
Lane Council of Governments

Annual Financial Report

For the Year Ended June 30, 2008

LANE COUNCIL OF GOVERNMENTS

ANNUAL FINANCIAL REPORT
For the Year Ended June 30, 2008

LANE COUNCIL OF GOVERNMENTS

TABLE OF CONTENTS

	<u>Page</u>
<u>INTRODUCTORY SECTION</u>	
Board of Directors	i
Organizational Chart	ii
Letter from the Executive Director	iii
<u>FINANCIAL SECTION</u>	
Independent Auditor's Report	1-2
Management's Discussion and Analysis	3-11
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Assets	12
Statement of Activities	13
Fund Financial Statements:	
Balance Sheet – Governmental Funds	14-15
Reconciliation of the Balance Sheet – Governmental Funds to the Statement of Net Assets	16
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	17
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds to the Statement of Activities	18
Statement of Net Assets – Proprietary Funds	19
Statement of Revenues, Expenses, and Changes in Net Assets – Proprietary Funds	20
Statement of Cash Flows – Proprietary Funds	21-22
Statement of Fiduciary Net Assets – Fiduciary Funds	23
Notes to the Financial Statements	24-44
Other Statements, and Schedules:	
Combining Statement of Changes in Assets and Liabilities – Agency Funds	45
Schedules of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual:	
General Fund	46
Telecommunications	47
Grants and Contracts	48-49
Boundary Commission	50
Park Place Building	51
Springfield Building	52
Schaefers Building	53
Loan Program	54

LANE COUNCIL OF GOVERNMENTS

TABLE OF CONTENTS, Continued

Other Statements and Schedules , Continued	<u>Page</u>
Schedules of Resources and Requirements – Budget and Actual:	
All Organizational Units	55
General Fund	56
Board/Executive Services	57
Planning Services	58
Technology Services.....	59
Senior and Disabled Services	60
Enterprise Funds	61
Support Services	62
 Cost Allocation Plan.....	 63-64
 Schedules of Revenues and Expenditures:	
Department of Transportation	65
Joint Fund	66
Type B Funds	67
Economic Development	68
 Schedules Required by Oregon Minimum Standards:	
Schedule of Insurance in Force	69
Schedule of Future Requirements for Retirement of Long-Term Debt	70-73
 Intermediary Relending Program:	
Statement of Net Assets	74
Statement of Revenues, Expenses, and Changes in Net Assets	75
 Schedules of Available Cash and Non-Cash Resources and Program Expenditures:	
Title III-B	76-77
Title III-C-1	78
Title III-C-2	79
Title III-D	80
Title III-E.....	81-82
Title VII.....	83
Oregon Project Independence	84-85
 Schedule of Receivables and Deferred Revenue – Grants and Contracts	 86-87

LANE COUNCIL OF GOVERNMENTS

TABLE OF CONTENTS, Continued

	<u>Page</u>
<u>AUDIT COMMENTS AND DISCLOSURES REQUIRED BY STATE REGULATIONS</u>	88-89
<u>GRANT COMPLIANCE REVIEW:</u>	
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	90-91
Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133	92-93
Schedule of Expenditures of Federal Awards	94-97
Notes to Schedule of Expenditures of Federal Awards	98-99
Schedule of Findings and Questioned Costs	100
Summary Schedule of Prior Audit Findings	101

INTRODUCTORY SECTION

LANE COUNCIL OF GOVERNMENTS
BOARD OF DIRECTORS
June 30, 2008

Coburg

Mayor Judy Volta
PO Box 8316
Coburg, OR 97408

Lane County

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

School District 52

Alan Laisure
4640 Barger Drive
Eugene, OR 97402

Cottage Grove

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

Lane Community College

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

School District 68

Vacant

Creswell

Mayor Bob Hooker
PO Box 276
Creswell, OR 97426

Lane E.S.D.

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

Siuslaw Valley Fire District

Vacant

Dunes City

Vacant

Lane Library District

Carol Campbell
82044 Mahr Lane
Creswell, OR 97426

Springfield

Joe Pishioneri
225 5th Street
Springfield, OR 97477

Emerald Peoples Utility Dist.

Penny Jordan
33733 Seavey Loop Road
Eugene, OR 97405

Lowell

Mayor Warren Weathers
P.O. Box 490
Lowell, OR 97452

Veneta

Darrell Carman
PO Box 458
Veneta, OR 97487

Eugene

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

Oakridge

Mayor Don Hampton
P.O. Box 1410
Oakridge, OR 97463

Westfir

Mayor Neil Friedman
PO Box 296
Westfir, OR 97492

Eugene Water & Electric Bd.

John Brown
PO Box 10148
Eugene OR 97440

Port of Siuslaw

Vacant

Western Lane Ambul. Dist.

Bob Sneddon
P.O. Box 2690
Florence, OR 97477

Fern Ridge Library

Steve Recca
PO Box 397
Veneta, OR 97487

School District 4J

Jim Torrey
200 N. Monroe
Eugene, OR 97401

Willamalane Park & Recreation

Greg James
525 Mill St.
Springfield, OR 97477

Florence

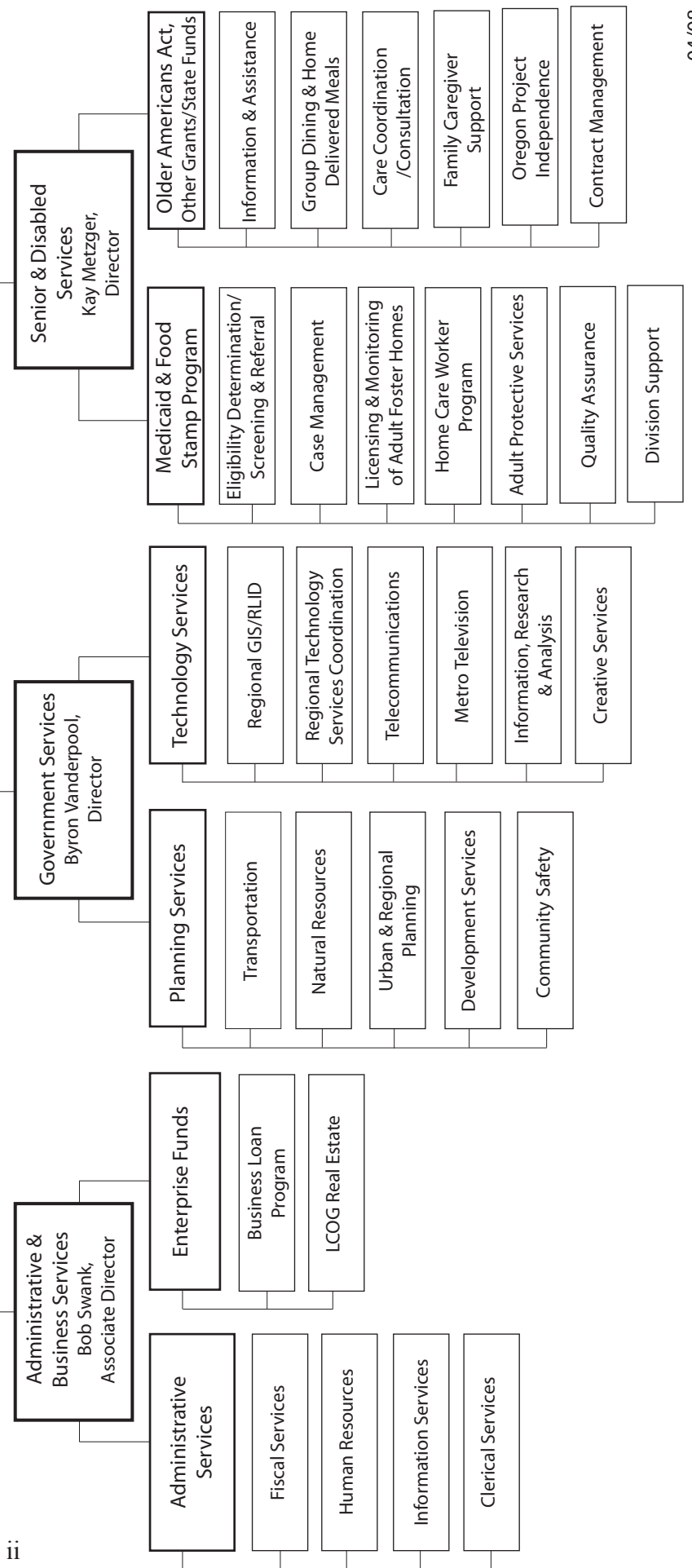
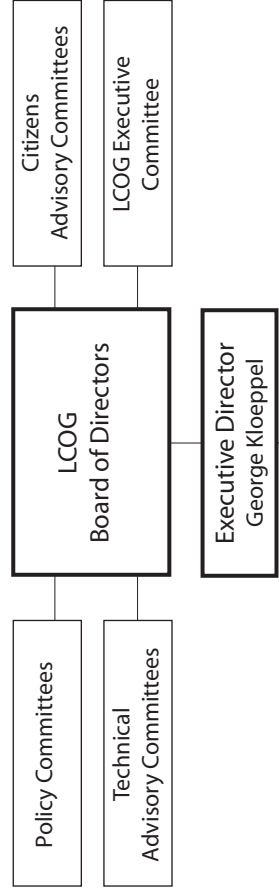
Mayor Phil Brubaker
250 Hwy. 101
Florence, OR 97439

School District 19

Al King
525 Mill Street
Springfield, OR 97477

Junction City

Lance Stoddard
PO 250
Junction City, OR 97448





December, 2008

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, 2008. 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 2007-2008. 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 2007-2008, 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 three Enterprise Funds. In addition, this document reflects the activities during the year within the Fiduciary Funds for which LCOG bears responsibility. During FY 2007-2008, resources in excess of \$35 million were administered by this agency. Our exercise of that responsibility was consistent with the law, the policies of the Board of Directors and the interests of the people of Lane County.

Sincerely,

A handwritten signature in black ink that reads "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, 2008, 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, 2008 and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 3, 2008 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.

By: 
Cathi McNutt, CPA, Shareholder
Eugene, Oregon
November 3, 2008

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, 2008. 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 2007-2008 were approximately 12% lower than FY 2006-2007. 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 Program.

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, Planning Services, Technology 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 Program 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 program.

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 \$5.5 million at the close of 2008. This year 30% of the net assets is in the governmental activities, leaving 70% in business activities. Of the governmental activities, approximately \$2.2 million is restricted for the telecommunications consortium, which manages the telephone charges and the equipment reserve for the participating agencies. Although (\$1,227,000) 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>	
	2008	2007	2008	2007	2008	2007
Current and other assets	\$6,345,114	\$7,305,483	6,050,025	5,671,599	12,395,139	12,977,082
Capital assets	278,816	334,985	9,223,574	2,848,638	9,502,390	3,183,623
Total assets	6,623,930	7,640,468	15,273,599	8,520,237	21,897,529	16,160,705
Noncurrent liabilities	3,109,366	1,922,496	10,607,530	5,896,121	13,716,896	7,818,617
Other liabilities	2,294,291	2,653,706	393,180	338,016	2,687,471	2,991,722
Total liabilities	5,403,657	4,576,202	11,000,710	6,234,137	16,404,367	10,810,339
Net assets:						
Invested in capital assets, net of related debt	194,050	170,739	2,284,276	603,566	2,478,326	774,305
Restricted	2,253,937	2,118,141	1,781,858	1,631,169	4,035,795	3,749,310
Unrestricted	(1,227,714)	775,386	206,755	51,365	(1,020,959)	826,751
Total net assets	\$1,220,273	\$3,064,266	\$4,272,889	\$2,286,100	5,493,162	\$5,350,366

Change in Net Assets

The governmental activities net assets decreased by approximately \$1,844,000 during the year. This was mainly due to general fund cash spent for the deposit and other expenses connected to the purchase of the Park Place Building. The net assets of the business-type activities increased by approximately \$1,987,000. This consisted of increases related to the Loan Program and the Springfield Building of \$123,000, and \$214,000 respectively, and a decrease of \$106,000 related to the Schaefers Building. Also, the purchase of the Park Place Building contributed to this increase by \$1,756,000.

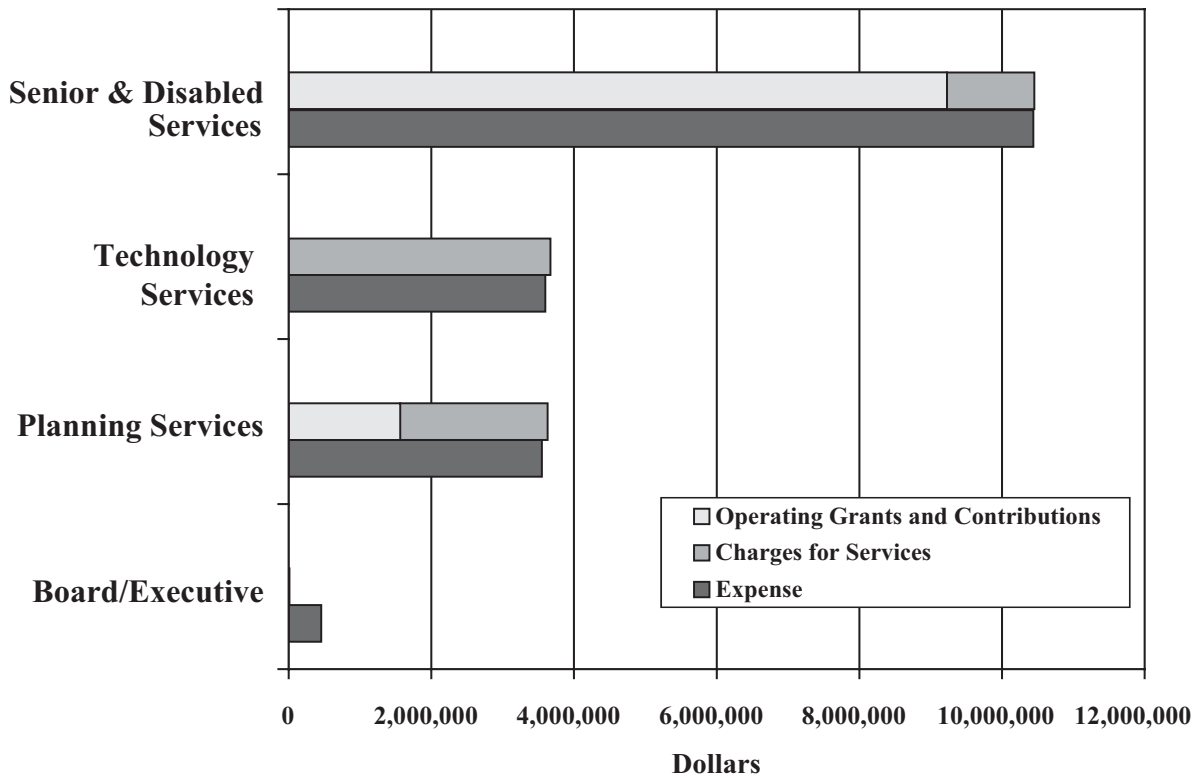
	Lane Council of Governments Change in Net Assets					
	<u>Governmental Activities</u>		<u>Business-Type</u>		<u>Total</u>	
	<u>2008</u>	<u>2007</u>	<u>Activities</u>		<u>2008</u>	<u>2007</u>
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Revenues:						
Program revenues:						
Charges for services	\$6,982,742	\$10,590,589	\$1,485,970	\$1,066,104	\$8,468,712	\$11,656,693
Operating grants and contributions	10,790,502	10,372,093	0	125,000	10,790,502	10,497,093
General revenues:						
Member dues	219,472	210,069	0	0	219,472	210,069
Unrestricted investment earnings	161,413	102,060	143,009	137,840	304,422	239,900
Gain on disposition of capital assets	1,910	3,500	0	0	1,910	3,500
Total revenues	<u>18,156,039</u>	<u>21,278,311</u>	<u>1,628,979</u>	<u>1,328,944</u>	<u>19,785,018</u>	<u>22,607,255</u>
Expenses:						
Board/Executive	457,637	351,578	0	0	457,637	351,578
Planning Services	3,548,498	7,243,919	0	0	3,548,498	7,243,919
Technology Services	3,596,036	3,483,426	0	0	3,596,036	3,483,426
Senior and Disabled Services	10,441,048	10,157,483	0	0	10,441,048	10,157,483
Schaefers Building	0	0	376,542	369,148	376,542	369,148
Park Place Building	0	0	377,833	0	377,833	223,358
Springfield Building	0	0	308,677	223,358	308,677	0
Loan Program	0	0	535,951	506,353	535,951	506,353
Total expenses	<u>18,043,219</u>	<u>21,236,406</u>	<u>1,599,003</u>	<u>1,098,859</u>	<u>19,642,222</u>	<u>22,335,265</u>
Change in net assets before transfers	112,820	41,905	29,976	230,085	142,796	271,990
Transfers	<u>(1,956,813)</u>	<u>87,268</u>	<u>1,956,813</u>	<u>(87,268)</u>	<u>0</u>	<u>0</u>
Change in net assets	<u>(1,843,993)</u>	<u>129,173</u>	<u>1,986,789</u>	<u>142,817</u>	<u>142,798</u>	<u>271,990</u>
Net assets, July 1	<u>3,064,266</u>	<u>2,935,093</u>	<u>2,286,100</u>	<u>2,143,283</u>	<u>5,350,366</u>	<u>5,078,376</u>
Net assets, June 30	<u>\$1,220,273</u>	<u>\$3,064,266</u>	<u>\$4,272,889</u>	<u>\$2,286,100</u>	<u>\$5,493,162</u>	<u>\$5,350,366</u>

Governmental Activities

The following chart shows the type of revenue compared to expenses for each major governmental activity. The differences between the services are significant. Senior and Disabled Services receives 88% of its revenue from operating grants and contributions, while Technology Services receives 100% of its revenue from charges for services. Planning Services receives approximately 57% of its revenue from charges for services and 43% from operating grants and contributions.

