
Lane Council of Governments

Annual Financial Report

For the Year Ended June 30, 2010

LANE COUNCIL OF GOVERNMENTS

ANNUAL FINANCIAL REPORT
For the Year Ended June 30, 2010

LANE COUNCIL OF GOVERNMENTS

TABLE OF CONTENTS

	<u>Page</u>
<u>INTRODUCTORY SECTION</u>	
Board of Directors	i
Organizational Chart	ii
Letter from the Executive Director	iii
<u>FINANCIAL SECTION</u>	
Independent Auditor's Report	1-2
Management's Discussion and Analysis	3-11
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Assets	12
Statement of Activities	13
Fund Financial Statements:	
Balance Sheet – Governmental Funds	14-15
Reconciliation of the Balance Sheet – Governmental Funds to the Statement of Net Assets	16
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	17
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds to the Statement of Activities	18
Statement of Net Assets (Deficit) – Proprietary Funds	19
Statement of Revenues, Expenses, and Changes in Net Assets (Deficit) – Proprietary Funds	20
Statement of Cash Flows – Proprietary Funds	21-22
Statement of Fiduciary Net Assets – Fiduciary Funds	23
Notes to the Financial Statements	24-44
Other Statements and Schedules:	
Combining Statement of Changes in Assets and Liabilities – Agency Funds	45
Schedules of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual:	
General Fund	46
Telecommunications	47
Grants and Contracts	48
Park Place Building	49
Springfield Building	50
Schaefers Building	51
Loan Programs	52

LANE COUNCIL OF GOVERNMENTS

TABLE OF CONTENTS, Continued

Other Statements and Schedules , Continued	<u>Page</u>
Schedules of Resources and Requirements – Budget and Actual:	
All Organizational Units	53
General Fund	54
Government Services	55
Senior and Disabled Services	56
Enterprise Funds	57
Administrative Services	58
Cost Allocation Plan.....	59-60
Schedules of Revenues and Expenditures:	
Department of Transportation	61
Joint Fund	62
Type B Funds	63
Economic Development	64
Schedules Required by Oregon Minimum Standards:	
Schedule of Insurance in Force	65
Schedule of Future Requirements for Retirement of Long-Term Debt	66-69
Intermediary Relending Program:	
Statement of Net Assets	70
Statement of Revenues, Expenses, and Changes in Net Assets	71
Schedules of Available Cash and Non-Cash Resources and Program Expenditures:	
Title III-B	72-73
Title III-C-1	74
Title III-C-2	75
Title III-D	76
Title III-E.....	77
Title VII.....	78
Oregon Project Independence	79-80
Schedule of Receivables and Deferred Revenue – Grants and Contracts	81-82

LANE COUNCIL OF GOVERNMENTS

TABLE OF CONTENTS, Continued

	<u>Page</u>
<u>AUDIT COMMENTS AND DISCLOSURES REQUIRED BY STATE REGULATIONS</u>	83-84
 <u>GRANT COMPLIANCE REVIEW:</u>	
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government</i> <i>Auditing Standards</i>	85-86
Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133.....	87-88
Schedule of Expenditures of Federal Awards	89-90
Notes to Schedule of Expenditures of Federal Awards	91-92
Schedule of Findings and Questioned Costs	93
Summary Schedule of Prior Audit Findings	94

INTRODUCTORY SECTION

LANE COUNCIL OF GOVERNMENTS
BOARD OF DIRECTORS
June 30, 2010

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 Dist.

Penny Jordan
33733 Seavey Loop Road
Eugene, OR 97405

Eugene

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

Eugene Water & Electric Bd.

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

Lance Stoddard
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 Warren Weathers
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

Darrell Carman
PO Box 458
Veneta, OR 97487

Westfir

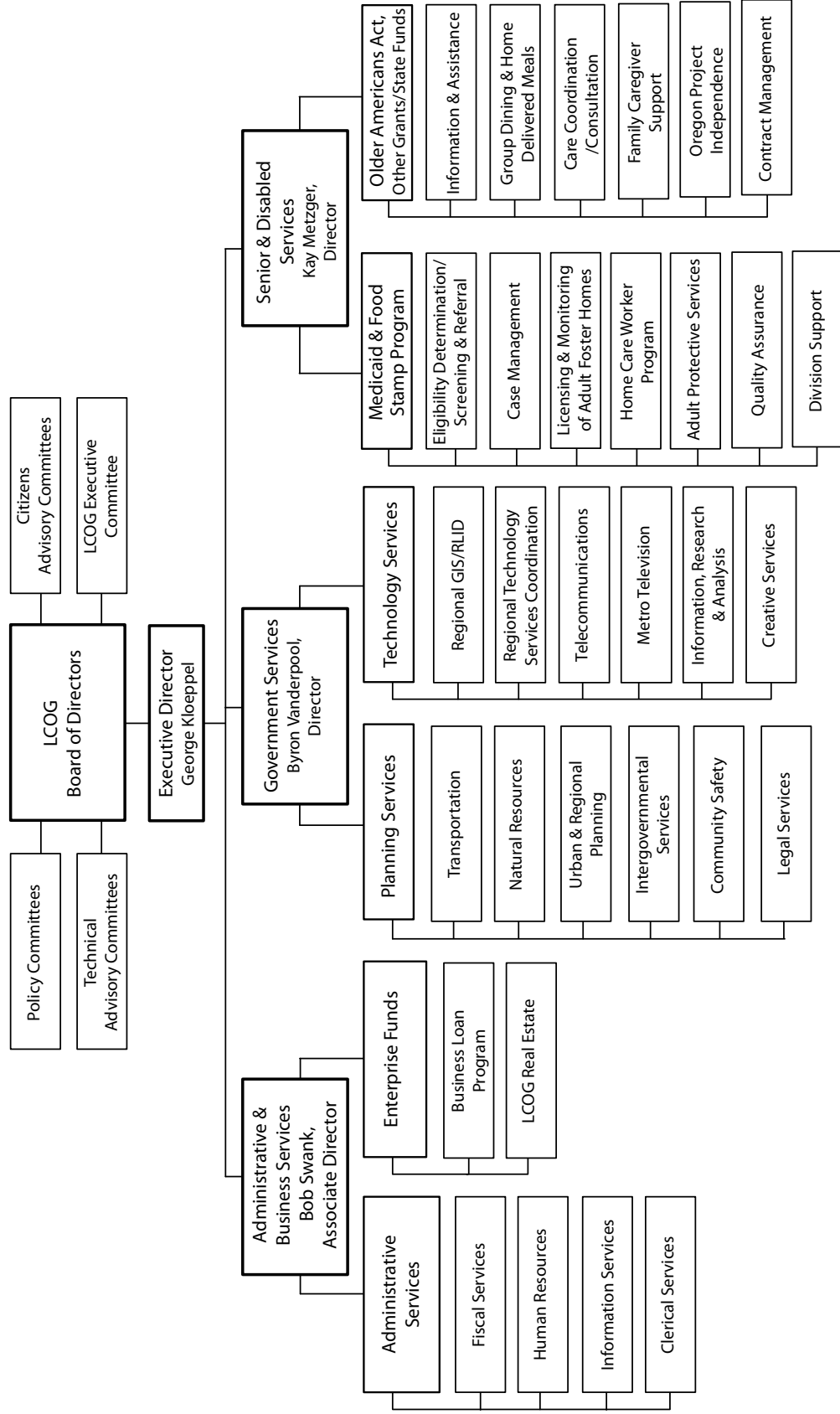
Vacant

Western Lane Ambul. Dist.

Bob Sneddon
PO Box 2690
Florence, OR 97477

Willamalane Park & Recreation

Greg James
525 Mill St.
Springfield, OR 97477





December, 2010

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, 2010. 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 Jones & Roth, P.C., certified public accountants, conducted a thorough examination of the agency's financial statements for FY 2009-2010. 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 2009-2010, 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 2009-2010, 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,

A handwritten signature in dark ink, appearing to read "George Kloeppel", is written over a light blue horizontal line.

George Kloeppel
Executive Director

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the remaining fund information of Lane Council of Governments as of and for the year ended June 30, 2010, which collectively comprise Lane Council of Governments' basic financial statements as listed in the table of contents. These financial statements are the responsibility of Lane Council of Governments' management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the remaining fund information of Lane Council of Governments as of June 30, 2010 and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 19, 2010 on our consideration of Lane Council of Governments' internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of the audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

The Right People Beside You.

CPAs & Business Advisors
Retirement Plan Services
Financial Advisors


> jrpa.com

BEND 300 SW Columbia Street
Suite 201
Bend, OR 97702
phone (541) 382-3590
fax (541) 382-3587

EUGENE 432 West 11th Avenue
Eugene, OR 97401
phone (541) 687-2320
fax (541) 485-0960

HILLSBORO 5635 NE Elam Young Pkwy.
Suite 100
Hillsboro, OR 97124
phone (503) 648-0521
fax (503) 648-2692

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Lane Council of Governments' basic financial statements. The other statements and schedules listed in the table of contents and the accompanying schedule of expenditures of federal awards as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied by us 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 has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

By: 
Cathi McNutt, CPA, Shareholder
Eugene, Oregon
November 19, 2010

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis

The following discussion and analysis of the Lane Council of Governments' (LCOG) financial performance provides an overview of the agency's financial activities for the fiscal year ended June 30, 2010. This section, combined with the transmittal letter at the front of this report and the financial statements that follow, comprise the complete report of LCOG's financial activity for the fiscal year.

Financial Highlights

- Total LCOG revenues for FY 2009-2010 were slightly lower than FY 2008-2009. This resulted from the combination of a decrease in the beginning reserves and local revenue, and an increase in Federal and State funding.
- Most of the LCOG programs were fairly stable for the year. The most significant changes were the reduction in General Fund reserves and in Park Place capital expense, both related to the payment for the new LCOG offices in the Park Place Building in FY2008-2009.

Using This Report

This annual report consists of a series of financial statements. In addition to the traditional fund information, this report includes government-wide statements covering Lane Council of Governments as a whole, 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.

Overview of Financial Statements

Government-wide Financial Statements

One of the most important questions asked about LCOG's finances is, "Is LCOG as a whole better off or worse off as a result of the year's activities?" The statement of net assets and the statement of activities report information about LCOG as a whole and about its activities in a way that helps answer this question. 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. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

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

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.

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

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.

Government-wide Financial Analysis

Net Assets

Assets exceeded liabilities by approximately \$5 million at the close of 2010. This year 6% of the net assets is in the governmental activities, leaving 94% in business activities. Of the governmental activities, approximately \$2 million is restricted for the telecommunications consortium, which manages the telephone charges and the equipment reserve for the participating agencies. Although (\$1,833,966) is classified as unrestricted, approximately \$960,000 is designated for specific purposes, mostly within the Senior and Disabled Services program.

Lane Council of Governments Net Assets

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	2010	2009	2010	2009	2010	2009
Current and other assets	\$5,477,994	\$5,668,715	\$5,931,598	\$ 5,959,719	\$11,409,592	\$11,628,434
Capital assets	168,596	130,935	10,954,481	10,815,134	11,123,077	10,946,070
Total assets	5,646,590	5,799,650	16,886,079	16,774,853	22,532,669	22,574,504
Noncurrent liabilities	2,970,396	3,042,600	11,443,112	11,635,049	14,413,508	14,677,649
Other liabilities	2,371,812	2,342,061	711,806	469,540	3,083,618	2,811,601
Total liabilities	5,342,208	5,384,661	12,154,918	12,104,589	17,497,126	17,489,250
Net assets:						
Invested in capital assets, net of related debt	168,596	194,050	2,704,793	2,284,276	2,873,289	2,478,326
Restricted	1,996,235	2,282,700	1,999,885	1,897,265	3,996,120	3,879,965
Unrestricted	(1,860,449)	(1,998,646)	26,483	177,754	(1,833,966)	(1,820,892)
Total net assets	\$304,382	\$414,989	\$4,731,161	\$4,670,264	\$5,035,543	\$ 5,085,253

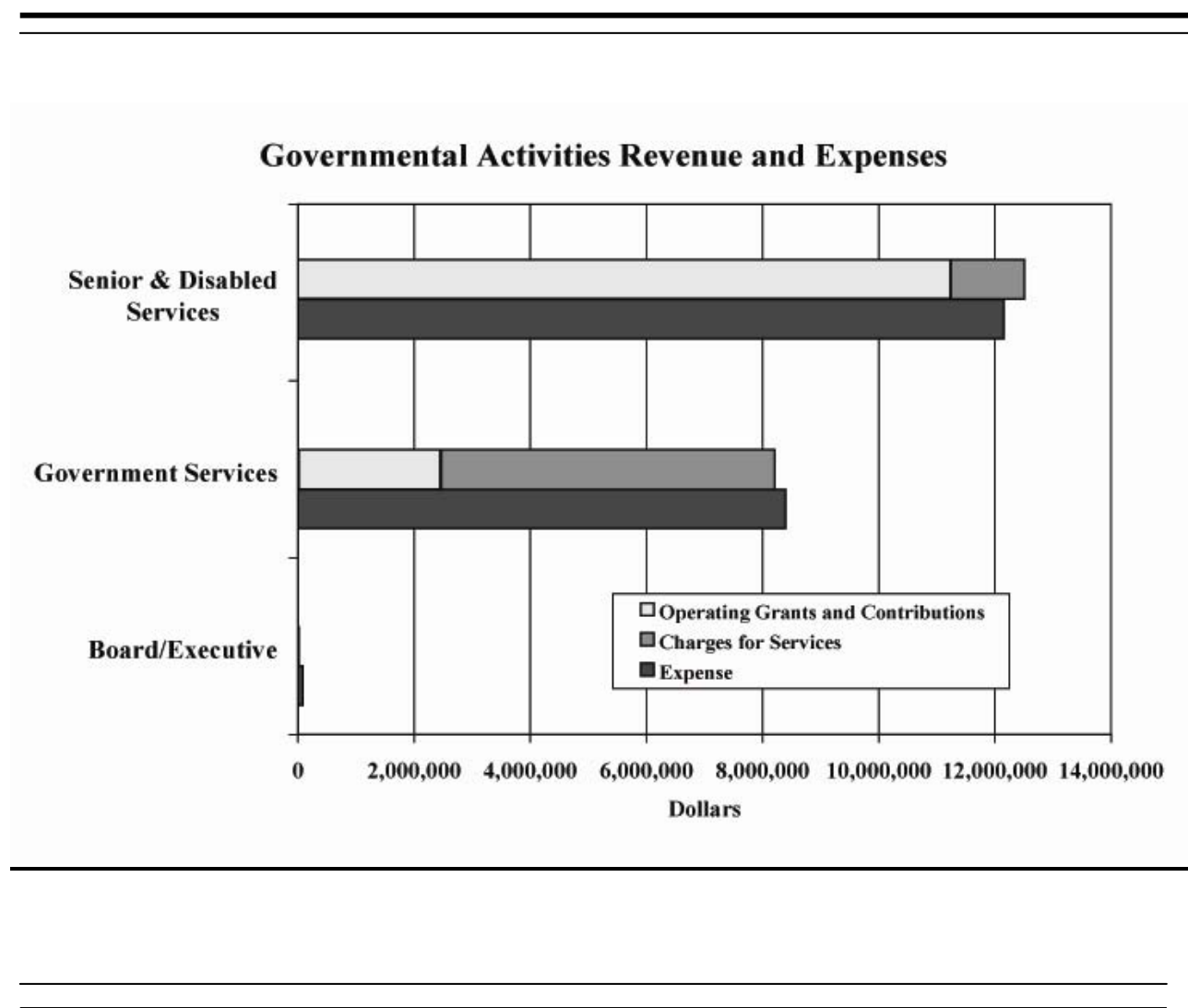
Changes in Net Assets

The governmental activities net assets decreased by approximately \$110,000 during the year. This was mainly due to general fund cash spent for improvements and other expenses connected to the Park Place Building. The net assets of the business-type activities increased by approximately \$60,000, primarily due to the improvements in the Park Place Building.

