
Lane Council of Governments

Annual Financial Report

For the Year Ended June 30, 2009

LANE COUNCIL OF GOVERNMENTS

ANNUAL FINANCIAL REPORT
For the Year Ended June 30, 2009

LANE COUNCIL OF GOVERNMENTS

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INTRODUCTORY SECTION

LANE COUNCIL OF GOVERNMENTS
BOARD OF DIRECTORS
June 30, 2009

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

Carol Campbell
82044 Mahr Lane
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

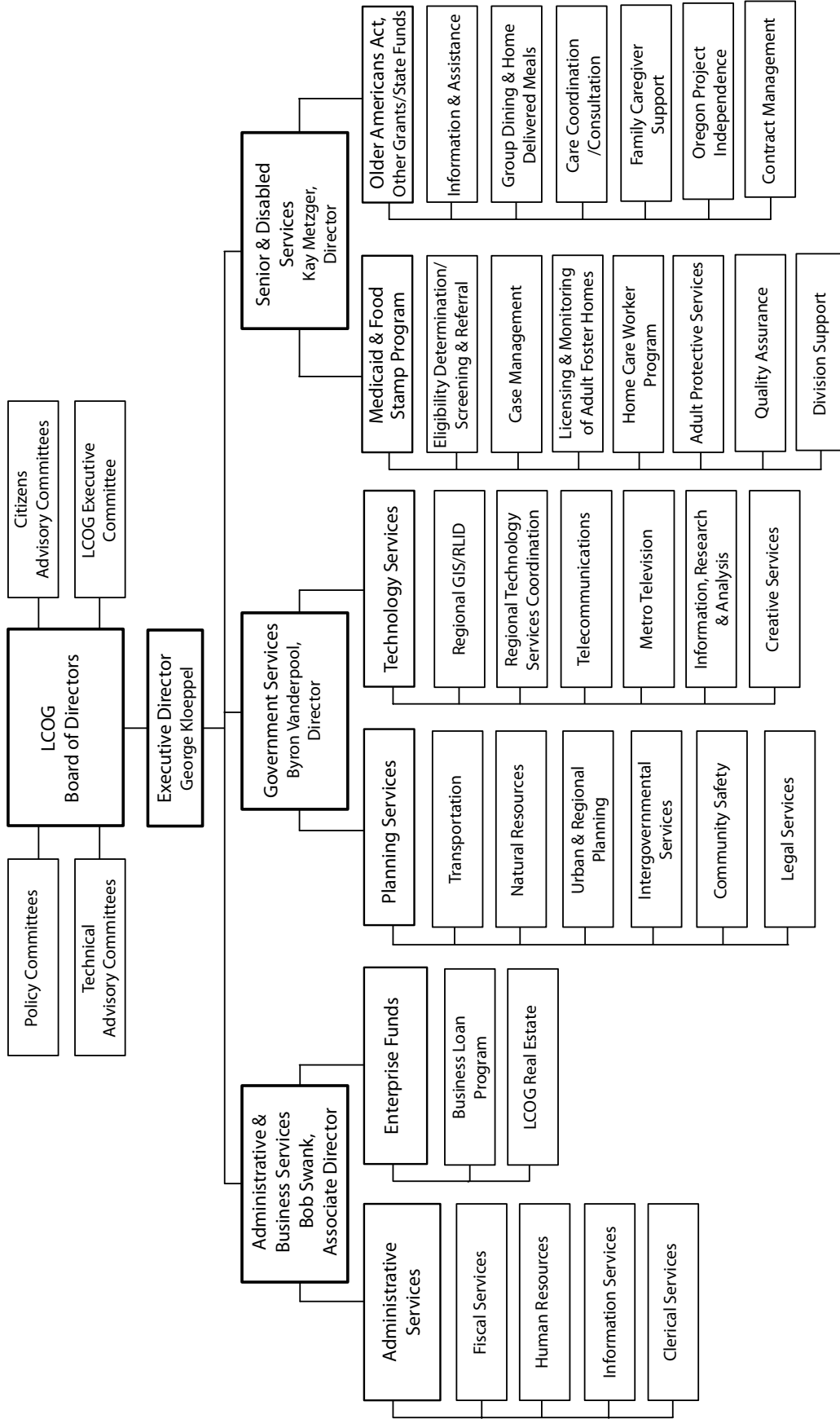
Mayor Neil Friedman
PO Box 296
Westfir, OR 97492

Western Lane Ambul. Dist.

Bob Sneddon
PO Box 2690
Florence, OR 97477

Willamalane Park & Recreation

Greg James
525 Mill St.
Springfield, OR 97477





December, 2009

Mr. Greg James, 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, 2009. 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 2008-2009. 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 2008-2009, 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 2008-2009, resources in excess of \$31 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 black ink, appearing to read "George Kloeppel".

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, 2009, 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, 2009 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 December 16, 2009 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.

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
December 16, 2009

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, 2009. 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 2008-2009 were approximately 12% lower than FY 2007-2008. This resulted from the combination of a decrease in the governmental activities revenue, mainly due to the absence of the pass-through school bus pass program, and an increase in the business-type activities revenue from the Park Place Building purchase in 2008.
- Most of the LCOG programs were fairly stable for the year, with modest increases in Senior and Disabled Services, Technology Services, and the Business Loan Programs.

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 \$5.1 million at the close of 2009. This year 8% of the net assets is in the governmental activities, leaving 92% in business activities. Of the governmental activities, approximately \$2.3 million is restricted for the telecommunications consortium, which manages the telephone charges and the equipment reserve for the participating agencies. Although (\$1,820,892) is classified as unrestricted, approximately \$927,000 is designated for specific purposes, mostly within the Senior and Disabled Services program, however \$186,000 is designated for specific community safety projects.

Lane Council of Governments Net Assets

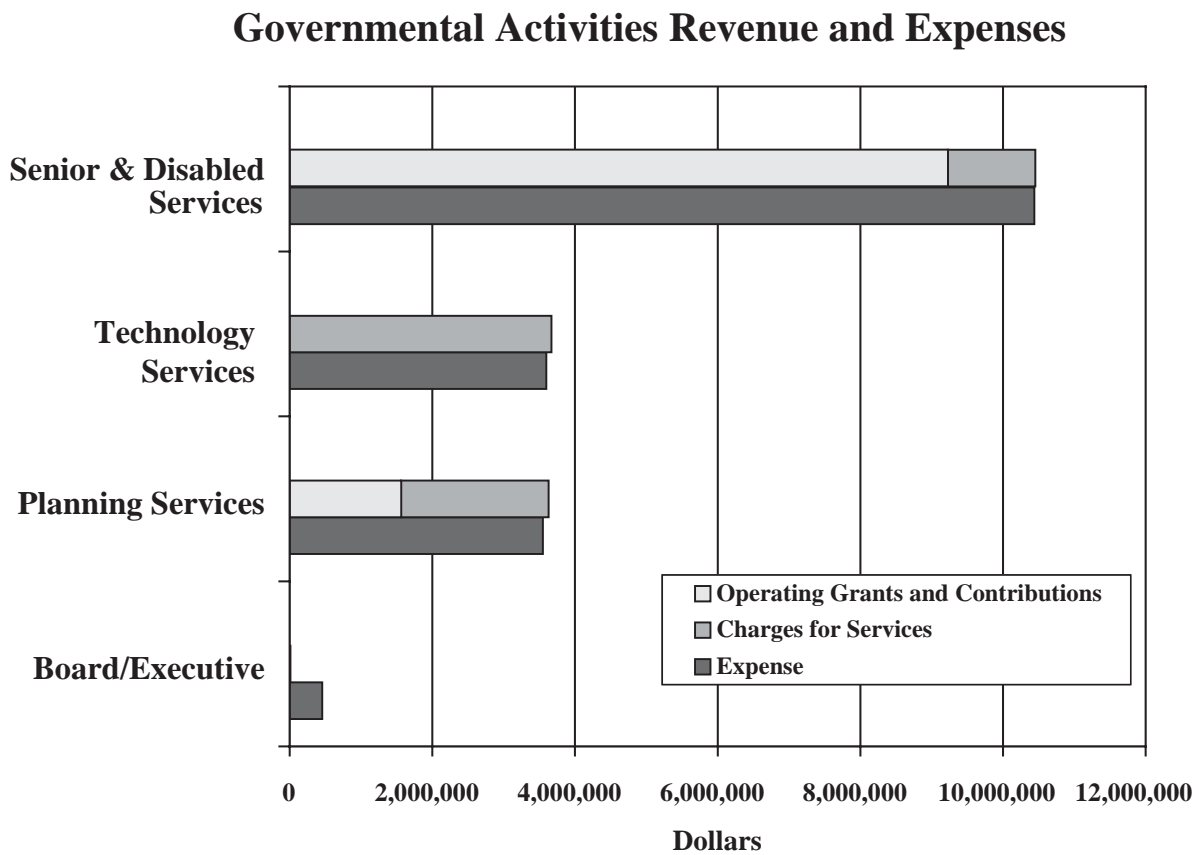
	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	2009	2008	2009	2008	2009	2008
Current and other assets	\$5,668,715	\$6,345,114	\$ 5,959,719	\$ 6,050,025	\$11,628,434	\$12,395,139
Capital assets	130,935	278,816	10,815,134	9,223,574	10,946,070	9,502,390
Total assets	5,799,650	6,623,930	16,774,853	15,273,599	22,574,504	21,897,529
Noncurrent liabilities	3,042,600	3,109,366	11,635,049	10,607,530	14,677,649	13,716,896
Other liabilities	2,342,061	2,294,291	469,540	393,180	2,811,601	2,687,471
Total liabilities	5,384,661	5,403,657	12,104,589	11,000,710	17,489,250	16,404,367
Net assets:						
Invested in capital assets, net of related debt	130,935	194,050	2,595,245	2,284,276	2,726,180	2,478,326
Restricted	2,282,700	2,253,937	1,897,265	1,781,858	3,879,965	4,035,795
Unrestricted	(1,998,646)	(1,227,714)	177,754	206,755	(1,820,892)	(1,020,959)
Total net assets	\$414,989	\$1,220,273	\$4,670,264	\$4,272,889	\$ 5,085,253	\$5,493,162

Changes in Net Assets

The governmental activities net assets decreased by approximately \$805,000 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 \$397,000, primarily due to the improvements in the Park Place Building.

