111,501
Vehicles	30,582	-	14,739	-	45,321
Furniture & Equipment	470,596	(196,908)	41,500	(2,275)	312,913
Total	590,071	(200,557)	82,496	(2,275)	469,735
Total Net Capital Assets	<u>181,448</u>				<u>488,285</u>
 <u>Business-Type Activities:</u>					
	Balance Beginning of Year	Adjustments	Additions	(Deletions)	Balance End Of Year
Fixed Assets					
Land & Land Improvements	735,830	-	-	-	735,830
Buildings	8,244,877	-	21,640	-	8,266,517
Improvements	5,013,552	85,860	432,462	-	5,531,874
Total	13,994,259	85,860	454,102	-	14,534,221
Accumulated Depreciation					
Buildings	1,466,875	-	211,619	-	1,678,494
Improvements	2,090,446	85,859	315,562	-	2,491,867
Total	3,557,321	85,859	527,181	-	4,170,361
Total Net Capital Assets	<u>10,436,938</u>				<u>10,363,860</u>

The assets in the business-type activities are all being leased. These assets and their lease terms are further described in Note 13.

NOTES TO THE FINANCIAL STATEMENTS

6. Capital Assets, Continued:

Depreciation expense was charged to LCOG functions as follows:

Governmental activities:

Board/Executive	\$ 1,512
Government Services	39,005
Senior and Disabled	<u>41,979</u>

Total depreciation	<u>82,496</u>
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Business-type activities:

Schaefer's Building	98,390
Springfield Building	39,638
Park Place Building	389,153
Loan Programs	<u>0</u>

Total depreciation	<u>527,181</u>
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Total depreciation expense	<u><u>\$ 609,677</u></u>
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7. Loan Programs:

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

At June 30, LCOG's loans receivable consisted of 41 loans, none normally exceeding \$150,000, interest ranging from 3% to 8.25%, principal and interest due monthly for periods up to 20 years, secured by real property, machinery, and equipment.

Total loans outstanding	\$3,238,471
Allowance for loan losses	<u>(210,400)</u>
Loans receivable, net of allowance for loan losses	3,028,071
Amounts due within one year	<u>(530,844)</u>
Loans receivable, noncurrent	<u><u>\$2,497,227</u></u>

Included in the above are loans receivable with a carrying value of \$2,520,023, which are pledged as collateral for the USDA loans.

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

Balance, beginning of year	\$ 237,200
Net change in estimate	(26,800)
Write-offs of uncollectible loans	-
Recovery of amounts previously charged off	-
Balance, end of the year	<u><u>\$ 210,400</u></u>

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

NOTES TO THE FINANCIAL STATEMENTS

8. Long-term Debt:

\$1,888,219 (62.94% of \$3,000,000 Umpqua Bank loan). This represents amounts borrowed against the Schaefers Building which are being used as working capital; monthly payments of \$10,049 through January 2017, including interest at 3.81%; final principal and interest payment of \$1,381,270 due February 2017; secured by real property, building fixtures, and the pledge of future income from tenant rents; subject to a covenant to maintain a current ratio of at least 1.25 or a ratio of 1.2 of cash flow to debt service during each 12 month period ending June 30. **

Principal

1,661,696

\$1,350,497 (54.02% of \$2,500,000 Umpqua Bank loan). This represents amounts borrowed against the Springfield Building which are being used as working capital; monthly payments of \$8,397, through June 2016, including interest at 5.50%; monthly payments through October 2017 to be re-amortized; final principal and interest payment of \$1,030,815 due November 2017; secured by real property, building fixtures, and the pledge of future income from tenant rents; subject to a covenant to maintain a current ratio of at least 1.25 or a ratio of 1.2 of cash flow to debt service during each 12 month period ending June 30.

1,226,268

Total long-term debt for governmental activities

2,887,964

Amounts due within one year

(83,288)

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

\$ 2,804,676

** this loan will be reported as a Business Type Activity as of FY13.

Long-term Debt - Business-type Activities

Principal

\$1,000,000 USDA loan; dated May 21, 1998; annual principal and interest payments of \$42,450 through May 2028; interest rate of 1.00%; secured by the rights to and revenues of LCOGs Intermediary Relending Program revolving fund, and all chattel paper, accounts receivable, contract rights, general intangibles, gross receipts, income, and revenue derived therefrom.

624,300

\$478,000 USDA loan; dated October 11, 2000; annual principal and interest payments of \$20,300 through October 2030; interest rate of 1.00%; secured by the rights to and revenues of LCOGs Intermediary Relending Program revolving fund, and all chattel paper, accounts receivable, contract rights, general intangibles, gross receipts, income, and revenue derived therefrom.

349,376

\$400,000 USDA loan; dated July 30, 2001; annual principal and interest payments of \$16,980 through July 2031; interest rate of 1.00%; secured by the rights to and revenues of LCOGs Intermediary Relending Program revolving fund; and all chattel paper, accounts receivable, contract rights, general intangibles, gross receipts, income, and revenue derived therefrom.

306,207

\$500,000 USDA loan; dated August 22, 2002; annual principal and interest payments of \$21,220 through August 2032, interest rate of 1.00%; secured by the rights to and revenues of LCOGs Intermediary Relending Program revolving fund, and all chattel paper, accounts receivable, contract rights, general intangibles, gross receipts, income, and revenue derived therefrom.

400,030

\$500,000 USDA loan; dated June 29, 2006; annual principal and interest payments of \$21,223 through June 2036, interest rate of 1.00%; secured by the rights to and revenues of LCOGs Intermediary Relending Program revolving fund, and all chattel paper, accounts receivable, contract rights, general intangibles, gross receipts, income, and revenue derived therefrom.

450,659

Total long-term debt for business-type activities

10,971,963

Amounts due within one year

(451,165)

Long-term debt, net of current maturities - business-type activities

\$ 10,520,798

NOTES TO THE FINANCIAL STATEMENTS

8. Long-term Debt, Continued:

Long-term Debt Transactions – Governmental Activities

	Principal				
	Outstanding Beginning	Additional Borrowings	Repaid	Outstanding Ending	Due Within One Year
Umpqua Bank loan (Schaefer's Building)	\$ 1,709,016	-	\$ (47,320)	\$ 1,661,696	\$ 50,073
Umpqua Bank loan (Springfield Building)	1,262,882	-	(36,614)	1,226,268	33,215
	<u>\$ 2,971,898</u>	<u>\$ -</u>	<u>\$ (83,934)</u>	<u>\$ 2,887,964</u>	<u>\$ 83,288</u>

	Interest				
	Outstanding Beginning	Matured	Paid	Outstanding Ending	
Umpqua Bank loan (Schaefer's Building)	-	87,920	(87,920)	-	
Umpqua Bank loan (Springfield Building)	-	64,146	(64,146)	-	
	<u>\$ -</u>	<u>\$ 152,066</u>	<u>\$ (152,066)</u>	<u>\$ -</u>	

Long-term Debt Transactions – Business-type Activities

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Park Place Umpqua Bank Loan	178,266	-	41,511	136,755	44,356
Wells Fargo Bank	453,369	-	46,767	406,602	49,302
Schaefer's Umpqua Bank	1,006,265	-	27,862	978,403	29,482
Springfield Umpqua Bank	1,074,926	-	31,164	1,043,762	28,271
Park Place Umpqua Bank	5,312,839	-	140,117	5,172,722	125,023
\$2,000,000 USDA	1,176,287	-	73,140	1,103,147	73,871
\$1,000,000 USDA	660,145	-	35,845	624,300	36,204
\$478,000 USDA	366,016	-	16,640	349,376	16,807
\$400,000 USDA	319,986	-	13,779	306,207	13,916
\$500,000 USDA	417,078	-	17,048	400,030	17,218
\$500,000 USDA	467,208	-	16,549	450,659	16,715
Total Long-term Liabilities	<u>11,432,385</u>	<u>-</u>	<u>460,422</u>	<u>10,971,963</u>	<u>451,165</u>

NOTES TO THE FINANCIAL STATEMENTS

8. Long-term Debt, Continued:

	Interest		
	Outstanding Beginning	Matured	Outstanding Ending
Umpqua Bank loan (Park Place)	\$	\$11,013	\$ (11,013)
Wells Fargo Bank loan	-	23,638	(23,638)
Umpqua Bank loan (Schaefer's)	-	51,770	(51,770)
Umpqua Bank loan (Springfield)	-	54,600	(54,600)
Umpqua Bank loan (Park Place)	-	270,212	(250,212)
\$2,000,000 USDA loan	-	11,760	(11,760)
\$1,000,000 USDA loan	-	6,605	(6,605)
\$478,000 USDA loan	-	3,660	(3,660)
\$400,000 USDA loan	-	3,201	(3,201)
\$500,000 USDA loan	-	4,172	(4,172)
\$500,000 USDA loan	-	4,674	(4,674)
	<u>\$ -</u>	<u>\$ 445,305</u>	<u>\$(445,305)</u>

Total interest expense for the year was \$628,467. This consisted of \$151,821 reported in the governmental activities and \$476,646 included as a direct expense in the proprietary funds. No interest was capitalized for the year.

Annual Debt Service Requirements to Maturity – Governmental Activities

	Principal	Interest
Fiscal year ending:		
2013	\$ 83,288	\$ 152,713
2014	87,852	148,149
2015	92,668	143,333
2016	97,367	138,635
2017	1,486,536	109,062
2018	<u>1,040,253</u>	<u>36,645</u>
	<u>\$2,887,964</u>	<u>\$728,537</u>

Annual Debt Service Requirements to Maturity – Business-type Activities

	Principal	Interest
Fiscal year ending:		
2013	\$ 451,165	\$ 454,562
2014	469,135	436,593
2015	481,914	417,660
2016	454,378	398,823
2017	1,283,018	370,712
2018 - 2022	6,426,712	663,864
2023 - 2027	898,600	50,826
2028 - 2032	403,526	16,142
2033 - 2036	<u>103,515</u>	<u>2,291</u>
	<u>\$10,969,648</u>	<u>\$2,811,473</u>

* Detail to total principal:

\$ 3,233,719 Business Loans

\$ 7,735,929 Building Loans

NOTES TO THE FINANCIAL STATEMENTS

\$10,969,648 Long Term Debt – Business type activities

9. Interfund Transfers:

Funds are transferred from one fund to support expenditures of other funds in accordance with the authority established for the individual fund. Transfers during the year were as follows:

	<u>Transfers Out</u>	<u>Transfers In</u>
General Fund	\$ 253,630	\$ 213,252
Telecommunications Fund	207,560	136,029
Grants and Contracts Fund	1,764,710	1,929,854
Springfield Building Fund	85,894	-
Schaefer's Building Fund	87,328	-
Park Place Building Fund	-	141,410
Minutes Recording Fund	<u>21,423</u>	<u>-</u>
	<u>\$ 2,420,545</u>	<u>\$ 2,420,545</u>

The following table represents in details to the transfers involving the General Fund: transfers of funding out to other areas of LCOG's operations and transfers into the General Fund. As follows:

NOTES TO THE FINANCIAL STATEMENTS

FROM SUBFUND	TO SERVICE AREA	TO SUBFUND	AMOUNT	NOTES
GENERAL FUND	SPECIAL REVENUE FUNDS			
		Lane Info Center	\$ 31,252	Area is unable to generate sufficient revenue; subsidy required
		MetroTV	\$ 23,875	Contract revenue reduced
		RTS Coordinaton	\$ 21	Minor write off to balance subfund
			\$ 55,149	GOVERNMENT SERVICES - Technology Services
		CommunitySafetyOther	\$ 31	Minor write off to balance subfund
		CreativeSvcOther	\$ 52	Minor write off to balance subfund
		Economic Development	\$ 11	Minor write off to balance subfund
		GIS Other	\$ 1,545	Invoice flat rate which is less than actual costs
		Natural Resource Planning	\$ 114	Minor write off to balance subfund
		OEM & OSP	\$ 311	OEM denied contract overage of \$311.33 billed in FY11; write off in FY12
		Streetcar Feasibility Study	\$ 4	Minor write off to balance subfund
		TransOps	\$ 99	Minor write off to balance subfund
		OrPlngInst	\$ 26,591	Oregon Planning Institute - costs exceeded revenue; subsidy required
			\$ 28,760	GOVERNMENT SERVICES - Planning Services
		Economic Development	\$ 8,821	Cash match for EDA agreement
			\$ 8,821	GOVERNMENT SERVICES - Economic Development
		Unfunded	\$ 19,491	Annual transfer of support for free member hours of service
			\$ 19,491	GOVERNMENT SERVICES - Planning Services
	ENTERPRISE FUNDS			
		Park Place Building	\$ 141,410	Financial support needed for balancing building operating deficit
			\$ 141,410	ENTERPRISE FUNDS - Facilities Management
			\$ 253,630	FROM GENERAL FUND
SPECIAL REVENUE FUNDS	GENERAL FUND			
		GISCPA	\$ 731	Slightly excess revenue over expenses
		RTSOther	\$ 6,812	LCOG's 3% admin fee from County IGA's
		Hearings Official	\$ 535	Excess revenue over expenses
		SpecAgreements	\$ 3,911	LCOG's 3% admin fee from County IGA's
		Transproj	\$ 273	Excess revenue-Utah Data project
		UrbRegPlng	\$ 6,347	Excess revenue over expenses
			\$ 18,608	GOVERNMENT SERVICES - Planning Services
ENTERPRISE FUNDS	GENERAL FUND			
		Minutes Recording	\$ 21,423	Excess revenue over expenses
		Schaefer's Building	\$ 87,327	Excess revenue over expenses
		Springfield Building	\$ 85,894	Excess revenue over expenses
			\$ 194,644	ENTERPRISE FUNDS - Facilities Management
			\$ 213,252	TO GENERAL FUND
		RECAP		
			\$ 198,727	Transfers From General Fund at 6/30/12
			\$ 35,412	Transfers From General Fund 7/1/11-6/30/12
			\$ 19,491	Transfers from General Fund for Free Member Hours
			\$ 253,630	Total Transfers FROM GENERAL FUND (Expenditures to General Fund)
			\$ 213,252	Transfers To General Fund at Year End (Revenue to General Fund)
			\$ (40,378)	Net Contribution /(Loss) from Transfers involving General Fund

9. Interfund Transfers, Continued:

LCOG has a subfund within the General Fund titled "Indirect." This subfund comprises the service area known as "Administrative Services." In that transfers between the General Fund and Indirect subfund are not considered "interfund transfers" they do not appear in Transfers Out financial information. As a result below are the transactions between the General Fund and the Indirect subfund. For more detail see page 56 and page 60 of the Financial Report. General Fund subsidy of Indirect subfund due to excess expenditures over rates recovery: \$267,128. This amount represents the shortage between recovery through charges to other subfunds (revenue) for overhead and actual expenses incurred for overhead.