Lane Council of Governments Changes in Net Assets						
	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Revenues:						
Program revenues:						
Charges for services	\$7,014,685	\$7,132,734	\$2,142,551	\$1,942,603	\$9,157,236	\$9,075,337
Operating grants and contributions	13,667,465	12,642,877	-	-	13,667,465	12,642,877
General revenues:						
Member dues	229,946	226,603	-	-	229,946	226,603
Unrestricted investment earnings	11,945	51,213	-	-	11,945	51,213
Gain on disposition of capital assets	-	1,928	-	-	-	1,928
Total revenues	20,924,041	20,055,355	2,142,551	1,942,603	23,066,592	21,997,958
Expenses:						
Board/Executive	83,477	436,491	-	-	83,477	436,491
Government Services	8,390,668	7,839,917	-	-	8,390,668	7,839,917
Senior and Disabled Services	12,154,150	11,863,804	-	-	12,154,150	11,863,804
Interest on Long Term Debt	181,906	179,866	-	-	181,906	179,866
Schaefer's Building	-	-	399,011	395,483	399,011	395,483
Park Place Building	-	-	1,088,941	899,652	1,088,941	899,652
Springfield Building	-	-	313,694	306,499	313,694	306,499
Loan Programs	-	-	504,454	484,155	504,454	484,155
Total expenses	20,810,201	20,320,078	2,306,100	2,085,789	22,116,301	22,405,867
Change in net assets before transfers	113,840	(264,723)	(163,549)	(143,186)	(49,709)	(407,909)
Transfers	(224,447)	(540,561)	224,447	540,561	-	-
Change in net assets	(110,607)	(805,284)	60,898	397,375	(49,709)	(407,909)
Net assets, July 1	\$414,989	\$1,220,273	\$4,670,264	\$4,272,889	\$5,085,253	\$5,493,162
Net assets, June 30	\$304,382	\$414,989	\$4,731,161	\$4,670,264	\$5,035,543	\$5,085,253

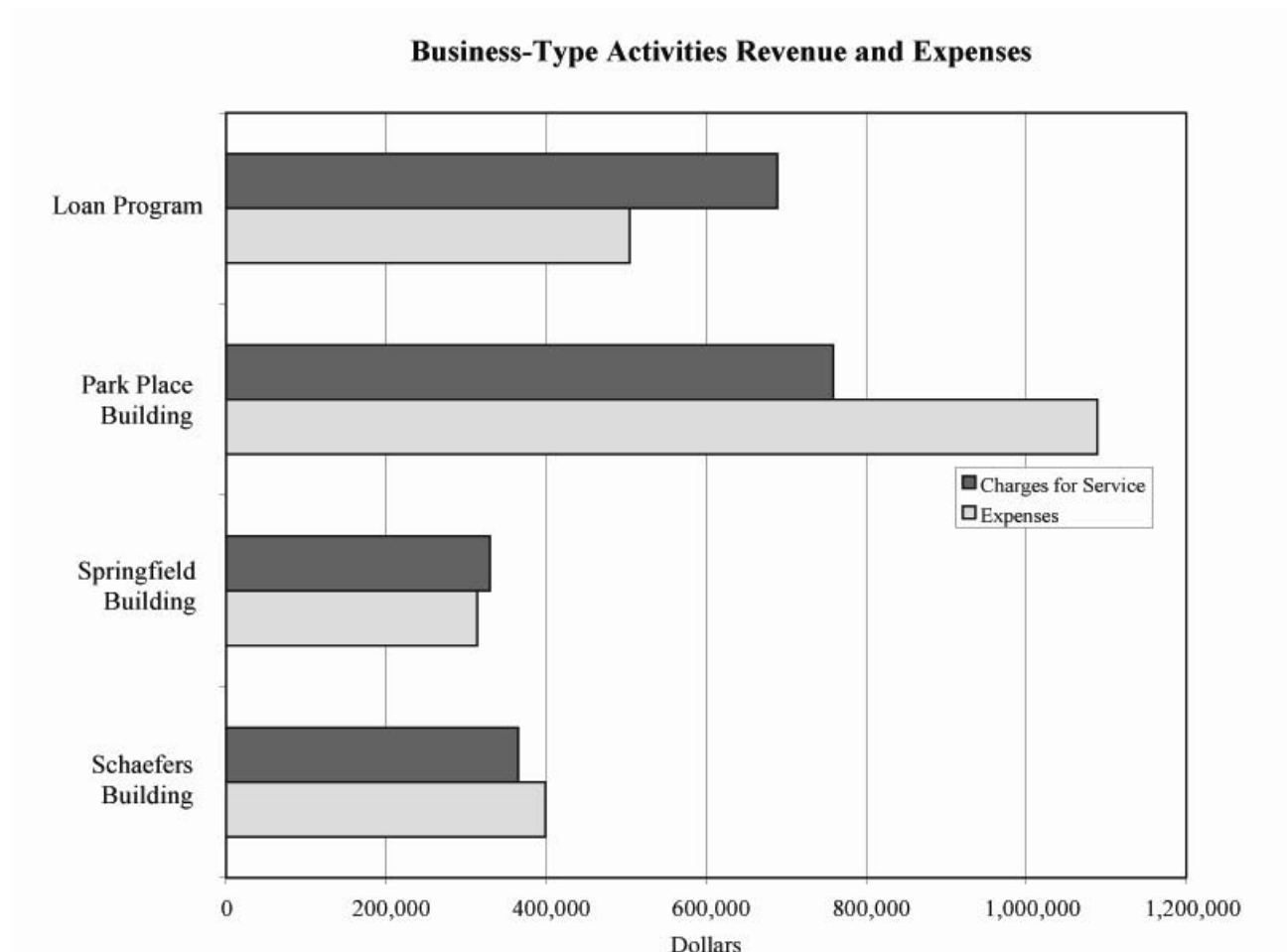
Governmental Activities

The following chart shows the type of revenue compared to expenses for each major governmental activity. The differences between the services are significant. Senior and Disabled Services receives 90% of its revenue from operating grants and contributions, while Government Services receives 70% of its revenue from charges for services.



Business-Type Activities

The next chart shows the revenue and expense for the business-type activities. These activities represent about 10% of total LCOG activities, and 100% of its revenue comes from charges for services.



During FY10, improvements were completed on the Park Place Building and offices for a total of \$627,553. This, minus depreciation, accounts for the small increase in capital assets between 2009 and 2010 for business-type activities.

Lane Council of Governments Capital Assets, Net of Accumulated Depreciation

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Land	\$ -	\$ -	\$ 735,830	\$ 735,830	\$ 735,830	\$ 735,830
Buildings and building improvements	-	-	10,218,650	10,079,303	10,218,650	10,079,303
Leasehold improvements	-	-		-		-
Equipment and vehicles	168,596	130,935		-	168,596	130,935
Total capital assets	<u>\$ 168,596</u>	<u>\$ 130,935</u>	<u>\$10,954,480</u>	<u>\$ 10,815,133</u>	<u>\$ 11,123,076</u>	<u>\$ 10,946,068</u>

Fund Based Financial Analysis

Governmental Funds

The governmental funds are comprised of the General Fund, the Telecommunications Fund, and the Grants and Contracts Fund (which are considered major governmental funds). The governmental fund balance at June, 2010 was about \$3.15 million. This consisted of \$11,787 in the General Fund, \$1,996,235 reserved for Telecommunications, and \$1,149,069 designated for Grants and Contracts.

Proprietary Funds

The proprietary funds are comprised of the Springfield Building, the Schaefer's Building, the Park Place Building, and the Loan Programs. The \$4,731,161 in net assets in these funds are distributed as follows:

Springfield Building	\$ (146,028)
Schaefer's Building	\$ 461,775
Park Place Building	\$2,331,407
Loan Programs	\$2,084,007

Long Term Debt Activity

LCOG had only one new loan in FY10, for \$219,963 loan from Umpqua Bank to pay for the improvements for the Federal Public Defender office space.

Economic Factors and Next Year's Budget and Rates

During the preparation of the budget for FY 2010-2011, 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 2010-2011 budget:

- FY11 is the second year of the State biannual budget with State revenues reduced significantly from the prior biennium. However, LCOG Senior and Disabled Services funding for the Type B Program (Medicaid) is expected to remain constant for FY11 due to conservative spending in the first year of the biennium and an increase in client count.
- 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, 2010.
- The PERS and OPSRP rates will remain constant for FY11, with PERS at 7.98% and the OPSRP at 9.03%.. These rates are scheduled to increase in FY12 to 12.52% for PERS and 11.24% for OPSRP.
- Health insurance expense will increase about 10% for FY11 due to good experience and the high deductible Health Reimbursement Arrangement (HRA). The LCOG annual contribution to each employee's HRA account will increase from \$1,600 to \$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, 2010

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current assets:			
Cash and investments	\$ 782,988	\$ 50,117	\$ 833,105
Accounts receivable	2,291,542	290,797	2,582,339
Current maturities of loans receivable	-	396,786	396,786
Accrued interest receivable	-	13,543	13,543
Internal balances	349,626	(349,626)	-
Prepaid expense	38,033	113,806	151,839
Total current assets	<u>3,462,189</u>	<u>515,423</u>	<u>3,977,612</u>
Noncurrent assets:			
Restricted cash and investments	1,988,609	2,410,473	4,399,082
Loans receivable, net of current maturities	-	2,917,514	2,917,514
Financing costs, net of accumulated amortization	27,196	88,188	115,384
Capital assets, net of accumulated depreciation	168,596	10,954,481	11,123,077
Total noncurrent assets	<u>2,184,401</u>	<u>16,370,656</u>	<u>18,555,057</u>
Total assets	<u>5,646,590</u>	<u>16,886,079</u>	<u>22,532,669</u>
LIABILITIES			
Current liabilities:			
Accounts payable	191,869	15,340	207,209
Accrued payroll and related liabilities	1,140,707	21,441	1,162,148
Accrued interest payable	7,370	52,412	59,782
Unearned revenue	186,385	227,120	413,505
Compensated absences	774,746	-	774,746
Current maturities of loans payable	70,735	396,684	467,419
Total current liabilities	<u>2,371,812</u>	<u>712,997</u>	<u>3,084,809</u>
Noncurrent liabilities:			
Long-term debt, net of current maturities	2,970,396	11,431,012	14,401,408
Security deposits	-	10,909	10,909
Total noncurrent liabilities	<u>2,970,396</u>	<u>11,441,921</u>	<u>14,412,317</u>
Total liabilities	<u>5,342,208</u>	<u>12,154,918</u>	<u>17,497,126</u>
NET ASSETS			
Invested in capital assets, net of related debt	168,596	2,704,793	2,873,389
Restricted for:			
Telecommunications	1,996,235	-	1,996,235
USDA	-	1,130,668	1,130,668
EDA	-	869,217	869,217
Unrestricted	<u>(1,860,449)</u>	<u>26,483</u>	<u>(1,833,966)</u>
Total net assets	<u>\$ 304,382</u>	<u>\$ 4,731,161</u>	<u>\$ 5,035,543</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, 2010

				Program Revenues		Net Revenue (Expense) and Changes in Net Assets		
	Direct Expenses	Indirect Cost Allocation	Expenses after Allocation of Indirect Costs	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:								
Board/executive	\$ 52,448	\$ 31,029	\$ 83,477	\$ 13,265	\$ -	\$ (70,212)	\$ -	\$ (70,212)
Government services	6,807,303	1,583,365	8,390,668	5,738,872	2,436,049	(215,747)	-	(215,747)
Senior and disabled services	10,329,341	1,824,809	12,154,150	1,262,548	11,231,416	339,814	-	339,814
Interest on long-term debt	181,906	-	181,906	-	-	(181,906)	-	(181,906)
Indirect costs	3,597,390	(3,597,390)	-	-	-	-	-	-
Total governmental activities	20,968,388	(158,187)	20,810,201	7,014,685	13,667,465	(128,051)	-	(128,051)
Business-type activities:								
Park Place Building	1,071,175	17,766	1,088,941	758,956	-	-	(329,985)	(329,985)
Springfield Building	313,694	-	313,694	329,679	-	-	15,985	15,985
Schaefer's Building	389,636	9,375	399,011	365,011	-	-	(34,000)	(34,000)
Loan program	373,408	131,046	504,454	688,905	-	-	184,451	184,451
Total business-type activities	2,147,913	158,187	2,306,100	2,142,551	-	-	(163,549)	(163,549)
Total activities	<u>\$ 23,116,301</u>	<u>\$ -</u>	<u>\$ 23,116,301</u>	<u>\$ 9,157,236</u>	<u>\$ 13,667,465</u>	<u>(128,051)</u>	<u>(163,549)</u>	<u>(291,600)</u>
General revenues:								
Unrestricted investment earnings						11,945	-	11,945
Member dues						229,946	-	229,946
Gain on sale of equipment						-	-	-
Transfers in (out)						(224,447)	224,447	-
Total general revenues and transfers						<u>17,444</u>	<u>224,447</u>	<u>241,891</u>
Change in net assets						(110,607)	60,898	(49,709)
Net assets, beginning of year						<u>414,989</u>	<u>4,670,263</u>	<u>5,085,252</u>
Net assets, end of year						<u>\$ 304,382</u>	<u>\$ 4,731,161</u>	<u>\$ 5,035,543</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

This page intentionally left blank.