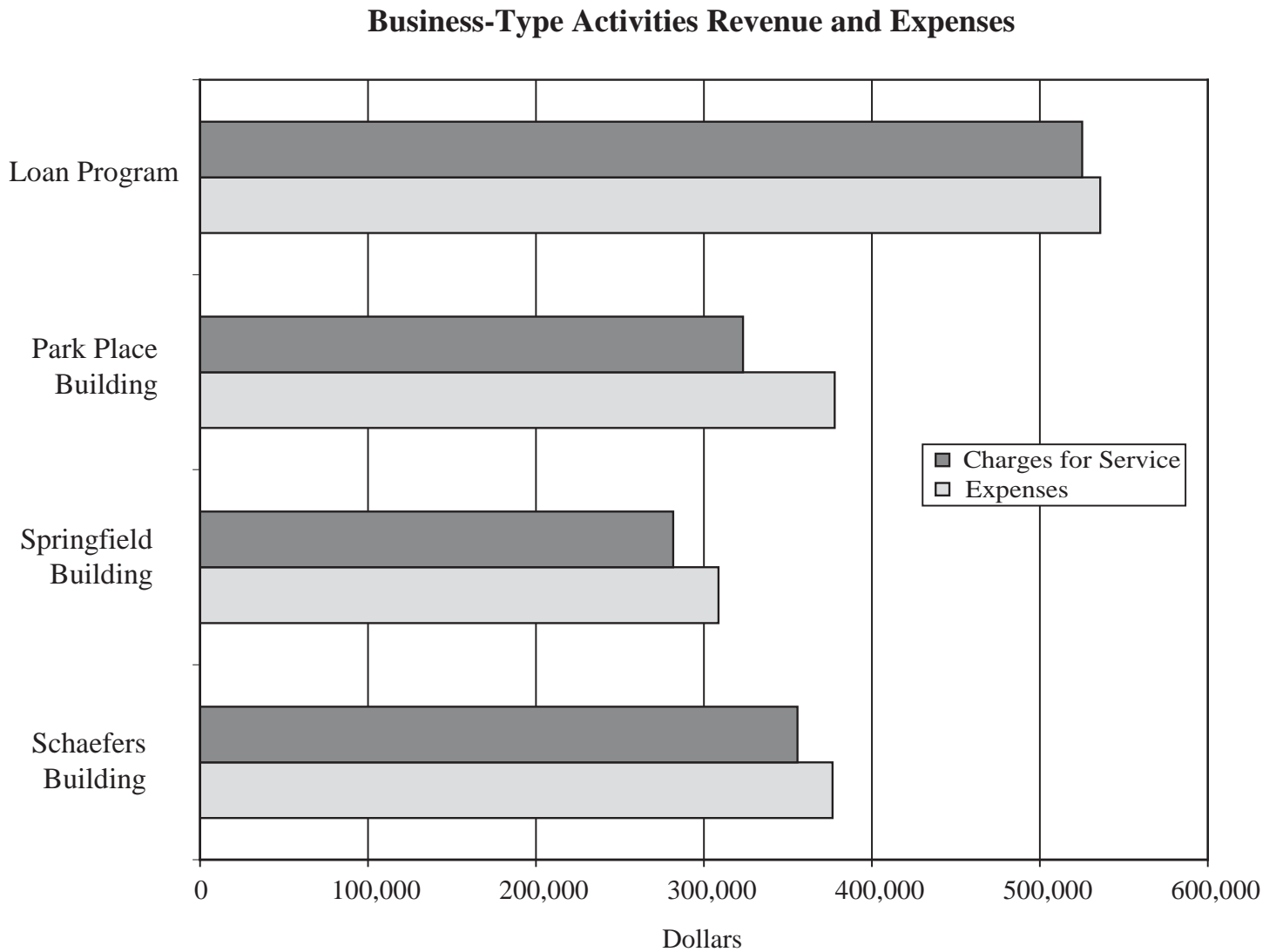
Lane Council of Governments Changes in Net Assets						
	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Revenues:						
Program revenues:						
Charges for services	\$7,132,734	\$6,982,742	\$1,942,603	\$1,485,970	\$9,075,337	\$8,468,712
Operating grants and contributions	12,642,877	10,790,502	-	-	12,642,877	10,790,502
General revenues:						
Member dues	226,603	219,472	-	-	226,603	219,472
Unrestricted investment earnings	51,213	161,413	-	143,00	51,213	304,422
Gain on disposition of capital assets	1,928	1,910	-	-	1,928	1,910
Total revenues	20,055,355	18,156,039	1,942,603	1,628,979	21,997,958	19,785,018
Expenses:						
Board/Executive	436,491	457,637	-	-	436,491	457,637
Government Services	7,839,917	7,144,534	-	-	7,839,917	7,144,534
Senior and Disabled Services	11,863,804	10,441,048	-	-	11,863,804	10,441,048
Interest on Long Term Debt	179,866	-	-	-	179,866	-
Schaefers Building	-	-	395,483	376,542	395,483	376,542
Park Place Building	-	-	899,652	377,833	899,652	377,833
Springfield Building	-	-	306,499	308,677	306,499	308,677
Loan Programs	-	-	484,155	473,755	484,155	473,755
Total expenses	20,320,078	18,043,219	2,085,789	1,599,003	22,405,867	19,642,222
Change in net assets before transfers	(264,723)	112,820	(143,186)	29,976	(407,909)	142,796
Transfers	(540,561)	(1,956,813)	540,561	1,956,813	-	-
Change in net assets	(805,284)	(1,843,993)	397,375	1,986,789	(407,909)	142,798
Net assets, July 1	\$1,220,273	3,064,266	\$4,272,889	2,286,100	\$5,493,162	5,350,366
Net assets, June 30	\$414,989	\$1,220,273	\$4,670,264	\$4,272,889	\$5,085,253	\$5,493,162

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 91% of its revenue from operating grants and contributions, while Government Services receives 77% 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 8.7% of total LCOG activities, and 100% of its revenue comes from charges for services.



During FY09, improvements were completed on the Park Place Building and offices for a total of \$2,008,067. This accounts for the large increase in capital assets between 2008 and 2009 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>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Land	\$ -	\$ -	\$ 735,830	\$ 735,830	\$ 735,830	\$ 735,830
Buildings and building improvements	-	-	10,079,303	8,487,744	10,079,303	8,487,744
Leasehold improvements	-	114,578	-	-	-	114,579
Equipment and vehicles	130,935	164,238	-	-	130,935	164,235
Total capital assets	<u>\$ 130,935</u>	<u>\$ 278,816</u>	<u>\$ 10,815,133</u>	<u>\$ 9,223,574</u>	<u>\$ 10,946,068</u>	<u>\$ 9,502,390</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, 2009 was almost \$3.4 million. This consisted of \$87,483 in the General Fund, \$2,282,700 reserved for Telecommunications, and \$997,612 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 \$4,670,264 in net assets in these funds are distributed as follows:

Springfield Building	\$ (63,926)
Schaefer's Building	\$ 564,916
Park Place Building	\$2,269,718
Loan Programs	\$1,899,556

Long Term Debt Activity

LCOG increased the Park Place Building debt from \$4.75 million to \$5.5 million to pay for some of the cost of improvements for the new LCOG offices. An additional loan for \$0.55 million was obtained from Wells Fargo to fund more of the improvements.

Economic Factors and Next Year's Budget and Rates

During the preparation of the budget for FY 2009-2010, 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 2009-2010 budget:

- FY10 is the first year of the State biannual budget with State revenues reduced significantly from the prior biennium, so Senior and Disabled Services funding for the Type B Program (Medicaid) is expected to decrease in FY10.
- State and local governments will continue to face budget challenges, limiting the ability of LCOG to find new or increased revenue.
- Employees Association and non-represented staff salaries will have no cost of living increase for the first six months of the year, and a 2.75% increase in January, 2010. SEIU staff will receive a 2.75% cost of living increase, but have one furlough day a month for the first six months.
- The PERS rate will decrease to 7.98% and the OPSRP rate will decrease to 9.03% for FY10. These rates will remain constant through FY11.
- Health insurance expense will increase about 10% next year due to good experience and the high deductible Health Reimbursement Arrangement (HRA). The Senior and Disabled Services staff agreed to move to this plan to help save resources in their division.

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, 2009

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current assets:			
Cash and investments	\$ 1,230,733	\$ 138,798	\$ 1,369,531
Accounts receivable	1,935,017	40,170	1,975,187
Current maturities of loans receivable	-	338,171	338,171
Accrued interest receivable	-	13,026	13,026
Internal balances	153,274	(153,274)	-
Prepaid expense	35,921	99,734	135,655
Total current assets	<u>3,354,945</u>	<u>476,625</u>	<u>3,831,570</u>
Noncurrent assets:			
Restricted cash and investments	2,282,700	2,393,366	4,676,066
Loans receivable, net of current maturities	-	2,990,351	2,990,351
Financing costs, net of accumulated amortization	31,070	99,377	130,447
Capital assets, net of accumulated depreciation	130,935	10,815,134	10,946,069
Total noncurrent assets	<u>2,444,705</u>	<u>16,298,228</u>	<u>18,742,933</u>
Total assets	<u>5,799,650</u>	<u>16,774,853</u>	<u>22,574,503</u>
LIABILITIES			
Current liabilities:			
Accounts payable	256,973	22,407	279,380
Accrued payroll and related liabilities	990,948	10,299	1,001,247
Accrued interest payable	5,445	44,146	49,591
Unearned revenue	271,081	37,500	308,581
Compensated absences	750,848	-	750,848
Current maturities of loans payable	66,766	355,188	421,954
Total current liabilities	<u>2,342,061</u>	<u>469,540</u>	<u>2,811,601</u>
Noncurrent liabilities:			
Long-term debt, net of current maturities	3,042,600	11,612,667	14,655,267
Security deposits	-	22,382	22,382
Total noncurrent liabilities	<u>3,042,600</u>	<u>11,635,049</u>	<u>14,677,649</u>
Total liabilities	<u>5,384,661</u>	<u>12,104,589</u>	<u>17,489,250</u>
NET ASSETS			
Invested in capital assets, net of related debt	130,935	2,595,245	2,726,180
Restricted for:			
Telecommunications	2,282,700	-	2,282,700
USDA	-	1,030,605	1,030,605
EDA	-	866,660	866,660
Unrestricted	<u>(1,998,646)</u>	<u>177,754</u>	<u>(1,820,892)</u>
Total net assets	<u>\$ 414,989</u>	<u>\$ 4,670,264</u>	<u>\$ 5,085,253</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, 2009**

				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	\$ 369,914	\$ 66,577	\$ 436,491	\$ 10,553	\$ -	\$ (425,938)	\$ -	\$ (425,938)
Government services	6,330,513	1,509,404	7,839,917	6,086,081	1,845,317	91,481	-	91,481
Senior and disabled services	10,059,909	1,803,895	11,863,804	1,036,100	10,797,560	(30,144)	-	(30,144)
Interest on long-term debt	179,866	-	179,866	-	-	(179,866)	-	(179,866)
Indirect costs	3,511,233	(3,511,233)	-	-	-	-	-	-
Total governmental activities	20,451,435	(131,357)	20,320,078	7,132,734	12,642,877	(544,467)	-	(544,467)
Business-type activities:								
Park Place Building	889,178	10,474	899,652	716,217	-	-	(183,435)	(183,435)
Springfield Building	306,452	47	306,499	321,638	-	-	15,139	15,139
Schaefers Building	392,713	2,770	395,483	355,454	-	-	(40,029)	(40,029)
Loan program	366,089	118,066	484,155	549,294	-	-	65,139	65,139
Total business-type activities	1,954,432	131,357	2,085,789	1,942,603	-	-	(143,186)	(143,186)
Total activities	\$ 22,405,867	\$ -	\$ 22,405,867	\$ 9,075,337	\$ 12,642,877	(544,467)	(143,186)	(687,653)
General revenues:								
Unrestricted investment earnings						51,213	-	51,213
Member dues						226,603	-	226,603
Gain on sale of equipment						1,928	-	1,928
Transfers in (out)						(540,561)	540,561	-
Total general revenues and transfers						(260,817)	540,561	279,744
Change in net assets						(805,284)	397,375	(407,909)
Net assets, beginning of year						1,220,273	4,272,889	5,493,162
Net assets, end of year						\$ 414,989	\$ 4,670,264	\$ 5,085,253

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

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LANE COUNCIL OF GOVERNMENTS
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2009

	General Fund	Telecommunications
ASSETS		
Cash and investments	\$ 884,184	\$ -
Prepaid expenditures	35,921	-
Accounts receivable	79,747	64,429
Due from other funds	153,274	-
Loan to Consortium	-	-
Restricted cash and investments	-	2,282,700
	<hr/>	<hr/>
Total assets	\$ 1,153,126	\$ 2,347,129
	<hr/> <hr/>	<hr/> <hr/>
LIABILITIES AND FUND BALANCES		
Liabilities:		
Due to other funds	\$ -	\$ 64,429
Accounts payable	10,130	-
Accrued payroll and related liabilities	229,804	-
Compensated absences	750,848	-
Deferred revenue	74,861	-
	<hr/>	<hr/>
Total liabilities	1,065,643	64,429
	<hr/>	<hr/>
Fund balances:		
Reserved for telecommunications	-	2,282,700
Unreserved, designated for, reported in:		
Special revenue funds	-	-
Unreserved, undesignated, reported in:		
General fund	87,483	-
	<hr/>	<hr/>
Total fund balances	87,483	2,282,700
	<hr/>	<hr/>
Total liabilities and fund balances	\$ 1,153,126	\$ 2,347,129
	<hr/> <hr/>	<hr/> <hr/>

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

Grants and Contracts	Total Governmental Funds
\$ 346,549	\$ 1,230,733
-	35,921
1,790,841	1,935,017
64,429	217,703
-	-
-	2,282,700
<u>\$ 2,201,819</u>	<u>\$ 5,702,074</u>

\$ -	\$ 64,429
246,843	256,973
761,144	990,948
-	750,848
196,220	271,081
<u>1,204,207</u>	<u>2,334,279</u>
-	2,282,700
997,612	997,612
-	87,483
<u>997,612</u>	<u>3,367,795</u>
<u>\$ 2,201,819</u>	<u>\$ 5,702,074</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, 2009

Total fund balances - governmental funds			\$ 3,367,795
Capital assets used in governmental funds are not financial resources and therefore are not reported in the funds.			130,935
Loan costs are expensed by governmental funds in the year paid but are capitalized on the statement of net assets and amortized over the term of the loan.			31,070
Some liabilities are not due and payable in the current period and are therefore not reported in the funds. Those liabilities consist of:			
Loans payable	(3,109,366)		
Accrued interest	<u>(5,445)</u>		
		<u>(3,114,811)</u>	
Net assets of governmental activities			<u><u>\$ 414,989</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, 2009

	General Fund	Telecommunications	Grants and Contracts	Total Governmental Funds
Revenues:				
Member agency dues	\$ 226,603	\$ -	\$ -	\$ 226,603
Federal and state grants and contracts	-	-	12,125,851	12,125,851
Other local sources	268,600	1,551,547	5,910,793	7,730,940
In-kind services	-	-	190,290	190,290
Total revenues	<u>495,203</u>	<u>1,551,547</u>	<u>18,226,934</u>	<u>20,273,684</u>
Expenditures:				
Current:				
Board/executive services	570,910	-	-	570,910
Government services	-	1,316,165	6,474,244	7,790,409
Senior and disabled services	-	-	11,810,616	11,810,616
Debt service:				
Principal	147,789	-	-	147,789
Interest	190,830	-	-	190,830
Financing costs	-	-	-	-
Capital outlay	-	-	28,888	28,888
Total expenditures	<u>909,529</u>	<u>1,316,165</u>	<u>18,313,748</u>	<u>20,539,442</u>
Revenues over (under) expenditures	<u>(414,326)</u>	<u>235,382</u>	<u>(86,814)</u>	<u>(265,758)</u>
Other financing sources (uses):				
Operating transfers in	379,820	-	223,036	602,856
Operating transfers out	<u>(871,138)</u>	<u>(206,619)</u>	<u>(65,660)</u>	<u>(1,143,417)</u>
Total other financing sources (uses)	<u>(491,318)</u>	<u>(206,619)</u>	<u>157,376</u>	<u>(540,561)</u>
Net change in fund balances	(905,644)	28,763	70,562	(806,319)
Fund balances, beginning of year	<u>993,127</u>	<u>2,253,937</u>	<u>927,050</u>	<u>4,174,114</u>
Fund balances, end of year	<u>\$ 87,483</u>	<u>\$ 2,282,700</u>	<u>\$ 997,612</u>	<u>\$ 3,367,795</u>

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, 2009**

Net change in fund balances - governmental funds	\$ (806,319)
--	--------------

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	28,888
Depreciation expense	(176,768)

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	147,789
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	(4,200)

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	5,327
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The net effect of various miscellaneous transactions involving capital assets (sales and dispositions)

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Change in net assets of governmental activities	<u><u>\$ (805,283)</u></u>
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The accompanying notes are an integral part of the financial statements.

