

Management Team Resumes

Summary

The management team will be supplied by LCOG and will consist of Milo Mecham and Dan Mulholland. The team brings a wealth of experience in designing, building, and managing broadband systems. This includes the technical aspects of operating a broadband system and the technical aspects of management of a system open to multiple users.

Dan Mulholland has been involved in telecommunications development and operations for more than 20 years. In recent years, Mr. Mulholland has directed the development of the Public Agency Network, a broadband service for ten public agencies in the Eugene Springfield area. The responsibilities include making decisions concerning operations, acquisition of optics to support the system, and consideration regarding upgrading and improving the system. Mr. Mulholland also operates a telephone system providing exchange services for several public agencies including cities and school districts in Lane and Benton counties in Oregon. Mr. Mulholland also worked with other public agencies developing broadband services, providing experienced advice and project management experience.

Milo Mecham worked with Dan Mulholland and the other public agencies to establish the Public Agency network. An attorney, Milo Mecham played a leading role in the creation of the Regional Fiber Consortium. The Consortium was formed by local governments to take advantage of the construction of interstate fiber optic cabling during the dot com boom. In return for construction assistance provided by Mr. Mecham and a waiver of franchise fees by members of the Consortium, the construction companies provided the Consortium with the dark fiber that the Consortium has since used to develop broadband in some of the areas. As staff for the Consortium, Mr. Mecham oversaw two additional fiber construction projects to establish laterals and negotiated two IRU agreements with national telecommunications providers and five IRU fiber leases with local telecommunications providers using Consortium fibers.

Milo Mecham

Lane Council of Governments

859 Willamette Street, Suite 500, Eugene, OR 97401-2910

(541) 682-4023

mmecham@lcog.org

Expertise

- Land use, local government and administrative law
- Quasi-judicial hearings
- Infrastructure development
- Inter-governmental coordination
- Economic development
- Telecommunications policy and operations

Education

Doctor of Jurisprudence, University of Arizona College of Law, Tucson, Arizona, 1987

Doctor of Philosophy, University of Arizona, Tucson, Arizona, 1987 (Political Science)

Master of Arts, University of Arizona, Tucson, Arizona, 1976

Bachelor of Arts, Political Science, Humboldt State University, Arcata, California 1972

Professional Experience

Lane Council of Governments, Eugene, Oregon 1995 - Present

Planning Services Program Manager

- City Attorney, Coburg, Assistant City Attorney Canyonville
- Conduct Land Use and Administrative Hearings
- Work with Local Governments on Funding and Implementation of Infrastructure Projects, including labor standard compliance and grant administration and compliance
- Provide oversight and assistance for Local Government land use applications and code development
- Work with State, Regional and Local Governments on the development and implementation of telecommunications policies, especially involving advanced telecommunications systems
- Work with Local Governments on rights-of-way franchise and cable television related matters
- Provide guidance and assist in the operation of local governments, including Regional Fiber Consortium
- Project Management of construction projects public infrastructure, including fiber installation

Special Assistant Attorney General, ■ 1994

State Accident and Insurance Fund, Salem, Oregon

- Served as Assistant General Counsel for SAIF, handling matters related to operations of SAIF

Associate Attorney ■ 1988 - 1994

Harrang, Long, Gary Rudnick, Eugene, Oregon

- Local Government Law: Counsel for cities including Eugene, Florence, Oakridge, Sutherlin and Brownsville
- Administrative and Land Use Law: represented municipal and private clients
- Commercial Litigation

Judicial Clerk 1987-1988, 1990

Oregon Supreme Court Clerk for Justice Robert Jones 1987-1988

Federal District Court Clerk for Judge Robert Jones 1990 (on leave from Harrang, Long)

Affiliations

Member, Oregon State Bar (#87299); Member, National Association of Telecommunications Officers and Administrators (NATOA); Cascades Pacific Resource Conservation and Development Council Board, Vice President

Selected Publications/Presentations (author or major contributor)

- *Telecommunications Revolution NATOA Journal Spring 2000*
- *“Administrative and Government Law,” 1992 Oregon Legislation, (Oregon CLE, 1991)*

- *Tort Liability of Government Officers and Employees, Chester Antieau and Milo Mecham, Wiley Law Publications (New York, 1990)*
- *“Arizona’s Special Actions: Seeking Relief Through an Extraordinary Maze,” 28 Arizona Law Review 475 (1986)*
- *Assessment of Environmental Impact and Analysis of Control Technologies of Radioactive Materials with Thorium/Uranium 233 Nuclear Fuel Cycles, Roy Post, Principal Investigator. Volume III – Social, Political and Economic Considerations, 1979*

GRANTS ADMINISTRATOR
Oregon District 4 Council of Governments

1975-1976

EDUCATION

M.S., TELECOMMUNICATIONS MANAGEMENT-
Golden Gate University, San Francisco, CA 1985

B.S., University of Oregon, Eugene, OR 1975
Community Service and Public Affairs (Public Administration)

United States Senate
WASHINGTON, DC 20510

August 7, 2009

Lawrence Strickling
Assistant Secretary for Communications and Information
U.S. Department of Commerce/NTIA
1401 Constitution Avenue, NW
Washington DC 20230

Dear Mr. Strickling,

We write to ask that you give full and fair consideration to the Lane Council of Governments (LCOG) request on behalf of the Regional Fiber Consortium (RFC) for funding under the American Recovery and Reinvestment Act of 2009 Broadband Technology Opportunities Program (BTOP). The RFC consists of Lane County and the cities of Veneta, Eugene, Springfield, Lowell, Oakridge, Klamath Falls, Creswell, Cottage Grove, and Drain. If awarded BTOP funding, LCOG proposes to administer the RFC project to bring broadband services to chronically underserved communities in southern and central Oregon.

The fiber optic lines built with this funding will enable telecommunication providers to provide high-speed internet access to critical users such as hospitals and public safety providers, as well as businesses and residents along the fiber routes. The construction and implementation of this project will not only create much needed jobs, but also enhance public safety and spur economic development in high-unemployment areas of Oregon.

We understand that the RFC has been working for nearly a decade on this project, and BTOP funding would provide much needed funding for services to connect disparate communities in southern and central Oregon.

As our nation becomes increasingly dependent upon and interconnected through telecommunication technology, we must ensure that our rural communities are included. The RFC's project provides a great opportunity to do this for many rural Oregon communities.

We ask that you give full and fair consideration to LCOG's request. If you have any questions, please contact Juine Chada in Senator Wyden's Eugene office or Dan Whelan in Senator Merkley's Eugene office.

Sincerely,



RON WYDEN
United States Senator



JEFF MERKLEY
United States

RESOLUTION

REGIONAL FIBER CONSORTIUM Considered June 29, 2009

WHEREAS, the American Recovery and Reinvestment Act of 2009 was passed with funds set aside for the development of improved telecommunications services in the United States, and

WHEREAS, it has been the aim of the Regional Fiber Consortium to improve telecommunications services to the region served by the consortium, which includes Lane County, Klamath County, Douglas County and Coos County.

NOW THEREFORE IT IS RESOLVED BY THE EXECUTIVE COMMITTEE OF THE CONSORTIUM that the Lane Council of Governments, which serves as the management agency for the Consortium and has provided fiscal services to the Consortium as well, in conjunction with the City of Springfield, is authorized to

1. To complete and submit an application on behalf of the Regional Fiber Consortium for ARRA funds;
2. To use as a match requirement and otherwise commit, within the terms of the Consortium's right to use, four optical fibers along those routes where the Consortium has such fibers available and such other resources necessary to complete the project;
3. Where such an arrangement will further the purposes of the Consortium to improve service in its membership areas and otherwise in rural Oregon, to make arrangements, including co-application, with other telecommunicates operators in the region.

LCOG is not authorized to make any commitments on behalf of the Consortium other than those authorized here, and may not pledge, on behalf of the Consortium any assets or monetary payments other than the fibers mentioned in this resolution.

LCOG must keep all members of the Executive Committee informed of discussions and development of the application and may submit an application only after it has been reviewed and approved by the chair of the Consortium, or his delegated representative, who shall not be an LCOG employee.

Considered and adopted this twenty-ninth day of June, 2009.


Faye Stewart, Chair Regional Fiber Consortium



Post Office Box #277
Lake Oswego OR 97034
503.479.6029

Chair Faye Stewart
Regional Fiber Consortium
c/o Lane Council of Governments
850 Willamette St, Suite 500
Eugene, OR 97401

Dear Chair Stewart:

The Oregon Health Network OHN was formed in 2008 following an award from the Federal Communications Commission Rural Healthcare Pilot Program to build a telehealth network throughout the state of Oregon to support and improve health care delivery and health care education. One of the major tasks of OHN is to build an interconnected network of health care providers across the state. OHN is currently in the midst of a process to purchase services for qualified medical facilities across the state.

The strict non-disclosure rules prevent a detailed discussion in this letter, but the anticipated grant application by the Lane Council of Governments (LCOG) on behalf of the Consortium presents an exciting prospect for extending the benefits of connectivity to several medical facilities that are not eligible for the subsidies offered by OHN. OHN may also be working to develop services to some of the medical facilities that have been targeted by the Consortium grant application.

Competitive high-capacity broadband service availability is important to OHN. Hopefully, the Consortium will contribute to that availability.

The LCOG grant, on behalf of the Consortium, is a project that will advance and supplement the work of OHN by, at a minimum, providing the potential of access to OHN for medical facilities that are not eligible for the subsidies available through OHN. We encourage you to move forward with your application and look forward to working with you to promote the shared goal of better communication services for all medical facilities.

Sincerely,

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Kim Lamb
Executive Director
Oregon Health Network



The Klamath Tribes

August 7, 2009

Faye Stewart
Chair, Regional Fiber Consortium

Dear Chair Stewart:

The Klamath Tribes sees the benefit from improved broadband service and is very interested in the Regional Fiber Consortium's proposal to develop a Middle Mile project in Chiloquin. We look forward to working with the Consortium to advance its goals to improve broadband services in Chiloquin. The Tribes cannot endorse one potential provider of services over any other, but is in favor of broadband competition and the extension of broadband services to areas that currently lack such services. Because Chiloquin has areas of need, we look forward to the opportunity that the Regional Fiber Consortium's proposal would bring to the community.

The Tribes is very interested in providing space in our Administration Building for internet access for our membership. Adding broadband service would assist in our business center and would better serve our membership by providing them with access to employment and educational opportunities. We would provide this space for a 5yr term which amounts to approximately \$12,000 worth of rental space if this grant is successful.

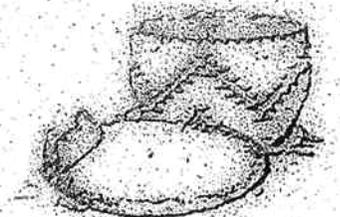
If you have any questions, please contact Troy Haney, extension 205. We look forward to hearing from you on this project.

Sincerely,

Joseph Kirk, Chairman
The Klamath Tribes

pc: Kathleen Mitchell, General Manager
Kathy Rich, Administrative Officer
Troy Haney, IS Network Administrator

501 Chiloquin Blvd. - P.O. Box 436 - Chiloquin, Oregon 97624
(541) 783-2219 - Fax (541) 783-2029





August 10, 2009

Douglas Fast Net
Todd Way
1981 NE Stephens St
Roseburg, OR 97470

Regional Fiber Consortia
Milo Mecham
99 E. Broadway, Suite 400
Eugene, OR 97401-3111

Mr. Mecham,

Douglas Fast Net is pleased to join with the Regional Fiber Consortium in responding to the Broadband Technology Opportunity Program RFP. Our mission has always been to provide Douglas County with advanced communication services. DFN is a wholly owned subsidiary of Douglas Electric Cooperative, a member owned electrical utility serving rural Douglas County and small portions of Lane and Coos County. We currently provide service to 8 school districts, the Douglas ESD, Douglas County, the State of Oregon, Mercy Hospital, Douglas County Independent Physicians Association, numerous telecom carriers, and a wide variety of local businesses and non-profit agencies. If successful with this RFP, we will be able to provide advanced services into 6 additional communities with Douglas County.

As the planned operating company of the Douglas County fiber assets constructed with BTOP funds, DFN will pledge the right of usage of 2 strands of DFN fiber between the consortia vault located in Melrose, Oregon into Winston to connect to the new fiber to be constructed from Winston into Myrtle Creek, Tri City, Riddle, Canyonville and finally into Days Creek. DFN will also pledge 2 strands of fiber between the Melrose consortia vault to be connected to the new fiber to be constructed north from Wilbur up into Sutherlin and Oakland as well. DFN will also connect the newly constructed fiber to the existing DFN fiber network operating within Douglas County as part of the operating agreement. DFN understands and intends to comply with all of the rules and regulations associated with this RFP.

Please feel free to contact me at (541) 673-4242 if you have any questions. Thank you for the opportunity to join forces on this response.

Sincerely,

A handwritten signature in black ink that reads "Todd Way". The signature is written in a cursive, flowing style.

Todd Way
Manager of Douglas Fast Net



Memorandum

City of Eugene
100 West 10th, Suite 450
Eugene, Oregon 97401
(541) 682-5070
www.eugene-or.gov

Date: August 18, 2009
To: Faye Stewart, Chair, Regional Fiber Consortium
From: Randy Kolb, City of Eugene
Subject: Lighting the Fiber Project

Dear Chair Stewart:

The City of Eugene looks forward to a partnership with LCOG and the Consortium in the development of the Regional Fiber Consortium Lighting the Fiber project. The project plan to bring fiber optic connections to the Eugene fire stations, to the Peterson Barn Community Center and to the City's new police headquarters will enhance the city's services. The project plan to make a fiber optic connection to schools in the Bethel district and to connect the medical clinics and facilities into a single network are also goals shared by the City of Eugene, since it will help make our community a more wired and therefore more livable community.

Most important to the City is the redundant fiber path to the city's new Police headquarters. The City is prepared to commit \$200,000 to the Lighting the Fiber project to facilitate the construction to the police headquarters and the other city facilities.

We look forward to partnering with LCOG on this important project.

Sincerely,
Randy Kolb
City of Eugene Information Services Director



Eugene Water & Electric Board

500 East 4th Avenue/Post Office Box 10148
Eugene, Oregon 97440-2148
(541) 484-2411
www.eweb.org

August 17, 2009

Faye Stewart
Chair, Regional Fiber Consortium
Lane County Board of Commissioners
125 East 8th Avenue
Eugene, OR 97401

Dear Chair Stewart:

The Eugene Water & Electric Board (EWEB) looks forward to a partnership with Lane Council of Governments (LCOG) and the Consortium in the development of the Regional Fiber Consortium Lighting the Fiber project. EWEB has made a significant investment in the development of its fiber optic infrastructure throughout Eugene. This system connects most of the public schools in the city, serves as a vital part of the Public Agency Network, and provides connectivity to several medical facilities. EWEB looks forward to working with LCOG to extend this network to the remaining unconnected schools and other public facilities and to the many medical clinics and offices planned by the project. This project will be a welcome extension of EWEB's fiber service area.

We look forward to partnering with LCOG on this important project.

Sincerely,

Dean Ahlsten
Systems Engineering &
Substation Reliability Manager

Rely on us.



SPRINGFIELD UTILITY BOARD

MAIN OFFICE 250 A Street, PO Box 300 Springfield, OR 97477-0077 Tel 541.746.8451 Fax 541.746.0230 www.subutil.com

August 17, 2009

Faye Stewart
Chair, Regional Fiber Consortium

Dear Chair Stewart:

The Springfield Utility Board looks forward to working with LCOG and the Consortium in the development of the Regional Fiber Consortium "Lighting the Fiber" project. SUB has made a significant investment in the development of a fiber optic system throughout Springfield, Oregon. This system connects most of the public schools in the city, and is part of the Public Agency Network. SUB has already connected some of the medical facilities in Springfield, and looks forward to assisting as this network is extended to other important medical sites in Springfield.

SUB looks forward to working with LCOG to extend this network to the remaining unconnected schools and other public facilities and to the many medical clinics and offices planned by the project. This project will be a welcome addition to SUB's fiber service.

We look forward to partnering with LCOG on this important project.

Sincerely,

A handwritten signature in black ink, appearing to read 'Jeff Nelson', is written over a light blue horizontal line.

Jeff Nelson
Director of Resource Management
Springfield Utility Board

cc: Bob Linahan

City of Canyonville

Pioneers of the Past

250 N. Main Street
PO Box 765
Canyonville, OR, 97417

Pioneers of the Future

Ph (541) 839-4258
Fax (541) 839-4680
emailcity@cityofcanyonville.com

August 5, 2009

Faye Stewart
Chair, Regional Fiber Consortium

Dear Chair Stewart;

The City of Canyonville can benefit from improved broadband service. The City is very interested in the Regional Fiber Consortium's proposal to develop a Middle Mile project in Canyonville and the City looks forward to working with the Consortium to advance its goals to improve broadband services in Canyonville. The City cannot endorse one potential provider of services over any other, but the City is in favor of broadband competition and the extension of broadband services to areas that currently lack such services. Because Canyonville has areas of need, we look forward to the opportunity that the Regional Fiber Consortium's proposal would bring to the city.

Sincerely,

Frank Braudt
City Council President



Faye Stewart, Chairman
Regional Fiber Consortium

August 5, 2009

Re: Regional Fiber Consortium Proposal

Dear Chairman Stewart,

The City of Drain can benefit from improved broadband services. The City is very interested in the Regional Fiber Consortium's proposal to develop a "middle mile" project in Drain and the City looks forward to working with the Consortium to advance its goals to improve broadband services in Drain. The City cannot endorse one potential provider of services over any other, but the City is in favor of broadband competition and the extension of broadband services to areas that currently lack such services. Because Drain has areas of need, we look forward to the opportunity that the Regional Fiber Consortium's proposal would bring to our community.

Sincerely,

Carl A. Patenode, City Administrator

cc: Milo Mecham, LCOG via fax: (541) 682-2635



Western Independent Networks, Inc. 8050 SW Warm Springs Street, Suite 200, Tualatin, OR 97062 503-612-4421- voice 503-612-4401- fax

August 14, 2009

RE: Letter of Support for Lane Council of Government Broadband grant application

To Whom It May Concern:

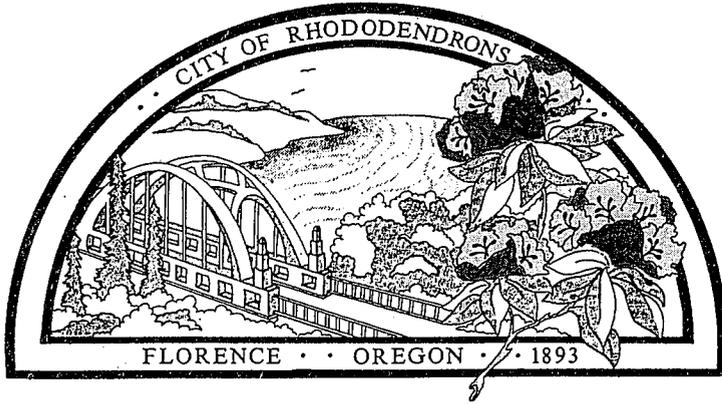
Western Independent Networks, Inc. (WIN) is writing in support of the Lane Council of Governments (LCOG) and endorses their grant proposal. LCOG has worked for many years to utilize their network of connectivity to the towns and communities around Eugene, OR. LCOG has not had the funding to complete the connectivity to all of the communities involved.

The Broadband Stimulus program is an opportunity for the LCOG communities to be able to connect. Therefore, WIN fully stands behind LCOG and endorses their proposal and encourages its funding.

Sincerely,

A handwritten signature in black ink that reads "Frank D. Richter".

Frank D. "Skip" Richter
CEO/President



City of Florence

City Manager's Office

250 Highway 101
Florence, OR 97439-7628

Voice/TDD: (541) 997-3437
FAX: (541) 997-6814

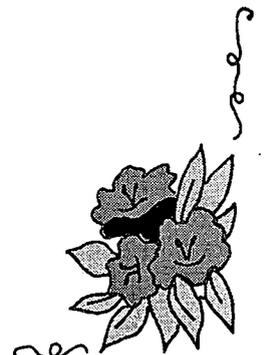
Faye Stewart
Chair, Regional Fiber Consortium

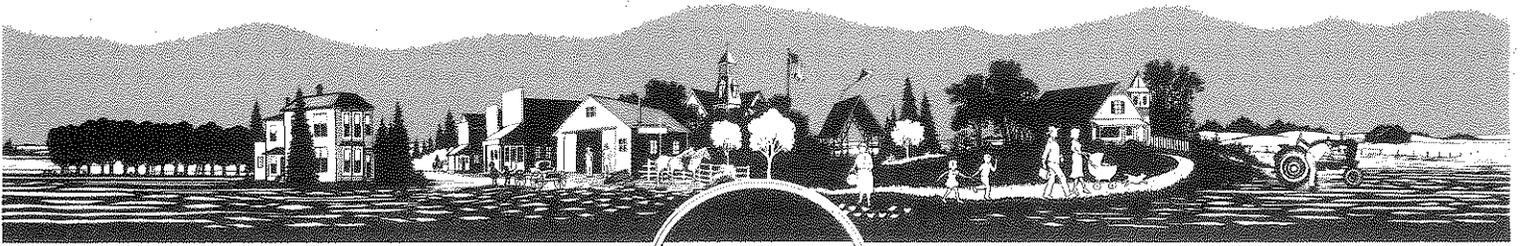
Dear Chair Stewart:

The City of Florence can benefit from improved broadband service. The City is very interested in the Regional Fiber Consortium's proposal to develop a Middle Mile project in Florence and the City looks forward to working with the Consortium to advance its goals to improve broadband services in Florence. The City cannot endorse one potential provider of services over any other, but the City is in favor of broadband competition and the extension of broadband services to areas that currently lack such services. Because Florence has areas of need, we look forward to the opportunity that the Regional Fiber Consortium's proposal would bring to the City.

Thank you,

Robert S. Willoughby
City Manager





CITY OF COBURG • P.O. BOX 8316 • COBURG



OREGON 97408 • 541-682-7850 FAX 541-485-0655

August 5, 2009

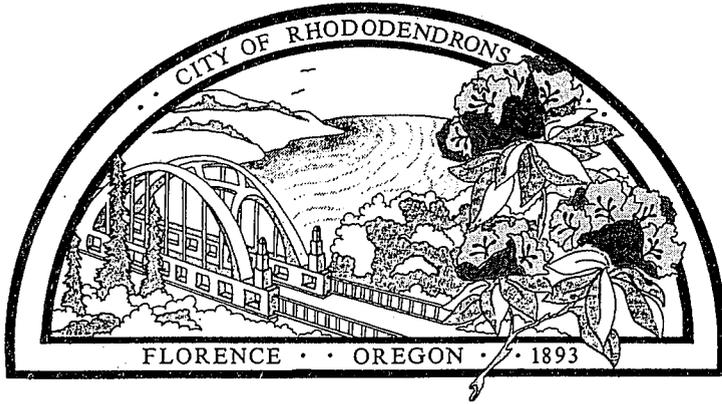
Faye Stewart
Chair, Regional fiber Consortium

Dear Chair Stewart;

The City of Coburg can benefit from improved broadband service. The City is very interested in the Regional Fiber Consortium's proposal to develop a Middle Mile project in Coburg and the City looks forward to working with the Consortium to advance its goals to improve broadband services in Coburg. The City cannot endorse one potential provider of services over any other, but the City is in favor of broadband competition and the extension of broadband services to areas that currently lack such services. Because Coburg has areas of need, we look forward to the opportunity that the Regional Fiber Consortium's proposal would bring to the City.

Thank you.

Donald R. Schuessler
City Administrator



City of Florence

City Manager's Office

250 Highway 101
Florence, OR 97439-7628

Voice/TDD: (541) 997-3437
FAX: (541) 997-6814

Faye Stewart
Chair, Regional Fiber Consortium

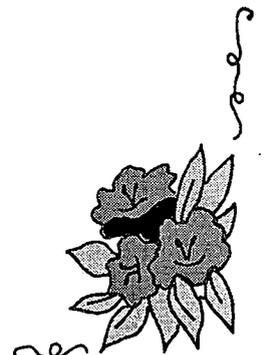
Dear Chair Stewart:

The City of Florence can benefit from improved broadband service. The City is very interested in the Regional Fiber Consortium's proposal to develop a Middle Mile project in Florence and the City looks forward to working with the Consortium to advance its goals to improve broadband services in Florence. The City cannot endorse one potential provider of services over any other, but the City is in favor of broadband competition and the extension of broadband services to areas that currently lack such services. Because Florence has areas of need, we look forward to the opportunity that the Regional Fiber Consortium's proposal would bring to the City.

Thank you,

A handwritten signature in black ink, consisting of a large, stylized 'R' followed by a horizontal line that extends to the right.

Robert S. Willoughby
City Manager



Eugene Service Area Census Blocks

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DISCLOSURE OF LOBBYING ACTIVITIES

Complete this form to disclose lobbying activities pursuant to 31 U.S.C. 1352

Approved by OMB

0348-0046

(See reverse for public burden disclosure.)

1. Type of Federal Action: <input type="checkbox"/> a. contract <input checked="" type="checkbox"/> b. grant c. cooperative agreement d. loan e. loan guarantee f. loan insurance	2. Status of Federal Action: <input checked="" type="checkbox"/> a. bid/offer/application b. initial award c. post-award	3. Report Type: <input checked="" type="checkbox"/> a. initial filing b. material change For Material Change Only: year _____ quarter _____ date of last report _____
4. Name and Address of Reporting Entity: <input checked="" type="checkbox"/> Prime <input type="checkbox"/> Subawardee Tier _____, if known: Lane Council of Governments 859 Willamette St., Suite 500 Eugene, OR 97401 Congressional District, if known:	5. If Reporting Entity in No. 4 is a Subawardee, Enter Name and Address of Prime: Congressional District, if known:	
6. Federal Department/Agency: US Dept. of Commerce, NTIA	7. Federal Program Name/Description: Broadband Technology Opportunities Program CFDA Number, if applicable: <u>11.557</u>	
8. Federal Action Number, if known:	9. Award Amount, if known: \$	
10. a. Name and Address of Lobbying Registrant <i>(if individual, last name, first name, MI):</i> None	b. Individuals Performing Services <i>(including address if different from No. 10a)</i> <i>(last name, first name, MI):</i> None	
11. Information requested through this form is authorized by title 31 U.S.C. section 1352. This disclosure of lobbying activities is a material representation of fact upon which reliance was placed by the tier above when this transaction was made or entered into. This disclosure is required pursuant to 31 U.S.C. 1352. This information will be reported to the Congress semi-annually and will be available for public inspection. Any person who fails to file the required disclosure shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such failure.	Signature: <u>M. b. Mechan for George Klaepfel</u> Print Name: <u>M. b. Mechan for George Klaepfel</u> Title: <u>Executive Director</u> Telephone No.: <u>541-682-4395</u> Date: <u>8/19/09</u>	
Federal Use Only:		Authorized for Local Reproduction Standard Form LLL (Rev. 7-97)

ATTACHMENT E – PROJECT PLAN (KEY PHASES AND MILESTONES TO DEMONSTRATE DEGREE OF COMPLETION)

- Use the following table to list the major network build-out phases and milestones that can demonstrate that your entire project will be substantially complete by the end of Year 2 and fully complete by the end of Year 3. This is to be done at the aggregate level (combining all proposed funded service areas.)
- Indicate how the milestones listed below will demonstrate these completion objectives. The applicant should consider such project areas as: a) network design; b) securing all relevant licenses and agreements; c) site preparation; d) equipment procurement; e) inside plant deployment; f) outside plant deployment; g) equipment deployment; h) network testing; i) network complete and operational. The applicant may provide any other milestones that it believes showcase progress.
- Project inception (Year 0) starts at the date when the applicant receives notice that the project has been approved for funding.
- In the table, provide any information (e.g., facts, analysis) to: a) demonstrate the reasonableness of these milestones; b) substantiate the ability to reach the milestones by the quarters indicated.
- On a separate sheet, describe the key challenges, if any, to a timely completion of the project, including any applicable mitigation plans.

Time Period	Quarter	List All Relevant Milestones	Support for Reasonableness/Data Points
Year 2009	4-	<ul style="list-style-type: none"> • Complete RFP for system operator, Klamath Falls to Eugene portion 	<ul style="list-style-type: none"> • Necessary step prior to network design, so network fits operational needs of operator. Lane Council of Governments has extensive experience with RFP processes. 170 miles of backbone fiber is already constructed and Rural Fiber Consortium has agreed to provide the facilities.
2010	Qtr. 1	<ul style="list-style-type: none"> • Construction Begins fiber optic facilities 	<ul style="list-style-type: none"> • First will be Springfield laterals will be done by City owned electric utility, they are ready to go. Utility has experience and time to perform the work. Work consists of short laterals off of existing backbone. Backbone has ample excess capacity.
	Qtr. 2	<ul style="list-style-type: none"> • Lateral bid documents prepared for all year 1 fiber builds (which excludes half of Douglas County and Eugene to Klamath Falls); procurement completed 	<ul style="list-style-type: none"> • Will be performed by Douglas Fast Net and contracted engineers, so there is enough labor to have these out to bid or released to crews in 6 months. LCOG has two experienced outside plant designers under contract today. Potential slowdown is procuring pole attachment agreements and dealing

Time Period	Quarter	List All Relevant Milestones	Support for Reasonableness/Data Points
		<ul style="list-style-type: none"> • Select operator, Eugene-Klamath Falls • Finalize site selection, Interconnection Site 	<p>with any pole issues (loading, clearances, etc), and also time consuming are working details of building entrances with each site</p> <ul style="list-style-type: none"> • Expect two responses, LS Networks or Western Independent Networks. Both have experience as operators of long haul fiber networks. • It is expected to be at the existing regional data center; there is support from the managers to locate there. There are alternative sites.
	Qtr. 3	<ul style="list-style-type: none"> • Complete Network Design (Douglas Fast Net), for all Douglas County sites • Complete lateral and network design, Eugene • Complete site arrangements, huts, on Eugene to Klamath Route • Complete Network Design Eugene-Klamath Falls • Complete design, bid documents, interconnection site • Contractual Agreement for operator, Eugene to Klamath Falls 	<ul style="list-style-type: none"> • Design continues current DFN design, not "green field". Primarily outside plant design. DFN, being an electric utility, has the resources and knowledge to perform this work. • Will take several months given constrained EWEB resources. • Need to complete during good weather. Initial contacts, and existing contracts, assure us that we will have sites. • Winning operator reviews design for fit with services and network operations. • Will use existing architect contract for Lane County, the site owner. • All the necessary components should be complete
	Qtr. 4		
	Qtr. 1	<ul style="list-style-type: none"> • Procure equipment (Eugene to Klamath Falls) 	<ul style="list-style-type: none"> • Most likely that equipment will be of same type as used by selected operator on other routes. Will be a request for bid process, unless purchased off existing

Time Period	Quarter	List All Relevant Milestones	Support for Reasonableness/Data Points
Year 2			public sector competitive procurement.
	Qtr. 2	<ul style="list-style-type: none"> • Construction complete, interconnect site • Year 1 fiber optic backbone and laterals complete 	<ul style="list-style-type: none"> • Involves no outside construction; is interior remodel; 6 months to complete should be adequate. • 9 months to complete after bid award should be adequate given past experience. Springfield Utility Board facilities will be completed months earlier. Allows time for procurement and build within normal EWEB process. Douglas Fast Net has connected many sites with fiber, over 100 for medical alone. They have the skills and experience to complete the work.
	Qtr. 3	<ul style="list-style-type: none"> • Begin build , laterals, Eugene to Klamath Falls • Install optics on all year 1 laterals 	<ul style="list-style-type: none"> • Delayed from first quarter-best to wait for decent weather on high plateau. Allow a few weeks for each community, so supervising engineer can watch each installation. • These are technically simple, and physically small, “pizza box” devices. Summer is the preferred time to connect schools, though some will need to be during other vacations.
	Qtr. 4	<ul style="list-style-type: none"> • Complete year 2 fiber optic laterals, backbone facilities • Install optics, balance of project; all sites operational (except Eugene to Klamath Falls, including Chiloquin and Chemult) 	<ul style="list-style-type: none"> • Infrastructure, fiber in place, installation of optics is a one month project, allowing for some problems • Planning Douglas Fast Net build over two years. Should be adequate given utility resources. Eugene to Klamath Falls also will be completed in year two, allowing the contracted engineers to concentrate on discrete portions, rather than an “all at once” build. • Allows time for WDM network review before installation. Eugene Water and Electric Board has a decade of experience with wave division multiplexing systems. The rest of the optical installations are

Time Period	Quarter	List All Relevant Milestones	Support for Reasonableness/Data Points
			<p>relatively simple switches with optics.</p> <ul style="list-style-type: none"> • Same project manager and utilities designed and deployed public agency network (Eugene/Springfield) in 18 months.
Year 3	Qtr. 1	<ul style="list-style-type: none"> • Eugene to Klamath Falls Operational, backbone, laterals, backbone and access optics 	<ul style="list-style-type: none"> • Eugene to Klamath Falls involves a new relationship, more construction work, involves use of amplifiers, and therefore is likely to be the last milestone reached. Expected to be the longest elapsed time on the project.
	Qtr. 2		
	Qtr. 3		
	Qtr. 4		

ATTACHMENT E (CONTINUED) – BUILD-OUT TIMELINE

Complete the following schedule for each proposed funded service area (or, if a middle mile project, for each last mile service area) to indicate the planned build-out in terms of: 1) the requested infrastructure funds; and 2) the entities passed. Entities passed include households, businesses, and "strategic institutions" comprised of critical community facilities, community anchor institutions, and public safety entities. In addition, please complete a separate schedule that aggregates all projected broadband subscribers within the proposed funded service area (or if a middle mile project, for each last mile service area). For BIP only, please include this information for the non-funded service areas as well.

Service Area A	[Fill Name]																				
	YEA R 0	YEAR 1				YEAR 2				YEAR 3				YEAR 4				YEAR 5			
		Qtr. 1	Qtr. 2	Qtr. 3	Qtr. 4																
Infrastructure Funds																					
Infrastructure Funds Advanced (estimate)																					
Percentage of Total Funds																					
Entities Passed & %																					
Households																					
Percentage of Total Households																					
Businesses																					
Percentage of Total Businesses																					
Strategic Institutions (Comm. Anchor, Public Safety, etc)																					
Percentage of Total Institutions																					

See attached pages, by service area.

YR 0

YEAR 1

YEAR 2

YEAR 3

YEAR 4

Q 1

Q 2

Q 3

Q 4

Florence

-

Funds Advanced

-

-

-

316,797

-

-

-

-

-

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-

-

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316,797

Percentage Total Funds

3.02%

Strategic Inst

0

0

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8

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0

% total Institutions

7.21%

Junction City

Funds Advanced

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411,840

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411,840

Percentage Total Funds

3.93%

Strategic Inst

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% total Institutions

4.50%

Veneta

Funds Advanced

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400,047

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400,047

Percentage Total Funds

3.81%

YR 0 YEAR 1 YEAR 2 YEAR 3 YEAR 4

Q 1 Q 2 Q 3 Q 4 Q 1 Q 2 Q 3 Q 4 Q 1 Q 2 Q 3 Q 4 Q 1 Q 2 Q 3 Q 4

Drain																	-
Funds Advanced	-	-	-	112,500	-	-	-	-	-	-	-	-	-	-	-	-	112,500
Percentage Total Funds			1.07%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Strategic Inst % total Institutions	0	0	0	3	0	0	0	0	0	0	0	0	0	0	0	0	0
			2.70%														
Sutherlin																	-
Funds Advanced	-	-	-	-	-	-	-	301,232	-	-	-	-	-	-	-	-	301,232
Percentage Total Funds								2.87%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Strategic Inst % total Institutions	0	0	0	0	0	0	0	12	0	0	0	0	0	0	0	0	0
								10.81%									
Lowell																	-
Funds Advanced	-	-	-	-	-	-	-	-	44,977	-	-	-	-	-	-	-	44,977
Percentage Total Funds									0.43%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Strategic Inst % total Institutions	0	0	0	0	0	0	0	0	2	0	0	0	0	0	0	0	0
									1.80%								

DETAIL OF PROJECT COSTS

PLEASE COMPLETE THE TABLE BELOW FOR THE DIFFERENT CATEGORIES OF EQUIPMENT THAT WILL BE REQUIRED FOR COMPLETING THE PROJECT. EACH CATEGORY SHOULD BE BROKENDOWN TO THE APPROPRIATE LEVEL FOR IDENTIFYING UNIT COST

<i>Service Area or Common Network Facilities</i>	Eligibility	Unit Cost	No. of Units	Total Cost	Support of reasonableness
NETWORK AND ACCESS EQUIPMENT					
Switching					
Transport	Distribution Pops				
	Eugene, Lowell, Oakridge, Chemult, Chiloquin, Klamath Falls, Myrtle Creek, Days Creek, Sutherlin, Wilbur, Oakland	104,885	11	1,153,735	Based on engineering study, with 2 Gibabit Ethernet backbone, local nodes. Path length 180 miles, requires long haul optics, Eugene to Klamath Falls. 10 Gig backbone for Douglas County sites
Access	Gig E Switches Cisco ME 3400, passive optics, CWDM where required	6,110	61	372,700	Based on price comparisons for typical access devices. Costs vary based upon configuration
Other					
OUTSIDE PLANT					
Cables	Backbone systems				
	Klamath Falls-Eugene 4 strands			913,440	
	Melrose-Eugene 4 strands			448,800	
	Lowell-Willamette Pass 2 strands			105,600	
	Melrose-Winston 4 strands			73,930	
	Oakland-Sutherlin 2 strands			39,600	
	Interconnection Site-Qwest IntraLATA POI 8 strands			38,400	

DETAIL OF PROJECT COSTS

<i>Service Area or Common Network Facilities</i>	Eligibility	Unit Cost	No. of Units	Total Cost	Support of reasonableness
				72,000	
		Eugene to Coburg 2 strands Laterals and backbone, minimum 24 strands, including fiber and related materials, termination, testing and backbone splicing. Mostly aerial, includes some underground duct in some cases			Based upon Douglas Electric Co- op, Eugene Water and Electric Board, Springfield Utility Board and independent consultant calculations and estimates.
		48,425	107	5,181,471	
Conduits		Included above			
Ducts		Included above			
Poles		None required			
Towers		None required			
Repeaters					
Other					
BUILDINGS					
New Construction					
Pre Fab Huts		For Eugene to Klamath Falls		114,000	3 342,000
Improvements and Renovations		For Interconnect Site		904	1045 944,914
					Includes racks, electrical, etc Based on \$1000 per square foot data center construction cost
Site Costs-Oakridge					18,000
Space Costs Klamath Tribes					12,000
CUSTOMER PREMISES					
EQUIPMENT					
Modems					
Set Top Boxes					
Inside Wiring		User responsibility			
Other					

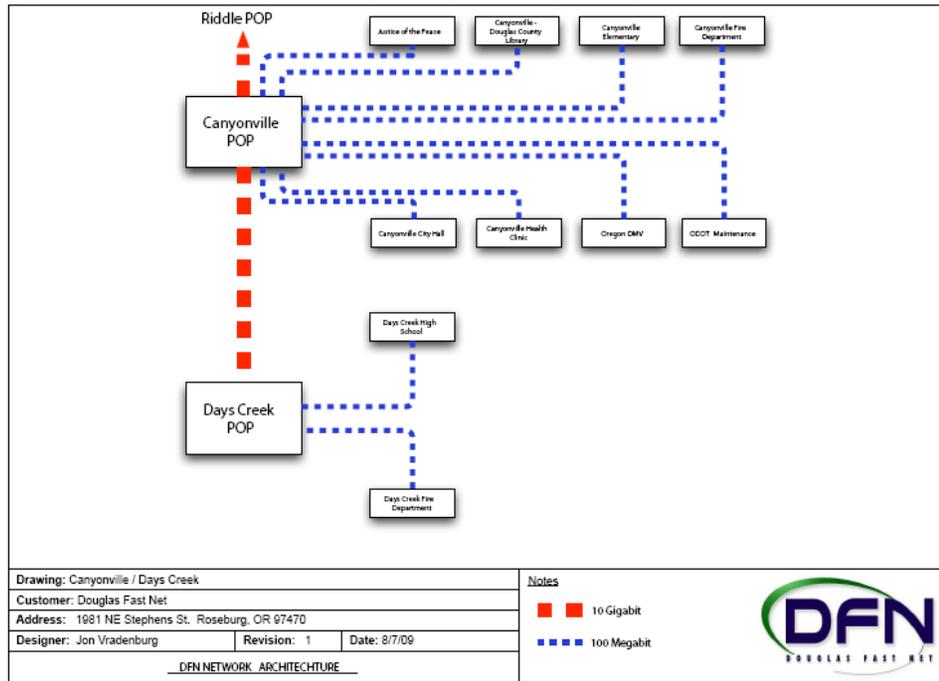
DETAIL OF PROJECT COSTS

<i>Service Area or Common Network Facilities</i>	Eligibility	Unit Cost	No. of Units	Total Cost	Support of reasonableness
BILLING SUPPORT AND OPERATIONAL SUPPORT SYSTEMS					
Billing Support Systems	None required				
Customer Care Systems	None required				
Other Support	None required				
OPERATING EQUIPMENT					
Vehicles	None required				
Office Equipment Furniture	None required				
Other	None required				
PROFESSIONAL SERVICES					
Engineering Design		107	4000	426,715	Based upon costs to prepare bid specifications, evaluate responses, supervise construction and installation. Hourly rate varies.
Project Management Consulting	None required	82	3690	302,400	Based on estimated hours, principal LCOG staff and support costs
Staff Support				15,000	
TESTING					
Network Elements	None required				
IT System Elements	None required				
User Devices	None required				
Test Generators	None required				
Lab Furnishings	None required				

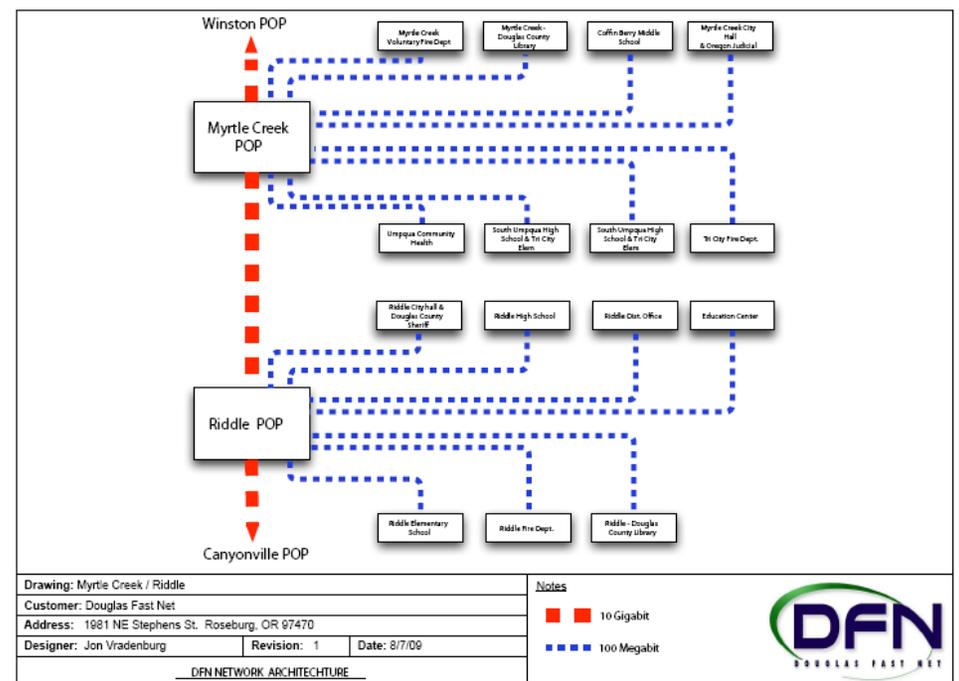
DETAIL OF PROJECT COSTS

<i>Service Area or Common Network Facilities</i>		Eligibility	Unit Cost	No. of Units	Total Cost	Support of reasonableness Based upon equipping classroom with PC's, software, network, printer
Servers/computers	For Klamath Tribal Headquarters		1,853	15	27,800	
OTHER UPFRONT COSTS						
Site Preparation	Included with Huts					
Other						
Total					10,488,505	

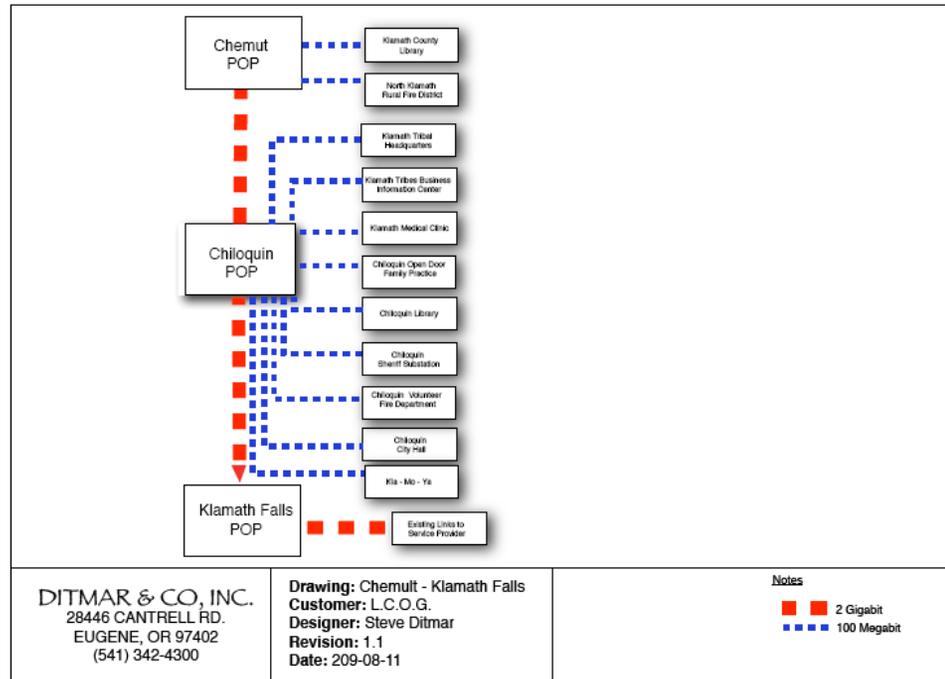
Regional Fiber Consortium Lighting the Fiber Project - Canyonville to Days Creek leg