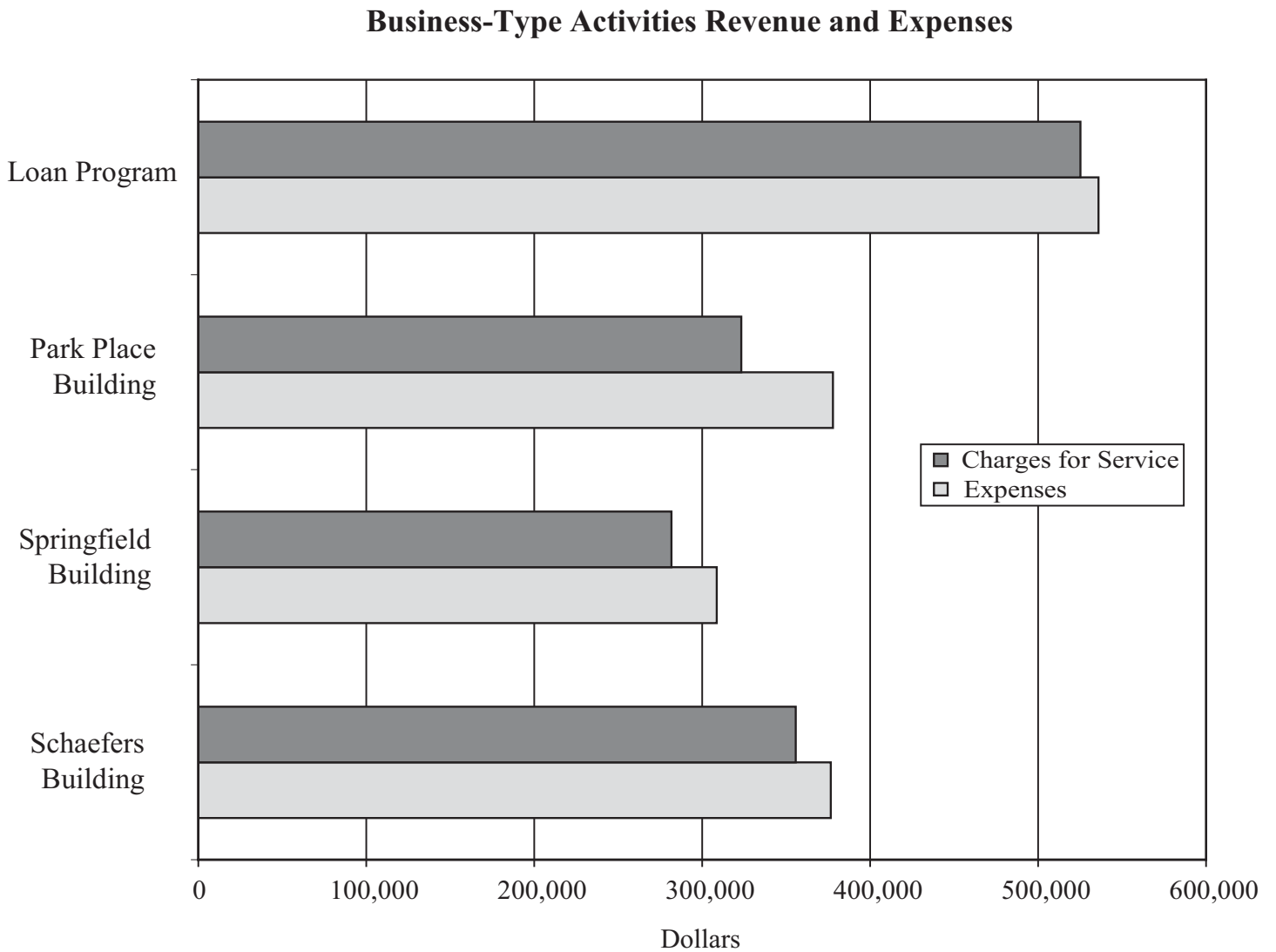


Governmental Activities Revenue and Expenses



Business-Type Activities

The next chart shows the revenue and expense for the business-type activities. These activities represent about 8.2% of total LCOG activities, and 100% of its revenue comes from charges for services.



During FY08, \$128,818 was spent on Springfield Building improvements. Also, the Park Place Building was purchased during 2008 and some improvements were made. The Park Place Building cost \$6.3 million. This accounts for the large increase in capital assets between 2007 and 2008 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>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Land	\$ 0	\$ 0	\$ 735,830	\$ 299,630	\$ 735,830	\$ 299,630
Buildings and building improvements	0	0	8,487,744	2,549,008	8,487,744	2,549,008
Leasehold improvements	114,578	180,018	0	0	114,578	180,018
Equipment	164,238	154,967	0	0	164,238	154,967
Total capital assets	<u>\$ 278,816</u>	<u>\$ 334,985</u>	<u>\$ 9,223,574</u>	<u>\$ 2,848,638</u>	<u>\$ 9,502,390</u>	<u>\$ 3,183,623</u>

Fund Based Financial Analysis

Governmental Funds

The governmental funds are comprised of the General Fund, Telecommunications, and Grants and Contracts (which are considered major governmental funds), and the Boundary Commission (the only non-major governmental fund). The governmental fund balance at June, 2008 was almost \$4.2 million. This consisted of \$993,000 in the General Fund, \$2,254,000 reserved for Telecommunications, and \$927,000 designated for Grants and Contracts.

Proprietary Funds

The proprietary funds are comprised of the Springfield Building, the Schaefers Building, the Park Place Building and the Loan Program. The \$4,272,889 in net assets in these funds are distributed as follows:

Springfield Building	\$ 20,558
Schaefers Building	\$ 669,483
Park Place Building	\$1,756,194
Loan Program	\$1,826,654

Long Term Debt Activity

LCOG refinanced the Springfield Building with a \$2,500,000 loan. A portion of the funds were used to pay off the existing loan on that building. The balance of the funds are being used as working capital.

LCOG also purchased the Park Place Building, incurring \$4.75 million in new debt.

Economic Factors and Next Year's Budget and Rates

During the preparation of the budget for FY 2008-2009, 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 2008-2009 budget:

- FY09 is the second year of the State biannual budget so Senior and Disabled Services funding for the Type B Program (Medicaid) will increase moderately in FY09.
- State and local governments will continue to face budget challenges, limiting the opportunity for LCOG to find new or increased revenue.
- Cost of living increases for salary will be 2.75% for both unions and for other salaried employees.
- The PERS rate will stay constant at 10.93% for FY09. Lower rates are expected in FY10.
- Health insurance expense will increase about 10% next year due to good experience and the new insurance plan design, a high deductible Health Reimbursement Arrangement (HRA).

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:

Marlene Siavitz
Financial Services Manager
99 E Broadway, Suite 400
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, 2008

	Governmental <u>Activities</u>	Business- Type <u>Activities</u>	<u>Total</u>
ASSETS			
Current assets:			
Cash and investments	\$2,168,079	\$ 151,361	\$2,319,440
Accounts receivable	1,692,120	35,631	1,727,751
Current maturities of loans receivable	0	347,713	347,713
Accrued interest receivable	0	11,135	11,135
Internal balances	53,138	(53,138)	0
Loan to Consortium	125,000	0	125,000
Prepaid expense	26,416	121,156	147,572
Total current assets	<u>4,064,753</u>	<u>613,858</u>	<u>4,678,611</u>
Noncurrent assets:			
Restricted cash and investments	2,245,091	2,592,986	4,838,077
Loans receivable, net of current maturities	0	2,774,699	2,774,699
Financing costs, net of accumulated amortization	35,270	68,482	103,752
Capital assets, net of accumulated depreciation	278,816	9,223,574	9,502,390
Total noncurrent assets	<u>2,559,177</u>	<u>14,659,741</u>	<u>17,218,918</u>
Total assets	<u>6,623,930</u>	<u>15,273,599</u>	<u>21,897,529</u>
LIABILITIES			
Current liabilities:			
Accounts payable	285,960	50,852	336,812
Accrued payroll and related liabilities	876,410	21,695	898,105
Accrued interest payable	10,772	49,333	60,105
Unearned revenue	282,937	0	282,937
Compensated absences	690,423	0	690,423
Current maturities of loans payable	147,789	271,300	419,089
Total current liabilities	<u>2,294,291</u>	<u>393,180</u>	<u>2,687,471</u>
Noncurrent liabilities:			
Long-term debt, net of current maturities	3,109,366	10,567,585	13,676,951
Security deposits	0	39,945	39,945
Total noncurrent liabilities	<u>3,109,366</u>	<u>10,607,530</u>	<u>13,716,896</u>
Total liabilities	<u>5,403,657</u>	<u>11,000,710</u>	<u>16,404,367</u>
NET ASSETS			
Invested in capital assets, net of related debt	194,050	2,284,276	2,478,326
Restricted for:			
Telecommunications	2,253,937	0	2,253,937
USDA	0	912,591	912,591
EDA	0	869,267	869,267
Unrestricted	<u>(1,227,714)</u>	<u>206,755</u>	<u>(1,020,959)</u>
Total net assets	<u>\$1,220,273</u>	<u>\$4,272,889</u>	<u>\$5,493,162</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, 2008**

	<u>Direct Expenses</u>	<u>Indirect Cost Allocation</u>	<u>Expenses after Allocation of Indirect Costs</u>	<u>Program Revenues</u>		<u>Net Revenue (Expense) and Changes in Net Assets</u>		
				<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business- type Activities</u>	<u>Total</u>
Governmental activities:								
Board/executive	\$ 246,009	\$ 60,992	\$ 307,001	\$ 11,863	\$ 500	(\$ 294,638)	\$ 0	(\$ 294,638)
Planning services	2,570,093	978,405	3,548,498	2,070,936	1,562,492	84,930	0	84,930
Technology services	3,147,076	448,960	3,596,036	3,669,936	0	73,900	0	73,900
Senior and disabled services	8,797,556	1,643,492	10,441,048	1,230,007	9,227,510	16,469	0	16,469
Interest on long-term debt	150,636	0	150,636	0	0	(150,636)	0	(150,636)
Indirect costs	3,275,797	(3,275,797)	0	0	0	0	0	0
Total governmental activities	<u>18,187,167</u>	<u>(143,948)</u>	<u>18,043,219</u>	<u>6,982,742</u>	<u>10,790,502</u>	<u>(269,975)</u>	<u>0</u>	<u>(269,975)</u>
Business-type activities:								
Park Place Building	377,833	0	377,833	323,325	0	0	(54,508)	(54,508)
Springfield Building	308,677	0	308,677	281,772	0	0	(26,905)	(26,905)
Schaefers Building	375,485	1,057	376,542	355,635	0	0	(20,907)	(20,907)
Loan program	393,060	142,891	535,951	525,238	0	0	(10,713)	(10,713)
Total business-type activities	<u>1,455,055</u>	<u>143,948</u>	<u>1,599,003</u>	<u>1,485,970</u>	<u>0</u>	<u>0</u>	<u>(113,033)</u>	<u>(113,033)</u>
Total activities	<u>\$19,642,222</u>	<u>\$ 0</u>	<u>\$19,642,222</u>	<u>\$8,468,712</u>	<u>\$10,790,502</u>	<u>(\$ 269,975)</u>	<u>(\$ 113,033)</u>	<u>(\$ 383,008)</u>
General revenues:								
Unrestricted investment earnings						161,413	143,009	304,422
Member dues						219,472	0	219,472
Gain on sale of equipment						1,910	0	1,910
Transfers in (out)						(1,956,813)	1,956,813	0
Total general revenues and transfers						<u>(1,574,018)</u>	<u>2,099,822</u>	<u>525,804</u>
Change in net assets						(1,843,993)	1,986,789	142,796
Net assets, beginning of year						<u>3,064,266</u>	<u>2,286,100</u>	<u>5,350,366</u>
Net assets, end of year						<u>\$1,220,273</u>	<u>\$4,272,889</u>	<u>\$5,493,162</u>

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

FUND FINANCIAL STATEMENTS

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

This page intentionally left blank.

**LANE COUNCIL OF GOVERNMENTS
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2008**

	General Fund	Telecommunications
ASSETS		
Cash and investments	\$1,612,245	\$ 0
Prepaid expenditures	26,416	0
Accounts receivable	46,216	65,281
Due from other funds	53,138	0
Loan to Consortium	125,000	0
Restricted cash and investments	0	2,207,923
 Total assets	 \$1,863,015	 \$2,273,204
 LIABILITIES AND FUND BALANCES		
Liabilities:		
Due to other funds	\$ 0	\$ 0
Accounts payable	10,645	19,267
Accrued payroll and related liabilities	168,153	0
Compensated absences	690,423	0
Deferred revenue	667	0
 Total liabilities	 869,888	 19,267
Fund balances:		
Reserved for Telecommunications	0	2,253,937
Unreserved, reported in:		
General fund	993,127	0
Special revenue funds	0	0
 Total fund balances	 993,127	 2,253,937
 Total liabilities and fund balances	 \$1,863,015	 \$2,273,204

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

<u>Grants and Contracts</u>	<u>Other Non-Major Governmental Fund</u>	<u>Total Governmental Funds</u>
\$ 555,834	\$ 0	\$2,168,079
0	0	26,416
1,580,623	0	1,692,120
0	0	53,138
0	0	125,000
<u>0</u>	<u>37,168</u>	<u>2,245,091</u>
<u><u>\$2,136,457</u></u>	<u><u>\$ 37,168</u></u>	<u><u>\$6,309,844</u></u>
\$ 0	\$ 0	\$ 0
230,519	25,529	285,960
696,618	11,639	876,410
0	0	690,423
<u>282,270</u>	<u>0</u>	<u>282,937</u>
<u>1,209,407</u>	<u>37,168</u>	<u>2,135,730</u>
0	0	2,253,937
0	0	993,127
<u>927,050</u>	<u>0</u>	<u>927,050</u>
<u>927,050</u>	<u>0</u>	<u>4,174,114</u>
<u><u>\$2,136,457</u></u>	<u><u>\$ 37,168</u></u>	<u><u>\$6,309,844</u></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, 2008**

Total fund balances - governmental funds		\$4,174,114
Capital assets used in governmental funds are not financial resources and therefore are not reported in the funds.		278,816
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.		35,270
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	(3,257,155)	
Accrued interest	(10,772)	
		(3,267,927)
Net assets of governmental activities		<u>\$1,220,273</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, 2008