LANE COUNCIL OF GOVERNMENTS
STATEMENT OF NET ASSETS (DEFICIT)
PROPRIETARY FUNDS
June 30, 2009

	Park Place Building	Springfield Building	Schaefers Building	Loan Programs	Total
ASSETS					
Current assets:					
Cash and investments	\$ 52,195	\$ 22,666	\$ 13,124	\$ 50,813	\$ 138,798
Accounts receivable	-	26,968	-	13,202	40,170
Current maturities of loans receivable	-	-	-	338,171	338,171
Accrued interest receivable	-	-	-	13,026	13,026
Prepaid expense	3,602	70,063	26,069	-	99,734
Total current assets	<u>55,797</u>	<u>119,697</u>	<u>39,193</u>	<u>415,212</u>	<u>629,899</u>
Noncurrent assets:					
Restricted cash and investments	70,405	-	-	2,322,961	2,393,366
Loans receivable, net of current maturities	-	-	-	2,990,351	2,990,351
	19,003	19,003	9,271	-	47,277
Capital assets, net of accumulated depreciation	<u>8,257,994</u>	<u>967,216</u>	<u>1,589,924</u>	<u>-</u>	<u>10,815,134</u>
Total noncurrent assets	<u>8,347,402</u>	<u>986,219</u>	<u>1,599,195</u>	<u>5,313,312</u>	<u>16,246,128</u>
Total assets	<u>8,403,199</u>	<u>1,105,916</u>	<u>1,638,388</u>	<u>5,728,524</u>	<u>16,876,027</u>
LIABILITIES					
Current liabilities:					
Due to other funds	74,796	49,634	12,536	16,308	153,274
Accounts payable	22,407	-	-	-	22,407
Accrued payroll and related liabilities	3,015	-	588	6,696	10,299
Accrued interest payable	18,204	3,185	2,259	20,498	44,146
Unearned revenue	-	-	-	37,500	37,500
Current maturities of loans payable	<u>140,160</u>	<u>20,339</u>	<u>25,241</u>	<u>169,448</u>	<u>355,188</u>
Total current liabilities	<u>258,582</u>	<u>73,158</u>	<u>40,624</u>	<u>250,450</u>	<u>622,814</u>
Noncurrent liabilities:					
Long-term debt, net of current maturities	5,904,617	1,096,684	1,032,848	3,578,518	11,612,667
Security deposits	22,382	-	-	-	22,382
Total noncurrent liabilities	<u>5,926,999</u>	<u>1,096,684</u>	<u>1,032,848</u>	<u>3,578,518</u>	<u>11,635,049</u>
Total liabilities	<u>6,185,581</u>	<u>1,169,842</u>	<u>1,073,472</u>	<u>3,828,968</u>	<u>12,257,863</u>
NET ASSETS (DEFICIT)					
Invested in capital assets, net of related debt	2,213,217	(149,807)	531,835	-	2,595,245
Restricted by USDA	-	-	-	1,030,605	1,030,605
Restricted by EDA	-	-	-	866,660	866,660
Unrestricted	<u>56,501</u>	<u>85,881</u>	<u>33,081</u>	<u>2,291</u>	<u>177,754</u>
Total net assets (deficit)	<u>\$ 2,269,718</u>	<u>\$ (63,926)</u>	<u>\$ 564,916</u>	<u>\$ 1,899,556</u>	<u>\$ 4,670,264</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, 2009

	Park Place Building	Springfield Building	Schaefers Building	Loan Programs	Total
Operating revenues:					
Charges for services	\$ -	\$ -	\$ -	\$ 483,073	\$ 483,073
Rent	716,217	321,638	355,454	-	1,393,309
State revenue	-	-	-	-	-
Other	-	-	-	1,000	1,000
Total operating revenues	<u>716,217</u>	<u>321,638</u>	<u>355,454</u>	<u>484,073</u>	<u>1,877,382</u>
Operating expenses:					
Personal services	30,632	137	8,101	345,291	384,161
Materials and services	324,565	134,476	211,595	90,493	761,129
Provisions for loan losses	-	-	-	10,300	10,300
Interest on loans	-	-	-	38,071	38,071
Depreciation	205,022	92,519	118,966	-	416,507
Amortization of financing costs	4,184	2,258	1,209	-	7,651
Total operating expenses	<u>564,403</u>	<u>229,390</u>	<u>339,871</u>	<u>484,155</u>	<u>1,617,819</u>
Operating income	<u>151,814</u>	<u>92,248</u>	<u>15,583</u>	<u>(82)</u>	<u>259,563</u>
Nonoperating revenues (expenses):					
Interest income	-	-	-	65,221	65,221
Federal revenue	-	-	-	-	-
Interest expense	<u>(335,249)</u>	<u>(77,109)</u>	<u>(55,612)</u>	<u>-</u>	<u>(467,970)</u>
Total nonoperating revenues (expenses)	<u>(335,249)</u>	<u>(77,109)</u>	<u>(55,612)</u>	<u>65,221</u>	<u>(402,749)</u>
Income (loss) before transfers	<u>(183,435)</u>	<u>15,139</u>	<u>(40,029)</u>	<u>65,139</u>	<u>(143,186)</u>
Transfers in	696,958	-	-	7,763	704,721
Transfers out	<u>-</u>	<u>(99,623)</u>	<u>(64,537)</u>	<u>-</u>	<u>(164,160)</u>
Change in net assets	513,523	(84,484)	(104,566)	72,902	397,375
Net assets, beginning of year	<u>1,756,194</u>	<u>20,558</u>	<u>669,483</u>	<u>1,826,654</u>	<u>4,272,889</u>
Net assets (deficit), end of year	<u>\$ 2,269,717</u>	<u>\$ (63,926)</u>	<u>\$ 564,917</u>	<u>\$ 1,899,556</u>	<u>\$ 4,670,264</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, 2009

	Park Place Building	Springfield Building	Schaefers Building	Loan Programs	Total
Rents - third parties	\$ 412,802	\$ 320,980	\$ 165,454	\$ -	\$ 899,236
Rents - LCOG Occupancy Costs	285,852	-	190,000	-	475,852
Loan fees	-	-	-	243,371	243,371
State revenue	-	-	-	37,500	37,500
Local revenue	-	-	-	1,000	1,000
Misc revenue	-	-	-	9,445	9,445
Interest on business loans	-	-	-	224,485	224,485
Payments to employees	(17,143)	(137)	(5,331)	(227,225)	(249,836)
Support services	(10,474)	-	(2,625)	(132,622)	(145,721)
Materials and services	(340,638)	(128,043)	(208,700)	(90,770)	(768,151)
Payments to borrowers	-	-	-	(564,453)	(564,453)
Principal received from borrowers	-	-	-	348,043	348,043
Interest on USDA loans	-	-	-	(39,226)	(39,226)
Net cash provided (used) by operating activities	<u>330,399</u>	<u>192,800</u>	<u>138,798</u>	<u>(190,452)</u>	<u>471,545</u>
Loans received from USDA	-	-	-	-	-
Principal paid to USDA	-	-	-	(151,621)	(151,621)
Advances from other funds	74,796	-	12,536	(7,432)	79,900
Operating transfers in	696,958	-	-	7,763	704,721
Operating transfers out	-	(99,623)	(64,537)	-	(164,160)
Net cash provided (used) by non-capital financing activities	<u>771,754</u>	<u>(99,623)</u>	<u>(52,001)</u>	<u>(151,290)</u>	<u>468,840</u>
Purchases of capital assets	(2,008,068)	-	-	-	(2,008,068)
Loan proceeds	1,373,815	-	-	-	1,373,815
Cash paid for financing costs	(25,880)	-	-	-	(25,880)
Principal paid on bank loans	(62,926)	(18,997)	(23,966)	-	(105,889)
Interest paid on bank loans	(339,176)	(77,163)	(55,664)	-	(472,003)
Federal revenue	-	-	-	-	-
Net cash used by capital and related financing activities	<u>(1,062,235)</u>	<u>(96,160)</u>	<u>(79,630)</u>	<u>-</u>	<u>(1,238,025)</u>
Purchase of investments	-	-	-	(1,796,547)	(1,796,547)
Proceeds from investments	-	-	-	-	-
Earnings on investments	-	-	-	65,221	65,221
Increase (decrease) in due to other funds	-	20,236	-	-	20,236
Net cash provided (used) by investing activities	<u>-</u>	<u>20,236</u>	<u>-</u>	<u>(1,731,326)</u>	<u>(1,711,090)</u>
Net increase (decrease) in cash and cash equivalents	<u>39,918</u>	<u>17,253</u>	<u>7,167</u>	<u>(2,073,068)</u>	<u>(2,008,730)</u>
Cash and cash equivalents, beginning of year	<u>82,682</u>	<u>5,413</u>	<u>5,957</u>	<u>2,536,634</u>	<u>2,630,686</u>
Cash and cash equivalents, end of year	<u>\$ 122,600</u>	<u>\$ 22,666</u>	<u>\$ 13,124</u>	<u>\$ 463,566</u>	<u>\$ 621,956</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, 2009**

	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	\$ 151,814	\$ 92,248	\$ 15,583	\$ (82)	\$ 259,563
Adjustments to reconcile operating income to net cash provided (used) by operating activities:					
Amortization of financing costs	4,184	2,258	1,209	-	7,651
Depreciation	205,022	92,519	118,966	-	416,507
Bad debt expense	-	-	-	10,300	10,300
(Increase) decrease in:					
Interest receivable	-	-	-	(1,891)	(1,891)
Accounts receivable	-	(658)	-	(3,881)	(4,539)
Prepaid expense	4,256	8,758	8,409	-	21,423
Loan receivable	-	-	-	(216,410)	(216,410)
Increase (decrease) in:					
Deferred revenue	-	-	-	37,500	37,500
Security accounts payable	(17,563)	-	-	-	(17,563)
Accrued interest payable	-	-	-	(1,155)	(1,155)
Accounts payable	(20,329)	(2,325)	(5,514)	(277)	(28,445)
Accrued payroll and related liabilities	3,015	-	145	(14,556)	(11,396)
Net cash provided (used) by operating activities	<u>\$ 330,399</u>	<u>\$ 192,800</u>	<u>\$ 138,798</u>	<u>\$ (190,452)</u>	<u>\$ 471,545</u>
Non-cash financing and investing activities:					
Loan - Umpqua Bank	\$ 836,481	\$ -	\$ -	\$ -	\$ 836,481
Loan - Wells Fargo	550,000	-	-	-	550,000
Finance charge withheld from loan	(12,666)	-	-	-	(12,666)
	<u>\$ 1,373,815</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,373,815</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, 2009

	Agency Fund
	<hr/>
ASSETS	
Cash and investments	\$ 1,195,135
Accounts receivable	<hr/> -
Total assets	<hr/> <hr/> \$ 1,195,135
LIABILITIES	
Accounts payable	\$ 555
Due to other agencies	<hr/> 1,194,580
Total liabilities	<hr/> <hr/> \$ 1,195,135

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 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. Beginning November 2008, LCOG occupies approximately 37% of the building.
- 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. The Consortium merged with Regional Fiber Consortium during the year.

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, 2009 consisted of the following:

Cash:

Petty cash and cash on hand	\$ 200
Demand deposits with financial institutions	2,391,227
Money market accounts	1,106,207
Nonnegotiable certificates of deposit	1,910,209
Cash with agent	<u>90,766</u>
Total cash	5,498,609

Investments

Local Government Investment Pool	<u>1,742,123</u>
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Total cash and investments	<u>\$ 7,240,732</u>
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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	\$1,369,531
Restricted cash and investments	4,676,066
Statement of fiduciary net assets:	
Cash and investments	<u>1,195,135</u>
Total cash and investments	<u>\$7,240,732</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, 2009, 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 \$5,720,092. Of this, \$1,622,598 was insured and \$4,049,528 was collateralized. The remaining \$47,966 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.