10. Pension Plan:

Plan Description and Administration

All full-time LCOG employees participate in the Oregon Public Employees Retirement System (OPERS). Effective January 1, 2002, LCOG elected to participate in the State and Local Government Rate Pool, a statewide multiple-employer pension plan within OPERS, of which LCOG is a cost-sharing component.

NOTES TO THE FINANCIAL STATEMENTS

OPERS is established under Oregon Revised Statutes 238 and acts as a common investment and administrative agent for public employers in Oregon. OPERS is a component unit of the State of Oregon and issues a comprehensive annual financial report, which may be obtained by writing to Public Employees Retirement System, P.O. Box 23700, Tigard, Oregon 97281-3700.

Plan Benefits

All LCOG full-time employees become members of OPERS after six months of service. Benefits vest after five continuous years of service or at age 50. Generally, employees who retire at or after a stipulated age or number of years of credited service are entitled to a retirement benefit, payable either as a lump sum or monthly for life. Vested employees with fewer than the stipulated number of years of service receive reduced benefits if retirement occurs prior to the stipulated age. OPERS also provides death and disability benefits. Benefit provisions and all other requirements are established by the Oregon Legislature and are administered by a board of trustees (Retirement Board) appointed by the Governor.

Public Employee Retirement System (PERS)

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

Oregon Public Service Retirement Plan (OPSRP)

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

Generally Accepted Accounting Principles

GASB Statement No. 27, *Accounting for Pension Plans by State and Local Government Employers*, establishes standards for the measurement, recognition, and presentation of pension information. Local governments which provide pension plans must measure and disclose an amount for Annual Pension Cost (APC) on the accrual basis of accounting, regardless of the amount actually recognized as an expenditure/expense on the modified accrual or accrual basis. The APC equals the Annual Required Contribution (ARC) adjusted by the amortization of the employer's Net Pension Obligation (NPO), a measure of the cumulative difference between the APC and an

10. Pension Plan, Continued:

employer's actual contributions to OPERS. Because LCOG is required by law to submit the contributions adopted by the Retirement Board and the contributions are calculated in conformance with the standards of GASB Statement No. 27, the contributions actually made by LCOG were equal to the APC and LCOG's NPO is therefore zero.

Funding Policy

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

LCOG contributed \$561,202 on behalf of employees to satisfy this requirement. LCOG is required by Oregon statute to contribute the remaining amounts necessary to pay benefits when due. Funding policy is set by the Retirement Board, which has statutory authority to revise employer contributions as necessary to ensure that promised benefits will be funded on a sound basis.

NOTES TO THE FINANCIAL STATEMENTS

Employer Contributions

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

Year Ended June 30	Percent of Covered Payroll		Annual Pension Cost (APC)	Percent Contributed
	PERS	OPSRP		
2010	7.98%	9.03%	\$ 727,959	100%
2011	7.98%	9.03%	\$ 793,248	100%
2012	12.52%	11.24%	\$ 774,729	100%

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

11. Other Post Employment Benefits:

As required by state law, LCOG offers retired employees continuance of their health insurance coverage by retirees paying 100% of the premium. Because the cost paid by retirees is the same rate for all LCOG employees, and retirees might have to pay a higher rate if they were to purchase this coverage outside of the LCOG plan, LCOG is considered to be providing an implicit rate subsidy to these previous employees. At June 30, 2012, seven retired employees were availing themselves of this benefit and 183 active employees are potentially eligible for the benefit.

Management believes the implicit rate subsidy is immaterial to the financial statements, therefore no actuarial valuation has been obtained and no expenditure for this rate subsidy is reflected in the government-wide financial statements.

12. Operating Leases:

Public Service Building: LCOG leases 930 square feet of space for the MetroTV program for \$850 per month.
 Central Kitchen: LCOG leases 4,172 square feet of space located at 1407 Cross Street. The lease requires monthly payments of \$2,420 for the year ending June 30, 2012.
 Title XIX sites: LCOG Senior and Disabled Services leases a site, currently shared with Adult and Family Services, for \$4,339 per month. This lease expires March 31, 2013. LCOG also leases a site in Cottage Grove, Oregon. The lease requires a base monthly payment of \$1,800. This lease expires April 30, 2018. The lease payment will change, based on the annual tax savings due to LCOG's tax-exempt status and changes in the consumer price index.
 Senior nutrition and outreach sites: LCOG has various nutrition and outreach sites. The majority of the agreements for these sites call for monthly rental payments ranging from \$42 to \$300. The remaining sites are donated to LCOG.

Total rental expense for the year was:

Public Service Building	\$ 10,200
Central Kitchen	30,877
Type B Funds	68,237
Senior Nutrition and Outreach	17,667
Park Place Building (see note #13)	507,503
Schaefer's Building (see note #13)	<u>188,280</u>
Total	<u>\$ 822,764</u>

NOTES TO THE FINANCIAL STATEMENTS

13. Schaefers Building, Springfield Building, and Park Place Building:

Minimum rental payments for the next five years under operating leases having initial or remaining noncancellable lease terms in excess of one year are:

<u>June 30</u>	
2013	\$ 89,779
2014	51,731
2015	52,728
2016	50,981
2017	<u>39,600</u>
Total	\$ <u>284,819</u>

LCOG owns the Schaefers Building at 1025 Willamette Street in Eugene, Oregon. LCOG staff occupy the first and second floors of the building. Occupancy costs for LCOG's space totaled \$188,280 for the year and are included in total rent income of \$1,814,334 in the proprietary funds. LCOG leases the third floor of the building to a private business. The lease had a base monthly rent at June 2010 of \$13,957 which increases by 3% each December. The lease ends June 30, 2012.

LCOG owns the Springfield Building at 640-644 A Street in Springfield, Oregon. LCOG leases the entire building to the Oregon Department of Transportation. The monthly base rate of \$28,333 at June 30, 2011 increases by 2.5% per year through June 2017. There is an option to extend the lease through June 30, 2027.

LCOG purchased the Park Place Building at 859 Willamette Street in Eugene, Oregon on January 3, 2008, and moved its planning and administration offices to the fourth and fifth floors of the building on November 10, 2008. In February, 2010 LCOG Senior and Disabled staff moved into 2,256 square feet on the first floor. There are about 20 retail and office tenants with various lease terms and expiration dates, with lease amounts ranging from approximately \$800 to \$12,400 per month. The estimated rental income for 2012-2013 will be \$842,435 from third party tenants and \$663,195 from LCOG occupancy.

	Rental	Occupancy	Total Income
Park Place	\$ 487,427	\$ 474,310	\$ 961,737
Schaefers	\$ -	\$ 188,885	\$ 188,885
Springfield	<u>\$ 355,008</u>	<u>\$ -</u>	<u>\$ 355,008</u>
Total	\$ 842,435	\$ 663,195	\$1,505,630

Rental Income is revenue received from third parties. Occupancy revenue is revenue received from LCOG programs occupying space in LCOG owned buildings.

Minimum rental income on non-cancellable leases is:

<u>June 30</u>	
2013	\$625,084
2014	517,643
2015	521,741
2016	493,200
2017	502,758
2018	110,783
2019	110,873
2020	<u>110,873</u>
Total	\$ <u>3,292,955</u>

NOTES TO THE FINANCIAL STATEMENTS

14. Commitments and Contingencies:

Under the terms of federal and state grants, periodic audits are required; certain costs may be questioned as not being appropriate expenditures under the terms of the grants. Such audits could lead to reimbursement to the grantor agencies.

15. Risk Management:

LCOG is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and injuries to employees. These risks are covered by commercial insurance purchased from independent third parties and by participation in the City/County Insurance Services Trust (CIS)—a liability risk sharing pool for general and automobile liability and workers' compensation.

CIS was established in 1981 by the League of Oregon Cities (LOC) and the Association of Oregon Counties (AOC) to provide risk management services including insurance and loss control to member entities. CIS is itself a governmental entity and works exclusively for the benefit of Oregon cities and counties. CIS's primary objective is to aggregate the collective buying power of its members to reduce and stabilize the cost of funding those risks. The pool insures members up to a pre-set limit. Member rates are set based on experience and LCOG is potentially liable for a pro rata share of pool losses or eligible for a pro rata share of pool net income. In the event that a single loss or series of losses should exceed the amount of protection afforded by the pool or other insurance carried by CIS, then payment of losses is the obligation of the individual member against whom the claim(s) were made.

Premiums paid into the pool are recognized as expenditure when paid. The amount of any future claims or refunds cannot be ascertained. During the last three years, settled claims from all risks have not exceeded covered limits. Also, there has been no reduction in coverage as compared to the prior year.

16. Balancing LCOG Funds - FY2011-2012

For funds that do not have a designated reserve, LCOG balances all ending values to the General Fund: all negative balances (overages) and all positive balances transferred to the General Fund.

As noted on the Balance Sheet – Governmental Funds (page 15) and the General Fund Schedule of Resources and Requirements (page 56), the General Fund relied upon the amount assigned to compensated absences to offset the total negative fund balance in the General Fund at 6/30/12. The compensated absences value is established at \$622,568. Of this \$385,429 was utilized to balance the General Fund. During FY2012-13 LCOG would evaluate the compensated absences value and either fully restore the account or change the valuation policies for vacation payout.

NOTES TO THE FINANCIAL STATEMENTS

	Adopted	Revised		Variance
	Budget	Budget	Actual	Over (Under)
Total resources*	\$ 718,558	\$ 897,858	\$ 1,613,155	\$ 715,297
Total requirements*	\$ 710,356	\$ 747,757	\$ 1,376,016	\$ (628,259)
Ending reserves	\$ 8,202	\$ 150,101	\$ 237,139	\$ 87,038
The Actual Ending Reserves amount is per Resources and Requirements. However, reference should be made to the Balance Sheet statement for the General Fund (see page 15). General Fund ending reserves "relies" up on the Compensated Absences value of \$622,568; otherwise the ending reserves would be at a negative as follows:				
Fund balances:				
Nonspendable (prepaid expenditures)			\$ 46,391	
Unassigned			\$ (431,820)	
Total ending reserves if Compensated Absences was not used to balance			\$ (385,429)	

The below table provides a perspective of the General Fund's performance from current operating performance and other financing sources. The General Fund's net operating performance was a loss of \$245,793 before other financing sources. Other financing sources added an additional loss of \$458,378 for a total change in fund balance of \$704,171. As follows:

Loss before Other financing sources: (245,793)

Other financing sources (uses):	
Loans made	(418,000)
Transfers In	213,252
Transfers Out	(253,630)
Total other financing sources (uses)	(458,378)
Change in fund balance	(704,171)
Fund balance, beginning of year	941,310
Fund balance, end of year	\$ 237,139

For detail financials see page 44

Details to the "Other Financing Sources" are as follows:

Loan from General Fund to Park Place Building - (\$418,000)
The loan was provided Park Place Building in order
Fund the cost of tenant improvements estimated at
The time of the loan to be \$448,000 - \$30,000 of which
will be repaid over 10 years beginning FY13. This loan
was a transfer out to Park Place Building.

Transfers out from the General Fund to other funds:
Funds required to balance Subfunds. For more details, see Footnote 9. (\$253,630)

Total Costs of Other Financing: (\$671,630)
Transfers into the General Fund from other funds: \$213,252
Additional reduction to General Fund net performance: (\$458,378)

(For more details to transfers, see Footnote 9).