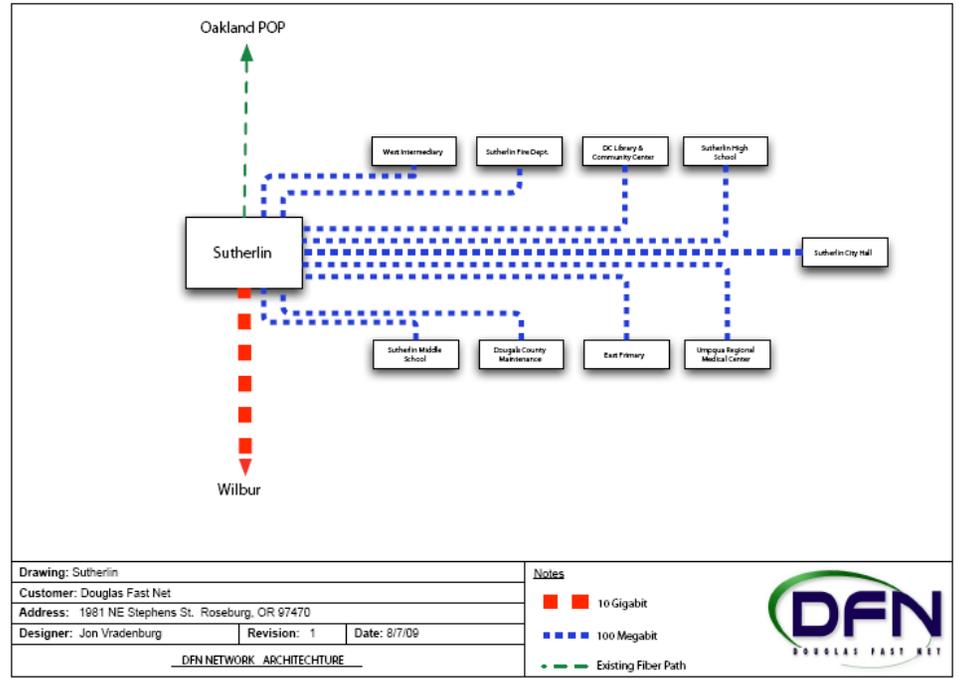
Regional Fiber Consortium Lighting the Fiber Project - Myrtle Creek to Riddle leg

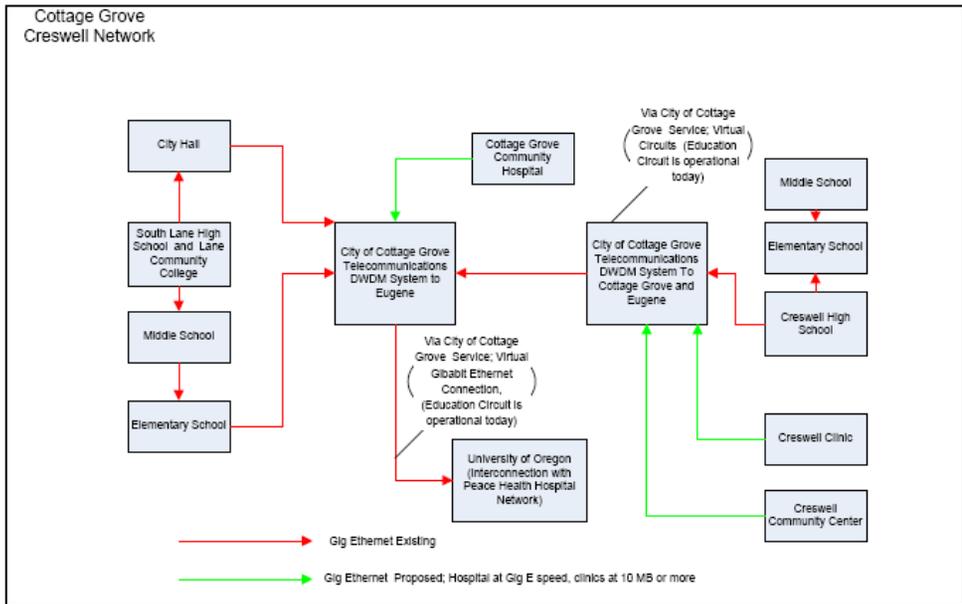


Regional Fiber Consortium Lighting the Fiber Project - Chemult to Klamath Falls leg

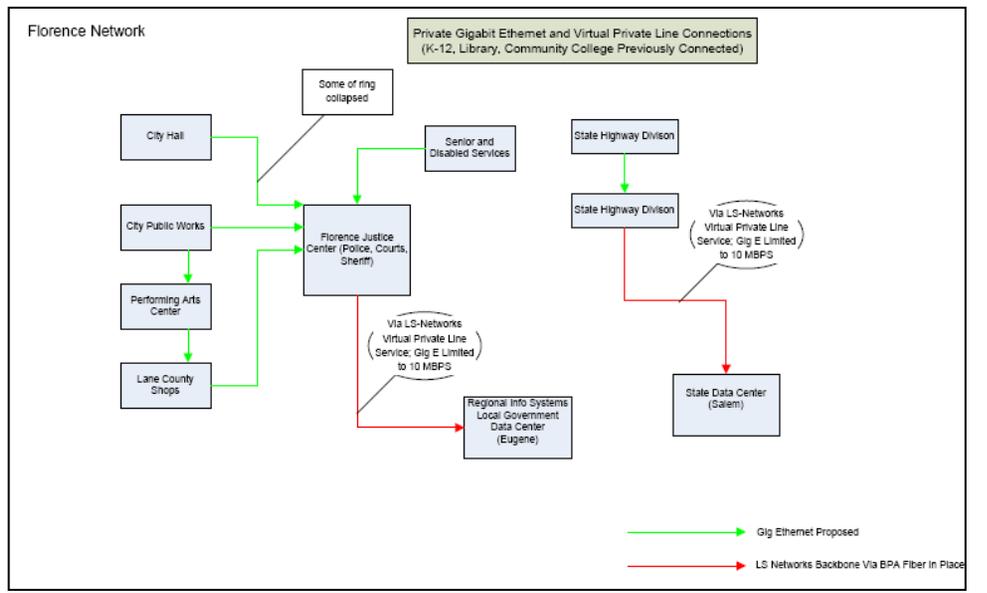
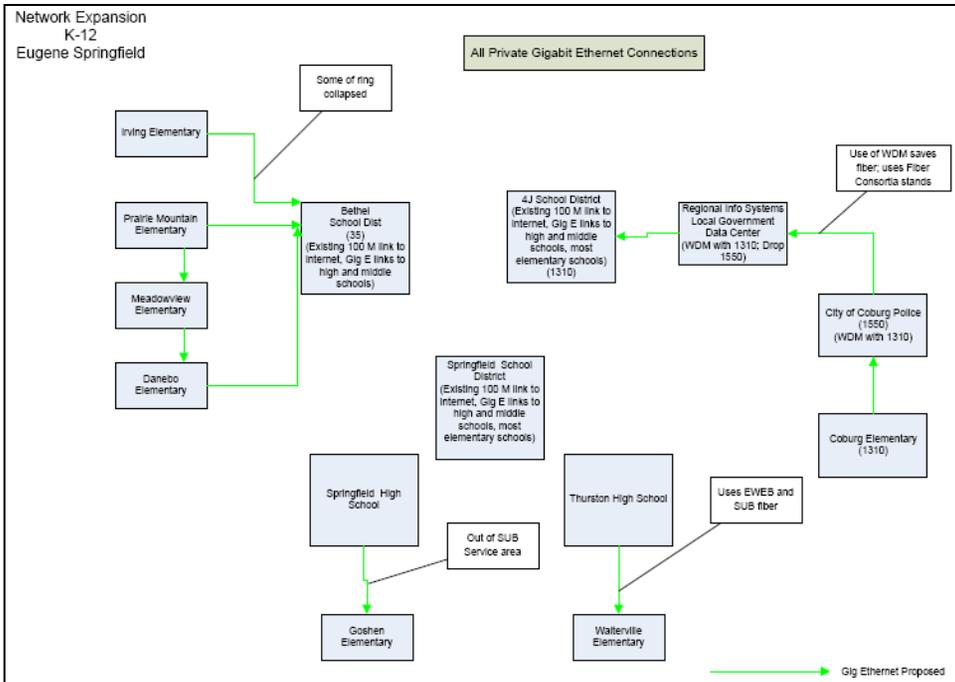
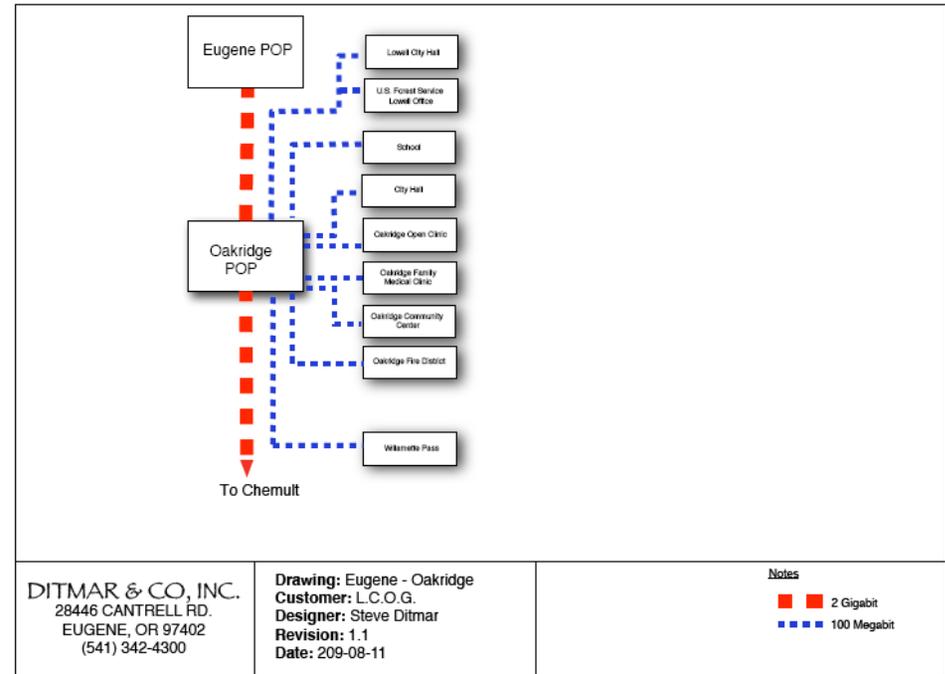


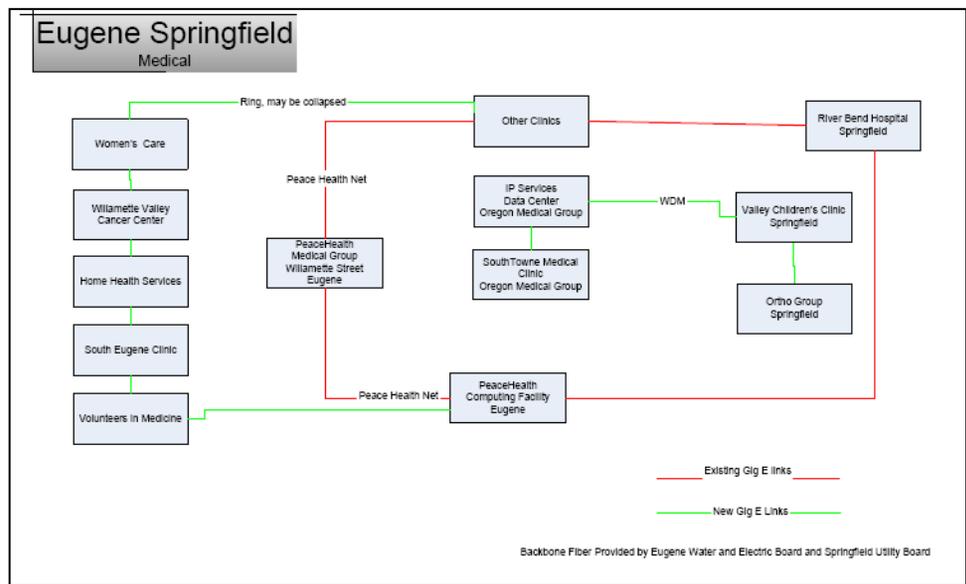
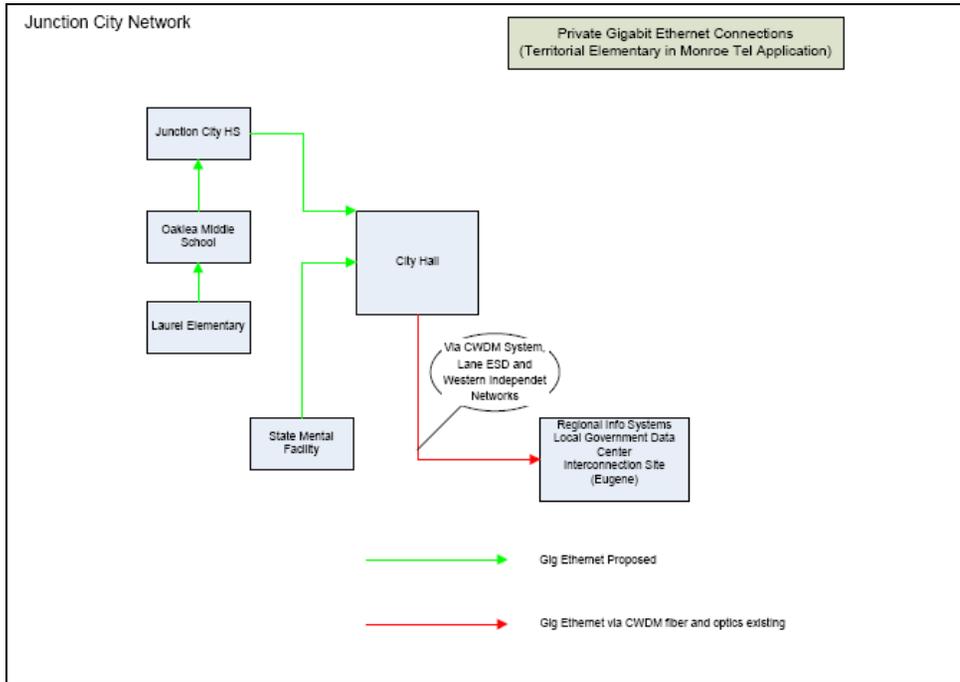
Regional Fiber Consortium Lighting the Fiber Project - Sutherlin leg





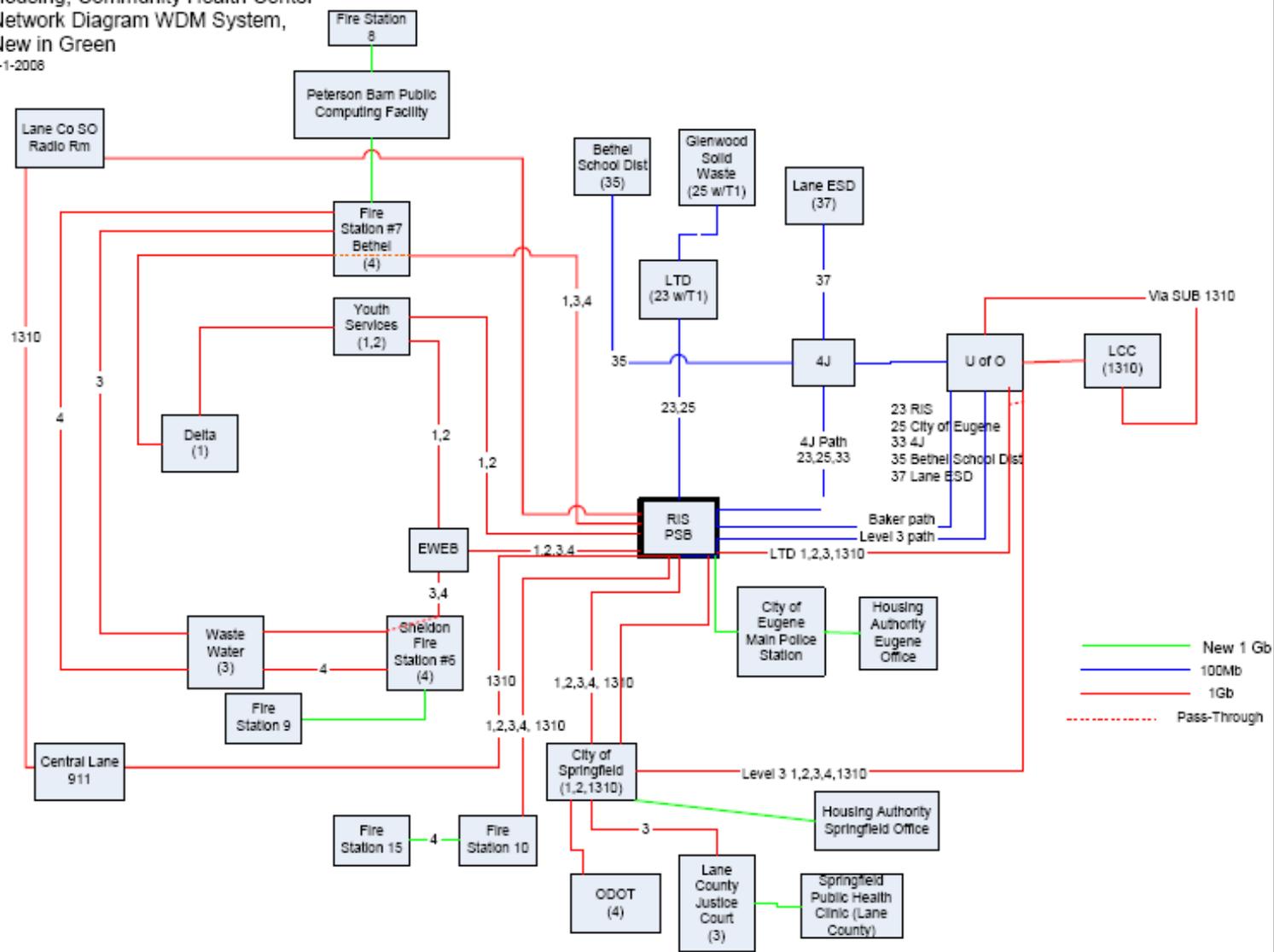
Regional Fiber Consortium Lighting the Fiber Project - Eugene to Oakridge leg

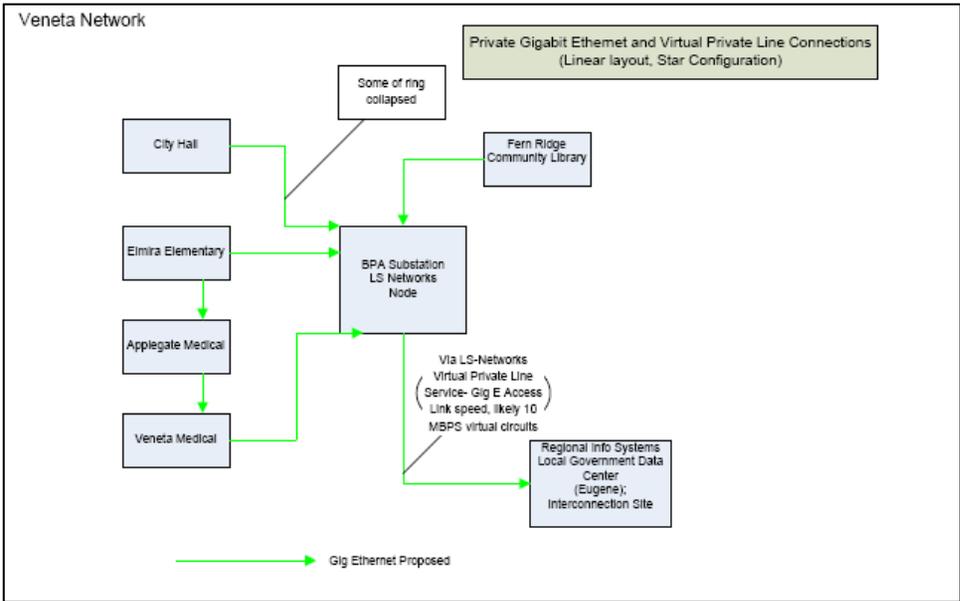
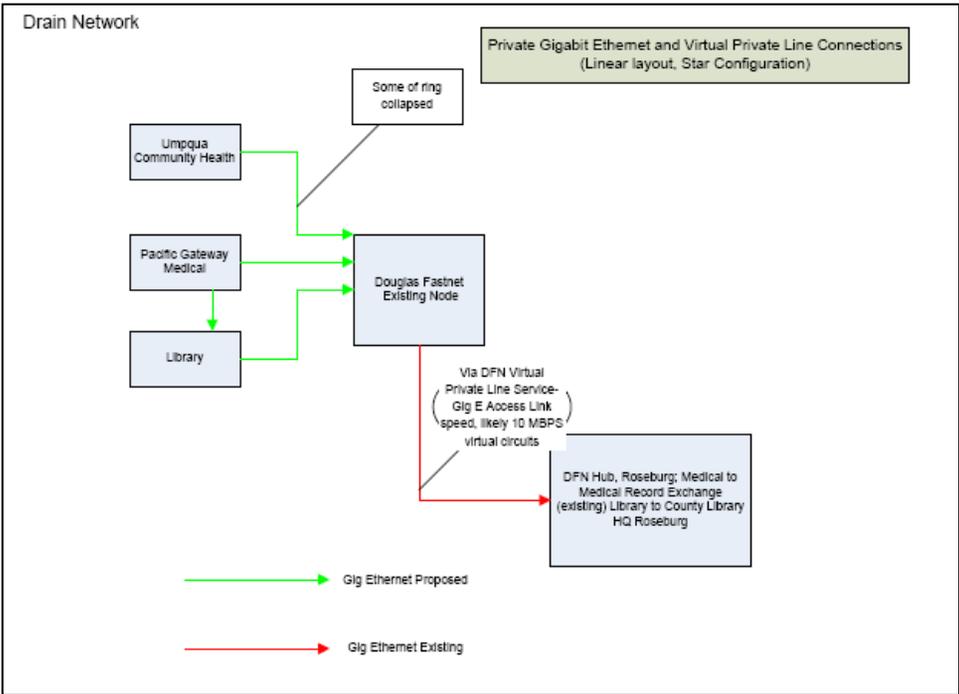




Public Safety, Public Computing,
 Housing, Community Health Center
 Network Diagram WDM System,
 New in Green

9-1-2008





CERTIFICATION REGARDING LOBBYING LOWER TIER COVERED TRANSACTIONS

Applicants should review the instructions for certification included in the regulations before completing this form. Signature on this form provides for compliance with certification requirements under 15 CFR Part 28, "New Restrictions on Lobbying."

LOBBYING

As required by Section 1352, Title 31 of the U.S. Code, and implemented at 15 CFR Part 28, for persons entering into a grant, cooperative agreement or contract over \$100,000 or a loan or loan guarantee over \$150,000 as defined at 15 CFR Part 28, Sections 28.105 and 28.110, the applicant certifies that to the best of his or her knowledge and belief, that:

(1) No Federal appropriated funds have been paid or will be paid, by or on behalf of the undersigned, to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant, the making of any Federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any Federal contract, grant, loan, or cooperative agreement.

(2) If any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a member of Congress in connection with this Federal contract, grant, loan, or cooperative agreement, the undersigned shall complete and submit Standard Form-LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions.

(3) The undersigned shall require that the language of this certification be included in the award documents for all subawards at all tiers (including subcontracts, subgrants, and contracts under grants, loans, and cooperative agreements) and that all subrecipients shall certify and disclose accordingly.

This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into this transaction imposed by section 1352, title 31, U.S. Code. Any person who fails to file the required certification shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such failure occurring on or before October 23, 1996, and of not less than \$11,000 and not more than \$110,000 for each such failure occurring after October 23, 1996.

Statement for Loan Guarantees and Loan Insurance

The undersigned states, to the best of his or her knowledge and belief, that:

In any funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this commitment providing for the United States to insure or guarantee a loan, the undersigned shall complete and submit Standard Form-LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions.

Submission of this statement is a prerequisite for making or entering into this transaction imposed by section 1352, title 31, U.S. Code. Any person who fails to file the required statement shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such failure occurring on or before October 23, 1996, and of not less than \$11,000 and not more than \$110,000 for each such failure occurring after October 23, 1996.

As the duly authorized representative of the applicant, I hereby certify that the applicant will comply with the above applicable certification.

NAME OF APPLICANT

Lane Council of Governments

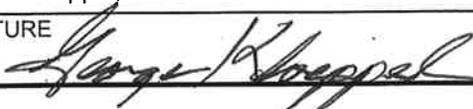
AWARD NUMBER AND/OR PROJECT NAME

Oregon South Central Regional Fiber Consortium

PRINTED NAME AND TITLE OF AUTHORIZED REPRESENTATIVE

George Kloeppel, Executive Director

SIGNATURE



DATE

August 14, 2009

CERTIFICATION REGARDING LOBBYING

Applicants should also review the instructions for certification included in the regulations before completing this form. Signature on this form provides for compliance with certification requirements under 15 CFR Part 28, "New Restrictions on Lobbying." The certifications shall be treated as a material representation of fact upon which reliance will be placed when the Department of Commerce determines to award the covered transaction, grant, or cooperative agreement.

LOBBYING

As required by Section 1352, Title 31 of the U.S. Code, and implemented at 15 CFR Part 28, for persons entering into a grant, cooperative agreement or contract over \$100,000 or a loan or loan guarantee over \$150,000 as defined at 15 CFR Part 28, Sections 28.105 and 28.110, the applicant certifies that to the best of his or her knowledge and belief, that:

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This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into this transaction imposed by section 1352, title 31, U.S. Code. Any person who fails to file the required certification shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such failure occurring on or before October 23, 1996, and of not less than \$11,000 and not more than \$110,000 for each such failure occurring after October 23, 1996.

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NAME OF APPLICANT

Lane Council of Governments

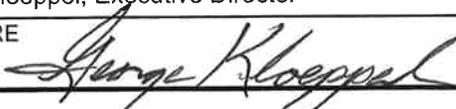
AWARD NUMBER AND/OR PROJECT NAME

Oregon South Central Regional Fiber Consortium

PRINTED NAME AND TITLE OF AUTHORIZED REPRESENTATIVE

George Kloepfel, Executive Director

SIGNATURE



DATE

August 14, 2009

ASSURANCES - CONSTRUCTION PROGRAMS

OMB Approval No. 4040-0009
Expiration Date 07/30/2010

Public reporting burden for this collection of information is estimated to average 15 minutes per response, including time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding the burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to the Office of Management and Budget, Paperwork Reduction Project (0348-0042), Washington, DC 20503.

PLEASE DO NOT RETURN YOUR COMPLETED FORM TO THE OFFICE OF MANAGEMENT AND BUDGET. SEND IT TO THE ADDRESS PROVIDED BY THE SPONSORING AGENCY.

NOTE: Certain of these assurances may not be applicable to your project or program. If you have questions, please contact the Awarding Agency. Further, certain Federal assistance awarding agencies may require applicants to certify to additional assurances. If such is the case, you will be notified.

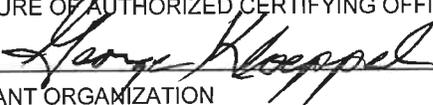
As the duly authorized representative of the applicant, I certify that the applicant:

1. Has the legal authority to apply for Federal assistance, and the institutional, managerial and financial capability (including funds sufficient to pay the non-Federal share of project costs) to ensure proper planning, management and completion of the project described in this application.
2. Will give the awarding agency, the Comptroller General of the United States and, if appropriate, the State, the right to examine all records, books, papers, or documents related to the assistance; and will establish a proper accounting system in accordance with generally accepted accounting standards or agency directives.
3. Will not dispose of, modify the use of, or change the terms of the real property title, or other interest in the site and facilities without permission and instructions from the awarding agency. Will record the Federal awarding agency directives and will include a covenant in the title of real property acquired in whole or in part with Federal assistance funds to assure non-discrimination during the useful life of the project.
4. Will comply with the requirements of the assistance awarding agency with regard to the drafting, review and approval of construction plans and specifications.
5. Will provide and maintain competent and adequate engineering supervision at the construction site to ensure that the complete work conforms with the approved plans and specifications and will furnish progress reports and such other information as may be required by the assistance awarding agency or State.
6. Will initiate and complete the work within the applicable time frame after receipt of approval of the awarding agency.
7. Will establish safeguards to prohibit employees from using their positions for a purpose that constitutes or presents the appearance of personal or organizational conflict of interest, or personal gain.
8. Will comply with the Intergovernmental Personnel Act of 1970 (42 U.S.C. §§4728-4763) relating to prescribed standards for merit systems for programs funded under one of the 19 statutes or regulations specified in Appendix A of OPM's Standards for a Merit System of Personnel Administration (5 C.F.R. 900, Subpart F).
9. Will comply with the Lead-Based Paint Poisoning Prevention Act (42 U.S.C. §§4801 et seq.) which prohibits the use of lead-based paint in construction or rehabilitation of residence structures.
10. Will comply with all Federal statutes relating to non-discrimination. These include but are not limited to: (a) Title VI of the Civil Rights Act of 1964 (P.L. 88-352) which prohibits discrimination on the basis of race, color or national origin; (b) Title IX of the Education Amendments of 1972, as amended (20 U.S.C. §§1681 1683, and 1685-1686), which prohibits discrimination on the basis of sex; (c) Section 504 of the Rehabilitation Act of 1973, as amended (29 U.S.C. §794), which prohibits discrimination on the basis of handicaps; (d) the Age Discrimination Act of 1975, as amended (42 U.S.C. §§6101-6107), which prohibits discrimination on the basis of age; (e) the Drug Abuse Office and Treatment Act of 1972 (P.L. 92-255), as amended, relating to nondiscrimination on the basis of drug abuse; (f) the Comprehensive Alcohol Abuse and Alcoholism Prevention, Treatment and Rehabilitation Act of 1970 (P.L. 91-616), as amended, relating to nondiscrimination on the basis of alcohol abuse or alcoholism; (g) §§523 and 527 of the Public Health Service Act of 1912 (42 U.S.C. §§290 dd-3 and 290 ee 3), as amended, relating to confidentiality of alcohol and drug abuse patient records; (h) Title VIII of the Civil Rights Act of 1968 (42 U.S.C. §§3601 et seq.), as amended, relating to nondiscrimination in the sale, rental or financing of housing; (i) any other nondiscrimination provisions in the specific statute(s) under which application for Federal assistance is being made; and, (j) the requirements of any other nondiscrimination statute(s) which may apply to the application.

11. Will comply, or has already complied, with the requirements of Titles II and III of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (P.L. 91-646) which provide for fair and equitable treatment of persons displaced or whose property is acquired as a result of Federal and federally-assisted programs. These requirements apply to all interests in real property acquired for project purposes regardless of Federal participation in purchases.
12. Will comply with the provisions of the Hatch Act (5 U.S.C. §§1501-1508 and 7324-7328) which limit the political activities of employees whose principal employment activities are funded in whole or in part with Federal funds.
13. Will comply, as applicable, with the provisions of the Davis-Bacon Act (40 U.S.C. §§276a to 276a-7), the Copeland Act (40 U.S.C. §276c and 18 U.S.C. §874), and the Contract Work Hours and Safety Standards Act (40 U.S.C. §§327-333) regarding labor standards for federally-assisted construction subagreements.
14. Will comply with flood insurance purchase requirements of Section 102(a) of the Flood Disaster Protection Act of 1973 (P.L. 93-234) which requires recipients in a special flood hazard area to participate in the program and to purchase flood insurance if the total cost of insurable construction and acquisition is \$10,000 or more.
15. Will comply with environmental standards which may be prescribed pursuant to the following: (a) institution of environmental quality control measures under the

National Environmental Policy Act of 1969 (P.L. 91-190) and Executive Order (EO) 11514; (b) notification of violating facilities pursuant to EO 11738; (c) protection of wetlands pursuant to EO 11990; (d) evaluation of flood hazards in floodplains in accordance with EO 11988; (e) assurance of project consistency with the approved State management program developed under the Coastal Zone Management Act of 1972 (16 U.S.C. §§1451 et seq.); (f) conformity of Federal actions to State (Clean Air) implementation Plans under Section 176(c) of the Clean Air Act of 1955, as amended (42 U.S.C. §§7401 et seq.); (g) protection of underground sources of drinking water under the Safe Drinking Water Act of 1974, as amended (P.L. 93-523); and, (h) protection of endangered species under the Endangered Species Act of 1973, as amended (P.L. 93-205).

16. Will comply with the Wild and Scenic Rivers Act of 1968 (16 U.S.C. §§1271 et seq.) related to protecting components or potential components of the national wild and scenic rivers system.
17. Will assist the awarding agency in assuring compliance with Section 106 of the National Historic Preservation Act of 1966, as amended (16 U.S.C. §470), EO 11593 (identification and protection of historic properties), and the Archaeological and Historic Preservation Act of 1974 (16 U.S.C. §§469a-1 et seq).
18. Will cause to be performed the required financial and compliance audits in accordance with the Single Audit Act Amendments of 1996 and OMB Circular No. A-1 33, "Audits of States, Local Governments, and Non-Profit Organizations."
19. Will comply with all applicable requirements of all other Federal laws, executive orders, regulations, and policies governing this program.

*SIGNATURE OF AUTHORIZED CERTIFYING OFFICIAL 	*TITLE Executive Director
*APPLICANT ORGANIZATION Lane Council of Governments	*DATE SUBMITTED

Certification Requirements for **BTOP**

U.S. Department of Commerce
Broadband Technology Opportunities Program

(i) I certify that I am authorized to submit this grant application on behalf of the eligible entity(ies) listed on this application, that I have examined this application, that all of the information and responses in this application, including certifications, and forms submitted, all of which are part of this grant application, are material representations of fact and true and correct to the best of my knowledge, that the entity(ies) that is requesting grant funding pursuant to this application and any subgrantees and subcontractors will comply with the terms, conditions, purposes, and federal requirements of the grant program; that no kickbacks were paid to anyone; and that a false, fictitious, or fraudulent statements or claims on this application are grounds for denial or termination of a grant award, and/or possible punishment by a fine or imprisonment as provided in 18 U.S.C. §1001 and civil violations of the False Claims Act.

(ii) I certify that the entity(ies) I represent have and will comply with all applicable federal, state, and local laws, rules, regulations, ordinances, codes, orders and programmatic rules and requirements relating to the project. I acknowledge that failure to do so may result in rejection or deobligation of the grant or loan award. I acknowledge that failure to comply with all federal and program rules could result in civil or criminal prosecution by the appropriate law enforcement authorities.

(iii) I certify that the entity(ies) I represent has and will comply with all applicable administrative and federal statutory, regulatory, and policy requirements set forth in the DOC Pre-Award Notification, published in the Federal Register on February 11, 2008 (73 FR 7696), as amended; DOC Financial Assistance Standard Terms and Conditions (Mar. 8, 2009); DOC American Recovery and Reinvestment Act Award Terms (April 9, 2009); and any Special Award Terms and Conditions that are included by the Grants Officer in the award."

August 14, 2009
(Date)


(Authorized Representative's Signature)

George Kloeppe
Name:

Executive Director
Title:

Certification Requirements for BTOP

U.S. Department of Commerce
Broadband Technology Opportunities Program

I certify that I am the duly authorized representative of the applicant organization, and that I have been authorized to submit the attached application on its behalf. A copy of the applicant organization's authorization for me to submit this application as its official representative is on file in the applicant's office, and I am identified as the applicant organization's Authorized Organization Representative (AOR) in the Central Contractor Registration database. By signing this certification, I certify that the statements contained in the application are true, complete, and accurate to the best of my knowledge, and that if an award is made, the applicant organization will comply with all applicable award terms and conditions.

August 14, 2009

(Date)



(Authorized Representative's Signature)

George Kloeppe

Name:

Executive Director

Title:

Question 50 Financial assumptions

One assumption that forms the basis for much of this project is the assumption that the project will operate on the model that has been successful or the Fiber Consortium. The Consortium acquired its assets – constructed fiber optic cable - with a low capital expense. The Consortium has leased this fiber to telecommunications operators at far below market prices. This system has proven successful in fostering development of broadband services in rural areas. The business model for this project is the same, but with greater likelihood of widespread success because much more of the system will be capitalized without having to pass those costs on to the providers.

It is an assumption that there will be providers willing to bid for the opportunity to provide services on the project, but it is a well founded assumption. LCOG has polled several providers who have expressed a strong interest.

The application also makes an assumption concerning the value of the fiber optic cable that the applicant, LCOG, will acquire through an IRU from the Regional Fiber Consortium and from Douglas Fast Net. There are several methods to price the fiber. Similar long haul fiber is priced, or quoted, at a much higher price for a dark fiber IRU. Obviously pricing the according to its replacement costs would put it much higher. Rather than these prices, LCOG chose to value the fibers based on the cost of public benefit fiber leased from the Bonneville Power Administration. In 2000 the Consortium's predecessor leased strands of dark fiber from the BPA at an escalating rate that would have had the price of a fiber IRU at \$20 per fiber per mile per month. The value of the fiber has been increased at less than the rate of increase that was built into the BPA contract.

Certain of the fibers, those in downtown Eugene and in Coburg are priced at a higher value because of their scarcity. Construction in downtown Eugene and along the route to Coburg must be buried fiber. The construction costs a much higher. In addition, the Coburg route creates stranded fibers, in that the fibers used to get to Coburg are a part of a larger system that will not be available for service to other parts of the project or other parts of the Consortium back haul system because of their allocation to serve Coburg.

The other elements of the match contributions are valued based on a process described in the relevant OMB circulars. The room rental for the Klamath Tribes Business Information Center (BIC) is based on room costs for the Tribe, and is valued by the Tribe. The value for the Oakridge regeneration site is based on the City's rental costs for other regeneration facilities on the same property.

Statement of Cash Flows

	Historical		Forecast Period				
			Year 1	Year 2	Year 3	Year 4	Year 5
Beginning Cash on hand	\$ 20,000	\$ -	\$ 10,000	\$ 29,000	\$ 43,000	\$ 25,000	\$ 25,000
CASH FLOWS FROM OPERATING ACTIVITIES:							
Net Income	-	-	-	-	-	-	-
<i>Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities</i>							
Add: Depreciation	-	-	84,588	324,251	554,506	664,193	611,058
Add: Amortization	-	-	-	-	-	-	-
<i>Changes in Current Assets and Liabilities:</i>							
Marketable Securities	-	-	-	-	-	-	-
Accounts Receivable (leases+ pay)	-	-	184,088	150,396	119,916	98,000	125,000
Inventory	1,691,760	-	3,515,375	6,931,327	8,302,418	7,638,225	7,027,167
Prepayments	-	-	-	-	-	-	-
Other Current Assets (site lease donation)	-	-	6,000	6,000	6,000	6,000	6,000
Accounts Payable (lease+pole attach+electric)	-	-	-	(2,000)	(2,500)	(2,600)	(2,700)
Other Current Liabilities (employees, contracts)	-	-	(1,775,213)	(3,346,888)	(195,000)	(35,000)	(35,000)
Maintenance Reserve	-	-	-	(12,000)	(30,000)	(60,000)	(60,000)
Net Cash Provided (Used) by Operations	\$ 1,711,760	\$ -	\$ 2,024,837	\$ 4,080,087	\$ 8,798,340	\$ 8,333,818	\$ 7,696,525
CASH FLOWS FROM FINANCING ACTIVITIES:							
Notes Receivable	-	-	-	-	-	-	-
Notes Payable	-	-	-	-	-	-	-
Principal Payments	-	-	-	-	-	-	-
New Borrowing	-	-	-	-	-	-	-
Additional Paid-in Capital	-	-	-	-	-	-	-
Additions to Patronage Capital Credits	-	-	-	-	-	-	-
Payment of Dividends	-	-	-	-	-	-	-
Net Cash Provided by Financing Activities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
CASH FLOWS FROM INVESTING ACTIVITIES:							
Capital Expenditures	-	-	-	-	-	-	-
Amortizable Asset (Net of Amortization)	-	-	-	-	-	-	-
Long-Term Investments	-	-	-	-	-	-	-
Net Cash Used by Investing Activities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Increase (Decrease) in Cash	\$ -	\$ -	\$ 313,077	\$ 2,055,249	\$ 4,718,253	\$ (464,522)	\$ (637,293)
Ending Cash	\$ 1,711,760	\$ -	\$ 2,024,837	\$ 4,080,087	\$ 8,798,340	\$ 8,333,818	\$ 7,696,525

Balance Sheet

Assets	Historical		Forecast Period				
			Year 1	Year 2	Year 3	Year 4	Year 5
<i>Current Assets</i>							
Cash	\$ 20,000	\$ -	\$ 10,000	\$ 29,000	\$ 43,000	\$ 25,000	\$ 25,000
Marketable Securities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts Receivable	\$ -	\$ -	\$ 184,088	\$ 150,396	\$ 104,916	\$ 68,000	\$ 75,000
Notes Receivable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<i>Inventory</i>							
Prepayments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other Current Assets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Current Assets	\$ 20,000	\$ -	\$ 194,088	\$ 179,396	\$ 147,916	\$ 93,000	\$ 100,000
<i>Non-Current Assets</i>							
Long-Term Investments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Amortizable Asset (Net of Amortization)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Plant in Service	\$ 1,691,760	\$ -	\$ 3,599,963	\$ 7,255,578	\$ 8,856,924	\$ 8,302,418	\$ 7,638,225
Less: Accumulated Depreciation	\$ -	\$ -	\$ (84,588)	\$ (324,251)	\$ (554,506)	\$ (664,193)	\$ (611,058)
Net Plant	\$ -	\$ -	\$ 3,515,375	\$ 6,931,327	\$ 8,302,418	\$ 7,638,225	\$ 7,027,167
Other Maintenance reserve	\$ -	\$ -	\$ -	\$ 12,000	\$ 30,000	\$ 60,000	\$ 60,000
Total Non-Current Assets	\$ 1,691,760	\$ -	\$ 7,030,749	\$ 13,874,654	\$ 16,634,836	\$ 15,336,449	\$ 14,114,333
Total Assets	\$ 1,711,760	\$ -	\$ 7,224,837	\$ 14,054,050	\$ 16,782,752	\$ 15,429,449	\$ 14,214,333
Liabilities and Owners' Equity							
Liabilities							
<i>Current Liabilities</i>							
Accounts Payable	\$ -	\$ -	\$ 17,775,213	\$ 3,348,888	\$ 197,500	\$ 37,000	\$ 37,500
Notes Payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Current Portion - Total RUS Debt	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Current Portion - Other Debt	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other Current Liabilities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Current Liabilities	\$ -	\$ -	\$ 17,775,213	\$ 3,348,888	\$ 197,500	\$ 37,000	\$ 37,500
<i>Long-Term Liabilities</i>							
Existing RUS Debt	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Proposed RUS Debt	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Existing non-RUS Debt	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Long-Term Liabilities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Liabilities	\$ -	\$ -	\$ 17,775,213	\$ 3,348,888	\$ 197,500	\$ 37,000	\$ 37,500
Owner's Equity							
Capital Stock	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Additional Paid-In Capital	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Patronage Capital Credits	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Retained Earnings	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Equity	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Liabilities and Owner's Equity	\$ -	\$ -	\$ 17,775,213	\$ 3,348,888	\$ 197,500	\$ 37,000	\$ 37,500

Income Statement

	Historical		Forecast Period									
			Year 1	Year 2	Year 3	Year 4	Year 5					
<p>Revenues Note, the plan is to lease the installed assets to providers. They will operate the system.</p> <p>Network Services Revenues:</p>												
Local Voice Service	\$	-	\$	-	\$	-	\$	-				
Broadband Data	\$	-	\$	-	\$	-	\$	-				
Video Services	\$	-	\$	-	\$	-	\$	-				
Network Access Service Revenues	\$	-	\$	12,000	\$	30,000	\$	45,000	\$	60,000	\$	80,000
Universal Service Fund	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
Toll Service/Long Distance Voice	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
Installation Revenues	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
Other Operating Revenues	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
Other Revenues (payment from Consortium)	\$	-	\$	10,000	\$	10,000	\$	10,000	\$	10,000	\$	10,000
Uncollectible Revenues	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
Total Revenues	\$	-	\$	22,000	\$	40,000	\$	55,000	\$	70,000	\$	90,000
<p>Expenses The leasing companies will bear the expenses LCOG will keep its costs and charges low to make the project affordable</p>												
Backhaul	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
Network Maintenance/Monitoring	\$	-	\$	-	\$	500	\$	1,000	\$	1,800	\$	2,300
Utilities	\$	-	\$	-	\$	500	\$	500	\$	500	\$	500
Leasing	\$	-	\$	-	\$	1,500	\$	2,000	\$	2,100	\$	2,200
Sales/Marketing	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
Customer Care	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
Billing	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
Corporate G&A	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
Other Operating Expense	\$	-	\$	10,000	\$	10,000	\$	10,000	\$	10,000	\$	10,000
Total	\$	-	\$	10,000	\$	12,500	\$	13,500	\$	14,400	\$	15,000
EBITDA	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
Depreciation	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
Amortization	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
Earnings Before Interest and Taxes	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
Interest Expense - New RUS Debt	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
Interest Expense - Existing RUS Debt	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
Interest Expense - Other	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
Income Before Taxes	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
Property Tax	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
Income Taxes	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
Net Income	\$	-	\$	12,000	\$	27,500	\$	41,500	\$	55,600	\$	75,000

JEFFERY J. MATTHEWS
Admitted in Oregon and Washington
jeffery.j.matthews@harrang.com

HARRANG LONG GARY RUDNICK P.C.
ATTORNEYS & COUNSELORS AT LAW

EUGENE OFFICE

August 11, 2009

Assistant Secretary
National Telecommunications and Information
Administration
U.S. Department of Commerce
Washington, D.C. 20230

**Re: Lane Council of Governments Application:
Regional Fiber Consortium Lighting the Fiber**

Dear Sir:

We are general counsel for the Lane Council of Governments (the "Applicant"). In such capacity, we act as counsel to the Applicant in connection with its ability to apply to the Broadband Technology Opportunities Program and in review of its grant application submitted in response to the Notice of Funds Availability.

We are of the opinion that:

(a) Applicant is a duly organized and existing legal entity formed and operated under Oregon Revised Statutes, Chapter 190, of the laws of the State of Oregon;

(b) Applicant has corporate power: (1) to execute and deliver the grant application and proposed agreement; and (2) to perform all acts required to be done by it under the grant agreement that are consistent with the Description of Project Purpose section of its grant application; and

(c) No legal proceedings have been instituted or are pending against the Applicant, the outcome of which would adversely affect the Applicant's ability to perform the duties under the grant agreement, and there are no judgments against the Applicant which would adversely affect the Applicant's ability to perform the duties under the grant agreement.

Very truly yours,



Jeffery J. Matthews

JJM:ejr

00237724.DOC;1

1001 SW FIFTH AVENUE, 16th FLOOR
PORTLAND, OR 97204-1116
PH 503.242.0000
F 503.241.1458

360 EAST 10TH AVENUE, SUITE 300
EUGENE, OR 97401-3273
PO BOX 11620
EUGENE, OR 97440-3820
PH 541.485.0220
F 541.686.6564

333 HIGH STREET NE, SUITE 200
SALEM, OR 97301-3632
PH 503.371.3330
F 503.371.5336

Network Design and Implementation Plan Certification (to be complete for projects requesting more than \$1 million in federal assistance)

**U.S. Department of Agriculture and U.S. Department of Commerce
BIP and BTOP Program**

We the undersigned, certify that the proposed broadband system will work as described in the System Design and Network Diagram sections, and can deliver the proposed services outlined in the Service Offerings Section. Moreover, the system, as designed, can meet the proposed build-out timeframe based on the resources designated in Project Viability Section, and will be substantially complete in two years, and complete within three years.