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, 2009 the LGIP's investments in these three categories were 75%, 12%, and 13%, respectively.

Credit Risk. Credit risk is the risk than an issuer or other counterparty to an investment will not fulfill its obligation. LCOG's only investments during the year were U.S. government agency obligations and funds held in the LGIP. U.S. government agency obligations are considered to be rated AAA by Standard and Poor's. The LGIP is not rated.

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.

LANE COUNCIL OF GOVERNMENTS
NOTES TO THE FINANCIAL STATEMENTS

4. Cash and Investments, Continued:

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, 2009, 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	\$ 138,798	\$ -	\$ 138,798
Restricted cash and investments	<u>483,158</u>	<u>1,910,208</u>	<u>2,393,366</u>
	<u>\$ 621,956</u>	<u>\$ 1,910,208</u>	<u>\$2,532,164</u>

5. Accounts Receivable:

	<u>Grants and Contracts</u>	<u>System User Accounts</u>	<u>Other</u>	<u>Total</u>
Governmental funds:				
General Fund	\$ -	\$ -	\$ 79,747	\$ 79,747
Telecommunications	-	64,429	-	64,429
Grants and Contracts	1,790,841	-	-	1,790,841
Other Nonmajor	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total governmental	<u>1,790,841</u>	<u>64,429</u>	<u>79,747</u>	<u>1,935,017</u>
Proprietary funds:				
Springfield Building	-	-	26,968	26,968
Loan Programs	<u>-</u>	<u>-</u>	<u>13,202</u>	<u>13,202</u>
Total proprietary	<u>-</u>	<u>-</u>	<u>40,170</u>	<u>40,170</u>
Total	<u>\$ 1,790,841</u>	<u>\$ 64,429</u>	<u>\$ 119,917</u>	<u>\$ 1,975,187</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	\$ 654,399	\$ -	(\$654,399)	\$ -
Vehicles	131,194	-	(39,942)	91,252
Furniture and equipment	1,044,804	28,888	(69,262)	1,004,430
Total capital assets being depreciated	<u>1,830,397</u>	<u>28,888</u>	<u>(763,603)</u>	<u>1,095,682</u>
Less accumulated depreciation for:				
Leasehold improvements	(539,821)	(114,578)	654,399	-
Vehicles	(84,771)	(7,330)	39,942	(52,159)
Furniture and equipment	(926,989)	(54,861)	69,262	(912,588)
Total accumulated depreciation	<u>(1,551,581)</u>	<u>(176,769)</u>	<u>763,603</u>	<u>(964,747)</u>
Governmental activities capital assets, net	<u>\$ 278,816</u>	<u>\$(147,881)</u>	<u>\$ -</u>	<u>\$ 130,935</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	2,374,082	2,135,970	(127,903)	4,382,149
Total capital assets being depreciated	<u>10,618,959</u>	<u>2,135,970</u>	<u>(127,903)</u>	<u>12,627,026</u>
Less accumulated depreciation for:				
Buildings	(851,029)	(193,148)	-	(1,044,177)
Improvements	(1,280,186)	(223,359)	-	(1,503,545)
Total accumulated depreciation	<u>(2,131,215)</u>	<u>(416,507)</u>	<u>-</u>	<u>(2,547,722)</u>
Capital assets being depreciated, net	<u>8,487,744</u>	<u>1,719,463</u>	<u>(\$127,903)</u>	<u>10,079,304</u>
Business-type activities capital assets, net	<u>\$9,223,574</u>	<u>\$1,719,463</u>	<u>(\$127,903)</u>	<u>\$ 10,815,134</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	\$ 121,904
Government Services	27,718
Senior and Disabled Services	<u>27,146</u>
Total depreciation expense – governmental activities	<u>176,768</u>
Business-type activities:	
Schaefers Building	118,966
Springfield Building	92,519
Park Place Building	205,022
Loan Programs	<u>-</u>
Total depreciation expense – business-type activities	<u>416,507</u>
Total depreciation expense	<u><u>\$ 593,275</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	\$3,613,822
Allowance for loan losses	<u>(285,300)</u>
Loans receivable, net of allowance for loan losses	3,328,522
Amounts due within one year	<u>(338,171)</u>
Loans receivable, noncurrent	<u><u>\$2,990,351</u></u>

Included in the above are loans receivable with a carrying value of \$2,656,374, 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	\$ 275,000
Net change in estimate	10,300
Write-offs of uncollectible loans	-
Recovery of amounts previously charged off	<u>-</u>
Balance, end of the year	<u><u>\$ 285,300</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, three loans totaling \$294,254 were classified as impaired and offset by allowances for loan losses of \$109,500. During the year, these loans had an average balance of \$300,491 and interest income of \$8,747 was recognized. Actual cash basis interest received was \$8,406; if the loans had not been impaired, interest income of \$24,470 would have been recorded. During the year the allowance for loan losses decreased by \$7,600 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 ratio of 1.2:1.0 of cash flow to debt service during each 12 month period ending June 30.*

\$ 1,797,031

\$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 ratio of 1.2:1.0 of cash flow to debt service during each 12 month period ending June 30.*

1,312,335

Total long-term debt for governmental activities 3,109,366

Amounts due within one year (66,766)

Long-term debt, net of current maturities - governmental activities \$ 3,042,600

*For the year ended June 30, 2009, the ratio of cash flow to debt service was 0.81:1.00, however Umpqua Bank granted a waiver until June 30, 2010.

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 ratio of 1.2:1.0 of cash flow to debt service during each 12 month period ending June 30.*

1,058,089

\$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 ratio of 1.2:1.0 of cash flow to debt service during each 12 month period ending June 30.*

1,117,023

\$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 ratio of 1.2:1.0 of cash flow to debt service during each 12 month period ending June 30.*

5,494,777

\$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.

550,000

\$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.

1,320,364

\$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.

731,015

*For the year ended June 30, 2009, the ratio of cash flow to debt service was 0.81:1.00, however Umpqua Bank granted a waiver until June 30, 2010.

LANE COUNCIL OF GOVERNMENTS
NOTES TO THE FINANCIAL STATEMENTS

8. Long-term Debt, Continued:

Long-term Debt - Business-type Activities, Continued:

\$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. 398,807

\$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. 347,231

\$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. 450,798

\$500,000 USDA loan; dated August 26, 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. 499,751

Total long-term debt for business-type activities 11,967,855

Amounts due within one year (355,188)

Long-term debt, net of current maturities - business-type activities \$ 11,612,667

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
Wells Fargo Bank loan	\$ 84,766	\$ -	\$ (84,766)	\$ -	\$ -
Umpqua Bank loan (Schaefer's Building)	1,837,733	-	(40,702)	1,797,031	42,870
Umpqua Bank loan (Springfield Building)	<u>1,334,657</u>	<u>-</u>	<u>(22,322)</u>	<u>1,312,335</u>	<u>23,896</u>
	<u>\$ 3,257,156</u>	<u>\$ -</u>	<u>\$ (147,790)</u>	<u>\$ 3,109,366</u>	<u>\$ 66,766</u>
	Interest				
	Outstanding Beginning	Matured	Paid	Outstanding Ending	
Wells Fargo Bank loan	\$ -	\$ 5,637	\$ (5,637)	\$ -	
Umpqua Bank loan (Schaefer's Building)	-	94,538	(94,538)	-	
Umpqua Bank loan (Springfield Building)	<u>-</u>	<u>90,655</u>	<u>(90,655)</u>	<u>-</u>	
	<u>\$ -</u>	<u>\$ 190,830</u>	<u>\$ (190,830)</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
Wells Fargo Bank loan	\$ -	\$ 550,000	\$ -	\$ 550,000	\$ 52,270
Umpqua Bank loan (Schaefer's)	1,082,055	-	(23,966)	1,058,089	25,241
Umpqua Bank loan (Springfield)	1,136,020	-	(18,997)	1,117,023	20,339
Umpqua Bank loan (Park Place)	4,721,223	836,480	(62,926)	5,494,777	87,890
\$2,000,000 USDA loan	1,391,426	-	(71,062)	1,320,364	71,950
\$1,000,000 USDA loan	765,828	-	(34,813)	731,015	35,040
\$478,000 USDA loan	414,983	-	(16,176)	398,807	16,367
\$400,000 USDA loan	360,536	-	(13,305)	347,231	13,451
\$500,000 USDA loan	467,033	-	(16,235)	450,798	16,675
\$500,000 USDA loan	499,781	-	(30)	499,751	15,965
	<u>\$10,838,885</u>	<u>\$ 1,386,480</u>	<u>\$ (257,510)</u>	<u>\$ 11,967,855</u>	<u>\$ 355,188</u>

	Interest			
	Outstanding Beginning	Matured	Paid	Outstanding Ending
Wells Fargo Bank loan	\$ -	\$ -	\$ -	\$ -
Umpqua Bank loan (Schaefer's)	-	55,664	(55,664)	-
Umpqua Bank loan (Springfield)	-	77,163	(77,163)	-
Umpqua Bank loan (Park Place)	-	339,176	(339,176)	-
\$2,000,000 USDA loan	-	13,827	(13,827)	-
\$1,000,000 USDA loan	-	7,637	(7,637)	-
\$478,000 USDA loan	-	4,127	(4,127)	-
\$400,000 USDA loan	-	3,675	(3,675)	-
\$500,000 USDA loan	-	4,990	(4,990)	-
\$500,000 USDA loan	-	4,970	(4,970)	-
	<u>\$ -</u>	<u>\$ 511,229</u>	<u>\$(511,229)</u>	<u>\$ -</u>

LANE COUNCIL OF GOVERNMENTS
NOTES TO THE FINANCIAL STATEMENTS

8. Long-term Debt, Continued:

Total interest expense for the year was \$691,544. This consisted of \$185,503 reported in the governmental activities (\$179,866 not allocable to a specific function and \$5,637 included as a direct expense) and \$506,041 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:		
2010	\$ 66,766	\$ 181,449
2011	70,735	177,480
2012	74,466	173,750
2013	79,381	168,835
2014	84,115	164,101
2015 - 2019	<u>2,733,903</u>	<u>467,946</u>
	<u>\$ 3,109,366</u>	<u>\$ 1,333,561</u>

Annual Debt Service Requirements to Maturity – Business-type Activities

	<u>Principal</u>	<u>Interest</u>
Fiscal year ending:		
2010	\$ 355,188	\$ 559,319
2011	358,107	556,401
2012	370,478	544,029
2013	386,248	528,260
2014	392,843	512,921
2015- 2019	8,131,196	2,113,133
2020 - 2024	955,597	79,773
2025 - 2029	703,109	33,619
2030 - 2034	273,271	8,818
2035 - 2036	<u>41,818</u>	<u>628</u>
	<u>\$11,967,855</u>	<u>\$ 4,915,090</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	\$ 871,138	\$ 379,820
Telecommunications Fund	206,619	-
Grants and Contracts Fund	65,660	223,036
Springfield Building Fund	99,623	-
Schaefer's Building Fund	64,537	-
Park Place Building Fund	-	696,958
Loan Programs Fund	<u>-</u>	<u>7,763</u>
	<u>\$ 1,307,577</u>	<u>\$ 1,307,577</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 \$509,832 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		
2007	12.87%	9.58%	\$ 914,439	100%
2008	10.93%	13.72%	\$ 881,009	100%
2009	10.93%	13.72%	\$ 987,656	100%

The required OPERS contributions for the current year were based on an actuarial valuation as of December 31, 2005. Based on the December 31, 2007 actuarial valuation, LCOG's PERS and OPSRP contribution rates beginning July 1, 2009, will change to 7.98% and 9.03%, respectively. 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, 2009, 8 retired employees were availing themselves of this benefit and 175 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 \$2,504 and \$2,587 for the years ending May 31, 2010 and 2011, respectively.

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:

Wells Fargo Building	\$ 146,111
Public Service Building	10,200
Central Kitchen	29,124
Type B Funds	74,095
Senior Nutrition and Outreach	16,465
Park Place Building (see note #13)	285,852
Schaefers Building (see note #13)	<u>190,000</u>
Total	\$ <u>751,847</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>	
2010	\$ 103,805
2011	102,131
2012	73,674
2013	<u>60,655</u>
Total	\$ <u>340,265</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 \$190,000 for the year and are included in total rent income of \$1,393,309 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 2009 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 \$26,968 at June 30, 2009 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. There 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 2009-2010 will be \$502,967 from third party tenants and \$447,410 from LCOG occupancy.