	<u>General Fund</u>	<u>Telecommu- nications</u>	<u>Grants and Contracts</u>	<u>Other Non-Major Governmental Fund</u>	<u>Total Governmental Funds</u>
Revenues:					
Member agency dues	\$ 219,472	\$ 0	\$ 0	\$ 0	\$ 219,472
Federal and state grants and contracts	0	0	10,925,138	0	10,925,138
Other local sources	417,738	1,477,879	5,048,053	139,899	7,083,569
In-kind services	0	0	172,250	0	172,250
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total revenues	637,210	1,477,879	16,145,441	139,899	18,400,429
Expenditures:					
Current:					
Board/executive services	431,529	0	728	0	432,257
Planning services	0	0	3,369,779	189,683	3,559,462
Senior and disabled services	0	0	10,437,496	0	10,437,496
Technology services	0	1,236,060	2,326,713	0	3,562,773
Debt service:					
Principal	133,712	0	0	0	133,712
Interest	157,834	0	0	0	157,834
Financing costs	18,208	0	0	0	18,208
Capital outlay	0	0	76,862	0	76,862
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total expenditures	741,283	1,236,060	16,211,578	189,683	18,378,604
Revenues over (under) expenditures	<hr/> (104,073)	<hr/> 241,819	<hr/> (66,137)	<hr/> (49,784)	<hr/> 21,825
Other financing sources (uses):					
Loan proceeds	1,350,497	0	0	0	1,350,497
Operating transfers in	137,342	0	267,690	0	405,032
Operating transfers out	<hr/> (2,262,580)	<hr/> (56,239)	<hr/> (43,026)	<hr/> 0	<hr/> (2,361,845)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total other financing sources (uses)	(774,741)	(56,239)	224,664	0	(606,316)
Net change in fund balances	(878,814)	185,580	158,527	(49,784)	(584,491)
Fund balances, beginning of year	<hr/> 1,871,941	<hr/> 2,068,357	<hr/> 768,523	<hr/> 49,784	<hr/> 4,758,605
Fund balances, end of year	<hr/> <u>\$ 993,127</u>	<hr/> <u>\$ 2,253,937</u>	<hr/> <u>\$ 927,050</u>	<hr/> <u>\$ 0</u>	<hr/> <u>\$ 4,174,114</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, 2008**

Net change in fund balances - governmental funds (\$ 584,491)

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	76,862
Depreciation expense	(133,031)

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	133,712
Loan proceeds	(1,350,497)

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	18,208
Amortization of debt issuance costs	(3,885)

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	(871)
--------------------------------	-------

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

0

Change in net assets of governmental activities (\$1,843,993)

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

LANE COUNCIL OF GOVERNMENTS
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
June 30, 2008

	<u>Park Place</u> <u>Building</u>	<u>Springfield</u> <u>Building</u>	<u>Schaefers</u> <u>Building</u>	<u>Loan</u> <u>Program</u>	<u>Total</u>
ASSETS					
Current assets:					
Cash and investments	\$ 82,682	\$ 5,413	\$ 5,957	\$ 57,309	\$ 151,361
Accounts receivable	0	26,310	0	9,321	\$ 35,631
Current maturities of loans receivable	0	0	0	347,713	\$ 347,713
Accrued interest receivable	0	0	0	11,135	\$ 11,135
Prepaid expense	7,858	78,821	34,477	0	\$ 121,156
Total current assets	<u>90,540</u>	<u>110,544</u>	<u>40,434</u>	<u>425,478</u>	<u>666,996</u>
Noncurrent assets:					
Restricted cash and investments	0	0	0	2,592,986	2,592,986
Loans receivable, net of current maturities	0	0	0	2,774,699	2,774,699
Financing costs, net of accumulated amortization	36,741	21,261	10,480	0	68,482
Capital assets, net of accumulated depreciation	6,454,948	1,059,735	1,708,891	0	9,223,574
Total noncurrent assets	<u>6,491,689</u>	<u>1,080,996</u>	<u>1,719,371</u>	<u>5,367,685</u>	<u>14,659,741</u>
Total assets	<u>6,582,229</u>	<u>1,191,540</u>	<u>1,759,805</u>	<u>5,793,163</u>	<u>15,326,737</u>
LIABILITIES					
Current liabilities:					
Due to other funds	0	29,398	0	23,740	53,138
Accounts payable	42,736	2,325	5,514	277	50,852
Accrued payroll and related liabilities	0	0	443	21,252	21,695
Accrued interest payable	22,131	3,239	2,310	21,653	49,333
Current maturities of loans payable	76,740	18,997	23,966	151,597	271,300
Total current liabilities	<u>141,607</u>	<u>53,959</u>	<u>32,233</u>	<u>218,519</u>	<u>446,318</u>
Noncurrent liabilities:					
Long-term debt, net of current maturities	4,644,483	1,117,023	1,058,089	3,747,990	10,567,585
Security deposits	39,945	0	0	0	39,945
Total noncurrent liabilities	<u>4,684,428</u>	<u>1,117,023</u>	<u>1,058,089</u>	<u>3,747,990</u>	<u>10,607,530</u>
Total liabilities	<u>4,826,035</u>	<u>1,170,982</u>	<u>1,090,322</u>	<u>3,966,509</u>	<u>11,053,848</u>
NET ASSETS					
Invested in capital assets, net of related debt	1,733,725	(76,285)	626,836	0	2,284,276
Restricted by USDA	0	0	0	912,591	912,591
Restricted by EDA	0	0	0	869,267	869,267
Unrestricted	22,469	96,843	42,647	44,796	206,755
Total net assets	<u>\$1,756,194</u>	<u>\$ 20,558</u>	<u>\$ 669,483</u>	<u>\$1,826,654</u>	<u>\$4,272,889</u>

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

**LANE COUNCIL OF GOVERNMENTS
STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET ASSETS -- PROPRIETARY FUNDS
For the Year Ended June 30, 2008**

	<u>Park Place Building</u>	<u>Springfield Building</u>	<u>Schaefers Building</u>	<u>Loan Program</u>	<u>Total</u>
Operating revenues:					
Charges for services	\$ 0	\$ 0	\$ 0	\$ 525,238	\$ 525,238
Rent	323,325	281,772	355,635	0	960,732
State revenue	0	0	0	0	0
Other	0	0	0	0	0
Total operating revenues	<u>323,325</u>	<u>281,772</u>	<u>355,635</u>	<u>525,238</u>	<u>1,485,970</u>
Operating expenses:					
Personal services	0	0	3,038	410,917	413,955
Materials and services	168,614	133,723	196,352	88,290	586,979
Bad debts	0	0	0	0	0
Interest on loans	0	0	0	36,744	36,744
Depreciation	48,308	89,863	118,966	0	257,137
Amortization of financing costs	1,934	8,256	1,209	0	11,399
Total operating expenses	<u>218,856</u>	<u>231,842</u>	<u>319,565</u>	<u>535,951</u>	<u>1,306,214</u>
Operating income	<u>104,469</u>	<u>49,930</u>	<u>36,070</u>	<u>(10,713)</u>	<u>179,756</u>
Nonoperating revenues (expenses):					
Interest income	0	0	0	143,009	143,009
Federal revenue	0	0	0	0	0
Interest expense	(158,977)	(76,835)	(56,977)	0	(292,789)
Total nonoperating revenues (expenses)	<u>(158,977)</u>	<u>(76,835)</u>	<u>(56,977)</u>	<u>143,009</u>	<u>(149,780)</u>
Income (loss) before transfers	(54,508)	(26,905)	(20,907)	132,296	29,976
Transfers in	1,810,702	240,428	0	0	2,051,130
Transfers out	0	0	(85,025)	(9,292)	(94,317)
Change in net assets	1,756,194	213,523	(105,932)	123,004	1,986,789
Net assets (deficit), beginning of year	<u>0</u>	<u>(192,965)</u>	<u>775,415</u>	<u>1,703,650</u>	<u>2,286,100</u>
Net assets, end 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>

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, 2008

	Park Place <u>Building</u>	Springfield <u>Building</u>	Schaefers <u>Building</u>	Loan <u>Program</u>	<u>Total</u>
Cash flows from operating activities:					
Rents - third parties	\$ 323,325	\$ 255,462	\$ 160,635	\$ 0	\$ 739,422
Rents - LCOG Senior & Disabled Services	0	0	195,000	0	195,000
Loan fees	0	0	0	306,929	306,929
Local revenue	0	0	0	0	0
State revenue	0	0	0	0	0
Interest on business loans	0	0	0	225,998	225,998
Payments to employees	0	0	(1,539)	(265,608)	(267,147)
Support services	0	0	(1,057)	(142,891)	(143,948)
Materials and services	(133,736)	(210,219)	(182,427)	(88,361)	(614,743)
Payments to borrowers	0	0	0	(450,000)	(450,000)
Principal received from borrowers	0	0	0	914,221	914,221
Interest on USDA loans	0	0	0	(39,056)	(39,056)
Net cash provided by operating activities	<u>189,589</u>	<u>45,243</u>	<u>170,612</u>	<u>461,232</u>	<u>866,676</u>
Cash flows from noncapital financing activities:					
Loans received from USDA	0	0	0	187,000	187,000
Principal paid to USDA	0	0	0	(150,700)	(150,700)
Operating transfers in	1,810,702	240,428	0	0	2,051,130
Operating transfers out	0	0	(85,025)	(9,292)	(94,317)
Net cash provided (used) by non-capital financing activities	<u>1,810,702</u>	<u>240,428</u>	<u>(85,025)</u>	<u>27,008</u>	<u>1,993,113</u>
Cash flows from capital and related financing activities:					
Purchases of capital assets	(1,713,311)	(128,818)	0	0	(1,842,129)
Cash paid for financing costs	(38,675)	(4,023)	0	0	(42,698)
Principal paid on bank loans	(28,777)	(54,375)	(22,605)	0	(105,757)
Interest paid on bank loans	(136,846)	(122,440)	(57,025)	0	(316,311)
Federal revenue	0	0	0	0	0
Net cash used by capital and related financing activities	<u>(1,917,609)</u>	<u>(309,656)</u>	<u>(79,630)</u>	<u>0</u>	<u>(2,306,895)</u>
Cash flows from investing activities:					
Purchase of investments	0	0	0	(4,103)	(4,103)
Proceeds from investments	0	0	0	0	0
Earnings on investments	0	0	0	143,009	143,009
Increase (decrease) in due to other funds	0	24,447	(8,081)	3,788	20,154
Net cash provided (used) by investing activities	<u>0</u>	<u>24,447</u>	<u>(8,081)</u>	<u>142,694</u>	<u>159,060</u>
Net increase (decrease) in cash and cash equivalents	82,682	462	(2,124)	630,934	711,954
Cash and cash equivalents, beginning of year	<u>0</u>	<u>4,951</u>	<u>8,081</u>	<u>1,905,700</u>	<u>1,918,732</u>
Cash and cash equivalents, end of year	<u>\$ 82,682</u>	<u>\$ 5,413</u>	<u>\$ 5,957</u>	<u>\$2,536,634</u>	<u>\$2,630,686</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, 2008**

	Park Place <u>Building</u>	Springfield <u>Building</u>	Schaefer's <u>Building</u>	Loan <u>Program</u>	<u>Total</u>
Reconciliation of operating income to net cash provided by operating activities:					
Operating income	\$104,469	\$ 49,930	\$ 36,070	(\$ 10,713)	\$179,756
Adjustments to reconcile operating income to net cash provided by operating activities:					
Amortization of financing costs	1,934	8,256	1,210	0	11,400
Depreciation	48,308	89,863	118,966	0	257,137
Miscellaneous expense paid from non cash sources	0	0	0	0	0
(Increase) decrease in interest receivable	0	0	0	5,284	5,284
(Increase) decrease in accounts receivable	0	(26,310)	0	2,405	(23,905)
(Increase) decrease in prepaid expense	(7,858)	(78,821)	8,409	0	(78,270)
(Increase) decrease in loan receivable	0	0	0	464,221	464,221
Increase (decrease) in interest payable on USDA loan	0	0	0	(2,313)	(2,313)
Increase (decrease) in accounts payable	42,736	2,325	5,514	(70)	50,505
Increase (decrease) in accrued payroll and related liabilities	0	0	443	2,418	2,861
Net cash provided by operating activities	<u>\$189,589</u>	<u>\$ 45,243</u>	<u>\$170,612</u>	<u>\$461,232</u>	<u>\$866,676</u>
Non-cash financing and investing activities:					
Loan proceeds	\$4,750,000	\$1,149,503			
Security deposits assumed	39,945	0			
Additions to capital assets	(4,789,945)	(7,080)			
Pay off bank loan	0	(1,099,520)			
Interest paid	0	(31,428)			
Finance charge paid	0	(11,475)			
	<u>\$ 0</u>	<u>\$ 0</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, 2008**

	<u>Agency Funds</u>
ASSETS	
Cash and investments	\$1,074,081
Accounts receivable	<u>0</u>
Total assets	<u><u>\$1,074,081</u></u>
 LIABILITIES	
Accounts payable	\$ 0
Due to other agencies	<u>1,074,081</u>
Total liabilities	<u><u>\$1,074,081</u></u>

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

NOTES TO THE
FINANCIAL STATEMENTS

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

LANE COUNCIL OF GOVERNMENTS
NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies:

Government-wide and Fund Financial Statements:

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

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

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

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

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

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

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

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

LANE COUNCIL OF GOVERNMENTS
NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies, Continued:

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

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

LCOG has the following major governmental funds:

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

LCOG has only one non-major governmental fund:

- Boundary Commission—This fund accounts for all revenues and expenditures restricted to activities which include the review of boundary changes between jurisdictions and formation of new units of governments. The major source of revenues are dues paid by member jurisdictions.

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 will be occupying approximately 37% of the building.
- Loan Program—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.

LANE COUNCIL OF GOVERNMENTS
NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies, Continued:

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.

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, U.S. government agency obligations, 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.

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 Boundary Commission Fund, activities are regulated by the State of Oregon.
- In the Loan Program 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 the agency funds) on the modified accrual basis of accounting. Major differences between the budgetary basis and the accrual basis are as follows:

- 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 Program, principal paid on loans is budgeted as an expenditure and loan proceeds are budgeted as revenue.
- In the Loan Program, 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 in order 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. LCOG 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 organized in approximately 1971 under an intergovernmental agreement pursuant to Oregon Revised Statutes 190.003 to 190.030. 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, 2008 consisted of the following:

Cash:

Petty cash and cash on hand	\$ 200
Demand deposits with financial institutions	2,404,309
Money market accounts	2,820,610
Nonnegotiable certificates of deposit	127,437
Cash with agent	<u>21,330</u>
Total cash	<u>5,373,886</u>

Investments

Local Government Investment Pool	1,568,868
U.S. government agency obligations	<u>1,288,844</u>
Total investments	<u>2,857,712</u>

Total cash and investments \$ 8,231,598

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	\$2,319,440
Restricted cash and investments	4,838,077
Statement of fiduciary net assets:	
Cash and investments	<u>1,074,081</u>
Total cash and investments	<u>\$8,231,598</u>

Deposits

The insurance and collateral requirements for deposits are established by banking regulations and Oregon law. FDIC insurance of \$100,000 applies to total deposits at each financial institution. Where balances exceed \$100,000, ORS 295.025 requires the depositor to obtain certificates of participation (COP) in the amount of the excess deposit from its pool manager. Depository banks must pledge securities with a value of at least 25% of the COP, and the securities are held by a custodian for the benefit of the State of Oregon. The pool manager ensures that the value of the securities pledged is at least 25% of the COP. Any balances in excess of the FDIC insurance plus 25% of the COPs are considered exposed to custodial credit risk. Custodial credit risk for deposits is the risk that, in the event of bank failure, LCOG will be unable to recover deposits or collateral certificates in the hands of an outside party.

At June 30, total demand deposits per bank statements were \$5,670,118. Of this, \$507,087 was insured and \$2,982,183 was backed by pledged securities. The remaining \$2,180,848 was not insured or collateralized.

At June 30, 2008 all deposits were insured or collateralized pursuant to Oregon law.

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 as part of an overnight "sweep" agreement with Wells Fargo Bank. 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, 2008 the LGIP's investments in these three categories were 77%, 3%, and 20%, 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. Investments in the LGIP are not required to be rated.

Custodial Credit Risk - Investments. Custodial credit risk is the risk that, in the event of a the failure of the counterparty to a transaction, LCOG will not be able to recover the value of an investment or collateral

LANE COUNCIL OF GOVERNMENTS
NOTES TO THE FINANCIAL STATEMENTS

4. Cash and Investments, Continued:

securities in the possession of an outside party. LCOG had funds invested with the LGIP and with Wells Fargo Bank. 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. LCOG's investments in U.S. government agency obligations, pursuant to its overnight "sweep" agreement, are held by Wells Fargo Bank.