NOTES TO THE FINANCIAL STATEMENTS

DETAIL TO FY12 GENERAL FUND FINANCIAL STATEMENT				
LCOG Board	Revenue	Expenses	Net Surplus/(Deficit)	
Resources				
Beginning Balance	\$ 129,328			
Current Revenues	\$ 166,432			
Member Dues	\$ 233,848			
Loss from Member Non Payment	\$ (14,014)			Write off of non paid FY10 Dunes City dues
Miscellaneous Income	\$ 2,581			FSA forfeited funds; Jury duty reimbursement
One time Fleet Refund	\$ 98,727			One time refund of Fleet over payments
	\$ 87,294			
Funding Provided by:				
Enterprise Funds	\$ 21,423			Excess revenue over expenses
Planning Service	\$ 18,608			Excess revenue over expenses
Schaefer's Building	\$ 87,327			Excess revenue over expenses
Springfield Building	\$ 85,894			Excess revenue over expenses
	\$ 213,252			Positive fund balances moved to General Fund
Total Resources	\$ 830,155			
Requirements				
Personnel (Ex Director)		\$ 62,776		4.64 months
Admin Expense		\$ 64,671		
Charge for Sick/Holiday Adj		\$ 15,203		Under estimated actual sick/holiday usage
Charge for Vacation Adj		\$ 32,205		Under estimated actual vacation usage
Other M & S		\$ 47,581		
Loan to PPB		\$ 418,000		
Capital expenditures		\$ 9,325		
Bank Loan Interest cost		\$ 151,820		General Fund share of Schaefer's/Springfield Debt
Bank Loan Principal cost		\$ 79,296		General Fund share of Schaefer's/Springfield Debt
		\$ 231,116		Debt Expense
Funding Provided to:				
Indirect		\$ 270,490		Indirect deficit ending balance coverage
Economic Development		\$ 8,821		Required match on grant
Park Place		\$ 141,410		Subfund deficit covered by General Fund
Planning Service - Free member hours support		\$ 19,491		
Planning Service - minor deficits		\$ 2,190		
Planning Service - FY11 OPI Conference		\$ 26,591		OPI conference over expended
Technology Service - Lane Info Center		\$ 31,252		Lane Info Center over expended
Technology Service - Metro TV		\$ 23,875		Metro TV over expended/revenue reduced
		\$ 524,121		Negative fund balances moved to General Fund
Total Requirements		\$ 1,404,997		
TOTAL LCOGBOARD	\$ 830,155	\$ 1,404,997	\$ (574,842)	
FY12 General Fund Performance: LOSS FOR CURRENT FISCAL YEAR			\$ (574,842)	
FUND BALANCE:				
UNDESIGNATED/UNASSIGNED/PREPAID FUNDS			\$ 4,023	
RESERVE FOR COMPENSATED ABSENCES			\$ 807,959	
BEGINNING FUND BALANCE AT 7/1/11			\$ 811,982	
ENDING FUND BALANCE AT 6/30/12			\$ 237,139	Amount remaining to cover any current year revenue shortages or expenditure overages; and vacation payouts for exiting employees*

NOTES TO THE FINANCIAL STATEMENTS

17. General Fund Debt Principal and Interest

The General Fund has a total debt service (principal and interest) of \$231,116 in FY2011-12. Details to the principal and interest are as follows:

\$130,356: Principal and Interest on Schaefer's Building equity loan made in FY2006-07

\$100,760: Principal and Interest on Springfield Building equity loan made in FY2007-08

Total by Principal and Interest:

Total	Principal	Interest
\$130,356:	\$80,533	\$49,823
\$100,760:	\$71,288	\$29,472

Detail to the loan activity that was transacted in the General Fund at the origin of the loans is as follows:

LCOG LOAN ACTIVITY FY07 - FY08						
Fiscal Year	Description	General Fund LCOGBOARD	Schaefer's Building	Springfield Building	Park Place Building	Total
FY07	Borrowed from Schaefer's Building equity	\$ 1,888,219	a \$ 1,111,781			\$ 3,000,000
	Used funds for working capital; and transferred funds to PPB first of new FY					
FY08	Borrowed funds to purchase building; and borrow on equity/ use funds as working capital; used funds to pay off WF bank loan	\$ 1,350,497	a	\$1,149,503		\$ 2,500,000

a: original loans per resolution

An analysis of loan activity for LCOG was performed in order to verify the loan paying the principal and interest was indeed the benefitting fund for the loan proceeds. Based on auditing transactions it was noted that the equity loan on the Schaefer's Building in FY2006-07 benefitted the Park Place Building fund. Funds were transferred to Park Place Building the following fiscal year. As a result Park Place Building fund owes the principal and interest.

As a result, starting in FY13, this portion of the principal and interest - \$130,356, will no longer be a General Fund debt and will instead be charged to Park Place Building.

SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL

- General Fund — The General Fund accounts for operations which are not accounted for in any other fund. Principal sources of revenue are dues from member agencies, interest on investments, and reimbursements from other funds.
- Telecommunications — Accounts for the revenues and expenditures related to the operation of a multi-agency telephone system.
- Grants and Contracts — Accounts for programs funded by federal or state grants and by contracts with various governmental or private agencies.
- Park Place Building — Accounts for the financial activity of the LCOG-owned building. Income from leases for office space in the building is the major source of revenue. The LCOG planning and administrative offices occupy approximately 36 percent of the building.
- Springfield Building — Accounts for the financial activity of the LCOG-owned building. Income from leases for office space in the building is the only source of revenue.
- Schaefers Building — Accounts for the financial activity of the LCOG-owned Schaefers Building. Income from leases for office space in the building is the major source of revenue. The LCOG Senior and Disabled Services Division occupies approximately 65 percent of the building.
- Loan Programs—LCOG administers four revolving loan funds – Rural Business Development Fund (RBDF); Economic Development Administration (EDA); Rural Business Enterprise Grant (RBEG); and LCOG Revolving Loan Fund Program Grant (RIB). Funding for the RBDF and RBEG was provided by the U.S. Department of Agriculture. Funding for the EDA was provided by the U.S. Department of Commerce. Funding for the RIB was provided by Oregon Cascades West Community and Economic Development. Note that RBDF and EDA loans are considered Federal Awards. Loan funds finance business facilities and community development projects in rural Lane County. Also, in an effort to offer Lane County businesses a comprehensive source of loan programs, LCOG has also contracted with Cascades West Financial Services to provide loan packaging services for all of Cascades West Financial Services' (CWFS) programs in Lane County.
- Minutes Recorder — Accounts for the financial activity of LCOG contracting for minutes recorder support to other local agencies.

LANE COUNCIL OF GOVERNMENTS
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
For the Year Ended June 30, 2012

	Adopted Budget	Revised Budget	Actual	Over (Under)
Revenues:				
Local revenues:				
Member agency dues	\$ 233,580	\$ 233,580	\$ 233,848	\$ 268
Interest income	\$ 4,995	\$ 4,995	\$ 3,763	\$ (1,232)
Overhead carryforward	\$ 110,609	\$ 110,609	\$ 110,609	\$ -
Equipment reimbursement	\$ 9,619	\$ 9,619	\$ 6,256	\$ (3,363)
Other local sources	\$ 27,100	\$ 27,100	\$ 42,441	\$ 15,341
Miscellaneous Income	\$ 2,000	\$ 102,000	\$ 61,676 *	\$ (40,324)
Total local revenues	\$ 387,903	\$ 487,903	\$ 458,594	\$ (29,309)
Expenditures:				
General services:				
Personal services	\$ 62,334	\$ 62,334	\$ 62,776	\$ (442)
Support services	\$ 259,225	\$ 259,225	\$ 331,800	\$ (72,575)
Materials and services	\$ 14,500	\$ 14,500	\$ 54,167	\$ (39,667)
Leave expense	\$ -	\$ -	\$ 15,203	\$ (15,203)
Capital outlay	\$ 9,325	\$ 9,325	\$ 9,325	\$ -
Debt service	\$ 231,116	\$ 231,116	\$ 231,116 **	\$ -
Total expenditures	\$ 576,500	\$ 576,500	\$ 704,387	\$ (127,887)
Revenues over (under) expenditures	\$ (188,597)	\$ (88,597)	\$ (245,793)	\$ (157,196)
Other financing sources (uses):				
Loans made (to Park Place Building)	\$ -	\$ -	\$ (418,000)	\$ (418,000)
Transfers In	\$ 191,181	\$ 169,541	\$ 213,252	\$ 43,711
Transfers Out	\$ (113,856)	\$ (171,257)	\$ (253,630)	\$ (82,373)
Total other financing sources (uses)	\$ 77,325	\$ (1,716)	\$ (458,378)	\$ (456,662)
Change in fund balance	\$ (111,272)	\$ (90,313)	\$ (704,171)	\$ (613,858)
Fund balance, beginning of year	\$ 129,328	\$ 129,328	\$ 941,310	\$ 811,982
Fund balance, end of year at 6/30/12	\$ 18,056	\$ 39,015	\$ 237,139	\$ 198,124

* includes one time reimbursement of past accumulated fleet reserve contributions of \$98,727 from Lane County

** includes Principal and Interest payments on Schaefer's Building loan; proceeds directly benefitted Park Place Building fund.
Fund; as of 7/1/12 this expense will no longer be reported in General Fund and instead will be a Park Place Building expense.

**LANE COUNCIL OF GOVERNMENTS
TELECOMMUNICATIONS
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
For the Year Ended June 30, 2012**

	Adopted Budget	Revised Budget	Actual	Variance Over (Under)
Revenues:				
Local sources	\$ 1,457,544	\$ 1,457,544	\$ 1,041,995	\$ (415,549)
Total revenues	\$ 1,457,544	\$ 1,457,544	\$ 1,041,995	\$ (415,549)
Expenditures:				
Technology services:				
Services by other organizations	\$ 1,426,861	\$ 1,426,861	\$ 1,169,583	\$ 257,278
Total expenditures	\$ 1,426,861	\$ 1,426,861	\$ 1,169,583	\$ 257,278
Revenues over (under) expenditures	\$ 30,683	\$ 30,683	\$ (127,588)	\$ (158,271)
Other financing sources (uses):				
Transfers In	\$ 82,970	\$ 82,970	\$ 136,029	\$ 53,059
Transfers Out	\$ (154,501)	\$ (154,501)	\$ (207,560)	\$ (53,059)
Total other financing (uses)	\$ (71,531)	\$ (71,531)	\$ (71,531)	\$ -
Change in fund balance	\$ (40,848)	\$ (40,848)	\$ (199,119)	\$ (158,271)
Fund balance, beginning of year	\$ 2,060,346	\$ 2,060,346	\$ 2,060,346	\$ -
Fund balance, end of year	\$ 2,019,498	\$ 2,019,498	\$ 1,861,227	\$ (158,271)

LANE COUNCIL OF GOVERNMENTS
GRANTS AND CONTRACTS
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
For the Year Ended June 30, 2012

	Adopted Budget	Revised Budget	Actual	Variance
Revenues:				
Federal and state grants and contracts	\$ 19,226,795	\$ 20,127,443	\$ 18,968,748	\$ (1,158,695)
Local sources	\$ 4,805,893	\$ 5,001,697	\$ 4,517,099	\$ (484,598)
In-kind services	\$ 77,398	\$ 121,711	\$ 264,543	\$ 142,832
Total revenues	\$ 24,110,087	\$ 25,250,851	\$ 23,750,390	\$ (1,500,461)
Expenditures:				
Government services:				
Personal services	\$ 3,533,696	\$ 3,535,887	\$ 3,381,623	\$ 154,264
Support services	\$ 1,582,016	\$ 1,582,016	\$ 1,543,296	\$ 38,720
Materials and services	\$ 5,921,027	\$ 5,968,560	\$ 5,832,569	\$ 135,991
Services by other organizations	\$ -	\$ 44,313	\$ 44,313	\$ -
Capital outlay	\$ 154,501	\$ 154,501	\$ -	\$ 154,501
	\$ 11,191,241	\$ 11,285,278	\$ 10,801,801	\$ 483,477
Senior and disabled services:				
Personal services	\$ 9,210,716	\$ 9,257,716	\$ 8,867,077	\$ 390,640
Support services	\$ 1,910,196	\$ 1,910,196	\$ 1,902,473	\$ 7,723
Materials and services	\$ 1,659,230	\$ 1,659,230	\$ 1,631,328	\$ 27,902
Services by other organizations	\$ 625,737	\$ 625,737	\$ 709,497	\$ (83,760)
Capital outlay	\$ 25,000	\$ 25,000	\$ 33,896	\$ (8,896)
	\$ 13,430,879	\$ 13,477,879	\$ 13,144,271	\$ 333,609
Total expenditures	\$ 24,622,120	\$ 24,763,157	\$ 23,946,072	\$ 817,086
Revenues over (under) expenditures	\$ (512,034)	\$ 487,694	\$ (195,681)	\$ (683,375)
Other financing sources (uses):				
Transfers In	\$ 1,988,010	\$ 2,016,633	\$ 1,929,854	\$ (86,779)
Transfers Out	\$ (1,802,671)	\$ (1,802,671)	\$ (1,764,710)	\$ 37,961
Total other financing sources or uses	\$ 185,339	\$ 213,962	\$ 165,143	\$ (48,818)
Change in fund balance	\$ (326,695)	\$ 701,655	\$ (30,538)	\$ (732,193)
Fund balance, beginning of year	\$ 1,160,880	\$ 1,160,880	\$ 1,178,783	\$ 17,903
Fund balance, end of year	\$ 834,185	\$ 1,862,535	\$ 1,148,245	\$ (714,290)

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SUPPLEMENTARY INFORMATION

**LANE COUNCIL OF GOVERNMENTS
PARK PLACE BUILDING
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
For the Year Ended June 30, 2012**

	<u>Adopted Budget</u>	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Rental Income	\$ 400,000	\$ 400,000	\$ 363,664	\$ (36,336)
Occupancy Revenue	\$ 464,301	\$ 464,301	\$ 467,954	\$ 3,653
Loan Proceeds - DMG	\$ -	\$ 418,000	\$ 418,000	\$ -
Reimbursed Costs - DMG	\$ -	\$ -	\$ 30,000	\$ 30,000
Interest earned	\$ 200	\$ 200	\$ (178)	\$ (378)
Total revenues	<u>\$ 864,501</u>	<u>\$ 1,282,501</u>	<u>\$ 1,279,440</u>	<u>\$ (3,061)</u>
Expenditures:				
Personal services	\$ 16,774	\$ 16,774	\$ 15,883	\$ 891
Support services	\$ 8,776	\$ 8,776	\$ 8,543	\$ 233
Materials and services	\$ 408,711	\$ 408,711	\$ 430,059	\$ (21,348)
Capital outlay *	\$ -	\$ 418,000	\$ 432,928	\$ (14,928)
Debt service	\$ 533,258	\$ 533,258	\$ 533,437	\$ (179)
Total expenditures	<u>\$ 967,519</u>	<u>\$ 1,385,519</u>	<u>\$ 1,420,850</u>	<u>\$ (35,331)</u>
Revenues over (under) expenditures	<u>\$ (103,018)</u>	<u>\$ (103,018)</u>	<u>\$ (141,410)</u>	<u>\$ (38,392)</u>
Other financing sources (uses):				
Operating transfer in	\$ 103,018	\$ 103,018	\$ 141,410	\$ (38,392)
Operating transfer out	\$ -	\$ -	\$ -	\$ -
Total other financing sources (uses)	<u>\$ 103,018</u>	<u>\$ 103,018</u>	<u>\$ 141,410</u>	<u>\$ 38,392</u>
Change in fund balance	\$ -	\$ -	\$ -	\$ -
Fund balance, beginning of year	\$ -	\$ -	\$ -	\$ -
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Reconciliation to GAAP basis:				
Banks loans payable			\$ (5,716,078)	
Capital assets, net of accumulated depreciation			\$ 8,281,660	
Financing costs, net of accumulated amortization			\$ 47,937	
Amortization of deferred revenue			\$ 50,106	
Accrued interest payable			\$ (21,021)	
Prepaid expense-lease negotiation fee			\$ 16,264	
Net assets, end of year			<u>\$ 2,658,868</u>	