LANE COUNCIL OF GOVERNMENTS
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2010

	General Fund	Telecommunications
ASSETS		
Cash and investments	\$ 736,504	\$ -
Prepaid expenditures	38,033	-
Accounts receivable	32,984	22,154
Due from other funds	364,154	-
Restricted cash and investments	-	1,988,609
	<hr/>	<hr/>
Total assets	\$ 1,171,675	\$ 2,010,763
	<hr/> <hr/>	<hr/> <hr/>
LIABILITIES AND FUND BALANCES		
Liabilities:		
Due to other funds	\$ -	\$ 14,528
Accounts payable	10,420	-
Accrued payroll and related liabilities	300,253	-
Compensated absences	774,746	-
Deferred revenue	74,469	-
	<hr/>	<hr/>
Total liabilities	1,159,888	14,528
	<hr/>	<hr/>
Fund balances:		
Reserved for telecommunications	-	1,996,235
Unreserved, designated for, reported in:		
Special revenue funds	-	-
Unreserved, undesignated, reported in:		
General fund	11,787	-
	<hr/>	<hr/>
Total fund balances	11,787	1,996,235
	<hr/>	<hr/>
Total liabilities and fund balances	\$ 1,171,675	\$ 2,010,763
	<hr/> <hr/>	<hr/> <hr/>

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

Grants and Contracts	Total Governmental Funds
\$ 46,484	\$ 782,988
-	38,033
2,236,404	2,291,542
-	364,154
-	1,988,609
<u>\$ 2,282,888</u>	<u>\$ 5,465,326</u>
\$ -	\$ 14,528
181,449	191,869
840,454	1,140,707
-	774,746
111,916	186,385
<u>1,133,819</u>	<u>2,308,235</u>
-	1,996,235
1,149,069	1,149,069
-	11,787
<u>1,149,069</u>	<u>3,157,091</u>
<u>\$ 2,282,888</u>	<u>\$ 5,465,326</u>

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

**LANE COUNCIL OF GOVERNMENTS
RECONCILIATION OF THE BALANCE SHEET --
GOVERNMENTAL FUNDS TO THE STATEMENT OF NET ASSETS
June 30, 2010**

Total fund balances - governmental funds			\$ 3,157,091
Capital assets used in governmental funds are not financial resources and therefore are not reported in the funds.			168,596
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.			27,196
Some liabilities are not due and payable in the current period and are therefore not reported in the funds:			
Loans payable	(3,041,131)		
Accrued interest	<u>(7,370)</u>		
		<u>(3,048,501)</u>	
Net assets of governmental activities			<u><u>\$ 304,382</u></u>

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

LANE COUNCIL OF GOVERNMENTS
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES -- GOVERNMENTAL FUNDS
For the Year Ended June 30, 2010

	General Fund	Telecommunications	Grants and Contracts	Total Governmental Funds
Revenues:				
Member agency dues	\$ 229,946	\$ -	\$ -	\$ 229,946
Federal and state grants and contracts	-	-	13,466,564	13,466,564
Other local sources	231,171	1,204,027	5,802,769	7,237,967
In-kind services	-	-	200,901	200,901
Total revenues	461,117	1,204,027	19,470,234	21,135,378
Expenditures:				
Current:				
Board/executive services	197,316	-	-	197,316
Government services	-	1,362,825	7,054,454	8,417,279
Senior and disabled services	-	-	12,170,920	12,170,920
Debt service:				
Principal	68,231	-	-	68,231
Interest	179,985	-	-	179,985
Financing costs	-	-	-	-
Capital outlay	10,076	-	133,321	143,397
Total expenditures	455,608	1,362,825	19,358,695	21,177,128
Revenues over (under) expenditures	5,509	(158,798)	111,539	(41,750)
Other financing sources (uses):				
Operating transfers in	324,970	-	95,661	420,631
Operating transfers out	(406,175)	(127,667)	(55,743)	(589,585)
Total other financing sources (uses)	(81,205)	(127,667)	39,918	(168,954)
Net change in fund balances	(75,696)	(286,465)	151,457	(210,704)
Fund balances, beginning of year	87,483	2,282,700	997,612	3,367,795
Fund balances, end of year	\$ 11,787	\$ 1,996,235	\$ 1,149,069	\$ 3,157,091

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, 2010

Net change in fund balances - governmental funds	\$ (210,704)
--	--------------

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:

Payments for buildings and equipment	32,411
Depreciation expense	(50,243)

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	68,231
Loan proceeds	-

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	(3,874)

Some items reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds:

Net change in accrued interest	(1,925)
--------------------------------	---------

The net effect of various miscellaneous transactions involving capital assets:

Sales and dispositions	-
------------------------	---

Contribution of capital asset not requiring use of current financial resources but recorded as a transfer in the enterprise funds.	55,493
--	--------

Rounding adjustment	4
---------------------	---

Change in net assets of government activities	<u><u>\$ (110,607)</u></u>
---	----------------------------

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

LANE COUNCIL OF GOVERNMENTS
STATEMENT OF NET ASSETS (DEFICIT)
PROPRIETARY FUNDS
June 30, 2010

	Park Place Building	Springfield Building	Schaefers Building	Loan Programs	Total
ASSETS					
Current assets:					
Cash and investments	\$ 5,817	\$ 4,587	\$ 7,405	\$ 32,308	\$ 50,117
Accounts receivable	243,217	27,642	-	19,938	290,797
Current maturities of loans receivable	-	-	-	396,786	396,786
Accrued interest receivable	-	-	-	13,543	13,543
Prepaid expense	34,841	61,306	17,659	-	113,806
Total current assets	<u>283,875</u>	<u>93,535</u>	<u>25,064</u>	<u>462,575</u>	<u>865,049</u>
Noncurrent assets:					
Restricted cash and investments	70,598	-	-	2,339,875	2,410,473
Loans receivable, net of current maturities	-	-	-	2,917,514	2,917,514
Deferred finance costs	63,381	16,745	8,062	-	88,188
Capital assets, net of accumulated depreciation	8,608,827	874,696	1,470,958	-	10,954,481
Total noncurrent assets	<u>8,742,806</u>	<u>891,441</u>	<u>1,479,020</u>	<u>5,257,389</u>	<u>16,370,656</u>
Total assets	<u>9,026,681</u>	<u>984,976</u>	<u>1,504,084</u>	<u>5,719,964</u>	<u>17,235,705</u>
LIABILITIES					
Current liabilities:					
Due to other funds	292,554	32,229	5,873	18,970	349,626
Accounts payable	14,710	-	-	630	15,340
Accrued payroll and related liabilities	1,459	-	1,532	18,450	21,441
Accrued interest payable	27,183	3,125	2,205	19,899	52,412
Unearned revenue	227,120	-	-	-	227,120
Current maturities of loans payable	177,035	21,776	26,585	171,288	396,684
Total current liabilities	<u>740,061</u>	<u>57,130</u>	<u>36,195</u>	<u>229,237</u>	<u>1,062,623</u>
Noncurrent liabilities:					
Long-term debt, net of current maturities	5,944,304	1,073,874	1,006,114	3,406,720	11,431,012
Security deposits	10,909	-	-	-	10,909
Total noncurrent liabilities	<u>5,955,213</u>	<u>1,073,874</u>	<u>1,006,114</u>	<u>3,406,720</u>	<u>11,441,921</u>
Total liabilities	<u>6,695,274</u>	<u>1,131,004</u>	<u>1,042,309</u>	<u>3,635,957</u>	<u>12,504,544</u>
NET ASSETS (DEFICIT)					
Invested in capital assets, net of related debt	2,487,488	(220,954)	438,259	-	2,704,793
Restricted by USDA	-	-	-	1,130,668	1,130,668
Restricted by EDA	-	-	-	869,217	869,217
Unrestricted	<u>(156,081)</u>	<u>74,926</u>	<u>23,516</u>	<u>84,122</u>	<u>26,483</u>
Total net assets (deficit)	<u>\$ 2,331,407</u>	<u>\$ (146,028)</u>	<u>\$ 461,775</u>	<u>\$ 2,084,007</u>	<u>\$ 4,731,161</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 (DEFICIT) - PROPRIETARY FUNDS
For the Year Ended June 30, 2010

	Park Place Building	Springfield Building	Schaefers Building	Loan Programs	Total
Operating revenues:					
Charges for services	\$ -	\$ -	\$ -	\$ 610,203	\$ 610,203
Rent	758,763	329,679	365,011	-	1,453,453
State revenue	-	-	-	37,500	37,500
Other	193	-	-	1,500	1,693
Total operating revenues	<u>758,956</u>	<u>329,679</u>	<u>365,011</u>	<u>649,203</u>	<u>2,102,849</u>
Operating expenses:					
Personal services	50,271	-	26,360	368,551	445,182
Materials and services	352,630	144,189	198,290	93,288	788,397
Provisions for loan losses	-	-	-	6,100	6,100
Interest on loans	-	-	-	36,515	36,515
Depreciation	276,719	92,520	118,966	-	488,205
Total operating expenses	<u>679,620</u>	<u>236,709</u>	<u>343,616</u>	<u>504,454</u>	<u>1,764,399</u>
Operating income	<u>79,336</u>	<u>92,970</u>	<u>21,395</u>	<u>144,749</u>	<u>338,450</u>
Nonoperating revenues (expenses):					
Interest income	-	-	-	39,702	39,702
Federal revenue	-	-	-	-	-
Finance costs	(7,722)	(2,258)	(1,209)	-	(11,189)
Interest expense	(401,599)	(74,727)	(54,186)	-	(530,512)
Total nonoperating revenues (expenses)	<u>(409,321)</u>	<u>(76,985)</u>	<u>(55,395)</u>	<u>39,702</u>	<u>(501,999)</u>
Income (loss) before transfers and capital contributions	(329,985)	15,985	(34,000)	184,451	(163,549)
Capital contributions	55,493	-	-	-	55,493
Transfers in	336,182	1,719	279	-	338,180
Transfers out	-	(99,806)	(69,420)	-	(169,226)
Change in net assets	61,690	(82,102)	(103,141)	184,451	60,898
Net assets (deficit), beginning of year	<u>2,269,717</u>	<u>(63,926)</u>	<u>564,916</u>	<u>1,899,556</u>	<u>4,670,263</u>
Net assets (deficit), end 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>

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, 2010

	Park Place Building	Springfield Building	Schaefer's Building	Loan Programs	Total
Rents - third parties	\$ 262,218	\$ 329,005	\$ 170,417	\$ -	\$ 761,640
Rents - LCOG occupancy costs	468,975	-	194,594	-	663,569
Loan fees	-	-	-	367,083	367,083
State revenue	-	-	-	-	-
Local revenue	193	-	-	1,500	1,693
Miscellaneous revenue	-	-	-	4,895	4,895
Interest on business loans	-	-	-	230,972	230,972
Payments to employees	(32,505)	-	(16,984)	(237,505)	(286,994)
Support services	(19,322)	-	(8,432)	(119,292)	(147,046)
Materials and services	(391,507)	(135,432)	(189,881)	(92,658)	(809,478)
Disbursements to borrowers	-	-	-	(595,000)	(595,000)
Principal received from borrowers	-	-	-	603,122	603,122
Interest on USDA loans	-	-	-	(37,114)	(37,114)
Net cash provided (used) by operating activities	<u>288,052</u>	<u>193,573</u>	<u>149,714</u>	<u>126,003</u>	<u>757,342</u>
Loans received from USDA	-	-	-	-	-
Principal paid to USDA	-	-	-	(169,958)	(169,958)
Advances from other funds	217,758	(17,405)	(6,663)	2,662	196,352
Operating transfers in	336,182	1,719	279	-	338,180
Operating transfers out	-	(99,806)	(69,420)	-	(169,226)
Net cash provided (used) by non-capital financing activities	<u>553,940</u>	<u>(115,492)</u>	<u>(75,804)</u>	<u>(167,296)</u>	<u>195,348</u>
Purchases of capital assets	(572,119)	-	-	-	(572,119)
Loan proceeds	219,963	-	-	-	219,963
Cash paid for financing costs	-	-	-	-	-
Principal paid on bank loans	(143,401)	(21,373)	(25,390)	-	(190,164)
Interest paid on bank loans	(392,620)	(74,787)	(54,239)	-	(521,646)
Federal revenue	-	-	-	-	-
Net cash used by capital and related financing activities	<u>(888,177)</u>	<u>(96,160)</u>	<u>(79,629)</u>	<u>-</u>	<u>(1,063,966)</u>
Purchase of investments	-	-	-	(532,095)	(532,095)
Proceeds from investments	-	-	-	1,315,154	1,315,154
Earnings on investments	-	-	-	39,702	39,702
Net cash provided (used) by investing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>822,761</u>	<u>822,761</u>
Net increase (decrease) in cash and cash equivalents	<u>(46,185)</u>	<u>(18,079)</u>	<u>(5,719)</u>	<u>781,468</u>	<u>711,485</u>
Cash and cash equivalents, beginning of year	<u>122,600</u>	<u>22,666</u>	<u>13,124</u>	<u>463,566</u>	<u>621,956</u>
Cash and cash equivalents, end of year	<u>\$ 76,415</u>	<u>\$ 4,587</u>	<u>\$ 7,405</u>	<u>\$ 1,245,034</u>	<u>\$ 1,333,441</u>

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, 2010**

	Park Place Building	Springfield Building	Schaefer's Building	Loan Programs	Total
Reconciliation of operating income to net cash provided (used) by operating activities:					
Operating income	\$ 79,336	\$ 92,970	\$ 21,395	\$ 144,749	\$ 338,450
Adjustments to reconcile operating income to net cash provided (used) by operating activities:					
Miscellaneous adjustments	59	-	-	-	59
Depreciation	276,719	92,520	118,966	-	488,205
Loan losses	-	-	-	6,100	6,100
Chargeoff against loan reserves				(10,000)	(10,000)
(Increase) decrease in:					
Interest receivable	-	-	-	(517)	(517)
Accounts receivable	(243,217)	(674)	-	(6,736)	(250,627)
Prepaid expense	(31,239)	8,757	8,409	-	(14,073)
Loan receivable	-	-	-	18,122	18,122
Increase (decrease) in:					
Deferred revenue	227,120	-	-	(37,500)	189,620
Security accounts payable	(11,473)	-	-	-	(11,473)
Accrued interest payable	-	-	-	(599)	(599)
Accounts payable	(7,697)	-	-	630	(7,067)
Accrued payroll and related liabilities	(1,556)	-	944	11,754	11,142
Net cash provided (used) by operating activities	<u>\$ 288,052</u>	<u>\$ 193,573</u>	<u>\$ 149,714</u>	<u>\$ 126,003</u>	<u>\$ 757,342</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, 2010

	Agency Funds
ASSETS	
Cash and investments	\$ 1,164,160
Accounts receivable	<u>-</u>
Total assets	<u><u>\$ 1,164,160</u></u>
LIABILITIES	
Accounts payable	\$ -
Due to other agencies	<u>1,164,160</u>
Total liabilities	<u><u>\$ 1,164,160</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.

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 a revolving loan fund called the Rural Business Development Fund (RBDF). The purpose of the RBDF is to finance business facilities and community development projects in rural Lane County. LCOG also administers an additional revolving loan fund with a grant award from the Economic Development Administration supplemented by local funding. 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.

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 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

NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies, Continued:

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

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

Interfund Transactions

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

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.