8-13-09
(Date)


(Authorized Representative's Signature)

George Kloeppe
Name:
LCOG Executive Director
Title:

8/13/09
(Date)


(Certifying Engineer's Signature)
K. Michael Ware, PE
Name:
VP Balzhisere & Hubbard
Title:

Lane Council of Governments

Annual Financial Report

For the Year Ended June 30, 2007

LANE COUNCIL OF GOVERNMENTS

ANNUAL FINANCIAL REPORT
For the Year Ended June 30, 2007

LANE COUNCIL OF GOVERNMENTS

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LANE COUNCIL OF GOVERNMENTS

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INTRODUCTORY SECTION

LANE COUNCIL OF GOVERNMENTS
BOARD OF DIRECTORS

June 30, 2007

Coburg

Mayor Judy Volta
PO Box 39
Coburg, OR 97408

Junction City

Dwight Coon
1612 Unity Court
Junction City OR 97448

School District 19

Al King
622 Hayden Bridge Place
Springfield, OR 97477

Cottage Grove

Mayor Gary Williams
443 S. 3rd St.
Cottage Grove, OR 97424

Lane County

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

School District 52

Alan Laisure
5589 Livingston Avenue
Eugene OR 97402

Creswell

Mayor Ron Petitti
460 Magnolia Dr.
Creswell, OR 97426

Lane Community College

Susie Johnston
35825 N. Morningstar Rd.
Pleasant Hill, OR 97455

School District 68

Vacant

Dunes City

John Scott
PO Box 97
Westlake, OR 97493

Lane E.S.D.

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

Siuslaw Public Library

Mary Lehman
PO Box 2661
Florence, OR 97439

Emerald Peoples Utility Dist.

Patti Chappel
PO Box 1120
Veneta OR 97487

Lane Library District

Carol Campbell
2044 Mahr Lane
Creswell, OR 97426

Springfield

Joe Pishioneri
961 S. 70th
Springfield, OR 97478

Eugene

Chris Pryor
2671 E. Wilshire Drive
Eugene, OR 97405

Lowell

Mayor Warren Weathers
P.O. Box 39
Lowell, OR 97452

Veneta

Darrell Carman
87689 Blek Drive
Veneta, OR 97487

Eugene Water & Electric Bd.

Patrick Lanning
3273 Lincoln Street
Eugene OR 97401

Oakridge

Mayor Don Hampton
P.O. Box 955
Oakridge, OR 97463

Westfir

Mayor Diana Tonkin
76884 20th St.
Westfir, OR 97492

Fern Ridge Library

Keyte Hladky
88001 9th Street
Veneta, OR 97487

Port of Siuslaw

Vacant

Western Lane Ambul. Dist.

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

Florence

Phil Brubaker
P.O. Box 2377
Florence, OR 97439

School District 4J

Eric Forrest
3785 Waterbrook Way
Eugene, OR 97408

Willamalane Park & Recreation

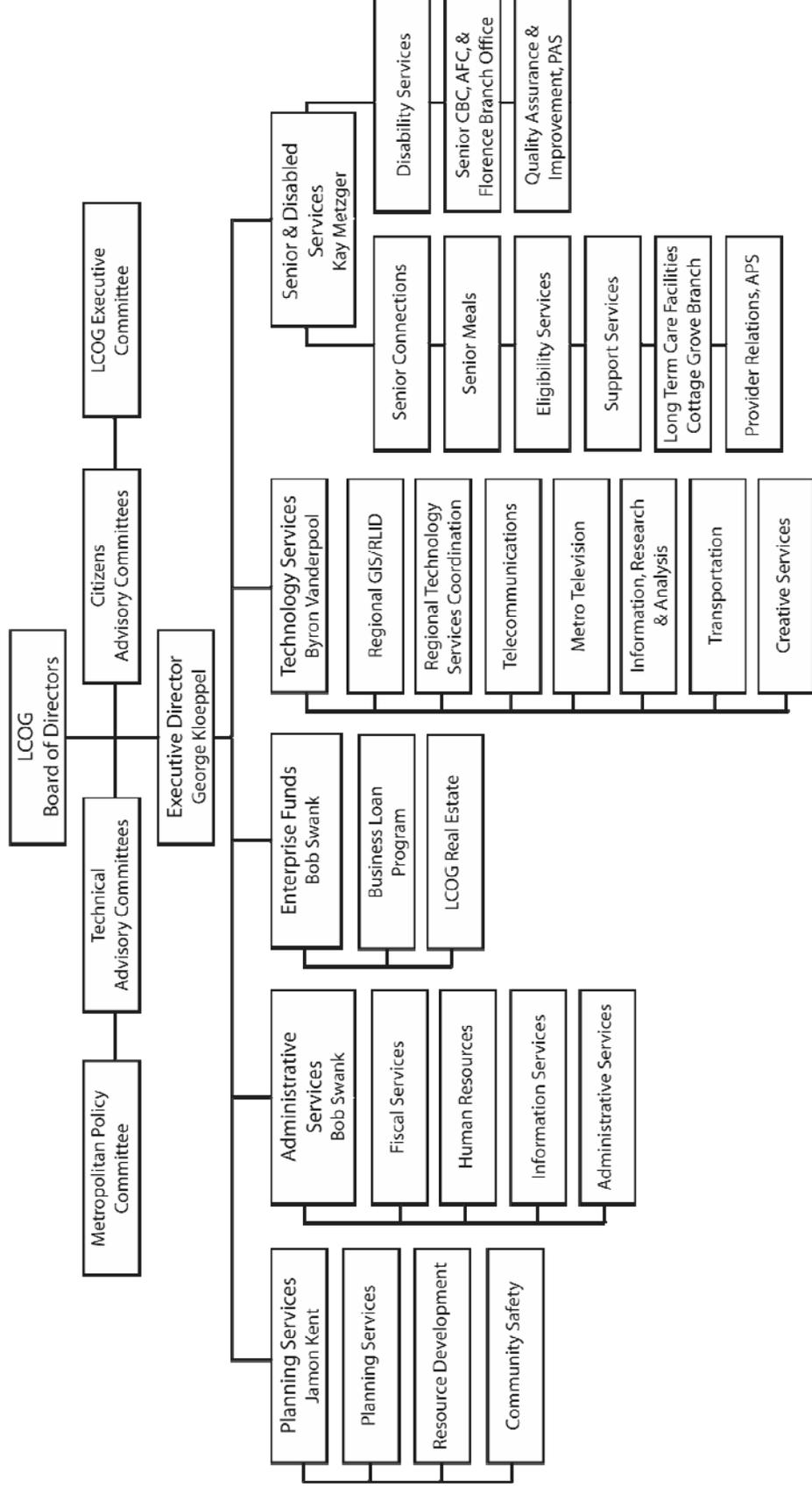
Greg James
525 Mill St.
Springfield, OR 97477

Lane Transit District (non-voting)

Mike Dubick
PO Box 838
Creswell, OR 97426



Lane Council of Governments



LCOG

LANE COUNCIL OF GOVERNMENTS

December, 2007

Mr. Patrick Lanning, 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, 2007. 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 2006-2007. 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 2006-2007, 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 2006-2007, resources in excess of \$31 million were administered by this agency. Our exercise of that responsibility was consistent with the law, the policies of the Board of Directors and the interests of the people of Lane County.

Sincerely,



George Kloeppe
Executive Director

FINANCIAL SECTION





INDEPENDENT AUDITOR'S REPORT

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, 2007, 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, 2007 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 2, 2007 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 7, 2007

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, 2007. This section, combined with the transmittal letter at the front of this report and the financial statements that follow, comprise the complete financial report of LCOG's financial activity for the fiscal year.

Financial Highlights

- Total LCOG revenues for FY 2006-2007 were approximately 1.3% less than FY 2005-2006.
- Grant funding for Local Government Services decreased by approximately \$210,000 primarily due to fewer federal and state grants through the U.S. Department of Commerce, the Oregon Department of Land Conservation and Development (DLCD), Environmental Protection Agency (EPA), and the Transportation Growth Management (TGM) program. Charges for services for Local Government Services decreased by approximately \$393,000, due to a decrease in the LTD youth bus pass program. There was also a decrease of approximately \$148,000 in the Regional Technology area due to a reduction of telecommunication projects.
- Senior and Disabled Services funding increased by almost \$438,000 from FY 2005-2006.

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, Local Government Services, Regional 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 \$5.3 million at the close of 2007. This year 57% of the net assets is in the governmental activities, leaving 43% in business activities. Of the governmental activities, approximately \$2 million is restricted for the telecommunications consortium, which manages the telephone charges and the equipment reserve for the participating agencies. Although \$2,640,000 is classified as unrestricted, approximately \$818,000 is designated for specific purposes, mostly within the Senior and Disabled Services program.

Lane Council of Governments Net Assets

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
Current and other assets	\$ 7,305,483	\$ 5,331,695	\$ 5,671,599	\$ 5,541,422	\$ 12,977,082	\$ 10,872,997
Capital assets	334,985	411,668	2,848,638	2,843,998	3,183,623	3,255,656
Total assets	<u>7,640,468</u>	<u>5,743,363</u>	<u>8,520,237</u>	<u>8,385,410</u>	<u>16,160,705</u>	<u>14,127,968</u>
Noncurrent liabilities	1,922,496	164,246	5,896,121	5,782,331	7,818,617	5,946,577
Other liabilities	2,653,706	2,644,024	338,016	459,796	2,991,722	3,103,820
Total liabilities	<u>4,576,202</u>	<u>2,808,270</u>	<u>6,234,137</u>	<u>6,242,127</u>	<u>10,810,339</u>	<u>9,050,397</u>
Net assets:						
Invested in capital assets, net of related debt	170,739	166,191	603,566	393,833	774,305	560,024
Restricted	2,118,141	1,973,259	1,631,169	1,345,289	3,749,310	3,318,548
Unrestricted	775,386	795,643	51,365	404,161	826,751	1,199,804
Total net assets	<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>

Change in Net Assets

The governmental activities net assets increased by approximately \$129,000 during the year. The net assets of the business-type activities increased by approximately \$143,000. This consisted of increases related to the Loan Program of \$298,000, and decreases of \$14,000 related to the Washington Mutual Building and \$141,000 related to the Schaefers Building.

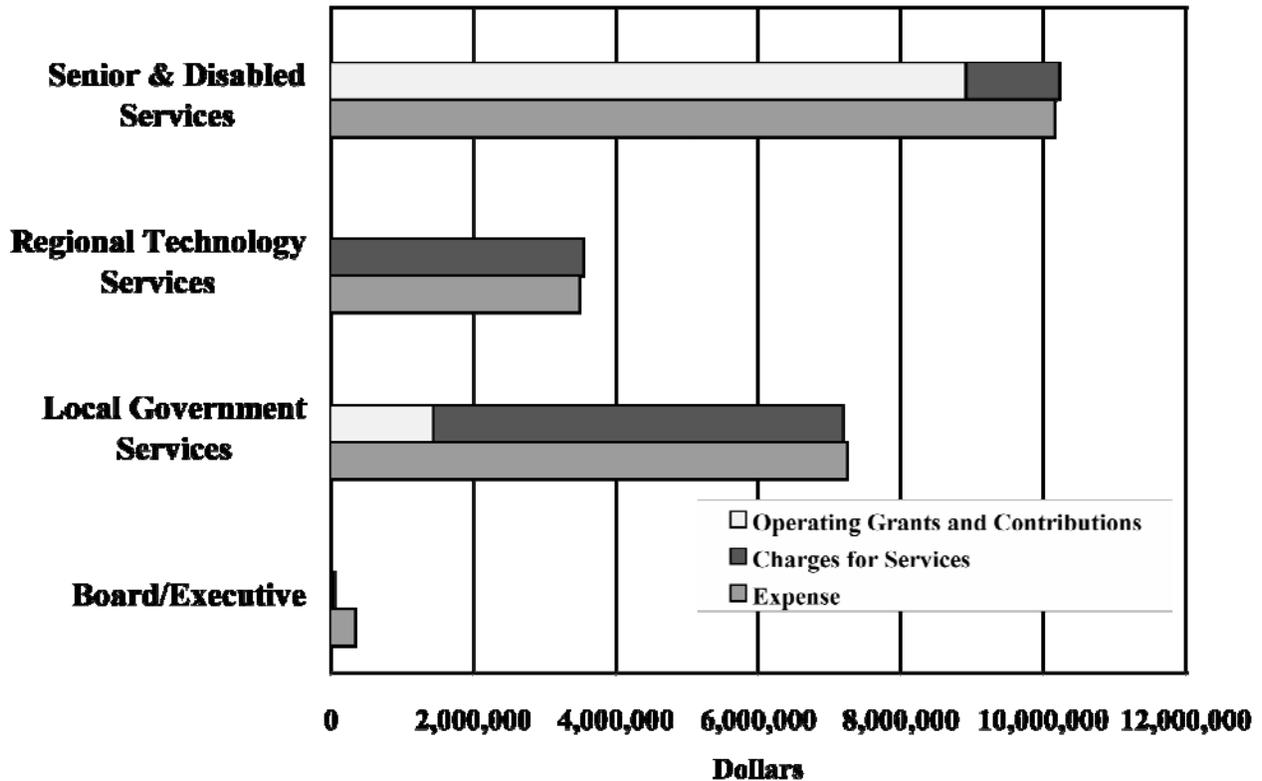
Lane Council of Governments Change in Net Assets						
	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
Revenues:						
Program revenues:						
Charges for services	\$ 10,590,589	\$ 11,094,842	\$ 1,066,104	\$ 903,338	\$ 11,656,693	\$ 11,998,180
Operating grants and contributions	10,372,093	10,229,050	125,000	324,500	10,497,093	10,553,550
General revenues:						
Member dues	210,069	199,279	0	0	210,069	199,279
Unrestricted investment earnings	102,060	71,479	137,840	78,229	239,900	149,708
Gain on disposition of capital assets	3,500	0	0	0	3,500	0
Total revenues	<u>21,278,311</u>	<u>21,594,650</u>	<u>1,328,944</u>	<u>1,306,067</u>	<u>22,607,255</u>	<u>22,900,717</u>
Expenses:						
Board/Executive Local Government Services	351,578	372,625	0	0	351,578	372,625
Regional Technology Services	7,243,919	7,794,822	0	0	7,243,919	7,794,822
Senior and Disabled Services	3,483,426	3,611,055	0	0	3,483,426	3,611,055
Schaefers Building	10,157,483	9,785,433	0	0	10,157,483	9,785,433
Washington Mutual Building	0	0	369,148	301,599	369,148	301,599
Loan Program	0	0	223,358	248,126	223,358	248,126
Total expenses	<u>21,236,406</u>	<u>21,563,935</u>	<u>1,098,859</u>	<u>1,018,169</u>	<u>22,335,265</u>	<u>22,582,104</u>
Change in net assets before transfers	41,905	30,715	230,085	287,898	271,990	318,613
Transfers	87,268	(166,011)	(87,268)	166,011	0	0
Change in net assets	129,173	(135,296)	142,817	453,909	271,990	318,613
Net assets, July 1	2,935,093	3,070,389	2,143,283	1,689,374	5,078,376	4,759,763
Net assets, June 30	<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>

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 87% of its revenue from operating grants and contributions, while Regional Technology Services receives 100% of its revenue from charges for services. Local Government Services receives approximately 80% of its revenue from charges for services and 20% from operating grants and contributions. Board/Executive receives approximately 100% of its revenue from charges for services and 0% from operating grants and contributions.

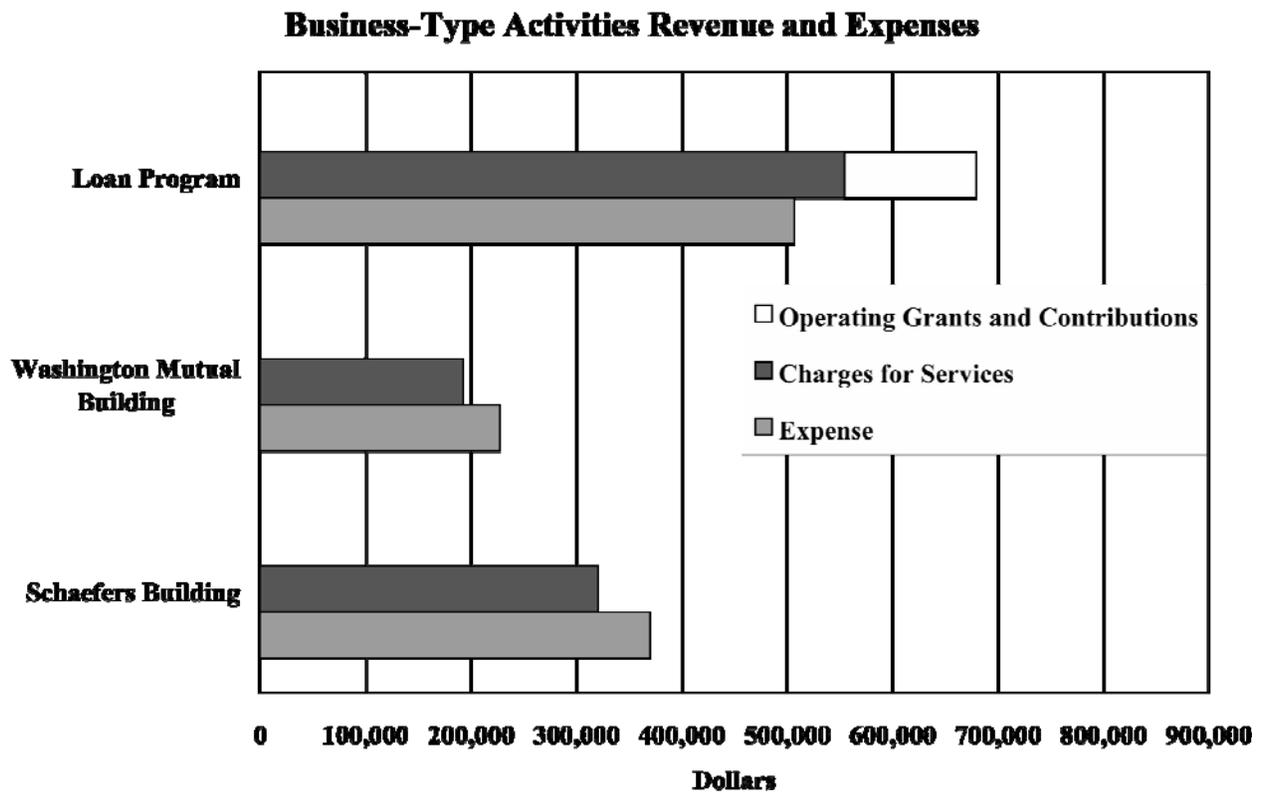


Governmental Activities Revenue and Expenses



Business-Type Activities

The next chart shows the revenue and expense for the business-type activities. These activities represent about 4.9% of total LCOG activities, and 90% of its revenue comes from charges for services and 10% from operating grants and contributions.



Lane Council of Governments Capital Assets, Net of Accumulated Depreciation

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
Land	\$ 0	\$ 0	\$ 299,630	\$ 299,630	\$ 299,630	\$ 299,630
Buildings and building improvements	0	0	2,549,008	2,544,358	2,549,008	2,544,358
Leasehold improvements	180,018	245,458	0	0	180,018	245,458
Equipment	154,967	166,210	0	0	154,967	166,210
Total capital assets	<u>\$ 334,985</u>	<u>\$ 411,668</u>	<u>\$ 2,848,638</u>	<u>\$ 2,843,988</u>	<u>\$ 3,183,623</u>	<u>\$ 3,255,656</u>

During FY 07, \$144,093 was spent on Schaefers Building improvements.

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, 2007 was approximately \$4.75 million. This consisted of \$1,872,000 in the General Fund, \$2,068,000 reserved for Telecommunications, almost \$769,000 designated for Grants and Contracts, and \$50,000 reserved for the Boundary Commission.

Proprietary Funds

The proprietary funds are comprised of the Washington Mutual Building, the Schaefers Building, and the Loan Program. The \$2,286,100 in net assets in these funds are distributed as follows:

Washington Mutual Building	(\$ 192,965)
Schaefers Building	\$ 775,415
Loan Program	\$1,703,650

The amount invested in capital assets is negative for the Washington Mutual Building, since debt is higher than the cost of the building, net of accumulated depreciation.

Long Term Debt Activity

LCOG refinanced the Schaefers Building with a \$3,000,000 loan. A portion of the funds were required to pay off the 1993 revenue bonds. The balance of the funds are being used as working capital. Monthly payments are \$17,906, with a beginning interest rate of 5.125%. The rate will be adjusted in 2012, with a final payment due February, 2017.

Economic Factors and Next Year's Budget and Rates

During the preparation of the budget for FY 2007-2008, the long term impact of the local and state economies were examined in conjunction with business decisions made by LCOG. The following were the major assumptions used in developing the FY 2007-2008 budget:

- Regarding Senior and Disabled Services, funding for the Type B Program (Medicaid) will increase in FY08. LCOG has decided to provide additional support for the Older Americans Act programs.
- 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 2.0% for SEIU employees, and 2.5% for other salaried employees.
- The PERS rate will decrease to 10.93% but the OPSRP rate will increase to 13.72% for FY 08.
- Health insurance expense will increase less than 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, 2007

	Governmental <u>Activities</u>	Business- Type <u>Activities</u>	<u>Total</u>
ASSETS			
Current assets:			
Cash and investments	\$2,932,887	\$ 87,879	\$3,020,766
Accounts receivable	2,442,680	11,726	2,454,406
Current maturities of loans receivable	0	371,289	371,289
Accrued interest receivable	0	16,418	16,418
Internal balances	32,984	(32,984)	0
Prepaid expense	19,620	42,886	62,506
Total current assets	<u>5,428,171</u>	<u>497,214</u>	<u>5,925,385</u>
Noncurrent assets:			
Restricted cash and investments	1,856,365	1,940,412	3,796,777
Loans receivable, net of current maturities	0	3,215,344	3,215,344
Refinance costs, net of accumulated amortization	20,947	18,629	39,576
Capital assets, net of accumulated depreciation	334,985	2,848,638	3,183,623
Total noncurrent assets	<u>2,212,297</u>	<u>8,023,023</u>	<u>10,235,320</u>
Total assets	<u>7,640,468</u>	<u>8,520,237</u>	<u>16,160,705</u>
LIABILITIES			
Current liabilities:			
Accounts payable	1,004,797	347	1,005,144
Accrued payroll and related liabilities	807,846	18,834	826,680
Accrued interest payable	9,901	106,597	116,498
Unearned revenue	84,429	0	84,429
Compensated absences	628,859	0	628,859
Current maturities of loans payable	117,874	212,238	330,112
Total current liabilities	<u>2,653,706</u>	<u>338,016</u>	<u>2,991,722</u>
Noncurrent liabilities:			
Long-term debt, net of current maturities	1,922,496	5,896,121	7,818,617
Total noncurrent liabilities	<u>1,922,496</u>	<u>5,896,121</u>	<u>7,818,617</u>
Total liabilities	<u>4,576,202</u>	<u>6,234,137</u>	<u>10,810,339</u>
NET ASSETS			
Invested in capital assets, net of related debt	170,739	603,566	774,305
Restricted for:			
Telecommunications	2,068,357	0	2,068,357
Boundary Commission	49,784	0	49,784
USDA	0	745,917	745,917
EDA	0	885,252	885,252
Unrestricted	775,386	51,365	826,751
Total net assets	<u>\$3,064,266</u>	<u>\$2,286,100</u>	<u>\$5,350,366</u>

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

**LANE COUNCIL OF GOVERNMENTS
STATEMENT OF ACTIVITIES
For the Year Ending June 30, 2007**

	Direct Expenses	Indirect Cost Allocation	Expenses after Allocation of Indirect Costs	Program Revenues		Net Revenue (Expense) and Changes in Net Assets		
				Charges for Services	Operating Grants and Contributions	Governmental Activities	Business- type Activities	Total
Governmental activities:								
Board/executive	\$ 259,087	\$ 55,499	\$ 314,586	\$ 14,722	\$ 25,679	(\$ 274,185)	\$ 0	(\$ 274,185)
Local government services	6,283,374	960,545	7,243,919	5,742,947	1,446,429	(54,543)	0	(54,543)
Regional technology services	3,047,453	435,973	3,483,426	3,532,748	0	49,322	0	49,322
Senior and disabled services	8,616,703	1,540,780	10,157,483	1,300,172	8,899,985	42,674	0	42,674
Interest on long-term debt	36,992	0	36,992	0	0	(36,992)	0	(36,992)
Indirect costs	3,117,724	(3,117,724)	0	0	0	0	0	0
Total governmental activities	<u>21,361,333</u>	<u>(124,927)</u>	<u>21,236,406</u>	<u>10,590,589</u>	<u>10,372,093</u>	<u>(273,724)</u>	<u>0</u>	<u>(273,724)</u>
Business-type activities:								
Washington Mutual Building	223,358	0	223,358	191,933	0	0	(31,425)	(31,425)
Schaefers Building	369,109	39	369,148	320,748	0	0	(48,400)	(48,400)
Loan program	381,465	124,888	506,353	553,423	125,000	0	172,070	172,070
Total business-type activities	<u>973,932</u>	<u>124,927</u>	<u>1,098,859</u>	<u>1,066,104</u>	<u>125,000</u>	<u>0</u>	<u>92,245</u>	<u>92,245</u>
Total activities	<u>\$22,335,265</u>	<u>\$ 0</u>	<u>\$22,335,265</u>	<u>\$11,656,693</u>	<u>\$10,497,093</u>	<u>(\$ 273,724)</u>	<u>\$ 92,245</u>	<u>(\$ 181,479)</u>
General revenues:								
Unrestricted investment earnings						102,060	137,840	239,900
Member dues						210,069	0	210,069
Gain on sale of equipment						3,500	0	3,500
Transfers in (out)						87,268	(87,268)	0
Total general revenues and transfers						<u>402,897</u>	<u>50,572</u>	<u>453,469</u>
Change in net assets						129,173	142,817	271,990
Net assets, beginning of year						<u>2,935,093</u>	<u>2,143,283</u>	<u>5,078,376</u>
Net assets, end of year						<u>\$3,064,266</u>	<u>\$2,286,100</u>	<u>\$5,350,366</u>

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

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**LANE COUNCIL OF GOVERNMENTS
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2007**

	General Fund	Telecommunications
ASSETS		
Cash and investments	\$2,606,342	\$ 0
Prepaid expenditures	19,620	0
Accounts receivable	5,435	314,843
Due from other funds	32,984	0
Restricted cash and investments	0	1,805,227
 Total assets	 \$2,664,381	 \$2,120,070
 LIABILITIES AND FUND BALANCES		
Liabilities:		
Due to other funds	\$ 0	\$ 0
Accounts payable	10,014	51,713
Accrued payroll and related liabilities	152,003	0
Compensated absences	628,859	0
Deferred revenue	1,564	0
 Total liabilities	 792,440	 51,713
Fund balances:		
Reserved for Boundary Commission	0	0
Reserved for Telecommunications	0	2,068,357
Unreserved, reported in:		
General fund	1,871,941	0
Special revenue funds	0	0
 Total fund balances	 1,871,941	 2,068,357
 Total liabilities and fund balances	 \$2,664,381	 \$2,120,070

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>
\$ 326,545	\$ 0	\$2,932,887
0	0	19,620
2,116,257	6,145	2,442,680
0	0	32,984
<u>0</u>	<u>51,138</u>	<u>1,856,365</u>
<u><u>\$2,442,802</u></u>	<u><u>\$ 57,283</u></u>	<u><u>\$7,284,536</u></u>
\$ 0	\$ 0	\$ 0
942,259	811	1,004,797
649,155	6,688	807,846
0	0	628,859
<u>82,865</u>	<u>0</u>	<u>84,429</u>
<u>1,674,279</u>	<u>7,499</u>	<u>2,525,931</u>
0	49,784	49,784
0		2,068,357
0		1,871,941
<u>768,523</u>		<u>768,523</u>
<u>768,523</u>	<u>49,784</u>	<u>4,758,605</u>
<u><u>\$2,442,802</u></u>	<u><u>\$ 57,283</u></u>	<u><u>\$7,284,536</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, 2007**

Total fund balances - governmental funds		\$4,758,605
Capital assets used in governmental funds are not financial resources and therefore are not reported in the funds.		334,985
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.		20,947
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	(2,040,370)	
Accrued interest	(9,901)	
		<u>(2,050,271)</u>
Net assets of governmental activities		<u><u>\$3,064,266</u></u>

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

LANE COUNCIL OF GOVERNMENTS
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES -- GOVERNMENTAL FUNDS
For the Year Ended June 30, 2007

	<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	\$ 210,069	\$ 0	\$ 0	\$ 0	\$ 210,069
Federal and state grants and contracts	0	0	10,441,683	0	10,441,683
Other local sources	263,921	1,690,346	8,508,575	139,336	10,602,178
In-kind services	0	0	168,019	0	168,019
	<u>473,990</u>	<u>1,690,346</u>	<u>19,118,277</u>	<u>139,336</u>	<u>21,421,949</u>
Total revenues					
Expenditures:					
Current:					
Board/executive services	310,870	0	25,679	0	336,549
Local government services	0	0	7,089,955	165,703	7,255,658
Senior and disabled services	0	0	10,164,327	0	10,164,327
Regional technology services	0	1,460,703	1,985,929	0	3,446,632
Debt service:					
Principal	86,619	0	0	0	86,619
Interest	48,864	0	0	0	48,864
Refinance costs	20,538	0	0	0	20,538
Capital outlay	21,260	0	27,287	0	48,547
	<u>488,151</u>	<u>1,460,703</u>	<u>19,293,177</u>	<u>165,703</u>	<u>21,407,734</u>
Total expenditures					
Revenues over (under) expenditures	<u>(14,161)</u>	<u>229,643</u>	<u>(174,900)</u>	<u>(26,367)</u>	<u>14,215</u>
Other financing sources (uses):					
Loan proceeds	1,888,219	0	0	0	1,888,219
Operating transfers in	137,424	0	241,487	0	378,911
Operating transfers out	<u>(209,549)</u>	<u>(58,394)</u>	<u>(23,699)</u>	<u>0</u>	<u>(291,642)</u>
	<u>1,816,094</u>	<u>(58,394)</u>	<u>217,788</u>	<u>0</u>	<u>1,975,488</u>
Total other financing sources (uses)					
Net change in fund balances	1,801,933	171,249	42,888	(26,367)	1,989,703
Fund balances, beginning of year	<u>70,008</u>	<u>1,897,108</u>	<u>725,635</u>	<u>76,151</u>	<u>2,768,902</u>
Fund balances, end of year	<u>\$ 1,871,941</u>	<u>\$ 2,068,357</u>	<u>\$ 768,523</u>	<u>\$ 49,784</u>	<u>\$ 4,758,605</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, 2007**

Net change in fund balances - governmental funds \$1,989,703

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	48,547
Depreciation expense	(125,230)

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	86,619
Loan proceeds	(1,888,219)

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	20,538
Amortization of debt issuance costs	(1,454)

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

Net change in accrued interest	(1,331)
--------------------------------	---------

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

0

Change in net assets of governmental activities	<u><u>\$ 129,173</u></u>
-------------------------------------------------	--------------------------

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

**LANE COUNCIL OF GOVERNMENTS
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
June 30, 2007**

	Washington <u>Mutual</u>	Schaefers <u>Building</u>	Loan <u>Program</u>	<u>Total</u>
ASSETS				
Current assets:				
Cash and investments	\$ 4,951	\$ 8,081	\$ 74,847	\$ 87,879
Accounts receivable	0	0	11,726	11,726
Current maturities of loans receivable	0	0	371,289	371,289
Accrued interest receivable	0	0	16,418	16,418
Prepaid expense	0	42,886	0	42,886
Total current assets	<u>4,951</u>	<u>50,967</u>	<u>474,280</u>	<u>530,198</u>
Noncurrent assets:				
Restricted cash and investments	0	0	1,940,412	1,940,412
Loans receivable, net of current maturities	0	0	3,215,344	3,215,344
Refinance costs, net of accumulated amortization	6,939	11,690	0	18,629
Capital assets, net of accumulated depreciation	1,020,780	1,827,858	0	2,848,638
Total noncurrent assets	<u>1,027,719</u>	<u>1,839,548</u>	<u>5,155,756</u>	<u>8,023,023</u>
Total assets	<u>1,032,670</u>	<u>1,890,515</u>	<u>5,630,036</u>	<u>8,553,221</u>
LIABILITIES				
Current liabilities:				
Due to other funds	4,951	8,081	19,952	32,984
Accounts payable	0	0	347	347
Accrued payroll and related liabilities	0	0	18,834	18,834
Accrued interest payable	80,272	2,359	23,966	106,597
Current maturities of loans payable	40,893	22,607	148,738	212,238
Total current liabilities	<u>126,116</u>	<u>33,047</u>	<u>211,837</u>	<u>371,000</u>
Noncurrent liabilities:				
Long-term debt, net of current maturities	1,099,519	1,082,053	3,714,549	5,896,121
Total noncurrent liabilities	<u>1,099,519</u>	<u>1,082,053</u>	<u>3,714,549</u>	<u>5,896,121</u>
Total liabilities	<u>1,225,635</u>	<u>1,115,100</u>	<u>3,926,386</u>	<u>6,267,121</u>
NET ASSETS				
Invested in capital assets, net of related debt	(119,632)	723,198	0	603,566
Restricted by USDA	0	0	745,917	745,917
Restricted by EDA	0	0	885,252	885,252
Unrestricted	(73,333)	52,217	72,481	51,365
Total net assets (deficit)	<u>(\$ 192,965)</u>	<u>\$ 775,415</u>	<u>\$1,703,650</u>	<u>\$2,286,100</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, 2007**

	Washington Mutual	Schaefers Building	Loan Program	Total
Operating revenues:				
Charges for services	\$ 0	\$ 0	\$ 553,423	\$ 553,423
Rent	191,933	320,748	0	512,681
State revenue	0	0	125,000	125,000
Other	0	0	0	0
Total operating revenues	<u>191,933</u>	<u>320,748</u>	<u>678,423</u>	<u>1,191,104</u>
Operating expenses:				
Personal services	0	120	374,575	374,695
Materials and services	89,901	156,436	92,254	338,591
Bad debts	0	0	0	0
Interest on loans	0	0	39,524	39,524
Depreciation	51,109	92,414	0	143,523
Amortization of refinance costs	1,388	41,733	0	43,121
Total operating expenses	<u>142,398</u>	<u>290,703</u>	<u>506,353</u>	<u>939,454</u>
Operating income	<u>49,535</u>	<u>30,045</u>	<u>172,070</u>	<u>251,650</u>
Nonoperating revenues (expenses):				
Interest income	0	20,954	116,886	137,840
Federal revenue	0	0	0	0
Interest expense	(80,960)	(78,445)	0	(159,405)
Total nonoperating revenues (expenses)	<u>(80,960)</u>	<u>(57,491)</u>	<u>116,886</u>	<u>(21,565)</u>
Income (loss) before transfers	(31,425)	(27,446)	288,956	230,085
Transfers in	17,164	0	9,292	26,456
Transfers out	0	(113,724)	0	(113,724)
Change in net assets	(14,261)	(141,170)	298,248	142,817
Net assets (deficit), beginning of year	<u>(178,704)</u>	<u>916,585</u>	<u>1,405,402</u>	<u>2,143,283</u>
Net assets (deficit), end of year	<u><u>(\$ 192,965)</u></u>	<u><u>\$ 775,415</u></u>	<u><u>\$1,703,650</u></u>	<u><u>\$2,286,100</u></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, 2007**

	Washington <u>Mutual</u>	Schaefers <u>Building</u>	Loan <u>Program</u>	<u>Total</u>
Cash flows from operating activities:				
Rents	\$ 191,933	\$ 320,748	\$ 0	\$ 512,681
Loan fees	0	0	304,074	304,074
Local revenue	0	0	1,000	1,000
State revenue	0	0	125,000	125,000
Interest on business loans	0	0	250,233	250,233
Payments to employees	0	(81)	(250,909)	(250,990)
Support services	0	(39)	(124,887)	(124,926)
Materials and services	(84,295)	(199,071)	(91,907)	(375,273)
Payments to borrowers	0	0	(342,000)	(342,000)
Principal received from borrowers	0	0	438,365	438,365
Interest on USDA loans	0	0	(39,221)	(39,221)
Net cash provided by operating activities	<u>107,638</u>	<u>121,557</u>	<u>269,748</u>	<u>498,943</u>
Cash flows from noncapital financing activities:				
Loans received from USDA	0	0	313,000	313,000
Principal paid to USDA	0	0	(148,311)	(148,311)
Operating transfers in	17,164	0	9,292	26,456
Operating transfers out	0	(113,724)	0	(113,724)
Net cash provided (used) by non-capital financing activities	<u>17,164</u>	<u>(113,724)</u>	<u>173,981</u>	<u>77,421</u>
Cash flows from capital and related financing activities:				
Purchases of capital assets	(4,080)	(144,093)	0	(148,173)
Cash paid for refinance costs	0	(2,854)	0	(2,854)
Principal paid on bank loans or revenue bonds payable	(38,217)	(122,121)	0	(160,338)
Interest paid on bank loans or revenue bonds payable	(82,504)	(98,159)	0	(180,663)
Federal revenue	0	0	0	0
Net cash used by capital and related financing activities	<u>(124,801)</u>	<u>(367,227)</u>	<u>0</u>	<u>(492,028)</u>
Cash flows from investing activities:				
Purchase of investments	0	(521,225)	(3,963)	(525,188)
Proceeds from investments	0	858,780	105,455	964,235
Earnings on investments	0	20,953	116,886	137,839
Increase (decrease) in due to other funds	(1,881)	(6,448)	(5,638)	(13,967)
Net cash provided (used) by investing activities	<u>(1,881)</u>	<u>352,060</u>	<u>212,740</u>	<u>562,919</u>
Net increase (decrease) in cash and cash equivalents	(1,880)	(7,334)	656,469	647,255
Cash and cash equivalents, beginning of year	<u>6,831</u>	<u>15,415</u>	<u>1,249,231</u>	<u>1,271,477</u>
Cash and cash equivalents, end of year	<u>\$ 4,951</u>	<u>\$ 8,081</u>	<u>\$1,905,700</u>	<u>\$1,918,732</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, 2007**

	Washington <u>Mutual</u>	Schaefers <u>Building</u>	Loan <u>Program</u>	<u>Total</u>
Reconciliation of operating income to net cash provided by operating activities:				
Operating income	\$ 49,535	\$ 30,045	\$172,070	\$251,650
Adjustments to reconcile operating income to net cash provided by operating activities:				
Amortization of refinance costs	1,388	41,733	0	43,121
Depreciation	51,109	92,414	0	143,523
Miscellaneous expense paid from non cash sources	0	251	0	251
(Increase)decrease in interest receivable	0	0	(1,729)	(1,729)
(Increase) decrease in accounts receivable	0	0	3,613	3,613
(Increase) decrease in prepaid expense	5,606	(42,886)	0	(37,280)
(Increase) decrease in loan receivable	0	0	96,365	96,365
Increase (decrease) in interest payable on USDA loan	0	0	303	303
Increase (decrease) in accounts payable	0	0	347	347
Increase (decrease) in accrued payroll and related liabilities	0	0	(1,221)	(1,221)
Net cash provided by operating activities	<u>\$107,638</u>	<u>\$121,557</u>	<u>\$269,748</u>	<u>\$498,943</u>
Non-cash financing and investing activities:				
Pay off revenue bonds		\$1,090,000		
Refinance charges		9,239		
Interest		12,292		
Fees		250		
Loan proceeds		<u>\$1,111,781</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, 2007**

	<u>Agency Funds</u>
ASSETS	
Cash and investments	\$289,093
Accounts receivable	<u>7,420</u>
Total assets	<u><u>\$296,513</u></u>
 LIABILITIES	
Accounts payable	\$ 4,480
Due to other agencies	292,033
Due to other funds	<u>0</u>
Total liabilities	<u><u>\$296,513</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 when paid.
- 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:

- Washington Mutual Building—Financial activity of the LCOG-owned building is recorded in this fund. Income from leases for office space in the building 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 was vacant for five months during the year. That portion is now leased to a private sector business.
- 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 received, 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 use 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, 2007 consisted of the following:

Cash:

Petty cash and cash on hand	\$ 200
Demand deposits with financial institutions	3,313,530
Money market accounts	1,998,939
Nonnegotiable certificates of deposit	122,832
Cash with agent	<u>16,517</u>
Total cash	<u>5,452,018</u>

Investments

Local Government Investment Pool	658,585
U.S. Treasury bills	0
U.S. government agency obligations	<u>996,033</u>
Total investments	<u>1,654,618</u>

Total cash and investments \$ 7,106,636

4. Cash and Investments, Continued:

LANE COUNCIL OF GOVERNMENTS
NOTES TO THE FINANCIAL STATEMENTS

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

Statement of net assets:	
Cash and investments	\$ 3,020,766
Restricted cash and investments	3,796,777
Statement of fiduciary net assets:	
Cash and investments	<u>289,093</u>
Total cash investments	<u>\$7,106,636</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 \$5,704,636. Of this, \$542,120 was insured and \$2,324,393 was backed by pledged securities. The remaining \$2,838,123 was not insured or collateralized.

At June 30, 2007 all deposits except \$271,606 were insured or collateralized pursuant to Oregon law.

A new certificate of collateral for \$3,800,000 has been issued by Umpqua Bank to cover deposits. Also a new deposit collateral agreement has been issued for the Loan Program.

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 U.S. Treasury bills, the LGIP, and U.S. government agency obligations as part of an overnight "sweep" agreement with Wells Fargo Bank. LCOG had no investments in U.S. Treasury bills at June 30, 2007. 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, 2007 the LGIP's investments in these three categories were 78%, 9%, and 13%, respectively.

Credit Risk. Credit risk is the risk than an issuer or other counterparty to an investment will not fulfill its obligation. LCOG's only investments during the year were U.S. Treasury bills, U.S. government agency obligations, and funds held in the LGIP. U.S. Treasury bills are considered risk-free. 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 and U.S. Treasury bills, 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, 2007, LCOG's investments were as follows:

		<u>Percent</u>
Local Government Investment Pool	\$ 658,585	40%
U.S. Treasury bills	0	0%
Federal Home Loan Bank note	<u>996,033</u>	<u>60%</u>
Total investments	<u>\$1,654,618</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	\$ 87,879	\$ 0	\$ 87,879
Restricted cash and investments	<u>1,830,853</u>	<u>109,559</u>	<u>1,940,412</u>
	<u>\$1,918,732</u>	<u>\$ 109,559</u>	<u>\$2,028,291</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	\$ 5,435	\$ 5,435
Telecommunications	0	314,843	0	314,843
Grants and Contracts	2,116,257	0	0	2,116,257
Other non-major	<u>0</u>	<u>0</u>	<u>6,145</u>	<u>6,145</u>
Total governmental	<u>2,116,257</u>	<u>314,843</u>	<u>11,580</u>	<u>2,442,680</u>
Proprietary funds:				
Washington Mutual Building	0	0	0	0
Loan Program	<u>0</u>	<u>0</u>	<u>11,726</u>	<u>11,726</u>
Total proprietary	<u>0</u>	<u>0</u>	<u>11,726</u>	<u>11,726</u>
Total	<u>\$ 2,116,257</u>	<u>\$ 314,843</u>	<u>\$ 23,306</u>	<u>\$ 2,454,406</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	0	0	79,884
Furniture and equipment	<u>1,263,745</u>	<u>48,547</u>	<u>(132,640)</u>	<u>1,179,652</u>
Total capital assets being depreciated	<u>1,998,028</u>	<u>48,547</u>	<u>(132,640)</u>	<u>1,913,935</u>
Less accumulated depreciation for:				
Leasehold improvements		(65,440)	0	(474,381)
	(408,941)			
Vehicles	(79,884)	0	0	(79,884)
Furniture and equipment	<u>(1,097,535)</u>	<u>(59,790)</u>	<u>132,640</u>	<u>(1,024,685)</u>
Total accumulated depreciation	<u>(1,586,360)</u>	<u>(125,230)</u>	<u>132,640</u>	<u>(1,578,950)</u>
Governmental activities capital assets, net	<u>\$ 411,668</u>	<u>\$(76,683)</u>	<u>\$ 0</u>	<u>\$ 334,985</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>\$ 0</u>	<u>\$ 0</u>	<u>\$ 299,630</u>
Capital assets being depreciated:				
Buildings	2,413,669	0	0	2,413,669
Improvements	<u>1,861,242</u>	<u>148,173</u>	<u>0</u>	<u>2,009,415</u>
Total capital assets being depreciated	<u>4,274,911</u>	<u>148,173</u>	<u>0</u>	<u>4,423,084</u>
Less accumulated depreciation for:				
Buildings	(645,074)	(40,526)	0	(685,600)
Improvements	<u>(1,085,479)</u>	<u>(102,997)</u>	<u>0</u>	<u>(1,188,476)</u>
Total accumulated depreciation	<u>(1,730,553)</u>	<u>(143,523)</u>	<u>0</u>	<u>(1,874,076)</u>
Capital assets being depreciated, net	<u>2,544,358</u>	<u>4,650</u>	<u>0</u>	<u>2,549,008</u>
Business-type activities capital assets, net	<u>\$2,843,988</u>	<u>\$4,650</u>	<u>\$ 0</u>	<u>\$ 2,848,638</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	\$ 71,122
Local Government Services	0
Regional Technology Services	42,122
Senior and Disabled Services	<u>11,986</u>
Total depreciation expense – governmental activities	<u>125,230</u>
Business-type activities:	
Schaefers Building	92,414
Washington Mutual Building	51,109
Loan Program	<u>0</u>
Total depreciation expense – business-type activities	<u>143,523</u>
Total depreciation expense	<u><u>\$ 268,753</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 52 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	\$3,861,633
Allowance for loan losses	<u>(275,000)</u>
Loans receivable, net of allowance for loan losses	3,586,633
Amounts due within one year	<u>(371,289)</u>
Loans receivable, noncurrent	<u><u>\$3,215,344</u></u>

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

Balance, beginning of year	\$ 275,000
Additions, charged to operating expenses	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 \$317,064 were classified as impaired and offset by allowances for loan losses of \$121,600. During the year, these loans had an average balance of \$321,328 and interest income of \$10,137 was recognized. Actual cash basis interest received was \$10,618; if the loans had not been impaired, interest income of \$26,182 would have been recorded. During the year the allowance for loan losses decreased by \$3,600 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. \$ 164,246

\$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 \$1,415,940 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. 1,876,124

Total long-term debt for governmental activities 2,040,370

Amounts due within one year (117,874)

Long-term debt, net of current maturities - governmental activities \$ 1,922,496

Long-term Debt - Business-type Activities

\$1,111,781 (37.06% of \$3,000,000 Umpqua Bank loan). This represents the portion of the loan proceeds required to pay off the 1993 revenue bonds used to purchase the Schaefers Building; monthly payments of \$6,636 through February 2012, including interest at 5.125%; beginning March 2012 the interest rate will be adjusted to 66% of the sum of the bank's index rate (currently 4.25%) plus 3%, monthly payments through January 2017 to be reamortized; final payment of \$833,704 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. \$ 1,104,660

\$1,278,924 Wells Fargo Bank loan; dated July 3, 2002; to refinance the purchase and remodeling of the Washington Mutual Building in Springfield, Oregon. Annual principal and interest payments of \$120,722 through July 2011 with a final payment of \$968,617 due July 2012; interest rate of 7.00%; secured by real property and the pledge of future income from tenant rents. 1,140,412

LANE COUNCIL OF GOVERNMENTS
NOTES TO THE FINANCIAL STATEMENTS

8. <u>Long-term Debt</u> , Continued:	
<u>Long-term Debt - Business-type Activities</u> , Continued:	
\$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.	1,461,431
\$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.	800,210
\$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.	430,977
\$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.	373,799
\$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.	483,870
\$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>313,000</u>
Total long-term debt for business-type activities	6,108,359
Amounts due within one year	<u>(212,238)</u>
Long-term debt, net of current maturities - business-type activities	\$ <u>5,896,121</u>

LANE COUNCIL OF GOVERNMENTS
NOTES TO THE FINANCIAL STATEMENTS

8. Long-term Debt, Continued:

Long-term Debt Transactions – Governmental Activities

	Principal				Due Within One Year
	Outstanding Beginning	Additional Borrowings	Repaid	Outstanding Ending	
Wells Fargo Bank loan	\$ 238,770	\$ 0	\$ (74,524)	\$ 164,246	\$ 79,480
Umpqua Bank loan	0	1,888,219	(12,095)	1,876,124	38,394
	<u>\$ 238,770</u>	<u>\$ 1,888,219</u>	<u>\$ (86,619)</u>	<u>\$ 2,040,370</u>	<u>\$ 117,874</u>

	Interest			Outstanding Ending
	Outstanding Beginning	Matured	Paid	
Wells Fargo Bank loan	\$ 0	\$ 15,878	\$ (15,878)	\$ 0
Umpqua Bank loan	0	32,986	(32,986)	0
	<u>\$ 0</u>	<u>\$ 48,864</u>	<u>\$ (48,864)</u>	<u>\$ 0</u>

Long-term Debt Transactions – Business-type Activities

	Principal				Due Within One Year
	Outstanding Beginning	Additional Borrowings	Repaid	Outstanding Ending	
1993 revenue bonds	\$ 1,205,000	\$ 0	\$ (1,205,000)	\$ 0	\$ 0
Wells Fargo Bank loan	1,178,630	0	(38,218)	1,140,412	40,892
Umpqua Bank loan	0	1,111,781	(7,121)	1,104,660	22,607
\$2,000,000 USDA loan	1,530,855	0	(69,424)	1,461,431	69,685
\$1,000,000 USDA loan	834,136	0	(33,926)	800,210	33,461
\$478,000 USDA loan	446,752	0	(15,775)	430,977	15,978
\$400,000 USDA loan	386,910	0	(13,111)	373,799	13,140
\$500,000 USDA loan	499,945	0	(16,075)	483,870	16,475
\$500,000 USDA loan	0	313,000	0	313,000	0
	<u>\$ 6,082,228</u>	<u>\$ 1,424,781</u>	<u>\$ (1,398,650)</u>	<u>\$ 6,108,359</u>	<u>\$ 212,238</u>

	Interest			Outstanding Ending
	Outstanding Beginning	Matured	Paid	
1993 revenue bonds	\$ 0	\$ 91,029	\$ (91,029)	\$ 0
Wells Fargo Bank loan	0	82,504	(82,504)	0
Umpqua Bank loan	0	19,422	(19,422)	0
\$2,000,000 USDA loan	0	15,476	(15,476)	0
\$1,000,000 USDA loan	0	8,524	(8,524)	0
\$478,000 USDA loan	0	4,517	(4,517)	0
\$400,000 USDA loan	0	3,869	(3,869)	0
\$500,000 USDA loan	0	5,150	(5,150)	0
\$500,000 USDA loan	0	1,685	(1,685)	0
	<u>\$ 0</u>	<u>\$ 232,176</u>	<u>\$ (232,176)</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 \$249,676. This consisted of \$50,747 reported in the governmental activities (\$36,992 not allocable to a specific function and \$13,755 included as a direct expense). No interest was capitalized for the year and \$198,929 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>
2008	\$ 117,874	\$ 107,769
2009	125,470	100,174
2010	42,871	92,370
2011	45,152	90,089
2012	47,313	87,928
2013	50,073	85,168
2014	52,737	82,504
2015	55,544	79,697
2016	58,289	76,952
2017	<u>1,445,047</u>	<u>49,785</u>
	<u>\$ 2,040,370</u>	<u>\$ 852,436</u>

Annual Debt Service Requirements to Maturity – Business-type Activities

Fiscal year ending:	<u>Principal</u>	<u>Interest</u>
2008	\$ 212,239	\$ 177,068
2009	219,555	169,775
2010	235,567	163,920
2011	241,824	157,662
2012	248,255	151,234
2013 – 2017	2,742,982	419,987
2018 – 2022	903,168	92,511
2023 – 2027	863,773	46,445
2028 – 2032	368,077	13,491
2033 – 2036	<u>72,919</u>	<u>1,514</u>
	<u>\$ 6,108,359</u>	<u>\$ 1,393,607</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	\$ 209,550	\$ 137,424
Telecommunications Fund	58,394	0
Grants and Contracts Fund	23,699	241,487
Washington Mutual Building Fund	0	17,164
Schaefers Building Fund	113,724	0
Loan Program Fund	<u>0</u>	<u>9,292</u>
	<u>\$ 405,367</u>	<u>\$ 405,367</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 \$445,989 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		
2005	7.56%	8.04%	\$ 549,119	100%
2006	12.87%	8.04%	\$ 929,884	100%
2007	12.87%	9.58%	\$ 914,439	100%

The required PERS contributions for the current year were based on an actuarial valuation as of December 31, 2003. Since the OPSRP had no past experience, its current contribution rate was an estimate. Based on the December 31, 2005 actuarial valuation, LCOG's PERS and OPSRP contribution rates beginning July 1, 2007, will be 10.93% and 13.72 %, 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.