*General Fund loaned Park Place \$418,000 to be repaid over 10 years (FY13 to FY22)
FYI: Beginning in FY13 Park Place will be charged for the loan proceeds utilized in FY08 for PPB

LANE COUNCIL OF GOVERNMENTS
SPRINGFIELD BUILDING
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
For the Year Ended June 30, 2012

	<u>Adopted Budget</u>	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Rental Income	\$ 348,494	\$ 348,494	\$ 345,661	\$ (2,833)
Occupancy Revenue	\$ -	\$ -	\$ -	\$ -
Interest earned	\$ -	\$ -	\$ 28	\$ 28
Total revenues	<u>\$ 348,494</u>	<u>\$ 348,494</u>	<u>\$ 345,688</u>	<u>\$ (2,806)</u>
Expenditures:				
Personal services	\$ -	\$ -	\$ -	\$ -
Support services	\$ -	\$ -	\$ -	\$ -
Materials and services	\$ 158,090	\$ 158,090	\$ 152,390	\$ 5,700
Capital outlay	\$ -	\$ 21,640	\$ 21,640	\$ -
Debt service	\$ 85,764	\$ 85,764	\$ 85,764	\$ -
Total expenditures	<u>\$ 243,854</u>	<u>\$ 265,494</u>	<u>\$ 259,794</u>	<u>\$ 5,700</u>
Revenues over (under) expenditures	<u>\$ 104,640</u>	<u>\$ 83,000</u>	<u>\$ 85,894</u>	<u>\$ 2,894</u>
Other financing sources (uses):				
Operating transfer out	<u>\$ (104,640)</u>	<u>\$ (83,000)</u>	<u>\$ (85,894)</u>	<u>\$ (2,894)</u>
Total other financing sources (uses)	<u>\$ (104,640)</u>	<u>\$ (83,000)</u>	<u>\$ (85,894)</u>	<u>\$ (2,894)</u>
Change in fund balance	\$ -	\$ -	\$ -	\$ -
Fund balance, beginning of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Fund balance, end of year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
Reconciliation to GAAP basis:				
Banks loans payable			\$ (1,043,762)	
Capital assets, net of accumulated depreciation			\$ 817,330	
Financing costs, net of accumulated amortization			\$ 21,792	
Accrued interest payable			\$ (2,396)	
Prepaid expense-lease negotiation fee			\$ 43,790	
Net assets, end of year			<u><u>\$ (163,246)</u></u>	

**LANE COUNCIL OF GOVERNMENTS
SCHAEFERS BUILDING
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
For the Year Ended June 30, 2012**

	<u>Adopted Budget</u>	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Rental Income	\$ 180,339	\$ 180,339	\$ 174,083	\$ (6,256)
Occupancy Revenue	\$ 203,257	\$ 203,257	\$ 203,044	\$ (213)
Interest earned	\$ -	\$ -	\$ 17	\$ 17
Total revenues	<u>\$ 383,596</u>	<u>\$ 383,596</u>	<u>\$ 377,145</u>	<u>\$ (6,451)</u>
Expenditures:				
Personal services	\$ 16,774	\$ 16,774	\$ 15,881	\$ 893
Support services	\$ 8,776	\$ 8,776	\$ 8,626	\$ 150
Materials and services	\$ 194,749	\$ 194,749	\$ 188,557	\$ 6,192
Capital outlay	\$ -	\$ -	\$ -	\$ -
Debt service	\$ 76,756	\$ 76,756	\$ 76,754	\$ -
Total expenditures	<u>\$ 297,055</u>	<u>\$ 297,055</u>	<u>\$ 289,818</u>	<u>\$ 7,237</u>
Revenues over (under) expenditures	<u>\$ 86,541</u>	<u>\$ 86,541</u>	<u>\$ 87,327</u>	<u>\$ 786</u>
Other financing sources (uses):				
Operating transfer out	\$ (86,541)	\$ (86,541)	\$ (87,327)	\$ (786)
Total other financing sources (uses)	<u>\$ (86,541)</u>	<u>\$ (86,541)</u>	<u>\$ (87,327)</u>	<u>\$ (786)</u>
Change in fund balance	\$ -	\$ -	\$ -	\$ -
Fund balance, beginning of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Fund balance, end of year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
Reconciliation to GAAP basis:				
Banks loans payable			\$ (978,403)	
Capital assets, net of accumulated depreciation			\$ 1,264,870	
Financing costs, net of accumulated amortization			\$ 15,228	
Accrued interest payable			\$ (2,090)	
Prepaid expense-lease negotiation fee			\$ 841	
Net assets, end of year			<u><u>\$ 300,446</u></u>	

LANE COUNCIL OF GOVERNMENTS
LOAN PROGRAMS
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
For the Year Ended June 30, 2012

	Adopted Budget	Revised Budget	Actual	Variance Over (Under)
Revenues:				
Principal received on loans	\$ 430,000	\$ 430,000	\$ 586,049	\$ 156,049
Federal revenue	\$ -	\$ -	\$ -	\$ -
Loan fees	\$ 310,767	\$ 310,767	\$ 302,608	\$ (8,159)
Local revenues	\$ -	\$ -	\$ 3,408	\$ 3,408
State revenue	\$ -	\$ 150,000	\$ -	\$ (150,000)
Interest earned	\$ 239,000	\$ 239,000	\$ 215,037	\$ (23,963)
Total revenues	\$ 979,767	\$ 1,129,767	\$ 1,107,102	\$ (22,665)
Expenditures:				
Personal services	\$ 230,937	\$ 230,937	\$ 237,754	\$ 6,817
Support services	\$ 120,818	\$ 120,818	\$ 129,404	\$ 8,586
Materials and services	\$ 125,000	\$ 125,000	\$ 92,045	\$ (32,955)
Loans made	\$ 723,554	\$ 723,554	\$ 750,000	\$ 26,446
Debt service	\$ 205,000	\$ 205,000	\$ 207,072	\$ 2,072
Total expenditures	\$ 1,405,309	\$ 1,405,309	\$ 1,416,275	\$ 10,966
Revenues over (under) expenditures	\$ (425,542)	\$ (275,542)	\$ (309,173)	\$ (33,631)
Other financing sources (uses):				
Operating transfer in	\$ -	\$ -	\$ -	\$ -
Operating transfer out	\$ -	\$ -	\$ -	\$ -
Total other financing sources (uses)	\$ -	\$ -	\$ -	\$ -
Change in fund balance	\$ (425,542)	\$ (275,542)	\$ (309,173)	\$ (33,631)
Fund balance, beginning of year	\$ 2,286,957	\$ 2,286,957	\$ 2,900,532	\$ 613,575
Fund balance, end of year	\$ 1,861,415	\$ 2,011,415	\$ 2,591,359	\$ 579,944
Reconciliation to GAAP basis:				
Loans receivable, net of allowance for loan losses			\$ 3,028,071	
Loans payable			\$ (3,233,719)	
Accrued interest payable			\$ (17,986)	
Net assets, end of year			\$ 2,367,725	

**LANE COUNCIL OF GOVERNMENTS
MINUTES RECORDING
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
For the Year Ended June 30, 2012**

	<u>Adopted Budget</u>	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Rental Income	\$ -	\$ -	\$ 76,579	\$ 76,579
Occupancy Revenue	\$ -	\$ -	\$ -	\$ -
Interest earned	\$ -	\$ -	\$ -	\$ -
Total revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 76,579</u>	<u>\$ 76,579</u>
Expenditures:				
Personal services	\$ -	\$ -	\$ 13,897	\$ (13,897)
Support services	\$ -	\$ -	\$ 6,579	\$ (6,579)
Materials and services	\$ -	\$ -	\$ 34,680	\$ (34,680)
Capital outlay	\$ -	\$ -	\$ -	\$ -
Debt service	\$ -	\$ -	\$ -	\$ -
Total expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 55,156</u>	<u>\$ (55,156)</u>
Revenues over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 21,423</u>	<u>\$ 21,423</u>
Other financing sources (uses):				
Operating transfer out	\$ -	\$ -	\$ (21,423)	\$ (21,423)
Total other financing sources (uses)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (21,423)</u>	<u>\$ (21,423)</u>
Change in fund balance	\$ -	\$ -	\$ -	\$ -
Fund balance, beginning of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Fund balance, end of year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

Minutes Recorder activity had been reported prior to FY12 in Grants/Contracts statement. Program is an enterprise activity and therefore is reported in FY12 as such.

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COMBINING STATEMENT OF CHANGES IN
ASSETS AND LIABILITIES - AGENCY FUNDS

LANE COUNCIL OF GOVERNMENTS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
For the Year Ended June 30, 2012

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>
<u>9-1-1 PSAP Reserves and ORCA</u>				
Assets:				
Cash and investments	\$ 1,154,854	\$ 2,035,950	\$ 2,377,632	\$ 813,172
Total assets	<u>\$ 1,154,854</u>	<u>\$ 2,035,950</u>	<u>\$ 2,377,632</u>	<u>\$ 813,172</u>
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to other agencies	\$ 1,154,854	\$ 2,035,950	\$ 2,377,632	\$ 813,172
Total liabilities	<u>\$ 1,154,854</u>	<u>\$ 2,035,950</u>	<u>\$ 2,377,632</u>	<u>\$ 813,172</u>

FY12 represents a decrease in balance sheet values by \$341,682. This is primarily due to increase in expenses for Central Lane PSAP (\$334,729) and West Lane PSAP (\$22,585) and decreases in requests of \$15,632 for all other parties

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OTHER STATEMENTS AND SCHEDULES

SCHEDULES OF RESOURCES AND REQUIREMENTS - BUDGET AND ACTUAL

Pursuant to the Oregon Revised Statutes 294.900 to 294.930, Lane Council of Governments is required to follow certain procedures related to the adoption of a budget. The Board of Directors of Lane Council of Governments has elected to adopt its budget on the basis of organizational units. The schedules in this section demonstrate the results of operations for the year by organizational unit with the exception of the Enterprise Funds and the separation of the General Fund from Board/Executive Services:

- All Organizational Units
- General Fund - Accounting for all revenues and expenditures not accounted for in another organizational unit.
- Government Services – Combines two divisions formerly labeled Planning Services and Technology Services. The division provides cost-effective planning and research services to the member agencies of LCOG. Primarily funded through intergovernmental agreements with the governmental units receiving assistance, services are also supported by several federal and state-funded programs. Special expertise is available in the areas of intergovernmental relations, the statewide land use planning program, areawide transportation planning, economic analysis and planning, land use law, local government financial issues, geographic data system analysis, and information analysis. It also provides strategic planning and coordination services for four regional information services. The services include the Regional Information System, a multi-jurisdictional computing consortium, the RLID/Common Mapping/GIS system, the regional telecommunications system, and the AIRS system, the regional public safety information system.
- Senior and Disabled Services - Planning, coordinating, delivering and advocating for social and health services for persons 60 years of age and over; pursuing the objective of long-term care and other supportive services for the elderly which will promote their maximum level of independence and well being: federal, state and local resources are used to provide services to eligible persons.
- Enterprise Funds - Financial activity of the LCOG-owned Schaefers Building is recorded here. Income from leases for office space in the building is the major source of revenue. The LCOG Senior and Disabled Services Division occupies approximately 65 percent of the building. Financial activity of the LCOG-owned Springfield Building is also recorded in this organizational unit. Income from leases for office space in the building is the only source of revenue. In addition, financial activity of the LCOG-owned Park Place Building is recorded in the enterprise funds. Income from leases for office space in the building is the major source of revenue. The LCOG planning and administrative offices occupy approximately 36 percent of the building. Financial activity of the revolving loan fund (RBDF) and other loan packaging services are also in this organizational unit. These efforts offer Lane County businesses a comprehensive source of loan programs.
- Administrative Services - Represents the jointly shared overhead costs of Lane Council of Governments which are allocated based on an approved cost allocation system.

**LANE COUNCIL OF GOVERNMENTS
ALL ORGANIZATIONAL UNITS
SCHEDULE OF RESOURCES AND REQUIREMENTS
BUDGET AND ACTUAL
For the Year Ended June 30, 2012**

	Adopted Budget	Revised Budget	Actual	Variance
Resources:				
Federal and state	\$ 19,226,795	\$ 20,277,443	\$ 18,968,748	\$ (1,308,695)
Local sources	\$ 9,488,664	\$ 9,885,408	\$ 8,969,791	\$ (915,617)
In-kind services	\$ 77,398	\$ 121,711	\$ 264,543	\$ 142,832
Member dues	\$ 233,580	\$ 233,580	\$ 233,848	\$ 268
Transfers In	\$ 2,282,209	\$ 2,289,192	\$ 2,420,545	\$ 131,354
Beginning reserves	\$ 6,268,696	\$ 6,268,696	\$ 7,080,778	\$ 812,082
 Total resources	 \$ 37,577,342	 \$ 39,076,029	 \$ 37,938,253	 \$ (1,137,776)
Requirements:				
Personal services**	\$ 15,472,704	\$ 15,521,895	\$ 15,044,174	\$ 477,721
Materials and services**	\$ 10,036,042	\$ 10,083,575	\$ 9,912,434	\$ 100,303
Capital outlay	\$ 452,325	\$ 473,965	\$ 915,789	\$ (441,824)
Loans made	\$ 723,554	\$ 723,554	\$ 750,000	\$ (26,446)
Debt service	\$ 1,131,894	\$ 1,131,894	\$ 1,134,143	\$ (2,249)
Services by other organizations	\$ 2,052,598	\$ 2,096,911	\$ 1,923,393	\$ 173,518
Transfers Out	\$ 2,282,209	\$ 2,297,970	\$ 2,420,546	\$ (122,576)
 Total requirements	 \$ 32,151,326	 \$ 32,329,764	 \$ 32,100,479	 \$ 229,285
 Ending reserves	 \$ 5,426,016	 \$ 6,746,265	 \$ 5,837,774	 \$ (908,491)
Actual activity less internal transactions:				
Total Resources less Transfers In			\$ 35,517,708	
Total Requirements less Transfers Out			\$ 29,679,934	
			\$ 5,837,774	
Details to Transfer activity:	Adopted Budget	Revised Budget	Actual	Difference
Transfers In	\$2,282,209	\$2,289,192	\$2,420,545	\$131,353
Transfers Out	\$2,282,209	\$2,297,970	\$2,420,545	\$122,575
Total	\$0	(\$8,778)	\$0	(\$8,778)

This statement removes the duplicative activities for Indirect/Overhead.