LANE COUNCIL OF GOVERNMENTS
NOTES TO THE FINANCIAL STATEMENTS

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

Minimum rental income on noncancellable leases is:

<u>June 30</u>	
2010	\$ 560,920
2011	447,084
2012	421,324
2013	367,766
2014	363,904
2015	373,002
2016	382,327
2017	<u>391,885</u>
Total	\$ <u>3,308,212</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, 2009

	Beginning Balance	Additions	Deductions	Ending Balance
<u>9-1-1 PSAP Reserves</u>				
Assets:				
Cash and investments	\$ 1,032,655	\$ 1,794,308	\$ 1,631,828	\$ 1,195,135
Total assets	<u>\$ 1,032,655</u>	<u>\$ 1,794,308</u>	<u>\$ 1,631,828</u>	<u>\$ 1,195,135</u>
Liabilities:				
Accounts payable	\$ -	\$ 555	\$ -	\$ 555
Due to other agencies	1,032,655	1,793,753	1,631,828	1,194,580
Total liabilities	<u>\$ 1,032,655</u>	<u>\$ 1,794,308</u>	<u>\$ 1,631,828</u>	<u>\$ 1,195,135</u>
 <u>Fiber South Consortium</u>				
Assets:				
Cash and investments	\$ 41,426	\$ 125,000	\$ 166,426	\$ -
Accounts receivable	-	-	-	-
Total assets	<u>\$ 41,426</u>	<u>\$ 125,000</u>	<u>\$ 166,426</u>	<u>\$ -</u>
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to other agencies	41,426	125,000	166,426	-
Total liabilities	<u>\$ 41,426</u>	<u>\$ 125,000</u>	<u>\$ 166,426</u>	<u>\$ -</u>
 <u>Total - All Agency Funds</u>				
Assets:				
Cash and investments	\$ 1,074,081	\$ 1,919,308	\$ 1,798,254	\$ 1,195,135
Accounts receivable	-	-	-	-
Total assets	<u>\$ 1,074,081</u>	<u>\$ 1,919,308</u>	<u>\$ 1,798,254</u>	<u>\$ 1,195,135</u>
Liabilities:				
Accounts payable	\$ -	\$ 555	\$ -	\$ 555
Due to other agencies	1,074,081	1,918,753	1,798,254	1,194,580
Total liabilities	<u>\$ 1,074,081</u>	<u>\$ 1,919,308</u>	<u>\$ 1,798,254</u>	<u>\$ 1,195,135</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, 2009**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
Revenues:			
Member agency dues	\$ 227,762	\$ 226,603	\$ (1,159)
Interest income	60,000	37,792	(22,208)
Overhead carryforward	79,786	79,786	-
Equipment reimbursement	7,325	7,325	-
Improvement reimbursement	65,440	114,579	49,139
Interest reimbursement	5,637	5,637	-
Other local sources	12,000	12,000	-
Miscellaneous	4,500	11,481	6,981
	<u>462,450</u>	<u>495,203</u>	<u>32,753</u>
Total local revenues			
Expenditures:			
General services:			
Personal services	128,259	126,283	(1,976)
Support services	96,492	328,123	231,631
Materials and services	26,500	53,201	26,701
Leave expense	-	63,303	63,303
Capital outlay	-	-	-
Debt service	-	338,618	338,618
	<u>251,251</u>	<u>909,528</u>	<u>658,277</u>
Total expenditures			
Revenues over (under) expenditures	<u>211,199</u>	<u>(414,325)</u>	<u>(625,524)</u>
Other financing sources (uses):			
Operating transfers in	13,000	379,820	366,820
Operating transfers out	(927,555)	(871,138)	56,417
	<u>(914,555)</u>	<u>(491,318)</u>	<u>423,237</u>
Total other financing sources (uses)			
Change in fund balance	(703,356)	(905,643)	(202,287)
Fund balance, beginning of year	<u>993,127</u>	<u>993,127</u>	<u>-</u>
Fund balance, end of year	<u>\$ 289,771</u>	<u>\$ 87,484</u>	<u>\$ (202,287)</u>

**LANE COUNCIL OF GOVERNMENTS
TELECOMMUNICATIONS
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
For the Year Ended June 30, 2009**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
Revenues:			
Local sources	\$ 1,369,104	\$ 1,551,548	\$ 182,444
Total revenues	<u>1,369,104</u>	<u>1,551,548</u>	<u>182,444</u>
Expenditures:			
Technology services:			
Services by other organizations	<u>1,377,829</u>	<u>1,316,165</u>	<u>(61,664)</u>
Total expenditures	<u>1,377,829</u>	<u>1,316,165</u>	<u>(61,664)</u>
Revenues over (under) expenditures	<u>(8,725)</u>	<u>235,383</u>	<u>244,108</u>
Other financing sources (uses):			
Operating transfers in	-	-	-
Operating transfers out	<u>(11,876)</u>	<u>(206,619)</u>	<u>(194,743)</u>
Total other financing (uses)	<u>(11,876)</u>	<u>(206,619)</u>	<u>(194,743)</u>
Change in fund balance	(20,601)	28,764	49,365
Fund balance, beginning of year	<u>2,253,936</u>	<u>2,253,936</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ 2,233,335</u></u>	<u><u>\$ 2,282,700</u></u>	<u><u>\$ 49,365</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, 2009

	Budget	Actual	Variance Over (Under)
Revenues:			
Federal and state grants and contracts	\$ 13,284,987	\$ 12,154,319	\$ (1,130,668)
Local sources	6,186,539	5,882,325	(304,214)
In-kind services	58,107	190,290	132,183
	<u>19,529,633</u>	<u>18,226,934</u>	<u>(1,302,699)</u>
Total revenues			
Expenditures:			
Government services:			
Personal services	3,530,819	3,439,603	(91,216)
Support services	1,543,933	1,487,606	(56,327)
Materials and services	2,787,395	1,526,410	(1,260,985)
Services by other organizations	-	20,625	20,625
Capital outlay	50,000	11,071	(38,929)
	<u>7,912,147</u>	<u>6,485,315</u>	<u>(1,426,832)</u>
Senior and disabled services:			
Personal services	7,677,028	7,626,515	50,513
Support services	1,789,467	1,777,845	11,622
Materials and services	1,491,525	1,474,878	16,647
Services by other organizations	837,434	931,378	(93,944)
Capital outlay	10,000	17,817	(7,817)
	<u>11,805,454</u>	<u>11,828,433</u>	<u>22,979</u>
Total expenditures	<u>19,717,601</u>	<u>18,313,748</u>	<u>(1,403,853)</u>
Revenues over (under) expenditures	<u>(187,968)</u>	<u>(86,814)</u>	<u>101,154</u>
Other financing sources (uses):			
Operating transfers in	161,578	223,036	61,458
Operating transfers out	(35,259)	(65,660)	(30,401)
Total other financing sources or uses	<u>126,319</u>	<u>157,376</u>	<u>31,057</u>
Change in fund balance	(61,649)	70,562	132,211
Fund balance, beginning of year	<u>927,052</u>	<u>927,050</u>	<u>(2)</u>
Fund balance, end of year	<u>\$ 865,403</u>	<u>\$ 997,612</u>	<u>\$ 132,209</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, 2009**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
Revenues:			
Rents	\$ 688,913	\$ 716,217	\$ 27,304
Interest earned	-	-	-
	<u>688,913</u>	<u>716,217</u>	<u>27,304</u>
Total revenues			
Expenditures:			
Personal services	22,998	20,158	(2,840)
Support services	11,950	10,474	(1,476)
Materials and services	309,119	358,854	49,735
Capital outlay	1,910,000	2,008,067	98,067
Debt service	418,412	402,101	(16,311)
	<u>2,672,479</u>	<u>2,799,655</u>	<u>127,176</u>
Total expenditures			
Revenues over (under) expenditures	<u>(1,983,566)</u>	<u>(2,083,438)</u>	<u>(99,872)</u>
Other financing sources (uses):			
Loan proceeds	1,300,000	1,386,480	86,480
Operating transfer in	683,566	696,958	13,392
	<u>1,983,566</u>	<u>2,083,438</u>	<u>99,872</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		(6,044,777)	
Capital assets, net of accumulated depreciation		8,257,994	
Refinance costs, net of accumulated amortization		71,103	
Accrued interest payable		(18,204)	
Prepaid expenses		<u>3,602</u>	
Net assets, end of year		<u>\$ 2,269,718</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, 2009**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
Revenues:			
Rents	\$ 321,638	\$ 321,638	\$ -
Interest earned	-	-	-
	<u>321,638</u>	<u>321,638</u>	<u>-</u>
Total revenues			
Expenditures:			
Personal services	7,660	90	(7,570)
Support services	3,980	47	(3,933)
Materials and services	130,453	125,718	(4,735)
Capital outlay	-	-	-
Debt service	96,161	96,160	(1)
	<u>238,254</u>	<u>222,015</u>	<u>(16,239)</u>
Total expenditures			
Revenues over (under) expenditures	<u>83,384</u>	<u>99,623</u>	<u>16,239</u>
Other financing sources (uses):			
Loan proceeds	-	-	-
Operating transfer out	(83,384)	(99,623)	(16,239)
	<u>(83,384)</u>	<u>(99,623)</u>	<u>(16,239)</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		(1,117,023)	
Capital assets, net of accumulated depreciation		967,216	
Refinance costs, net of accumulated amortization		19,003	
Accrued interest payable		(3,185)	
Prepaid expense		<u>70,063</u>	
Net assets (deficit), end of year		<u>\$ (63,926)</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, 2009**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
Revenues:			
Rents	\$ 353,015	\$ 355,454	\$ 2,439
Interest earned	-	-	-
	<u>353,015</u>	<u>355,454</u>	<u>2,439</u>
Total revenues			
Expenditures:			
Personal services	15,332	5,331	(10,001)
Support services	7,966	2,770	(5,196)
Materials and services	179,941	203,186	23,245
Capital outlay	-	-	-
Debt service	79,630	79,630	-
	<u>282,869</u>	<u>290,917</u>	<u>8,048</u>
Total expenditures			
Revenues over (under) expenditures	<u>70,146</u>	<u>64,537</u>	<u>(5,609)</u>
Other financing sources (uses):			
Operating transfer out	<u>(70,146)</u>	<u>(64,537)</u>	<u>5,609</u>
	<u>(70,146)</u>	<u>(64,537)</u>	<u>5,609</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		(1,058,089)	
Capital assets, net of accumulated depreciation		1,589,924	
Financing costs, net of accumulated amortization		9,271	
Accrued interest payable		(2,259)	
Prepaid expense-lease negotiation fee		<u>26,069</u>	
Net assets, end of year		<u>\$ 564,916</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, 2009

	Budget	Actual	Variance Over (Under)
Revenues:			
Principal received on loans	\$ 402,000	\$ 348,043	\$ (53,957)
Federal revenue	-	-	-
Loan fees	258,844	256,697	(2,147)
Local revenues	-	1,000	1,000
State revenue	-	-	-
Interest earned	350,500	291,596	(58,904)
Total revenues	<u>1,011,344</u>	<u>897,336</u>	<u>(114,008)</u>
Expenditures:			
Personal services	253,941	227,224	(26,717)
Support services	131,947	118,066	(13,881)
Materials and services	99,557	90,493	(9,064)
Loans made	400,000	564,453	164,453
Debt service	190,000	190,847	847
Total expenditures	<u>1,075,445</u>	<u>1,191,083</u>	<u>115,638</u>
Revenues over (under) expenditures	<u>(64,101)</u>	<u>(293,747)</u>	<u>(229,646)</u>
Other financing sources (uses):			
Operating transfer in	-	7,763	7,763
Operating transfer out	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>7,763</u>	<u>7,763</u>
Change in fund balance	(64,101)	(285,984)	(221,883)
Fund balance, beginning of year	<u>2,625,482</u>	<u>2,625,482</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ 2,561,381</u></u>	2,339,498	<u><u>\$ (221,883)</u></u>
Reconciliation to GAAP basis:			
Loans receivable, net of allowance for loan losses		3,328,522	
Loans payable		(3,747,966)	
Accrued interest payable		<u>(20,498)</u>	
Net assets, end of year		<u><u>\$1,899,556</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, 2009**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
Resources:			
Federal and state	\$ 13,284,987	\$ 12,154,319	\$ (1,130,668)
Local sources	11,465,640	11,379,498	(86,142)
In-kind services	58,107	190,288	132,181
Member dues	227,762	226,603	(1,159)
Beginning reserves	<u>6,799,597</u>	<u>6,799,599</u>	<u>2</u>
Total resources	<u>31,836,093</u>	<u>30,750,307</u>	<u>(1,085,786)</u>
Requirements:			
Personal services	13,677,483	13,570,743	(106,740)
Materials and services	6,568,780	5,495,382	(1,073,398)
Capital outlay	1,970,000	2,036,955	66,955
Loans made	400,000	564,453	164,453
Debt service	1,032,418	1,107,357	74,939
Services by other organizations	<u>2,215,263</u>	<u>2,268,123</u>	<u>52,860</u>
Total requirements	<u>25,863,944</u>	<u>25,043,013</u>	<u>(820,931)</u>
Ending reserves	<u><u>\$ 5,972,149</u></u>	<u><u>\$ 5,707,294</u></u>	<u><u>\$ (264,855)</u></u>