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, 2008, LCOG's investments were as follows:

		<u>Percent</u>
Local Government Investment Pool	\$1,568,868	55%
Federal Home Loan Bank note	<u>1,288,844</u>	<u>45%</u>
Total investments	<u>\$2,857,712</u>	<u>100%</u>

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	\$ 151,361	\$ 0	\$ 151,361
Restricted cash and investments	<u>2,479,325</u>	<u>113,661</u>	<u>2,592,986</u>
	<u>\$2,630,686</u>	<u>\$ 113,661</u>	<u>\$2,744,347</u>

5. Accounts Receivable:

	<u>Grants and Contracts</u>	<u>System User Accounts</u>	<u>Other</u>	<u>Total</u>
Governmental funds:				
General Fund	\$ 0	\$ 0	\$ 46,216	\$ 46,216
Telecommunications	0	65,281	0	65,281
Grants and Contracts	1,580,623	0	0	1,580,623
Other non-major	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total governmental	<u>1,580,623</u>	<u>65,281</u>	<u>46,216</u>	<u>1,692,120</u>
Proprietary funds:				
Springfield Building	0	0	26,310	26,310
Loan Program	<u>0</u>	<u>0</u>	<u>9,321</u>	<u>9,321</u>
Total proprietary	<u>0</u>	<u>0</u>	<u>35,631</u>	<u>35,631</u>
Total	<u>\$ 1,580,623</u>	<u>\$ 65,281</u>	<u>\$ 81,847</u>	<u>\$ 1,727,751</u>

LANE COUNCIL OF GOVERNMENTS
NOTES TO THE FINANCIAL STATEMENTS

6. Capital Assets:

Governmental activities:

	<u>Beginning of Year</u>	<u>Increases</u>	<u>Decreases</u>	<u>End of Year</u>
Capital assets being depreciated:				
Leasehold improvements	\$ 654,399	\$ 0	\$ 0	\$ 654,399
Vehicles	79,884	51,310	0	131,194
Furniture and equipment	<u>1,179,652</u>	<u>25,552</u>	<u>(160,400)</u>	<u>1,044,804</u>
Total capital assets being depreciated	<u>1,913,935</u>	<u>76,862</u>	<u>(160,400)</u>	<u>1,830,397</u>
Less accumulated depreciation for:				
Leasehold improvements		(65,440)	0	(539,821)
	(474,381)			
Vehicles	(79,884)	(4,887)	0	(84,771)
Furniture and equipment	(1,024,685	(62,704)	160,400	(926,989)
)			
Total accumulated depreciation	<u>(1,578,950)</u>	<u>(133,031)</u>	<u>160,400</u>	<u>(1,551,581)</u>
Governmental activities capital assets, net	<u>\$ 334,985</u>	<u>\$(56,169)</u>	<u>\$ 0</u>	<u>\$ 278,816</u>

Business-type activities:

	<u>Beginning of Year</u>	<u>Increases</u>	<u>Decreases</u>	<u>End of Year</u>
Capital assets not being depreciated:				
Land	<u>\$ 299,630</u>	<u>\$ 436,200</u>	<u>\$ 0</u>	<u>\$ 735,830</u>
Capital assets being depreciated:				
Buildings	2,413,669	5,918,899	0	8,332,568
Improvements	<u>2,009,415</u>	<u>276,974</u>	<u>0</u>	<u>2,286,389</u>
Total capital assets being depreciated	<u>4,423,084</u>	<u>6,195,873</u>	<u>0</u>	<u>10,618,957</u>
Less accumulated depreciation for:				
Buildings	(685,600)	(153,306)	0	(838,906)
Improvements	<u>(1,188,476)</u>	<u>(103,831)</u>	<u>0</u>	<u>(1,292,307)</u>
Total accumulated depreciation	<u>(1,874,076)</u>	<u>(257,137)</u>	<u>0</u>	<u>(2,131,213)</u>
Capital assets being depreciated, net	<u>2,549,008</u>	<u>5,938,736</u>	<u>0</u>	<u>8,487,744</u>
Business-type activities capital assets, net	<u>\$2,848,638</u>	<u>\$6,374,936</u>	<u>\$ 0</u>	<u>\$ 9,223,574</u>

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	\$ 72,765
Planning Services	0
Technology Services	38,294
Senior and Disabled Services	<u>21,972</u>
Total depreciation expense – governmental activities	<u>133,031</u>
Business-type activities:	
Schaefers Building	118,966
Springfield Building	89,863
Park Place Building	48,308
Loan Program	<u>0</u>
Total depreciation expense – business-type activities	<u>257,137</u>
Total depreciation expense	<u><u>\$ 390,168</u></u>

7. Loan Program:

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 44 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	\$3,397,412
Allowance for loan losses	<u>(275,000)</u>
Loans receivable, net of allowance for loan losses	3,122,412
Amounts due within one year	<u>(347,713)</u>
Loans receivable, noncurrent	<u><u>\$2,774,699</u></u>

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

Balance, beginning of year	\$ 275,000
Net change in estimate	0
Write-offs of uncollectible loans	0
Recovery of amounts previously charged off	<u>0</u>
Balance, end of the year	<u><u>\$ 275,000</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 Program, 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 \$306,728 were classified as impaired and offset by allowances for loan losses of \$117,100. During the year, these loans had an average balance of \$311,895 and interest income of \$8,721 was recognized. Actual cash basis interest received was \$8,890; if the loans had not been impaired, interest income of \$25,398 would have been recorded. During the year the allowance for loan losses decreased by \$4,500 due to these loans.

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

8. Long-term Debt:

Long-term Debt - Governmental Activities

\$505,914 Wells Fargo Bank loan for the remodeling of space leased from Wells Fargo Bank; payments of \$90,403 per year began December 15, 2002; interest rate of 6.65%; final payment due December 15, 2008; secured by tenant improvements. \$ 84,766

\$1,888,219 (62.94% of \$3,000,000 Umpqua Bank loan). This represents amounts borrowed against the Schaefers Building which are being used as working capital; monthly payments of \$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 for the Schaefers Building to maintain a ratio of 1:1 of cash flow to debt service during each 12 month period ending June 30, 2008 and later. 1,837,733

\$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 for the Springfield Building to maintain a ratio of 1:1 of cash flow to debt service during each 12 month period ending June 30, 2009 and later. 1,334,656

Total long-term debt for governmental activities 3,257,155

Amounts due within one year (147,789)

Long-term debt, net of current maturities - governmental activities \$ 3,109,366

LANE COUNCIL OF GOVERNMENTS
NOTES TO THE FINANCIAL STATEMENTS

8. Long-term Debt, Continued:

Long-term Debt - Business-type Activities

<p>\$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 \$833,004 due February 2017; secured by real property, building fixtures, and the pledge of future income from tenant rents; subject to a covenant for the Schaefers Building to maintain a ratio of 1:1 of cash flow to debt service during each 12 month period ending June 30, 2008 and later.</p>	\$ 1,082,055
<p>\$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 \$925,102 due November 2017; secured by real property, building fixtures, and the pledge of future income from tenant rents; subject to a covenant for the Springfield Building to maintain a ratio of 1:1 of cash flow to debt service during each 12 month period ending June 30, 2009 and later.</p>	1,136,020
<p>\$4,750,000 Umpqua Bank loan; dated January 3, 2008; to purchase the Park Place Building; monthly payments of \$33,124.59 through January 2013, including interest at 6.75%; beginning February 2013 the interest rate will be adjusted to the sum of the bank's interest index rate plus 2.5%, monthly payments through December 2017 to be reamortized; final payment of \$3,679,226 due January 2018; secured by real property, building fixtures, and the pledge of future income from tenant rents; subject to a covenant for the Park Place Building to maintain a ratio of 1:1 of cash flow to debt service during each 12 month period ending June 30, 2009 and later.</p>	4,721,223
<p>\$2,000,000 USDA loan; dated October 25, 1995; annual principal and interest payments of \$84,900 through October 2025; interest rate of 1%; secured by portfolio of investments derived from the proceeds of the loan.</p>	1,391,426
<p>\$1,000,000 USDA loan; dated May 21, 1998; annual principal and interest payments of \$42,450 through May 2028; interest rate of 1%; 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.</p>	765,828
<p>\$478,000 USDA loan; dated October 11, 2000; annual principal and interest payments of \$20,292 through October 2030; interest rate of 1%; 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.</p>	414,983

LANE COUNCIL OF GOVERNMENTS
NOTES TO THE FINANCIAL STATEMENTS

8. Long-term Debt, Continued:

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

\$400,000 USDA loan; dated July 30, 2001; annual principal and interest payments of \$16,980 through July 2031; interest rate of 1%; 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.	360,536
\$500,000 USDA loan; dated August 22, 2002; annual principal and interest payments of \$21,220 through August 2032, interest rate of 1%; 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.	467,033
\$500,000 USDA loan; dated August 26, 2006; payable over 30 years at 1% per annum; annual interest only for the first three years; annual principal and interest payments beginning August 26, 2010; secured by the rights to and revenues of LCOG's Intermediary Relending Program revolving fund, and all chattel paper, accounts receivable, contract rights, general intangibles, gross receipts, income, and revenue derived therefrom.	<u>499,781</u>
Total long-term debt for business-type activities	10,838,885
Amounts due within one year	<u>(271,300)</u>
Long-term debt, net of current maturities - business-type activities	\$ <u>10,567,585</u>

LANE COUNCIL OF GOVERNMENTS
NOTES TO THE FINANCIAL STATEMENTS

8. Long-term Debt, Continued:

Long-term Debt Transactions – Governmental Activities

	Principal				
	Outstanding Beginning	Additional Borrowings	Repaid	Outstanding Ending	Due Within One Year
Wells Fargo Bank loan	\$ 164,246	\$ 0	\$ (79,480)	\$ 84,766	\$ 84,766
Umpqua Bank loan (Schaefers Building)	1,876,124	0	(38,391)	1,837,733	40,704
Umpqua Bank loan (Springfield Building)	0	1,350,497	(15,841)	1,334,656	22,319
	\$ 2,040,370	\$ 1,350,497	\$ (133,712)	\$ 3,257,155	\$ 147,789
	Interest				
	Outstanding Beginning	Matured	Paid	Outstanding Ending	
Wells Fargo Bank loan	\$ 0	\$ 10,922	\$ (10,922)	\$ 0	
Umpqua Bank loan (Schaefers Building)	0	96,851	(96,851)	0	
Umpqua Bank loan (Springfield Building)	0	50,061	(50,061)		
	\$ 0	\$ 157,834	\$ (157,834)	\$ 0	

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	Outstandin g Ending	Due Within One Year
Wells Fargo Bank loan	\$ 1,140,412	\$ 0	\$ (1,140,412)	\$ 0	\$ 0
Umpqua Bank loan (Schaefers)	1,104,660	0	(22,605)	1,082,055	23,966
Umpqua Bank loan (Springfield)	0	1,149,503	(13,483)	1,136,020	18,997
Umpqua Bank loan (Park Place)	0	4,750,000	(28,777)	4,721,223	76,740
\$2,000,000 USDA loan	1,461,431	0	(70,005)	1,391,426	70,948
\$1,000,000 USDA loan	800,210	0	(34,382)	765,828	34,750
\$478,000 USDA loan	430,977	0	(15,994)	414,983	16,116
\$400,000 USDA loan	373,799	0	(13,263)	360,536	13,246
\$500,000 USDA loan	483,870	0	(16,837)	467,033	16,537
\$500,000 USDA loan	313,000	187,000	(219)	499,781	0
	<u>\$ 6,108,359</u>	<u>\$ 6,086,503</u>	<u>\$ (1,355,977)</u>	<u>\$ 10,838,885</u>	<u>\$ 271,300</u>

	Interest			
	Outstanding Beginning	Matured	Paid	Outstanding Ending
Wells Fargo Bank loan	\$ 0	\$ 111,257	\$ (111,257)	\$ 0
Umpqua Bank loan (Schaefers)	0	57,025	(57,025)	0
Umpqua Bank loan (Springfield)	0	42,611	(42,611)	0
Umpqua Bank loan (Park Place)	0	136,846	(136,846)	0
\$2,000,000 USDA loan	0	14,895	(14,895)	0
\$1,000,000 USDA loan	0	8,068	(8,068)	0
\$478,000 USDA loan	0	4,306	(4,306)	0
\$400,000 USDA loan	0	3,717	(3,717)	0
\$500,000 USDA loan	0	4,383	(4,383)	0
\$500,000 USDA loan	0	3,629	(3,629)	0
	<u>\$ 0</u>	<u>\$ 386,737</u>	<u>\$(386,737)</u>	<u>\$ 0</u>

LANE COUNCIL OF GOVERNMENTS
NOTES TO THE FINANCIAL STATEMENTS

8. Long-term Debt, Continued:

Total interest expense for the year was \$488,238. This consisted of \$158,705 reported in the governmental activities (\$150,636 not allocable to a specific function and \$8,069 included as a direct expense). No interest was capitalized for the year and \$329,533 was included as a direct expense in the proprietary funds.

Annual Debt Service Requirements to Maturity – Governmental Activities

Fiscal year ending:	<u>Principal</u>	<u>Interest</u>
2009	\$ 147,789	\$ 190,830
2010	66,767	181,449
2011	70,735	177,480
2012	74,466	173,750
2013	79,381	168,835
2014	84,115	164,101
2015	89,138	159,079
2016	94,042	154,173
2017	1,483,541	124,273
2018	<u>1,067,181</u>	<u>30,421</u>
	<u>\$ 3,257,155</u>	<u>\$ 1,524,391</u>

Annual Debt Service Requirements to Maturity – Business-type Activities

Fiscal year ending:	<u>Principal</u>	<u>Interest</u>
2009	\$ 271,300	\$ 493,026
2010	297,287	483,063
2011	307,606	472,744
2012	317,296	463,051
2013	329,921	450,427
2014 – 2018	7,156,194	1,857,410
2019 – 2023	946,087	89,233
2024 – 2028	822,583	41,836
2029 – 2033	328,171	12,081
2034 – 2036	<u>62,440</u>	<u>1,253</u>
	<u>\$ 10,838,885</u>	<u>\$ 4,364,124</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	\$ 2,262,580	\$ 137,342
Telecommunications Fund	56,239	0
Grants and Contracts Fund	43,026	267,690
Springfield Building Fund	0	240,428
Schaefers Building Fund	85,025	0
Park Place Building Fund	0	1,810,702
Loan Program Fund	<u>9,292</u>	<u>0</u>
	<u>\$ 2,456,162</u>	<u>\$ 2,456,162</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 \$459,221 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)	Percent Contributed
	PERS	OPSRP		
2006	12.87%	8.04%	\$ 929,884	100%
2007	12.87%	9.58%	\$ 914,439	100%
2008	10.93%	13.72%	\$ 881,009	100%

The required OPERS contributions for the current year were based on an actuarial valuation as of December 31, 2005. The rates for July 1, 2008 through June 30, 2009 will be unchanged. 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. The plans are also subject to litigation and it is possible that the Retirement Board may revise rates before the next scheduled rate change on July 1, 2009.

11. Operating Leases:

Public Service Building:

LCOG leases 930 square feet of space for the MetroTV program for \$850 per month.

Wells Fargo Building:

LCOG leases 22,348 square feet of office space in the Wells Fargo Building. The present lease calls for a base monthly payment of \$21,416, which changes annually based on the CPI and tax savings due to LCOG's exempt status. This lease expires November 30, 2009. (See note 15 – Subsequent Events)

Central Kitchen:

LCOG leases 4,172 square feet of space located at 1407 Cross Street. The present 3 year lease began on June 1, 2008 and calls for a monthly payment of \$2,420 (Year 1), \$2,504 (Year 2), and \$2,587 (Year 3), ending May 31, 2011.

LANE COUNCIL OF GOVERNMENTS
NOTES TO THE FINANCIAL STATEMENTS

11. Operating Leases, Continued:

Title XIX sites:

LCOG Senior and Disabled Services leases a site, currently shared with Adult and Family Services, for \$4,339 per month. This new lease began March 1, 2008 and expires March 31, 2013.

LCOG also leases a site in Cottage Grove. The lease calls for a base monthly rental payment of \$1,800. This lease began May 1, 2008 and expires April 30, 2018. The lease payment will change, based on the annual tax savings due to LCOG's tax-exempt status and the annual CPI.