LANE COUNCIL OF GOVERNMENTS

NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies, Continued:

Prepaid Items

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

Restricted Assets

LCOG classifies the following cash and investments as restricted:

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

Capital Assets

Capital assets, which include land, buildings, leasehold improvements, vehicles, and furniture and equipment are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by LCOG as assets with an initial, individual cost of \$5,000 or more and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Capital assets are depreciated using the straight line method over the following useful lives:

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

Liability for Compensated Absences

Earned but unpaid vacation benefits are recorded as expense/expenditures and a corresponding current liability at the time the related payroll cost is incurred. 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.

LANE COUNCIL OF GOVERNMENTS

NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies, Continued:

Long-term Obligations

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

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

Net Assets

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

Fund Equity

In 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.

LANE COUNCIL OF GOVERNMENTS
NOTES TO THE FINANCIAL STATEMENTS

2. Budget and Appropriations, Continued:

The budget as originally adopted may be amended by official resolution of the Board. There was one such amendment authorized.

Encumbrances

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

3. Reporting Entity:

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

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

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

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, 2010 consisted of the following:

Cash:

Petty cash and cash on hand	\$ 200
Demand deposits with financial institutions	1,410,705
Money market accounts	1,878,246
Nonnegotiable certificates of deposit	1,306,437
Cash with agent	<u>86,165</u>
Total cash	4,681,754

Investments

Local Government Investment Pool	<u>1,714,591</u>
----------------------------------	------------------

Total cash and investments	<u>\$ 6,396,345</u>
----------------------------	---------------------

LANE COUNCIL OF GOVERNMENTS
NOTES TO THE FINANCIAL STATEMENTS

4. Cash and Investments, Continued:

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

Statement of net assets:	
Cash and investments	\$833,105
Restricted cash and investments	4,399,080
Statement of fiduciary net assets:	
Cash and investments	<u>1,164,160</u>
Total cash and investments	<u>\$6,396,345</u>

Deposits

Custodial Credit Risk. Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, LCOG will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. Demand deposits are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 at each financial institution. Oregon Revised Statutes (ORS) Chapter 295, requires deposits in excess of insured limits be deposited with depositories that participate in a multiple financial institution collateral pool administered by the Oregon State Treasury (OST). Each participating depository must provide collateral, generally equal to 10% of its uninsured public funds deposits. The OST is responsible for monitoring compliance with the collateralization and reporting requirements of ORS 295 and notifying local governments of compliance by financial institutions. No specific collateral can be identified as security for any one public depositor, however all pool collateral is potentially available if a participating depository is unable to satisfy claims. During the year ended June 30, 2010, 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 \$5,060,969. Of this, \$1,503,720 was insured and \$3,470,884 was collateralized. The remaining \$86,365 was not insured or 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, 2010, 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. At June 30, 2010 the LGIP's investments in these three categories were 77%, 7%, and 16%, respectively.

LANE COUNCIL OF GOVERNMENTS
NOTES TO THE FINANCIAL STATEMENTS

4. Cash and Investments, Continued:

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, 2010, LCOG's only investments were in the Local Government Investment Pool.

Cash and Cash Equivalents

For purposes of the statement of cash flows, LCOG's cash and investments in the enterprise funds are categorized as follows:

	<u>Cash and Cash Equivalents</u>	<u>Other</u>	<u>Total</u>
Cash and investments	\$ 50,117	\$ -	\$ 50,117
Restricted cash and investments	<u>1,283,324</u>	<u>1,127,149</u>	<u>2,410,473</u>
	<u>\$ 1,333,441</u>	<u>\$ 1,127,149</u>	<u>\$2,460,590</u>

5. Accounts Receivable:

	<u>Grants and Contracts</u>	<u>System User Accounts</u>	<u>Other</u>	<u>Total</u>
Governmental funds:				
General Fund	\$ -	\$ -	\$ 32,983	\$ 32,983
Telecommunications	-	22,154	-	22,154
Grants and Contracts	2,236,404	-	-	2,236,404
Other Nonmajor	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total governmental	<u>2,236,404</u>	<u>22,154</u>	<u>32,983</u>	<u>2,291,541</u>
Proprietary funds:				
Springfield Building	-	-	27,642	27,642
Park Place Building			243,217	243,217
Loan Programs	<u>-</u>	<u>-</u>	<u>19,938</u>	<u>19,938</u>
Total proprietary	<u>-</u>	<u>-</u>	<u>290,797</u>	<u>290,797</u>
Total	<u>\$ 2,236,4</u>	<u>\$ 22,154</u>	<u>\$ 323,780</u>	<u>\$ 2,582,338</u>

LANE COUNCIL OF GOVERNMENTS
NOTES TO THE FINANCIAL STATEMENTS

6. Capital Assets:

Governmental activities:

	Beginning of Year	Increases	Decreases	End of Year
Capital assets being depreciated:				
Leasehold improvements	\$ 88,893	\$ -	\$ -	\$ 88,893
Vehicles	91,252	-	-	91,252
Furniture and equipment	915,537	87,904	(48,525)	954,916
Total capital assets being depreciated	<u>1,095,682</u>	<u>87,904</u>	<u>(48,525)</u>	<u>1,135,061</u>
Less accumulated depreciation for:				
Leasehold improvements	(88,893)	-	-	(88,893)
Vehicles	(52,159)	(7,330)	-	(59,489)
Furniture and equipment	(823,695)	(42,913)	48,525	(818,083)
Total accumulated depreciation	<u>(964,747)</u>	<u>(50,243)</u>	<u>48,525</u>	<u>(966,465)</u>
Governmental activities capital assets, net	<u>\$ 130,935</u>	<u>\$ 37,661</u>	<u>\$ -</u>	<u>\$ 168,596</u>

Business-type activities:

	Beginning of Year	Increases	Decreases	End of Year
Capital assets not being depreciated:				
Land	<u>\$ 735,830</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 735,830</u>
Capital assets being depreciated:				
Buildings	8,244,877	-	-	8,244,877
Improvements	4,382,149	627,553	-	5,009,702
Total capital assets being depreciated	<u>12,627,026</u>	<u>627,553</u>	<u>-</u>	<u>13,254,579</u>
Less accumulated depreciation for:				
Buildings	(1,044,177)	(211,349)	-	(1,255,526)
Improvements	(1,503,545)	(276,856)	-	(1,780,402)
Total accumulated depreciation	<u>(2,547,722)</u>	<u>(488,205)</u>	<u>-</u>	<u>(3,035,928)</u>
Capital assets being depreciated, net	<u>10,079,304</u>	<u>139,348</u>	<u>-</u>	<u>10,218,651</u>
Business-type activities capital assets, net	<u>\$ 10,815,134</u>	<u>\$139,348</u>	<u>\$ -</u>	<u>\$ 10,954,482</u>

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	\$ 8,669
Government Services	12,858
Senior and Disabled Services	<u>28,717</u>
Total depreciation expense – governmental activities	<u>50,243</u>
Business-type activities:	
Schaefers Building	118,966
Springfield Building	92,520
Park Place Building	276,719
Loan Programs	<u>-</u>
Total depreciation expense – business-type activities	<u>488,205</u>
Total depreciation expense	<u><u>\$ 538,448</u></u>

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 47 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	\$3,595,700
Allowance for loan losses	<u>(281,400)</u>
Loans receivable, net of allowance for loan losses	3,314,300
Amounts due within one year	<u>(396,786)</u>
Loans receivable, noncurrent	<u><u>\$2,917,514</u></u>

Included in the above are loans receivable with a carrying value of \$2,725,482, 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	\$ 285,300
Net change in estimate	6,100
Write-offs of uncollectible loans	(10,000)
Recovery of amounts previously charged off	<u>-</u>
Balance, end of the year	<u><u>\$ 281,400</u></u>

LCOG considers a loan to be impaired when, based on current information, it is probable that all principal and interest will not be collected according to the terms of the loan. When a loan becomes impaired, its related allowance is adjusted so that the loan's carrying value reflects the value of its collateral and the present value of

LANE COUNCIL OF GOVERNMENTS
NOTES TO THE FINANCIAL STATEMENTS

7. Loan Programs, Continued:

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. At June 30, two loans totaling \$252,785 were classified as impaired and offset by allowances for loan losses of \$25,300. During the year, these loans had an average balance of \$261,650 and interest income of \$7,939 was recognized. Actual cash basis interest received was \$7,870; if the loans had not been impaired, interest income of \$21,342 would have been recorded. During the year the allowance for loan losses decreased by \$60,200 due to these loans.

At June 30, no loans were delinquent and no loans were on nonaccrual of interest.

8. Long-term Debt:

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 reamortized; final payment of \$1,414,753 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. \$ 1,753,903

\$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 November 2012, including interest at 6.75%; beginning December 2012 the interest rate will be adjusted to the sum of the bank's index rate plus 2.45%, monthly payments through October 2017 to be reamortized; final payment of \$1,086,859 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. 1,287,228

Total long-term debt for governmental activities 3,041,131

Amounts due within one year (70,735)

Long-term debt, net of current maturities - governmental activities \$ 2,970,396

LANE COUNCIL OF GOVERNMENTS
NOTES TO THE FINANCIAL STATEMENTS

8. Long-term Debt, Continued:

Long-term Debt - Business-type Activities

\$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 Schaefers 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 reamortized; final payment of \$830,042 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.*

1,032,699

\$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 November 2012; including interest at 6.75%; beginning December 2012, the interest rate will be adjusted to the sum of the bank's index rate plus 2.45%, monthly payments through October 2017 to be reamortized; final payment of \$902,196 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.*

1,095,650

\$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 April 2014, including interest at 6.75%; beginning May 2014 the interest rate will be adjusted to the sum of the bank's interest index rate plus 2.50%, monthly payments through March 2019 to be reamortized; final payment of \$4,653,146 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.*

5,406,911

\$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 payment of approximately \$2,600 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.

216,698

\$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 \$70,405.

497,730

\$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.

1,248,704

LANE COUNCIL OF GOVERNMENTS
NOTES TO THE FINANCIAL STATEMENTS

8. Long-term Debt, Continued:

Long-term Debt - Business-type Activities, 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.	695,635
\$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.	382,492
\$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.	333,628
\$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.	433,957
\$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>483,593</u>
Total long-term debt for business-type activities	11,827,696
Amounts due within one year	<u>(396,684)</u>
Long-term debt, net of current maturities - business-type activities	\$ <u>11,431,012</u>

LANE COUNCIL OF GOVERNMENTS
NOTES TO THE FINANCIAL STATEMENTS

8. Long-term Debt, Continued:

Long-term Debt Transactions – Governmental Activities

	Principal				
	Outstanding Beginning	Additional Borrowings	Repaid	Outstanding Ending	Due Within One Year
Umpqua Bank loan (Schaefer's Building)	\$ 1,797,031	-	\$ (43,128)	\$ 1,753,903	\$ 45,152
Umpqua Bank loan (Springfield Building)	1,312,335	-	(25,107)	1,287,228	25,583
	<u>\$ 3,109,366</u>	<u>\$ -</u>	<u>\$ (68,253)</u>	<u>\$ 3,041,131</u>	<u>\$ 70,735</u>
	Interest				
	Outstanding Beginning	Matured	Paid	Outstanding Ending	
Umpqua Bank loan (Schaefer's Building)	-	92,120	(92,120)	-	
Umpqua Bank loan (Springfield Building)	-	87,865	(87,865)	-	
	<u>\$ -</u>	<u>\$ 179,985</u>	<u>\$ (179,985)</u>	<u>\$ -</u>	

LANE COUNCIL OF GOVERNMENTS
NOTES TO THE FINANCIAL STATEMENTS

8. Long-term Debt, Continued:

Long-term Debt Transactions – Business-type Activities

	Principal				
	Outstanding Beginning	Additional Borrowings	Repaid	Outstanding Ending	Due Within One Year
Umpqua Bank loan (Park Place)	\$ -	\$ 219,963	\$ (3,265)	\$216,698	\$38,577
Wells Fargo Bank loan	\$ 550,000	-	(52,270)	\$ 497,730	\$ 44,361
Umpqua Bank loan (Schaefer's)	1,058,089	-	(25,241)	1,032,848	26,586
Umpqua Bank loan (Springfield)	1,117,023	-	(20,339)	1,096,690	21,782
Umpqua Bank loan (Park Place)	5,494,777	-	(87,890)	5,406,911	94,121
\$2,000,000 USDA loan	1,320,364	-	(71,660)	1,248,704	72,416
\$1,000,000 USDA loan	731,015	-	(35,380)	695,635	35,490
\$478,000 USDA loan	398,807	-	(16,315)	382,492	16,476
\$400,000 USDA loan	347,231	-	(13,603)	333,628	13,642
\$500,000 USDA loan	450,798	-	(16,841)	433,957	16,879
\$500,000 USDA loan	499,751	-	(16,159)	483,592	16,385
	<u>\$11,967,855</u>	<u>\$ 219,963</u>	<u>\$ (355,188)</u>	<u>\$ 11,828,885</u>	<u>\$ 396,715</u>
	Interest				
	Outstanding Beginning	Matured	Paid	Outstanding Ending	
Umpqua Bank loan (Park Place)	\$ -	\$1,112	\$ (1,112)	\$ -	
Wells Fargo Bank loan	-	18,135	(18,135)	-	
Umpqua Bank loan (Schaefer's)	-	54,391	(54,391)	-	
Umpqua Bank loan (Springfield)	-	75,824	(75,824)	-	
Umpqua Bank loan (Park Place)	-	373,374	(373,374)	-	
\$2,000,000 USDA loan	-	13,240	(13,240)	-	
\$1,000,000 USDA loan	-	7,070	(7,070)	-	
\$478,000 USDA loan	-	3,977	(3,977)	-	
\$400,000 USDA loan	-	3,377	(3,377)	-	
\$500,000 USDA loan	-	4,384	(4,384)	-	
\$500,000 USDA loan	-	5,066	(5,066)	-	
	<u>\$ -</u>	<u>\$ 559,950</u>	<u>\$(559,950)</u>	<u>\$ -</u>	

LANE COUNCIL OF GOVERNMENTS
NOTES TO THE FINANCIAL STATEMENTS

8. Long-term Debt, Continued:

Total interest expense for the year was \$710,497. This consisted of \$179,985 reported in the governmental activities and \$530,512 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:		
2011	\$ 70,735	\$ 177,480
2012	74,466	173,750
2013	79,381	168,835
2014	84,115	164,101
2015 - 2019	<u>2,732,435</u>	<u>467,946</u>
	<u>\$ 3,041,132</u>	<u>\$ 1,152,120</u>

Annual Debt Service Requirements to Maturity – Business-type Activities

	<u>Principal</u>	<u>Interest</u>
Fiscal year ending:		
2011	\$ 396,684	\$ 570,348
2012	411,844	555,187
2013	430,604	536,428
2014	440,406	517,921
2015- 2019	8,174,872	2,114,766
2020 - 2024	955,597	79,773
2025 - 2029	703,058	33,619
2030 - 2034	273,005	8,818
2035 - 2036	<u>20,820</u>	<u>628</u>
	<u>\$11,826,696</u>	<u>\$ 4,417,349</u>

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	\$ 406,175	\$ 324,970
Telecommunications Fund	127,667	
Grants and Contracts Fund	55,743	65,661
Springfield Building Fund	99,806	1,719
Schaefer's Building Fund	69,402	279
Park Place Building Fund	-	336,182
Loan Programs Fund	<u>-</u>	<u>-</u>
	<u>\$ 758,793</u>	<u>\$ 728,811</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 \$529,821 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		
2008	10.93%	13.72%	\$ 881,009	100%
2009	10.93%	13.72%	\$ 987,656	100%
2010	7.98%	9.03%	\$ 727,959	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:

LCOG allows retired employees to continue their health insurance coverage by paying 100% of the premium. Because the cost paid by retirees is a blended rate for all LCOG employees, and retirees might have to pay a higher rate than the blended rate due to their age 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, 2010, 6 retired employees were availing themselves of this benefit and 184 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 \$2,587 for the year ending May 31, 2011.