The costs for administrative services are included in personal services and material 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, 2009**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
Resources:			
Member dues	\$ 227,762	\$ 226,603	\$ (1,159)
Other local sources	234,688	268,600	33,912
Transfers	13,000	379,820	366,820
Beginning reserves	<u>993,127</u>	<u>993,127</u>	<u>-</u>
Total resources	<u>1,468,577</u>	<u>1,868,150</u>	<u>399,573</u>
Requirements:			
Personal services	128,259	126,283	(1,976)
Support services	96,492	328,123	231,631
Materials and services	26,500	116,504	90,004
Capital outlay	-	-	-
Debt service	-	338,618	338,618
Transfers	<u>927,555</u>	<u>871,138</u>	<u>(56,417)</u>
Total requirements	<u>1,178,806</u>	<u>1,780,666</u>	<u>601,860</u>
Ending reserves	<u><u>\$ 289,771</u></u>	<u><u>\$ 87,484</u></u>	<u><u>\$ (202,287)</u></u>

**LANE COUNCIL OF GOVERNMENTS
GOVERNMENT SERVICES
SCHEDULE OF RESOURCES AND REQUIREMENTS
BUDGET AND ACTUAL
For the Year Ended June 30, 2009**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
Resources:			
Federal and state	\$ 2,694,213	\$ 1,824,692	\$ (869,521)
Local sources	6,389,541	6,086,081	(303,460)
In-kind services	-	20,625	20,625
Transfers	153,202	143,626	(9,576)
Beginning reserves	<u>2,499,626</u>	<u>2,499,626</u>	<u>-</u>
Total resources	<u>11,736,582</u>	<u>10,574,650</u>	<u>(1,161,932)</u>
Requirements:			
Personal services	3,530,819	3,439,604	(91,215)
Support services	1,543,933	1,487,606	(56,327)
Materials and services	2,787,395	1,526,455	(1,260,940)
Capital outlay	50,000	11,071	(38,929)
Services by other organizations	1,377,829	1,336,745	(41,084)
Transfers	<u>22,259</u>	<u>202,660</u>	<u>180,401</u>
Total requirements	<u>9,312,235</u>	<u>8,004,141</u>	<u>(1,308,094)</u>
Ending reserves	<u><u>\$ 2,424,347</u></u>	<u><u>\$ 2,570,509</u></u>	<u><u>\$ 146,162</u></u>

**LANE COUNCIL OF GOVERNMENTS
SENIOR AND DISABLED SERVICES
SCHEDULE OF RESOURCES AND REQUIREMENTS
BUDGET AND ACTUAL
For the Year Ended June 30, 2009**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
Resources:			
Federal and state	\$ 10,590,774	\$ 10,329,627	\$ (261,147)
Local sources	1,166,102	1,347,791	181,689
In-kind services	58,107	169,663	111,556
Transfers	-	24,213	24,213
Beginning reserves	<u>681,362</u>	<u>681,360</u>	<u>(2)</u>
 Total resources	 <u>12,496,345</u>	 <u>12,552,654</u>	 <u>56,309</u>
Requirements:			
Personal services	7,677,028	7,626,515	(50,513)
Support services	1,789,467	1,777,845	(11,622)
Materials and services	1,491,525	1,474,878	(16,647)
Capital outlay	10,000	17,817	7,817
Services by other organizations	837,434	931,378	93,944
Transfers	<u>16,500</u>	<u>14,421</u>	<u>(2,079)</u>
 Total requirements	 <u>11,821,954</u>	 <u>11,842,853</u>	 <u>20,899</u>
 Ending reserves	 <u><u>\$ 674,391</u></u>	 <u><u>\$ 709,801</u></u>	 <u><u>\$ 35,410</u></u>

**LANE COUNCIL OF GOVERNMENTS
ENTERPRISE FUNDS
SCHEDULE OF RESOURCES AND REQUIREMENTS
BUDGET AND ACTUAL
For the Year Ended June 30, 2009**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
Resources:			
Federal and state	\$ -	\$ -	\$ -
Local sources	3,674,910	3,677,025	2,115
Transfers	778,251	704,721	(73,530)
Beginning reserves	<u>2,625,482</u>	<u>2,625,482</u>	<u>-</u>
Total resources	<u>7,078,643</u>	<u>7,007,228</u>	<u>(71,415)</u>
Requirements:			
Personal services	299,931	252,804	(47,127)
Support services	155,843	131,356	(24,487)
Materials and services	719,070	778,151	59,081
Capital outlay	1,910,000	2,008,067	98,067
Loans made	400,000	564,453	164,453
Debt service	1,032,418	768,739	(263,679)
Transfers	<u>-</u>	<u>164,160</u>	<u>164,160</u>
Total requirements	<u>4,517,262</u>	<u>4,667,730</u>	<u>150,468</u>
Ending reserves	<u><u>\$ 2,561,381</u></u>	<u><u>\$ 2,339,498</u></u>	<u><u>\$ (221,883)</u></u>

LANE COUNCIL OF GOVERNMENTS
ADMINISTRATIVE SERVICES
SCHEDULE OF RESOURCES AND REQUIREMENTS
BUDGET AND ACTUAL
For the Year Ended June 30, 2009

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
Resources:			
Support services	\$ 3,550,687	\$ 3,457,224	\$ (93,463)
Overhead balancing adjustment	16,349	250,498	234,149
Administrative fees	<u>18,700</u>	<u>17,209</u>	<u>(1,491)</u>
Total resources	<u>3,585,736</u>	<u>3,724,931</u>	<u>139,195</u>
Requirements:			
Personal services	2,041,446	2,125,537	84,091
Materials and services	<u>1,544,290</u>	<u>1,599,394</u>	<u>55,104</u>
Total requirements	<u>3,585,736</u>	<u>3,724,931</u>	<u>139,195</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 2008-2009 cost allocation plan allocates cost by five office locations--the Wells Fargo 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/TS, which includes many small staff locations, and Senior Meals, which includes all of the meal sites. The plan was approved by the Oregon Department of Transportation on behalf of the Federal Highway Administration. The actual results for the year are as follows:

Fiscal year ended June 30, 2009 (actual):	
Total direct salaries and fringe benefits	\$13,570,743
Less:	
Non-LCOG pool salaries and fringe benefits	(153,184)
Overhead salaries and fringe benefits	<u>(2,125,537)</u>
Direct salary and fringe benefits base	<u>\$11,292,022</u>
Total overhead expenditures	\$3,724,931
Less overhead credits	(17,209)
Less General Fund support	<u>(250,498)</u>
Net overhead expenditures	<u>\$3,457,224</u>

	<u>WF/PPB</u> <u>Buildings</u>	<u>Schaefers</u> <u>Building</u>	<u>Other/</u> <u>S&DS</u>	<u>Other/</u> <u>TS</u>	<u>Sr. Meals</u>	<u>Total</u>
Actual indirect cost percentage	51.9598%	24.5805%	16.5932%	14.3593%	18.7424%	
Salary base	\$3,066,550	\$6,348,056	\$1,030,766	\$598,957	\$247,693	\$11,292,022
Indirect charges	\$1,593,373	\$1,560,384	\$171,037	\$86,006	\$46,424	\$3,457,224

LANE COUNCIL OF GOVERNMENTS
COST ALLOCATION PLAN, Continued

Fiscal year ending June 30, 2010 (projected):

Total direct salaries and fringe benefits	\$14,266,291
Less:	
Non-LCOG pool salaries and fringe benefits	(203,731)
Overhead salaries and fringe benefits	<u>(2,106,658)</u>
Budgeted direct salary and fringe benefits base	<u>\$11,955,902</u>
Budgeted total overhead expenditures	\$3,776,156
Less overhead credits and adjustments	<u>(18,200)</u>
Budgeted net overhead expenditures	<u>\$3,757,956</u>

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	\$3,386,753	\$6,629,416	\$597,343	\$1,053,064	\$289,326	\$11,391,264
Expense	\$1,814,664	\$1,620,235	\$95,721	\$177,761	\$49,573	\$3,757,954
Cost percentage	53.5812	24.4401%	16.0244%	16.8804%	17.1340%	

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, 2009**

	<u>FTA</u>	<u>PL Funding</u>	<u>MPO-STP</u>	<u>TGM¹</u>	<u>Other² Projects</u>	<u>Total</u>
Revenues:						
Federal funds	\$ 82,499	\$ 385,960	\$ 709,160	\$ 79,327	\$ 4,318	\$ 1,261,264
State funds	-	44,175	-	-	13,311	57,486
Local funds	-	-	-	-	-	-
Local match	20,625	-	-	-	-	20,625
LCOG General Fund	-	8	-	289	6	303
	<u>-</u>	<u>8</u>	<u>-</u>	<u>289</u>	<u>6</u>	<u>303</u>
Total revenues	<u>\$ 103,124</u>	<u>\$ 430,143</u>	<u>\$ 709,160</u>	<u>\$ 79,616</u>	<u>\$ 17,635</u>	<u>\$ 1,339,678</u>
Expenditures:						
Salaries and fringe benefits	\$ 50,116	\$ 271,847	\$ 272,450	\$ 43,594	\$ 9,299	\$ 647,306
Other direct costs	6,342	17,045	295,146	13,370	3,505	335,409
Capital outlay	-	-	-	-	-	-
Community service	20,625	-	-	-	-	20,625
Indirect costs	26,040	141,251	141,564	22,652	4,832	336,338
	<u>26,040</u>	<u>141,251</u>	<u>141,564</u>	<u>22,652</u>	<u>4,832</u>	<u>336,338</u>
Total expenditures	<u>\$ 103,124</u>	<u>\$ 430,143</u>	<u>\$ 709,160</u>	<u>\$ 79,616</u>	<u>\$ 17,635</u>	<u>\$ 1,339,678</u>

¹ This general funding source includes revenue for the Coburg MLIS, Creswell TSP Update, and Yoncalla LSNP.

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

**LANE COUNCIL OF GOVERNMENTS
JOINT FUND
SCHEDULE OF REVENUES AND EXPENDITURES
For the Year Ended June 30, 2009**

	<u>Senior Connections</u>	<u>Community Based Care Management Program*</u>	<u>Total</u>
Revenues:			
Joint Fund	\$ 36,903	\$ 11,757	\$ 48,660
LIEAP	47,003	-	47,003
Federal funds	300,715	-	300,715
Federal match funds	-	12,736	12,736
Local in-kind	33,439	-	33,439
Other local funds	23,174	-	23,174
LCOG General Fund	-	-	-
	<u>\$ 441,234</u>	<u>\$ 24,493</u>	<u>\$ 465,727</u>
Total revenues	<u>\$ 441,234</u>	<u>\$ 24,493</u>	<u>\$ 465,727</u>
Expenditures:			
Salaries and fringe benefits	\$ 312,737	\$ 20,372	\$ 333,109
Other direct costs	30,943	-	30,943
Indirect costs	63,271	4,121	67,392
Services by other organizations	-	-	-
Community service	33,439	-	33,439
	<u>\$ 440,390</u>	<u>\$ 24,493</u>	<u>\$ 464,883</u>
Total expenditures	<u>\$ 440,390</u>	<u>\$ 24,493</u>	<u>\$ 464,883</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, 2009

	<u>Type B Funds</u>
Revenues:	
Federal funds	\$ 459,355
Local funds	110,314
Federal match funds	146,970
State funds	7,575,090
LCOG General Fund	<u>24,213</u>
Total revenues	<u><u>\$ 8,315,943</u></u>
Expenditures:	
Salaries and fringe benefits	\$ 6,495,250
Other direct costs	286,674
Indirect costs	<u>1,534,019</u>
Total expenditures	<u><u>\$ 8,315,943</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.

Excess local funds \$39,330 from Hospital were spent FY 08-09.

**LANE COUNCIL OF GOVERNMENTS
ECONOMIC DEVELOPMENT
SCHEDULE OF REVENUES AND EXPENDITURES
For the Year Ended June 30, 2009**

	Passed through OCWCOG		OCWCOG Infrastructure Inventory	Local ¹ Projects	Total
	July-March	April-June			
Revenues:					
Federal funds	\$ 27,482	\$ 5,931	\$ -	\$ -	\$ 33,413
State funds	-	-	2,671	-	2,671
Local funds	-	-	-	38,751	38,751
LCOG General Fund	9,185	1,977	-	111	11,273
Total revenues	<u>\$ 36,667</u>	<u>\$ 7,908</u>	<u>\$ 2,671</u>	<u>\$ 38,862</u>	<u>\$ 86,108</u>
Expenditures:					
Salaries and fringe benefits	\$ 23,544	\$ 4,923	\$ 1,758	\$ 25,108	\$ 55,333
Other direct costs	890	427	-	708	2,025
Indirect costs	12,233	2,558	913	13,046	28,750
Total expenditures	<u>\$ 36,667</u>	<u>\$ 7,908</u>	<u>\$ 2,671</u>	<u>\$ 38,862</u>	<u>\$ 86,108</u>

¹This local funding source includes revenue for Lane County Blue River Water Improvement, Mapleton Water Projects, and Straw Conversion Study.