Central Kitchen:

LCOG leases 4,172 square feet of space located at 1407 Cross Street. The present lease calls for a monthly payment of \$2,420 through May 31, 2008.

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 \$4,304 per month. This lease expires February 28, 2008.

LCOG also leases a site in Cottage Grove. The lease calls for a base monthly rental payment of \$1,400. This lease expires on April 30, 2008. 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	\$264,773
Public Service Building	10,200
Central Kitchen	28,127
Title XIX	51,365
Senior Nutrition and Outreach	14,159
Schaefers Building (see note #12)	<u>215,500</u>
Total	<u>\$584,124</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>	
2008	\$ 329,988
2009	289,368
2010	<u>120,570</u>
Total	<u>\$ 739,926</u>

12. Schaefers Building and Washington Mutual 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 \$215,500 for the year and are included in total rent income of \$512,681 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.

LANE COUNCIL OF GOVERNMENTS
NOTES TO THE FINANCIAL STATEMENTS

12. Schaefers Building and Washington Mutual Building. Continued:

LCOG owns the Washington Mutual Building at 640-644 A Street in Springfield, Oregon. As of July 1, 2007, 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.

Future minimum rental income on noncancellable leases is as follows:

<u>June 30</u>	
2008	\$ 476,353
2009	489,064
2010	502,118
2011	515,524
2012	526,180
2013	357,206
2014	366,136
2015	375,290
2016	384,672
2017	<u>394,289</u>
Total	<u>\$ 4,386,832</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:

On October 3, 2007 LCOG and Umpqua Bank signed a commitment letter to refinance the Washington Mutual Building. LCOG will borrow \$2,500,000 at an initial interest rate of the bank's index plus 2.45%.

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, 2007

	<u>Balance</u> <u>July 1, 2006</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2007</u>
<u>9-1-1 PSAP Reserves</u>				
Assets:				
Cash and investments	\$ 374,325	\$1,260,209	\$1,377,770	\$ 256,764
Total assets	<u>\$ 374,325</u>	<u>\$1,260,209</u>	<u>\$1,377,770</u>	<u>\$ 256,764</u>
Liabilities:				
Due to other agencies	\$ 373,630	\$1,260,209	\$1,377,075	\$ 256,764
Due to other funds	695	0	695	0
Total liabilities	<u>\$ 374,325</u>	<u>\$1,260,209</u>	<u>\$1,377,770</u>	<u>\$ 256,764</u>
 <u>Fiber South Consortium</u>				
Assets:				
Cash and investments	\$ 26,055	\$ 53,118	\$ 46,844	\$ 32,329
Accounts receivable	0	7,420	0	7,420
Total assets	<u>\$ 26,055</u>	<u>\$ 60,538</u>	<u>\$ 46,844</u>	<u>\$ 39,749</u>
Liabilities:				
Accounts payable	\$ 0	\$ 4,480	\$ 0	4,480
Due to other agencies	26,055	56,058	46,844	35,269
Total liabilities	<u>\$ 26,055</u>	<u>\$ 60,538</u>	<u>\$ 46,844</u>	<u>\$ 39,749</u>
 <u>Total - All Agency Funds</u>				
Assets:				
Cash and investments	\$ 400,380	\$1,313,327	\$1,424,614	\$ 289,093
Accounts receivable	0	7,420	0	7,420
Total assets	<u>\$ 400,380</u>	<u>\$1,320,747</u>	<u>\$1,424,614</u>	<u>\$ 296,513</u>
Liabilities:				
Accounts payable	\$ 0	\$ 4,480	\$ 0	\$ 4,480
Due to other agencies	399,685	1,316,267	1,423,919	292,033
Due to other funds	695	0	695	0
Total liabilities	<u>\$ 400,380</u>	<u>\$1,320,747</u>	<u>\$1,424,614</u>	<u>\$ 296,513</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.
- Washington Mutual 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.
- 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, 2007**

	<u>Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
Revenues:			
Member agency dues	\$210,517	\$210,069	(\$ 448)
Interest income	70,000	102,060	32,060
Overhead carryforward	45,238	45,238	0
Equipment reimbursement	5,300	5,682	382
Improvement reimbursement	65,440	65,440	0
Interest reimbursement	15,878	15,878	0
Other local sources	11,900	19,341	7,441
Miscellaneous	3,000	10,282	7,282
	<hr/>	<hr/>	<hr/>
Total local revenues	427,273	473,990	46,717
Expenditures:			
General services:			
Personal services	115,594	108,581	7,013
Support services	83,434	146,163	(62,729)
Materials and services	28,500	56,126	(27,626)
Capital outlay	20,000	21,260	(1,260)
Debt service	90,403	156,021	(65,618)
	<hr/>	<hr/>	<hr/>
Total expenditures	337,931	488,151	(150,220)
Revenues over (under) expenditures	<hr/>	<hr/>	<hr/>
	89,342	(14,161)	(103,503)
Other financing sources (uses):			
Loan proceeds	0	1,888,219	1,888,219
Operating transfers in	2,075,732	137,424	(1,938,308)
Operating transfers out	(96,636)	(209,549)	(112,913)
	<hr/>	<hr/>	<hr/>
Total other financing sources (uses)	1,979,096	1,816,094	(163,002)
Revenues over (under) expenditures and other financing sources or uses	<hr/>	<hr/>	<hr/>
	2,068,438	1,801,933	(266,505)
Fund balance, beginning of year	<hr/>	<hr/>	<hr/>
	70,008	70,008	0
Fund balance, end of year	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
	\$2,138,446	\$1,871,941	(\$266,505)

**LANE COUNCIL OF GOVERNMENTS
TELECOMMUNICATIONS
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
For the Year Ended June 30, 2007**

	<u>Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
Revenues:			
Local sources	<u>\$1,395,104</u>	<u>\$1,690,346</u>	<u>\$295,242</u>
Total revenues	<u>1,395,104</u>	<u>1,690,346</u>	<u>295,242</u>
Expenditures:			
Regional technology services:			
Services by other organizations	<u>1,326,288</u>	<u>1,460,703</u>	<u>(134,415)</u>
Total expenditures	<u>1,326,288</u>	<u>1,460,703</u>	<u>(134,415)</u>
Revenues over (under) expenditures	<u>68,816</u>	<u>229,643</u>	<u>160,827</u>
Other financing sources (uses):			
Operating transfers in	0	0	0
Operating transfers out	<u>(37,427)</u>	<u>(58,394)</u>	<u>(20,967)</u>
Total other financing (uses)	<u>(37,427)</u>	<u>(58,394)</u>	<u>(20,967)</u>
Revenues over (under) expenditures and other financing sources or uses	31,389	171,249	139,860
Fund balance, beginning of year	<u>1,897,108</u>	<u>1,897,108</u>	<u>0</u>
Fund balance, end of year	<u><u>\$1,928,497</u></u>	<u><u>\$2,068,357</u></u>	<u><u>\$139,860</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, 2007**

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Revenues:			
Federal and state grants and contracts	\$10,940,565	\$10,441,683	(\$498,882)
Local sources	8,727,710	8,508,575	(219,135)
In-kind services	50,253	168,019	117,766
	<u>19,718,528</u>	<u>19,118,277</u>	<u>(600,251)</u>
Expenditures:			
Board/executive services:			
Personal services	0	0	0
Support services	600	1,200	(600)
Materials and services	13,469	24,479	(11,010)
	<u>14,069</u>	<u>25,679</u>	<u>(11,610)</u>
Local government services:			
Personal services	1,998,749	1,889,933	108,816
Support services	967,567	919,162	48,405
Materials and services	4,558,428	4,259,522	298,906
Services by other organizations	0	21,338	(21,338)
Capital outlay	0	0	0
	<u>7,524,744</u>	<u>7,089,955</u>	<u>434,789</u>
Senior and disabled services:			
Personal services	6,461,625	6,273,197	188,428
Support services	1,611,987	1,559,610	52,377
Materials and services	1,447,713	1,524,752	(77,039)
Services by other organizations	822,910	806,768	16,142
Capital outlay	0	17,082	(17,082)
	<u>10,344,235</u>	<u>10,181,409</u>	<u>162,826</u>
Regional technology services:			
Personal services	1,243,881	1,293,430	(49,549)
Support services	415,608	441,301	(25,693)
Materials and services	262,580	251,198	11,382
Services by other organizations	0	0	0
Capital outlay	28,621	10,205	18,416
	<u>1,950,690</u>	<u>1,996,134</u>	<u>(45,444)</u>
Total expenditures	<u>19,833,738</u>	<u>19,293,177</u>	<u>540,561</u>
Revenues over (under) expenditures	<u>(115,210)</u>	<u>(174,900)</u>	<u>(59,690)</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, 2007**

	<u>Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
Other financing sources (uses):			
Operating transfers in	113,619	241,487	127,868
Operating transfers out	<u>(27,783)</u>	<u>(23,699)</u>	4,084
Total other financing sources or uses	<u>85,836</u>	<u>217,788</u>	<u>131,952</u>
Revenues over (under) expenditures and other financing sources or uses	<u>(29,374)</u>	42,888	72,262
Fund balance, beginning of year	<u>725,636</u>	<u>725,635</u>	<u>(1)</u>
Fund balance, end of year	<u><u>\$696,262</u></u>	<u><u>\$768,523</u></u>	<u><u>\$72,261</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, 2007**

	<u>Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
Revenues:			
Assessments and fees	\$129,072	\$139,336	\$10,264
Miscellaneous	<u>0</u>	<u>0</u>	<u>0</u>
Total local revenues	<u>129,072</u>	<u>139,336</u>	<u>10,264</u>
Expenditures:			
Local government services:			
Personal services	104,797	106,530	(1,733)
Support services	52,244	53,122	(878)
Materials and services	11,946	6,051	5,895
Capital outlay	<u>0</u>	<u>0</u>	<u>0</u>
Total expenditures	<u>168,987</u>	<u>165,703</u>	<u>3,284</u>
Revenues over (under) expenditures	(39,915)	(26,367)	13,548
Fund balance, beginning of year	<u>76,151</u>	<u>76,151</u>	<u>0</u>
Fund balance, end of year	<u><u>\$ 36,236</u></u>	<u><u>\$ 49,784</u></u>	<u><u>\$13,548</u></u>

**LANE COUNCIL OF GOVERNMENTS
WASHINGTON MUTUAL BUILDING
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
For the Year Ended June 30, 2007**

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Revenues:			
Rents	\$191,933	\$191,933	\$ 0
Interest earned	<u>0</u>	<u>0</u>	<u>0</u>
Total revenues	<u>191,933</u>	<u>191,933</u>	<u>0</u>
Expenditures:			
Personal services	0	0	0
Support services	0	0	0
Materials and services	91,656	84,296	7,360
Capital outlay	0	4,080	(4,080)
Debt service	<u>120,721</u>	<u>120,721</u>	<u>0</u>
Total expenditures	<u>212,377</u>	<u>209,097</u>	<u>3,280</u>
Revenues over (under) expenditures	<u>(20,444)</u>	<u>(17,164)</u>	<u>3,280</u>
Other financing sources (uses):			
Operating transfer in	<u>20,444</u>	<u>17,164</u>	<u>(3,280)</u>
Total other financing sources (uses)	<u>20,444</u>	<u>17,164</u>	<u>(3,280)</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		(1,140,412)	
Capital assets, net of accumulated depreciation		1,020,780	
Refinance costs, net of accumulated amortization		6,939	
Accrued interest payable		(80,272)	
Prepaid expense		<u>0</u>	
Net assets (deficit), end of year		<u>(\$192,965)</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, 2007**

	<u>Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
Revenues:			
Rents	\$320,748	\$320,748	\$ 0
Interest earned	<u>10,000</u>	<u>20,953</u>	<u>10,953</u>
Total revenues	<u>330,748</u>	<u>341,701</u>	<u>10,953</u>
Expenditures:			
Personal services	3,023	81	2,942
Support services	1,507	39	1,468
Materials and services	231,400	211,413	19,987
Capital outlay	89,280	144,093	(54,813)
Debt service	<u>1,296,030</u>	<u>1,322,573</u>	<u>(26,543)</u>
Total expenditures	<u>1,621,240</u>	<u>1,678,199</u>	<u>(56,959)</u>
Revenues over (under) expenditures	<u>(1,290,492)</u>	<u>(1,336,498)</u>	<u>(46,006)</u>
Other financing sources (uses):			
Loan proceeds	\$3,000,000	\$1,111,781	(\$ 1,888,219)
Operating transfer out	<u>(2,047,949)</u>	<u>(113,724)</u>	<u>1,934,225</u>
Total other financing sources (uses)	<u>952,051</u>	<u>998,057</u>	<u>46,006</u>
Revenues over (under) expenditures and other financing sources or uses	<u>(338,441)</u>	<u>(338,441)</u>	<u>0</u>
Fund balance, beginning of year	<u>338,441</u>	<u>338,441</u>	<u>0</u>
Fund balance, end of year	<u>\$ 0</u>	<u>0</u>	<u>\$ 0</u>
Reconciliation to GAAP basis:			
Revenue bonds payable		(1,104,659)	
Capital assets, net of accumulated depreciation		1,827,857	
Refinance costs, net of accumulated amortization		11,690	
Accrued interest payable		(2,359)	
Prepaid expense-lease negotiation fee		<u>42,886</u>	
Net assets, end of year		<u>\$ 775,415</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, 2007**

	<u>Budget</u>	<u>Actual</u>	Variance <u>(Unfavorable)</u>
Revenues:			
Principal received on loans	\$350,882	\$438,365	\$ 87,483
Federal revenue	500,000	313,000	(187,000)
Loan fees	291,205	300,461	9,256
Local revenues	0	1,000	1,000
State revenue	125,000	125,000	0
Interest earned	368,555	368,848	293
	<u>1,635,642</u>	<u>1,546,674</u>	<u>(88,968)</u>
Total revenues			
Expenditures:			
Personal services	245,931	249,688	(3,757)
Support services	122,602	124,887	(2,285)
Materials and services	95,000	92,254	2,746
Loans made	700,000	342,000	358,000
Debt service	190,000	187,532	2,468
	<u>1,353,533</u>	<u>996,361</u>	<u>357,172</u>
Total expenditures			
Revenues over (under) expenditures	<u>282,109</u>	<u>550,313</u>	<u>268,204</u>
Other financing sources (uses):			
Operating transfer in	0	9,292	9,292
Operating transfer out	<u>0</u>	<u>0</u>	<u>0</u>
	<u>0</u>	<u>9,292</u>	<u>9,292</u>
Total other financing sources (uses)			
Revenues over (under) expenditures and other financing sources or uses	282,109	559,605	277,496
Fund balance, beginning of year	<u>1,444,665</u>	<u>1,444,665</u>	<u>0</u>
Fund balance, end of year	<u><u>\$1,726,774</u></u>	<u>2,004,270</u>	<u><u>\$277,496</u></u>
Reconciliation to GAAP basis:			
Loans receivable, net of allowance for loan losses		3,586,633	
Loans payable		(3,863,287)	
Accrued interest payable		<u>(23,966)</u>	
Net assets, end of year		<u><u>\$1,703,650</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.
- Local Government 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.
- Regional 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. In addition, financial activity of the LCOG-owned Washington Mutual Building is recorded in this organizational unit. 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, 2007**

	<u>Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
Resources:			
Federal and state	\$11,565,565	\$10,879,683	(\$ 685,882)
Local sources	15,001,967	15,244,488	242,521
In-kind services	50,253	168,019	117,766
Member dues	210,517	210,069	(448)
Beginning reserves	<u>4,552,009</u>	<u>4,552,008</u>	<u>(1)</u>
 Total resources	 <u>31,380,311</u>	 <u>31,054,267</u>	 <u>(326,044)</u>
Requirements:			
Personal services	12,060,935	11,796,267	264,668
Materials and services	8,108,906	7,884,830	224,076
Capital outlay	137,901	192,640	(54,739)
Loans made	700,000	342,000	358,000
Debt service	1,697,154	1,786,847	(89,693)
Services by other organizations	<u>2,149,198</u>	<u>2,288,809</u>	<u>(139,611)</u>
 Total requirements	 <u>24,854,094</u>	 <u>24,291,393</u>	 <u>562,701</u>
 Ending reserves	 <u>\$6,526,217</u>	 <u>\$6,762,874</u>	 <u>\$ 236,657</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, 2007**

	<u>Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
Resources:			
Member dues	\$210,517	\$210,069	(\$ 448)
Other local sources	216,756	2,152,140	1,935,384
Transfers	2,075,732	137,424	(1,938,308)
Beginning reserves	<u>70,009</u>	<u>70,008</u>	<u>(1)</u>
 Total resources	 <u>2,573,014</u>	 <u>2,569,641</u>	 <u>(3,373)</u>
Requirements:			
Personal services	115,594	108,581	7,013
Support services	83,434	146,163	(62,729)
Materials and services	28,500	56,126	(27,626)
Capital outlay	20,000	21,260	(1,260)
Debt service	90,403	156,021	(65,618)
Transfers	<u>96,636</u>	<u>209,549</u>	<u>(112,913)</u>
 Total requirements	 <u>434,567</u>	 <u>697,700</u>	 <u>(263,133)</u>
 Ending reserves	 <u><u>\$2,138,447</u></u>	 <u><u>\$1,871,941</u></u>	 <u><u>(\$266,506)</u></u>

**LANE COUNCIL OF GOVERNMENTS
BOARD/EXECUTIVE 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:			
Federal and state	\$ 12,579	\$ 23,179	\$ 10,600
Local sources	1,490	2,500	1,010
In-kind services	0	0	0
Transfers	0	0	0
Beginning reserves	<u>0</u>	<u>0</u>	<u>0</u>
 Total resources	 <u>14,069</u>	 <u>25,679</u>	 <u>11,610</u>
 Requirements:			
Personal services	0	0	0
Support services	600	1,200	(600)
Materials and services	13,469	24,479	(11,010)
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>14,069</u>	 <u>25,679</u>	 <u>(11,610)</u>
 Ending reserves	 <u>\$ 0</u>	 <u>\$ 0</u>	 <u>\$ 0</u>

**LANE COUNCIL OF GOVERNMENTS
LOCAL GOVERNMENT 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:			
Federal and state	\$1,748,469	\$1,510,190	(\$ 238,279)
Local sources	5,935,280	5,657,848	(277,432)
In-kind services	0	21,338	21,338
Transfers	36,591	75,446	38,855
Beginning reserves	<u>111,109</u>	<u>111,109</u>	<u>0</u>
 Total resources	 <u>7,831,449</u>	 <u>7,375,931</u>	 <u>(455,518)</u>
 Requirements:			
Personal services	2,103,546	1,996,463	107,083
Support services	1,019,811	972,284	47,527
Materials and services	4,570,374	4,265,573	304,801
Capital outlay	0	0	0
Services by other organizations	0	21,338	(21,338)
Transfers	<u>27,783</u>	<u>23,298</u>	<u>4,485</u>
 Total requirements	 <u>7,721,514</u>	 <u>7,278,956</u>	 <u>442,558</u>
 Ending reserves	 <u>\$ 109,935</u>	 <u>\$ 96,975</u>	 <u>(\$ 12,960)</u>

**LANE COUNCIL OF GOVERNMENTS
REGIONAL TECHNOLOGY 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:			
Federal and state	\$ 5,840	\$ 8,329	\$ 2,489
Local sources	3,254,612	3,524,419	269,807
In-kind services	0	0	0
Transfers	44,101	115,730	71,629
Beginning reserves	<u>1,900,922</u>	<u>1,900,922</u>	<u>0</u>
 Total resources	 <u>5,205,475</u>	 <u>5,549,400</u>	 <u>343,925</u>
Requirements:			
Personal services	1,243,881	1,293,430	(49,549)
Support services	415,608	441,301	(25,693)
Materials and services	262,580	251,198	11,382
Capital outlay	28,621	10,205	18,416
Services by other organizations	1,326,288	1,460,703	(134,415)
Transfers	<u>0</u>	<u>400</u>	<u>(400)</u>
 Total requirements	 <u>3,276,978</u>	 <u>3,457,237</u>	 <u>(180,259)</u>
 Ending reserves	 <u>\$1,928,497</u>	 <u>\$2,092,163</u>	 <u>\$ 163,666</u>

**LANE COUNCIL OF GOVERNMENTS
 SENIOR AND DISABLED 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:			
Federal and state	\$9,173,677	\$8,899,985	(\$ 273,692)
Local sources	1,060,505	1,153,491	92,986
In-kind services	50,253	146,681	96,428
Transfers	0	24	24
Beginning reserves	<u>686,863</u>	<u>686,863</u>	<u>0</u>
 Total resources	 <u>10,971,298</u>	 <u>10,887,044</u>	 <u>(84,254)</u>
Requirements:			
Personal services	6,461,625	6,273,197	188,428
Support services	1,611,987	1,559,610	52,377
Materials and services	1,447,713	1,524,752	(77,039)
Capital outlay	0	17,082	(17,082)
Services by other organizations	822,910	806,768	16,142
Transfers	<u>4,500</u>	<u>8,109</u>	<u>(3,609)</u>
 Total requirements	 <u>10,348,735</u>	 <u>10,189,518</u>	 <u>159,217</u>
 Ending reserves	 <u>\$ 622,563</u>	 <u>\$ 697,526</u>	 <u>\$ 74,963</u>

**LANE COUNCIL OF GOVERNMENTS
ENTERPRISE FUNDS
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:			
Federal and state	\$ 625,000	\$ 438,000	(\$ 187,000)
Local sources	4,533,324	2,754,090	(1,779,234)
Transfers	20,444	26,456	6,012
Beginning reserves	<u>1,783,106</u>	<u>1,783,106</u>	<u>0</u>
 Total resources	 <u>6,961,874</u>	 <u>5,001,652</u>	 <u>(1,960,222)</u>
 Requirements:			
Personal services	248,954	249,769	(815)
Support services	124,109	124,927	(818)
Materials and services	418,056	392,044	26,012
Capital outlay	89,280	144,093	(54,813)
Loans made	700,000	342,000	358,000
Debt service	1,606,751	1,630,826	(24,075)
Transfers	<u>2,047,949</u>	<u>113,724</u>	<u>1,934,225</u>
 Total requirements	 <u>5,235,099</u>	 <u>2,997,383</u>	 <u>2,237,716</u>
 Ending reserves	 <u><u>\$1,726,775</u></u>	 <u><u>\$2,004,269</u></u>	 <u><u>\$ 277,494</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	\$3,223,941	\$3,145,842	(\$ 78,099)
Overhead balancing adjustment	13,908	79,785	65,877
Administrative fees	<u>17,700</u>	<u>19,858</u>	<u>2,158</u>
Total resources	<u>3,255,549</u>	<u>3,245,485</u>	<u>(10,064)</u>
Requirements:			
Personal services	1,887,335	1,874,827	12,508
Materials and services	<u>1,368,214</u>	<u>1,370,658</u>	<u>(2,444)</u>
Total requirements	<u>3,255,549</u>	<u>3,245,485</u>	<u>10,064</u>
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 2006-2007 cost allocation plan allocates cost by five office locations--the Wells Fargo Building, which houses Administration and the Local Government 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, 2007 (actual):	
Total direct salaries and fringe benefits	\$11,796,268
Less:	
Non-LCOG pool salaries and fringe benefits	(47,306)
Overhead salaries and fringe benefits	<u>(1,874,827)</u>
Direct salary and fringe benefits base	<u>\$9,874,135</u>
Total overhead expenditures	
Less overhead credits	(19,858)
Less General Fund support	<u>(79,785)</u>
Net overhead expenditures	<u>\$3,145,842</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 (July 2006 - January 2007)	48.2441%	25.8827%	15.4662%	14.8857%	17.7726%	
Actual indirect cost percentage (February - June 2007)	52.1036%	27.9533%	16.7035%	16.0766%	19.1944%	
Salary base	\$2,989,749	\$5,103,710	\$939,853	\$609,634	\$231,459	\$9,874,135
Indirect charges	\$1,492,140	\$1,367,093	\$150,408	\$93,701	\$42,500	\$3,145,842

LANE COUNCIL OF GOVERNMENTS
COST ALLOCATION PLAN, Continued

Fiscal year ending June 30, 2008 (projected):		
Total direct salaries and fringe benefits		\$12,499,394
Less:		
Non-LCOG pool salaries and fringe benefits		(41,346)
Overhead salaries and fringe benefits		<u>(1,936,429)</u>
Budgeted direct salary and fringe benefits base		<u>\$10,521,619</u>
Budgeted total overhead expenditures		\$3,438,352
Less overhead credits and adjustments		<u>(17,702)</u>
Budgeted net overhead expenditures		<u>\$3,420,650</u>

Projected indirect cost percentages:

	<u>Wells Fargo Building</u>	<u>Schaefer's Building</u>	<u>Other/TS</u>	<u>Other/S&DS</u>	<u>Sr. Meals</u>	<u>Total</u>
Salary	\$3,099,470	\$5,580,868	\$611,185	\$970,576	\$259,520	\$10,521,619
Expense	\$1,652,395	\$1,475,728	\$87,777	\$156,733	\$48,017	\$3,420,650
Cost percentage	53.3122%	26.4426%	14.3618%	16.1485%	18.5024%	

SCHEDULES OF REVENUES
AND EXPENDITURES

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

- Department of Transportation
- Joint Fund
- Title XIX
- Economic Development

**LANE COUNCIL OF GOVERNMENTS
DEPARTMENT OF TRANSPORTATION
SCHEDULES OF REVENUES AND EXPENDITURES
For the Year Ended June 30, 2007**

	<u>FTA</u>	<u>PL Funding</u>	<u>MPO-STP</u>	<u>TGM¹</u>	<u>Other² Projects</u>	<u>Total</u>
Revenues:						
Federal funds	\$85,353	\$372,246	\$575,807	\$ 59,407	\$ 288	\$1,093,101
State funds	0	42,605	0	0	2,890	45,495
Local funds	0	0	0	0	0	0
Local match	21,338	0	0	0	0	21,338
LCOG General Fund	<u>2</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>3</u>
 Total revenues	 <u>\$106,693</u>	 <u>\$414,852</u>	 <u>\$575,807</u>	 <u>\$59,407</u>	 <u>\$3,178</u>	 <u>\$1,159,937</u>
 Expenditures:						
Salaries and fringe benefits	\$56,736	\$256,796	\$243,584	\$39,167	\$2,145	\$598,428
Other direct costs	28,619	31,248	210,194	398	0	270,459
Capital outlay	0	0	0	0	0	0
Community service	21,338	0	0	0	0	21,338
Indirect costs	<u> </u>	<u>126,808</u>	<u>122,029</u>	<u>19,842</u>	<u>1,033</u>	<u>269,712</u>
 Total expenditures	 <u>\$106,693</u>	 <u>\$414,852</u>	 <u>\$575,807</u>	 <u>\$59,407</u>	 <u>\$3,178</u>	 <u>\$1,159,937</u>

¹ This general funding source includes revenue for the Junction City TSP Update and Creswell IAMP.

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, 2007**

	<u>Outreach</u>	Community Based Care Management <u>Program*</u>	<u>Total</u>
Revenues:			
Joint Fund	\$ 36,604	\$ 9,229	\$ 45,833
LIEAP	27,749	0	27,749
Federal funds	252,543	0	252,543
Federal match funds	0	9,230	9,230
Local in-kind	14,030	0	14,030
Other local funds	12,614	0	12,614
LCOG General Fund	<u>0</u>	<u>0</u>	<u>0</u>
 Total revenues	 <u><u>\$343,540</u></u>	 <u><u>\$ 18,459</u></u>	 <u><u>\$361,999</u></u>
 Expenditures:			
Salaries and fringe benefits	\$255,956	\$ 15,157	\$271,113
Other direct costs	21,730	0	21,730
Indirect costs	51,824	3,302	55,126
Services by other organizations	0	0	0
Community service	<u>14,030</u>	<u>0</u>	<u>14,030</u>
 Total expenditures	 <u><u>\$343,540</u></u>	 <u><u>\$ 18,459</u></u>	 <u><u>\$361,999</u></u>

*This program is included in Type B Funds Schedule of Revenues and Expenditures on page 64.

**LANE COUNCIL OF GOVERNMENTS
 TYPE B FUNDS*
 SCHEDULE OF REVENUES AND EXPENDITURES
 For the Year Ended June 30, 2007**

	<u>Type B Funds</u>
Revenues:	
Federal funds	\$7,043,432
Local funds	63,757
Federal match funds	68,892
Miscellaneous	0
LCOG General Fund	0
Total revenues	<u>\$7,176,081</u>
Expenditures:	
Salaries and fringe benefits	\$5,372,185
Other direct costs	447,604
Indirect costs	1,356,292
Total expenditures	<u>\$7,176,081</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 63.

Excess local funds \$39,330 from Hospital remained as fund balance to be spent FY 07-08.

**LANE COUNCIL OF GOVERNMENTS
ECONOMIC DEVELOPMENT
SCHEDULE OF REVENUES AND EXPENDITURES
For the Year Ended June 30, 2007**

	Passed through OCWCOG		OCWCOG Regional Investment Board	Local ¹ Projects	Total
	<u>July-March</u>	<u>April-June</u>	<u> </u>	<u> </u>	<u> </u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Revenues:					
Federal funds	\$27,512	\$ 9,539	\$ 0	\$ 0	\$ 37,051
State funds	0	0	5,258	0	5,258
Local funds	0	0	0	22,101	22,101
LCOG General Fund	9,192	3,180	0	0	12,372
 Total revenues	 <u>\$36,704</u>	 <u>\$12,719</u>	 <u>\$5,258</u>	 <u>\$22,101</u>	 <u>\$76,782</u>
 Expenditures:					
Salaries and fringe benefits	\$23,461	\$ 8,191	\$3,369	\$13,593	\$48,614
Other direct costs	1,884	261	198	1,617	3,960
Indirect costs	11,359	4,267	1,691	6,891	24,208
 Total expenditures	 <u>\$36,704</u>	 <u>\$12,719</u>	 <u>\$5,258</u>	 <u>\$22,101</u>	 <u>\$76,782</u>

¹This local funding source includes revenue for Port of Siuslaw Site Certification, Lane County Blue River Water and Mapleton Water Projects.

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, 2007**

Property	Building and contents Furniture and equipment owned and operated by Lane Council of Governments	\$16,476,300
	Deductible	\$1,000
	Portable equipment Deductible	\$55,000 \$500
Automobiles	Comprehensive liability for bodily injury and property damage	\$2,000,000 each occurrence
	Underinsured/uninsured motorist:	\$2,000,000 each occurrence
	Comprehensive	\$100 deductible
	Collision	\$500 deductible
General liability	Comprehensive liability for bodily injury and property damage, crime coverage	\$2,000,000 each occurrence \$6,000,000 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	\$16,476,300
	Deductible	\$1,000
Workers Compensation	Coverage A Coverage B	Statutory - per occurrence \$3,000,000 each occurrence

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

Fiscal Year Ending	Wells Fargo Bank Loan		Schaefers Building Bank Loan				Washington Mutual Building Bank Loan	
			LCOG Board		Schaefers Building			
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2008	\$ 79,480	\$ 10,922	\$ 38,394	\$ 96,847	\$ 22,607	\$ 57,023	\$ 40,893	\$ 79,829
2009	84,766	5,637	40,704	94,537	23,967	55,663	43,755	76,966
2010	0	0	42,871	92,370	25,242	54,388	46,818	73,904
2011	0	0	45,152	90,089	26,585	53,045	50,095	70,626
2012	0	0	47,313	87,928	27,858	51,772	53,602	67,120
2013	0	0	50,073	85,168	29,483	50,147	905,249	63,367
2014	0	0	52,737	82,504	31,052	48,578	0	0
2015	0	0	55,544	79,697	32,704	46,926	0	0
2016	0	0	58,289	76,952	34,320	45,310	0	0
2017	0	0	1,445,047	49,785	850,842	29,313	0	0
2018	0	0	0	0	0	0	0	0
2019	0	0	0	0	0	0	0	0
2020	0	0	0	0	0	0	0	0
2021	0	0	0	0	0	0	0	0
2022	0	0	0	0	0	0	0	0
2023	0	0	0	0	0	0	0	0
2024	0	0	0	0	0	0	0	0
2025	0	0	0	0	0	0	0	0
2026	0	0	0	0	0	0	0	0
2027	0	0	0	0	0	0	0	0
2028	0	0	0	0	0	0	0	0
2029	0	0	0	0	0	0	0	0
2030	0	0	0	0	0	0	0	0
2031	0	0	0	0	0	0	0	0
2032	0	0	0	0	0	0	0	0
2033	0	0	0	0	0	0	0	0
2034	0	0	0	0	0	0	0	0
2035	0	0	0	0	0	0	0	0
2036	0	0	0	0	0	0	0	0
	<u>\$ 164,246</u>	<u>\$ 16,559</u>	<u>\$1,876,124</u>	<u>\$ 835,877</u>	<u>\$1,104,660</u>	<u>\$ 492,165</u>	<u>\$1,140,412</u>	<u>\$ 431,812</u>

This schedule is continued on next page.

**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
2008	\$ 69,685	\$ 15,215	\$ 33,461	\$ 8,989	\$ 15,978	\$ 4,322
2009	70,982	13,917	34,782	7,668	16,150	4,150
2010	71,692	13,208	35,130	7,320	16,311	3,989
2011	72,409	12,491	35,482	6,968	16,475	3,825
2012	73,133	11,767	35,836	6,614	16,639	3,661
2013	73,865	11,035	36,195	6,255	16,806	3,494
2014	74,603	10,297	36,557	5,893	16,974	3,326
2015	75,349	9,551	36,922	5,528	17,144	3,156
2016	76,103	8,797	37,292	5,158	17,315	2,985
2017	76,864	8,036	37,664	4,786	17,488	2,812
2018	77,633	7,267	38,041	4,409	17,663	2,637
2019	78,409	6,491	38,422	4,028	17,840	2,460
2020	79,193	5,707	38,806	3,644	18,018	2,282
2021	79,985	4,915	39,194	3,256	18,198	2,102
2022	80,785	4,115	39,586	2,864	18,380	1,920
2023	81,593	3,307	39,982	2,468	18,564	1,736
2024	82,409	2,491	40,381	2,069	18,750	1,550
2025	83,233	1,667	40,785	1,665	18,937	1,363
2026	83,506	835	41,193	1,257	19,127	1,173
2027	0	0	41,605	845	19,318	982
2028	0	0	42,894	429	19,511	789
2029	0	0	0	0	19,706	594
2030	0	0	0	0	19,903	397
2031	0	0	0	0	19,782	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>\$1,461,431</u>	<u>\$ 151,109</u>	<u>\$ 800,210</u>	<u>\$ 92,113</u>	<u>\$ 430,977</u>	<u>\$ 55,903</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
\$ 13,140	\$ 3,840	\$ 16,475	\$ 4,746	\$ 0	\$ 3,104	\$ 330,113	\$ 284,837
13,373	3,607	16,546	4,674	0	3,130	345,025	269,949
13,507	3,473	16,712	4,508	10,155	3,130	278,438	256,290
13,642	3,338	16,879	4,341	10,257	3,028	286,976	247,751
13,779	3,201	17,048	4,173	10,360	2,926	295,568	239,162
13,916	3,064	17,218	4,002	10,463	2,822	1,153,268	229,354
14,056	2,924	17,391	3,830	10,568	2,718	253,938	160,070
14,196	2,784	17,564	3,656	10,674	2,612	260,097	153,910
14,338	2,642	17,740	3,480	10,780	2,505	266,177	147,829
14,482	2,498	17,917	3,303	10,888	2,397	2,471,192	102,930
14,626	2,354	18,097	3,123	10,997	2,289	177,057	22,079
14,773	2,207	18,278	2,943	11,107	2,179	178,829	20,308
14,920	2,060	18,460	2,760	11,218	2,068	180,615	18,521
15,070	1,910	18,645	2,575	11,330	1,955	182,422	16,713
15,220	1,760	18,831	2,389	11,443	1,842	184,245	14,890
15,372	1,608	19,020	2,201	11,558	1,728	186,089	13,048
15,526	1,454	19,210	2,010	11,673	1,612	187,949	11,186
15,681	1,299	19,402	1,818	11,790	1,495	189,828	9,307
15,838	1,142	19,596	1,624	11,908	1,377	191,168	7,408
15,997	983	19,792	1,428	12,027	1,258	108,739	5,496
16,157	823	19,990	1,231	12,147	1,138	110,699	4,410
16,318	662	20,190	1,031	12,269	1,017	68,483	3,304
16,481	499	20,392	829	12,392	894	69,168	2,619
16,646	334	20,596	625	12,515	770	69,539	1,927
16,745	167	20,802	419	12,641	645	50,188	1,231
0	0	21,079	211	12,767	518	33,846	729
0	0	0	0	12,895	391	12,895	391
0	0	0	0	13,024	262	13,024	262
0	0	0	0	13,154	132	13,154	132
<u>\$ 373,799</u>	<u>\$ 50,633</u>	<u>\$ 483,870</u>	<u>\$ 67,930</u>	<u>\$ 313,000</u>	<u>\$ 51,942</u>	<u>\$8,148,729</u>	<u>\$2,246,043</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, 2007**

ASSETS

Current assets:	
Cash and investments	\$ 0
Interest receivable	14,492
Loans receivable	0
Prepaid expense	0
Total current assets	<u>14,492</u>
Noncurrent assets:	
Restricted cash and investments	1,779,952
Loans receivable	3,125,706
Allowance for loan losses	(275,000)
Refinance costs, net of accumulated amortization	0
Capital assets, net of accumulated depreciation	0
Total noncurrent assets	<u>4,630,658</u>
Total assets	<u>4,645,150</u>

LIABILITIES

Current liabilities:	
Due to other funds	11,980
Accounts payable	0
Accrued payroll and related liabilities	0
Accrued interest	23,966
Deferred revenue	0
Compensated absences	0
Loans payable	148,739
Total current liabilities	<u>184,685</u>
Noncurrent liabilities:	
Long-term debt, net of current maturities	<u>3,714,548</u>
Total noncurrent liabilities	<u>3,714,548</u>
Total liabilities	<u>3,899,233</u>

NET ASSETS

Invested in capital assets, net of related debt	0
Restricted by USDA	<u>745,917</u>
Total net assets	<u><u>\$ 745,917</u></u>

**LANE COUNCIL OF GOVERNMENTS
STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET ASSETS
INTERMEDIARY RELENDING PROGRAM
For the Year Ended June 30, 2007**

Operating revenues:	
Loan fees	\$ 6,754
Local revenue	0
State revenue	125,000
Interest on business loans	<u>201,119</u>
Total operating revenues	<u>332,873</u>
Operating expenses:	
Personal services	109,140
Miscellaneous	0
Provision for loan losses	0
Interest on loans	<u>39,524</u>
Total operating expenses	<u>148,664</u>
Operating income (loss)	<u>184,209</u>
Nonoperating revenues (expenses):	
Interest income	77,818
Loan amortization	0
Interest expense	<u>0</u>
Total nonoperating revenues	<u>77,818</u>
Income (loss) before transfers	262,027
Transfers in	0
Transfers out	<u>0</u>
Change in net assets	262,027
Net assets, beginning of year	<u>483,890</u>
Net assets, end of year	<u><u>\$745,917</u></u>

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

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

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

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**LANE COUNCIL OF GOVERNMENTS
TITLE III-B
SCHEDULE OF AVAILABLE CASH AND NON-CASH RESOURCES
AND PROGRAM EXPENDITURES
For the Year Ended June 30, 2007**

	<u>LCOG Aging Admin.</u>	<u>LCOG Out- reach/Case Mgmt/ Information and Referral</u>	<u>Ombudsman</u>	<u>Money Mgmt</u>
2005-06 federal funds carryover	\$ 0	\$ 0	\$ 0	\$ 0
2006-07 receipts and transfers	28,322	252,544	798	6,647
Program income	0	0	0	0
Cash match	9,460	0	0	0
Other cash resources	<u>0</u>	<u>69,287</u>	<u>0</u>	<u>0</u>
Total cash resources	37,782	321,831	798	6,647
In-kind match	0	28,060	89	738
Other in-kind resources	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total resources	37,782	349,891	887	7,385
Less total program expenditures	<u>37,782</u>	<u>349,891</u>	<u>887</u>	<u>7,385</u>
2006-07 federal funds carryover	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

<u>Volunteer Program Coordinator</u>	<u>Escort Services</u>	<u>Legal Aide Law Referral</u>	<u>Total</u>	<u>Budget</u>	<u>Percent</u>
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	
15,025	9,796	56,507	369,639	398,830	93%
0	0	227	227	927	24%
0	0	0	9,460	16,546	57%
<u>0</u>	<u>0</u>	<u>8,482</u>	<u>77,769</u>	<u>0</u>	
15,025	9,796	65,216	457,095	416,303	110%
1,671	1,088	6,283	37,929	38,841	98%
<u>0</u>	<u>0</u>	<u>164,634</u>	<u>164,634</u>	<u>0</u>	
16,696	10,884	236,133	659,658	455,144	145%
<u>16,696</u>	<u>10,884</u>	<u>236,133</u>	<u>659,658</u>	<u>455,144</u>	145%
<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	

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, 2007

	LCOG AAA <u>Admin.</u>	Congre- gate <u>LCOG</u>	<u>Total</u>	<u>Budget</u>	<u>Percent</u>
2005-06 federal funds carryover	\$ 0	\$ 0	\$ 0	\$ 0	
2006-07 receipts and transfers	31,106	296,891	327,997	327,997	100%
Program income	0	72,534	72,534	89,376	81%
Cash match	10,389	0	10,389	10,389	100%
USDA cash	0	55,628	55,628	67,081	83%
Other cash resources	0	41,191	41,191	0	
Total cash resources	41,495	466,244	507,739	494,843	103%
In-kind match	0	33,014	33,014	33,014	100%
Other in-kind resources	0	0	0	0	
Total resources	41,495	499,258	540,753	527,857	102%
Less total program expenditures	41,495	499,258	540,753	527,857	102%
2006-07 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, 2007