Indirect recovery	\$3,928,082	Revenue
Indirect costs	\$3,928,082	Expenditures

** Indirect expenses also appear as support services charges in the receiving subfund. For accuracy we are reporting the origin of those charges in Personal services and Materials and services which is more accurate of the source of cost than "Support Services."

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**LANE COUNCIL OF GOVERNMENTS
GENERAL FUND
SCHEDULE OF RESOURCES AND REQUIREMENTS
BUDGET AND ACTUAL
For the Year Ended June 30, 2012**

	Adopted Budget	Revised Budget	Actual	Variance Over (Under)
Resources:				
Member dues	\$ 233,580	\$ 233,580	\$ 233,848	\$ 268
Other local sources	\$ 164,469	\$ 365,409	\$ 224,745	\$ (140,664)
Transfers In - from Direct subfunds	\$ 191,181	\$ 169,541	\$ 213,252	\$ 43,711
Beginning reserves	\$ 129,328	\$ 129,328	\$ 941,310	\$ 811,982
Total resources	<u>\$ 718,558</u>	<u>\$ 897,858</u>	<u>\$ 1,613,155</u>	<u>\$ 715,297</u>
Requirements:				
Personal services	\$ 62,334	\$ 62,334	\$ 62,776	\$ (442)
Support services	\$ 59,711	\$ 59,711	\$ 64,671	\$ (4,960)
Materials and services	\$ 14,500	\$ 14,500	\$ 69,370	\$ (54,870)
Capital outlay	\$ 9,325	\$ 9,325	\$ 427,325 (a)	\$ (418,000)
Debt service	\$ 231,116	\$ 231,116	\$ 231,116 (b)	\$ -
Transfers Out - to Indirect subfund	\$ 199,514	\$ 199,514	\$ 267,128 (c)	\$ (67,614)
Transfers Out - to Direct subfunds	\$ 133,856	\$ 171,257	\$ 253,630 (d)	\$ (82,373)
Total requirements	<u>\$ 710,356</u>	<u>\$ 747,757</u>	<u>\$ 1,376,016</u>	<u>\$ (628,259)</u>
Ending reserves	<u>\$ 8,202</u>	<u>\$ 150,101</u>	<u>\$ 237,139</u>	<u>\$ 87,038</u>

(a) For Park Place Building for tenant improvements (DMG); to be repaid over 10 years beginning FY13

(b) Debt is P & I on Schaefer's Building equity loan (\$130,356) and P & I on Springfield Building equity loan (\$100,760)

(c) Is the amount the General Fund subsidized overhead (indirect charges) for loss (non recovery) of costs in FY12

(d) Is the amount the General Fund subsidized all remaining LCOG subfunds for loss (non recovery) of costs in FY12

FYI: Share of debt for Schaefer's Building equity loan which benefitted Park Place Building (\$130,356 for FY12) will no longer be reported in the General Fund and instead will be reported in Park Place Building/Enterprise Funds - the fund that directly benefitted from the loan proceeds). As of 7/1/12 Park Place Building will be paying the debt.

For additional information see Footnote 16.

LANE COUNCIL OF GOVERNMENTS
GOVERNMENT SERVICES
SCHEDULE OF RESOURCES AND REQUIREMENTS
BUDGET AND ACTUAL
For the Year Ended June 30, 2012

	<u>Adopted Budget</u>	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance</u>
Resources:				
Federal and state	\$ 7,145,170	\$ 7,998,818	\$ 7,016,891	\$ (981,927)
Local sources	\$ 5,314,572	\$ 5,510,376	\$ 4,585,266	\$ (925,109)
In-kind services	\$ -	\$ 44,313	\$ 44,313	\$ -
Transfers In	\$ 188,839	\$ 217,462	\$ 322,118	\$ 104,657
Beginning reserves	\$ 2,269,609	\$ 2,269,609	\$ 2,269,609	\$ -
 Total resources	 \$ 14,918,190	 \$ 16,040,577	 \$ 14,238,197	 \$ (1,802,380)
Requirements:				
Personal services	\$ 3,533,696	\$ 3,535,887	\$ 3,381,623	\$ 154,264
Support services	\$ 1,582,016	\$ 1,582,016	\$ 1,543,296	\$ 38,720
Materials and services	\$ 5,921,027	\$ 5,968,560	\$ 5,832,569	\$ 135,991
Capital outlay	\$ -	\$ -	\$ -	\$ -
Services by other organizations	\$ 1,426,861	\$ 1,471,174	\$ 1,213,896	\$ 257,278
Transfers Out	\$ 154,501	\$ 154,501	\$ 226,169	\$ (71,668)
 Total requirements	 \$ 12,618,102	 \$ 12,712,139	 \$ 12,197,553	 \$ 514,586
 Ending reserves	 \$ 2,300,089	 \$ 3,328,439	 \$ 2,040,644	 \$ (1,287,794)

**LANE COUNCIL OF GOVERNMENTS
SENIOR AND DISABLED SERVICES
SCHEDULE OF RESOURCES AND REQUIREMENTS
BUDGET AND ACTUAL
For the Year Ended June 30, 2012**

	<u>Adopted Budget</u>	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance</u>
Resources:				
Federal and state	\$ 12,081,625	\$ 12,128,625	\$ 11,951,857	\$ (176,768)
Local sources	\$ 948,865	\$ 948,865	\$ 973,828	\$ 24,963
In-kind services	\$ 77,398	\$ 77,398	\$ 220,230	\$ 142,832
Transfers In	\$ 1,799,171	\$ 1,799,171	\$ 1,743,765	\$ (55,406)
Beginning reserves	\$ 969,227	\$ 969,227	\$ 969,327	\$ 100
Total resources	<u>\$ 15,876,286</u>	<u>\$ 15,923,286</u>	<u>\$ 15,859,007</u>	<u>\$ (64,279)</u>
Requirements:				
Personal services	\$ 9,210,716	\$ 9,257,716	\$ 8,867,077	\$ 390,640
Support services	\$ 1,910,196	\$ 1,910,196	\$ 1,902,473	\$ 7,723
Materials and services	\$ 1,659,230	\$ 1,659,230	\$ 1,631,328	\$ 27,902
Capital outlay	\$ 25,000	\$ 25,000	\$ 33,896	\$ 8,896
Services by other organizations	\$ 625,737	\$ 625,737	\$ 709,497	\$ (83,760)
Transfers Out	\$ 1,802,671	\$ 1,802,671	\$ 1,746,102	\$ 56,569
Total requirements	<u>\$ 15,233,550</u>	<u>\$ 15,280,550</u>	<u>\$ 14,890,373</u>	<u>\$ 390,178</u>
Ending reserves	<u>\$ 642,736</u>	<u>\$ 642,736</u>	<u>\$ 968,634</u>	<u>\$ 325,899</u>

**LANE COUNCIL OF GOVERNMENTS
ENTERPRISE FUNDS
SCHEDULE OF RESOURCES AND REQUIREMENTS
BUDGET AND ACTUAL
For the Year Ended June 30, 2012**

	Adopted Budget	Revised Budget	Actual	Variance Over (Under)
Resources:				
Federal and state	\$ -	\$ 150,000	\$ -	\$ (150,000)
Local sources	\$ 3,061,158	\$ 3,061,158	\$ 3,185,952	\$ 124,794
Transfers In	\$ 103,018	\$ 103,018	\$ 141,410	\$ 38,392
Beginning reserves	\$ 2,900,532	\$ 2,900,532	\$ 2,900,532	\$ (0)
Total resources	\$ 6,064,708	\$ 6,214,708	\$ 6,227,894	\$ 13,186
Requirements:				
Personal services	\$ 282,606	\$ 282,606	\$ 283,414	\$ (808)
Support services	\$ 147,850	\$ 147,850	\$ 153,152	\$ (5,302)
Materials and services	\$ 925,749	\$ 925,749	\$ 897,732	\$ 28,017
Capital outlay	\$ 418,000	\$ 439,640	\$ 454,568	\$ (14,928)
Loans made (external)	\$ 723,554	\$ 723,554	\$ 750,000	\$ (26,446)
Debt service	\$ 900,778	\$ 900,778	\$ 903,027 (a)	\$ (2,249)
Transfers Out	\$ 191,181	\$ 169,541	\$ 194,644	\$ (25,103)
Total requirements	\$ 3,589,718	\$ 3,589,718	\$ 3,636,537	\$ (46,819)
Ending reserves	\$ 2,474,990	\$ 2,624,990	\$ 2,591,357	\$ (33,633)

(a) Is USDA Loans: \$207,072; Building Loans: \$495,955: Park Place Building Loan: \$533,437; Schaefer's Building Loan; and Springfield Building Loan: \$85,764).

FYI: Share of debt for Schaefer's Building equity loan which benefitted Park Place Building (\$130,356 for FY12) will no longer be reported in the General Fund and instead will be reported in Park Place Building/Enterprise Funds - the fund that directly benefitted from the loan proceeds). As of 7/1/12 Park Place Building will be paying the debt.

**LANE COUNCIL OF GOVERNMENTS
ADMINISTRATIVE SERVICES
SCHEDULE OF RESOURCES AND REQUIREMENTS
BUDGET AND ACTUAL
For the Year Ended June 30, 2012**

	<u>Adopted Budget</u>	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
Resources:				
Support services	\$ 3,666,972	\$ 3,666,972	\$ 3,627,965	\$ (39,007)
Overhead balancing adjustment	\$ 199,615	\$ 199,615	\$ 267,128	\$ 67,513
Administrative fees	\$ 32,300	\$ 32,300	\$ 32,990	\$ 690
Total resources	<u>\$ 3,898,887</u>	<u>\$ 3,898,887</u>	<u>\$ 3,928,082</u>	<u>\$ 29,195</u>
Requirements:				
Personal services	\$ 2,383,351	\$ 2,383,351	\$ 2,449,284	\$ 65,933
Materials and services	\$ 1,515,536	\$ 1,515,536	\$ 1,478,798	\$ (36,738)
Total requirements	<u>\$ 3,898,887</u>	<u>\$ 3,898,887</u>	<u>\$ 3,928,082</u>	<u>\$ 29,195</u>
Ending reserves	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Administrative Services financial statement provides the line item details/basis of the overhead charges passed on to all LCOG subfunds other than the General Fund. These values appear in the "All Organizational Units" financial statement as follows:

Total Resources = See "Local sources" revenue on All Organizational Units statement

Total Requirements = See "Personal Services"; and "Support Services" line items on All Organization Units statement

COST ALLOCATION PLAN

LANE COUNCIL OF GOVERNMENTS
COST ALLOCATION PLAN

As part of the annual budget process, LCOG develops a Cost Allocation Plan for the fiscal year that specifies the distribution of overhead costs so that each individual program or contract will pay its fair share. The Cost Allocation Plan is developed to conform to Federal Management Circular A-87.

Direct Costs

The cost of direct salary and fringe benefits is determined monthly for each employee. The total is divided by total chargeable hours to determine an hourly rate which is then applied to specific grants, contracts, or work elements based on actual hours charged during the month.

Direct costs other than salaries and fringe benefits are charged directly to the benefited grant or contract.

Indirect Costs

Overhead costs are those general government support expenditures that benefit the entire organization and cannot be directly attributed to a specific program or contract.

General overhead, including both salary and other expenditures which cannot be *directly* attributed to a specific grant or contract, are charged to an overhead pool which is then allocated on a specific cost driver basis. Cost drivers are measurements that correlate to the origin of the transaction – for example, occupancy space cost based on square footage of the space occupied. These measurements are developed on a percentage basis.

The 2012-2013 Cost Allocation Plan allocates cost for indirect support – or Administration and four direct service areas: Governmental Services – Transportation and Planning; Senior & Disabled Services - Title III (excluding Senior Meals) and Title XIX activities; Senior Meals; and Rural Senior & Disabled Services (Other S&DS);, and Technology services (Other TS).