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, 2009**

Property	Building and contents	\$26,823,567
	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
Excess Crime	Employee dishonesty, all employees, commercial blanket coverage	\$200,000 \$1,000 deductible
Boiler/Machinery	Comprehensive coverage for Schaefers and Washington Mutual Buildings	\$26,823,567
	Deductible	\$1,000
Workers Compensation	Coverage A	Statutory - per occurrence
	Coverage B	\$3,000,000 each occurrence

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

Fiscal Year Ending	Park Place Building			
	Umpqua Bank Loan		Wells Fargo Loan	
	Principal	Interest	Principal	Interest
2010	\$ 87,890	\$ 373,350	\$ 52,270	\$ 18,135
2011	94,097	367,143	44,361	26,043
2012	99,742	361,498	46,767	23,638
2013	107,787	353,453	49,302	21,103
2014	106,629	345,866	51,975	18,430
2015	68,781	339,985	54,793	15,612
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	4,694,033	265,688	67,677	2,727
2020	-	-	-	-
2021	-	-	-	-
2022	-	-	-	-
2023	-	-	-	-
2024	-	-	-	-
2025	-	-	-	-
2026	-	-	-	-
2027	-	-	-	-
2028	-	-	-	-
2029	-	-	-	-
2030	-	-	-	-
2031	-	-	-	-
2032	-	-	-	-
2033	-	-	-	-
2034	-	-	-	-
2035	-	-	-	-
2036	-	-	-	-
	<u>\$ 5,494,777</u>	<u>\$ 3,397,462</u>	<u>\$ 550,000</u>	<u>\$ 154,046</u>

This schedule is continued on next page.

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**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
2010	\$ 71,950	\$ 12,950	\$ 35,040	\$ 7,410	\$ 16,367	\$ 3,933
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	82,744	827	41,203	1,247	19,128	1,172
2027	-	-	41,615	835	19,319	981
2028	-	-	41,874	418	19,512	788
2029	-	-	-	-	19,707	593
2030	-	-	-	-	19,904	396
2031	-	-	-	-	19,664	198
2032	-	-	-	-	-	-
2033	-	-	-	-	-	-
2034	-	-	-	-	-	-
2035	-	-	-	-	-	-
2036	-	-	-	-	-	-
	<u>\$ 1,320,364</u>	<u>\$ 121,607</u>	<u>\$ 731,015</u>	<u>\$ 75,377</u>	<u>\$ 398,807</u>	<u>\$ 47,355</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
\$ 13,451	\$ 3,529	\$ 16,675	\$ 4,545	\$ 15,965	\$ 5,258	\$ 421,954	\$ 740,768
13,642	3,338	16,879	4,341	16,385	4,838	428,842	733,881
13,779	3,201	17,048	4,172	16,549	4,674	444,944	717,779
13,916	3,064	17,218	4,002	16,715	4,509	465,629	697,095
14,056	2,924	17,391	3,830	16,882	4,341	476,958	677,022
14,196	2,784	17,565	3,656	17,051	4,173	452,254	658,000
14,338	2,642	17,740	3,480	17,221	4,002	469,290	640,958
14,481	2,499	17,918	3,303	17,393	3,830	2,688,650	581,734
14,626	2,354	18,097	3,124	17,567	3,656	2,307,713	410,380
14,773	2,207	18,278	2,943	17,743	3,480	4,947,192	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	197,532	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	116,937	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	76,899	2,387
16,749	167	20,802	419	20,193	1,030	57,744	1,616
-	-	21,061	211	20,395	828	41,456	1,039
-	-	-	-	20,600	624	20,600	624
-	-	-	-	20,805	418	20,805	418
-	-	-	-	21,013	210	21,013	210
<u>\$ 347,231</u>	<u>\$ 43,245</u>	<u>\$ 450,798</u>	<u>\$ 58,545</u>	<u>\$ 499,751</u>	<u>\$ 73,275</u>	<u>\$ 15,077,221</u>	<u>\$ 6,270,462</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, 2009**

ASSETS

Current assets:	
Cash and investments	\$ 92
Interest receivable	10,145
Loans receivable	267,908
Accounts receivable	3,058
Prepaid expense	-
Total current assets	<u>281,203</u>
Noncurrent assets:	
Restricted cash and investments	2,129,400
Loans receivable	2,638,466
Allowance for loan losses	(250,000)
Refinance costs, net of accumulated amortization	-
Capital assets, net of accumulated depreciation	-
Total noncurrent assets	<u>4,517,866</u>
 Total assets	 <u>4,799,069</u>

LIABILITIES

Current liabilities:	
Due to other funds	-
Accounts payable	-
Accrued payroll and related liabilities	-
Accrued interest	20,498
Deferred revenue	-
Compensated absences	-
Loans payable	169,448
Total current liabilities	<u>189,946</u>
Noncurrent liabilities:	
Long-term debt, net of current maturities	3,578,518
Total noncurrent liabilities	<u>3,578,518</u>
 Total liabilities	 <u>3,768,464</u>

NET ASSETS

Invested in capital assets, net of related debt	-
Restricted by USDA	1,030,605
 Total net assets	 <u>\$ 1,030,605</u>

**LANE COUNCIL OF GOVERNMENTS
STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET ASSETS
INTERMEDIARY RELENDING PROGRAM
For the Year Ended June 30, 2009**

Operating revenues:	
Loan fees	\$ 7,396
Local revenue	-
State revenue	-
Interest on business loans	169,263
Total operating revenues	<u>176,659</u>
Operating expenses:	
Personal services	80,491
Miscellaneous	-
Provision for loan losses	-
Interest on loans	38,071
Total operating expenses	<u>118,562</u>
Operating income	<u>58,097</u>
Nonoperating revenues (expenses):	
Interest income	59,917
Loan amortization	-
Interest expense	-
Total nonoperating revenues	<u>59,917</u>
Income before transfers	118,014
Transfers in	-
Transfers out	<u>-</u>
Change in net assets	118,014
Net assets, beginning of year	<u>912,591</u>
Net assets, end of year	<u><u>\$ 1,030,605</u></u>

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

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

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

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LANE COUNCIL OF GOVERNMENTS
TITLE III-B
SCHEDULE OF AVAILABLE CASH AND NON-CASH RESOURCES
AND PROGRAM EXPENDITURES
For the Year Ended June 30, 2009

	LCOG Aging Admin.	LCOG Out- reach/Case Mgmt/ Information and Referral	Ombudsman	Money Mgmt
2007-08 federal funds carryover	\$ -	\$ -	\$ -	\$ -
2008-09 receipts and transfers	41,011	300,715	1,285	5,670
Program income	-	-	-	-
Cash match	13,784	-	-	-
Other cash resources	-	106,174	-	-
Total cash resources	54,795	406,889	1,285	5,670
In-kind match	-	33,440	143	631
Other in-kind resources	-	-	-	-
Total resources	54,795	440,329	1,428	6,301
Less total program expenditures	54,795	440,329	1,428	6,301
2008-09 federal funds carryover	\$ -	\$ -	\$ -	\$ -

Organization of Support Groups	Caregiver Training	Volunteer Program Coordinator	Escort Services	Legal Aide Law Referral	Total	Budget	Percent
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
2,973	595	15,868	12,026	59,677	439,820	430,638	102%
-	-	-	-	427	427	300	142%
-	-	-	-	-	13,784	17,474	79%
-	-	-	-	7,380	113,554	-	
2,973	595	15,868	12,026	67,484	567,585	448,412	127%
819	180	1,764	1,337	6,636	44,950	42,653	105%
-	-	-	-	242,938	242,938	-	
3,792	775	17,632	13,363	317,058	855,473	491,065	174%
3,792	775	17,632	13,363	317,058	855,473	491,065	174%
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	

TITLE III-C-1
LANE COUNCIL OF GOVERNMENTS
SCHEDULE OF AVAILABLE CASH AND NON-CASH RESOURCES
AND PROGRAM EXPENDITURES
For the Year Ended June 30, 2009

	<u>LCOG AAA Admin.</u>	<u>Congre- gate LCOG</u>	<u>Total</u>	<u>Budget</u>	<u>Percent</u>
2007-08 federal funds carryover	\$ -	\$ -	\$ -	\$ -	
2008-09 receipts and transfers	36,807	344,156	380,963	407,324	94%
Program income	-	61,371	61,371	65,521	94%
Cash match	12,370	-	12,370	12,301	101%
USDA cash	-	55,681	55,681	59,261	94%
Other cash resources	<u>-</u>	<u>94,883</u>	<u>94,883</u>	<u>-</u>	
Total cash resources	49,177	556,091	605,268	544,407	111%
In-kind match	-	38,268	38,268	41,199	93%
Other in-kind resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	
Total resources	49,177	594,359	643,536	585,606	110%
Less total program expenditures	<u>49,177</u>	<u>594,359</u>	<u>643,536</u>	<u>585,606</u>	110%
2008-09 federal funds carryover	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	

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, 2009

	LCOG AAA Admin.	American Red Cross	LCOG Home-Del.	Total	Budget	Percent
2007-08 federal funds carryover	\$ -	\$ -	\$ -	\$ -	\$ -	
2008-09 receipts and transfers	8,522	91,660	178,406	278,588	252,227	110%
Program income	-	83,069	68,473	151,542	144,383	105%
USDA cash	-	32,226	37,876	70,102	75,495	93%
Cash match	2,828	-	-	2,828	2,846	99%
Other resources	-	139,043	301,896	440,939	-	
Total cash resources	11,350	345,998	586,651	943,999	474,951	199%
In-kind match	-	10,193	19,839	30,032	27,100	111%
Other in-kind resources	-	131,522	-	131,522	-	
Total resources	11,350	487,713	606,490	1,105,553	502,051	220%
Less total program expenditures	11,350	487,713	606,490	1,105,553	502,051	220%
2008-09 federal funds carryover	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	

LANE COUNCIL OF GOVERNMENTS
TITLE III-D
SCHEDULE OF AVAILABLE CASH AND NON-CASH RESOURCES
AND PROGRAM EXPENDITURES
For the Year Ended June 30, 2009

	Medication Management	Total	Budget	Percent
2007-08 federal funds carryover	\$ -	\$ -	\$ -	
2008-09 receipts and transfers	26,045	26,045	25,607	102%
Program income	-	-	-	
Cash match	-	-	-	
Other cash resources	19	19	-	
	<hr/>	<hr/>	<hr/>	
Total cash resources	26,064	26,064	25,607	102%
In-kind match	2,896	2,896	2,847	102%
Other in-kind resources	-	-	-	
	<hr/>	<hr/>	<hr/>	
Total resources	28,960	28,960	28,454	102%
Less total program expenditures	<hr/>	<hr/>	<hr/>	102%
	<hr/>	<hr/>	<hr/>	
2008-09 federal funds carryover	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	

LANE COUNCIL OF GOVERNMENTS
TITLE III-E
SCHEDULE OF AVAILABLE CASH AND NON-CASH RESOURCES
AND PROGRAM EXPENDITURES
For the Year Ended June 30, 2009

	LCOG Aging Admin.	Information	Assistance	Respite	Organization of Support Groups	Supplemental Services	Caregiver Training	Total	Budget	Percent
2007-08 federal funds carryover	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
2008-09 receipts and transfers	19,333	58,873	40,096	61,252	8,435	1,711	3,629	193,329	193,274	100%
Program income	-	-	-	-	-	-	-	-	-	
Cash match	6,362	-	-	-	-	-	-	6,362	6,455	99%
Other cash resources	-	-	-	-	-	-	-	-	-	
Total cash resources	25,695	58,873	40,096	61,252	8,435	1,711	3,629	199,691	199,729	100%
In-kind match	-	19,790	13,368	20,422	2,324	571	1,096	57,571	57,515	100%
Other in-kind resources	-	-	-	-	-	-	-	-	-	
Total resources	25,695	78,663	53,464	81,674	10,759	2,282	4,725	257,262	257,244	100%
Less total program expenditures	25,695	78,663	53,464	81,674	10,759	2,282	4,725	257,262	257,244	100%
2008-09 federal funds carryover	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	

LANE COUNCIL OF GOVERNMENTS
TITLE VII
SCHEDULE OF AVAILABLE CASH AND NON-CASH RESOURCES
AND PROGRAM EXPENDITURES
For the Year Ended June 30, 2009

	LCOG Elder Abuse	Total	Budget	Percent
2007-08 federal funds carryover	\$ -	\$ -	\$ -	
2008-09 receipts and transfers	11,865	11,865	11,768	101%
Program income	-	-	-	
Cash match	1,319	1,319	1,309	101%
Other cash resources	<u>-</u>	<u>-</u>	<u>-</u>	
Total cash resources	13,184	13,184	13,077	101%
In-kind match	-	-	-	
Other in-kind resources	<u>-</u>	<u>-</u>	<u>-</u>	
Total resources	13,184	13,184	13,077	101%
Less total program expenditures	<u>13,184</u>	<u>13,184</u>	<u>13,077</u>	101%
2008-09 federal funds carryover	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	

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**LANE COUNCIL OF GOVERNMENTS
OREGON PROJECT INDEPENDENCE
SCHEDULE OF AVAILABLE CASH AND NON-CASH RESOURCES
AND PROGRAM EXPENDITURES
For the Year Ended June 30, 2009**