Senior nutrition and outreach sites:

LCOG has various nutrition and outreach sites. The majority of the present ongoing 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 as follows:

Wells Fargo Building	\$284,949
Public Service Building	10,200
Central Kitchen	29,040
Type B Funds	66,554
Senior Nutrition and Outreach	15,299
Schaefers Building (see note #12)	<u>195,000</u>
Total	<u>\$601,042</u>

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

<u>June 30</u>	
2009	\$ 392,166
2010	224,375
2011	102,131
2012	73,674
2013	<u>60,655</u>
Total	<u>\$ 853,001</u>

12. 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 \$195,000 for the year and are included in total rent income of \$960,732 in the proprietary funds. LCOG leased the third floor of the building to a private business, beginning December 2006. The lease calls for a beginning monthly base rent of \$13,156, increasing by 3% each year, ending June 30, 2012.

LCOG owns the Springfield Building at 640-644 A Street in Springfield, Oregon. LCOG leases the entire building to the State of Oregon. The lease calls for a monthly base rate of \$26,310 through June 2008. The rate increases by 2.5% per year thereafter through June 2017.

LANE COUNCIL OF GOVERNMENTS
NOTES TO THE FINANCIAL STATEMENTS

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

LCOG purchased the Park Place Building at 859 Willamette Street in Eugene, Oregon on January 3, 2008 with the intention to move its Planning and Administration offices to the fourth and fifth floors of the building by the end of 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 2008-2009 will be \$437,000 from third party tenants and \$447,000 from LCOG occupancy.

Future minimum rental income on noncancellable leases is as follows:

<u>June 30</u>	
2009	\$ 767,110
2010	589,034
2011	547,624
2012	526,180
2013	357,206
2014	366,136
2015	375,290
2016	384,672
2017	<u>394,289</u>
Total	\$ <u>4,316,541</u>

13. 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.

14. 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 prorata share of pool losses or eligible for a prorata 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.

15. Subsequent Events:

The City of Eugene will be signing a lease to occupy the Wells Fargo space beginning November 2008. There will be a termination notice issued to Wells Fargo for the current LCOG lease. LCOG offices will be moving from the Wells Fargo Building to occupy the 4th & 5th floors of the Park Place Building.

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, 2008

	<u>Balance</u> <u>July 1, 2007</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2008</u>
<u>9-1-1 PSAP Reserves</u>				
Assets:				
Cash and investments	\$ 256,764	\$2,588,707	\$1,812,816	\$1,032,655
Total assets	<u>\$ 256,764</u>	<u>\$2,588,707</u>	<u>\$1,812,816</u>	<u>\$1,032,655</u>
Liabilities:				
Due to other agencies	\$ 256,764	\$2,588,707	\$1,812,816	\$1,032,655
Total liabilities	<u>\$ 256,764</u>	<u>\$2,588,707</u>	<u>\$1,812,816</u>	<u>\$1,032,655</u>
 <u>Fiber South Consortium</u>				
Assets:				
Cash and investments	\$ 32,329	\$ 176,793	\$ 167,696	41,426
Accounts receivable	7,420	0	7,420	0
Total assets	<u>\$ 39,749</u>	<u>\$ 176,793</u>	<u>\$ 175,116</u>	<u>41,426</u>
Liabilities:				
Accounts payable	\$ 4,480	\$ 0	\$ 4,480	0
Due to other agencies	35,269	176,793	170,636	41,426
Total liabilities	<u>\$ 39,749</u>	<u>\$ 176,793</u>	<u>\$ 175,116</u>	<u>\$ 41,426</u>
 <u>Total - All Agency Funds</u>				
Assets:				
Cash and investments	\$ 289,093	\$2,765,500	\$1,980,512	\$1,074,081
Accounts receivable	7,420	0	7,420	0
Total assets	<u>\$ 296,513</u>	<u>\$2,765,500</u>	<u>\$1,987,932</u>	<u>\$1,074,081</u>
Liabilities:				
Accounts payable	\$ 4,480	\$ 0	\$ 4,480	\$ 0
Due to other agencies	292,033	2,765,500	1,983,452	1,074,081
Total liabilities	<u>\$ 296,513</u>	<u>\$2,765,500</u>	<u>\$1,987,932</u>	<u>\$1,074,081</u>

SCHEDULES OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE

- 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.
- Boundary Commission — Accounts for all revenues and expenditures restricted to activities which include boundary changes between jurisdictions and formation of new units of government. The major source of revenues are dues paid by member jurisdictions.
- 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.
- 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 Program — 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, 2008**

	<u>Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
Revenues:			
Member agency dues	\$219,011	\$219,472	\$ 461
Interest income	170,000	161,415	(8,585)
Overhead carryforward	150,000	150,000	0
Equipment reimbursement	7,325	7,325	0
Improvement reimbursement	65,440	65,440	0
Interest reimbursement	10,922	10,922	0
Other local sources	11,900	16,832	4,932
Miscellaneous	4,000	5,803	1,803
	<u>638,598</u>	<u>637,209</u>	<u>(1,389)</u>
Total local revenues			
Expenditures:			
General services:			
Personal services	124,640	114,229	10,411
Support services	120,541	260,045	(139,504)
Materials and services	44,708	75,461	(30,753)
Capital outlay	0	0	0
Debt service	290,747	291,546	(799)
	<u>580,636</u>	<u>741,281</u>	<u>(160,645)</u>
Total expenditures			
Revenues over (under) expenditures	<u>57,962</u>	<u>(104,072)</u>	<u>(162,034)</u>
Other financing sources (uses):			
Loan proceeds	1,350,497	1,350,497	0
Operating transfers in	140,672	137,342	(3,330)
Operating transfers out	<u>(2,074,474)</u>	<u>(2,262,581)</u>	<u>(188,107)</u>
	<u>(583,305)</u>	<u>(774,742)</u>	<u>(191,437)</u>
Total other financing sources (uses)			
Revenues over (under) expenditures and other financing sources or uses	(525,343)	(878,814)	(353,471)
Fund balance, beginning of year	<u>1,871,941</u>	<u>1,871,941</u>	<u>0</u>
Fund balance, end of year	<u><u>\$1,346,598</u></u>	<u><u>\$993,127</u></u>	<u><u>(\$353,471)</u></u>

**LANE COUNCIL OF GOVERNMENTS
TELECOMMUNICATIONS
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
For the Year Ended June 30, 2008**

	<u>Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
Revenues:			
Local sources	<u>\$1,411,185</u>	<u>\$1,477,879</u>	<u>\$66,694</u>
Total revenues	<u>1,411,185</u>	<u>1,477,879</u>	<u>66,694</u>
Expenditures:			
Technology services:			
Services by other organizations	<u>1,277,463</u>	<u>1,236,060</u>	<u>41,403</u>
Total expenditures	<u>1,277,463</u>	<u>1,236,060</u>	<u>41,403</u>
Revenues over (under) expenditures	<u>133,722</u>	<u>241,819</u>	<u>108,097</u>
Other financing sources (uses):			
Operating transfers in	0	0	0
Operating transfers out	<u>(33,167)</u>	<u>(56,239)</u>	<u>(23,072)</u>
Total other financing (uses)	<u>(33,167)</u>	<u>(56,239)</u>	<u>(23,072)</u>
Revenues over (under) expenditures and other financing sources or uses	100,555	185,580	85,025
Fund balance, beginning of year	<u>2,068,357</u>	<u>2,068,357</u>	<u>0</u>
Fund balance, end of year	<u><u>\$2,168,912</u></u>	<u><u>\$2,253,937</u></u>	<u><u>\$85,025</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, 2008**

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Revenues:			
Federal and state grants and contracts	\$11,506,130	\$10,925,138	(\$580,992)
Local sources	5,248,874	5,048,053	(200,821)
In-kind services	50,681	172,250	121,569
	<u>16,805,685</u>	<u>16,145,441</u>	<u>(660,244)</u>
Expenditures:			
Board/executive services:			
Personal services	0	0	0
Support services	0	0	0
Materials and services	728	728	0
	<u>728</u>	<u>728</u>	<u>0</u>
Planning services:			
Personal services	1,910,035	1,833,792	76,243
Support services	974,230	936,498	37,732
Materials and services	979,016	576,898	402,118
Services by other organizations	0	22,592	(22,592)
Capital outlay	0	0	0
	<u>3,863,281</u>	<u>3,369,780</u>	<u>493,501</u>
Senior and disabled services:			
Personal services	6,858,413	6,729,099	129,314
Support services	1,688,609	1,661,910	26,699
Materials and services	1,439,524	1,305,820	133,704
Services by other organizations	740,387	740,665	(278)
Capital outlay	71,760	76,863	(5,103)
	<u>10,798,693</u>	<u>10,514,357</u>	<u>284,336</u>
Technology services:			
Personal services	1,351,760	1,343,795	7,965
Support services	453,007	453,991	(984)
Materials and services	468,378	528,927	(60,549)
Services by other organizations	0	0	0
Capital outlay	33,837	0	33,837
	<u>2,306,982</u>	<u>2,326,713</u>	<u>(19,731)</u>
Total expenditures	<u>16,969,684</u>	<u>16,211,578</u>	<u>758,106</u>
Revenues over (under) expenditures	<u>(163,999)</u>	<u>(66,137)</u>	<u>97,862</u>

**LANE COUNCIL OF GOVERNMENTS
GRANTS AND CONTRACTS
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL (Continued)
For the Year Ended June 30, 2008**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Other financing sources (uses):			
Operating transfers in	184,665	267,690	83,025
Operating transfers out	<u>(47,677)</u>	<u>(43,026)</u>	<u>4,651</u>
Total other financing sources or uses	<u>136,988</u>	<u>224,664</u>	<u>87,676</u>
 Revenues over (under) expenditures and other financing sources or uses	 (27,011)	 158,527	 185,538
 Fund balance, beginning of year	 <u>767,924</u>	 <u>768,523</u>	 <u>599</u>
 Fund balance, end of year	 <u><u>\$740,913</u></u>	 <u><u>\$927,050</u></u>	 <u><u>\$186,137</u></u>

**LANE COUNCIL OF GOVERNMENTS
BOUNDARY COMMISSION
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
For the Year Ended June 30, 2008**

	<u>Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
Revenues:			
Assessments and fees	\$131,627	\$139,899	\$ 8,272
Miscellaneous	<u>0</u>	<u>0</u>	<u>0</u>
Total local revenues	<u>131,627</u>	<u>139,899</u>	<u>8,272</u>
Expenditures:			
Planning services:			
Personal services	89,389	99,172	(9,783)
Support services	47,655	52,871	(5,216)
Materials and services	15,950	37,640	(21,690)
Capital outlay	<u>0</u>	<u>0</u>	<u>0</u>
Total expenditures	<u>152,994</u>	<u>189,683</u>	<u>(36,689)</u>
Revenues over (under) expenditures	(21,367)	(49,784)	(28,417)
Fund balance, beginning of year	<u>49,784</u>	<u>49,784</u>	<u>0</u>
Fund balance, end of year	<u><u>\$ 28,417</u></u>	<u><u>\$ 0</u></u>	<u><u>(\$28,417)</u></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, 2008**

	<u>Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
Revenues:			
Rents	\$332,241	\$323,325	(\$ 8,916)
Interest earned	<u>0</u>	<u>0</u>	<u>0</u>
Total revenues	<u>332,241</u>	<u>323,325</u>	<u>(8,916)</u>
Expenditures:			
Personal services	0	0	0
Support services	0	0	0
Materials and services	211,552	215,148	(3,596)
Capital outlay	6,372,711	6,503,256	(130,545)
Debt service	<u>165,623</u>	<u>165,623</u>	<u>0</u>
Total expenditures	<u>6,749,886</u>	<u>6,884,027</u>	<u>(134,141)</u>
Revenues over (under) expenditures	<u>(6,417,645)</u>	<u>(6,560,702)</u>	<u>(143,057)</u>
Other financing sources (uses):			
Loan proceeds	4,750,000	4,750,000	0
Operating transfer in	<u>1,667,645</u>	<u>1,810,702</u>	<u>143,057</u>
Total other financing sources (uses)	<u>6,417,645</u>	<u>6,560,702</u>	<u>143,057</u>
Revenues over (under) expenditures and other financing sources or uses	0	0	0
Fund balance, beginning of year	<u>0</u>	<u>0</u>	<u>0</u>
Fund balance, end of year	<u>\$ 0</u>	<u>0</u>	<u>\$ 0</u>
Reconciliation to GAAP basis:			
Bank loans payable		(4,721,223)	
Capital assets, net of accumulated depreciation		6,454,948	
Refinance costs, net of accumulated amortization		36,741	
Accrued interest payable		(22,131)	
Prepaid expense		<u>7,859</u>	
Net assets, end of year		<u>\$1,756,194</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, 2008**

	<u>Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
Revenues:			
Rents	\$255,462	\$281,772	\$ 26,310
Interest earned	<u>0</u>	<u>0</u>	<u>0</u>
Total revenues	<u>255,462</u>	<u>281,772</u>	<u>26,310</u>
Expenditures:			
Personal services	0	0	0
Support services	0	0	0
Materials and services	227,917	235,122	(7,205)
Capital outlay	128,818	128,818	0
Debt service	<u>1,308,561</u>	<u>1,307,763</u>	<u>798</u>
Total expenditures	<u>1,665,296</u>	<u>1,671,703</u>	<u>(6,407)</u>
Revenues over (under) expenditures	<u>(1,409,834)</u>	<u>(1,389,931)</u>	<u>19,903</u>
Other financing sources (uses):			
Loan proceeds	1,149,503	1,149,503	0
Operating transfer in	<u>260,331</u>	<u>240,428</u>	<u>(19,903)</u>
Total other financing sources (uses)	<u>1,409,834</u>	<u>1,389,931</u>	<u>(19,903)</u>
Revenues over (under) expenditures and other financing sources or uses	0	0	0
Fund balance, beginning of year	<u>0</u>	<u>0</u>	<u>0</u>
Fund balance, end of year	<u>\$ 0</u>	0	<u>\$ 0</u>
Reconciliation to GAAP basis:			
Bank loans payable		(1,136,020)	
Capital assets, net of accumulated depreciation		1,059,735	
Refinance costs, net of accumulated amortization		21,261	
Accrued interest payable		(3,239)	
Prepaid expense		<u>78,821</u>	
Net assets, end of year		<u>\$ 20,558</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, 2008**

	<u>Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
Revenues:			
Rents	\$355,635	\$355,635	\$ 0
Interest earned	<u>0</u>	<u>0</u>	<u>0</u>
Total revenues	<u>355,635</u>	<u>355,635</u>	<u>0</u>
Expenditures:			
Personal services	7,679	1,982	5,697
Support services	4,094	1,057	3,037
Materials and services	175,529	187,941	(12,412)
Capital outlay	0	0	0
Debt service	<u>79,630</u>	<u>79,630</u>	<u>0</u>
Total expenditures	<u>266,932</u>	<u>270,610</u>	<u>(3,678)</u>
Revenues over (under) expenditures	<u>88,703</u>	<u>85,025</u>	<u>(3,678)</u>
Other financing sources (uses):			
Operating transfer out	<u>(88,703)</u>	<u>(85,025)</u>	<u>3,678</u>
Total other financing sources (uses)	<u>(88,703)</u>	<u>(85,025)</u>	<u>3,678</u>
Revenues over (under) expenditures and other financing sources or uses	0	0	0
Fund balance, beginning of year	<u>0</u>	<u>0</u>	<u>0</u>
Fund balance, end of year	<u>\$ 0</u>	<u>0</u>	<u>\$ 0</u>
Reconciliation to GAAP basis:			
Banks loans payable		(1,082,055)	
Capital assets, net of accumulated depreciation		1,708,891	
Financing costs, net of accumulated amortization		10,480	
Accrued interest payable		(2,310)	
Prepaid expense-lease negotiation fee		<u>34,477</u>	
Net assets, end of year		<u>\$ 669,483</u>	

**LANE COUNCIL OF GOVERNMENTS
LOAN PROGRAM
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
For the Year Ended June 30, 2008**