Fiscal year ended June 30, 2012 (actual):

Total direct salaries and fringe benefits	\$15,044,174
Less:	
Salaries and fringe on services that are exempt from indirect/indirect does not apply	(87,677)
Overhead salaries and fringe benefits	<u>(2,449,284)</u>
Direct salary and fringe benefits base	<u>\$12,507,213</u>
 Total overhead expenditures	 \$3,928,082
Less overhead credits	(32,989)
Less General Fund support	<u>(267,128)</u>
Net overhead expenditures	<u>\$3,627,965</u>

	Government Services	S&DS Grants/Contracts	Sr. Meals	Other/ S&DS - Rural	Other/ TS	Total
Actual indirect cost percentage	57.5480%	23.7457%	19.6983%	17.0317%	17.7753%	
Salary base	\$3,065,122	\$7,436,645	\$398,633	\$1,031,799	\$575,014	\$12,507,213
Indirect charges	\$1,622,697	\$1,683,430	\$42,534	\$176,509	\$102,795	\$3,627,965

LANE COUNCIL OF GOVERNMENTS
COST ALLOCATION PLAN, Continued

Fiscal year ending June 30, 2013 (projected):

Total direct salaries and fringe benefits	\$14,924,571
Less:	
Salaries and fringe on services that are exempt from indirect/indirect does not apply	(29,770)
Overhead salaries and fringe benefits	<u>(2,165,031)</u>
Budgeted direct salary and fringe benefits base	<u>\$12,729,770</u>
 Budgeted total overhead expenditures	 \$3,683,828
Less overhead credits and adjustments	<u>(32,300)</u>
Budgeted net overhead expenditures	<u>\$3,651,528</u>

Projected indirect cost percentages:

	Government Services	S&DS Grants/Contracts	<u>Sr. Meals</u>	Other/ <u>S&DS - Rural</u>	Other/ <u>TS</u>	<u>Total</u>
Salary base	\$3,059,179	\$7,743,540	\$377,941	\$979,808	\$569,302	\$12,729,770
Indirect charges	\$1,633,236	\$1,694,364	\$42,810	\$177,655	\$103,463	\$3,651,528
Cost percentage	57.677%	20.960%	17.959%	17.339%	15.841%	

SCHEDULES OF REVENUES
AND EXPENDITURES

The following schedules are presented for additional detail for appropriate governmental agencies:

- Department of Transportation
- Joint Fund
- Type B Funds
- Centers for Medicare and Medicaid Services Research
- Economic Development

**LANE COUNCIL OF GOVERNMENTS
DEPARTMENT OF TRANSPORTATION
SCHEDULES OF REVENUES AND EXPENDITURES
For the Year Ended June 30, 2012**

	Federal Transit Administration FTA	Federal Metropolitan Planning PL Funding	Surface Transportation Program MPO-STP	Transportation Growth Management TGM ¹	Other ² Projects	Total
Revenues:						
Federal funds	\$ 177,232	\$ 619,622	\$ 751,867	\$ -	\$ 4,709	\$ 1,553,430
State funds	\$ -	\$ 70,918	\$ -	\$ -	\$ 56,461	\$ 127,379
Local funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Local match	\$ 44,313	\$ -	\$ -	\$ -	\$ -	\$ 44,313
LCOG General Fund	\$ 21	\$ -	\$ 57	\$ -	\$ 16	\$ 94
Total revenues	<u>\$ 221,566</u>	<u>\$ 690,540</u>	<u>\$ 751,924</u>	<u>\$ -</u>	<u>\$ 61,186</u>	<u>\$ 1,725,216</u>
Expenditures:						
Salaries and fringe benefits	\$ 98,956	\$ 428,645	\$ 377,225	\$ -	\$ 30,266	\$ 935,092
Other direct costs	\$ 24,654	\$ 30,171	\$ 172,003	\$ -	\$ 14,720	\$ 241,548
Capital outlay	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Community service	\$ 44,313	\$ -	\$ -	\$ -	\$ -	\$ 44,313
Indirect costs	\$ 53,643	\$ 231,724	\$ 202,696	\$ -	\$ 16,200	\$ 504,263
Total expenditures	<u>\$ 221,566</u>	<u>\$ 690,540</u>	<u>\$ 751,924</u>	<u>\$ -</u>	<u>\$ 61,186</u>	<u>\$ 1,725,216</u>

¹ There were no projects funded by Transportation Growth Management in FY 12.

² This general funding source includes revenue for various ODOT public outreach and transportation projects.

See notes to schedule of expenditures of federal awards

**LANE COUNCIL OF GOVERNMENTS
JOINT FUND
SCHEDULE OF REVENUES AND EXPENDITURES
For the Year Ended June 30, 2012**

	<u>Senior Connections</u>	<u>Community Based Care Management Program*</u>	<u>Total</u>
Revenues:			
Joint Fund - LCOG and Lane County	\$ -	\$ - *	\$ -
LIEAP	\$ 34,200	\$ -	\$ 34,200
Federal funds (Title III B)	\$ 338,269	\$ -	\$ 338,269
Federal match funds (Title XIX)	\$ -	\$ 17,063	\$ 17,063
Local in-kind	\$ -	\$ -	\$ -
Other local funds	\$ 68	\$ -	\$ 68
LCOG General Fund	\$ -	\$ -	\$ -
	<u>\$ 372,537</u>	<u>\$ 17,063</u>	<u>\$ 389,600</u>
Total revenues			
	<u>\$ 372,537</u>	<u>\$ 17,063</u>	<u>\$ 389,600</u>
Expenditures:			
Salaries and fringe benefits	\$ 290,549	\$ 14,262	\$ 304,811
Other direct costs	\$ 24,913	\$ -	\$ 24,913
Indirect costs	\$ 57,075	\$ 2,801	\$ 59,876
Services by other organizations	\$ -	\$ -	\$ -
Community service	\$ -	\$ -	\$ -
	<u>\$ 372,537</u>	<u>\$ 17,063</u>	<u>\$ 389,600</u>
Total expenditures			
	<u>\$ 372,537</u>	<u>\$ 17,063</u>	<u>\$ 389,600</u>

The financial statement for "Joint Fund" reports the activities of S&DS Senior Connections subfund and includes Lane County Low Income Energy Assistance Program and Type B/Title XIX activities.

* Lane County's contribution to the "Joint Fund" in support of Senior Outreach activities was discontinued at 6/30/11 (no contributions for Senior Outreach in FY12)

**LANE COUNCIL OF GOVERNMENTS
TYPE B FUNDS*
SCHEDULE OF REVENUES AND EXPENDITURES
For the Year Ended June 30, 2012**

	<u>Type B Funds</u>
Revenues:	
Federal funds	\$ 566,188
Local funds	58,066
Federal match funds	101,610
State funds	8,811,636
	<u>-</u>
 Total revenues	 <u><u>\$ 9,537,500</u></u>
 Expenditures:	
Salaries and fringe benefits	\$ 7,576,974
Other direct costs	322,897
Indirect costs	<u>1,637,629</u>
 Total expenditures	 <u><u>\$ 9,537,500</u></u>

This financial statement reports all Type B/Title XIX activities in one statement. Details are as follows:

Type B/Title XIX subfund:	\$ 9,377,824
Senior Connections subfund:	\$ 17,063 *
Hospital Intake Services subfund:	<u>\$ 142,613</u>
	<u>\$ 9,537,500</u>

*The \$17,063 noted here is also included in the Joint Fund financial statement

**LANE COUNCIL OF GOVERNMENTS
CENTERS FOR MEDICARE AND MEDICAID SERVICES RESEARCH
SCHEDULE OF REVENUES AND EXPENDITURES
For the Year Ended June 30, 2012**

	<u>Medicare/Medicaid Services Research</u>
Revenues:	
Federal funds	\$ -
Local funds	<u>-</u>
Total revenues	<u><u>\$ -</u></u>
Expenditures:	
Salaries and fringe benefits	\$ -
Other direct costs	-
Indirect costs	<u>-</u>
Total expenditures	<u><u>\$ -</u></u>

Program level no longer meets threshold for separate financial statement reporting (less than \$350,000). In addition, this program will end September 2012. Program financial statement will not appear in future financial reports due to program level being less than \$350,000.

**LANE COUNCIL OF GOVERNMENTS
ECONOMIC DEVELOPMENT
SCHEDULE OF REVENUES AND EXPENDITURES
For the Year Ended June 30, 2012**

	Passed Through ¹ OCWCOG		Local ² Projects	Total
	July-March	April-June		
Revenues:				
Federal funds	\$ -	\$ -	\$ -	\$ -
State funds	\$ -	\$ -	\$ -	\$ -
Local funds	\$ -	\$ -	\$ 53,813	\$ 53,813
LCOG General Fund	\$ -	\$ -	\$ 8,832	\$ 8,832
Total revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 62,645</u>	<u>\$ 62,645</u>
Expenditures:				
Salaries and fringe benefits			\$ 39,851	\$ 39,851
Other direct costs			\$ 1,860	\$ 1,860
Indirect costs			\$ 20,934	\$ 20,934
Total expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 62,645</u>	<u>\$ 62,645</u>

¹ LCOG was a subrecipient relationship for activity reported FY11 and prior. LCOG's relationship is a vendor and not a subrecipient status. Therefore FY12 activity is reported in Local Projects.

² This local funding source includes revenue for Lane County Economic Development Technical Assistance, Lane County Row River CDBG project administration, and Oregon Cascades West Economic Development Services.

See notes to schedule of expenditures of federal awards

SCHEDULES REQUIRED BY
OREGON MINIMUM STANDARDS

The following schedules are presented to satisfy the Minimum Standards for Audits of Oregon Municipal Corporations:

- Schedule of Insurance in Force
- Schedule of Future Requirements for Retirement of Long-term Debt

**LANE COUNCIL OF GOVERNMENTS
SCHEDULE OF INSURANCE IN FORCE
For the Year Ended June 30, 2012**

Item	Description	Insurance
Property	Building and contents, furniture and equipment owned and operated by Lane Council of Governments	\$ 30,405,553
	Deductible	\$ 1,000
	Portable equipment	\$ 69,000
	Deductible	\$ 500
Automobiles	Comprehensive liability for bodily injury and property damage	\$ 5,000,000 each occurrence
	Underinsured/uninsured motorist	\$ 5,000,000 each occurrence
	Comprehensive	\$100 deductible
	Collision	\$500 deductible
General liability	Comprehensive liability for bodily injury and property damage, crime coverage	\$ 5,000,000 each occurrence \$ 15,000,000 general aggregate
Crime		\$ 50,000
Excess Crime	Employee dishonesty, all employees, commercial blanket coverage	\$ 200,000
	Deductible	\$1,000
Boiler/Machinery	Comprehensive coverage for Schaefers, Park Place and Washington Mutual Buildings	Included in property premium
	Deductible	\$1,000
Workers Compensation	Coverage A	Statutory - per occurrence
	Coverage B	\$ 3,000,000 each occurrence

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

Fiscal Year Ending	Park Place Building					
	Umpqua Bank Loan		Wells Fargo Loan		Umpqua Bank Loan/FPD	
	Principal	Interest	Principal	Interest	Principal	Interest
2013	125,023	285,306	49,302	21,103	44,356	8,168
2014	132,176	278,153	51,975	18,430	47,563	4,961
2015	139,738	270,591	54,793	15,612	44,836	1,533
2016	147,007	263,321	57,763	12,641	-	-
2017	156,143	254,186	60,895	9,509	-	-
2018	165,076	245,253	64,197	6,208	-	-
2019	4,307,559	279,885	67,677	2,727	-	-
2020	-	-	-	-	-	-
2021	-	-	-	-	-	-
2022	-	-	-	-	-	-
2023	-	-	-	-	-	-
2024	-	-	-	-	-	-
2025	-	-	-	-	-	-
2026	-	-	-	-	-	-
2027	-	-	-	-	-	-
2028	-	-	-	-	-	-
2029	-	-	-	-	-	-
2030	-	-	-	-	-	-
2031	-	-	-	-	-	-
2032	-	-	-	-	-	-
2033	-	-	-	-	-	-
2034	-	-	-	-	-	-
2035	-	-	-	-	-	-
2036	-	-	-	-	-	-
2036	-	-	-	-	-	-
	<u>\$ 5,172,722</u>	<u>\$ 1,876,695</u>	<u>\$ 406,602</u>	<u>\$ 86,230</u>	<u>\$ 136,755</u>	<u>\$ 14,662</u>

\$ 1,661,696	\$ 374,107	\$ 978,403	\$ 220,283	\$ 1,226,268	\$ 354,430	\$ 1,043,762	\$ 301,681
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This schedule is continued on next page.

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

Fiscal Year Ending	USDA Loan #1		USDA Loan #2		USDA Loan #3	
	Principal	Interest	Principal	Interest	Principal	Interest
2013	73,871	11,029	36,204	6,246	16,807	3,493
2014	74,610	10,290	36,566	5,884	16,975	3,325
2015	75,356	9,544	36,931	5,519	17,145	3,155
2016	76,110	8,790	37,301	5,149	17,316	2,984
2017	76,871	8,029	37,674	4,776	17,489	2,811
2018	77,640	7,260	38,051	4,399	17,664	2,636
2019	78,416	6,484	38,431	4,019	17,841	2,459
2020	79,200	5,700	38,815	3,635	18,019	2,281
2021	79,992	4,908	39,203	3,247	18,199	2,101
2022	80,792	4,108	39,595	2,855	18,381	1,919
2023	81,600	3,300	39,991	2,459	18,565	1,735
2024	82,416	2,484	40,391	2,059	18,751	1,549
2025	83,240	1,660	40,795	1,655	18,938	1,362
2026	83,033	827	41,203	1,247	19,128	1,172
2027	-	-	41,615	835	19,319	981
2028	-	-	41,534	418	19,512	788
2029	-	-	-	-	19,707	593
2030	-	-	-	-	19,904	396
2031	-	-	-	-	19,716	198
2032	-	-	-	-	-	-
2033	-	-	-	-	-	-
2034	-	-	-	-	-	-
2035	-	-	-	-	-	-
2036	-	-	-	-	-	-
	<u>\$ 1,103,147</u>	<u>\$ 84,413</u>	<u>\$ 624,300</u>	<u>\$ 54,402</u>	<u>\$ 349,376</u>	<u>\$ 35,938</u>

This schedule is continued from previous page.