	LCOG AAA Admin	Home Care	Personal Care	LCOG Home Delivered Meals	ARC Home Delivered Meals
2007-08 state carryover	\$ -	\$ -	\$ -	\$ -	\$ -
2008-09 OPI funds received	69,064	271,771	128,359	33,425	35,011
OPI program income	-	6,637	3,135	1,414	-
Other cash resources	-	-	-	-	-
USDA	-	-	-	2,568	2,582
Total resources	69,064	278,408	131,494	37,407	37,593
Less total program expenditures	69,064	278,408	131,494	37,407	37,593
2008-09 state carryover	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

<u>Case Mgmt.</u>	<u>Total</u>	<u>Budget</u>	<u>Percent</u>
\$ -	\$ -	\$ -	
141,800	679,430	703,795	97%
-	11,186	10,000	112%
-	-	-	
-	5,150	-	
141,800	695,766	713,795	97%
141,800	695,766	703,795	99%
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,000</u>	

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, 2009

	Accounts Receivable	Deferred Revenue
Community Safety--CENS	\$ 5,000	\$ -
Community Safety--Other	15,756	15,476
Corps Metro Waterways	-	1,247
Creative Services--Other	9,943	252
Creative Services--Pooled	-	-
Economic Development	8,602	-
GISCPA	23,956	-
GIS Graffiti Database	-	1,683
GIS--Other	134,665	7,105
GIS Regional Orthophotography	-	-
GIS Willamette Valley Lidar	-	72,353
Hearings Official	26,800	-
Hospital Intake Services	15,691	-
Lane Info Center	325	-
Meal Preparation	56,381	-
Metro Coord. Pooled	-	59,683
Metro Open Space Pooled	-	-
Miscellaneous Support to Senior & Disabled Services	919	-
Metro Television	936	-
Natural Resources Planning	133,139	30,135
OR Emergency Mgmt and OR State Police	11,399	-
Oregon Planning Institute	176	-
Oregon Project Independence (OPI)	62,580	-
Research and Analysis	-	-
Resource Development	11,046	-
Ridgeline Partnership	-	8,000
RTS Coordination	-	-
RTS--Other	104,086	285
S&DS Transportation Assessments	11,272	-
Senior Meals	11,312	-
Senior Connections	4,858	-
Special Agreements	32,717	-
Telecommunications Planning	50,717	-
Title III-B	3,945	-
Title III-C-1	6,154	-
Title III-C-2	14,520	-
Title III-D	1,583	-
Title III-E	35,650	-

(Continued)

LANE COUNCIL OF GOVERNMENTS
GRANTS AND CONTRACTS
SCHEDULE OF RECEIVABLES AND DEFERRED REVENUE (Continued)
June 30, 2009

	Accounts Receivable	Deferred Revenue
Title VII	988	-
Type B Funds - Senior and Disabled Services	249,021	-
Transportation -- IGAPS & Beltline Travel Modeling	-	-
Transportation--Oregon Department of Transportation	-	-
Transportation - ODOT TGM	-	-
Transportation Ops	412,768	
Transportation Projects - Misc.	79,212	-
Urban and Regional Planning	213,719	-
USDA	41,006	-
	<u> </u>	<u> </u>
Total	<u><u>\$ 1,790,841</u></u>	<u><u>\$ 196,220</u></u>

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.



COMMENTS AND DISCLOSURES REQUIRED BY STATE REGULATIONS

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


Oregon Administrative Rule (OAR) 162-010-0120 requires certain other financial information considered necessary for full disclosure of the fiscal affairs of Oregon municipal corporations. That other financial information is set forth in OAR 162-010-0130 through 162-010-0190. The basic financial statements, notes to financial statements, and supplementary information, as listed in the table of contents, provide that information.

Oregon Administrative Rule 162-010-0200 requires comments and disclosures relating to our review of Lane Council of Governments (LCOG)'s fiscal affairs and compliance with legal requirements. Those comments and disclosures are set forth in OAR 162-010-0210 through 162-010-0320. We therefore make the following other comments and disclosures:

- As part of our audit of the financial statements, we reviewed and tested LCOG's system of internal accounting control to the extent we considered necessary to evaluate the system as required by generally accepted auditing standards. We found LCOG's accounting records to be sufficient for audit. A separate report on internal control is included in the Grant Compliance Review section.
- LCOG is not subject to Local Budget Law (ORS 294.305 to 294.565), therefore it has no legally adopted appropriations. Its procedures related to budgeting are found in ORS 294.900 through 294.930 and emphasize public disclosure. LCOG was in compliance with those statutes in the preparation, adoption, and execution of its budget for the year ended June 30, 2009, and the preparation and adoption of its budget for the year ended June 30, 2010.
- LCOG was in compliance with the legal requirements of ORS 297 relating to short-term and long-term debt, the amount of debt which may be incurred, liquidation of debt within the prescribed period of time, and compliance with provisions of bond indentures.
- LCOG was in compliance with the collateral requirements for public fund deposits specified in ORS 295.
- LCOG was in compliance with the legal requirements of ORS 294 pertaining to the investment of public funds.
- LCOG was in compliance with the appropriate laws, rules, and regulations pertaining to programs funded wholly or in part by other governmental agencies. Separate reports related to compliance with federal awards programs are included in the Grant Compliance Review section.

- LCOG was in compliance with the legal requirements of ORS 279 pertaining to the awarding of public contracts and the construction of public improvements.
- We reviewed LCOG's insurance and fidelity bond coverage at June 30, 2009 and ascertained such policies appeared to be in force. We are not competent by training to state whether the insurance policies covering LCOG-owned property in force at June 30, 2009 are adequate.

This report is intended solely for the information of the Secretary of State, Audits Division, and other state agencies and is not intended to be and should not be used by anyone other than these specified parties.

By: 
Cathi McNutt, CPA, Shareholder
Eugene, Oregon
December 16, 2009

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, 2009, which collectively comprise Lane Council of Governments' basic financial statements and have issued our report thereon dated December XX, 2009. 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.

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.

Jones & Roth, P.C.

Jones & Roth, P.C.
Eugene, Oregon
December 16, 2009



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, 2009. 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, 2009.

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

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 control deficiency in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

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

This report is intended solely for the information and use of 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.

Jones & Roth, P.C.
Eugene, Oregon
December 16, 2009

LANE COUNCIL OF GOVERNMENTS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2009

Federal Grantor/Pass-Through Grantor/ Program Title	CFDA No.	Pass-Through Grantor's No.	Estimated Federal Award	Revenues			Expenditures	Receivable/ (Deferred Revenue)
				Federal	State and Local	Total		
U.S. Department of Agriculture:								
Direct Programs:								
Intermediary Relending Program	10.767	61.01	\$ 1,391,426 ¹	\$ 57,600 ²	\$ -	\$ 57,600	\$ 1,449,026 ⁴	\$ N/A
Intermediary Relending Program	10.767	61.02	765,828 ¹	31,800 ²	-	31,800	797,628 ⁴	N/A
Intermediary Relending Program	10.767	61.03	414,983 ¹	17,300 ²	-	17,300	432,283 ⁴	N/A
Intermediary Relending Program	10.767	61.04	360,536 ¹	15,050 ²	-	15,050	375,586 ⁴	N/A
Intermediary Relending Program	10.767	61.05	467,033 ¹	19,500 ²	-	19,500	486,533 ⁴	N/A
Intermediary Relending Program	10.767	61.06	499,781 ¹	21,250 ²	-	21,250	521,031 ⁴	N/A
Intermediary Relending Program	10.767	N/A	N/A	- ³	-	-	414,453 ⁵	N/A
Passed through State Department of Human Services:								
Food Stamp Administration, Type B Funds	10.561	121729	459,355	459,355	459,355	918,710	459,355	78,131
Total Department of Agriculture				621,855	459,355	1,081,210	4,935,895	78,131
U.S. Department of Commerce:								
Direct Program:								
EDA Revolving Loan	11.307		N/A	N/A	N/A	N/A	565,770 ⁶	-
Passed through District 4 Council of Governments:								
Economic Development Administration	11.302		35,056	27,482	9,185	36,667	27,482	-
Economic Development Administration	11.302		39,521	5,931	1,977	7,908	5,931	5,931
Total Department of Commerce				33,413	11,162	44,575	599,183	5,931
U.S. Department of the Interior:								
Direct Programs:								
USGS Digital Orthophotography Imagery	15.808	08WRAG0032	30,000	30,000	-	30,000	30,000	-
USGS Data Collection	15.808	08WRAG0038	110,000	72,861	-	72,861	72,861	20,643
Total Department of the Interior				102,861	-	102,861	102,861	20,643

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 \$705,618 + cash on hand \$193,470 + funds expended \$43,862) * 60% (ratio of EDA funds to total project funds) = \$565,770.

LANE COUNCIL OF GOVERNMENTS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, continued
For the Year Ended June 30, 2009

Federal Grantor/Pass-Through Grantor/ Program Title	CFDA No.	Pass-Through Grantor's No.	Estimated Federal Award	Revenues			Expenditures	Receivable/ (Deferred Revenue)
				Federal	State and Local	Total		
U.S. Department of Transportation:								
Passed through State Department of Transportation:								
Transportation Planning--08 MPO-STP	20.205		798,545	89,190	-	89,190	89,190	80,924
Transportation Planning--09 MPO-STP	20.205		885,746	619,970	-	619,970	619,970	294,338
Transportation Planning--09 MPO-PL	20.205		430,135	385,960	44,183	430,143	385,960	-
ODOT IGAPS	20.205		54,000	4,318	-	4,318	4,318	1,868
TGM Coburg MLIS	20.205		65,000	35,089	-	35,089	35,089	-
TGM Creswell TSP Update	20.205		29,365	16,677	-	16,677	16,677	16,677
TGM Yoncalla LSNP	20.205		40,000	27,561	289	27,850	27,561	14,240
Federal Transit Administration	20.505		96,280	82,499	20,625	103,124	82,499	37,505
Total Department of Transportation				1,261,264	65,097	1,326,361	1,261,264	445,552
U.S. Environmental Protection Agency:								
Passed through the Oregon Department of Environmental Quality:								
TMDL Phase III	66.460	DEQ#078-08	58,960	49,773	-	49,773	49,773	12,339
GWMA Phase III	66.460	DEQ#124-08	99,893	32,212	-	32,212	32,212	8,207
Total Environmental Protection Agency				81,985	-	81,985	81,985	20,546
U.S. Department of Health and Human Services:								
Passed through State Department of Human Services:								
Special Programs for Aging, Title III-B	93.044	121729	439,820	439,820	415,653	855,473	439,820	3,945
Special Programs for Aging, Title III-C-1	93.045	121729	380,963	380,963	262,573	643,536	380,963	6,154
Special Programs for Aging, Title III-C-2	93.045	121729	278,588	278,588	826,965	1,105,553	278,588	14,520
Special Programs for Aging, Title III-D	93.043	121729	26,045	26,045	2,896	28,941	26,045	1,583
Special Programs for Aging, Title VII	93.041	121729	11,871	11,865	1,319	13,184	11,865	988
Special Programs for Aging, Title III-E	93.052	121729	236,258	193,329	63,933	257,262	193,329	35,650
Nutrition Services Incentive Program	93.053	121729	130,933	130,933	-	130,933	130,933	41,006
Passed through Oregon Research Institute: ORI CAST	93.864	R01HD057839	219,384	51,205	-	51,205	51,205	21,504
Total Department of Health and Human Services				1,512,748	1,573,339	3,086,087	1,512,748	125,350
TOTALS				\$ 3,614,126	\$ 2,108,953	\$ 5,723,079	\$ 8,493,936	\$ 696,153

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, 2009

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, 2009.

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, 2009

3. Insurance Coverage:

Insurance in effect during the year ended June 30, 2009 is disclosed in the supplementary information to LCOG's basic financial statements.

4. Loans from the Federal Government:

At June 30, 2009, LCOG owed the U.S. Department of Agriculture \$3,747,966 for loans related to its Intermediary Relending Program.

5. Non-Cash Assistance:

A total of \$162,500 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, 2009

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) No significant deficiencies in internal control were 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 were no audit findings relative to the major federal award programs of Lane Council of Governments which are required to be reported under §510(a) of OMB Circular A-133.
- (7) The programs tested as a major program were:
 - ✓ Food Stamp Administration, Type B Funds: CFDA #10.561
 - ✓ Intermediary Relending Program: CFDA #10.767
 - ✓ Economic Adjustment Assistance: CFDA #11.307
 - ✓ Highway Planning and Construction: CFDA # 20.205
 - ✓ Aging Cluster: Special Programs for the Aging: Title IIIB (CFDA# 93.044), Title IIIC (CFDA# 93.045), and Nutrition Services Incentive Program (CFDA #93.053)
- (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.

Findings – Financial Statement Audit:

None.

Findings and Questioned Costs – Major Federal Award Programs Audit:

None.

LANE COUNCIL OF GOVERNMENTS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Year Ended June 30, 2009

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