	<u>Budget</u>	<u>Actual</u>	Variance <u>(Unfavorable)</u>
Revenues:			
Principal received on loans	\$725,776	\$914,221	\$188,445
Federal revenue	0	187,000	187,000
Loan fees	290,000	304,524	14,524
Local revenues	0	0	0
State revenue	0	0	0
Interest earned	<u>391,073</u>	<u>363,723</u>	<u>(27,350)</u>
 Total revenues	 <u>1,406,849</u>	 <u>1,769,468</u>	 <u>362,619</u>
Expenditures:			
Personal services	260,280	268,027	(7,747)
Support services	138,761	142,891	(4,130)
Materials and services	85,450	88,290	(2,840)
Loans made	400,000	450,000	(50,000)
Debt service	<u>190,000</u>	<u>189,756</u>	<u>244</u>
 Total expenditures	 <u>1,074,491</u>	 <u>1,138,964</u>	 <u>(64,473)</u>
 Revenues over (under) expenditures	 <u>332,358</u>	 <u>630,504</u>	 <u>298,146</u>
Other financing sources (uses):			
Operating transfer in	0	0	0
Operating transfer out	<u>(9,292)</u>	<u>(9,292)</u>	<u>0</u>
 Total other financing sources (uses)	 <u>(9,292)</u>	 <u>(9,292)</u>	 <u>0</u>
 Revenues over (under) expenditures and other financing sources or uses	 323,066	 621,212	 298,146
 Fund balance, beginning of year	 <u>2,004,269</u>	 <u>2,004,270</u>	 <u>1</u>
 Fund balance, end of year	 <u><u>2,327,335</u></u>	 <u>2,625,482</u>	 <u><u>298,147</u></u>
Reconciliation to GAAP basis:			
Loans receivable, net of allowance for loan losses		3,122,412	
Loans payable		(3,899,587)	
Accrued interest payable		<u>(21,653)</u>	
 Net assets, end of year		 <u><u>\$1,826,654</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.
- Board/Executive Services - Includes LCOG's contractual relationships with nonprofit agencies.
- Planning Services - Providing 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.
- Technology Services – Providing strategic planning and coordination services for four regional information services. The services include the Regional Information System, a multi-jurisdictional computing consortium, the RLID/Common Mapping/GIS system, the regional telecommunications system and the AIRS system, the regional public safety information system.
- Senior and Disabled Services - Planning, coordinating, delivering and advocating for social and health services for persons 60 years of age and over; pursuing the objective of long-term care and other supportive services for the elderly which will promote their maximum level of independence and well being: federal, state and local resources are used to provide services to eligible persons.
- Enterprise Funds - Financial activity of the LCOG-owned Schaefers Building is recorded here. Income from leases for office space in the building is the major source of revenue. The LCOG Senior and Disabled Services Division occupies approximately 65 percent of the building. Financial activity of the LCOG-owned Springfield Building is also recorded in this organizational unit. Income from leases for office space in the building is the only source of revenue. In addition, financial activity of the LCOG-owned Park Place Building is recorded in the enterprise funds. Income from leases for office space in the building is the major source of revenue. 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.
- Support 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, 2008**

	<u>Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
Resources:			
Federal and state	\$11,506,130	\$11,112,138	(\$ 393,992)
Local sources	16,811,461	16,876,768	65,307
In-kind services	50,681	172,250	121,569
Member dues	219,011	219,472	461
Beginning reserves	<u>6,762,274</u>	<u>6,762,874</u>	<u>600</u>
 Total resources	 <u>35,349,557</u>	 <u>35,143,502</u>	 <u>(206,055)</u>
Requirements:			
Personal services	12,558,566	12,429,097	129,469
Materials and services	5,119,281	4,722,237	397,044
Capital outlay	6,607,126	6,708,938	(101,812)
Loans made	400,000	450,000	(50,000)
Debt service	2,034,561	2,034,318	243
Services by other organizations	<u>2,017,850</u>	<u>1,999,317</u>	<u>18,533</u>
 Total requirements	 <u>28,737,384</u>	 <u>28,343,907</u>	 <u>393,477</u>
 Ending reserves	 <u>\$6,612,173</u>	 <u>\$6,799,595</u>	 <u>\$ 187,422</u>

The costs for support services are included in personal services and material and services.
The detail is located on page 59.

**LANE COUNCIL OF GOVERNMENTS
GENERAL FUND
SCHEDULE OF RESOURCES AND REQUIREMENTS
BUDGET AND ACTUAL
For the Year Ended June 30, 2008**

	<u>Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
Resources:			
Member dues	\$219,011	\$219,472	\$ 461
Other local sources	1,770,084	1,768,234	(1,850)
Transfers	140,672	137,342	(3,330)
Beginning reserves	<u>1,871,941</u>	<u>1,871,941</u>	<u>0</u>
 Total resources	 <u>4,001,708</u>	 <u>3,996,989</u>	 <u>(4,719)</u>
Requirements:			
Personal services	124,640	114,229	10,411
Support services	120,541	260,045	(139,504)
Materials and services	44,708	75,461	(30,753)
Capital outlay	0	0	0
Debt service	290,747	291,546	(799)
Transfers	<u>2,074,474</u>	<u>2,262,581</u>	<u>(188,107)</u>
 Total requirements	 <u>2,655,110</u>	 <u>3,003,862</u>	 <u>(348,752)</u>
 Ending reserves	 <u><u>\$1,346,598</u></u>	 <u><u>\$993,127</u></u>	 <u><u>(\$353,471)</u></u>

**LANE COUNCIL OF GOVERNMENTS
 BOARD/EXECUTIVE SERVICES
 SCHEDULE OF RESOURCES AND REQUIREMENTS
 BUDGET AND ACTUAL
 For the Year Ended June 30, 2008**

	<u>Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
Resources:			
Federal and state	\$ 500	\$ 500	\$ 0
Local sources	228	228	0
In-kind services	0	0	0
Transfers	0	0	0
Beginning reserves	<u>0</u>	<u>0</u>	<u>0</u>
 Total resources	 <u>728</u>	 <u>728</u>	 <u>0</u>
Requirements:			
Personal services	0	0	0
Support services	0	0	0
Materials and services	728	728	0
Capital outlay	0	0	0
Services by other organizations	0	0	0
Transfers	<u>0</u>	<u>0</u>	<u>0</u>
 Total requirements	 <u>728</u>	 <u>728</u>	 <u>0</u>
 Ending reserves	 <u><u>\$ 0</u></u>	 <u><u>\$ 0</u></u>	 <u><u>\$ 0</u></u>

**LANE COUNCIL OF GOVERNMENTS
 PLANNING SERVICES
 SCHEDULE OF RESOURCES AND REQUIREMENTS
 BUDGET AND ACTUAL
 For the Year Ended June 30, 2008**

	<u>Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
Resources:			
Federal and state	\$1,980,100	\$1,671,892	(\$ 308,208)
Local sources	2,080,970	1,938,944	(142,026)
In-kind services	0	22,592	22,592
Transfers	41,560	60,399	18,839
Beginning reserves	<u>96,975</u>	<u>96,975</u>	<u>0</u>
 Total resources	 <u>4,199,605</u>	 <u>3,790,802</u>	 <u>(408,803)</u>
 Requirements:			
Personal services	1,999,424	1,932,964	66,460
Support services	1,021,885	989,369	32,516
Materials and services	994,966	614,538	380,428
Capital outlay	0	0	0
Services by other organizations	0	22,592	(22,592)
Transfers	<u>29,677</u>	<u>29,677</u>	<u>0</u>
 Total requirements	 <u>4,045,952</u>	 <u>3,589,140</u>	 <u>456,812</u>
 Ending reserves	 <u><u>\$ 153,653</u></u>	 <u><u>\$ 201,662</u></u>	 <u><u>\$ 48,009</u></u>

**LANE COUNCIL OF GOVERNMENTS
TECHNOLOGY SERVICES
SCHEDULE OF RESOURCES AND REQUIREMENTS
BUDGET AND ACTUAL
For the Year Ended June 30, 2008**

	<u>Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
Resources:			
Federal and state	\$ 25,286	\$ 25,236	(\$ 50)
Local sources	3,617,723	3,644,700	26,977
In-kind services	0	0	0
Transfers	40,000	98,985	58,985
Beginning reserves	<u>2,092,163</u>	<u>2,092,163</u>	<u>0</u>
 Total resources	 <u>5,775,172</u>	 <u>5,861,084</u>	 <u>85,912</u>
Requirements:			
Personal services	1,351,760	1,343,795	7,965
Support services	453,007	453,991	(984)
Materials and services	468,378	528,927	(60,549)
Capital outlay	33,837	0	33,837
Services by other organizations	1,277,463	1,236,060	41,403
Transfers	<u>0</u>	<u>347</u>	<u>(347)</u>
 Total requirements	 <u>3,584,445</u>	 <u>3,563,120</u>	 <u>21,325</u>
 Ending reserves	 <u><u>\$2,190,727</u></u>	 <u><u>\$2,297,964</u></u>	 <u><u>\$ 107,237</u></u>

**LANE COUNCIL OF GOVERNMENTS
 SENIOR AND DISABLED SERVICES
 SCHEDULE OF RESOURCES AND REQUIREMENTS
 BUDGET AND ACTUAL
 For the Year Ended June 30, 2008**

	<u>Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
Resources:			
Federal and state	\$9,500,244	\$9,227,510	(\$ 272,734)
Local sources	1,092,766	1,081,959	(10,807)
In-kind services	50,681	149,658	98,977
Transfers	69,438	55,731	(13,707)
Beginning reserves	<u>696,926</u>	<u>697,526</u>	<u>600</u>
 Total resources	 <u>11,410,055</u>	 <u>11,212,384</u>	 <u>(197,671)</u>
Requirements:			
Personal services	6,858,413	6,729,099	129,314
Support services	1,688,609	1,661,910	26,699
Materials and services	1,439,524	1,305,820	133,704
Capital outlay	71,760	76,863	(5,103)
Services by other organizations	740,387	740,665	(278)
Transfers	<u>17,500</u>	<u>16,666</u>	<u>834</u>
 Total requirements	 <u>10,816,193</u>	 <u>10,531,023</u>	 <u>285,170</u>
 Ending reserves	 <u>\$ 593,862</u>	 <u>\$ 681,361</u>	 <u>\$ 87,499</u>

**LANE COUNCIL OF GOVERNMENTS
ENTERPRISE FUNDS
SCHEDULE OF RESOURCES AND REQUIREMENTS
BUDGET AND ACTUAL
For the Year Ended June 30, 2008**

	<u>Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
Resources:			
Federal and state	\$ 0	\$ 187,000	\$ 187,000
Local sources	8,249,690	8,442,703	193,013
Transfers	1,927,976	2,051,130	123,154
Beginning reserves	<u>2,004,269</u>	<u>2,004,269</u>	<u>0</u>
 Total resources	 <u>12,181,935</u>	 <u>12,685,102</u>	 <u>503,167</u>
 Requirements:			
Personal services	267,959	270,008	(2,049)
Support services	142,855	143,947	(1,092)
Materials and services	700,448	726,502	(26,054)
Capital outlay	6,501,529	6,632,075	(130,546)
Loans made	400,000	450,000	(50,000)
Debt service	1,743,814	1,742,772	1,042
Transfers	<u>97,995</u>	<u>94,317</u>	<u>3,678</u>
 Total requirements	 <u>9,854,600</u>	 <u>10,059,621</u>	 <u>(205,021)</u>
 Ending reserves	 <u><u>\$2,327,335</u></u>	 <u><u>\$2,625,481</u></u>	 <u><u>\$ 298,146</u></u>

**LANE COUNCIL OF GOVERNMENTS
SUPPORT SERVICES
SCHEDULE OF RESOURCES AND REQUIREMENTS
BUDGET AND ACTUAL**

For the Year Ended June 30, 2007

	<u>Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
Resources:			
Support services	\$3,367,606	\$3,304,916	(\$ 62,690)
Overhead balancing adjustment	42,193	187,669	145,476
Administrative fees	17,100	16,678	(422)
	<u>3,426,899</u>	<u>3,509,263</u>	<u>82,364</u>
Total resources			
Requirements:			
Personal services	1,956,370	2,039,002	(82,632)
Materials and services	1,470,529	1,470,261	268
	<u>3,426,899</u>	<u>3,509,263</u>	<u>(82,364)</u>
Total requirements			
Ending reserves	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</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 2007-2008 cost allocation plan allocates cost by five office locations--the Wells Fargo Building, which houses Administration and the Planning Services Division, 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, 2008 (actual):	
Total direct salaries and fringe benefits	\$12,429,098
Less:	
Non-LCOG pool salaries and fringe benefits	(74,659)
Overhead salaries and fringe benefits	<u>(2,039,002)</u>
Direct salary and fringe benefits base	<u>\$10,315,437</u>
Total overhead expenditures	\$3,509,263
Less overhead credits	(16,679)
Less General Fund support	<u>(187,668)</u>
Net overhead expenditures	<u>\$3,304,916</u>

	<u>Wells Fargo Building</u>	<u>Schaefers Building</u>	<u>Other/ S&DS</u>	<u>Other/ TS</u>	<u>Sr. Meals</u>	<u>Total</u>
Actual indirect cost percentage	53.3122%	26.4426%	16.1485%	14.3618%	18.5024%	
Salary base	\$2,893,971	\$5,540,572	\$962,359	\$687,158	\$231,377	\$10,315,437
Indirect charges	\$1,542,839	\$1,465,071	\$155,407	\$98,789	\$42,810	\$3,304,916

LANE COUNCIL OF GOVERNMENTS
COST ALLOCATION PLAN, Continued

Fiscal year ending June 30, 2009 (projected):		
Total direct salaries and fringe benefits		\$13,553,342
Less:		
Non-LCOG pool salaries and fringe benefits		(55,836)
Overhead salaries and fringe benefits		<u>(2,106,242)</u>
Budgeted direct salary and fringe benefits base		<u>\$11,391,264</u>
Budgeted total overhead expenditures		\$3,542,316
Less overhead credits and adjustments		<u>(17,700)</u>
Budgeted net overhead expenditures		<u>\$3,524,616</u>

Projected indirect cost percentages:

	<u>Wells Fargo Building</u>	<u>Schaefers Building</u>	<u>Other/TS</u>	<u>Other/S&DS</u>	<u>Sr. Meals</u>	<u>Total</u>
Salary	\$3,264,768	\$6,122,449	\$664,965	\$1,076,685	\$262,397	\$11,391,264
Expense	\$1,696,367	\$1,504,929	\$95,484	\$178,656	\$49,180	\$3,524,616
Cost percentage	51.9598%	24.5805%	14.3593%	16.5932%	18.7424%	

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, 2008**

	<u>FTA</u>	<u>PL Funding</u>	<u>MPO-STP</u>	<u>TGM¹</u>	<u>Other² Projects</u>	<u>Total</u>
Revenues:						
Federal funds	\$90,366	\$380,745	\$530,748	\$ 58,372	\$ 1,172	\$1,061,403
State funds	0	43,578	0	0	2,031	45,609
Local funds	0	0	0	0	0	0
Local match	22,592	0	0	0	0	22,592
LCOG General Fund	48	4	0	77	0	129
Total revenues	<u>\$113,006</u>	<u>\$424,327</u>	<u>\$530,748</u>	<u>\$58,449</u>	<u>\$3,203</u>	<u>\$1,129,733</u>
Expenditures:						
Salaries and fringe benefits	\$58,974	\$265,679	\$210,113	\$37,094	\$2,088	\$573,948
Other direct costs	0	17,008	208,619	1,580	0	227,207
Capital outlay	0	0	0	0	0	0
Community service	22,592	0	0	0	0	22,592
Indirect costs	31,440	141,640	112,016	19,775	1,115	305,986
Total expenditures	<u>\$113,006</u>	<u>\$424,327</u>	<u>\$530,748</u>	<u>\$58,449</u>	<u>\$3,203</u>	<u>\$1,129,733</u>

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

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

**LANE COUNCIL OF GOVERNMENTS
JOINT FUND
SCHEDULE OF REVENUES AND EXPENDITURES
For the Year Ended June 30, 2008**

	<u>Outreach</u>	Community Based Care Management <u>Program*</u>	<u>Total</u>
Revenues:			
Joint Fund	\$ 34,429	\$11,404	\$ 45,833
LIEAP	27,876	0	27,876
Federal funds	249,337	0	249,337
Federal match funds	0	12,109	12,109
Local in-kind	27,726	0	27,726
Other local funds	38,601	0	38,601
LCOG General Fund	<u>3,252</u>	<u>0</u>	<u>3,252</u>
 Total revenues	 <u><u>\$381,221</u></u>	 <u><u>\$ 23,513</u></u>	 <u><u>\$404,734</u></u>
 Expenditures:			
Salaries and fringe benefits	\$277,719	\$ 19,459	\$297,178
Other direct costs	18,627	0	18,627
Indirect costs	57,149	4,054	61,203
Services by other organizations	0	0	0
Community service	<u>27,726</u>	<u>0</u>	<u>27,726</u>
 Total expenditures	 <u><u>\$381,221</u></u>	 <u><u>\$ 23,513</u></u>	 <u><u>\$404,734</u></u>

*This program is included in Type B Funds Schedule of Revenues and Expenditures on page 67.