	LCOG					
	AAA <u>Admin.</u>	American <u>Red Cross</u>	LCOG <u>Home-Del.</u>	<u>Total</u>	<u>Budget</u>	<u>Percent</u>
2005-06 federal funds carryover	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	
2006-07 receipts and transfers	8,064	75,055	155,545	238,664	238,664	100%
Program income	0	93,743	77,292	171,035	157,259	109%
USDA cash	0	29,534	55,870	85,404	73,584	116%
Cash match	2,693	0	0	2,693	2,693	100%
Other resources	<u>0</u>	<u>156,045</u>	<u>245,312</u>	<u>401,357</u>	<u>0</u>	
Total cash resources	10,757	354,377	534,019	899,153	472,200	190%
In-kind match	0	8,403	17,239	25,642	25,607	100%
Other in-kind resources	<u>0</u>	<u>145,650</u>	<u>0</u>	<u>145,650</u>	<u>0</u>	
Total resources	10,757	508,430	551,258	1,070,445	497,807	215%
Less total program expenditures	<u>10,757</u>	<u>508,430</u>	<u>551,258</u>	<u>1,070,445</u>	<u>497,807</u>	215%
2006-07 federal funds carryover	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	

LANE COUNCIL OF GOVERNMENTS
TITLE III-D
SCHEDULE OF AVAILABLE CASH AND NON-CASH RESOURCES
AND PROGRAM EXPENDITURES
For the Year Ended June 30, 2007

	<u>Medication Management</u>	<u>Total</u>	<u>Budget</u>	<u>Percent</u>
2005-065 federal funds carryover	\$ 0	\$ 0	\$ 0	
2006-07 receipts and transfers	26,733	26,733	28,256	95%
Program income	0	0	0	
Cash match	0	0	0	
Other cash resources	<u>805</u>	<u>805</u>	<u>0</u>	
Total cash resources	27,538	27,538	28,256	97%
In-kind match	2,970	2,970	3,142	95%
Other in-kind resources	<u>0</u>	<u>0</u>	<u>0</u>	
Total resources	30,508	30,508	31,398	97%
Less total program expenditures	<u>30,508</u>	<u>30,508</u>	<u>31,398</u>	97%
2006-07 federal funds carryover	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	

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LANE COUNCIL OF GOVERNMENTS
TITLE III-E
SCHEDULE OF AVAILABLE CASH AND NON-CASH RESOURCES
AND PROGRAM EXPENDITURES
For the Year Ended June 30, 2007

	LCOG Aging <u>Admin.</u>	<u>Information</u>	<u>Assistance</u>	<u>Respite</u>
2005-06 federal funds carryover	\$ 0	\$ 0	\$ 0	\$ 0
2006-07 receipts and transfers	20,346	13,949	70,545	80,224
Program income	0	0	0	0
Cash match	6,796	0	0	0
Other cash resources	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total cash resources	27,142	13,949	70,545	80,224
In-kind match	0	4,650	23,515	26,742
Other in-kind resources	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total resources	27,142	18,599	94,060	106,966
Less total program expenditures	<u>27,142</u>	<u>18,599</u>	<u>94,060</u>	<u>106,966</u>
2006-07 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	\$ 0	
11,249	2,887	4,262	203,462	229,770	89%
0	0	0	0	0	
0	0	0	6,796	7,675	89%
0	250	0	250	0	
11,249	3,137	4,262	210,508	237,445	89%
3,780	962	1,421	61,070	69,069	88%
0	0	0	0	0	
15,029	4,099	5,683	271,578	306,514	89%
15,029	4,099	5,683	271,578	306,514	89%
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	

**LANE COUNCIL OF GOVERNMENTS
TITLE VII
SCHEDULE OF AVAILABLE CASH AND NON-CASH RESOURCES
AND PROGRAM EXPENDITURES
For the Year Ended June 30, 2007**

	LCOG Elder <u>Abuse</u>	<u>Ombudsman</u>	<u>Total</u>	<u>Budget</u>	<u>Percent</u>
2005-06 federal funds carryover	\$ 0	\$ 0	\$ 0	\$ 0	
2006-07 receipts and transfers	4,953	419	5,372	13,536	40%
Program income	0	0	0	0	
Cash match	551	0	551	1,459	38%
Other cash resources	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	
Total cash resources	5,504	419	5,923	14,995	39%
In-kind match	0	47	47	47	0%
Other in-kind resources	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	
Total resources	5,504	466	5,970	15,042	40%
Less total program expenditures	<u>5,504</u>	<u>466</u>	<u>5,970</u>	<u>15,042</u>	40%
2006-07 federal funds carryover	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	

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**LANE COUNCIL OF GOVERNMENTS
OREGON PROJECT INDEPENDENCE
SCHEDULE OF AVAILABLE CASH AND NON-CASH RESOURCES
AND PROGRAM EXPENDITURES
For the Year Ended June 30, 2007**

	LCOG AAA <u>Admin</u>	Home <u>Care</u>	Personal <u>Care</u>	LCOG Home Delivered <u>Meals</u>
2005-06 state carryover	\$ 0	\$ 0	\$ 0	\$ 0
2006-07 OPI funds received	51,657	212,880	86,513	30,016
OPI program income	0	7,451	3,670	1,554
Other cash resources	0	0	0	0
USDA	0	0	0	5,176
	<u>0</u>	<u>0</u>	<u>0</u>	<u>5,176</u>
Total resources	51,657	220,331	90,183	36,746
Less total program expenditures	<u>51,657</u>	<u>220,331</u>	<u>90,183</u>	<u>36,746</u>
2006-07 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	
31,775	103,723	516,564	615,571	84%
35	0	12,710	9,047	140%
0	0	0	0	
<u>2,927</u>	<u>0</u>	<u>8,103</u>	<u>8,470</u>	96%
34,737	103,723	537,377	633,088	85%
<u>34,737</u>	<u>103,723</u>	<u>537,377</u>	<u>633,088</u>	85%
<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, 2007**

	<u>Accounts Receivable</u>	<u>Deferred Revenue</u>
Community Safety--CENS	\$ 0	\$ 0
Community Safety--Other	33,809	27,427
Creative Services--Other	4,466	2,258
Creative Services--Pooled	0	0
Cultural Services	7,020	228
Economic Development	23,085	0
GISCPA	22,276	0
GIS--Other	84,289	2,836
GIS Regional Orthophotography	0	0
GIS Spatial Data Adjustment	0	0
Hearings Official	26,358	0
Lane Info Center	1,160	0
Meal Preparation	95,703	0
Metro Coord. Pooled	0	37,318
Metro Open Space Pooled	0	491
Miscellaneous Support to Senior & Disabled Services	0	0
Metro Television	4,697	0
Natural Resources Planning	158,576	0
OR Emergency Mgmt and OR State Police	9,302	0
Oregon Planning Institute	6,974	0
Oregon Project Independence (OPI)	0	0
Public Infrastructure Finance	1,621	0
Region 2050	0	0
Research and Analysis	405	0
Resource Development	2,615	0
ROSS Grant III	0	0
RTS Coordination	0	0
RTS--Other	61,396	6,000
Senior Meals	9,942	0
Senior Connections	27,471	0
Tax Collections	0	0
Telecommunications Planning	6,938	0
Title III-B	42,747	0
Title III-C-1	2,592	0
Title III-C-2	2,395	0
Title III-D	0	0
Title III-E	15,060	0
Title VII	0	0
Type B Funds - Senior and Disabled Services	323,998	0

(Continued)

LANE COUNCIL OF GOVERNMENTS
GRANTS AND CONTRACTS
SCHEDULE OF RECEIVABLES AND DEFERRED REVENUE (Continued)
June 30, 2007

	<u>Accounts</u> <u>Receivable</u>	<u>Deferred</u> <u>Revenue</u>
Transportation -- IGAPS & Outreach Poterf Creek	457	0
Transportation--Oregon Department of Transportation (ODOT)	261,850	0
Transportation - ODOT TGM	34,514	0
Transportation Projects - Misc.	725,357	513
Urban and Regional Planning	102,384	5,794
USDA	15,721	0
Veteran's Services	<u>1,079</u>	<u>0</u>
 Total	 <u><u>\$2,116,257</u></u>	 <u><u>\$ 82,865</u></u>

AUDIT COMMENTS AND DISCLOSURES
REQUIRED BY STATE REGULATIONS

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



COMMENTS AND DISCLOSURES REQUIRED BY STATE REGULATIONS

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 the 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, 2007, and the preparation and adoption of its budget for the year ended June 30, 2008.
- 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, except as described under "Deposits" in Note 4 of the financial statements.
- 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, 2007 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, 2007 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
Cathi McNutt, CPA, Shareholder
Eugene, Oregon
November 7, 2007

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

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 remaining fund information of Lane Council of Governments as of and for the year ended June 30, 2007, which collectively comprise Lane Council of Governments' basic financial statements and have issued our report thereon dated November 7, 2007. 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 7, 2007



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

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, 2007. 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, 2007.

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 7, 2007

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**LANE COUNCIL OF GOVERNMENTS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2007**

Federal Grantor/Pass-Through Grantor/Program Title	CFDA No.	Pass-Through Grantor's No.	Estimated Federal Award
<u>U.S. Department of Health and Human Services</u>			
Passed through State Department of Human Services:			
Special Programs for Aging, Title III-B	93.044	116333	\$ 398,830
Special Programs for Aging, Title III-C-1	93.045	116333	327,997
Special Programs for Aging, Title III-C-2	93.045	116333	238,664
Special Programs for Aging, Title III-D	93.043	116333	28,256
Special Programs for Aging, Title VII	93.041	116333	13,536
Special Programs for Aging, Title III-E	93.052	116333	229,770
Nutrition Services Incentive Program	93.053	116333	149,135
Medical Assistance Program, Title XIX	93.778	116333	7,326,174
Total Department of Health and Human Services			
<u>U.S. Department of Agriculture</u>			
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>U.S. Department of Commerce</u>			
Direct Programs:			
EDA Revolving Loan	11.307		500,000
Passed through District 4 Council of Governments:			
Economic Development Administration	11.302		35,056
Economic Development Administration	11.302		35,056
Passed through Oregon Department of Land Conservation and Development:			
DLCD Water Quality Model Code	11.419		16,000
Total Department of Commerce			

¹Loan drawdowns of \$0 plus estimated interest subsidy of \$74,800.

²Loans made to other entities. An additional \$29,000 was disbursed from revolved funds.

³Loan drawdowns of \$0 plus estimated interest subsidy of \$40,900.

*This award is the total of the Title XIX base amount plus Local and Federal Match.

Revenues			Expenditures	Receivable/ (Deferred Revenue) at June 30, 2007
Federal	State & Local	Total		
\$ 369,639	\$ 290,019	\$ 659,658	\$ 659,658	\$ 42,747
327,997	212,756	540,753	540,753	2,592
238,664	831,781	1,070,445	1,070,445	2,395
26,733	3,775	30,508	30,508	0
5,372	598	5,970	5,970	0
203,462	68,116	271,578	271,578	15,060
149,135	0	149,135	149,135	15,721
7,112,324	63,757	7,176,081	7,176,081	329,767
<u>8,433,326</u>	<u>1,470,802</u>	<u>9,904,128</u>	<u>9,904,128</u>	<u>408,282</u>
74,800 ¹	0	74,800	0 ²	N/A
40,900 ³	0	40,900	0 ²	N/A
21,900 ⁴	0	21,900	0 ²	N/A
19,000 ⁵	0	19,000	0 ²	N/A
24,600 ⁶	0	24,600	0 ²	N/A
320,800 ⁷	0	320,800	213,000 ²	N/A
<u>502,000</u>	<u>0</u>	<u>502,000</u>	<u>213,000</u>	<u>0</u>
0	0	0	100,000 ⁸	0
27,512	9,192	36,704	36,704	0
9,539	3,180	12,719	12,719	9,539
<u>11,092</u>	<u>12</u>	<u>11,104</u>	<u>11,104</u>	<u>0</u>
<u>48,143</u>	<u>12,384</u>	<u>60,527</u>	<u>160,527</u>	<u>9,539</u>

⁴Loan drawdowns of \$0 plus estimated interest subsidy of \$21,900.

⁵Loan drawdowns of \$0 plus estimated interest subsidy of \$19,000.

⁶Loan drawdowns of \$0 plus estimated interest subsidy of \$24,600.

⁷Loan drawdowns of \$313,000 plus estimated interest subsidy of \$7,800.

⁸Loans disbursed of \$100,000.

LANE COUNCIL OF GOVERNMENTS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, Continued
For the Year Ended June 30, 2007

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>CFDA No.</u>	<u>Pass-Through Grantor's No.</u>	<u>Estimated Federal Award</u>
<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	21,700
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 (CY05)	45.310		115,694
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	690,164
Transportation Planning--07 MPO-PL		20.205	372,246
TGM IGAPS		20.205	54,000
TGM Creswell IAMP		20.205	62,300
TGM Junction City		20.205	35,000
Federal Transit Administration		20.505	85,353
Total Department of Transportation			

TOTALS

Revenues		Total	Expenditures	Receivable/ (Deferred Revenue) at June 30, 2007
Federal	State & Local			
37,251	0	37,251	37,251	26,071
20,581	0	20,581	20,581	7,393
46,403	0	46,403	46,403	31,330
5,859	0	5,859	5,859	5,859
4,279	0	4,279	4,279	3,317
68,334	0	68,334	68,334	12,617
182,707	0	182,707	182,707	86,587
1,979	0	1,979	1,979	0
21,200	0	21,200	21,200	7,020
23,179	0	23,179	23,179	7,020
575,807	0	575,807	575,807	207,566
372,246	42,606	414,852	414,852	6,624
288	0	288	288	288
38,301	0	38,301	38,301	28,040
21,106	0	21,106	21,106	21,106
85,353	21,340	106,693	106,693	47,660
1,093,101	63,946	1,157,047	1,157,047	311,284
<u>\$10,282,456</u>	<u>\$1,547,132</u>	<u>\$11,829,588</u>	<u>\$11,640,588</u>	<u>\$10,682,546</u>

Lane Council of Governments
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2007

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, 2007.

Basis of Presentation

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

Federal Financial Assistance

Pursuant to the Single Audit Act and OMB Circular A-133, federal financial assistance is defined as assistance provided by a federal agency, either directly or indirectly, in the form of grants, contracts, cooperative agreements, loans, loan guarantees, property, interest subsidies, insurance, or direct appropriations. Accordingly, nonmonetary federal assistance, including federal surplus property, is included in federal financial assistance and, therefore, is reported on the schedule, if applicable. Federal financial assistance does not include direct federal cash assistance to individuals. Solicited contracts between LCOG and the federal government for which the federal government procures tangible goods or services are not considered to be federal financial assistance.

Major Programs

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

Revenue Recognition

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

Lane Council of Governments
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2007

3. Insurance Coverage:

Insurance in effect during the year ended June 30, 2007 is disclosed in the supplementary information to LCOG's basic financial statements.

4. Loans from the Federal Government:

At June 30, 2007, LCOG owed the U.S. Department of Agriculture \$3,863,287 for loans related to its Intermediary Relending Program. Loan draw downs of \$313,000 are included in federal revenues on the schedule. Interest expense of \$39,524 and principal repayments of \$148,311 are not included on the schedule.

In the prior year, \$100,000 was disbursed and reported as revolved funds. During the current year, those funds were reclassified as a disbursement of USDA loan #6.

5. Non-Cash Assistance:

A total of \$189,000 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, 2007

Summary of Audit 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 Service Incentive Program (CFDA #93.053)
 - ✓ National Family Caregiver Support, Title IIIE: CFDA #93.052
 - ✓ Medical Assistance Program, Title XIX: CFDA #93.778
 - ✓ Highway Planning and Construction: CFDA # 20.205
- (8) The threshold for distinguishing between Type A and Type B programs was \$349,218.
- (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, 2007

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

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

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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

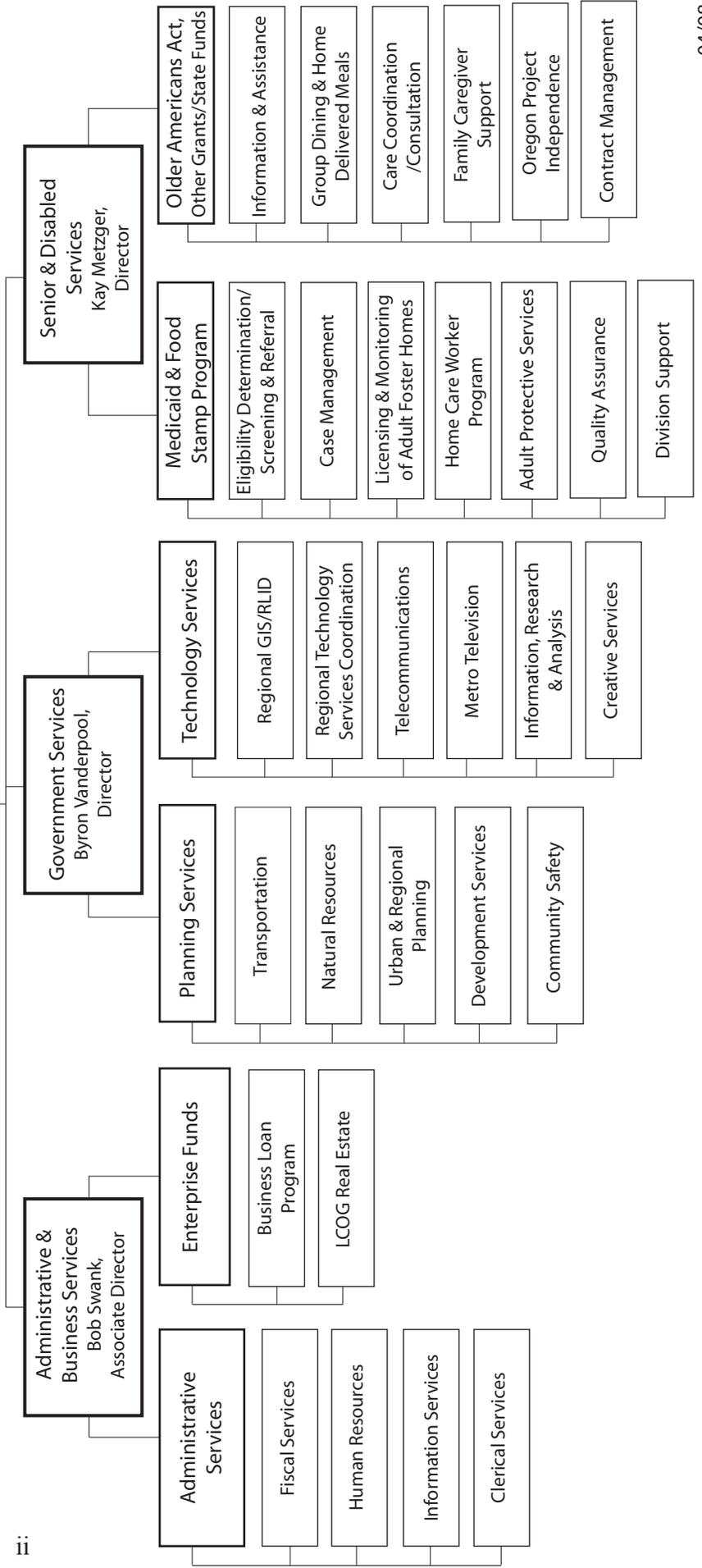
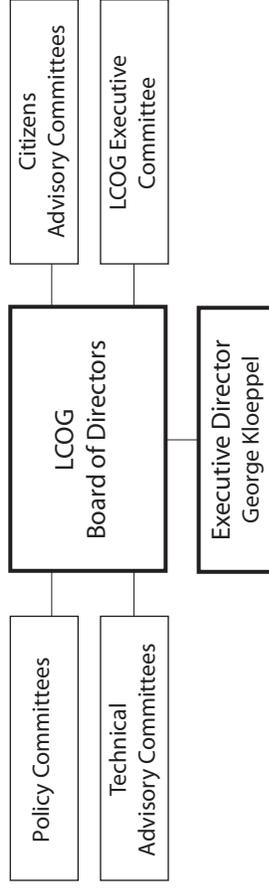
Mayor Phil Brubaker
250 Hwy. 101
Florence, OR 97439

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.

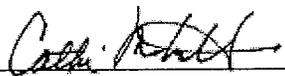
We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and 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.

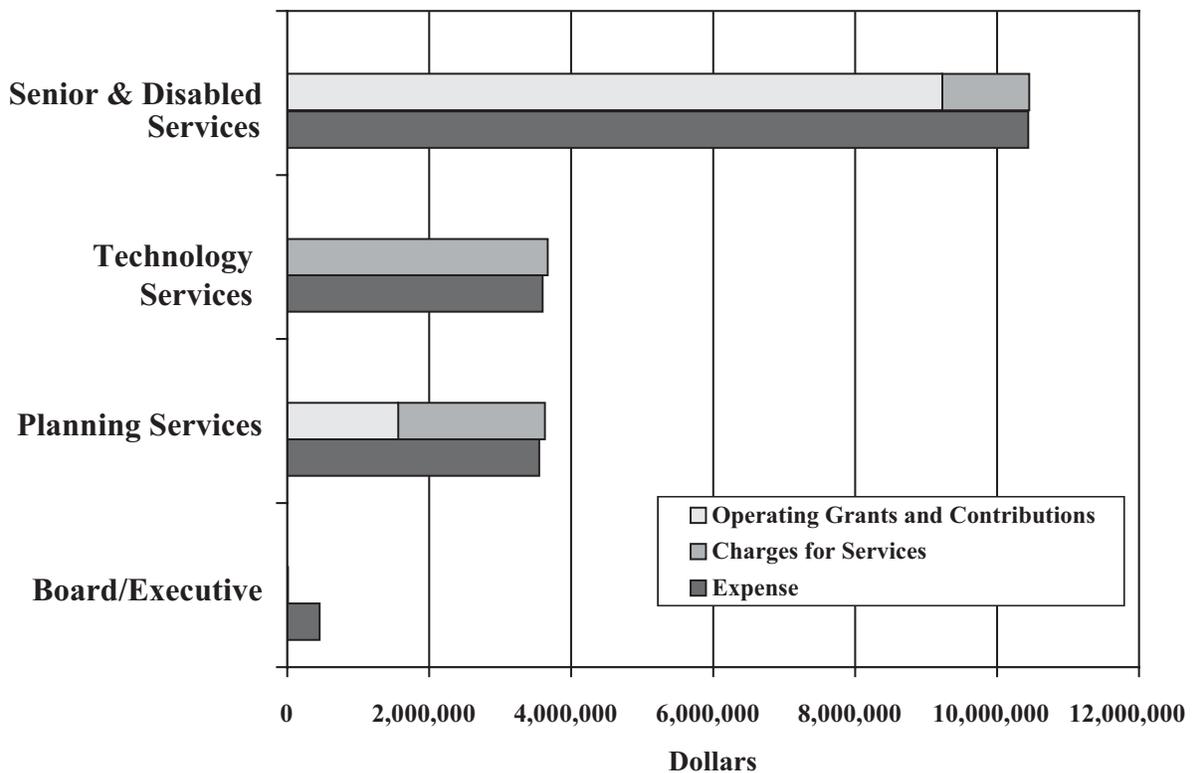
	Lane Council of Governments Change in Net Assets					
	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Revenues:						
Program revenues:						
Charges for services	\$6,982,742	\$10,590,589	\$1,485,970	\$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	18,156,039	21,278,311	1,628,979	1,328,944	19,785,018	22,607,255
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	18,043,219	21,236,406	1,599,003	1,098,859	19,642,222	22,335,265
Change in net assets before transfers	112,820	41,905	29,976	230,085	142,796	271,990
Transfers	(1,956,813)	87,268	1,956,813	(87,268)	0	0
Change in net assets	(1,843,993)	129,173	1,986,789	142,817	142,798	271,990
Net assets, July 1	3,064,266	2,935,093	2,286,100	2,143,283	5,350,366	5,078,376
Net assets, June 30	\$1,220,273	\$3,064,266	\$4,272,889	\$2,286,100	\$5,493,162	\$5,350,366

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.

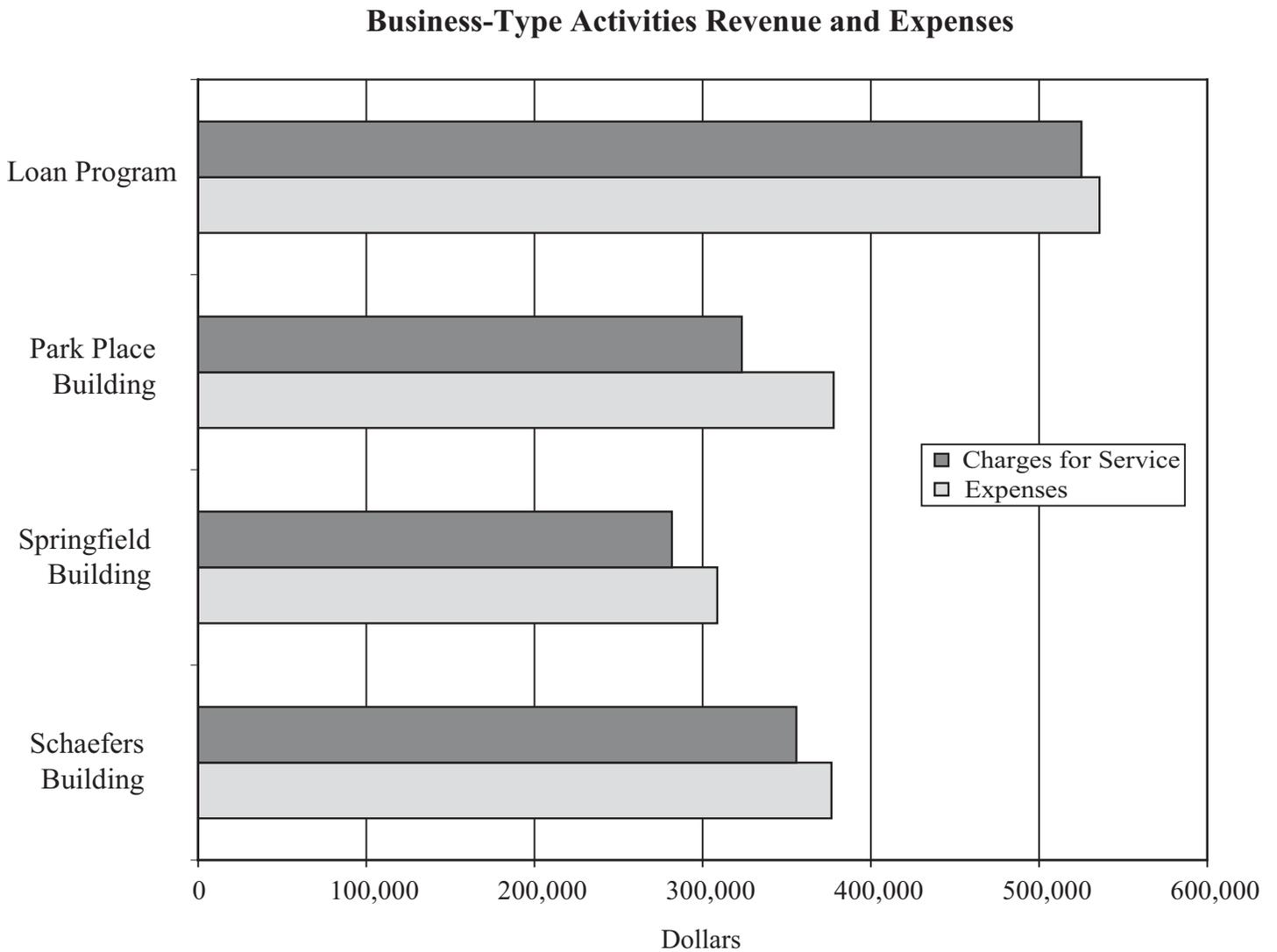


Governmental Activities Revenue and Expenses



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

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**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		\$1,220,273

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/>	<hr/>	<hr/>	<hr/>	<hr/>
	(104,073)	241,819	(66,137)	(49,784)	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	(2,262,580)	(56,239)	(43,026)	0	(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/>	<hr/>	<hr/>	<hr/>	<hr/>
	1,871,941	2,068,357	768,523	49,784	4,758,605
Fund balances, end of year	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	\$ 993,127	\$ 2,253,937	\$ 927,050	\$ 0	\$ 4,174,114

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
	<u>\$ 2,040,370</u>	<u>\$ 1,350,497</u>	<u>\$ (133,712)</u>	<u>\$ 3,257,155</u>	<u>\$ 147,789</u>
	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	
	<u>\$ 0</u>	<u>\$ 157,834</u>	<u>\$ (157,834)</u>	<u>\$ 0</u>	

LANE COUNCIL OF GOVERNMENTS
NOTES TO THE FINANCIAL STATEMENTS

8. Long-term Debt, Continued:

Long-term Debt Transactions – Business-type Activities

	Principal				
	Outstanding Beginning	Additional Borrowings	Repaid	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

	<u>Principal</u>	<u>Interest</u>
Fiscal year ending:		
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

	<u>Principal</u>	<u>Interest</u>
Fiscal year ending:		
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 (Unfavorable)
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>	Variance Favorable <u>(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>	0	<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>	<u>0</u>	<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><u>\$ 0</u></u>	<u>0</u>	<u><u>\$ 0</u></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><u>\$ 669,483</u></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><u>\$6,612,173</u></u>	 <u><u>\$6,799,595</u></u>	 <u><u>\$ 187,422</u></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>\$ 0</u>	 <u>\$ 0</u>	 <u>\$ 0</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

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**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.

**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

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**LANE COUNCIL OF GOVERNMENTS
TITLE III-B
SCHEDULE OF AVAILABLE CASH AND NON-CASH RESOURCES
AND PROGRAM EXPENDITURES
For the Year Ended June 30, 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
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
Total resources	66,468	375,283	1,360	6,992
Less total program expenditures	66,468	375,283	1,360	6,992
2007-08 federal funds carryover	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

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><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	

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

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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>	

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**LANE COUNCIL OF GOVERNMENTS
OREGON PROJECT INDEPENDENCE
SCHEDULE OF AVAILABLE CASH AND NON-CASH RESOURCES
AND PROGRAM EXPENDITURES
For the Year Ended June 30, 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 Receivable</u>	<u>Deferred 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	<u>19,315</u>	<u>0</u>
 Total	 <u><u>\$1,580,623</u></u>	 <u><u>\$282,270</u></u>

AUDIT COMMENTS AND DISCLOSURES
REQUIRED BY STATE REGULATIONS

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



COMMENTS AND DISCLOSURES REQUIRED BY STATE REGULATIONS

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

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

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

- As part of our audit of the financial statements, we reviewed and tested LCOG's system of internal accounting control to the extent we considered necessary to evaluate the system as required by generally accepted auditing standards. We found LCOG's accounting records to be sufficient for audit. A separate report on internal control is included in the Grant Compliance Review section.
- LCOG is not subject to Local Budget Law (ORS 294.305 to 294.565), therefore it has no legally adopted appropriations. Its procedures related to budgeting are found in ORS 294.900 through 294.930 and emphasize public disclosure. LCOG was in compliance with those statutes in the preparation, adoption, and execution of its budget for the year ended June 30, 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

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**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>U.S. Department of Health and Human Services</u>			
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>U.S. Department of Agriculture</u>			
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>U.S. Department of Commerce</u>			
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.

Environmental Questionnaire

i. Project Description: Most of the construction for the Regional Fiber Consortium Lighting the Fiber project will take place through the process of hanging fiber on existing utility poles. An additional portion of the construction will be underground installation of fiber where hanging on utility poles is not possible. The underground work will be in the public right of way, almost exclusively on the edge of paved roads. There will almost certainly be some construction on paved or unpaved parking lots.

The majority of the fiber optic cable has already been installed. It was installed in 1999 and 2000 by a private company.

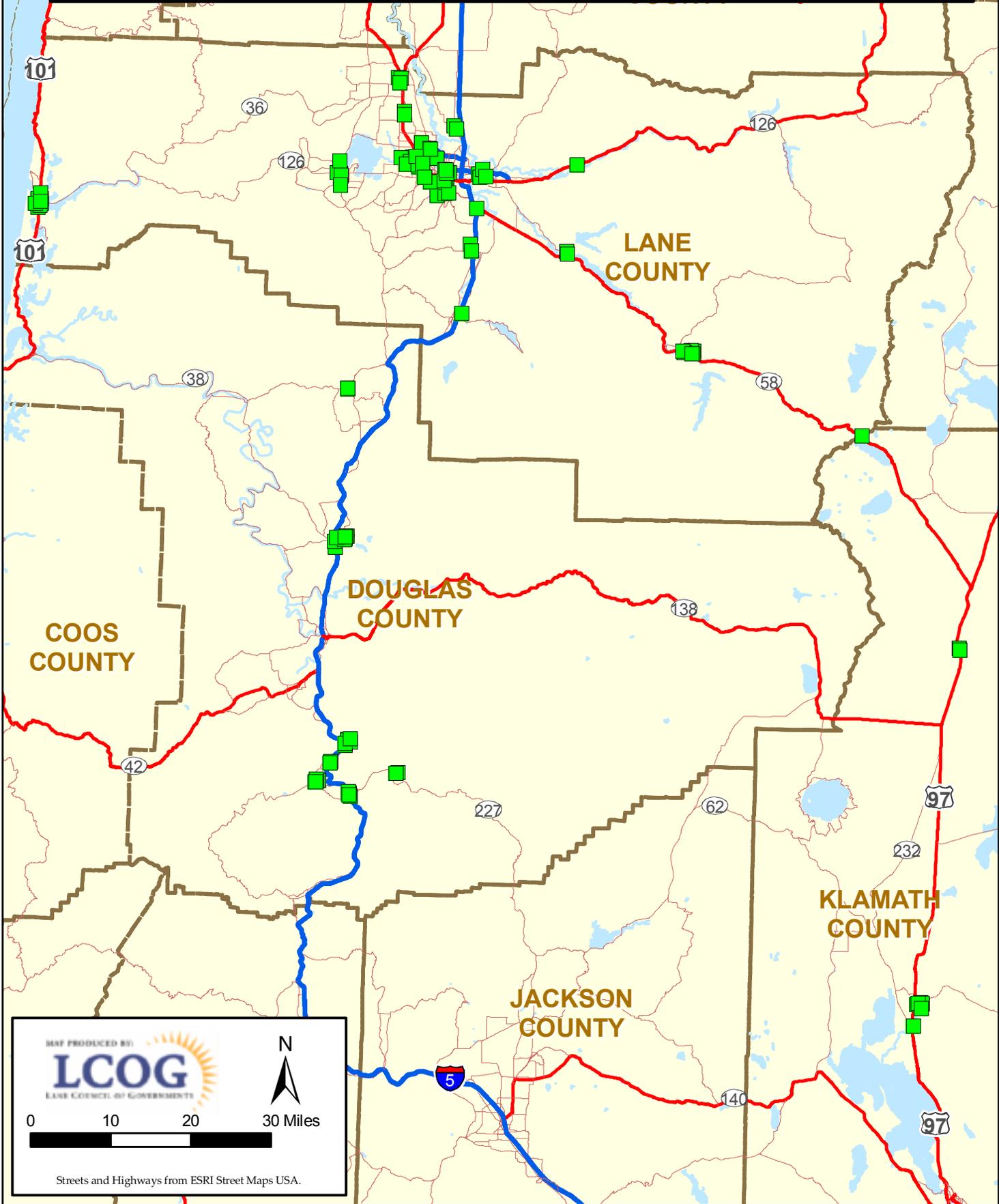
There will be three regeneration facilities constructed. These are small huts, or utility pillars about the size of a refrigerator. One of these facilities will be installed in Oakridge at an old mill site. This site has been through the brownfields clean up process. A categorical exemption is likely there. A second hut will be installed in Chemult, either on the paved parking lot of a transportation department field maintenance station, or the paved parking lot of the North Klamath Rural Fire Department Station. Because the only trenching will be across already paved parking lots, a categorical exemption is expected. The site in Chiloquin will either be located at the Klamath Tribal Headquarters or at the Klamath Tribal Medical clinic. In both areas there is a paved parking lot where the facility will be located.

All other installations will be inside buildings where optic equipment will be located inside to connect to the fiber cables coming from outside.

A detailed environmental study cannot be done until the project is underway and the exact route has been determined for each of the fiber laterals to be built. A preliminary survey has been done and the initial conclusion is that approximately 80 percent of the construction can be done on utility poles above the ground. Construction in already disturbed rights of way will make up most of the remainder of the work, with the final segment being installation across parking areas to the buildings.

ii. Maps

Index Map: Locations of Community Anchor Institutions in Douglas County, Lane County, and Klamath County, Oregon



MAP PRODUCED BY:
LCOG
LANE COUNCIL OF GOVERNMENTS

0 10 20 30 Miles

Streets and Highways from ESRI Street Maps USA.

Community Anchor Institutions in Canyonville, Douglas County, Oregon



MAP PRODUCED BY
LCOG
LANE COUNCIL OF GOVERNMENTS

0 0.1 0.2 Miles

2005 Aerial Photo from Oregon Imagery Explorer.
Streets and highways from ESRI Street Maps USA.

Community Anchor Institutions in Chemult, Klamath County, Oregon

Chemult
Fire Hall



97

Chemult
Branch
Library



2nd

1st

Deport

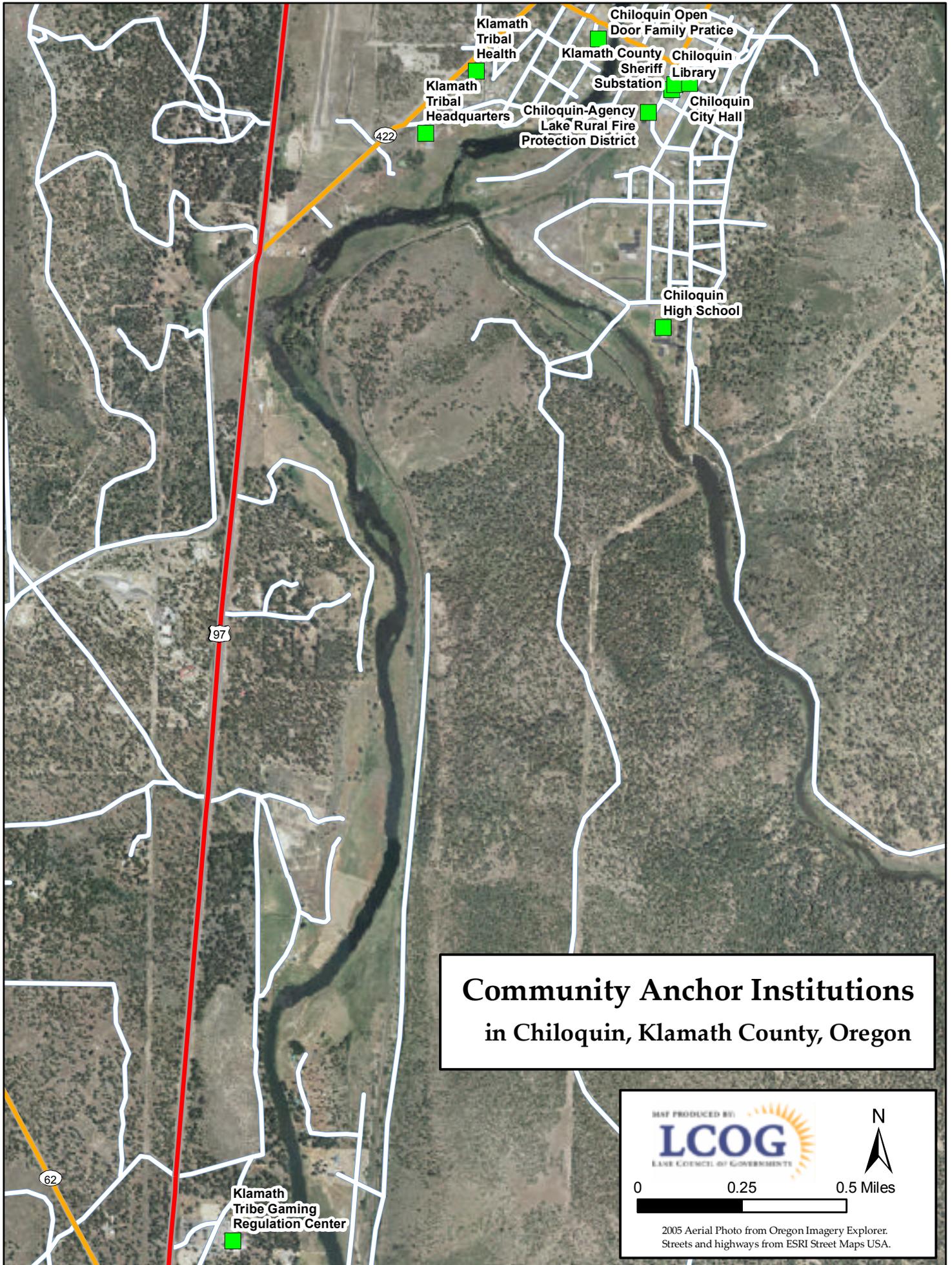
MAP PRODUCED BY:
LCOG
LANE COUNCIL OF GOVERNMENTS



0 0.05 0.1 Miles



2005 Aerial Photo from Oregon Imagery Explorer.
Streets and highways from ESRI Street Maps USA.



Community Anchor Institutions in Coburg, Lane County, Oregon



**Coburg
Elementary
School**

**Coburg
Police
Department**

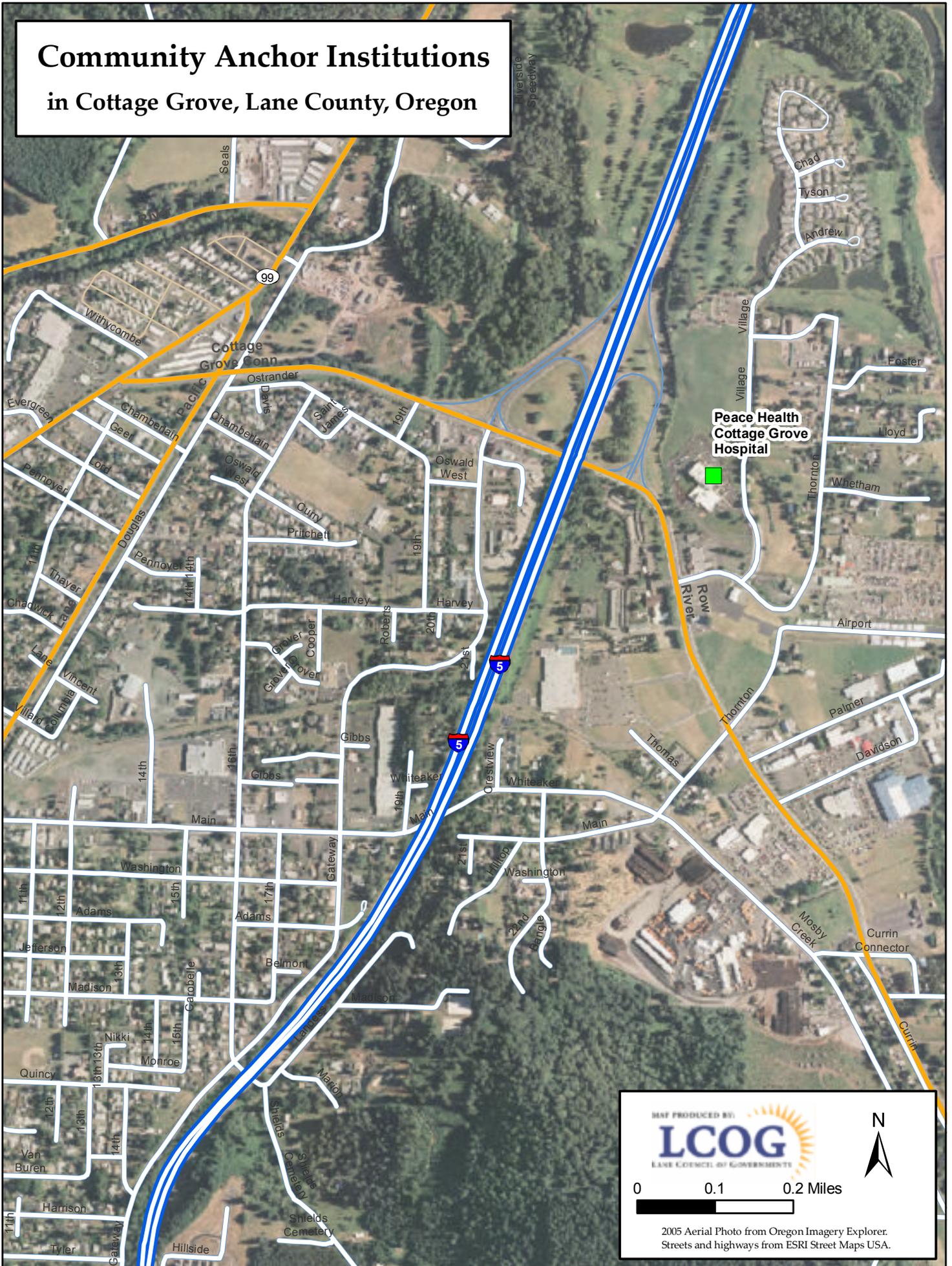
MAP PRODUCED BY:
LCOG
LANE COUNCIL OF GOVERNMENTS



0 0.1 0.2 0.3 Miles

2005 Aerial Photo from Oregon Imagery Explorer.
Streets and highways from ESRI Street Maps USA.

Community Anchor Institutions in Cottage Grove, Lane County, Oregon



MAP PRODUCED BY:
LCOG
LANE COUNCIL OF GOVERNMENTS

0 0.1 0.2 Miles

2005 Aerial Photo from Oregon Imagery Explorer.
Streets and highways from ESRI Street Maps USA.

Community Anchor Institutions in Creswell, Lane County, Oregon

Creswell
Community
Center

Creswell
Clinic

MAP PRODUCED BY:



LCOG
LANE COUNCIL OF GOVERNMENTS

0 0.1 0.2 0.3 Miles



2005 Aerial Photo from Oregon Imagery Explorer.
Streets and highways from ESRI Street Maps USA.

Community Anchor Institutions in Days Creek, Douglas County, Oregon



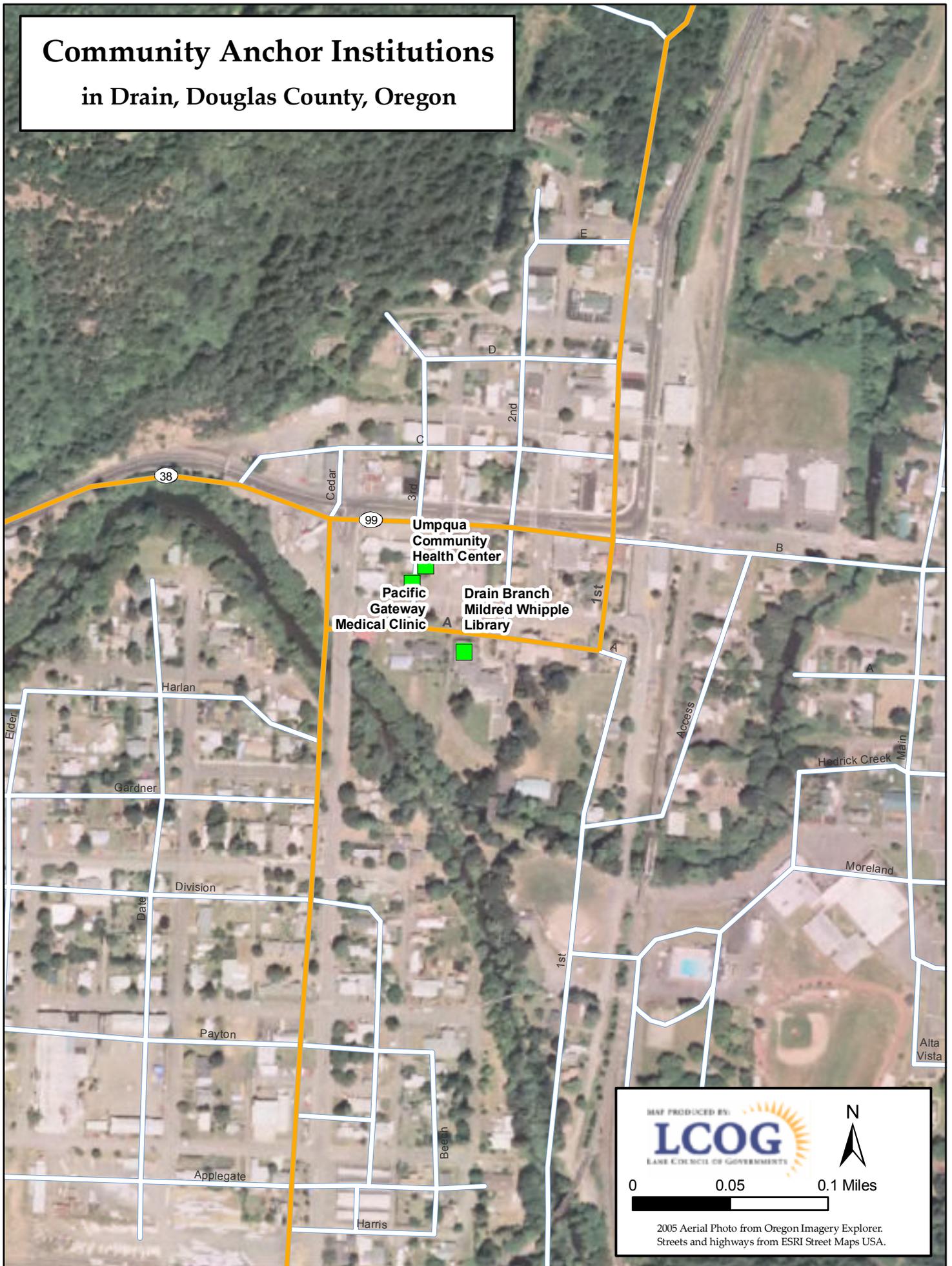
MAP PRODUCED BY:
LCOG
LANE COUNCIL OF GOVERNMENTS



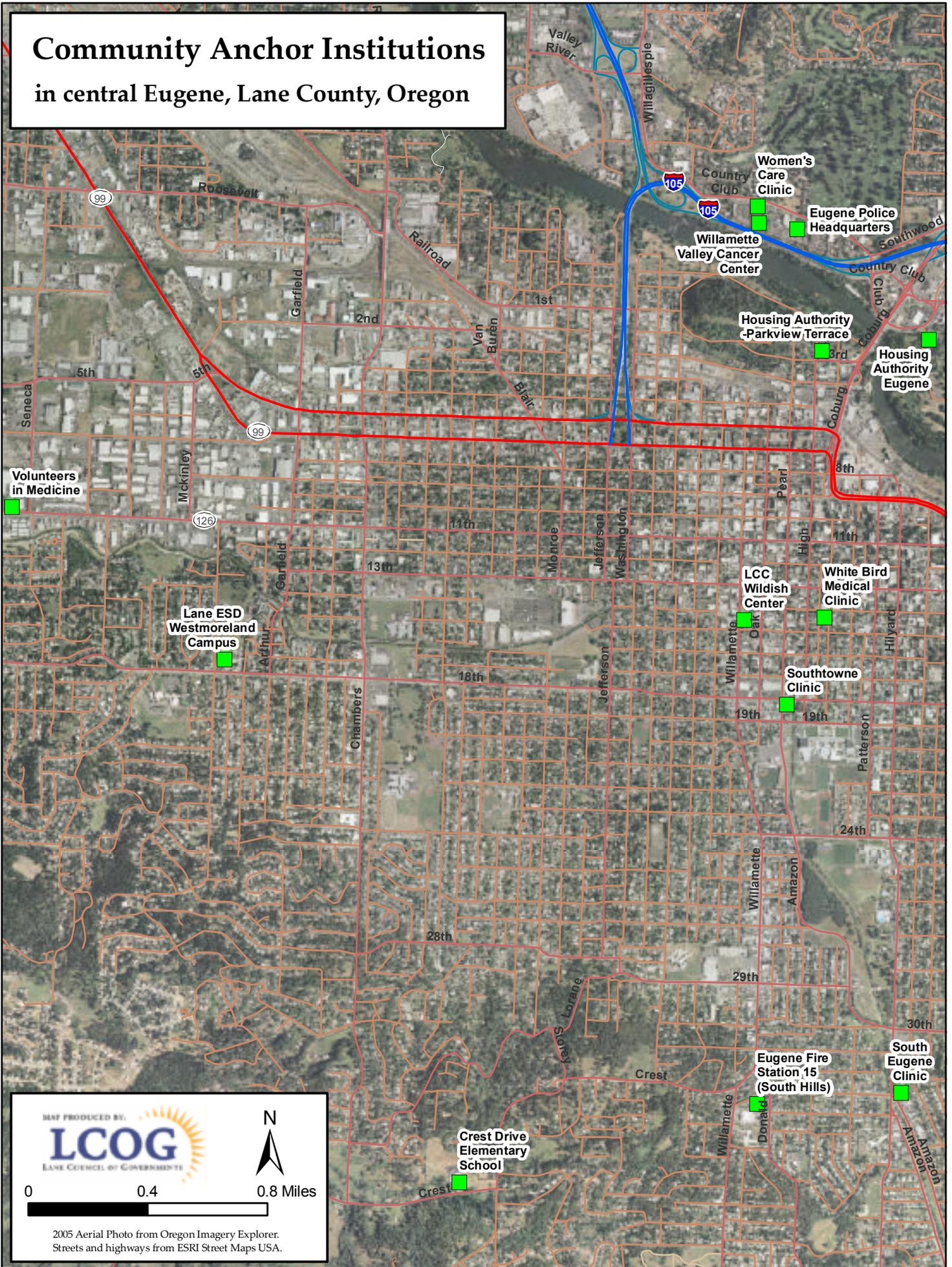
0 0.1 0.2 0.3 Miles

2005 Aerial Photo from Oregon Imagery Explorer.
Streets and highways from ESRI Street Maps USA.

Community Anchor Institutions in Drain, Douglas County, Oregon



Community Anchor Institutions in central Eugene, Lane County, Oregon



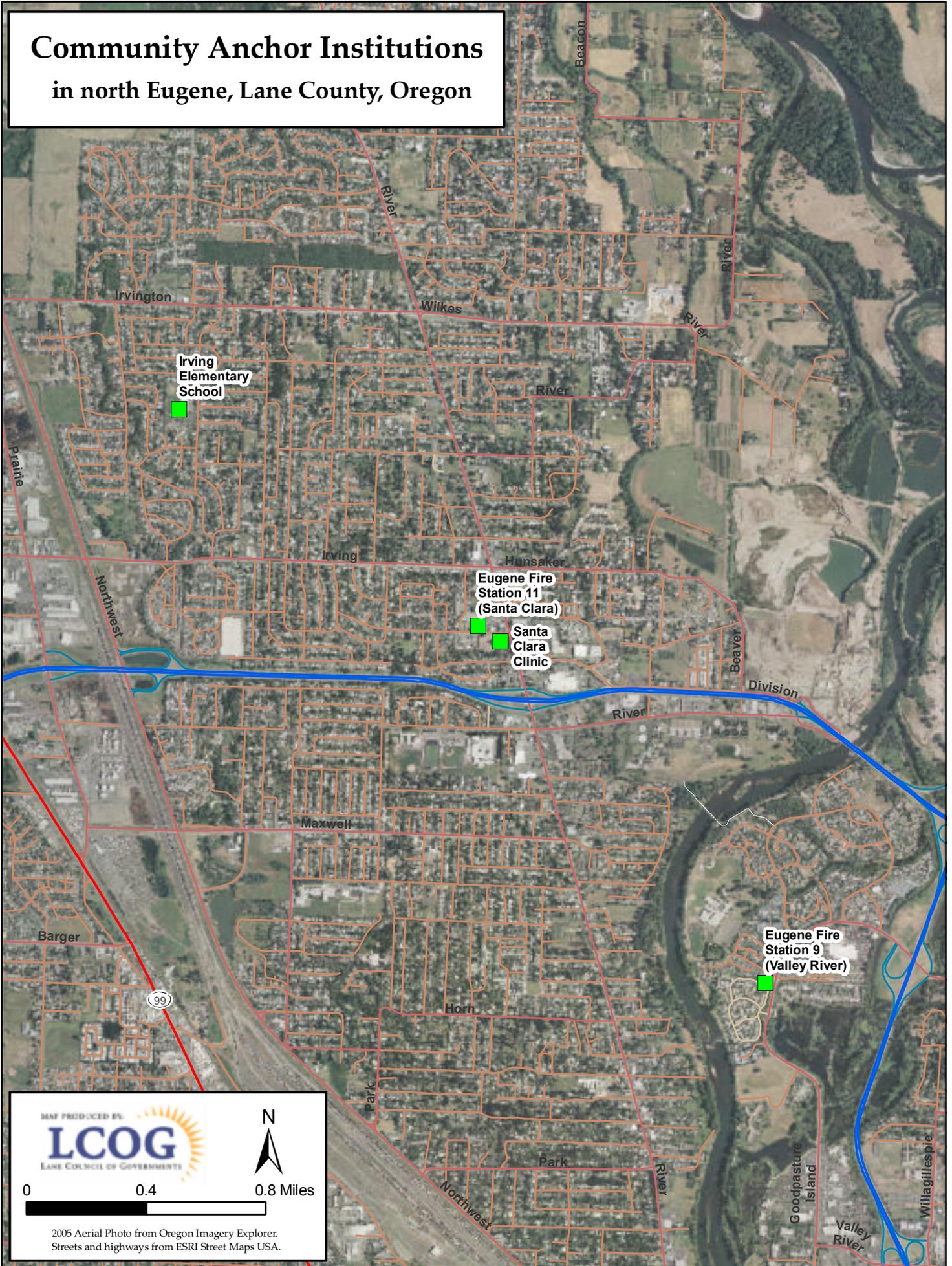
MAP PRODUCED BY:
LCOG
LANE COUNCIL OF GOVERNMENTS



0 0.4 0.8 Miles

2005 Aerial Photo from Oregon Imagery Explorer.
Streets and highways from ESRI Street Maps USA.

Community Anchor Institutions in north Eugene, Lane County, Oregon

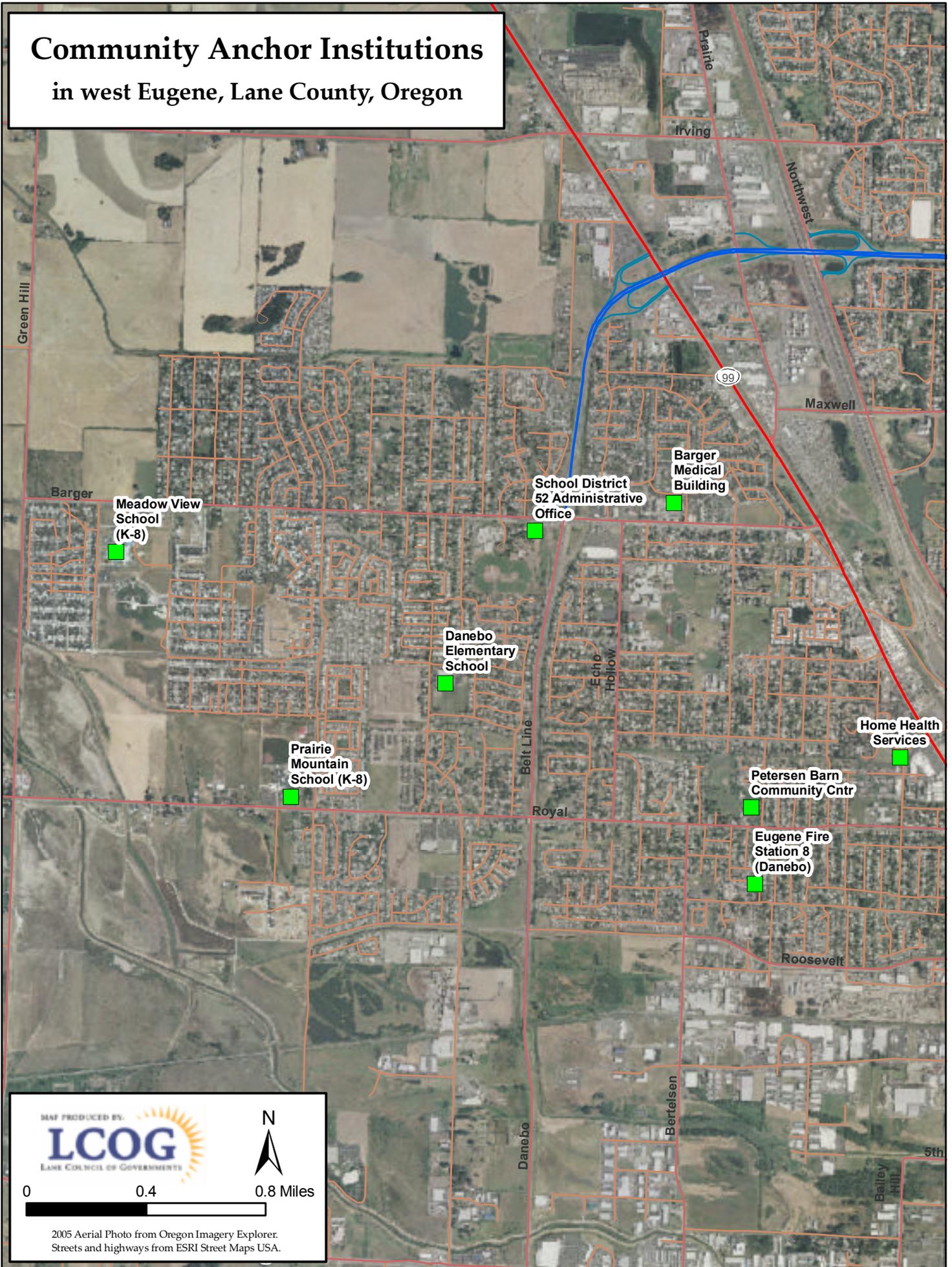


MAP PRODUCED BY:
LCOG
LANE COUNCIL OF GOVERNMENTS

0 0.4 0.8 Miles

2005 Aerial Photo from Oregon Imagery Explorer.
Streets and highways from ESRI Street Maps USA.

Community Anchor Institutions in west Eugene, Lane County, Oregon



Community Anchor Institutions in Florence, Lane County, Oregon



Senior
Disabled
Serv

Lane County Public
Works Shop Zone 5

Department of
Motor Vehicles
Florence

State
Hwy. Div

Florence Justice Center

Florence
Public
Works Shop

Florence
Events
Center

Florence
City Hall

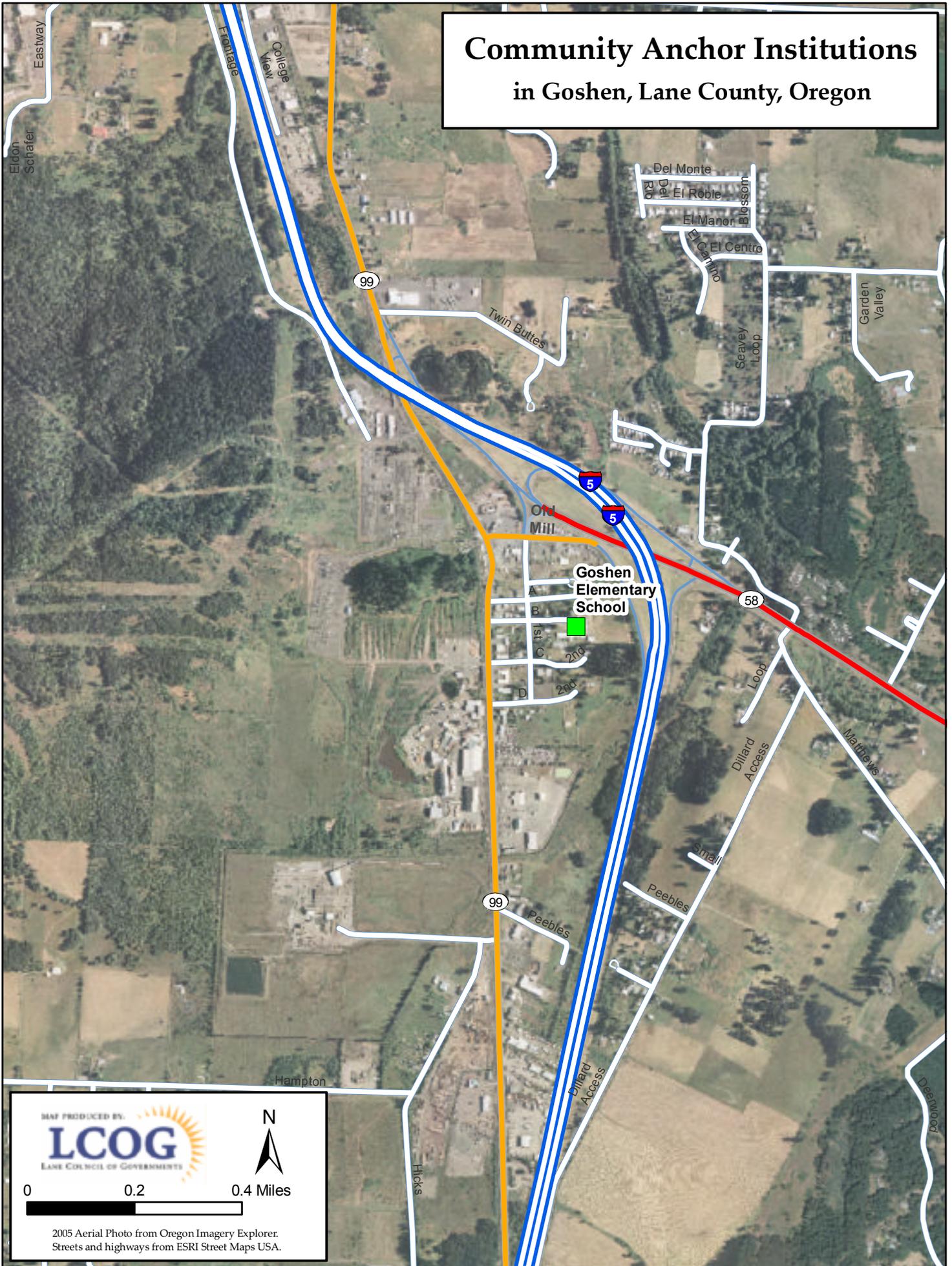
MAP PRODUCED BY
LCOG
LANE COUNTY OF GOVERNMENTS



0 0.1 0.2 0.3 Miles

2005 Aerial Photo from Oregon Imagery Explorer.
Streets and highways from ESRI Street Maps USA.

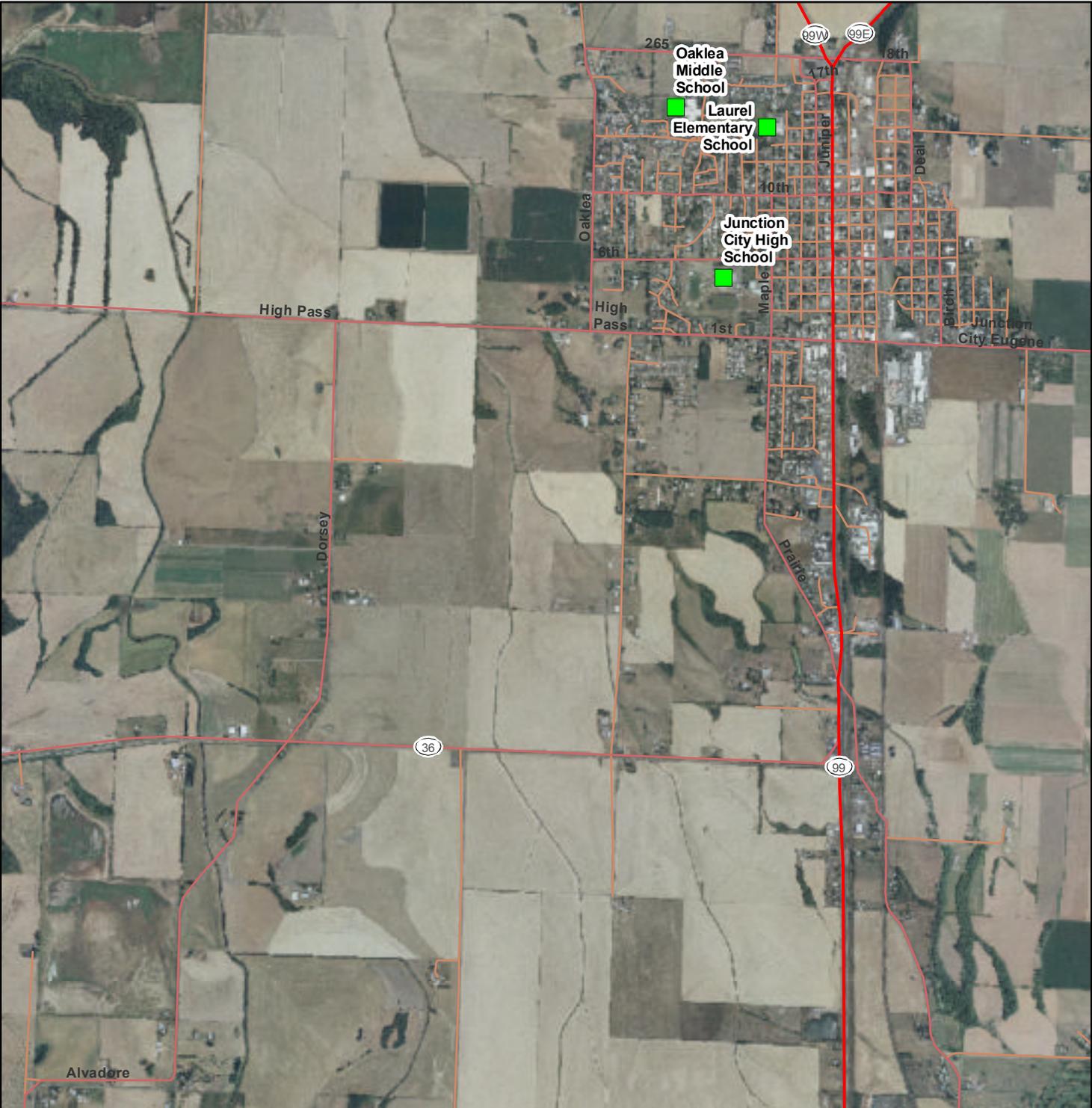
Community Anchor Institutions in Goshen, Lane County, Oregon



MAP PRODUCED BY:
LCOG
LANE COUNCIL OF GOVERNMENTS

0 0.2 0.4 Miles

2005 Aerial Photo from Oregon Imagery Explorer.
Streets and highways from ESRI Street Maps USA.



Community Anchor Institutions in Junction City, Lane County, Oregon

State Mental Hospital (to be constructed 2011)



State Correctional Facility (to be constructed 2012)



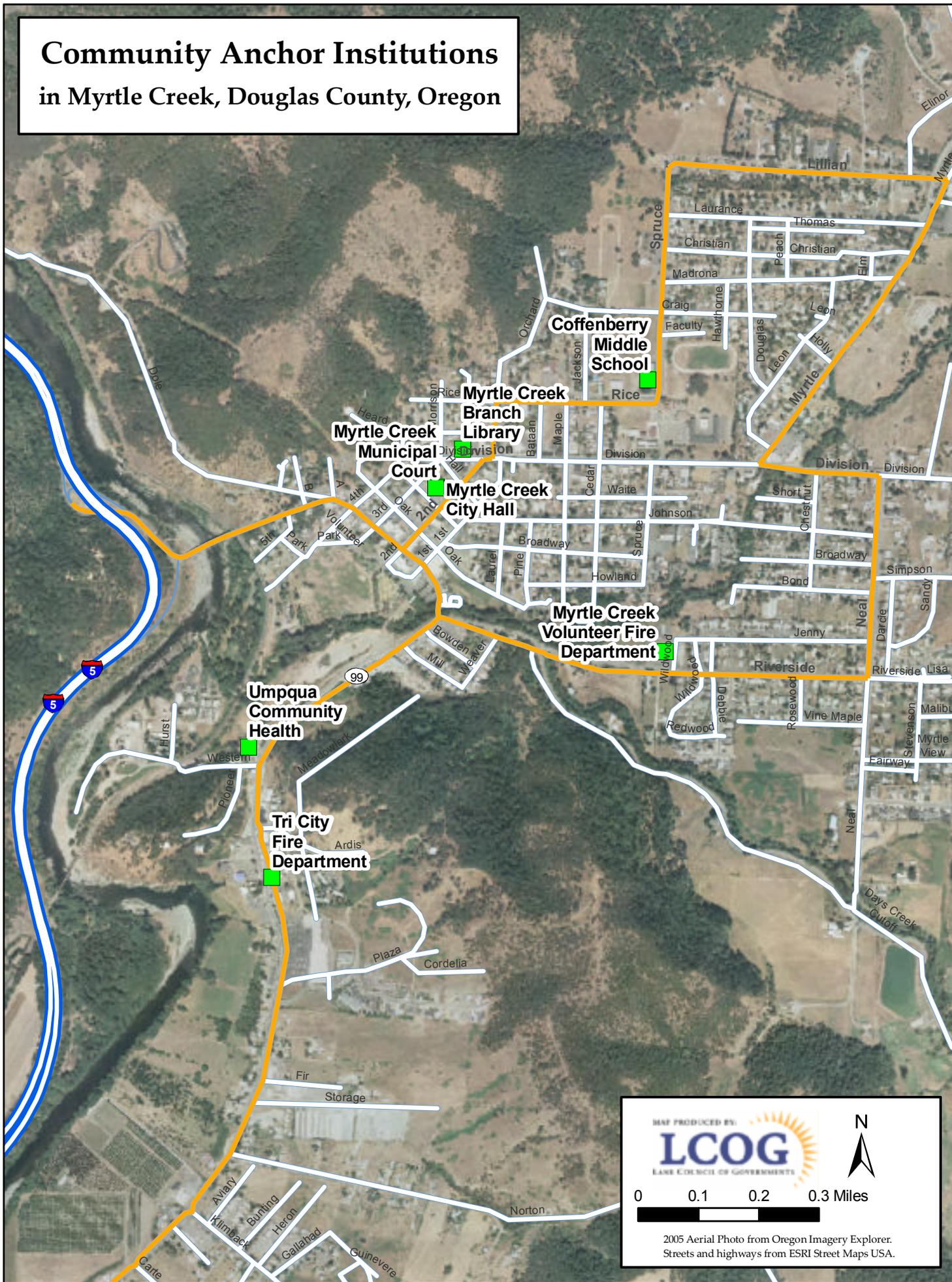
MAP PRODUCED BY:

LANE COUNCIL OF GOVERNMENTS

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2005 Aerial Photo from Oregon Imagery Explorer.
Streets and highways from ESRI Street Maps USA.

Community Anchor Institutions in Myrtle Creek, Douglas County, Oregon



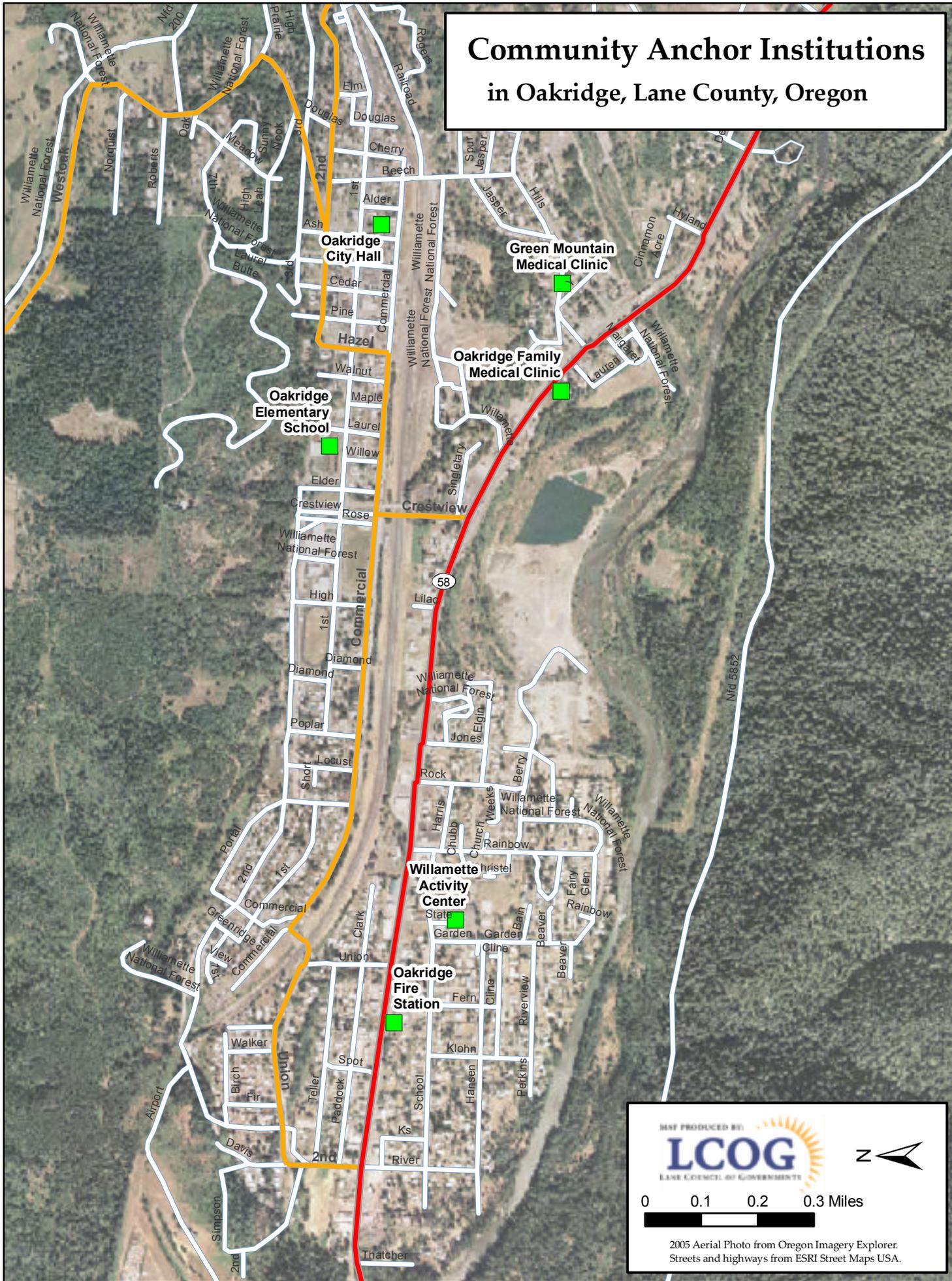
MAP PRODUCED BY:
LCOG
LANE COUNCIL OF GOVERNMENTS



0 0.1 0.2 0.3 Miles

2005 Aerial Photo from Oregon Imagery Explorer.
Streets and highways from ESRI Street Maps USA.

Community Anchor Institutions in Oakridge, Lane County, Oregon



MAP PRODUCED BY:
LCOG
LANE COUNCIL OF GOVERNMENTS

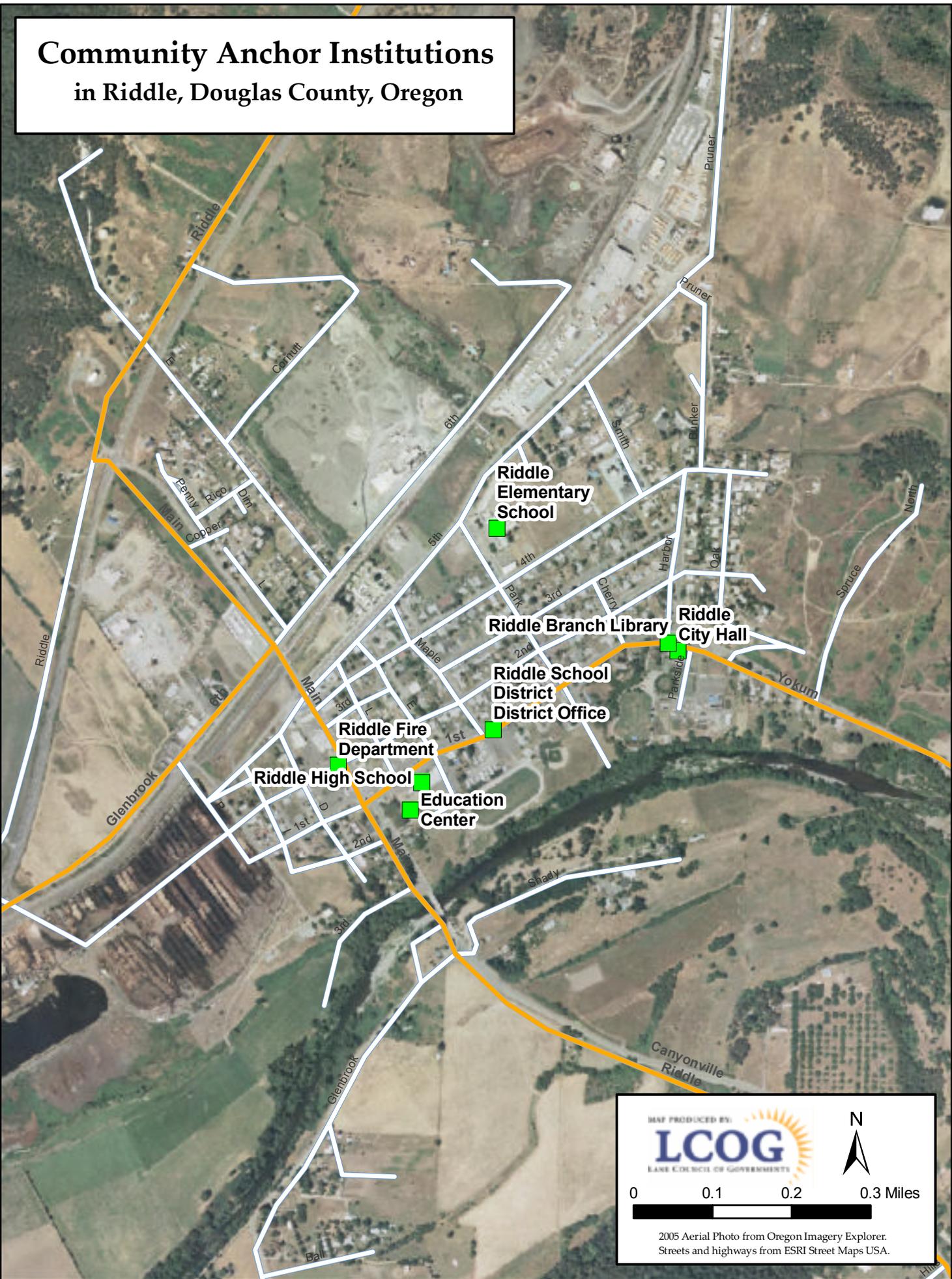


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2005 Aerial Photo from Oregon Imagery Explorer.
Streets and highways from ESRI Street Maps USA.

Community Anchor Institutions in Riddle, Douglas County, Oregon

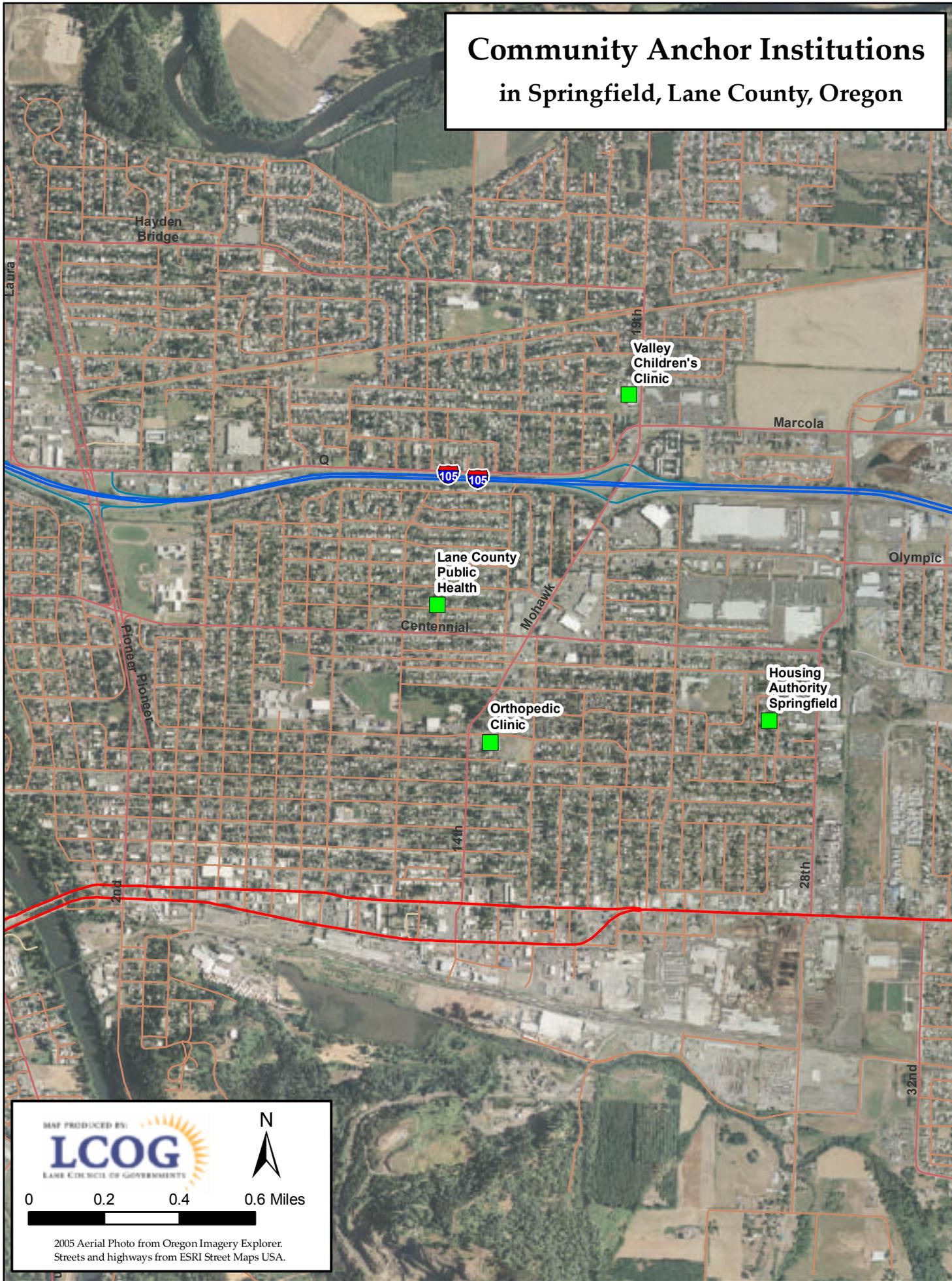


MAP PRODUCED BY:
LCOG
LANE COUNCIL OF GOVERNMENTS

0 0.1 0.2 0.3 Miles

2005 Aerial Photo from Oregon Imagery Explorer.
Streets and highways from ESRI Street Maps USA.

Community Anchor Institutions in Springfield, Lane County, Oregon



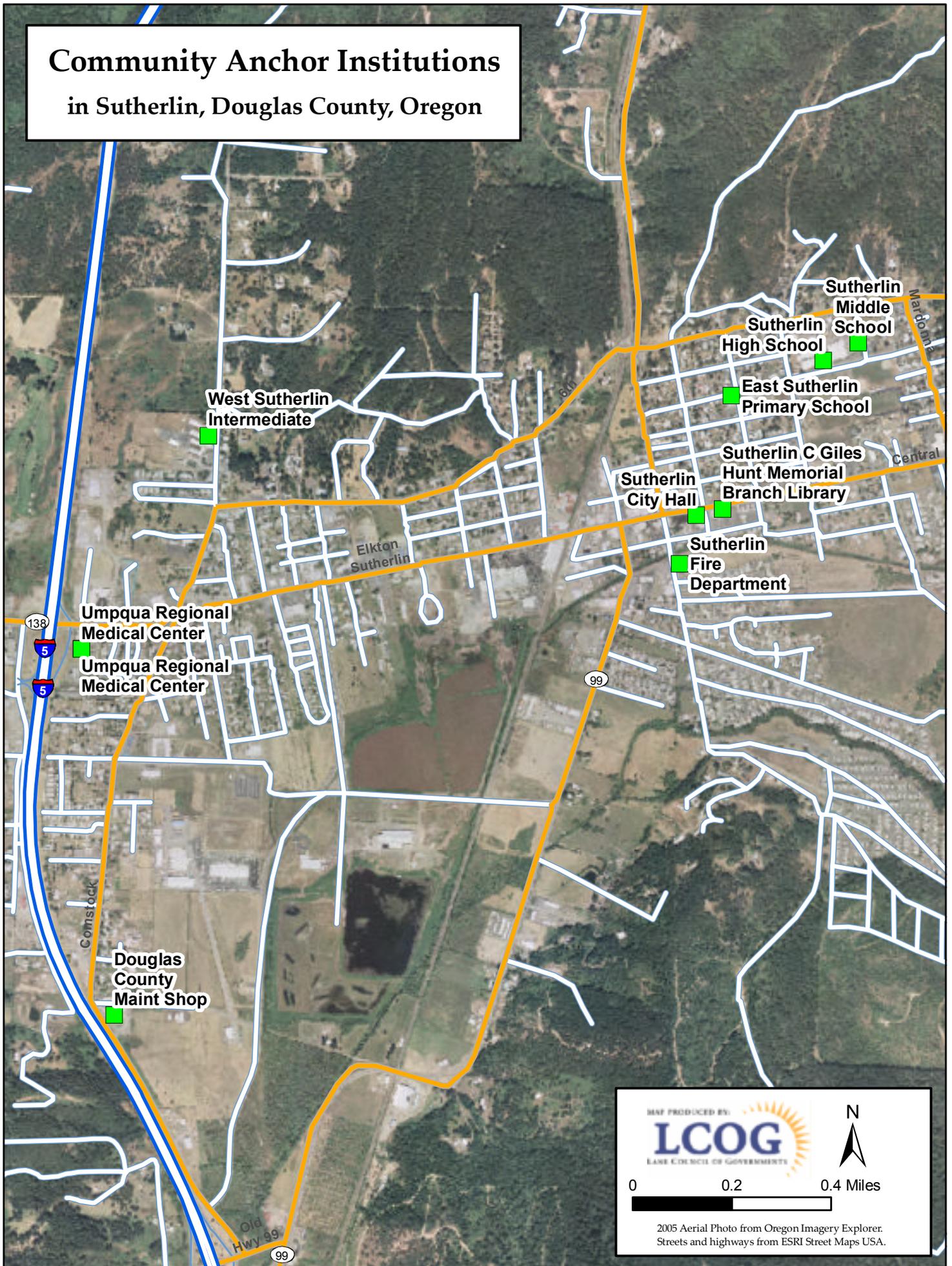
MAP PRODUCED BY:
LCOG
LANE COUNCIL OF GOVERNMENTS

0 0.2 0.4 0.6 Miles

N

2005 Aerial Photo from Oregon Imagery Explorer.
Streets and highways from ESRI Street Maps USA.

Community Anchor Institutions in Sutherlin, Douglas County, Oregon



MAP PRODUCED BY:
LCOG
LANE COUNCIL OF GOVERNMENTS

0 0.2 0.4 Miles

2005 Aerial Photo from Oregon Imagery Explorer.
Streets and highways from ESRI Street Maps USA.

Community Anchor Institutions in Tri-City, Douglas County, Oregon

South Umpqua
High School

Tri City
Elementary
School

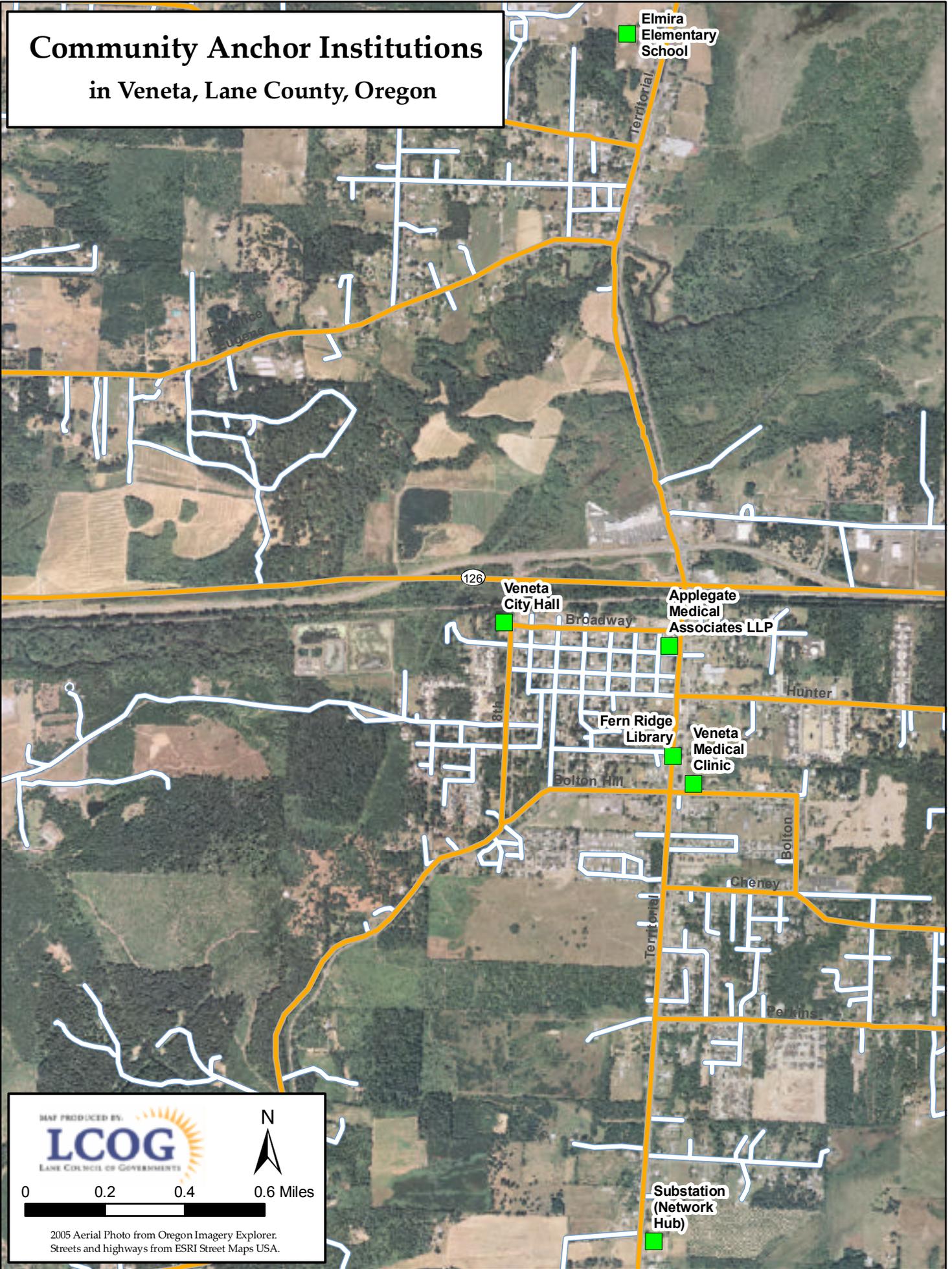
MAP PRODUCED BY
LCOG
LANE COUNCIL OF GOVERNMENTS



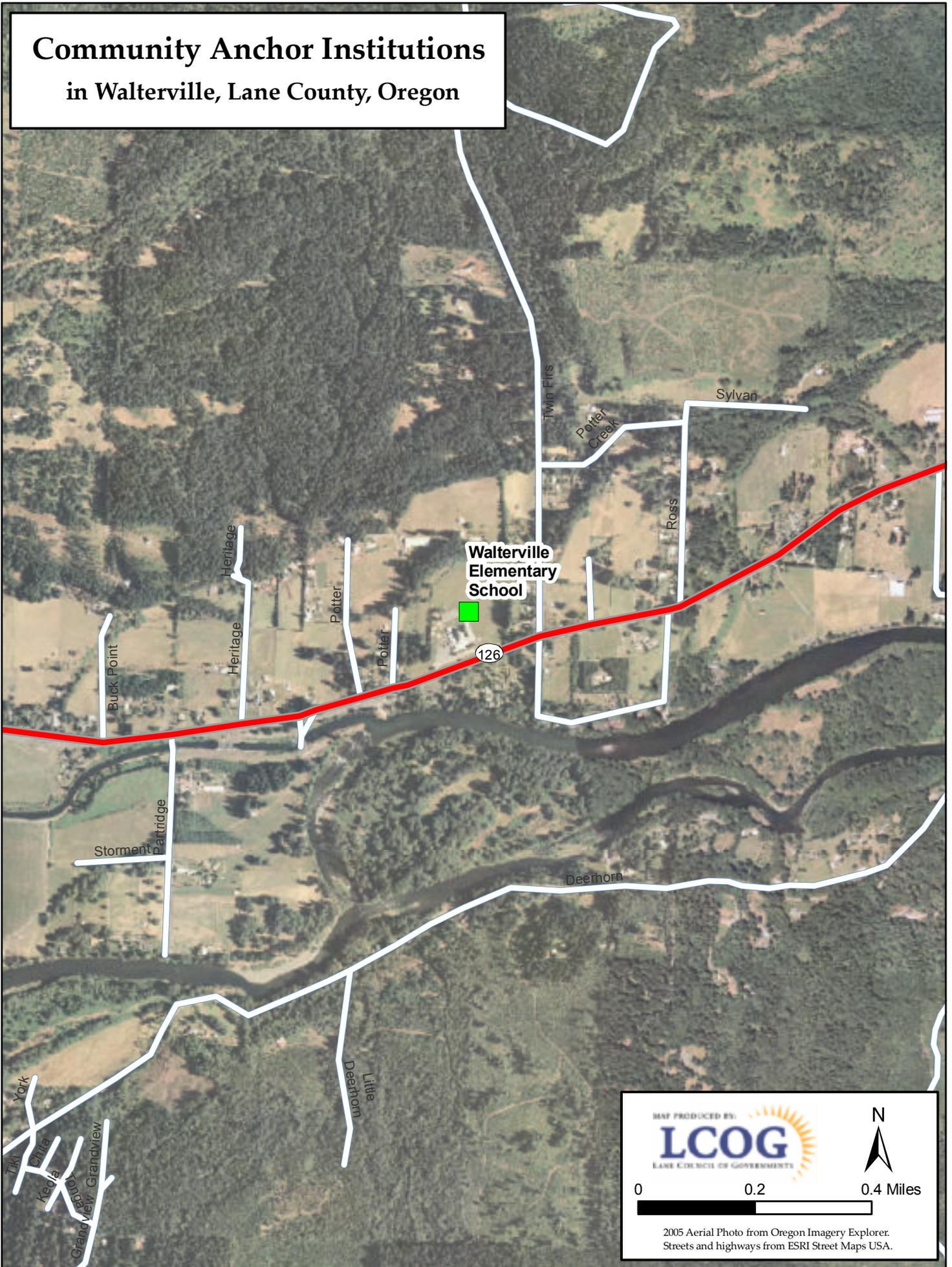
0 0.1 0.2 0.3 Miles

2005 Aerial Photo from Oregon Imagery Explorer.
Streets and highways from ESRI Street Maps USA.

Community Anchor Institutions in Veneta, Lane County, Oregon



Community Anchor Institutions in Walterville, Lane County, Oregon



MAP PRODUCED BY:
LCOG
LANE COUNCIL OF GOVERNMENTS

0 0.2 0.4 Miles

2005 Aerial Photo from Oregon Imagery Explorer.
Streets and highways from ESRI Street Maps USA.

Community Anchor Institutions

Willamette Pass, Lane/Klamath Counties, Ore.