USDA Loan #4		USDA Loan #5		USDA Loan #6		Total - All Debt	
Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
13,916	3,064	17,218	4,002	16,715	4,509	393,412	\$346,920
14,056	2,924	17,391	3,830	16,882	4,341	408,194	332,138
14,196	2,784	17,565	3,656	17,051	4,173	417,611	316,567
14,338	2,642	17,740	3,480	17,221	4,002	384,796	303,009
14,481	2,499	17,918	3,303	17,393	3,830	398,864	288,943
14,626	2,354	18,097	3,124	17,567	3,656	412,918	274,890
14,773	2,207	18,278	2,943	17,743	3,480	4,560,718	304,204
14,920	2,060	18,461	2,760	17,920	3,303	187,335	19,739
15,069	1,911	18,645	2,575	18,100	3,124	189,208	17,866
15,220	1,760	18,832	2,389	18,281	2,943	191,101	15,974
15,372	1,608	19,020	2,201	18,463	2,760	193,011	14,063
15,526	1,454	19,210	2,010	18,648	2,575	194,942	12,131
15,681	1,299	19,402	1,818	18,834	2,389	196,890	10,183
15,838	1,142	19,596	1,624	19,023	2,200	197,821	8,212
15,997	983	19,792	1,428	19,213	2,010	115,936	6,237
16,156	824	19,990	1,230	19,405	1,818	116,597	5,078
16,318	662	20,190	1,030	19,599	1,624	75,814	3,909
16,481	499	20,392	829	19,795	1,428	76,572	3,152
16,646	334	20,596	625	19,993	1,230	76,951	2,387
16,597	167	20,802	419	20,193	1,030	57,592	1,616
-	-	20,895	211	20,395	828	41,290	1,039
-	-	-	-	20,600	624	20,600	624
-	-	-	-	20,805	418	20,805	418
-	-	-	-	20,820	210	20,820	210
<u>\$ 306,207</u>	<u>\$ 33,177</u>	<u>\$ 400,030</u>	<u>\$ 45,487</u>	<u>\$ 450,659</u>	<u>\$ 58,505</u>	<u>\$ 8,949,798</u>	<u>\$ 2,289,509</u>

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INTERMEDIARY RELENDING PROGRAM
RURAL BUSINESS DEVELOPMENT FUND PROGRAM

The following are presented for additional detail for appropriate governmental agencies:

- Statement of Net Assets
- Statement of Revenues, Expenses, and Changes in Net Assets

**LANE COUNCIL OF GOVERNMENTS
STATEMENT OF NET ASSETS
INTERMEDIARY RELENDING PROGRAM
June 30, 2012**

ASSETS

Current assets:

Cash and investments	\$ -
Interest receivable	\$ 9,267
Loans receivable	\$ 382,002
Accounts receivable	\$ -
Prepaid expense	\$ -
Total current assets	<u>\$ 391,269</u>

Noncurrent assets:

Restricted cash and investments	\$ 2,212,748
Loans receivable	\$ 2,138,021
Allowance for loan losses	\$ (175,000)
Capital assets, net of accumulated depreciation	\$ -
Total noncurrent assets	<u>\$ 4,175,769</u>

Total assets	<u>\$ 4,567,038</u>
--------------	---------------------

LIABILITIES

Current liabilities:

Due to other funds	\$ 4,437
Accounts payable	\$ -
Accrued interest	\$ 18,721
Loans payable	\$ 174,731
Total current liabilities	<u>\$ 197,889</u>

Noncurrent liabilities:

Long-term debt, net of current maturities	<u>\$ 3,058,149</u>
Total noncurrent liabilities	<u>\$ 3,058,149</u>

Total liabilities	<u>\$ 3,256,038</u>
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NET ASSETS

Invested in capital assets, net of related debt	\$ -
Restricted by USDA	<u>\$ 1,311,000</u>
Total net assets	<u><u>\$ 1,311,000</u></u>

**LANE COUNCIL OF GOVERNMENTS
SCHEDULE OF REVENUES, EXPENSES,
AND CHANGES IN NET ASSETS
INTERMEDIARY RELENDING PROGRAM
Rural Business Development Program
For the Year Ended June 30, 2012**

Operating revenues:	
Loan fees	\$ 11,888
Local revenue	\$ -
State revenue	\$ -
Interest on business loans	\$ 138,919
Total operating revenues	<u>\$ 150,807</u>
Operating expenses:	
Personal services	\$ 105,798
Miscellaneous	\$ 30
Provision for loan losses	\$ (25,000)
Interest on loans	\$ 33,318
Total operating expenses	<u>\$ 114,146</u>
Operating income	<u>\$ 36,661</u>
Nonoperating revenues (expenses):	
Interest income	\$ 18,812
Interest expense	\$ -
Total nonoperating revenues	<u>\$ 18,812</u>
Income before transfers	\$ 55,473
Transfers in	\$ -
Transfers out	<u>\$ -</u>
Change in net assets	\$ 55,473
Net assets, beginning of year	<u>\$ 1,255,527</u>
Net assets, end of year	<u><u>\$ 1,311,000</u></u>

See notes to schedule of expenditures of federal awards

SCHEDULES OF AVAILABLE CASH AND
NON-CASH RESOURCES AND
PROGRAM EXPENDITURES

The following schedules are presented for additional detail for appropriate governmental agencies:

- Title III-B
- Title III-C-1
- Title III-C-2
- Title III-D
- Title III-E
- Title VII
- Oregon Project Independence

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LANE COUNCIL OF GOVERNMENTS
TITLE III-B
SCHEDULE OF AVAILABLE CASH AND NON-CASH RESOURCES
AND PROGRAM EXPENDITURES
For the Year Ended June 30, 2012

	LCOG Aging Admin.	LCOG Out- reach/Case Mgmt/ Information and Referral	Ombudsman	Money Mgmt
2010-11 federal funds carryover	\$0	\$0	\$0	\$0
2011-12 receipts and transfers	\$49,036	\$338,269	\$1,333	\$6,111
Program income	\$0	\$0	\$0	\$0
Cash match	\$16,491	\$0	\$0	\$0
Other cash resources	\$0	\$18,126	\$0	\$0
Total cash resources	\$65,527	\$356,395	\$1,333	\$6,111
In-kind match	\$0	\$40,000	\$148	\$904
Other in-kind resources	\$0	\$0	\$0	\$0
Total resources	\$65,527	\$396,395	\$1,481	\$7,015
Less total program expenditures	\$65,527	\$396,395	\$1,481	\$7,015
2010-11 federal funds carryover	\$0	\$0	\$0	\$0

Organization of Support Groups	Caregiver Training	Reassurance	Assisted Transportation	Legal Aide Law Referral	Total	Budget	Percent
\$0	\$0	\$0	\$0	\$0	\$0	\$0	
\$0	\$0	\$15,737	\$10,222	\$61,909	\$482,617	\$482,617	100%
\$0	\$0	\$0	\$0	\$600	\$600	\$600	100%
\$0	\$0	\$0	\$0	\$0	\$16,491	\$16,491	100%
\$0	\$0	\$0	\$1,022	\$4,504	\$23,652	\$0	
\$0	\$0	\$15,737	\$11,244	\$67,013	\$523,360	\$499,708	105%
\$0	\$0	\$65,490	\$0	\$6,878	\$113,420	\$113,420	100%
\$0	\$0	\$0	\$0	\$285,891	\$285,891	\$0	
\$0	\$0	\$81,227	\$11,244	\$359,782	\$922,671	\$613,128	150%
\$0	\$0	\$81,227	\$11,244	\$359,782	\$922,671	\$613,128	150%
\$0	\$0	\$0	\$0	\$0	\$0	\$0	

LANE COUNCIL OF GOVERNMENTS
TITLE III-C-1
SCHEDULE OF AVAILABLE CASH AND NON-CASH RESOURCES
AND PROGRAM EXPENDITURES
For the Year Ended June 30, 2012

	LCOG AAA Admin.	Congregate LCOG	Total	Budget	Percent
2010-11 federal funds carryover	\$ -	\$ -	\$ -	\$ -	
2011-12 receipts and transfers	34,941	391,139	426,080	426,080	100%
Program income	-	50,898	50,898	55,456	92%
Cash match	11,751	-	11,751	46,252	25%
USDA cash	-	32,352	32,352	32,506	100%
Other cash resources	-	86,117	86,117	17,834 *	483%
Total cash resources	46,692	560,506	607,198	578,128	105%
In-kind match	-	48,209	48,209	46,252	104%
Other in-kind resources	-	-	-	-	
Total resources	46,692	608,715	655,407	624,380	105%
Less total program expenditures	46,692	608,715	655,407	624,380	105%
2010-11 federal funds carryover	\$ -	\$ -	\$ -	\$ -	

* The difference between actual Other Cash resources and Budget indicated the amount of overall funding needed to cover the III-C-1 program expenses. For FY12, \$79,858.72 in cash resources was required to balance the program (source: fundraising income). This is a normal operating condition from year to year in that the amount of funding to service senior meals relies upon fundraising.

LANE COUNCIL OF GOVERNMENTS
TITLE III-C-2
SCHEDULE OF AVAILABLE CASH AND NON-CASH RESOURCES
AND PROGRAM EXPENDITURES
For the Year Ended June 30, 2012

	<div> <div>LCOG</div> <div>AAA</div> <div>Admin.</div> </div>	American. Red Cross	<div> <div>LCOG</div> <div>Home-Del.</div> </div>	Total	Budget	Percent
2010-11 federal funds carryover	\$ -	\$ -	\$ -	\$ -	\$ -	
2011-12 receipts and transfers	2,490	79,552	189,411	271,453	271,453	100%
Program income	-	78,000	62,517	140,517	140,517	100%
USDA cash	-	31,455	70,021	101,476	101,476	100%
Cash match	837	137,276	-	138,113	488,359	28%
Other resources	-	-	408,303	408,303	-	
Total cash resources	3,327	326,283	730,252	1,059,862	1,001,805	106%
In-kind match	-	13,101	21,739	34,840	34,840	100%
Other in-kind resources	-	172,290	-	172,290	172,290	
Total resources	3,327	511,674	751,991	1,266,992	1,208,935	105%
Less total program expenditures	3,327	511,674	751,991	1,266,992	1,208,935	105%
2010-11 federal funds carryover	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	

LANE COUNCIL OF GOVERNMENTS
TITLE III-D
SCHEDULE OF AVAILABLE CASH AND NON-CASH RESOURCES
AND PROGRAM EXPENDITURES
For the Year Ended June 30, 2012

	<u>Medication Management</u>	<u>Total</u>	<u>Budget</u>	<u>Percent</u>
2010-11 federal funds carryover	\$ -	\$ -	\$ -	
2011-12 receipts and transfers	22,354	22,354	24,721	90%
Program income	-	-	-	
Cash match	-	-	-	
Other cash resources	-	-	-	
	<hr/>	<hr/>	<hr/>	
Total cash resources	22,354	22,354	24,721	90%
In-kind match	-	-	-	
Other in-kind resources	-	-	-	
	<hr/>	<hr/>	<hr/>	
Total resources	22,354	22,354	24,721	90%
Less total program expenditures	<hr/> 22,354	<hr/> 22,354	<hr/> 24,721	90%
2010-11 federal funds carryover	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	

See notes to schedule of expenditures of federal awards

LANE COUNCIL OF GOVERNMENTS
TITLE III-E
SCHEDULE OF AVAILABLE CASH AND NON-CASH RESOURCES
AND PROGRAM EXPENDITURES
For the Year Ended June 30, 2012

	LCOG Aging Admin.	Info for Caregivers	Caregiver Access	Caregiver Respite	Organization of Support Groups	Supplemental Services	Caregiver Training	Total	Budget	Percent
2010-11 federal funds carryover	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	100%
2011-12 receipts and transfers	24,236	54,105	24,511	69,624	11,104	2,547	930	187,057	187,057	100%
Program income	-	-	-	-	-	-	-	-	-	-
Cash match	8,151	-	-	-	-	-	-	8,151	8,151	100%
Other cash resources	-	-	-	-	-	-	-	-	-	-
Total cash resources	32,387	54,105	24,511	69,624	11,104	2,547	930	195,208	195,208	100%
In-kind match	-	18,039	8,172	23,213	3,701	849	310	54,284	54,284	100%
Other in-kind resources	-	-	-	-	-	-	-	-	-	-
Total resources	32,387	72,144	32,683	92,837	14,805	3,396	1,240	249,492	249,492	100%
Less total program expenditures	32,387	72,144	32,683	92,837	14,805	3,396	1,240	249,492	249,492	100%
2010-11 federal funds carryover	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-

See notes to schedule of expenditures of federal awards

LANE COUNCIL OF GOVERNMENTS
TITLE VII
SCHEDULE OF AVAILABLE CASH AND NON-CASH RESOURCES
AND PROGRAM EXPENDITURES
For the Year Ended June 30, 2012

	LCOG Elder Abuse	Total	Budget	Percent
2010-11 federal funds carryover	\$ -	\$ -	\$ -	
2011-12 receipts and transfers	7,731	7,731	7,731	100%
Program income	-	-	-	
Cash match	-	-	-	
Other cash resources	<u>11,950</u>	<u>11,950</u>	<u>11,950</u>	
Total cash resources	19,681	19,681	19,681	100%
In-kind match	-	-	-	
Other in-kind resources	<u>-</u>	<u>-</u>	<u>-</u>	
Total resources	19,681	19,681	19,681	100%
Less total program expenditures	<u>19,681</u>	<u>19,681</u>	<u>19,681</u>	100%
2010-11 federal funds carryover	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	

See notes to schedule of expenditures of federal awards

LANE COUNCIL OF GOVERNMENTS
OREGON PROJECT INDEPENDENCE
SCHEDULE OF AVAILABLE CASH AND NON-CASH RESOURCES
AND PROGRAM EXPENDITURES
For the Year Ended June 30, 2012

	LCOG AAA Admin	Home Care	Personal Care	LCOG Home Delivered Meals	ARC Home Delivered Meals	Case Mgmt.	Total	Budget	Percent
2010-11 state carryover	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
2011-12 OPI funds received	32,050	99,761	59,296	21,752	13,336	94,304	320,499	368,256	87%
OPI program income	-	-	-	-	-	-	-	-	
Other cash resources	-	1,551	964	-	-	-	2,515	17,338	
USDA	-	-	-	1,372	800	-	2,172	-	
Total resources	32,050	101,312	60,260	23,124	14,136	94,304	325,186	385,594	84%
Less total program expenditures	32,050	101,312	60,260	23,124	14,136	94,304	325,186	385,594	84%
2010-11 state carryover	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	*

* OPI funds are not eligible for carryover

SCHEDULE OF RECEIVABLES AND
DEFERRED REVENUE - GRANTS AND CONTRACTS

This schedule supplies detail for the amounts listed as accounts receivable and deferred revenue on the Balance Sheet - Governmental Funds.