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	30,131
Type B Funds	73,858
Senior Nutrition and Outreach	16,667
Park Place Building (see note #13)	468,975
Schaefers Building (see note #13)	<u>187,668</u>
Total	\$ <u>787,499</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>	
2011	\$ 102,131
2012	73,674
2013	60,655
2014	21,600
2015	21,600
2016-2020	<u>61,200</u>
Total	\$ <u>340,860</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 \$187,668 for the year and are included in total rent income of \$1,453,453 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 \$27,642 at June 30, 2010 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 \$300 to \$6,800 per month. The estimated rental income for 2010-2011 will be \$394,661 from third party tenants and \$490,024 from LCOG occupancy.

Minimum rental income on noncancellable leases is:

<u>June 30</u>	
2011	\$ 907,668
2012	886,179
2013	616,052
2014	517,643
2015	521,741
2016	493,200
2017	502,758
2018	110,783
2019	110,873
2020	<u>110,873</u>
Total	\$ <u>4,445,241</u>

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 its 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 an 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.

OTHER STATEMENTS AND SCHEDULES

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, 2010

	Beginning Balance	Additions	Deductions	Ending Balance
<u>9-1-1 PSAP Reserves</u>				
Assets:				
Cash and investments	\$ 1,195,135	\$ 1,709,471	\$ 1,740,446	\$ 1,164,160
Total assets	<u>\$ 1,195,135</u>	<u>\$ 1,709,471</u>	<u>\$ 1,740,446</u>	<u>\$ 1,164,160</u>
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to other agencies	1,195,135	1,709,471	1,740,446	1,164,160
Total liabilities	<u>\$ 1,195,135</u>	<u>\$ 1,709,471</u>	<u>\$ 1,740,446</u>	<u>\$ 1,164,160</u>

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 is responsible for the administration of a revolving loan fund called the Rural Business Development Fund. The purpose of the RBDF is to finance business facilities and community development projects in rural Lane County. Also, as a recipient of an award from the Economic Development Administration, LCOG operates a Revolving Loan Fund to assist business enterprises and create jobs. 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' 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, 2010**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
Revenues:			
Local revenues:			
Member agency dues	\$ 230,585	\$ 229,946	\$ (639)
Interest income	10,000	6,569	(3,431)
Overhead carryforward	187,668	187,668	-
Equipment reimbursement	8,669	8,669	-
Improvement reimbursement	-	-	-
Interest reimbursement	-	-	-
Other local sources	14,400	19,756	5,356
Miscellaneous	4,000	8,509	4,509
	<u>455,322</u>	<u>461,117</u>	<u>5,795</u>
Total local revenues			
Expenditures:			
General services:			
Personal services	64,661	59,352	(5,309)
Support services	50,046	157,569	107,523
Materials and services	26,500	56,061	29,561
Leave expense	(70,273)	(75,666)	(5,393)
Capital outlay	10,076	10,076	-
Debt service	248,220	248,216	(4)
	<u>329,230</u>	<u>455,608</u>	<u>126,378</u>
Total expenditures			
Revenues over (under) expenditures	<u>126,092</u>	<u>5,509</u>	<u>(120,583)</u>
Other financing sources (uses):			
Operating transfers in	196,652	324,970	128,318
Operating transfers out	(211,660)	(406,175)	(194,515)
	<u>(15,008)</u>	<u>(81,205)</u>	<u>(66,197)</u>
Total other financing sources (uses)			
Change in fund balance	111,084	(75,696)	(186,780)
Fund balance, beginning of year	87,483	87,483	-
Fund balance, end of year	<u>\$ 198,567</u>	<u>\$ 11,787</u>	<u>\$ (186,780)</u>

**LANE COUNCIL OF GOVERNMENTS
TELECOMMUNICATIONS
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
For the Year Ended June 30, 2010**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
Revenues:			
Local sources	\$ 1,410,544	\$ 1,204,027	\$ (206,517)
Total revenues	<u>1,410,544</u>	<u>1,204,027</u>	<u>(206,517)</u>
Expenditures:			
Technology services:			
Services by other organizations	<u>1,385,955</u>	<u>1,362,825</u>	<u>(23,130)</u>
Total expenditures	<u>1,385,955</u>	<u>1,362,825</u>	<u>(23,130)</u>
Revenues over (under) expenditures	<u>24,589</u>	<u>(158,798)</u>	<u>(183,387)</u>
Other financing sources (uses):			
Operating transfers in	-	-	-
Operating transfers out	<u>(31,531)</u>	<u>(127,667)</u>	<u>(96,136)</u>
Total other financing (uses)	<u>(31,531)</u>	<u>(127,667)</u>	<u>(96,136)</u>
Change in fund balance	(6,942)	(286,465)	(279,523)
Fund balance, beginning of year	<u>2,202,155</u>	<u>2,282,700</u>	<u>80,545</u>
Fund balance, end of year	<u><u>\$ 2,195,213</u></u>	<u><u>\$ 1,996,235</u></u>	<u><u>\$ (198,978)</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, 2010**

	Budget	Actual	Variance Over (Under)
Revenues:			
Federal and state grants and contracts	\$ 14,692,932	\$ 13,466,564	\$ (1,226,368)
Local sources	5,845,460	5,802,767	(42,693)
In-kind services	71,323	200,901	129,578
	<u>20,609,715</u>	<u>19,470,232</u>	<u>(1,139,483)</u>
Total revenues			
Expenditures:			
Government services:			
Personal services	3,727,873	3,545,968	(181,905)
Support services	1,693,108	1,622,833	(70,275)
Materials and services	2,212,882	1,725,012	(487,870)
Services by other organizations	-	160,640	160,640
Capital outlay	94,168	69,982	(24,186)
	<u>7,728,031</u>	<u>7,124,435</u>	<u>(603,596)</u>
Senior and disabled services:			
Personal services	8,465,956	7,828,294	(637,662)
Support services	1,970,326	1,870,297	(100,029)
Materials and services	1,705,540	1,629,653	(75,887)
Services by other organizations	758,672	842,674	84,002
Capital outlay	140,000	63,339	(76,661)
	<u>13,040,494</u>	<u>12,234,257</u>	<u>(806,237)</u>
Total expenditures			
	<u>20,768,525</u>	<u>19,358,692</u>	<u>(1,409,833)</u>
Revenues over (under) expenditures	<u>(158,810)</u>	<u>111,540</u>	<u>270,350</u>
Other financing sources (uses):			
Operating transfers in	42,628	95,661	53,033
Operating transfers out	(8,300)	(55,743)	(47,443)
Total other financing sources or uses	<u>34,328</u>	<u>39,918</u>	<u>5,590</u>
Change in fund balance	(124,482)	151,458	275,940
Fund balance, beginning of year	<u>964,165</u>	<u>997,611</u>	<u>33,446</u>
Fund balance, end of year	<u>\$ 839,683</u>	<u>\$ 1,149,069</u>	<u>\$ 309,386</u>

**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, 2010**

	Budget	Actual	Variance Over (Under)
Revenues:			
Rents	\$ 736,466	\$ 985,884	\$ 249,418
Interest earned	-	193	193
	<u>736,466</u>	<u>986,077</u>	<u>249,611</u>
Total revenues			
Expenditures:			
Personal services	30,778	32,505	1,727
Support services	16,494	17,766	1,272
Materials and services	321,581	383,809	62,228
Capital outlay	-	572,120	572,120
Debt service	536,645	536,022	(623)
	<u>905,498</u>	<u>1,542,222</u>	<u>636,724</u>
Total expenditures			
Revenues over (under) expenditures	<u>(169,032)</u>	<u>(556,145)</u>	<u>(387,113)</u>
Other financing sources (uses):			
Loan proceeds	-	219,963	219,963
Operating transfer in	169,032	336,182	167,150
	<u>169,032</u>	<u>556,145</u>	<u>387,113</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		(6,121,339)	
Capital assets, net of accumulated depreciation		8,608,827	
Refinance costs, net of accumulated amortization		63,381	
Accrued interest payable		(27,183)	
Prepaid expenses		34,841	
Deferred revenue		<u>(227,120)</u>	
Net assets, end of year		<u>\$ 2,331,407</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, 2010**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
Revenues:			
Rents	\$ 329,679	\$ 329,679	\$ -
Interest earned	-	-	-
	<u>329,679</u>	<u>329,679</u>	<u>-</u>
Total revenues			
Expenditures:			
Personal services	-	-	-
Support services	-	-	-
Materials and services	132,546	135,431	2,885
Capital outlay	-	-	-
Debt service	96,156	96,160	4
	<u>228,702</u>	<u>231,591</u>	<u>2,889</u>
Total expenditures			
Revenues over (under) expenditures	<u>100,977</u>	<u>98,088</u>	<u>(2,889)</u>
Other financing sources (uses):			
Loan proceeds	-	-	-
Operating transfer out	(100,977)	(98,088)	2,889
	<u>(100,977)</u>	<u>(98,088)</u>	<u>2,889</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:			
Bank loans payable		(1,095,650)	
Capital assets, net of accumulated depreciation		874,696	
Refinance costs, net of accumulated amortization		16,745	
Accrued interest payable		(3,125)	
Prepaid expense		<u>61,306</u>	
Net assets (deficit), end of year		<u>\$ (146,028)</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, 2010**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
Revenues:			
Rents	\$ 361,460	\$ 365,011	\$ 3,551
Interest earned	-	-	-
	<u>361,460</u>	<u>365,011</u>	<u>3,551</u>
Total revenues			
Expenditures:			
Personal services	15,389	16,986	1,597
Support services	8,247	9,375	1,128
Materials and services	202,348	189,880	(12,468)
Capital outlay	-	-	-
Debt service	79,632	79,630	(2)
	<u>305,616</u>	<u>295,871</u>	<u>(9,745)</u>
Total expenditures			
Revenues over (under) expenditures	<u>55,844</u>	<u>69,140</u>	<u>13,296</u>
Other financing sources (uses):			
Operating transfer out	<u>(55,844)</u>	<u>(69,140)</u>	<u>(13,296)</u>
	<u>(55,844)</u>	<u>(69,140)</u>	<u>(13,296)</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		(1,032,699)	
Capital assets, net of accumulated depreciation		1,470,958	
Financing costs, net of accumulated amortization		8,062	
Accrued interest payable		(2,205)	
Prepaid expense-lease negotiation fee		<u>17,659</u>	
Net assets, end of year		<u>\$ 461,775</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, 2010**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
Revenues:			
Principal received on loans	\$ 401,800	\$ 603,123	\$ 201,323
Federal revenue	-	-	-
Loan fees	317,000	378,715	61,715
Local revenues	-	1,500	1,500
State revenue	-	37,500	37,500
Interest earned	<u>340,209</u>	<u>271,191</u>	<u>(69,018)</u>
Total revenues	<u>1,059,009</u>	<u>1,292,029</u>	<u>233,020</u>
Expenditures:			
Personal services	243,512	237,505	(6,007)
Support services	130,491	131,048	557
Materials and services	103,020	93,288	(9,732)
Loans made	437,500	595,000	157,500
Debt service	<u>190,000</u>	<u>207,072</u>	<u>17,072</u>
Total expenditures	<u>1,104,523</u>	<u>1,263,913</u>	<u>159,390</u>
Revenues over (under) expenditures	<u>(45,514)</u>	<u>28,116</u>	<u>73,630</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	(45,514)	28,116	73,630
Fund balance, beginning of year	<u>2,339,498</u>	<u>2,339,498</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ 2,293,984</u></u>	2,367,614	<u><u>\$ 73,630</u></u>
Reconciliation to GAAP basis:			
Loans receivable, net of allowance for loan losses		3,314,300	
Loans payable		(3,578,008)	
Accrued interest payable		<u>(19,899)</u>	
Net assets, end of year		<u><u>\$ 2,084,007</u></u>	

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, 2010**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
Resources:			
Federal and state	\$ 14,692,932	\$ 13,504,064	\$ (1,188,868)
Local sources	9,967,355	10,393,224	425,869
In-kind services	71,323	200,901	129,578
Member dues	230,585	229,946	(639)
Beginning reserves	<u>5,623,089</u>	<u>5,707,294</u>	<u>84,205</u>
Total resources	<u>30,585,284</u>	<u>30,035,429</u>	<u>(549,855)</u>
Requirements:			
Personal services	14,710,540	13,900,275	(810,265)
Materials and services	6,338,691	5,766,689	(572,002)
Capital outlay	244,244	715,517	471,273
Loans made	437,500	595,000	157,500
Debt service	1,150,653	1,167,100	16,447
Services by other organizations	<u>2,144,627</u>	<u>2,366,139</u>	<u>221,512</u>
Total requirements	<u>25,026,255</u>	<u>24,510,720</u>	<u>(515,535)</u>
Ending reserves	<u><u>\$ 5,559,029</u></u>	<u><u>\$ 5,524,709</u></u>	<u><u>\$ (34,320)</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, 2010**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
Resources:			
Member dues	\$ 230,585	\$ 229,946	\$ (639)
Other local sources	224,737	231,171	6,434
Transfers	196,652	324,970	128,318
Beginning reserves	<u>87,483</u>	<u>87,483</u>	<u>0</u>
Total resources	<u>739,457</u>	<u>873,570</u>	<u>134,113</u>
Requirements:			
Personal services	64,661	59,352	(5,309)
Support services	50,046	157,569	107,523
Leave expense	(70,273)	(75,666)	(5,393)
Materials and services	26,500	56,061	29,561
Capital outlay	10,076	10,076	-
Debt service	248,220	248,216	(4)
Transfers	<u>211,660</u>	<u>406,175</u>	<u>194,515</u>
Total requirements	<u>540,890</u>	<u>861,783</u>	<u>320,893</u>
Ending reserves	<u><u>\$ 198,567</u></u>	<u><u>\$ 11,787</u></u>	<u><u>\$ (186,780)</u></u>