**LANE COUNCIL OF GOVERNMENTS
TYPE B FUNDS*
SCHEDULE OF REVENUES AND EXPENDITURES
For the Year Ended June 30, 2008**

	<u>Type B Funds</u>
Revenues:	
Federal funds	\$ 445,341
Local funds	0
Federal match funds	65,301
State funds	7,052,580
LCOG General Fund	0
Total revenues	<u>\$7,563,222</u>
Expenditures:	
Salaries and fringe benefits	\$5,811,028
Other direct costs	293,294
Indirect costs	1,458,900
Total expenditures	<u>\$7,563,222</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 66.

Excess local funds \$39,330 from Hospital remained as fund balance to be spent FY 08-09.

**LANE COUNCIL OF GOVERNMENTS
ECONOMIC DEVELOPMENT
SCHEDULE OF REVENUES AND EXPENDITURES
For the Year Ended June 30, 2008**

	Passed through OCWCOG		OCWCOG Infrastructure Inventory	Local ¹ Projects	Total
	<u>July-March</u>	<u>April-June</u>			
Revenues:					
Federal funds	\$25,517	\$ 7,574	\$ 0	\$ 0	\$ 33,091
State funds	0	0	10,585	0	10,585
Local funds	0	0	0	23,864	23,864
LCOG General Fund	8,556	2,524	0	0	11,080
	<u>34,073</u>	<u>10,098</u>	<u>10,585</u>	<u>23,864</u>	<u>78,620</u>
Total revenues	<u>\$34,073</u>	<u>\$10,098</u>	<u>\$10,585</u>	<u>\$23,864</u>	<u>\$78,620</u>
Expenditures:					
Salaries and fringe benefits	\$21,649	\$ 6,144	\$6,860	\$12,198	\$46,851
Other direct costs	882	678	68	5,163	6,791
Indirect costs	11,542	3,276	3,657	6,503	24,978
	<u>34,073</u>	<u>10,098</u>	<u>10,585</u>	<u>23,864</u>	<u>78,620</u>
Total expenditures	<u>\$34,073</u>	<u>\$10,098</u>	<u>\$10,585</u>	<u>\$23,864</u>	<u>\$78,620</u>

¹This local funding source includes revenue for Port of Siuslaw Site Certification, Lane County Blue River Water 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, 2008**

Property	Building and contents Furniture and equipment owned and operated by Lane Council of Governments	\$26,823,467
	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	\$26,823,467
	Deductible	\$1,000
Workers Compensation	Coverage A Coverage B	Statutory - per occurrence \$3,000,000 each occurrence

This page intentionally left blank.

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

Fiscal Year Ending	Schaefers Building Bank Loan					
	Wells Fargo Bank Loan		LCOG Board		Schaefers Building	
	Principal	Interest	Principal	Interest	Principal	Interest
2009	\$ 84,766	\$ 5,637	\$ 40,704	\$ 94,537	\$ 23,966	\$ 55,663
2010	0	0	42,871	92,370	25,241	54,388
2011	0	0	45,152	90,089	26,585	53,045
2012	0	0	47,313	87,928	27,857	51,772
2013	0	0	50,073	85,168	29,482	50,147
2014	0	0	52,737	82,504	31,052	48,578
2015	0	0	55,544	79,697	32,704	46,926
2016	0	0	58,289	76,952	34,320	45,310
2017	0	0	1,445,050	49,790	850,848	29,314
2018	0	0	0	0	0	0
2019	0	0	0	0	0	0
2020	0	0	0	0	0	0
2021	0	0	0	0	0	0
2022	0	0	0	0	0	0
2023	0	0	0	0	0	0
2024	0	0	0	0	0	0
2025	0	0	0	0	0	0
2026	0	0	0	0	0	0
2027	0	0	0	0	0	0
2028	0	0	0	0	0	0
2029	0	0	0	0	0	0
2030	0	0	0	0	0	0
2031	0	0	0	0	0	0
2032	0	0	0	0	0	0
2033	0	0	0	0	0	0
2034	0	0	0	0	0	0
2035	0	0	0	0	0	0
2036	0	0	0	0	0	0
	<u>\$ 84,766</u>	<u>\$ 5,637</u>	<u>\$1,837,733</u>	<u>\$ 739,035</u>	<u>\$1,082,055</u>	<u>\$ 435,143</u>

This schedule is continued on next page.

<u>Springfield Building Bank Loan</u>				<u>Park Place Building Bank Loan</u>	
<u>LCOG Board</u>		<u>Springfield Building</u>			
<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
\$ 22,319	\$ 90,656	\$ 18,997	\$ 77,164	\$ 76,740	\$ 320,755
23,896	89,079	20,339	75,821	82,163	315,332
25,583	87,391	21,776	74,385	87,966	309,529
27,153	85,822	23,111	73,049	93,336	304,159
29,308	83,667	24,946	71,214	100,770	296,725
31,378	81,597	26,707	69,453	107,887	289,608
33,594	79,382	28,594	67,567	115,506	280,989
35,753	77,221	30,432	65,729	122,906	274,589
38,491	74,483	32,763	63,398	132,344	265,151
1,067,181	30,421	908,355	25,893	3,801,605	149,756
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
<u>\$1,334,656</u>	<u>\$ 779,719</u>	<u>\$1,136,020</u>	<u>\$ 663,673</u>	<u>\$4,721,223</u>	<u>\$2,806,593</u>

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

Fiscal Year Ending	USDA Loan #1		USDA Loan #2		USDA Loan #3	
	Principal	Interest	Principal	Interest	Principal	Interest
2009	\$ 70,948	\$ 13,952	\$ 34,750	\$ 7,700	\$ 16,116	\$ 4,184
2010	71,695	13,205	35,139	7,311	16,311	3,989
2011	72,412	12,488	35,491	6,959	16,474	3,826
2012	73,136	11,764	35,846	6,604	16,639	3,661
2013	73,868	11,032	36,204	6,246	16,806	3,494
2014	74,606	10,294	36,566	5,884	16,974	3,326
2015	75,352	9,548	36,932	5,518	17,143	3,157
2016	76,106	8,794	37,301	5,149	17,315	2,985
2017	76,867	8,033	37,674	4,776	17,488	2,812
2018	77,636	7,264	38,051	4,399	17,663	2,637
2019	78,412	6,488	38,431	4,019	17,839	2,461
2020	79,196	5,704	38,815	3,635	18,018	2,282
2021	79,988	4,912	39,204	3,246	18,198	2,102
2022	80,788	4,112	39,596	2,854	18,380	1,920
2023	81,596	3,304	39,992	2,458	18,564	1,736
2024	82,412	2,488	40,392	2,058	18,749	1,551
2025	83,236	1,664	40,796	1,654	18,937	1,363
2026	83,172	832	41,203	1,247	19,126	1,174
2027	0	0	41,616	834	19,318	982
2028	0	0	41,829	418	19,511	789
2029	0	0	0	0	19,706	594
2030	0	0	0	0	19,903	397
2031	0	0	0	0	19,805	198
2032	0	0	0	0	0	0
2033	0	0	0	0	0	0
2034	0	0	0	0	0	0
2035	0	0	0	0	0	0
2036	0	0	0	0	0	0
	<u>\$1,391,426</u>	<u>\$ 135,878</u>	<u>\$ 765,828</u>	<u>\$ 82,969</u>	<u>\$ 414,983</u>	<u>\$ 51,620</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
\$ 13,246	\$ 3,734	\$ 16,537	\$ 4,683	\$ 0	\$ 5,191	\$ 419,089	\$ 683,856
13,507	3,473	16,718	4,505	16,174	5,039	364,054	664,512
13,642	3,338	16,883	4,338	16,377	4,836	378,341	650,224
13,779	3,201	17,051	4,169	16,541	4,672	391,762	636,801
13,916	3,064	17,222	3,998	16,707	4,507	409,302	619,262
14,056	2,924	17,394	3,826	16,874	4,340	426,231	602,334
14,196	2,784	17,568	3,652	17,042	4,171	444,175	583,391
14,338	2,642	17,744	3,477	17,213	4,001	461,717	566,849
14,481	2,499	17,921	3,299	17,385	3,829	2,681,312	507,384
14,626	2,354	18,100	3,120	17,559	3,655	5,960,776	229,499
14,773	2,207	18,281	2,939	17,734	3,479	185,470	21,593
14,920	2,060	18,464	2,756	17,912	3,302	187,325	19,739
15,069	1,911	18,649	2,572	18,091	3,123	189,199	17,866
15,220	1,760	18,835	2,385	18,272	2,942	191,091	15,973
15,372	1,608	19,024	2,197	18,454	2,759	193,002	14,062
15,526	1,454	19,214	2,006	18,639	2,574	194,932	12,131
15,681	1,299	19,406	1,814	18,825	2,388	196,881	10,182
15,838	1,142	19,600	1,620	19,014	2,200	197,953	8,215
15,997	983	19,796	1,424	19,204	2,010	115,931	6,233
16,156	824	19,994	1,226	19,396	1,818	116,886	5,075
16,318	662	20,194	1,026	19,590	1,624	75,808	3,906
16,481	499	20,396	824	19,786	1,428	76,566	3,148
16,646	334	20,600	620	19,984	1,230	77,035	2,382
16,752	167	20,806	414	20,183	1,030	57,741	1,611
0	0	20,636	206	20,385	828	41,021	1,034
0	0	0	0	20,589	624	20,589	624
0	0	0	0	20,795	419	20,795	419
0	0	0	0	21,056	210	21,056	210
<u>\$ 360,536</u>	<u>\$ 46,923</u>	<u>\$ 467,033</u>	<u>\$ 63,096</u>	<u>\$ 499,781</u>	<u>\$ 78,229</u>	<u>\$14,096,040</u>	<u>\$5,888,515</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, 2008**

ASSETS

Current assets:	
Cash and investments	\$ 5,000
Interest receivable	10,014
Loans receivable	287,867
Prepaid expense	<u>0</u>
Total current assets	<u>302,881</u>
Noncurrent assets:	
Restricted cash and investments	2,294,052
Loans receivable	2,491,806
Allowance for loan losses	(250,000)
Refinance costs, net of accumulated amortization	0
Capital assets, net of accumulated depreciation	<u>0</u>
Total noncurrent assets	<u>4,535,858</u>
 Total assets	 <u>4,838,739</u>

LIABILITIES

Current liabilities:	
Due to other funds	0
Accounts payable	0
Accrued payroll and related liabilities	4,908
Accrued interest	21,653
Deferred revenue	0
Compensated absences	0
Loans payable	<u>151,597</u>
Total current liabilities	<u>178,158</u>
Noncurrent liabilities:	
Long-term debt, net of current maturities	<u>3,747,990</u>
Total noncurrent liabilities	<u>3,747,990</u>
 Total liabilities	 <u>3,926,148</u>

NET ASSETS

Invested in capital assets, net of related debt	0
Restricted by USDA	<u>912,591</u>
 Total net assets	 <u><u>\$ 912,591</u></u>

**LANE COUNCIL OF GOVERNMENTS
STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET ASSETS
INTERMEDIARY RELENDING PROGRAM
For the Year Ended June 30, 2008**

Operating revenues:	
Loan fees	\$ 8,191
Local revenue	0
State revenue	0
Interest on business loans	<u>182,660</u>
Total operating revenues	<u>190,851</u>
Operating expenses:	
Personal services	96,827
Miscellaneous	202
Provision for loan losses	(25,000)
Interest on loans	<u>36,744</u>
Total operating expenses	<u>108,773</u>
Operating income (loss)	<u>82,078</u>
Nonoperating revenues (expenses):	
Interest income	84,596
Loan amortization	0
Interest expense	<u>0</u>
Total nonoperating revenues	<u>84,596</u>
Income (loss) before transfers	166,674
Transfers in	0
Transfers out	<u>0</u>
Change in net assets	166,674
Net assets, beginning of year	<u>745,917</u>
Net assets, end of year	<u><u>\$912,591</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

This page intentionally left blank.

**LANE COUNCIL OF GOVERNMENTS
TITLE III-B
SCHEDULE OF AVAILABLE CASH AND NON-CASH RESOURCES
AND PROGRAM EXPENDITURES
For the Year Ended June 30, 2008**

	<u>LCOG Aging Admin.</u>	<u>LCOG Out- reach/Case Mgmt/ Information and Referral</u>	<u>Ombudsman</u>	<u>Money Mgmt</u>
2006-07 federal funds carryover	\$ 0	\$ 0	\$ 0	\$ 0
2007-08 receipts and transfers	49,826	249,337	1,224	6,288
Program income	0	0	0	0
Cash match	16,642	0	0	0
Other cash resources	0	98,220	0	0
	<hr/>	<hr/>	<hr/>	<hr/>
Total cash resources	66,468	347,557	1,224	6,288
In-kind match	0	27,726	136	704
Other in-kind resources	0	0	0	0
	<hr/>	<hr/>	<hr/>	<hr/>
Total resources	66,468	375,283	1,360	6,992
Less total program expenditures	<hr/>	<hr/>	<hr/>	<hr/>
	66,468	375,283	1,360	6,992
2007-08 federal funds carryover	<hr/>	<hr/>	<hr/>	<hr/>
	\$ 0	\$ 0	\$ 0	\$ 0

Organization of Support Groups	Caregiver Training	Volunteer Program Coordinator	Escort Services	Legal Aide Law Referral	Total	Budget	Percent
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	
2,831	569	15,112	9,853	56,835	391,875	392,587	100%
0	0	0	0	384	384	200	192%
0	0	0	0	0	16,642	16,642	100%
0	0	0	0	8,700	106,920	0	
2,831	569	15,112	9,853	65,919	515,821	409,429	126%
315	63	1,680	1,096		31,720	38,115	83%
0	0	0			0		
3,146	632	16,792	10,949	65,919	547,541	447,544	122%
3,146	632	16,792	10,949	65,919	547,541	447,544	122%
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	

**LANE COUNCIL OF GOVERNMENTS
TITLE III-C-1
SCHEDULE OF AVAILABLE CASH AND NON-CASH RESOURCES
AND PROGRAM EXPENDITURES
For the Year Ended June 30, 2008**

	LCOG AAA <u>Admin.</u>	Congre- gate <u>LCOG</u>	<u>Total</u>	<u>Budget</u>	<u>Percent</u>
2006-07 federal funds carryover	\$ 0	\$ 0	\$ 0	\$ 0	
2007-08 receipts and transfers	31,286	298,613	329,899	329,899	100%
Program income	0	67,434	67,434	74,130	91%
Cash match	10,449	0	10,449	10,449	100%
USDA cash	0	36,945	36,945	33,296	111%
Other cash resources	0	115,550	115,550	0	
 Total cash resources	 41,735	 518,542	 560,277	 447,774	 125%
 In-kind match	 0	 33,206	 33,206	 33,205	 100%
Other in-kind resources	0	0	0	0	
 Total resources	 41,735	 551,748	 593,483	 480,979	 123%
 Less total program expenditures	 41,735	 551,748	 593,483	 480,979	 123%
 2007-08 federal funds carryover	 <u>\$ 0</u>	 <u>\$ 0</u>	 <u>\$ 0</u>	 <u>\$ 0</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, 2008**

	LCOG					
	AAA <u>Admin.</u>	American <u>Red Cross</u>	LCOG <u>Home-Del.</u>	<u>Total</u>	<u>Budget</u>	<u>Percent</u>
2006-07 federal funds carryover	\$ 0	\$ 0	\$ 0	\$ 0		
2007-08 receipts and transfers	8,116	76,059	156,041	240,216	240,216	100%
Program income	0	78,474	74,267	152,741	166,448	92%
USDA cash	0	33,408	39,195	72,603	67,735	107%
Cash match	2,711	0	0	2,711	2,711	100%
Other resources	<u>0</u>	<u>173,879</u>	<u>255,291</u>	<u>429,170</u>	<u>0</u>	
Total cash resources	10,827	361,820	524,794	897,441	477,110	188%
In-kind match	0	8,458	17,352	25,810	25,934	100%
Other in-kind resources	<u>0</u>	<u>139,918</u>	<u>0</u>	<u>139,918</u>	<u>0</u>	
Total resources	10,827	510,196	542,146	1,063,169	503,044	211%
Less total program expenditures	<u>10,827</u>	<u>510,196</u>	<u>542,146</u>	<u>1,063,169</u>	<u>503,044</u>	211%
2007-08 federal funds carryover	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</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, 2008

	<u>Medication Management</u>	<u>Total</u>	<u>Budget</u>	<u>Percent</u>
2006-07 federal funds carryover	\$ 0	\$ 0	\$ 0	
2007-08 receipts and transfers	24,894	24,894	24,897	100%
Program income	0	0	0	
Cash match	0	0	0	
Other cash resources	<u>0</u>	<u>0</u>	<u>0</u>	
Total cash resources	24,894	24,894	24,897	100%
In-kind match	2,768	2,768	2,769	100%
Other in-kind resources	<u>0</u>	<u>0</u>	<u>0</u>	
Total resources	27,662	27,662	27,666	100%
Less total program expenditures	<u>27,662</u>	<u>27,662</u>	<u>27,666</u>	100%
2007-08 federal funds carryover	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	

This page intentionally left blank.