LANE COUNCIL OF GOVERNMENTS
GRANTS AND CONTRACTS
SCHEDULE OF RECEIVABLES AND DEFERRED REVENUE
June 30, 2012

	Accounts Receivable	Deferred Revenue
BTOP Administration	\$637	\$0
BTOP Fiber Project	\$8,084	\$0
BTOP Match	\$0	\$40,000
CommSafe911	\$0	\$1,151
CommSafeCENS	\$0	\$3,253
Community Safety--Other	\$34,614	\$8,666
Creative Services--Other	\$5,084	\$0
Economic Development	\$665	\$0
GISCPA	\$17,593	\$0
GIS--Other	\$92,997	\$29
GIS Graffiti DataBase	\$0	\$54
GIS Regional Orthophotography	\$1,648	\$9,975
Hearings Official	\$8,402	\$0
Hospital Intake Services	\$17,746	\$0
Intergovernmental Human Services	\$15,000	\$0
Lane Info Center	\$354	\$0
Meal Preparation	\$60,950	\$0
Metro Coord. Pooled	\$0	\$4,562
Metro Television	\$1,916	\$0
Natural Resources Planning	\$112,371	\$0
OR Emergency Mgmt and OR State Police	\$18,540	\$0
Oregon Planning Institute	\$26,446	\$0
Oregon Project Independence (OPI)	\$92,409	\$0
Phase III Wetlands Pooled	\$8,000	\$11,000
Real Choices Systems Change	\$29,919	\$0
RTS--Other	\$24,618	\$339
S&DS Transportation Assessments	\$19,287	\$0
Senior Connections	\$70	\$0
Senior Meals	\$14,434	\$0
Special Agreements	\$27,470	\$249
Streetcar Feasibility Study	\$0	\$0
Telecommunications Planning	\$5,040	\$0
Title III-B	\$85,765	\$0
Title III-C-1	\$0	\$0

(Continued)

LANE COUNCIL OF GOVERNMENTS
GRANTS AND CONTRACTS
SCHEDULE OF RECEIVABLES AND DEFERRED REVENUE (Continued)
June 30, 2012

	Accounts Receivable	Deferred Revenue
Title III-C-2	\$14,520	\$0
Title III-D	\$3,918	\$0
Title III-E	\$49,192	\$0
Title VII-A	\$6,461	\$0
Transportation Operations	\$430,117	\$0
Transportation Projects	\$205,299	\$196
Type B Funds - Senior and Disabled Services	\$144,042	\$0
Urban and Regional Planning	\$48,690	\$0
USDA/NSIP	\$44,961	\$0
Wetlands MultiCity Inventory	\$0	\$19,281
	<hr/>	<hr/>
Total	\$1,677,259	\$98,755
	<hr/> <hr/>	<hr/> <hr/>

AUDIT COMMENTS AND DISCLOSURES
REQUIRED BY STATE REGULATIONS

Oregon Administrative Rules 165-10-060 through 162-10-320 of 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, comments, and disclosures required in audit reports.



PAULY, ROGERS AND CO., P.C.

® CERTIFIED PUBLIC ACCOUNTANTS

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

Independent Auditors' Report Required by Oregon State Regulations

We have audited the basic financial statements of the Lane Council of Governments, Eugene, Oregon as of and for the year ended June 30, 2012, and have issued our report thereon dated November 27 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and Government Auditing Standards.

Compliance

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

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

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

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

OAR 162-10-0230 Internal Control

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

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

Pauly, Rogers and Co. P.C.

PAULY, ROGERS AND CO., P.C.

GRANT COMPLIANCE REVIEW



PAULY, ROGERS AND CO., P.C.

CERTIFIED PUBLIC ACCOUNTANTS

-
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 - (503) 620-2632 • FAX (503) 684-7523

November 27, 2012

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

**Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards***

We have audited the financial statements of Lane Council of Governments as of and for the year ended June 30, 2012, and have issued our report thereon dated November 27, 2012. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered 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 internal controls over financial reporting. Accordingly, we do not express an opinion on the effectiveness of internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified.

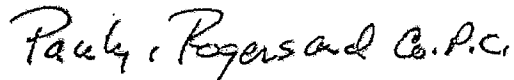
A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the financial statements will not be prevented, or detected and corrected on a timely basis. We did not identify any deficiencies in internal control that we consider to be material weaknesses, as defined above.

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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Lane Council of Governments' financial statements are free of 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*.

This report is intended solely for the information and use of management, the Board, the federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in cursive script that reads "Pauly, Rogers and Co. P.C.".

PAULY, ROGERS AND CO., P.C.



PAULY, ROGERS AND CO., P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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November 27, 2012

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

Independent Auditors' Report on Compliance With Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance With OMB Circular A-133

Compliance

We have audited the compliance of Lane Council of Governments with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2012. Lane Council of Governments' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Lane Council of Governments' management. Our responsibility is to express an opinion on Lane Council of Governments' compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Lane Council of Governments' 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. Our audit does not provide a legal determination of Lane Council of Governments' compliance with those requirements.

In our opinion, Lane Council of Governments complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2012.

Internal Control Over Compliance

Management is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, 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 the District'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.

Our consideration of internal control over compliance 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 compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, *the Board*, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Pauly, Rogers and Co. P.C.
PAULY, ROGERS AND CO., P.C.

LANE COUNCIL OF GOVERNMENTS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year ended June 30, 2012

Federal Grantor/Pass-Through Grantor/ Program Title	CFDA No.	Pass-Through Grantor's No.	Estimated Federal Award	Revenues		Federal Awards Expended	Receivable/ (Deferred Revenue)
				Federal	State and Local		
U.S. Department of Agriculture:							
Direct Programs:							
Intermediary Relending Program	10.767	61.01	\$1,176,222 ¹	\$ 73,589 ²	-	\$ 1,102,633 ⁴	\$ N/A
Intermediary Relending Program	10.767	61.02	\$660,198 ¹	36,010 ²	-	624,188 ⁴	N/A
Intermediary Relending Program	10.767	61.03	\$366,014 ¹	16,713 ²	-	349,302 ⁴	N/A
Intermediary Relending Program	10.767	61.04	\$319,984 ¹	13,780 ²	-	306,204 ⁴	N/A
Intermediary Relending Program	10.767	61.05	\$417,024 ¹	17,031 ²	-	399,993 ⁴	N/A
Intermediary Relending Program	10.767	61.06	\$467,190 ¹	16,630 ²	-	450,560 ⁴	N/A
Intermediary Relending Program	10.767	N/A	N/A	- ³	-	600,000 ⁵	N/A
Rural Business Enterprise Grant	10.783	N/A	\$98,544	19,508 ²	-	79,036 ⁴	N/A
Passed through State Department of Human Services:							
Food Stamp Administration, Type B Funds	10.561	121729	566,188	566,188		556,188	48,091
Total Department of Agriculture				759,449	566,188	4,468,104	48,091
U.S. Department of Commerce:							
Direct Program:							
EDA Revolving Loan	11.307		N/A	N/A	N/A	623,309 ⁶	-
Passed through Nat'l Telecommunications & Info Admin							
BTOP Fiber Project	ARRA-11.557	N10BIX5570032	8,325,530	4,620,273	-	4,620,273	8,084
Total Department of Commerce				4,620,273	-	5,243,582	8,084
U.S. Department of the Interior:							
Direct Programs:							
USGS Data Collection - III	15.808	G10AC00192	20,000	1,863	7	1,863	-
USGS GNIS	15.808	G12AC20099	50,000	4,938	-	4,938	4,938
Total Department of the Interior				6,801	7	6,801	4,938

¹ Loan from USDA outstanding at beginning of year.

² Estimated interest subsidy

³ Loans received from USDA this year.

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

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

⁶ Revolving loan fund capital base = (loans outstanding \$623,309 + cash \$305,791 + funds expended \$36,167) * 60% (ratio of EDA funds to total project funds) = \$579,160

See notes to schedule of expenditures of federal awards

LANE COUNCIL OF GOVERNMENTS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, continued
For the year ended June 30, 2012

Federal Grantor/Pass-Through Grantor/ Program Title	CFDA No.	Pass-Through Grantor's No.	Estimated Federal Award	Revenues		Federal Awards Expended	Receivable/ (Deferred Revenue)
				State and Local	Total		
U.S. Department of Transportation:							
Passed through State Department of Transportation:							
Transportation Planning--12 MPO-STP	20.205	27819	773,588		641,332	641,332	153,105
Transportation Planning--11 MPO-STP	20.205	26894	894,000	57	110,592	110,535	-
Transportation Planning--12 MPO-PL	20.205	17818	906,656	70,918	690,540	619,622	227,202
ODOT Regional Land Use Modeling	20.205	26015	500,000		4,709	4,709	-
Federal Transit Administration-FTA 11	20.505	26885	181,759	18,940	94,639	75,699	15,436
Federal Transit Administration-FTA 12	20.505	27561	101,533	25,394	126,927	101,533	34,377
Total Department of Transportation				115,309	1,668,739	1,553,430	430,120
U.S. Department of Housing & Urban Development:							
Direct Program:							
HUD Sustainability Grant	14.703	ORRIP0031-10	1,450,000	-	335,032	335,032	185,648
Total Department of Housing & Urban Development:				-	335,032	335,032	185,648
U.S. Environmental Protection Agency:							
Passed through the Oregon Department of Environmental Quality:							
GWMMA Phase 4	66.460	DEQ#005-11	72,480	-	13,050	13,050	5,735
Direct Programs:							
EPA 10-City Wetlands Inventory	66.119	WC-OOIOS001	471,638	-	82,227	82,227	40,750
EPA Wetlands Program Development	66.461	CD-96099301	151,071	-	12,348	12,348	3,279
EPA Phase III City/County Water Resources	66.461	CD-00148901	132,415	-	18,228	18,228	5,847
EPA Wetlands Phase III	66.461	CD-00125401-0	167,119	-	13,505	13,505	2,367
Total Environmental Protection Agency				-	139,358	139,358	57,978
U.S. Department of Health and Human Services:							
Passed through State Department of Human Services:							
Special Programs for Aging, Title III-B	93.044	128909	482,617	440,054	922,671	482,617	85,765
Special Programs for Aging, Title III-C-1	93.045	128909	426,080	185,222	611,302	426,080	-
Special Programs for Aging, Title III-C-2	93.045	128909	271,453	893,226	1,164,679	271,453	14,520
Special Programs for Aging, Title III-D	93.043	128909	24,738	-	22,354	22,354	3,918
Special Programs for Aging, Title VII	93.041	128909	7,731	11,950	19,681	7,731	6,461
Special Programs for Aging, Title III-E	93.052	128909	201,254	62,435	249,492	187,057	49,192
Nutrition Services Incentive Program	93.053	128909	136,419	-	136,000	136,000	18,869
Centers for Medicare and Medicaid Services Research	93.779	130872	264,155	-	227,810	227,810	29,919
Passed through Lane County Health and Human Services:							
Low-Income Home Energy Assistance	93.568	22831	50,000	-	34,130	34,130	70
Community Services Block Grant	93.569	17562	-	-	-	-	-
Passed through Oregon Research Institute:							
ORI CAST	93.864	ROIHD037839	229,384	23	26,013	25,990	1,568
Total Department of Health and Human Services				1,592,910	3,414,132	1,821,222	210,282
TOTALS				\$ 4,890,531	\$ 7,258,286	\$ 13,567,529	\$ 723,201

LANE COUNCIL OF GOVERNMENTS
EUGENE, OREGON

NOTES TO SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS

1. Purpose of the Schedule:

The accompanying schedule of expenditures of federal awards is a supplementary schedule to Lane Council of Government's (LCOG's) basic financial statements and is presented for purposes of additional analysis. Because the schedule presents only a selected portion of the activities of LCOG, it is not intended to and does not present either the financial position, the changes in financial position, or cash flows of LCOG.

2. Significant Accounting Policies:

Reporting Entity

The reporting entity is fully described in Note 3 to LCOG's basic financial statements. The schedule includes all federal programs administered by LCOG for the year ended June 30, 2012.

Basis of Presentation

The information in the schedule is presented in accordance with OMB Circular A-133.

Federal Financial Assistance

Pursuant to the Single Audit Act and OMB Circular A-133, 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 LCOG and the federal government for which the federal government procures tangible goods or services are not considered to be federal financial assistance.

Revenue Recognition

The accompanying schedule of expenditures of federal awards is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

3. Loans from the Federal Government:

At June 30, 2012, LCOG owed the U.S. Department of Agriculture \$3,059,127 for loans related to its Intermediary Relending Program.

4. Non-Cash Assistance:

A total of \$173,753 was received in non-cash assistance in the form of interest subsidies on loans from the U.S. Department of Agriculture, and is included in federal revenues and federal awards expended on the schedule.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I – Summary of Auditors' Results

Financial Statements

Type of Auditors' report issued: Unqualified

Internal control over financial reporting:

Material weakness(es) identified? _____ Yes X No

Significant deficiency(ies) identified that are not considered to be material weaknesses _____ Yes X None reported

Any audit findings disclosed relating to the financial statements which are required to be reported in accordance with GAGAS, A-133 S505(d)(2) _____ Yes X No

Noncompliance material to financial statements noted? _____ Yes X No

Federal Awards

Internal control over major programs:

Material weakness(es) identified? _____ Yes X No

Significant deficiency(ies) identified that are not considered to be material weaknesses _____ Yes X None reported

Type of auditors' report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133? _____ Yes X No

Identification of major programs

CFDA Number(s):

11.557

20.205

14.703

11.307

Name of Federal Program:

Broadband Technology Opportunities Program (BTOP) - ARRA

Highway Planning and Construction Cluster

Housing and Urban Development Sustainability Grant (HUD)

EDA Revolving Loan Program

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

Auditee qualified as low-risk auditee? _____ Yes X No

LANE COUNCIL OF GOVERNMENTS
EUGENE, OREGON

SCHEDULE OF FINDINGS AND QUESTIONED COSTS continued

Section II – Financial Statement Findings

None reported

Section III – Federal Award Findings and Question Costs

None Reported