DATA PRODUCED BY:
LCOG
LANE COUNCIL OF GOVERNMENTS



0 0.25 0.5 Miles

2005 Aerial Photo from Oregon Imagery Explorer.
Streets and highways from ESRI Street Maps USA.

iii. Property changes: Aside from trenching in the public right of way there are only three sites where construction is anticipated. One site, in Oakridge is zoned industrial, where utility facilities are an outright permitted use. One site, in Chemult will be placed on land zoned for public agency use. Installing a utility facility is an allowed use on such property. In Chiloquin the building – hut – will be installed on Tribal land. The Klamath Tribes do not have a reservation, so the property is trust land held by the federal government. Discussions with the Tribe indicate, however, that they have the authority to grant permission for the location, and that they will consider the request favorably. There is no state or local zoning for tribal land in Oregon.

iv. Buildings: Only three buildings are anticipated to be built – three regeneration huts along the Klamath Falls to Eugene run. The exact size of these buildings will depend on the contractor who will operate the system and the preferences of the property owner where the building is located. The largest building size anticipated is approximately 10 by 20 feet. Smaller structures are possible. The fiber optic line will be installed on existing utility poles, or will be located in previously disturbed rights-of-way.

v. Wetlands: There are wetlands in the vicinity of the project. There are several locations where they project fiber will cross streams. All of these crossings will be aerial, or will be hung on bridges or plowed into existing road construction.

vi. Critical Habitats: No critical habitats have been identified, but it is likely that this project will involve activities in areas inhabited by the bald eagle and by the marbled murrelet. All activities in these areas will, however, be hanging fiber optic cable on existing utility poles, or installing fiber underground in rights of way or on bridges. None of the construction activity is likely to disturb threatened or endangered species.

vii. Floodplains: Portions of the project will cross floodplains as they cross streams or rivers in the areas adjacent to streams and rivers. All construction will either be hung on existing utility poles, or would be buried in rights-of-way. No hydrological changes will occur because of construction, and no structures will be built within a floodplain.

viii. Protected lands: There are places within a mile of the project area that are eligible to be on the national register and are listed as a SHPO resource. These properties will not be affected by this project. Activity in the area will be limited to using existing utility poles and making an additional utility attachment to buildings, none of which are known to be on the National Register.

The age of some of the buildings proposed to be connected as a part of the connections to critical community anchors is not known. A preliminary inspection does not indicate an age in excess of 50 years. Final determination will be made prior to construction. If existing utilities are coming into the building underground, then this project will make the same approach. In any event, the applicant, who has worked with SHPO on numerous projects, will include discussions with that

state agency whenever it is appropriate. No correspondence has yet been initiated because the project has not been funded and thus final design has not been done.

A portion of the project will be on tribal land- lands controlled by the Klamath Tribes. The Klamath Tribes are a subgrantee of this project. A letter indicating their support and participation is included with the application. It is possible that construction in the vicinity of the Tribal headquarters may unearth artifacts, although all construction is planned to be across already disturbed lands. Construction in this area will be done under the direct supervision of the Tribe, and will preserve any artifacts uncovered.

ix. Coastal Areas: Only one portion of the project, construction in Florence, is within the area of a coastal zone management area. Construction here will be aerial, using existing utility poles to hang the fiber cable.

x. Brownfields: One of the regeneration huts will be located at the site of a former brownfield. The Oakridge Industrial Park is a rehabilitated brownfield. All contamination has been removed from the proposed site of the regeneration hut.

Printed Legal Name of Applicant: Lane Council of Governments

Signature: 

Date: August 17, 2009

The applicant's representative certifies to the best of his/her knowledge and belief that the information contained herein is accurate. Any false information may result in disqualification for consideration of financial assistance or the rescission of financial assistance.

Attachment H Broadband Subscriber Estimates

Lane Council of Governments	Year 0	YEAR 1 2010				YEAR 2 2011				YEAR 3 2012				YEAR	
	2009	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Qtr 1	Qtr 2
Ethernet Service															
Entities passed %			4%	0%	41%	0%	24%	0%	14%	18%	0%	0%	0%	0%	0%
Strategic Institutions Count			4		45		26		15	20					

4 2013

Qtr 3 Qtr 4 Total

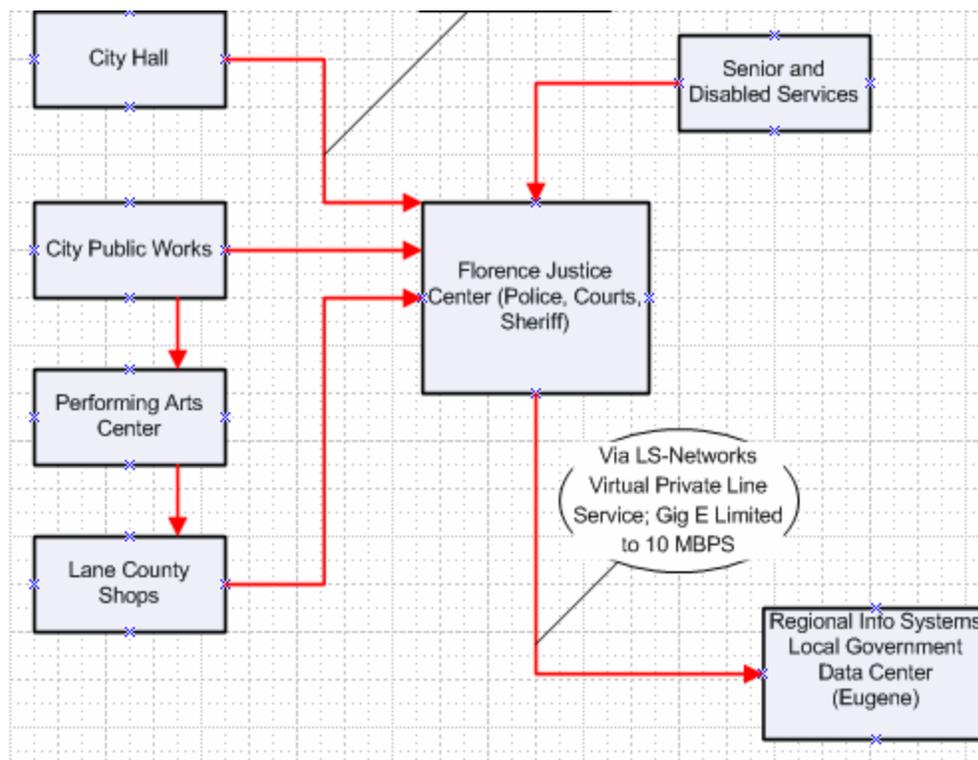
0% 0% 100%
110

Throughout the system, Corning SMF 28 single mode fiber is the standard. Depending on the physical situation, the cable configuration will differ. Typically, the new fiber will be 24 strand, mostly aerial.

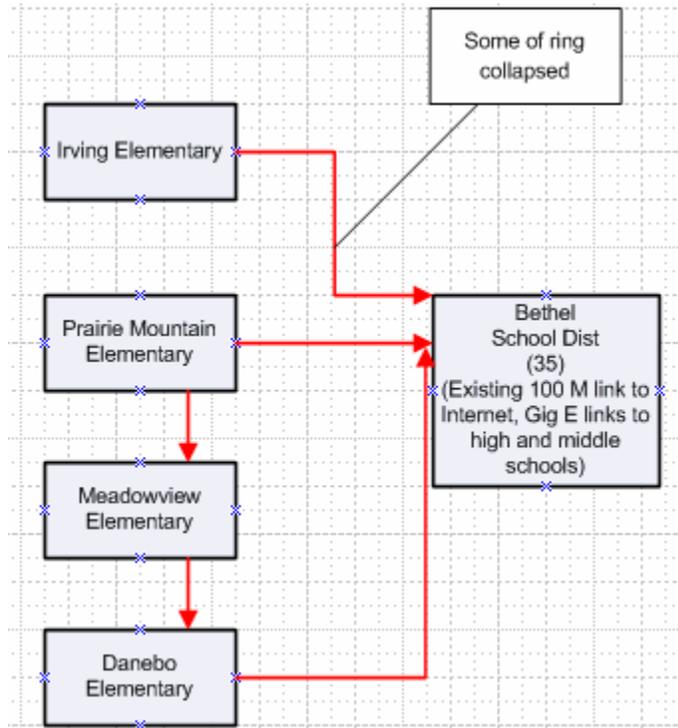
In the small communities (sites outside of Eugene/Springfield), the Ethernet connections can be provided with data switches equipped with 1310 nm fiber optics, with no multiplexing. While Gigabit Ethernet optics may well exceed requirements, there is no reason to use slower speed equipment given fiber availability and economics. That said, due to the economics of recurring charges, “sold” speeds may be slower. For example, the end point connections shown in Douglas County are 100 MBPS. Physically, these are Gigabit pipes limited to 100 MBPS.

Distances are short enough that inexpensive SFP optics may be utilized. The budget includes Cisco ME 4000 switches, with single or dual optics. Where possible, the fiber is provisioned in a ring, albeit collapsed in some cases; this requires dual optical links. Entrance cables are not physically path diverse. Through this method, traffic can take an alternate path, which improves reliability, and also makes it possible to work on the system during normal working hours.

This same switch family (the difference being the number and optics used for the connection to end points) will be used to provision virtual circuits when connecting to sites outside the community. Below is a portion of one of the network diagrams. Due to physical topology, some of these links are in a ring, some not. We show the Florence Justice Center as a hub for the City of Florence, Lane County, and Senior and Disabled Services. Senior and Disabled Services uses the same network as Lane County and will share a virtual circuit to the regional data center. The City of Florence needs access to the regional data center for criminal justice applications; however they are not in the same network, being separate agencies, so they would use a different virtual circuit to Eugene. Because of economics, the agencies will likely choose a 10 MBPS circuit from LS Networks. However, the 10 MBPS virtual circuits are delivered on Gigabit Ethernet hardware; if more bandwidth is needed, it can be provisioned through a software change.



The design also includes the same topology in Eugene and Springfield. For example, here is a portion of the K-12 design, for Bethel Schools:



In this case, most of the new connections will be a simple Gigabit Ethernet ring, 1310 nm optics, no multiplexing. While one school is shown with a point to point connection, this may be avoided in a subsequent design. The balance of the district is on contiguous property and is already connected. To the internet and Lane ESD’s network, there is an existing DWDM circuit that connects the District to the network at the University of Oregon. This circuit is multiplexed due to fiber constraints and economics.

In Eugene/Springfield, there are fiber constraints, and distances and topology are more complex. Where needed, wave division multiplexing is added. This is done with frequency specific passive and active optics. Densities are such that multiplexing more than 16 Ethernet circuits on a fiber pair has not been a requirement; usually there are four or less. The budget is based upon use of Cisco CWDM passive optics, with the ME 4000 switch equipped with frequency specific CWDM optics.

With the current DWDM system, circuits are provisioned fairly widely across the fiber optic systems. Our “longest” circuit uses a fiber link with a 22 DB loss budget; amplification is not required. Wave division multiplexing allows for Gigabit Ethernet circuits at about \$1000 more than Fast Ethernet at 100 MBPS. The design budget includes all Gigabit Ethernet optics.

Between communities, there are fiber constraints and distances that require more expensive optics, and amplifiers in some cases. Provisioning long haul wave division multiplexing is fairly expensive. Therefore, providing virtual circuits over a common backbone system is the

preferred design to serve the smaller communities. It is possible to add capacity to these systems through wave division multiplexing, should capacity demand require it. Again, access links are Gig E.

On the system serving Florence and Veneta, LS Networks uses US Government fiber optic resources (Bonneville Power Administration) to light a backbone and local nodes. These are in place today. Their network has nodes throughout Oregon, making access to end points as desired by the users possible without additional capital investment.

For the sites in Douglas County, Douglas Fast Net operates a backbone system with 10 Gigabit capacity between nodes. Through this proposal the backbone will be extended to several more communities, both through additional fiber optic cables and the necessary electronics. Douglas Fast Net uses the Cisco ME 4000 switches as access points, and provisions virtual circuits via these switches.

For Oakridge, Chemult, and Chiloquin sites, the backbone fiber is in place; with this proposal local fiber connections will be constructed, backbone electronics housed and installed. Due to the long distances involved, there is a requirement for amplification. The backbone capacity will be 10 GBPS; this should be adequate for many years.

It is a robust, flexible, linear model with plenty of room to grow as needed in the future. The network uses dense wave division multiplexing (DWDM) using C-band channels. It can handle up to 40 C-band lambdas. Every lambda is 10GB, with the ability to mux up to 8 Gigabit Ethernet circuits. The current design, from a circuit point of view, is basically two spoke and hub nets, with the two hubs linked together. Each hub uses a single 10GB wavelength to talk to its spokes. The first hub is Eugene, which connects to Lowell, Oakridge, and Willamette Pass. The second hub is Klamath Falls, which connects to Chemult, and Chiloquin. There are two Gigabit Ethernet circuits from each hub to each of its spokes. In addition, there are two Gigabit Ethernet circuits connecting the Eugene hub and the Klamath Falls hub.

Virtual circuits will be provisioned through the system. A separate fiber pair is set aside on the run for local access. For example, the Oregon Department of Transportation's desire for cameras at two locations on the route will be provisioned through backhaul to the nearest access point, rather than setting up an expensive node in these unpopulated locations.



Executive Director
George Kloeppe

Administrative & Business Services
Bob Swank,
Associate Director

Government Services
Byron Vanderpool,
Director

Senior & Disabled Services
Kay Metzger,
Director

- Administrative Services
- Fiscal Services
- Human Resources
- Information Services
- Clerical Services

- Enterprise Funds
- Business Loan Program
- LCOG Real Estate

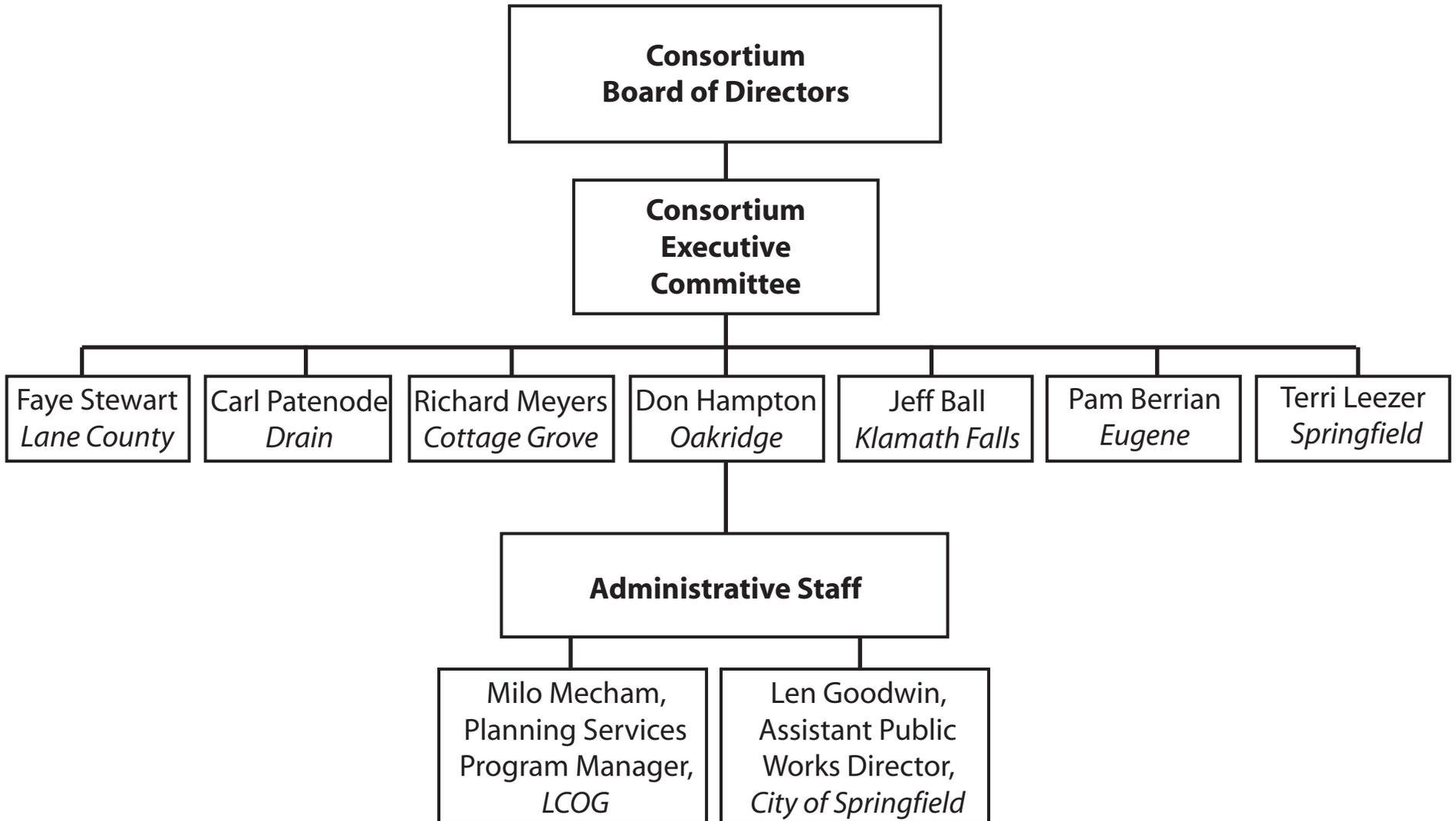
- Planning Services
- Transportation
- Natural Resources
- Urban & Regional Planning
- Intergovernmental Services
- Community Safety
- Legal Services

- Technology Services
- Regional GIS/RLID
- Regional Technology Services Coordination
- Telecommunications
- Metro Television
- Information, Research & Analysis
- Creative Services

- Medicaid & Food Stamp Program
- Eligibility Determination/Screening & Referral
- Case Management
- Licensing & Monitoring of Adult Foster Homes
- Home Care Worker Program
- Adult Protective Services
- Quality Assurance
- Division Support

- Older Americans Act, Other Grants/State Funds
- Information & Assistance
- Group Dining & Home Delivered Meals
- Care Coordination /Consultation
- Family Caregiver Support
- Oregon Project Independence
- Contract Management

Regional Fiber Consortium



Attachment B – Proposed Middle Mile Service Offerings

Services Offered	Distance Band or Point to Point	Minimum Peak Load Bandwidth Capacity MBPS	Monthly Pricing	Other
Single pair, WDM, CWDM, DWDM with backbone path diversity- Eugene/Springfield and Florence	Point to Point	1000	Average cost for multiplexed service is \$520 per month per circuit based on current pricing. Underlying fiber providers charge fees based upon distance, making circuits vary in cost per month. Some circuits will be about half this cost where distances are short and multiplexing is not needed.	Eugene/Springfield Primary Service is passive optical networking, which will be used where distances and facilities allow. In some cases, such as Bethel Schools, fiber is ample and a ring without multiplexing is possible; this will cost less to operate. Passive Optical Networking provides for maximum security, simplicity, reliability, and speed. Is currently deployed; the partners have experience with the service. Gigabit speeds unavailable or too expensive to deploy with other alternatives. In Florence, will be a ring with no multiplexing locally, with virtual circuit leaving town.
Virtual Private Line Service-West Lane, East Lane, Klamath County	Point to Point	2000	Begins at \$490 per month for 5 MB and two end points; at 100MB, price is \$1400, 1000 MB, price is \$2380.	Provided on Klamath Falls to Eugene Route, Florence and Veneta locations
Douglas Fast Net	Point to Point	10000	Begins at \$490 per month for 5 MB and two end points; at 100MB, price is \$1400, 1000 MB, price is \$2380.	Provided on Douglas County locations

ATTACHMENT C – COMPETITOR TABLE – LAST MILE

Lane Council of Governments, Douglas, Klamath, Lane Counties, Oregon								
Service Area	Last Mile Services Provider	Technology Platform	Service Tier	Advertised Residential Offering		Advertised Business Offering		Other Comments
				Downstream Speed (Mbps)	Price	Downstream Speed (Mbps)	Price	
Lane County Eugene Springfield Junction City	Qwest	DSL on ATM Backbone	Entry Level Plan	.256	\$27			Rates after promotions
			Highest Speed Plan	20	\$37	1.5-20	110	Service not available universally; proprietary information to Qwest
			Other Plans (e.g., Mid-Tier Plan)					
	Comcast	Cable Modems	Entry Level Plan	15	\$43	6	60	Rates after promotions
			Highest Speed Plan	20	\$100	16	90	Other services may be available- not advertised
			Other Plans (e.g., Mid-Tier Plan)					
Lane County Cottage Grove Oakridge Veneta	Qwest	DSL on ATM Backbone	Entry Level Plan	.256	\$27			Rates after promotions
			Highest Speed Plan	20	\$37	1.5-20	110	
			Other Plans (e.g., Mid-Tier Plan)					
	Charter		Entry Level Plan					No Internet Service
			Highest Speed Plan					
			Other Plans (e.g., Mid-Tier Plan)					
Lane County Florence	Qwest	DSL on ATM Backbone	Entry Level Plan	.256	\$27			Rates after promotions
			Highest Speed Plan	20	\$37	1.5-20	110	
			Other Plans (e.g., Mid-Tier Plan)					
	Charter		Entry Level Plan	1	\$20			
			Highest Speed Plan	20	\$80	20		Not published. Uncertain of availability
			Other Plans (e.g., Mid-Tier Plan)	10	\$59			
Douglas County Oakland Sutherlin	Qwest	DSL on ATM Backbone	Entry Level Plan	.256	\$27			Rates after promotions
			Highest Speed Plan	20	\$37	1.5-20	110	
			Other Plans (e.g., Mid-Tier Plan)					
	Charter		Entry Level Plan					No Internet Service
			Highest Speed Plan					

Lane Council of Governments continued								
Service Area	Last Mile Services Provider	Technology Platform	Service Tier	Advertised Residential Offering		Advertised Business Offering		Other Comments
				Downstream Speed (Mbps)	Price	Downstream Speed (Mbps)	Price	
Douglas County Canyonville Days Creek Riddle	Citizens (Frontier)	DSL	Entry Level Plan	10	\$35			Business Plan prices not published or advertised
			Highest Speed Plan					
			Other Plans (e.g., Mid-Tier Plan)					
	Charter		Entry Level Plan					No Internet Service
			Highest Speed Plan					
			Other Plans (e.g., Mid-Tier Plan)					
Klamath County Chiloquin	Century Tel	DSL	Entry Level Plan	.512	\$31.20			Business Plan prices not published or advertised
			Highest Speed Plan	1.5	\$46.20			
			Other Plans (e.g., Mid-Tier Plan)					
	None		Entry Level Plan					
			Highest Speed Plan					
			Other Plans (e.g., Mid-Tier Plan)					
Klamath County Chemult	Century Tel		Entry Level Plan					No DSL available
			Highest Speed Plan					
			Other Plans (e.g., Mid-Tier Plan)					
	None		Entry Level Plan					
			Highest Speed Plan					
			Other Plans (e.g., Mid-Tier Plan)					
Service Area 2/ Census community 2	Provider A		Entry Level Plan					
			Highest Speed Plan					
			Other Plans (e.g., Mid-Tier Plan)					
	Provider B		Entry Level Plan					
			Highest Speed Plan					
			Other Plans (e.g., Mid-Tier Plan)					

Lane Council of Governments Douglas Klamath Lane Counties Oregon								
Service Area	Middle Mile Services Provider	Technology Platform	Service Tier	Point-to-Point	Minimum Peak Load Network Bandwidth Capacity	Pricing	Other Comments	
Lane County Eugene Springfield Junction City	Qwest	SONET, HDSL, IP: T1	Entry Level Plan	yes	1.5	\$220-660	Pricing varies based on distances between locations, whether purchased on State or Federal Tariff, or special contract, or as purchased and resold by CLEC's	
		DS-3, OC-3, OC-12, Metro Ethernet	Highest Level Plan	yes	1000	\$1800-3600	Price varies widely based upon whether service is point to point or from CO to premises; whether purchased on State or Federal tariff; whether purchased retail by user or wholesale by CLEC.. Not available in many areas. Prices from several sources, prices not advertised.	
		SONET, HDSL, IP: T1 with telephony	Other Plans (e.g., Mid-Tier Plan)	no	1.5	\$650	Product with dynamic Internet and telephony on a single T1 line.	
	Comcast		Entry Level Plan					
		Ethernet Private Line	Highest Speed Plan	yes	100	\$1200	Pricing not advertised-pricing shown based on one customer with 100 M service. Available at Gig Ethernet for higher price.	
			Other Plans (e.g., Mid-Tier Plan)					
Lane County Cottage Grove Oakridge Veneta	Qwest	SONET, HDSL, IP: T1	Entry Level Plan	yes	1.5	\$220-660	Pricing varies based on distances between locations, whether purchased on State or Federal Tariff, or special contract, or as purchased and resold by CLEC's. Available.	
		DS-3, OC-3, OC-12, Metro Ethernet	Highest Level Plan	yes	1000	\$1800-3600	Price varies widely based upon whether service is point to point or from CO to premises; whether purchased on State or Federal tariff; whether purchased retail by user or wholesale by CLEC.. Limited availability in this area.	
			Other Plans (e.g., Mid-					

Lane Council of Governments Douglas Klamath Lane Counties Oregon								
Service Area	Middle Mile Services Provider	Technology Platform	Service Tier	Point-to-Point	Minimum Peak Load Network Bandwidth Capacity	Pricing	Other Comments	
	Charter		Tier Plan)					
			Entry Level Plan					
			Highest Speed Plan				Cable TV only nothing available	
			Other Plans (e.g., Mid-Tier Plan)					
Lane County Florence	Qwest	SONET, HDSL, IP: T1	Entry Level Plan	yes	1.5	\$220-660	Pricing varies based on distances between locations, whether purchased on State or Federal Tariff, or special contract, or as purchased and resold by CLEC's. Available.	
		DS-3, OC-3, OC-12, Metro Ethernet	Highest Level Plan	yes	1000	\$1800-3600	Price varies widely based upon whether service is point to point or from CO to premises; whether purchased on State or Federal tariff; whether purchased retail by user or wholesale by CLEC.. Very limited availability in this area. Prices from several sources, prices not advertised.	
			Other Plans (e.g., Mid-Tier Plan)					
	Charter		Entry Level Plan					
		Ethernet Transport	Highest Speed Plan	yes	1000		Up to Gig Ethernet, pricing not advertised. Limited availability	
			Other Plans (e.g., Mid-Tier Plan)					
Douglas County Oakland Sutherlin	Qwest	SONET, HDSL, IP: T1	Entry Level Plan	yes	1.5	\$220-660	Pricing varies based on distances between locations, whether purchased on State or Federal Tariff, or special contract, or as purchased and resold by CLEC's. Available. Prices from several sources, prices not advertised.	
		DS-3, OC-3, OC-12, Metro Ethernet	Highest Level Plan	yes	1000	\$1800-3600	Price varies widely based upon whether service is point to point or from CO	

Lane Council of Governments Douglas Klamath Lane Counties Oregon							
Service Area	Middle Mile Services Provider	Technology Platform	Service Tier	Point-to-Point	Minimum Peak Load Network Bandwidth Capacity	Pricing	Other Comments
							to premises; whether purchased on State or Federal tariff; whether purchased retail by user or wholesale by CLEC.. Very limited availability in this area.
			Other Plans (e.g., Mid-Tier Plan)				
	Charter		Entry Level Plan				
			Highest Speed Plan				Cable TV only nothing available
Douglas County Canyonville Days Creek Riddle	Citizens (Frontier)		Entry Level Plan				
			Highest Speed Plan	yes	5	unadvertised	5-40 MBPS is service speed range, assumed to be based on price and availability
			Other Plans (e.g., Mid-Tier Plan)				
	Charter		Entry Level Plan				
			Highest Speed Plan				Cable TV only nothing available
			Other Plans (e.g., Mid-Tier Plan)				
Klamath County Chemult	Century Tel	T1 and Frame Relay	Entry Level Plan	yes	.12	unadvertised	May be available
		Ethernet Transport	Highest Speed Plan	yes	3	unadvertised	Very unlikely to be available
			Other Plans (e.g., Mid-Tier Plan)				
	None		Entry Level Plan				
			Highest Speed Plan				
			Other Plans (e.g., Mid-Tier Plan)				
Klamath County Chiloquin	Century Tel	T1 and Frame Relay	Entry Level Plan	yes	.12	unadvertised	May be available
		Ethernet Transport	Highest Speed Plan	yes	3	unadvertised	Very unlikely to be available
			Other Plans (e.g., Mid-Tier Plan)				
	None		Entry Level Plan				

Lane Council of Governments Douglas Klamath Lane Counties Oregon							
Service Area	Middle Mile Services Provider	Technology Platform	Service Tier	Point-to-Point	Minimum Peak Load Network Bandwidth Capacity	Pricing	Other Comments
			Highest Speed Plan				
			Other Plans (e.g., Mid-Tier Plan)				

Community Anchor Institutions in Canyonville, Douglas County, Oregon



MAP PRODUCED BY
LCOG
LANE COUNCIL OF GOVERNMENTS

0 0.1 0.2 Miles

2005 Aerial Photo from Oregon Imagery Explorer.
Streets and highways from ESRI Street Maps USA.

Community Anchor Institutions in Chemult, Klamath County, Oregon

Chemult
Fire Hall



97

Chemult
Branch
Library



2nd

1st

Deport

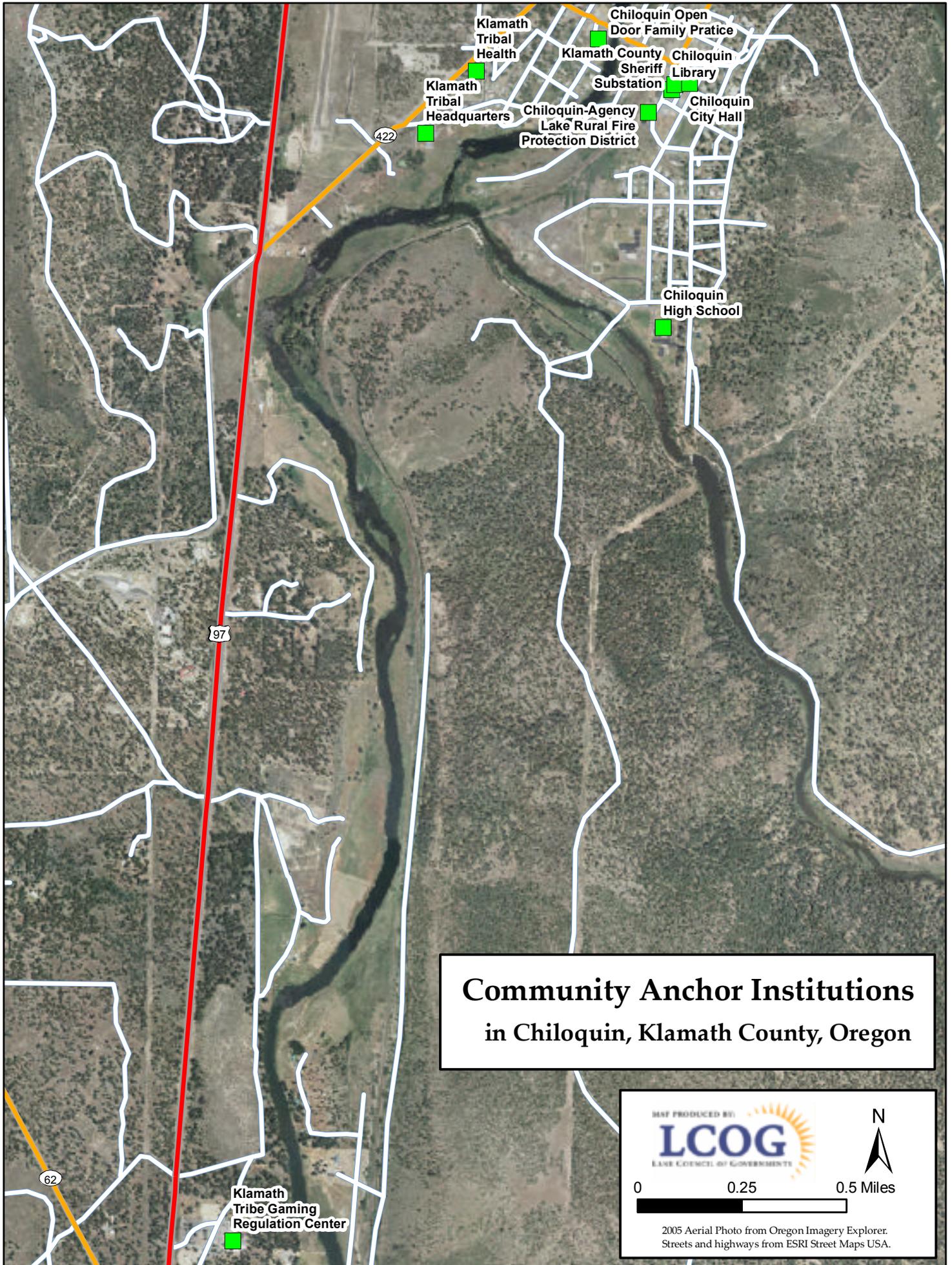
MAP PRODUCED BY:
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LANE COUNCIL OF GOVERNMENTS



0 0.05 0.1 Miles



2005 Aerial Photo from Oregon Imagery Explorer.
Streets and highways from ESRI Street Maps USA.



Community Anchor Institutions in Coburg, Lane County, Oregon



**Coburg
Elementary
School**

**Coburg
Police
Department**

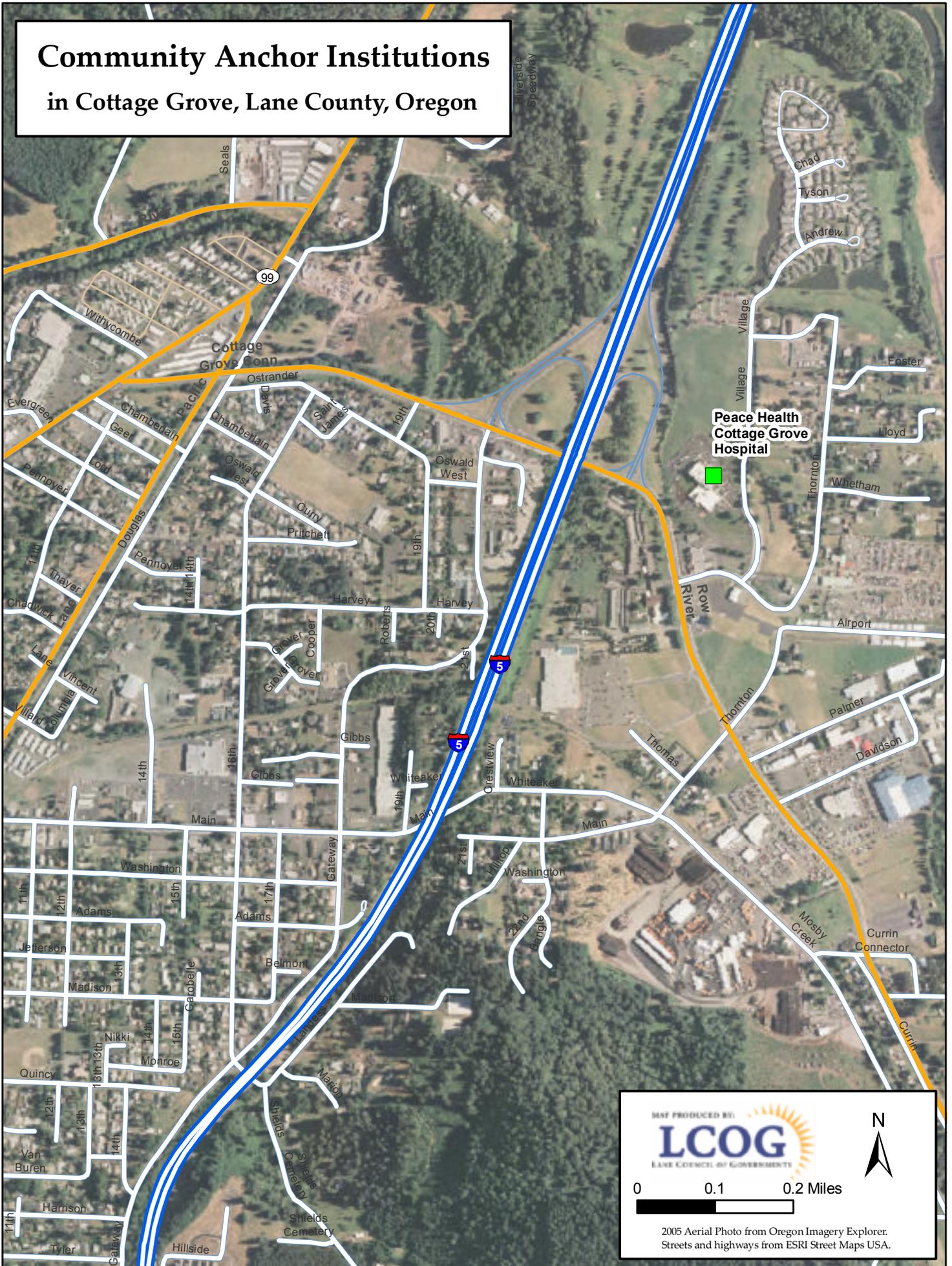
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LANE COUNCIL OF GOVERNMENTS



0 0.1 0.2 0.3 Miles

2005 Aerial Photo from Oregon Imagery Explorer.
Streets and highways from ESRI Street Maps USA.

Community Anchor Institutions in Cottage Grove, Lane County, Oregon



MAP PRODUCED BY:
LCOG
LANE COUNCIL OF GOVERNMENTS

0 0.1 0.2 Miles

2005 Aerial Photo from Oregon Imagery Explorer.
Streets and highways from ESRI Street Maps USA.

Community Anchor Institutions in Creswell, Lane County, Oregon

Creswell
Community
Center

Creswell
Clinic

MAP PRODUCED BY:



LCOG
LANE COUNCIL OF GOVERNMENTS

0 0.1 0.2 0.3 Miles



2005 Aerial Photo from Oregon Imagery Explorer.
Streets and highways from ESRI Street Maps USA.

Community Anchor Institutions in Days Creek, Douglas County, Oregon



MAP PRODUCED BY:
LCOG
LANE COUNCIL OF GOVERNMENTS



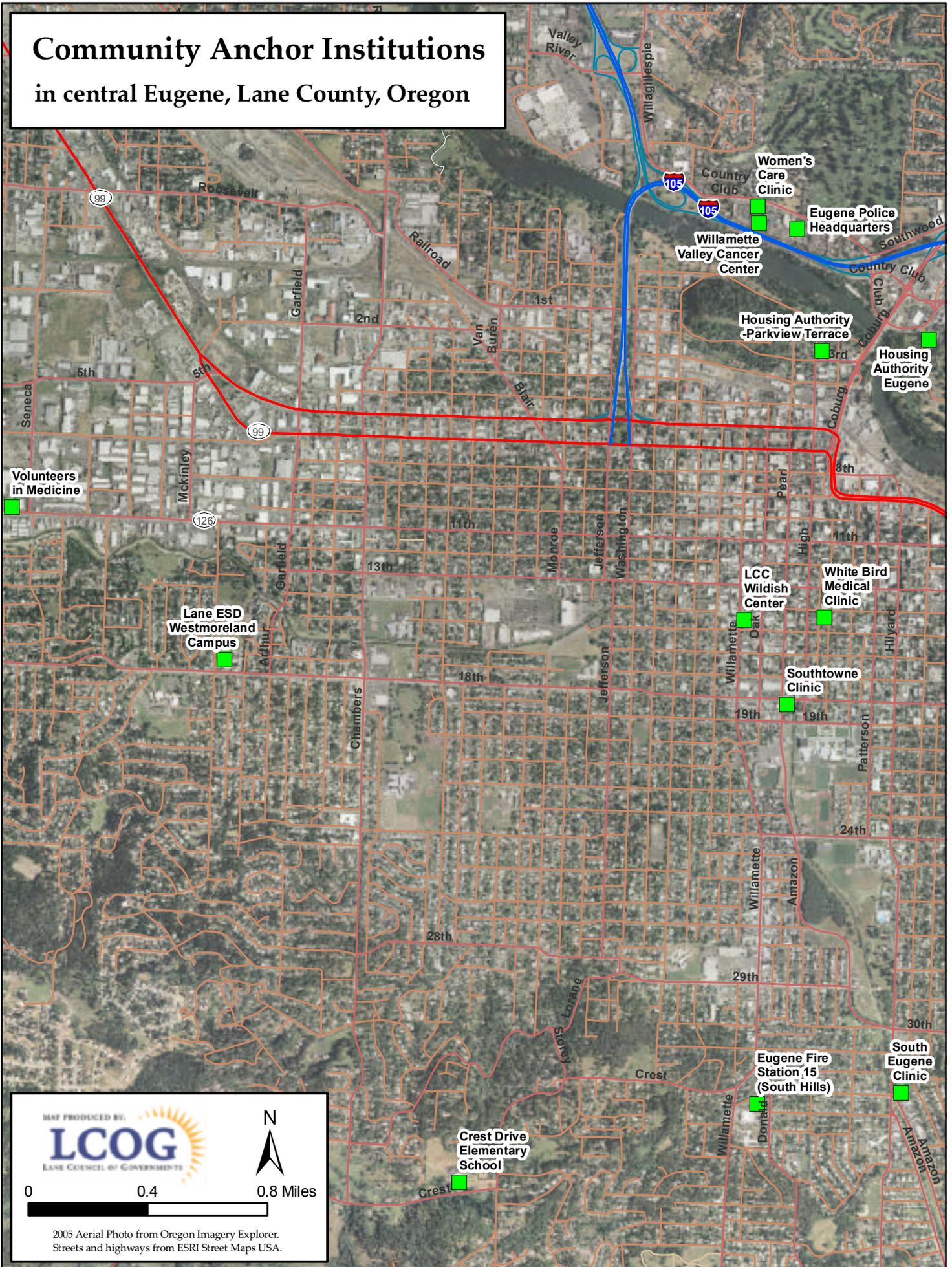
0 0.1 0.2 0.3 Miles

2005 Aerial Photo from Oregon Imagery Explorer.
Streets and highways from ESRI Street Maps USA.

Community Anchor Institutions in Drain, Douglas County, Oregon



Community Anchor Institutions in central Eugene, Lane County, Oregon



MAP PRODUCED BY:
LCOG
LANE COUNCIL OF GOVERNMENTS

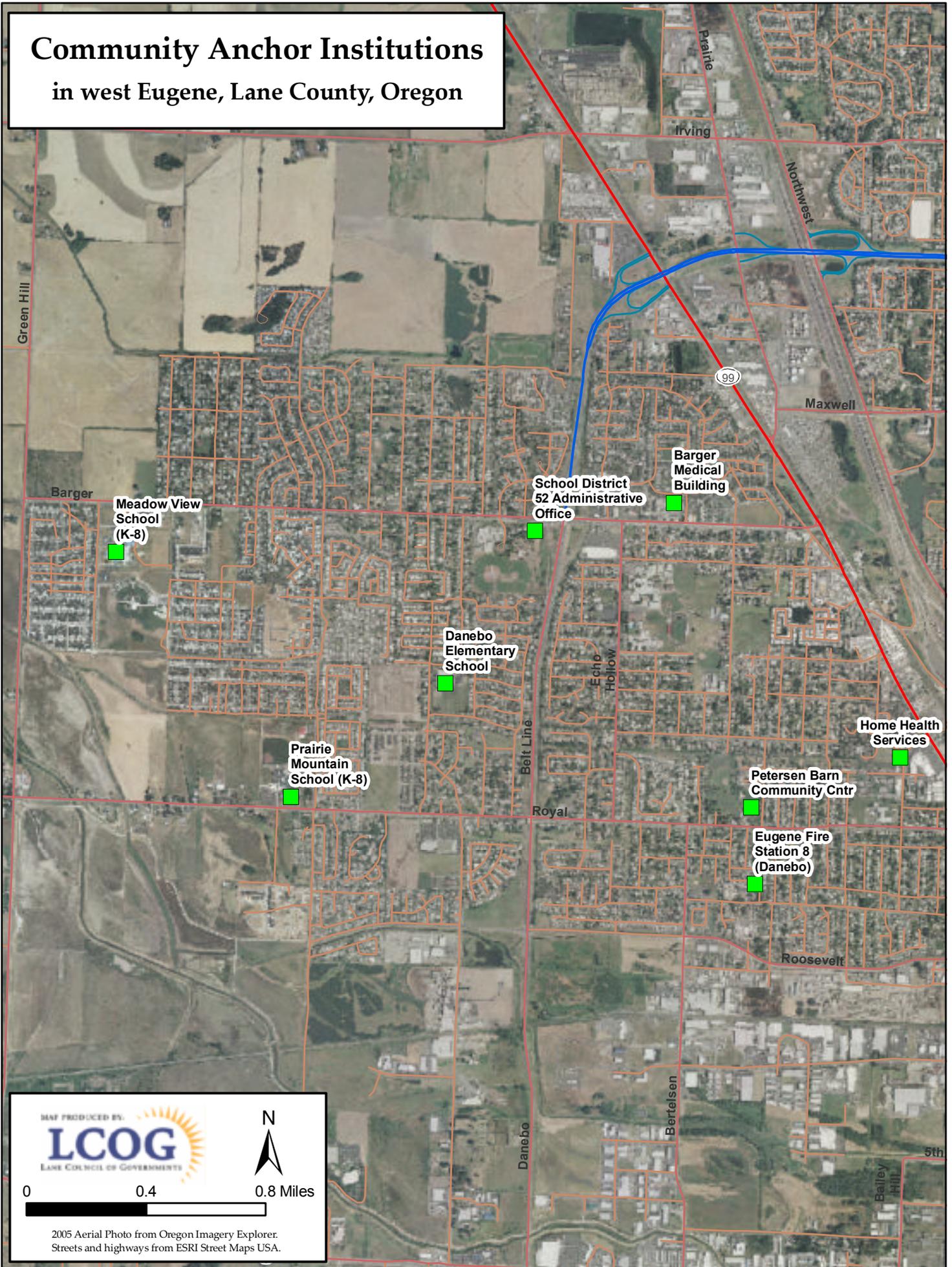
0 0.4 0.8 Miles

2005 Aerial Photo from Oregon Imagery Explorer.
Streets and highways from ESRI Street Maps USA.

Community Anchor Institutions in north Eugene, Lane County, Oregon



Community Anchor Institutions in west Eugene, Lane County, Oregon



MAP PRODUCED BY:
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LANE COUNCIL OF GOVERNMENTS

0 0.4 0.8 Miles

2005 Aerial Photo from Oregon Imagery Explorer.
Streets and highways from ESRI Street Maps USA.

Community Anchor Institutions in Florence, Lane County, Oregon



Senior
Disabled
Serv

Lane County Public
Works Shop Zone 5

Department of
Motor Vehicles
Florence

State
Hwy. Div

Florence Justice Center

Florence Public
Works Shop

Florence
Events
Center

Florence
City Hall

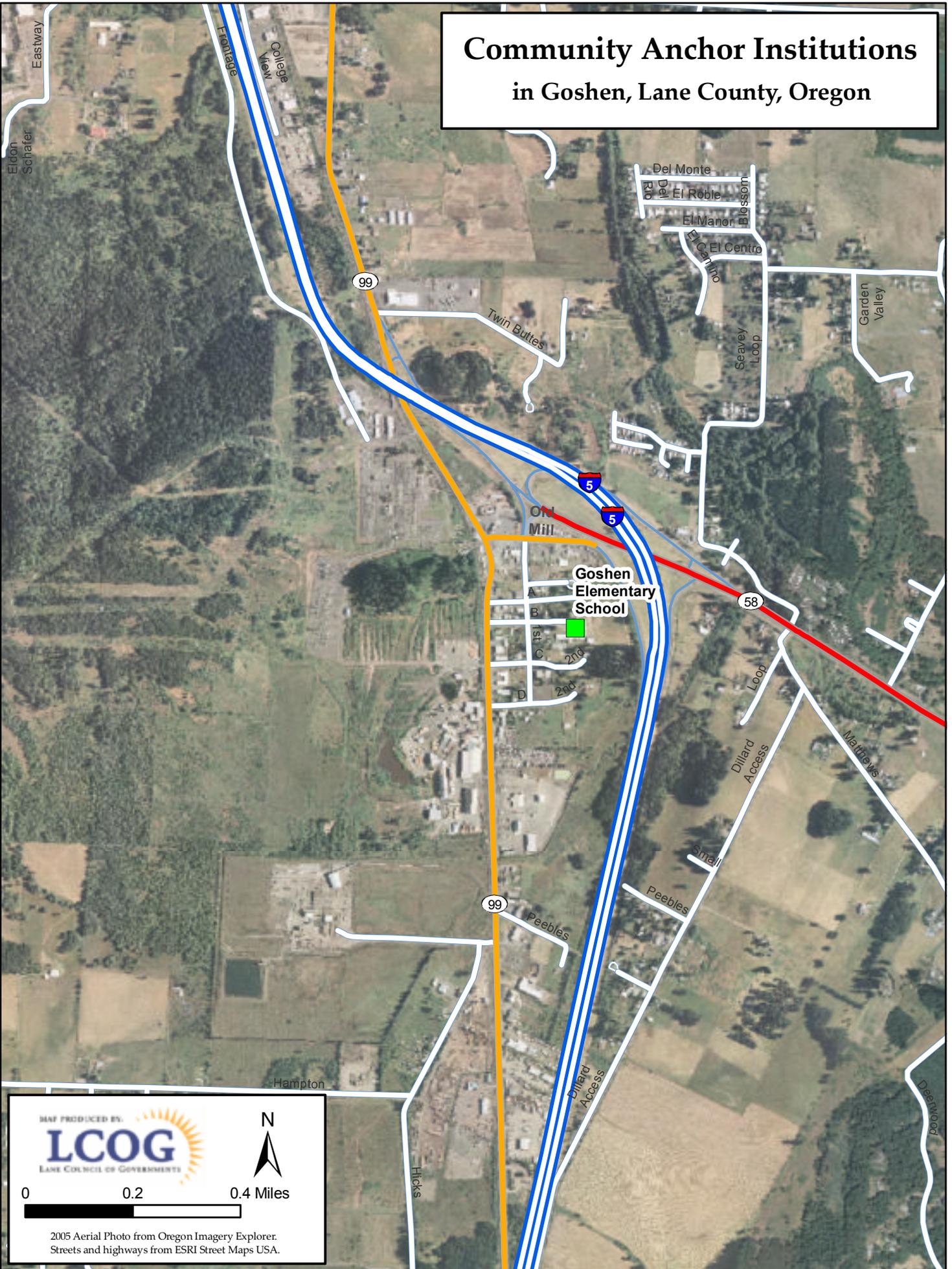
MAP PRODUCED BY
LCOG
LANE COUNTY OF GOVERNMENTS



0 0.1 0.2 0.3 Miles

2005 Aerial Photo from Oregon Imagery Explorer.
Streets and highways from ESRI Street Maps USA.

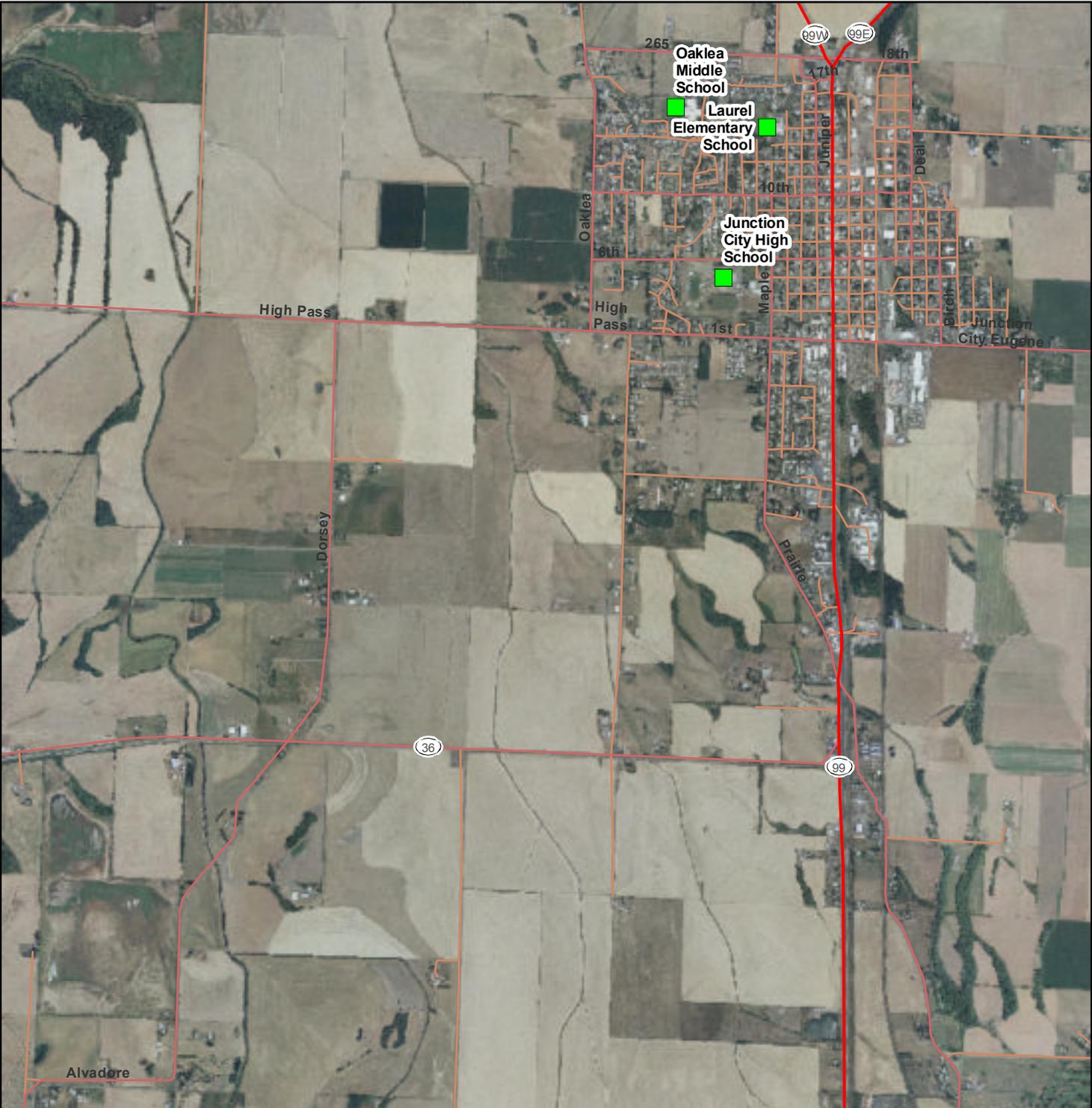
Community Anchor Institutions in Goshen, Lane County, Oregon



MAP PRODUCED BY:
LCOG
LANE COUNCIL OF GOVERNMENTS

0 0.2 0.4 Miles

2005 Aerial Photo from Oregon Imagery Explorer.
Streets and highways from ESRI Street Maps USA.



Community Anchor Institutions in Junction City, Lane County, Oregon

State Mental Hospital (to be constructed 2011)



State Correctional Facility (to be constructed 2012)



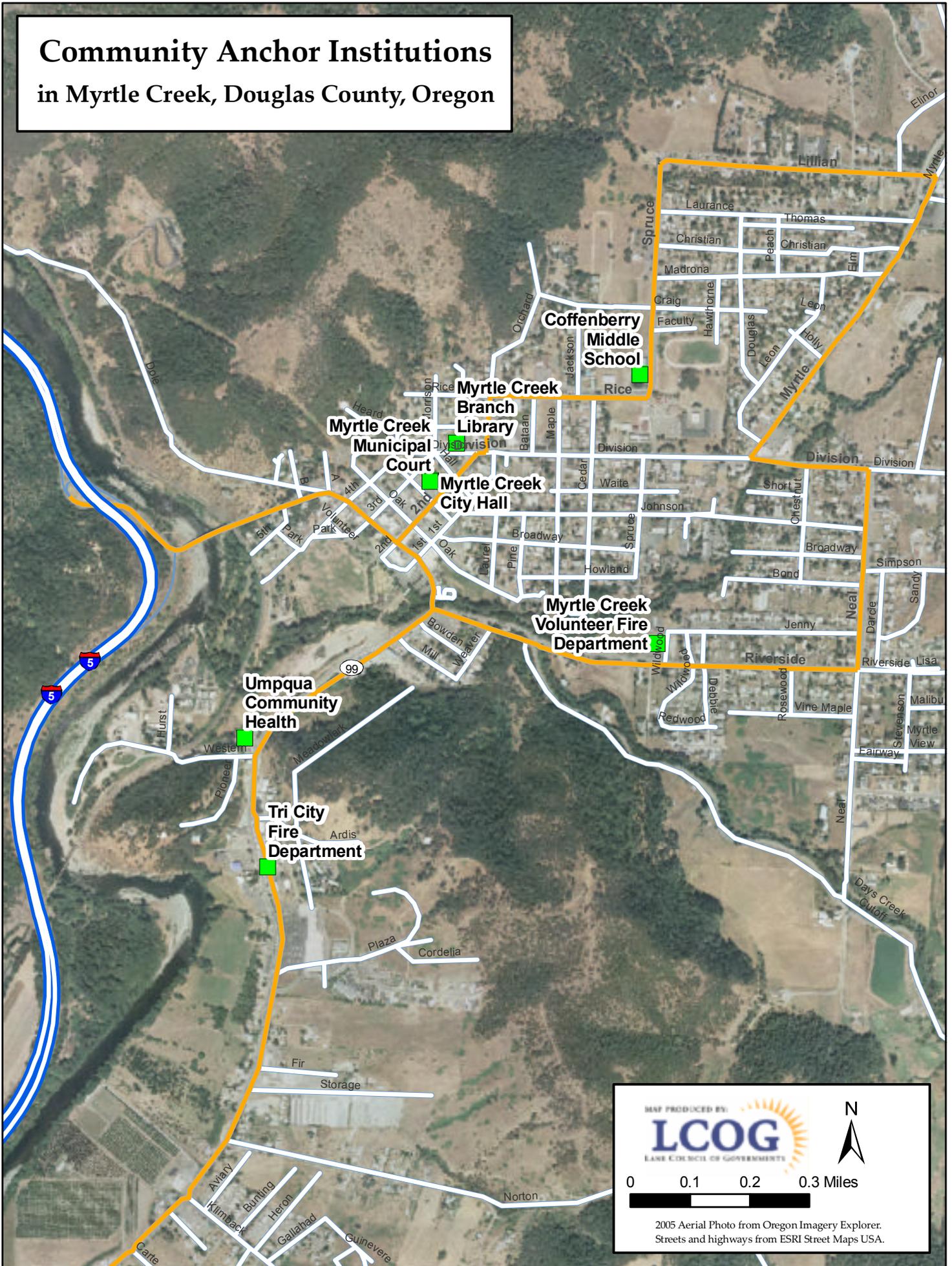
MAP PRODUCED BY:

LANE COUNCIL OF GOVERNMENTS

0 0.5 1 Miles

2005 Aerial Photo from Oregon Imagery Explorer.
Streets and highways from ESRI Street Maps USA.

Community Anchor Institutions in Myrtle Creek, Douglas County, Oregon

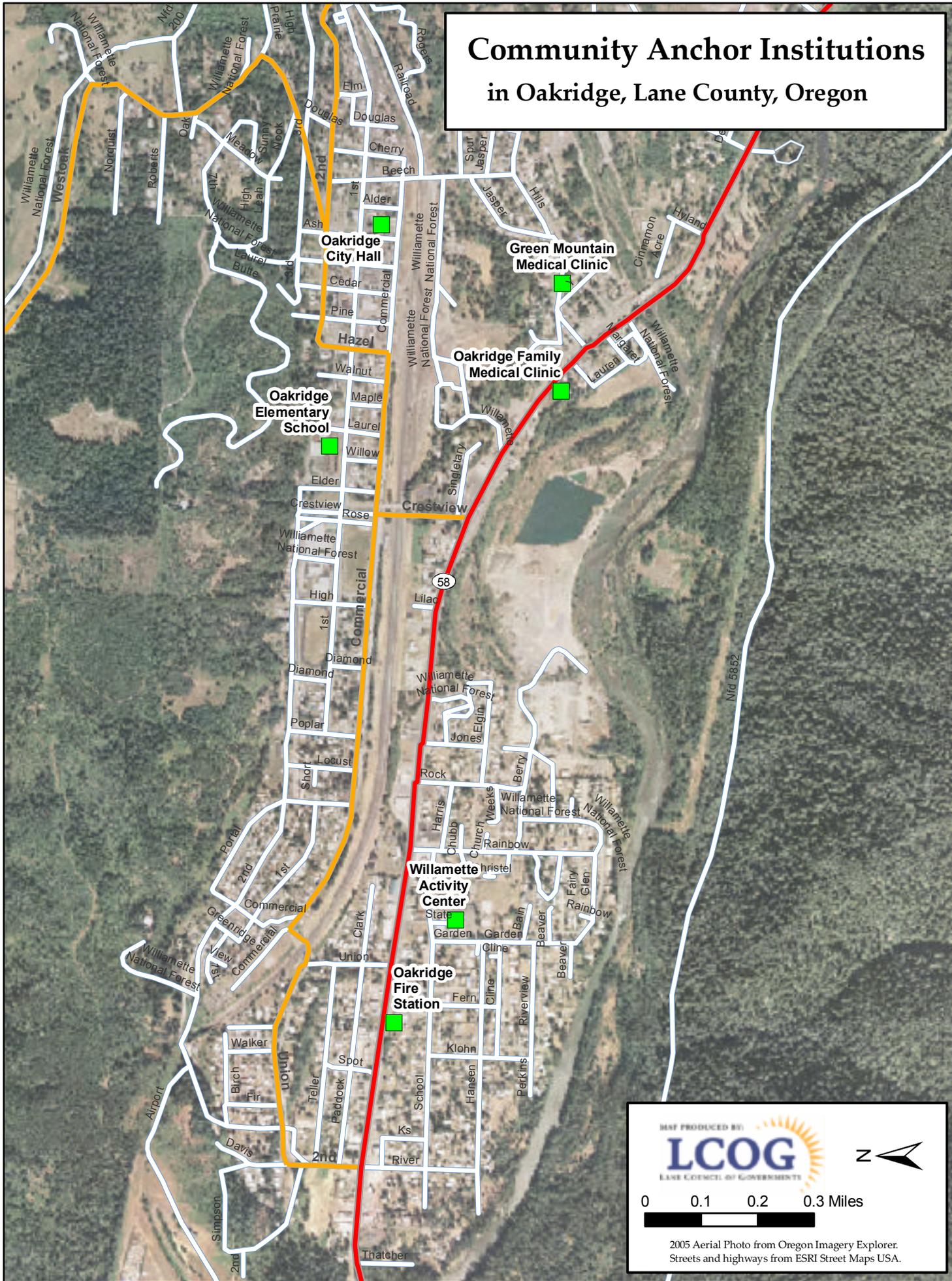


MAP PRODUCED BY:
LCOG
LANE COUNCIL OF GOVERNMENTS

0 0.1 0.2 0.3 Miles

2005 Aerial Photo from Oregon Imagery Explorer.
Streets and highways from ESRI Street Maps USA.

Community Anchor Institutions in Oakridge, Lane County, Oregon



MAP PRODUCED BY:
LCOG
LANE COUNCIL OF GOVERNMENTS

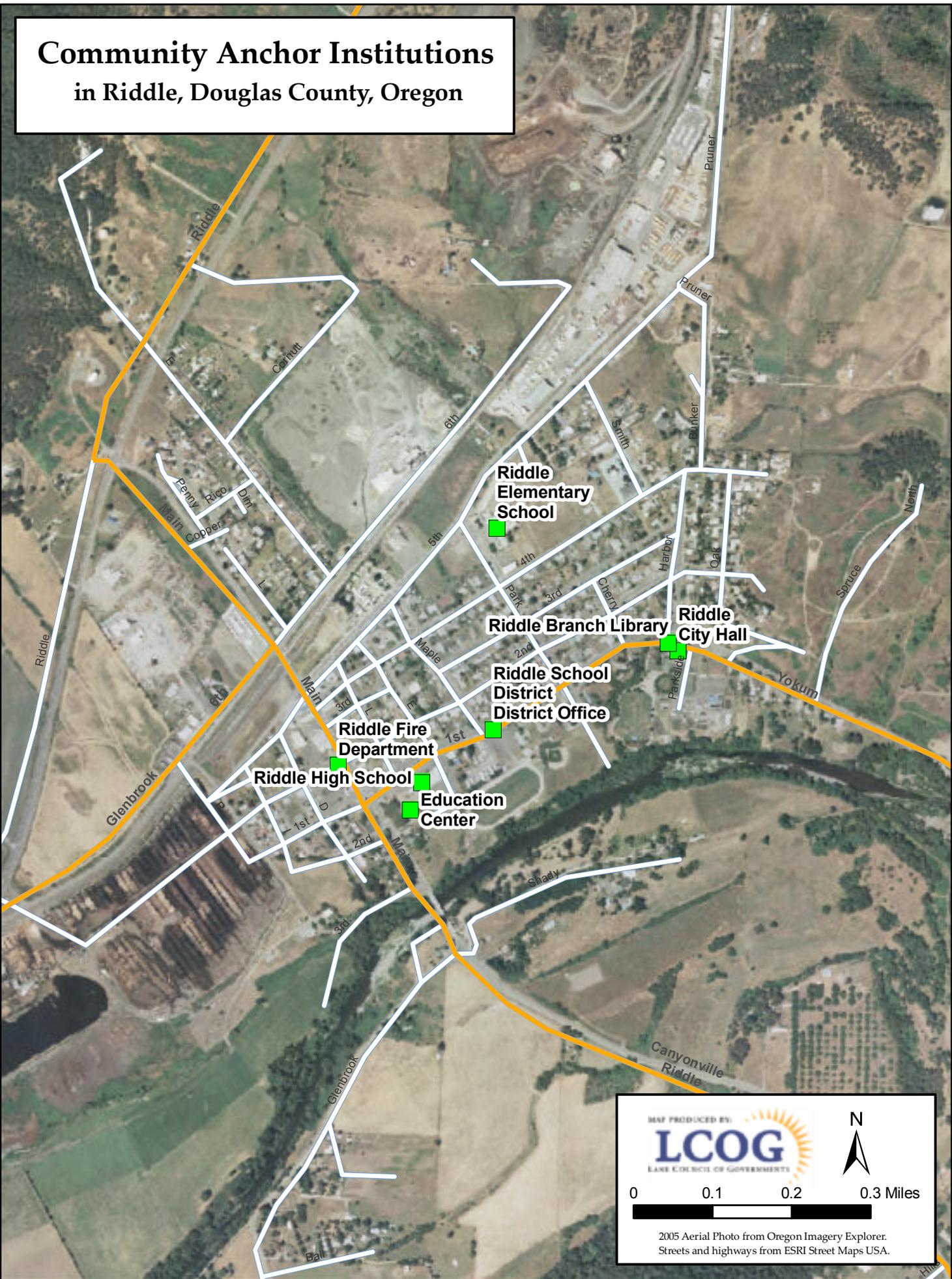


0 0.1 0.2 0.3 Miles



2005 Aerial Photo from Oregon Imagery Explorer.
Streets and highways from ESRI Street Maps USA.

Community Anchor Institutions in Riddle, Douglas County, Oregon



MAP PRODUCED BY:
LCOG
LANE COUNCIL OF GOVERNMENTS

0 0.1 0.2 0.3 Miles

2005 Aerial Photo from Oregon Imagery Explorer.
Streets and highways from ESRI Street Maps USA.

Community Anchor Institutions in Springfield, Lane County, Oregon



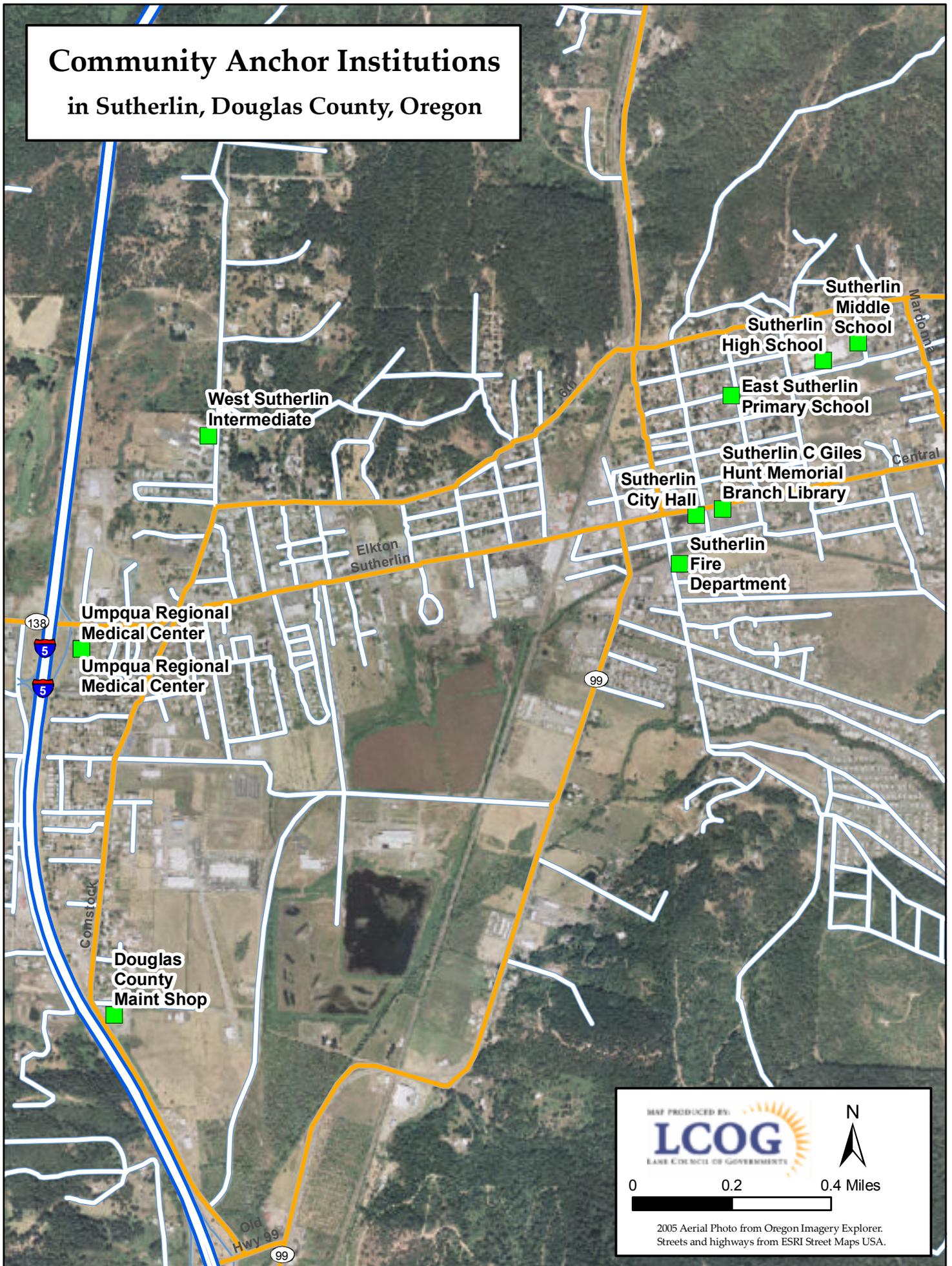
MAP PRODUCED BY:
LCOG
LANE COUNCIL OF GOVERNMENTS

0 0.2 0.4 0.6 Miles

N

2005 Aerial Photo from Oregon Imagery Explorer.
Streets and highways from ESRI Street Maps USA.

Community Anchor Institutions in Sutherlin, Douglas County, Oregon



MAP PRODUCED BY:
LCOG
LANE COUNCIL OF GOVERNMENTS

0 0.2 0.4 Miles

2005 Aerial Photo from Oregon Imagery Explorer.
Streets and highways from ESRI Street Maps USA.

Community Anchor Institutions in Tri-City, Douglas County, Oregon

South Umpqua
High School

Tri City
Elementary
School

MAP PRODUCED BY
LCOG
LANE COUNCIL OF GOVERNMENTS



0 0.1 0.2 0.3 Miles

2005 Aerial Photo from Oregon Imagery Explorer.
Streets and highways from ESRI Street Maps USA.

Community Anchor Institutions in Veneta, Lane County, Oregon



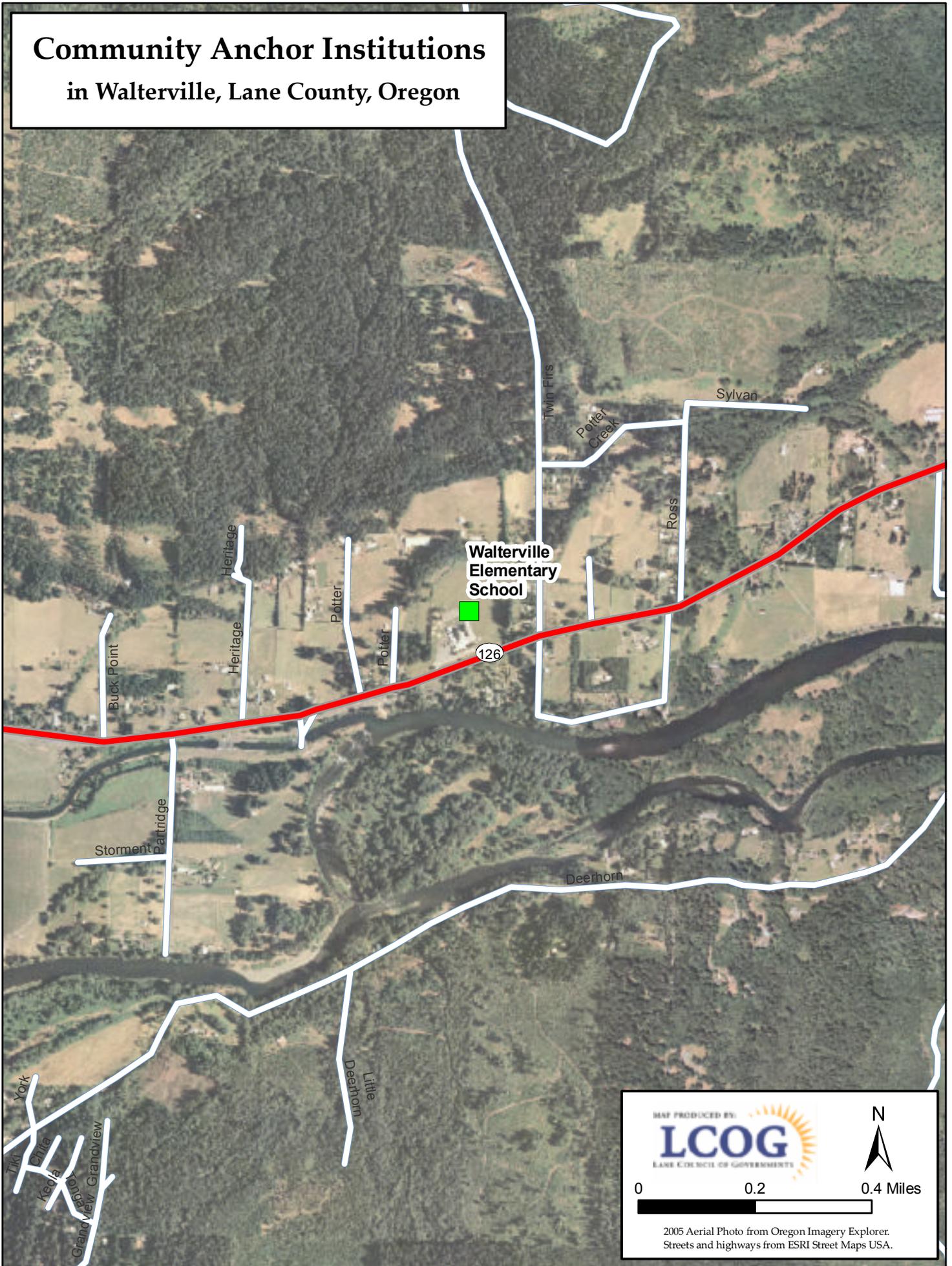
MAP PRODUCED BY:
LCOG
LANE COUNCIL OF GOVERNMENTS

0 0.2 0.4 0.6 Miles

N

2005 Aerial Photo from Oregon Imagery Explorer.
Streets and highways from ESRI Street Maps USA.

Community Anchor Institutions in Waltherville, Lane County, Oregon



Community Anchor Institutions

Willamette Pass, Lane/Klamath Counties, Ore.



DATA PRODUCED BY:
LCOG
LANE COUNCIL OF GOVERNMENTS

0 0.25 0.5 Miles

2005 Aerial Photo from Oregon Imagery Explorer.
Streets and highways from ESRI Street Maps USA.

ASSURANCES - CONSTRUCTION PROGRAMS

OMB Approval No. 4040-0009
Expiration Date 07/30/2010

Public reporting burden for this collection of information is estimated to average 15 minutes per response, including time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding the burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to the Office of Management and Budget, Paperwork Reduction Project (0348-0042), Washington, DC 20503.

PLEASE DO NOT RETURN YOUR COMPLETED FORM TO THE OFFICE OF MANAGEMENT AND BUDGET. SEND IT TO THE ADDRESS PROVIDED BY THE SPONSORING AGENCY.

NOTE: Certain of these assurances may not be applicable to your project or program. If you have questions, please contact the Awarding Agency. Further, certain Federal assistance awarding agencies may require applicants to certify to additional assurances. If such is the case, you will be notified.

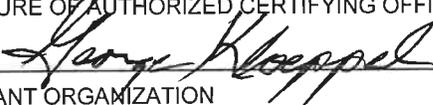
As the duly authorized representative of the applicant, I certify that the applicant:

1. Has the legal authority to apply for Federal assistance, and the institutional, managerial and financial capability (including funds sufficient to pay the non-Federal share of project costs) to ensure proper planning, management and completion of the project described in this application.
2. Will give the awarding agency, the Comptroller General of the United States and, if appropriate, the State, the right to examine all records, books, papers, or documents related to the assistance; and will establish a proper accounting system in accordance with generally accepted accounting standards or agency directives.
3. Will not dispose of, modify the use of, or change the terms of the real property title, or other interest in the site and facilities without permission and instructions from the awarding agency. Will record the Federal awarding agency directives and will include a covenant in the title of real property acquired in whole or in part with Federal assistance funds to assure non-discrimination during the useful life of the project.
4. Will comply with the requirements of the assistance awarding agency with regard to the drafting, review and approval of construction plans and specifications.
5. Will provide and maintain competent and adequate engineering supervision at the construction site to ensure that the complete work conforms with the approved plans and specifications and will furnish progress reports and such other information as may be required by the assistance awarding agency or State.
6. Will initiate and complete the work within the applicable time frame after receipt of approval of the awarding agency.
7. Will establish safeguards to prohibit employees from using their positions for a purpose that constitutes or presents the appearance of personal or organizational conflict of interest, or personal gain.
8. Will comply with the Intergovernmental Personnel Act of 1970 (42 U.S.C. §§4728-4763) relating to prescribed standards for merit systems for programs funded under one of the 19 statutes or regulations specified in Appendix A of OPM's Standards for a Merit System of Personnel Administration (5 C.F.R. 900, Subpart F).
9. Will comply with the Lead-Based Paint Poisoning Prevention Act (42 U.S.C. §§4801 et seq.) which prohibits the use of lead-based paint in construction or rehabilitation of residence structures.
10. Will comply with all Federal statutes relating to non-discrimination. These include but are not limited to: (a) Title VI of the Civil Rights Act of 1964 (P.L. 88-352) which prohibits discrimination on the basis of race, color or national origin; (b) Title IX of the Education Amendments of 1972, as amended (20 U.S.C. §§1681 1683, and 1685-1686), which prohibits discrimination on the basis of sex; (c) Section 504 of the Rehabilitation Act of 1973, as amended (29 U.S.C. §794), which prohibits discrimination on the basis of handicaps; (d) the Age Discrimination Act of 1975, as amended (42 U.S.C. §§6101-6107), which prohibits discrimination on the basis of age; (e) the Drug Abuse Office and Treatment Act of 1972 (P.L. 92-255), as amended, relating to nondiscrimination on the basis of drug abuse; (f) the Comprehensive Alcohol Abuse and Alcoholism Prevention, Treatment and Rehabilitation Act of 1970 (P.L. 91-616), as amended, relating to nondiscrimination on the basis of alcohol abuse or alcoholism; (g) §§523 and 527 of the Public Health Service Act of 1912 (42 U.S.C. §§290 dd-3 and 290 ee 3), as amended, relating to confidentiality of alcohol and drug abuse patient records; (h) Title VIII of the Civil Rights Act of 1968 (42 U.S.C. §§3601 et seq.), as amended, relating to nondiscrimination in the sale, rental or financing of housing; (i) any other nondiscrimination provisions in the specific statute(s) under which application for Federal assistance is being made; and, (j) the requirements of any other nondiscrimination statute(s) which may apply to the application.

- 11. Will comply, or has already complied, with the requirements of Titles II and III of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (P.L. 91-646) which provide for fair and equitable treatment of persons displaced or whose property is acquired as a result of Federal and federally-assisted programs. These requirements apply to all interests in real property acquired for project purposes regardless of Federal participation in purchases.
- 12. Will comply with the provisions of the Hatch Act (5 U.S.C. §§1501-1508 and 7324-7328) which limit the political activities of employees whose principal employment activities are funded in whole or in part with Federal funds.
- 13. Will comply, as applicable, with the provisions of the Davis-Bacon Act (40 U.S.C. §§276a to 276a-7), the Copeland Act (40 U.S.C. §276c and 18 U.S.C. §874), and the Contract Work Hours and Safety Standards Act (40 U.S.C. §§327-333) regarding labor standards for federally-assisted construction subagreements.
- 14. Will comply with flood insurance purchase requirements of Section 102(a) of the Flood Disaster Protection Act of 1973 (P.L. 93-234) which requires recipients in a special flood hazard area to participate in the program and to purchase flood insurance if the total cost of insurable construction and acquisition is \$10,000 or more.
- 15. Will comply with environmental standards which may be prescribed pursuant to the following: (a) institution of environmental quality control measures under the

National Environmental Policy Act of 1969 (P.L. 91-190) and Executive Order (EO) 11514; (b) notification of violating facilities pursuant to EO 11738; (c) protection of wetlands pursuant to EO 11990; (d) evaluation of flood hazards in floodplains in accordance with EO 11988; (e) assurance of project consistency with the approved State management program developed under the Coastal Zone Management Act of 1972 (16 U.S.C. §§1451 et seq.); (f) conformity of Federal actions to State (Clean Air) implementation Plans under Section 176(c) of the Clean Air Act of 1955, as amended (42 U.S.C. §§7401 et seq.); (g) protection of underground sources of drinking water under the Safe Drinking Water Act of 1974, as amended (P.L. 93-523); and, (h) protection of endangered species under the Endangered Species Act of 1973, as amended (P.L. 93-205).

- 16. Will comply with the Wild and Scenic Rivers Act of 1968 (16 U.S.C. §§1271 et seq.) related to protecting components or potential components of the national wild and scenic rivers system.
- 17. Will assist the awarding agency in assuring compliance with Section 106 of the National Historic Preservation Act of 1966, as amended (16 U.S.C. §470), EO 11593 (identification and protection of historic properties), and the Archaeological and Historic Preservation Act of 1974 (16 U.S.C. §§469a-1 et seq).
- 18. Will cause to be performed the required financial and compliance audits in accordance with the Single Audit Act Amendments of 1996 and OMB Circular No. A-1 33, "Audits of States, Local Governments, and Non-Profit Organizations."
- 19. Will comply with all applicable requirements of all other Federal laws, executive orders, regulations, and policies governing this program.

*SIGNATURE OF AUTHORIZED CERTIFYING OFFICIAL 	*TITLE Executive Director
*APPLICANT ORGANIZATION Lane Council of Governments	*DATE SUBMITTED

CERTIFICATION REGARDING LOBBYING LOWER TIER COVERED TRANSACTIONS

Applicants should review the instructions for certification included in the regulations before completing this form. Signature on this form provides for compliance with certification requirements under 15 CFR Part 28, "New Restrictions on Lobbying."

LOBBYING

As required by Section 1352, Title 31 of the U.S. Code, and implemented at 15 CFR Part 28, for persons entering into a grant, cooperative agreement or contract over \$100,000 or a loan or loan guarantee over \$150,000 as defined at 15 CFR Part 28, Sections 28.105 and 28.110, the applicant certifies that to the best of his or her knowledge and belief, that:

(1) No Federal appropriated funds have been paid or will be paid, by or on behalf of the undersigned, to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant, the making of any Federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any Federal contract, grant, loan, or cooperative agreement.

(2) If any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a member of Congress in connection with this Federal contract, grant, loan, or cooperative agreement, the undersigned shall complete and submit Standard Form-LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions.

(3) The undersigned shall require that the language of this certification be included in the award documents for all subawards at all tiers (including subcontracts, subgrants, and contracts under grants, loans, and cooperative agreements) and that all subrecipients shall certify and disclose accordingly.

This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into this transaction imposed by section 1352, title 31, U.S. Code. Any person who fails to file the required certification shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such failure occurring on or before October 23, 1996, and of not less than \$11,000 and not more than \$110,000 for each such failure occurring after October 23, 1996.

Statement for Loan Guarantees and Loan Insurance

The undersigned states, to the best of his or her knowledge and belief, that:

In any funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this commitment providing for the United States to insure or guarantee a loan, the undersigned shall complete and submit Standard Form-LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions.

Submission of this statement is a prerequisite for making or entering into this transaction imposed by section 1352, title 31, U.S. Code. Any person who fails to file the required statement shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such failure occurring on or before October 23, 1996, and of not less than \$11,000 and not more than \$110,000 for each such failure occurring after October 23, 1996.

As the duly authorized representative of the applicant, I hereby certify that the applicant will comply with the above applicable certification.

NAME OF APPLICANT

Lane Council of Governments

AWARD NUMBER AND/OR PROJECT NAME

Oregon South Central Regional Fiber Consortium

PRINTED NAME AND TITLE OF AUTHORIZED REPRESENTATIVE

George Kloepfel, Executive Director

SIGNATURE



DATE

August 14, 2009

CERTIFICATION REGARDING LOBBYING

Applicants should also review the instructions for certification included in the regulations before completing this form. Signature on this form provides for compliance with certification requirements under 15 CFR Part 28, "New Restrictions on Lobbying." The certifications shall be treated as a material representation of fact upon which reliance will be placed when the Department of Commerce determines to award the covered transaction, grant, or cooperative agreement.

LOBBYING

As required by Section 1352, Title 31 of the U.S. Code, and implemented at 15 CFR Part 28, for persons entering into a grant, cooperative agreement or contract over \$100,000 or a loan or loan guarantee over \$150,000 as defined at 15 CFR Part 28, Sections 28.105 and 28.110, the applicant certifies that to the best of his or her knowledge and belief, that:

(1) No Federal appropriated funds have been paid or will be paid, by or on behalf of the undersigned, to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant, the making of any Federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any Federal contract, grant, loan, or cooperative agreement.

(2) If any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a member of Congress in connection with this Federal contract, grant, loan, or cooperative agreement, the undersigned shall complete and submit Standard Form-LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions.

(3) The undersigned shall require that the language of this certification be included in the award documents for all subawards at all tiers (including subcontracts, subgrants, and contracts under grants, loans, and cooperative agreements) and that all subrecipients shall certify and disclose accordingly.

This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into this transaction imposed by section 1352, title 31, U.S. Code. Any person who fails to file the required certification shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such failure occurring on or before October 23, 1996, and of not less than \$11,000 and not more than \$110,000 for each such failure occurring after October 23, 1996.

As the duly authorized representative of the applicant, I hereby certify that the applicant will comply with the above applicable certification.

Statement for Loan Guarantees and Loan Insurance

The undersigned states, to the best of his or her knowledge and belief, that:

In any funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this commitment providing for the United States to insure or guarantee a loan, the undersigned shall complete and submit Standard Form-LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions.

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NAME OF APPLICANT

Lane Council of Governments

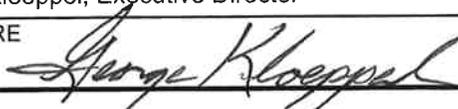
AWARD NUMBER AND/OR PROJECT NAME

Oregon South Central Regional Fiber Consortium

PRINTED NAME AND TITLE OF AUTHORIZED REPRESENTATIVE

George Kloepfel, Executive Director

SIGNATURE



DATE

August 14, 2009

Network Design and Implementation Plan Certification (to be complete for projects requesting more than \$1 million in federal assistance)

**U.S. Department of Agriculture and U.S. Department of Commerce
BIP and BTOP Program**

We the undersigned, certify that the proposed broadband system will work as described in the System Design and Network Diagram sections, and can deliver the proposed services outlined in the Service Offerings Section. Moreover, the system, as designed, can meet the proposed build-out timeframe based on the resources designated in Project Viability Section, and will be substantially complete in two years, and complete within three years.

8-13-09
(Date)


(Authorized Representative's Signature)

George Kloeppe
Name:
LCOG Executive Director
Title:

8/13/09
(Date)


(Certifying Engineer's Signature)
K. Michael Ware, PE
Name:
VP Balzhisere & Hubbard
Title:

