
Lane Council of Governments Annual Financial Report

For the Year Ended June 30, 2011



LANE COUNCIL OF GOVERNMENTS

ANNUAL FINANCIAL REPORT
For the Year Ended June 30, 2011

Prepared by:
Administration Services
Fiscal Staff

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 28 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, 2011

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

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

Joshua Greene
PO Box 1220
Florence, OR 97439

River Road Park & Recreation

Wayne Helikson
1400 Lake Drive
Eugene, OR 97404

School District 4J

Jim Torrey
200 N. Monroe
Eugene, OR 97401

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 Hwy. 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

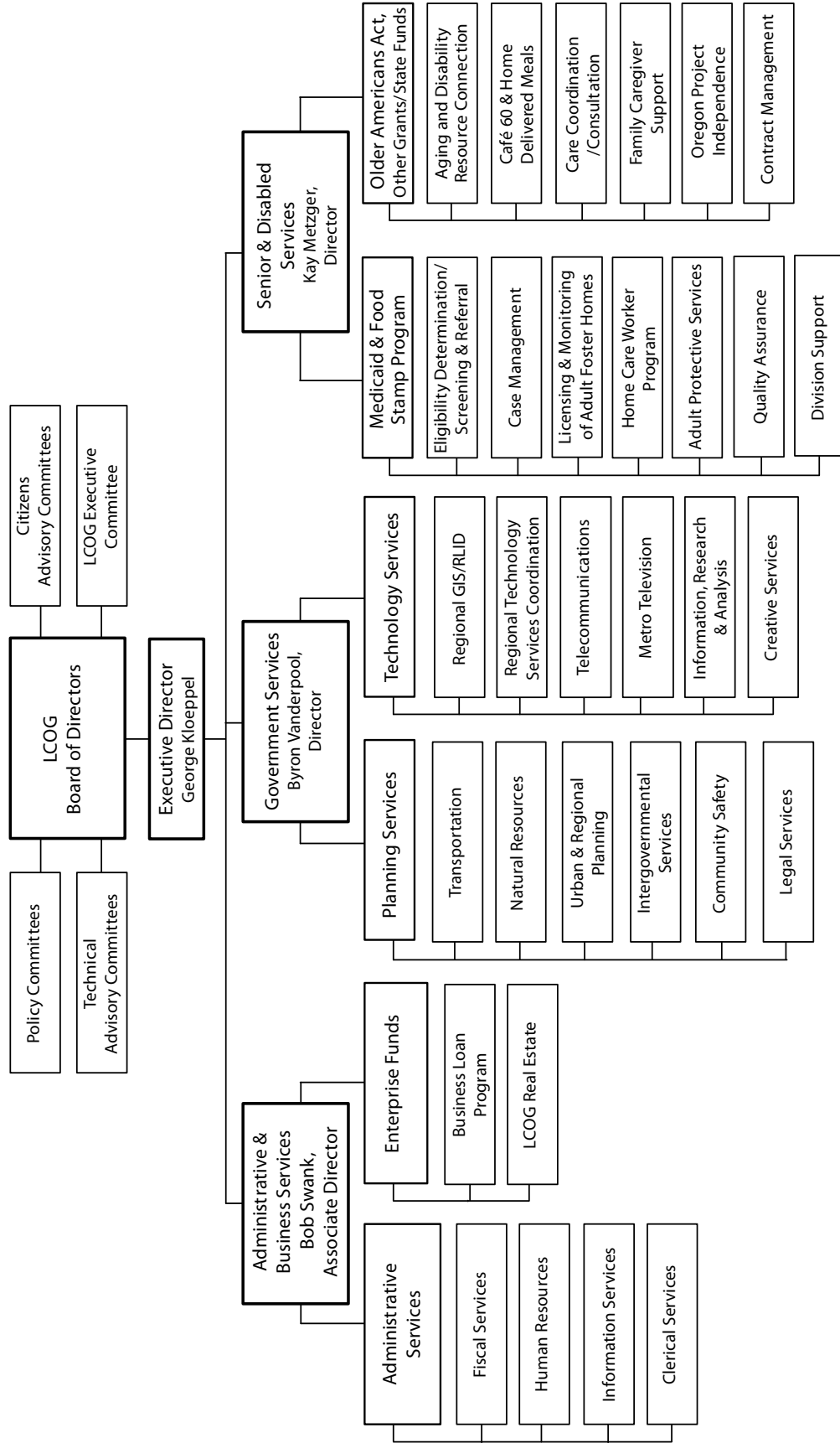
Mayor Neal Choiniere
PO Box 296
Westfir, OR 97482

Western Lane Ambulance District

Bob Sneddon
PO Box 2690
Florence, OR 97477

Willamalane Park & Recreation

Greg James
525 Mill St.
Springfield, OR 97477





December, 2011

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, 2011. 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 2010-2011. 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, and at the end of FY 2010-2011, the agency's fiscal circumstance was sound. Management and administrative staff at LCOG 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 continues 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 its four Enterprise Funds. In addition, this document reflects the activities during the year within the Fiduciary Funds for which LCOG bears responsibility. During FY 2010-2011, resources in excess of \$30 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,

George Kloeppel
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 7, 2011

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, business-type activities, each major fund, and the aggregate remaining fund information of Lane Council of Governments, Eugene, Oregon, as of and for the year ended June 30, 2011, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit. The financial statements of the Lane Council of Governments as of and for the year ended June 30, 2010, were audited by other auditors whose report dated November 19, 2010, expressed an unqualified opinion.

We have 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 basic 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 also includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements, and assessing the accounting principles used and significant estimates made by management, as well as evaluating the basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, each major fund, the discreetly presented component units, and the aggregate remaining fund information of the Lane Council of Governments, Eugene, Oregon, at June 30, 2011, and the results of its operations and respective budgetary comparisons for the general fund, federal grants fund and other special revenue fund for the year then ended, in conformity with generally accepted accounting principles in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our reports dated November 7, 2011 on our consideration of the District's internal control structure and on its compliance with laws and regulations. Those reports are an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The Management's Discussion and Analysis and Required Supplementary Information are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Lane Council of Governments' basic financial statements. The accompanying schedule of expenditures of federal awards, as listed in the table of contents, is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the basic financial statements.

The introductory section, supplementary, and other statements and schedules section, 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.

The supplementary information and the schedule of expenditures of federal awards, as listed in the table of contents, have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The introductory section and other statements and schedules section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis

Lane Council of Governments (LCOG) presents the Management's Discussion and Analysis as a narrative and overview to LCOG's financial activities for the year ended June 30, 2011. This Management's Discussion and Analysis (MD&A) is based on known facts, decisions, and conditions that existed as of the date of the independent auditor's report. The MD&A is provided to facilitate both a short-term and long-term analysis of the financial activities of LCOG for FY 2010-2011. The MD&A, 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

- For FY 2010-2011 a total of \$30,940,002 in resources was administered by LCOG. Total resources increased by a net \$904,573 from FY 2009-2010. Revenues increased in the categories of federal and state revenues and from in-kind services for a total increase of \$1,662,116 from FY 2009-2010; revenues decreased in the categories of local sources, member dues and beginning reserves for a total decrease of (\$757,543).
- FY 2010-2011 expenditures totaled \$24,671,306. Total expenditures increased by \$160,586 from FY 2009-2010. Organizationally, all activities generated a net increase of \$743,987 in ending reserves. Ending reserves totaled \$6,268,696 for FY 2010-2011. (See financial statement on page 53 for more detail).
- On a net asset basis, LCOG performed better in FY 2010-2011 than in the prior year FY 2009-2010. Net Assets for the year increased by \$438,692. (See table on page 6 and page 7 for more detail).

Overview of Financial Statements

The following narrative is an introduction to LCOG's basic financial statements and other required supplementary information. In addition to the government-wide statements which present a longer term view of LCOG's finances, the fund financial statements report LCOG's operations in more detail than the government-wide statements. The remaining statements (fiduciary) provide financial information about activities for which LCOG acts solely as a trustee or agency for the benefit of those outside of the government. Presentation of the overview is as follows:

1. Government-wide financial statements
2. Fund Financial Statements
3. Notes to the Financial Statements

Government-wide Financial Statements

Government-wide financial statements provides the reader a broad overview of LCOG's finances. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private sector companies.

The *Statement of Net Assets* presents information on LCOG's assets and liabilities. The difference between the assets and liabilities is Net Assets. When viewed over time, changes in net assets is a useful indicator of whether the financial position of LCOG is improving or declining. Other non-financial factors also need to be considered to assess the overall health of LCOG. This statement can be located on page 12 of the document.

The *Statement of Activities* provides an overview of how LCOG's net assets changed during Fiscal Year 2010-2011. In this statement, any change in net assets is reflected regardless of the timing of the cash flows from the change. This statement can be located on page 13 of the document.

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.

Government-wide financial statements are detailed in the Basic Financial Statements section of this report. Government-wide financial statements are on pages 12 and 13.

Fund Financial Statements/Reporting LCOG's Most Significant Funds

Traditional users of government financial statements will find the fund financial statements presentation more familiar. These statements provide detailed information about the most significant funds, not LCOG as a whole. Lane Council of Governments has three types of funds: Governmental Funds; Proprietary Funds and Fidiuciary Funds (financial statements are on pages 14-22):

Governmental Funds

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.

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. (See section Notes to the Financial Statements beginning on page 24).

Financial Analysis of Government-wide financial statements and Fund Financial Statements

A detailed analysis, including comparative information of financial changes are provided on the following pages. Government-wide financial analysis, tables and graphs are on pages 6 – 10. Fund Financial Statement financial analysis is on page 10-11.

Government-wide Financial Analysis

Net Assets

Assets exceeded liabilities by approximately \$5,473,503 at the close of FY 2010-2011. This year 11% of the net assets are in the governmental activities, leaving 89% in business activities.

Lane Council of Governments Net Assets

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Current and other assets	\$5,878,731	\$5,477,994	\$5,940,973	\$5,931,598	\$11,819,704	\$11,409,592
Capital assets	181,448	168,596	10,436,938	10,954,481	10,618,386	11,123,077
Total assets	6,060,179	5,646,590	16,377,911	16,886,079	22,438,090	22,532,669
Current liabilities	2,566,484	2,371,812	538,176	711,806	3,104,660	3,083,618
Noncurrent liabilities	2,887,964	2,970,396	10,971,963	11,443,112	13,859,927	14,413,508
Total liabilities	5,454,448	5,342,208	11,510,139	12,154,918	16,964,587	17,497,126
Net assets:						
Invested in capital assets, net of related debt	181,448	130,935	2,411,273	2,595,245	2,592,721	2,726,180
Restricted	3,239,129	1,996,235	1,461,062	1,999,885	4,700,191	3,996,120
Unrestricted	(2,814,846)	(1,860,449)	995,437	26,483	(1,819,409)	(1,833,966)
Total net assets	\$605,731	\$304,382	\$4,867,772	\$4,731,161	\$5,473,503	\$ 5,035,543

Changes in Net Assets

On the following page is the Changes in Net Assets statement. The governmental activities net assets increased by approximately \$302,081 during the year. This was mainly due to increases in Senior and Disabled Services revenues. The net assets of the business-type activities increased by approximately \$136,611 primarily due to increases in investment earnings. Overall, LCOG net assets increased in FY 2010-2011 by \$438,692 over the prior year FY 2009-2010.

Lane Council of Governments Changes in Net Assets

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Revenues:						
Program revenues:						
Charges for services	\$6,781,475	\$7,014,685	\$2,203,713	\$2,142,551	\$8,985,188	\$9,157,236
Operating grants and contributions	15,267,084	13,667,465	-	-	15,267,084	13,667,465
General revenues:						
Member dues	222,063	229,946	-	-	222,063	229,946
Unrestricted investment earnings	-	11,945	281,776	-	281,776	11,945
Total revenues	22,270,622	20,924,041	2,485,489	2,142,551	24,756,111	23,066,592
Expenses:						
Board/Executive	124,699	83,477	-	-	124,699	83,477
Government Services	8,378,779	8,390,668	-	-	8,378,779	8,390,668
Interest on Long Term Debt	23,003	181,906	-	-	23,003	181,906
Loss on disposition of capital asset	51,260	-	-	-	51,260	-
Senior and Disabled Services	13,415,431	12,154,150	-	-	13,415,431	12,154,150
Schaefer's Building			416,690	399,011	416,690	399,011
Park Place Building			1,207,352	1,088,941	1,207,352	1,088,941
Springfield Building			263,589	313,694	263,589	313,694
Loan Programs			436,516	504,454	436,516	504,454
Total expenses	21,993,172	20,810,201	2,324,147	2,306,100	24,317,319	23,116,301
Change in net assets before transfers	277,450	113,840	161,342	(163,549)	438,792	(49,709)
Transfers	24,631	(224,447)	(24,731)	224,447	(100)	-
Change in net assets	302,081	(110,607)	136,611	60,898	438,692	(49,709)
Net assets, July 1	\$303,650	\$414,989	\$4,731,161	\$4,670,263	\$5,034,811	\$5,085,252
Net assets, June 30	\$605,731	\$304,382	\$4,867,772	\$4,731,161	\$5,473,503	\$5,035,543

For a definition of program revenues versus general revenues see Note 1 in the Notes To The Financial Statements

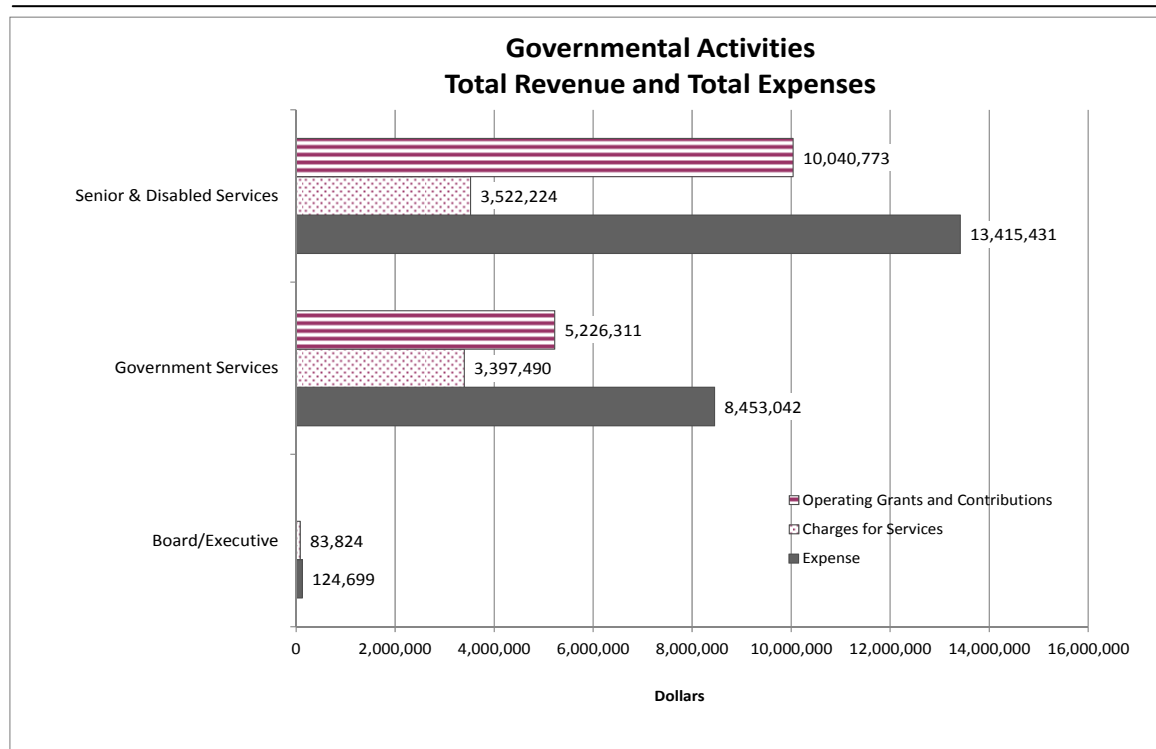
Governmental Activities

The following chart shows the revenue and expenses by type for each major Governmental-type activity. Governmental activities house most of LCOG's services – Board/Executive Services, Government Services, and Senior and Disabled Services. For FY 2010-2011 revenues from governmental activities increased by \$1,346,581 over FY 2009-2010 (a 6.4% increase). The increase is primarily due to a significant grant being received from the Department of Commerce

(BTOP grant and related activities). On a net basis (revenues less expenditures) Governmental Activities contributed \$605,731, or 11%, of the total \$5,473,503 net assets at June 30, 2011.

Governmental activities revenues totaled \$22,270,622 of the total \$24,756,111 revenues generated from all activities: 60.9% are from Senior and Disabled Services activities and 38.7% from Government Services (Board/executive services revenues of \$83,824 is less than one-half of a percent of total governmental activities revenue).

In terms of the type of revenues generated in FY 2010-2011 revenues from Operating Grants and contributions (consisting of grants and service contracts) totaled \$15,267,084 or 68.55% of revenues; Charges for Services (which includes \$222,063 for member dues) totaled \$7,003,538 or 31.44% of revenues (revenues from Board services totaled less than one-half of one percent).

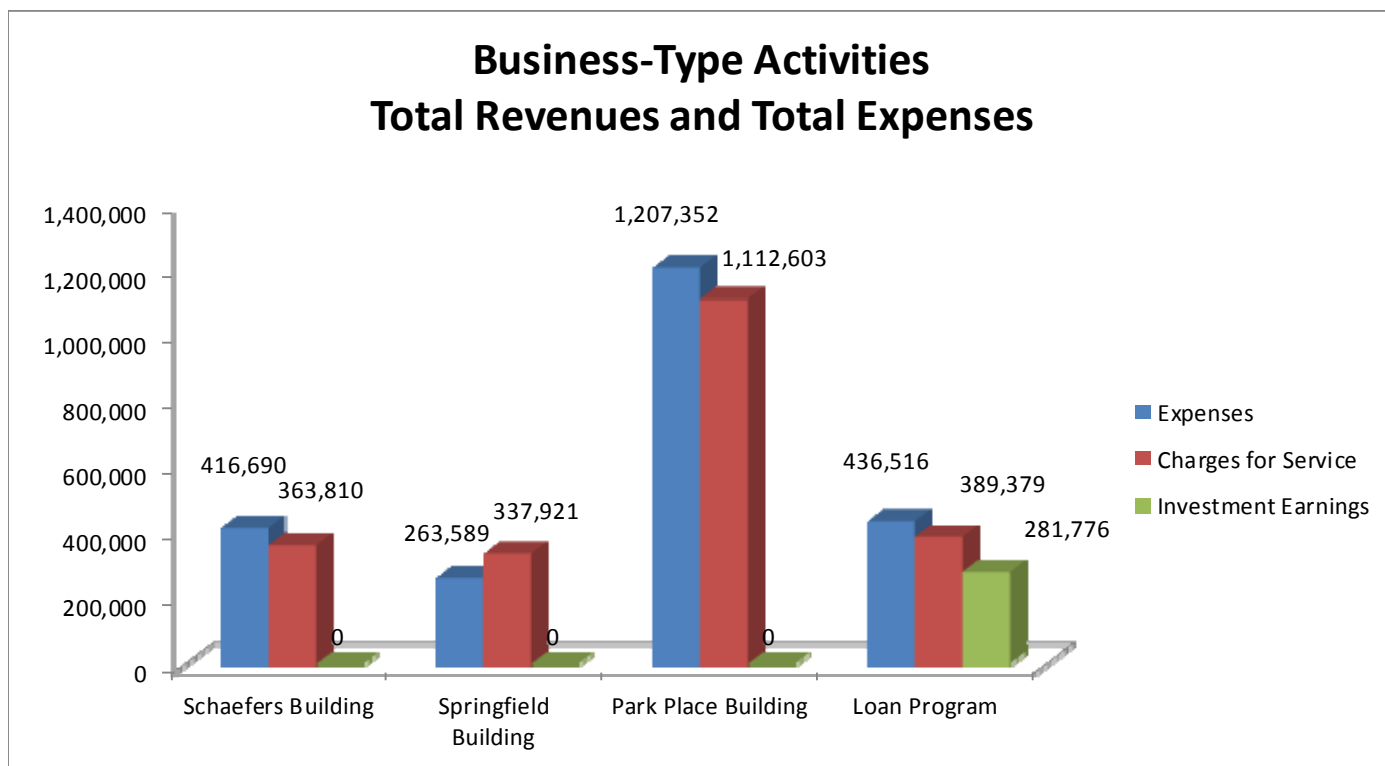


In this graph, member dues (\$222,063) is included in Charges for Services

Business-Type Activities

Business-Type activities represent 10% of the total LCOG activities. The following chart shows the revenue and expenses by type for each component within business-type activities. Business activities include two programs: Loan Program and Real Property Management program (which consists of the Schaefers Building; Springfield Building; and Park Place Building). For FY 2010-2011 revenues from business activities increased by \$342,938 over FY 2009-2010 (a 16% increase). On a net basis (revenues less expenditures) Business Activities contributed \$4,867,772, or 89%, of the total \$5,473,503 net assets at June 30, 2011.

Business activities revenue totaled \$2,485,489 of the total \$24,756,111 revenues generated from all activities: 73% are from Real Property Management programs and 27% are from the Loan Program. Business-type activities rely upon revenues from charges for services and unrestricted investment earnings.



Capital Assets

The table below categorizes LCOG's Capital Assets, net of accumulated depreciation for Government Activities and Business Type Activities. Overall, total capital assets in FY 2010-2011 declined by approximately 4.8% from FY 2009-2010.

Lane Council of Governments Capital Assets, Net of Accumulated Depreciation

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Land	\$ -	\$ -	\$ 735,830	\$ 735,830	\$ 735,830	\$ 735,830
Buildings and building improvements	-	-	9,701,108	10,218,650	9,701,108	10,218,650
Leasehold improvements	-	-				
Equipment and vehicles	181,448	168,596			181,448	168,596
Total capital assets	<u>\$ 181,448</u>	<u>\$ 168,596</u>	<u>\$10,436,938</u>	<u>\$10,954,480</u>	<u>\$ 10,618,386</u>	<u>\$ 11,123,076</u>

Fund Based Financial Analysis

- Total LCOG fund revenue from all sources and all organizational units for FY 2010-2011 totaled \$30,940,002 which is slightly higher than FY 2009-2010 (\$30,035,429) by \$904,573. This resulted from the combination of an increase in Federal and State funding and In-kind services of \$1,662,116 and a decrease in beginning reserves, local revenues and member dues (\$757,543). (See page 53 for more detail).

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 30, 2011 is \$4,180,439 (up from previous fiscal year by \$1,023,348). Of the total fund balance, 97.7% is non-expendable, restricted and/or committed. The amount of fund balance that is expendable and available for unanticipated changes or losses is \$94,954 or 2.3% of the total fund balance. (See pages 14 – 17 for more detail).

Proprietary Funds

The proprietary funds are comprised of the Springfield Building, the Schaefer's Building, the Park Place Building, and the Loan Programs. Total net assets of these funds at June 30, 2011 is \$4,867,772 (up from previous fiscal year by \$136,611). (See pages 18 – 21 for more detail).

The \$4,867,772 in net assets in these funds is distributed as follows:

Springfield Building	\$ (175,138)
Schaefer's Building	\$ 370,941
Park Place Building	\$2,353,323
Loan Programs	\$2,318,646

Long Term Debt Activity

LCOG had no new loans in FY11.

Economic Factors and Next Year's Budget and Rates

During the preparation of the next year's budget for FY 2011-2012, the long-term impact of the local and state economies was examined in conjunction with business decisions made by LCOG. The following were the major assumptions used in developing the FY 2011-2012 budget:

- FY12 is the first year of the State biennial 11-13 budget which reduces State revenues significantly from the prior biennium (09-11). LCOG Senior and Disabled Services State revenues will be reduced by over \$615,000: funding for the Type B Program (Medicaid) was reduced by \$300,000 and an additional \$315,000 is a decline from projected revenues to be received in FY12. In order to offset this significant loss of revenues, Senior & Disabled Services will be reducing 5.0 FTEs as of 9/2011 and management/support staff will be on a mandated 1.5 days per month furlough (saving 5.25% in personnel services). State and local governments will continue to face budget challenges, limiting the ability of LCOG to find new or increased revenue.
- Employees Association, SEIU employees and non-represented staff salaries will have a 1.0% increase in July, 2011.
- The PERS and OPSRP rates will increase for FY12, 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 about 10% for FY12 due to good experience and the high deductible Health Reimbursement Arrangement (HRA). The LCOG annual contribution to each employee's HRA account will remain at \$1,800.

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:

Robert Swank
Associate Director
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, 2011

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current assets:			
Cash and investments	\$ 3,684,546	\$ 2,815,998	\$ 6,500,544
Accounts receivable	2,124,717	117,343	2,242,060
Current maturities of loans receivable	-	-	-
Accrued interest receivable	-	-	-
Internal balances	-	-	-
Prepaid expense	38,397	87,152	125,549
Total current assets	<u>5,847,660</u>	<u>3,020,493</u>	<u>8,868,153</u>
Noncurrent assets:			
Restricted cash and investments	-	-	-
Loans receivable, net of current maturities	-	2,843,781	2,843,781
Financing costs, net of accumulated amortization	31,071	76,699	107,770
Capital assets, net of accumulated depreciation	181,448	10,436,938	10,618,386
Total noncurrent assets	<u>212,519</u>	<u>13,357,418</u>	<u>13,569,937</u>
 Total assets	 <u>6,060,179</u>	 <u>16,377,911</u>	 <u>22,438,090</u>
LIABILITIES			
Current liabilities:			
Accounts payable	224,024	709	224,733
Accrued payroll and related liabilities	1,282,657	32,099	1,314,756
Accrued interest payable	7,370	44,946	52,316
Unearned revenue	160,540	-	160,540
Compensated absences	807,959	-	807,959
Current maturities of loans payable	83,934	460,422	544,356
Total current liabilities	<u>2,566,484</u>	<u>538,176</u>	<u>3,104,660</u>
Noncurrent liabilities:			
Long-term debt, net of current maturities	2,887,964	10,971,963	13,859,927
Security deposits	-	-	-
Total noncurrent liabilities	<u>2,887,964</u>	<u>10,971,963</u>	<u>13,859,927</u>
 Total liabilities	 <u>5,454,448</u>	 <u>11,510,139</u>	 <u>16,964,587</u>
NET ASSETS			
Invested in capital assets, net of related debt	181,448	2,411,273	2,592,721
Restricted for:			
Telecommunications	2,060,346	-	2,060,346
Grants and Contracts	1,178,783	-	1,178,783
USDA	-	1,255,527	1,255,527
EDA	-	205,535	205,535
Unrestricted	(2,814,846)	995,437	(1,819,409)
 Total net assets	 <u>\$ 605,731</u>	 <u>\$ 4,867,772</u>	 <u>\$ 5,473,503</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, 2011

	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	\$ 124,699	\$ 83,824	\$ -	\$ (40,875)	\$ -	\$ (40,875)
Government services	8,378,779	3,175,427	5,226,311	22,959	-	22,959
Senior and disabled services	13,415,431	3,522,224	10,040,773	147,566	-	147,566
Interest on long-term debt	23,003	-	-	(23,003)	-	(23,003)
Total governmental activities	<u>21,941,912</u>	<u>6,781,475</u>	<u>15,267,084</u>	<u>106,647</u>	<u>-</u>	<u>106,647</u>
Business-type activities:						
Park Place Building	1,207,352	1,112,603	-	-	(94,749)	(94,749)
Springfield Building	263,589	337,921	-	-	74,332	74,332
Schaefers Building	416,690	363,810	-	-	(52,880)	(52,880)
Loan program	436,516	389,379	-	-	(47,137)	(47,137)
Total business-type activities	<u>2,324,147</u>	<u>2,203,713</u>	<u>-</u>	<u>-</u>	<u>(120,434)</u>	<u>(120,434)</u>
Total activities	<u>\$ 24,266,059</u>	<u>\$ 8,985,188</u>	<u>\$ 15,267,084</u>	<u>106,647</u>	<u>(120,434)</u>	<u>(13,787)</u>
General revenues and transfers:						
Unrestricted investment earnings					281,776	281,776
Member dues				222,063	-	222,063
Gain on sale of equipment				(51,260)	-	(51,260)
Transfers				24,631	(24,731)	(100)
Total general revenues and transfers				<u>195,434</u>	<u>257,045</u>	<u>452,479</u>
Change in net assets				302,081	136,611	438,692
Net assets, beginning of year				<u>303,650</u>	<u>4,731,161</u>	<u>5,034,811</u>
Net assets, end of year				<u>\$ 605,731</u>	<u>\$ 4,867,772</u>	<u>\$ 5,473,503</u>

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, 2011**

	General Fund	Tele- Communications	Grants and Contracts	Total Governmental Funds
ASSETS				
Cash and investments	\$ 1,327,291	\$ 2,050,834	\$ 306,421	\$ 3,684,546
Prepaid expenditures	38,397	-	-	38,397
Accounts receivable	79,726	9,512	2,035,479	2,124,717
Due from other funds	-	-	-	-
Restricted cash and investments	-	-	-	-
Total assets	\$ 1,445,414	\$ 2,060,346	\$ 2,341,900	\$ 5,847,660
LIABILITIES AND FUND BALANCES				
Liabilities:				
Due to other funds	\$ -	\$ -	\$ -	\$ -
Accounts payable	6,610	-	217,414	224,024
Accrued payroll and related liabilities	422,191	-	860,466	1,282,657
Deferred revenue	75,303	-	85,237	160,540
Total liabilities	504,104	-	1,163,117	1,667,221
Fund balances:				
Nonspendable	38,397	-	-	38,397
Restricted to:				-
Telecommunications	-	2,060,346	-	2,060,346
Grants and Contracts	-	-	1,178,783	1,178,783
Committed	-	-	-	-
Assigned to Compensated Absences	807,959	-	-	807,959
Unassigned	94,954	-	-	94,954
Total fund balances	941,310	2,060,346	1,178,783	4,180,439
Total liabilities and fund balances	\$ 1,445,414	\$ 2,060,346	\$ 2,341,900	\$ 5,847,660

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, 2011**

Total fund balances - governmental funds		\$ 4,180,439
Capital assets used in governmental funds are not financial resources and therefore are not reported in the funds.		181,448
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.		31,071
Some liabilities are not due and payable in the current period and are therefore not reported in the funds:		
Loans payable	(2,971,898)	
Compensated Absences	(807,959)	
Accrued interest	(7,370)	
	<u>(3,787,227)</u>	<u>(3,787,227)</u>
Net assets of governmental activities		<u>\$ 605,731</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, 2011

	General Fund	Tele- Communications	Grants and Contracts	Total Governmental Funds
Revenues:				
Member agency dues	\$ 222,063	\$ -	\$ -	\$ 222,063
Federal and state grants and contracts	-	-	15,039,837	15,039,837
Other local sources	334,322	1,299,626	5,398,026	7,031,974
In-kind services	-	-	227,247	227,247
Total revenues	556,385	1,299,626	20,665,110	22,521,121
Expenditures:				
Current:				
Board/executive services	124,829	-	-	124,829
Government services	-	1,235,515	7,151,977	8,387,492
Senior and disabled services	-	-	13,429,381	13,429,381
Debt service:				
Principal	225,212	-	-	225,212
Interest	23,004	-	-	23,004
Financing costs	-	-	-	-
Capital outlay	23,099	-	83,401	106,500
Total expenditures	396,144	1,235,515	20,664,759	22,296,418
Revenues over (under) expenditures	160,241	64,111	351	224,703
Other financing sources (uses):				
Transfers In	209,864	-	97,930	307,794
Transfers Out	(214,595)	-	(68,568)	(283,163)
Total other financing sources (uses)	(4,731)	-	29,362	24,631
Net change in fund balances	155,510	64,111	29,713	249,334
Fund balances, beginning of year	785,800	1,996,235	1,149,070	3,931,105
Fund balances, end of year	\$ 941,310	\$ 2,060,346	\$ 1,178,783	\$ 4,180,439

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, 2011**

Net change in fund balances - governmental funds	\$ 249,334
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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	106,500
Loss on sale of assets	(51,260)
Depreciation expense	(42,388)

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	69,233
Changes in Compensated Absences	(33,213)

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	3,875

Change in net assets of government activities	\$ 302,081
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The accompanying notes are an integral part of the financial statements.

LANE COUNCIL OF GOVERNMENTS
STATEMENT OF NET ASSETS (DEFICIT)
PROPRIETARY FUNDS
June 30, 2011

	Park Place Building	Springfield Building	Schaefers Building	Loan Programs	Total
ASSETS					
Current assets:					
Cash and investments	\$ (9,576)	\$ (45,333)	\$ (3,450)	\$ 2,874,357	\$ 2,815,998
Accounts receivable	21,895	45,333	5,000	45,115	117,343
Current maturities of loans receivable	-	-	-	-	-
Accrued interest receivable	-	-	-	-	-
Prepaid expense	25,354	52,548	9,250	-	87,152
Total current assets	<u>37,673</u>	<u>52,548</u>	<u>10,800</u>	<u>2,919,472</u>	<u>3,020,493</u>
Noncurrent assets:					
Restricted cash and investments	-	-	-	-	-
Loans receivable, net of current maturities	-	-	-	2,843,781	2,843,781
Deferred finance costs	55,659	14,187	6,853	-	76,699
Capital assets, net of accumulated depreciation	8,238,350	835,328	1,363,260	-	10,436,938
Total noncurrent assets	<u>8,294,009</u>	<u>849,515</u>	<u>1,370,113</u>	<u>2,843,781</u>	<u>13,357,418</u>
Total assets	<u>8,331,682</u>	<u>902,063</u>	<u>1,380,913</u>	<u>5,763,253</u>	<u>16,377,911</u>
LIABILITIES					
Current liabilities:					
Due to other funds	-	-	-	-	-
Accounts payable	-	-	-	18,231	18,231
Accrued payroll and related liabilities	12,318	-	1,550	709	14,577
Accrued interest payable	21,567	2,275	2,157	18,947	44,946
Unearned revenue	-	-	-	-	-
Current maturities of loans payable	181,628	31,164	27,862	219,768	460,422
Total current liabilities	<u>215,513</u>	<u>33,439</u>	<u>31,569</u>	<u>257,655</u>	<u>538,176</u>
Noncurrent liabilities:					
Long-term debt, net of current maturities	5,762,846	1,043,762	978,403	3,186,952	10,971,963
Security deposits	-	-	-	-	-
Total noncurrent liabilities	<u>5,762,846</u>	<u>1,043,762</u>	<u>978,403</u>	<u>3,186,952</u>	<u>10,971,963</u>
Total liabilities	<u>5,978,359</u>	<u>1,077,201</u>	<u>1,009,972</u>	<u>3,444,607</u>	<u>11,510,139</u>
NET ASSETS (DEFICIT)					
Invested in capital assets, net of related debt	2,293,876	(239,598)	356,995	-	2,411,273
Restricted by USDA	-	-	-	-	-
Restricted by EDA	-	-	-	-	-
Unrestricted	59,447	64,460	13,946	2,318,646	2,456,499
Total net assets (deficit)	<u>\$ 2,353,323</u>	<u>\$ (175,138)</u>	<u>\$ 370,941</u>	<u>\$ 2,318,646</u>	<u>\$ 4,867,772</u>

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, 2011

	Park Place Building	Springfield Building	Schaefers Building	Loan Programs	Total
Operating revenues:					
Charges for services	\$ -	\$ -	\$ -	\$ 285,588	\$ 285,588
Rent	1,112,603	337,921	363,810	-	1,814,334
State revenue	-	-	-	-	-
Other	-	-	-	103,791	103,791
Total operating revenues	<u>1,112,603</u>	<u>337,921</u>	<u>363,810</u>	<u>389,379</u>	<u>2,203,713</u>
Operating expenses:					
Personal services	34,920	433	32,041	303,070	370,464
Materials and services	371,591	146,644	222,594	98,614	839,443
Provisions for loan losses	-	-	-	-	-
Principal/Interest on loans	-	-	-	-	-
Depreciation	381,945	39,368	107,698	-	529,011
Total operating expenses	<u>788,456</u>	<u>186,445</u>	<u>362,333</u>	<u>401,684</u>	<u>1,738,918</u>
Operating income	<u>324,147</u>	<u>151,476</u>	<u>1,477</u>	<u>(12,305)</u>	<u>464,795</u>
Nonoperating revenues (expenses):					
Interest income	-	-	-	281,776	281,776
Federal revenue	-	-	-	-	-
Finance costs	(17,209)	(2,558)	(1,209)	-	(20,976)
Interest expense	<u>(401,687)</u>	<u>(74,586)</u>	<u>(53,148)</u>	<u>(34,832)</u>	<u>(564,253)</u>
Total nonoperating revenues (expenses)	<u>(418,896)</u>	<u>(77,144)</u>	<u>(54,357)</u>	<u>246,944</u>	<u>(303,453)</u>
Income (loss) before transfers and capital contributions	(94,749)	74,332	(52,880)	234,639	161,342
Capital contributions	-	-	-	-	-
Transfers in	116,665	-	-	-	116,665
Transfers out	<u>-</u>	<u>(103,442)</u>	<u>(37,954)</u>	<u>-</u>	<u>(141,396)</u>
Change in net assets	21,916	(29,110)	(90,834)	234,639	136,611
Net assets (deficit), beginning of year	<u>2,331,407</u>	<u>(146,028)</u>	<u>461,775</u>	<u>2,084,007</u>	<u>4,731,161</u>
Net assets (deficit), end of year	<u>\$ 2,353,323</u>	<u>\$ (175,138)</u>	<u>\$ 370,941</u>	<u>\$ 2,318,646</u>	<u>\$ 4,867,772</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, 2011

	Park Place Building	Springfield Building	Schaefers Building	Loan Programs	Total
Cash received from customers	\$ 1,095,896	\$ 320,230	\$ 358,810	\$ 364,202	\$ 2,139,138
Cash paid to suppliers	(365,955)	(137,886)	(214,167)	(98,754)	(816,762)
Cash paid to employees	(34,920)	(433)	(32,041)	(303,070)	(370,464)
Net cash provided (used) by operating activities	695,021	181,911	112,602	(37,622)	951,912
Loans received from USDA					-
Principal paid to USDA				(171,288)	(171,288)
Changes in loans receivable and accrued interest				484,062	484,062
Changes in due to/ due from other funds	(292,554)	(32,229)	(5,873)	(18,970)	(349,626)
Transfers in/out	116,665	(103,442)	(37,954)		(24,731)
Net cash provided (used) by non-capital financing activities	(175,889)	(135,671)	(43,827)	293,804	(61,583)
Purchases of capital assets					-
Loan proceeds	(11,468)				(11,468)
Cash paid for financing costs	(9,487)	-	-		(9,487)
Principal paid on bank loans	(176,865)	(20,724)	(26,434)		(224,023)
Interest paid on bank loans	(401,687)	(74,586)	(53,148)	(34,832)	(564,253)
Change in accrued interest	(5,616)	(850)	(48)	(952)	(7,466)
Net cash used by capital and related financing activities	(605,123)	(96,160)	(79,630)	(35,784)	(816,697)
Purchase of investments					-
Proceeds from investments					-
Earnings on investments			-	281,776	281,776
Net cash provided (used) by investing activities	-	-	-	281,776	281,776
Net increase (decrease) in cash and cash equivalents	(85,991)	(49,920)	(10,855)	502,174	355,408
Cash and cash equivalents, beginning of year	76,415	4,587	7,405	2,372,183	2,460,590
Cash and cash equivalents, end of year	\$ (9,576)	\$ (45,333)	\$ (3,450)	\$ 2,874,357	\$ 2,815,998

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

**LANE COUNCIL OF GOVERNMENTS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS, (CONTINUED)
For the Year Ended June 30, 2011**

	Park Place Building	Springfield Building	Schaefers Building	Loan Programs	Total
Reconciliation of operating income to net cash provided (used) by operating activities:					
Operating income	\$ 324,147	\$ 151,476	\$ 1,477	\$ (12,305)	\$ 464,795
Adjustments to reconcile operating income to net cash provided (used) by operating activities:					
Miscellaneous adjustments		-	-	-	-
Depreciation	381,945	39,368	107,698	-	529,011
Loan losses	-	-	-	-	-
Chargeoff against loan reserves					-
(Increase) decrease in:					
Interest receivable	-	-	-	-	-
Accounts receivable	221,322	(17,691)	(5,000)	(25,177)	173,454
Prepaid expense	9,487	8,758	8,409		26,654
Loan receivable	-	-	-		-
Increase (decrease) in:					
Deferred revenue	(227,120)	-	-		(227,120)
Security accounts payable	(10,909)	-	-		(10,909)
Accrued interest payable	-	-	-		-
Accounts payable	(3,851)	-	-	(140)	(3,991)
Accrued payroll and related liabilities	-	-	18		18
Net cash provided (used) by operating activities	<u>\$ 695,021</u>	<u>\$ 181,911</u>	<u>\$ 112,602</u>	<u>\$ (37,622)</u>	<u>\$ 951,912</u>

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

LANE COUNCIL OF GOVERNMENTS
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
June 30, 2011

	Agency Funds
ASSETS	
Cash and investments	\$ 1,154,854
Accounts receivable	<u>-</u>
Total assets	<u><u>\$ 1,154,854</u></u>
LIABILITIES	
Accounts payable	\$ -
Due to other agencies	<u>1,154,854</u>
Total liabilities	<u><u>\$ 1,154,854</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.

LANE COUNCIL OF GOVERNMENTS

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.

LANE COUNCIL OF GOVERNMENTS
NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies, Continued:

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

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

LCOG has the following major governmental funds:

- General Fund – This is the general operating fund of LCOG, used to account for all revenues and expenditures not properly accounted for in another fund. The major revenue sources are dues paid by member government agencies and 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.

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.

LANE COUNCIL OF GOVERNMENTS

NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies, Continued:

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.

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 nonoperating 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.

LANE COUNCIL OF GOVERNMENTS

NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies, Continued:

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.”

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. 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.

LANE COUNCIL OF GOVERNMENTS
NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies, Continued:

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.

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.

LANE COUNCIL OF GOVERNMENTS

NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies, Continued:

Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for a specific purpose. Designations of fund balance represent tentative management plans.

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.

LANE COUNCIL OF GOVERNMENTS
NOTES TO THE FINANCIAL STATEMENTS

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.

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, 2011 consisted of the following:

Petty cash	\$ 200
Demand Deposits	2,553,530
Money Market Accounts	1,920,981
Certificates of Deposit	1,448,599
Cash with Fiscal Agent	29,313
Local Government Investment Pool *	<u>1,702,775</u>
Total Cash and Investments:	<u>\$ 7,655,399</u>

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

Governmental Activities	\$ 3,684,546
Business-Type Activities	2,815,999
Fiduciary Funds	<u>1,154,854</u>
Total Cash and Investments:	<u>\$ 7,655,399</u>

LANE COUNCIL OF GOVERNMENTS
NOTES TO THE FINANCIAL STATEMENTS

4. Cash and Investments, Continued:

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, 2011, 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 \$5,874,419. Of this, \$3,280,005 was insured and the remaining \$2,594,414 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.

LCOG's only investments at June 30, 2011, 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, 2011, LCOG's only investments were in the Local Government Investment Pool.

LANE COUNCIL OF GOVERNMENTS
NOTES TO THE FINANCIAL STATEMENTS

5. Accounts Receivable:

	<u>Grants and Contracts</u>	<u>System User Accounts</u>	<u>Other</u>	<u>Total</u>
Governmental funds:				
General Fund	\$ -	\$ -	\$ 79,726	\$ 79,726
Telecommunications	-	9,512	-	9,512
Grants and Contracts	2,035,479	-	-	2,035,479
Other Nonmajor	-	-	-	-
Total governmental	<u>\$ 2,035,479</u>	<u>\$ 9,512</u>	<u>\$ 79,726</u>	<u>\$ 2,124,717</u>
Proprietary funds:				
Springfield Building	-	-	\$ 21,895	\$ 21,895
Park Place Building	-	-	45,333	45,333
Schaefers Building	-	-	5,000	5,000
Loan Programs	-	-	45,115	45,115
Total proprietary	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 117,343</u>	<u>\$ 117,343</u>
Total	<u>\$ 2,035,479</u>	<u>\$ 9,512</u>	<u>\$ 197,069</u>	<u>\$ 2,242,060</u>

Receivables that have not been cleared by 12/31 and have been deemed as non-collectible are written off; revenues will be adjusted accordingly.

LANE COUNCIL OF GOVERNMENTS
NOTES TO THE FINANCIAL STATEMENTS

6. Capital Assets:

<u>Governmental Activities:</u>	Balance Beginning of Year	Additions	(Deletions)	Balance End Of Year
Fixed Assets				
Leasehold Improvements	88,893	-	(10,651)	78,242
Vehicles	91,252	51,867	(39,942)	103,177
Furniture & Equipment	954,916	54,633	(419,449)	590,100
Total	1,135,061	106,500	(470,042)	771,519
Accumulated Depreciation				
Leasehold Improvements	88,893	-	(10,651)	78,242
Vehicles	59,489	11,035	(39,942)	30,582
Furniture & Equipment	818,083	31,353	(378,840)	470,596
Total	966,465	42,388	(418,782)	579,420
Total Net Capital Assets	168,596			192,099

<u>Business-Type Activities:</u>	Balance Beginning of Year	Additions	(Deletions)	Balance End Of Year
Fixed Assets				
Land & Land Improvements	735,830	-	-	735,830
Buildings	8,244,877	-	-	8,244,877
Improvements	5,009,702	11,468	(7,618)	5,013,552
Total	13,990,409	11,468	(7,618)	13,994,259
Accumulated Depreciation				
Buildings	1,255,526	211,349	-	1,466,875
Improvements	1,780,402	317,662	(7,618)	2,090,446
Total	3,035,928	529,011	(7,618)	3,557,321
Total Net Capital Assets	10,954,481			10,436,938

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

LANE COUNCIL OF GOVERNMENTS
NOTES TO THE FINANCIAL STATEMENTS

6. Capital Assets, Continued:

Depreciation expense was charged to LCOG functions as follows:

Governmental activities:

Board/Executive	\$ 241
Government Services	16,203
Senior and Disabled	<u>25,944</u>

Total depreciation	<u>42,388</u>
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Business-type activities:

Schaefer's Building	107,698
Springfield Building	39,368
Park Place Building	381,945
Loan Programs	<u> </u>

Total depreciation	<u>529,011</u>
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Total depreciation expense	<u><u>\$ 571,399</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 43 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	\$3,080,981
Allowance for loan losses	<u>(237,200)</u>
Loans receivable, net of allowance for loan losses	2,843,781
Amounts due within one year	<u>(173,001)</u>
Loans receivable, noncurrent	<u><u>\$2,670,780</u></u>

Included in the above are loans receivable with a carrying value of \$2,232,597, 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	\$ 281,400
Net change in estimate	(44,200)
Write-offs of uncollectible loans	-
Recovery of amounts previously charged off	<u>-</u>
Balance, end of the year	<u><u>\$ 237,200</u></u>

LANE COUNCIL OF GOVERNMENTS
NOTES TO THE FINANCIAL STATEMENTS

7. Loan Programs, Continued:

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.

8. Long-term Debt:

Principal

Long-term Debt - Governmental Activities

\$1,888,219 (62.94% of \$3,000,000 Umpqua Bank loan). This represents amounts borrowed against the Schaefer's Building which are being used as working capital; monthly payments of \$11,270 through February 2012, including interest at 5.125%; beginning March 2012 the interest rate will be adjusted to 66% of the sum of the bank's index rate (currently 4.25%) plus 3%, monthly payments through January 2017 to be re-amortized; final principal and interest payment of \$1,494,837 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.

\$ 1,709,015

\$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 \$9,415 through June 2011, including interest at 6.75%; beginning July 2011 the interest rate will be adjusted to 5.5%, monthly payments through October 2017 to be re-amortized; final principal and interest payment of \$1,076,897 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.

1,262,881

Total long-term debt for governmental activities

2,971,898

Amounts due within one year

(83,934)

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

\$ 2,887,964

LANE COUNCIL OF GOVERNMENTS
NOTES TO THE FINANCIAL STATEMENTS

8. Long-term Debt, Continued:

Long-term Debt - Business-type Activities

Principal

\$1,111,781 (37.06% of \$3,000,000 Umpqua Bank loan). This represents the portion of the loan proceeds required to pay off the 1993 revenue bonds used to purchase the Schaefer's Building; monthly payments of \$6,636 through February 2012, including interest at 5.125%; beginning March 2012 the interest rate will be adjusted to 66% of the sum of the bank's index rate (currently 4.25%) plus 3%, monthly payments through January 2017 to be re-amortized; final principal and interest payment of \$880,159 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.*

1,006,265

\$1,149,503 (45.98% of \$2,500,000 Umpqua Bank loan). This represents the portion of the loan proceeds required to pay off the 2002 Wells Fargo Bank loan to purchase the Springfield Building; monthly payments of \$8,013 through June 2011; including interest at 6.75%; beginning July 2011, the interest rate will be adjusted to 5.5%, monthly payments through October 2017 to be re-amortized; final principal and interest payment of \$916,624 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.

1,074,926

\$5,500,000 Umpqua Bank loan; \$4,750,000 dated January 3, 2008 and increased by \$750,000 on April 6, 2009; to purchase the Park Place Building and pay for LCOG office improvements; monthly payments of \$38,437 through June 2011, including interest at 6.75%; beginning July 2011 the interest rate will be adjusted to 5.5%, monthly payments through March 2019 to be reamortized; final payment of \$4,587,944 due April 2019; secured by real property, building fixtures, and the pledge of future income from tenant rents; subject to a covenant to maintain a current ratio of at least 1.25 or a ratio of 1.2 of cash flow to debt service during each 12 month period ending June 30.*

5,312,839

\$219,963 Umpqua Bank loan dated May 20, 2010; to pay for tenant improvements; monthly payments of \$4,377 through April 2015, including interest at 7.00%; final principal and interest payment of approximately \$46,349 due May 2015; secured by real property, building fixtures, and the pledge of future income from tenant rents; subject to a covenant to maintain a current ratio of at least 1.25 or a ratio of 1.2 of cash flow to debt service during each 12 month period ending June 30.

178,266

\$550,000 Wells Fargo loan; dated June 9, 2009; to fund LCOG office improvements in the Park Place Building. Biannual payments of \$35,202 through February, 2019, including interest at 5.35%; secured by real property and City of Eugene guarantee; cash reserve in escrow with U.S. Bank of \$70,370 (current market value at June 30, 2011).

453,369

\$2,000,000 USDA loan; dated October 25, 1995; annual principal and interest payments of \$84,900 through October 2025; interest rate of 1.00%; secured by portfolio of investments derived from the proceeds of the loan.

1,176,287

LANE COUNCIL OF GOVERNMENTS
NOTES TO THE FINANCIAL STATEMENTS

8. <u>Long-term Debt</u> , Continued:	<u>Principal</u>
<u>Long-term Debt - Business-type Activities</u> , Continued:	
\$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 LCOG's Intermediary Relending Program revolving fund, and all chattel paper, accounts receivable, contract rights, general intangibles, gross receipts, income, and revenue derived therefrom.	660,145
\$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 LCOG's Intermediary Relending Program revolving fund, and all chattel paper, accounts receivable, contract rights, general intangibles, gross receipts, income, and revenue derived therefrom.	366,016
\$400,000 USDA loan; dated July 30, 2001; annual principal and interest payments of \$16,980 through July 2031; interest rate of 1.00%; secured by the rights to and revenues of LCOG's Intermediary Relending Program revolving fund; and all chattel paper, accounts receivable, contract rights, general intangibles, gross receipts, income, and revenue derived therefrom.	319,986
\$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 LCOG's Intermediary Relending Program revolving fund, and all chattel paper, accounts receivable, contract rights, general intangibles, gross receipts, income, and revenue derived therefrom.	417,078
\$500,000 USDA loan; dated June 29, 2006; annual principal and interest payments of \$21,223 through June 2036, interest rate of 1.00%; secured by the rights to and revenues of LCOG's Intermediary Relending Program revolving fund, and all chattel paper, accounts receivable, contract rights, general intangibles, gross receipts, income, and revenue derived therefrom.	<u>467,208</u>
Total long-term debt for business-type activities	11,432,385
Amounts due within one year	<u>(460,422)</u>
Long-term debt, net of current maturities - business-type activities	\$ <u>10,971,963</u>

LANE COUNCIL OF GOVERNMENTS
NOTES TO THE FINANCIAL STATEMENTS

8. Long-term Debt, Continued:

Long-term Debt Transactions – Governmental Activities

	Principal				
	<u>Outstanding Beginning</u>	<u>Additional Borrowings</u>	<u>Repaid</u>	<u>Outstanding Ending</u>	<u>Due Within One Year</u>
Umpqua Bank loan (Schaefer's Building)	\$ 1,753,903	-	\$ (45,887)	\$ 1,709,016	\$ 47,320
Umpqua Bank loan (Springfield Building)	<u>1,287,228</u>	<u>-</u>	<u>(24,346)</u>	<u>1,262,882</u>	<u>36,614</u>
	<u>\$ 3,041,131</u>	<u>\$ -</u>	<u>\$ (69,233)</u>	<u>\$ 2,971,898</u>	<u>\$ 83,934</u>
	Interest				
	<u>Outstanding Beginning</u>	<u>Matured</u>	<u>Paid</u>	<u>Outstanding Ending</u>	
Umpqua Bank loan (Schaefer's Building)	-	89,356	(89,356)	-	
Umpqua Bank loan (Springfield Building)	<u>-</u>	<u>85,482</u>	<u>(85,482)</u>	<u>-</u>	
	<u>\$ -</u>	<u>\$ 174,838</u>	<u>\$ (174,838)</u>	<u>\$ -</u>	

LANE COUNCIL OF GOVERNMENTS
NOTES TO THE FINANCIAL STATEMENTS

8. Long-term Debt, Continued:

Long-term Debt Transactions – Business-type Activities

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Park Place Umpqua Bank Loan	216,698	-	38,432	178,266	41,511
Wells Fargo Bank	497,730	-	44,361	453,369	46,767
Schaefer's Umpqua Bank	1,032,848	-	26,583	1,006,265	27,862
Springfield Umpqua Bank	1,096,690	-	21,764	1,074,926	31,164
Park Place Umpqua Bank	5,406,911	-	94,072	5,312,839	140,117
\$2,000,000 USDA	1,248,704	-	72,417	1,176,287	73,140
\$1,000,000 USDA	695,635	-	35,490	660,145	35,845
\$478,000 USDA	382,492	-	16,476	366,016	16,640
\$400,000 USDA	333,628	-	13,642	319,986	13,779
\$500,000 USDA	433,957	-	16,879	417,078	17,048
\$500,000 USDA	483,592	-	16,384	467,208	16,549
Total Long-term Liabilities	11,828,885	-	396,500	11,432,385	460,422

	Interest			
	Outstanding Beginning	Matured	Paid	Outstanding Ending
Umpqua Bank loan (Park Place)	\$ -	\$14,031	\$ (14,031)	\$ -
Wells Fargo Bank loan	-	26,043	(26,043)	-
Umpqua Bank loan (Schaefer's)	-	52,612	(52,612)	-
Umpqua Bank loan (Springfield)	-	72,760	(72,760)	-
Umpqua Bank loan (Park Place)	-	364,153	(364,153)	-
\$2,000,000 USDA loan	-	12,419	(12,419)	-
\$1,000,000 USDA loan	-	7,014	(7,014)	-
\$478,000 USDA loan	-	3,814	(3,814)	-
\$400,000 USDA loan	-	3,373	(3,373)	-
\$500,000 USDA loan	-	4,291	(4,291)	-
\$500,000 USDA loan	-	4,823	(4,823)	-
	\$ -	\$ 565,333	\$(565,333)	\$ -

LANE COUNCIL OF GOVERNMENTS
NOTES TO THE FINANCIAL STATEMENTS

8. Long-term Debt, Continued:

Total interest expense for the year was \$740,171. This consisted of \$174,838 reported in the governmental activities and \$565,333 included as a direct expense in the proprietary funds. No interest was capitalized for the year.

Annual Debt Service Requirements to Maturity – Governmental Activities

	<u>Principal</u>	<u>Interest</u>
Fiscal year ending:		
2012	\$ 83,934	\$ 152,066
2013	83,288	152,713
2014	87,852	148,149
2015	92,668	143,333
2016	97,367	138,635
2017 - 2019	<u>2,526,789</u>	<u>145,707</u>
	<u>\$ 2,971,898</u>	<u>\$ 880,603</u>

Annual Debt Service Requirements to Maturity – Business-type Activities

	<u>Principal</u>	<u>Interest</u>
Fiscal year ending:		
2012	\$ 460,422	\$ 445,305
2013	451,165	454,562
2014	469,135	436,593
2015	481,914	417,660
2016	454,378	398,823
2017- 2019	7,142,086	980,997
2020 - 2024	955,597	79,773
2025 - 2029	703,058	33,619
2030 - 2034	273,005	8,818
2035 - 2036	<u>41,625</u>	<u>628</u>
	* <u>\$11,432,385</u>	<u>\$ 3,256,778</u>

* Detail to total principal:

\$ 3,406,720 Business Loans
\$ 8,025,665 Building Loans
 \$11,432,385

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	\$ 214,595	\$ 209,864
Telecommunications Fund	0	0
Grants and Contracts Fund	68,568	97,930
Springfield Building Fund	103,442	0
Schaefer's Building Fund	37,954	0
Park Place Building Fund	-	116,665
Loan Programs Fund	<u>-</u>	<u>-</u>
	<u>\$ 424,459</u>	<u>\$ 424,459</u>

LANE COUNCIL OF GOVERNMENTS
NOTES TO THE FINANCIAL STATEMENTS

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. 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 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.

LANE COUNCIL OF GOVERNMENTS
NOTES TO THE FINANCIAL STATEMENTS

10. Pension Plan, Continued:

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 \$573,870 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.

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)	<u>Percent Contributed</u>
	PERS	OPSRP		
2009	10.93%	13.72%	\$ 987,656	100%
2010	7.98%	9.03%	\$ 727,959	100%
2011	7.98%	9.03%	\$ 793,248	100%

The required OPERS contributions for the current year were based on an actuarial valuation as of December 31, 2007. 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, 2011, 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.

LANE COUNCIL OF GOVERNMENTS
NOTES TO THE 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
Schaefers Building (see note #13)	<u>188,280</u>
Total	\$ <u>822,764</u>

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>	
2012	\$ 102,714
2013	89,779
2014	51,731
2015	52,728
2016	50,981
2017-2018	<u>39,600</u>
Total	\$ <u>387,533</u>

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

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

LANE COUNCIL OF GOVERNMENTS
NOTES TO THE FINANCIAL STATEMENTS

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

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 2011-2012 will be \$400,000 from third party tenants and \$486,072 from LCOG occupancy.

Minimum rental income on noncancellable leases is:

<u>June 30</u>	
2012	\$ 874,747
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>
	<u>\$ 3,867,663</u>

Total

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 are 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.

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.

**LANE COUNCIL OF GOVERNMENTS
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
For the Year Ended June 30, 2011**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
Revenues:			
Local revenues:			
Member agency dues	\$ 232,209	\$ 222,063	\$ (10,146)
Interest income	4,000	4,010	10
Overhead carryforward	250,498	250,498	-
Equipment reimbursement	9,805	9,805	-
Improvement reimbursement	-	-	-
Interest reimbursement	-	-	-
Other local sources	25,400	30,265	4,865
Miscellaneous	<u>22,000</u>	<u>39,744</u>	<u>17,744</u>
Total local revenues	<u>543,912</u>	<u>556,385</u>	<u>12,473</u>
Expenditures:			
General services:			
Personal services	35,688	27,401	(8,287)
Support services	87,532	170,612	83,080
Materials and services	14,500	(26,555)	(41,055)
Leave expense	-	(46,629)	(46,629)
Capital outlay	23,100	23,099	(1)
Debt service	<u>248,214</u>	<u>248,216</u>	<u>2</u>
Total expenditures	<u>409,034</u>	<u>396,144</u>	<u>(12,890)</u>
Revenues over (under) expenditures	<u>134,878</u>	<u>160,241</u>	<u>25,363</u>
Other financing sources (uses):			
Transfers In	201,257	209,864	8,607
Transfers Out	<u>(119,050)</u>	<u>(214,595)</u>	<u>(95,545)</u>
Total other financing sources (uses)	<u>82,207</u>	<u>(4,731)</u>	<u>(86,938)</u>
Change in fund balance	217,085	155,510	(61,575)
Prior Period Adjustment	-	774,746	
Fund balance, beginning of year	<u>7,031</u>	<u>11,054</u>	<u>4,023</u>
Fund balance, end of year	<u><u>\$ 224,116</u></u>	<u><u>\$ 941,310</u></u>	<u><u>\$ 717,194</u></u>

**LANE COUNCIL OF GOVERNMENTS
TELECOMMUNICATIONS
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
For the Year Ended June 30, 2011**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
Revenues:			
Local sources	\$ 1,267,544	\$ 1,299,626	\$ 32,082
Total revenues	<u>1,267,544</u>	<u>1,299,626</u>	<u>32,082</u>
Expenditures:			
Technology services:			
Services by other organizations	<u>1,253,004</u>	<u>1,235,515</u>	<u>(17,489)</u>
Total expenditures	<u>1,253,004</u>	<u>1,235,515</u>	<u>(17,489)</u>
Revenues over (under) expenditures	<u>14,540</u>	<u>64,111</u>	<u>49,571</u>
Other financing sources (uses):			
Transfers In	-	-	-
Transfers Out	<u>(31,531)</u>	<u>-</u>	<u>31,531</u>
Total other financing (uses)	<u>(31,531)</u>	<u>-</u>	<u>31,531</u>
Change in fund balance	(16,991)	64,111	81,102
Fund balance, beginning of year	<u>1,996,235</u>	<u>1,996,235</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ 1,979,244</u></u>	<u><u>\$ 2,060,346</u></u>	<u><u>\$ 81,102</u></u>

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, 2011

	Budget	Actual	Variance Over (Under)
Revenues:			
Federal and state grants and contracts	\$ 18,237,679	\$ 15,039,837	\$ (3,197,842)
Local sources	5,855,792	5,398,026	(457,766)
In-kind services	73,679	227,247	153,568
	<u>24,167,150</u>	<u>20,665,110</u>	<u>(3,502,040)</u>
Total revenues			
Expenditures:			
Government services:			
Personal services	3,718,773	3,719,065	292
Support services	1,643,491	1,660,238	16,747
Materials and services	4,798,646	1,734,063	(3,064,583)
Services by other organizations	-	38,611	38,611
Capital outlay	73,341	18,495	(54,846)
	<u>10,234,251</u>	<u>7,170,472</u>	<u>(3,063,779)</u>
Senior and disabled services:			
Personal services	9,323,716	9,027,293	(296,423)
Support services	2,006,832	1,946,371	(60,461)
Materials and services	1,899,921	1,733,172	(166,749)
Services by other organizations	669,237	722,545	53,308
Capital outlay	51,867	64,906	13,039
	<u>13,951,573</u>	<u>13,494,287</u>	<u>(457,286)</u>
Total expenditures			
	<u>24,185,824</u>	<u>20,664,759</u>	<u>(3,521,065)</u>
Revenues over (under) expenditures	<u>(18,674)</u>	<u>351</u>	<u>19,025</u>
Other financing sources (uses):			
Transfers In	63,304	97,930	34,626
Transfers Out	(32,846)	(68,568)	(35,722)
Total other financing sources or uses	<u>30,458</u>	<u>29,362</u>	<u>(1,096)</u>
Change in fund balance	11,784	29,713	17,929
Fund balance, beginning of year	<u>1,149,096</u>	<u>1,149,070</u>	<u>(26)</u>
Fund balance, end of year	<u>\$ 1,160,880</u>	<u>\$ 1,178,783</u>	<u>\$ 17,903</u>

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, 2011**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
Revenues:			
Rents	\$ 902,165	\$ 885,483	\$ (16,682)
Interest earned	-	-	-
	<u>902,165</u>	<u>885,483</u>	<u>(16,682)</u>
Total revenues			
Expenditures:			
Personal services	24,263	22,418	(1,845)
Support services	13,531	12,502	(1,029)
Materials and services	356,012	371,591	15,579
Capital outlay	11,468	11,468	-
Debt service	584,168	584,169	1
	<u>989,442</u>	<u>1,002,148</u>	<u>12,706</u>
Total expenditures			
Revenues over (under) expenditures	<u>(87,277)</u>	<u>(116,665)</u>	<u>(29,388)</u>
Other financing sources (uses):			
Loan Proceeds	-	-	-
Transfers In	87,277	116,665	29,388
	<u>87,277</u>	<u>116,665</u>	<u>29,388</u>
Total other financing sources (uses)			
Change in fund balance	(0)	-	0
Fund balance, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, end of year	<u>\$ (0)</u>	<u>-</u>	<u>\$ 0</u>
Reconciliation to GAAP basis:			
Bank loans payable		(5,944,474)	
Capital assets, net of accumulated depreciation		8,238,350	
Refinance costs, net of accumulated amortization		55,659	
Accrued interest payable		(21,567)	
Prepaid expenses		25,354	
Deferred revenue		<u>-</u>	
Net assets, end of year		<u>\$ 2,353,322</u>	

**LANE COUNCIL OF GOVERNMENTS
SPRINGFIELD BUILDING
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
For the Year Ended June 30, 2011**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
Revenues:			
Rents	\$ 339,994	\$ 337,921	\$ (2,073)
Interest earned	-	-	-
	<u>339,994</u>	<u>337,921</u>	<u>(2,073)</u>
Total revenues			
Expenditures:			
Personal services	288	278	(10)
Support services	161	155	(6)
Materials and services	141,444	137,886	(3,558)
Capital outlay	-	-	-
Debt service	96,161	96,160	(1)
	<u>238,054</u>	<u>234,479</u>	<u>(3,575)</u>
Total expenditures			
Revenues over (under) expenditures	<u>101,940</u>	<u>103,442</u>	<u>1,502</u>
Other financing sources (uses):			
Loan proceeds	-	-	-
Operating transfer out	(101,940)	(103,442)	(1,502)
	<u>(101,940)</u>	<u>(103,442)</u>	<u>(1,502)</u>
Total other financing sources (uses)			
Change in fund balance	-	-	-
Fund balance, beginning of year	-	-	-
Fund balance, end of year	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Reconciliation to GAAP basis:			
Bank loans payable		(1,074,926)	
Capital assets, net of accumulated depreciation		835,328	
Refinance costs, net of accumulated amortization		14,187	
Accrued interest payable		(2,275)	
Prepaid expense		<u>52,548</u>	
Net assets (deficit), end of year		<u>\$ (175,138)</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, 2011**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
Revenues:			
Rents	\$ 363,333	\$ 363,810	\$ 477
Interest earned	-	-	-
	<u>363,333</u>	<u>363,810</u>	<u>477</u>
Total revenues			
Expenditures:			
Personal services	15,510	20,570	5,060
Support services	8,650	11,471	2,821
Materials and services	193,073	214,185	21,112
Capital outlay	-	-	-
Debt service	79,630	79,630	-
	<u>296,863</u>	<u>325,856</u>	<u>28,993</u>
Total expenditures			
Revenues over (under) expenditures	<u>66,470</u>	<u>37,954</u>	<u>(28,516)</u>
Other financing sources (uses):			
Operating transfer out	<u>(66,470)</u>	<u>(37,954)</u>	<u>28,516</u>
	<u>(66,470)</u>	<u>(37,954)</u>	<u>28,516</u>
Total other financing sources (uses)			
Change in fund balance	-	-	-
Fund balance, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, end of year	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Reconciliation to GAAP basis:			
Banks loans payable		(1,006,265)	
Capital assets, net of accumulated depreciation		1,363,260	
Financing costs, net of accumulated amortization		6,853	
Accrued interest payable		(2,157)	
Prepaid expense-lease negotiation fee		<u>9,250</u>	
Net assets, end of year		<u>\$ 370,941</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, 2011**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
Revenues:			
Principal received on loans	\$ 400,000	\$ 617,369	\$ 217,369
Federal revenue	99,999	99,999	-
Loan fees	307,237	285,588	(21,649)
Local revenues	-	3,792	3,792
State revenue	-	-	-
Interest earned	<u>242,572</u>	<u>234,930</u>	<u>(7,642)</u>
Total revenues	<u>1,049,808</u>	<u>1,241,678</u>	<u>191,870</u>
Expenditures:			
Personal services	134,148	194,565	60,417
Support services	74,812	108,505	33,693
Materials and services	137,876	98,614	(39,262)
Loans made	499,999	100,000	(399,999)
Debt service	<u>210,000</u>	<u>207,072</u>	<u>(2,928)</u>
Total expenditures	<u>1,056,835</u>	<u>708,756</u>	<u>(348,079)</u>
Revenues over (under) expenditures	<u>(7,027)</u>	<u>532,922</u>	<u>539,949</u>
Other financing sources (uses):			
Operating transfer in	-	-	-
Operating transfer out	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Change in fund balance	(7,027)	532,922	539,949
Fund balance, beginning of year	<u>2,293,984</u>	<u>2,367,614</u>	<u>73,630</u>
Fund balance, end of year	<u><u>\$ 2,286,957</u></u>	2,900,532	<u><u>\$ 613,575</u></u>
Reconciliation to GAAP basis:			
Loans receivable, net of allowance for loan losses		2,843,781	
Loans payable		(3,406,720)	
Accrued interest payable		<u>(18,947)</u>	
Net assets, end of year		<u><u>\$ 2,318,646</u></u>	

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, 2011

	Beginning Balance	Additions	Deductions	Ending Balance
<u>9-1-1 PSAP Reserves and ORCA</u>				
Assets:				
Cash and investments	\$ 1,149,848	\$ 1,684,514	\$ 1,679,508	\$ 1,154,854
Total assets	<u>\$ 1,149,848</u>	<u>\$ 1,684,514</u>	<u>\$ 1,679,508</u>	<u>\$ 1,154,854</u>
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to other agencies	1,149,848	1,684,514	1,679,508	1,154,854
Total liabilities	<u>\$ 1,149,848</u>	<u>\$ 1,684,514</u>	<u>\$ 1,679,508</u>	<u>\$ 1,154,854</u>

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 Schaefer's 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, 2011**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
Resources:			
Federal and state	\$ 18,337,678	\$ 15,139,836	\$ (3,197,842)
Local sources	10,060,786	9,830,907	(229,879)
In-kind services	73,679	227,245	153,566
Member dues	232,209	222,063	(10,146)
Beginning reserves	<u>5,590,381</u>	<u>5,519,951</u>	<u>(70,430)</u>
Total resources	<u>34,294,733</u>	<u>30,940,002</u>	<u>(3,354,731)</u>
Requirements:			
Personal services	15,573,823	15,310,426	(263,397)
Materials and services	9,261,792	5,930,995	(3,330,797)
Capital outlay	159,776	117,967	(41,809)
Loans made	499,999	100,000	(399,999)
Debt service	1,218,173	1,215,247	(2,926)
Services by other organizations	<u>1,922,241</u>	<u>1,996,671</u>	<u>74,430</u>
Total requirements	<u>28,635,804</u>	<u>24,671,306</u>	<u>(3,964,498)</u>
Ending reserves	<u><u>\$ 5,658,929</u></u>	<u><u>\$ 6,268,696</u></u>	<u><u>\$ 609,767</u></u>

The costs for administrative services are included in personal services and materials and services.
The detail is located on page 58.

**LANE COUNCIL OF GOVERNMENTS
GENERAL FUND
SCHEDULE OF RESOURCES AND REQUIREMENTS
BUDGET AND ACTUAL
For the Year Ended June 30, 2011**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
Resources:			
Member dues	\$ 232,209	\$ 222,063	\$ (10,146)
Other local sources	311,702	334,322	22,620
Transfers	201,257	209,864	8,607
Beginning reserves	<u>7,031</u>	<u>785,800</u>	<u>778,769</u>
Total resources	<u>752,199</u>	<u>1,552,049</u>	<u>799,850</u>
Requirements:			
Personal services	35,688	27,401	(8,287)
Support services	87,532	170,612	83,080
Leave expense	-	(26,555)	(26,555)
Materials and services	14,500	(46,629)	(61,129)
Capital outlay	23,100	23,099	(1)
Debt service	248,214	248,216	2
Transfers	<u>119,050</u>	<u>214,595</u>	<u>95,545</u>
Total requirements	<u>528,084</u>	<u>610,739</u>	<u>82,655</u>
Ending reserves	<u><u>\$ 224,115</u></u>	<u><u>\$ 941,310</u></u>	<u><u>\$ 717,195</u></u>

**LANE COUNCIL OF GOVERNMENTS
GOVERNMENT SERVICES
SCHEDULE OF RESOURCES AND REQUIREMENTS
BUDGET AND ACTUAL
For the Year Ended June 30, 2011**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
Resources:			
Federal and state	\$ 5,657,415	\$ 2,673,296	\$ (2,984,119)
Local sources	5,930,624	5,731,014	(199,610)
In-kind services	-	38,612	38,612
Transfers	34,773	103,060	68,287
Beginning reserves	<u>2,185,872</u>	<u>2,185,872</u>	<u>-</u>
Total resources	<u>13,808,684</u>	<u>10,731,854</u>	<u>(3,076,830)</u>
Requirements:			
Personal services	3,721,773	3,719,065	(2,708)
Support services	1,643,491	1,660,238	16,747
Materials and services	4,798,646	1,734,063	(3,064,583)
Capital outlay	70,341	18,495	(51,846)
Services by other organizations	1,253,004	1,274,126	21,122
Transfers	<u>20,537</u>	<u>56,258</u>	<u>35,721</u>
Total requirements	<u>11,507,792</u>	<u>8,462,245</u>	<u>(3,045,547)</u>
Ending reserves	<u><u>\$ 2,300,892</u></u>	<u><u>\$ 2,269,609</u></u>	<u><u>\$ (31,283)</u></u>

**LANE COUNCIL OF GOVERNMENTS
SENIOR AND DISABLED SERVICES
SCHEDULE OF RESOURCES AND REQUIREMENTS
BUDGET AND ACTUAL
For the Year Ended June 30, 2011**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
Resources:			
Federal and state	\$ 12,415,050	\$ 12,210,324	\$ (204,726)
Local sources	1,357,926	1,122,563	(235,363)
In-kind services	73,679	188,635	114,956
Transfers	1,775,437	1,671,008	(104,429)
Beginning reserves	<u>959,461</u>	<u>959,433</u>	<u>(28)</u>
Total resources	<u>16,581,553</u>	<u>16,151,963</u>	<u>(429,590)</u>
Requirements:			
Personal services	9,323,716	9,027,293	(296,423)
Support services	2,006,832	1,946,371	(60,461)
Materials and services	1,899,921	1,733,172	(166,749)
Capital outlay	51,867	64,906	13,039
Services by other organizations	669,237	722,545	53,308
Transfers	<u>1,793,397</u>	<u>1,688,448</u>	<u>(104,949)</u>
Total requirements	<u>15,744,970</u>	<u>15,182,735</u>	<u>(562,235)</u>
Ending reserves	<u><u>\$ 836,583</u></u>	<u><u>\$ 969,228</u></u>	<u><u>\$ 132,645</u></u>

LANE COUNCIL OF GOVERNMENTS
ENTERPRISE FUNDS
SCHEDULE OF RESOURCES AND REQUIREMENTS
BUDGET AND ACTUAL
For the Year Ended June 30, 2011

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
Resources:			
Federal and state	\$ 99,999	\$ 99,999	\$ -
Local sources	2,625,747	2,816,741	190,994
Transfers	87,277	116,665	29,388
Beginning reserves	<u>2,438,019</u>	<u>2,367,614</u>	<u>(70,405)</u>
Total resources	<u>5,251,042</u>	<u>5,401,019</u>	<u>149,977</u>
Requirements:			
Personal services	306,600	281,698	(24,902)
Support services	170,986	152,485	(18,501)
Materials and services	828,930	828,993	63
Capital outlay	11,468	11,468	-
Loans made	499,999	100,000	(399,999)
Debt service	969,959	967,031	(2,928)
Transfers	<u>168,410</u>	<u>158,812</u>	<u>(9,598)</u>
Total requirements	<u>2,956,352</u>	<u>2,500,487</u>	<u>(455,865)</u>
Ending reserves	<u><u>\$ 2,294,690</u></u>	<u><u>\$ 2,900,532</u></u>	<u><u>\$ 605,842</u></u>

**LANE COUNCIL OF GOVERNMENTS
ADMINISTRATIVE SERVICES
SCHEDULE OF RESOURCES AND REQUIREMENTS
BUDGET AND ACTUAL
For the Year Ended June 30, 2011**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
Resources:			
Support services	\$ 3,878,241	\$ 3,769,175	\$ (109,066)
Overhead balancing adjustment	-	129,861	129,861
Administrative fees	<u>30,600</u>	<u>30,670</u>	<u>70</u>
Total resources	<u>3,908,841</u>	<u>3,929,706</u>	<u>20,865</u>
Requirements:			
Personal services	2,189,046	2,254,969	65,923
Materials and services	<u>1,719,795</u>	<u>1,674,737</u>	<u>(45,058)</u>
Total requirements	<u>3,908,841</u>	<u>3,929,706</u>	<u>20,865</u>
Ending reserves	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

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. Overhead costs are those general expenditures that benefit the entire organization and cannot be directly attributed to a specific program or contract. The cost allocation plan is developed to conform with Federal Management Circular A-87. A description of the cost allocation method follows.

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.

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 percentage basis. The 2010-2011 cost allocation plan allocates cost by five office locations--the Park Place Building, which houses Administration and the Government Services Divisions, the Schaefer's Building, where the Senior and Disabled Services Division is located, and Other/S&DS and Other/GS, which includes many small staff locations, and Senior Meals, which includes all of the meal sites. The actual results for the year are as follows:

Fiscal year ended June 30, 2011 (actual):	
Total direct salaries and fringe benefits	\$15,310,424
Less:	
Non-LCOG pool salaries and fringe benefits	(337,291)
Overhead salaries and fringe benefits	<u>(2,254,969)</u>
Direct salary and fringe benefits base	<u>\$12,718,164</u>
Total overhead expenditures	\$3,929,706
Less overhead credits	(30,670)
Less General Fund support	<u>(129,861)</u>
Net overhead expenditures	<u>\$3,769,175</u>

	<u>PPB</u> <u>Buildings</u>	<u>Schaefer's</u> <u>Building</u>	<u>Other/</u> <u>S&DS</u>	<u>Other/</u> <u>GS</u>	<u>Sr. Meals</u>	<u>Total</u>
Actual indirect cost percentage	55.7678%	22.5738%	15.6524%	17.3572%	17.4197%	
Salary base	\$3,103,556	\$7,634,982	\$1,133,924	\$588,275	\$257,429	\$12,718,164
Indirect charges	\$1,721,231	\$1,723,506	\$177,487	\$102,108	\$44,843	\$3,769,175

LANE COUNCIL OF GOVERNMENTS
COST ALLOCATION PLAN, Continued

Fiscal year ending June 30, 2012 (projected):

Total direct salaries and fringe benefits \$16,281,515

Less:

Non-LCOG pool salaries and fringe benefits (122,866)

Overhead salaries and fringe benefits (2,381,123)

Budgeted direct salary and fringe benefits base \$13,777,526

Budgeted total overhead expenditures \$4,000,883

Less overhead credits and adjustments (30,500)

Budgeted net overhead expenditures \$3,970,383

Projected indirect cost percentages:

	<u>Park Place Building</u>	<u>Schaefer's Building</u>	<u>Other/GS</u>	<u>Other/S&DS</u>	<u>Sr. Meals</u>	<u>Total</u>
Salary	\$3,475,521	\$8,118,812	\$647,826	\$1,275,033	\$260,334	\$13,777,526
Expense	\$1,865,733	\$1,747,825	\$108,077	\$202,993	\$45,726	\$3,970,383
Cost percentage	53.6821%	21.5281%	16.6830%	15.9206%	17.5643%	

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, 2011**

	<u>FTA</u>	<u>PL Funding</u>	<u>MPO-STP</u>	<u>TGM¹</u>	<u>Other² Projects</u>	<u>Total</u>
Revenues:						
Federal funds	\$ 154,451	\$ 391,258	\$ 750,351	\$ 11,558	\$ 78,817	\$ 1,386,435
State funds	-	44,781	-	-	86,175	130,956
Local funds	-	-	-	-	-	-
Local match	38,612	-	-	-	-	38,612
LCOG General Fund	<u>3</u>	<u>1</u>	<u>5</u>	<u>19</u>	<u>-</u>	<u>28</u>
Total revenues	<u>\$ 193,066</u>	<u>\$ 436,040</u>	<u>\$ 750,356</u>	<u>\$ 11,577</u>	<u>\$ 164,992</u>	<u>\$ 1,556,031</u>
Expenditures:						
Salaries and fringe benefits	\$ 93,583	\$ 264,978	\$ 343,739	\$ 7,432	\$ 82,958	\$ 792,690
Other direct costs	8,683	23,290	214,921	-	35,769	282,663
Capital outlay	-	-	-	-	-	-
Community service	38,612	-	-	-	-	38,612
Indirect costs	<u>52,188</u>	<u>147,772</u>	<u>191,696</u>	<u>4,145</u>	<u>46,265</u>	<u>442,066</u>
Total expenditures	<u>\$ 193,066</u>	<u>\$ 436,040</u>	<u>\$ 750,356</u>	<u>\$ 11,577</u>	<u>\$ 164,992</u>	<u>\$ 1,556,031</u>

¹ This general funding source includes revenue for the Creswell TSP Update.

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, 2011

	Senior Connections	Community Based Care Management Program*	Total
Revenues:			
Joint Fund	\$ 39,255	\$ 8,560	\$ 47,815
LIEAP	41,661	-	41,661
Federal funds	337,726	-	337,726
Federal match funds	-	10,390	10,390
Local in-kind	39,202	-	39,202
Other local funds	19,056	-	19,056
LCOG General Fund	-	-	-
	<u>\$ 476,900</u>	<u>\$ 18,950</u>	<u>\$ 495,850</u>
Total revenues	<u>\$ 476,900</u>	<u>\$ 18,950</u>	<u>\$ 495,850</u>
Expenditures:			
Salaries and fringe benefits	\$ 281,821	\$ 15,805	\$ 297,626
Other direct costs	46,094	-	46,094
Indirect costs	57,778	3,145	60,923
Services by other organizations	-	-	-
Community service	34,644	-	34,644
	<u>\$ 420,337</u>	<u>\$ 18,950</u>	<u>\$ 439,287</u>
Total expenditures	<u>\$ 420,337</u>	<u>\$ 18,950</u>	<u>\$ 439,287</u>

*This program is included in Type B Funds Schedule of Revenues and Expenditures

LANE COUNCIL OF GOVERNMENTS
TYPE B FUNDS*
SCHEDULE OF REVENUES AND EXPENDITURES
For the Year Ended June 30, 2011

	<u>Type B Funds</u>
Revenues:	
Federal funds	\$ 549,406
Local funds	83,409
Federal match funds	66,246
State funds	9,118,563
LCOG General Fund	<u>-</u>
Total revenues	<u><u>\$ 9,817,624</u></u>
Expenditures:	
Salaries and fringe benefits	\$ 7,625,412
Other direct costs	530,953
Indirect costs	<u>1,661,259</u>
Total expenditures	<u><u>\$ 9,817,624</u></u>

*This page also includes revenues and expenditures from the (Type B Funds) Community Based Care Management Program shown on the Joint Fund Schedule of Revenues and Expenditures

**LANE COUNCIL OF GOVERNMENTS
CENTERS FOR MEDICARE AND MEDICAID SERVICES RESEARCH
SCHEDULE OF REVENUES AND EXPENDITURES
For the Year Ended June 30, 2011**

	<u>Medicare/Medicaid Services Research</u>
Revenues:	
Federal funds	\$ 302,493
Local funds	<u>16</u>
Total revenues	<u><u>\$ 302,509</u></u>
 Expenditures:	
Salaries and fringe benefits	\$ 241,627
Other direct costs	7,622
Indirect costs	<u>53,260</u>
Total expenditures	<u><u>\$ 302,509</u></u>

**LANE COUNCIL OF GOVERNMENTS
ECONOMIC DEVELOPMENT
SCHEDULE OF REVENUES AND EXPENDITURES
For the Year Ended June 30, 2011**

	Passed through OCWCOG		ODOE State Energy Program	Local ¹ Projects	Total
	July-March	April-June			
Revenues:					
Federal funds	\$ 37,784	\$ 336	\$ -	\$ -	\$ 38,120
State funds	-	-	4,253	-	4,253
Local funds	-	-	-	13,457	13,457
LCOG General Fund	9,353	112	-	18	9,483
	<u>47,137</u>	<u>448</u>	<u>4,253</u>	<u>13,475</u>	<u>65,313</u>
Total revenues	<u>\$ 47,137</u>	<u>\$ 448</u>	<u>\$ 4,253</u>	<u>\$ 13,475</u>	<u>\$ 65,313</u>
Expenditures:					
Salaries and fringe benefits	\$ 29,688	\$ -	\$ 2,646	\$ 8,192	\$ 40,526
Other direct costs	893	448	132	714	2,187
Indirect costs	16,556	-	1,475	4,569	22,600
	<u>47,137</u>	<u>448</u>	<u>4,253</u>	<u>13,475</u>	<u>65,313</u>
Total expenditures	<u>\$ 47,137</u>	<u>\$ 448</u>	<u>\$ 4,253</u>	<u>\$ 13,475</u>	<u>\$ 65,313</u>

¹This local funding source includes revenue for Lane County Food To Waste Energy Study and Lane County Row River CDBG project administration

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, 2011**

Property	Building and contents	\$29,846,367
	Furniture and equipment owned and operated by Lane Council of Governments	
	Deductible	\$1,000
	Portable equipment Deductible	\$69,000 \$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 \$1,000 deductible
Boiler/Machinery	Comprehensive coverage for	Included in property premium
	Schaefers, Washington Mutual and Park Place Buildings	
	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
2012	140,117	270,212	46,767	23,638	41,511	11,013
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	149,007	261,321	57,763	12,641	-	-
2017	154,143	256,186	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	-	-	-	-	-	-
	<u>\$ 5,312,839</u>	<u>\$ 2,146,907</u>	<u>\$ 453,369</u>	<u>\$ 109,868</u>	<u>\$ 178,266</u>	<u>\$ 25,675</u>

Schaefers Building Umpqua Bank Loan				Springfield Building Umpqua Bank Loan			
LCOG Board		Schaefer's Building		LCOG Board		Springfield Building	
Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
47,320	87,920	27,862	51,770	36,614	64,146	31,164	54,600
50,073	85,168	29,482	50,149	33,215	67,545	28,271	57,493
52,737	82,504	31,052	48,580	35,115	65,645	29,889	55,875
55,544	79,697	32,704	46,928	37,124	63,636	31,599	54,165
58,289	76,953	34,320	45,312	39,078	61,682	33,262	52,502
1,445,053	49,785	850,845	29,314	41,483	59,277	35,309	50,455
-	-	-	-	1,040,253	36,645	885,432	31,191
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
\$ 1,709,016	\$ 462,027	\$ 1,006,265	\$ 272,053	\$ 1,262,882	\$ 418,576	\$ 1,074,926	\$ 356,281

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
2012	\$73,140	\$11,760	\$35,845	\$6,605	\$16,640	\$3,660
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>\$ 1,176,287</u>	<u>\$ 96,173</u>	<u>\$ 660,145</u>	<u>\$ 61,007</u>	<u>\$ 366,016</u>	<u>\$ 39,598</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
\$13,779	\$3,201	\$17,048	\$4,172	\$16,549	\$4,674	\$544,356	\$597,371
13,916	3,064	17,218	4,002	16,715	4,509	534,453	607,275
14,056	2,924	17,391	3,830	16,882	4,341	556,987	584,742
14,196	2,784	17,565	3,656	17,051	4,173	574,582	560,993
14,338	2,642	17,740	3,480	17,221	4,002	551,745	537,458
14,481	2,499	17,918	3,303	17,393	3,830	2,769,554	479,774
14,626	2,354	18,097	3,124	17,567	3,656	2,338,603	342,726
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>\$ 319,986</u>	<u>\$ 36,378</u>	<u>\$ 417,078</u>	<u>\$ 49,659</u>	<u>\$ 467,208</u>	<u>\$ 63,179</u>	<u>\$ 14,404,283</u>	<u>\$ 4,137,381</u>

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, 2011**

ASSETS

Current assets:

Cash and investments	\$ -
Interest receivable	2,993
Loans receivable	330,251
Accounts receivable	-
Prepaid expense	-
Total current assets	<u>333,244</u>

Noncurrent assets:

Restricted cash and investments	2,649,156
Loans receivable	1,902,346
Allowance for loan losses	(200,000)
Capital assets, net of accumulated depreciation	-
Total noncurrent assets	<u>4,351,502</u>

Total assets	<u>4,684,746</u>
--------------	------------------

LIABILITIES

Current liabilities:

Due to other funds	3,582
Accounts payable	-
Accrued interest	19,005
Loans payable	171,376
Total current liabilities	<u>193,963</u>

Noncurrent liabilities:

Long-term debt, net of current maturities	<u>3,235,256</u>
Total noncurrent liabilities	<u>3,235,256</u>

Total liabilities	<u>3,429,219</u>
-------------------	------------------

NET ASSETS

Invested in capital assets, net of related debt	-
Restricted by USDA	<u>1,255,527</u>
Total net assets	<u><u>\$ 1,255,527</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, 2011**

Operating revenues:	
Loan fees	\$ 3,228
Local revenue	-
State revenue	-
Interest on business loans	149,381
Total operating revenues	<u>152,609</u>
Operating expenses:	
Personal services	70,714
Miscellaneous	15
Provision for loan losses	(40,000)
Interest on loans	35,734
Total operating expenses	<u>66,463</u>
Operating income	<u>86,146</u>
Nonoperating revenues (expenses):	
Interest income	28,713
Interest expense	-
Total nonoperating revenues	<u>28,713</u>
Income before transfers	114,859
Transfers in	-
Transfers out	<u>-</u>
Change in net assets	114,859
Net assets, beginning of year	<u>1,140,668</u>
Net assets, end of year	<u><u>\$ 1,255,527</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, 2011

	LCOG Aging Admin.	LCOG Out- reach/Case Mgmt/ Information and Referral	Ombudsman	Money Mgmt
2009-10 federal funds carryover	\$ -	\$ -	\$ -	\$ -
2010-11 receipts and transfers	20,487	337,725	1,333	8,136
Program income	-	-	-	-
Cash match	6,829	-	-	-
Other cash resources	-	108,532	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total cash resources	27,316	446,257	1,333	8,136
In-kind match	-	39,936	336	4,461
Other in-kind resources	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total resources	27,316	486,193	1,669	12,597
Less total program expenditures	<hr/>	<hr/>	<hr/>	<hr/>
	27,316	486,193	1,669	12,597
2010-11 federal funds carryover	<hr/>	<hr/>	<hr/>	<hr/>
	\$ 0	\$ -	\$ -	\$ -
	<hr/>	<hr/>	<hr/>	<hr/>

Organization of Support Groups	Caregiver Training	Volunteer Program Coordinator	Assisted Transportation	Legal Aide Law Referral	Total	Budget	Percent
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
-	-	16,461	10,222	61,909	456,273	456,273	100%
-	-	-	-	1,501	1,501	1,501	100%
-	-	-	1,022	-	7,851	7,851	100%
-	-	-	-	4,844	113,376	-	
-	-	16,461	11,244	68,254	579,001	465,625	124%
-	-	1,829	-	6,876	53,438	53,438	100%
-	-	-	-	282,653	282,653	-	
-	-	18,290	11,244	357,783	915,092	519,063	176%
-	-	18,290	11,244	357,783	915,092	519,063	176%
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 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, 2011

	<u>LCOG AAA Admin.</u>	<u>Congre- gate LCOG</u>	<u>Total</u>	<u>Budget</u>	<u>Percent</u>
2009-10 federal funds carryover	\$ -	\$ -	\$ -	\$ -	
2010-11 receipts and transfers	43,184	446,258	489,442	489,442	100%
Program income	-	55,367	55,367	55,852	99%
Cash match	14,395	-	14,395	52,770	27%
USDA cash	-	56,197	56,197	56,590	99%
Other cash resources	-	6,816	6,816	16,708	41%
	<u>57,579</u>	<u>564,638</u>	<u>622,217</u>	<u>671,362</u>	<u>93%</u>
Total cash resources	57,579	564,638	622,217	671,362	93%
In-kind match	-	50,021	50,021	52,770	95%
Other in-kind resources	-	-	-	-	
	<u>57,579</u>	<u>614,659</u>	<u>672,238</u>	<u>724,132</u>	<u>93%</u>
Total resources	57,579	614,659	672,238	724,132	93%
Less total program expenditures	<u>57,579</u>	<u>614,659</u>	<u>672,238</u>	<u>724,132</u>	<u>93%</u>
2010-11 federal funds carryover	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	

See notes to schedule of expenditures of federal awards

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, 2011

	LCOG AAA Admin.	American Red Cross	LCOG Home-Del.	Total	Budget	Percent
2009-10 federal funds carryover	\$ -	\$ -	\$ -	\$ -	\$ -	
2010-11 receipts and transfers	8,841	110,787	201,735	321,363	321,363	100%
Program income	-	82,984	64,071	147,055	143,235	103%
USDA cash	-	30,137	70,398	100,535	146,215	69%
Cash match	2,947	383,043	-	385,990	490,386	79%
Other resources	-	-	340,187	340,187	-	
Total cash resources	11,788	606,951	676,391	1,295,130	1,101,199	118%
In-kind match	-	13,101	23,658	36,759	36,956	99%
Other in-kind resources	-	166,846	-	166,846	166,846	
Total resources	11,788	786,898	700,049	1,498,735	1,305,001	115%
Less total program expenditures	11,788	786,898	700,049	1,498,735	1,305,001	115%
2010-11 federal funds carryover	\$ -	\$ -	\$ -	\$ -	\$ -	

LANE COUNCIL OF GOVERNMENTS
TITLE III-D
SCHEDULE OF AVAILABLE CASH AND NON-CASH RESOURCES
AND PROGRAM EXPENDITURES
For the Year Ended June 30, 2011

	Medication Management	Total	Budget	Percent
2009-10 federal funds carryover	\$ -	\$ -	\$ -	
2010-11 receipts and transfers	24,252	24,252	24,770	98%
Program income	-	-	-	
Cash match	-	-	-	
Other cash resources	-	-	-	
	<hr/>	<hr/>	<hr/>	
Total cash resources	24,252	24,252	24,770	98%
In-kind match	-	-	-	
Other in-kind resources	2,697	2,697	-	
	<hr/>	<hr/>	<hr/>	
Total resources	26,949	26,949	24,770	109%
Less total program expenditures	<hr/>	<hr/>	<hr/>	109%
	<hr/>	<hr/>	<hr/>	
2010-11 federal funds carryover	<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, 2011

	LCOG Aging Admin.	Info for Caregivers	Caregiver Access	Caregiver Respite	Organization of Support Groups	Supplemental Services	Caregiver Training	Total	Budget	Percent
2009-10 federal funds carryover	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
2010-11 receipts and transfers	19,428	54,928	19,947	64,954	11,104	1,062	2,438	173,861	173,861	100%
Program income	-	-	-	-	-	-	-	-	-	
Cash match	6,476	-	-	1,670	-	-	-	8,146	6,476	126%
Other cash resources	-	-	-	-	-	-	-	-	-	
Total cash resources	25,904	54,928	19,947	66,624	11,104	1,062	2,438	182,007	180,337	101%
In-kind match	-	18,313	6,650	21,656	3,701	354	813	51,487	52,538	98%
Other in-kind resources	-	-	-	-	-	-	-	-	-	
Total resources	25,904	73,241	26,597	88,280	14,805	1,416	3,251	233,494	232,875	100%
Less total program expenditures	25,904	73,241	26,597	88,280	14,805	1,416	3,251	233,494	232,875	100%
2010-11 federal funds carryover	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<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 VII
SCHEDULE OF AVAILABLE CASH AND NON-CASH RESOURCES
AND PROGRAM EXPENDITURES
For the Year Ended June 30, 2011

	LCOG Elder Abuse	Total	Budget	Percent
2009-10 federal funds carryover	\$ -	\$ -	\$ -	
2010-11 receipts and transfers	7,745	7,745	7,745	100%
Program income	-	-	-	
Cash match	-	-	-	
Other cash resources	-	-	-	
	<u>7,745</u>	<u>7,745</u>	<u>7,745</u>	
Total cash resources	7,745	7,745	7,745	100%
In-kind match	-	-	-	
Other in-kind resources	861	861	861	
	<u>8,606</u>	<u>8,606</u>	<u>8,606</u>	
Total resources	8,606	8,606	8,606	100%
Less total program expenditures	<u>8,606</u>	<u>8,606</u>	<u>8,606</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

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**LANE COUNCIL OF GOVERNMENTS
OREGON PROJECT INDEPENDENCE
SCHEDULE OF AVAILABLE CASH AND NON-CASH RESOURCES
AND PROGRAM EXPENDITURES
For the Year Ended June 30, 2011**

	LCOG AAA Admin	Home Care	Personal Care	LCOG Home Delivered Meals
2009-10 state carryover	\$ -	\$ -	\$ -	\$ -
2010-11 OPI funds received	29,828	117,505	67,777	34,932
OPI program income	-	-	-	1,134
Other cash resources	-	-	-	-
USDA	-	-	-	2,147
Total resources	29,828	117,505	67,777	38,213
Less total program expenditures	29,828	117,505	67,777	38,213
2010-11 state carryover	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

ARC Home Delivered Meals	Case Mgmt.	Total	Budget	Percent
\$ -	\$ -	\$ -	\$ -	
18,912	29,331	298,285	413,482	72%
850	-	1,984	2,500	79%
-	-	-	-	
1,138	-	3,285	-	
20,900	29,331	303,554	415,982	73%
20,900	29,331	303,554	415,982	73%
\$ -	\$ -	\$ -	\$ - *	

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 on pages 14-15.

LANE COUNCIL OF GOVERNMENTS
GRANTS AND CONTRACTS
SCHEDULE OF RECEIVABLES AND DEFERRED REVENUE
June 30, 2011

	<u>Accounts Receivable</u>	<u>Deferred Revenue</u>
BTOP Administration	3,609	-
BTOP Fiber Project	5,692	-
Community Safety--Other	55,925	11,556
Creative Services--Other	8,687	40
Economic Development	15,888	8,424
GISCPA	27,909	-
GIS--Other	101,385	4,771
Hearings Official	17,212	-
Hospital Intake Services	16,433	-
Lane Info Center	2,354	-
Meal Preparation	54,764	-
Metro Coord. Pooled	-	31,693
Metro Television	300	-
Minutes Recording	28,488	-
Natural Resources Planning	153,600	-
OR Emergency Mgmt and OR State Police	25,302	-
Oregon Planning Institute	24,285	-
Oregon Project Independence (OPI)	19,350	-
Real Choices Systems Change	82,572	-
Research and Analysis	113	-
RTS--Other	182,141	131
S&DS Transportation Assessments	35,399	-
Senior Connections	4,669	-
Senior Meals	25,132	-
Special Agreements	95,359	249
Streetcar Feasibility Study	-	8,495
Telecommunications Planning	66,672	-
Title III-B	11,914	-
Title III-C-1	26,944	-

(Continued)

LANE COUNCIL OF GOVERNMENTS
GRANTS AND CONTRACTS
SCHEDULE OF RECEIVABLES AND DEFERRED REVENUE (Continued)
June 30, 2011

	Accounts Receivable	Deferred Revenue
Title III-C-2	19,303	-
Title III-D	4,274	-
Title III-E	29,720	-
Title VII-A	6,274	-
Transportation Operations	293,811	-
Transportation Projects	190,388	346
Type B Funds - Senior and Disabled Services	285,980	-
Urban and Regional Planning	70,895	-
USDA/NSIP	70,377	-
WestLane Alliance Planning	646	
Wetlands MultiCity Inventory	-	19,532
	<hr/>	<hr/>
Total	\$ 2,063,765	\$ 85,237
	<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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 - (503) 620-2632 • FAX (503) 684-7523

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, 2011, and have issued our report thereon dated November 7, 2011. 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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November 7, 2011

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, 2011, and have issued our report thereon dated November 7, 2011. 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 black ink that reads "Pauly, Rogers and Co. P.C." in a cursive, professional style.

PAULY, ROGERS AND CO., P.C.



PAULY, ROGERS AND CO., P.C.

CERTIFIED PUBLIC ACCOUNTANTS

-
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November 7, 2011

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, 2011. 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, 2011.

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 30,2011

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	Total		
U.S. Department of Agriculture:								
Direct Programs:								
Intermediary Relending Program	10.767	61.01	\$1,248,704 ¹	\$ 72,482 ²	\$ -	\$ 72,482	\$ 1,176,222 ⁴	\$ N/A
Intermediary Relending Program	10.767	61.02	\$695,635 ¹	35,437 ²	-	35,437	660,198 ⁴	N/A
Intermediary Relending Program	10.767	61.03	\$382,492 ¹	16,478 ²	-	16,478	366,014 ⁴	N/A
Intermediary Relending Program	10.767	61.04	\$333,628 ¹	13,644 ²	-	13,644	319,984 ⁴	N/A
Intermediary Relending Program	10.767	61.05	\$433,957 ¹	16,933 ²	-	16,933	417,024 ⁴	N/A
Intermediary Relending Program	10.767	61.06	\$483,592 ¹	16,402 ²	-	16,402	467,190 ⁴	N/A
Intermediary Relending Program	10.767	N/A	N/A	- ³	-	-	- ⁵	N/A
Rural Business Enterprise Grant	10.783	N/A	\$99,999	1,455 ²	-	1,455	98,544 ⁴	N/A
Passed through State Department of Human Services:								
Food Stamp Administration, Type B Funds	10.561	121729	554,885	549,406	549,406	1,098,812	549,406	53,340
Total Department of Agriculture				722,237	549,406	1,271,643	4,054,582	53,340
U.S. Department of Commerce:								
Direct Program:								
EDA Revolving Loan	11.307		N/A	N/A	N/A	N/A	576,313 ⁶	-
Passed through District 4 Council of Governments:								
Economic Development Administration	11.302		35,040	336	112	448	336	(8,424)
Economic Development Administration	11.302		39,420	37,784	9,353	47,137	37,784	-
Passed through Nat'l Telecommunications & Info Admin								
BTOP Fiber Project	ARRA-11.557	N10BIX5570032	8,325,530	334,880	-	334,880	334,880	5,692
Total Department of Commerce				373,000	9,465	382,465	949,313	(2,732)
U.S. Department of the Interior:								
Direct Programs:								
USGS Data Collection - III	15.808	G10AC00192	20,000	18,137	-	18,137	18,137	17,402
Total Department of the Interior				18,137	-	18,137	18,137	17,402

¹Loan from USDA outstanding at beginning of year.

²Estimated interest subsidy

³Loans received from USDA this year.

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

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

⁶Revolving loan fund capital base = (loans outstanding \$721,831 + cash on hand \$197,998 + funds expended \$40,692) * 60% (ratio of EDA funds to total project funds) = \$576,313

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, 2011

Federal Grantor/Pass-Through Grantor/ Program Title	CFDA No.	Pass-Through Grantor's No.	Estimated Federal Award	Revenues			Federal	Receivable/
				Federal	State and Local	Total	Awards Expended	(Deferred Revenue)
U.S. Department of Transportation:								
Passed through State Department of Transportation:								
Transportation Planning--10 MPO-STP	20.205	26017	627,771	71,474	5	71,479	71,474	-
Transportation Planning--11 MPO-STP	20.205	26894	894,000	678,877	-	678,877	678,877	210,197
Transportation Planning--11 MPO-PL	20.205	26842	391,258	391,258	44,782	436,040	391,258	-
ODOT IGAPS	20.205	23707	54,000	-	-	-	-	-
ODOT Regional Land Use Modeling	20.205	26015	500,000	78,817	-	78,817	78,817	19,648
TGM Creswell TSP Update	20.205	25295	29,365	11,558	19	11,577	11,558	-
Federal Transit Administration-FTA 11	20.505	26885	161,759	106,060	26,516	132,576	106,060	73,965
Federal Transit Administration-FTA 10	20.505	25995	101,729	48,391	12,099	60,490	48,391	9,649
				1,386,435	83,421	1,469,856	1,386,435	313,459
U.S. Department of Housing & Urban Development:								
Direct Program:								
HUD Sustainability Grant	14.703	ORRIP0031-10	1,450,000	121,971	-	121,971	121,971	38,360
				121,971	-	121,971	121,971	38,360
Total Department of Housing & Urban Development:								
U.S. Environmental Protection Agency:								
Passed through the Oregon Department of								
Environmental Quality:								
GWMA Phase III	66.460	DEQ#124-08	99,893	15,761	11	15,772	15,761	-
GWMA Phase 4	66.460	DEQ#005-11	72,480	13,013	-	13,013	13,013	1,967
Direct Programs:								
EPA 10-City Wetlands Inventory	66.119	WC-OOJO5001	471,638	115,356	-	115,356	115,356	17,760
EPA Wetlands Program Development	66.461	CD-96099301	151,071	48,543	-	48,543	48,543	14,763
EPA Wetlands Phase III	66.461	CD-00J25401-0	167,119	12,021	-	12,021	12,021	5,817
				204,694	11	204,705	204,694	40,307
Total Environmental Protection Agency								
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	490,836	456,273	458,819	915,092	456,273	11,914
Special Programs for Aging, Title III-C-1	93.045	128909	489,442	489,442	126,599	616,041	489,442	26,944
Special Programs for Aging, Title III-C-2	93.045	128909	321,363	321,363	1,076,837	1,398,200	321,363	19,303
Special Programs for Aging, Title III-D	93.043	128909	24,770	24,252	2,697	26,949	24,252	4,274
Special Programs for Aging, Title VII	93.041	128909	7,745	7,745	861	8,606	7,745	6,274
Special Programs for Aging, Title III-E	93.052	128909	208,558	173,861	59,633	233,494	173,861	29,720
Nutrition Services Incentive Program	93.053	128909	160,017	160,017	-	160,017	160,017	70,377
Centers for Medicare and Medicaid Services Research	93.779	130872	377,448	302,509	-	302,509	302,509	82,572
Passed through Lane County Health and Human Services:								
Low-Income Home Energy Assistance	93.568	22831	45,000	41,661	-	41,661	41,661	4,669
Community Services Block Grant	93.569	17562	39,255	39,255	-	39,255	39,255	-
Passed through Oregon Research Institute:								
ORI CAST	93.864	R01HD057839	229,384	47,679	6	47,685	47,679	7,018
				2,064,057	1,725,452	3,789,509	2,064,057	263,065
Total Department of Health and Human Services								
TOTALS				\$ 4,890,531	\$ 2,367,755	\$ 7,258,286	\$ 8,799,189	\$ 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, 2010.

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, 2011, LCOG owed the U.S. Department of Agriculture \$3,406,720 for loans related to its Intermediary Relending Program.

4. Non-Cash Assistance:

A total of \$171,376 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 ☒ No

Significant deficiency(ies) identified that are not considered to be material weaknesses ☐ Yes ☒ 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 ☒ No

Noncompliance material to financial statements noted? ☐ Yes ☒ No

Federal Awards

Internal control over major programs:

Material weakness(es) identified? ☐ Yes ☒ No

Significant deficiency(ies) identified that are not considered to be material weaknesses ☐ Yes ☒ 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 ☒ No

Identification of major programs

CFDA Number(s):

11.557

10.551 and 10.561

93.779

10.767

Name of Federal Program:

Broadband Technology Opportunities Program (BTOP) - ARRA

Supplemental Nutrition Assistance Program SNAP Cluster

Centers for Medicare and Medicaid Services Research

Intermediary Relending Program

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

Auditee qualified as low-risk auditee? ☐ Yes ☒ 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

Section IV – Schedule of Prior Findings and Questioned Costs

Finding 2010-1, continued:

Criteria: OMB Circular A-133, §_300 requires the auditee to identify all federal awards received and expended and the federal programs under which they were received.

Condition: While performing procedures on the schedule of expenditures of federal awards, we discovered four programs that had not been identified as federal awards. All four awards were from pass-through agencies and each was less than \$100,000. Without proper identification of federal awards it is possible that compliance requirements related to federal awards would not be met and/or the schedule of expenditures of federal awards would be misstated.

Effect of Condition: None. Total federal awards were not significantly greater than the preliminary estimate, the programs were less than the threshold for consideration as a major program, and the omission had no effect on the auditor's determination of major programs. Inquiry of program managers for the programs in question indicated they were aware of program requirements; however we did not test the programs for compliance because they were below the threshold for possible selection as a major program.

Recommendation: Although it is the pass-through agency's responsibility (OMB Circular A-133, §_400(d)(1) to inform subrecipients of the details of federal awards, the auditee should be more diligent in ascertaining the source of funds received through pass-through agencies. Program managers should be educated on the importance of communicating the source of funds to those responsible for financial and grant reporting for the auditee.

Auditee Response: As stated by the auditor, all four of the programs that received federal resources that were not placed on the original Schedule of Expenditures of Federal Funds (SEFA) came from funds passed through Lane County or the State of Oregon, not directly from the federal government. It can be difficult to know if local and State of Oregon pass-through amounts include federal resources. The two programs cited from Lane County had not been placed on the SEF A in prior years, so there was no information available to LCOG fiscal staff that those should be reported as federal resources. LCOG financial services staff plan to educate program managers and revenue sources of the requirement to identify the source of all revenue.