LANE COUNCIL OF GOVERNMENTS
GOVERNMENT SERVICES
SCHEDULE OF RESOURCES AND REQUIREMENTS
BUDGET AND ACTUAL
For the Year Ended June 30, 2010

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
Resources:			
Federal and state	\$ 2,922,066	\$ 2,419,269	\$ (502,797)
Local sources	6,115,924	5,738,902	(377,022)
In-kind services	-	16,780	16,780
Transfers	47,628	70,415	22,787
Beginning reserves	<u>2,489,964</u>	<u>2,570,509</u>	<u>80,545</u>
Total resources	<u>11,575,582</u>	<u>10,815,875</u>	<u>(759,707)</u>
Requirements:			
Personal services	3,727,873	3,545,968	(181,905)
Support services	1,693,108	1,622,833	(70,275)
Materials and services	2,212,882	1,725,012	(487,871)
Capital outlay	94,168	69,982	(24,186)
Services by other organizations	1,385,955	1,523,465	137,510
Transfers	<u>26,831</u>	<u>142,744</u>	<u>115,913</u>
Total requirements	<u>9,140,817</u>	<u>8,630,004</u>	<u>(510,813)</u>
Ending reserves	<u><u>\$ 2,434,765</u></u>	<u><u>\$ 2,185,871</u></u>	<u><u>\$ (248,894)</u></u>

**LANE COUNCIL OF GOVERNMENTS
SENIOR AND DISABLED SERVICES
SCHEDULE OF RESOURCES AND REQUIREMENTS
BUDGET AND ACTUAL
For the Year Ended June 30, 2010**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
Resources:			
Federal and state	\$ 11,770,866	\$ 11,047,294	\$ (723,572)
Local sources	1,140,082	1,267,924	127,842
In-kind services	71,323	184,121	112,798
Transfers	-	30	30
Beginning reserves	<u>676,356</u>	<u>709,801</u>	<u>33,445</u>
Total resources	<u>13,658,627</u>	<u>13,209,171</u>	<u>(449,456)</u>
Requirements:			
Personal services	8,465,956	7,828,294	(637,662)
Support services	1,970,326	1,870,297	(100,029)
Materials and services	1,705,540	1,629,653	(75,887)
Capital outlay	140,000	63,339	(76,661)
Services by other organizations	758,672	842,674	84,002
Transfers	<u>18,000</u>	<u>15,482</u>	<u>(2,518)</u>
Total requirements	<u>13,058,494</u>	<u>12,249,739</u>	<u>(808,755)</u>
Ending reserves	<u><u>\$ 600,133</u></u>	<u><u>\$ 959,433</u></u>	<u><u>\$ 359,300</u></u>

LANE COUNCIL OF GOVERNMENTS
ENTERPRISE FUNDS
SCHEDULE OF RESOURCES AND REQUIREMENTS
BUDGET AND ACTUAL
For the Year Ended June 30, 2010

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
Resources:			
Federal and state	\$ -	\$ 37,500	\$ 37,500
Local sources	2,486,614	3,155,258	668,644
Transfers	169,032	338,180	169,148
Beginning reserves	<u>2,369,286</u>	<u>2,339,497</u>	<u>(29,789)</u>
Total resources	<u>5,024,932</u>	<u>5,870,435</u>	<u>845,503</u>
Requirements:			
Personal services	289,679	286,995	(2,684)
Support services	155,232	158,187	2,955
Materials and services	757,703	802,409	44,706
Capital outlay	-	572,120	572,120
Loans made	437,500	595,000	157,500
Debt service	902,433	918,884	16,451
Transfers	<u>156,821</u>	<u>169,226</u>	<u>12,405</u>
Total requirements	<u>2,699,368</u>	<u>3,502,822</u>	<u>803,454</u>
Ending reserves	<u><u>\$ 2,325,564</u></u>	<u><u>\$ 2,367,614</u></u>	<u><u>\$ 42,050</u></u>

LANE COUNCIL OF GOVERNMENTS
ADMINISTRATIVE SERVICES
SCHEDULE OF RESOURCES AND REQUIREMENTS
BUDGET AND ACTUAL
For the Year Ended June 30, 2010

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
Resources:			
Support services	\$ 3,847,581	\$ 3,677,919	\$ (169,662)
Overhead balancing adjustment	-	110,609	110,609
Administrative fees	<u>20,100</u>	<u>20,358</u>	<u>258</u>
Total resources	<u>3,867,681</u>	<u>3,808,886</u>	<u>(58,795)</u>
Requirements:			
Personal services	2,162,370	2,179,666	17,296
Materials and services	<u>1,705,311</u>	<u>1,629,221</u>	<u>(76,090)</u>
Total requirements	<u>3,867,681</u>	<u>3,808,886</u>	<u>(58,795)</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 2009-2010 cost allocation plan allocates cost by five office locations--the Park Place Building, which houses Administration and the Government Services Divisions, the Schaefers 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, 2010 (actual):	
Total direct salaries and fringe benefits	\$13,900,275
Less:	
Non-LCOG pool salaries and fringe benefits	(189,341)
Overhead salaries and fringe benefits	<u>(2,179,666)</u>
Direct salary and fringe benefits base	<u>\$11,531,268</u>
Total overhead expenditures	\$3,808,886
Less overhead credits	(20,358)
Less General Fund support	<u>(110,609)</u>
Net overhead expenditures	<u>\$3,677,919</u>

	<u>PPB</u> <u>Buildings</u>	<u>Schaefers</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	53.5812%	24.4401%	16.8804%	16.0244%	17.1340%	
Revised Rate April-June	58.9394%	26.8841%	18.5684%	17.6268%	18.8474%	
Salary base	\$3,139,299	\$6,606,985	\$963,533	\$563,676	\$257,776	\$11,531,268
Indirect charges	\$1,712,402	\$1,653,557	\$171,528	\$95,612	\$44,820	\$3,677,919

LANE COUNCIL OF GOVERNMENTS
COST ALLOCATION PLAN, Continued

Fiscal year ending June 30, 2011 (projected):

Total direct salaries and fringe benefits \$15,332,020

Less:

Non-LCOG pool salaries and fringe benefits (163,083)

Overhead salaries and fringe benefits (2,165,546)

Budgeted direct salary and fringe benefits base \$13,003,391

Budgeted total overhead expenditures \$3,929,587

Less overhead credits and adjustments (20,100)

Budgeted net overhead expenditures \$3,909,487

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	\$3,324,495	\$7,586,586	\$611,356	\$1,198,622	\$282,332	\$13,003,391
Expense	\$1,853,998	\$1,712,580	\$106,114	\$187,613	\$49,181	\$3,909,487
Cost percentage	55.7678%	22.5738%	17.3572%	15.6524%	17.4197%	

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
- Economic Development

**LANE COUNCIL OF GOVERNMENTS
DEPARTMENT OF TRANSPORTATION
SCHEDULES OF REVENUES AND EXPENDITURES
For the Year Ended June 30, 2010**

	FTA	PL Funding	MPO-STP	TGM ¹	Other ² Projects	Total
Revenues:						
Federal funds	\$ 67,117	\$ 391,258	\$ 684,264	\$ 1,102	\$ 137,493	\$ 1,281,234
State funds	-	44,781	-	-	17,793	62,574
Local funds	-	-	-	-	-	-
Local match	16,780	-	-	-	-	16,780
LCOG General Fund	1	17	-	-	-	18
Total revenues	<u>\$ 83,898</u>	<u>\$ 436,056</u>	<u>\$ 684,264</u>	<u>\$ 1,102</u>	<u>\$ 155,286</u>	<u>\$ 1,360,606</u>
Expenditures:						
Salaries and fringe benefits	\$ 38,469	\$ 265,772	\$ 311,278	\$ 718	\$ 88,809	\$ 705,046
Other direct costs	7,531	27,880	197,467	-	17,659	250,537
Capital outlay	-	-	-	-	-	-
Community service	16,780	-	-	-	-	16,780
Indirect costs	21,118	142,404	175,519	384	48,818	388,243
Total expenditures	<u>\$ 83,898</u>	<u>\$ 436,056</u>	<u>\$ 684,264</u>	<u>\$ 1,102</u>	<u>\$ 155,286</u>	<u>\$ 1,360,606</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, 2010

	Senior Connections	Community Based Care Management Program*	Total
Revenues:			
Joint Fund	\$ 33,676	\$ 14,139	\$ 47,815
LIEAP	41,246	-	41,246
Federal funds	292,977	-	292,977
Federal match funds	-	14,959	14,959
Local in-kind	34,645	-	34,645
Other local funds	17,793	-	17,793
LCOG General Fund	-	-	-
	<u>\$ 420,337</u>	<u>\$ 29,098</u>	<u>\$ 449,435</u>
Total revenues	<u>\$ 420,337</u>	<u>\$ 29,098</u>	<u>\$ 449,435</u>
Expenditures:			
Salaries and fringe benefits	\$ 281,821	\$ 23,617	\$ 305,438
Other direct costs	46,094	-	46,094
Indirect costs	57,778	5,481	63,259
Services by other organizations	-	-	-
Community service	34,644	-	34,644
	<u>\$ 420,337</u>	<u>\$ 29,098</u>	<u>\$ 449,435</u>
Total expenditures	<u>\$ 420,337</u>	<u>\$ 29,098</u>	<u>\$ 449,435</u>

*This program is included in Type B Funds Schedule of Revenues and Expenditures on page 63.

LANE COUNCIL OF GOVERNMENTS
TYPE B FUNDS*
SCHEDULE OF REVENUES AND EXPENDITURES
For the Year Ended June 30, 2010

	<u>Type B Funds</u>
Revenues:	
Federal funds	\$ 489,187
Local funds	77,157
Federal match funds	82,117
State funds	8,100,867
LCOG General Fund	<u>-</u>
Total revenues	<u><u>\$ 8,749,328</u></u>
Expenditures:	
Salaries and fringe benefits	\$ 6,674,681
Other direct costs	458,286
Indirect costs	<u>1,616,361</u>
Total expenditures	<u><u>\$ 8,749,328</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 on page 62.

See notes to schedule of expenditures of federal awards

**LANE COUNCIL OF GOVERNMENTS
ECONOMIC DEVELOPMENT
SCHEDULE OF REVENUES AND EXPENDITURES
For the Year Ended June 30, 2010**

	Passed through OCWCOG		ODOE State Energy Program	Local ¹ Projects	Total
	July-March	April-June			
Revenues:					
Federal funds	\$ 33,590	\$ 1,636	\$ -	\$ -	\$ 35,226
State funds	-	-	6,500	-	6,500
Local funds	-	-	-	10,695	10,695
LCOG General Fund	9,712	546	66	-	10,324
Total revenues	<u>\$ 43,302</u>	<u>\$ 2,182</u>	<u>\$ 6,566</u>	<u>\$ 10,695</u>	<u>\$ 62,745</u>
Expenditures:					
Salaries and fringe benefits	\$ 27,564	\$ 978	\$ 3,875	\$ 6,584	\$ 39,001
Other direct costs	969	627	453	505	2,554
Indirect costs	14,769	577	2,238	3,606	21,190
Total expenditures	<u>\$ 43,302</u>	<u>\$ 2,182</u>	<u>\$ 6,566</u>	<u>\$ 10,695</u>	<u>\$ 62,745</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, 2010**

Property	Building and contents	\$29,915,367
	Furniture and equipment owned and operated by Lane Council of Governments	
	Deductible	\$1,000
	Portable equipment Deductible	\$55,000 \$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

This page intentionally left blank.

**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
2011	\$ 94,097	\$ 367,143	\$ 44,361	\$ 26,043	\$ 38,577	\$ 13,947
2012	99,742	361,498	46,767	23,638	41,366	11,158
2013	107,787	353,453	49,302	21,103	44,356	8,168
2014	106,629	345,866	51,975	18,430	47,563	4,961
2015	68,781	339,985	54,793	15,612	44,836	1,533
2016	72,707	336,058	57,763	12,641	-	-
2017	78,774	329,992	60,895	9,509	-	-
2018	84,337	324,429	64,197	6,208	-	-
2019	4,694,057	265,688	67,677	2,727	-	-
2020	-	-	-	-	-	-
2021	-	-	-	-	-	-
2022	-	-	-	-	-	-
2023	-	-	-	-	-	-
2024	-	-	-	-	-	-
2025	-	-	-	-	-	-
2026	-	-	-	-	-	-
2027	-	-	-	-	-	-
2028	-	-	-	-	-	-
2029	-	-	-	-	-	-
2030	-	-	-	-	-	-
2031	-	-	-	-	-	-
2032	-	-	-	-	-	-
2033	-	-	-	-	-	-
2034	-	-	-	-	-	-
2035	-	-	-	-	-	-
2036	-	-	-	-	-	-
	<u>\$ 5,406,911</u>	<u>\$ 3,024,112</u>	<u>\$ 497,730</u>	<u>\$ 135,911</u>	<u>\$ 216,698</u>	<u>\$ 39,767</u>

This schedule is continued on next page.

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
\$ 45,152	\$ 90,089	\$ 26,585	\$ 53,045	\$ 25,583	\$ 87,391	\$ 21,776	\$ 74,385
47,313	87,928	27,857	51,772	27,153	85,822	23,111	73,049
50,073	85,168	29,482	50,147	29,308	83,667	24,946	71,214
52,737	82,504	31,052	48,578	31,377	81,597	26,707	69,453
55,544	79,697	32,704	46,926	33,594	79,381	28,594	67,567
58,289	76,953	34,320	45,310	35,753	77,221	30,432	65,729
1,444,795	49,785	850,699	29,314	38,491	74,483	32,763	63,398
-	-	-	-	1,065,969	30,423	907,321	25,893
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
\$ 1,753,903	\$ 552,124	\$ 1,032,699	\$ 325,092	\$ 1,287,228	\$ 599,985	\$ 1,095,650	\$ 510,688

**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
2011	\$ 72,416	\$ 12,484	\$ 35,490	\$ 6,960	\$ 16,476	\$ 3,824
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>\$ 1,248,703</u>	<u>\$ 108,657</u>	<u>\$ 695,635</u>	<u>\$ 67,967</u>	<u>\$ 382,492</u>	<u>\$ 43,422</u>

This schedule is continued from previous page.

USDA Loan #4		USDA Loan #5		USDA Loan #6		Total	
Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
\$ 13,642	\$ 3,338	\$ 16,879	\$ 4,341	\$ 16,385	\$ 4,838	\$ 467,419	\$ 747,828
13,779	3,201	17,048	4,172	16,549	4,674	486,310	728,937
13,916	3,064	17,218	4,002	16,715	4,509	509,985	705,263
14,056	2,924	17,391	3,830	16,882	4,341	524,520	681,983
14,196	2,784	17,565	3,656	17,051	4,173	497,090	659,532
14,338	2,642	17,740	3,480	17,221	4,002	469,290	640,959
14,481	2,499	17,918	3,303	17,393	3,830	2,688,243	581,729
14,626	2,354	18,097	3,124	17,567	3,656	2,305,469	410,382
14,773	2,207	18,278	2,943	17,743	3,480	4,947,216	290,007
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>\$ 333,628</u>	<u>\$ 39,716</u>	<u>\$ 433,957</u>	<u>\$ 54,000</u>	<u>\$ 483,593</u>	<u>\$ 68,017</u>	<u>\$ 14,868,827</u>	<u>\$ 5,569,458</u>

INTERMEDIARY RELENDING 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, 2010

ASSETS

Current assets:	
Cash and investments	\$ -
Interest receivable	9,675
Loans receivable	298,009
Accounts receivable	-
Prepaid expense	-
Total current assets	<u>307,684</u>
Noncurrent assets:	
Restricted cash and investments	2,252,289
Loans receivable	2,427,473
Allowance for loan losses	(240,000)
Capital assets, net of accumulated depreciation	-
Total noncurrent assets	<u>4,439,762</u>
 Total assets	 <u>4,747,446</u>

LIABILITIES

Current liabilities:	
Due to other funds	8,871
Accounts payable	-
Accrued interest	19,899
Loans payable	171,288
Total current liabilities	<u>200,058</u>
Noncurrent liabilities:	
Long-term debt, net of current maturities	<u>3,406,720</u>
Total noncurrent liabilities	<u>3,406,720</u>
 Total liabilities	 <u>3,606,778</u>

NET ASSETS

Invested in capital assets, net of related debt	-
Restricted by USDA	<u>1,140,668</u>
 Total net assets	 <u>\$ 1,140,668</u>

**LANE COUNCIL OF GOVERNMENTS
STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET ASSETS
INTERMEDIARY RELENDING PROGRAM
For the Year Ended June 30, 2010**

Operating revenues:	
Loan fees	\$ 7,516
Local revenue	-
State revenue	-
Interest on business loans	176,540
Total operating revenues	<u>184,056</u>
Operating expenses:	
Personal services	76,350
Miscellaneous	-
Provision for loan losses	-
Interest on loans	36,515
Total operating expenses	<u>112,865</u>
Operating income	<u>71,191</u>
Nonoperating revenues (expenses):	
Interest income	38,872
Interest expense	-
Total nonoperating revenues	<u>38,872</u>
Income before transfers	110,063
Transfers in	-
Transfers out	<u>-</u>
Change in net assets	110,063
Net assets, beginning of year	<u>1,030,605</u>
Net assets, end of year	<u><u>\$ 1,140,668</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

This page intentionally left blank.

LANE COUNCIL OF GOVERNMENTS
TITLE III-B
SCHEDULE OF AVAILABLE CASH AND NON-CASH RESOURCES
AND PROGRAM EXPENDITURES
For the Year Ended June 30, 2010

	LCOG Aging Admin.	LCOG Out- reach/Case Mgmt/ Information and Referral	Ombudsman	Money Mgmt
2008-09 federal funds carryover	\$ -	\$ -	\$ -	\$ -
2009-10 receipts and transfers	49,940	292,977	1,285	7,659
Program income	-	-	-	-
Cash match	16,680	-	-	-
Other cash resources	-	92,325	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total cash resources	66,620	385,302	1,285	7,659
In-kind match	-	34,644	152	927
Other in-kind resources	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total resources	66,620	419,946	1,437	8,586
Less total program expenditures	<hr/>	<hr/>	<hr/>	<hr/>
	66,620	419,946	1,437	8,586
2009-10 federal funds carryover	<hr/>	<hr/>	<hr/>	<hr/>
	\$ -	\$ -	\$ -	\$ -
	<hr/>	<hr/>	<hr/>	<hr/>

Organization of Support Groups	Caregiver Training	Volunteer Program Coordinator	Escort Services	Legal Aide Law Referral	Total	Budget	Percent
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
-	-	15,868	9,853	59,673	437,255	439,820	99%
-	-	-	-	882	882	300	294%
-	-	-	-	-	16,680	17,474	95%
-	-	-	-	6,048	98,373	-	
-	-	15,868	9,853	66,603	553,190	457,594	121%
-	-	1,876	1,096	7,056	45,751	44,915	102%
-	-	-	-	251,634	251,634	-	
-	-	17,744	10,949	325,293	850,575	502,509	169%
-	-	17,744	10,949	325,293	850,575	502,509	169%
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	

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, 2010

	<u>LCOG AAA Admin.</u>	<u>Congre- gate LCOG</u>	<u>Total</u>	<u>Budget</u>	<u>Percent</u>
2008-09 federal funds carryover	\$ -	\$ -	\$ -	\$ -	
2009-10 receipts and transfers	36,807	341,730	378,537	415,344	91%
Program income	-	59,847	59,847	63,172	95%
Cash match	12,294	-	12,294	12,294	100%
USDA cash	-	28,234	28,234	42,223	67%
Other cash resources	<u>-</u>	<u>121,776</u>	<u>121,776</u>	<u>-</u>	
Total cash resources	49,101	551,587	600,688	533,033	113%
In-kind match	-	40,410	40,410	40,410	100%
Other in-kind resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	
Total resources	49,101	591,997	641,098	573,443	112%
Less total program expenditures	<u>49,101</u>	<u>591,997</u>	<u>641,098</u>	<u>573,443</u>	112%
2009-10 federal funds carryover	<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 III-C-2
SCHEDULE OF AVAILABLE CASH AND NON-CASH RESOURCES
AND PROGRAM EXPENDITURES
For the Year Ended June 30, 2010

	LCOG AAA Admin.	American Red Cross	LCOG Home-Del.	Total	Budget	Percent
2008-09 federal funds carryover	\$ -	\$ -	\$ -	\$ -	\$ -	
2009-10 receipts and transfers	8,522	78,228	164,615	251,365	255,081	99%
Program income	-	77,514	68,794	146,308	141,182	104%
USDA cash	-	28,037	49,414	77,451	62,586	124%
Cash match	2,846	-	-	2,846	2,846	100%
Other resources	-	149,030	348,209	497,239	-	
Total cash resources	11,368	332,809	631,032	975,209	461,695	211%
In-kind match	-	9,250	19,466	28,716	28,578	100%
Other in-kind resources	-	138,104	-	138,104	-	
Total resources	11,368	480,163	650,498	1,142,029	490,273	233%
Less total program expenditures	11,368	480,163	650,498	1,142,029	490,273	233%
2009-10 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, 2010

	Medication Management	Total	Budget	Percent
2008-09 federal funds carryover	\$ -	\$ -	\$ -	
2009-10 receipts and transfers	23,465	23,465	23,465	100%
Program income	-	-	-	
Cash match	-	-	-	
Other cash resources	-	-	-	
	<hr/>	<hr/>	<hr/>	
Total cash resources	23,465	23,465	23,465	100%
In-kind match	2,775	2,775	2,775	100%
Other in-kind resources	-	-	-	
	<hr/>	<hr/>	<hr/>	
Total resources	26,240	26,240	26,240	100%
Less total program expenditures	<hr/> 26,240	<hr/> 26,240	<hr/> 26,240	100%
2008-09 federal funds carryover	<hr/> <hr/> \$ -	<hr/> <hr/> \$ -	<hr/> <hr/> \$ -	

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, 2010

	LCOG Aging Admin.	Information	Assistance	Respite	Organization of Support Groups	Supplemental Services	Caregiver Training	Total	Budget	Percent
2008-09 federal funds carryover	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
2009-10 receipts and transfers	18,899	60,878	29,017	53,967	10,787	894	2,710	177,152	176,456	100%
Program income	-	-	-	-	-	-	-	-	-	
Cash match	6,312	-	-	-	-	-	-	6,312	6,312	100%
Other cash resources	-	-	-	-	-	-	-	-	-	
Total cash resources	25,211	60,878	29,017	53,967	10,787	894	2,710	183,464	182,768	100%
In-kind match	-	20,297	9,674	17,993	3,608	298	904	52,774	52,538	100%
Other in-kind resources	-	-	-	-	-	-	-	-	-	
Total resources	25,211	81,175	38,691	71,960	14,395	1,192	3,614	236,238	235,306	100%
Less total program expenditures	25,211	81,175	38,691	71,960	14,395	1,192	3,614	236,238	235,306	100%
2009-10 federal funds carryover	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	

See notes to schedule of expenditures of federal awards

LANE COUNCIL OF GOVERNMENTS
TITLE VII
SCHEDULE OF AVAILABLE CASH AND NON-CASH RESOURCES
AND PROGRAM EXPENDITURES
For the Year Ended June 30, 2010

	LCOG Elder Abuse	Total	Budget	Percent
2008-09 federal funds carryover	\$ -	\$ -	\$ -	
2009-10 receipts and transfers	2,688	2,688	4,992	54%
Program income	-	-	-	
Cash match	299	299	555	54%
Other cash resources	-	-	-	
	<u>2,987</u>	<u>2,987</u>	<u>5,547</u>	
Total cash resources	2,987	2,987	5,547	54%
In-kind match	-	-	-	
Other in-kind resources	-	-	-	
	<u>-</u>	<u>-</u>	<u>-</u>	
Total resources	2,987	2,987	5,547	54%
Less total program expenditures	<u>2,987</u>	<u>2,987</u>	<u>5,547</u>	54%
2009-10 federal funds carryover	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	

See notes to schedule of expenditures of federal awards

This page intentionally left blank.

**LANE COUNCIL OF GOVERNMENTS
OREGON PROJECT INDEPENDENCE
SCHEDULE OF AVAILABLE CASH AND NON-CASH RESOURCES
AND PROGRAM EXPENDITURES
For the Year Ended June 30, 2010**

	LCOG AAA Admin	Home Care	Personal Care	LCOG Home Delivered Meals
2008-09 state carryover	\$ -	\$ -	\$ -	\$ -
2009-10 OPI funds received	54,664	215,057	106,861	33,674
OPI program income	-	6,034	2,972	1,426
Other cash resources	-	-	-	-
USDA	-	-	-	-
Total resources	54,664	221,091	109,833	35,100
Less total program expenditures	54,664	221,091	109,833	35,100
2009-10 state carryover	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

ARC Home Delivered Meals	Case Mgmt.	Total	Budget	Percent
\$ -	\$ -	\$ -	\$ -	
30,132	96,224	536,612	567,941	94%
-	-	10,432	10,000	104%
-	-	-	-	
-	-	-	-	
30,132	96,224	547,044	577,941	95%
30,132	96,224	547,044	577,941	95%
\$ -	\$ -	\$ -	\$ -	

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, 2010

	Accounts Receivable	Deferred Revenue
BioEnergy Plan	\$ 50,000	\$ 3,412
BTOP Administration	846	-
BTOP Fiber Project	64,932	-
Community Safety--CENS	-	-
Community Safety--Other	37,189	11,849
Corps Metro Waterways	-	-
Creative Services--Other	6,422	40
Creative Services--Pooled	-	-
Economic Development	7,098	3,136
GISCPA	27,729	-
GIS Graffiti Database	-	8
GIS--Other	86,446	24
Hearings Official	12,898	-
Hospital Intake Services	16,596	-
Lane Info Center	600	-
Meal Preparation	105,021	-
Metro Coord. Pooled	-	31,899
Metro Television	30,677	-
Miscellaneous Support to S&DS	2,875	-
Natural Resources Planning	230,270	-
On The Move	44,884	-
OR Emergency Mgmt and OR State Police	20,685	-
Oregon Planning Institute	-	-
Oregon Project Independence (OPI)	29,734	-
Real Choices Systems Change	84,810	-
Research and Analysis	-	-
Resource Development	3,455	-
Ridgeline Partnership	-	8,545
RTS Coordination	-	-
RTS--Other	171,112	5,864
S&DS ARRA	4	-
S&DS Transportation Assessments	33,143	-
Senior Connections	4,447	-
Senior Meals	11,954	-
Special Agreements	62,464	-
Streetcar Feasibility Study	30,000	26,835
Telecommunications Planning	17,600	-
Title III-B	35,981	-
Title III-C-1	232	-
Title III-C-2	15,158	-
Title III-D	4,436	-
Title III-E	17,230	-

(Continued)

LANE COUNCIL OF GOVERNMENTS
GRANTS AND CONTRACTS
SCHEDULE OF RECEIVABLES AND DEFERRED REVENUE (Continued)
June 30, 2010

	Accounts Receivable	Deferred Revenue
Title VII-A	-	-
Transportation Operations	319,937	-
Transportation Projects	206,053	595
Type B Funds - Senior and Disabled Services	301,335	-
Urban and Regional Planning	106,404	-
USDA/NSIP	32,245	-
Wetlands MultiCity Inventory	3,500	19,709
	<hr/>	<hr/>
Total	\$ 2,236,404	\$ 111,916
	<hr/> <hr/>	<hr/> <hr/>

AUDIT COMMENTS AND DISCLOSURES
REQUIRED BY STATE REGULATIONS

Oregon Administrative Rules 165-10-060 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations, prescribed by the Secretary of State in cooperation with the Oregon State Board of Accountancy, enumerate the financial statements, schedules, comments, and disclosures required in audit reports.

INDEPENDENT AUDITOR'S REPORT
REQUIRED BY OREGON STATE REGULATIONS

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

We have audited the basic financial statements of Lane Council of Governments as of and for the year ended June 30, 2010, and have issued our report thereon dated November 19, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States..

Compliance

As part of obtaining reasonable assurance about whether 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 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 necessary to address the required comments and disclosures which included, but were not limited to the following:

- Deposit of public funds (ORS Chapter 295).
- Indebtedness limitations, restrictions, and repayment.
- The preparation, adoption, and execution of annual budgets contained in ORS 294.900 through 294.930 (LCOG is not subject to Local Budget Law, ORS 294.305 to 294.565).
- Insurance and fidelity bonds in force or required by law.
- Programs funded from outside sources. Separate reports related to compliance with federal awards programs are included in the Grant Compliance Review section.
- Authorized investment of funds (ORS Chapter 294).
- Public contracts and purchasing (ORS Chapters 279A, 279B, 279C).

In connection with our procedures nothing came to our attention that caused us to believe Lane Council of Governments 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 except:

The Right People Beside You.

CPAs & Business Advisors
Retirement Plan Services
Financial Advisors

> jr CPA.com

BEND 300 SW Columbia Street
Suite 201
Bend, OR 97702
phone (541) 382-3590
fax (541) 382-3587

EUGENE 432 West 11th Avenue
Eugene, OR 97401
phone (541) 687-2320
fax (541) 485-0960

HILLSBORO 5635 NE Elam Young Pkwy.
Suite 100
Hillsboro, OR 97124
phone (503) 648-0521
fax (503) 648-2692

- Notices of budget committee meetings on April 8, 2010, and May 13, 2010, were not published during the proper period and did not include all required information.

OAR 162-10-0230 Internal Control

Separate reports related to internal control are included in the Grant Compliance Review section.

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

By: 

Cathi McNutt, CPA, Shareholder

Eugene, Oregon

November 19, 2010

GRANT COMPLIANCE REVIEW

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

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the remaining fund information of Lane Council of Governments as of and for the year ended June 30, 2010, which collectively comprise Lane Council of Governments' basic financial statements and have issued our report thereon dated November 19, 2010. 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 Lane Council of Governments' 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 Lane Council of Governments' internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Lane Council of Governments' internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects Lane Council of Governments' ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of Lane Council of Governments' financial statements that is more than inconsequential will not be prevented or detected by the Lane Council of Governments' internal control.

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

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

The Right People Beside You.

CPAs & Business Advisors
Retirement Plan Services
Financial Advisors

> jrcpa.com

BEND 300 SW Columbia Street
Suite 201
Bend, OR 97702
phone (541) 382-3590
fax (541) 382-3587

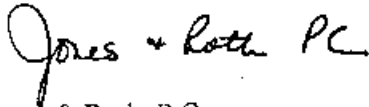
EUGENE 432 West 11th Avenue
Eugene, OR 97401
phone (541) 687-2320
fax (541) 485-0960

HILLSBORO 5635 NE Elam Young Pkwy.
Suite 100
Hillsboro, OR 97124
phone (503) 648-0521
fax (503) 648-2692

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 and other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the board of directors, management, others within the organization, 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.

A handwritten signature in black ink that reads "Jones & Roth PC". The signature is written in a cursive, flowing style.

Jones & Roth, P.C.
Eugene, Oregon
November 19, 2010

REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

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

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, 2010. 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 on 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, 2010.

Internal Control Over Compliance

The management of Lane Council of Governments 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

The Right People Beside You.

CPAs & Business Advisors
Retirement Plan Services
Financial Advisors

> jrcpa.com

BEND 300 SW Columbia Street
Suite 201
Bend, OR 97702
phone (541) 382-3590
fax (541) 382-3587

EUGENE 432 West 11th Avenue
Eugene, OR 97401
phone (541) 687-2320
fax (541) 485-0960

HILLSBORO 5635 NE Elam Young Pkwy.
Suite 100
Hillsboro, OR 97124
phone (503) 648-0521
fax (503) 648-2692

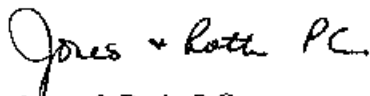
Lane Council of Governments' internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Lane Council of Governments' internal controls 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 was not designed to identify all deficiencies in internal control that might be deficiencies, significant deficiencies, or material weaknesses in internal control over compliance. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, we identified a deficiency in internal control over compliance that we consider to be a significant deficiency as described in the accompanying schedule of findings and questioned costs as item 2010-1. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Lane Council of Governments' response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit Lane Council of Governments' response and, accordingly, we express no opinion on the response.

This report is intended solely for the information and use of the board of directors, management, others within the organization, 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.



Jones & Roth, P.C.
Eugene, Oregon
November 19, 2010

LANE COUNCIL OF GOVERNMENTS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2010

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	\$ 1,320,364 ¹	\$ 67,450 ²	\$ -	\$ 67,450	\$ 1,387,814 ⁴	\$ N/A
Intermediary Relending Program	10.767	61.02	731,015 ¹	37,450 ²	-	37,450	768,465 ⁴	N/A
Intermediary Relending Program	10.767	61.03	398,807 ¹	20,500 ²	-	20,500	419,307 ⁴	N/A
Intermediary Relending Program	10.767	61.04	347,231 ¹	17,850 ²	-	17,850	365,081 ⁴	N/A
Intermediary Relending Program	10.767	61.05	450,798 ¹	23,250 ²	-	23,250	474,048 ⁴	N/A
Intermediary Relending Program	10.767	61.06	499,751 ¹	25,800 ²	-	25,800	525,551 ⁴	N/A
Intermediary Relending Program	10.767	N/A	N/A	- ³	-	-	350,000 ⁵	N/A
Passed through State Department of Human Services:								
Food Stamp Administration, Type B Funds	10.561	121729	554,885	533,177	533,177	1,066,354	533,177	301,335
Total Department of Agriculture				725,477	533,177	1,258,654	4,823,443	301,335
U.S. Department of Commerce:								
Direct Program:								
EDA Revolving Loan	11.307		N/A	N/A	N/A	N/A	573,452 ⁶	-
Passed through District 4 Council of Governments:								
Economic Development Administration	11.302		39,521	33,590	9,712	43,302	33,590	-
Economic Development Administration	11.302		39,420	1,636	546	2,182	1,636	1,636
Passed through Nat'l Telecommunications & Info Admin BTOP Fiber Project	ARRA-11.557	N10BIX5570032	8,325,530	107,922	-	107,922	107,922	65,778
Total Department of Commerce				143,148	10,258	153,406	716,600	67,414
U.S. Department of the Interior:								
Direct Programs:								
USGS Data Collection	15.808	08WRAG0038	110,000	37,139	10	37,149	37,139	-
USGS Data Collection - II	15.808	G09AC00321	25,000	25,000	10	25,010	25,000	-
Total Department of the Interior				62,139	20	62,159	62,139	-

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 \$832,718 + cash on hand \$76,817 + funds expended \$46,218) * 60% (ratio of EDA funds to total project funds) = \$573,452.

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, 2010

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	556,297	-	556,297	556,297	300,347
Transportation Planning--09 MPO-STP	20.205	24992	885,746	127,967	-	127,967	127,967	-
Transportation Planning--10 MPO-PL	20.205	26016	391,258	391,258	44,798	436,056	391,258	-
ODOT IGAPS	20.205	23707	54,000	923	-	923	923	-
ODOT Regional Land Use Modeling	20.205	26015	500,000	136,570	-	136,570	136,570	26,121
TGM Creswell TSP Update	20.205	25295	29,365	1,102	-	1,102	1,102	-
Federal Transit Administration	20.505	24985	96,280	13,781	3,446	17,227	13,781	-
Federal Transit Administration	20.505	25995	101,729	53,336	13,335	66,671	53,336	19,590
Total Department of Transportation				1,281,234	61,579	1,342,813	1,281,234	346,058
U.S. Environmental Protection Agency:								
Passed through the Oregon Department of Environmental Quality:								
GWMA Phase III	66.460	DEQ#124-08	99,893	51,920	-	51,920	51,920	14,963
Direct Programs:								
EPA 10-City Wetlands Inventory	66.119	WC-OOJO5001	471,638	240,625	-	240,625	240,625	150,980
EPA Wetlands Program Development	66.461	CD-96099301	151,071	29,559	-	29,559	29,559	18,820
Total Environmental Protection Agency				322,104	-	322,104	322,104	184,763
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	439,820	437,255	413,320	850,575	437,255	35,981
Special Programs for Aging, Title III-C-1	93.045	128909	378,537	378,537	262,561	641,098	378,537	232
Aging Congregate Nutrition Services	ARRA-93.707	128909	66,677	66,677	-	66,677	66,677	2
Special Programs for Aging, Title III-C-2	93.045	128909	255,081	251,365	890,664	1,142,029	251,365	15,158
Aging Home-Delivered Nutrition Services	ARRA-93.705	128909	32,825	32,825	-	32,825	32,825	2
Special Programs for Aging, Title III-E	93.043	128909	23,465	23,465	2,775	26,240	23,465	4,436
Special Programs for Aging, Title VII	93.041	128909	4,992	2,688	299	2,987	2,688	-
Special Programs for Aging, Title III-E	93.052	128909	188,997	177,152	59,086	236,238	177,152	17,230
Centers for Medicare and Medicaid Services Research	93.779	128909	109,252	97,057	-	97,057	97,057	84,810
Nutrition Services Incentive Program	93.053	128909	123,847	123,067	-	123,067	123,067	32,245
Passed through Lane County Health and Human Services:								
Low-Income Home Energy Assistance	93.568	8225	39,200	41,246	-	41,246	41,246	-
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	48,268	12	48,280	48,268	8,138
Total Department of Health and Human Services				1,718,857	1,628,717	3,347,574	1,718,857	198,234
TOTALS				\$ 4,252,959	\$ 2,233,751	\$ 6,486,710	\$ 8,924,377	\$ 1,097,804

See notes to schedule of expenditures of federal awards

LANE COUNCIL OF GOVERNMENTS
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Year Ended June 30, 2010

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.

Major Programs

The Single Audit Act and OMB Circular A-133 establish criteria to be used in defining major programs. Major programs for LCOG are those programs selected for testing by the auditor using a risk assessment model, as well as certain minimum expenditure requirements, as outlined in OMB Circular A-133. Programs with similar requirements may be grouped into a cluster for testing purposes.

Revenue Recognition

The receipt and expenditure of federal awards are accounted for under the modified accrual basis of accounting. Revenues are recorded when measurable and available, or in the case of grants where expenditure is the prime factor for determining eligibility, when the expenditure is made. Expenditures are recorded when a liability is incurred.

LANE COUNCIL OF GOVERNMENTS
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, Continued
For The Year Ended June 30, 2010

3. Insurance Coverage:

Insurance in effect during the year ended June 30, 2010 is disclosed in the supplementary information to LCOG's basic financial statements.

4. Loans from the Federal Government:

At June 30, 2010, LCOG owed the U.S. Department of Agriculture \$3,578,008 for loans related to its Intermediary Relending Program.

5. Non-Cash Assistance:

A total of \$192,300 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.

LANE COUNCIL OF GOVERNMENTS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2010

A. Summary of Auditor's Results:

- (1) The auditor's report expresses unqualified opinions on the financial statements that collectively comprise Lane Council of Governments' basic financial statements.
- (2) No significant deficiencies in internal control were disclosed by the audit of the financial statements.
- (3) No instances of noncompliance material to the financial statements were disclosed during the audit.
- (4) One significant deficiency in internal control was disclosed by the audit of the major federal award programs.
- (5) The auditor's report on compliance for the major federal award programs for Lane Council of Governments expresses an unqualified opinion.
- (6) There was one audit finding relative to the major federal award programs of Lane Council of Governments which is required to be reported under § 510(a) of OMB Circular A-133.
- (7) The programs tested as a major program were:
 - Broadband Technology Opportunities Program (BTOP): CFDA #11.557
 - West Coast Estuaries Initiative: CFDA # 66.119
 - Aging Cluster: Special Programs for the Aging: Title III, Part B (CFDA #93.044), Title III, Part C (CFDA# 93.045), Nutrition Services Incentive Program (CFDA #93.053), ARRA – Aging Home-Delivered Nutrition Services for States (CFDA #93.705), and ARRA – Aging Congregate Nutrition Services for States (CFDA #93.707)
 - Special Programs for the Aging: Title III, Part E (CFDA #93.052)
 - Food Stamp Administration, Type B Funds (CFDA #10.561)
- (8) The threshold for distinguishing between Type A and Type B programs was \$300,000.
- (9) Lane Council of Governments qualified as a low-risk auditee under §530 of OMB Circular A-133.

B. Findings – Financial Statement Audit:

None.

C. Findings and Questioned Costs – Major Federal Award Programs Audit:

Finding 2010-1:

Significant Deficiency in Internal Control: Program managers, who review and work with grants/contracts that contain federal funds, did not always notify the financial reporting department when federal funds were received.

LANE COUNCIL OF GOVERNMENTS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2010

C. Findings and Questioned Costs – Major Federal Award Programs Audit, continued:

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 SEFA in prior years, so there was no information available to LCOG fiscal staff that those should be reported as federal resources. The two programs from the State of Oregon were processed by a recently hired financial services manager that no longer works at LCOG. LCOG financial services staff plan to educate program managers and revenue sources of the requirement to identify the source of all revenue.

LANE COUNCIL OF GOVERNMENTS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Year Ended June 30, 2010

There were no findings or questioned costs reported in the prior year.

LANE COUNCIL OF GOVERNMENTS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, continued
For the Year Ended June 30, 2010

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	556,297	-	556,297	556,297	300,347
Transportation Planning--09 MPO-STP	20.205	24992	885,746	127,967	-	127,967	127,967	-
Transportation Planning--10 MPO-PL	20.205	26016	391,258	391,258	44,798	436,056	391,258	-
ODOT IGAPS	20.205	23707	54,000	923	-	923	923	-
ODOT Regional Land Use Modeling	20.205	26015	500,000	136,570	-	136,570	136,570	26,121
TGM Creswell TSP Update	20.205	25295	29,365	1,102	-	1,102	1,102	-
Federal Transit Administration	20.505	24985	96,280	13,781	3,446	17,227	13,781	-
Federal Transit Administration	20.505	25995	101,729	53,336	13,335	66,671	53,336	19,590
Total Department of Transportation				1,281,234	61,579	1,342,813	1,281,234	346,058
U.S. Environmental Protection Agency:								
Passed through the Oregon Department of Environmental Quality:								
GWMA Phase III	66.460	DEQ#124-08	99,893	51,920	-	51,920	51,920	14,963
Direct Programs:								
EPA 10-City Wetlands Inventory	66.119	WC-OOJO5001	471,638	240,625	-	240,625	240,625	150,980
EPA Wetlands Program Development	66.461	CD-96099301	151,071	29,559	-	29,559	29,559	18,820
Total Environmental Protection Agency				322,104	-	322,104	322,104	184,763
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	439,820	437,255	413,320	850,575	437,255	35,981
Special Programs for Aging, Title III-C-1	93.045	128909	378,537	378,537	262,561	641,098	378,537	232
Aging Congregate Nutrition Services	ARRA-93.707	128909	66,677	66,677	-	66,677	66,677	2
Special Programs for Aging, Title III-C-2	93.045	128909	255,081	251,365	890,664	1,142,029	251,365	15,158
Aging Home-Delivered Nutrition Services	ARRA-93.705	128909	32,825	32,825	-	32,825	32,825	2
Special Programs for Aging, Title III-E	93.043	128909	23,465	23,465	2,775	26,240	23,465	4,436
Special Programs for Aging, Title VII	93.041	128909	4,992	2,688	299	2,987	2,688	-
Special Programs for Aging, Title III-E	93.052	128909	188,997	177,152	59,086	236,238	177,152	17,230
Centers for Medicare and Medicaid Services Research	93.779	128909	109,252	97,057	-	97,057	97,057	84,810
Nutrition Services Incentive Program	93.053	128909	123,847	123,067	-	123,067	123,067	32,245
Passed through Lane County Health and Human Services:								
Low-Income Home Energy Assistance	93.568	8225	39,200	41,246	-	41,246	41,246	-
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	48,268	12	48,280	48,268	8,138
Total Department of Health and Human Services				1,718,857	1,628,717	3,347,574	1,718,857	198,234
TOTALS				\$ 4,252,959	\$ 2,233,751	\$ 6,486,710	\$ 8,924,377	\$ 1,097,804

See notes to schedule of expenditures of federal awards