LANE COUNCIL OF GOVERNMENTS
TITLE III-E
SCHEDULE OF AVAILABLE CASH AND NON-CASH RESOURCES
AND PROGRAM EXPENDITURES
For the Year Ended June 30, 2008

	LCOG Aging <u>Admin.</u>	<u>Information</u>	<u>Assistance</u>	<u>Respite</u>
2006-07 federal funds carryover	\$ 0	\$ 0	\$ 0	\$ 0
2007-08 receipts and transfers	16,559	53,948	41,780	43,817
Program income	0	0	0	0
Cash match	5,531	0	0	0
Other cash resources	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total cash resources	22,090	53,948	41,780	43,817
In-kind match	0	18,019	13,955	14,635
Other in-kind resources	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total resources	22,090	71,967	55,735	58,452
Less total program expenditures	<u>22,090</u>	<u>71,967</u>	<u>55,735</u>	<u>58,452</u>
2007-08 federal funds carryover	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

<u>Organization of Support Groups</u>	<u>Supplemental Services</u>	<u>Caregiver Training</u>	<u>Total</u>	<u>Budget</u>	<u>Percent</u>
\$ 0	\$ 0	\$ 0		\$ 0	
7,251	16	2,213	165,584	174,065	95%
0	0	0	0	0	
0	0	0	5,531	5,814	95%
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	
7,251	16	2,213	171,115	179,879	95%
2,422	5	739	49,775	52,325	95%
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	
9,673	21	2,952	220,890	232,204	95%
<u>9,673</u>	<u>21</u>	<u>2,952</u>	<u>220,890</u>	<u>232,204</u>	95%
<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	

**LANE COUNCIL OF GOVERNMENTS
TITLE VII
SCHEDULE OF AVAILABLE CASH AND NON-CASH RESOURCES
AND PROGRAM EXPENDITURES
For the Year Ended June 30, 2008**

	LCOG Elder <u>Abuse</u>	<u>Total</u>	<u>Budget</u>	<u>Percent</u>
2006-07 federal funds carryover	\$ 0	\$ 0	\$ 0	
2007-08 receipts and transfers	6,595	6,595	6,771	97%
Program income	0	0	0	
Cash match	733	733	758	97%
Other cash resources	<u>0</u>	<u>0</u>	<u>0</u>	
Total cash resources	7,328	7,328	7,529	97%
In-kind match	0	0	0	
Other in-kind resources	<u>0</u>	<u>0</u>	<u>0</u>	
Total resources	7,328	7,328	7,529	97%
Less total program expenditures	<u>7,328</u>	<u>7,328</u>	<u>7,529</u>	97%
2007-08 federal funds carryover	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	

This page intentionally left blank.

**LANE COUNCIL OF GOVERNMENTS
OREGON PROJECT INDEPENDENCE
SCHEDULE OF AVAILABLE CASH AND NON-CASH RESOURCES
AND PROGRAM EXPENDITURES
For the Year Ended June 30, 2008**

	LCOG AAA <u>Admin</u>	Home <u>Care</u>	Personal <u>Care</u>	LCOG Home Delivered <u>Meals</u>
2006-07 state carryover	\$ 0	\$ 0	\$ 0	\$ 0
2007-08 OPI funds received	47,880	186,555	73,090	31,492
OPI program income	0	15,289	7,530	1,426
Other cash resources	0	0	0	0
USDA	0	0	0	3,059
	<u>0</u>	<u>0</u>	<u>0</u>	<u>3,059</u>
Total resources	47,880	201,844	80,620	35,977
Less total program expenditures	<u>47,880</u>	<u>201,844</u>	<u>80,620</u>	<u>35,977</u>
2007-08 state carryover	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

ARC Home Delivered <u>Meals</u>	Case <u>Mgmt.</u>	LCOG <u>Total</u>	<u>Budget</u>	<u>Percent</u>
\$ 0	\$ 0	\$ 0	\$ 0	
36,000	73,464	448,481	564,480	79%
0	0	24,245	0	
0	0	0	0	
<u>3,345</u>	<u>0</u>	<u>6,404</u>	<u>6,404</u>	100%
39,345	73,464	479,130	570,884	84%
<u>39,345</u>	<u>73,464</u>	<u>479,130</u>	<u>570,884</u>	84%
<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></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, 2008**

	<u>Accounts Receivable</u>	<u>Deferred Revenue</u>
Community Safety--CENS	\$ 0	\$ 0
Community Safety--Other	45,316	26,355
Corps Metro Waterways	7,500	9,540
Creative Services--Other	5,030	645
Creative Services--Pooled	0	0
Economic Development	38,907	0
GISCPA	21,556	0
GIS Graffiti Database	562	197
GIS--Other	109,887	5,834
GIS Countywide Orthophotography	89,500	89,500
GIS Regional Orthophotography	76,714	83,477
Hearings Official	27,005	0
Hospital Intake Services	113,612	0
Lane Info Center	294	0
Meal Preparation	53,836	0
Metro Coord. Pooled	0	60,722
Metro Open Space Pooled	0	0
Miscellaneous Support to Senior & Disabled Services	6,600	0
Metro Television	1,570	0
Natural Resources Planning	119,033	0
OR Emergency Mgmt and OR State Police	18,829	0
Oregon Planning Institute	157	0
Oregon Project Independence (OPI)	0	0
Public Infrastructure Finance	0	0
Research and Analysis	775	0
Resource Development	5,947	0
RTS Coordination	0	0
RTS--Other	79,215	6,000
S&DS Transportation Assessments	3,834	0
Senior Meals	13,256	0
Senior Connections	23,725	0
Special Agreements	2,755	0
Tax Collections	0	0
Telecommunications Planning	10,607	0
Title III-B	10,246	0
Title III-C-1	0	0
Title III-C-2	0	0
Title III-D	6,108	0
Title III-E	10,721	0
Title VII	0	0
Type B Funds - Senior and Disabled Services	90,414	0

(Continued)

LANE COUNCIL OF GOVERNMENTS
GRANTS AND CONTRACTS
SCHEDULE OF RECEIVABLES AND DEFERRED REVENUE (Continued)
June 30, 2008

	<u>Accounts</u> <u>Receivable</u>	<u>Deferred</u> <u>Revenue</u>
Transportation -- IGAPS & Beltline Travel Modeling	2372	0
Transportation--Oregon Department of Transportation (ODOT)	421,747	0
Transportation - ODOT TGM	35,795	0
Transportation Projects - Misc.	1,879	0
Urban and Regional Planning	106,004	0
USDA	19,315	0
	19,315	0
Total	\$1,580,623	\$282,270

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

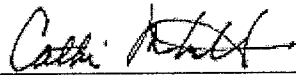
Oregon Administrative Rule (OAR) 162-010-0120 requires certain other financial information considered necessary for full disclosure of the fiscal affairs of Oregon municipal corporations. That other financial information is set forth in OAR 162-010-0130 through 162-010-0190. The basic financial statements, 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, 2008, and the preparation and adoption of its budget for the year ended June 30, 2009.
- 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, 2008 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, 2008 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
November 3, 2008

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, 2008, which collectively comprise Lane Council of Governments' basic financial statements and have issued our report thereon dated November 3, 2008. 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
November 3, 2008



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, 2008. 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, 2008.

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
November 3, 2008

This page intentionally left blank.

**LANE COUNCIL OF GOVERNMENTS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2008**

Federal Grantor/Pass-Through Grantor/Program Title	CFDA No.	Pass-Through Grantor's No.	Estimated Federal Award
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	\$ 392,587
Special Programs for Aging, Title III-C-1	93.045	121729	329,899
Special Programs for Aging, Title III-C-2	93.045	121729	240,216
Special Programs for Aging, Title III-D	93.043	121729	24,897
Special Programs for Aging, Title VII	93.041	121729	6,771
Special Programs for Aging, Title III-E	93.052	121729	174,065
Nutrition Services Incentive Program	93.053	121729	115,952
Food Stamp Administraton, Type B Funds	10.561	121729	445,341
Passed through Oregon Research Institute:			
ORI CAST	93.864	R01HD057839	225,394
Total Department of Health and Human Services			
U.S. Department of Agriculture			
Direct Programs:			
Intermediary Relending Program	10.767	61.01	2,000,000
Intermediary Relending Program	10.767	61.02	1,000,000
Intermediary Relending Program	10.767	61.03	478,000
Intermediary Relending Program	10.767	61.04	400,000
Intermediary Relending Program	10.767	61.05	500,000
Intermediary Relending Program	10.767	61.06	500,000
Total Department of Agriculture			
U.S. Department of Commerce			
Direct Programs:			
EDA Revolving Loan	11.037		500,000
Passed through District 4 Council of Governments:			
Economic Development Administration	11.302		35,056
Economic Development Administration	11.302		35,056
Total Department of Commerce			

¹Loan drawdowns of \$0 plus estimated interest subsidy of \$71,300.

²Loans made to other entities. An additional \$113,000 was disbursed from revolved funds.

³Loan drawdowns of \$0 plus estimated interest subsidy of \$39,200.

Revenues			Expenditures	Receivable/ (Deferred Revenue) at June 30, 2008
Federal	State & Local	Total		
\$ 391,875	\$ 155,666	\$ 547,541	\$ 547,541	\$ 10,246
329,899	263,584	593,483	593,483	0
240,216	822,953	1,063,169	1,063,169	0
24,894	2,768	27,662	27,662	6,108
6,595	733	7,328	7,328	0
165,584	55,306	220,890	220,890	10,721
115,952	0	115,952	115,952	19,315
445,341	445,341	890,682	890,682	36,517
<u>3,659</u>	<u>0</u>	<u>3,659</u>	<u>3,659</u>	<u>3,659</u>
<u>1,724,015</u>	<u>1,746,351</u>	<u>3,470,366</u>	<u>3,470,366</u>	<u>86,566</u>
71,300 ¹	0	71,300	0 ²	N/A
39,200 ³	0	39,200	0 ²	N/A
21,100 ⁴	0	21,100	0 ²	N/A
18,400 ⁵	0	18,400	0 ²	N/A
23,800 ⁶	0	23,800	0 ²	N/A
207,300 ⁷	0	207,300	187,000 ²	N/A
<u>381,100</u>	<u>0</u>	<u>381,100</u>	<u>187,000</u>	<u>0</u>
0	0	0	150,000 ⁸	0
25,517	8,556	34,073	34,073	16,155
<u>7,574</u>	<u>2,524</u>	<u>10,098</u>	<u>10,098</u>	<u>7,574</u>
<u>33,091</u>	<u>11,080</u>	<u>44,171</u>	<u>194,171</u>	<u>23,729</u>

⁴Loan drawdowns of \$0 plus estimated interest subsidy of \$21,100.

⁵Loan drawdowns of \$0 plus estimated interest subsidy of \$18,400.

⁶Loan drawdowns of \$0 plus estimated interest subsidy of \$23,800.

⁷Loan drawdowns of \$187,000 plus estimated interest subsidy of \$20,300.

⁸Loans disbursed of \$150,000.

LANE COUNCIL OF GOVERNMENTS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2008

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:
 - ✓ Aging Cluster: Special Programs for the Aging: Title IIIB (CFDA# 93.044) and Title IIIC (CFDA# 93.045), and Nutrition Services Incentive Program (CFDA #93.053)
 - ✓ Intermediary Relending Program: CFDA #10.767
 - ✓ Food Stamp Administration, Type B Funds: CFDA #10.561
 - ✓ Highway Planning and Construction: CFDA # 20.205
- (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, 2008

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

LANE COUNCIL OF GOVERNMENTS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, Continued
For the Year Ended June 30, 2008

Federal Grantor/Pass-Through Grantor/Program Title	CFDA No.	Pass-Through Grantor's No.	Estimated Federal Award
<u>U.S. Environmental Protection Agency</u>			
Direct Program:			
Wetlands Protection Program	66.461	CD-97041101-0	195,445
Regional Geographic Initiative (RGI)	66.610	X5-96034501-0	30,000
Passed through the Oregon Department of Environmental Quality:			
Lane Regional TMDL Plan	66.460	DEQ#002-05	148,349
TMDL Phase II	66.460	DEQ#064-07	74,972
TMDL Phase III	66.460	DEQ#078-08	58,960
Get the Scoop	66.460	DEQ#010-07	6,952
GWMA Phase II	66.460	DEQ#119-06	116,530
Total Environmental Protection Agency			
<u>U.S. National Endowment for the Humanities</u>			
Passed through Oregon State Library:			
Library Services and Technology Act (CY06)	45.310		21,700
Total National Endowment for the Humanities			
<u>U.S. Department of Transportation</u>			
Passed through State Department of Transportation:			
Transportation Planning--07 MPO-STP	20.205		164,357
Transportation Planning--08 MPO-STP	20.205		943,545
Transportation Planning--08 MPO-PL	20.205		380,745
TGM IGAPS	20.205		54,000
TGM Coburg MLIS	20.205		65,000
TGM Creswell IAMP	20.205		62,300
TGM Junction City TSP Update	20.205		35,000
TGM Yoncalla LSNP	20.205		40,000
Federal Transit Administration	20.505		90,366
Total Department of Transportation			

TOTALS

Federal	Revenues		Expenditures	Receivable/ (Deferred Revenue) at June 30, 2008
	State & Local	Total		
14,549	0	14,549	14,549	0
9,419	0	9,419	9,419	3,455
74,906	0	74,906	74,906	0
10,153	0	10,153	10,153	0
9,184	0	9,184	9,184	9,184
2,673	0	2,673	2,673	0
48,196	0	48,196	48,196	24,684
169,080	0	169,080	169,080	37,323
500	228	728	728	0
500	228	728	728	0
23,070	0	23,070	23,070	19,677
507,678	0	507,678	507,678	297,656
380,745	43,582	424,327	424,327	51,431
1,172	0	1,172	1,172	1,038
12,228	0	12,228	12,228	7,795
19,821	59	19,880	19,880	19,821
13,894	18	13,912	13,912	0
12,429	0	12,429	12,429	8,179
90,366	22,640	113,006	113,006	52,984
1,061,403	66,299	1,127,702	1,127,702	458,581
<u>\$3,369,189</u>	<u>\$1,823,958</u>	<u>\$5,193,147</u>	<u>\$5,149,047</u>	<u>\$606,199</u>

Lane Council of Governments
NOTES TO SCHEDULE OF FEDERAL AWARDS
For the Year Ended June 30, 2008

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, 2008.

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 FEDERAL AWARDS
For the Year Ended June 30, 2008

3. Insurance Coverage:

Insurance in effect during the year ended June 30, 2008 is disclosed in the supplementary information to LCOG's basic financial statements.

4. Loans from the Federal Government:

At June 30, 2008, LCOG owed the U.S. Department of Agriculture \$3,899,587 for loans related to its Intermediary Relending Program. Loan draw downs of \$187,000 are included in federal revenues on the schedule. Interest expense of \$36,744 and principal repayments of \$150,700 are not included on the schedule.

5. Non-Cash Assistance:

A total of \$194,100 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 on the schedule.

LANE COUNCIL OF GOVERNMENTS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2008

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:
 - ✓ Aging Cluster: Special Programs for the Aging: Title IIIB (CFDA# 93.044) and Title IIIC (CFDA# 93.045), and Nutrition Services Incentive Program (CFDA #93.053)
 - ✓ Intermediary Relending Program: CFDA #10.767
 - ✓ Food Stamp Administration, Type B Funds: CFDA #10.561
 - ✓ Highway Planning and Construction: CFDA # 20.205
- (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, 2008

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